

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

**460.1173 Distributed generation program.**

Sec. 173. (1) The commission shall establish a distributed generation program by order issued by July 19, 2017. The commission may promulgate rules the commission considers necessary to implement this program. Any rules adopted regarding time limits for approval of parallel operation must recognize grid reliability and safety complications including those arising from equipment saturation, use of multiple technologies, and proximity to synchronous motor loads. The program must apply to all electric utilities whose rates are regulated by the commission and alternative electric suppliers in this state.

(2) Except as otherwise provided under this part, an electric customer of any class is eligible to interconnect an eligible electric generator with the customer's local electric utility and operate the eligible electric generator in parallel with the distribution system. The program must limit each customer to generation capacity designed to meet up to 110% of the customer's electricity consumption for the previous 12 months. The commission may waive the application, interconnection, and installation requirements of this part for customers participating in the net metering program under the commission's March 29, 2005 order in case no. U-14346.

(3) An electric utility or alternative electric supplier is not required to allow for a distributed generation program that is greater than 10% of its average in-state peak load for the preceding 5 calendar years. The electric utility or alternative electric supplier shall notify the commission if its distributed generation program reaches the 10% limit under this subsection. The 10% limit under this subsection shall be allocated as follows:

(a) Not less than 50% for customers with an eligible electric generator capable of generating 20 kilowatts or less.

(b) Not more than 50% for customers with an eligible electric generator capable of generating more than 20 kilowatts but not more than 550 kilowatts.

(4) Selection of customers for participation in the distributed generation program must be based on the order in which the applications for participation in the program are received by the electric utility or alternative electric supplier.

(5) An electric utility or alternative electric supplier shall not discontinue or refuse to provide electric service to a customer solely because the customer participates in the distributed generation program. An electric utility or alternative electric supplier shall not limit the rate schedule under which a customer is served solely because the customer participates in the distributed generation program.

(6) The distributed generation program created under subsection (1) must include all of the following:

(a) Statewide uniform interconnection requirements for all eligible electric generators. The interconnection requirements must be designed to protect electric utility workers and equipment and the general public.

(b) Distributed generation equipment and its installation shall meet all current local and state electric and construction code requirements. Any equipment that is certified by a nationally recognized testing laboratory to IEEE 1547.1-2020 testing standards and in compliance with UL 1741 scope 1.1A and installed in compliance with this part is considered to be compliant. The commission may adopt successor requirements by promulgating rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, if the commission determines the successor requirements are reasonable and consistent with the purposes of this subdivision. Within the time provided by the commission in rules promulgated under subsection (1) and consistent with good utility practice, and the protection of electric utility workers, electric utility equipment, and the general public, an electric utility may study, confirm, and ensure that an eligible electric generator installation at the customer's site meets the IEEE 1547.1-2020 requirements or any applicable successor requirements adopted by the commission. If necessary to promote grid reliability or safety, the commission may promulgate rules that require the use of inverters that perform specific automated grid-balancing functions to integrate distributed generation onto the electric grid. Inverters that interconnect distributed generation resources may be owned and operated by electric utilities. Both of the following must be completed before the equipment is operated in parallel with the distribution system of the utility:

(i) Utility testing and approval of the interconnection, including all metering.

(ii) Execution of a parallel operating agreement.

(c) A uniform application form and process to be used by all electric utilities and alternative electric suppliers in this state. Customers who are served by an alternative electric supplier shall submit a copy of the application to the electric utility for the customer's service area.

(d) Distributed generation customers shall pay the retail rates for electricity inflow under the rate schedule under which the customer is served.

(7) Distributed generation customers shall receive a monthly bill credit for outflow as determined by the

commission. Credits for outflow must reflect cost of service.

(8) Each electric utility and alternative electric supplier shall maintain records of all applications and up-to-date records of all active eligible electric generators located within their service area.

**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."