

**CLEAN AND RENEWABLE ENERGY AND ENERGY WASTE REDUCTION ACT (EXCERPT)**  
**Act 295 of 2008**

PART 1.  
GENERAL PROVISIONS

**460.1001 Short title; purpose and goal of act; compliance costs and savings.**

Sec. 1. (1) This act may be cited as the "clean and renewable energy and energy waste reduction act".

(2) The purpose of this act is to promote the development and use of clean and renewable energy resources and the reduction of energy waste through programs that will cost-effectively do all of the following:

(a) Diversify the resources used to reliably meet the energy needs of consumers in this state.

(b) Provide greater energy security through the use of indigenous energy resources available within this state.

(c) Encourage private investment in renewable energy and energy waste reduction.

(d) Coordinate with federal regulations to provide improved air quality and other benefits to energy consumers and citizens of this state.

(e) Provide more reliable and resilient energy supplies during periods of extreme weather.

(3) Pursuant to the reconciliation processes provided for in this act, the commission shall determine the costs and savings resulting from compliance with the renewable energy, clean energy, and energy waste reduction programs required under this act and include those costs and savings in the determination of the rates charged to customers of the electric and natural gas providers. This section does not prohibit the commission from authorizing shared savings or incentive programs as provided for in this act.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 235, Eff. Feb. 27, 2024.

**Compiler's note:** Enacting section 1 of Act 295 of 2008 provides: "Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."

**460.1003 Definitions; A to D.**

Sec. 3. As used in this act:

(a) "Applicable regional transmission organization" means a nonprofit, member-based organization governed by an independent board of directors that serves as the regional transmission organization approved by the Federal Energy Regulatory Commission with oversight responsibility for the region that includes the provider's service territory.

(b) "Biomass" means any organic matter that is not derived from fossil fuels, that can be converted to usable fuel for the production of energy, and that replenishes over a human, not a geological, time frame, including, but not limited to, all of the following:

(i) Agricultural crops and crop wastes.

(ii) Short-rotation energy crops.

(iii) Herbaceous plants.

(iv) Trees and wood, but only if derived from sustainably managed forests or procurement systems, as defined in section 261c of the management and budget act, 1984 PA 431, MCL 18.1261c.

(v) Paper and pulp products.

(vi) Precommercial wood thinning waste, brush, or yard waste.

(vii) Wood wastes and residues from the processing of wood products or paper.

(viii) Animal wastes.

(ix) Wastewater sludge or sewage.

(x) Aquatic plants.

(xi) Food production and processing waste.

(xii) Organic by-products from the production of biofuels.

(c) "Board" means the wind energy resource zone board created under section 143.

(d) "Carbon capture and storage" means a process that involves collecting carbon dioxide at its source and storing, or sequestering, it to prevent its release into the atmosphere.

(e) "Clean energy" means electricity or steam generated using a clean energy system.

(f) "Clean energy plan" means an electric provider's plan to meet the clean energy standard approved under section 51.

(g) "Clean energy portfolio" means the percentage of an electric provider's total retail electric sales consisting of clean energy or renewable energy.

(h) "Clean energy standard" means the clean energy portfolio required under section 51(1).

(i) "Clean energy system" means an electricity generation facility or system or set of electricity generation

systems that meets any of the following requirements:

- (i) Generates electricity or steam without emitting greenhouse gas, including nuclear generation.
- (ii) Is fueled by natural gas and uses carbon capture and storage that is at least 90% effective in capturing and permanently storing carbon dioxide. If the department of environment, Great Lakes, and energy determines, through a facility-specific major source permitting analysis consistent with applicable United States Environmental Protection Agency rules, that a capture rate higher than 90% meets the best available control technology standard, as applicable, that higher percentage shall be used instead of 90% for facilities permitted after the effective date of the amendatory act that added section 51. Using carbon dioxide for enhanced oil recovery is not considered to be permanent storage for the purposes of this subparagraph.
- (iii) Is an independently owned combined cycle power plant fueled by natural gas that has a power purchase agreement with an electric provider as of the effective date of the amendatory act that added this subparagraph and that by 2030 receives approval from the commission for a plan that achieves functional equivalence with the clean energy standard in section 51(1)(b) through reduction of greenhouse gas emissions using carbon capture and sequestration and other available applications, including, but not limited to, carbon removal technologies. In reviewing and approving a plan submitted under this subparagraph, the commission shall consider best available technology and applications as well as rate affordability, resource adequacy, and grid reliability.
- (iv) Is defined as a clean energy system in rules adopted by the commission consistent with the purposes of this subdivision.
- (j) "Commission" means the Michigan public service commission.
- (k) "Customer meter" means an electric meter of a provider's retail customer. Customer meter does not include a municipal water pumping meter or additional meters at a single site that were installed specifically to support interruptible air conditioning, interruptible water heating, net metering, or time-of-day tariffs.
- (l) "Distributed generation" means the generation of electricity under the distributed generation program.
- (m) "Distributed generation program" means the program established by the commission under section 173.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 235, Eff. Feb. 27, 2024.

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#### **460.1005 Definitions; E, F.**

Sec. 5. As used in this act:

- (a) "Efficient electrification measure" means an electric appliance or equipment installed in an existing building to electrify, in whole or in part, space heating, water heating, cooling, drying, cooking, industrial processes, or another building or industrial end use that would otherwise be served by combustion of fossil fuel on the premises and that meets best-practice standards for cost-effective energy efficiency as determined by the commission. Efficient electrification measure includes, but is not limited to, any of the following:
  - (i) A cold-climate air-source heat pump.
  - (ii) An electric clothes dryer.
  - (iii) A ground-source heat pump.
  - (iv) High-efficiency electric cooking equipment.
  - (v) A heat pump or high-efficiency electric water heater.
- (b) "Efficient electrification measures plan" means a plan to offer and promote efficient electrification measures.
- (c) "Efficient electrification measures program" means a program to implement an efficient electrification measures plan.
- (d) "Electric provider" means any of the following:
  - (i) Any person or entity that is regulated by the commission for the purpose of selling electricity to retail customers in this state.
  - (ii) A municipally owned electric utility in this state.
  - (iii) A cooperative electric utility in this state.
  - (iv) Except as used in subpart C of part 2, an alternative electric supplier licensed under section 10a of 1939 PA 3, MCL 460.10a.
- (e) "Eligible electric generator" means a methane digester or renewable energy system with a generation capacity limited to 110% of the customer's electricity consumption for the previous 12 months.
- (f) "Energy conservation" means the reduction of customer energy use through the installation of measures or changes in energy usage behavior.
- (g) "Energy efficiency" means a decrease in customer consumption of electricity or natural gas achieved

through measures or programs that target customer behavior, equipment, devices, or materials without reducing the quality of energy services.

(h) "Energy star" means the voluntary partnership among the United States Department of Energy, the United States Environmental Protection Agency, product manufacturers, local utilities, and retailers to help promote energy efficient products by labeling with the energy star logo, educate consumers about the benefits of energy efficiency, and help promote energy efficiency in buildings by benchmarking and rating energy performance.

(i) "Energy storage system" means any technology that is capable of absorbing energy, storing the energy for a period of time, and redelivering the energy. Energy storage system does not include either of the following:

(i) Fossil fuel storage.

(ii) Power-to-gas storage that directly uses fossil fuel inputs.

(j) "Energy waste reduction", subject to subdivision (k), means all of the following:

(i) Energy efficiency.

(ii) Load management, to the extent that the load management reduces provider costs.

(iii) Energy conservation, but only to the extent that the decreases in the consumption of electricity produced by energy conservation are objectively measurable and attributable to an energy waste reduction plan.

(k) Energy waste reduction does not include electric provider infrastructure projects that are approved for cost recovery by the commission other than as provided in this act.

(l) "Energy waste reduction credit" means a credit certified pursuant to section 87 that represents achieved energy waste reduction.

(m) "Energy waste reduction plan" means a plan under section 71.

(n) "Energy waste reduction standard" means the minimum energy savings required to be achieved under section 77.

(o) "Federal approval" means approval by the applicable regional transmission organization or other Federal Energy Regulatory Commission-approved transmission planning process of a transmission project that includes the transmission line. Federal approval may be evidenced in any of the following manners:

(i) The proposed transmission line is part of a transmission project included in the applicable regional transmission organization's board-approved transmission expansion plan.

(ii) The applicable regional transmission organization has informed the electric utility, affiliated transmission company, or independent transmission company that a transmission project submitted for an out-of-cycle project review has been approved by the applicable regional transmission organization, and the approved transmission project includes the proposed transmission line.

(iii) If, after October 6, 2008, the applicable regional transmission organization utilizes another approval process for transmission projects proposed by an electric utility, affiliated transmission company, or independent transmission company, the proposed transmission line is included in a transmission project approved by the applicable regional transmission organization through the approval process developed after October 6, 2008.

(iv) Any other Federal Energy Regulatory Commission-approved transmission planning process for a transmission project.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 235, Eff. Feb. 27, 2024.

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#### **460.1007 Definitions; G to M.**

Sec. 7. As used in this act:

(a) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride.

(b) "Grid reliability" means the ability, as defined by the regional transmission organization, of the bulk power system to withstand sudden, unexpected disturbances, such as short circuits or unanticipated loss of system elements because of natural causes.

(c) "Incremental costs of compliance" means the net revenue required by an electric provider to comply with the renewable energy standard, calculated as provided under section 47.

(d) "Independent transmission company" means that term as defined in section 2 of the electric transmission line certification act, 1995 PA 30, MCL 460.562.

(e) "LEED" means the leadership in energy and environmental design green building rating system developed by the United States Green Building Council.

(f) "Load management" means measures or programs that target equipment or behavior to result in decreased peak electricity demand such as by shifting demand from a peak to an off-peak period.

(g) "Long-duration energy storage system" means an energy storage system capable of continuously discharging electricity at its full rated capacity for more than 10 hours.

(h) "Low-income residential customer" means a customer that meets any of the following requirements:

(i) The customer's household income does not exceed 250% of the federal poverty line, as published by the United States Department of Health and Human Services under its authority to revise the poverty line under 42 USC 9902.

(ii) The customer's household income does not exceed 80% of the adjusted median income as determined by the United States Department of Housing and Urban Development.

(iii) The customer is enrolled in a federal, state, or local program with similar income eligibility requirements, including, but not limited to, an emergency relief or food assistance program or Medicaid.

(i) "Megawatt", "megawatt hour", or "megawatt hour of electricity", unless the context implies otherwise, includes the steam equivalent of a megawatt or megawatt hour of electricity.

(j) "Modified net metering" means a utility billing method that applies the power supply component of the full retail rate to the net of the bidirectional flow of kilowatt hours across the customer interconnection with the utility distribution system, during a billing period or time-of-use pricing period. A negative net metered quantity during the billing period or during each time-of-use pricing period within the billing period reflects net excess generation for which the customer is entitled to receive credit under section 177(2). Under modified net metering, standby charges for distributed generation customers on an energy rate schedule shall be equal to the retail distribution charge applied to the imputed customer usage during the billing period. The imputed customer usage is calculated as the sum of the metered on-site generation and the net of the bidirectional flow of power across the customer interconnection during the billing period. The commission shall establish standby charges under modified net metering for distributed generation customers on demand-based rate schedules that provide an equivalent contribution to utility system costs. A charge for net metering and distributed generation customers established pursuant to section 6a of 1939 PA 3, MCL 460.6a, shall not be recovered more than once.

(k) "Multiday energy storage system" means an energy storage system capable of continuously discharging electricity at its full rated capacity for more than 24 hours.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 235, Eff. Feb. 27, 2024.

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#### **460.1009 Definitions; N to P.**

Sec. 9. As used in this act:

(a) "Natural gas provider" means an investor-owned business engaged in the sale and distribution at retail of natural gas within this state whose rates are regulated by the commission.

(b) "Pet coke" means a solid carbonaceous residue produced from a coker after cracking and distillation from petroleum refining operations.

(c) "Provider" means an electric provider or a natural gas provider.

(d) "PURPA" means the public utility regulatory policies act of 1978, Public Law 95-617.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 235, Eff. Feb. 27, 2024.

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#### **460.1011 Definitions; R.**

Sec. 11. As used in this act:

(a) "Renewable energy" means electricity or steam generated using a renewable energy system.

(b) "Renewable energy contract" means a contract to acquire renewable energy and the associated renewable energy credits from 1 or more renewable energy systems.

(c) "Renewable energy credit" means a credit granted under a certification and tracking program established under section 41, which represents generated renewable energy.

(d) "Renewable energy credit portfolio" means the sum of the renewable energy credits achieved by a provider for a particular year.

(e) "Renewable energy credit standard" means a minimum renewable energy credit portfolio required under section 28 or former section 27.

(f) "Renewable energy plan" or "plan" means a plan approved under section 22 or former section 21 or 23 or found to comply with this act under former section 25, with any amendments adopted under this act.

(g) "Renewable energy resource" means a resource that naturally replenishes over a human, not a geological, time frame and that is ultimately derived from solar power, water power, or wind power. Renewable energy resource does not include petroleum, nuclear, natural gas, industrial waste, post-use polymers, tires, tire-derived fuel, plastic, or coal. A renewable energy resource comes from the sun or from thermal inertia of the earth and minimizes the output of toxic material in the conversion of the energy and includes, but is not limited to, all of the following:

(i) Biomass, as described in any of the following:

(A) Landfill gas as described in subparagraph (vii).

(B) Gas from a methane digester using only feedstock as described in subparagraph (viii).

(C) Biomass used by renewable energy systems that are in commercial operation on the effective date of the amendatory act that added section 51.

(D) Trees and wood used in renewable energy systems that are placed in commercial operation after the effective date of the amendatory act that added section 51, if the trees and wood are derived from sustainably managed forests or procurement systems, as defined in section 261c of the management and budget act, 1984 PA 431, MCL 18.1261c.

(ii) Solar and solar thermal energy.

(iii) Wind energy.

(iv) Kinetic energy of moving water, including all of the following:

(A) Waves, tides, or currents.

(B) Water released through a dam.

(v) Geothermal energy.

(vi) Thermal energy produced from a geothermal heat pump.

(vii) Landfill gas produced from solid waste facilities.

(viii) Any of the following if used as feedstock in a methane digester:

(A) Municipal wastewater treatment sludge, wastewater, and sewage.

(B) Food waste and food production and processing waste.

(C) Animal manure.

(D) Organics separated from municipal solid waste.

(h) "Renewable energy standard" means the minimum renewable energy capacity portfolio, if applicable, and the renewable energy credit portfolio required to be achieved under section 28 or former section 27.

(i) "Renewable energy system" means a facility, electricity generation system, or set of electricity generation systems that use 1 or more renewable energy resources to generate electricity or steam. Renewable energy system includes the following:

(i) A landfill gas recovery and electricity generation facility located in a landfill whose operator employs best practices for methane gas collection and control and emissions monitoring, as determined by the department of environment, Great Lakes, and energy.

(ii) A methane digester, if it processes only 1 or more of the following:

(A) Municipal wastewater treatment sludge, wastewater, or sewage.

(B) Food waste or food production and processing waste.

(C) Animal manure.

(D) Organics separated from municipal solid waste.

(iii) A facility or generation system or set of systems that is placed in commercial operation after the effective date of the amendatory act that added section 51, but only if the facility or generation system or set of systems uses as feedstock trees and wood derived from sustainably managed forests or procurement systems, as defined in section 261c of the management and budget act, 1984 PA 431, MCL 18.1261c.

(j) Renewable energy system does not include any of the following:

(i) A hydroelectric pumped storage facility.

(ii) A hydroelectric facility that uses a dam constructed after October 6, 2008 unless the dam is a repair or replacement of a dam in existence on October 6, 2008 or an upgrade of a dam in existence on October 6, 2008 that increases its energy efficiency.

(iii) An incinerator. This subparagraph does not apply before 2040 to an incinerator that was generating power before January 1, 2023, unless the incinerator is expanded.

(iv) A gasification facility.

(v) A facility that cofires biomass with tires or tire-derived fuel.

(k) "Resource adequacy" describes having sufficient resources to provide customers with a continuous supply of electricity at the proper voltage and frequency, virtually always and across a range of reasonably foreseeable conditions.

(l) "Revenue recovery mechanism" means the mechanism for recovery of incremental costs of compliance

provided for under section 22.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 235, Eff. Feb. 27, 2024.

**Compiler's note:** Enacting section 1 of Act 295 of 2008 provides: "Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."

#### **460.1013 Definitions; S to W.**

Sec. 13. As used in this act:

(a) "Site" means, except as used in part 8, a contiguous site, regardless of the number of meters at that site. A site that would be contiguous but for the presence of a street, road, or highway is considered to be contiguous for the purposes of this subdivision.

(b) "Transmission line" means all structures, equipment, and real property necessary to transfer electricity at system bulk supply voltage of 100 kilovolts or more.

(c) "Utility system resource cost test" means a standard that is met for an investment in energy waste reduction if, on a life cycle basis, using a real societal discount rate based on actual long-term United States treasury bond yields, the total avoided supply-side costs to the provider, including representative values for electricity or natural gas supply, transmission, distribution, and other associated costs, are greater than the total costs to the provider of administering and delivering the energy waste reduction program, including net costs for any provider incentives paid by customers and capitalized costs recovered under section 89.

(d) "Wind energy conversion system" means a system that uses 1 or more wind turbines to generate electricity and has a nameplate capacity of 100 kilowatts or more.

(e) "Wind energy resource zone" or "wind zone" means an area designated by the commission under section 147.

**History:** 2008, Act 295, Imd. Eff. Oct. 6, 2008;—Am. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 233, Eff. Nov. 29, 2024;—Am. 2023, Act 235, Eff. Feb. 27, 2024.

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