

SENATE BILL NO. 477

July 01, 2025, Introduced by Senators CAMILLERI, BAYER, CHANG, POLEHANKI, IRWIN, SHINK and MCMORROW and referred to Committee on Energy and Environment.

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; 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 section 10a (MCL 460.10a), as amended by 2016 PA 341.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10a. (1) The commission shall issue orders establishing
2 the rates, terms, and conditions of service that allow retail
3 customers to take service from an alternative electric supplier.

4 The orders ~~shall~~**must** do all of the following:

5 (a) Except as otherwise provided in this section, provide that
6 no more than 10% of an electric utility's average weather-adjusted
7 retail sales for the preceding calendar year may take service from
8 an alternative electric supplier at any time.

9 (b) Set forth procedures necessary to allocate the amount of
10 load that will be allowed to be served by alternative electric
11 suppliers, through the use of annual energy allotments awarded on a
12 calendar year basis. If the sales of a utility are less in a
13 subsequent year or if the energy usage of a customer receiving
14 electric service from an alternative electric supplier exceeds its
15 annual energy allotment for that facility, that customer shall not
16 be forced to purchase electricity from a utility, but may purchase
17 electricity from an alternative electric supplier for that facility
18 during that calendar year.

19 (c) Notwithstanding any other provision of this section,
20 provide that, if the commission determines that less than 10% of an
21 electric utility's average weather-adjusted retail sales for the

1 preceding calendar year is taking service from alternative electric
2 suppliers, the commission shall set as a cap on the weather-
3 adjusted retail sales that may take service from an alternative
4 electric supplier, for the current calendar year and 5 subsequent
5 calendar years, the percentage amount of weather-adjusted retail
6 sales for the preceding calendar year rounded up to the nearest
7 whole percentage. If the cap is not adjusted for 6 consecutive
8 calendar years, the cap ~~shall return~~**returns** to 10% in the calendar
9 year following that sixth consecutive calendar year. If a utility
10 that serves less than 200,000 customers in this state has not had
11 any load served by an alternative electric supplier in the
12 preceding 4 years, the commission shall adjust the cap in
13 accordance with this provision for no more than 2 consecutive
14 calendar years.

15 (d) Notwithstanding any other provision of this section,
16 customers seeking to expand usage at a facility that has been
17 continuously served through an alternative electric supplier since
18 April 1, 2008 ~~shall be permitted to~~**may** purchase electricity from
19 an alternative electric supplier for both the existing and any
20 expanded load at that facility as well as any new facility
21 constructed or acquired after October 6, 2008 that is similar in
22 nature if the customer owns more than 50% of the new facility.

23 (e) Provide that for an existing facility that is receiving
24 100% of its electric service from an alternative electric supplier
25 on or after ~~the effective date of the amendatory act that added~~
26 ~~section 6t,~~**April 20, 2017**, the owner of that facility may purchase
27 electricity from an alternative electric supplier, regardless of
28 whether the sales exceed 10% of the servicing electric utility's
29 average weather-adjusted retail sales, for both the existing

1 electric choice load at that facility and any expanded load arising
2 after ~~the effective date of the amendatory act that added section~~
3 ~~6t~~ **April 20, 2017** at that facility as well as any new facility that
4 is similar in nature to the existing facility, that is constructed
5 or acquired by the customer on a site contiguous to the existing
6 site or on a site that would be contiguous to an existing site in
7 the absence of an existing public right-of-way, and the customer
8 owns more than 50% of that facility. This subdivision does not
9 authorize or permit an existing facility being served by an
10 electric utility on standard tariff service on ~~the effective date~~
11 ~~of the amendatory act that added section 6t~~ **April 20, 2017** to be
12 served by an alternative electric supplier.

13 (f) Notwithstanding any other provision of this section, any
14 customer operating an iron ore mining facility, iron ore processing
15 facility, or both, located in the Upper Peninsula of this state,
16 may purchase all or any portion of its electricity from an
17 alternative electric supplier, regardless of whether the sales
18 exceed 10% of the serving electric utility's average weather-
19 adjusted retail sales, if that customer is in compliance with the
20 terms of a settlement agreement requiring it to facilitate
21 construction of a new power plant located in the Upper Peninsula of
22 this state. A customer described in this subdivision and the
23 alternative electric supplier that provides electric service to
24 that customer are not subject to the requirements contained in ~~the~~
25 ~~amendatory act that added section 6t~~ **2016 PA 341** and any
26 administrative regulations adopted under ~~that amendatory act.~~ **2016**
27 **PA 341**. The commission's orders establishing rates, terms, and
28 conditions of retail access service issued before ~~the effective~~
29 ~~date of the amendatory act that added section 6t~~ **April 20, 2017**

1 remain in effect with regard to retail open access provided under
2 this subdivision.

3 (g) Provide that a customer on an enrollment queue waiting to
4 take retail open access service as of December 31, 2015 shall
5 continue on the queue and an electric utility shall add a new
6 customer to the queue if the customer's prospective alternative
7 electric supplier submits an enrollment request to the electric
8 utility. A customer shall be removed from the queue by notifying
9 the electric utility electronically or in writing.

10 (h) Require each electric utility to file with the commission
11 not later than January 15 of each year a rank-ordered queue of all
12 customers awaiting retail open access service under subdivision
13 (g). The filing must include the estimated amount of electricity
14 used by each customer awaiting retail open access service under
15 subdivision (g). All customer-specific information contained in the
16 filing under this subdivision is exempt from release under the
17 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, and
18 the commission shall treat that information as confidential
19 information. The commission may release aggregated information as
20 part of its annual report as long as individual customer
21 information or data are not released.

22 (i) Provide that if the prospective alternative electric
23 supplier of a customer next on the queue awaiting retail open
24 access service is notified after ~~the effective date of the~~
25 ~~amendatory act that added section 6t~~ **April 20, 2017** that less than
26 10% of an electric utility's average weather-adjusted retail sales
27 for the preceding calendar year are taking service from an
28 alternative electric supplier and that the amount of electricity
29 needed to serve the customer's electric load is available under the

1 10% allocation, the customer may take service from an alternative
2 electric supplier. The customer's prospective alternative electric
3 supplier shall notify the electric utility within 5 business days
4 after being notified whether the customer will take service from an
5 alternative electric supplier. If the customer's prospective
6 alternative electric supplier fails to notify the utility within 5
7 business days or if the customer chooses not to take retail open
8 access service, the customer shall be removed from the queue of
9 those awaiting retail open access service. The customer may
10 subsequently be added to the queue as a new customer under the
11 provisions of subdivision (g). A customer that elects to take
12 service from an alternative electric supplier under this
13 subdivision shall become service-ready under rules established by
14 the commission and the utility's approved retail open access
15 service tariffs.

16 (j) Provide that the commission shall ensure if a customer is
17 notified that the customer's service from an alternative electric
18 supplier will be terminated or restricted as a result of the
19 alternative electric supplier limiting service in this state, the
20 customer has 60 days to acquire service from a different
21 alternative electric supplier. If the customer is a public entity,
22 the time to acquire services from a different alternative electric
23 supplier ~~shall~~**must** not be less than 180 days.

24 (k) Provide that as a condition of licensure, an alternative
25 electric supplier meets all of the requirements of this act.

26 (2) The commission shall issue orders establishing a licensing
27 procedure for all alternative electric suppliers. To ensure
28 adequate service to customers in this state, the commission shall
29 require that an alternative electric supplier maintain an office

1 within this state, shall ~~assure~~**ensure** that an alternative electric
2 supplier has the necessary financial, managerial, and technical
3 capabilities, shall require that an alternative electric supplier
4 maintain records that the commission considers necessary, and shall
5 ensure an alternative electric supplier's accessibility to the
6 commission, to consumers, and to electric utilities in this state.
7 The commission also shall require alternative electric suppliers to
8 agree that they will collect and remit to local units of government
9 all applicable users, sales, and use taxes. An alternative electric
10 supplier is not required to obtain any certificate, license, or
11 authorization from the commission other than as required by this
12 act.

13 (3) The commission shall issue orders to ensure that customers
14 in this state are not switched to another supplier or billed for
15 any services without the customer's consent.

16 (4) This act does not prohibit or limit the right of a person
17 to obtain self-service power and does not impose a transition,
18 implementation, exit fee, or any other similar charge on self-
19 service power. ~~A person~~**An entity** using self-service power is not
20 an electric supplier, electric utility, or a person conducting an
21 electric utility business. As used in this subsection, "self-
22 service power" means any of the following:

23 (a) Electricity generated and consumed at an industrial site
24 or contiguous industrial site or single commercial establishment or
25 ~~single~~ residence without the use of an electric utility's
26 transmission and distribution system.

27 (b) Electricity generated primarily by the use of by-product
28 fuels, including waste water solids, which electricity is consumed
29 as part of a contiguous facility, with the use of an electric

1 utility's transmission and distribution system, but only if the
2 point or points of receipt of the power within the facility are not
3 greater than 3 miles distant from the point of generation.

4 (c) A site or facility with load existing on June 5, 2000 that
5 is divided by an inland body of water or by a public highway, road,
6 or street but that otherwise meets this definition meets the
7 contiguous requirement of this subdivision regardless of whether
8 self-service power was being generated on June 5, 2000.

9 (d) A commercial or industrial facility or ~~single~~-residence
10 that meets the requirements of subdivision (a) or (b) meets this
11 definition whether or not the generation facility is owned by an
12 entity different from the owner of the commercial or industrial
13 site or ~~single~~-residence.

14 **(5) This act does not prohibit or limit the right of a person**
15 **to obtain community service power. An entity that uses or provides**
16 **community service power is not considered an electric supplier, an**
17 **electric utility, or a person that conducts electric utility**
18 **business. As used in this subsection, "community service power"**
19 **means electricity distributed through the establishment, use, and**
20 **maintenance of a microgrid within the service territory of an**
21 **electric utility. Community service power may include electricity**
22 **that is distributed across multiple property lines or public**
23 **highways, roads, or streets.**

24 **(6) ~~(5)~~**—This act does not prohibit or limit the right of a
25 person to engage in affiliate wheeling and does not impose a
26 transition, implementation, exit fee, or any other similar charge
27 on a person engaged in affiliate wheeling.

28 **(7) ~~(6)~~**—The rights of parties to existing contracts and
29 agreements in effect as of January 1, 2000 between electric

1 utilities and qualifying facilities, including the right to have
 2 the charges recovered from the customers of an electric utility, or
 3 its successor, are not abrogated, increased, or diminished by this
 4 act, nor shall the receipt of any proceeds of the securitization
 5 bonds by an electric utility be a basis for any regulatory
 6 disallowance. Further, any securitization or financing order issued
 7 by the commission that relates to a qualifying facility's power
 8 purchase contract ~~shall~~**must** fully consider that qualifying
 9 facility's legal and financial interests.

10 (8) ~~(7)~~—A customer that elects to receive service from an
 11 alternative electric supplier may subsequently provide notice to
 12 the electric utility of the customer's desire to receive standard
 13 tariff service from the electric utility under procedures approved
 14 by the commission.

15 (9) ~~(8)~~—The commission shall authorize rates that will ensure
 16 that an electric utility that offered retail open access service
 17 from 2002 through October 6, 2008 fully recovers its restructuring
 18 costs and any associated accrued regulatory assets. This includes,
 19 but is not limited to, implementation costs, stranded costs, and
 20 costs authorized under section 10d(4) as it existed before October
 21 6, 2008, that have been authorized for recovery by the commission
 22 in orders issued before October 6, 2008. The commission shall
 23 approve surcharges that will ensure full recovery of all such costs
 24 by October 6, 2013.

25 ~~(9) As used in subsections (1) and (7):~~

26 ~~(a) "Customer" means the building or facilities served through~~
 27 ~~a single existing electric billing meter and does not mean the~~
 28 ~~person, corporation, partnership, association, governmental body,~~
 29 ~~or other entity owning or having possession of the building or~~

1 facilities.

2 ~~(b) "Standard tariff service" means, for each regulated~~
 3 ~~electric utility, the retail rates, terms, and conditions of~~
 4 ~~service approved by the commission for service to customers who do~~
 5 ~~not elect to receive generation service from alternative electric~~
 6 ~~suppliers.~~

7 (10) Not later than 270 days after the effective date of the
 8 amendatory act that added this subsection, the commission shall
 9 issue orders that allow for the establishment of microgrids within
 10 this state. The order must do all of the following:

11 (a) Allow the establishment of microgrids if the entity that
 12 provides a microgrid that serves more than 1 customer can
 13 demonstrate any needed franchise rights.

14 (b) Ensure that interconnections procedures for microgrids are
 15 uniform across all electric utilities and that those procedures
 16 follow the standards promulgated by the commission.

17 (c) Allow for the operation of microgrids.

18 (d) Ensure that standby tariff service is available, but not
 19 required, for any microgrid.

20 (e) Ensure that standby rates are not charged for electricity
 21 import of microgrids under 10 megawatts of electrical load.

22 (f) Establish rates for electricity purchased by microgrids.

23 (11) ~~(10)~~ As used in this section:

24 (a) "Affiliate" means a person or entity that directly, or
 25 indirectly through 1 or more intermediates, controls, is controlled
 26 by, or is under common control with another specified entity. As
 27 used in this subdivision, "control" means, whether through an
 28 ownership, beneficial, contractual, or equitable interest, the
 29 possession, directly or indirectly, of the power to direct or to

1 cause the direction of the management or policies of a person or
2 entity or the ownership of at least 7% of an entity either directly
3 or indirectly.

4 (b) "Affiliate wheeling" means a person's use of direct access
5 service where an electric utility delivers electricity generated at
6 a person's industrial site to that person or that person's
7 affiliate at a location, or general aggregated locations, within
8 this state that was either 1 of the following:

9 (i) For at least 90 days during the period from January 1, 1996
10 to October 1, 1999, supplied by self-service power, but only to the
11 extent of the capacity reserved or load served by self-service
12 power during the period.

13 (ii) Capable of being supplied by a person's cogeneration
14 capacity within this state that has had since January 1, 1996 a
15 rated capacity of 15 megawatts or less, was placed in service
16 before December 31, 1975, and has been in continuous service since
17 that date. A person engaging in affiliate wheeling is not an
18 electric supplier, an electric utility, or conducting an electric
19 utility business when a person engages in affiliate wheeling.

20 (c) **"Customer" means the building or facilities served through**
21 **a single existing electric billing meter and does not mean the**
22 **person, corporation, partnership, association, governmental body,**
23 **or other entity owning or having possession of the building or**
24 **facilities.**

25 (d) **"Island mode" means that a microgrid is in a status in**
26 **which loads and energy resources within the microgrid are able to**
27 **operate but power is not exchanged with the utility-owned**
28 **transmission or distribution network.**

29 (e) **"Microgrid" means a group of interconnected loads and**

1 distributed energy resources with clearly defined electrical
2 boundaries that acts as a single controllable entity with respect
3 to the macrogrid and that connects and disconnects from the
4 macrogrid to enable it to operate in grid-connected or island mode.

5 (f) "Standard tariff service" means, for each regulated
6 electric utility, the retail rates, terms, and conditions of
7 service approved by the commission for service to customers who do
8 not elect to receive generation service from alternative electric
9 suppliers.