

SENATE BILL NO. 324

May 21, 2025, Introduced by Senators HAUCK, ALBERT, HOITENGA, DALEY, DAMOOSE, BELLINO, THEIS, VICTORY, NESBITT, HUIZENGA, LAUWERS and WEBBER and referred to Committee on Government Operations.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers and certain providers of electric vehicle charging services; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the powers and duties of certain state governmental officers and entities; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses;

to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,"

(MCL 460.1 to 460.11) by adding section 6x.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 6x. (1) Subject to section 6a(13), to ensure equivalent**
 2 **consideration of energy waste reduction resources in the integrated**
 3 **resource planning process, the commission shall, by 90 days after**
 4 **the effective date of the amendatory act that added this section,**
 5 **authorize a shared savings mechanism for an electric utility to the**
 6 **extent that the electric utility has not otherwise capitalized the**
 7 **costs of the energy waste reduction, conservation, demand**
 8 **reduction, and other waste reduction measures.**

9 **(2) For an electric utility that achieves annual electric**
 10 **energy savings of at least 1% but not greater than 1.25% of its**
 11 **total annual weather-adjusted retail sales in megawatt hours in the**
 12 **previous calendar year, the shared savings incentive is 25% of the**
 13 **net benefits validated as a result of the programs implemented by**
 14 **the electric utility related to energy waste reduction,**
 15 **conservation, demand reduction, and other waste reduction. A shared**
 16 **savings mechanism authorized under this subsection must not exceed**
 17 **15% of the electric utility's expenditures associated with**
 18 **implementing energy waste reduction programs for the calendar year**
 19 **in which the shared savings mechanism was authorized. The**
 20 **commission shall determine net benefits by calculating the net**
 21 **present value of the lifetime avoided utility costs that are**

1 projected from the utility's energy waste reduction programs
2 implemented in a calendar year less the utility expenditures
3 associated with implementing the energy waste reduction program in
4 that calendar year, including all overhead and administrative
5 costs. The commission shall calculate net present value by using a
6 discount rate of the utility's weighted average cost of capital in
7 that calendar year.

8 (3) For an electric utility that achieves annual electric
9 energy savings of greater than 1.25% but not greater than 1.5% of
10 the total annual weather-adjusted retail sales in megawatt hours in
11 the previous calendar year, the shared savings incentive is 27.5%
12 of the net benefits validated as a result of the programs
13 implemented by the electric utility related to energy waste
14 reduction, conservation, demand reduction, and other waste
15 reduction. A shared savings mechanism authorized under this
16 subsection must not exceed 17.5% of the electric utility's
17 expenditures associated with implementing energy waste reduction
18 programs for the calendar year in which the shared savings
19 mechanism was authorized. The commission shall determine net
20 benefits by calculating the net present value of the lifetime
21 avoided utility costs that are projected from the utility's energy
22 waste reduction programs implemented in a calendar year less the
23 utility expenditures associated with implementing the energy waste
24 reduction program in that calendar year, including all overhead and
25 administrative costs. The commission shall calculate net present
26 value by using a discount rate of the utility's weighted average
27 cost of capital in that calendar year.

28 (4) For an electric utility that achieves annual electric
29 energy savings greater than 1.5% of the total annual weather-

1 adjusted retail sales in megawatt hours in the previous calendar
2 year, the shared savings incentive is 30% of the net benefits
3 validated as a result of the programs implemented by the electric
4 utility related to energy waste reduction, conservation, demand
5 reduction, and other waste reduction. A shared savings mechanism
6 authorized under this subsection must not exceed 20% of the
7 electric utility's expenditures associated with implementing energy
8 waste reduction programs for the calendar year in which the shared
9 savings mechanism was authorized. The commission shall determine
10 net benefits by calculating the net present value of the lifetime
11 avoided utility costs that are projected from the utility's energy
12 waste reduction programs implemented in a calendar year less the
13 utility expenditures associated with implementing the energy waste
14 reduction program in that calendar year, including all overhead and
15 administrative costs. The commission shall calculate net present
16 value by using a discount rate of the utility's weighted average
17 cost of capital in that calendar year.