

Board of Public Utilities

Regular Meeting Agenda

Monday, August 31, 2015
4:00 p.m., DPW Conference Room
1199 8th Avenue



1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes for the Record – July 27, 2015 Regular Meeting Minutes
5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

REPORTS

6. Cost of Energy from Indiana-Michigan Power Company (AEP)

- A. 2015 Billings – All Charges
- B. 2014 Billings – All Charges

7. Financial Reports

- A. Electric Fund – Financial Statement
- B. Electric Fund – Review of Percentage Billed
- C. Water Fund – Financial Statement
- D. Water Fund – Review of Percentage Billed
- E. Sewer Fund – Financial Statement

8. SAW Grant Project Progress Report

- A. SAW Grant – Asset Management Plan Status Report

9. Electric Construction Project Update

NEW BUSINESS

10. Board will be requested to approve a Professional Services Agreement with Abonmarche for Community Outreach, Construction Coordination Services, Video Services, and negotiating Agreements of Understanding during Phases 3 and 4 of the Core City Secondary Electric Projects.

11. Board will be requested to approve the Notice of Intent to Elect Efficiency United to Offer Energy Optimization Services for the 2016-2017 Calendar Year.

12. City Engineer Comments

A. Next Meeting is scheduled for September 28, 2015.

13. Board Member Comments

14. Adjourn

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Larry Halberstadt". The signature is written in a cursive style with a large, prominent initial "L".

Larry Halberstadt, PE
City Engineer

Board of Public Utilities

Regular Meeting Minutes

Monday, July 27, 2015
4:00 p.m., DPW Conference Room
1199 8th Avenue



City of South Haven

1. Call to Order by Stickland at 4:09 p.m.

2. Roll Call

Present: Burr, Winkel, Rose (ex-officio), Stickland

Absent: Henry, Overhiser (ex-officio), Roberts, Stein (ex-officio)

3. Approval of Agenda

Motion by Burr, second by Winkel to approve the July 27, 2015 regular meeting agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes for the Record – June 29, 2015 Regular Meeting Minutes

Motion by Burr, second by Winkel to accept the June 29, 2015 regular meeting minutes as written.

All in favor. Motion carried.

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

REPORTS

6. Cost of Energy from Indiana-Michigan Power Company (AEP)

A. 2015 Billings – All Charges

B. 2014 Billings – All Charges

7. Financial Reports

- A. Electric Fund – Financial Statement
- B. Electric Fund – Review of Percentage Billed
- C. Water Fund – Financial Statement
- D. Water Fund – Review of Percentage Billed
- E. Sewer Fund – Financial Statement

8. Unresolved Issues Report

Huff noted that this report is down to two old items; added that the second one he needs to run by the building department. Discussion ensued and culminated in agreement to remove these three-year old items.

9. SAW Grant Project Progress Report

- A. SAW Grant – Asset Management Plan Project Status Report

Huff noted these are the standard work tasks that are being currently worked on.

The regularly scheduled meeting has been moved to July 29, 2015.

10. Quarterly Outage Report

Huff said tree and animal related outages are down 25% from this time last year. Burr noted this is due to rebuilding a section of secondary lines. Phases Three (3) & Four (4) will be worked on this winter. Stickland pointed out that the biggest issues are old hardware and trees.

NEW BUSINESS

11. Board will be requested to review a request to grant an exception to Sec. 86-156 of the Code of Ordinances and make a recommendation to City Council. Presentation by Global Remediation Technologies on behalf of the Michigan Department of Environmental Quality.

Richard Raetz, P.E., President Global Remediation Technologies: Introduced himself and noted he submitted two documents. Stickland asked if there were another option. Raetz noted ideally there would be and explained the Department of Environmental Quality's role in this and how it affects the project.

Raetz briefly reviewed the information included in the agenda packet for this item, noting that the main components of his presentation: the treatment plan, the proposed sampling plan and sunset dates.

Raetz pointed out the addresses that are closest to the discharge and explained the acceptable values for drinking water; for a body of water like Lake Michigan; and for off-gassing. Discussion ensued regarding the properties at 107 Orchard Drive and 108 Orchard Drive being the area to which these chemicals are trying to flow. Raetz explained that this request is to hook up the sumps from 107 & 108 Orchard Drive to eliminate discharge into the storm sewers and then into Lake Michigan.

Burr asked if all of the flow is inorganic and upon hearing that it is commented that the waste water treatment plant does not treat that. Raetz explained a small amount in the aeration basin could go off as gas and it is such a small amount that you could drink it for seventy (70) years with a very, very low rate of effect. Burr stated that the only thing the plant is doing is diluting it. Raetz elaborated on that, stating that diluting occurs and a bit of stripping occurs in both the aerator and the anaerobic digester.

Raetz explained that the Department of Environmental Quality (DEQ) does not like untreated discharges when there is a known chemical in a sump which is discharging into surface water untreated. Raetz asked, "Are those concentrations a health hazard? I am not asking for that reason." Raetz explained that he is here because the concentration is above that which is acceptable for drinking water and the DEQ does not like discharging chemicals that have not been treated. Stickland asked if this were an industrial customer whether the state would allow the city to put this through without pretreatment. Raetz noted this is an orphan site with chemical impacts where there is no liable party so it ends up being an orphan of the state of Michigan or the community. There is not a liable party or company that will step up and take responsibility for the clean-up. When it's an orphan the state is looking at situations like this and trying to stretch tax dollars to cover all of the problems out there.

Raetz gave an example of a job they did where pretreatment was required, but those concentrations were much higher. Raetz directed the board's attention to an illustration in his presentation of the shallow ground water plume and discussion ensued regarding the depth of the ground water. Raetz then directed the board to the illustration of the cross-section of the plume, indicating the approximate building location and property boundary in back of the condominiums and 107 Orchard Drive on the illustration. The sand holds between 1.5 to 2 feet of water which contains a little bit of contamination; the predominant location of the chemical is down deep in the clay.

Discussion ensued regarding the process by which the chemical will be driven out of the clay, which Raetz described as 'In Situ Thermal Remediation'. The chemical is in the clay and will be driven out by heat; facilitated by electrodes making a positive to negative heat

contact. The electrodes actually heat the chemical and force it out of the ground using a process that is being done all over the world. Raetz informed the board that the total process will take about eighteen (18) months.

Burr asked about where this has been done and one example Raetz provided is Owosso, Michigan, at a former dry-cleaning operation.

Huff asked if the bid date was still August 2 to which Raetz responded, "We are about two (2) weeks behind."

Burr asked how the system prevents the chemical from absorbing into the area. Raetz said it will be driven up through the entire column, and will be heated and treated in a walled contained vertical well.

Burr asked the cost and according to Raetz it will be about a two (2) million dollar project which will be paid for by the State of Michigan.

After a question from Stickland about how we can take this to the treatment plant Halberstadt explained that there is no rule that says we cannot take this water to the treatment plant; our code of ordinances prohibits infiltration and inflow (discharging groundwater to the sanitary sewer). Huff stated that staff had the city's IPP Consultant review this and his statement was the risk to the treatment plant and surface water from this discharge appears to be minimal at this time. Raetz referred to the letter he wrote which is included in the packet and said he is making this request on behalf of the DEQ and it is copied to Ray Spaulding, the specialist Huff referred to. Raetz noted the State of Michigan itself is requesting this variance of the City of South Haven. The monies, if we are forced to do pre-treatment, are monies that cannot be used to clean up here or other environmental issues over time.

Stickland expressed concern, asking, "We won't violate any discharge rules?" Huff said that is correct. Huff also noted there is a sampling program which will report back to the Board of Public Utilities yearly. Raetz clarified that reporting starts out quarterly then changes to annually; the addendum provides for a sunset date of seven (7) years.

Raetz noted, after a question, that the presentation did not include what the concentrations of acceptability are, so he will have to go back and find that information for the board.

Discussion ensued about how long some of the other projects ran, and what level they reached. Raetz said the cleanup goals are different. Some are to complete to a pristine level; do not stop until nothing is left. The best way to accomplish that is to dig. But they are saying we want to take out ninety-eight (98) percent of the strongest mass that is covering fifteen (15) percent of the overall volume giving it the ability to self-restore. That is how the

State of Michigan has been doing cleanup; they lack the dollars to make it pristine but they have the monies to bring it to more than ninety-eight (98) percent clean.

Raetz estimated it will take about eight (8) weeks for heat-up; three (3) to four (4) months for treatment. Burr asked if there is an odor when that gas is coming up out of the ground. Raetz said it is pretty odorless; the gas comes up through treatment stacks.

Discussion ensued regarding what electrical equipment will need to be provided. Raetz pulled up a presentation on his laptop and noted that the power requirements are two thousand two hundred (2200) megawatt hours over the life of the project.

Raetz informed that McGellan and McGee out of Calgary, Canada is his firm's teaming partner for the design of the project.

Burr asked if there is any sound with this process to which Raetz responded, "Very little, though the blowers will have some sound; we can require a certain decibel level since this is in a residential neighborhood."

Discussion ensued regarding the system's seventy-two (72) thermocouples; the web-based system; the electrodes that go down into the ground; that the componentry is manned and monitored via web twenty-four (24)/seven (7) and that the equipment comes in on skids and is all self-contained.

Stickland asked if this system has been designed to which Raetz responded, "We are in the throes of design." Raetz quickly reviewed the presentation that was done at City Council after Paul VandenBosch gave a presentation about the demolition, to show what will happen after the demolition. Burr wondered if there has been any dissent regarding the clean-up from local residents and Raetz said they were very engaged and interested in getting this done.

Regarding the time frame of the project, Raetz noted that there are five (5) contractors throughout the world that do this type of work and they will all be invited to bid it. Raetz also explained that each contractor has their own patented system.

Raetz then reviewed the addendum and expressed that he feels that he does need to get a number for you from the DEQ about when we can be done and disconnect. Conservatively, Raetz feels the city can be looking at three (3) to five (5) years of connectivity after the eighteen (18) month cleanup. Because of the way the "mother lode" is in the clay Raetz would like to think by the three (3) year mark we will be looking at a time to unhook the system.

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Burr wants a definition of when the concentrations are acceptable. Raetz will make Addendum #2 and submit that after he gets the information from Ray Spaulding, MDEQ State Project Manager for the site.

Motion by Burr, second by Winkel to grant the Department of Environmental Quality permission to plumb sump discharge piping into the sanitary sewer from residential sewers at 107 Orchard Drive and 108 Orchard Drive for a period up to seven (7) years or whenever the sampling results fall below a certain threshold to be submitted.

Huff noted that this approval will go to the city attorney to draft a final agreement.

All in favor. Motion carried.

UNFINISHED BUSINESS

12. Board will be requested to provide any additional review comments concerning the DRAFT South Haven Area Water-Sewer Authority Contract (presented at the June 11, 2015 workshop and reviewed at the June 29, 2015 regular meeting).

Huff noted this is a carryover from last meeting and asking if there are any other comments. Hearing none, Huff stated that the city attorney has made some changes based on comments from attendees at that session. Dissette will distribute a draft of that by the end of next week.

Stickland wonders if the chairman of the authority should be a city representative. Halberstadt said we have to see the amended agreement and Huff will pass that on as soon as that is available.

13. Public Works Director Comments

A. Next Meeting is scheduled for August 31, 2015.

Huff updated on the storm two weeks ago which set a new record at the plant.

Huff is having surgery on his shoulder August 6th. Larry Halberstadt, City Engineer, will fill in during his recuperation.

14. Board Member Comments

Rose updated the board on the Court of Appeals experience. Covert Generating brought a vice-president to the tax hearing, which they had never done before. The township is up to \$800,000 to \$890,000. Rose explained that everyone involved is on board to continue to the end.

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15. Adjourn

Motion by Burr, second by Winkel to adjourn at 5:46 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,
Marsha Ransom
Recording Secretary

CITY OF SOUTH HAVEN																				
Cost of Electric Energy from Indiana-Michigan Power Company (AEP)																				
2015																				
Date	ACTUAL				BILLING			COST					PJM Open Access Transmission Tariff						Total Cost	cts/ KWH
	KW Demand	KVAR Demand	KVA	Power Factor	KW Demand	KVAR Demand	KWHRS	\$ KW Demand	\$ KWH	\$ Fuel Charge	\$ Fuel Adjust	Actual Fuel True-up	Sch 1A \$ KWHRS	\$ Network	RTO Start-up \$	Other	Credits	Total PJM		
Main	17,582	5,888	18,542	0.9482	17,582	5,888	8,397,922	\$312,906.41	\$95,066.15											
Welder	417	345	541	0.7700	417	345	163,144	\$7,414.23	\$1,846.82											
Phoenix	12,979	4,722	13,812	0.9397	12,979	4,722	6,116,077	\$230,992.16	\$69,235.21											
Jul-15	30,978	10,955	32,858	0.9428	30,978	10,955	14,677,143	\$551,312.80	\$166,148.19	\$216,740.31	\$7,241.70	\$17,316.18	\$1,440.36	\$70,352.03	\$164.28	\$12,941.71	(\$862.12)	\$84,036.26	\$1,042,795.44	7.105
Main	13,385	3,245	13,773	0.9718	13,385	3,245	6,937,553	\$238,212.76	\$78,534.49											
Welder	357	279	453	0.7885	357	279	160,005	\$6,353.53	\$1,811.29											
Phoenix	10,017	2,509	10,326	0.9700	10,017	2,509	5,043,423	\$178,268.90	\$57,092.55											
Jun-15	23,759	6,033	24,513	0.9692	23,759	6,033	12,140,981	\$422,835.19	\$137,438.33	\$179,288.29	\$72,219.41	\$52,206.29	\$1,590.72	\$61,771.70	\$158.98	\$11,074.79	(\$566.12)	\$74,030.07	\$938,017.58	7.726
Main	12,069	2,877	12,407	0.9727	12,069	2,877	6,509,754	\$195,952.20	\$69,324.33											
Welder	352	256	435	0.8087	352	256	157,517	\$5,713.45	\$1,677.45											
Phoenix	9,449	2,710	9,829	0.9613	9,449	2,710	4,695,229	\$153,407.39	\$50,000.91											
May-15	21,870	5,843	22,636	0.9661	21,869	5,843	11,362,501	\$355,073.04	\$121,002.68	\$202,133.20	(\$26,051.94)	\$190,579.23	\$1,488.72	\$63,830.75	\$164.28	\$10,490.61	(\$563.53)	\$75,410.83	\$918,147.04	8.081
Main	10,537	1,286	10,615	0.9926	10,537	1,286	6,040,137	\$171,083.21	\$64,323.23											
Welder	390	310	498	0.7831	390	310	195,761	\$6,336.10	\$2,084.71											
Phoenix	7,096	851	7,147	0.9929	7,096	851	4,174,049	\$115,215.53	\$44,450.69											
Apr-15	18,023	2,446	18,189	0.9909	18,024	2,446	10,409,946	\$292,634.84	\$110,858.64	\$185,187.73	(\$1,746.79)	\$69,775.22	\$1,363.92	\$61,771.70	\$158.98	\$10,490.59	(\$618.08)	\$73,167.11	\$729,876.75	7.011
Main	11,515	1,311	11,589	0.9936	11,515	1,311	6,754,204	\$186,957.70	\$71,927.55											
Welder	332	28	333	0.9965	332	28	206,604	\$5,390.35	\$2,200.19											
Phoenix	8,000	1,092	8,074	0.9908	8,000	1,092	4,651,132	\$129,883.29	\$49,531.29											
Mar-15	19,847	2,430	19,995	0.9926	19,847	2,430	11,611,940	\$322,231.35	\$123,659.03	\$206,570.61	(\$8,109.78)	(\$5,469.59)	\$1,521.40	\$63,830.75	\$164.28	\$10,490.61	(\$872.04)	\$75,135.00	\$714,016.62	6.149
Main	12,184	1,570	12,285	0.9918	12,178	1,570	7,974,908	\$197,728.02	\$84,927.19											
Welder	408	367	548	0.7432	408	367	175,313	\$6,616.17	\$1,866.96											
Phoenix	8,257	1,195	8,343	0.9897	8,253	1,195	3,492,559	\$133,997.33	\$37,193.31											
Feb-15	20,849	3,132	21,083	0.9889	20,839	3,132	11,642,780	\$338,341.52	\$123,987.46	\$207,119.25	(\$51,728.87)	(\$41,147.55)	\$1,525.44	\$57,653.58	\$148.38	\$10,490.61	(\$1,135.22)	\$68,682.79	\$645,254.60	5.542
Main	12,325	1,739	12,447	0.9902	12,325	1,739	7,443,979	\$200,108.62	\$79,273.16											
Welder	331	309	453	0.7313	331	309	160,777	\$5,374.12	\$1,712.17											
Phoenix	8,581	1,288	8,677	0.9889	8,581	1,288	5,041,513	\$139,316.16	\$53,688.58											
Jan-15	21,237	3,336	21,497	0.9879	21,237	3,336	12,646,269	\$344,798.90	\$134,673.91	\$224,970.80	\$16,637.43	\$100,270.82	\$1,656.92	\$63,830.75	\$164.28	\$10,490.61	(\$994.22)	\$75,148.34	\$896,500.20	7.089

Year to Date 2015:

84,491,559

\$5,884,608 6.965

CITY OF SOUTH HAVEN																					
Cost of Electric Energy from Indiana-Michigan Power Company (AEP)																					
2014																					
Date	ACTUAL				BILLING			COST					PJM Open Access Transmission Tariff					Total Cost	cts/ KWHR		
	KW Demand	KVAR Demand	KVA	Power Factor	KW Demand	KVAR Demand	KWHRS	\$ KW Demand	\$ KWHR	\$ Fuel Charge	\$ Fuel Adjust	Actual Fuel True-up	Sch 1A \$ KWHR	\$ Network	RTO Start-up \$	Other	Credits			Total PJM	
Main	11,432	1,646	11,550	0.9898	11,432	1,646	7,085,827	\$185,609.79	\$75,459.10												
Welder	333	269	428	0.7774	333	269	153,577	\$5,398.47	\$1,635.48												
Phoenix	8,053	1,020	8,117	0.9921	8,053	1,020	4,768,206	\$130,748.35	\$50,778.06												
Welder	0	0	0		0	0	0	\$0.00	\$0.00												
Dec-14	19,818	2,935	20,034	0.9892	19,817	2,935	12,007,610	\$321,756.61	\$127,872.64	\$213,609.38	\$7,797.74	\$60,535.03	\$1,573.24	\$108,790.08	\$299.21	\$15,805.37	(\$1,585.52)	\$124,882.38	\$856,453.78	7.133	
Main	12,007	1,673	12,123	0.9904	12,003	1,673	6,729,178	\$194,883.96	\$71,661.03												
Welder	352	355	500	0.7036	352	355	123,903	\$5,706.95	\$1,319.48												
Phoenix	7,901	939	7,957	0.9930	7,899	939	4,543,741	\$128,253.03	\$48,387.66												
Welder	6	7	9	0.6658	6	7	4,150	\$94.17	\$44.19												
Nov-14	20,266	2,973	20,483	0.9894	20,260	2,973	11,400,971	\$328,938.11	\$121,412.36	\$202,817.57	(\$65,271.70)	(\$1,364.06)	\$1,493.76	\$105,280.72	\$289.56	\$16,026.12	(\$1,439.90)	\$121,650.26	\$708,182.54	6.212	
Main	18,379	4,189	18,850	0.9750	18,369	4,189	9,061,510	\$298,233.08	\$96,498.74												
Welder	309	284	420	0.7354	309	284	142,496	\$5,010.43	\$1,517.48												
Phoenix	10	24	25	0.3782	5	24	2,118,777	\$74.69	\$22,563.49												
Welder	6	7	9	0.6658	6	7	4,282	\$94.17	\$45.60												
Oct-14	18,703	4,503	19,238	0.9722	18,688	4,503	11,327,065	\$303,412.36	\$120,625.31	\$201,502.82	(\$33,179.24)	\$16,236.53	\$1,484.08	\$108,790.08	\$299.21	\$17,152.73	(\$1,357.26)	\$126,368.84	\$734,966.62	6.489	
Main	16,115	5,015	16,877	0.9548	16,112	5,015	8,006,033	\$261,594.43	\$85,258.65												
Welder	265	254	367	0.7230	265	254	131,837	\$4,307.41	\$1,403.97												
Phoenix	11,860	4,871	12,821	0.9250	11,857	4,871	3,682,892	\$192,514.47	\$39,220.22												
Welder	6	7	9	0.6658	6	7	4,144	\$94.17	\$44.13												
Sep-14	28,246	10,146	30,013	0.9411	28,240	10,146	11,824,906	\$458,510.48	\$125,926.97	\$210,359.17	(\$46,334.71)	\$11,060.21	\$1,549.30	\$105,280.72	\$289.56	\$17,328.13	(\$1,342.88)	\$123,104.83	\$882,626.95	7.464	
Main	17,344	5,375	18,158	0.9552	17,344	5,375	8,324,249	\$281,597.27	\$88,647.42												
Welder	358	342	495	0.7237	358	342	116,920	\$5,814.11	\$1,245.12												
Phoenix	12,794	5,443	13,903	0.9202	12,794	5,443	6,038,441	\$207,716.97	\$64,305.17												
Welder	8	17	19	0.4368	8	17	6,431	\$136.33	\$68.49												
Aug-14	30,504	11,177	32,487	0.9390	30,504	11,177	14,486,040	\$495,264.73	\$154,266.19	\$257,699.41	(\$38,669.04)	\$30,716.83	\$1,897.97	\$108,790.05	\$299.21	\$16,772.20	(\$1,567.24)	\$126,192.19	\$1,025,470.31	7.079	
Main	16,930	5,025	17,660	0.9587	16,930	5,025	7,907,886	\$274,875.40	\$84,213.45												
Welder	251	125	280	0.8945	251	125	130,862	\$4,070.37	\$1,393.59												
Phoenix	12,527	4,460	13,298	0.9421	12,527	4,460	5,672,349	\$203,391.54	\$60,406.54												
Welder	8	18	20	0.4307	8	18	6,555	\$136.38	\$69.80												
Jul-14	29,716	9,628	31,237	0.9513	29,716	9,628	13,717,651	\$482,473.68	\$146,083.38	\$244,030.16	(\$44,811.45)	\$27,682.40	\$1,797.29	\$108,790.05	\$299.21	\$16,658.83	(\$1,607.15)	\$125,938.23	\$981,396.40	7.154	
Main	16,223	4,553	16,850	0.9628	16,223	4,553	7,323,514	\$263,396.55	\$77,990.30												
Welder	10	22	24	0.4238	10	22	131,334	\$165.61	\$1,398.61												
Phoenix	12,192	4,498	12,996	0.9382	12,192	4,498	5,285,671	\$197,955.73	\$56,288.70												
Welder	8	19	20	0.4134	8	19	6,421	\$136.38	\$68.38												
Jun-14	28,434	9,092	29,852	0.9525	28,434	9,092	12,746,939	\$461,654.26	\$135,745.98	\$226,761.68	(\$44,703.52)	\$23,664.10	\$1,092.76	\$89,707.48	\$289.56	\$13,460.59	(\$1,301.93)	\$103,248.46	\$906,370.96	7.110	
Main	12,148	2,693	12,443	0.9763	12,148	2,693	6,470,207	\$199,737.00	\$62,245.98												
Welder	242	210	321	0.7548	242	210	137,320	\$3,980.61	\$1,321.07												
Phoenix	9,104	2,965	9,575	0.9508	9,104	2,965	4,589,361	\$149,685.91	\$44,151.48												
Welder	9	25	27	0.3318	9	25	6,845	\$146.33	\$65.85												
May-14	21,503	5,894	22,296	0.9644	21,503	5,894	11,203,733	\$353,549.86	\$107,784.39	\$168,627.37	(\$13,600.21)	\$16,585.82	\$960.46	\$92,697.73	\$299.21	\$11,967.29	(\$1,309.38)	\$104,615.31	\$737,562.54	6.583	
Main	11,035	2,280	11,268	0.9793	11,035	2,280	6,200,288	\$181,437.72	\$59,649.25												
Welder	275	340	437	0.6288	275	340	140,285	\$4,518.26	\$1,349.59												
Phoenix	7,223	155	7,225	0.9998	7,223	155	4,026,846	\$118,767.39	\$38,739.87												
Welder	9	23	25	0.3693	9	23	6,598	\$149.62	\$63.48												
Apr-14	18,542	2,798	18,752	0.9888	18,542	2,798	10,374,017	\$304,872.99	\$99,802.19	\$156,139.32	(\$11,636.53)	(\$12,558.64)	\$889.33	\$89,707.48	\$289.56	\$11,967.29	(\$1,364.68)	\$101,488.98	\$638,108.31	6.151	
Main	11,756	1,283	11,826	0.9941	11,756	1,283	6,923,540	\$193,291.82	\$66,607.22												
Welder	242	304	388	0.6216	242	304	140,739	\$3,970.74	\$1,353.96												
Phoenix	7,975	1,170	8,060	0.9894	7,975	1,170	4,701,765	\$131,124.62	\$45,232.86												
Welder	9	26	27	0.3239	9	26	6,989	\$146.33	\$67.24												
Mar-14	19,981	2,784	20,174	0.9904	19,981	2,784	11,773,033	\$328,533.52	\$113,261.29	\$177,195.92	(\$10,877.11)	(\$44,950.65)	\$1,009.27	\$92,697.73	\$299.21	\$11,967.29	(\$1,935.73)	\$104,037.77	\$667,200.74	5.667	
Main	11,651	1,530	11,751	0.9915	11,651	1,530	6,719,607	\$191,565.41	\$64,645.31												
Welder	371	312	485	0.7652	371	312	141,182	\$6,098.34	\$1,358.23												
Phoenix	8,190	1,078	8,261	0.9915	8,190	1,078	4,543,059	\$134,666.23	\$43,706.04												
Welder	9	22	24	0.3867	9	22	6,223	\$149.62	\$59.87												
Feb-14	20,221	2,941	20,434	0.9896	20,221	2,941	11,410,071	\$332,479.60	\$109,769.45	\$171,732.98	\$19,759.96	(\$46,438.54)	\$978.15	\$83,726.98	\$270.26	\$11,967.30	(\$1,743.34)	\$95,199.35	\$682,502.80	5.982	
Main	12,263	1,559	12,362	0.9920	12,263	1,559	7,522,565	\$201,628.25	\$72,370.09												
Welder	333	300	448	0.7431	333	300	81,682	\$5,													

City of South Haven
 Electric Fund - Fund 582
 For the period ended July 31, 2015

Col 6 & 11

Revenues:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Electric Sales	\$ 674,894	\$ 1,195,665	\$ 678,307	\$ (520,771)	\$ (3,414)	\$ 674,894	\$ 1,195,665	\$ 678,307	\$ (520,771)	\$ (3,414)	\$ 14,347,974	5%
Charges for Service	\$ 4,808	\$ 12,500	\$ 2,409	\$ (7,692)	\$ 2,399	\$ 4,808	\$ 12,500	\$ 2,409	\$ (7,692)	\$ 2,399	\$ 150,000	3%
Interest Income	\$ 5,682	\$ 2,500	\$ 5,776	\$ 3,182	\$ (95)	\$ 5,682	\$ 2,500	\$ 5,776	\$ 3,182	\$ (95)	\$ 30,000	19%
Other Revenue	\$ 3,645	\$ 3,333	\$ 4,485	\$ 312	\$ (839)	\$ 3,645	\$ 3,333	\$ 4,485	\$ 312	\$ (839)	\$ 40,000	9%
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Revenues	\$ 689,029	\$ 1,213,998	\$ 690,977	\$ (524,969)	\$ (1,949)	\$ 689,029	\$ 1,213,998	\$ 690,977	\$ (524,969)	\$ (1,949)	\$ 14,567,974	

1 2 3 4 5 6 7 8 9 10 11

Expenses	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Purchased Power	\$ 1,042,795	\$ 808,333	\$ 981,436	\$ 234,462	\$ 61,359	\$ 1,042,795	\$ 808,333	\$ 981,436	\$ 234,462	\$ 61,359	\$ 9,700,000	11%
Other Operating Expenses	\$ 75,201	\$ 153,285	\$ 82,695	\$ (78,083)	\$ (7,493)	\$ 75,201	\$ 153,285	\$ 82,695	\$ (78,083)	\$ (7,493)	\$ 1,839,417	4%
Property Tax Equivalents	\$ 60,700	\$ 60,700	\$ 59,557	\$ 0	\$ 1,143	\$ 60,700	\$ 60,700	\$ 59,557	\$ 0	\$ 1,143	\$ 728,399	8%
Energy Optimization Costs	\$ -	\$ 23,467	\$ 23,026	\$ (23,467)	\$ (23,026)	\$ -	\$ -	\$ 23,026	\$ (23,467)	\$ (23,026)	\$ 281,600	0%
Capital Outlay	\$ 1,845	\$ 13,354	\$ 876,697	\$ (11,510)	\$ (874,853)	\$ 1,845	\$ 13,354	\$ 876,697	\$ (11,510)	\$ (874,853)	\$ 160,250	1%
Transfer Out	\$ 14,066	\$ 14,066	\$ 14,525	\$ -	\$ (459)	\$ 14,066	\$ 14,066	\$ 20,025	\$ -	\$ (5,959)	\$ 168,789	8%
Depreciation	\$ 55,917	\$ 55,917	\$ 39,510	\$ -	\$ 16,406	\$ 55,917	\$ 55,917	\$ 39,510	\$ -	\$ 16,406	\$ 671,000	8%
Administrative Expenses	\$ 116,325	\$ 65,110	\$ 51,778	\$ 51,215	\$ 64,547	\$ 116,325	\$ 65,110	\$ 51,778	\$ 51,215	\$ 64,547	\$ 781,325	15%
Total Expenses	\$ 1,366,849	\$ 1,194,232	\$ 2,129,225	\$ 172,617	\$ (762,377)	\$ 1,366,849	\$ 1,194,232	\$ 2,134,725	\$ 172,617	\$ (767,877)	\$ 14,330,780	

Net Fund Change \$ (677,820) \$ 19,766 \$ (1,438,248) \$ (697,587) \$ 760,428 \$ (677,820) \$ 19,766 \$ (1,443,748) \$ (697,587) \$ 765,928 \$ 237,194

NOTE: July Purchased Power invoice higher than budget & prior yr expense

NOTE: \$73,802 Annual Liability Insurance payment included in July Admin expenses

NOTE: AUDIT ADJ FOR PRIOR FY NOT COMPLETED SO NO ESTIMATED RESERVES REPORTED HERE

CITY OF SOUTH HAVEN
ELECTRIC FUND
KWH COMPARISONS
ROLLING TWELVE MONTHS

		KWH PURCHASED	KWH BILLED	KWH STREET LTS	STREET LTS 12 MO AVE.	TOTAL KWH BILLED AND STREET LTS	PERCENTAGE BILLED AND STREET LTS TO PURCHASED (ROLLING 12 MOS)	PERCENTAGE BILLED AND STREET LTS TO PURCHASED CURRENT MONTH	
FISCAL 2014									
July	2013	14,702,976	12,364,189	37,740	52,213	12,401,929	94.64%	84.35%	31
August	2013	13,559,712	13,582,248	42,342	52,126	13,624,590	94.42%	100.48%	31
September	2013	11,670,399	12,462,283	48,796	52,143	12,511,079	95.03%	107.20%	30
October	2013	10,945,398	10,453,792	54,475	52,125	10,508,267	94.91%	96.01%	31
November	2013	10,657,150	9,502,492	58,511	51,866	9,561,003	94.96%	89.71%	30
December	2013	11,962,287	10,244,088	71,063	52,032	10,315,151	94.68%	86.23%	31
January	2014	12,608,593	10,959,716	65,878	51,791	11,025,594	94.12%	87.45%	31
February	2014	11,410,071	12,066,200	59,636	51,790	12,125,836	94.72%	106.27%	29
March	2014	11,773,033	10,878,414	54,626	51,925	10,933,040	94.54%	92.87%	31
April	2014	10,374,016	10,020,033	48,541	51,953	10,068,574	94.63%	97.06%	30
May	2014	11,203,732	10,614,984	44,334	51,971	10,659,318	94.97%	95.14%	31
June	2014	12,746,940	11,082,867	39,220	52,097	11,122,087	93.90%	87.25%	30
		<u>143,614,306</u>	<u>134,231,306</u>	<u>625,162</u>		<u>134,856,468</u>			
FISCAL 2015									
July	2014	13,717,651	12,578,551	38,129	52,293	12,616,680	96.41%	91.97%	31
August	2014	14,486,040	12,740,027	42,644	52,657	12,782,671	94.07%	88.24%	31
September	2014	11,824,906	13,323,234	48,696	53,100	13,371,930	94.64%	113.08%	30
October	2014	11,327,065	11,109,952	55,667	53,689	11,165,619	95.09%	98.57%	31
November	2014	11,400,971	10,662,987	62,443	54,334	10,725,430	94.71%	94.07%	30
December	2014	12,007,610	11,126,842	67,163	54,797	11,194,005	95.06%	93.22%	31
January	2015	12,646,269	11,962,202	63,831	54,360	12,026,033	95.27%	95.10%	31
February	2015	11,642,781	11,272,243	59,367	53,577	11,331,610	95.05%	97.33%	29
March	2015	11,611,940	10,475,991	55,391	53,221	10,531,382	94.93%	90.69%	31
April	2015	10,409,946	10,889,321	49,374	52,919	10,938,695	95.50%	105.08%	30
May	2015	11,362,501	10,551,097	43,678	52,542	10,594,775	95.38%	93.24%	31
June	2015	12,140,981	10,457,881	38,776	52,097	10,496,657	95.29%	86.46%	30
		<u>144,578,660</u>	<u>137,150,328</u>	<u>625,159</u>		<u>137,775,487</u>			
FISCAL 2016									
July	2015	14,677,143	13,243,711	38,312	52,145	13,282,023	93.91%	90.49%	31
		<u>14,677,143</u>	<u>13,243,711</u>	<u>38,312</u>		<u>13,282,023</u>			
Prior Year-to-date		13,717,651	12,578,551	38,129		12,616,680			
Two Years Prior		14,702,976	12,364,189	37,740		12,401,929			

City of South Haven
 Water Fund - Fund 591
 For the period ended July 31, 2015

Col 6 & 11

Revenues:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	% of Annual Budget
Sales	\$ 156,355	\$ 318,092	\$ 169,651	\$ (161,737)	\$ (13,296)	\$ 156,355	\$ 318,092	\$ 169,651	\$ (161,737)	\$ (13,296)	\$ 3,817,098	4%
Charges for Service	-	5,833	10,519	(5,833)	(10,519)	-	5,833	10,519	(5,833)	(10,519)	70,000	0%
Interest Income	1,113	167	93	947	1,020	1,113	167	93	947	1,020	2,000	56%
Special Assessment Revenue	-	7,015	-	(7,015)	-	-	7,015	-	(7,015)	-	84,185	0%
Other Revenue	2,767	2,917	3,842	(149)	(1,075)	2,767	2,917	3,842	(149)	(1,075)	35,000	8%
Total Revenues	\$ 160,235	\$ 334,024	\$ 184,105	\$ (173,788)	\$ (23,869)	\$ 160,235	\$ 334,024	\$ 184,105	\$ (173,788)	\$ (23,869)	\$ 4,008,283	

Expenses:	1	2	3	4	5	6	7	8	9	10	11	% of Annual Budget
	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2015-16 Adopted Budget	
Operating Expenses	\$ 68,802	\$ 126,019	\$ 95,098	\$ (57,217)	\$ (26,296)	\$ 68,802	\$ 126,019	\$ 95,098	\$ (57,217)	\$ (26,296)	\$ 1,512,227	5%
Property Tax Equivalents	16,701	16,701	16,107	-	594	16,701	16,701	16,107	-	594	200,415	8%
Capital Outlay	1,398	32,377	-	(30,980)	1,398	1,398	32,377	-	(30,980)	1,398	388,527	0%
Debt Service	-	126,651	-	(126,651)	-	-	126,651	-	(126,651)	-	1,519,812	0%
Transfers Out	-	63	333	(63)	(333)	-	63	333	(63)	(333)	756	0%
Depreciation	50,833	50,833	16,307	-	34,526	50,833	50,833	16,307	-	34,526	610,000	8%
Administrative Expenses	53,738	20,534	13,323	33,205	40,416	53,738	20,534	13,323	33,205	40,416	246,402	22%
Total Expenses	\$ 191,473	\$ 373,178	\$ 141,168	\$ (181,706)	\$ 50,304	\$ 191,473	\$ 373,178	\$ 141,168	\$ (181,706)	\$ 50,304	\$ 4,478,139	

Net Fund Change \$ (31,237) \$ (39,155) \$ 42,937 \$ 7,917 \$ (74,174) \$ (31,237) \$ (39,155) \$ 42,937 \$ 7,917 \$ (74,174) \$ (469,856)

NOTE: \$42,492 Annual Liability Insurance payment included in July Admin expenses

NOTE: AUDIT ADJ FOR PRIOR FY NOT COMPLETED SO NO ESTIMATED RESERVES REPORTED HERE

CITY OF SOUTH HAVEN
WATER FUND
CuFt COMPARISONS
ROLLING TWELVE MONTHS

		GALLONS PUMPED TO MAINS	CuFt PUMPED TO MAINS	CuFt PLANT TAP UNBILLED	CuFt WATER QUALITY FLUSHING	CuFt BILLED	PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS (ROLLING 12 MOS)	PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS CURRENT MONTH
FISCAL 2014								
July	2013	70,321,000	9,401,203	62,968	127,844	6,705,606	88.48%	72.00%
August	2013	62,517,000	8,357,888	48,003	196,427	8,322,168	88.81%	100.15%
September	2013	52,536,000	7,023,529	43,984	192,916	7,118,311	89.52%	101.98%
October	2013	35,699,000	4,772,594	41,176	182,891	5,303,775	90.51%	111.99%
November	2013	28,029,000	3,747,193	37,834	99,473	3,426,297	90.79%	92.45%
December	2013	28,262,000	3,778,342	37,166	178,083	2,904,054	90.43%	77.84%
January	2014	36,931,000	4,937,299	40,642	145,998	3,089,262	89.82%	63.39%
February	2014	36,711,000	4,907,888	36,230	128,741	3,454,550	89.24%	71.13%
March	2014	36,506,000	4,880,481	37,567	40,914	3,251,264	89.19%	67.39%
April	2014	29,869,000	3,993,182	33,957	57,952	3,321,979	89.46%	84.04%
May	2014	40,638,000	5,432,888	31,283	70,598	4,278,590	89.10%	78.75%
June	2014	53,611,000	7,167,246	37,032	100,575	5,543,066	85.86%	77.34%
		<u>511,630,000</u>	<u>68,399,733</u>	<u>487,843</u>	<u>1,522,412</u>	<u>56,718,922</u>		
FISCAL 2015								
July	2014	64,316,000	8,598,396	38,503	126,739	6,932,597	89.25%	81.07%
August	2014	66,789,000	8,929,011	42,246	34,492	7,841,235	88.61%	88.29%
September	2014	44,601,000	5,962,701	36,096	100,277	6,663,068	89.65%	112.35%
October	2014	33,430,000	4,469,251	34,492	117,932	4,619,497	90.26%	104.13%
November	2014	29,363,000	3,925,535	34,091	102,686	3,359,059	90.37%	86.44%
December	2014	28,908,000	3,864,706	35,294	67,388	3,125,243	90.02%	81.78%
January	2015	31,306,000	4,185,294	35,561	83,432	4,170,131	90.74%	100.49%
February	2015	28,322,000	3,786,364	34,091	81,219	4,470,432	91.70%	118.97%
March	2015	31,937,000	4,269,652	34,091	40,910	3,087,632	91.99%	73.11%
April	2015	29,525,000	3,947,193	31,551	56,153	3,393,749	92.42%	86.78%
May	2015	39,633,000	5,298,529	35,963	54,549	3,758,939	91.60%	70.94%
June	2015	47,141,000	6,302,273	30,749	60,965	4,655,896	90.38%	73.88%
		<u>475,271,000</u>	<u>63,538,904</u>	<u>422,727</u>	<u>926,742</u>	<u>56,077,478</u>		
FISCAL 2016								
July	2015	61,946,000	8,281,551	38,503	78,614	6,437,314	84.12%	78.20%
		<u>61,946,000</u>	<u>8,281,551</u>	<u>38,503</u>	<u>78,614</u>	<u>6,437,314</u>		
Prior Year-to-date		64,316,000	8,598,396	38,503	126,739	6,932,597		
Two Years Prior		70,321,000	9,401,203	62,968	127,844	6,705,606		

City of South Haven
Sewer Fund - Fund 592
For the period ended July 31, 2015

Col 6 & 11

<i>Revenues:</i>	<i>Month Actual</i>	<i>Monthly Budget</i>	<i>Prior year MTD</i>	<i>MTD Variance to Budget</i>	<i>MTD Variance to Prior Year</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>Prior YTD Actual</i>	<i>Variance to Budget</i>	<i>Variance to Prior Year</i>	<i>2015-16 Adopted Budget</i>	<i>% of Annual Budget</i>
Sales	\$ 93,698	\$ 200,392	\$ 93,678	\$ (106,694)	\$ 20	\$ 93,698	\$ 200,392	\$ 93,678	\$ (106,694)	\$ 20	\$ 2,404,700	4%
IPP Revenues	12,596	6,608	5,726	5,988	6,870	12,596	6,608	5,726	5,988	6,870	79,300	16%
Interest Income	810	208	2	601	808	810	208	2	601	808	2,500	32%
Special Assessment Revenue	-	8,457	-	(8,457)	-	-	8,457	-	(8,457)	-	101,483	0%
Grant Revenue	-	514	-	(514)	-	-	514	-	(514)	-	6,171	0%
Other Revenue	469	1,667	12,328	(1,198)	(11,859)	469	1,667	12,328	(1,198)	(11,859)	20,000	2%
Total Revenues	\$ 107,572	\$ 217,846	\$ 111,733	\$ (110,274)	\$ (4,161)	\$ 107,572	\$ 217,846	\$ 111,733	\$ (110,274)	\$ (4,161)	\$ 2,614,154	

<i>Expenses</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>% of Annual Budget</i>	
<i>Expenses</i>	<i>Month Actual</i>	<i>Monthly Budget</i>	<i>Prior year MTD</i>	<i>MTD Variance to Budget</i>	<i>MTD Variance to Prior Year</i>	<i>0</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>Prior YTD Actual</i>	<i>Variance to Budget</i>	<i>Variance to Prior Year</i>	<i>2015-16 Adopted Budget</i>	<i>% of Annual Budget</i>
Operating Expenses	\$ 90,377	\$ 121,297	\$ 69,196	\$ (30,920)	\$ 21,181	\$	\$ 90,377	\$ 121,297	\$ 69,196	\$ (30,920)	\$ 21,181	\$ 1,455,566	6%
Grant Expenses	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Property Tax Equivalents	8,733	8,733	8,104	0	629		8,733	8,733	8,104	0	629	104,795	8%
Capital Outlay	1,398	37,082	17,265	(35,685)	(15,867)		1,398	37,082	17,265	(35,685)	(15,867)	444,986	0%
Transfers Out	16,667	16,735	17,000	(68)	(333)		16,667	16,735	17,000	(68)	(333)	200,821	8%
Depreciation	29,583	29,583	20,379	-	9,205		29,583	29,583	20,379	-	9,205	355,000	8%
Administrative Expenses	54,227	27,906	18,628	26,321	35,599		54,227	27,906	18,628	26,321	35,599	334,870	16%
Total Expenses	\$ 200,984	\$ 241,337	\$ 150,572	\$ (40,352)	\$ 50,412	\$	\$ 200,984	\$ 241,337	\$ 150,572	\$ (40,352)	\$ 50,412	\$ 2,896,038	

Net Fund Change \$ (93,412) \$ (23,490) \$ (38,839) \$ (69,922) \$ (54,573) \$ **(93,412)** \$ (23,490) \$ (38,839) \$ (69,922) \$ (54,573) \$ **(281,884)**

NOTE: \$38,018 Annual Liability Insurance payment included in July Admin expenses

NOTE: AUDIT ADJ FOR PRIOR FY NOT COMPLETED SO NO ESTIMATED RESERVES REPORTED HERE

Date: August 21, 2015

To: Larry Halberstadt, PE

From: Timothy Drews, PE

Re: South Haven SAW Grant – Asset Management Plan Status Report

The following is intended to provide you with a project status report:

Accomplishments to Date

1. Inventory

- City staff will review locations that have “buried” or missing manholes and advise of how to handle.
- City staff has provide maps of storm sewer outlet pipes that will be located with condition assessments.

2. Condition Assessment

- MACP (manhole) inspections have continued. We have inspected approximately 1145 manholes to-date in the areas highlighted on the attached map. This work continues with an emphasis on storm manholes first. Data has been organized and compiled in spreadsheet format along with copies of inspection reports that can be integrated into the GIS system.
- CCTV work – A request for quotes was forwarded to Plummer's for the CCTV pilot program, and cleaning the main lift station wet well in conjunction with pump repairs. Plummer's has indicated that they will not be able to start this work until early October. We will reach out to other CCTV work contractors (Clean Earth, R&R Visual, etc.) to get additional quotes and determine a course of action based on cost and schedule. Disposal of removed material will be discussed with the potential contractors.

3. Level of Service

- Not yet started

4. Criticality of Assets

- Not yet started

5. O&M Strategies

- Burton and Associates is under contract and have started analysis related to the rate structures.

6. Other Costs

- Asset Management software presentations were held with CityWorks and Cartegraph in April. We are investigating other software options (Innovyze, Mapcon, Infor MP2, Facility Dude, and others). Purchase of the software is pending more demonstrations.

Upcoming Work

- SAW Progress meeting that was planned for August 25th at 10:30 a.m. is being re-scheduled for a later date.
- Gathering remaining manhole inventory shots – determine priorities
- Continue MACP inspections.
- Storm water outlet inspections
- CCTV pilot program with Plummer's of others, plus develop an RFP for the comprehensive CCTV work (with sewer cleaning option by the city)
- Initiate discussions regarding level of service and criticality of assets.
- Coordinate efforts with HRC for lift station evaluations – October NPDES submittal.

Scope Changes

- Eliminate Storm Sewer System Metering and Modeling and re-allocate those funds to other Asset Management efforts.

Budget Status

	Budget	Invoiced to Date	Percent Complete
Overall Asset Management Budget	\$1,115,264	\$206,580.56	18.5%
Abonmarche Tasks	\$555,197	\$206,580.56	37.2%
CCTV Work	\$299,397	\$0	0%
Other Sub-consultants	\$38,000	\$0	0%
Software/hardware/training	\$38,000	\$0	0%
City Admin Tasks	\$35,120		
City Pre-cleaning Sewers	\$150,000		

Note: Overall city match for the SAW grant is \$300,332 (per grant award – Cindy Clendenon email dated 05/22/15).

Abonmarche is revising invoices for June and July, 2015, to reflect correction of charges to the proper phase.



Schedule Status

The projected completion date for the Asset Management plan is anticipated by May 1, 2016. However it should be noted that the completion date required by the grant is 3 years from grant award.

Information Needed from City

- List of projects completed in the past 10-15 years

Other Issues

- Separate progress reports will be submitted for SAW design related work

cc: Brian Dissette, City of South Haven
Roger Huff, City of South Haven
Cindy Clendenon, MDEQ
Christopher Cook, Abonmarche
Tony McGhee, Abonmarche



Larry Halberstadt

From: Robert Shelley <rshelley@grp-engineering.com>
Sent: Tuesday, August 25, 2015 9:52 AM
To: Larry Halberstadt
Cc: Bill Conklin
Subject: RE: South Haven Electric Projects

Larry,
Below is a rundown of the electrical projects.

Project #109 – MS-J Circuit, St. Joseph St – Completed
Project #105 – MS-J Circuit, Lovejoy to Aylworth – Construction 90% Complete
Project #104 – PR-B Circuit, Blue Star Highway – Construction to start when project #105 complete (next couple of weeks)
Project #106 MS-F & #107 PR-B Circuit, Cap Bank – Engineering 80% Complete

Core City Phase 3&4 – Engineering 50%, expect material list and design to be complete for bidding early to mid October. Construction to start mid to late November.

If you need anymore info feel free to call.

Thanks,

Rob Shelley
GRP Engineering
P: 616.942.7183

From: Larry Halberstadt [mailto:lhalberstadt@south-haven.com]
Sent: Monday, August 24, 2015 12:49 PM
To: Robert A Shelley <rshelley@grp-engineering.com>
Cc: Bill Conklin <bconklin@south-haven.com>
Subject: South Haven Electric Projects

Rob:

Just FYI, Roger is out on medical leave again. I'm working on the BPU agenda for next Monday and I will likely be fielding questions about various electric projects.

Could you provide me with a status update on projects that are currently in design and when bidding would be able to occur. Core City Phases 3 and 4 will probably receive the most discussion.

■ **Larry Halberstadt, PE // City Engineer**
City of South Haven // (269) 637-0770 // lhalberstadt@south-haven.com
Department of Public Works // 1199 8th Avenue, South Haven, MI 49090
<http://south-haven.com/>



City of South Haven

Agenda Item #10

Core City Secondary Upgrades Professional Services Agreement

Background Information:

Over the past year, the City successfully completed construction of the first two phases of the Core City Secondary project. This project included reconstruction of utility poles, transformers, and both primary and secondary (service) voltage conductors. The “Core City” area is generally defined as the area bounded by Lake Michigan to the west, the river and Phoenix Street to the north, Blue Star Highway to the east and Aylworth Avenue to the south. At the time that the project was defined, it was divided into four sections for budgeting purposes. Much of the work within the Core City area consists of reconstruction of aerial secondary service lines that are located in backyard areas on private property. These lines provide service connections to electric customers.

GRP Engineering, Inc. is currently completing the design engineering for Phases 3 and 4. It is anticipated that solicitation of bids will occur in October with construction beginning in late November.

As part of the first two phases, the City also utilized Abonmarche to provide additional professional services including community outreach, construction coordination services, video services, and obtaining agreements of understanding with affected property owners. These services were critical to the success of the first two phases.

At the request of City staff, Abonmarche has provided a proposal to provide similar services for Phases 3 and 4. The proposal is attached and provides further description of the services to be provided and the need for the services. Abonmarche proposes to provide the services for a base fee of \$82,800 plus \$500 for each agreement of understanding that needs to be acquired. The number of agreements is not yet known because the construction plans are still being developed by GRP Engineering, Inc.

Recommendation:

Approve a recommendation to City Council that they authorize the City Manager to enter into a professional service agreement with Abonmarche in the amount of \$82,500 plus \$500 for each agreement of understanding that needs to be acquired.

Attachments:

Abonmarche Proposal for Professional Services
Core City Construction Phase Map



Engineering
Architecture
Land Surveying
Marina/Waterfront
Community Planning
Landscape Architecture
Development Services

August 10, 2015

Roger Huff, PE, Public Works Director
City of South Haven
1199 8th Avenue
South Haven, Michigan 49090

Re: Proposal for Professional Services – Core City Secondary Upgrade, Phase III & IV

Dear Mr. Huff:

Abonmarche is pleased to present this proposal for community outreach, construction coordination services, video services, and obtaining Agreement of Understandings for Phase III and Phase IV for the Core City Secondary Lines project. We have recently completed similar tasks and scope for Phases I and II of the electrical upgrade project and expect similar scope for the next phases.

We understand that Phase III and IV of the Core Secondary Upgrade are currently being designed by GRP Engineering and are expected to be ready for construction in the Fall of 2015. It is anticipated that all bidding, construction related inquiries regarding pay estimates, change orders, design revisions, and other electrical technical questions will be administered by GRP Engineering and not involve Abonmarche. GRP Engineering will serve as the construction manager for the project while Abonmarche's role will be focused on community outreach and property owner communication.

SCOPE OF SERVICES AND FEES

Pre-Construction Activities

Abonmarche will coordinate several pre-construction communication activities for the project. The items below outline the tasks associated with the pre-construction communication phase of the project.

A. Kickoff Meetings/Planning \$500

Abonmarche will attend any kickoff and/or preconstruction meetings as needed prior to starting construction of the project. During the preconstruction phase, a project resident log will be started to allow resident correspondence to be recorded at any time throughout the project. Abonmarche will also review the project limits with the City Arborist for tree trimming and removal areas anticipated for the project.

95 West Main Street
Benton Harbor, MI 49022
269.927.2295

361 First Street
Manistee, MI 49660
231.723.1198

503 Quaker Street
South Haven, MI 49090
269.637.1293

750 Lincoln Way East
South Bend, IN 46601
574.232.8700

341 Airport North Office Park
Fort Wayne, IN 46825
260.497.8823



B. Project Informational Letter \$1,000

A project information letter will be completed and sent out to residents of the impacted project area. This letter will serve as the project introduction to property owners that will be affected by this project. Information items such as schedule, reasons for completing the project, what to expect during construction, public open house meeting dates, and project contact information will be included in this letter. We expect the city to assist in the mailing of the letter to the project area as defined by City staff and GRP Engineering. Technical aspects of project will be provided by GRP Engineering and general project information will be provided by Abonmarche.

C. Public Open House Meetings..... \$2,500

Abonmarche staff will attend one open house meeting with city residents in the evening during the week. During the meeting, we will be available for questions, comments, and to address concerns and record property owner's information for future correspondence. During the open house, contact information for the Abonmarche project representatives will be given out to the property owners for any future questions or comments.

D. Existing Conditions Video Survey..... \$32,000

To fully document existing property conditions on fencing, driveways, landscaping and other exterior items, Abonmarche staff will complete a video inspection survey prior to construction commencing. The videotaping services will include recording the property's exterior features within the Phase III and IV limits (922 Parcels) and then creating digital video files for use during and at the end of the project. These files can be used if there are any questions from the property owner during and after work has been completed.

E. Agreement of Understanding Acquisition..... \$500/ea.

It is our understanding that the City would like to obtain Agreements of Understanding for property owners where new facilities will be present outside of City owned Right-of-Way on private properties during and after construction. It is unknown how many easements are needed at this time since the design is currently underway with GRP Engineering. A cost has been established as **\$500/ea.** Abonmarche staff will assist in contacting the property owners and help facilitate the required signatures from the property owner after the project has been described to them. This scope usually includes a site visit with the property owner. Regarding the outcome with the property owner meeting, Abonmarche will relay the information discussed to the project team to help facilitate necessary design revisions or scope changes needed for proper location and design of the electrical system.



Construction Activities

Abonmarche will play an active role in communications and facilitation between members of the project team with findings and observations resulting from resident and property owner comments and public meetings.

We expect the construction timeframe for Phase III and IV will be from November 2015 to May 2016.

A. Property Owner Review and Correspondence \$9,500

When property owners want to discuss the project or have any potential issues or concerns, Abonmarche will record and coordinate the information with the project team for the project records. In some instances, an individual property review and/or owner meeting must be completed. This task item could include recording relevant property information, completing a property inspection, taking pictures, and coordinating and scheduling potential meetings with property owners.

B. Weekly Progress Meetings \$18,500

Abonmarche will complete weekly progress meetings with City Staff, GRP Engineering, and the contractor. The meeting will outline the previous week’s work, define the schedule for the next week, record project issues and distribute minutes to the project team. During the progress meeting, the project team will decide if new project notifications (door hangers) will be needed and where they will be placed. It is anticipated that the construction timeframe is 30 weeks which includes attendance and coordination for 30 progress meetings.

C. Door Notifications..... \$4,800

Once kickoff and progress meetings are completed, individual door notifications will be delivered to remind property owners of upcoming work, tree trimming and contact information, and what to expect during construction within the areas that the contractor will be working. We have found in the past that these notifications are an effective method of getting additional communication updates out to the property owners. The notifications would generally be placed at the end of the week for items that would be occurring for the next couple of weeks. Individual service interruptions or general daily construction notifications would be expected to be completed by the contractor as they proceed with the construction of the electrical upgrades.



D. Communication Updates \$3,000

Abonmarche will develop project updates from the weekly progress meetings and provide to City Staff to post to the City Website.

E. Tree Trimming Facilitation and Coordination..... \$4,000

Abonmarche will work with the City's Arborist throughout the project to define where tree removal and tree trimming will be completed. Abonmarche will discuss with property owners that contact the project team and let them know what is allowed by the City for tree removal and limbing related to the electrical grid, and coordinate with property owners to facilitate removal of other trees which may be a threat to the City's electrical system.

F. Project Closeout and Restoration \$7,000

Upon project closeout, restoration items that were identified throughout the project will start to be addressed. If property issues arise concerning restoration, Abonmarche will help facilitate with the property owner and meet with City staff to determine the best solution to complete the restoration items. Most of these items will be handled and completed by the Prime Contractor for the electrical upgrades.

Below is a summary of the fees associated with each task.

Tasks	Fees
Kickoff Meetings/Planning	\$500
Project Informational Letter	\$1,000
Public Open House Meetings	\$2,500
Existing Condition Video Survey	\$32,000
Property Owner Review and Correspondence	\$9,500
Weekly Progress Meetings	\$18,500
Door Notifications	\$4,800
Communication Updates	\$3,000
Tree Trimming Facilitation and Coordination	\$4,000
Project Closeout and Restoration	\$7,000
Total	\$82,800

Each Agreement of Understanding that is needed will be billed at **\$500** per each agreement that needs to be acquired.



The above scope assumes the construction timeframe will run from November 2015 thru May 2016 (7 months) as a basis in developing the scope and fees. Your signature in the space provided below will serve as authorization to proceed with this project.

Thank you for the opportunity to work with the City of South Haven. We look forward to assisting you with this project. If you have any questions, please do not hesitate to contact me at (269) 926-4565 or email at jmarquardt@abonmarche.com.

Sincerely,
ABONMARCHE



Jason W. Marquardt, P.E.
Senior Project Engineer



Christopher J. Cook, P.E.
President

Authorized By

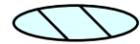
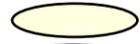
Date

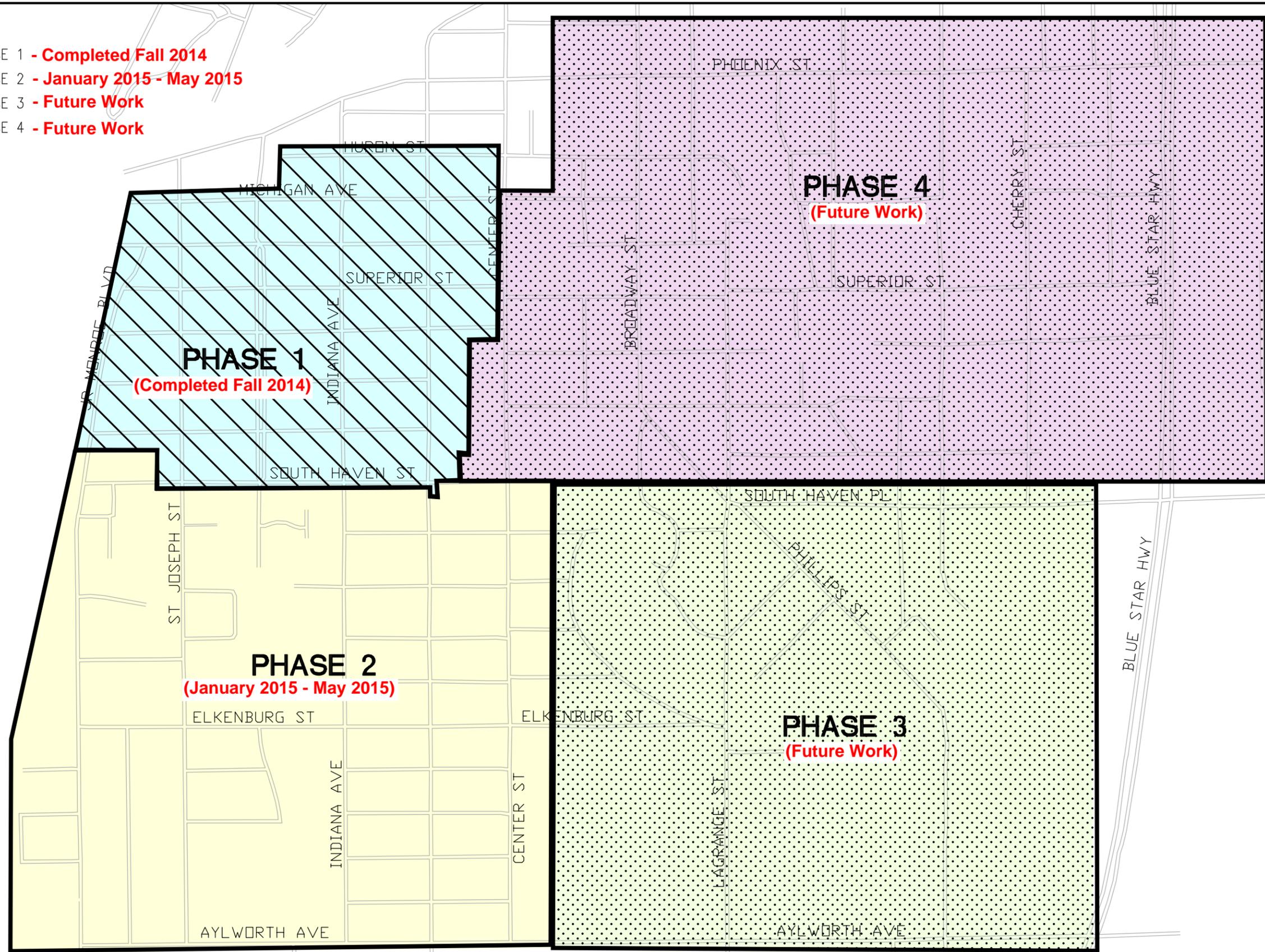
cc: Brian Dissette
Timothy R. Drews, P.E.
Tony McGhee

City of South Haven
Abonmarche
Abonmarche



LEGEND

-  PHASE 1 - **Completed Fall 2014**
-  PHASE 2 - **January 2015 - May 2015**
-  PHASE 3 - **Future Work**
-  PHASE 4 - **Future Work**



PROJECT NAME
CORE CITY SECONDARY UPGRADES

CLIENT
CITY OF SOUTH HAVEN

PROPOSED CONSTRUCTION PHASES

GRP ENGINEERING, INC., GRAND RAPIDS / PETOSKEY, MI., 231-439-9683

DATE
08-22-2014

ENG
MPM

DR.
KMW

PROJECT NO.
14-0669.01

DRAWING

MAP



City of South Haven

Agenda Item # 11

Energy Optimization Services

Background Information

On October 6, 2008, the State of Michigan passed the Clean, Renewable, and Efficient Energy Act, Act 295 of 2008. This Act requires Michigan electric providers, including the City of South Haven Electric Utility, to design and implement a renewable energy program and an energy optimization program. Natural gas providers are also required to develop energy optimization programs.

PA 295 requires energy optimization programs be designed and implemented with a target saving equivalent to 1% of the prior year sales. PA 295 also requires that new energy optimization plans be filed every two years. On November 24, 2014, the Michigan Public Service Commission (MPSC) issued an Order to Michigan electric and gas providers to file biennial Energy Optimization Plans for the 2016-17 calendar years. Municipal Electric Providers were required to file their biennial plan by August 1, 2015.

Utility providers are permitted to use the independent energy optimization program administrator selected by the MPSC in lieu of filing a biennial plan. The independent administrator is Efficiency United. Efficiency United is administered by Michigan Community Action with professional services being provided by various consulting firms including CLEAResult.

Since 2012, the City has utilized the services of Efficiency United to comply with the energy optimization requirements of PA 295. Efficiency United provides services to 12 Municipal Electric Providers in Michigan. They also provide services to Indiana-Michigan Power Company and Michigan Gas Utilities.

It should be noted that both the Michigan House and Senate have been drafting revisions to PA 295. The current Substitute for Senate Bill No. 438, sponsored by Senator John Proos, is attached. This bill does not eliminate the requirement for energy optimization programs; however, they are renamed energy waste reduction programs. Section 71 of the draft legislation would require all electric utilities to continue offering energy waste reduction programs to their customers until December 31, 2018. Section 77(1) of the draft legislation would require annual incremental energy savings in 2016, 2017, and 2018 equivalent to 1.0% of the total annual retail electric sales in megawatt hours in the preceding year. Section 91(1) of the draft legislation requires electric providers who elect to use the independent energy waste reduction program administrator to pay 2.0% of the total utility sales revenue for the second year preceding. Section 91(3) of the draft legislation permits the cost to be recovered by a volumetric

charge; however, it stipulates that the charge NOT be itemized on utility bills as currently required.

At this point in time, the City is a month overdue on providing notification to Efficiency United and the MPSC of our intent to participate. In addition, it appears that the legislature plans to keep the current energy optimization program requirements in place for the next three years with minimal modifications to the current requirements. Thus, the City should proceed with filing their EU Provider Notification Form as soon as feasible.

It should also be noted that the current Energy Optimization Surcharges expire on December 31, 2015. The City will need to pay Efficiency United approximately \$260,000 per year for 2016, 2017, and 2018. Thus, it is recommended that electric rates be reviewed in November to ensure adequate revenues to fund this program.

Recommendation:

Approve a recommendation to City Council that they authorize the City Manager to sign and submit the Efficiency United Provider Notification Form for 2016/2017.

Support Material:

MPSC Order, Case No. U-17413
Efficiency United Provider Notification Form
Senate Bill 438, Substitute 1

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for) Case No. U-17770
ALPENA POWER COMPANY to fully comply with)
 Public Act 295 of 2008.)
 _____)

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for) Case No. U-17771
CONSUMERS ENERGY COMPANY to fully comply)
 with Public Act 295 of 2008.)
 _____)

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for) Case No. U-17772
DTE ELECTRIC COMPANY)
 to fully comply with Public Act 295 of 2008.)
 _____)

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for) Case No. U-17773
INDIANA MICHIGAN POWER COMPANY to fully)
 comply with Public Act 295 of 2008.)
 _____)

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for)
NORTHERN STATES POWER COMPANY –)
WISCONSIN to fully comply with) Case No. U-17774
 Public Act 295 of 2008.)
 _____)

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
UPPER PENINSULA POWER COMPANY to fully)
comply with Public Act 295 of 2008.)
_____)

Case No. U-17775

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
WISCONSIN PUBLIC SERVICE CORPORATION to)
fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17776

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
WISCONSIN ELECTRIC POWER COMPANY to)
fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17777

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
DTE GAS COMPANY)
to fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17788

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
MICHIGAN GAS UTILITIES CORPORATION)
to fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17789

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF BAY CITY to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17382

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF CHARLEVOIX to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17383

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CHELSEA DEPARTMENT OF ELECTRIC AND)
WATER to fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17384

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
VILLAGE OF CLINTON to fully comply)
with Public Act 295 of 2008.)
_____)

Case No. U-17385

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
COLDWATER BOARD OF PUBLIC UTILITIES to)
fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17386

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CROSWELL MUNICIPAL LIGHT & POWER)
DEPARTMENT to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17387

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF CRYSTAL FALLS to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17388

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
DAGGETT ELECTRIC DEPARTMENT to fully)
comply with Public Act 295 of 2008.)
_____)

Case No. U-17389

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF DOWAGIAC to fully)
comply with Public Act 295 of 2008.)
_____)

Case No. U-17391

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF EATON RAPIDS to fully comply)
with Public Act 295 of 2008.)
_____)

Case No. U-17392

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF ESCANABA to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17393

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF GLADSTONE to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17394

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
GRAND HAVEN BOARD OF LIGHT AND POWER)
to fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17395

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF HARBOR SPRINGS to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17396

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF HART HYDRO to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17397

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
HILLSDALE BOARD OF PUBLIC UTILITIES)
to fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17398

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
HOLLAND BOARD OF PUBLIC WORKS to)
fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17399

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
VILLAGE OF L’ANSE to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17400

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
LANSING BOARD OF WATER AND LIGHT to fully)
comply with Public Act 295 of 2008.)
_____)

Case No. U-17401

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
LOWELL LIGHT AND POWER to fully comply)
with Public Act 295 of 2008.)
_____)

Case No. U-17402

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
MARQUETTE BOARD OF LIGHT & POWER to)
fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17403

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
MARSHALL ELECTRIC DEPARTMENT to fully)
comply with Public Act 295 of 2008.)
_____)

Case No. U-17404

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
NEGAUNEE DEPARTMENT OF PUBLIC WORKS)
to fully comply with Public Act 295 of 2008.)
_____)

Case No. U-17405

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
NEWBERRY WATER AND LIGHT BOARD to fully)
comply with Public Act 295 of 2008.)
_____)

Case No. U-17406

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
NILES UTILITY DEPARTMENT to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17407

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF NORWAY to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17408

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF PAW PAW to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17409

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF PETOSKEY to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17410

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF PORTLAND to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17411

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CITY OF SEBEWAING to fully comply with)
Public Act 295 of 2008.)
_____)

Case No. U-17412

In the matter, on the Commission's own motion,
regarding the regulatory reviews, revisions,
determinations, and/or approvals necessary for
CITY OF SOUTH HAVEN to fully comply with
Public Act 295 of 2008.

Case No. U-17413

In the matter, on the Commission's own motion,
regarding the regulatory reviews, revisions,
determinations, and/or approvals necessary for
CITY OF ST. LOUIS to fully comply with
Public Act 295 of 2008.

Case No. U-17414

In the matter, on the Commission's own motion,
regarding the regulatory reviews, revisions,
determinations, and/or approvals necessary for
CITY OF STEPHENSON to fully comply with
Public Act 295 of 2008.

Case No. U-17415

In the matter, on the Commission's own motion,
regarding the regulatory reviews, revisions,
determinations, and/or approvals necessary for
CITY OF STURGIS to fully comply with
Public Act 295 of 2008.

Case No. U-17416

In the matter, on the Commission's own motion,
regarding the regulatory reviews, revisions,
determinations, and/or approvals necessary for
TRAVERSE CITY LIGHT AND POWER to
fully comply with Public Act 295 of 2008.

Case No. U-17417

In the matter, on the Commission's own motion,
regarding the regulatory reviews, revisions,
determinations, and/or approvals necessary for
UNION CITY ELECTRIC DEPARTMENT to
fully comply with Public Act 295 of 2008.

Case No. U-17418

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for)
CITY OF WAKEFIELD to fully comply)
 with Public Act 295 of 2008.)
 _____)
)

Case No. U-17419

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for)
**WYANDOTTE DEPARTMENT OF MUNICIPAL)
 SERVICE** to fully comply with)
 Public Act 295 of 2008.)
 _____)
)

Case No. U-17420

In the matter, on the Commission’s own motion,)
 regarding the regulatory reviews, revisions,)
 determinations, and/or approvals necessary for)
ZEELAND BOARD OF PUBLIC WORKS to fully)
 comply with Public Act 295 of 2008.)
 _____)
)

Case No. U-17421

At the November 24, 2014 meeting of the Michigan Public Service Commission in Lansing,
 Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
 Hon. Greg R. White, Commissioner
 Hon. Sally A. Talberg, Commissioner

ORDER

Public Act 295 of 2008 (Act 295) requires all providers of electric and gas service in this state to establish energy optimization programs by filing energy optimization plans (EOPs) with the Commission. MCL 460.1071(1). EOPs are subject to Commission approval and enforcement “in the same manner as an electric provider’s renewable energy plan [REP],” with the exception of alternative electric suppliers. MCL 460.1071(2); MCL 460.1005(a)(iv). Thus, biennial EOPs are required from investor-owned utilities (IOUs), rate-regulated cooperatives (RRCs), member-

regulated cooperatives (MRCs), and municipally-owned electric utilities (MOEUs). Like REPs, reviews of EOPs will be conducted as contested cases for IOUs and RRCs, and will be subsequent to public comment for MRCs and MOEUs. MCL 460.1021(8); MCL 460.1023(4); MCL 460.1025(4). Certain electric providers also have the option of petitioning the Commission for an alternative energy optimization standard at the two-year point pursuant to MCL 460.1081, and any provider may indicate in its plan that it elects to use the independent energy optimization program administrator for the subsequent two years as provided in MCL 460.1091.

All of the above-captioned electric providers have approved EOPs. In an order issued on March 15, 2013 in Case No. U-17350 *et al.*, the Commission provided docket numbers and filing deadlines associated with the 2013 EOPs. Attachment A to this order provides the docket numbers and filing due dates for the next EOP filings. In the event a filing deadline falls on a weekend, the Commission directs each listed rate-regulated utility to file its renewable energy plan application on the following business day. **A provider electing to use the independent energy optimization program administrator (Efficiency United) shall file a copy of its Notification of Intent to Elect Efficiency United in lieu of an EOP in its assigned docket.** The Commission shall issue another order assigning docket numbers and specifying filing dates for EOP reconciliations, where applicable, and annual reports.

THEREFORE, IT IS ORDERED that each utility listed in the caption of this order is directed to file its energy optimization plan in the docket number listed on Attachment A.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Greg R. White, Chairman

Sally A. Talberg, Commissioner

By its action of November 24, 2014.

Mary Jo Kunkle, Executive Secretary

Attachment A

Biennial Plan Filings 2015				
	COMPANY	2013 Biennial Plan Docket No.	2015 Biennial Plan Docket No.	2015 Biennial Plan Due Date
IOUs				
1	Alpena Power Company		U-17770	7/1/2015
2	Consumers Energy Company		U-17771	8/1/2015
3	DTE-Energy Electric		U-17772	7/1/2015
4	Indiana Michigan Power Company		U-17773	8/1/2015
5	Northern States Power Company-Wisconsin		U-17774	7/1/2015
6	Upper Peninsula Power Company		U-17775	7/1/2015
7	Wisconsin Public Service Corporation		U-17776	7/1/2015
8	Wisconsin Electric Power Company **		U-17777	7/1/2015
Co-ops				
9	Alger Delta Cooperative Electric Association		U-17778	8/1/2015
10	Bayfield Electric Cooperative		U-17779	8/1/2015
11	Cherryland Electric Cooperative		U-17780	8/1/2015
12	Cloverland Electric Cooperative		U-17781	8/1/2015
13	Great Lakes Energy Cooperative		U-17782	8/1/2015
14	Midwest Energy Cooperative		U-17783	8/1/2015
15	Ontonagon Co. Rural Electrification Assoc.		U-17784	8/1/2015
16	Presque Isle Electric and Gas Co-op		U-17785	8/1/2015
17	Thumb Electric Cooperative		U-17786	8/1/2015
18	Tri-County Electric Cooperative		U-17787	8/1/2015
Municipals				
19	Village of Baraga	U-17381		8/1/2015
20	City of Bay City	U-17382		8/1/2015
21	City of Charlevoix	U-17383		8/1/2015
22	Chelsea Department of Electric and Water	U-17384		8/1/2015
23	Village of Clinton	U-17385		8/1/2015
24	Coldwater Board of Public Utilities	U-17386		8/1/2015
25	Croswell Municipal Light & Power Department	U-17387		8/1/2015
26	City of Crystal Falls	U-17388		8/1/2015
27	Daggett Electric Department	U-17389		8/1/2015
28	Detroit Public Lighting Department	U-17390		8/1/2015
29	City of Dowagiac	U-17391		8/1/2015
30	City of Eaton Rapids	U-17392		8/1/2015
31	City of Escanaba	U-17393		8/1/2015
32	City of Gladstone	U-17394		8/1/2015
33	Grand Haven Board of Light and Power	U-17395		8/1/2015
34	City of Harbor Springs	U-17396		8/1/2015
35	City of Hart Hydro	U-17397		8/1/2015
36	Hillsdale Board of Public Utilities	U-17398		8/1/2015
37	Holland Board of Public Works	U-17399		8/1/2015
38	Village of L'Anse	U-17400		8/1/2015
39	Lansing Board of Water & Light	U-17401		8/1/2015
40	Lowell Light and Power	U-17402		8/1/2015
41	Marquette Board of Light and Power	U-17403		8/1/2015
42	Marshall Electric Department	U-17404		8/1/2015
43	Negaunee Department of Public Works	U-17405		8/1/2015
44	Newberry Water and Light Board	U-17406		8/1/2015
45	Niles Utility Department	U-17407		8/1/2015
46	City of Norway	U-17408		8/1/2015
47	City of Paw Paw	U-17409		8/1/2015
48	City of Petoskey	U-17410		8/1/2015
49	City of Portland	U-17411		8/1/2015
50	City of Sebewaing	U-17412		8/1/2015
51	City of South Haven	U-17413		8/1/2015
52	City of St. Louis	U-17414		8/1/2015
53	City of Stephenson	U-17415		8/1/2015
54	City of Sturgis	U-17416		8/1/2015
55	Traverse City Light & Power	U-17417		8/1/2015
56	Union City Electric Department	U-17418		8/1/2015
57	City of Wakefield	U-17419		8/1/2015
58	Wyandotte Department of Municipal Service	U-17420		8/1/2015
59	Zeeland Board of Public Works	U-17421		8/1/2015
Retail Rate-Regulated Natural Gas Providers				
60	Consumers Energy Company (joint filing with electric case)			8/1/2015
61	DTE-Energy Gas		U-17788	7/1/2015
62	Michigan Gas Utilities Corporation		U-17789	7/1/2015
63	Northern States Power Co-Wisc.(joint filing with electric case)			7/1/2015
64	SEMCO Energy, Inc.		U-17790	7/1/2015
65	Wisconsin Public Serv. Corp.(joint filing with electric case)			7/1/2015

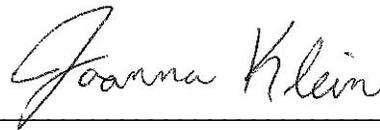
P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-17770 *et al.*

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on November 24, 2014 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.



Joanna Klein

Subscribed and sworn to before me
This 24th day of November 2014

Lisa Felice
Notary Public, Eaton County, Michigan
My Commission Expires: April 15, 2020

Nolan J. Moody
Dickinson Wright PLLC
215 S. Washington Square, Suite 200
Lansing MI 48933-1816

Adam M. Wenner
Dickinson Wright PLLC
500 Woodward Avenue, Suite 4000
Detroit MI 48226

Village of Baraga
Baraga Electric Utility
Roy Kemppainen
100 Hemlock Street, PO Box 290
Baraga MI 49908-0290

Bay City Electric Light & Power
Phil Newton
900 S. Water Street
Bay City MI 48708

City of Charlevoix
Don Swem
210 State Street
Charlevoix MI 49720

Chelsea Department of Electric & Water
John Hanifan
305 S. Main Street, Suite 100
Chelsea MI 48118

Village of Clinton
Kevin Cornish
119 East Michigan Avenue
Clinton MI 49236

Coldwater Board of Public Utilities
Paul Beckhusen
Henry L. Brown Building
One Grand Street
Coldwater MI 49036

Croswell Municipal Light & Power Dept.
Jack Williams
120 East Sanborn
Croswell MI 48422

City of Crystal Falls
Charles Nordeman
401 Superior Avenue
Crystal Falls MI 49920

Daggett Electric Department
210 School Road
P.O. Box 2
Daggett MI 49821-0002

City of Dowagiac
Department of Public Services
Donald Hallowell
241 South Front Street
Dowagiac MI 49047

Sharon Theroux
Michigan Community Action Agency Association,
Energy Program Director
2173 Commons Parkway
Okemos MI 48864

City of Eaton Rapids
William Lafever
200 S. Main
Eaton Rapids MI 48827

City of Escanaba
Public Works Department
1715 Sheridan Road
P.O. Box 948
Escanaba MI 49829

Escanaba Electric Department
Mike Furmanski
1711 Sheridan Road
Escanaba MI 49829

City of Gladstone
Dept. of Power and Light
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Gladstone MI 49837

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Grand Haven MI 49417

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160 Zoll Street
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Harbor Springs MI 49740

Hart Hydro Electric
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407 S. State Street
Hart MI 49420

Hillsdale Board of Public Utilities
Rick Rose
45 Monroe Street
Hillsdale MI 49242

Holland Board of Public Works
Loren Howard
625 Hastings Avenue
Holland MI 49423

Village of L'Anse
Roy Kemppainen
101 N. Main Street
L'Anse MI 49946-1101

Lansing Board of Water & Light
J. Peter Lark
P.O. Box 13007
Lansing MI 48901-3007

Lowell Light & Power
Greg Pierce
127 N. Broadway Street
Lowell MI 49331

Marquette Board of Light & Power
Paul Kitti, Exec. Dir.
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Marquette MI 49855

City of Marshall
Electric Department
Tom Tarkiewicz
323 W. Michigan Avenue
Marshall MI 49068

Negaunee Department of Public Works
Gerald Peterson
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Negaunee MI 49866

Newberry Water & Light Board
Bill McNamara
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Newberry MI 49868

Niles Utilities Department
Jeff Dunlap
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Niles MI 49120

City of Norway
Dept. of Power & Light
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Norway MI 49870

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P.O. Box 179
Paw Paw MI 49079

City of Petoskey
Jeff Davis
101 East Lake Street
Petoskey MI 49770

City of Portland
Jon Hyland
723 East Grand River
Portland MI 48875

Village of Sebewaing
222 N. Center
Sebewaing MI 48759

City of South Haven
Brian Dissette
539 Phoenix Street
South Haven MI 49090

City of St. Louis
Kurt Giles
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St. Louis MI 48880

City of Stephenson
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W628 Samuel Street
P.O. Box 467
Stephenson MI 49887-0467

City of Sturgis
Municipal Electric Plant
John Griffith
130 N. Nottawa
Sturgis MI 49091

Traverse City Light & Power
Ed Rice
1131 Hastings Street
Traverse City MI 49686

Union City Electric Department
City Manager
208 North Broadway
Union City MI 49094

City of Wakefield
Larry Anderson
311 Sunday Lake Street
Wakefield MI 49968-1322

Wyandotte Department of Municipal Service
Melanie McCoy
3005 Biddle Avenue
Wyandotte MI 48192

Zeeland Board of Public Works
William J. Cook, General Manager
350 E. Washington Avenue
Zeeland MI 49464-1334

Alpena Power Company
Vicki Goodburne
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Alpena MI 49707

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Vice President & Corporate Secretary
One Energy Plaza
Jackson MI 49201

DTE Electric Company
Lisa A. Muschong
One Energy Plaza, 2459 WCB
Detroit MI 48226

Indiana Michigan Power Company
Greg Clark
110 West Michigan, Suite 1000-A
Lansing MI 48933-1603

Northern States Power Company – Wisconsin
Michael L. Swenson, President & CEO
1414 W. Hamilton Avenue, P.O. Box 8
Eau Claire WI 54702-0008

Upper Peninsula Power Company
Dennis Derricks
500 N. Washington Street
Ishpeming MI 49849-0357

Wisconsin Public Service Corporation
Mr. Dennis Derricks
700 N. Adams Street, PO Box 19001
Green Bay WI 54307-9001

Wisconsin Electric Power Company a/k/a
Wisconsin Energy Corporation
Mr. Gale Klappa
231 W. Michigan Street, P440
Milwaukee WI 53203

DTE Gas Company
Lisa A. Muschong
One Energy Plaza, 2459 WCB
Detroit MI 48226

Michigan Gas Utilities Corporation
899 South Telegraph Road
Attn: Dave Tyler, Reg. Mgr.
Monroe MI 48161-4005

SEMCO Energy, Inc.
Kristin Smith
1411 Third Street, Suite A
Port Huron MI 48060

Cloverland Electric Cooperative
Dan Dasho, General Manager
2916 W. M-28
Dafer MI 49724

Midwest Energy Cooperative
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Cassopolis MI 49031

Thumb Electric Cooperative
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P.O. Box 157
Ubyly MI 48475-0157

Alger Delta Cooperative Electric Association
Tom Harrell, General Manager
426 North 9th Street
Gladstone MI 49837

Bayfield Electric Cooperative, Inc.
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Iron River WI 54847

Cherryland Electric Cooperative
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Grawn MI 49637

Great Lakes Energy Cooperative
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Boyne City MI 49712-0070

Ontonagon County Rural Electrification
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Thomas A. Haarala, Manager
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Ontonagon MI 49953-1428

Presque Isle Electric & Gas Co-Op
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Onaway MI 49765

Tri-County Electric Cooperative
3681 Costabella Avenue
Blanchard MI 49310

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-17770 *et al.*

County of Ingham)

Debra Berry, being duly sworn, deposes and says that on November 24, 2014 she electronically notified the attached list of this Commission order.

Debra Berry

Subscribed and sworn to before me
this 24th day of November 2014.

Lisa Felice
Notary Public, Eaton County, Michigan
My Commission Expires: April 15, 2020

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jepalinc@CMSENERGY.COM CMS Energy Resource Mgt Co
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mkappler@HOMWORKS.ORG Tri-County Electric Co-Op
psimmer@HOMWORKS.ORG Tri-County Electric Co-Op
aurora@FREEWAY.NET Aurora Gas Company
frucheyb@DTEENERGY.COM Citizens Gas Fuel Company
dwjoos@CMSENERGY.COM Consumers Energy Company
mpscfilings@CMSENERGY.COM Consumers Energy Company
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kay8643990@YAHOO.COM Superior Energy Company
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sfarnquist@CLOVERLAND.COM Cloverland Electric Cooperative
sboeckman@GLENERGY.COM Great Lakes Energy Cooperative
llopez@LIBERTYPOWERCORP.COM Liberty Power Delaware (Holdings)
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mkuchera@BLUESTARENERGY.COM BlueStar Energy
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igoodman@COMMERCEENERGY.COM Commerman Energy
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kmolitor@WPSCI.COM	Wolverine Power
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AKlaviter@INTEGRYSENERGY.COM	Integrys Energy Service, Inc WPSES
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landerson@VEENERGY.COM	Volunteer Energy Services
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kmaynard@WYAN.ORG	Wyandotte Municipal Services
Ldalessandris@FES.COM	First Energy Solutions
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mrzwiars@INTEGRYSGROUP.COM	Mich Gas Utilities/Upper Penn Power/Wisconsi
dityler@MICHIGANGASUTILITIES.COM	Mich Gas Utilities/Qwest
williams20@MICHIGAN.GOV	Stephanie Williams

donm@BPW.ZEELAND.MI.US
KKratt@ghblp.org

Zeeland Board of Public Works
Grand Haven Board of Light & Power

**PROVIDER NOTIFICATION OF INTENT TO ELECT *EFFICIENCY UNITED*¹
TO OFFER ENERGY OPTIMIZATION SERVICES FOR 2016/2017**

PA 295 of 2008 Implementation of
Energy Optimization Plans

DATE: September 1, 2015

PROVIDER NAME, address and contact information, including email address, for a provider representative:

City of South Haven	Roger Huff, PE, DPW Director
539 Phoenix Street	269-637-0719
South Haven, MI 49090	rhuff@south-haven.com

This is a renewal.

This is a new election.

Election is for years (two year minimum):

2016 2017 2018 2019

Electric Utility	Annual Payment to Efficiency United		Annual Incremental Energy Savings Target - MWh				
	Program Year	Total Retail Sales Revenue 2014	Payment (Revenue x 2.0%)	Total Retail Volume 2012	Total Retail Volume 2013	Total Retail Volume 2014	Target (1.0% x 3-Year Average)
	2016	\$12,932,901	\$258,658	137,316	131,239	136,323	1,350
Program Year	Total Retail Sales Revenue 2015	Payment (Revenue x 2.0%)	Total Retail Volume 2013	Total Retail Volume 2014	Total Retail Volume 2015	Target (1.0% x 3-Year Average)	
	2017	\$12,997,566	\$259,951	131,239	136,323	892	

Gas Utility	Annual Payment to Efficiency United		Annual Incremental Energy Savings Target - Mcf				
	Program Year	Total Retail Sales Revenue 2014	Payment (Revenue x 2.0%)	Total Retail Volume 2012	Total Retail Volume 2013	Total Retail Volume 2014	Target (0.75% x 3-Year Average)
	2016		\$0				0
Program Year	Total Retail Sales Revenue 2015	Payment (Revenue x 2.0%)	Total Retail Volume 2013	Total Retail Volume 2014	Total Retail Volume 2015	Target (0.75% x 3-Year Average)	
	2017		\$0				0

- Total retail sales revenue and volumes should have basis in figures reported on MPSC Form P-521, FERC Form No. 1/3-Q, Form EIA-861, or Form EIA-861(S), as applicable to the provider.
- Payment and target for 2017 may be estimated by substituting 2014 data for 2015 if forecasts are not available.
- Payment and target for future years will be recalculated annually as updated data becomes available.
- Payment and target may be adjusted based on self-direct customer participation and will be determined during the EO plan review process.

¹ 2008 PA 295, Sec. 91, allows providers the option of meeting energy optimization program compliance requirements by paying a percentage of total utility sales revenues, including electricity or natural gas commodity costs, each year to an independent energy optimization program administrator selected by the Michigan Public Service Commission (MPSC). The program run by the independent energy optimization program administrator is called *Efficiency United*. **Providers must make a two-year commitment. An option to renew is provided.**

Providers that have opted to use the independent energy optimization program administrator (*Efficiency United*) are not required to file a PA 295, section 97 (1) annual EO report or individual reports; the administrator shall file a single report addressing energy optimization programs for all providers electing the alternative compliance payment option. Rate regulated providers (IOUs and RRCs) that opt to use *Efficiency United* must still file a financial reconciliation with the MPSC annually.

EU Provider Notification Form cont.

Breakdown of 2014 Total Retail Sales			
	Residential Customers	Commercial Customers	Industrial Customers
Number	6,936	1,230	20
Volume MWh	47,789	65,182	23,352
Revenue Elec.	\$5,155,919	\$6,167,821	\$1,561,934
Number			
Volume Mcf			
Revenue Gas			

Self-direct Customers Retail Sales	
Number Customers Elected for 2016	0
Total Revenue 2014	
Total MWh 2014	

Signature of Provider Representative

Signature of Efficiency United Representative

Date

Date

Submit form to: Chere Coleman
ccoleman@mcaaa.org
 Efficiency United
 2173 Commons Parkway
 Okemos, MI 48864

Attach copy to: Current PA 295 Plan Filing
 Election is contingent upon MPSC approval.

The MPSC will provide an opportunity for public comment if the governing body of a municipal utility provider has not provided an opportunity for public comment and filed the comments with the MPSC. It is suggested that the public comments be filed with the providers EO plan filing.

**SUBSTITUTE FOR
SENATE BILL NO. 438**

A bill to amend 2008 PA 295, entitled "Clean, renewable, and efficient energy act," by amending the title, the headings of subparts B and C of part 2 and part 5, and sections 1, 3, 5, 7, 9, 11, 13, 41, 47, 71, 73, 75, 77, 81, 83, 85, 87, 89, 91, 93, 95, 97, 113, 173, 175, 177, and 179 (MCL 460.1001, 460.1003, 460.1005, 460.1007, 460.1009, 460.1011, 460.1013, 460.1041, 460.1047, 460.1071, 460.1073, 460.1075, 460.1077, 460.1081, 460.1083, 460.1085, 460.1087, 460.1089, 460.1091, 460.1093, 460.1095, 460.1097, 460.1113, 460.1173, 460.1175, 460.1177, and 460.1179), section 93 as amended by 2010 PA 269, and by adding subpart B to part 2, sections 72, 74, 76, 77a, 78, 89a, 91a, 98, and 99, and part 7; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE



1 An act to require certain providers of electric service to
 2 establish ~~renewable~~ **CLEAN** energy programs; to require certain
 3 providers of electric or natural gas service to establish energy
 4 ~~optimization~~ **WASTE REDUCTION** programs; to authorize the use of
 5 certain energy systems to meet the requirements of those programs;
 6 to provide for the approval of energy ~~optimization~~ **WASTE REDUCTION**
 7 service companies; ~~to provide for certain charges on electric and~~
 8 ~~natural gas bills; to promote energy conservation~~ **TO REDUCE ENERGY**
 9 **WASTE** by state agencies and the public; to create a wind energy
 10 resource zone board and provide for its power and duties; to
 11 authorize the creation and implementation of wind energy resource
 12 zones; to provide for expedited transmission line siting
 13 certificates; to provide for a ~~CUSTOMER GENERATION AND~~ net metering
 14 ~~program~~ **PROGRAMS** and the responsibilities of certain providers of
 15 electric service and customers with respect to **CUSTOMER GENERATION**
 16 **AND** net metering; to provide for fees; to prescribe the powers and
 17 duties of certain state agencies and officials; to require the
 18 promulgation of rules and the issuance of orders; **TO AUTHORIZE THE**
 19 **ESTABLISHMENT OF RESIDENTIAL ENERGY IMPROVEMENT PROGRAMS BY**
 20 **PROVIDERS OF ELECTRIC OR NATURAL GAS SERVICE;** and to provide for
 21 civil sanctions, remedies, and penalties.

22 Sec. 1. (1) This act shall be known and may be cited as the
 23 "clean ~~, renewable,~~ and efficient energy act".

24 (2) The purpose of this act is to promote the development of
 25 ~~clean energy, renewable energy, and energy optimization through the~~
 26 ~~implementation of a clean, renewable, and energy efficient standard~~
 27 **AND USE OF CLEAN ENERGY RESOURCES AND THE REDUCTION OF ENERGY WASTE**



1 **THROUGH PROGRAMS** that will cost-effectively do all of the
2 following:

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

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

7 (c) Encourage private investment in ~~renewable~~ **CLEAN** energy and
8 energy efficiency. **WASTE REDUCTION.**

9 (d) ~~Provide~~ **COORDINATE WITH FEDERAL REGULATIONS TO PROVIDE**
10 improved air quality and other benefits to energy consumers and
11 citizens of this state.

12 Sec. 3. As used in this act:

13 ~~— (a) "Advanced cleaner energy" means electricity generated~~
14 ~~using an advanced cleaner energy system.~~

15 ~~— (b) "Advanced cleaner energy credit" means a credit certified~~
16 ~~under section 43 that represents generated advanced cleaner energy.~~

17 ~~— (c) "Advanced cleaner energy system" means any of the~~
18 ~~following:~~

19 ~~— (i) A gasification facility.~~

20 ~~— (ii) An industrial cogeneration facility.~~

21 ~~— (iii) A coal-fired electric generating facility if 85% or more~~
22 ~~of the carbon dioxide emissions are captured and permanently~~
23 ~~geologically sequestered.~~

24 ~~— (iv) An electric generating facility or system that uses~~
25 ~~technologies not in commercial operation on the effective date of~~
26 ~~this act.~~

27 **(A)** ~~(d)~~ "Affiliated transmission company" means that term as

1 defined in **SECTION 2 OF** the electric transmission line
2 certification act, 1995 PA 30, MCL 460.562.

3 **(B)** ~~(e)~~—"Applicable regional transmission organization" means
4 a nonprofit, member-based organization governed by an independent
5 board of directors that serves as the ~~federal energy regulatory~~
6 ~~commission-approved~~ regional transmission organization **APPROVED BY**
7 **THE FEDERAL ENERGY REGULATORY COMMISSION** with oversight
8 responsibility for the region that includes the provider's service
9 territory.

10 **(C)** ~~(f)~~—"Biomass" means any organic matter that is not derived
11 from fossil fuels, that can be converted to usable fuel for the
12 production of energy, and that replenishes over a human, not a
13 geological, time frame, including, but not limited to, all of the
14 following:

15 (i) Agricultural crops and crop wastes.

16 (ii) Short-rotation energy crops.

17 (iii) Herbaceous plants.

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

21 (v) Paper and pulp products.

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

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

25 (viii) Animal wastes.

26 (ix) Wastewater sludge or sewage.

27 (x) Aquatic plants.



1 (xi) Food production and processing waste.

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

3 (D) ~~(g)~~ "Board" means the wind energy resource zone board
4 created under section 143.

5 ~~(h) "Carbon dioxide emissions benefits" means that the carbon~~
6 ~~dioxide emissions per megawatt hour of electricity generated by the~~
7 ~~advanced cleaner energy system are at least 85% less or, for an~~
8 ~~integrated gasification combined cycle facility, 70% less than the~~
9 ~~average carbon dioxide emissions per megawatt hour of electricity~~
10 ~~generated from all coal-fired electric generating facilities~~
11 ~~operating in this state on January 1, 2008.~~

12 (E) "CLEAN ENERGY" MEANS ELECTRICITY GENERATED USING A CLEAN
13 ENERGY RESOURCE.

14 (F) "CLEAN ENERGY RESOURCE" MEANS AN ELECTRIC GENERATION
15 TECHNOLOGY THAT MEETS ALL CURRENT STATE AND FEDERAL AIR EMISSIONS
16 REGULATIONS OR QUALIFIES UNDER UNITED STATES ENVIRONMENTAL
17 PROTECTION AGENCY REGULATIONS AS BEING CARBON NEUTRAL. CLEAN ENERGY
18 RESOURCE INCLUDES, BUT IS NOT LIMITED TO, A FOSSIL FUEL GENERATION
19 TECHNOLOGY IN WHICH AT LEAST 85% OF THE CARBON DIOXIDE EMISSIONS
20 ARE CAPTURED AND PERMANENTLY SEQUESTERED OR USED FOR OTHER
21 COMMERCIAL OR INDUSTRIAL PURPOSES THAT DO NOT RESULT IN THE RELEASE
22 OF CARBON DIOXIDE INTO THE ATMOSPHERE.

23 (G) "CLEAN ENERGY SYSTEM" MEANS A FACILITY, ELECTRICITY
24 GENERATION SYSTEM, OR SET OF ELECTRICITY GENERATION SYSTEMS THAT
25 USE 1 OR MORE CLEAN ENERGY RESOURCES TO GENERATE ELECTRICITY.

26 (H) "COGENERATION FACILITY" MEANS A FACILITY THAT PRODUCES
27 BOTH ELECTRICITY AND ANOTHER FORM OF USEFUL THERMAL ENERGY, SUCH AS



1 HEAT OR STEAM, IN A WAY THAT IS MORE EFFICIENT THAN THE SEPARATE
2 PRODUCTION OF THOSE FORMS OF ENERGY.

3 (i) "Commission" means the Michigan public service commission.

4 (j) "Customer meter" means an electric meter of a provider's
5 retail customer. Customer meter does not include a municipal water
6 pumping meter or additional meters at a single site that were
7 installed specifically to support interruptible air conditioning,
8 interruptible water heating, net metering, or time-of-day tariffs.

9 (K) "DISTRIBUTED GENERATION PROGRAM" MEANS THE PROGRAM
10 ESTABLISHED BY THE COMMISSION UNDER SECTION 173.

11 Sec. 5. As used in this act:

12 (a) "Electric provider", ~~subject to sections 21(1), 23(1), and~~
13 ~~25(1),~~ **EXCEPT AS USED IN PART 7**, means any of the following:

14 (i) Any person or entity that is regulated by the commission
15 for the purpose of selling electricity to retail customers in this
16 state.

17 (ii) A municipally-owned electric utility in this state.

18 (iii) A cooperative electric utility in this state.

19 (iv) Except as used in subpart ~~B-C~~ of part 2, an alternative
20 electric supplier licensed under section 10a of 1939 PA 3, MCL
21 460.10a.

22 (b) "Eligible electric generator" means ~~that a methane~~
23 digester or ~~renewable~~ **CLEAN** energy system with a generation
24 capacity ~~limited to the customer's electric need and that does not~~
25 exceed the following:

26 (i) For a ~~renewable~~ **CLEAN** energy system, 150 kilowatts of
27 aggregate generation at a single site.



1 (ii) For a methane digester, 550 kilowatts of aggregate
2 generation at a single site.

3 (c) "Energy conservation" means the reduction of customer
4 energy use through the installation of measures or changes in
5 energy usage behavior. ~~Energy conservation does not include the use~~
6 ~~of advanced cleaner energy systems.~~

7 (d) "Energy efficiency" means a decrease in customer
8 consumption of electricity or natural gas achieved through measures
9 or programs **INCLUDING PREPAY ENERGY PROGRAMS** that target customer
10 behavior, equipment, devices, or materials without reducing the
11 quality of energy services.

12 **(E) "ENERGY STAR" MEANS THE VOLUNTARY PARTNERSHIP AMONG THE**
13 **UNITED STATES DEPARTMENT OF ENERGY, THE UNITED STATES ENVIRONMENTAL**
14 **PROTECTION AGENCY, PRODUCT MANUFACTURERS, LOCAL UTILITIES, AND**
15 **RETAILERS TO HELP PROMOTE ENERGY EFFICIENT PRODUCTS BY LABELING**
16 **WITH THE ENERGY STAR LOGO, EDUCATE CONSUMERS ABOUT THE BENEFITS OF**
17 **ENERGY EFFICIENCY, AND HELP PROMOTE ENERGY EFFICIENCY IN BUILDINGS**
18 **BY BENCHMARKING AND RATING ENERGY PERFORMANCE.**

19 **(F)** ~~(e)~~ "Energy optimization", **WASTE REDUCTION**, subject to
20 subdivision ~~(f)~~, **(G)**, means all of the following:

21 (i) Energy efficiency.

22 (ii) Load management, to the extent that the load management
23 reduces overall energy usage.

24 (iii) Energy conservation, but only to the extent that the
25 decreases in the consumption of electricity produced by energy
26 conservation are objectively measurable and attributable to an
27 energy ~~optimization~~ **WASTE REDUCTION** plan.



1 (G) ~~(f)~~ Energy optimization ~~WASTE REDUCTION~~ does not include
2 electric provider infrastructure projects that are approved for
3 cost recovery by the commission other than as provided in this act.

4 (H) ~~(g)~~ "Energy optimization ~~WASTE REDUCTION~~ credit" means a
5 credit certified pursuant to section 87 that represents achieved
6 energy optimization. ~~WASTE REDUCTION~~.

7 (I) ~~(h)~~ "Energy optimization ~~WASTE REDUCTION~~ plan" or ~~"EO~~
8 ~~plan"~~ means a plan under section 71 **OR 72, AS APPLICABLE**.

9 (J) ~~(i)~~ "Energy optimization ~~WASTE REDUCTION~~ standard" means
10 the minimum energy savings required to be achieved under section 77
11 **OR 77A, AS APPLICABLE**.

12 ~~—— (j) "Energy star" means the voluntary partnership among the~~
13 ~~United States department of energy, the United States environmental~~
14 ~~protection agency, product manufacturers, local utilities, and~~
15 ~~retailers to help promote energy efficient products by labeling~~
16 ~~with the energy star logo, educate consumers about the benefits of~~
17 ~~energy efficiency, and help promote energy efficiency in buildings~~
18 ~~by benchmarking and rating energy performance.~~

19 (k) "Federal approval" means approval by the applicable
20 regional transmission organization or other federal energy
21 regulatory commission approved transmission planning process of a
22 transmission project that includes the transmission line. Federal
23 approval may be evidenced in any of the following manners:

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

27 (ii) The applicable regional transmission organization has



1 informed the electric utility, affiliated transmission company, or
2 independent transmission company that a transmission project
3 submitted for an out-of-cycle project review has been approved by
4 the applicable regional transmission organization, and the approved
5 transmission project includes the proposed transmission line.

6 (iii) If, after ~~the effective date of this act,~~ **OCTOBER 6,**
7 **2008,** the applicable regional transmission organization utilizes
8 another approval process for transmission projects proposed by an
9 electric utility, affiliated transmission company, or independent
10 transmission company, the proposed transmission line is included in
11 a transmission project approved by the applicable regional
12 transmission organization through the approval process developed
13 after ~~the effective date of this act.~~ **OCTOBER 6, 2008.**

14 (iv) Any other ~~federal energy regulatory commission approved~~
15 **FEDERAL ENERGY REGULATORY COMMISSION-APPROVED** transmission planning
16 process for a transmission project.

17 Sec. 7. As used in this act:

18 (a) "Gasification facility" means a facility located in this
19 state that, ~~uses~~ **USING** a thermochemical process that does not
20 involve direct combustion, ~~to produce~~ **PRODUCES** synthesis gas,
21 composed of carbon monoxide and hydrogen, from carbon-based
22 feedstocks (such as coal, petroleum coke, wood, biomass, hazardous
23 waste, medical waste, industrial waste, and solid waste, including,
24 but not limited to, municipal solid waste, electronic waste, and
25 waste described in section 11514 of the natural resources and
26 environmental protection act, 1994 PA 451, MCL 324.11514) and that
27 uses the synthesis gas or a mixture of the synthesis gas and



1 methane to generate electricity for commercial use. Gasification
2 facility includes the transmission lines, gas transportation lines
3 and facilities, and associated property and equipment specifically
4 attributable to such a facility. Gasification facility includes,
5 but is not limited to, an integrated gasification combined cycle
6 facility and a plasma arc gasification facility.

7 (b) "Incremental costs of compliance" means the net revenue
8 required by an electric provider to comply, **BEFORE THE EFFECTIVE**
9 **DATE OF THE 2015 AMENDATORY ACT THAT AMENDED THIS SECTION**, with the
10 **FORMER** renewable energy standard, calculated as provided under
11 section 47.

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

15 ~~———— (d) "Industrial cogeneration facility" means a facility that~~
16 ~~generates electricity using industrial thermal energy or industrial~~
17 ~~waste energy.~~

18 ~~———— (e) "Industrial thermal energy" means thermal energy that is a~~
19 ~~by-product of an industrial or manufacturing process and that would~~
20 ~~otherwise be wasted. For the purposes of this subdivision,~~
21 ~~industrial or manufacturing process does not include the generation~~
22 ~~of electricity.~~

23 ~~———— (f) "Industrial waste energy" means exhaust gas or flue gas~~
24 ~~that is a by-product of an industrial or manufacturing process and~~
25 ~~that would otherwise be wasted. For the purposes of this~~
26 ~~subdivision, industrial or manufacturing process does not include~~
27 ~~the generation of electricity.~~



1 (D) "INFLOW" MEANS THE NUMBER OF METERED KILOWATT HOURS THAT A
2 CUSTOMER PARTICIPATING IN THE DISTRIBUTED GENERATION PROGRAM
3 RECEIVES FROM AN ELECTRIC UTILITY DURING A BILLING PERIOD.

4 (E) ~~(g)~~—"Integrated gasification combined cycle facility"
5 means a gasification facility that uses a thermochemical process,
6 including high temperatures and controlled amounts of air and
7 oxygen, to break substances down into their molecular structures
8 and that uses exhaust heat to generate electricity.

9 (F) ~~(h)~~—"LEED" means the leadership in energy and
10 environmental design green building rating system developed by the
11 United States ~~green building council~~. **GREEN BUILDING COUNCIL**.

12 (G) ~~(i)~~—"Load management" means measures or programs that
13 target equipment or devices to result in decreased peak electricity
14 demand such as by shifting demand from a peak to an off-peak
15 period.

16 ~~(j) "Modified net metering" means a utility billing method~~
17 ~~that applies the power supply component of the full retail rate to~~
18 ~~the net of the bidirectional flow of kilowatt hours across the~~
19 ~~customer interconnection with the utility distribution system,~~
20 ~~during a billing period or time-of-use pricing period. A negative~~
21 ~~net metered quantity during the billing period or during each time-~~
22 ~~of-use pricing period within the billing period reflects net excess~~
23 ~~generation for which the customer is entitled to receive credit~~
24 ~~under section 177(4). Standby charges for modified net metering~~
25 ~~customers on an energy rate schedule shall be equal to the retail~~
26 ~~distribution charge applied to the imputed customer usage during~~
27 ~~the billing period. The imputed customer usage is calculated as the~~



1 ~~sum of the metered on-site generation and the net of the~~
2 ~~bidirectional flow of power across the customer interconnection~~
3 ~~during the billing period. The commission shall establish standby~~
4 ~~charges for modified net metering customers on demand-based rate~~
5 ~~schedules that provide an equivalent contribution to utility system~~
6 ~~costs.~~

7 Sec. 9. As used in this act:

8 (a) "Natural gas provider" means an investor-owned business
9 engaged in the sale and distribution **AT RETAIL** of natural gas
10 within this state whose rates are regulated by the commission.
11 ~~However, as used in subpart B of part 2, natural gas provider does~~
12 ~~not include an alternative gas supplier licensed under section 9b~~
13 ~~of 1939 PA 3, MCL 460.9b.~~

14 (B) "NET METERING" MEANS AN ELECTRIC UTILITY BILLING METHOD
15 THAT APPLIES TO CUSTOMERS WITH AN ON-SITE CLEAN ENERGY SYSTEM THAT
16 IS INTERCONNECTED WITH THE UTILITY'S DISTRIBUTION SYSTEM AND THAT
17 IS ENROLLED IN AN ELECTRIC UTILITY'S NET METERING PROGRAM.

18 (C) "OUTFLOW" MEANS THE NUMBER OF METERED KILOWATT HOURS
19 DELIVERED INTO THE ELECTRIC UTILITY'S DISTRIBUTION SYSTEM FROM
20 CUSTOMERS PARTICIPATING IN THE DISTRIBUTED GENERATION PROGRAM
21 DURING A BILLING PERIOD.

22 (D) ~~(b)~~ "Plasma arc gasification facility" means a
23 gasification facility that uses a plasma torch to break substances
24 down into their molecular structures.

25 (E) ~~(e)~~ "Provider" means an electric provider or a natural gas
26 provider.

27 (F) ~~(d)~~ "PURPA" means the public utility regulatory policies



1 act of 1978, Public Law 95-617.

2 (G) ~~(e)~~—"Qualifying small power production facility" means
3 that term as defined in 16 USC 824a-3.

4 Sec. 11. As used in this act:

5 (a) "Renewable energy" means electricity generated using a
6 renewable energy system.

7 (b) "Renewable energy capacity portfolio" means the number of
8 megawatts calculated under **FORMER** section 27(2) for a particular
9 year.

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

13 (d) "Renewable energy credit" means a credit granted pursuant
14 ~~to~~ **UNDER A CERTIFICATION AND TRACKING PROGRAM ESTABLISHED UNDER**
15 section 41, ~~that~~ **WHICH** represents generated renewable energy.

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

19 ~~— (f) "Renewable energy credit standard" means a minimum~~
20 ~~renewable energy portfolio required under section 27.~~

21 ~~— (g) "Renewable energy generator" means a person that, together~~
22 ~~with its affiliates, has constructed or has owned and operated 1 or~~
23 ~~more renewable energy systems with combined gross generating~~
24 ~~capacity of at least 10 megawatts.~~

25 (F) ~~(h)~~—"Renewable energy plan" or "plan" ~~,~~ means a plan
26 approved under **FORMER** section 21 or **FORMER SECTION** 23 or found to
27 comply with this act under **FORMER** section 25, with any amendments



1 adopted under this act.

2 (G) ~~(i)~~—"Renewable energy resource" means a resource that
3 naturally replenishes over a human, not a geological, time frame
4 and that is ultimately derived from solar power, water power, or
5 wind power. Renewable energy resource does not include petroleum,
6 nuclear, natural gas, or coal. A renewable energy resource comes
7 from the sun or from thermal inertia of the earth and minimizes the
8 output of toxic material in the conversion of the energy and
9 includes, but is not limited to, all of the following:

10 (i) Biomass.

11 (ii) Solar and solar thermal energy.

12 (iii) Wind energy.

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

15 (A) Waves, tides, or currents.

16 (B) Water released through a dam.

17 (v) Geothermal energy.

18 (vi) Municipal solid waste.

19 (vii) Landfill gas produced by municipal solid waste.

20 (H) ~~(j)~~—"Renewable energy standard" means the minimum
21 renewable energy capacity portfolio, if applicable, and the
22 renewable energy credit portfolio **THAT WAS** required to be achieved
23 under **FORMER** section 27.

24 (I) ~~(k)~~—"Renewable energy system" means a facility,
25 electricity generation system, or set of electricity generation
26 systems that use 1 or more renewable energy resources to generate
27 electricity. Renewable energy system does not include ~~any of the~~



1 following:

2 ~~—— (i) A hydroelectric pumped storage facility.~~

3 ~~—— (ii) A hydroelectric facility that uses a dam constructed~~
4 ~~after the effective date of this act unless the dam is a repair or~~
5 ~~replacement of a dam in existence on the effective date of this act~~
6 ~~or an upgrade of a dam in existence on the effective date of this~~
7 ~~act that increases its energy efficiency.~~

8 ~~—— (iii) An **AN** incinerator unless the incinerator is a municipal~~
9 ~~solid waste incinerator as defined in section 11504 of the natural~~
10 ~~resources and environmental protection act, 1994 PA 451, MCL~~
11 ~~324.11504, that was brought into service before the effective date~~
12 ~~of this act, **OCTOBER 6, 2008**, including any of the following:~~

13 ~~(i) (A) Any upgrade of such an incinerator that increases~~
14 ~~energy efficiency.~~

15 ~~(ii) (B) Any expansion of such an incinerator before the~~
16 ~~effective date of this act. **OCTOBER 6, 2008.**~~

17 ~~(iii) (C) Any expansion of such an incinerator ~~on or~~ after the~~
18 ~~effective date of this act **OCTOBER 6, 2008** to an approximate design~~
19 ~~rated capacity of not more than 950 tons per day pursuant to the~~
20 ~~terms of a final request for proposals issued on or before October~~
21 ~~1, 1986.~~

22 ~~(J) (I) "Revenue recovery mechanism" means the mechanism for~~
23 ~~recovery of incremental costs of compliance established under~~
24 ~~**FORMER** section 21.~~

25 Sec. 13. As used in this act:

26 (a) "Site" means a contiguous site, regardless of the number
27 of meters at that site. A site that would be contiguous but for the



1 presence of a street, road, or highway ~~shall be~~ **IS** considered to be
2 contiguous for the purposes of this subdivision.

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

6 ~~— (c) "True net metering" means a utility billing method that~~
7 ~~applies the full retail rate to the net of the bidirectional flow~~
8 ~~of kilowatt hours across the customer interconnection with the~~
9 ~~utility distribution system, during a billing period or time-of-use~~
10 ~~pricing period. A negative net metered quantity during the billing~~
11 ~~period or during each time-of-use pricing period within the billing~~
12 ~~period reflects net excess generation for which the customer is~~
13 ~~entitled to receive credit under section 177(4).~~

14 (C) ~~(d)~~ "Utility system resource cost test" means a standard
15 that is met for an investment in energy optimization ~~WASTE~~
16 **REDUCTION** if, on a life cycle basis, the total avoided supply-side
17 costs to the provider, including representative values for
18 ~~electricity or natural gas supply, transmission, distribution, and~~
19 other associated costs **OR, BEFORE JANUARY 1, 2019, ELECTRICITY**
20 **SUPPLY, TRANSMISSION, DISTRIBUTION, AND OTHER ASSOCIATED COSTS,** are
21 greater than the total costs to the provider of administering and
22 delivering the energy optimization ~~WASTE REDUCTION~~ program,
23 including net costs for any provider incentives paid by customers
24 and capitalized costs recovered under section 89.

25 (D) ~~(e)~~ "Wind energy conversion system" means a ~~renewable~~
26 ~~energy~~ system that uses 1 or more wind turbines to generate
27 electricity and has a nameplate capacity of 100 kilowatts or more.

1 (E) ~~(F)~~ "Wind energy resource zone" or "wind zone" means an
2 area designated by the commission under section 147.

3 Sec. 41. (1) Renewable energy credits may be traded, sold, or
4 otherwise transferred.

5 ~~(2) An electric provider is responsible for demonstrating that~~
6 ~~a renewable energy credit used to comply with a renewable energy~~
7 ~~credit standard is derived from a renewable energy source and that~~
8 ~~the electric provider has not previously used or traded, sold, or~~
9 ~~otherwise transferred the renewable energy credit.~~

10 ~~(3) The same renewable energy credit may be used by an~~
11 ~~electric provider to comply with both a federal standard for~~
12 ~~renewable energy and the renewable energy standard under this~~
13 ~~subpart. An electric provider that uses a renewable energy credit~~
14 ~~to comply with another state's standard for renewable energy shall~~
15 ~~not use the same renewable energy credit to comply with the~~
16 ~~renewable energy credit standard under this subpart.~~

17 (2) ~~(4)~~ The commission shall establish a renewable energy
18 credit certification and tracking program. The certification and
19 tracking program may be contracted to and performed by a third
20 party through a system of competitive bidding. The program shall
21 include all of the following:

22 (a) A process to certify renewable energy systems, including
23 all existing renewable energy systems operating on ~~the effective~~
24 ~~date of this act, **OCTOBER 6, 2008**~~ as eligible to receive renewable
25 energy credits.

26 (b) A process for verifying that the operator of a renewable
27 energy system is in compliance with state and federal law



1 applicable to the operation of the renewable energy system when
2 certification is granted. If a renewable energy system becomes
3 noncompliant with state or federal law, renewable energy credits
4 shall not be granted for renewable energy generated by that
5 renewable energy system during the period of noncompliance.

6 (c) A method for determining the date on which a renewable
7 energy credit is generated and valid for transfer.

8 (d) A method for transferring renewable energy credits.

9 (e) A method for ensuring that each renewable energy credit
10 transferred under this act is properly accounted for under this
11 act.

12 (f) If the system is established by the commission, allowance
13 for issuance, transfer, and use of renewable energy credits in
14 electronic form.

15 ~~—— (g) A method for ensuring that both a renewable energy credit
16 and an advanced cleaner energy credit are not awarded for the same
17 megawatt hour of energy.~~

18 ~~—— (5) A renewable energy credit purchased from a renewable
19 energy system in this state is not required to be used in this
20 state.~~

21 Sec. 47. (1) ~~Subject to the retail rate impact limits under~~
22 ~~section 45, the~~ **FOR AN ELECTRIC PROVIDER WHOSE RATES ARE REGULATED**
23 **BY THE COMMISSION, THE COMMISSION SHALL DETERMINE THE APPROPRIATE**
24 **CHARGES, WHICH SHALL BE INCLUDED IN THE ELECTRIC PROVIDER'S**
25 **TARIFFS, TO PERMIT RECOVERY OF THE INCREMENTAL COST OF COMPLIANCE.**
26 **THE** commission shall consider all actual costs reasonably and
27 prudently incurred in good faith to implement a commission-approved

1 renewable energy plan by an electric provider whose rates are
2 regulated by the commission to be a cost of service to be recovered
3 by the electric provider. ~~Subject to the retail rate impact limits~~
4 ~~under section 45, an~~ **AN** electric provider whose rates are regulated
5 by the commission shall recover through its retail electric rates
6 all of the electric provider's incremental costs of compliance
7 during the 20-year period beginning when the electric provider's
8 plan is approved by the commission and all reasonable and prudent
9 ongoing costs of compliance during and after that period. The
10 recovery shall include, but is not limited to, ~~the~~ **BOTH OF THE**
11 **FOLLOWING:**

12 (A) **THE** electric provider's authorized rate of return on
13 equity for costs approved under this section, which shall remain
14 fixed at the rate of return and debt to equity ratio that was in
15 effect in the electric provider's base rates when the electric
16 provider's renewable energy plan was approved.

17 (B) **COSTS ASSOCIATED WITH A FACILITY APPROVED FOR COST**
18 **RECOVERY BEFORE THE EFFECTIVE DATE OF THE 2015 AMENDATORY ACT THAT**
19 **AMENDED THIS SECTION.**

20 (2) Incremental costs of compliance shall be calculated as
21 follows:

22 (a) Determine the sum of the following costs to the extent
23 those costs are reasonable and prudent and not already approved for
24 recovery in electric rates as of ~~the effective date of this~~
25 ~~act:~~ **OCTOBER 6, 2008:**

26 (i) Capital, operating, and maintenance costs of renewable
27 energy systems or advanced cleaner energy systems, including



1 property taxes, insurance, and return on equity associated with an
2 electric provider's renewable energy systems or advanced cleaner
3 energy systems, including the electric provider's renewable energy
4 portfolio established to achieve compliance with the renewable
5 energy standards and any additional renewable energy systems or
6 advanced cleaner energy systems, that are built or acquired by the
7 electric provider to maintain compliance with the renewable energy
8 standards during the 20-year period beginning when the electric
9 provider's plan is approved by the commission.

10 (ii) Financing costs attributable to capital, operating, and
11 maintenance costs of capital facilities associated with renewable
12 energy systems or advanced cleaner energy systems used to meet the
13 renewable energy standard.

14 (iii) Costs that are not otherwise recoverable in rates
15 approved by the ~~federal energy regulatory commission~~ **FEDERAL ENERGY**
16 **REGULATORY COMMISSION** and that are related to the infrastructure
17 required to bring renewable energy systems or advanced cleaner
18 energy systems used to achieve compliance with the renewable energy
19 standards on to the transmission system, including interconnection
20 and substation costs for renewable energy systems or advanced
21 cleaner energy systems used to meet the renewable energy standard.

22 (iv) Ancillary service costs determined by the commission to
23 be necessarily incurred to ensure the quality and reliability of
24 renewable energy or advanced cleaner energy used to meet the
25 renewable energy standards, regardless of the ownership of a
26 renewable energy system or advanced cleaner energy
27 technology. **SYSTEM.**

1 (v) Except to the extent the costs are allocated under a
2 different subparagraph, all of the following:

3 (A) The costs of renewable energy credits purchased under this
4 act.

5 (B) The costs of contracts described in **FORMER** section 33(1).

6 (vi) Expenses incurred as a result of state or federal
7 governmental actions related to renewable energy systems or
8 advanced cleaner energy systems attributable to the renewable
9 energy standards, including changes in tax or other law.

10 (vii) Any additional electric provider costs determined by the
11 commission to be necessarily incurred to ensure the quality and
12 reliability of renewable energy or advanced cleaner energy used to
13 meet the renewable energy standards.

14 (b) Subtract from the sum of costs not already included in
15 electric rates determined under subdivision (a) the sum of the
16 following revenues:

17 (i) Revenue derived from the sale of environmental attributes
18 associated with the generation of renewable energy or advanced
19 cleaner energy systems attributable to the renewable energy
20 standards. Such revenue shall not be considered in determining
21 power supply cost recovery factors under section 6j of 1939 PA 3,
22 MCL 460.6j.

23 (ii) Interest on regulatory liabilities.

24 (iii) Tax credits specifically designed to promote renewable
25 energy or advanced cleaner energy.

26 (iv) Revenue derived from the provision of renewable energy or
27 advanced cleaner energy to retail electric customers subject to a



1 power supply cost recovery clause under section 6j of 1939 PA 3,
2 MCL 460.6j, of an electric provider whose rates are regulated by
3 the commission. After providing an opportunity for a contested case
4 hearing for an electric provider whose rates are regulated by the
5 commission, the commission shall annually establish a price per
6 megawatt hour. In addition, an electric provider whose rates are
7 regulated by the commission may at any time petition the commission
8 to revise the price. In setting the price per megawatt hour under
9 this subparagraph, the commission shall consider factors including,
10 but not limited to, projected capacity, energy, maintenance, and
11 operating costs; information filed under section 6j of 1939 PA 3,
12 MCL 460.6j; and information from wholesale markets, including, but
13 not limited to, locational marginal pricing. This price shall be
14 multiplied by the sum of the number of megawatt hours of renewable
15 energy and the number of megawatt hours of advanced cleaner energy
16 used to maintain compliance with the renewable energy standard. The
17 product shall be considered a booked cost of purchased and net
18 interchanged power transactions under section 6j of 1939 PA 3, MCL
19 460.6j. For energy purchased by such an electric provider under a
20 renewable energy contract or advanced cleaner energy contract, the
21 price shall be the lower of the amount established by the
22 commission or the actual price paid and shall be multiplied by the
23 number of megawatt hours of renewable energy or advanced cleaner
24 energy purchased. The resulting value shall be considered a booked
25 cost of purchased and net interchanged power under section 6j of
26 1939 PA 3, MCL 460.6j.

27 (v) Revenue from wholesale renewable energy sales and advanced



1 cleaner energy sales. Such revenue shall not be considered in
 2 determining power supply cost recovery factors under section 6j of
 3 1939 PA 3, MCL 460.6j.

4 (vi) Any additional electric provider revenue considered by
 5 the commission to be attributable to the renewable energy
 6 standards.

7 (vii) Any revenues recovered in rates for renewable energy
 8 costs that are included under subdivision (a).

9 (3) ~~The commission shall authorize~~ **IF, BEFORE THE EFFECTIVE**
 10 **DATE OF THE 2015 AMENDATORY ACT THAT AMENDED THIS SECTION, THE**
 11 **COMMISSION AUTHORIZED** an electric provider whose rates are
 12 regulated by the commission to spend in any given month more to
 13 comply with this act and implement an approved renewable energy
 14 plan than the revenue actually generated by the **FORMER** revenue
 15 recovery mechanism, ~~An electric provider whose rates are~~
 16 ~~regulated by the commission~~ **THE PROVIDER** shall recover its
 17 commission approved pre-tax rate of return on regulatory assets
 18 during the appropriate period. An electric provider whose rates are
 19 regulated by the commission shall record interest on regulatory
 20 liabilities at the average short-term borrowing rate available to
 21 the electric provider during the appropriate period. Any regulatory
 22 assets or liabilities resulting from the recovery costs of
 23 renewable energy or advanced cleaner energy attributable to **THE**
 24 **FORMER** renewable energy standards through the power supply cost
 25 recovery clause under section 6j of 1939 PA 3, MCL 460.6j, shall
 26 continue to be reconciled under that section.

27 ~~(4) If an electric provider's incremental costs of compliance~~



1 ~~in any given month during the 20-year period beginning when the~~
2 ~~electric provider's plan is approved by the commission are in~~
3 ~~excess of the revenue recovery mechanism as adjusted under section~~
4 ~~49 and in excess of the balance of any accumulated reserve funds,~~
5 ~~subject to the minimum balance established under section 21, the~~
6 ~~electric provider shall immediately notify the commission. The~~
7 ~~commission shall promptly commence a contested case hearing~~
8 ~~pursuant to the administrative procedures act of 1969, 1969 PA 306,~~
9 ~~MCL 24.201 to 24.328, and modify the revenue recovery mechanism so~~
10 ~~that the minimum balance is restored. However, if the commission~~
11 ~~determines that recovery of the incremental costs of compliance~~
12 ~~would otherwise exceed the maximum retail rate impacts specified~~
13 ~~under section 45, it shall set the revenue recovery mechanism for~~
14 ~~that electric provider to correspond to the maximum retail rate~~
15 ~~impacts. Excess costs shall be accrued and deferred for recovery.~~
16 ~~Not later than the expiration of the 20-year period beginning when~~
17 ~~the electric provider's plan is approved by the commission, for an~~
18 ~~electric provider whose rates are regulated by the commission, the~~
19 ~~commission shall determine the amount of deferred costs to be~~
20 ~~recovered under the revenue recovery mechanism and the recovery~~
21 ~~period, which shall not extend more than 5 years beyond the~~
22 ~~expiration of the 20-year period beginning when the electric~~
23 ~~provider's plan is approved by the commission. The recovery of~~
24 ~~excess costs shall be proportional to the retail rate impact limits~~
25 ~~in section 45 for each customer class. The recovery of excess costs~~
26 ~~alone, or, if begun before the expiration of the 20-year period, in~~
27 ~~combination with the recovery of incremental costs of compliance~~



1 ~~under the revenue recovery mechanism, shall not exceed the retail~~
 2 ~~rate impact limits of section 45 for each customer class.~~

3 **(4)** ~~(5)~~—If, at the expiration of the 20-year period beginning
 4 when the electric provider's plan is approved by the commission, an
 5 electric provider whose rates are regulated by the commission has a
 6 regulatory liability, the refund to customer classes shall be
 7 proportional to the amounts paid by those customer classes under
 8 the **FORMER** revenue recovery mechanism.

9 **(5)** ~~(6)~~—After achieving compliance with the renewable energy
 10 standard for 2015, the actual costs reasonably and prudently
 11 incurred to continue to comply with this subpart both during and
 12 after the conclusion of the 20-year period beginning when the
 13 electric provider's plan ~~is~~ **WAS** approved by the commission shall be
 14 considered costs of service. The commission shall determine a
 15 mechanism for an electric provider whose rates are regulated by the
 16 commission to recover these costs in its retail electric rates. ~~7~~
 17 ~~subject to the retail rate impact limits in section 45.~~ Remaining
 18 and future regulatory assets shall be recovered consistent with
 19 subsections (2) and (3). ~~and section 49.~~

20 **(6) AS USED IN THIS SECTION:**

21 **(A) "ADVANCED CLEANER ENERGY" MEANS ELECTRICITY GENERATED**
 22 **USING AN ADVANCED CLEANER ENERGY SYSTEM.**

23 **(B) "ADVANCED CLEANER ENERGY SYSTEM" MEANS ANY OF THE**
 24 **FOLLOWING:**

25 **(i) A GASIFICATION FACILITY.**

26 **(ii) A COGENERATION FACILITY.**

27 **(iii) A COAL-FIRED ELECTRIC GENERATING FACILITY IF 85% OR MORE**



1 OF THE CARBON DIOXIDE EMISSIONS ARE CAPTURED AND PERMANENTLY
2 GEOLOGICALLY SEQUESTERED OR USED FOR OTHER COMMERCIAL OR INDUSTRIAL
3 PURPOSES THAT DO NOT RESULT IN RELEASE OF CARBON DIOXIDE TO THE
4 ATMOSPHERE.

5 (iv) A HYDROELECTRIC PUMPED STORAGE FACILITY.

6 (v) AN ELECTRIC GENERATING FACILITY OR SYSTEM THAT USES
7 TECHNOLOGIES NOT IN COMMERCIAL OPERATION ON OCTOBER 6, 2008 AND
8 THAT THE COMMISSION DETERMINES HAS CARBON DIOXIDE EMISSIONS
9 BENEFITS OR WILL SIGNIFICANTLY REDUCE OTHER REGULATED AIR
10 EMISSIONS.

11 SUBPART B. CUSTOMER-REQUESTED RENEWABLE ENERGY

12 SEC. 61. AN ELECTRIC PROVIDER SHALL OFFER TO ITS CUSTOMERS THE
13 OPPORTUNITY TO PARTICIPATE IN A VOLUNTARY GREEN PRICING PROGRAM
14 UNDER WHICH THE CUSTOMER MAY SPECIFY, FROM THE OPTIONS MADE
15 AVAILABLE BY THE ELECTRIC PROVIDER, THE PERCENTAGE OF ELECTRICITY
16 PROVIDED TO THE CUSTOMER THAT WILL BE RENEWABLE ENERGY. IF THE
17 ELECTRIC PROVIDER'S RATES ARE REGULATED BY THE COMMISSION, THE
18 PROGRAM, INCLUDING THE RATES PAID FOR RENEWABLE ENERGY, MUST BE
19 APPROVED BY THE COMMISSION. THE CUSTOMER IS RESPONSIBLE FOR ANY
20 ADDITIONAL COSTS INCURRED AND SHALL ACCRUE ANY ADDITIONAL SAVINGS
21 REALIZED BY THE ELECTRIC PROVIDER AS A RESULT OF PROVIDING THE
22 CUSTOMER WITH A HIGHER PERCENTAGE OF RENEWABLE ENERGY THAN IS
23 PROVIDED TO CUSTOMERS THAT DO NOT PARTICIPATE IN THE PROGRAM. IF AN
24 ELECTRIC PROVIDER HAS NOT YET FULLY RECOVERED THE INCREMENTAL COSTS
25 OF COMPLIANCE, BOTH OF THE FOLLOWING APPLY:

26 (A) A CUSTOMER THAT RECEIVES AT LEAST 50% OF THE CUSTOMER'S
27 AVERAGE MONTHLY ELECTRICITY CONSUMPTION THROUGH THE PROGRAM IS



1 EXEMPT FROM PAYING CHARGES FOR INCREMENTAL COSTS OF COMPLIANCE.

2 (B) BEFORE ENTERING INTO AN AGREEMENT TO PARTICIPATE IN A
3 COMMISSION-APPROVED VOLUNTARY GREEN PRICING PROGRAM WITH A CUSTOMER
4 THAT WILL NOT RECEIVE AT LEAST 50% OF THE CUSTOMER'S AVERAGE
5 MONTHLY ELECTRICITY CONSUMPTION THROUGH THE PROGRAM, THE ELECTRIC
6 PROVIDER SHALL NOTIFY THE CUSTOMER THAT THE CUSTOMER WILL BE
7 RESPONSIBLE FOR THE FULL APPLICABLE CHARGES FOR THE INCREMENTAL
8 COSTS OF COMPLIANCE AND UNDER THE VOLUNTARY RENEWABLE ENERGY
9 PROGRAM AS PROVIDED UNDER THIS SECTION.

10 SUBPART ~~B.~~C. ENERGY OPTIMIZATION ~~WASTE REDUCTION~~

11 Sec. 71. (1) A provider shall file a proposed energy
12 optimization plan with the commission within the following time
13 period:

14 (a) For a provider whose rates are regulated by the
15 commission, ~~90 days after the commission enters a temporary order~~
16 ~~under section 171.~~ **BY MARCH 3, 2009.**

17 (b) For a cooperative electric utility that has elected to
18 become member-regulated under the electric cooperative member
19 regulation act, 2008 PA 167, MCL 460.31 to 460.39, or a
20 municipally-owned electric utility, ~~120 days after the commission~~
21 ~~enters a temporary order under section 171.~~ **BY APRIL 2, 2009.**

22 (2) **ENERGY OPTIMIZATION PLANS FILED UNDER SUBSECTION (1)**
23 **REMAIN IN EFFECT, SUBJECT TO ANY AMENDMENTS, AS ENERGY WASTE**
24 **REDUCTION PLANS.**

25 (3) ~~(2)~~ The overall goal of an energy optimization ~~WASTE~~
26 **REDUCTION** plan shall be to **HELP THE PROVIDER'S CUSTOMERS REDUCE**
27 **ENERGY WASTE AND TO** reduce the future costs of provider service to



1 customers. In particular, an ~~EO~~**ENERGY WASTE REDUCTION** plan shall
2 be designed to delay the need for constructing new electric
3 generating facilities and thereby protect consumers from incurring
4 the costs of such construction. ~~The proposed energy optimization~~
5 ~~plan shall be subject to approval in the same manner as an electric~~
6 ~~provider's renewable energy plan under subpart A. A provider may~~
7 ~~combine its energy optimization plan with its renewable energy~~
8 ~~plan.~~

9 **(4)** ~~(3)~~An energy optimization ~~WASTE REDUCTION~~ plan shall do
10 all of the following:

11 (a) Propose a set of energy optimization ~~WASTE REDUCTION~~
12 programs that include offerings for each customer class, including
13 ~~low income~~**LOW-INCOME** residential. The commission shall allow
14 ~~providers~~**A PROVIDER** flexibility to tailor the relative amount of
15 effort devoted to each customer class based on the specific
16 characteristics of ~~their~~**THE PROVIDER'S** service territory.

17 (b) Specify necessary funding levels.

18 (c) Describe how energy optimization ~~WASTE REDUCTION~~ program
19 costs will be recovered as provided in section 89(2).

20 (d) Ensure, to the extent feasible, that charges collected
21 from a particular customer rate class are spent on energy
22 optimization ~~WASTE REDUCTION~~ programs for that rate class.

23 (e) Demonstrate that the proposed energy optimization programs
24 and funding are sufficient to ensure the achievement of applicable
25 energy optimization ~~WASTE REDUCTION~~ standards.

26 (f) Specify whether the number of megawatt hours of
27 electricity or decatherms or MCFs of natural gas used in the



1 calculation of incremental energy savings under section 77 will be
 2 weather-normalized or based on the average number of megawatt hours
 3 of electricity or decatherms or MCFs of natural gas sold by the
 4 provider annually during the previous 3 years to retail customers
 5 in this state. Once the plan is approved by the commission, this
 6 option shall not be changed.

7 (g) Demonstrate that the provider's energy ~~optimization~~ **WASTE**
 8 **REDUCTION** programs, excluding program offerings to ~~low-income~~ **LOW-**
 9 **INCOME** residential customers, will collectively be cost-effective.

10 (h) Provide for the practical and effective administration of
 11 the proposed energy ~~optimization~~ **WASTE REDUCTION** programs. The
 12 commission shall allow providers flexibility in designing their
 13 energy ~~optimization~~ **WASTE REDUCTION** programs and administrative
 14 approach. A provider's energy ~~optimization~~ **WASTE REDUCTION** programs
 15 or any part thereof, may be administered, at the provider's option,
 16 by the provider, alone or jointly with other providers, by a state
 17 agency, or by an appropriate experienced nonprofit organization
 18 selected after a competitive bid process.

19 (i) Include a process for obtaining an independent expert
 20 evaluation of the actual energy ~~optimization~~ **WASTE REDUCTION**
 21 programs to verify the incremental energy savings from each energy
 22 ~~optimization~~ **WASTE REDUCTION** program for purposes of section 77.
 23 All such evaluations shall be subject to public review and
 24 commission oversight.

25 (5) ~~(4)~~ Subject to subsection ~~(5)~~, ~~(6)~~, an energy ~~optimization~~
 26 **WASTE REDUCTION** plan may do 1 or more of the following:

27 (a) Utilize educational programs designed to alter consumer

1 behavior or any other measures that can reasonably be used to meet
2 the goals set forth in subsection ~~(2)~~ **(3)**.

3 (b) Propose to the commission measures that are designed to
4 meet the goals set forth in subsection ~~(1)~~ **(3)** and that provide
5 additional customer benefits.

6 **(6)** ~~(5)~~ Expenditures under subsection ~~(4)~~ **(5)** shall not exceed
7 3% of the costs of implementing the energy optimization ~~WASTE~~
8 **REDUCTION** plan.

9 **(7) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
10 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
11 **ENACTED INTO LAW.**

12 **(8) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

13 **SEC. 72. (1) FORMER SECTION 71 REQUIRED A NATURAL GAS PROVIDER**
14 **TO FILE A PROPOSED ENERGY OPTIMIZATION PLAN WITH THE COMMISSION BY**
15 **MARCH 3, 2009. THOSE PLANS REMAIN IN EFFECT, SUBJECT TO ANY**
16 **AMENDMENTS, AS ENERGY WASTE REDUCTION PLANS.**

17 **(2) THE OVERALL GOAL OF AN ENERGY WASTE REDUCTION PLAN SHALL**
18 **BE TO HELP THE NATURAL GAS PROVIDER'S CUSTOMERS REDUCE ENERGY WASTE**
19 **AND TO REDUCE THE FUTURE COSTS OF NATURAL GAS PROVIDER SERVICE TO**
20 **CUSTOMERS.**

21 **(3) AN ENERGY WASTE REDUCTION PLAN SHALL DO ALL OF THE**
22 **FOLLOWING:**

23 **(A) PROPOSE A SET OF ENERGY WASTE REDUCTION PROGRAMS THAT**
24 **INCLUDE OFFERINGS FOR EACH CUSTOMER CLASS, INCLUDING LOW-INCOME**
25 **RESIDENTIAL. THE COMMISSION SHALL ALLOW A PROVIDER FLEXIBILITY TO**
26 **TAILOR THE RELATIVE AMOUNT OF EFFORT DEVOTED TO EACH CUSTOMER CLASS**
27 **BASED ON THE SPECIFIC CHARACTERISTICS OF THE PROVIDER'S SERVICE**



1 TERRITORY.

2 (B) SPECIFY NECESSARY FUNDING LEVELS.

3 (C) DESCRIBE HOW ENERGY WASTE REDUCTION PROGRAM COSTS WILL BE
4 RECOVERED AS PROVIDED IN SECTION 89A(2), INCLUDING SPECIFYING
5 WHETHER THE CHARGES TO RECOVER COSTS UNDER SECTION 89A(2) WILL BE
6 VOLUMETRIC OR FIXED PER-METER CHARGES.

7 (D) ENSURE, TO THE EXTENT FEASIBLE, THAT CHARGES COLLECTED
8 FROM A PARTICULAR CUSTOMER RATE CLASS ARE SPENT ON ENERGY WASTE
9 REDUCTION PROGRAMS FOR THAT RATE CLASS.

10 (E) DEMONSTRATE THAT THE PROPOSED ENERGY WASTE REDUCTION
11 PROGRAMS AND FUNDING ARE SUFFICIENT TO ENSURE THE ACHIEVEMENT OF
12 APPLICABLE ENERGY WASTE REDUCTION STANDARDS.

13 (F) SPECIFY WHETHER THE NUMBER OF DECATHERMS OR MCFS OF
14 NATURAL GAS USED IN THE CALCULATION OF INCREMENTAL ENERGY SAVINGS
15 UNDER SECTION 77A WILL BE WEATHER-NORMALIZED OR BASED ON THE
16 AVERAGE NUMBER OF DECATHERMS OR MCFS OF NATURAL GAS SOLD BY THE
17 PROVIDER ANNUALLY DURING THE PREVIOUS 3 YEARS TO RETAIL CUSTOMERS
18 IN THIS STATE. ONCE THE PLAN IS APPROVED BY THE COMMISSION, THIS
19 OPTION SHALL NOT BE CHANGED.

20 (G) DEMONSTRATE THAT THE PROVIDER'S ENERGY WASTE REDUCTION
21 PROGRAMS, EXCLUDING PROGRAM OFFERINGS TO LOW-INCOME RESIDENTIAL
22 CUSTOMERS, WILL COLLECTIVELY BE COST-EFFECTIVE.

23 (H) PROVIDE FOR THE PRACTICAL AND EFFECTIVE ADMINISTRATION OF
24 THE PROPOSED ENERGY WASTE REDUCTION PROGRAMS. THE COMMISSION SHALL
25 ALLOW NATURAL GAS PROVIDERS FLEXIBILITY IN DESIGNING THEIR ENERGY
26 WASTE REDUCTION PROGRAMS AND ADMINISTRATIVE APPROACH, INCLUDING THE
27 FLEXIBILITY TO DETERMINE THE RELATIVE AMOUNT OF EFFORT TO BE



1 DEVOTED TO EACH CUSTOMER CLASS BASED ON THE SPECIFIC
2 CHARACTERISTICS OF THE NATURAL GAS PROVIDER'S SERVICE TERRITORY. A
3 NATURAL GAS PROVIDER'S ENERGY WASTE REDUCTION PROGRAMS OR ANY PART
4 THEREOF MAY BE ADMINISTERED, AT THE NATURAL GAS PROVIDER'S OPTION,
5 BY THE PROVIDER, ALONE OR JOINTLY WITH OTHER NATURAL GAS PROVIDERS,
6 BY A STATE AGENCY, OR BY AN APPROPRIATE EXPERIENCED NONPROFIT
7 ORGANIZATION SELECTED AFTER A COMPETITIVE BID PROCESS.

8 (I) INCLUDE A PROCESS FOR OBTAINING AN INDEPENDENT EXPERT
9 EVALUATION OF THE ACTUAL ENERGY WASTE REDUCTION PROGRAMS TO VERIFY
10 THE INCREMENTAL ENERGY SAVINGS FROM EACH ENERGY WASTE REDUCTION
11 PROGRAM FOR PURPOSES OF SECTION 77A. ALL SUCH EVALUATIONS SHALL BE
12 SUBJECT TO PUBLIC REVIEW AND COMMISSION OVERSIGHT.

13 (4) SUBJECT TO SUBSECTION (5), AN ENERGY WASTE REDUCTION PLAN
14 MAY DO 1 OR MORE OF THE FOLLOWING:

15 (A) UTILIZE EDUCATIONAL PROGRAMS DESIGNED TO ALTER CONSUMER
16 BEHAVIOR OR ANY OTHER MEASURES THAT CAN REASONABLY BE USED TO MEET
17 THE GOAL SET FORTH IN SUBSECTION (2).

18 (B) PROPOSE TO THE COMMISSION MEASURES THAT ARE DESIGNED TO
19 MEET THE GOAL SET FORTH IN SUBSECTION (2) AND THAT PROVIDE
20 ADDITIONAL CUSTOMER BENEFITS.

21 (5) EXPENDITURES UNDER SUBSECTION (4) SHALL NOT EXCEED 3% OF
22 THE COSTS OF IMPLEMENTING THE ENERGY WASTE REDUCTION PLAN.

23 (6) THIS SECTION TAKES EFFECT JANUARY 1, 2019.

24 Sec. 73. (1) A provider's energy ~~optimization~~ **WASTE REDUCTION**
25 plan shall be filed **WITH**, reviewed **BY**, and approved or rejected by
26 the commission. ~~and enforced subject to the same procedures that~~
27 ~~apply to a renewable energy plan.~~ **FOR A PROVIDER WHOSE RATES ARE**



1 REGULATED BY THE COMMISSION, THE PLAN SHALL BE ENFORCED BY THE
2 COMMISSION. FOR A PROVIDER WHOSE RATES ARE NOT REGULATED BY THE
3 COMMISSION, THE PLAN SHALL BE ENFORCED AS PROVIDED IN SECTION 99.

4 (2) The commission shall not approve a proposed energy
5 ~~optimization~~ **WASTE REDUCTION** plan unless the commission determines
6 that the ~~EO~~ **ENERGY WASTE REDUCTION** plan meets the utility system
7 resource cost test and is reasonable and prudent. In determining
8 whether the ~~EO~~ **ENERGY WASTE REDUCTION** plan is reasonable and
9 prudent, the commission shall review each element and consider
10 whether it would reduce the future cost of service for the
11 provider's customers. In addition, the commission shall consider at
12 least all of the following:

13 (a) The specific changes in customers' consumption patterns
14 that the proposed ~~EO~~ **ENERGY WASTE REDUCTION** plan is attempting to
15 influence.

16 (b) The cost and benefit analysis and other justification for
17 specific programs and measures included in a proposed ~~EO~~ **ENERGY**
18 **WASTE REDUCTION** plan.

19 (c) Whether the proposed ~~EO~~ **ENERGY WASTE REDUCTION** plan is
20 consistent with any long-range resource plan filed by the provider
21 with the commission.

22 (d) Whether the proposed ~~EO~~ **ENERGY WASTE REDUCTION** plan will
23 result in any unreasonable prejudice or disadvantage to any class
24 of customers.

25 (e) The extent to which the ~~EO~~ **ENERGY WASTE REDUCTION** plan
26 provides programs that are available, affordable, and useful to all
27 customers.



1 (3) EVERY 2 YEARS AFTER INITIAL APPROVAL OF AN ENERGY WASTE
2 REDUCTION PLAN UNDER SUBSECTION (2), THE COMMISSION SHALL REVIEW
3 THE PLAN. FOR A PROVIDER WHOSE RATES ARE REGULATED BY THE
4 COMMISSION, THE COMMISSION SHALL CONDUCT A CONTESTED CASE HEARING
5 ON THE PLAN PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969,
6 1969 PA 306, MCL 24.201 TO 24.328. AFTER THE HEARING, THE
7 COMMISSION SHALL APPROVE, WITH ANY CHANGES CONSENTED TO BY THE
8 PROVIDER, OR REJECT THE PLAN AND ANY PROPOSED AMENDMENTS TO THE
9 PLAN.

10 (4) IF A PROVIDER PROPOSES TO AMEND ITS PLAN AT A TIME OTHER
11 THAN DURING THE BIENNIAL REVIEW PROCESS UNDER SUBSECTION (3), THE
12 PROVIDER SHALL FILE THE PROPOSED AMENDMENT WITH THE COMMISSION.
13 AFTER THE HEARING AND WITHIN 90 DAYS AFTER THE AMENDMENT IS FILED,
14 THE COMMISSION SHALL APPROVE, WITH ANY CHANGES CONSENTED TO BY THE
15 PROVIDER, OR REJECT THE PLAN AND THE PROPOSED AMENDMENT OR
16 AMENDMENTS TO THE PLAN.

17 (5) BY 270 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
18 THAT ADDED THIS SECTION, AN ELECTRIC PROVIDER SHALL FILE WITH THE
19 COMMISSION A PROPOSED PLAN AMENDMENT UNDER SUBSECTION (3) OR (4) TO
20 REFLECT THE PHASEOUT OF THE ENERGY WASTE REDUCTION STANDARD UNDER
21 SECTION 77.

22 (6) IF THE COMMISSION REJECTS A PROPOSED PLAN OR AMENDMENT
23 UNDER THIS SECTION, THE COMMISSION SHALL EXPLAIN IN WRITING THE
24 REASONS FOR ITS DETERMINATION.

25 (7) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED
26 THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS
27 ENACTED INTO LAW.



1 (8) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.

2 SEC. 74. (1) A NATURAL GAS PROVIDER'S ENERGY WASTE REDUCTION
3 PLAN SHALL BE FILED WITH AND REVIEWED, APPROVED OR REJECTED, AND
4 ENFORCED BY THE COMMISSION.

5 (2) THE COMMISSION SHALL NOT APPROVE A PROPOSED ENERGY WASTE
6 REDUCTION PLAN UNLESS THE COMMISSION DETERMINES THAT THE ENERGY
7 WASTE REDUCTION PLAN MEETS THE UTILITY SYSTEM RESOURCE COST TEST
8 AND IS REASONABLE AND PRUDENT. IN DETERMINING WHETHER THE ENERGY
9 WASTE REDUCTION PLAN IS REASONABLE AND PRUDENT, THE COMMISSION
10 SHALL REVIEW EACH ELEMENT AND CONSIDER WHETHER IT WOULD REDUCE THE
11 FUTURE COST OF SERVICE FOR THE NATURAL GAS PROVIDER'S CUSTOMERS. IN
12 ADDITION, THE COMMISSION SHALL CONSIDER AT LEAST ALL OF THE
13 FOLLOWING:

14 (A) THE SPECIFIC CHANGES IN CUSTOMERS' CONSUMPTION PATTERNS
15 THAT THE PROPOSED ENERGY WASTE REDUCTION PLAN IS ATTEMPTING TO
16 INFLUENCE.

17 (B) THE COST AND BENEFIT ANALYSIS AND OTHER JUSTIFICATION FOR
18 SPECIFIC PROGRAMS AND MEASURES INCLUDED IN A PROPOSED ENERGY WASTE
19 REDUCTION PLAN.

20 (C) WHETHER THE PROPOSED ENERGY WASTE REDUCTION PLAN IS
21 CONSISTENT WITH ANY LONG-RANGE RESOURCE PLAN FILED BY THE PROVIDER
22 WITH THE COMMISSION.

23 (D) WHETHER THE PROPOSED ENERGY WASTE REDUCTION PLAN WILL
24 RESULT IN ANY UNREASONABLE PREJUDICE OR DISADVANTAGE TO ANY CLASS
25 OF CUSTOMERS.

26 (E) THE EXTENT TO WHICH THE ENERGY WASTE REDUCTION PLAN
27 PROVIDES PROGRAMS THAT ARE AVAILABLE, AFFORDABLE, AND USEFUL TO ALL



1 CUSTOMERS.

2 (3) EVERY 2 YEARS AFTER INITIAL APPROVAL OF AN ENERGY WASTE
3 REDUCTION PLAN UNDER SUBSECTION (2), THE COMMISSION SHALL REVIEW
4 THE ENERGY WASTE REDUCTION PLAN. FOR A PROVIDER WHOSE RATES ARE
5 REGULATED BY THE COMMISSION, THE COMMISSION SHALL CONDUCT A
6 CONTESTED CASE HEARING ON THE PLAN PURSUANT TO THE ADMINISTRATIVE
7 PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328. AFTER
8 THE HEARING, THE COMMISSION SHALL APPROVE, WITH ANY CHANGES
9 CONSENTED TO BY THE NATURAL GAS PROVIDER, OR REJECT THE ENERGY
10 WASTE REDUCTION PLAN AND ANY PROPOSED AMENDMENTS TO THE ENERGY
11 WASTE REDUCTION PLAN.

12 (4) IF A NATURAL GAS PROVIDER PROPOSES TO AMEND ITS ENERGY
13 WASTE REDUCTION PLAN AT A TIME OTHER THAN DURING THE BIENNIAL
14 REVIEW PROCESS UNDER SUBSECTION (3), THE PROVIDER SHALL FILE THE
15 PROPOSED AMENDMENT WITH THE COMMISSION. AFTER THE HEARING AND
16 WITHIN 90 DAYS AFTER THE AMENDMENT IS FILED, THE COMMISSION SHALL
17 APPROVE, WITH ANY CHANGES CONSENTED TO BY THE PROVIDER, OR REJECT
18 THE PROPOSED AMENDMENT OR AMENDMENTS TO THE ENERGY WASTE REDUCTION
19 PLAN.

20 (5) IF THE COMMISSION REJECTS A PROPOSED AMENDMENT UNDER THIS
21 SECTION, THE COMMISSION SHALL EXPLAIN IN WRITING THE REASONS FOR
22 ITS DETERMINATION.

23 (6) THIS SECTION TAKES EFFECT JANUARY 1, 2019.

24 Sec. 75. (1) An energy ~~optimization~~ **WASTE REDUCTION** plan of a
25 provider whose rates are regulated by the commission may authorize
26 a commensurate financial incentive for the provider for exceeding
27 the energy ~~optimization~~ **WASTE REDUCTION** performance standard.



1 Payment of any financial incentive authorized in the ~~EO~~**ENERGY**
 2 **WASTE REDUCTION** plan is subject to the approval of the commission.

3 The total amount of a financial incentive shall not exceed the
 4 ~~lesser of the following amounts:~~

5 ~~—— (a) 25% of the net cost reductions experienced by the~~
 6 ~~provider's customers as a result of implementation of the energy~~
 7 ~~optimization plan.~~

8 ~~—— (b) 15% percent~~**20%** of the provider's actual energy efficiency
 9 **WASTE REDUCTION** program expenditures for the year.

10 (2) **THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
 11 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
 12 **ENACTED INTO LAW.**

13 (3) **THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

14 **SEC. 76. (1) AN ENERGY WASTE REDUCTION PLAN OF A NATURAL GAS**
 15 **PROVIDER WHOSE RATES ARE REGULATED BY THE COMMISSION MAY AUTHORIZE**
 16 **A COMMENSURATE FINANCIAL INCENTIVE FOR THE PROVIDER FOR EXCEEDING**
 17 **THE ENERGY WASTE REDUCTION PERFORMANCE STANDARD. PAYMENT OF ANY**
 18 **FINANCIAL INCENTIVE AUTHORIZED IN THE ENERGY WASTE REDUCTION PLAN**
 19 **IS SUBJECT TO THE APPROVAL OF THE COMMISSION. THE TOTAL AMOUNT OF A**
 20 **FINANCIAL INCENTIVE SHALL NOT EXCEED 20% OF THE PROVIDER'S ACTUAL**
 21 **ENERGY WASTE REDUCTION PROGRAM EXPENDITURES FOR THE YEAR.**

22 (2) **THIS SECTION TAKES EFFECT JANUARY 1, 2019.**

23 Sec. 77. (1) Except as provided in section 81 and subject to
 24 the sales revenue expenditure limits in section 89, an electric
 25 provider's energy ~~optimization~~**WASTE REDUCTION** programs under this
 26 subpart shall collectively achieve ~~the following minimum energy~~
 27 ~~savings:~~



1 ~~—— (a) Biennial incremental energy savings in 2008-2009~~
 2 ~~equivalent to 0.3% of total annual retail electricity sales in~~
 3 ~~megawatt hours in 2007.~~

4 ~~—— (b) Annual incremental energy savings in 2010 equivalent to~~
 5 ~~0.5% of total annual retail electricity sales in megawatt hours in~~
 6 ~~2009.~~

7 ~~—— (c) Annual incremental energy savings in 2011 equivalent to~~
 8 ~~0.75% of total annual retail electricity sales in megawatt hours in~~
 9 ~~2010.~~

10 ~~(d) Annual~~ **ANNUAL** incremental energy savings in 2012, 2013,
 11 2014, and 2015 and, subject to section 97, each year thereafter
 12 **2016, 2017, AND 2018** equivalent to 1.0% of total annual retail
 13 electricity sales in megawatt hours in the preceding year.

14 (2) If an electric provider uses load management to achieve
 15 energy savings under its energy optimization ~~optimization~~ **WASTE REDUCTION** plan,
 16 the minimum energy savings required under subsection (1) shall be
 17 adjusted by an amount such that the ratio of the minimum energy
 18 savings to the sum of maximum expenditures under section 89 and the
 19 load management expenditures remains constant.

20 ~~—— (3) A natural gas provider shall meet the following minimum~~
 21 ~~energy optimization standards using energy efficiency programs~~
 22 ~~under this subpart:~~

23 ~~—— (a) Biennial incremental energy savings in 2008-2009~~
 24 ~~equivalent to 0.1% of total annual retail natural gas sales in~~
 25 ~~decatherms or equivalent MCFs in 2007.~~

26 ~~—— (b) Annual incremental energy savings in 2010 equivalent to~~
 27 ~~0.25% of total annual retail natural gas sales in decatherms or~~



1 ~~equivalent MCFs in 2009.~~

2 ~~—— (c) Annual incremental energy savings in 2011 equivalent to~~
 3 ~~0.5% of total annual retail natural gas sales in decatherms or~~
 4 ~~equivalent MCFs in 2010.~~

5 (3) ~~(d) Annual~~ **SUBJECT TO THE SALES REVENUE EXPENDITURE LIMITS**
 6 **IN SECTION 89, A NATURAL GAS PROVIDER'S ENERGY WASTE REDUCTION**
 7 **PROGRAM UNDER THIS SUBPART SHALL ACHIEVE ANNUAL** incremental energy
 8 savings in ~~2012, 2013, 2014, and 2015~~ and, subject to section 97,
 9 each year thereafter equivalent to 0.75% of total annual retail
 10 natural gas sales in decatherms or equivalent MCFs in the preceding
 11 year.

12 (4) Incremental energy savings under subsection (1) or (3) for
 13 ~~the 2008-2009 biennium or any year thereafter~~ **A YEAR** shall be
 14 determined for a provider by adding the energy savings expected to
 15 be achieved during ~~a 1-year period by energy optimization~~ **WASTE**
 16 **REDUCTION** measures implemented during ~~the 2008-2009 biennium or any~~
 17 ~~year thereafter~~ **THAT YEAR** under any energy efficiency programs
 18 consistent with the provider's energy efficiency ~~efficiency~~ **WASTE REDUCTION**
 19 plan. **THE ENERGY SAVINGS EXPECTED TO BE ACHIEVED SHALL BE**
 20 **DETERMINED USING THE 2015 "MICHIGAN ENERGY MEASURES DATABASE"**
 21 **SUPPLIED BY MORGAN MARKETING PARTNERS, SUBJECT TO ANY UPDATES THAT**
 22 **THE COMMISSION APPROVES AS BEING REASONABLE AND CONSISTENT WITH THE**
 23 **PURPOSES OF THIS SUBPART.**

24 (5) For purposes of calculations under subsection (1) or (3),
 25 total annual retail electricity or natural gas sales in a year
 26 shall be based on 1 of the following at the option of the provider
 27 as specified in its energy ~~optimization~~ **WASTE REDUCTION** plan:



1 (a) The number of weather-normalized megawatt hours or
2 decatherms or equivalent MCFs sold by the provider to retail
3 customers in this state during the year preceding the ~~biennium or~~
4 year for which incremental energy savings are being calculated.

5 (b) The average number of megawatt hours or decatherms or
6 equivalent MCFs sold by the provider during the 3 years preceding
7 the ~~biennium or~~ year for which incremental energy savings are being
8 calculated.

9 ~~(6) For any year after 2012, an electric provider may~~
10 ~~substitute renewable energy credits associated with renewable~~
11 ~~energy generated that year from a renewable energy system~~
12 ~~constructed after the effective date of this act, advanced cleaner~~
13 ~~energy credits other than credits from industrial cogeneration~~
14 ~~using industrial waste energy, load management that reduces overall~~
15 ~~energy usage, or a combination thereof for energy optimization~~
16 ~~credits otherwise required to meet the energy optimization~~
17 ~~performance standard, if the substitution is approved by the~~
18 ~~commission. The commission shall not approve a substitution unless~~
19 ~~the commission determines that the substitution is cost-effective~~
20 ~~and, if the substitution involves advanced cleaner energy credits,~~
21 ~~that the advanced cleaner energy system provides carbon dioxide~~
22 ~~emissions benefits. In determining whether the substitution of~~
23 ~~advanced cleaner energy credits is cost-effective compared to other~~
24 ~~available energy optimization measures, the commission shall~~
25 ~~consider the environmental costs related to the advanced cleaner~~
26 ~~energy system, including the costs of environmental control~~
27 ~~equipment or greenhouse gas constraints or taxes. The commission's~~



1 ~~determinations shall be made after a contested case hearing that~~
 2 ~~includes consultation with the department of environmental quality~~
 3 ~~on the issue of carbon dioxide emissions benefits, if relevant, and~~
 4 ~~environmental costs.~~

5 ~~—— (7) Renewable energy credits, advanced cleaner energy credits,~~
 6 ~~load management that reduces overall energy usage, or a combination~~
 7 ~~thereof shall not be used by a provider to meet more than 10% of~~
 8 ~~the energy optimization standard. Substitutions for energy~~
 9 ~~optimization credits shall be made at the following rates per~~
 10 ~~energy optimization credit:~~

11 ~~—— (a) 1 renewable energy credit.~~

12 ~~—— (b) 1 advanced cleaner energy credit from plasma arc~~
 13 ~~gasification.~~

14 ~~—— (c) 4 advanced cleaner energy credits other than from plasma~~
 15 ~~arc gasification.~~

16 **(6) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
 17 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
 18 **ENACTED INTO LAW.**

19 **(7) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

20 **SEC. 77A. (1) SUBJECT TO THE SALES REVENUE EXPENDITURE LIMITS**
 21 **IN SECTION 89, A NATURAL GAS PROVIDER'S ENERGY WASTE REDUCTION**
 22 **PROGRAM UNDER THIS SUBPART SHALL ACHIEVE ANNUAL INCREMENTAL ENERGY**
 23 **SAVINGS IN 2019 AND, SUBJECT TO SECTION 97, EACH YEAR THEREAFTER**
 24 **EQUIVALENT TO 0.75% OF TOTAL ANNUAL RETAIL NATURAL GAS SALES IN**
 25 **DECATHERMS OR EQUIVALENT MCFS IN THE PRECEDING YEAR.**

26 **(2) INCREMENTAL ENERGY SAVINGS UNDER SUBSECTION (1) FOR A YEAR**
 27 **SHALL BE DETERMINED FOR A NATURAL GAS PROVIDER BY ADDING THE ENERGY**



1 SAVINGS EXPECTED TO BE ACHIEVED BY ENERGY WASTE REDUCTION MEASURES
2 IMPLEMENTED DURING THAT YEAR UNDER ANY ENERGY EFFICIENCY PROGRAMS
3 CONSISTENT WITH THE PROVIDER'S ENERGY WASTE REDUCTION PLAN. THE
4 ENERGY SAVINGS EXPECTED TO BE ACHIEVED SHALL BE DETERMINED USING
5 THE 2015 "MICHIGAN ENERGY MEASURES DATABASE" SUPPLIED BY MORGAN
6 MARKETING PARTNERS, SUBJECT TO ANY UPDATES THAT THE COMMISSION
7 APPROVES AS BEING REASONABLE AND CONSISTENT WITH THE PURPOSES OF
8 THIS SUBPART.

9 (3) FOR PURPOSES OF CALCULATIONS UNDER SUBSECTION (1), TOTAL
10 ANNUAL RETAIL NATURAL GAS SALES IN A YEAR SHALL BE BASED ON 1 OF
11 THE FOLLOWING AT THE OPTION OF THE NATURAL GAS PROVIDER AS
12 SPECIFIED IN ITS ENERGY WASTE REDUCTION PLAN:

13 (A) THE NUMBER OF WEATHER-NORMALIZED DECATHERMS OR EQUIVALENT
14 MCFS SOLD BY THE PROVIDER TO RETAIL CUSTOMERS IN THIS STATE DURING
15 THE YEAR PRECEDING THE YEAR FOR WHICH INCREMENTAL ENERGY SAVINGS
16 ARE BEING CALCULATED.

17 (B) THE AVERAGE NUMBER OF DECATHERMS OR EQUIVALENT MCFS SOLD
18 BY THE PROVIDER DURING THE 3 YEARS PRECEDING THE YEAR FOR WHICH
19 INCREMENTAL ENERGY SAVINGS ARE BEING CALCULATED.

20 (4) THIS SECTION TAKES EFFECT JANUARY 1, 2019.

21 SEC. 78. (1) IF OVER A 2-YEAR PERIOD A NATURAL GAS PROVIDER
22 CANNOT ACHIEVE THE ENERGY WASTE REDUCTION STANDARD IN A COST-
23 EFFECTIVE MANNER, THE NATURAL GAS PROVIDER MAY PETITION THE
24 COMMISSION TO ESTABLISH ALTERNATIVE ENERGY WASTE REDUCTION
25 STANDARDS.

26 (2) A PETITION FILED PURSUANT TO THIS SECTION SHALL:

27 (A) IDENTIFY THE EFFORTS TAKEN BY THE NATURAL GAS PROVIDER TO



1 MEET THE ENERGY WASTE REDUCTION STANDARD.

2 (B) EXPLAIN WHY THE ENERGY WASTE REDUCTION STANDARD CANNOT
3 REASONABLY AND COST-EFFECTIVELY BE ACHIEVED.

4 (C) PROPOSE A REVISED ENERGY WASTE REDUCTION TO BE ACHIEVED BY
5 THE NATURAL GAS PROVIDER.

6 (3) IF, BASED ON A REVIEW OF THE PETITION FILED UNDER THIS
7 SECTION, THE COMMISSION DETERMINES THAT THE NATURAL GAS PROVIDER
8 HAS BEEN UNABLE TO REASONABLY AND COST-EFFECTIVELY ACHIEVE THE
9 ENERGY WASTE REDUCTION STANDARD, THE COMMISSION SHALL REVISE THE
10 ENERGY WASTE REDUCTION STANDARD AS APPLIED TO THE NATURAL GAS
11 PROVIDER TO A LEVEL THAT CAN REASONABLY AND COST-EFFECTIVELY BE
12 ACHIEVED.

13 (4) THIS SECTION TAKES EFFECT 90 DAYS AFTER THE DATE THE
14 AMENDATORY ACT THAT ADDED THIS SECTION IS ENACTED INTO LAW.

15 Sec. 81. (1) This section applies to electric providers that
16 meet both of the following requirements:

17 (a) Serve not more than 200,000 customers in this state.

18 (b) Had average electric rates for residential customers using
19 1,000 kilowatt hours per month that ~~are~~ WERE less than 75% of the
20 average electric rates for residential customers using 1,000
21 kilowatt hours per month for all electric utilities in this state,
22 according to the January 1, 2007, "comparison of average rates for
23 MPSC-regulated electric utilities in Michigan" compiled by the
24 commission.

25 (2) Beginning 2 years after a provider described in subsection
26 (1) begins implementation of its energy ~~optimization~~ WASTE
27 REDUCTION plan, the provider may petition the commission to

1 establish alternative energy ~~optimization~~ **WASTE REDUCTION**
 2 standards. The petition shall identify the efforts taken by the
 3 provider to meet the electric provider energy ~~optimization~~ **WASTE**
 4 **REDUCTION** standards and demonstrate why the energy ~~optimization~~
 5 **WASTE REDUCTION** standards cannot reasonably be met with energy
 6 ~~optimization~~ **WASTE REDUCTION** programs that are collectively cost-
 7 effective. If the commission finds that the petition meets the
 8 requirements of this subsection, the commission shall revise the
 9 energy ~~optimization~~ **WASTE REDUCTION** standards as applied to that
 10 electric provider to a level that can reasonably be met with energy
 11 ~~optimization~~ **WASTE REDUCTION** programs that are collectively cost-
 12 effective.

13 **(3) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
 14 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
 15 **ENACTED INTO LAW.**

16 **(4) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

17 Sec. 83. (1) One energy ~~optimization~~ **WASTE REDUCTION** credit
 18 shall be granted to a ~~an~~ **ELECTRIC** provider for each megawatt hour
 19 of annual incremental energy savings achieved through energy
 20 ~~optimization~~ **WASTE REDUCTION**.

21 (2) An energy ~~optimization~~ **WASTE REDUCTION** credit expires as
 22 follows:

23 (a) When used by a ~~the~~ **ELECTRIC** provider to comply with its
 24 energy ~~optimization~~ **WASTE REDUCTION** performance standard.

25 ~~(b) When substituted for a renewable energy credit under~~
 26 ~~section 27.~~

27 **(B) (e)** ~~As provided in subsection (3).~~

1 (3) If a ~~an~~ **ELECTRIC** provider's incremental energy savings in
2 the 2008-2009 biennium or any year thereafter exceed the applicable
3 energy ~~optimization~~ **WASTE REDUCTION** standard, the associated energy
4 ~~optimization~~ **WASTE REDUCTION** credits may be carried forward and
5 applied to the next year's energy ~~optimization~~ **WASTE REDUCTION**
6 standard. However, all of the following apply:

7 (a) The number of energy ~~optimization~~ **WASTE REDUCTION** credits
8 carried forward shall not exceed 1/3 of the next year's standard.
9 Any energy ~~optimization~~ **WASTE REDUCTION** credits carried forward to
10 the next year shall expire that year. ~~Any remaining energy~~
11 ~~optimization credits shall expire at the end of the year in which~~
12 ~~the incremental energy savings were achieved, unless substituted,~~
13 ~~by an electric provider, for renewable energy credits under section~~
14 ~~27.~~

15 (b) Energy ~~optimization~~ **WASTE REDUCTION** credits shall not be
16 carried forward if, for its performance during the same biennium or
17 year, the provider accepts a financial incentive under section 75.
18 The excess energy ~~optimization~~ **WASTE REDUCTION** credits shall expire
19 at the end of the year in which the incremental energy savings were
20 achieved. ~~, unless substituted, by an electric provider, for~~
21 ~~renewable energy credits under section 27.~~

22 **(4) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
23 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
24 **ENACTED INTO LAW.**

25 **(5) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

26 Sec. 85. (1) An energy ~~optimization~~ **WASTE REDUCTION** credit is
27 not transferable to another entity.



1 ~~(2) The commission, in the 2011 report under section 97, shall~~
 2 ~~make recommendations concerning a program for transferability of~~
 3 ~~energy optimization credits.~~

4 **(2) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
 5 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
 6 **ENACTED INTO LAW.**

7 **(3) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

8 Sec. 87. (1) The commission shall establish an energy
 9 ~~optimization~~ **WASTE REDUCTION** credit certification and tracking
 10 program. The certification and tracking program may be contracted
 11 to and performed by a third party through a system of competitive
 12 bidding. The program shall include all of the following:

13 (a) A determination of the date after which energy
 14 ~~optimization~~ **WASTE REDUCTION** must be achieved to be eligible for an
 15 energy ~~optimization~~ **WASTE REDUCTION** credit.

16 ~~(b) A method for ensuring that each energy optimization credit~~
 17 ~~substituted for a renewable energy credit under section 27 or~~
 18 ~~carried forward under section 83 is properly accounted for.~~

19 **(B) (c)** If the system is established by the commission,
 20 allowance for issuance and use of energy ~~optimization~~ **WASTE**
 21 **REDUCTION** credits in electronic form.

22 **(2) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
 23 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
 24 **ENACTED INTO LAW.**

25 **(3) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

26 Sec. 89. (1) The commission shall allow a provider whose rates
 27 are regulated by the commission to recover the actual costs of

1 implementing its approved energy optimization ~~WASTE REDUCTION~~ plan.
2 However, costs exceeding the overall funding levels specified in
3 the energy optimization ~~WASTE REDUCTION~~ plan are not recoverable
4 unless those costs are reasonable and prudent and meet the utility
5 system resource cost test. Furthermore, costs for load management
6 undertaken pursuant to an energy optimization ~~WASTE REDUCTION~~ plan
7 are not recoverable as energy optimization ~~WASTE REDUCTION~~ program
8 costs under this section, but may be recovered as described in
9 section 95.

10 (2) Under subsection (1), costs shall be recovered from all
11 ~~natural gas customers and from residential electric customers by~~
12 ~~volumetric charges , from all other metered electric customers by~~
13 ~~per-meter charges, and from unmetered electric customers by an~~
14 ~~appropriate charge, applied to utility bills as an itemized~~
15 ~~charge.~~ **OR FIXED, PER-METER CHARGES. FIXED, PER-METER CHARGES UNDER**
16 **THIS SUBSECTION MAY VARY BY RATE CLASS. CHARGES UNDER THIS**
17 **SUBSECTION SHALL NOT BE ITEMIZED ON UTILITY BILLS.**

18 (3) For the electric primary customer rate class customers of
19 electric providers and customers of natural gas providers with an
20 aggregate annual natural gas billing demand of more than 100,000
21 decatherms or equivalent MCFs for all sites in the natural gas
22 utility's service territory, the cost recovery under subsection (1)
23 shall not exceed 1.7% of total retail sales revenue for that
24 customer class. For electric secondary customers and for
25 residential customers, the cost recovery shall not exceed 2.2% of
26 total retail sales revenue for those customer classes.

27 (4) Upon petition by a provider whose rates are regulated by



1 the commission, the commission shall authorize the provider to
2 capitalize all energy efficiency and energy conservation equipment,
3 materials, and installation costs with an expected economic life
4 greater than 1 year incurred in implementing its energy
5 ~~optimization~~ **WASTE REDUCTION** plan, including such costs paid to
6 third parties, such as customer rebates and customer incentives.
7 The provider shall also propose depreciation treatment with respect
8 to its capitalized costs in its energy ~~optimization~~ **WASTE REDUCTION**
9 plan, and the commission shall order reasonable depreciation
10 treatment related to these capitalized costs. A provider shall not
11 capitalize payments made to an independent energy ~~optimization~~
12 **WASTE REDUCTION** program administrator under section 91.

13 (5) The established funding level for low income residential
14 programs shall be provided from each customer rate class in
15 proportion to that customer rate class's funding of the provider's
16 total energy ~~optimization~~ **WASTE REDUCTION** programs. Charges shall
17 be applied to distribution customers regardless of the source of
18 their electricity or natural gas supply.

19 (6) The commission shall authorize a natural gas provider that
20 spends a minimum of 0.5% of total natural gas retail sales
21 revenues, including natural gas commodity costs, in a year on
22 commission-approved energy ~~optimization~~ **WASTE REDUCTION** programs to
23 implement a symmetrical revenue decoupling true-up mechanism that
24 adjusts for sales ~~volumes~~ that are above or below the projected
25 levels that were used to determine the revenue requirement
26 authorized in the natural gas provider's most recent rate case. In
27 determining the symmetrical revenue decoupling true-up mechanism



1 utilized for each provider, the commission shall give deference to
 2 the proposed mechanism submitted by the provider. The commission
 3 may approve an alternative mechanism if the commission determines
 4 that the alternative mechanism is reasonable and prudent. The
 5 commission shall authorize the natural gas provider to decouple
 6 rates regardless of whether the natural gas provider's energy
 7 ~~optimization~~ **WASTE REDUCTION** programs are administered by the
 8 provider or an independent energy ~~optimization~~ **WASTE REDUCTION**
 9 program administrator under section 91.

10 (7) ~~A TO COMPLY WITH THE ENERGY WASTE REDUCTION STANDARD IN~~
 11 ~~ANY YEAR, A~~ natural gas provider or an electric provider shall not
 12 spend more than ~~the following percentage~~ **2.0%** of total utility
 13 retail sales revenues, including electricity or natural gas
 14 commodity costs, ~~in any year to comply with the energy optimization~~
 15 ~~performance standard without specific approval from the~~
 16 ~~commission~~ **FOR THE SECOND YEAR PRECEDING.**

17 ~~—— (a) In 2009, 0.75% of total retail sales revenues for 2007.~~

18 ~~—— (b) In 2010, 1.0% of total retail sales revenues for 2008.~~

19 ~~—— (c) In 2011, 1.5% of total retail sales revenues for 2009.~~

20 ~~—— (d) In 2012 and each year thereafter, 2.0% of total retail~~
 21 ~~sales revenues for the 2 years preceding.~~

22 (8) **THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
 23 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
 24 **ENACTED INTO LAW.**

25 (9) **THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

26 **SEC. 89A. (1) THE COMMISSION SHALL ALLOW A NATURAL GAS**
 27 **PROVIDER WHOSE RATES ARE REGULATED BY THE COMMISSION TO RECOVER THE**



1 ACTUAL COSTS OF IMPLEMENTING ITS APPROVED ENERGY WASTE REDUCTION
2 PLAN. HOWEVER, COSTS EXCEEDING THE OVERALL FUNDING LEVELS SPECIFIED
3 IN THE ENERGY WASTE REDUCTION PLAN ARE NOT RECOVERABLE UNLESS THOSE
4 COSTS ARE REASONABLE AND PRUDENT AND MEET THE UTILITY SYSTEM
5 RESOURCE COST TEST.

6 (2) UNDER SUBSECTION (1), COSTS SHALL BE RECOVERED FROM ALL
7 NATURAL GAS CUSTOMERS BY VOLUMETRIC CHARGES OR FIXED, PER-METER
8 CHARGES AS SPECIFIED IN THE ENERGY WASTE REDUCTION PLAN. FIXED,
9 PER-METER CHARGES UNDER THIS SUBSECTION MAY VARY BY RATE CLASS.
10 CHARGES UNDER THIS SUBSECTION SHALL NOT BE ITEMIZED ON UTILITY
11 BILLS.

12 (3) FOR CUSTOMERS OF NATURAL GAS PROVIDERS WITH AN AGGREGATE
13 ANNUAL NATURAL GAS BILLING DEMAND OF MORE THAN 100,000 DECATHERMS
14 OR EQUIVALENT MCFS FOR ALL SITES IN THE NATURAL GAS UTILITY'S
15 SERVICE TERRITORY, THE COST RECOVERY UNDER SUBSECTION (1) SHALL NOT
16 EXCEED 1.7% OF TOTAL RETAIL SALES REVENUE FOR THAT CUSTOMER CLASS.
17 FOR RESIDENTIAL CUSTOMERS, THE COST RECOVERY SHALL NOT EXCEED 2.2%
18 OF TOTAL RETAIL SALES REVENUE FOR THAT CUSTOMER CLASS.

19 (4) UPON PETITION BY A NATURAL GAS PROVIDER WHOSE RATES ARE
20 REGULATED BY THE COMMISSION, THE COMMISSION SHALL AUTHORIZE THE
21 PROVIDER TO CAPITALIZE ALL ENERGY EFFICIENCY AND ENERGY
22 CONSERVATION EQUIPMENT, MATERIALS, AND INSTALLATION COSTS WITH AN
23 EXPECTED ECONOMIC LIFE GREATER THAN 1 YEAR INCURRED IN IMPLEMENTING
24 ITS ENERGY WASTE REDUCTION PLAN, INCLUDING SUCH COSTS PAID TO THIRD
25 PARTIES, SUCH AS CUSTOMER REBATES AND CUSTOMER INCENTIVES. THE
26 PROVIDER SHALL ALSO PROPOSE DEPRECIATION TREATMENT WITH RESPECT TO
27 ITS CAPITALIZED COSTS IN ITS ENERGY WASTE REDUCTION PLAN, AND THE



1 COMMISSION SHALL ORDER REASONABLE DEPRECIATION TREATMENT RELATED TO
2 THESE CAPITALIZED COSTS. A NATURAL GAS PROVIDER SHALL NOT
3 CAPITALIZE PAYMENTS MADE TO AN INDEPENDENT ENERGY WASTE REDUCTION
4 PROGRAM ADMINISTRATOR UNDER SECTION 91A.

5 (5) THE ESTABLISHED FUNDING LEVEL FOR LOW-INCOME RESIDENTIAL
6 PROGRAMS SHALL BE PROVIDED FROM EACH CUSTOMER RATE CLASS IN
7 PROPORTION TO THAT CUSTOMER RATE CLASS'S FUNDING OF THE NATURAL GAS
8 PROVIDER'S TOTAL ENERGY WASTE REDUCTION PROGRAMS. CHARGES SHALL BE
9 APPLIED TO DISTRIBUTION CUSTOMERS REGARDLESS OF THE SOURCE OF THEIR
10 NATURAL GAS SUPPLY.

11 (6) THE COMMISSION SHALL AUTHORIZE A NATURAL GAS PROVIDER THAT
12 SPENDS A MINIMUM OF 0.5% OF TOTAL NATURAL GAS RETAIL SALES
13 REVENUES, INCLUDING NATURAL GAS COMMODITY COSTS, IN A YEAR ON
14 COMMISSION-APPROVED ENERGY WASTE REDUCTION PROGRAMS TO IMPLEMENT A
15 SYMMETRICAL REVENUE DECOUPLING TRUE-UP MECHANISM THAT ADJUSTS FOR
16 SALES THAT ARE ABOVE OR BELOW THE PROJECTED LEVELS THAT WERE USED
17 TO DETERMINE THE REVENUE REQUIREMENT AUTHORIZED IN THE NATURAL GAS
18 PROVIDER'S MOST RECENT RATE CASE. IN DETERMINING THE SYMMETRICAL
19 REVENUE DECOUPLING TRUE-UP MECHANISM UTILIZED FOR EACH NATURAL GAS
20 PROVIDER, THE COMMISSION SHALL GIVE DEFERENCE TO THE PROPOSED
21 MECHANISM SUBMITTED BY THE NATURAL GAS PROVIDER. THE COMMISSION MAY
22 APPROVE AN ALTERNATIVE MECHANISM IF THE COMMISSION DETERMINES THAT
23 THE ALTERNATIVE MECHANISM IS REASONABLE AND PRUDENT. THE COMMISSION
24 SHALL AUTHORIZE THE NATURAL GAS PROVIDER TO DECOUPLE RATES
25 REGARDLESS OF WHETHER THE NATURAL GAS PROVIDER'S ENERGY WASTE
26 REDUCTION PROGRAMS ARE ADMINISTERED BY THE PROVIDER OR AN
27 INDEPENDENT ENERGY WASTE REDUCTION PROGRAM ADMINISTRATOR UNDER



1 SECTION 91A.

2 (7) A NATURAL GAS PROVIDER SHALL NOT SPEND IN ANY YEAR MORE
 3 THAN 2.0% OF TOTAL UTILITY RETAIL SALES REVENUES, INCLUDING NATURAL
 4 GAS COMMODITY COSTS, FOR THE SECOND YEAR PRECEDING TO COMPLY WITH
 5 THE ENERGY WASTE REDUCTION PERFORMANCE STANDARD WITHOUT SPECIFIC
 6 APPROVAL FROM THE COMMISSION.

7 (8) THIS SECTION TAKES EFFECT JANUARY 1, 2019.

8 Sec. 91. (1) Except for section 89(6), sections 71 to 89 do
 9 not apply to a provider that ~~pays the following percentage~~ **EACH**
 10 **YEAR PAYS 2.0%** of total utility sales revenues **FOR THE SECOND YEAR**
 11 **PRECEDING**, including electricity or natural gas commodity costs,
 12 ~~each year to an independent energy optimization~~ **WASTE REDUCTION**
 13 program administrator selected by the commission. ÷

14 ~~—— (a) In 2009, 0.75% of total retail sales revenues for 2007.~~

15 ~~—— (b) In 2010, 1.0% of total retail sales revenues for 2008.~~

16 ~~—— (c) In 2011, 1.5% of total retail sales revenues for 2009.~~

17 ~~—— (d) In 2012 and each year thereafter, 2.0% of total retail~~
 18 ~~sales revenues for the 2 years preceding.~~

19 (2) An alternative compliance payment received from a provider
 20 by the energy ~~optimization~~ **WASTE REDUCTION** program administrator
 21 under subsection (1) shall be used to administer energy efficiency
 22 programs for the provider. Money unspent in a year shall be carried
 23 forward to be spent in the subsequent year.

24 (3) The commission shall allow a provider to recover an
 25 alternative compliance payment under subsection (1). This cost
 26 shall be recovered from ~~residential~~ customers by volumetric charges
 27 ~~, from all other metered customers by per-meter charges, and from~~



1 ~~unmetered customers by an appropriate charge, applied to~~ **OR FIXED,**
2 **PER-METER CHARGES. FIXED, PER-METER CHARGES UNDER THIS SUBSECTION**
3 **MAY VARY BY RATE CLASS. CHARGES UNDER THIS SUBSECTION SHALL NOT BE**
4 **ITEMIZED ON** utility bills.

5 (4) ~~An~~ **A PROVIDER'S** alternative compliance payment under
6 subsection (1) shall only be used to fund energy ~~optimization~~ **WASTE**
7 **REDUCTION** programs for that provider's customers. To the extent
8 feasible, charges collected from a particular customer rate class
9 and paid to the energy ~~optimization~~ **WASTE REDUCTION** program
10 administrator under subsection (1) shall be devoted to energy
11 ~~optimization~~ **WASTE REDUCTION** programs and services for that rate
12 class.

13 (5) Money paid to the energy ~~optimization~~ **WASTE REDUCTION**
14 program administrator under subsection (1) and not spent by the
15 administrator that year shall remain available for expenditure the
16 following year, subject to the requirements of subsection (4).

17 (6) The commission shall select a qualified nonprofit
18 organization to serve as an energy ~~optimization~~ **WASTE REDUCTION**
19 program administrator under this section, through a competitive bid
20 process.

21 (7) The commission shall arrange for a biennial independent
22 audit of the energy ~~optimization~~ **WASTE REDUCTION** program
23 administrator.

24 **(8) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
25 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
26 **ENACTED INTO LAW.**

27 **(9) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**



1 SEC. 91A. (1) EXCEPT FOR SECTION 89A(6), SECTIONS 72 TO 89A DO
2 NOT APPLY TO A NATURAL GAS PROVIDER THAT EACH YEAR PAYS 2.0% OF
3 TOTAL UTILITY SALES REVENUES, INCLUDING NATURAL GAS COMMODITY
4 COSTS, FOR THE SECOND YEAR PRECEDING TO AN INDEPENDENT ENERGY WASTE
5 REDUCTION PROGRAM ADMINISTRATOR SELECTED BY THE COMMISSION.

6 (2) AN ALTERNATIVE COMPLIANCE PAYMENT RECEIVED FROM A NATURAL
7 GAS PROVIDER BY THE ENERGY WASTE REDUCTION PROGRAM ADMINISTRATOR
8 UNDER SUBSECTION (1) SHALL BE USED TO ADMINISTER ENERGY WASTE
9 REDUCTION PROGRAMS FOR THE PROVIDER. MONEY UNSPENT IN A YEAR SHALL
10 BE CARRIED FORWARD TO BE SPENT IN THE SUBSEQUENT YEAR.

11 (3) THE COMMISSION SHALL ALLOW A NATURAL GAS PROVIDER TO
12 RECOVER AN ALTERNATIVE COMPLIANCE PAYMENT UNDER SUBSECTION (1).
13 THIS COST SHALL BE RECOVERED FROM CUSTOMERS BY VOLUMETRIC CHARGES
14 OR FIXED, PER-METER CHARGES. FIXED, PER-METER CHARGES UNDER THIS
15 SUBSECTION MAY VARY BY RATE CLASS. CHARGES UNDER THIS SUBSECTION
16 SHALL NOT BE ITEMIZED ON UTILITY BILLS.

17 (4) AN ALTERNATIVE COMPLIANCE PAYMENT UNDER SUBSECTION (1)
18 SHALL ONLY BE USED TO FUND ENERGY WASTE REDUCTION PROGRAMS FOR THAT
19 PROVIDER'S CUSTOMERS. TO THE EXTENT FEASIBLE, CHARGES COLLECTED
20 FROM A PARTICULAR CUSTOMER RATE CLASS AND PAID TO THE ENERGY WASTE
21 REDUCTION PROGRAM ADMINISTRATOR UNDER SUBSECTION (1) SHALL BE
22 DEVOTED TO ENERGY WASTE REDUCTION PROGRAMS AND SERVICES FOR THAT
23 RATE CLASS.

24 (5) MONEY PAID TO THE ENERGY WASTE REDUCTION PROGRAM
25 ADMINISTRATOR UNDER SUBSECTION (1) AND NOT SPENT BY THE
26 ADMINISTRATOR THAT YEAR SHALL REMAIN AVAILABLE FOR EXPENDITURE THE
27 FOLLOWING YEAR, SUBJECT TO SUBSECTION (4).



1 (6) THE COMMISSION SHALL SELECT A QUALIFIED NONPROFIT
2 ORGANIZATION TO SERVE AS AN ENERGY WASTE REDUCTION PROGRAM
3 ADMINISTRATOR UNDER THIS SECTION THROUGH A COMPETITIVE BID PROCESS.

4 (7) THE COMMISSION SHALL ARRANGE FOR A BIENNIAL INDEPENDENT
5 AUDIT OF THE ENERGY WASTE REDUCTION PROGRAM ADMINISTRATOR.

6 (8) THIS SECTION TAKES EFFECT JANUARY 1, 2019.

7 Sec. 93. (1) An eligible electric customer is exempt from
8 charges the customer would otherwise incur as an electric customer
9 under section 89 or 91 if the customer files with its electric
10 provider and implements a self-directed energy ~~optimization~~ **WASTE**
11 **REDUCTION** plan as provided in this section.

12 (2) Subject to subsection (3), an electric customer is not
13 eligible under subsection (1) unless it is a commercial or
14 industrial electric customer and ~~meets all of the following~~
15 ~~requirements:~~

16 ~~— (a) In 2009 or 2010, the customer must have had an annual peak~~
17 ~~demand in the preceding year of at least 2 megawatts at each site~~
18 ~~to be covered by the self-directed plan or 10 megawatts in the~~
19 ~~aggregate at all sites to be covered by the plan.~~

20 ~~— (b) In 2011, 2012, or 2013, the customer or customers must~~
21 ~~have had an annual peak demand in the preceding year of at least 1~~
22 ~~megawatt at each site to be covered by the self-directed plan or 5~~
23 ~~megawatts in the aggregate at all sites to be covered by the plan.~~

24 ~~— (c) In 2014 or any year thereafter, the customer or customers~~
25 ~~must have had an annual peak demand in the preceding year of at~~
26 ~~least 1 megawatt in the aggregate at all sites to be covered by the~~
27 ~~self-directed plan.~~



1 (3) The eligibility requirements of subsection (2) do not
2 apply to a commercial or industrial customer that installs or
3 modifies an electric energy efficiency improvement under a property
4 assessed clean energy program pursuant to the property assessed
5 clean energy act, **2010 PA 270, MCL 460.931 TO 460.949.**

6 (4) The commission shall by order establish the rates, terms,
7 and conditions of service for customers related to this subpart.

8 (5) The commission shall by order do all of the following:

9 (a) Require a customer to utilize the services of an energy
10 ~~optimization~~ **WASTE REDUCTION** service company to develop and
11 implement a self-directed plan. This subdivision does not apply to
12 a customer that had an annual peak demand in the preceding year of
13 at least 2 megawatts at each site to be covered by the self-
14 directed plan or 10 megawatts in the aggregate at all sites to be
15 covered by the self-directed plan.

16 (b) Provide a mechanism to recover from customers under
17 subdivision (a) the costs for provider level review and evaluation.

18 (c) Provide a mechanism to cover the costs of the ~~low income~~
19 **LOW-INCOME** energy ~~optimization~~ **WASTE REDUCTION** program under
20 section 89.

21 (6) All of the following apply to a self-directed energy
22 ~~optimization~~ **WASTE REDUCTION** plan under subsection (1):

23 (a) The self-directed plan shall be a multiyear plan for an
24 ongoing energy ~~optimization~~ **WASTE REDUCTION** program.

25 (b) The self-directed plan shall provide for aggregate energy
26 savings that each year meet or exceed the energy ~~optimization~~ **WASTE**
27 **REDUCTION** standards based on the electricity purchases in the



1 previous year for the site or sites covered by the self-directed
2 plan.

3 (c) Under the self-directed plan, energy ~~optimization~~-**WASTE**
4 **REDUCTION** shall be calculated based on annual electricity usage.
5 Annual electricity usage shall be normalized so that none of the
6 following are included in the calculation of the percentage of
7 incremental energy savings:

8 (i) Changes in electricity usage because of changes in
9 business activity levels not attributable to energy

10 ~~optimization~~-**WASTE REDUCTION**.

11 (ii) Changes in electricity usage because of the installation,
12 operation, or testing of pollution control equipment.

13 (d) The self-directed plan shall specify whether electricity
14 usage will be weather-normalized or based on the average number of
15 megawatt hours of electricity sold by the electric provider
16 annually during the previous 3 years to retail customers in this
17 state. Once the self-directed plan is submitted to the provider,
18 this option shall not be changed.

19 (e) The self-directed plan shall outline how the customer
20 intends to achieve the incremental energy savings specified in the
21 self-directed plan.

22 (7) A self-directed energy ~~optimization~~-**WASTE REDUCTION** plan
23 shall be incorporated into the relevant electric provider's energy
24 ~~optimization~~-**WASTE REDUCTION** plan. The self-directed plan and
25 information submitted by the customer under subsection (10) are
26 confidential and exempt from disclosure under the freedom of
27 information act, 1976 PA 442, MCL 15.231 to 15.246. Projected



1 energy savings from measures implemented under a self-directed plan
2 shall be attributed to the relevant provider's energy ~~optimization~~
3 **WASTE REDUCTION** programs for the purposes of determining annual
4 incremental energy savings achieved by the provider under section
5 77 or 81, as applicable.

6 (8) Once a customer begins to implement a self-directed plan
7 at a site covered by the self-directed plan, that site is exempt
8 from energy ~~optimization~~**WASTE REDUCTION** program charges under
9 section 89 or 91 and is not eligible to participate in the relevant
10 electric provider's energy ~~optimization~~**WASTE REDUCTION** programs.

11 (9) A customer implementing a self-directed energy
12 ~~optimization~~**WASTE REDUCTION** plan under this section shall annually
13 submit to the customer's electric provider a brief report
14 documenting the energy efficiency measures taken under the self-
15 directed plan during the previous year, and the corresponding
16 energy savings that will result. The report shall provide
17 sufficient information for the provider and the commission to
18 monitor progress toward the goals in the self-directed plan and to
19 develop reliable estimates of the energy savings that are being
20 achieved from self-directed plans. The customer report shall
21 indicate the level of incremental energy savings achieved for the
22 year covered by the report and whether that level of incremental
23 energy savings meets the goal set forth in the customer's self-
24 directed plan. If a customer submitting a report under this
25 subsection wishes to amend its self-directed plan, the customer
26 shall submit with the report an amended self-directed plan. A
27 report under this subsection shall be accompanied by an affidavit

1 from a knowledgeable official of the customer that the information
2 in the report is true and correct to the best of the official's
3 knowledge and belief. If the customer has retained an independent
4 energy ~~optimization~~ **WASTE REDUCTION** service company, the
5 requirements of this subsection shall be met by the energy
6 ~~optimization~~ **WASTE REDUCTION** service company.

7 (10) An electric provider shall provide an annual report to
8 the commission that identifies customers implementing self-directed
9 energy ~~optimization~~ **WASTE REDUCTION** plans and summarizes the
10 results achieved cumulatively under those self-directed plans. The
11 commission may request additional information from the electric
12 provider. If the commission has sufficient reason to believe the
13 information is inaccurate or incomplete, it may request additional
14 information from the customer to ensure accuracy of the report.

15 (11) If the commission determines after a contested case
16 hearing that the minimum energy ~~optimization~~ **WASTE REDUCTION** goals
17 under subsection (6) (b) have not been achieved at the sites covered
18 by a self-directed plan, in aggregate, the commission shall order
19 the customer or customers collectively to pay to this state an
20 amount calculated as follows:

21 (a) Determine the proportion of the shortfall in achieving the
22 minimum energy ~~optimization~~ **WASTE REDUCTION** goals under subsection
23 (6) (b) .

24 (b) Multiply the figure under subdivision (a) by the energy
25 ~~optimization~~ **WASTE REDUCTION** charges from which the customer or
26 customers collectively were exempt under subsection (1) .

27 (c) Multiply the product under subdivision (b) by a number not



1 less than 1 or greater than 2, as determined by the commission
2 based on the reasons for failure to meet the minimum energy
3 ~~optimization~~**WASTE REDUCTION** goals.

4 (12) If a customer has submitted a self-directed plan to an
5 electric provider, the customer, the customer's energy ~~optimization~~
6 **WASTE REDUCTION** service company, if applicable, or the electric
7 provider shall provide a copy of the self-directed plan to the
8 commission upon request.

9 (13) By September 1, 2010, following a public hearing, the
10 commission shall establish an approval process for energy
11 ~~optimization~~**WASTE REDUCTION** service companies. The approval
12 process shall ensure that energy ~~optimization~~**WASTE REDUCTION**
13 service companies have the expertise, resources, and business
14 practices to reliably provide energy ~~optimization~~**WASTE REDUCTION**
15 services that meet the requirements of this section. The commission
16 may adopt by reference the past or current standards of a national
17 or regional certification or licensing program for energy
18 ~~optimization~~**WASTE REDUCTION** service companies. However, the
19 approval process shall also provide an opportunity for energy
20 ~~optimization~~**WASTE REDUCTION** service companies that are not
21 recognized by such a program to be approved by posting a bond in an
22 amount determined by the commission and meeting any other
23 requirements adopted by the commission for the purposes of this
24 subsection. The approval process for energy ~~optimization~~**WASTE**
25 **REDUCTION** service companies shall require adherence to a code of
26 conduct governing the relationship between energy ~~optimization~~
27 **WASTE REDUCTION** service companies and electric providers.



1 (14) The department of ~~energy, labor, and economic growth~~
2 **LICENSING AND REGULATORY AFFAIRS** shall maintain on the department's
3 website a list of energy ~~optimization~~ **WASTE REDUCTION** service
4 companies approved under subsection (13).

5 **(15) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
6 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
7 **ENACTED INTO LAW.**

8 **(16) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

9 Sec. 95. (1) The commission shall do all of the following:

10 (a) Promote load management in appropriate circumstances,
11 **INCLUDING ENCOURAGING THE ESTABLISHMENT OF LOAD MANAGEMENT PROGRAMS**
12 **IN WHICH AN ELECTRIC PROVIDER MAY REMOTELY SHUT DOWN AIR**
13 **CONDITIONING OR OTHER ENERGY INTENSIVE SYSTEMS OF PARTICIPATING**
14 **CUSTOMERS. ELECTRIC PROVIDER PARTICIPATION AND CUSTOMER ENROLLMENT**
15 **IN SUCH PROGRAMS IS VOLUNTARY. THE PROGRAMS MAY PROVIDE INCENTIVES**
16 **FOR CUSTOMER PARTICIPATION AND SHALL INCLUDE CUSTOMER PROTECTION**
17 **PROVISIONS AS REQUIRED BY THE COMMISSION.**

18 (b) Actively pursue increasing public awareness of load
19 management techniques.

20 (c) Engage in regional load management efforts to reduce the
21 annual demand for energy whenever possible.

22 (d) Work with residential, commercial, and industrial
23 customers to reduce annual demand and conserve energy through load
24 management techniques and other activities it considers
25 appropriate. ~~The commission shall file a report with the~~
26 ~~legislature by December 31, 2010 on the effort to reduce peak~~
27 ~~demand. The report shall also include any recommendations for~~



1 ~~legislative action concerning load management that the commission~~
2 ~~considers necessary.~~

3 (2) The commission may allow a provider whose rates are
4 regulated by the commission to recover costs for load management
5 ~~undertaken pursuant to an energy optimization plan through base~~
6 rates as part of a proceeding under section 6 of 1939 PA 3, MCL
7 460.6, if the costs are reasonable and prudent and meet the utility
8 systems resource cost test.

9 ~~— (3) The commission shall do all of the following:~~

10 ~~— (a) Promote energy efficiency and energy conservation.~~

11 ~~— (b) Actively pursue increasing public awareness of energy~~
12 ~~conservation and energy efficiency.~~

13 ~~— (c) Actively engage in energy conservation and energy~~
14 ~~efficiency efforts with providers.~~

15 ~~— (d) Engage in regional efforts to reduce demand for energy~~
16 ~~through energy conservation and energy efficiency.~~

17 ~~— (e) By November 30, 2009, and each year thereafter, submit to~~
18 ~~the standing committees of the senate and house of representatives~~
19 ~~with primary responsibility for energy and environmental issues a~~
20 ~~report on the effort to implement energy conservation and energy~~
21 ~~efficiency programs or measures. The report may include any~~
22 ~~recommendations of the commission for energy conservation~~
23 ~~legislation.~~

24 (3) ~~(4)~~—This subpart does not limit the authority of the
25 commission, following an integrated resource plan proceeding and as
26 part of a rate-making process, to allow a provider whose rates are
27 regulated by the commission to recover for additional prudent



1 energy efficiency and energy conservation measures not included in
2 the provider's energy ~~optimization~~ **WASTE REDUCTION** plan if the
3 provider has met the requirements of the energy ~~optimization~~ **WASTE**
4 **REDUCTION** program.

5 **(4) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
6 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
7 **ENACTED INTO LAW.**

8 Sec. 97. (1) By a time determined by the commission, each
9 provider shall submit to the commission an annual report that
10 provides information relating to the actions taken by the provider
11 to comply with the energy ~~optimization~~ **WASTE REDUCTION** standards.
12 By that same time, a municipally-owned electric utility shall
13 submit a copy of the report to the governing body of the
14 municipally-owned electric utility, and a cooperative electric
15 utility shall submit a copy of the report to its board of
16 directors.

17 (2) An annual report under subsection (1) shall include all of
18 the following information:

19 (a) The number of energy ~~optimization~~ **WASTE REDUCTION** credits
20 that the provider generated during the reporting period.

21 (b) Expenditures made in the past year and anticipated future
22 expenditures to comply with this subpart.

23 (c) Any other information that the commission determines
24 necessary.

25 (3) Concurrent with the submission of each report under
26 subsection (1), a municipally-owned electric utility shall submit a
27 summary of the report to its customers in their bills with a bill

1 insert and to its governing body. Concurrent with the submission of
2 each report under subsection (1), a cooperative electric utility
3 shall submit a summary of the report to its members in a periodical
4 issued by an association of rural electric cooperatives and to its
5 board of directors. A municipally-owned electric utility or
6 cooperative electric provider shall make a copy of the report
7 available at its office and shall post a copy of the report on its
8 website. A summary under this section shall indicate that a copy of
9 the report is available at the office or website.

10 ~~—— (4) Not later than 1 year after the effective date of this~~
11 ~~act, the commission shall submit a report on the potential rate~~
12 ~~impacts on all classes of customers if the electric providers whose~~
13 ~~rates are regulated by the commission decouple rates. The report~~
14 ~~shall be submitted to the standing committees of the senate and~~
15 ~~house of representatives with primary responsibility for energy and~~
16 ~~environmental issues. The commission's report shall review whether~~
17 ~~decoupling would be cost-effective and would reduce the overall~~
18 ~~consumption of fossil fuels in this state.~~

19 ~~—— (5) By October 1, 2010, the commission shall submit to the~~
20 ~~committees described in subsection (4) any recommendations for~~
21 ~~legislative action to increase energy conservation and energy~~
22 ~~efficiency based on reports under subsection (1), the energy~~
23 ~~optimization plans approved under section 89, and the commission's~~
24 ~~own investigation. By March 1, 2013, the commission shall submit to~~
25 ~~those committees a report on the progress of electric providers in~~
26 ~~achieving reductions in energy use. The commission may use an~~
27 ~~independent evaluator to review the submissions by electric~~



1 providers.

2 (4) ~~(6) By February 15, 2011 and each year thereafter and by~~
 3 ~~September 30, 2015, the~~ **THE** commission shall submit to the **STANDING**
 4 committees described in subsection ~~(4)~~ **OF THE SENATE AND HOUSE OF**
 5 **REPRESENTATIVES WITH PRIMARY RESPONSIBILITY FOR ENERGY ISSUES** a
 6 report that evaluates and determines whether this subpart ~~and~~
 7 subpart A have each **HAS** been cost-effective and makes
 8 recommendations to the legislature. The report ~~shall~~ **MAY** be
 9 combined with any concurrent report by the commission under section
 10 ~~51.~~ **THE ANNUAL REPORT UNDER SECTION 5A OF 1939 PA 3, MCL 460.5A.**

11 ~~(7) The report required by September 30, 2015 under subsection~~
 12 ~~(6) shall also review the opportunities for additional cost-~~
 13 ~~effective energy optimization programs and make any recommendations~~
 14 ~~the commission may have for legislation providing for the~~
 15 ~~continuation, expansion, or reduction of energy optimization~~
 16 ~~standards. That report shall also include the commission's~~
 17 ~~determinations of all of the following:~~

18 ~~(a) The percentage of total energy savings required by the~~
 19 ~~energy optimization standards that have actually been achieved by~~
 20 ~~each electric provider and by all electric providers cumulatively.~~

21 ~~(b) The percentage of total energy savings required by the~~
 22 ~~energy optimization standards that have actually been achieved by~~
 23 ~~each natural gas provider and by all natural gas providers~~
 24 ~~cumulatively.~~

25 ~~(c) For each provider, whether that provider's program under~~
 26 ~~this subpart has been cost effective.~~

27 (5) ~~(8)~~ If the commission determines in its report required by



1 ~~September 30, 2015 under subsection (6) or determines subsequently~~
2 that a provider's energy ~~optimization~~ **WASTE REDUCTION** program under
3 this subpart has not been cost-effective, the provider's program is
4 suspended beginning 180 days after the date of the ~~report or~~
5 ~~subsequent~~ determination. If a provider's energy ~~optimization~~ **WASTE**
6 **REDUCTION** program is suspended under this subsection, both of the
7 following apply:

8 (a) The provider shall maintain cumulative incremental energy
9 savings in megawatt hours or decatherms or equivalent MCFs in
10 subsequent years at the level actually achieved during the year
11 preceding the year in which the commission's determination is made.

12 (b) The provider shall not impose energy ~~optimization~~ **WASTE**
13 **REDUCTION** charges in subsequent years except to the extent
14 necessary to recover unrecovered energy ~~optimization~~ **WASTE**
15 **REDUCTION** expenses incurred under this subpart before suspension of
16 the provider's program.

17 **(6) THIS SECTION AS AMENDED BY THE AMENDATORY ACT THAT ADDED**
18 **THIS SUBSECTION TAKES EFFECT 90 DAYS AFTER THE DATE THAT ACT IS**
19 **ENACTED INTO LAW.**

20 **(7) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.**

21 **SEC. 98. (1) BY A TIME DETERMINED BY THE COMMISSION, EACH**
22 **NATURAL GAS PROVIDER SHALL SUBMIT TO THE COMMISSION AN ANNUAL**
23 **REPORT THAT PROVIDES INFORMATION RELATING TO THE ACTIONS TAKEN BY**
24 **THE PROVIDER TO COMPLY WITH THE ENERGY WASTE REDUCTION STANDARDS.**

25 **(2) AN ANNUAL REPORT UNDER SUBSECTION (1) SHALL INCLUDE ALL OF**
26 **THE FOLLOWING INFORMATION:**

27 **(A) THE AMOUNT OF ENERGY WASTE REDUCTION ACHIEVED DURING THE**



1 REPORTING PERIOD.

2 (B) EXPENDITURES MADE IN THE PAST YEAR AND ANTICIPATED FUTURE
3 EXPENDITURES TO COMPLY WITH THIS SUBPART.

4 (C) ANY OTHER INFORMATION THAT THE COMMISSION DETERMINES
5 NECESSARY.

6 (3) THE COMMISSION SHALL SUBMIT TO THE STANDING COMMITTEES OF
7 THE SENATE AND HOUSE OF REPRESENTATIVES WITH PRIMARY RESPONSIBILITY
8 FOR ENERGY AND ENVIRONMENTAL ISSUES A REPORT THAT EVALUATES AND
9 DETERMINES WHETHER THIS SUBPART HAS BEEN COST-EFFECTIVE AND MAKES
10 RECOMMENDATIONS TO THE LEGISLATURE. THE REPORT SHALL BE COMBINED
11 WITH THE ANNUAL REPORT UNDER SECTION 5A OF 1939 PA 3, MCL 460.5A.

12 (4) IF THE COMMISSION DETERMINES THAT A NATURAL GAS PROVIDER'S
13 ENERGY WASTE REDUCTION PROGRAM UNDER THIS SUBPART HAS NOT BEEN
14 COST-EFFECTIVE, THE NATURAL GAS PROVIDER'S PROGRAM IS SUSPENDED
15 BEGINNING 180 DAYS AFTER THE DATE OF THE DETERMINATION. IF A
16 PROVIDER'S ENERGY WASTE REDUCTION PROGRAM IS SUSPENDED UNDER THIS
17 SUBSECTION, BOTH OF THE FOLLOWING APPLY:

18 (A) THE NATURAL GAS PROVIDER SHALL MAINTAIN CUMULATIVE
19 INCREMENTAL ENERGY SAVINGS IN DECATHERMS OR EQUIVALENT MCFS IN
20 SUBSEQUENT YEARS AT THE LEVEL ACTUALLY ACHIEVED DURING THE YEAR
21 PRECEDING THE YEAR IN WHICH THE COMMISSION'S DETERMINATION IS MADE.

22 (B) THE NATURAL GAS PROVIDER SHALL NOT IMPOSE ENERGY WASTE
23 REDUCTION CHARGES IN SUBSEQUENT YEARS EXCEPT TO THE EXTENT
24 NECESSARY TO RECOVER UNRECOVERED ENERGY WASTE REDUCTION EXPENSES
25 INCURRED UNDER THIS SUBPART BEFORE SUSPENSION OF THE PROVIDER'S
26 PROGRAM.

27 (5) THIS SECTION TAKES EFFECT JANUARY 1, 2019.



1 SEC. 99. (1) THE ATTORNEY GENERAL OR ANY CUSTOMER OF A
2 COOPERATIVE ELECTRIC UTILITY THAT HAS ELECTED TO BECOME MEMBER-
3 REGULATED UNDER THE ELECTRIC COOPERATIVE MEMBER-REGULATION ACT,
4 2008 PA 167, MCL 460.31 TO 460.39, MAY COMMENCE A CIVIL ACTION FOR
5 INJUNCTIVE RELIEF AGAINST SUCH A COOPERATIVE ELECTRIC UTILITY IF
6 THE ELECTRIC PROVIDER FAILS TO MEET THE APPLICABLE REQUIREMENTS OF
7 THIS SUBPART OR AN ORDER ISSUED OR RULE PROMULGATED UNDER THIS
8 SUBPART.

9 (2) AN ACTION UNDER SUBSECTION (1) SHALL BE COMMENCED IN THE
10 CIRCUIT COURT FOR THE CIRCUIT IN WHICH THE PRINCIPAL OFFICE OF THE
11 COOPERATIVE ELECTRIC UTILITY THAT HAS ELECTED TO BECOME MEMBER-
12 REGULATED IS LOCATED. AN ACTION SHALL NOT BE FILED UNDER SUBSECTION
13 (1) UNLESS THE PROSPECTIVE PLAINTIFF HAS GIVEN THE PROSPECTIVE
14 DEFENDANT AND THE COMMISSION AT LEAST 60 DAYS' WRITTEN NOTICE OF
15 THE PROSPECTIVE PLAINTIFF'S INTENT TO SUE, THE BASIS FOR THE SUIT,
16 AND THE RELIEF SOUGHT. WITHIN 30 DAYS AFTER THE PROSPECTIVE
17 DEFENDANT RECEIVES WRITTEN NOTICE OF THE PROSPECTIVE PLAINTIFF'S
18 INTENT TO SUE, THE PROSPECTIVE DEFENDANT AND PLAINTIFF SHALL MEET
19 AND MAKE A GOOD FAITH ATTEMPT TO DETERMINE IF THERE IS A CREDIBLE
20 BASIS FOR THE ACTION. IF BOTH PARTIES AGREE THAT THERE IS A
21 CREDIBLE BASIS FOR THE ACTION, THE PROSPECTIVE DEFENDANT SHALL TAKE
22 ALL REASONABLE AND PRUDENT STEPS NECESSARY TO COMPLY WITH THE
23 APPLICABLE REQUIREMENTS OF THIS SUBPART WITHIN 90 DAYS AFTER THE
24 MEETING.

25 (3) IN ISSUING A FINAL ORDER IN AN ACTION BROUGHT UNDER
26 SUBSECTION (1), THE COURT MAY AWARD COSTS OF LITIGATION, INCLUDING
27 REASONABLE ATTORNEY AND EXPERT WITNESS FEES, TO THE PREVAILING OR



1 SUBSTANTIALLY PREVAILING PARTY.

2 (4) UPON RECEIPT OF A COMPLAINT BY ANY CUSTOMER OF A
3 MUNICIPALLY-OWNED ELECTRIC UTILITY OR UPON THE COMMISSION'S OWN
4 MOTION, THE COMMISSION MAY REVIEW ALLEGATIONS THAT THE MUNICIPALLY-
5 OWNED ELECTRIC UTILITY HAS VIOLATED THIS SUBPART OR AN ORDER ISSUED
6 OR RULE PROMULGATED UNDER THIS SUBPART. IF THE COMMISSION FINDS,
7 AFTER NOTICE AND HEARING, THAT A MUNICIPALLY-OWNED ELECTRIC UTILITY
8 HAS VIOLATED THIS SUBPART OR AN ORDER ISSUED OR RULE PROMULGATED
9 UNDER THIS SUBPART, THE COMMISSION SHALL ADVISE THE ATTORNEY
10 GENERAL. THE ATTORNEY GENERAL MAY COMMENCE A CIVIL ACTION FOR
11 INJUNCTIVE RELIEF AGAINST THE MUNICIPALLY-OWNED ELECTRIC UTILITY IN
12 THE CIRCUIT COURT FOR THE CIRCUIT IN WHICH THE PRINCIPAL OFFICE OF
13 THE MUNICIPALLY-OWNED ELECTRIC UTILITY IS LOCATED.

14 (5) IN ISSUING A FINAL ORDER IN AN ACTION BROUGHT UNDER
15 SUBSECTION (4), THE COURT MAY AWARD COSTS OF LITIGATION, INCLUDING
16 REASONABLE ATTORNEY AND EXPERT WITNESS FEES, TO THE PREVAILING OR
17 SUBSTANTIALLY PREVAILING PARTY.

18 (6) THIS SECTION TAKES EFFECT 90 DAYS AFTER THE DATE THE
19 AMENDATORY ACT THAT ADDED THIS SECTION IS ENACTED INTO LAW.

20 (7) THIS SECTION IS REPEALED EFFECTIVE JANUARY 1, 2019.

21 SUBPART C-D.

22 MISCELLANEOUS

23 Sec. 113. (1) Notwithstanding any other provision of this
24 part, ~~electricity or~~ natural gas used in the installation,
25 operation, or testing of any pollution control equipment is exempt
26 from the requirements of, and calculations of compliance required
27 under, this part.



1 ~~customer's electric needs.~~ **UP TO 110% OF THE CUSTOMER'S AVERAGE**
 2 **ANNUAL ELECTRICITY CONSUMPTION.** The commission may waive the
 3 application, interconnection, and installation requirements of this
 4 part for customers participating in the net metering program under
 5 the commission's March 29, 2005 order in case no. U-14346 **OR THE**
 6 **DISTRIBUTED GENERATION PROGRAM UNDER THIS PART.**

7 (3) ~~(2)~~—An electric utility or alternative electric supplier
 8 is not required to allow for ~~net metering~~ **DISTRIBUTED GENERATION**
 9 that is greater than ~~1%~~ **10%** of its **AVERAGE** in-state peak load for
 10 the preceding ~~5~~ calendar ~~year.~~ **YEARS.** The **ELECTRIC** utility or
 11 **ALTERNATIVE ELECTRIC** supplier shall notify the commission if its
 12 ~~net metering~~ **DISTRIBUTED GENERATION** program reaches the ~~1%~~
 13 ~~requirement~~ **10% LIMIT** under this subsection. The ~~1%~~ **10%** limit under
 14 this subsection shall be allocated as follows:

15 (a) No more than ~~0.5%~~ **5%** for customers with a ~~system~~ **AN**
 16 **ELIGIBLE ELECTRIC GENERATOR** capable of generating 20 kilowatts or
 17 less.

18 (b) No more than ~~0.25%~~ **2.5%** for customers with a ~~system~~ **AN**
 19 **ELIGIBLE ELECTRIC GENERATOR** capable of generating more than 20
 20 kilowatts but not more than 150 kilowatts.

21 (c) No more than ~~0.25%~~ **2.5%** for customers with a ~~system~~ **AN**
 22 **ELIGIBLE ELECTRIC GENERATOR** capable of generating more than 150
 23 kilowatts.

24 (4) ~~(3)~~—Selection of customers for participation in the ~~net~~
 25 ~~metering~~ **DISTRIBUTED GENERATION** program shall be based on the order
 26 in which the applications for participation in the ~~net metering~~
 27 program are received by the electric utility or alternative

1 electric supplier.

2 (5) ~~(4)~~ An electric utility or alternative electric supplier
3 shall not **DISCONTINUE OR** refuse to provide ~~or discontinue~~ electric
4 service to a customer solely ~~for the reason that~~ **BECAUSE** the
5 customer participates in the ~~net metering~~ **DISTRIBUTED GENERATION**
6 program.

7 (6) ~~(5)~~ The **DISTRIBUTED GENERATION** program created under
8 subsection (1) shall include all of the following:

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

13 (b) ~~Net metering~~ **DISTRIBUTED GENERATION** equipment and its
14 installation ~~must~~ **SHALL** meet all current local and state electric
15 and construction code requirements. ~~Any equipment that is certified~~
16 ~~by a nationally recognized testing laboratory to IEEE 1547.1~~
17 ~~testing standards and in compliance with UL 1741 scope 1.1A,~~
18 ~~effective May 7, 2007, and installed in compliance with this part~~
19 ~~is considered to be eligible equipment. Within the time provided by~~
20 ~~the commission in rules promulgated under subsection (1) and~~
21 ~~consistent with good utility practice, AND THE~~ protection of
22 electric utility workers, ~~protection of~~ electric utility equipment,
23 and ~~protection of~~ the general public, an electric utility may
24 study, confirm, and ensure that an eligible electric generator
25 installation at the customer's site meets the IEEE 1547 anti-
26 islanding requirements. **IF NECESSARY TO PROMOTE RELIABILITY OR**
27 **SAFETY, THE COMMISSION MAY PROMULGATE RULES THAT REQUIRE THE USE OF**



1 **INVERTERS THAT PERFORM SPECIFIC AUTOMATED GRID-BALANCING FUNCTIONS**
 2 **TO INTEGRATE DISTRIBUTED GENERATION ONTO THE ELECTRIC GRID.**
 3 **INVERTERS THAT INTERCONNECT DISTRIBUTED GENERATION RESOURCES MAY BE**
 4 **OWNED AND OPERATED BY ELECTRIC UTILITIES.** Utility testing and
 5 approval of the interconnection and execution of a parallel
 6 operating agreement must be completed prior to the equipment
 7 operating in parallel with the distribution system of the utility.

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

13 ~~———— (d) Net metering customers with a system capable of generating~~
 14 ~~20 kilowatts or less qualify for true net metering.~~

15 ~~———— (e) Net metering customers with a system capable of generating~~
 16 ~~more than 20 kilowatts qualify for modified net metering.~~

17 **(7)** ~~(6)~~ Each electric utility and alternative electric
 18 supplier shall maintain records of all applications and up-to-date
 19 records of all active eligible electric generators located within
 20 their service area.

21 Sec. 175. (1) An electric utility or alternative electric
 22 supplier may charge a fee not to exceed ~~\$100.00~~ **\$50.00** to process
 23 an application ~~for net metering. A customer with a system capable~~
 24 ~~of generating more than 20 kilowatts~~ **TO PARTICIPATE IN THE**
 25 **DISTRIBUTED GENERATION PROGRAM. THE CUSTOMER** shall pay all
 26 interconnection costs. ~~A customer with a system capable of~~
 27 ~~generating more than 150 kilowatts shall pay standby costs. The~~



1 commission shall recognize the reasonable cost for each electric
2 utility and alternative electric supplier to operate a ~~net metering~~
3 **DISTRIBUTED GENERATION** program. For an electric utility with
4 1,000,000 or more retail customers in this state, the commission
5 shall include in that **ELECTRIC** utility's nonfuel base rates all
6 costs of meeting all program requirements except that all energy
7 costs of the program shall be recovered through the utility's power
8 supply cost recovery mechanism under ~~sections~~ **SECTION** 6j and ~~6k~~ of
9 1939 PA 3, MCL 460.6j. and ~~460.6k~~. For an electric utility with
10 ~~less~~ **FEWER** than 1,000,000 base distribution customers in this
11 state, the commission shall allow that **ELECTRIC** utility to recover
12 all energy costs of the program through the power supply cost
13 recovery mechanism under ~~sections~~ **SECTION** 6j and ~~6k~~ of 1939 PA 3,
14 MCL 460.6j, and ~~460.6k~~, and shall develop a cost recovery mechanism
15 for that utility to contemporaneously recover all other costs of
16 meeting the program requirements.

17 (2) The interconnection requirements of the ~~net metering~~
18 **DISTRIBUTED GENERATION** program shall provide that an electric
19 utility or alternative electric supplier shall, subject to any time
20 requirements imposed by the commission and upon reasonable written
21 notice to the ~~net metering~~ **DISTRIBUTED GENERATION** customer, perform
22 testing and inspection of an interconnected eligible electric
23 generator as is necessary to determine that the system complies
24 with all applicable electric safety, power quality, and
25 interconnection requirements. The costs of testing and inspection
26 are considered a cost of operating a ~~net metering~~ **DISTRIBUTED**
27 **GENERATION** program and shall be recovered under subsection (1).

1 (3) The interconnection requirements shall require all
2 eligible electric generators, alternative electric suppliers, and
3 electric utilities to comply with all applicable federal, state,
4 and local laws, rules, or regulations, and any national standards
5 as determined by the commission.

6 Sec. 177. (1) Electric meters shall be used to determine the
7 amount of the customer's ~~energy~~ **ELECTRICITY** use in each billing
8 period ~~, net of any excess energy the customer's generator delivers~~
9 ~~to the utility distribution system during that same billing period.~~
10 ~~For a customer with a generation system capable of generating more~~
11 ~~than 20 kilowatts, the utility shall install and utilize a~~
12 ~~generation meter and a meter or meters capable of measuring the~~
13 ~~flow of energy in both directions. A customer with a system capable~~
14 ~~of generating more than 150 kilowatts shall pay the costs of~~
15 ~~installing any new meters.~~ **AND THE AMOUNT OF ELECTRICITY PRODUCED BY**
16 **THE ELIGIBLE ELECTRIC GENERATOR ON THE CUSTOMER'S SITE.**

17 (2) An electric utility ~~serving over 1,000,000 customers in~~
18 ~~this state may~~ **SHALL** provide its customers participating in the net
19 metering **DISTRIBUTED GENERATION** program, at no additional charge,
20 **COST**, a meter or meters capable of measuring the flow of energy in
21 both directions.

22 ~~— (3) An electric utility serving fewer than 1,000,000 customers~~
23 ~~in this state shall provide a meter or meters described in~~
24 ~~subsection (2) to customers participating in the net metering~~
25 ~~program at cost. Only the incremental cost above that for meters~~
26 ~~provided by the electric utility to similarly situated~~
27 ~~nongenerating customers shall be paid by the eligible customer.~~



1 (3) ~~(4) If the quantity of electricity generated and delivered~~
2 ~~to the utility distribution system by an eligible electric~~
3 ~~generator during a billing period exceeds the quantity of~~
4 ~~electricity supplied from the electric utility or alternative~~
5 ~~electric supplier during the billing period, the eligible customer~~
6 ~~shall be credited by their supplier of electric generation service~~
7 ~~for the excess kilowatt hours generated during the billing period.~~
8 ~~The credit shall appear on the bill for the following billing~~
9 ~~period and shall be limited to the total power supply charges on~~
10 ~~that bill. Any excess kilowatt hours not used to offset electric~~
11 ~~generation charges in the next billing period will be carried~~
12 ~~forward to subsequent billing periods.~~ **A CUSTOMER PARTICIPATING IN**
13 **THE DISTRIBUTED GENERATION PROGRAM SHALL PURCHASE ALL OF THE**
14 **ELECTRICITY THE CUSTOMER CONSUMES FROM THE ELECTRIC UTILITY OR**
15 **ALTERNATIVE ELECTRIC SUPPLIER AT THE APPLICABLE RETAIL ELECTRICITY**
16 **RATES AND CHARGES. IF PARTICIPATING IN NET METERING, THE CUSTOMER**
17 **SHALL RECEIVE A BILL CREDIT FOR ALL ELECTRICITY PRODUCED BY THE**
18 **ELIGIBLE ELECTRIC GENERATOR ON THE CUSTOMER'S SITE. THE BILL CREDIT**
19 **SHALL BE THE VALUE OF THE ENERGY AND CAPACITY AVOIDED BY THE**
20 **ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER AS A RESULT OF**
21 **THE CUSTOMER'S PARTICIPATION. THE VALUE OF THE ENERGY AVOIDED BY**
22 **THE ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER SHALL BE**
23 **DETERMINED BY APPLYING THE DAY-AHEAD WHOLESALE ENERGY MARKET**
24 **CLEARING PRICE AT THE APPROPRIATE PRICING NODE FOR EACH KILOWATT-**
25 **HOUR PRODUCED BY THE ELIGIBLE ELECTRIC GENERATOR. THE VALUE OF THE**
26 **CAPACITY AVOIDED SHALL BE DETERMINED BY APPLYING THE RELEVANT**
27 **INDEPENDENT SYSTEM OPERATOR'S CAPACITY AUCTION CLEARING PRICE FOR**



1 EACH KILOWATT PER MONTH, DISCOUNTED FOR VARIABLE GENERATING UNITS
 2 ACCORDING TO THE METHODOLOGY USED BY THE INDEPENDENT SYSTEM
 3 OPERATOR. IF THE BILL CREDIT EXCEEDS THE CHARGES FOR THE CUSTOMER'S
 4 ELECTRIC CONSUMPTION, THE BILL CREDIT SHALL CARRY OVER TO
 5 SUBSEQUENT BILLING PERIODS INDEFINITELY UNTIL FULLY UTILIZED TO
 6 OFFSET CHARGES FOR THE CUSTOMER'S ELECTRIC CONSUMPTION. THE
 7 ELECTRIC UTILITY OR ALTERNATIVE ELECTRIC SUPPLIER MAY, UPON
 8 APPROVAL BY THE COMMISSION, CHARGE A MINIMUM BILL AMOUNT TO SUPPORT
 9 THE CUSTOMER'S USE OF THE ELECTRIC GRID FOR ANY MONTH IN WHICH A
 10 CUSTOMER'S MONTHLY BILL CREDIT EXCEEDS THE CHARGES FOR THE
 11 CUSTOMER'S CONSUMPTION. Notwithstanding any law or regulation, ~~net~~
 12 ~~metering~~ **DISTRIBUTED GENERATION PROGRAM** customers shall not receive
 13 credits for electric utility transmission or distribution charges.
 14 ~~The credit per kilowatt hour for kilowatt hours delivered into the~~
 15 ~~utility's distribution system shall be either of the following:~~

16 ~~—— (a) The monthly average real-time locational marginal price~~
 17 ~~for energy at the commercial pricing node within the electric~~
 18 ~~utility's distribution service territory, or for net metering~~
 19 ~~customers on a time-based rate schedule, the monthly average real-~~
 20 ~~time locational marginal price for energy at the commercial pricing~~
 21 ~~node within the electric utility's distribution service territory~~
 22 ~~during the time-of-use pricing period.~~

23 ~~—— (b) The electric utility's or alternative electric supplier's~~
 24 ~~power supply component of the full retail rate during the billing~~
 25 ~~period or time-of-use pricing period.~~

26 **(4) A CUSTOMER PARTICIPATING IN THE DISTRIBUTED GENERATION**
 27 **PROGRAM SHALL BE CHARGED THE ELECTRIC UTILITY'S OR ALTERNATIVE**



1 ELECTRIC SUPPLIER'S FULL RETAIL RATE FOR ALL INFLOW. FOR TOTAL
 2 CUSTOMER GENERATION MINUS OUTFLOW, THE CUSTOMER SHALL PAY ALL
 3 DELIVERY CHARGES APPLICABLE TO THE ELECTRIC UTILITY'S OR
 4 ALTERNATIVE ELECTRIC SUPPLIER'S RETAIL RATE, PLUS THE NONFUEL
 5 PORTION OF THE ELECTRIC UTILITY'S OR ALTERNATIVE ELECTRIC
 6 SUPPLIER'S POWER SUPPLY RATES.

7 Sec. 179. ~~An eligible electric generator~~ **A CUSTOMER** shall own
 8 any renewable energy credits granted for electricity generated **ON**
 9 **THE CUSTOMER'S SITE** under the ~~net metering~~ **DISTRIBUTED GENERATION**
 10 program created in this part.

11 **PART 7.**

12 **RESIDENTIAL ENERGY IMPROVEMENTS**

13 **SEC. 201. AS USED IN THIS PART:**

14 (A) "ENERGY PROJECT" MEANS THE INSTALLATION OR MODIFICATION OF
 15 AN ENERGY WASTE REDUCTION IMPROVEMENT OR THE ACQUISITION,
 16 INSTALLATION, OR IMPROVEMENT OF A CLEAN ENERGY SYSTEM.

17 (B) "ENERGY WASTE REDUCTION IMPROVEMENT" MEANS EQUIPMENT,
 18 DEVICES, OR MATERIALS INTENDED TO DECREASE ENERGY CONSUMPTION,
 19 INCLUDING, BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

20 (i) INSULATION IN WALLS, ROOFS, FLOORS, FOUNDATIONS, OR
 21 HEATING AND COOLING DISTRIBUTION SYSTEMS.

22 (ii) STORM WINDOWS AND DOORS; MULTI-GLAZED WINDOWS AND DOORS;
 23 HEAT-ABSORBING OR HEAT-REFLECTIVE GLAZED AND COATED WINDOW AND DOOR
 24 SYSTEMS; AND ADDITIONAL GLAZING, REDUCTIONS IN GLASS AREA, AND
 25 OTHER WINDOW AND DOOR MODIFICATIONS THAT REDUCE ENERGY CONSUMPTION.

26 (iii) AUTOMATED ENERGY CONTROL SYSTEMS.

27 (iv) HEATING, VENTILATING, OR AIR-CONDITIONING AND



1 DISTRIBUTION SYSTEM MODIFICATIONS OR REPLACEMENTS.

2 (v) AIR SEALING, CAULKING, AND WEATHER-STRIPPING.

3 (vi) LIGHTING FIXTURES THAT REDUCE THE ENERGY USE OF THE
4 LIGHTING SYSTEM.

5 (vii) ENERGY RECOVERY SYSTEMS.

6 (viii) DAY LIGHTING SYSTEMS.

7 (ix) ELECTRICAL WIRING OR OUTLETS TO CHARGE A MOTOR VEHICLE
8 THAT IS FULLY OR PARTIALLY POWERED BY ELECTRICITY.

9 (x) MEASURES TO REDUCE THE USAGE OF WATER OR INCREASE THE
10 EFFICIENCY OF WATER USAGE.

11 (xi) ANY OTHER INSTALLATION OR MODIFICATION OF EQUIPMENT,
12 DEVICES, OR MATERIALS APPROVED AS A UTILITY COST-SAVINGS MEASURE BY
13 THE GOVERNING BODY.

14 (C) "HOME ENERGY AUDIT" MEANS AN EVALUATION OF THE ENERGY
15 PERFORMANCE OF A RESIDENTIAL STRUCTURE THAT MEETS ALL OF THE
16 FOLLOWING REQUIREMENTS:

17 (i) IS PERFORMED BY A QUALIFIED PERSON USING BUILDING-
18 PERFORMANCE DIAGNOSTIC EQUIPMENT.

19 (ii) COMPLIES WITH AMERICAN NATIONAL STANDARDS INSTITUTE-
20 APPROVED HOME ENERGY AUDIT STANDARDS.

21 (iii) DETERMINES HOW BEST TO OPTIMIZE ENERGY PERFORMANCE WHILE
22 MAINTAINING OR IMPROVING HUMAN COMFORT, HEALTH, AND SAFETY AND THE
23 DURABILITY OF THE STRUCTURE.

24 (iv) INCLUDES A BASELINE ENERGY MODEL AND COST-BENEFIT
25 ANALYSIS FOR RECOMMENDED ENERGY WASTE REDUCTION IMPROVEMENTS.

26 (D) "PROPERTY" MEANS PRIVATELY OWNED RESIDENTIAL REAL
27 PROPERTY.



1 (E) "RECORD OWNER" MEANS THE PERSON OR PERSONS POSSESSED OF
2 THE MOST RECENT FEE TITLE OR LAND CONTRACT VENDEE'S INTEREST IN
3 PROPERTY AS SHOWN BY THE RECORDS OF THE COUNTY REGISTER OF DEEDS.

4 (F) "RESIDENTIAL ENERGY PROJECTS PROGRAM" OR "PROGRAM" MEANS A
5 PROGRAM AS DESCRIBED IN SECTION 203(2).

6 SEC. 203. (1) PURSUANT TO SECTION 205, A PROVIDER WHOSE RATES
7 ARE REGULATED BY THE COMMISSION MAY ESTABLISH A RESIDENTIAL ENERGY
8 PROJECTS PROGRAM.

9 (2) UNDER A RESIDENTIAL ENERGY PROJECTS PROGRAM, IF A RECORD
10 OWNER OF PROPERTY IN THE PROVIDER'S SERVICE TERRITORY OBTAINS
11 FINANCING OR REFINANCING OF AN ENERGY PROJECT ON THE PROPERTY FROM
12 A COMMERCIAL LENDER OR OTHER LEGAL ENTITY, INCLUDING AN INDEPENDENT
13 SUBSIDIARY OF THE PROVIDER, THE LOAN IS REPAYED THROUGH ITEMIZED
14 CHARGES ON THE PROVIDER'S UTILITY BILL FOR THAT PROPERTY. THE
15 ITEMIZED CHARGES MAY COVER THE COST OF MATERIALS AND LABOR
16 NECESSARY FOR INSTALLATION, HOME ENERGY AUDIT COSTS, PERMIT FEES,
17 INSPECTION FEES, APPLICATION AND ADMINISTRATIVE FEES, BANK FEES,
18 AND ALL OTHER FEES THAT MAY BE INCURRED BY THE RECORD OWNER FOR THE
19 INSTALLATION ON A SPECIFIC OR PRO RATA BASIS, AS DETERMINED BY THE
20 PROVIDER.

21 SEC. 205. (1) A RESIDENTIAL ENERGY PROJECTS PROGRAM SHALL BE
22 ESTABLISHED AND IMPLEMENTED PURSUANT TO A PLAN APPROVED BY THE
23 COMMISSION. A PROVIDER SEEKING TO ESTABLISH A RESIDENTIAL ENERGY
24 PROJECTS PROGRAM SHALL FILE A PROPOSED PLAN WITH THE COMMISSION.

25 (2) A PLAN UNDER SUBSECTION (1) SHALL INCLUDE ALL OF THE
26 FOLLOWING:

27 (A) THE ESTIMATED COSTS OF ADMINISTRATION OF THE RESIDENTIAL



1 ENERGY PROJECTS PROGRAM.

2 (B) WHETHER THE RESIDENTIAL ENERGY PROJECTS PROGRAM WILL BE
3 ADMINISTERED BY A THIRD PARTY.

4 (C) AN APPLICATION PROCESS AND ELIGIBILITY REQUIREMENTS FOR A
5 RECORD OWNER TO PARTICIPATE IN THE RESIDENTIAL ENERGY PROJECTS
6 PROGRAM.

7 (D) AN APPLICATION FORM GOVERNING THE TERMS AND CONDITIONS FOR
8 A RECORD OWNER'S PARTICIPATION IN THE PROGRAM, INCLUDING AN
9 EXPLANATION OF BILLING UNDER SUBDIVISION (F) AND OF THE PROVISIONS
10 OF SECTION 207.

11 (E) A DESCRIPTION OF ANY FEES TO COVER APPLICATION,
12 ADMINISTRATION, OR OTHER PROGRAM COSTS TO BE CHARGED TO A RECORD
13 OWNER PARTICIPATING IN THE PROGRAM, INCLUDING THE AMOUNT OF EACH
14 FEE, IF KNOWN, OR PROCEDURES TO DETERMINE THE AMOUNT. A FEE SHALL
15 NOT EXCEED THE COSTS INCURRED BY THE PROVIDER FOR THE ACTIVITY FOR
16 WHICH THE FEE IS CHARGED.

17 (F) PROVISIONS FOR BILLING CUSTOMERS OF THE PROVIDER ANY FEES
18 UNDER SUBDIVISION (E) AND THE MONTHLY INSTALLMENT PAYMENTS AS A
19 PER-METER CHARGE ON THE BILL FOR ELECTRIC OR NATURAL GAS SERVICES.

20 (G) PROVISIONS FOR MARKETING AND PARTICIPANT EDUCATION.

21 (3) THE COMMISSION SHALL NOT APPROVE A PROVIDER'S PROPOSED
22 RESIDENTIAL ENERGY PROJECTS PLAN UNLESS THE COMMISSION DETERMINES
23 THAT THE PLAN IS REASONABLE AND PRUDENT.

24 (4) IF THE COMMISSION REJECTS A PROPOSED PLAN OR AMENDMENT
25 UNDER THIS SECTION, THE COMMISSION SHALL EXPLAIN IN WRITING THE
26 REASONS FOR ITS DETERMINATION.

27 (5) EVERY 4 YEARS AFTER INITIAL APPROVAL OF A PLAN UNDER



1 SUBSECTION (1), THE COMMISSION SHALL REVIEW THE PLAN.

2 SEC. 207. (1) A BASELINE HOME ENERGY AUDIT SHALL BE CONDUCTED
3 BEFORE AN ENERGY PROJECT THAT WILL BE PAID FOR THROUGH CHARGES ON
4 THE UTILITY BILL UNDER THIS PART IS UNDERTAKEN. AFTER THE ENERGY
5 PROJECT IS COMPLETED, THE PROVIDER SHALL OBTAIN VERIFICATION THAT
6 THE ENERGY PROJECT WAS PROPERLY INSTALLED AND IS OPERATING AS
7 INTENDED.

8 (2) ELECTRIC OR NATURAL GAS SERVICE MAY BE SHUT OFF FOR
9 NONPAYMENT OF THE PER-METER CHARGE DESCRIBED UNDER SECTION 205 IN
10 THE SAME MANNER AND PURSUANT TO THE SAME PROCEDURES AS USED TO
11 ENFORCE NONPAYMENT OF OTHER CHARGES FOR THE PROVIDER'S ELECTRIC OR
12 NATURAL GAS SERVICE. IF NOTICE OF A LOAN UNDER THE PROGRAM IS
13 RECORDED WITH THE REGISTER OF DEEDS FOR THE COUNTY IN WHICH THE
14 PROPERTY IS LOCATED, THE OBLIGATION TO PAY THE PER-METER CHARGE
15 SHALL RUN WITH THE LAND AND BE BINDING ON FUTURE CUSTOMERS
16 CONTRACTING FOR ELECTRIC SERVICE OR NATURAL GAS SERVICE, AS
17 APPLICABLE, TO THE PROPERTY.

18 SEC. 209. (1) THE TERM OF A LOAN PAID THROUGH A RESIDENTIAL
19 ENERGY PROJECTS PROGRAM SHALL NOT EXCEED THE ANTICIPATED USEFUL
20 LIFE OF THE ENERGY PROJECT FINANCED BY THE LOAN OR 180 MONTHS,
21 WHICHEVER IS LESS. THE LOAN SHALL BE REPAID IN MONTHLY
22 INSTALLMENTS.

23 (2) THE LENDER SHALL COMPLY WITH ALL STATE AND FEDERAL LAWS
24 APPLICABLE TO THE EXTENSION OF CREDIT FOR HOME IMPROVEMENTS.

25 (3) IF A NONPROFIT CORPORATION MAKES LOANS TO OWNERS OF
26 PROPERTY TO BE REPAID UNDER A RESIDENTIAL ENERGY PROJECT PROGRAM,
27 INTEREST SHALL BE CHARGED ON THE UNPAID BALANCE AT A RATE OF NOT



1 MORE THAN THE ADJUSTED PRIME RATE AS DETERMINED UNDER SECTION 23 OF
2 1941 PA 122, MCL 205.23, PLUS 4%.

3 SEC. 211. (1) PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF
4 1969, 1969 PA 306, MCL 24.201 TO 24.328, THE COMMISSION SHALL
5 PROMULGATE RULES TO IMPLEMENT THIS PART WITHIN 1 YEAR AFTER THE
6 EFFECTIVE DATE OF THIS SECTION.

7 (2) EVERY 5 YEARS AFTER THE PROMULGATION OF RULES UNDER
8 SUBSECTION (1), THE COMMISSION SHALL SUBMIT A REPORT TO THE
9 STANDING COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES WITH
10 PRIMARY RESPONSIBILITY FOR ENERGY ISSUES ON THE IMPLEMENTATION OF
11 THIS PART AND ANY RECOMMENDATIONS FOR LEGISLATION TO AMEND THIS
12 PART. THE REPORT MAY BE COMBINED WITH THE ANNUAL REPORT UNDER
13 SECTION 5A OF 1939 PA 3, MCL 460.5A.

14 Enacting section 1. Sections 21, 23, 25, 27, 29, 31, 33, 35,
15 37, 39, 43, 45, 49, 51, 53, and 79 of the clean, renewable, and
16 efficient energy act, 2008 PA 295, MCL 460.1021, 460.1023,
17 460.1025, 460.1027, 460.1029, 460.1031, 460.1033, 460.1035,
18 460.1037, 460.1039, 460.1043, 460.1045, 460.1049, 460.1051,
19 460.1053, and 460.1079, are repealed.

20 Enacting section 2. Except as otherwise provided in this
21 amendatory act, this amendatory act takes effect 90 days after the
22 date it is enacted into law.

