

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

**460.1028 Renewable energy credit portfolio; meeting renewable energy credit standards with renewable energy credits; means; submission and approval of contract; substitution of energy waste reduction credits for renewable energy credits; purchase power agreement; "cooperative electric provider" defined.**

Sec. 28. (1) An electric provider shall achieve a renewable energy credit portfolio of at least the following:

- (a) Through 2029, 15%.
- (b) In 2030 through 2034, 50%.
- (c) In 2035 and each year thereafter, 60%.

(2) An electric provider's renewable energy credit portfolio shall be calculated as follows:

(a) Determine the number of renewable energy credits used to comply with this subpart during the applicable year.

(b) Divide by 1 of the following at the option of the electric provider as specified in its renewable energy plan:

(i) The number of weather normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(ii) The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(c) Multiply the quotient under subdivision (b) by 100.

(3) Notwithstanding subsection (1) and subject to subsection (4), in any year a cooperative electric provider or a multistate electric provider may calculate its maximum renewable energy credit portfolio requirement as follows:

(a) Determine the number of megawatt hours of electricity sold by the electric provider to retail customers in this state using the option the electric provider selected under subsection (2)(b).

(b) Subtract the number of megawatt hours of nuclear energy that the electric provider obtained from a system located in this state that the electric provider owned or from which the electric provider had contracted to receive nuclear energy on or before January 1, 2024.

(4) An electric provider described in subsection (3) is required to achieve a renewable energy credit portfolio equal only to the electric provider's maximum renewable energy credit portfolio requirement if the electric provider's maximum renewable energy credit portfolio requirement is less than the number of renewable energy credits required to comply with the applicable standard in subsection (1). If the electric provider is a multistate electric provider, and the electric provider's maximum renewable energy credit portfolio requirement is less than the number of renewable energy credits required to comply with the applicable standard in subsection (1), then the electric provider is required to achieve a renewable energy credit portfolio equal only to the electric provider's maximum renewable energy credit portfolio requirement if all of the following requirements are met:

(a) The electric provider's electricity generation systems located within this state produce energy exceeding the electric provider's electricity sales in this state.

(b) All of the electric provider's electricity generation systems located within this state are clean energy systems.

(c) All of the renewable energy credits generated in this state are used by the electric provider toward compliance with the renewable energy credit portfolio as calculated under subsection (2).

(d) Renewable energy and clean energy generated in this state equal to or exceeding the provider's electricity sales in this state are not used by the provider or any other provider to comply with any similar standards.

(5) Each electric provider shall meet the renewable energy credit standard, subject to subsection (3), with renewable energy credits obtained by any of the following means:

(a) Generating electricity from renewable energy systems for sale to retail customers.

(b) Purchasing or otherwise acquiring renewable energy and capacity.

(c) Purchasing or otherwise acquiring renewable energy credits without the associated renewable energy or capacity. Renewable energy credits acquired under this subdivision shall be produced within the territory of the regional transmission organization of which the electric provider is a member, and, except for a

municipally owned electric utility, shall not exceed 5% of an electric provider's renewable energy credits annually used to comply with the renewable energy standard. Renewable energy credits acquired under this subdivision are not subject to the requirements of section 29 and shall not be used to comply with the renewable energy standard after 2035.

(6) For an electric provider whose rates are regulated by the commission, the electric provider shall submit a contract entered into for the purposes of subsection (5) to the commission for review and approval. If the commission approves the contract, it is considered consistent with the electric provider's renewable energy plan. The commission shall not approve a contract based on an unsolicited proposal unless the commission determines that the unsolicited proposal provides opportunities that may not otherwise be available or commercially practical through a competitive bid process.

(7) An electric provider that has achieved annual incremental energy savings of greater than 2% under an energy waste reduction plan approved under section 73 may substitute energy waste reduction credits for renewable energy credits otherwise required to meet the renewable energy credit standard if the substitution is approved by the commission. Under this subsection, energy waste reduction credits shall not be used by a provider to meet more than 10% of the renewable energy credit standard. One renewable energy credit shall be awarded per 1 energy waste reduction credit.

(8) If an electric provider whose rates are regulated by the commission enters into a purchase power agreement for renewable energy resources or a third-party contract for an energy storage system or clean energy system with an entity that is not an affiliate, the commission shall authorize an annual financial incentive for the electric provider. The financial incentive shall be calculated as the product of contract payments in that year multiplied by the electric provider's pre-tax weighted average cost of permanent capital comprised of long-term debt obligations and equity of the electric provider's total capital structure as determined by the commission's final order in the electric provider's most recent general rate case. The pre-tax weighted average cost of permanent capital used to calculate the financial incentive shall not be fixed throughout the entire term of the contract at the pre-tax weighted average cost of capital applicable in the first year but shall be updated based on the commission's final order in each succeeding general rate case for the electric provider. The financial incentive shall apply to each contract described in this subsection from the date the contract is executed for the entire term of the contract. This subsection applies to any contract entered into after June 30, 2024.

(9) As used in this section, "cooperative electric provider" means an entity that is a member of or that purchases energy from an entity that is either of the following:

(a) Organized as a cooperative corporation under sections 98 to 109 of 1931 PA 327, MCL 450.98 to 450.109.

(b) A cooperative corporation in the business of generating or transmitting electricity.

**History:** Add. 2016, Act 342, Eff. Apr. 20, 2017;—Am. 2023, Act 235, Eff. Feb. 27, 2024.