

SENATE BILL NO. 325

May 21, 2025, Introduced by Senators BELLINO, ALBERT, HOITENGA, DALEY, DAMOOSE, BELLINO, THEIS, VICTORY, NESBITT, HUIZENGA, HAUCK, 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,"

by amending sections 6a, 6m, and 6t (MCL 460.6a, 460.6m, and 460.6t), as amended by 2023 PA 231, and by adding section 6x; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6a. (1) A gas utility, electric utility, or steam utility
 2 shall not increase its rates and charges or alter, change, or amend
 3 any rate or rate schedules, the effect of which will be to increase
 4 the cost of services to its customers, without first receiving
 5 commission approval as provided in this section. A utility shall
 6 coordinate with the commission staff in advance of filing its
 7 general rate case application under this section to avoid resource
 8 challenges with applications being filed at the same time as
 9 applications filed under this section by other utilities. In the
 10 case of electric utilities serving more than 1,000,000 customers in
 11 this state, the commission may, if necessary, order a delay in
 12 filing an application to establish a 21-day spacing between filings
 13 of electric utilities serving more than 1,000,000 customers in this
 14 state. The utility shall place in evidence facts relied upon to
 15 support the utility's petition or application to increase its rates
 16 and charges, or to alter, change, or amend any rate or rate
 17 schedules. The commission shall require notice to be given to all
 18 interested parties ~~within~~**in** the service area to be affected, and
 19 allow interested parties a reasonable opportunity for a full and

1 complete hearing. A utility may use projected costs and revenues
2 for a future consecutive 12-month period in developing its
3 requested rates and charges. The commission shall notify the
4 utility ~~within~~**not later than** 30 days after filing, whether the
5 utility's petition or application is complete. A petition or
6 application is considered complete if it complies with the rate
7 application filing forms and instructions adopted under subsection
8 (8). If the application is not complete, the commission shall
9 notify the utility of all information necessary to make that filing
10 complete. If the commission has not notified the utility within 30
11 days of whether the utility's petition or application is complete,
12 the application is considered complete. Concurrently with filing a
13 complete application, or at any time after filing a complete
14 application, a gas utility serving fewer than 1,000,000 customers
15 in this state may file a motion seeking partial and immediate rate
16 relief. After providing notice to the interested parties ~~within~~**in**
17 the service area to be affected and affording interested parties a
18 reasonable opportunity to present written evidence and written
19 arguments relevant to the motion seeking partial and immediate rate
20 relief, the commission shall make a finding and enter an order
21 granting or denying partial and immediate relief ~~within~~**not later**
22 **than** 180 days after the motion seeking partial and immediate rate
23 relief was submitted. The commission has 12 months to issue a final
24 order in a case in which a gas utility has filed a motion seeking
25 partial and immediate rate relief.

26 (2) If the commission has not issued an order within 180 days
27 after the filing of a complete application, the utility may
28 implement up to the amount of the proposed annual rate request
29 through equal percentage increases or decreases applied to all base

1 rates. If the utility uses projected costs and revenues for a
2 future period in developing its requested rates and charges, the
3 utility may not implement the equal percentage increases or
4 decreases before the calendar date corresponding to the start of
5 the projected 12-month period. For good cause, the commission may
6 issue a temporary order preventing or delaying a utility from
7 implementing its proposed rates or charges. If a utility implements
8 increased rates or charges under this subsection before the
9 commission issues a final order, that utility shall refund to
10 customers, with interest, any portion of the total revenues
11 collected through application of the equal percentage increase that
12 exceed the total that would have been produced by the rates or
13 charges subsequently ordered by the commission in its final order.
14 The commission shall allocate any refund required by this
15 subsection among primary customers based ~~upon~~~~on~~ their pro rata
16 share of the total revenue collected through the applicable
17 increase, and among secondary and residential customers in a manner
18 to be determined by the commission. The rate of interest for
19 refunds is 5% plus the London interbank offered rate (LIBOR) for
20 the appropriate time period. For any portion of the refund that,
21 exclusive of interest, exceeds 25% of the annual revenue increase
22 awarded by the commission in its final order, the rate of interest
23 is the authorized rate of return on the common stock of the utility
24 during the appropriate period. Any refund or interest awarded under
25 this subsection must not be included, in whole or in part, in any
26 application for a rate increase by a utility. This subsection only
27 applies to completed applications filed with the commission before
28 April 20, 2017.

29 (3) This section does not impair the commission's ability to

1 issue a show cause order as part of its rate-making authority. An
2 alteration or amendment in rates or rate schedules applied for by a
3 public utility that will not result in an increase in the cost of
4 service to its customers may be authorized and approved without
5 notice or hearing. There shall be no increase in rates based upon
6 changes in cost of fuel, purchased gas, or purchased steam unless
7 notice has been given ~~within~~**in** the service area to be affected,
8 and there has been an opportunity for a full and complete hearing
9 on the cost of fuel, purchased gas, or purchased steam. The rates
10 charged by any utility under an automatic fuel, purchased gas, or
11 purchased steam adjustment clause ~~shall~~**must** not be altered,
12 changed, or amended unless notice has been given ~~within~~**in** the
13 service area to be affected, and there has been an opportunity for
14 a full and complete hearing on the cost of the fuel, purchased gas,
15 or purchased steam.

16 (4) The commission shall adopt rules and procedures for the
17 filing, investigation, and hearing of petitions or applications to
18 increase or decrease utility rates and charges as the commission
19 finds necessary or appropriate to enable it to reach a final
20 decision with respect to petitions or applications within a period
21 of time allotted by law to issue a final order after the filing of
22 the complete petitions or applications. The commission shall not
23 authorize or approve adjustment clauses that operate without notice
24 and an opportunity for a full and complete hearing, and all such
25 clauses are abolished. The commission may hold a full and complete
26 hearing to determine the cost of fuel, purchased gas, purchased
27 steam, or purchased power separately from a full and complete
28 hearing on a general rate case and may hold that hearing
29 concurrently with the general rate case. The commission shall

1 authorize a utility to recover the cost of fuel, purchased gas,
2 purchased steam, or purchased power only to the extent that the
3 purchases are reasonable and prudent.

4 (5) Except as otherwise provided in this subsection and
5 subsection (1), if the commission fails to reach a final decision
6 with respect to a completed petition or application to increase or
7 decrease utility rates within the 10-month period following the
8 filing of the completed petition or application, the petition or
9 application is considered approved. If a utility makes any
10 significant amendment to its filing, the commission has an
11 additional 10 months after the date of the amendment to reach a
12 final decision on the petition or application. If the utility files
13 for an extension of time, the commission shall extend the 10-month
14 period by the amount of additional time requested by the utility.

15 (6) A utility shall not file a general rate case application
16 for an increase in rates earlier than 12 months after the date of
17 the filing of a complete prior general rate case application. A
18 utility may not file a new general rate case application until the
19 commission has issued a final order on a prior general rate case or
20 until the rates are approved under subsection (5).

21 (7) The commission shall, if requested by a gas utility,
22 establish load retention transportation rate schedules or approve
23 gas transportation contracts as required for the purpose of serving
24 industrial or commercial customers whose individual annual
25 transportation volumes exceed 500,000 decatherms on the gas
26 utility's system. The commission shall approve these rate schedules
27 or approve transportation contracts entered into by the utility in
28 good faith if the industrial or commercial customer has the
29 installed capability to use an alternative fuel or otherwise has a

1 viable alternative to receiving natural gas transportation service
2 from the utility, the customer can obtain the alternative fuel or
3 gas transportation from an alternative source at a price that would
4 cause them not to use the gas utility's system, and the customer,
5 as a result of their use of the system and receipt of
6 transportation service, makes a significant contribution to the
7 utility's fixed costs. The commission shall adopt accounting and
8 rate-making policies to ensure that the discounts associated with
9 the transportation rate schedules and contracts are recovered by
10 the gas utility through charges applicable to other customers if
11 the incremental costs related to the discounts are no greater than
12 the costs that would be passed on to those customers as the result
13 of a loss of the industrial or commercial customer's contribution
14 to a utility's fixed costs.

15 (8) The commission shall adopt standard rate application
16 filing forms and instructions for use in all general rate cases
17 filed by utilities whose rates are regulated by the commission. For
18 cooperative electric utilities whose rates are regulated by the
19 commission, in addition to rate applications filed under this
20 section, the commission shall continue to allow for rate filings
21 based on the cooperative's times interest earned ratio. The
22 commission may modify the standard rate application forms and
23 instructions adopted under this subsection.

24 (9) If, on or before January 1, 2008, a merchant plant entered
25 into a contract with an initial term of 20 years or more to sell
26 electricity to an electric utility whose rates are regulated by the
27 commission with 1,000,000 or more retail customers in this state
28 and if, before January 1, 2008, the merchant plant generated
29 electricity under that contract, in whole or in part, from wood or

1 solid wood wastes, then the merchant plant shall, ~~upon~~^{on} petition
2 by the merchant plant, and subject to the limitation set forth in
3 subsection (10), recover the amount, if any, by which the merchant
4 plant's reasonably and prudently incurred actual fuel and variable
5 operation and maintenance costs exceed the amount that the merchant
6 plant is paid under the contract for those costs. This subsection
7 does not apply to landfill gas plants, hydro plants, municipal
8 solid waste plants, or to merchant plants engaged in litigation
9 against an electric utility seeking higher payments for power
10 delivered pursuant to contract.

11 (10) The total aggregate additional amounts recoverable by
12 merchant plants under subsection (9) in excess of the amounts paid
13 under the contracts must not exceed \$1,000,000.00 per month for
14 each affected electric utility. The \$1,000,000.00 per month limit
15 specified in this subsection must be reviewed by the commission
16 ~~upon~~^{on} petition of the merchant plant filed no more than once per
17 year and may be adjusted if the commission finds that the eligible
18 merchant plants reasonably and prudently incurred actual fuel and
19 variable operation and maintenance costs exceed the amount that
20 those merchant plants are paid under the contract by more than
21 \$1,000,000.00 per month. The annual amount of the adjustments must
22 not exceed a rate equal to the United States Consumer Price Index.
23 The commission shall not make an adjustment unless each affected
24 merchant plant files a petition with the commission. If the total
25 aggregate amount by which the eligible merchant plants reasonably
26 and prudently incurred actual fuel and variable operation and
27 maintenance costs determined by the commission exceed the amount
28 that the merchant plants are paid under the contract by more than
29 \$1,000,000.00 per month, the commission shall allocate the

1 additional \$1,000,000.00 per month payment among the eligible
2 merchant plants based ~~upon-on~~ the relationship of excess costs
3 among the eligible merchant plants. The \$1,000,000.00 limit
4 specified in this subsection, as adjusted, does not apply to actual
5 fuel and variable operation and maintenance costs that are incurred
6 due to changes in federal or state environmental laws or
7 regulations that are implemented after October 6, 2008. The
8 \$1,000,000.00 per month payment limit under this subsection does
9 not apply to merchant plants eligible under subsection (9) whose
10 electricity is purchased by a utility that is using wood or wood
11 waste or fuels derived from those materials for fuel in ~~their-its~~
12 power plants. As used in this subsection, "United States Consumer
13 Price Index" means the United States Consumer Price Index for all
14 urban consumers as defined and reported by the United States
15 Department of Labor, Bureau of Labor Statistics.

16 (11) The commission shall issue orders to permit the recovery
17 authorized under subsections (9) and (10) ~~upon-on~~ petition of the
18 merchant plant. The merchant plant is not required to alter or
19 amend the existing contract with the electric utility ~~in-order-to~~
20 obtain the recovery under subsections (9) and (10). The commission
21 shall permit or require the electric utility whose rates are
22 regulated by the commission to recover from its ratepayers all fuel
23 and variable operation and maintenance costs that the electric
24 utility is required to pay to the merchant plant as reasonably and
25 prudently incurred costs.

26 (12) Subject to subsection (13), if requested by an electric
27 utility with less than 200,000 customers in this state, the
28 commission shall approve an appropriate revenue decoupling
29 mechanism that adjusts for decreases in actual sales compared to

1 the projected levels used in that utility's most recent rate case
2 that are the result of implemented energy waste reduction,
3 conservation, demand-side programs, and other waste reduction
4 measures, if the utility first demonstrates the following to the
5 commission:

6 (a) That the projected sales forecast in the utility's most
7 recent rate case is reasonable.

8 (b) That the electric utility has achieved annual incremental
9 energy savings at least equal to the lesser of the following:

10 ~~(i) The incremental energy savings requirement of section 77(1)~~
11 ~~of the clean and renewable energy and energy waste reduction act,~~
12 ~~2008 PA 295, MCL 460.1077.~~ **One percent of its annual retail**
13 **electricity sales on the previous year.**

14 (ii) The amount of any incremental savings yielded by energy
15 waste reduction, conservation, demand-side programs, and other
16 waste reduction measures approved by the commission in that
17 utility's most recent integrated resource plan.

18 (13) The commission shall consider the aggregate revenues
19 attributable to revenue decoupling mechanisms, financial
20 incentives, and shared savings mechanisms the commission has
21 approved for an electric utility relative to energy waste
22 reduction, conservation, demand-side programs, peak load reduction,
23 and other waste reduction measures. The commission may approve an
24 alternative methodology for a revenue decoupling mechanism
25 authorized under subsection (12), ~~or a financial incentive~~
26 authorized under section 75 of the clean and renewable energy and
27 energy waste reduction act, 2008 PA 295, MCL 460.1075, **or a shared**
28 **savings mechanism authorized under section 6x** if the commission
29 determines that the resulting aggregate revenues from those

1 mechanisms would not result in a reasonable and cost-effective
2 method to ensure that investments in energy waste reduction,
3 demand-side programs, peak load reduction, and other waste
4 reduction measures are not disfavored when compared to utility
5 supply-side investments. The commission's consideration of an
6 alternative methodology under this subsection must be conducted as
7 a contested case in accordance with chapter 4 of the administrative
8 procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.288.

9 (14) By April 20, 2018, the commission shall conduct a study
10 on an appropriate tariff reflecting equitable cost of service for
11 utility revenue requirements for customers who participate in a net
12 metering program or distributed generation program under the clean
13 and renewable energy and energy waste reduction act, 2008 PA 295,
14 MCL 460.1001 to ~~460.1211.~~ **460.1232**. In any rate case filed after
15 June 1, 2018, the commission shall ~~, subject to section 173(7) of~~
16 ~~the clean and renewable energy and energy waste reduction act, 2008~~
17 ~~PA 295, MCL 460.1173,~~ approve such a tariff for inclusion in the
18 rates of all customers participating in a net metering or
19 distributed generation program under the clean and renewable energy
20 and energy waste reduction act, 2008 PA 295, MCL 460.1001 to
21 ~~460.1211.~~ **460.1232**. A tariff established under this subsection does
22 not apply to customers participating in a net metering program
23 under the clean and renewable energy and energy waste reduction
24 act, 2008 PA 295, MCL 460.1001 to ~~460.1211,~~ **460.1232**, before the
25 date that the commission establishes a tariff under this
26 subsection, who continues to participate in the program at their
27 current site or facility.

28 (15) Except as otherwise provided in this act, "utility" and
29 "electric utility" do not include a municipally owned electric

1 utility.

2 (16) As used in this section:

3 (a) "Full and complete hearing" means a hearing that provides
4 interested parties a reasonable opportunity to present and cross-
5 examine evidence and present arguments relevant to the specific
6 element or elements of the request that are the subject of the
7 hearing.

8 (b) "General rate case" means a proceeding initiated by a
9 utility in an application filed with the commission that alleges a
10 revenue deficiency and requests an increase in the schedule of
11 rates or charges based on the utility's total cost of providing
12 service.

13 (c) "Steam utility" means a steam distribution company
14 regulated by the commission.

15 Sec. 6m. (1) The utility consumer representation fund is
16 created as a special fund. The state treasurer is the custodian of
17 the fund and shall maintain a separate account of the money in the
18 fund. The money in the fund must be invested in the bonds, notes,
19 and other evidences of indebtedness issued or insured by the United
20 States government and its agencies, and in prime commercial paper.
21 The state treasurer shall release money from the fund, including
22 interest earned, in the manner and at the time directed by the
23 board.

24 (2) Except as provided in subsection (5), each energy utility
25 that has applied to the commission for the initiation of an energy
26 cost recovery proceeding shall remit to the fund before or ~~upon~~ **on**
27 filing its initial application for that proceeding, and on or
28 before the first anniversary of that application, an amount of
29 money determined by the board in the following manner:

1 (a) In the case of an energy utility company serving at least
2 100,000 customers in this state, its proportional share of
3 ~~\$1,800,000.00~~ **\$900,000.00** adjusted annually by a factor as provided
4 in subsection (4). This adjusted amount is the new base amount to
5 which the factor provided in subsection (4) is applied in the
6 succeeding year. A utility's proportional share must be calculated
7 by dividing the company's jurisdictional total operating revenues
8 for the preceding year, as stated in its annual report, by the
9 total operating revenues for the preceding year of all energy
10 utility companies serving at least 100,000 customers in this state.
11 The board shall make this amount available for use by the attorney
12 general for the purposes described in subsection (16).

13 (b) In the case of an energy utility company serving at least
14 100,000 residential customers in this state, its proportional share
15 of ~~\$2,000,000.00~~ **\$650,000.00** adjusted annually by a factor as
16 provided in subsection (4). This adjusted amount is the new base
17 amount to which the factor provided in subsection (4) is applied in
18 the succeeding year. A utility's proportional share must be
19 calculated by dividing the company's jurisdictional gross revenues
20 from residential tariff sales for the preceding year by the gross
21 revenues from residential tariff sales for the preceding year of
22 all energy utility companies serving at least 100,000 residential
23 customers in this state. This amount must be used for grants under
24 subsection (10).

25 (c) In the case of an energy utility company serving fewer
26 than 100,000 customers in this state, its proportional share of
27 \$100,000.00 adjusted annually by a factor as provided in subsection
28 (4). This adjusted amount is the new base amount to which the
29 factor provided in subsection (4) is applied in the succeeding

1 year. A utility's proportional share must be calculated by dividing
2 the company's jurisdictional total operating revenues for the
3 preceding year, as stated in its annual report, by the total
4 operating revenues for the preceding year of all energy utility
5 companies serving fewer than 100,000 customers in this state. The
6 board shall make this amount available for use by the attorney
7 general for the purposes described in subsection (16).

8 (d) In the case of an energy utility company serving fewer
9 than 100,000 residential customers in this state, its proportional
10 share of \$100,000.00 adjusted annually by a factor as provided in
11 subsection (4). This adjusted amount is the new base amount to
12 which the factor provided in subsection (4) is applied in the
13 succeeding year. A utility's proportional share must be calculated
14 by dividing the company's jurisdictional gross revenues from
15 residential tariff sales for the preceding year by the gross
16 revenues from residential tariff sales for the preceding year of
17 all energy utility companies serving fewer than 100,000 residential
18 customers in this state. This amount must be used for grants under
19 subsection (10).

20 (3) Payments made by an energy utility under subsection (2) (a)
21 or (c) are operating expenses of the utility that the commission
22 shall permit the utility to charge to its customers. Payments made
23 by a utility under subsection (2) (b) or (d) are operating expenses
24 of the utility that the commission shall permit the utility to
25 charge to its residential customers.

26 (4) For purposes of subsection (2), the board shall set the
27 factor at a level not to exceed the percentage increase in the
28 index known as the Consumer Price Index for urban wage earners and
29 clerical workers, select areas, all items indexed, for the Detroit

1 standard metropolitan statistical area, compiled by the Bureau of
2 Labor Statistics of the United States Department of Labor, or any
3 successor agency, that has occurred between January of the
4 preceding year and January of the year in which the payment is
5 required to be made. In the event that more than 1 such index is
6 compiled, the index yielding the largest payment is the maximum
7 allowable factor. The board shall advise utilities of the factor.

8 (5) The remittance requirements of this section do not apply
9 to an energy utility organized as a cooperative corporation under
10 sections 98 to 109 of 1931 PA 327, MCL 450.98 to 450.109, and
11 grants from the fund must not be used to participate in an energy
12 cost recovery proceeding primarily affecting such a utility.

13 (6) In the event of a dispute between the board and an energy
14 utility about the amount of payment due, the utility shall pay the
15 undisputed amount and, if the utility and the board cannot agree,
16 the board may initiate civil action in the circuit court for Ingham
17 County for recovery of the disputed amount. The commission shall
18 not accept or take action on an application for an energy cost
19 recovery proceeding from an energy utility subject to this section
20 that has not fully paid undisputed remittances required by this
21 section.

22 (7) The commission shall not accept or take action on an
23 application for an energy cost recovery proceeding from an energy
24 utility subject to this section until 30 days after it has been
25 notified by the board that the board is ready to process grant
26 applications, will transfer funds payable to the attorney general
27 immediately ~~upon~~**on** the receipt of those funds, and will within 30
28 days approve grants and remit funds to qualified grant applicants.

29 (8) The board may accept a gift or grant from any source to be

1 deposited in the fund if the conditions or purposes of the gift or
2 grant are consistent with this section.

3 (9) The costs of operation and expenses incurred by the board
4 in performing its duties under this section and section 61,
5 including remuneration to board members, must be paid from the
6 fund. A maximum of 5% of the annual receipts of the fund may be
7 budgeted and used to pay expenses other than grants made under
8 subsection (10).

9 (10) The net grant proceeds must finance a grant program from
10 which the board may award to an applicant an amount that the board
11 determines shall be used for the purposes set forth in this
12 section.

13 (11) The board shall create and make available to applicants
14 an application form. Each applicant shall indicate on the
15 application how the applicant meets the eligibility requirements
16 provided for in this section and how the applicant proposes to use
17 a grant from the fund to participate in 1 or more proceedings as
18 authorized in subsection (16) that have been or are expected to be
19 filed. Each applicant shall also identify on the application any
20 additional funds or resources, other than the grant funds being
21 requested, that are to be used to participate in the proceeding for
22 which the grant is being requested and how those funds or resources
23 will be utilized. The board shall receive an application requesting
24 a grant from the fund only from a nonprofit organization or a unit
25 of local government in this state. The board shall consider only
26 applications for grants containing proposals that are consistent
27 with subsections (16) and (17) and that serve the interests of
28 residential utility consumers. ~~The interest of residential~~
29 ~~consumers includes, but is not limited to, considerations of~~

~~utility service in this state; the reduction of greenhouse gas emissions from the utility sector; and the protection of public health, equitable access to energy efficiency, weatherization, efficient electrification measures, programs and services, and clean energy technologies.~~ For purposes of making grants, the board may consider energy conservation, energy waste reduction, demand response, and rate design options to encourage energy conservation, energy waste reduction, and demand response, as well as the maintenance of adequate energy resources. The board shall not consider an application that primarily benefits the applicant or a service provided or administered by the applicant. The board shall not consider an application from a nonprofit organization if 1 of the organization's principal interests or unifying principles is the welfare of a utility or its investors or employees, or the welfare of 1 or more businesses or industries, other than farms not owned or operated by a corporation, that receive utility service ordinarily and primarily for use in connection with the profit-seeking manufacture, sale, or distribution of goods or services. Mere ownership of securities by a nonprofit organization or its members does not disqualify an application submitted by that organization.

(12) The board shall encourage ~~grant making to nonprofits representing environmental justice communities and communities with the highest energy burdens.~~ The board shall also encourage **the representation of** the interests of identifiable types of residential utility consumers whose interests may differ, including various social and economic classes and areas of the state, and if necessary, may make grants to more than 1 applicant whose applications are related to a similar issue to achieve this type of

1 representation. In addition, the board shall consider and balance
2 the following criteria in determining whether to make a grant to an
3 applicant:

4 (a) Evidence of the applicant's competence, experience, and
5 commitment to advancing the interests of residential utility
6 consumers.

7 (b) The anticipated involvement of the attorney general in a
8 proceeding and whether activities of the applicant will be
9 duplicative or supplemental to those of the attorney general.

10 (c) In the case of a nongovernmental applicant, the extent to
11 which the applicant is representative of or has a previous history
12 of advocating the interests of citizens, especially residential
13 utility consumers.

14 (d) The anticipated effect of the proposal contained in the
15 application on residential utility consumers, including the
16 immediate and long-term impacts of the proposal.

17 (e) Evidence demonstrating the potential for continuity of
18 effort and the development of expertise in relation to the proposal
19 contained in the application.

20 (f) The uniqueness or innovativeness of an applicant's
21 position or point of view as it relates to advocating for
22 residential utility consumers concerning energy costs or rates, and
23 the probability and desirability of that position or point of view
24 prevailing.

25 (13) As an alternative to choosing between 2 or more
26 applications that have similar proposals, the board may invite 2 or
27 more of the applicants to file jointly and award a grant to be
28 managed cooperatively.

29 (14) The board shall make disbursements pursuant to a grant in

1 advance of an applicant's proposed actions as set forth in the
2 application if necessary to enable the applicant to initiate,
3 continue, or complete the proposed actions.

4 (15) Any notice to utility customers and the general public of
5 hearings or other state proceedings in which grants from the fund
6 may be used must contain a notice of the availability of the fund
7 and the address of the board.

8 (16) The annual receipts and interest earned, less
9 administrative costs, may be used only for participation in
10 administrative and judicial proceedings under sections 6a, 6h, 6j,
11 6s, ~~and 6t, 6w, and 10i, and the clean and renewable energy and~~
12 ~~energy waste reduction act, 2008 PA 295, MCL 460.1001 to 460.1211,~~
13 and in federal administrative and judicial proceedings that
14 directly affect the energy costs or rates paid by energy utility
15 customers in this state. Amounts that have been in the fund more
16 than 12 months may be retained in the fund for future proceedings
17 and any unexpended money in the fund is reserved to fulfill the
18 purposes for which it was appropriated or may be returned to energy
19 utility companies or used to offset their future remittances in
20 proportion to their previous remittances to the fund, as the board
21 and attorney general determine will best serve the interests of
22 consumers.

23 (17) The following conditions apply to all grants from the
24 fund:

25 (a) Disbursements from the fund may be used only to advocate
26 the interests of residential energy utility customers concerning
27 energy costs or rates and not for representation of merely
28 individual interests.

29 (b) The board shall attempt to maintain a reasonable

1 relationship between the payments from a particular energy utility
2 and the benefits to consumers of that utility.

3 (c) The board shall coordinate the funded activities of grant
4 recipients with those of the attorney general to avoid duplication
5 of effort, particularly as it relates to the hiring of expert
6 witnesses, to promote supplementation of effort, and to maximize
7 the number of hearings and proceedings with intervenor
8 participation.

9 (18) A recipient of a grant under subsection (10) may use the
10 grant only for the advancement of the proposed action approved by
11 the board, including, but not limited to, costs of staff, hired
12 consultants and counsel, and research.

13 (19) A recipient of a grant under subsection (10) shall
14 prepare for and participate in all discussions among the parties
15 designed to facilitate settlement or narrowing of the contested
16 issues before a hearing in order to minimize litigation costs for
17 all parties.

18 (20) A recipient of a grant under subsection (10) shall file a
19 report with the board not later than 90 days following the end of
20 the year or a shorter period for which the grant is made. The
21 report must be made in a form prescribed by the board and is
22 subject to audit by the board. The board shall include each report
23 received under this subsection as part of the board's annual report
24 required under subsection (22). The report under this subsection
25 must include the following information:

26 (a) An account of all grant expenditures made by the grant
27 recipient. Expenditures must be reported within the following
28 categories:

29 (i) Employee and contract for services costs.

1 (ii) Costs of materials and supplies.

2 (iii) Filing fees and other costs required to effectively
3 represent residential utility consumers as provided in this
4 section.

5 (b) A detailed list of the regulatory issues raised by the
6 grant recipient and how each issue was determined by the
7 commission, court, or other tribunal.

8 (c) Any additional information concerning uses of the grant
9 required by the board.

10 (21) On or before July 1 of each year, the attorney general
11 shall file a report with the house and senate committees on
12 appropriations and the house and senate committees with
13 jurisdiction over energy and utility policy issues. The report must
14 include the following information:

15 (a) An account of all expenditures made by the attorney
16 general of money received under this section. Expenditures must be
17 reported in the following categories:

18 (i) Employee and contract for services costs.

19 (ii) Costs of materials and supplies.

20 (iii) Filing fees and other costs required to effectively
21 represent utility consumers as provided in this section.

22 (b) Any additional information concerning uses of the money
23 received under this section required by the committees.

24 (22) On or before July 1 of each calendar year, the board
25 shall submit a detailed report to the house and senate committees
26 with jurisdiction over energy and utility policy issues regarding
27 the discharge of duties and responsibilities under this section and
28 section 6l during the preceding calendar year.

29 Sec. 6t. (1) The commission shall, by August 31, 2025, and

1 every ~~4~~5 years thereafter, commence a proceeding and, in
2 consultation with the department of environment, Great Lakes, and
3 energy, and other interested parties, do all of the following as
4 part of the proceeding:

5 (a) Conduct an assessment of the potential for energy waste
6 reduction in this state, **based on what is economically and**
7 **technologically feasible, as well as what is reasonably achievable.**

8 (b) Conduct an assessment for the use of demand response
9 programs in this state, based on what is economically and
10 technologically feasible, as well as what is reasonably achievable.
11 The assessment must expressly account for advanced metering
12 infrastructure that has already been installed in this state and
13 seek to fully maximize potential benefits to ratepayers in lowering
14 utility bills.

15 (c) Identify significant state or federal environmental
16 regulations, laws, or rules and how each regulation, law, or rule
17 would affect electric utilities in this state.

18 (d) Identify any formally proposed state or federal
19 environmental regulation, law, or rule that has been published in
20 the Michigan Register or the Federal Register and how the proposed
21 regulation, law, or rule would affect electric utilities in this
22 state.

23 (e) Identify any required planning reserve margins and local
24 clearing requirements in areas of this state.

25 (f) Establish the modeling scenarios and assumptions each
26 electric utility should include in addition to its own scenarios
27 and assumptions in developing its integrated resource plan filed
28 under subsection (3), including, but not limited to, all of the
29 following:

1 (i) Any required planning reserve margins and local clearing
2 requirements.

3 (ii) All applicable state and federal environmental
4 regulations, laws, and rules identified in this subsection.

5 (iii) Any supply-side and demand-side resources that reasonably
6 could address any need for additional generation capacity,
7 including, but not limited to, the type of generation technology
8 for any proposed generation facility, projected energy waste
9 reduction savings, ~~projected load impact due to electrification,~~
10 and projected load management and demand response savings.

11 (iv) Any regional infrastructure limitations in this state.

12 (v) The projected costs of different types of ~~technologies and~~
13 fuel used for electric generation.

14 (g) Allow other state agencies to provide input regarding any
15 other regulatory requirements that should be included in modeling
16 scenarios or assumptions.

17 (h) Publish a copy of the proposed modeling scenarios and
18 assumptions to be used in integrated resource plans on the
19 commission's website.

20 (i) Before issuing the final modeling scenarios and
21 assumptions each electric utility should include in developing its
22 integrated resource plan, receive written comments and hold
23 hearings to solicit public input regarding the proposed modeling
24 scenarios and assumptions.

25 ~~(j) Conduct an assessment of the potential for electrification~~
26 ~~of transportation, buildings, and industries consistent with~~
27 ~~economy-wide elimination of greenhouse gas emissions in this state,~~
28 ~~based on what is economically and technically feasible, as well as~~
29 ~~what is reasonably achievable.~~

1 ~~(k) Identify environmental justice communities.~~

2 (2) A proceeding commenced under subsection (1) must be
3 completed within 120 days, and is not a contested case under
4 chapter 4 of the administrative procedures act of 1969, 1969 PA
5 306, MCL 24.271 to 24.288. The determination of the modeling
6 assumptions for integrated resource plans made under subsection (1)
7 is not considered a final order for purposes of judicial review.
8 The determinations made under subsection (1) are only subject to
9 judicial review as part of the final commission order approving an
10 integrated resource plan under this section.

11 (3) Not later than April 20, 2019, each electric utility whose
12 rates are regulated by the commission shall file with the
13 commission an integrated resource plan that provides a 5-year, 10-
14 year, and 15-year projection of the utility's load obligations and
15 a plan to meet those obligations, to meet the utility's
16 requirements to provide generation reliability, including meeting
17 planning reserve margin and local clearing requirements determined
18 by the commission or the appropriate independent system operator,
19 and to meet all applicable state and federal reliability and
20 environmental regulations over the ensuing term of the plan. The
21 commission shall issue an order establishing filing requirements,
22 including application forms and instructions, and filing deadlines
23 for an integrated resource plan filed by an electric utility whose
24 rates are regulated by the commission. The electric utility's plan
25 may include alternative modeling scenarios and assumptions in
26 addition to those identified under subsection (1).

27 (4) For an electric utility with fewer than 1,000,000
28 customers in this state whose rates are regulated by the
29 commission, the commission may issue an order implementing separate

1 filing requirements, review criteria, and approval standards that
2 differ from those established under subsection (3). An electric
3 utility providing electric tariff service to customers both in this
4 state and in at least 1 other state may design its integrated
5 resource plan to cover all its customers on that multistate basis.
6 If an electric utility has filed a multistate integrated resource
7 plan that includes its service area in this state with the relevant
8 utility regulatory commission in another state in which it provides
9 tariff service to retail customers, the commission shall accept
10 that integrated resource plan filing for filing purposes in this
11 state. However, the commission may require supplemental information
12 if necessary as part of its evaluation and determination of whether
13 to approve the plan. ~~Upon~~**On** request of an electric utility, the
14 commission may adjust the filing dates for a multistate integrated
15 resource plan filing in this state to place its review on the same
16 timeline as other relevant state reviews.

17 (5) An integrated resource plan must include all of the
18 following:

19 (a) A long-term forecast of the electric utility's sales and
20 peak demand under various reasonable scenarios.

21 (b) The type of generation technology proposed for a
22 generation facility contained in the plan and the proposed capacity
23 of the generation facility, including projected fuel costs under
24 various reasonable scenarios.

25 (c) Projected energy purchased or produced by the electric
26 utility from a renewable energy resource. If the level of renewable
27 energy purchased or produced is projected to drop over the planning
28 periods set forth in subsection (3), the electric utility must
29 demonstrate why the reduction is in the best interest of

1 ratepayers.

2 ~~(d) An analysis of how the electric utility's plan complies~~
3 ~~with the renewable energy plan requirements and goals of section 28~~
4 ~~of the clean and renewable energy and energy waste reduction act,~~
5 ~~2008 PA 295, MCL 460.1028, the clean energy requirements of section~~
6 ~~51 of the clean and renewable energy and energy waste reduction~~
7 ~~act, 2008 PA 295, MCL 460.1051, the energy waste reduction measures~~
8 ~~in section 77 of the clean and renewable energy and energy waste~~
9 ~~reduction act, 2008 PA 295, MCL 460.1077, and the energy storage~~
10 ~~target of section 101 of the clean and renewable energy and energy~~
11 ~~waste reduction act, 2008 PA 295, MCL 460.1101.~~

12 (d) Details regarding the utility's plan to eliminate energy
13 waste, including the total amount of energy waste reduction
14 expected to be achieved annually, the cost of the plan, and the
15 expected savings for its retail customers.

16 (e) An analysis of how the combined amounts of renewable
17 energy and energy waste reduction achieved under the plan compare
18 to the renewable energy resources and energy waste reduction goal
19 provided in section 1 of the clean and renewable energy and energy
20 waste reduction act, 2008 PA 295, MCL 460.1001. This analysis and
21 comparison may include renewable energy and capacity in any form,
22 including generating electricity from renewable energy systems for
23 sale to retail customers or purchasing or otherwise acquiring
24 renewable energy credits with or without associated renewable
25 energy, allowed under section 27 of the clean and renewable energy
26 and energy waste reduction act, 2008 PA 295, MCL 460.1027, as it
27 existed before April 20, 2017.

28 (f) ~~(e)~~ Projected load management and demand response savings
29 for the electric utility and the projected costs for those

1 programs.

2 (g) ~~(f)~~—Projected energy and capacity purchased or produced by
3 the electric utility from a cogeneration resource.

4 (h) ~~(g)~~—An analysis of potential new or upgraded electric
5 transmission options for the electric utility.

6 (i) ~~(h)~~—Data regarding the utility's current generation
7 portfolio, including the age, capacity factor, licensing status,
8 and remaining estimated time of operation for each facility in the
9 portfolio.

10 (j) ~~(i)~~—Plans for meeting current and future capacity needs
11 with the cost estimates for all proposed construction and major
12 investments, including any transmission or distribution
13 infrastructure that would be required to support the proposed
14 construction or investment, and power purchase agreements.

15 (k) ~~(j)~~—An analysis of the cost, capacity factor, and
16 viability of all reasonable options available to meet projected
17 energy and capacity needs, including, but not limited to, existing
18 electric generation facilities in this state.

19 (l) ~~(k)~~—Projected rate ~~and affordability~~ impact for the periods
20 covered by the plan.

21 (m) ~~(l)~~—How the utility will comply with all applicable state
22 and federal environmental regulations, laws, and rules, and the
23 projected costs of complying with those regulations, laws, and
24 rules.

25 (n) ~~(m)~~—A forecast of the utility's peak demand and details
26 regarding the amount of peak demand reduction the utility expects
27 to achieve and the actions the utility proposes to take in order to
28 achieve that peak demand reduction.

29 (o) ~~(n)~~—The projected long-term firm gas transportation

1 contracts or natural gas storage the electric utility will hold to
2 provide an adequate supply of natural gas to any new generation
3 facility.

4 ~~(e) The projected long-term forecast of greenhouse gas~~
5 ~~emissions and other pollutants from power generated or purchased by~~
6 ~~the electric utility. The electric utility may include details on~~
7 ~~the broader emissions impact of shifting to electrification of~~
8 ~~transportation, buildings, and industries.~~

9 ~~(p) An environmental justice impact analysis that includes a~~
10 ~~review of the reasonably anticipated environmental justice impacts~~
11 ~~for any plan that includes the construction of a new natural gas-~~
12 ~~fired generation facility and an analysis of whether the facility~~
13 ~~complies with the requirements for clean energy systems established~~
14 ~~in the clean and renewable energy and energy waste reduction act,~~
15 ~~2008 PA 295, MCL 460.1001 to 460.1211. If a plan proposes retiring~~
16 ~~or retaining 1 or more fossil fuel peaking plants, in an~~
17 ~~environmental justice community, a review of the reasonably~~
18 ~~anticipated environmental justice impacts for each generation~~
19 ~~facility.~~

20 (6) Before filing an integrated resource plan under this
21 section, each electric utility whose rates are regulated by the
22 commission shall issue a request for proposals to provide any new
23 supply-side generation capacity resources needed to serve the
24 utility's reasonably projected electric load, applicable planning
25 reserve margin, and local clearing requirement for its customers in
26 this state and customers the utility serves in other states during
27 the initial 3-year planning period to be considered in each
28 integrated resource plan to be filed under this section. An
29 electric utility shall define qualifying performance standards,

1 contract terms, technical competence, capability, reliability,
2 creditworthiness, past performance, and other criteria that
3 responses and respondents to the request for proposals must meet in
4 order to be considered by the utility in its integrated resource
5 plan to be filed under this section. Respondents to a request for
6 proposals may request that certain proprietary information be
7 exempt from public disclosure as allowed by the commission. A
8 utility that issues a request for proposals under this subsection
9 shall use the resulting proposals to inform its integrated resource
10 plan filed under this section and include all of the submitted
11 proposals as attachments to its integrated resource plan filing
12 regardless of whether the proposals met the qualifying performance
13 standards, contract terms, technical competence, capability,
14 reliability, creditworthiness, past performance, or other criteria
15 specified for the utility's request for proposals under this
16 section. An existing supplier of electric generation capacity
17 currently producing at least 200 megawatts of firm electric
18 generation capacity resources located in the independent system
19 operator's zone in which the utility's load is served that seeks to
20 provide electric generation capacity resources to the utility may
21 submit a written proposal directly to the commission as an
22 alternative to any supply-side generation capacity resource
23 included in the electric utility's integrated resource plan
24 submitted under this section, and has standing to intervene in the
25 contested case proceeding conducted under this section. This
26 subsection does not require an entity that submits an alternative
27 under this subsection to submit an integrated resource plan. This
28 subsection does not limit the ability of any other person to submit
29 to the commission an alternative proposal to any supply-side

1 generation capacity resource included in the electric utility's
2 integrated resource plan submitted under this section and to
3 petition for and be granted leave to intervene in the contested
4 case proceeding conducted under this section under the rules of
5 practice and procedure of the commission. The commission shall only
6 consider an alternative proposal submitted under this subsection as
7 part of its approval process under subsection (8). The electric
8 utility submitting an integrated resource plan under this section
9 is not required to adopt any proposals submitted under this
10 subsection. To the extent practicable, each electric utility is
11 encouraged, but not required, to partner with other electric
12 providers in the same local resource zone as the utility's load is
13 served in the development of any new supply-side generation
14 capacity resources included as part of its integrated resource
15 plan.

16 (7) Not later than 300 days after an electric utility files an
17 integrated resource plan under this section, the commission shall
18 state if the commission has any recommended changes, and if so,
19 describe them in sufficient detail to allow their incorporation in
20 the integrated resource plan. If the commission does not recommend
21 changes, it shall issue a final, appealable order approving or
22 denying the plan filed by the electric utility. If the commission
23 recommends changes, the commission shall set a schedule allowing
24 parties at least 15 days after that recommendation to file comments
25 regarding those recommendations, and allowing the electric utility
26 at least 30 days to consider the recommended changes and submit a
27 revised integrated resource plan that incorporates 1 or more of the
28 recommended changes. If the electric utility submits a revised
29 integrated resource plan under this section, the commission shall

1 issue a final, appealable order approving the plan as revised by
2 the electric utility or denying the plan. The commission shall
3 issue a final, appealable order no later than 360 days after an
4 electric utility files an integrated resource plan under this
5 section. Up to 150 days after an electric utility makes its initial
6 filing, the electric utility may file to update its cost estimates
7 if those cost estimates have materially changed. A utility shall
8 not modify any other aspect of the initial filing unless the
9 utility withdraws and refiles the application. A utility's filing
10 updating its cost estimates does not extend the period for the
11 commission to issue an order approving or denying the integrated
12 resource plan. The following are applicable to an integrated
13 resource plan filed under this section:

14 (a) The commission shall do all of the following:

15 (i) Review the integrated resource plan in a contested case
16 proceeding conducted in accordance with chapter 4 of the
17 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
18 24.288.

19 (ii) Allow intervention by interested persons including
20 electric customers of the utility, respondents to the utility's
21 request for proposals under this section, or other parties approved
22 by the commission.

23 (iii) Request an advisory opinion from the department of
24 environment, Great Lakes, and energy regarding ~~all of the~~
25 ~~following:~~**whether any potential decrease in emissions of sulfur**
26 **dioxide, oxides of nitrogen, mercury, and particulate matter would**
27 **reasonably be expected to result if the integrated resource plan**
28 **proposed by the electric utility under subsection (3) was approved**
29 **and whether the integrated resource plan can reasonably be expected**

1 to achieve compliance with the regulations, laws, or rules
2 identified in subsection (1).

3 ~~(A) Whether any potential decrease in emissions of sulfur~~
4 ~~dioxide, oxides of nitrogen, mercury, and particulate matter would~~
5 ~~reasonably be expected to result if the integrated resource plan~~
6 ~~proposed by the electric utility under subsection (3) was approved.~~

7 ~~(B) Whether the integrated resource plan can reasonably be~~
8 ~~expected to achieve compliance with the regulations, laws, or rules~~
9 ~~identified in subsection (1).~~

10 ~~(C) The potential impacts of proposed energy generation~~
11 ~~resources and of any prudent and feasible alternatives identified~~
12 ~~by the department on whether the plan makes adequate progress~~
13 ~~toward achieving the clean energy standard established in section~~
14 ~~51 of the clean and renewable energy and energy waste reduction~~
15 ~~act, 2008 PA 295, MCL 460.1051.~~

16 ~~(D) The potential impacts of the plan and of any prudent and~~
17 ~~feasible alternatives identified by the department on whether the~~
18 ~~plan makes adequate progress toward the economy-wide virtual~~
19 ~~elimination of greenhouse gas emissions in this state by 2050.~~

20 ~~(E) Whether the plan in comparison to any prudent and feasible~~
21 ~~alternatives makes adequate progress toward the elimination of~~
22 ~~adverse effects on human health due to power generation in this~~
23 ~~state.~~

24 ~~(F) Whether the plan in comparison to any prudent and feasible~~
25 ~~alternatives adequately reduces harms to the health, safety, and~~
26 ~~welfare of individuals in environmental justice communities.~~

27 (b) The commission may do 1 or both of the following:

28 (i) Take official notice of the opinion issued by the
29 department of environment, Great Lakes, and energy under this

1 subsection pursuant to R 792.10428 of the Michigan Administrative
2 Code. Information submitted by the department of environment, Great
3 Lakes, and energy under this subsection is advisory and is not
4 binding on future determinations by the department of environment,
5 Great Lakes, and energy or the commission in any proceeding or
6 permitting process. This section does not prevent an electric
7 utility from applying for, or receiving, any necessary permits from
8 the department of environment, Great Lakes, and energy.

9 (ii) Invite other state agencies to provide testimony regarding
10 other relevant regulatory requirements related to the integrated
11 resource plan. The commission shall permit reasonable discovery
12 after an integrated resource plan is filed and during the hearing
13 in order to assist parties and interested persons in obtaining
14 evidence concerning the integrated resource plan, including, but
15 not limited to, the reasonableness and prudence of the plan and
16 alternatives to the plan raised by intervening parties.

17 (8) The commission shall approve the integrated resource plan
18 under subsection (7) if the commission determines all of the
19 following:

20 (a) The proposed integrated resource plan represents the most
21 reasonable and prudent means of meeting the electric utility's
22 energy and capacity needs. To determine whether the integrated
23 resource plan is the most reasonable and prudent means of meeting
24 energy and capacity needs, the commission shall consider whether
25 the plan appropriately balances all of the following factors:

26 (i) Resource adequacy and capacity to serve anticipated peak
27 electric load, applicable planning reserve margin, and local
28 clearing requirement.

29 (ii) Compliance with applicable state and federal environmental

1 regulations.

2 (iii) Competitive pricing.

3 (iv) Reliability.

4 (v) Commodity price risks.

5 (vi) Diversity of generation supply.

6 (vii) Whether the proposed levels of peak load reduction and
 7 energy waste reduction are reasonable and cost-effective. **Exceeding**
 8 **the renewable energy resources and energy waste reduction goal in**
 9 **section 1 of the clean and renewable energy and energy waste**
 10 **reduction act, 2008 PA 295, MCL 460.1001, by a utility is not, in**
 11 **and of itself, grounds for determining that the proposed levels of**
 12 **peak load reduction, renewable energy, and energy waste reduction**
 13 **are not reasonable and cost-effective.**

14 ~~(viii) Affordability.~~

15 ~~(ix) Overall cost effectiveness in providing utility service.~~

16 (b) To the extent practicable, the construction or investment
 17 in a new or existing capacity resource in this state is completed
 18 using a workforce composed of residents of this state as determined
 19 by the commission. This subdivision does not apply to a capacity
 20 resource that is located in a county that lies on the border with
 21 another state.

22 ~~(c) The construction and construction maintenance of new or~~
 23 ~~the rehabilitation of existing capacity resources in this state~~
 24 ~~includes using an apprenticeship program registered and certified~~
 25 ~~with the United States Secretary of Labor under the national~~
 26 ~~apprenticeship act, 29 USC 50 to 50c, and the workers employed for~~
 27 ~~the construction or construction maintenance of the energy facility~~
 28 ~~are paid a minimum wage standard not less than the wage and fringe~~
 29 ~~benefit rates prevailing in the locality in which the work is to be~~

~~performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed. This subdivision does not apply to an independent power producer supplying power under a contract or agreement entered into in accordance with the public utility regulatory policies act of 1978, Public Law 95-617, as of the effective date of the amendatory act that added this subdivision. As used in this subdivision, "project labor agreement" means a prehire collective bargaining agreement with 1 or more labor organizations that establishes the terms and conditions of employment for a specific construction project and does all of the following:~~

~~(i) Binds all contractors and subcontractors on the construction project through the inclusion of appropriate specifications in all relevant solicitation provisions and contract documents.~~

~~(ii) Allows all contractors and subcontractors on the construction project to compete for contracts and subcontracts without regard to whether they are otherwise parties to collective bargaining agreements.~~

~~(iii) Contains guarantees against strikes, lockouts, and similar job disruptions.~~

~~(iv) Sets forth effective, prompt, and mutually binding procedures for resolving labor disputes arising during the term of the project labor agreement.~~

~~(v) Provides other mechanisms for labor-management cooperation~~

~~on matters of mutual interest and concern, including productivity, quality of work, safety, and health.~~

~~(vi) Complies with all state and federal laws, rules, and regulations.~~

~~(d) The plan is consistent with the renewable energy plan requirements and goals of section 28 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1028, the clean energy requirements of section 51 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1051, the energy waste reduction measures in section 77 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1077, and the energy storage target of section 101 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1101.~~

~~(e) The plan promotes environmental quality and public health and reasonably mitigates adverse effects on human health due to power generation, with a priority on mitigating impacts and prioritizing benefits to communities disproportionately impacted by pollution and other environmental harms.~~

~~(c) (f)~~ The plan meets the requirements of subsection (5).

(9) If the commission denies a utility's integrated resource plan, the utility, **within-not later than** 60 days after the date of the final order denying the integrated resource plan, may submit revisions to the integrated resource plan to the commission for approval. The commission shall commence a new contested case hearing under chapter 4 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.288. Not later than 90 days after the date that the utility submits the revised integrated resource plan to the commission under this subsection, the

1 commission shall issue an order approving or denying, with
2 recommendations, the revised integrated resource plan if the
3 revisions are not substantial or inconsistent with the original
4 integrated resource plan filed under this section. If the revisions
5 are substantial or inconsistent with the original integrated
6 resource plan, the commission has up to 150 days to issue an order
7 approving or denying, with recommendations, the revised integrated
8 resource plan.

9 (10) If the commission denies an electric utility's integrated
10 resource plan, the electric utility may proceed with a proposed
11 construction, purchase, investment, or power purchase agreement
12 contained in the integrated resource plan without the assurances
13 granted under this section.

14 (11) In approving an integrated resource plan under this
15 section, the commission shall specify the costs approved for the
16 construction of or significant investment in an electric generation
17 ~~or energy storage facility~~, the purchase of an existing electric
18 ~~generation or energy storage facility~~, the purchase of power under
19 the terms of the power purchase ~~or energy storage~~ agreement, or
20 other investments or resources used to meet energy and capacity
21 needs that are included in the approved integrated resource plan.
22 The costs for specifically identified investments, including the
23 costs for facilities under subsection (12), included in an approved
24 integrated resource plan that are commenced within 3 years after
25 the commission's order approving the initial plan, amended plan, or
26 plan review are considered reasonable and prudent for cost recovery
27 purposes.

28 (12) Except as otherwise provided in subsection (13), for a
29 new electric generation ~~or energy storage~~ facility approved in an

1 integrated resource plan that is to be owned by the electric
2 utility and that is commenced within 3 years after the commission's
3 order approving the plan, the commission shall finalize the
4 approved costs for the electric generation ~~or energy storage~~
5 facility only after the utility has done all of the following and
6 filed the results, analysis, and recommendations with the
7 commission:

8 (a) Implemented a competitive bidding process for all major
9 engineering, procurement, and construction contracts associated
10 with the construction of the electric generation ~~or energy storage~~
11 facility.

12 (b) Implemented a competitive bidding process that allows
13 third parties to submit firm and binding bids for the construction
14 of an electric generation ~~or energy storage~~ facility on behalf of
15 the utility that would meet all of the technical, commercial, and
16 other specifications required by the utility for the **electric**
17 generation ~~or energy storage~~ facility, such that ownership of the
18 electric generation ~~or energy storage~~ facility vests with the
19 utility no later than the date the electric generation ~~or energy~~
20 ~~storage~~ facility becomes commercially available.

21 (c) Demonstrated to the commission that the finalized costs
22 for the new electric generation ~~or energy storage~~ facility are not
23 significantly higher than the initially approved costs under
24 subsection (11). If the finalized costs are found to be
25 significantly higher than the initially approved costs, the
26 commission shall review and approve the proposed costs if the
27 commission determines those costs are reasonable and prudent.

28 (13) If the capacity resource under subsection (12) is for the
29 construction of an electric generation facility of 225 megawatts or

1 more or for the construction of an additional generating unit or
2 units totaling 225 megawatts or more at an existing electric
3 generation facility, the utility shall submit an application to the
4 commission seeking a certificate of necessity under section 6s.

5 (14) An electric utility shall annually, or more frequently if
6 required by the commission, file reports to the commission
7 regarding the status of any projects included in the initial 3-year
8 period of an integrated resource plan approved under subsection
9 (7).

10 (15) ~~If an electric provider whose rates are regulated by the~~
11 ~~commission enters into a purchase power agreement for renewable~~
12 ~~energy resources or a third-party contract for energy storage~~
13 ~~systems or clean energy systems. For power purchase agreements that~~
14 **a utility enters into after April 20, 2017** with an entity that is
15 not affiliated with that utility, the commission shall **consider and**
16 **may** authorize a financial incentive for that utility ~~calculated as~~
17 ~~the product of contract payments in that year multiplied by the~~
18 ~~electric provider's pretax weighted average cost of permanent~~
19 ~~capital comprised of long-term debt obligations and equity of the~~
20 ~~electric provider's total capital structure as determined by the~~
21 ~~commission's final order in the electric provider's most recent~~
22 ~~general rate case. The pretax weighted average cost of permanent~~
23 ~~capital used to calculate the financial incentive must not be fixed~~
24 ~~throughout the entire term of the contract at the pretax weighted~~
25 ~~average cost of capital applicable in the first year and must be~~
26 ~~updated based on the commission's final order in each succeeding~~
27 ~~general rate case for the electric provider. The financial~~
28 ~~incentive applies to each contract described in this subsection~~
29 ~~from the date the contract is executed for the entire term of the~~

1 ~~contract. This subsection applies to any contract entered into~~
2 ~~after June 30, 2024.~~ **that does not exceed the utility's weighted**
3 **average cost of capital.**

4 (16) Notwithstanding any other provision of law, an order by
5 the commission approving an integrated resource plan may be
6 reviewed by the court of appeals ~~upon~~ **on** a filing by a party to the
7 commission proceeding ~~within~~ **not later than** 30 days after the order
8 is issued. All appeals of the order must be heard and determined as
9 expeditiously as possible with lawful precedence over other
10 matters. Review on appeal is based solely on the record before the
11 commission and briefs to the court and is limited to whether the
12 order conforms to the constitution and laws of this state and the
13 United States and is within the authority of the commission under
14 this act.

15 (17) The commission shall include in an electric utility's
16 retail rates all reasonable and prudent costs specified under
17 subsections (11) and (12) that have been incurred to implement an
18 integrated resource plan approved by the commission. The commission
19 shall not disallow recovery of costs an electric utility incurs in
20 implementing an approved integrated resource plan, if the costs do
21 not exceed the costs approved by the commission under subsections
22 (11) and (12). If the actual costs incurred by the electric utility
23 exceed the costs approved by the commission, the electric utility
24 has the burden of proving by a preponderance of the evidence that
25 the costs are reasonable and prudent. The portion of the cost of a
26 plant, facility, power purchase agreement, or other investment in a
27 resource that meets a demonstrated need for capacity that exceeds
28 the cost approved by the commission is presumed to have been
29 incurred due to a lack of prudence. The commission may include any

1 or all of the portion of the cost in excess of the cost approved by
2 the commission if the commission finds by a preponderance of the
3 evidence that the costs are reasonable and prudent. The commission
4 shall disallow costs the commission finds have been incurred as the
5 result of fraud, concealment, gross mismanagement, or lack of
6 quality controls amounting to gross mismanagement. The commission
7 shall also require refunds with interest to ratepayers of any of
8 these costs already recovered through the electric utility's rates
9 and charges. If the assumptions underlying an approved integrated
10 resource plan materially change, or if the commission believes it
11 is unlikely that a project or program will become commercially
12 operational, an electric utility may request, or the commission on
13 its own motion may initiate, a proceeding to review whether it is
14 reasonable and prudent to complete an unfinished project or program
15 included in an approved integrated resource plan. If the commission
16 finds that completion of the project or program is no longer
17 reasonable and prudent, the commission may modify or cancel
18 approval of the project or program and unincurred costs in the
19 electric utility's integrated resource plan. Except for costs the
20 commission finds an electric utility has incurred as the result of
21 fraud, concealment, gross mismanagement, or lack of quality
22 controls amounting to gross mismanagement, if commission approval
23 is modified or canceled, the commission shall not disallow
24 reasonable and prudent costs already incurred or committed to by
25 contract by an electric utility. Once the commission finds that
26 completion of the project or program is no longer reasonable and
27 prudent, the commission may limit future cost recovery to those
28 costs that could not be reasonably avoided.

29 (18) The commission may allow financing interest cost recovery

1 in an electric utility's base rates on construction work in
2 progress for capital improvements approved under this section prior
3 to the assets' being considered used and useful. Regardless of
4 whether or not the commission authorizes base rate treatment for
5 construction work in progress financing interest expense, an
6 electric utility may recognize, accrue, and defer the allowance for
7 funds used during construction.

8 (19) An electric utility may seek to amend an approved
9 integrated resource plan. Except as otherwise provided under this
10 subsection, the commission shall consider the amendments under the
11 same process and standards that govern the review and approval of a
12 revised integrated resource plan under subsection (9). The
13 commission may order an electric utility that seeks to amend an
14 approved integrated resource plan under this subsection to file a
15 plan review under subsection (21).

16 (20) An electric utility shall file an application for review
17 of its integrated resource plan not later than 5 years after the
18 effective date of the most recent commission order approving a
19 plan, a plan amendment, or a plan review. The commission shall
20 consider a plan review under the same process and standards
21 established in this section for review and approval of an
22 integrated resource plan. A commission order approving a plan
23 review has the same effect as an order approving an integrated
24 resource plan.

25 (21) The commission may, on its own motion or at the request
26 of the electric utility, order an electric utility to file a plan
27 review. The department of environment, Great Lakes, and energy may
28 request the commission to order a plan review to address material
29 changes in environmental regulations and requirements that occur

1 after the commission's approval of an integrated resource plan. An
2 electric utility must file a plan review ~~within~~**not later than** 270
3 days after the commission orders the utility to file a plan review.

4 (22) As used in this section, "long-term firm gas
5 transportation" means a binding agreement entered into between the
6 electric utility and a natural gas transmission provider for a set
7 period of time to provide firm delivery of natural gas to an
8 electric generation facility.

9 **Sec. 6x. (1) Subject to section 6a(13), to ensure equivalent**
10 **consideration of energy waste reduction resources in the integrated**
11 **resource planning process, the commission shall by January 1, 2021**
12 **authorize a shared savings mechanism for an electric utility to the**
13 **extent that the electric utility has not otherwise capitalized the**
14 **costs of the energy waste reduction, conservation, demand**
15 **reduction, and other waste reduction measures.**

16 (2) For an electric utility that achieves annual electric
17 energy savings of at least 1% but not greater than 1.25% of its
18 total annual weather-adjusted retail sales in megawatt hours in the
19 previous calendar year, the shared savings incentive is 25% of the
20 net benefits validated as a result of the programs implemented by
21 the electric utility related to energy waste reduction,
22 conservation, demand reduction, and other waste reduction. A shared
23 savings mechanism authorized under this subsection must not exceed
24 15% of the electric utility's expenditures associated with
25 implementing energy waste reduction programs for the calendar year
26 in which the shared savings mechanism was authorized. The
27 commission shall determine net benefits by calculating the net
28 present value of the lifetime avoided utility costs that are
29 projected from the utility's energy waste reduction programs

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

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

27 (4) For an electric utility that achieves annual electric
28 energy savings greater than 1.5% of the total annual weather-
29 adjusted retail sales in megawatt hours in the previous calendar

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

17 Enacting section 1. Section 6aa of 1939 PA 3, MCL 460.6aa, is
18 repealed.