



Senate Fiscal Agency
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Senate Bill 271 (Substitute S-2 as reported)

Sponsor: Senator Erika Geiss

Committee: Energy and Environment

CONTENT

The bill would amend the Clean and Renewable Energy and Energy Waste Reduction Act to do the following:

- Require an electric provider regulated by the Michigan Public Service Commission (MPSC) to achieve a *renewable energy credit portfolio* of at least 15% through 2027, 50% in 2030 through 2034, 60% in 2035 and after.
- Require an electric provider to achieve a *clean energy portfolio* of 80% in 2035 through 2039 and 100% in 2040 and after.
- Allow the MPSC to grant good cause exemptions to the requirements described above, not to exceed two years per exemption.
- Modify the requirements for calculating an electric provider's renewable energy portfolio.
- Modify the requirements of an electric provider's revenue recovery of incremental costs associated with achieving the provider's renewable energy plan.
- Establish clean energy plan requirements for alternative electric suppliers and cooperative electric utilities that elect to become member regulated.
- Require a municipally owned electric utility to file a proposed clean energy plan that meets specified requirements by July 1, 2028.
- Allow the Attorney General or any customer of a municipally owned electric utility or a cooperative electric utility to commence a civil action against that utility if the utility failed to meet the applicable requirements of a renewable energy plan and portfolio or an order issued or rule promulgated related to such.
- Require electric providers and alternative electric suppliers to submit to the MPSC plans to construct or acquire eligible energy storage systems by December 31, 2029.
- Require an electric provider to submit a report to the MPSC documenting centralized and distributed electricity storage systems in its service territory annually, beginning December 31, 2024.
- Modify distributed generation requirements.

The bill would take effect 90 days after its enactment.

MCL 460.1001 et al.

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local units of government.

Under the bill, the MPSC would be required to review utility plans for compliance with the criteria outlined for renewable energy plans. Although the MPSC is currently charged with review of utility plans over which it has authority, the additional requirements pertaining to plans, renewable energy credits, rates, and cost incentives likely would require additional appropriations due to administrative and staffing costs. The MPSC also would be required to develop formats and guidelines for utilities to submit their clean energy plans.

It is possible that the MPSC could require one or more additional FTEs to assist in these activities. The average cost of an FTE is approximately \$137,500 per year. It is also possible that the MPSC would engage one or more third-party contractors to assist with plan analysis. The cost of such a contract would depend on its exact terms but could be reasonably estimated to exceed at least \$50,000 annually.

The MPSC also would be required to provide opportunities for public comment on certain filed clean energy plans. Costs associated with this requirement likely would be covered under existing appropriations.

Municipally owned electrical utilities also would incur costs related to the development of their plans and compliance with their renewable energy portfolio requirements. While these costs cannot be estimated with accuracy, these utilities likely would experience increased expenditures related to staff time and research in the initial planning phases. Utilities whose rates are regulated by the MPSC also would be required to submit a plan to construct or acquire energy storage systems to meet their respective energy storage target.

Compliance with the clean energy requirements included in the bill could result in unknown but significant costs for municipally owned electrical utilities.

The Department of Attorney General could incur unknown costs if it were to bring a civil action against a municipally owned or cooperative electric utility; however, the likely small number of actions suggest that the cost of bringing such a case would be adequately funded through existing appropriations. A municipally owned electric utility also could incur litigation costs if it were subject to such an action. The costs incurred are indeterminate as they would vary significantly based on the exact nature of the action.

Date Completed: 10-26-23

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