

Board of Public Utilities

Regular Meeting Agenda

Monday, October 26, 2015
4:00 p.m., DPW Conference Room
1199 8th Avenue



City of South Haven

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes for the Record – August 31, 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, August
- B. Electric Fund – Financial Statement, September
- C. Electric Fund – Review of Percentage Billed
- D. Water Fund – Financial Statement, August
- E. Water Fund – Financial Statement, September
- F. Water Fund – Review of Percentage Billed
- G. Sewer Fund – Financial Statement, August
- H. Sewer Fund – Financial Statement, September

8. Quarterly Outage Report

- A. Electric Outage Report – 3rd Quarter 2015

NEW BUSINESS

9. Board will be requested to review Energy Optimization Programs for 2016-2018.

10. City Engineer Comments

A. Next Meeting is scheduled for November 30, 2015.

11. Board Member Comments

12. 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, looped initial "L".

Larry Halberstadt, PE
City Engineer

Board of Public Utilities

Regular Meeting Minutes

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



City of South Haven

1. Call to Order by Stickland at 4:00 p.m.

2. Roll Call

Present: Burr, Henry, Stickland

Absent: Henry, Overhiser, Roberts, Rose, Stein, Winkel

3. Approval of Agenda

Motion by Burr, second by Henry to approve the regular August 31, 2015 meeting agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes for the Record – July 27, 2015 Regular Meeting Minutes

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

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

Burr was concerned about discrepancies in the amount of electric used vs. the amount of electric billed. Discussion occurred and it was determined that the data exported from the database was likely incomplete and needed to be updated. The Board reviewed the finance reports and did not accept them.

8. SAW Grant Project Progress Report

- A. SAW Grant – Asset Management Plan Status Report

Henry asked who would do the sewer cleaning.

Halberstadt said the City DPW crews would assist as much as they can.

Halberstadt said cleaning may not happen until next year

Stickland asked if a boulder in the storm pipe at the north end of Maple St had ever been removed.

Discussion occurred on the recent lack of Waste Water Treatment plant overflows during heavy rains.

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 Property Access Agreements during Phase III and IV of the Core City Secondary Electric Projects.

Burr asked about the phasing.

Halbertadt said that Phase 3 & 4 would be bid together and that they would be completed by May 2016.

Burr asked what if we are not ready on the timing.

Henry asked to seek clarification on the contract timeframe.

Halberstadt said that the timing of the contract was flexible.

Motion by Burr to approve the Professional Services Agreement for the Core City Secondary Electric Projects Phases 3 & 4 not to exceed \$82,500 + \$500 for each Agreement of Understanding. Conditional that it does not expire before the project is concluded.

Second by Henry

Motion carried

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.

Burr asked why do we have to do anything. We are waiting for the Legislature to make a decision, why lock into a 3 year contract. Burr suggested to table this item until the MPSC

makes a decision. Stickland asked if there was a penalty if we do not continue the program. Discussion occurred regarding if there was any penalty and no one was aware of one.

Motion by Henry to table this item for 30 days until the confusion between the Legislature and the MPSC is settled.
Supported by Burr

12. City Engineer Comments

The next meeting is scheduled for September 28, 2015.

13. Board Member Comments

Stickland stated that the annual MMEA meeting will be on October 7th.

14. Adjourn

Motion by Henry, second by Burr at 4:30 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,
Ryan Bosscher
GIS Tech.

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	16,160	5,527	17,079	0.9462	16,160	5,527	7,094,090	\$287,599.52	\$80,306.52											
Welder	331	255	418	0.7914	331	255	145,444	\$5,881.91	\$1,646.46											
Phoenix	12,043	4,319	12,794	0.9413	12,043	4,319	5,202,369	\$214,336.39	\$58,891.85											
Sep-15	28,534	10,101	30,269	0.9427	28,534	10,101	12,441,903	\$507,817.82	\$140,844.83	\$183,732.07	\$80,689.47	\$107,943.97	\$1,221.00	\$68,082.61	\$158.98	\$13,966.53	(\$648.11)	\$82,781.01	\$1,103,809.17	8.872
Main	17,342	5,937	18,330	0.9461	17,342	5,937	8,238,251	\$308,635.57	\$93,258.65											
Welder	318	242	400	0.7958	318	242	137,863	\$5,663.01	\$1,560.64											
Phoenix	12,746	4,697	13,583	0.9383	12,746	4,697	5,963,548	\$226,831.66	\$67,508.56											
Aug-15	30,406	10,876	32,292	0.9416	30,406	10,876	14,339,662	\$541,130.24	\$162,327.85	\$211,756.66	\$60,418.73	(\$1,064.60)	\$1,407.24	\$70,352.03	\$164.28	\$13,955.91	(\$809.79)	\$85,069.67	\$1,059,638.55	7.390
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:

111,273,125

\$8,048,056 7.233

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/ 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	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	18,500	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	\$5,48													

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

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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	\$ 1,574,273	\$ 1,195,665	\$ 1,199,219	\$ 378,608	\$ 375,054	\$ 2,256,250	\$ 2,391,329	\$ 1,877,526	\$ (135,079)	\$ 378,723	\$ 14,347,974	16%
Charges for Service	\$ 24,902	\$ 12,500	\$ 5,259	\$ 12,402	\$ 19,642	\$ 29,710	\$ 25,000	\$ 7,668	\$ 4,710	\$ 22,041	\$ 150,000	20%
Interest Income	\$ 37	\$ 2,500	\$ 142	\$ (2,463)	\$ (105)	\$ 5,718	\$ 5,000	\$ 5,919	\$ 718	\$ (200)	\$ 30,000	19%
Other Revenue	\$ 3,169	\$ 3,333	\$ 3,733	\$ (164)	\$ (563)	\$ 6,815	\$ 6,667	\$ 8,217	\$ 148	\$ (1,403)	\$ 40,000	17%
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Revenues	\$ 1,602,380	\$ 1,213,998	\$ 1,208,353	\$ 388,383	\$ 394,028	\$ 2,298,492	\$ 2,427,996	\$ 1,899,330	\$ (129,503)	\$ 399,162	\$ 14,567,974	

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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	\$ 1,059,639	\$ 808,333	\$ 1,025,470	\$ 251,305	\$ 34,168	\$ 2,102,434	\$ 1,616,667	\$ 2,006,907	\$ 485,768	\$ 95,527	\$ 9,700,000	22%
Other Operating Expenses	\$ 149,539	\$ 153,285	\$ 91,760	\$ (3,746)	\$ 57,779	\$ 237,353	\$ 306,570	\$ 174,455	\$ (69,217)	\$ 62,898	\$ 1,839,417	13%
Property Tax Equivalents	\$ 60,700	\$ 60,700	\$ 59,557	\$ 0	\$ 1,143	\$ 121,400	\$ 121,400	\$ 119,114	\$ 0	\$ 2,286	\$ 728,399	17%
Energy Optimization Costs	\$ 20,362	\$ 23,467	\$ 23,026	\$ (3,105)	\$ (2,665)	\$ 20,362	\$ 46,933	\$ 46,053	\$ (26,572)	\$ (25,691)	\$ 281,600	7%
Capital Outlay	\$ 6,285	\$ 13,354	\$ 79,060	\$ (7,069)	\$ (72,775)	\$ 7,683	\$ 26,708	\$ 955,757	\$ (19,026)	\$ (948,075)	\$ 160,250	5%
Transfer Out	\$ 14,066	\$ 14,066	\$ 14,025	\$ -	\$ 41	\$ 28,132	\$ 28,132	\$ 28,050	\$ -	\$ 81	\$ 168,789	17%
Depreciation	\$ 55,917	\$ 55,917	\$ 39,510	\$ -	\$ 16,406	\$ 111,833	\$ 111,833	\$ 79,021	\$ -	\$ 32,813	\$ 671,000	17%
Administrative Expenses	\$ 52,100	\$ 65,110	\$ 51,768	\$ (13,010)	\$ 332	\$ 168,425	\$ 130,221	\$ 103,546	\$ 38,204	\$ 64,879	\$ 781,325	22%
Total Expenses	\$ 1,418,606	\$ 1,194,232	\$ 1,384,177	\$ 224,375	\$ 34,429	\$ 2,797,621	\$ 2,388,463	\$ 3,512,902	\$ 409,158	\$ (715,281)	\$ 14,330,780	

Net Fund Change \$ 183,774 \$ 19,766 \$ (175,824) \$ 164,008 \$ 359,598 \$ (499,129) \$ 39,532 \$ (1,613,572) \$ (538,661) \$ 1,114,443 \$ 237,194

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

City of South Haven
 Electric Fund - Fund 582
 For the period ended September 30, 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	\$ 1,417,217	\$ 1,195,665	\$ 1,245,499	\$ 221,553	\$ 171,718	\$ 3,673,467	\$ 3,586,994	\$ 3,123,025	\$ 86,473	\$ 550,442	\$ 14,347,974	26%
Charges for Service	\$ 5,974	\$ 12,500	\$ 9,461	\$ (6,526)	\$ (3,487)	\$ 35,684	\$ 37,500	\$ 17,129	\$ (1,816)	\$ 18,555	\$ 150,000	24%
Interest Income	\$ 2,715	\$ 2,500	\$ 2,759	\$ 215	\$ (45)	\$ 8,433	\$ 7,500	\$ 8,678	\$ 933	\$ (245)	\$ 30,000	28%
Other Revenue	\$ 3,551	\$ 3,333	\$ 3,120	\$ 217	\$ 431	\$ 10,365	\$ 10,000	\$ 11,337	\$ 365	\$ (972)	\$ 40,000	26%
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Revenues	\$ 1,429,457	\$ 1,213,998	\$ 1,260,839	\$ 215,459	\$ 168,618	\$ 3,727,949	\$ 3,641,994	\$ 3,160,169	\$ 85,955	\$ 567,780	\$ 14,567,974	

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	\$ 1,103,809	\$ 808,333	\$ 882,547	\$ 295,476	\$ 221,262	\$ 3,206,243	\$ 2,425,000	\$ 2,889,454	\$ 781,243	\$ 316,790	\$ 9,700,000	33%
Other Operating Expenses	\$ 133,855	\$ 153,285	\$ 195,490	\$ (19,430)	\$ (61,635)	\$ 386,249	\$ 459,854	\$ 369,945	\$ (73,605)	\$ 16,304	\$ 1,839,417	21%
Property Tax Equivalents	\$ 60,700	\$ 60,700	\$ 59,557	\$ 0	\$ 1,143	\$ 182,100	\$ 182,100	\$ 178,671	\$ 0	\$ 3,428	\$ 728,399	25%
Energy Optimization Costs	\$ 45,890	\$ 23,467	\$ 23,026	\$ 22,424	\$ 22,864	\$ 68,466	\$ 70,400	\$ 69,079	\$ (1,934)	\$ (613)	\$ 281,600	24%
Capital Outlay	\$ 44,723	\$ 13,354	\$ 202,197	\$ 31,369	\$ (157,475)	\$ 52,406	\$ 40,063	\$ 1,157,955	\$ 12,343	\$ (1,105,549)	\$ 160,250	33%
Transfer Out	\$ 14,066	\$ 14,066	\$ 14,025	\$ -	\$ 41	\$ 42,197	\$ 42,197	\$ 42,075	\$ -	\$ 122	\$ 168,789	25%
Depreciation	\$ 55,917	\$ 55,917	\$ 39,510	\$ -	\$ 16,406	\$ 167,750	\$ 167,750	\$ 118,531	\$ -	\$ 49,219	\$ 671,000	25%
Administrative Expenses	\$ 51,897	\$ 65,110	\$ 51,597	\$ (13,214)	\$ 299	\$ 221,626	\$ 195,331	\$ 155,143	\$ 26,295	\$ 66,483	\$ 781,325	28%
Total Expenses	\$ 1,510,856	\$ 1,194,232	\$ 1,467,951	\$ 316,624	\$ 42,905	\$ 4,327,037	\$ 3,582,695	\$ 4,980,853	\$ 744,342	\$ (653,816)	\$ 14,330,780	

Net Fund Change \$ (81,399) \$ 19,766 \$ (207,112) \$ (101,166) \$ 125,712 \$ (599,088) \$ 59,299 \$ (1,820,684) \$ (658,387) \$ 1,221,596 \$ 237,194

AS OF JUNE 30, 2015

Retained Earnings	\$ 17,274,594
Less Net Capital Assets	\$ (14,267,710)
Net Undesignated Reserves	\$ 3,006,884

Breakdown:

Cash/Investments	\$ 2,373,971
Current Assets	\$ 2,396,659
Current Liabilities	\$ (1,763,746)
Net Working Capital	\$ 3,006,884

AS OF CURRENT MONTH END

Retained Earnings-FYE	\$ 17,274,594
Less Net Capital Assets	\$ (14,267,710)
Net Undesignated Reserves	\$ 3,006,884
Net Income Per Income Statement Revenue > Expenses	\$ (599,088)
Add back Non-cash Depreciation Expense	\$ 167,750
	\$ 2,575,545

Breakdown:

Cash/Investments	\$ 2,164,953
Current Assets	\$ 2,054,126
Current Liabilities	\$ (1,643,534)
Net Working Capital	\$ 2,575,545

PROJECTED BALANCE AT JUNE 30, 2016 Based on Adopted Annual Budget

Beginning Retained Earnings-July 1, 2015	\$ 17,274,594
Less Projected Net Capital Assets	\$ (13,756,960)
Net Income Per Income Statement Revenue > Expenses	\$ 237,194
Add back Investment in Capital Assets in budget for FY 2016	\$ 160,250
	\$ 3,915,078

Net Working Capital \$ 3,915,078 Projected thru 6/30/16

The Net Working Capital is shown here for June 30, 2015, Current Month Ended, and Projected at June 30, 2016. The amounts represent what is left over after all of the short-term obligations have been met and represents the relatively liquid portion of the Utility's retained earnings or reserves that can be used for future expenditures.

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	52,129	12,616,680	96.41%	91.97%	31
August	2014	14,486,040	12,740,027	42,644	52,154	12,782,671	94.07%	88.24%	31
September	2014	11,824,906	13,323,234	48,696	52,146	13,371,930	94.64%	113.08%	30
October	2014	11,327,065	11,109,952	55,667	52,245	11,165,619	95.09%	98.57%	31
November	2014	11,400,971	10,662,987	62,443	52,573	10,725,430	94.71%	94.07%	30
December	2014	12,007,610	11,126,842	67,163	52,248	11,194,005	95.06%	93.22%	31
January	2015	12,646,269	11,962,202	63,831	52,078	12,026,033	95.27%	95.10%	31
February	2015	11,642,781	11,272,243	59,367	52,055	11,331,610	95.05%	97.33%	29
March	2015	11,611,940	10,475,991	55,391	52,119	10,531,382	94.93%	90.69%	31
April	2015	10,409,946	10,889,321	49,374	52,188	10,938,695	95.50%	105.08%	30
May	2015	11,362,501	10,551,097	43,678	52,134	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	52,112	13,282,023	93.91%	90.49%	31
August	2015	14,339,662	13,784,516	43,194	52,158	13,827,710	93.48%	96.43%	31
September	2015	12,441,903	13,414,247	48,002	52,100	13,462,249	94.04%	108.20%	30
		<u>41,458,708</u>	<u>40,442,474</u>	<u>129,508</u>		<u>40,571,982</u>			
Prior Year-to-date		40,028,598	38,641,812	129,469		38,771,281			
Two Years Prior		39,933,087	38,408,720	128,878		38,537,598			

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

Col 6 & 11

	1	2	3	4	5	6	7	8	9	10	11	
	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
Revenues:												
Sales	\$ 361,442	\$ 318,092	\$ 364,800	\$ 43,351	\$ (3,358)	\$ 517,797	\$ 636,183	\$ 534,451	\$ (118,386)	\$ (16,654)	\$ 3,817,098	14%
Charges for Service	7,988	5,833	2,695	2,155	5,293	7,988	11,667	13,214	(3,679)	(5,226)	70,000	11%
Interest Income	602	167	73	435	529	2,063	333	167	1,729	1,896	2,000	103%
Special Assessment Revenue	-	7,015	12	(7,015)	(12)	-	14,031	12	(14,031)	(12)	84,185	0%
Other Revenue	2,969	2,917	4,685	53	(1,716)	5,736	5,833	8,527	(97)	(2,791)	35,000	16%
Total Revenues	\$ 373,001	\$ 334,024	\$ 372,266	\$ 38,978	\$ 735	\$ 533,584	\$ 668,047	\$ 556,371	\$ (134,463)	\$ (22,787)	\$ 4,008,283	
Expenses:												
Operating Expenses	\$ 119,948	\$ 126,019	\$ 84,472	\$ (6,071)	\$ 35,477	\$ 194,912	\$ 252,038	\$ 179,570	\$ (57,126)	\$ 15,343	\$ 1,512,227	13%
Property Tax Equivalents	16,701	16,701	16,107	-	594	33,403	33,403	32,214	-	1,189	200,415	17%
Capital Outlay	883	32,377	-	(31,494)	883	2,281	64,755	-	(62,474)	2,281	388,527	1%
Debt Service	-	126,651	-	(126,651)	-	-	253,302	-	(253,302)	-	1,519,812	0%
Transfers Out	-	63	333	(63)	(333)	-	126	667	(126)	(667)	756	0%
Depreciation	50,833	50,833	16,307	-	34,526	101,667	101,667	32,614	-	69,053	610,000	17%
Administrative Expenses	14,365	20,534	15,578	(6,169)	(1,213)	68,103	41,067	28,900	27,036	39,203	246,402	28%
Total Expenses	\$ 202,731	\$ 373,178	\$ 132,796	\$ (170,447)	\$ 69,935	\$ 400,365	\$ 746,357	\$ 273,964	\$ (345,991)	\$ 126,401	\$ 4,478,139	
Net Fund Change	\$ 170,270	\$ (39,155)	\$ 239,470	\$ 209,425	\$ (69,199)	\$ 133,219	\$ (78,309)	\$ 282,406	\$ 211,528	\$ (149,187)	\$ (469,856)	

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

City of South Haven
 Water Fund - Fund 591
 For the period ended September 30, 2015

Col 6 & 11

	1	2	3	4	5	6	7	8	9	10	11	
	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
Revenues:												
Sales	\$ 360,154	\$ 318,092	\$ 363,007	\$ 42,063	\$ (2,853)	\$ 877,951	\$ 954,275	\$ 897,458	\$ (76,323)	\$ (19,507)	\$ 3,817,098	23%
Charges for Service	7,937	5,833	-	2,104	7,937	15,925	17,500	13,214	(1,575)	2,711	70,000	23%
Interest Income	1,251	167	470	1,085	781	3,314	500	637	2,814	2,677	2,000	166%
Special Assessment Revenue	-	7,015	-	(7,015)	-	-	21,046	12	(21,046)	(12)	84,185	0%
Other Revenue	5,999	2,917	6,049	3,083	(50)	11,736	8,750	21,883	2,986	(10,147)	35,000	34%
Total Revenues	\$ 375,342	\$ 334,024	\$ 369,527	\$ 41,318	\$ 5,815	\$ 908,926	\$ 1,002,071	\$ 933,204	\$ (93,145)	\$ (24,278)	\$ 4,008,283	
Expenses:												
Operating Expenses	\$ 98,646	\$ 126,019	\$ 113,434	\$ (27,373)	\$ (14,788)	\$ 314,210	\$ 378,057	\$ 293,106	\$ (63,846)	\$ 21,104	\$ 1,512,227	21%
Property Tax Equivalents	16,701	16,701	16,107	-	594	50,104	50,104	48,321	-	1,783	200,415	25%
Capital Outlay	-	32,377	-	(32,377)	-	2,281	97,132	-	(94,851)	2,281	388,527	1%
Debt Service	5,163	126,651	5,800	(121,489)	(638)	5,163	379,953	5,800	(374,791)	(638)	1,519,812	0%
Transfers Out	-	63	333	(63)	(333)	-	189	1,000	(189)	(1,000)	756	0%
Depreciation	50,833	50,833	16,307	-	34,526	152,500	152,500	48,921	-	103,579	610,000	25%
Administrative Expenses	14,199	20,534	15,581	(6,334)	(1,381)	82,695	61,601	44,481	21,095	38,214	246,402	34%
Total Expenses	\$ 185,543	\$ 373,178	\$ 167,563	\$ (187,636)	\$ 17,980	\$ 606,953	\$ 1,119,535	\$ 441,629	\$ (512,582)	\$ 165,324	\$ 4,478,139	
Net Fund Change	\$ 189,799	\$ (39,155)	\$ 201,964	\$ 228,954	\$ (12,165)	\$ 301,973	\$ (117,464)	\$ 491,575	\$ 419,437	\$ (189,602)	\$ (469,856)	

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>62,722,780</u>		
FISCAL 2016								
July	2015	61,946,000	8,281,551	38,503	78,614	6,437,314	84.12%	78.20%
August	2015	62,360,000	8,336,898	36,364	94,657	7,097,043	83.07%	85.56%
September	2015	46,519,000	6,219,118	31,150	94,659	6,645,302	83.99%	107.35%
		<u>170,825,000</u>	<u>22,837,567</u>	<u>106,016</u>	<u>267,930</u>	<u>20,179,659</u>		
Prior Year-to-date		175,706,000	23,490,107	116,845	261,508	21,436,900		
Two Years Prior		185,374,000	24,782,620	154,955	517,187	22,146,085		

City of South Haven
Sewer Fund - Fund 592
For the period ended August 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	\$ 217,013	\$ 200,392	\$ 212,572	\$ 16,621	\$ 4,441	\$ 310,711	\$ 400,783	\$ 306,250	\$ (90,073)	\$ 4,461	\$ 2,404,700	13%
IPP Revenues	740	7,083	11,227	(6,343)	(10,487)	13,336	14,167	16,953	(830)	(3,617)	85,000	16%
Interest Income	1,360	208	2	1,152	1,359	2,371	417	4	1,954	2,367	2,500	95%
Special Assessment Revenue	-	8,457	17	(8,457)	(17)	-	16,914	17	(16,914)	(17)	101,483	0%
Grant Revenue	-	514	-	(514)	-	-	1,029	-	(1,029)	-	6,171	0%
Other Revenue	100	1,667	2,942	(1,567)	(2,842)	569	3,333	15,269	(2,765)	(14,701)	20,000	3%
Total Revenues	\$ 219,213	\$ 218,321	\$ 226,759	\$ 892	\$ (7,546)	\$ 326,987	\$ 436,642	\$ 338,493	\$ (109,656)	\$ (11,506)	\$ 2,619,854	

<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>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>	
Operating Expenses	\$ 111,281	\$ 121,297	\$ 91,477	\$ (10,016)	\$ 19,804	\$ 221,281	\$ 242,594	\$ 160,674	\$ (21,313)	\$ 60,608	\$ 1,455,566	15%
Property Tax Equivalents	8,733	8,733	8,104	0	629	17,466	17,466	16,209	0	1,257	104,795	17%
Capital Outlay	10,796	37,082	3,062	(26,286)	7,734	12,193	74,164	15,116	(61,971)	(2,923)	444,986	3%
Transfers Out	16,667	16,735	17,000	(68)	(333)	33,333	33,470	34,000	(137)	(667)	200,821	17%
Depreciation	29,583	29,583	20,379	-	9,205	59,167	59,167	40,758	-	18,409	355,000	17%
Administrative Expenses	21,323	27,906	22,107	(6,583)	(784)	75,550	55,812	40,735	19,738	34,814	334,870	23%
Total Expenses	\$ 198,383	\$ 241,337	\$ 162,129	\$ (42,954)	\$ 36,254	\$ 418,990	\$ 482,673	\$ 307,491	\$ (63,683)	\$ 111,499	\$ 2,896,038	

Net Fund Change \$ 20,830 \$ (23,015) \$ 64,630 \$ 43,846 \$ (43,799) \$ (92,004) \$ (46,031) \$ 31,001 \$ (45,973) \$ (123,005) \$ (276,184)

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

City of South Haven
Sewer Fund - Fund 592
For the period ended September 30, 2015

Col 6 & 11

	1	2	3	4	5	6	7	8	9	10	11	
	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
Revenues:												
Sales	\$ 224,380	\$ 200,392	\$ 246,308	\$ 23,988	\$ (21,928)	\$ 535,091	\$ 601,175	\$ 552,558	\$ (66,084)	\$ (17,467)	\$ 2,404,700	22%
IPP Revenues	6,252	7,083	7,817	(831)	(1,564)	19,589	21,250	24,770	(1,661)	(5,181)	85,000	23%
Interest Income	1,834	208	463	1,626	1,372	4,205	625	466	3,580	3,739	2,500	168%
Special Assessment Revenue	-	8,457	-	(8,457)	-	-	25,371	17	(25,371)	(17)	101,483	0%
Grant Revenue	-	514	-	(514)	-	-	1,543	-	(1,543)	-	6,171	0%
Other Revenue	3,105	1,667	1,154	1,438	1,951	3,673	5,000	16,423	(1,327)	(12,750)	20,000	18%
Total Revenues	\$ 235,571	\$ 218,321	\$ 255,741	\$ 17,250	\$ (20,170)	\$ 562,558	\$ 654,964	\$ 594,234	\$ (92,405)	\$ (31,676)	\$ 2,619,854	
Expenses												
Operating Expenses	\$ 84,548	\$ 121,297	\$ 109,953	\$ (36,749)	\$ (25,404)	\$ 324,308	\$ 363,892	\$ 270,710	\$ (39,583)	\$ 53,598	\$ 1,455,566	22%
Property Tax Equivalents	8,733	8,733	8,104	0	629	26,199	26,199	24,313	0	1,886	104,795	25%
Capital Outlay	-	37,082	-	(37,082)	-	12,193	111,247	15,116	(99,053)	(2,923)	444,986	3%
Transfers Out	16,667	16,735	17,000	(68)	(333)	50,000	50,205	51,000	(205)	(1,000)	200,821	25%
Depreciation	29,583	29,583	20,379	-	9,205	88,750	88,750	61,136	-	27,614	355,000	25%
Administrative Expenses	21,611	27,906	21,879	(6,295)	(268)	97,823	83,718	62,614	14,106	35,209	334,870	29%
Total Expenses	\$ 161,142	\$ 241,337	\$ 177,315	\$ (80,195)	\$ (16,173)	\$ 599,274	\$ 724,010	\$ 484,890	\$ (124,736)	\$ 114,384	\$ 2,896,038	
Net Fund Change	\$ 74,430	\$ (23,015)	\$ 78,427	\$ 97,445	\$ (3,997)	\$ (36,716)	\$ (69,046)	\$ 109,344	\$ 32,330	\$ (146,060)	\$ (276,184)	

City of South Haven, MI



Electric Outage Report 3rd Quarter 2015

South Haven Electric Distribution System

MONTHLY OUTAGE REPORT

July 2015

General Information				Cause		Time & Duration				Customers	
#	Date	S/U	Address/Location	Description	#	Ints	T off	T on	Mins	# Out	Cust Min
1	7/1/2015	U	77019 CR 380	Fuse - Squirrel	4	1	7/1/15 8:55 AM	7/1/15 10:20 AM	85	9	765
2	7/3/2015	U	847 Kalamazoo St	Bad Breaker	10	1	7/3/15 7:25 PM	7/3/15 9:15 PM	110	1	110
3	7/4/2015	U	417 Cartwright Ave	Linefuse	10	1	7/4/15 7:50 AM	7/4/15 8:35 AM	45	32	1440
4	7/5/2015	U	77809 18th Ave	Bad Connection	10	1	7/5/15 8:35 AM	7/5/15 11:40 AM	185	3	555
5	7/6/2015	U	765 South Haven Pl	Fuse & Line Fuse - Lightning	3	1	7/6/15 7:05 PM	7/6/15 8:45 PM	100	27	2700
6	7/13/2015	U	22 Chicago Ave	Burnt Leads	10	1	7/13/15 10:45 PM	7/14/15 2:35 AM	230	16	3680
7	7/14/2015	U	849 Phillips St	Primary Line Fuse - Trees Down	5	1	7/14/15 8:10 PM	7/14/15 11:15 PM	185	27	4995
8	7/14/2015	U	10th Ave	Line Fuse - Tree Limb	5	1	7/14/15 4:05 PM	7/14/15 6:10 PM	125	11	1375
9	7/15/2015	U	801 Francis St	Fuse - Squirrel	4	1	7/15/15 9:10 AM	7/15/15 10:15 AM	65	14	910
10	7/17/2015	U	77137 Marwood Dr	Fuse - Primary Line Fuse - Tree on Line	5	1	7/17/15 3:10 AM	7/17/15 6:35 AM	205	23	4715
11	7/23/2015	U	76199 Evergreen Dr	Line Fuse - Bad Cutouts	10	1	7/23/15 7:25 PM	7/23/15 9:45 PM	140	51	7140
12	7/24/2015	U	62nd St	Line Fuse - Bad Cutouts	10	1	7/24/15 7:55 AM	7/24/15 9:50 AM	115	27	3105
13	7/27/2015	U	05321 Blue Star Hwy	Bad Secondary Line - Tree Limbs	5	1	7/27/15 5:50 PM	7/27/15 9:45 PM	235	7	1645
14	7/27/2015	U	74926 16th Ave	Line Fuse - Squirrel	4	1	7/27/15 12:15 AM	7/27/15 1:45 AM	90	26	2340
15	7/29/2015	U	74431 14th Ave	Fuse - Squirrel	4	1	7/29/15 4:35 PM	7/29/15 6:10 PM	95	7	665

S/U - Scheduled or Unscheduled

Ints - # of Interruptions

Long - >1 min; Short - <1 min

Cause # - see table on page 3

South Haven Electric Distribution System

OUTAGE SUMMARIES

July 2015

Total Customers this Month	8,330	Days of Month
Total Customer Minutes this Month	371,851,200	31

Outage Totals		
	This Month	This Month Last Year
Unscheduled Outages		
Long # Outages	15	22
# Customers Out	281	421
# Minutes Out	2,010	2425
# Customer Minutes Out	36,140	52755
# Within City System	15	22
# Supply to City Minutes	0	0
Short # Outages (Blinks)	0	0
# Customers Affected	0	0
# Within City System	0	0
# Supply to City Minutes	0	0
Scheduled Outages		
Long # Outages	0	0
# Customers Out	0	0
# Minutes Out	0	0
# Customer Minutes Out	0	0
# Within City System	0	0
# Supply to City Minutes	0	0
Short # Outages (Blinks)	0	0
# Customers Affected	0	0
# Within City System	0	0
# Supply to City Minutes	0	0
Totals		
Total Long Outages	15	22
Total Short Outages (Blinks)	0	0
Total Customers Out (Long)	281	421
Total Customers Affected (Short- Blinks)	0	0
Total Customer Minutes Out	36,140	52755
Total Outages Within City System	15	22
Total Outages in Supply to City	0	0

Number of Outages (by Cause)					
Cause #	Description	Total This Month	This Month Last Year	Rolling AT	% AT
0	Electric Supply Disruption to City	0	0	1	0%
1	Fallen Line / Rotted Pole	0	0	4	1%
2	Bad U/G Cable	0	1	17	6%
3	Lightning	1	0	30	11%
4	Animal Contact	4	5	60	22%
5	Tree Contact	4	9	47	17%
6	Contamination / Foreign Debris	0	0	2	1%
7	Human	0	0	9	3%
8	Other	0	0	1	0%
9	Undetermined	0	0	0	0%
10	Failed Device	6	7	98	36%
	Total	15	22	269	

AT - Annual 12 Month Total

12 Month Outage Statistics		
Index	As of This Month	As of This Month Last Year
ASAI (%)	99.9653	99.9612
CAIDI (Long) (min)	216.86	297.83
SAIDI (Long) (min)	15.22	17.01
SAIFI (Long) (ints/tot cust)	0.07	0.06
SAIFI (Short) (ints/tot cust)	0.00	0.00

- ASAI - Average Service Availability Index
(customer minutes available/total customer minutes, as a %)
- CAIDI - Customer Average Interruption Duration Index
(average minutes interrupted per interrupted customer)
- SAIDI - System Average Interruption Duration Index
(average minutes interrupted per customer for all customers)
- SAIFI (Long) - System Average Interruption Frequency Index
(# of long interruptions per customer for all customers)
- SAIFI (Short) - System Average Interruption Frequency Index
(# of short interruptions per customer for all customers)

S/U - Scheduled or Unscheduled
 Ints - # of Interruptions
 Long - >1 min; Short - <1 min
 Cause # - see table on page 3

South Haven Electric Distribution System

MONTHLY OUTAGE REPORT

August 2015

General Information				Cause		Time & Duration				Customers	
#	Date	S/U	Address/Location	Description	#	Ints	T off	T on	Mins	# Out	Cust Min
1	8/1/2015	U	Kalamazoo St, Spencer Ave, Evergreen Bluff Dr, Clinton Sr, Monroe Blvd	Line Fuse & Fuses's Squirrels x 2	4	1	8/1/15 7:40 AM	8/1/15 11:35 AM	235	71	16685
2	8/2/2015	U	239 Cherry St	Down Service - Tree Limbs	5	1	8/2/15 6:45 PM	8/2/15 8:40 PM	115	1	115
3	8/3/2015	U	67730 All Pine	Bad Connection	10	1	8/3/15 11:05 AM	8/3/15 12:45 PM	100	1	100
4	8/4/2015	U	72401 CR 388	Burnt Connection	10	1	8/4/15 3:10 PM	8/4/15 6:45 PM	215	4	860
5	8/4/2015	U	603 North Shore Dr	Bad Connection	10	1	8/4/15 6:05 PM	8/4/15 7:30 PM	85	1	85
6	8/4/2015	U	230 Oak St	Fuse - Squirrel	4	1	8/4/15 11:25 PM	8/5/15 12:35 AM	70	19	1330
7	8/7/2015	U	68099 CR 388	Fuse - Squirrel	4	1	8/7/15 8:50 AM	8/7/15 9:55 AM	65	6	390
8	8/8/2015	U	883 Le Grange St	Bad Connection	10	1	8/8/15 7:55 AM	8/8/15 9:20 AM	85	1	85
9	8/8/2015	U	394 Baseline Rd	Line Fuse - Squirrel	4	1	8/8/15 3:45 PM	8/8/15 6:10 PM	145	14	2030
10	8/11/2015	U	North Shore Dr, Oak St, Park Ave, Brockway St	Primary Line Down - Tree Down	5	1	8/11/15 6:30 PM	8/11/15 11:45 PM	315	481	151515
11	8/12/2015	U	73655 Superior St	Bad Connection	10	1	8/12/15 8:35 PM	8/12/15 10:10 PM	95	1	95
12	8/14/2015	U	63915 CR 388	Fuse - Squirrel	4	1	8/14/15 10:05 AM	8/14/15 11:10 AM	65	4	260
13	8/14/2015	U	Phoenix St, Prospect St, Bailey Ave	Primary Down - Trees Down	5	1	8/14/15 10:20 PM	8/15/15 7:30 AM	550	282	155100
14	8/15/2015	U	410 North Shore Dr	Primary Line Down - Trees	5	1	8/15/15 8:30 AM	8/15/15 1:35 PM	305	31	9455
15	8/16/2015	U	02563 67th St	Fuse - Squirrel	4	1	8/16/15 9:25 PM	8/16/15 10:40 PM	75	6	450
16	8/17/2015	U	N. Bailey Ave	Pole Top Fire - Bad Cutout & Arrestor	10	1	8/17/15 6:30 PM	8/17/15 9:45 PM	195	34	6630
17	8/18/2015	U	Phoenix St	Service Down - Tree	5	1	8/18/15 9:20 PM	8/19/15 12:15 AM	175	1	175
18	8/21/2015	U	72998 Baseline Rd	Fuse - Squirrel	4	1	8/21/15 7:25 AM	8/21/15 8:40 AM	75	6	450
19	8/22/2015	U	705 Center St	Down Service - Tree Limb Down	5	1	8/22/15 8:15 AM	8/22/15 11:05 AM	170	1	170
20	8/22/2015	U	67663 CR 388 Lot 5	Bad Breaker	10	1	8/22/15 8:30 PM	8/22/15 9:50 PM	80	1	80
21	8/26/2015	U	68300 CR 388	Bad Connection	10	1	8/26/15 4:30 PM	8/26/15 5:15 PM	45	1	45
22	8/29/2015	U	2nd Ave	Bad Underground Service	2	1	8/29/15 12:59 PM	8/29/15 5:45 PM	286	1	286
23	8/29/2015	U	16th Ave	Line Fuse - Tree on Line	5	1	8/29/15 4:40 PM	8/29/15 7:10 PM	150	41	6150

S/U - Scheduled or Unscheduled

Ints - # of Interruptions

Long - >1 min; Short - <1 min

Cause # - see table on page 3

South Haven Electric Distribution System

OUTAGE SUMMARIES

August 2015

Total Customers this Month	8,330	Days of Month
Total Customer Minutes this Month	371,851,200	31

Outage Totals			
	This Month	This Month Last Year	
Unscheduled Outages			
Long	# Outages	23	37
	# Customers Out	1,009	1605
	# Minutes Out	3,696	6790
	# Customer Minutes Out	352,541	502220
	# Within City System	23	37
	# Supply to City Minutes	0	0
Short	# Outages (Blinks)	0	0
	# Customers Affected	0	0
	# Within City System	0	0
	# Supply to City Minutes	0	0
Scheduled Outages			
Long	# Outages	0	0
	# Customers Out	0	0
	# Minutes Out	0	0
	# Customer Minutes Out	0	0
	# Within City System	0	0
	# Supply to City Minutes	0	0
Short	# Outages (Blinks)	0	0
	# Customers Affected	0	0
	# Within City System	0	0
	# Supply to City Minutes	0	0
Totals			
Total Long Outages	23	37	
Total Short Outages (Blinks)	0	0	
Total Customers Out (Long)	1,009	1605	
Total Customers Affected (Short- Blinks)	0	0	
Total Customer Minutes Out	352,541	502220	
Total Outages Within City System	23	37	
Total Outages in Supply to City	0	0	

Number of Outages (by Cause)					
Cause #	Description	Total This Month	This Month Last Year	Rolling AT	% AT
0	Electric Supply Disruption to City	0	0	1	0%
1	Fallen Line / Rotted Pole	0	2	2	1%
2	Bad U/G Cable	1	2	16	6%
3	Lightning	0	5	25	10%
4	Animal Contact	7	6	61	24%
5	Tree Contact	7	9	45	18%
6	Contamination / Foreign Debris	0	0	2	1%
7	Human	0	1	8	3%
8	Other	0	0	1	0%
9	Undetermined	0	0	0	0%
10	Failed Device	8	12	94	37%
	Total	23	37	255	

AT - Annual 12 Month Total

12 Month Outage Statistics		
Index	As of This Month	As of This Month Last Year
ASAI (%)	99.9688	99.9519
CAIDI (Long) (min)	213.65	307.49
SAIDI (Long) (min)	13.68	21.07
SAIFI (Long) (ints/tot cust)	0.06	0.07
SAIFI (Short) (ints/tot cust)	0.00	0.00

- ASAI - Average Service Availability Index
(customer minutes available/total customer minutes, as a %)
- CAIDI - Customer Average Interruption Duration Index
(average minutes interrupted per interrupted customer)
- SAIDI - System Average Interruption Duration Index
(average minutes interrupted per customer for all customers)
- SAIFI (Long) - System Average Interruption Frequency Index
(# of long interruptions per customer for all customers)
- SAIFI (Short) - System Average Interruption Frequency Index
(# of short interruptions per customer for all customers)

S/U - Scheduled or Unscheduled
 Ints - # of Interruptions
 Long - >1 min; Short - <1 min
 Cause # - see table on page 3

South Haven Electric Distribution System

MONTHLY OUTAGE REPORT

September 2015

General Information				Cause		Time & Duration				Customers	
#	Date	S/U	Address/Location	Description	#	Ints	T off	T on	Mins	# Out	Cust Min
1	9/4/2015	U	74111 8th Ave	Bad Connection	10	1	9/4/15 2:30 PM	9/4/15 3:55 PM	85	1	85
2	9/6/2015	U	201 73rd St	De-Energize for Structure Fire	8	1	9/6/15 6:50 PM	9/6/15 11:15 PM	265	1	265
3	9/7/2015	U	72000 Block of 12th Ave	Fuse - Squirrel	4	1	9/7/15 7:55 AM	9/7/15 8:50 AM	55	5	275
4	9/7/2015	U	319 Broadway St	3 Phase Power Bank - Bad Cutouts	10	1	9/7/15 9:50 PM	9/8/15 1:45 AM	235	7	1645
5	9/9/2015	U	8th Ave E. of Cr 689	Primary Line Down - Trees Down	5	1	9/9/15 12:45 AM	9/9/15 6:35 AM	350	59	20650
6	9/12/2015	U	400 Aylworth Ave	Fuse - Squirrel	4	1	9/12/15 8:10 AM	9/12/15 10:15 AM	125	16	2000
7	9/13/2015	U	801 Superior St	Fuse - Squirrel	4	1	9/13/15 8:40 AM	9/13/15 10:10 AM	90	14	1260
8	9/15/2015	U	320 Indiana Ave	Bad Connection	10	1	9/15/15 11:50 AM	9/15/15 1:20 PM	90	1	90
9	9/16/2015	U	69196 8th Ave	Fuse - Squirrel	4	1	9/16/15 12:30 PM	9/16/15 1:45 PM	75	11	825
10	9/19/2015	U	74732 12th Ave	Fuse - Squirrel	4	1	9/19/15 2:45 AM	9/19/15 4:05 AM	80	11	880
11	9/19/2015	U	71099 6th Ave	Bad Connection	10	1	9/19/15 3:40 AM	9/19/15 5:15 AM	95	1	95
12	9/19/2015	U	8th Ave	Line Fuse Lightning	3	1	9/19/15 3:00 AM	9/19/15 4:50 AM	110	34	3740
13	9/21/2015	U	16632 77th St	Bad Connection	10	1	9/21/15 7:30 PM	9/21/15 8:50 PM	80	1	80
14	9/22/2015	U	7400 North Shore Dr N	Bad Connection	10	1	9/22/15 2:50 PM	9/22/15 4:00 PM	70	1	70
15	9/23/2015	U	1010 6th Ave	Bad Connection	10	1	9/23/15 3:10 PM	9/23/15 4:05 PM	55	1	55
16	9/25/2015	U	345 Bailey Ave	Bad Connection	10	1	9/25/15 3:00 PM	9/25/15 4:15 PM	75	1	75
17	9/26/2015	U	858 St. Joseph St	Fuse - Squirrel	4	1	9/26/15 5:20 PM	9/26/15 6:40 PM	80	17	1360
18	9/30/2015	U	Center St & Van Buren St	Fuse - Squirrel	4	1	9/30/15 7:10 PM	9/30/15 8:05 PM	55	15	825

S/U - Scheduled or Unscheduled

Ints - # of Interruptions

Long - >1 min; Short - <1 min

Cause # - see table on page 3

South Haven Electric Distribution System

OUTAGE SUMMARIES

September 2015

Total Customers this Month	8,330	Days of Month
Total Customer Minutes this Month	359,856,000	30

Outage Totals			
		This Month	This Month Last Year
Unscheduled Outages			
Long	# Outages	18	33
	# Customers Out	197	1864
	# Minutes Out	2,070	4339
	# Customer Minutes Out	34,275	417779
	# Within City System	18	32
	# Supply to City Minutes	0	160
Short	# Outages (Blinks)	0	0
	# Customers Affected	0	0
	# Within City System	0	0
	# Supply to City Minutes	0	0
Scheduled Outages			
Long	# Outages	0	0
	# Customers Out	0	0
	# Minutes Out	0	0
	# Customer Minutes Out	0	0
	# Within City System	0	0
	# Supply to City Minutes	0	0
Short	# Outages (Blinks)	0	0
	# Customers Affected	0	0
	# Within City System	0	0
	# Supply to City Minutes	0	0
Totals			
Total Long Outages		18	33
Total Short Outages (Blinks)		0	0
Total Customers Out (Long)		197	1864
Total Customers Affected (Short- Blinks)		0	0
Total Customer Minutes Out		34,275	417779
Total Outages Within City System		18	32
Total Outages in Supply to City		0	1

Number of Outages (by Cause)					
Cause #	Description	Total This Month	This Month Last Year	Rolling AT	% AT
0	Electric Supply Disruption to City	0	1	0	0%
1	Fallen Line / Rotted Pole	0	0	2	1%
2	Bad U/G Cable	0	2	14	6%
3	Lightning	1	7	19	8%
4	Animal Contact	7	7	61	26%
5	Tree Contact	1	6	40	17%
6	Contamination / Foreign Debris	0	0	2	1%
7	Human	0	1	7	3%
8	Other	1	1	1	0%
9	Undetermined	0	0	0	0%
10	Failed Device	8	9	93	39%
	Total	18	34	239	

AT - Annual 12 Month Total

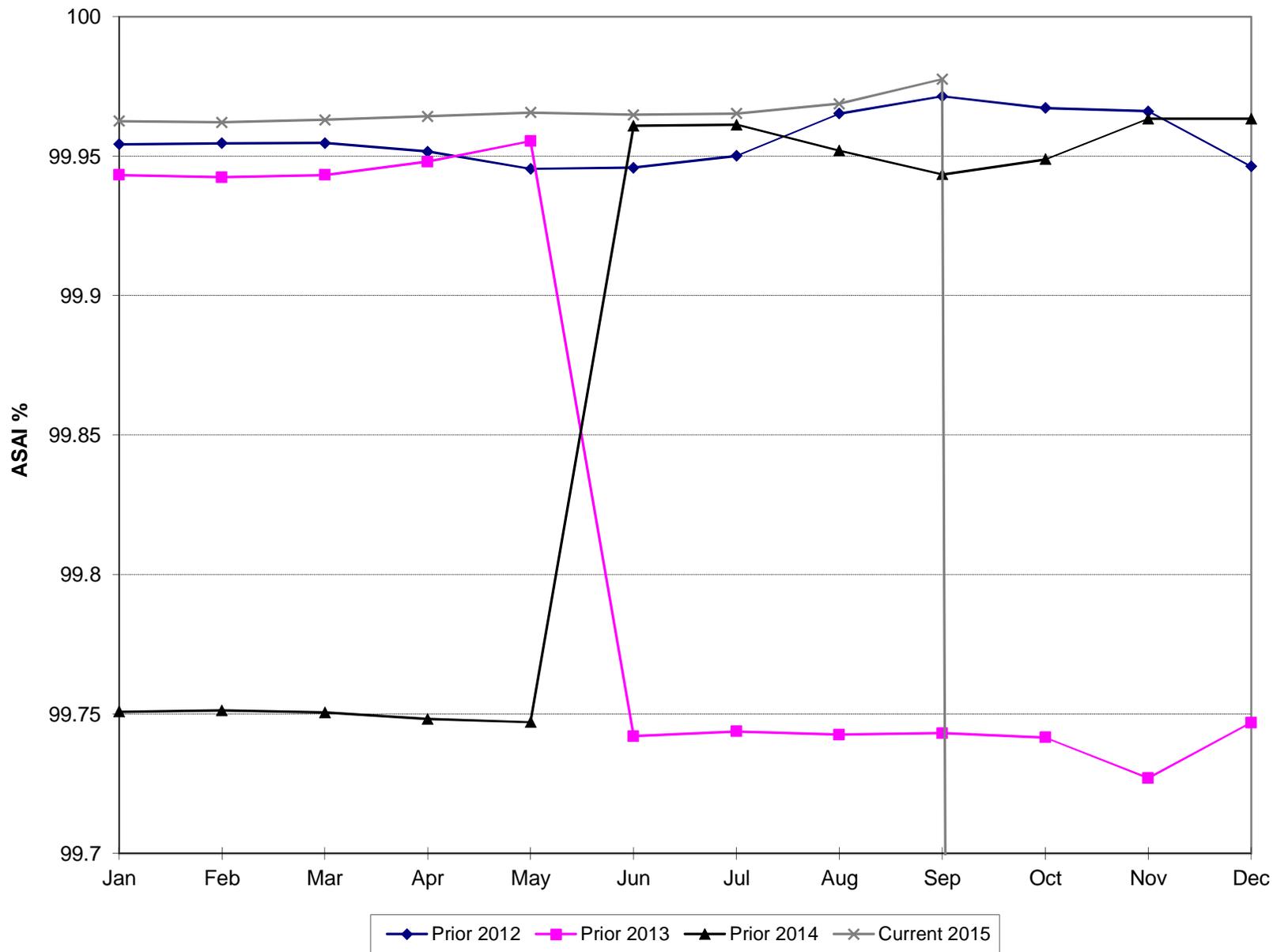
12 Month Outage Statistics		
Index	As of This Month	As of This Month Last Year
ASAI (%)	99.9776	99.9434
CAIDI (Long) (min)	207.82	296.70
SAIDI (Long) (min)	9.80	24.78
SAIFI (Long) (ints/tot cust)	0.05	0.08
SAIFI (Short) (ints/tot cust)	0.00	0.00

- ASAI - Average Service Availability Index
(customer minutes available/total customer minutes, as a %)
- CAIDI - Customer Average Interruption Duration Index
(average minutes interrupted per interrupted customer)
- SAIDI - System Average Interruption Duration Index
(average minutes interrupted per customer for all customers)
- SAIFI (Long) - System Average Interruption Frequency Index
(# of long interruptions per customer for all customers)
- SAIFI (Short) - System Average Interruption Frequency Index
(# of short interruptions per customer for all customers)

S/U - Scheduled or Unscheduled
 Ints - # of Interruptions
 Long - >1 min; Short - <1 min
 Cause # - see table on page 3

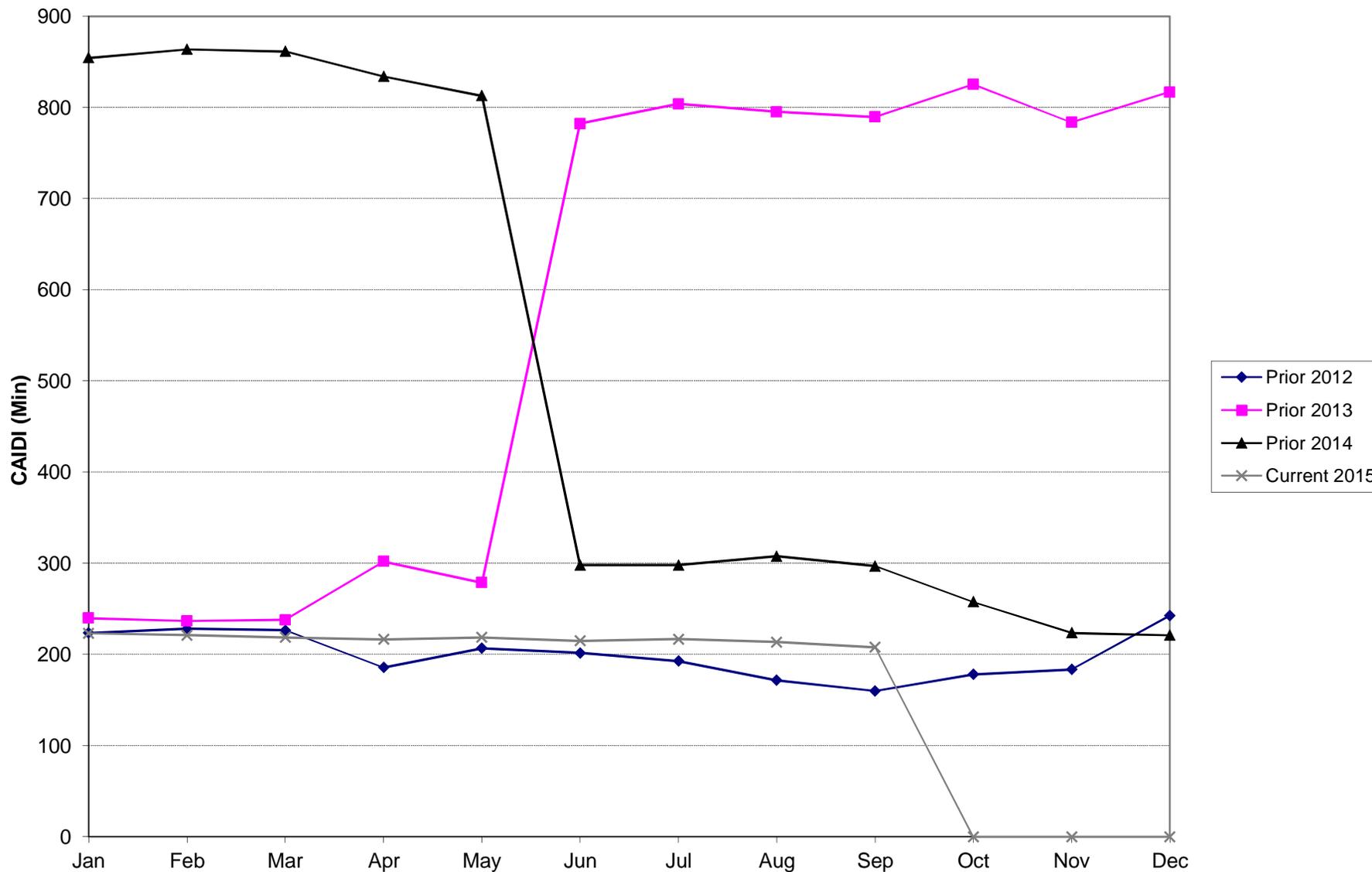
ASAI (Average Service Availability Index)

10/12/2015



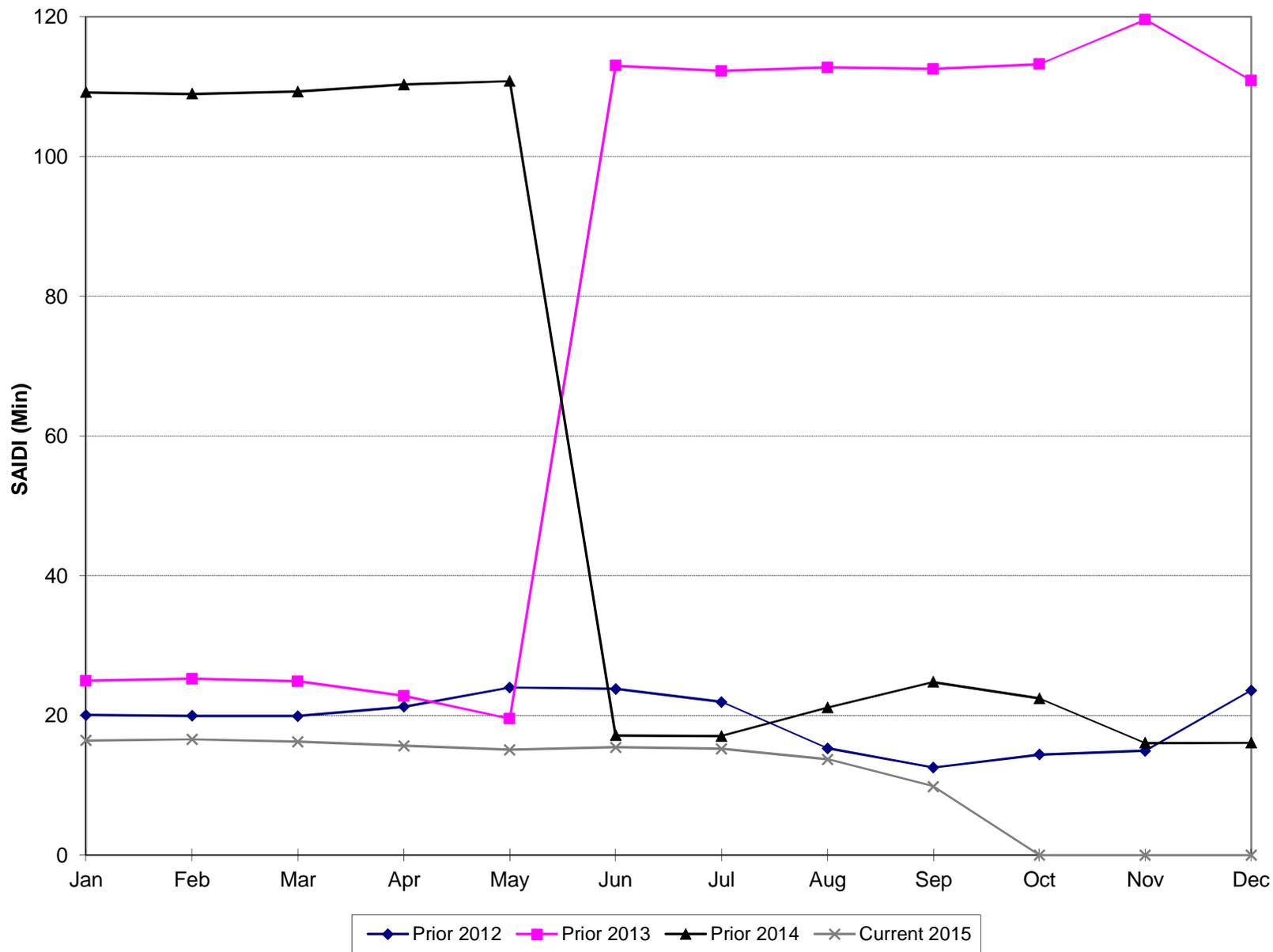
The ratio of the total customer minutes that service was available divided by the total customer minutes demanded (expected) in a time period. It is expressed as a percent.

CAIDI (Customer Average Interruption Duration Index)



This is the average duration of a customer outage, and is calculated by dividing the sum of the customer minutes off by the number of customers who experienced long interruptions.

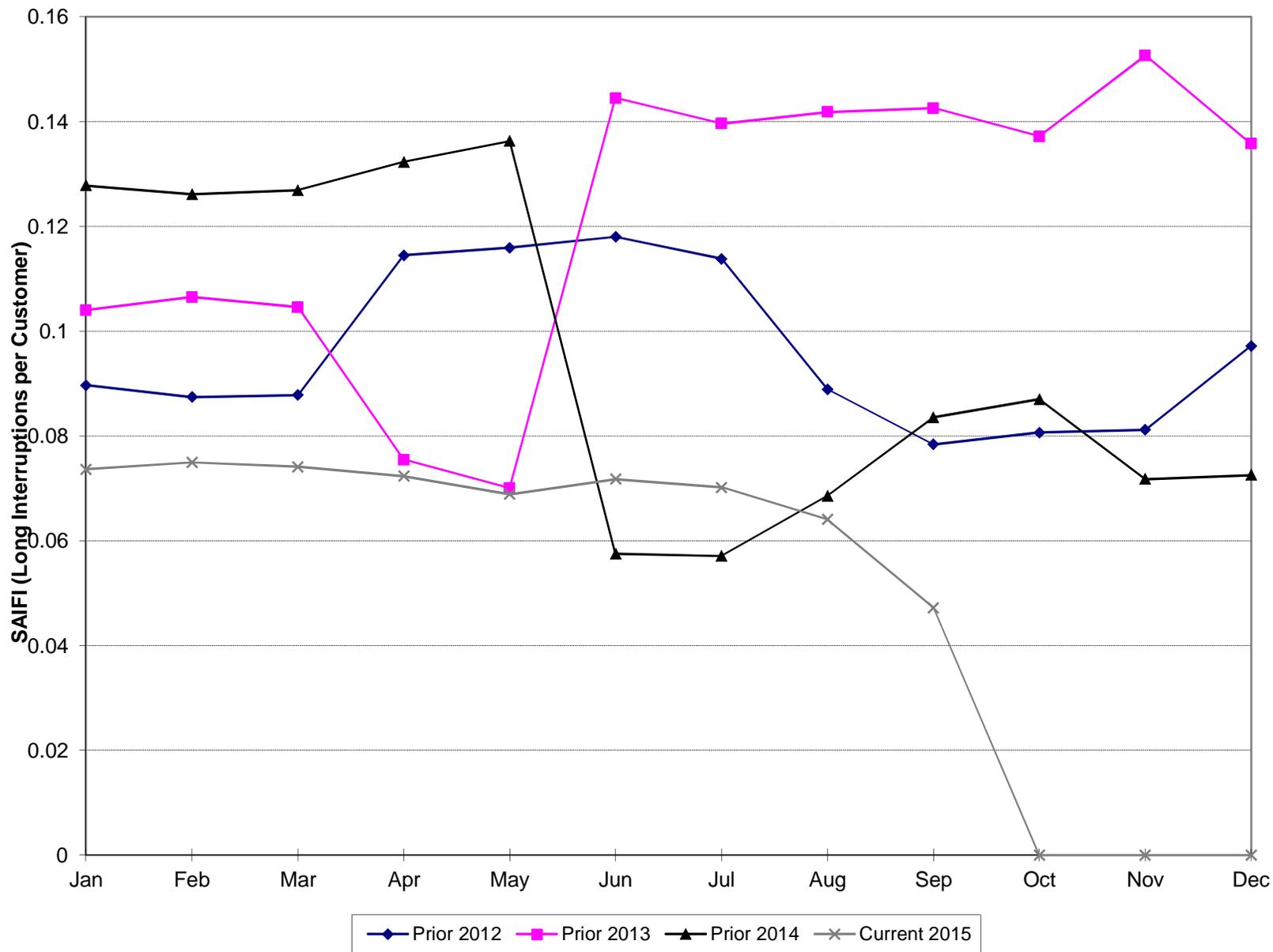
SAIDI (System Average Interruption Duration Index)



This is the avg interruption duration for all customers served, and is calculated by dividing the sum of the customer minutes off by the avg number of customers served.

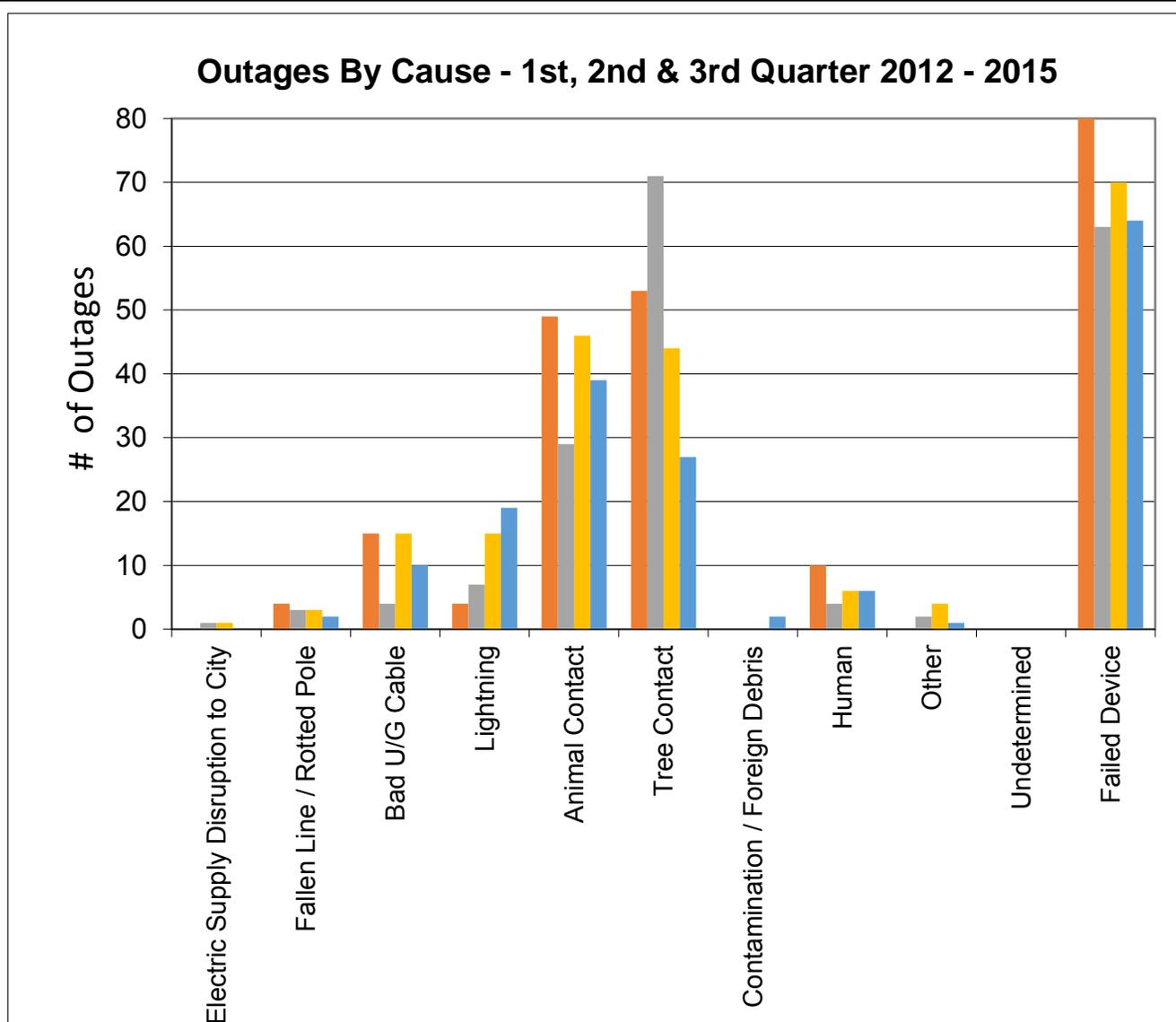
SAIFI (Long) (System Average Interruption Frequency Index for Long Interruptions)

10/12/2015

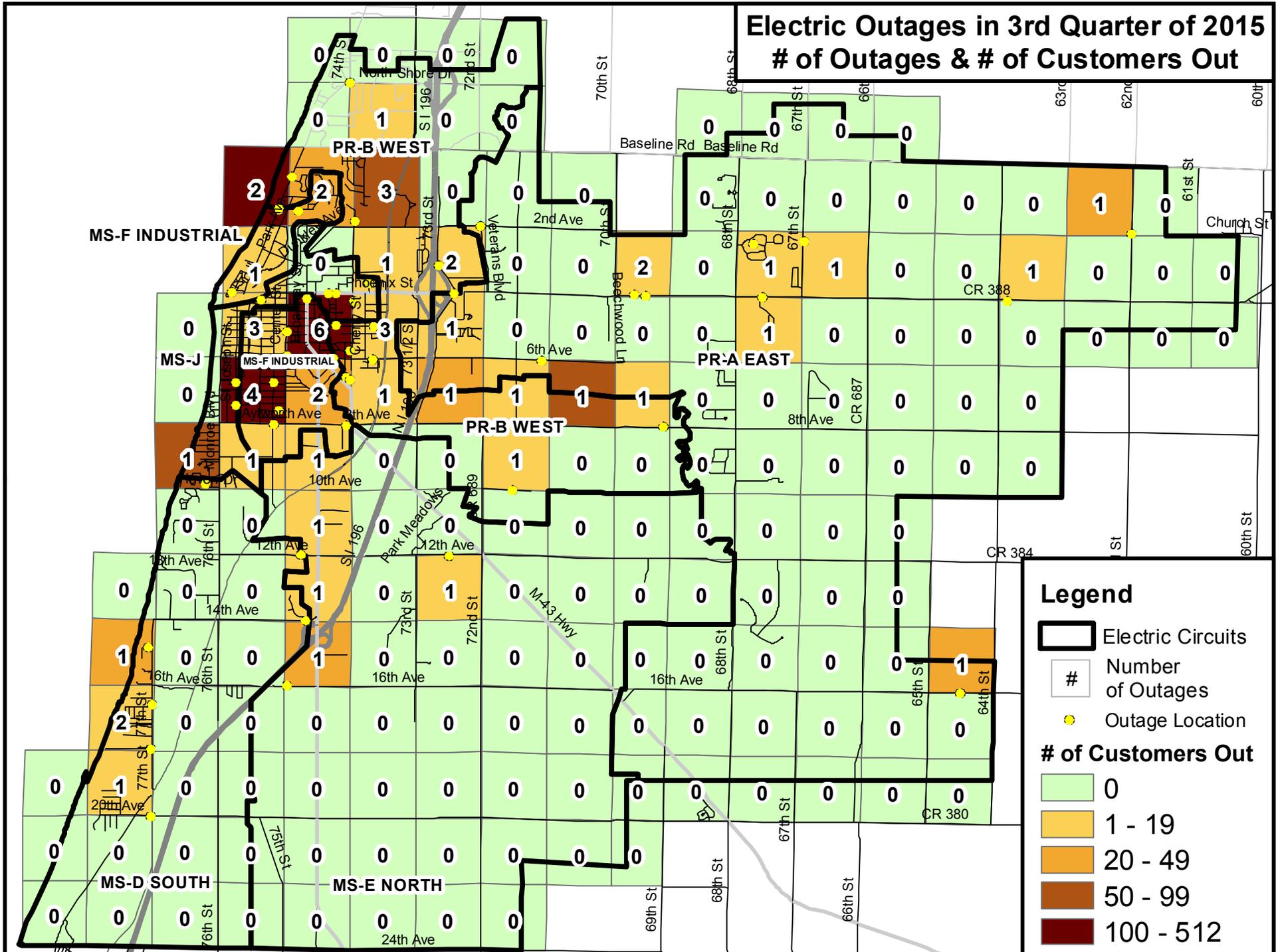


The number of times a customer is interrupted (>1 minute), averaged over all customers. Divide total customer interruptions by an avg of total customers served.

# of Outages - 1st, 2nd & 3rd Quarter	2012	2013	2014	2015	2014-2015
0 Electric Supply Disruption to City	0	1	1	0	-1%
1 Fallen Line / Rotted Pole	4	3	3	2	-33%
2 Bad U/G Cable	15	4	15	10	-33%
3 Lightning	4	7	15	19	27%
4 Animal Contact	49	29	46	39	-15%
5 Tree Contact	53	71	44	27	-39%
6 Contamination / Foreign Debris	0	0	0	2	2%
7 Human	10	4	6	6	0%
8 Other	0	2	4	1	-75%
9 Undetermined	0	0	0	0	0%
10 Failed Device	123	63	70	64	-9%
Grand Total	258	184	204	170	-17%

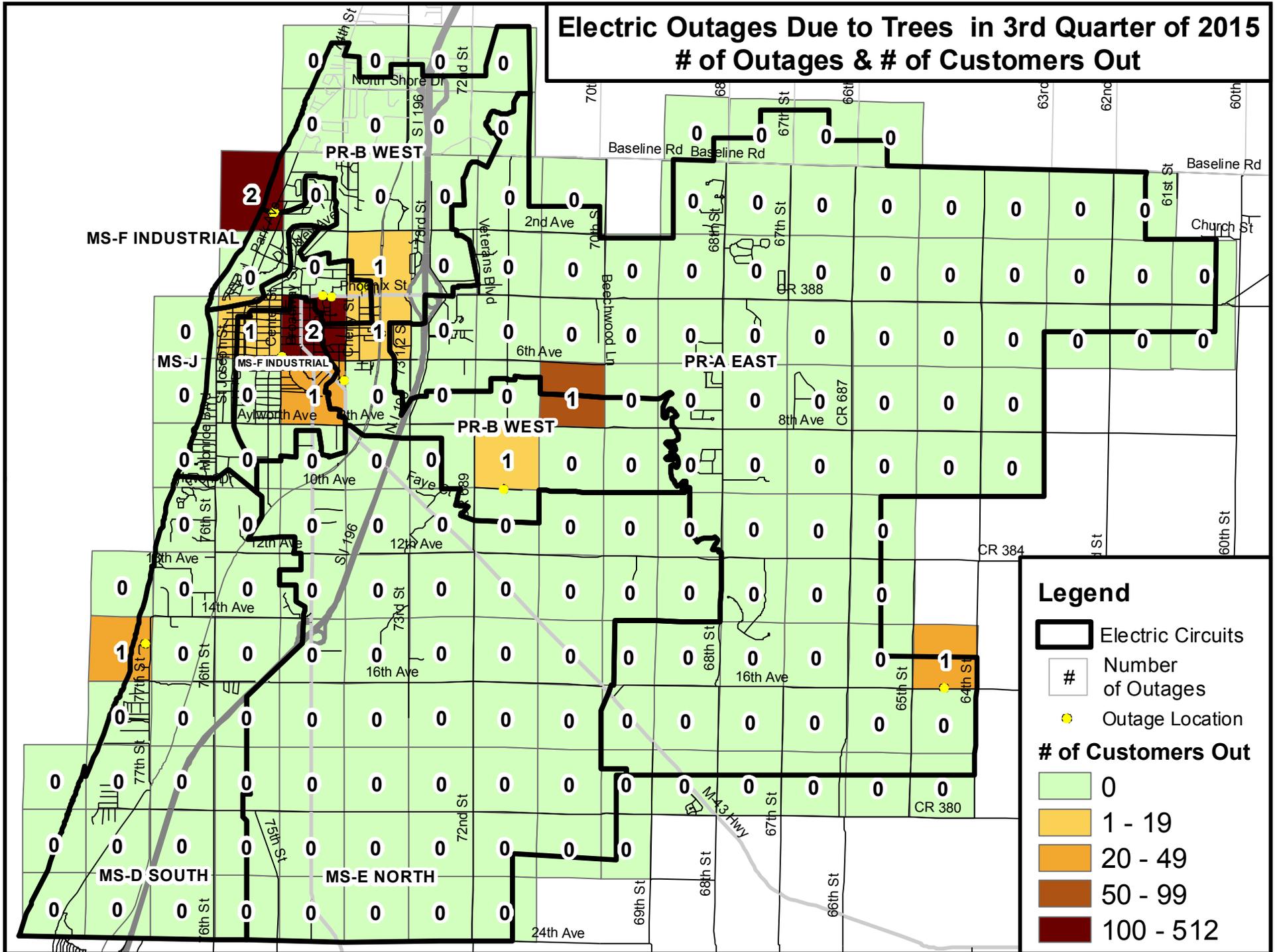


Electric Outages in 3rd Quarter of 2015 # of Outages & # of Customers Out



Electric Outages Due to Trees in 3rd Quarter of 2015

of Outages & # of Customers Out



Legend

-  Electric Circuits
-  # Number of Outages
-  Outage Location

of Customers Out

-  0
-  1 - 19
-  20 - 49
-  50 - 99
-  100 - 512



City of South Haven

Agenda Item # 9

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. PA 295 does NOT have a sunset clause that terminates the energy optimization requirement on December 31, 2015. Section 97(7) of PA 295 requires that the Michigan Public Service Commission (MPSC) file a report with the appropriate legislative committees by September 30, 2015. The report shall “review the opportunities for additional cost-effective energy optimization programs and make any recommendations the commission may have for legislation providing for the continuation, expansion, or reduction of energy optimization standards.” A copy of the MPSC report is attached. The report indicates that the energy saving targets have been exceeded, that the programs have met the cost effectiveness standards, and that opportunities exist for additional savings. The report indicates that the achievable potential for electric savings in 2023 is 15.0% of forecasted kWh sales in 2023. The report does not make any recommendations for legislative changes.

Both chambers of the Michigan legislature have been working on amending PA 295. The most current draft of each chamber’s legislative efforts is attached. HB 4297 (H-1) is sponsored by Representative Aric Nesbitt. This draft of the legislation would require municipally-owned electric utilities to continue to provide energy optimization programs for 180 days from the date of passage of the legislation. SB 438 (S-1) is sponsored by Senator John Proos. The senate legislation would require all natural gas and electric providers to continue energy optimization programs until December 31, 2018. Neither of the bills have left their respective committees at this time for a vote of the respective full chamber. Since there are still differences between the two proposed bills, it appears to be increasingly unlikely that an amendments to PA 295 will be completed prior to the end of 2015.

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. On September 11, 2015, the City filed a motion to extend the filing deadline until October 31, 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.

The primary advantage of continuing to use Efficiency United is that limited effort by City staff is required to keep the programs operating. In addition, Efficiency United completes all reporting and evaluation requirements under PA 295. Finally, Michigan Gas Utilities utilizes Efficiency United, providing a single place for South Haven residents to obtain energy efficiency services.

Prior to 2012, the City utilized a contractor to provide various services and was required to complete certain tasks internally. Significant time was spent by City staff in tracking the progress of the services and providing quarterly progress reports to the MPSC.

The Board reviewed the energy optimization requirement at their last regular meeting held on August 31, 2015. At that time, the Board requested that staff delay committing to a provider for 2016 and beyond due to pending legislative changes. Since it appears that legislative changes will not be completed until 2016, the City needs to move forward with selecting a service provider for 2016. If the House version of legislative changes is approved, the City would only need to provide energy optimization programs for part of the year.

At this point in time, there are two potential alternatives available to the City:

The first alternative would be to sign on with Efficiency United to continue providing services. The minimum term would be for two years (2016-2017). It appears that we would be able to terminate the contract early if the House version of the legislation were approved.

The second alternative is to join the collaborative of twelve municipal utilities and cooperative electric providers being run by the Michigan Electric Cooperative Association (MECA). MECA has staff assigned to run the collaborative and has a contract with Wisconsin Energy Conservation Corporation (WECC) to provide energy optimization services. Program offerings would be very similar to those provided by Efficiency United. A meeting is scheduled with MECA and WECC for Tuesday, October

27 at 1:30 pm to discuss the MECA program offerings. Transitioning to a new provider may be hindered by the need to respond to the MPSC by October 31. An additional extension may be needed to permit MECA to prepare the plan documents for South Haven. Additionally, MECA may require a multiyear contract without an early termination option.

It should also be noted that the current Energy Optimization Surcharges billed to South Haven customers expire on December 31, 2015. Thus, it is recommended that electric rates be reviewed in November to ensure adequate revenues to fund this program. Continuing with Efficiency United is estimated to cost approximately \$260,000 per year. Minor cost saving may be feasible if we transition to the MECA collaborative.

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:

- Clean, Renewable, and Efficient Energy Act (Act 295 of 2008)
- 2015 Report on Energy Optimization Programs and Cost-effectiveness of PA 295 Standards
- House Bill 4297, Substitute 1
- Senate Bill 438, Substitute 1
- MPSC Order, Case No. U-17413
- Efficiency United Provider Notification Form

CLEAN, RENEWABLE, AND EFFICIENT ENERGY ACT
Act 295 of 2008

AN ACT to require certain providers of electric service to establish renewable energy programs; to require certain providers of electric or natural gas service to establish energy optimization programs; to authorize the use of certain energy systems to meet the requirements of those programs; to provide for the approval of energy optimization service companies; to provide for certain charges on electric and natural gas bills; to promote energy conservation by state agencies and the public; to create a wind energy resource zone board and provide for its power and duties; to authorize the creation and implementation of wind energy resource zones; to provide for expedited transmission line siting certificates; to provide for a net metering program and the responsibilities of certain providers of electric service and customers with respect to net metering; to provide for fees; to prescribe the powers and duties of certain state agencies and officials; to require the promulgation of rules and the issuance of orders; and to provide for civil sanctions, remedies, and penalties.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

The People of the State of Michigan enact:

PART 1.
GENERAL PROVISIONS

460.1001 Short title; purpose of act.

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

(2) The purpose of this act is to promote the development of clean energy, renewable energy, and energy optimization through the implementation of a clean, renewable, and energy efficient standard that will cost-effectively do all of the following:

- (a) Diversify the resources used to reliably meet the energy needs of consumers in this state.
- (b) Provide greater energy security through the use of indigenous energy resources available within the state.
- (c) Encourage private investment in renewable energy and energy efficiency.
- (d) Provide improved air quality and other benefits to energy consumers and citizens of this state.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1003 Definitions; A to C.

Sec. 3. As used in this act:

- (a) "Advanced cleaner energy" means electricity generated using an advanced cleaner energy system.
- (b) "Advanced cleaner energy credit" means a credit certified under section 43 that represents generated advanced cleaner energy.
- (c) "Advanced cleaner energy system" means any of the following:
 - (i) A gasification facility.
 - (ii) An industrial cogeneration facility.
 - (iii) A coal-fired electric generating facility if 85% or more of the carbon dioxide emissions are captured and permanently geologically sequestered.
 - (iv) An electric generating facility or system that uses technologies not in commercial operation on the effective date of this act.
- (d) "Affiliated transmission company" means that term as defined in the electric transmission line certification act, 1995 PA 30, MCL 460.562.
- (e) "Applicable regional transmission organization" means a nonprofit, member-based organization governed by an independent board of directors that serves as the federal energy regulatory commission-approved regional transmission organization with oversight responsibility for the region that includes the provider's service territory.
- (f) "Biomass" means any organic matter that is not derived from fossil fuels, that can be converted to usable fuel for the production of energy, and that replenishes over a human, not a geological, time frame, including, but not limited to, all of the following:
 - (i) Agricultural crops and crop wastes.

- (ii) Short-rotation energy crops.
- (iii) Herbaceous plants.
- (iv) Trees and wood, but only if derived from sustainably managed forests or procurement systems, as defined in section 261c of the management and budget act, 1984 PA 431, MCL 18.1261c.
- (v) Paper and pulp products.
- (vi) Precommercial wood thinning waste, brush, or yard waste.
- (vii) Wood wastes and residues from the processing of wood products or paper.
- (viii) Animal wastes.
- (ix) Wastewater sludge or sewage.
- (x) Aquatic plants.
- (xi) Food production and processing waste.
- (xii) Organic by-products from the production of biofuels.
- (g) "Board" means the wind energy resource zone board created under section 143.
- (h) "Carbon dioxide emissions benefits" means that the carbon dioxide emissions per megawatt hour of electricity generated by the advanced cleaner energy system are at least 85% less or, for an integrated gasification combined cycle facility, 70% less than the average carbon dioxide emissions per megawatt hour of electricity generated from all coal-fired electric generating facilities operating in this state on January 1, 2008.
- (i) "Commission" means the Michigan public service commission.
- (j) "Customer meter" means an electric meter of a provider's retail customer. Customer meter does not include a municipal water pumping meter or additional meters at a single site that were installed specifically to support interruptible air conditioning, interruptible water heating, net metering, or time-of-day tariffs.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1005 Definitions; E, F.

Sec. 5. As used in this act:

- (a) "Electric provider", subject to sections 21(1), 23(1), and 25(1), means any of the following:
 - (i) Any person or entity that is regulated by the commission for the purpose of selling electricity to retail customers in this state.
 - (ii) A municipally-owned electric utility in this state.
 - (iii) A cooperative electric utility in this state.
 - (iv) Except as used in subpart B of part 2, an alternative electric supplier licensed under section 10a of 1939 PA 3, MCL 460.10a.
- (b) "Eligible electric generator" means that a methane digester or renewable energy system with a generation capacity limited to the customer's electric need and that does not exceed the following:
 - (i) For a renewable energy system, 150 kilowatts of aggregate generation at a single site.
 - (ii) For a methane digester, 550 kilowatts of aggregate generation at a single site.
- (c) "Energy conservation" means the reduction of customer energy use through the installation of measures or changes in energy usage behavior. Energy conservation does not include the use of advanced cleaner energy systems.
- (d) "Energy efficiency" means a decrease in customer consumption of electricity or natural gas achieved through measures or programs that target customer behavior, equipment, devices, or materials without reducing the quality of energy services.
- (e) "Energy optimization", subject to subdivision (f), means all of the following:
 - (i) Energy efficiency.
 - (ii) Load management, to the extent that the load management reduces overall energy usage.
 - (iii) Energy conservation, but only to the extent that the decreases in the consumption of electricity produced by energy conservation are objectively measurable and attributable to an energy optimization plan.
- (f) Energy optimization does not include electric provider infrastructure projects that are approved for cost recovery by the commission other than as provided in this act.
- (g) "Energy optimization credit" means a credit certified pursuant to section 87 that represents achieved energy optimization.
- (h) "Energy optimization plan" or "EO plan" means a plan under section 71.
- (i) "Energy optimization standard" means the minimum energy savings required to be achieved under section 77.
- (j) "Energy star" means the voluntary partnership among the United States department of energy, the

United States environmental protection agency, product manufacturers, local utilities, and retailers to help promote energy efficient products by labeling with the energy star logo, educate consumers about the benefits of energy efficiency, and help promote energy efficiency in buildings by benchmarking and rating energy performance.

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

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

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

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

(iv) Any other federal energy regulatory commission approved transmission planning process for a transmission project.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1007 Definitions; G to M.

Sec. 7. As used in this act:

(a) "Gasification facility" means a facility located in this state that uses a thermochemical process that does not involve direct combustion to produce synthesis gas, composed of carbon monoxide and hydrogen, from carbon-based feedstocks (such as coal, petroleum coke, wood, biomass, hazardous waste, medical waste, industrial waste, and solid waste, including, but not limited to, municipal solid waste, electronic waste, and waste described in section 11514 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11514) and that uses the synthesis gas or a mixture of the synthesis gas and methane to generate electricity for commercial use. Gasification facility includes the transmission lines, gas transportation lines and facilities, and associated property and equipment specifically attributable to such a facility. Gasification facility includes, but is not limited to, an integrated gasification combined cycle facility and a plasma arc gasification facility.

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

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

(d) "Industrial cogeneration facility" means a facility that generates electricity using industrial thermal energy or industrial waste energy.

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

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

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

(h) "LEED" means the leadership in energy and environmental design green building rating system developed by the United States green building council.

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

(j) "Modified net metering" means a utility billing method that applies the power supply component of the full retail rate to the net of the bidirectional flow of kilowatt hours across the customer interconnection with the utility distribution system, during a billing period or time-of-use pricing period. A negative net metered

quantity during the billing period or during each time-of-use pricing period within the billing period reflects net excess generation for which the customer is entitled to receive credit under section 177(4). Standby charges for modified net metering customers on an energy rate schedule shall be equal to the retail distribution charge applied to the imputed customer usage during the billing period. The imputed customer usage is calculated as the sum of the metered on-site generation and the net of the bidirectional flow of power across the customer interconnection during the billing period. The commission shall establish standby charges for modified net metering customers on demand-based rate schedules that provide an equivalent contribution to utility system costs.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1009 Definitions; N to Q.

Sec. 9. As used in this act:

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

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

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

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1011 Definitions; R.

Sec. 11. As used in this act:

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

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

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

(d) "Renewable energy credit" means a credit granted pursuant to section 41 that represents generated renewable energy.

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

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

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

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

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

(i) Biomass.

(ii) Solar and solar thermal energy.

(iii) Wind energy.

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

(A) Waves, tides, or currents.

(B) Water released through a dam.

(v) Geothermal energy.

(vi) Municipal solid waste.

(vii) Landfill gas produced by municipal solid waste.

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

(k) "Renewable energy system" means a facility, electricity generation system, or set of electricity generation systems that use 1 or more renewable energy resources to generate electricity. Renewable energy system does not include any of the following:

(i) A hydroelectric pumped storage facility.

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

(iii) An incinerator unless the incinerator is a municipal solid waste incinerator as defined in section 11504 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11504, that was brought into service before the effective date of this act, including any of the following:

(A) Any upgrade of such an incinerator that increases energy efficiency.

(B) Any expansion of such an incinerator before the effective date of this act.

(C) Any expansion of such an incinerator on or after the effective date of this act to an approximate design rated capacity of not more than 950 tons per day pursuant to the terms of a final request for proposals issued on or before October 1, 1986.

(l) "Revenue recovery mechanism" means the mechanism for recovery of incremental costs of compliance established under section 21.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1013 Definitions; S to W.

Sec. 13. As used in this act:

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

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

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

(d) "Utility system resource cost test" means a standard that is met for an investment in energy optimization if, on a life cycle basis, the total avoided supply-side costs to the provider, including representative values for electricity or natural gas supply, transmission, distribution, and other associated costs, are greater than the total costs to the provider of administering and delivering the energy optimization program, including net costs for any provider incentives paid by customers and capitalized costs recovered under section 89.

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

PART 2.

ENERGY STANDARDS

SUBPART A.

RENEWABLE ENERGY

460.1021 Electric providers; regulation of rates by commission; applicability of section; filing of proposed renewable energy plan; requirements; establishment of nonvolumetric

mechanism; revenue recovery mechanism; agreement with customer to participate in commission-approved voluntary renewable energy program; reserve funds; contested case hearing on proposed plan; approval; determination; initial approval; review; amendment; rejection of proposed plan or amendment.

Sec. 21. (1) This section applies only to electric providers whose rates are regulated by the commission.

(2) Each electric provider shall file a proposed renewable energy plan with the commission within 90 days after the commission issues a temporary order under section 171. The proposed plan shall meet all of the following requirements:

(a) Describe how the electric provider will meet the renewable energy standards.

(b) Specify whether the number of megawatt hours of electricity used in the calculation of the renewable energy credit portfolio will be weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state. Once the plan is approved by the commission, this option shall not be changed.

(c) Include the expected incremental cost of compliance with the renewable energy standards for a 20-year period beginning when the plan is approved by the commission.

(d) For an electric provider that had 1,000,000 or more retail customers in this state on January 1, 2008, describe the bidding process to be used by the electric provider under section 33. The description shall include measures to be employed in the preparation of requests for proposals and the handling and evaluation of proposals received to ensure that any bidder that is an affiliate of the electric utility is not afforded a competitive advantage over any other bidder and that each bidder, including any bidder that is an affiliate of the electric provider, is treated in a fair and nondiscriminatory manner.

(3) The proposed plan shall establish a nonvolumetric mechanism for the recovery of the incremental costs of compliance within the electric provider's customer rates. The revenue recovery mechanism shall not result in rate impacts that exceed the monthly maximum retail rate impacts specified under section 45. The revenue recovery mechanism is subject to adjustment under sections 47(4) and 49. A customer participating in a commission-approved voluntary renewable energy program under an agreement in effect on the effective date of this act shall not incur charges under the revenue recovery mechanism unless the charges under the revenue recovery mechanism exceed the charges the customer is incurring for the voluntary renewable energy program. In that case, the customer shall only incur the difference between the charge assessed under the revenue recovery mechanism and the charges the customer is incurring for the voluntary renewable energy program. The limitation on charges applies only during the term of the agreement, not including automatic agreement renewals, or until 1 year after the effective date of this act, whichever is later. Before entering an agreement with a customer to participate in a commission-approved voluntary renewable energy program and before the last automatic monthly renewal of such an agreement that will occur less than 1 year after the effective date of this act, an electric provider shall notify the customer that the customer will be responsible for the full applicable charges under the revenue recovery mechanism and under the voluntary renewable energy program as provided under this subsection.

(4) If proposed by the electric provider in its proposed plan, the revenue recovery mechanism shall result in an accumulation of reserve funds in advance of expenditure and the creation of a regulatory liability that accrues interest at the average short-term borrowing rate available to the electric provider during the appropriate period. If proposed by the electric provider in its proposed plan, the commission shall establish a minimum balance of accumulated reserve funds for the purposes of section 47(4).

(5) The commission shall conduct a contested case hearing on the proposed plan filed under subsection (2), pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. If a renewable energy generator files a petition to intervene in the contested case in the manner prescribed by the commission's rules for interventions generally, the commission shall grant the petition. Subject to subsections (6) and (10), after the hearing and within 90 days after the proposed plan is filed with the commission, the commission shall approve, with any changes consented to by the electric provider, or reject the plan.

(6) The commission shall not approve an electric provider's plan unless the commission determines both of the following:

(a) That the plan is reasonable and prudent. In making this determination, the commission shall take into consideration projected costs and whether or not projected costs included in prior plans were exceeded.

(b) That the life-cycle cost of renewable energy acquired or generated under the plan less the projected life-cycle net savings associated with the provider's energy optimization plan does not exceed the expected life-cycle cost of electricity generated by a new conventional coal-fired facility. In determining the expected life-cycle cost of electricity generated by a new conventional coal-fired facility, the commission shall consider data from this state and the states of Ohio, Indiana, Illinois, Wisconsin, and Minnesota, including, if

applicable, the life-cycle costs of the renewable energy system and new conventional coal-fired facilities. When determining the life-cycle costs of the renewable energy system and new conventional coal-fired facilities, the commission shall use a methodology that includes, but is not limited to, consideration of the value of energy, capacity, and ancillary services. The commission shall also consider other costs such as transmission, economic benefits, and environmental costs, including, but not limited to, greenhouse gas constraints or taxes. In performing its assessment, the commission may utilize other available data, including national or regional reports and data published by federal or state governmental agencies, industry associations, and consumer groups.

(7) An electric provider shall not begin recovery of the incremental costs of compliance within its rates until the commission has approved its proposed plan.

(8) Every 2 years after initial approval of a plan under subsection (5), the commission shall review the plan. The commission shall conduct a contested case hearing on the plan pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The annual renewable cost reconciliation under section 49 for that year may be joined with the overall plan review in the same contested case hearing. Subject to subsections (6) and (10), after the hearing, the commission shall approve, with any changes consented to by the electric provider, or reject the plan and any proposed amendments to the plan.

(9) If an electric provider proposes to amend its plan at a time other than during the biennial review process under subsection (8), the electric provider shall file the proposed amendment with the commission. If the proposed amendment would modify the revenue recovery mechanism, the commission shall conduct a contested case hearing on the amendment pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The annual renewable cost reconciliation under section 49 may be joined with the plan amendment in the same contested case proceeding. Subject to subsections (6) and (10), after the hearing and within 90 days after the amendment is filed, the commission shall approve, with any changes consented to by the electric provider, or reject the plan and the proposed amendment or amendments to the plan.

(10) If the commission rejects a proposed plan or amendment under this section, the commission shall explain in writing the reasons for its determination.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

Compiler's note: Enacting section 1 of Act 295 of 2008 provides:

"Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."

In subsection (2), the reference to "section 171" evidently should read "section 191".

460.1023 Alternative electric suppliers and cooperative electric utilities; applicability of section; filing of proposed renewable energy plan; requirements; public comment; initial approval; review; amendment; rejection of proposed plan or amendment.

Sec. 23. (1) This section applies only to alternative electric suppliers and cooperative electric utilities that have elected to become member-regulated under the electric cooperative member-regulation act, 2008 PA 167, MCL 460.31 to 460.39.

(2) Each alternative electric supplier or cooperative electric utility shall file a proposed renewable energy plan with the commission within 90 days or 120 days, respectively, after the commission issues a temporary order under section 171. The proposed plan shall meet all of the following requirements:

(a) Describe how the electric provider will meet the renewable energy standards.

(b) Specify whether the number of megawatt hours of electricity used in the calculation of the renewable energy portfolio will be weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state. Once the plan is approved by the commission, this option shall not be changed.

(3) The commission shall provide an opportunity for public comment on the proposed plan filed under subsection (2). After the opportunity for public comment and within 90 days after the proposed plan is filed with the commission, the commission shall approve, with any changes consented to by the electric provider, or reject the plan.

(4) Every 2 years after initial approval of a plan under subsection (3), the commission shall review the plan. The commission shall provide an opportunity for public comment on the plan. After the opportunity for public comment, the commission shall approve, with any changes consented to by the electric provider, or reject any proposed amendments to the plan.

(5) If an electric provider proposes to amend its plan at a time other than during the biennial review process under subsection (4), the electric provider shall file the proposed amendment with the commission. The commission shall provide an opportunity for public comment on the amendment. After the opportunity for public comment and within 90 days after the amendment is filed, the commission shall approve, with any

changes consented to by the electric provider, or reject the amendment.

(6) If the commission rejects a proposed plan or amendment under this section, the commission shall explain in writing the reasons for its determination.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

Compiler's note: Enacting section 1 of Act 295 of 2008 provides:

"Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."

In subsection (2), the reference to "section 171" evidently should read "section 191".

460.1025 Municipally-owned electric utilities; applicability of section; filing of renewable energy plan; requirements; public comment; initial approval; review; amendment; determination of noncompliance.

Sec. 25. (1) This section applies only to municipally-owned electric utilities.

(2) Each electric provider shall file a proposed renewable energy plan with the commission within 120 days after the commission issues a temporary order under section 171. Two or more electric providers that each serve fewer than 15,000 customers may file jointly. The proposed plan shall meet all of the following requirements:

(a) Describe how the provider will meet the renewable energy standards.

(b) Specify whether the number of megawatt hours of electricity used in the calculation of the renewable energy credit portfolio will be weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state. Once the commission determines that the proposed plan complies with this act, this option shall not be changed.

(c) Include the expected incremental cost of compliance with the renewable energy standards.

(d) Describe the manner in which the provider will allocate costs.

(3) Subject to subsection (6), the commission shall provide an opportunity for public comment on the proposed plan filed under subsection (2). After the applicable opportunity for public comment and within 90 days after the proposed plan is filed with the commission, the commission shall determine whether the proposed plan complies with this act.

(4) Every 2 years after the commission initially determines under subsection (3) that a renewable energy plan complies with this act, the commission shall review the plan. Subject to subsection (6), the commission shall provide an opportunity for public comment on the plan. After the applicable opportunity for public comment, the commission shall determine whether any amendment to the plan proposed by the provider complies with this act. The proposed amendment is adopted if the commission determines that it complies with this act.

(5) If a provider proposes to amend its renewable energy plan at a time other than during the biennial review process under subsection (4), the provider shall file the proposed amendment with the commission. Subject to subsection (6), the commission shall provide an opportunity for public comment on the amendment. After the applicable opportunity for public comment and within 90 days after the amendment is filed, the commission shall determine whether the proposed amendment to the plan complies with this act. The proposed amendment is adopted if the commission determines that it complies with this act.

(6) The commission need not provide an opportunity for public comment under subsection (3), (4), or (5) if the governing body of the provider has already provided an opportunity for public comment and filed the comments with the commission.

(7) If the commission determines that a proposed plan or amendment under this section does not comply with this act, the commission shall explain in writing the reasons for its determination.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

Compiler's note: Enacting section 1 of Act 295 of 2008 provides:

"Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."

In subsection (2), the reference to "section 171" evidently should read "section 191".

460.1027 Electric utility with 1,000,000 or more retail customers; renewable energy capacity portfolio; renewable energy credit portfolio; standards; substitution of energy optimization credits, advanced cleaner energy credits, or combination; rates.

Sec. 27. (1) Subject to sections 31 and 45, and in addition to the requirements of subsection (3), an electric provider that is an electric utility with 1,000,000 or more retail customers in this state as of January 1, 2008 shall achieve a renewable energy capacity portfolio of not less than the following:

(a) For an electric provider with more than 1,000,000 but less than 2,000,000 retail electric customers in this state on January 1, 2008, a renewable energy capacity portfolio of 200 megawatts by December 31, 2013

and 500 megawatts by December 31, 2015.

(b) For an electric provider with more than 2,000,000 retail electric customers in this state on January 1, 2008, a renewable energy capacity portfolio of 300 megawatts by December 31, 2013 and 600 megawatts by December 31, 2015.

(2) An electric provider's renewable energy capacity portfolio shall be calculated by adding the following:

(a) The nameplate capacity in megawatts of renewable energy systems owned by the electric provider that were not in commercial operation before the effective date of this act.

(b) The capacity in megawatts of renewable energy that the electric provider is entitled to purchase under contracts that were not in effect before the effective date of this act.

(3) Subject to sections 31 and 45, an electric provider shall achieve a renewable energy credit portfolio as follows:

(a) In 2012, 2013, 2014, and 2015, a renewable energy credit portfolio based on the sum of the following:

(i) The number of renewable energy credits from electricity generated in the 1-year period preceding the effective date of this act that would have been transferred to the electric provider pursuant to section 35(1), if this act had been in effect during that 1-year period.

(ii) The number of renewable energy credits equal to the number of megawatt hours of electricity produced or obtained by the electric provider in the 1-year period preceding the effective date of this act from renewable energy systems for which recovery in electric rates was approved on the effective date of this act.

(iii) Renewable energy credits in an amount calculated as follows:

(A) Taking into account the number of renewable energy credits under subparagraphs (i) and (ii), determine the number of additional renewable energy credits that the electric provider would need to reach a 10% renewable energy portfolio in that year.

(B) Multiply the number under sub-subparagraph (A) by 20% for 2012, 33% for 2013, 50% for 2014, and 100% for 2015.

(b) In 2016 and each year thereafter, maintain a renewable energy credit portfolio that consists of at least the same number of renewable energy credits as were required in 2015 under subdivision (a).

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

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

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

(i) The number of weather-normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state.

(ii) The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state.

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

(5) Subject to subsection (6), each electric provider shall meet the renewable energy credit standards with renewable energy credits obtained by 1 or more of the following means:

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

(b) Purchasing or otherwise acquiring renewable energy credits with or without the associated renewable energy.

(6) An electric provider may substitute energy optimization credits, advanced cleaner energy credits with or without the associated advanced cleaner energy, or a combination thereof for renewable energy credits otherwise required to meet the renewable energy credit standards if the substitution is approved by the commission. However, commission approval is not required to substitute advanced cleaner energy from industrial cogeneration for renewable energy credits. The commission shall not approve a substitution unless the commission determines that the substitution is cost-effective compared to other sources of renewable energy credits and, if the substitution involves advanced cleaner energy credits, that the advanced cleaner energy system provides carbon dioxide emissions benefits. In determining whether the substitution of advanced cleaner energy credits is cost-effective, the commission shall include as part of the costs of the system the environmental costs attributed to the advanced cleaner energy system, including the costs of environmental control equipment or greenhouse gas constraints or taxes. The commission's determinations shall be made after a contested case hearing that includes consultation with the department of environmental quality on the issue of carbon dioxide emissions benefits, if relevant, and environmental costs.

(7) Under subsection (6), energy optimization credits, advanced cleaner energy credits, or a combination thereof shall not be used by a provider to meet more than 10% of the renewable energy credit standards. Advanced cleaner energy from advanced cleaner energy systems in existence on January 1, 2008 shall not be used by a provider to meet more than 70% of this 10% limit. This 10% limit does not apply to advanced

cleaner energy credits from plasma arc gasification.

(8) Substitutions under subsection (6) shall be made at the following rates per renewable energy credit:

- (a) One energy optimization credit.
- (b) One advanced cleaner energy credit from plasma arc gasification or industrial cogeneration.
- (c) Ten advanced cleaner energy credits other than from plasma arc gasification or industrial cogeneration.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1029 Renewable energy system location; requirements.

Sec. 29. (1) Subject to subsection (2), a renewable energy system that is the source of renewable energy credits used to satisfy the renewable energy standards shall be either located outside of this state in the retail electric customer service territory of any provider that is not an alternative electric supplier or located anywhere in this state. For the purposes of this subsection, a retail electric customer service territory shall be considered to be the territory recognized by the commission on January 1, 2008 and any expansion of retail electric customer service territory recognized by the commission after January 1, 2008 under 1939 PA 3, MCL 460.1 to 460.10cc. The commission may also expand a service territory for the purposes of this subsection if a lack of transmission lines limits the ability to obtain sufficient renewable energy from renewable energy systems that meet the location requirement of this subsection.

(2) The renewable energy system location requirements in subsection (1) do not apply if 1 or more of the following requirements are met:

(a) The renewable energy system is a wind energy conversion system and the electricity generated by the wind energy system, or the renewable energy credits associated with that electricity, is being purchased under a contract in effect on January 1, 2008. If the electricity and associated renewable energy credits purchased under such a contract are used by an electric provider to meet renewable energy requirements established after January 1, 2008 by the legislature of the state in which the wind energy conversion system is located, the electric provider may, for the purpose of meeting the renewable energy credit standard under this act, obtain, by any means authorized under section 27, up to the same number of replacement renewable energy credits from any other wind energy conversion systems located in that state. This subdivision shall not be utilized by an alternative electric supplier unless the alternative electric supplier was licensed in this state on January 1, 2008. Renewable energy credits from a renewable energy system under a contract with an alternative electric supplier under this subdivision shall not be used by another electric provider to meet its requirements under this part.

(b) The renewable energy system is a wind energy conversion system that was under construction or operational and owned by an electric provider on January 1, 2008. This subdivision shall not be utilized by an alternative electric supplier.

(c) The renewable energy system is a wind energy conversion system that includes multiple wind turbines, at least 1 of the wind turbines meets the location requirements of this section, and the remaining wind turbines are within 15 miles of a wind turbine that is part of that wind energy conversion system and that meets the location requirements of this section.

(d) Before January 1, 2008, an electric provider serving not more than 75,000 retail electric customers in this state filed an application for a certificate of authority for the renewable energy system with a state regulatory commission in another state that is also served by the electric provider. However, renewable energy credits shall not be granted under this subdivision for electricity generated using more than 10.0 megawatts of nameplate capacity of the renewable energy system.

(e) Electricity generated from the renewable energy system is sold by a not-for-profit entity located in Indiana or Wisconsin to a municipally-owned electric utility in this state or cooperative electric utility in this state under a contract in effect on January 1, 2008, and the electricity is not being used to meet another state's standard for renewable energy.

(f) Electricity generated from the renewable energy system is sold by a not-for-profit entity located in Ohio to a municipally-owned electric utility in this state under a contract approved by resolution of the governing body of the municipally-owned electric utility by January 1, 2008, and the electricity is not being used to meet another state's standard for renewable energy. However, renewable energy credits shall not be granted for electricity generated using more than 13.4 megawatts of nameplate capacity of the renewable energy system.

(g) All of the following requirements are met:

(i) The renewable energy system is a wind energy system, is interconnected to the electric provider's transmission system, and is located in a state in which the electric provider has service territory.

(ii) The electric provider competitively bid any contract for engineering, procurement, or construction of

the renewable energy system, if the electric provider owns the renewable energy system, or for purchase of the renewable energy and associated renewable energy credits from the renewable energy system, if the provider does not own the renewable energy system, in a process open to renewable energy systems sited in this state.

(iii) The renewable energy credits from the renewable energy system are only used by that electric provider to meet the renewable energy standard.

(iv) The electric provider is not an alternative electric supplier.

(3) Advanced cleaner energy systems that are the source of the advanced cleaner energy credits used under section 27 shall be either located outside this state in the service territory of any electric provider that is not an alternative electric supplier or located anywhere in this state.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1031 Extensions of 2015 renewable energy standard deadline; establishment of revised renewable energy standard; compliance; "good cause" defined.

Sec. 31. (1) Upon petition by an electric provider, the commission may for good cause grant 2 extensions of the 2015 renewable energy standard deadline under section 27. Each extension shall be for up to 1 year.

(2) If 2 extensions of the 2015 renewable energy standard deadline have been granted to an electric provider under subsection (1), upon subsequent petition by the electric provider at least 3 months before the expiration of the second extended deadline, the commission shall, after consideration of prior extension requests under this section and for good cause, establish a revised renewable energy standard attainable by the electric provider. If the electric provider achieves the revised renewable energy standard, the provider is considered to be in compliance with this subpart.

(3) An electric provider that makes a good faith effort to spend the full amount of incremental costs of compliance as outlined in its approved renewable energy plan and that complies with its approved plan, subject to any approved extensions or revisions, shall be considered to be in compliance with this subpart.

(4) As used in this section, "good cause" includes, but is not limited to, the electric provider's inability, as determined by the commission, to meet a renewable energy standard because of a renewable energy system feasibility limitation including, but not limited to, any of the following:

(a) Renewable energy system site requirements, zoning, siting, land use issues, permits, including environmental permits, any certificate of need process under section 6s of 1939 PA 3, MCL 460.6s, or any other necessary governmental approvals that effectively limit availability of renewable energy systems, if the electric provider exercised reasonable diligence in attempting to secure the necessary governmental approvals. For purposes of this subdivision, "reasonable diligence" includes, but is not limited to, submitting timely applications for the necessary governmental approvals and making good faith efforts to ensure that the applications are administratively complete and technically sufficient.

(b) Equipment cost or availability issues including electrical equipment or renewable energy system component shortages or high costs that effectively limit availability of renewable energy systems.

(c) Cost, availability, or time requirements for electric transmission and interconnection.

(d) Projected or actual unfavorable electric system reliability or operational impacts.

(e) Labor shortages that effectively limit availability of renewable energy systems.

(f) An order of a court of competent jurisdiction that effectively limits the availability of renewable energy systems.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1033 Electric provider with 1,000,000 or more retail customers; obtaining renewable energy credits to meet standard in 2015; exception; submission of contract for approval.

Sec. 33. (1) Subject to subsections (2) and (3), an electric provider that had 1,000,000 or more retail customers in this state on January 1, 2008 shall obtain the renewable energy credits that are necessary to meet the renewable energy credit standard in 2015 and thereafter as follows:

(a) At the electric provider's option, up to but no more than 50% of the renewable energy credits shall be from any of the following:

(i) Renewable energy systems that were developed by and are owned by the electric provider. An electric provider shall competitively bid any contract for engineering, procurement, or construction of any new renewable energy systems described in this subdivision. However, an electric provider may consider

unsolicited proposals presented to it by a renewable energy system developer outside of a competitive bid process. If the provider determines that such an unsolicited proposal provides opportunities that may not otherwise be available or commercially practical, the provider may enter into a contract with the developer.

(ii) Renewable energy systems that were developed by 1 or more third parties pursuant to a contract with the electric provider under which the ownership of the renewable energy system may be transferred to the electric provider, but only after the renewable energy system begins commercial operation. Any such contract shall be executed after a competitive bidding process conducted pursuant to guidelines issued by the commission. However, an electric provider may consider unsolicited proposals presented to it by a renewable energy system developer outside of a competitive bid process. If the provider determines that such an unsolicited proposal provides opportunities that may not otherwise be available or commercially practical, the provider may enter into a contract with the developer. An affiliate of the electric provider may submit a proposal in response to a request for proposals, subject to the code of conduct under section 10a(4) of 1939 PA 3, MCL 460.10a, and the sanctions for violation of the code under section 10c of 1939 PA 3, MCL 460.10c.

(b) At least 50% of the renewable energy credits shall be from renewable energy contracts that do not require transfer of ownership of the applicable renewable energy system to the electric provider or from contracts for the purchase of renewable energy credits without the associated renewable energy. A renewable energy contract or contract for the purchase of renewable energy credits under this subdivision shall be executed after a competitive bidding process conducted pursuant to guidelines issued by the commission. However, an electric provider may consider unsolicited proposals presented to it outside of a competitive bid process by a renewable energy system developer that is not affiliated with the electric provider. If the provider determines that such an unsolicited proposal provides opportunities that may not otherwise be available or commercially practical, the provider may enter into a contract with the developer. The contract is subject to review and approval by the commission under section 21. An electric provider or its affiliate may not submit a proposal in response to its own request for proposals under this subdivision. If an electric provider selects a bid other than the lowest price conforming bid from a qualified bidder, the electric provider shall promptly notify the commission. The commission shall determine in the manner provided under section 37 whether the electric provider had good cause for selecting that bid. If the commission determines that the electric provider did not have good cause, the commission shall disapprove the contract.

(2) Subsection (1) does not apply to either of the following:

(a) Renewable energy credits that are transferred to the electric provider pursuant to section 35(1).

(b) Renewable energy credits that are produced or obtained by the electric provider from renewable energy systems for which recovery in electric rates was approved as of the effective date of this act, including renewable energy credits resulting from biomass co-firing of electric generation facilities in existence on the effective date of this act, except to the extent the number of megawatt hours of electricity annually generated by biomass co-firing exceeds the number of megawatt hours generated during the 1-year period immediately preceding the effective date of this act.

(3) An electric provider shall submit a contract entered into pursuant to subsection (1) to the commission for review and approval. If the commission approves the contract, it shall be considered to be consistent with the electric provider's renewable energy plan. The commission shall not approve a contract based on an unsolicited proposal unless the commission determines that the unsolicited proposal provides opportunities that may not otherwise be available or commercially practical.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1035 Resale of renewable energy under PURPA; investor-owned electric utility with less than 20,000 customers, a municipally-owned electric utility, or cooperative electric utility; resale under power purchase agreement or existing agreements; determination of number of renewable energy credits.

Sec. 35. (1) If an electric provider obtains renewable energy for resale to retail or wholesale customers under an agreement under PURPA, ownership of the associated renewable energy credits shall be as provided by the PURPA agreement. If the PURPA agreement does not provide for ownership of the renewable energy credits, then:

(a) Except to the extent that a separate agreement governs under subdivision (b), for the duration of the PURPA agreement, for every 5 renewable energy credits associated with the renewable energy, ownership of 4 of the renewable energy credits is transferred to the electric provider with the renewable energy, and ownership of 1 renewable energy credit remains with the qualifying small power production facility.

(b) If a separate agreement in effect on January 1, 2008 provides for the ownership of the renewable attributes of the generated electricity, the separate agreement shall govern until January 1, 2013 or until expiration of the separate agreement, whichever occurs first.

(2) If an investor-owned electric utility with less than 20,000 customers, a municipally-owned electric utility, or cooperative electric utility obtains all or substantially all of its electricity for resale under a power purchase agreement or agreements in existence on the effective date of this act, ownership of any associated renewable energy credits shall be considered to be transferred to the electric provider purchasing the electricity. The number of renewable energy credits associated with the purchased electricity shall be determined by multiplying the total number of renewable energy credits associated with the total power supply of the seller during the term of the agreement by a fraction, the numerator of which is the amount of energy purchased under the agreement or agreements and the denominator of which is the total power supply of the seller during the term of the agreement. This subsection does not apply unless 1 or more of the following occur:

(a) The seller and the electric provider purchasing the electricity agree that this subsection applies.

(b) For a seller that is an investor-owned electric utility whose rates are regulated by the commission, the commission reduces the number of renewable energy credits required under the renewable energy credit standard for the seller by the number of renewable energy credits to be transferred to the electric provider purchasing the electricity under this subsection.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1037 Renewable energy contract without associated renewable energy; determination of compliance with retail rate impact limits.

Sec. 37. If, after the effective date of this act, an electric provider whose rates are regulated by the commission enters a renewable energy contract or a contract to purchase renewable energy credits without the associated renewable energy, the commission shall determine whether the contract provides reasonable and prudent terms and conditions and complies with the retail rate impact limits under section 45. In making this determination, the commission shall consider the contract price and term. If the contract is a renewable energy contract, the commission shall also consider at least all of the following:

(a) The cost to the electric provider and its customers of the impacts of accounting treatment of debt and associated equity requirements imputed by credit rating agencies and lenders attributable to the renewable energy contract. The commission shall use standard rating agency, lender, and accounting practices for electric utilities in determining these costs, unless the impacts for the electric provider are known.

(b) Subject to section 45, the life-cycle cost of the renewable energy contract to the electric provider and customers including costs, after expiration of the renewable energy contract, of maintaining the same renewable energy output in megawatt hours, whether by purchases from the marketplace, by extension or renewal of the renewable energy contract, or by the electric provider purchasing the renewable energy system and continuing its operation.

(c) Electric provider and customer price and cost risks if the renewable energy systems supporting the renewable energy contract move from contracted pricing to market-based pricing after expiration of the renewable energy contract.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1039 Granting 1 renewable energy credit for each megawatt hour of electricity generated from renewable energy system; conditions; granting Michigan incentive renewable energy credits; expiration.

Sec. 39. (1) Except as otherwise provided in section 35(1), 1 renewable energy credit shall be granted to the owner of a renewable energy system for each megawatt hour of electricity generated from the renewable energy system, subject to all of the following:

(a) If a renewable energy system uses both a renewable energy resource and a nonrenewable energy resource to generate electricity, the number of renewable energy credits granted shall be based on the percentage of the electricity generated from the renewable energy resource.

(b) A renewable energy credit shall not be granted for renewable energy generated from a municipal solid waste incinerator to the extent that the renewable energy was generated by operating the incinerator in excess of the greater of the following, as applicable:

(i) The incinerator's nameplate capacity rating on January 1, 2008.

(ii) If the incinerator is expanded after the effective date of this act to an approximate continuous design rated capacity of not more than 950 tons per day pursuant to the terms of a final request for proposals issued not later than October 1986, the nameplate capacity rating required to accommodate that expansion.

(c) A renewable energy credit shall not be granted for renewable energy the renewable attributes of which are used by an electric provider in a commission-approved voluntary renewable energy program.

(2) Subject to subsection (3), the following additional renewable energy credits, to be known as Michigan incentive renewable energy credits, shall be granted under the following circumstances:

(a) 2 renewable energy credits for each megawatt hour of electricity from solar power.

(b) 1/5 renewable energy credit for each megawatt hour of electricity generated from a renewable energy system, other than wind, at peak demand time as determined by the commission.

(c) 1/5 renewable energy credit for each megawatt hour of electricity generated from a renewable energy system during off-peak hours, stored using advanced electric storage technology or a hydroelectric pumped storage facility, and used during peak hours. However, the number of renewable energy credits shall be calculated based on the number of megawatt hours of renewable energy used to charge the advanced electric storage technology or fill the pumped storage facility, not the number of megawatt hours actually discharged or generated by discharge from the advanced energy storage facility or pumped storage facility.

(d) 1/10 renewable energy credit for each megawatt hour of electricity generated from a renewable energy system constructed using equipment made in this state as determined by the commission. The additional credit under this subdivision is available for the first 3 years after the renewable energy system first produces electricity on a commercial basis.

(e) 1/10 renewable energy credit for each megawatt hour of electricity from a renewable energy system constructed using a workforce composed of residents of this state as determined by the commission. The additional credit under this subdivision is available for the first 3 years after the renewable energy system first produces electricity on a commercial basis.

(3) A renewable energy credit expires at the earliest of the following times:

(a) When used by an electric provider to comply with its renewable energy credit standard.

(b) When substituted for an energy optimization credit under section 77.

(c) Three years after the end of the month in which the renewable energy credit was generated.

(4) A renewable energy credit associated with renewable energy generated within 120 days after the start of a calendar year may be used to satisfy the prior year's renewable energy standard and expires when so used.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1041 Renewable energy credits; trade, sale, or transfer; demonstration of compliance; establishment of energy credit certification and tracking program; use not required in state.

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

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

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

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

(a) A process to certify renewable energy systems, including all existing renewable energy systems operating on the effective date of this act, as eligible to receive renewable energy credits.

(b) A process for verifying that the operator of a renewable energy system is in compliance with state and federal law applicable to the operation of the renewable energy system when certification is granted. If a renewable energy system becomes noncompliant with state or federal law, renewable energy credits shall not be granted for renewable energy generated by that renewable energy system during the period of noncompliance.

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

(d) A method for transferring renewable energy credits.

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

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

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1043 Granting 1 advanced cleaner energy credit for each megawatt hour of electricity generated from advanced cleaner energy system; expiration; trade, sale, or transfer; establishment of advanced cleaner energy credit certification and tracking program; use not required in state.

Sec. 43. (1) One advanced cleaner energy credit shall be granted to the owner of an advanced cleaner energy system for each megawatt hour of electricity generated from the advanced cleaner energy system. However, if an advanced cleaner energy system uses both an advanced cleaner energy technology and an energy technology that is not an advanced cleaner energy technology to generate electricity, the number of advanced cleaner energy credits granted shall be based on the percentage of the electricity generated from the advanced cleaner energy technology. If a facility or system, such as a gasification facility using biomass as feedstock, qualifies as both an advanced cleaner energy system and a renewable energy system, at the owner's option, either an advanced cleaner energy credit or a renewable energy credit, but not both, may be granted for any given megawatt hour of electricity generated by the facility or system.

(2) An advanced cleaner energy credit expires at the earliest of the following times:

(a) When substituted for a renewable energy credit under section 27 or an energy optimization credit under section 77.

(b) 3 years after the end of the month in which the advanced cleaner energy credit was generated.

(3) Advanced cleaner energy credits may be traded, sold, or otherwise transferred.

(4) The commission shall establish an advanced cleaner energy credit certification and tracking program. The certification and tracking program may be contracted to and performed by a third party through a system of competitive bidding. The program shall include all of the following:

(a) A process to certify advanced cleaner energy systems, including all existing advanced cleaner energy systems operating on the effective date of this act, as eligible to receive advanced cleaner energy credits.

(b) A process for verifying that the operator of an advanced cleaner energy system is in compliance with state and federal law applicable to the operation of the advanced cleaner energy system when certification is granted. If an advanced cleaner energy system becomes noncompliant with state or federal law, advanced cleaner energy credits shall not be granted for advanced cleaner energy generated by that advanced cleaner energy system during the period of noncompliance.

(c) A method for determining the date on which an advanced cleaner energy credit is generated and valid for transfer.

(d) A method for transferring advanced cleaner energy credits.

(e) A method for ensuring that each advanced cleaner energy credit transferred is properly accounted for.

(f) Allowance for issuance, transfer, and use of advanced cleaner energy credits in electronic form.

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

(5) An advanced cleaner energy credit purchased from an advanced cleaner energy system in this state is not required to be used in this state.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1045 Charges for electric provider's tariffs that permit recovery of incremental costs of compliance; calculation; report to residential customer in billing statement; values; determining long-term, life-cycle, levelized costs of building and operating and acquiring nonrenewable electric generating capacity and energy.

Sec. 45. (1) For an electric provider whose rates are regulated by the commission, the commission shall determine the appropriate charges for the electric provider's tariffs that permit recovery of the incremental cost of compliance subject to the retail rate impact limits set forth in subsection (2).

(2) An electric provider shall recover the incremental cost of compliance with the renewable energy standards by an itemized charge on the customer's bill for billing periods beginning not earlier than 90 days after the commission approves the electric provider's renewable energy plan under section 21 or 23 or determines under section 25 that the plan complies with this act. An electric provider shall not comply with the renewable energy standards to the extent that, as determined by the commission, recovery of the incremental cost of compliance will have a retail rate impact that exceeds any of the following:

- (a) \$3.00 per month per residential customer meter.
- (b) \$16.58 per month per commercial secondary customer meter.
- (c) \$187.50 per month per commercial primary or industrial customer meter.

(3) The retail rate impact limits of subsection (2) apply only to the incremental costs of compliance and do not apply to costs approved for recovery by the commission other than as provided in this act.

(4) The incremental cost of compliance shall be calculated for a 20-year period beginning with approval of the renewable energy plan and shall be recovered on a levelized basis.

(5) In its billing statements for a residential customer, each provider shall report to the residential customer all of the following in a format consistent with other information on the customer bill:

(a) An itemized monthly charge, expressed in dollars and cents, collected from the customer for implementing the renewable energy program requirements of this act. In the first bill issued after the close of the previous year, an electric provider shall notify each residential customer that the customer may be entitled to an income tax credit to offset some of the annual amounts collected for the renewable energy program.

(b) An itemized monthly charge, expressed in dollars and cents, collected from the customer for implementing the energy optimization program requirements of this act.

(c) An estimated monthly savings, expressed in dollars and cents, for that customer to reflect the reductions in the monthly energy bill produced by the energy optimization program under this act.

(d) An estimated monthly savings, expressed in dollars and cents, for that customer to reflect the long-term, life-cycle, levelized costs of building and operating new conventional coal-fired electric generating power plants avoided under this act as determined by the commission.

(e) The website address at which the commission's annual report under section 51 is posted.

(6) For the first year of the programs under this part, the values reported under subsection (5) shall be estimates by the commission. The values in following years shall be based on the provider's actual customer experiences. If the provider is unable to provide customer-specific information under subsection (5)(b) or (c), it shall instead specify the state average itemized charge or savings, as applicable, for residential customers. The provider shall make this calculation based on a method approved by the commission.

(7) In determining long-term, life-cycle, levelized costs of building and operating and acquiring nonrenewable electric generating capacity and energy for the purpose of subsection (5)(d), the commission shall consider historic and predicted costs of financing, construction, operation, maintenance, fuel supplies, environmental protection, and other appropriate elements of energy production. For purposes of this comparison, the capacity of avoided new conventional coal-fired electric generating facilities shall be expressed in megawatts and avoided new conventional coal-fired electricity generation shall be expressed in megawatt hours. Avoided costs shall be measured in cents per kilowatt hour.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1047 Cost of service to be recovered by electric provider; recovery of incremental costs of compliance; calculation; modification of revenue recovery mechanism; excess costs; refund to customer classes; certain actual costs considered as costs of service.

Sec. 47. (1) Subject to the retail rate impact limits under section 45, the commission shall consider all actual costs reasonably and prudently incurred in good faith to implement a commission-approved renewable energy plan by an electric provider whose rates are regulated by the commission to be a cost of service to be recovered by the electric provider. Subject to the retail rate impact limits under section 45, an electric provider whose rates are regulated by the commission shall recover through its retail electric rates all of the electric provider's incremental costs of compliance during the 20-year period beginning when the electric provider's plan is approved by the commission and all reasonable and prudent ongoing costs of compliance during and after that period. The recovery shall include, but is not limited to, the electric provider's authorized rate of return on equity for costs approved under this section, which shall remain fixed at the rate of return and debt

to equity ratio that was in effect in the electric provider's base rates when the electric provider's renewable energy plan was approved.

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

(a) Determine the sum of the following costs to the extent those costs are reasonable and prudent and not already approved for recovery in electric rates as of the effective date of this act:

(i) Capital, operating, and maintenance costs of renewable energy systems or advanced cleaner energy systems, including property taxes, insurance, and return on equity associated with an electric provider's renewable energy systems or advanced cleaner energy systems, including the electric provider's renewable energy portfolio established to achieve compliance with the renewable energy standards and any additional renewable energy systems or advanced cleaner energy systems, that are built or acquired by the electric provider to maintain compliance with the renewable energy standards during the 20-year period beginning when the electric provider's plan is approved by the commission.

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

(iii) Costs that are not otherwise recoverable in rates approved by the federal energy regulatory commission and that are related to the infrastructure required to bring renewable energy systems or advanced cleaner energy systems used to achieve compliance with the renewable energy standards on to the transmission system, including interconnection and substation costs for renewable energy systems or advanced cleaner energy systems used to meet the renewable energy standard.

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

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

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

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

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

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

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

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

(ii) Interest on regulatory liabilities.

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

(iv) Revenue derived from the provision of renewable energy or advanced cleaner energy to retail electric customers subject to a power supply cost recovery clause under section 6j of 1939 PA 3, MCL 460.6j, of an electric provider whose rates are regulated by the commission. After providing an opportunity for a contested case hearing for an electric provider whose rates are regulated by the commission, the commission shall annually establish a price per megawatt hour. In addition, an electric provider whose rates are regulated by the commission may at any time petition the commission to revise the price. In setting the price per megawatt hour under this subparagraph, the commission shall consider factors including, but not limited to, projected capacity, energy, maintenance, and operating costs; information filed under section 6j of 1939 PA 3, MCL 460.6j; and information from wholesale markets, including, but not limited to, locational marginal pricing. This price shall be multiplied by the sum of the number of megawatt hours of renewable energy and the number of megawatt hours of advanced cleaner energy used to maintain compliance with the renewable energy standard. The product shall be considered a booked cost of purchased and net interchanged power transactions under section 6j of 1939 PA 3, MCL 460.6j. For energy purchased by such an electric provider under a renewable energy contract or advanced cleaner energy contract, the price shall be the lower of the amount established by the commission or the actual price paid and shall be multiplied by the number of megawatt hours of renewable energy or advanced cleaner energy purchased. The resulting value shall be considered a booked cost of purchased and net interchanged power under section 6j of 1939 PA 3, MCL 460.6j.

(v) Revenue from wholesale renewable energy sales and advanced cleaner energy sales. Such revenue shall not be considered in determining power supply cost recovery factors under section 6j of 1939 PA 3, MCL 460.6j.

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

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

(3) The commission shall authorize an electric provider whose rates are regulated by the commission to spend in any given month more to comply with this act and implement an approved renewable energy plan than the revenue actually generated by the revenue recovery mechanism. An electric provider whose rates are regulated by the commission shall recover its commission approved pre-tax rate of return on regulatory assets during the appropriate period. An electric provider whose rates are regulated by the commission shall record interest on regulatory liabilities at the average short-term borrowing rate available to the electric provider during the appropriate period. Any regulatory assets or liabilities resulting from the recovery costs of renewable energy or advanced cleaner energy attributable to renewable energy standards through the power supply cost recovery clause under section 6j of 1939 PA 3, MCL 460.6j, shall continue to be reconciled under that section.

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

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1049 Renewable cost reconciliation; commencement; contested case proceeding; discovery; modifications of revenue recovery mechanism; reconciliation of revenues with amounts actually expensed and projected; duties of commission; interest accrual.

Sec. 49. (1) This section applies only to an electric provider whose rates are regulated by the commission. Concurrent with the submission of each report under section 51, the commission shall commence an annual proceeding, to be known as a renewable cost reconciliation, for each electric provider whose rates are regulated by the commission. The renewable cost reconciliation proceeding shall be conducted as a contested case pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. Reasonable

discovery shall be permitted before and during the reconciliation proceeding to assist in obtaining evidence concerning reconciliation issues including, but not limited to, the reasonableness and prudence of expenditures and the amounts collected pursuant to the revenue recovery mechanism.

(2) At the renewable cost reconciliation, an electric provider may propose any necessary modifications of the revenue recovery mechanism to ensure the electric provider's recovery of its incremental cost of compliance with the renewable energy standards.

(3) The commission shall reconcile the pertinent revenues recorded and the allowance for the nonvolumetric revenue recovery mechanism with the amounts actually expensed and projected according to the electric provider's plan for compliance. The commission shall consider any issue regarding the reasonableness and prudence of expenses for which customers were charged in the relevant reconciliation period. In its order, the commission shall do all of the following:

(a) Make a determination of an electric provider's compliance with the renewable energy standards, subject to section 31.

(b) Adjust the revenue recovery mechanism for the incremental costs of compliance. The commission shall ensure that the retail rate impacts under this renewable cost reconciliation revenue recovery mechanism do not exceed the maximum retail rate impacts specified under section 45. The commission shall ensure that the recovery mechanism is projected to maintain a minimum balance of accumulated reserve so that a regulatory asset does not accrue.

(c) Establish the price per megawatt hour for renewable energy and advanced cleaner energy capacity and for renewable energy and advanced cleaner energy to be recovered through the power supply cost recovery clause under section 6j of 1939 PA 3, MCL 460.6j, as outlined in section 47(2)(b)(iv).

(d) Adjust, if needed, the minimum balance of accumulated reserve funds established under section 21.

(4) If an electric provider has recorded a regulatory liability in any given month during the 20-year period beginning when the electric provider's plan is approved by the commission, interest on the regulatory liability balance shall be accrued at the average short-term borrowing rate available to the electric provider during the appropriate period, and shall be used to fund incremental costs of compliance incurred in subsequent periods within the 20-year period beginning when the electric provider's plan is approved by the commission.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1051 Compliance with renewable energy standards; submission of annual report by each electric provider; information; submissions of report summary to customers of certain electric utilities; monitoring reports; submission of report to legislative committees; maintenance of report by department of labor and economic growth.

Sec. 51. (1) By a time determined by the commission, each electric provider shall submit to the commission an annual report that provides information relating to the actions taken by the electric provider to comply with the renewable energy standards. By that same time, a municipally-owned electric utility shall submit a copy of the report to the governing body of the municipally-owned electric utility, and a cooperative electric utility shall submit a copy of the report to its board of directors.

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

(a) The amount of electricity and renewable energy credits that the electric provider generated or acquired from renewable energy systems during the reporting period and the amount of renewable energy credits that the electric provider acquired, sold, traded, or otherwise transferred during the reporting period.

(b) The amount of electricity that the electric provider generated or acquired from advanced cleaner energy systems pursuant to this act during the reporting period.

(c) The capacity of each renewable energy system and advanced cleaner energy system owned, operated, or controlled by the electric provider, the total amount of electricity generated by each renewable energy system or advanced cleaner energy system during the reporting period, and the percentage of that total amount of electricity from each renewable energy system that was generated directly from renewable energy.

(d) Whether, during the reporting period, the electric provider began construction on, acquired, or placed into operation a renewable energy system or advanced cleaner energy system.

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

(f) Any other information that the commission determines necessary.

(3) Concurrent with the submission of each report under subsection (1), a municipally-owned electric utility shall submit a summary of the report to its customers in their bills with a bill insert and to its governing body. Concurrent with the submission of each report under subsection (1), a cooperative electric utility shall submit a summary of the report to its members in a periodical issued by an association of rural electric

cooperatives and to its board of directors. A municipally-owned electric utility or cooperative electric provider shall make a copy of the report available at its office and shall post a copy of the report on its website. A summary under this section shall indicate that a copy of the report is available at the office or website.

(4) The commission shall monitor reports submitted under subsection (1) and ensure that actions taken under this act by electric providers serving customers in the same distribution territory do not create an unfair competitive advantage for any of those electric providers.

(5) By February 15, 2011 and each year thereafter, the commission shall submit to the standing committees of the senate and house of representatives with primary responsibility for energy and environmental issues a report that does all of the following:

(a) Summarizes data collected under this section.

(b) Discusses the status of renewable energy and advanced cleaner energy in this state and the effect of this subpart and subpart B on electricity prices.

(c) For each of the different types of renewable energy sold at retail in this state, specifies the difference between the cost of the renewable energy and the cost of electricity generated from new conventional coal-fired electric generating facilities.

(d) Discusses how the commission is fulfilling the requirements of subsection (4).

(e) Evaluates whether this subpart has been cost-effective.

(f) Provides a comparison of the cost effectiveness of the methods of an electric utility with 1,000,000 or more retail customers in this state as of January 1, 2008 obtaining renewable energy credits under the options described in section 33.

(g) Describes the impact of this subpart on employment in this state. The commission shall consult with other appropriate agencies of the department of labor and economic growth in the development of this information.

(h) Describes the effect of the percentage limits under section 27(7) on the development of advanced cleaner energy.

(i) Makes any recommendations the commission may have concerning amendments to this subpart, including changes in the percentage limits under section 27(7), or changes in the definition of renewable energy resource or renewable energy system to reflect environmentally preferable technology.

(6) The department of labor and economic growth shall maintain on the department's website a copy of the commission's most recent report under subsection (5).

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1053 Failure to meet renewable energy credit standard by deadline; civil action; contested case; final order.

Sec. 53. (1) If an electric provider whose rates are regulated by the commission fails to meet a renewable energy credit standard by the applicable deadline, subject to any extensions under section 31, both of the following apply:

(a) The electric provider shall purchase sufficient renewable energy credits necessary to meet the renewable energy credit standard.

(b) The electric provider shall not recover from its ratepayers the cost of purchasing renewable energy credits under subdivision (a) if the commission finds that the electric provider did not make a good faith effort to meet the renewable energy standard, subject to any extensions under section 31.

(2) The attorney general or any customer of a cooperative electric utility that has elected to become member-regulated under the electric cooperative member-regulation act, 2008 PA 167, MCL 460.31 to 460.39, may commence a civil action for injunctive relief against such a cooperative electric utility if the electric provider fails to meet the applicable requirements of this subpart or an order issued or rule promulgated under this subpart.

(3) An action under subsection (2) shall be commenced in the circuit court for the circuit in which the principal office of the cooperative electric utility that has elected to become member-regulated is located. An action shall not be filed under subsection (2) unless the prospective plaintiff has given the prospective defendant and the commission at least 60 days' written notice of the prospective plaintiff's intent to sue, the basis for the suit, and the relief sought. Within 30 days after the prospective defendant receives written notice of the prospective plaintiff's intent to sue, the prospective defendant and plaintiff shall meet and make a good faith attempt to determine if there is a credible basis for the action. If both parties agree that there is a credible basis for the action, the prospective defendant shall take all reasonable and prudent steps necessary to comply

with the applicable requirements of this subpart within 90 days of the meeting.

(4) In issuing a final order in an action brought under subsection (2), the court may award costs of litigation, including reasonable attorney and expert witness fees, to the prevailing or substantially prevailing party.

(5) Upon receipt of a complaint by an alternative electric supplier's customer or on the commission's own motion, the commission may conduct a contested case to review allegations that the alternative electric supplier has violated this subpart or an order issued or rule promulgated under this subpart. If the commission finds, after notice and hearing, that an alternative electric supplier has violated this subpart or an order issued or rule promulgated under this subpart, the commission shall do 1 or more of the following:

(a) Revoke the license of the alternative electric supplier.

(b) Issue a cease and desist order.

(c) Order the alternative electric supplier to pay a civil fine of not less than \$5,000.00 or more than \$50,000.00 for each violation.

(6) Upon receipt of a complaint by any customer of a municipally-owned electric utility or upon the commission's own motion, the commission may review allegations that the municipally-owned electric utility has violated this subpart or an order issued or rule promulgated under this subpart. If the commission finds, after notice and hearing, that a municipally-owned electric utility has violated this subpart or an order issued or rule promulgated under this subpart, the commission shall advise the attorney general. The attorney general may commence a civil action for injunctive relief against the municipally-owned electric utility in the circuit court for the circuit in which the principal office of the municipally-owned electric utility is located.

(7) In issuing a final order in an action brought under subsection (6), the court may award costs of litigation, including reasonable attorney and expert witness fees, to the prevailing or substantially prevailing party.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

SUBPART B. ENERGY OPTIMIZATION

460.1071 Proposed energy optimization plan; filing; time period; goal; combining with renewable energy plan; provisions; limitation on expenditures.

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

(a) For a provider whose rates are regulated by the commission, 90 days after the commission enters a temporary order under section 171.

(b) For a cooperative electric utility that has elected to become member-regulated under the electric cooperative member regulation act, 2008 PA 167, MCL 460.31 to 460.39, or a municipally-owned electric utility, 120 days after the commission enters a temporary order under section 171.

(2) The overall goal of an energy optimization plan shall be to reduce the future costs of provider service to customers. In particular, an EO plan shall be designed to delay the need for constructing new electric generating facilities and thereby protect consumers from incurring the costs of such construction. The proposed energy optimization plan shall be subject to approval in the same manner as an electric provider's renewable energy plan under subpart A. A provider may combine its energy optimization plan with its renewable energy plan.

(3) An energy optimization plan shall do all of the following:

(a) Propose a set of energy optimization programs that include offerings for each customer class, including low income residential. The commission shall allow providers flexibility to tailor the relative amount of effort devoted to each customer class based on the specific characteristics of their service territory.

(b) Specify necessary funding levels.

(c) Describe how energy optimization program costs will be recovered as provided in section 89(2).

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

(e) Demonstrate that the proposed energy optimization programs and funding are sufficient to ensure the achievement of applicable energy optimization standards.

(f) Specify whether the number of megawatt hours of electricity or decatherms or MCFs of natural gas used in the calculation of incremental energy savings under section 77 will be weather-normalized or based on the average number of megawatt hours of electricity or decatherms or MCFs of natural gas sold by the

provider annually during the previous 3 years to retail customers in this state. Once the plan is approved by the commission, this option shall not be changed.

(g) Demonstrate that the provider's energy optimization programs, excluding program offerings to low income residential customers, will collectively be cost-effective.

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

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

(4) Subject to subsection (5), an energy optimization plan may do 1 or more of the following:

(a) Utilize educational programs designed to alter consumer behavior or any other measures that can reasonably be used to meet the goals set forth in subsection (2).

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

(5) Expenditures under subsection (4) shall not exceed 3% of the costs of implementing the energy optimization plan.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

Compiler's note: Enacting section 1 of Act 295 of 2008 provides:

"Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."

In subdivisions (a) and (b) of subsection (1), the references to "section 171" evidently should read "section 191".

460.1073 Energy optimization plan; approval by commission.

Sec. 73. (1) A provider's energy optimization plan shall be filed, reviewed, and approved or rejected by the commission and enforced subject to the same procedures that apply to a renewable energy plan.

(2) The commission shall not approve a proposed energy optimization plan unless the commission determines that the EO plan meets the utility system resource cost test and is reasonable and prudent. In determining whether the EO plan is reasonable and prudent, the commission shall review each element and consider whether it would reduce the future cost of service for the provider's customers. In addition, the commission shall consider at least all of the following:

(a) The specific changes in customers' consumption patterns that the proposed EO plan is attempting to influence.

(b) The cost and benefit analysis and other justification for specific programs and measures included in a proposed EO plan.

(c) Whether the proposed EO plan is consistent with any long-range resource plan filed by the provider with the commission.

(d) Whether the proposed EO plan will result in any unreasonable prejudice or disadvantage to any class of customers.

(e) The extent to which the EO plan provides programs that are available, affordable, and useful to all customers.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1075 Energy optimization plan; exceeding standard; authorization for commensurate financial incentive; payment; limitation.

Sec. 75. An energy optimization plan of a provider whose rates are regulated by the commission may authorize a commensurate financial incentive for the provider for exceeding the energy optimization performance standard. Payment of any financial incentive authorized in the EO plan is subject to the approval of the commission. The total amount of a financial incentive shall not exceed the lesser of the following amounts:

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

(b) 15% percent of the provider's actual energy efficiency program expenditures for the year.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

Compiler's note: Enacting section 1 of Act 295 of 2008 provides:

"Enacting section 1. As provided in section 5 of 1846 RS 1, MCL 8.5, this act is severable."
 In subdivision (b), "15 percent" evidently should read "15%".

460.1077 Energy savings; minimum energy optimization standards to be met by natural gas provider; determination of incremental energy savings; calculations; basis; substitution; limitations.

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

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

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

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

(d) Annual incremental energy savings in 2012, 2013, 2014, and 2015 and, subject to section 97, each year thereafter equivalent to 1.0% of total annual retail electricity sales in megawatt hours in the preceding year.

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

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

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

(b) Annual incremental energy savings in 2010 equivalent to 0.25% of total annual retail natural gas sales in decatherms or equivalent MCFs in 2009.

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

(d) Annual incremental energy savings in 2012, 2013, 2014, and 2015 and, subject to section 97, each year thereafter equivalent to 0.75% of total annual retail natural gas sales in decatherms or equivalent MCFs in the preceding year.

(4) Incremental energy savings under subsection (1) or (3) for the 2008-2009 biennium or any year thereafter shall be determined for a provider by adding the energy savings expected to be achieved during a 1-year period by energy optimization measures implemented during the 2008-2009 biennium or any year thereafter under any energy efficiency programs consistent with the provider's energy efficiency plan.

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

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

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

(6) For any year after 2012, an electric provider may substitute renewable energy credits associated with renewable energy generated that year from a renewable energy system constructed after the effective date of this act, advanced cleaner energy credits other than credits from industrial cogeneration using industrial waste energy, load management that reduces overall energy usage, or a combination thereof for energy optimization credits otherwise required to meet the energy optimization performance standard, if the substitution is approved by the commission. The commission shall not approve a substitution unless the commission determines that the substitution is cost-effective and, if the substitution involves advanced cleaner energy credits, that the advanced cleaner energy system provides carbon dioxide emissions benefits. In determining whether the substitution of advanced cleaner energy credits is cost-effective compared to other available energy optimization measures, the commission shall consider the environmental costs related to the advanced cleaner energy system, including the costs of environmental control equipment or greenhouse gas constraints or taxes. The commission's determinations shall be made after a contested case hearing that includes consultation with the department of environmental quality on the issue of carbon dioxide emissions benefits, if relevant, and environmental costs.

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

- (a) 1 renewable energy credit.
- (b) 1 advanced cleaner energy credit from plasma arc gasification.
- (c) 4 advanced cleaner energy credits other than from plasma arc gasification.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1079 Advanced cleaner energy systems; location.

Sec. 79. Advanced cleaner energy systems that are the source of the advanced cleaner energy credits used under section 77 shall be either located outside this state in the service territory of any electric provider that is not an alternative electric supplier or located anywhere in this state.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1081 Applicability of section to certain electric providers; establishment of alternative energy optimization standards; petition.

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

- (a) Serve not more than 200,000 customers in this state.
- (b) Had average electric rates for residential customers using 1,000 kilowatt hours per month that are less than 75% of the average electric rates for residential customers using 1,000 kilowatt hours per month for all electric utilities in this state, according to the January 1, 2007, "comparison of average rates for MPSC-regulated electric utilities in Michigan" compiled by the commission.

(2) Beginning 2 years after a provider described in subsection (1) begins implementation of its energy optimization plan, the provider may petition the commission to establish alternative energy optimization standards. The petition shall identify the efforts taken by the provider to meet the electric provider energy optimization standards and demonstrate why the energy optimization standards cannot reasonably be met with energy optimization programs that are collectively cost-effective. If the commission finds that the petition meets the requirements of this subsection, the commission shall revise the energy optimization standards as applied to that electric provider to a level that can reasonably be met with energy optimization programs that are collectively cost-effective.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1083 Energy optimization credit; grant; expiration; carrying forward excess credits.

Sec. 83. (1) One energy optimization credit shall be granted to a provider for each megawatt hour of annual incremental energy savings achieved through energy optimization.

- (2) An energy optimization credit expires as follows:
 - (a) When used by a provider to comply with its energy optimization performance standard.
 - (b) When substituted for a renewable energy credit under section 27.
 - (c) As provided in subsection (3).

(3) If a provider's incremental energy savings in the 2008-2009 biennium or any year thereafter exceed the applicable energy optimization standard, the associated energy optimization credits may be carried forward and applied to the next year's energy optimization standard. However, all of the following apply:

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1085 Energy optimization credit not transferable; program for transferability of credits; recommendations.

Sec. 85. (1) An energy optimization credit is not transferable to another entity.

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1087 Certification and tracking program.

Sec. 87. The commission shall establish an energy optimization credit certification and tracking program. The certification and tracking program may be contracted to and performed by a third party through a system of competitive bidding. The program shall include all of the following:

(a) A determination of the date after which energy optimization must be achieved to be eligible for an energy optimization credit.

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

(c) If the system is established by the commission, allowance for issuance and use of energy optimization credits in electronic form.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1089 Recovery of costs; limitation; capitalization costs; funding level for low income residential programs; authorization of natural gas provider to implement revenue decoupling mechanism; limitation on expenditures of total utility retail sales revenues; percentages.

Sec. 89. (1) The commission shall allow a provider whose rates are regulated by the commission to recover the actual costs of implementing its approved energy optimization plan. However, costs exceeding the overall funding levels specified in the energy optimization plan are not recoverable unless those costs are reasonable and prudent and meet the utility system resource cost test. Furthermore, costs for load management undertaken pursuant to an energy optimization plan are not recoverable as energy optimization program costs under this section, but may be recovered as described in section 95.

(2) Under subsection (1), costs shall be recovered from all natural gas customers and from residential electric customers by volumetric charges, from all other metered electric customers by per-meter charges, and from unmetered electric customers by an appropriate charge, applied to utility bills as an itemized charge.

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

(4) Upon petition by a provider whose rates are regulated by the commission, the commission shall authorize the provider to capitalize all energy efficiency and energy conservation equipment, materials, and installation costs with an expected economic life greater than 1 year incurred in implementing its energy optimization plan, including such costs paid to third parties, such as customer rebates and customer incentives. The provider shall also propose depreciation treatment with respect to its capitalized costs in its energy optimization plan, and the commission shall order reasonable depreciation treatment related to these capitalized costs. A provider shall not capitalize payments made to an independent energy optimization program administrator under section 91.

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

(6) The commission shall authorize a natural gas provider that spends a minimum of 0.5% of total natural

gas retail sales revenues, including natural gas commodity costs, in a year on commission-approved energy optimization programs to implement a symmetrical revenue decoupling true-up mechanism that adjusts for sales volumes that are above or below the projected levels that were used to determine the revenue requirement authorized in the natural gas provider's most recent rate case. In determining the symmetrical revenue decoupling true-up mechanism utilized for each provider, the commission shall give deference to the proposed mechanism submitted by the provider. The commission may approve an alternative mechanism if the commission determines that the alternative mechanism is reasonable and prudent. The commission shall authorize the natural gas provider to decouple rates regardless of whether the natural gas provider's energy optimization programs are administered by the provider or an independent energy optimization program administrator under section 91.

(7) A natural gas provider or an electric provider shall not spend more than the following percentage of total utility retail sales revenues, including electricity or natural gas commodity costs, in any year to comply with the energy optimization performance standard without specific approval from the commission:

- (a) In 2009, 0.75% of total retail sales revenues for 2007.
- (b) In 2010, 1.0% of total retail sales revenues for 2008.
- (c) In 2011, 1.5% of total retail sales revenues for 2009.
- (d) In 2012 and each year thereafter, 2.0% of total retail sales revenues for the 2 years preceding.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1091 Alternative compliance payment.

Sec. 91. (1) Except for section 89(6), sections 71 to 89 do not apply to a provider that pays the following 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 commission:

- (a) In 2009, 0.75% of total retail sales revenues for 2007.
- (b) In 2010, 1.0% of total retail sales revenues for 2008.
- (c) In 2011, 1.5% of total retail sales revenues for 2009.
- (d) In 2012 and each year thereafter, 2.0% of total retail sales revenues for the 2 years preceding.

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

(3) The commission shall allow a provider to recover an alternative compliance payment under subsection (1). This cost shall be recovered from residential customers by volumetric charges, from all other metered customers by per-meter charges, and from unmetered customers by an appropriate charge, applied to utility bills.

(4) An alternative compliance payment under subsection (1) shall only be used to fund energy optimization programs for that provider's customers. To the extent feasible, charges collected from a particular customer rate class and paid to the energy optimization program administrator under subsection (1) shall be devoted to energy optimization programs and services for that rate class.

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

(6) The commission shall select a qualified nonprofit organization to serve as an energy optimization program administrator under this section, through a competitive bid process.

(7) The commission shall arrange for a biennial independent audit of the energy optimization program administrator.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1093 Self-directed energy optimization plan.

Sec. 93. (1) An eligible primary or secondary electric customer is exempt from charges the customer would otherwise incur under section 89 or 91 if the customer files with its electric provider and implements a self-directed energy optimization plan as provided in this section.

(2) Eligibility requirements for the exemption under subsection (1) are as follows:

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

be covered by the plan.

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

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

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

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

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

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

(c) Provide a mechanism to cover the costs of the low income energy optimization program under section 89.

(5) All of the following apply to a self-directed energy optimization plan under subsection (1):

(a) The self-directed plan shall be a multiyear plan for an ongoing energy optimization program.

(b) The self-directed plan shall provide for aggregate energy savings that for each year meet or exceed the energy optimization performance standards based on the electricity purchases in the previous year for the site or sites covered by the self-directed plan.

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

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

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

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

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

(6) A self-directed energy optimization plan shall be incorporated into the relevant electric provider's energy optimization plan. The self-directed plan and information submitted by the customer under subsection (9) are confidential and exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. Projected energy savings from measures implemented under a self-directed plan shall be attributed to the relevant provider's energy optimization programs for the purposes of determining annual incremental energy savings achieved by the provider under section 77 or 81, as applicable.

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

(8) A customer implementing a self-directed energy optimization plan under this section shall submit to the customer's electric provider every 2 years a brief report documenting the energy efficiency measures taken under the self-directed plan during that 2-year period, and the corresponding energy savings that will result. The report shall provide sufficient information for the provider and the commission to monitor progress toward the goals in the self-directed plan and to develop reliable estimates of the energy savings that are being achieved from self-directed plans. A customer shall promptly notify the provider if the customer fails to achieve incremental energy savings as set forth in its self-directed plan for a year that will be the first year covered by the next biannual report. If a customer submitting a report or notice under this subsection wishes to amend its self-directed plan, the customer shall submit with the report or notice an amended self-directed plan. A report under this subsection shall be accompanied by an affidavit from a knowledgeable official of the customer that the information in the report is true and correct to the best of the official's knowledge and belief. If the customer has retained an independent energy optimization service company, the requirements of this subsection shall be met by the energy optimization service company.

(9) An electric provider shall provide an annual report to the commission that identifies customers

implementing self-directed energy optimization plans and summarizes the results achieved cumulatively under those self-directed plans. The commission may request additional information from the electric provider. If the commission has sufficient reason to believe the information is inaccurate or incomplete, it may request additional information from the customer to ensure accuracy of the report.

(10) If the commission determines after a contested case hearing that the minimum energy optimization goals under subsection (5)(b) have not been achieved at the sites covered by a self-directed plan, in aggregate, the commission shall order the customer or customers collectively to pay to this state an amount calculated as follows:

(a) Determine the proportion of the shortfall in achieving the minimum energy optimization goals under subsection (5)(b).

(b) Multiply the figure under subdivision (a) by the energy optimization charges from which the customer or customers collectively were exempt under subsection (1).

(c) Multiply the product under subdivision (b) by a number not less than 1 or greater than 2, as determined by the commission based on the reasons for failure to meet the minimum energy optimization goals.

(11) If a customer has submitted a self-directed plan to an electric provider, the customer, the customer's energy optimization service company, if applicable, or the electric provider shall provide a copy of the self-directed plan to the commission upon request.

(12) By September 1, 2010, following a public hearing, the commission shall establish an approval process for energy optimization service companies. The approval process shall ensure that energy optimization service companies have the expertise, resources, and business practices to reliably provide energy optimization services that meet the requirements of this section. The commission may adopt by reference the past or current standards of a national or regional certification or licensing program for energy optimization service companies. However, the approval process shall also provide an opportunity for energy optimization service companies that are not recognized by such a program to be approved by posting a bond in an amount determined by the commission and meeting any other requirements adopted by the commission for the purposes of this subsection. The approval process for energy optimization service companies shall require adherence to a code of conduct governing the relationship between energy optimization service companies and electric providers.

(13) The department of labor and economic growth shall maintain on the department's website a list of energy optimization service companies approved under subsection (12).

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1095 Duties and authority of commission.

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

(a) Promote load management in appropriate circumstances.

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

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

(d) Work with residential, commercial, and industrial customers to reduce annual demand and conserve energy through load management techniques and other activities it considers appropriate. The commission shall file a report with the legislature by December 31, 2010 on the effort to reduce peak demand. The report shall also include any recommendations for legislative action concerning load management that the commission considers necessary.

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

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

(a) Promote energy efficiency and energy conservation.

(b) Actively pursue increasing public awareness of energy conservation and energy efficiency.

(c) Actively engage in energy conservation and energy efficiency efforts with providers.

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

(e) By November 30, 2009, and each year thereafter, submit to the standing committees of the senate and house of representatives with primary responsibility for energy and environmental issues a report on the effort to implement energy conservation and energy efficiency programs or measures. The report may include any

recommendations of the commission for energy conservation legislation.

(4) This subpart does not limit the authority of the commission, following an integrated resource plan proceeding and as part of a rate-making process, to allow a provider whose rates are regulated by the commission to recover for additional prudent energy efficiency and energy conservation measures not included in the provider's energy optimization plan if the provider has met the requirements of the energy optimization program.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1097 Compliance with energy optimization standards; reports.

Sec. 97. (1) By a time determined by the commission, each provider shall submit to the commission an annual report that provides information relating to the actions taken by the provider to comply with the energy optimization standards. By that same time, a municipally-owned electric utility shall submit a copy of the report to the governing body of the municipally-owned electric utility, and a cooperative electric utility shall submit a copy of the report to its board of directors.

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

- (a) The number of energy optimization credits that the provider generated during the reporting period.
- (b) Expenditures made in the past year and anticipated future expenditures to comply with this subpart.
- (c) Any other information that the commission determines necessary.

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

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

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

(6) By February 15, 2011 and each year thereafter and by September 30, 2015, the commission shall submit to the committees described in subsection (4) a report that evaluates and determines whether this subpart and subpart A have each been cost-effective and makes recommendations to the legislature. The report shall be combined with any concurrent report by the commission under section 51.

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

- (a) The percentage of total energy savings required by the energy optimization standards that have actually been achieved by each electric provider and by all electric providers cumulatively.
- (b) The percentage of total energy savings required by the energy optimization standards that have actually been achieved by each natural gas provider and by all natural gas providers cumulatively.
- (c) For each provider, whether that provider's program under this subpart has been cost-effective.

(8) If the commission determines in its report required by September 30, 2015 under subsection (6) or determines subsequently that a provider's energy optimization program under this subpart has not been cost-effective, the provider's program is suspended beginning 180 days after the date of the report or subsequent determination. If a provider's energy optimization program is suspended under this subsection, both of the following apply:

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

(b) The provider shall not impose energy optimization charges in subsequent years except to the extent necessary to recover unrecovered energy optimization expenses incurred under this subpart before suspension of the provider's program.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

SUBPART C. MISCELLANEOUS

460.1111 Municipally-owned electric utilities; new authority not granted to commission.

Sec. 111. This part does not provide the commission with new authority with respect to municipally-owned electric utilities except to the extent expressly provided in this act.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1113 Pollution control equipment; use of electricity or natural gas in installation, operation, or testing; exemption.

Sec. 113. Notwithstanding any other provision of this part, electricity or natural gas used in the installation, operation, or testing of any pollution control equipment is exempt from the requirements of, and calculations of compliance required under, this part.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

PART 3.

STATE GOVERNMENT ENERGY EFFICIENCY AND CONSERVATION

460.1131 Reduction in state government grid-based energy purchases; goal.

Sec. 131. It is the goal of this state to reduce state government grid-based energy purchases by 25% by 2015, when compared to energy use and energy purchases for the state fiscal year ending September 30, 2002.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1133 Department of management and budget; duties.

Sec. 133. The department of management and budget, after consultation with the energy office in the department of labor and economic growth, shall do all of the following:

(a) Establish a program for energy analyses of each state building that identifies opportunities for reduced energy use, including the cost and energy savings for each such opportunity, and includes a completion schedule. Under the program, the energy star assessment and rating program shall be extended to all buildings owned or leased by this state. An energy analysis of each such building shall be conducted at least every 5 years. Within 1 year after the effective date of this act, an energy analysis shall be conducted of any such building for which an energy analysis was not conducted within 5 years before the effective date of this act. If building or facility modifications are allowed under the terms of a lease, the state shall undertake any recommendations resulting from an energy audit to those facilities if the recommendations will save money.

(b) Examine the cost and benefit of using LEED building code standards when constructing or remodeling a state building.

(c) Before the state leases a building, examine the cost and benefit of leasing a building that meets LEED building codes standards, or remodeling a building to meet such standards. The state shall take into consideration whether a building has historical, architectural, or cultural significance that could be harmed by a lease not being renewed solely based on the building's failure to meet LEED criteria.

(d) Assist each state department in appointing an energy reduction coordinator to work with the department of management and budget and the state energy office to reduce state energy use.

(e) Ensure that, during any renovation or construction of a state building, energy efficient products are used

whenever possible and that the state purchases energy efficient products whenever possible.

(f) Implement a program to educate state employees on how to conserve energy. The energy office and the department of management and budget shall update the program every 3 years.

(g) Use more cost-effective lighting technologies, geothermal heat pumps, and other cost-effective technologies to conserve energy.

(h) Reduce state government energy use during peak summer energy use seasons with the goal of achieving reductions beginning in 2010.

(i) Create a web-based system for tracking energy efficiency and energy conservation projects occurring within state government.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

PART 4.

WIND ENERGY RESOURCE ZONE

460.1141 Definitions.

Sec. 141. As used in this part:

(a) "Construction" means any substantial action constituting placement or erection of the foundations or structures supporting a transmission line. Construction does not include preconstruction activity or the addition of circuits to an existing transmission line.

(b) "Route" means real property on or across which a transmission line is constructed or proposed to be constructed.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1143 Wind energy resource zone board; membership.

Sec. 143. Within 60 days after the effective date of this act, the commission shall create the wind energy resource zone board. The board shall consist of 9 members, as follows:

- (a) 1 member representing the commission.
- (b) 2 members representing the electric utility industry.
- (c) 1 member representing alternative electric suppliers.
- (d) 1 member representing the attorney general.
- (e) 1 member representing the renewable energy industry.
- (f) 1 member representing cities and villages.
- (g) 1 member representing townships.
- (h) 1 member representing independent transmission companies.
- (i) 1 member representing a statewide environmental organization.
- (j) 1 member representing the public at large.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1145 Wind energy resource zone board; powers, duties, and decision-making authority; report.

Sec. 145. (1) The wind energy resource zone board shall exercise its powers, duties, and decision-making authority under this part independently of the commission.

(2) The board shall do all of the following:

(a) In consultation with local units of government, study all of the following:

(i) Wind energy production potential and the viability of wind as a source of commercial energy generation in this state.

(ii) Availability of land in this state for potential utilization by wind energy conversion systems.

(b) Conduct modeling and other studies related to wind energy, including studying existing wind energy conversion systems, estimates for additional wind energy conversion system development, and average annual recorded wind velocity levels. The board's studies should include examination of wind energy conversion system requests currently in the applicable regional transmission organization's generator interconnection queue.

(3) Within 240 days after the effective date of this act, issue a proposed report detailing its findings under

subsection (2). The board's proposed report shall include the following:

- (a) A list of regions in the state with the highest level of wind energy harvest potential.
 - (b) A description of the estimated maximum and minimum wind generating capacity in megawatts that can be installed in each identified region of this state.
 - (c) An estimate of the annual maximum and minimum energy production potential for each identified region of this state.
 - (d) An estimate of the maximum wind generation capacity already in service in each identified region of this state.
- (4) The board shall submit a copy of the proposed report under subsection (3) to the legislative body of each local unit of government located in whole or part within any region listed in subsection (3)(a). The legislative body may submit comments to the board on the proposed report within 63 days after the proposed report was submitted to the legislative body. After the deadline for submitting comments on the proposed report, the board shall hold a public hearing on the proposed report. The board may hold a separate public hearing in each region listed under subsection (3)(a). The board shall give written notice of a public hearing under this subsection to the legislative body of each local unit of government located in whole or part within the region or regions that are the subject of the hearing and shall publish the notice in a newspaper of general circulation within the region or regions.
- (5) Within 45 days after satisfying the requirements of subsection (4), the board shall issue a final report as described in subsection (3).
- (6) After the board issues its report under subsection (5), electric utilities, affiliated transmission companies and independent transmission companies with transmission facilities within or adjacent to regions of this state identified in the board's report shall identify existing or new transmission infrastructure necessary to deliver maximum and minimum wind energy production potential for each of those regions and shall submit this information to the board for its review.
- (7) The board is dissolved 90 days after it issues its report under subsection (5).

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1147 Wind energy resource zone; designation; creation; preparation of order; report.

Sec. 147. (1) Based on the board's findings as reported under section 145, the commission shall, through a final order, designate the area of this state likely to be most productive of wind energy as the primary wind energy resource zone and may designate additional wind energy resource zones.

(2) A wind energy resource zone shall be created on land that is entirely within the boundaries of this state and shall encompass a natural geographical area or region of this state. A wind zone shall exclude land that is zoned residential when the board's proposed report is issued under section 145, unless the land is subsequently zoned for nonresidential use.

(3) In preparing its order, the commission shall evaluate projected costs and benefits in terms of the long-term production capacity and long-term needs for transmission. The order shall ensure that the designation of a wind zone does not represent an unreasonable threat to the public convenience, health, and safety and that any adverse impacts on private property values are minimal. In determining the location of a wind zone, the commission shall consider all of the following factors pursuant to the findings of the board:

- (a) Average annual wind velocity levels in the region.
- (b) Availability of land in the region that may be utilized by wind energy conversion systems.
- (c) Existing wind energy conversion systems in the region.
- (d) Potential for megawatt output of combined wind energy conversion systems in the region.
- (e) Other necessary and appropriate factors as to which findings are required by the commission.

(4) In conjunction with the issuance of its order under subsection (1), the commission shall submit to the legislature a report on the effect that setback requirements and noise limitations under local zoning or other ordinances may have on wind energy development in wind energy resource zones. The report shall include any recommendations the commission may have for legislation addressing these issues. Before preparing the report, the commission shall conduct hearings in various areas of the state to receive public comment on the report.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1149 Electric utility, affiliated transmission company, or independent transmission

company; expedited siting certificate; application; approvals.

Sec. 149. (1) To facilitate the transmission of electricity generated by wind energy conversion systems located in wind energy resource zones, the commission may issue an expedited siting certificate for a transmission line to an electric utility, affiliated transmission company, or independent transmission company as provided in this part.

(2) An electric utility, affiliated transmission company, or independent transmission company may apply to the commission for an expedited siting certificate. An applicant may withdraw an application at any time.

(3) Before filing an application for an expedited siting certificate for a proposed transmission line under this part, an electric utility, affiliated transmission company, or independent transmission company must receive any required approvals from the applicable regional transmission organization for the proposed transmission line.

(4) Sixty days before seeking approval from the applicable regional transmission organization for a transmission line as described in subsection (3), an electric utility, affiliated transmission company, or independent transmission company shall notify the commission in writing that it will seek the approval.

(5) The commission shall represent this state's interests in all proceedings before the applicable regional transmission organization for which the commission receives notice under subsection (4).

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1151 Expedited siting certificate; application; contents.

Sec. 151. An application for an expedited siting certificate shall contain all of the following:

(a) Evidence that the proposed transmission line received any required approvals from the applicable regional transmission organization.

(b) The planned date for beginning construction of the proposed transmission line.

(c) A detailed description of the proposed transmission line, its route, and its expected configuration and use.

(d) Information addressing potential effects of the proposed transmission line on public health and safety.

(e) Information indicating that the proposed transmission line will comply with all applicable state and federal environmental standards, laws, and rules.

(f) A description and evaluation of 1 or more alternate transmission line routes and a statement of why the proposed route was selected.

(g) Other information reasonably required by commission rules.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1153 Notice; conduct of proceeding; determination by commission that requirements are met; precedence; certificate as conclusive and binding; time period for granting or denying certificate.

Sec. 153. (1) Upon applying for a certificate, an electric utility, affiliated transmission company, or independent transmission company shall give public notice in the manner and form the commission prescribes of an opportunity to comment on and participate in a contested case with respect to the application. Notice shall be published in a newspaper of general circulation in the relevant wind energy resource zone within a reasonable time period after an application is provided to the commission and shall be sent to each affected municipality, electric utility, affiliated transmission company, and independent transmission company and each affected landowner on whose property a portion of the proposed transmission line will be constructed. The notice shall be written in plain, nontechnical, and easily understood terms and shall contain a title that includes the name of the electric utility, affiliated transmission company, or independent transmission company and the words "Notice of Intent to Construct a Transmission Line to Serve a Wind Energy Resource Zone".

(2) The commission shall conduct a proceeding on the application for an expedited siting certificate as a contested case under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. Upon receiving an application for a certificate, each affected municipality and each affected landowner shall be granted full intervener status as of right in commission proceedings concerning the proposed transmission lines.

(3) The commission shall grant an expedited siting certificate if it determines that all of the following requirements are met:

(a) The proposed transmission line will facilitate transmission of electricity generated by wind energy conversion systems located in a wind energy resource zone.

(b) The proposed transmission line has received federal approval.

(c) The proposed transmission line does not represent an unreasonable threat to the public convenience, health, and safety.

(d) The proposed transmission line will be of appropriate capability to enable the wind potential of the wind energy resource zone to be realized.

(e) The proposed or alternate route to be authorized by the expedited siting certificate is feasible and reasonable.

(4) If the commission grants an expedited siting certificate for a transmission line under this part, the certificate takes precedence over a conflicting local ordinance, law, rule, regulation, policy, or practice that prohibits or regulates the location or construction of the transmission line. A zoning ordinance or limitation imposed after an electric utility, affiliated transmission company, or independent transmission company files for a certificate shall not limit or impair the transmission line's construction, operation, or maintenance.

(5) In an eminent domain or other related proceeding arising out of or related to a transmission line for which a certificate is issued, a certificate issued under this act is conclusive and binding as to the public convenience and necessity for that transmission line and its compatibility with the public health and safety or any zoning or land use requirements in effect when the application was filed.

(6) The commission has a maximum of 180 days to grant or deny an expedited siting certificate under this section.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1155 Annual report.

Sec. 155. The commission shall make an annual report, summarizing the impact of establishing wind energy resource zones, expedited transmission line siting applications, estimates for future wind generation within wind zones, and recommendations for program enhancements or expansion, to the governor and the legislature on or before the first Monday of March of each year.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1157 Construction of transmission line not prohibited.

Sec. 157. This part does not prohibit an electric utility, affiliated transmission company, or independent transmission company from constructing a transmission line without obtaining an expedited siting certificate.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1159 Commission order subject to review; administration of part.

Sec. 159. (1) A commission order relating to any matter provided for under this part is subject to review as provided in section 26 of 1909 PA 300, MCL 462.26.

(2) In administering this part, the commission has only those powers and duties granted to the commission under this part.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1161 Eminent domain not conferred.

Sec. 161. This part does not confer the power of eminent domain.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

PART 5. NET METERING

460.1171 "Electric utility" defined.

Sec. 171. As used in this part, "electric utility" means any person or entity whose rates are regulated by the commission for the purpose of selling electricity to retail customers in this state.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1173 Statewide net metering program; establishment; order; rules; 1 percent requirement; selection of participating customers; provisions; maintenance of records.

Sec. 173. (1) The commission shall establish a statewide net metering program by order issued not later than 180 days after the effective date of this act. No later than 180 days after the effective date of this act, the commission shall promulgate rules regarding any time limits on the submission of net metering applications or inspections of net metering equipment and any other matters the commission considers necessary to implement this part. Any rules adopted regarding time limits for approval of parallel operation shall recognize reliability and safety complications including those arising from equipment saturation, use of multiple technologies, and proximity to synchronous motor loads. The program shall apply to all electric utilities and alternative electric suppliers in this state. Except as otherwise provided under this part, customers of any class are eligible to interconnect eligible electric generators with the customer's local electric utility and operate the generators in parallel with the distribution system. The program shall be designed for a period of not less than 10 years and limit each customer to generation capacity designed to meet only the customer's electric needs. The commission may waive the application, interconnection, and installation requirements of this part for customers participating in the net metering program under the commission's March 29, 2005 order in case no. U-14346.

(2) An electric utility or alternative electric supplier is not required to allow for net metering that is greater than 1% of its in-state peak load for the preceding calendar year. The utility or supplier shall notify the commission if its net metering program reaches the 1% requirement under this subsection. The 1% limit under this subsection shall be allocated as follows:

(a) No more than 0.5% for customers with a system capable of generating 20 kilowatts or less.

(b) No more than 0.25% for customers with a system capable of generating more than 20 kilowatts but not more than 150 kilowatts.

(c) No more than 0.25% for customers with a system capable of generating more than 150 kilowatts.

(3) Selection of customers for participation in the net metering program shall be based on the order in which the applications for participation in the net metering program are received by the electric utility or alternative electric supplier.

(4) An electric utility or alternative electric supplier shall not refuse to provide or discontinue electric service to a customer solely for the reason that the customer participates in the net metering program.

(5) The program created under subsection (1) shall include all of the following:

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

(b) Net metering equipment and its installation must meet all current local and state electric and construction code requirements. Any equipment that is certified by a nationally recognized testing laboratory to IEEE 1547.1 testing standards and in compliance with UL 1741 scope 1.1A, effective May 7, 2007, and installed in compliance with this part is considered to be eligible equipment. Within the time provided by the commission in rules promulgated under subsection (1) and consistent with good utility practice, protection of electric utility workers, protection of electric utility equipment, and protection of the general public, an electric utility may study, confirm, and ensure that an eligible electric generator installation at the customer's site meets the IEEE 1547 anti-islanding requirements. Utility testing and approval of the interconnection and execution of a parallel operating agreement must be completed prior to the equipment operating in parallel with the distribution system of the utility.

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

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

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1175 Net metering; application fee; limitation; costs; interconnection requirements.

Sec. 175. (1) An electric utility or alternative electric supplier may charge a fee not to exceed \$100.00 to process an application for net metering. A customer with a system capable of generating more than 20 kilowatts shall pay all interconnection costs. A customer with a system capable of generating more than 150 kilowatts shall pay standby costs. The commission shall recognize the reasonable cost for each electric utility and alternative electric supplier to operate a net metering program. For an electric utility with 1,000,000 or more retail customers in this state, the commission shall include in that utility's nonfuel base rates all costs of meeting all program requirements except that all energy costs of the program shall be recovered through the utility's power supply cost recovery mechanism under sections 6j and 6k of 1939 PA 3, MCL 460.6j and 460.6k. For an electric utility with less than 1,000,000 base distribution customers in this state, the commission shall allow that utility to recover all energy costs of the program through the power supply cost recovery mechanism under sections 6j and 6k of 1939 PA 3, MCL 460.6j and 460.6k, and shall develop a cost recovery mechanism for that utility to contemporaneously recover all other costs of meeting the program requirements.

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1177 Customer's energy use in billing period; use of electric meters; credit.

Sec. 177. (1) Electric meters shall be used to determine the amount of the customer's energy use in each billing period, net of any excess energy the customer's generator delivers to the utility distribution system during that same billing period. For a customer with a generation system capable of generating more than 20 kilowatts, the utility shall install and utilize a generation meter and a meter or meters capable of measuring the flow of energy in both directions. A customer with a system capable of generating more than 150 kilowatts shall pay the costs of installing any new meters.

(2) An electric utility serving over 1,000,000 customers in this state may provide its customers participating in the net metering program, at no additional charge, a meter or meters capable of measuring the flow of energy in both directions.

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

(4) If the quantity of electricity generated and delivered to the utility distribution system by an eligible electric generator during a billing period exceeds the quantity of electricity supplied from the electric utility or alternative electric supplier during the billing period, the eligible customer shall be credited by their supplier of electric generation service for the excess kilowatt hours generated during the billing period. The credit shall appear on the bill for the following billing period and shall be limited to the total power supply charges on that bill. Any excess kilowatt hours not used to offset electric generation charges in the next billing period will be carried forward to subsequent billing periods. Notwithstanding any law or regulation, net metering customers shall not receive credits for electric utility transmission or distribution charges. The credit per kilowatt hour for kilowatt hours delivered into the utility's distribution system shall be either of the following:

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

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

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1179 Renewable energy credits.

Sec. 179. An eligible electric generator shall own any renewable energy credits granted for electricity generated under the net metering program created in this part.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1181 Finding of noncompliance; remedies and penalties.

Sec. 181. Upon a complaint or on the commission's own motion, if the commission finds, after notice and hearing, that an electric utility has not complied with a provision or order issued under this part, the commission shall order remedies and penalties as necessary to make whole a customer or other person who has suffered damages as a result of the violation.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

PART 6.

MISCELLANEOUS COMMISSION PROVISIONS

460.1191 Temporary order; issuance; rules.

Sec. 191. (1) Within 60 days after the effective date of this act, the commission shall issue a temporary order implementing this act, including, but not limited to, all of the following:

- (a) Formats of renewable energy plans for various categories of electric providers.
- (b) Guidelines for requests for proposals under this act.

(2) Within 1 year after the effective date of this act, the commission shall promulgate rules to implement this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. Upon promulgation of the rules, the order under subsection (1) is rescinded.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1193 Contested case proceeding; intervention; confidential business information.

Sec. 193. (1) Any interested party may intervene in a contested case proceeding under this act as provided in general rules of the commission.

(2) The commission and a provider shall handle confidential business information under this act in a manner consistent with state law and general rules of the commission.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

460.1195 Authority of commission not limited.

Sec. 195. This act does not limit any authority of the commission otherwise provided by law.

History: 2008, Act 295, Imd. Eff. Oct. 6, 2008.

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

2015 Report on Energy Optimization Programs and Cost-effectiveness of PA 295 Standards

In Compliance with Public Act 295 of 2008

John D. Quackenbush, Chairman
Sally A. Talberg, Commissioner
Norman J. Saari, Commissioner

MICHIGAN PUBLIC SERVICE COMMISSION
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

September 30, 2015



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Executive Summary

Michigan's Energy Optimization (EO) standard, created under Public Act 295 of 2008 (PA 295 or the Act), requires all natural gas and electric utility providers in the state to implement programs to reduce overall energy usage by specified targets, in order to reduce the future cost of service to utility customers. This report complies with Sections 95 and 97 of the Act addressing the implementation of EO programs and the cost-effectiveness of EO and Renewable Energy (RE) standards. Summaries of the report's major findings are as follows:

Energy Savings

For 2014, Michigan utility providers successfully complied with the energy savings targets laid out in PA 295. Collectively, the providers met a combined average of 141 percent of their electric energy savings targets and 130 percent of their natural gas energy savings targets – one percent of retail sales for electric providers, and 0.75 percent of retail sales for gas providers. EO programs across the state accounted for electric savings totaling over 1.4 million MWh (megawatt hours) and natural gas savings totaling over 4.86 million Mcf (thousand cubic feet) for program year 2014. Those numbers equate to approximately 172,500 households' annual electric usage, and around 57,000 households' annual natural gas usage.

Cost Effectiveness of Programs

Since the inception of PA 295, the utility providers' energy optimization programs have been cost effective as defined by the Act. The Act requires cost effectiveness to be measured using the Utility System Resource Cost Test (USRCT). The USRCT score expresses the program administrator expenses as compared to the supply-side resource costs. A score of 1.0 or higher indicates a program is cost effective. The combined USRCT for all programs is 4.4, indicating that the programs in place are providing cost-effective energy savings for Michigan customers.

In 2014, aggregate EO program expenditures of \$257 million by all natural gas and electric utilities in the state are estimated to result in lifecycle savings to customers of \$1.12 billion. For every dollar spent on EO programs in 2014, customers should expect to realize benefits of \$4.38. Overall program expenditures of \$1.1 billion from 2010 to 2014 are estimated to achieve lifetime savings to all customers of \$4.2 billion.

Section 97 of the Act requires an annual assessment of the cost effectiveness of the Renewable Energy and Energy Optimization Programs. This has been done in the yearly February report on the implementation of PA 295 renewable energy standard but was also required to be included in this September 2015 report. The downward pricing trend for renewable energy resources and the continued low cost of energy optimization has resulted in a combined weighted cost of \$37.00/MWh. Renewable Energy and Energy Optimization continue to be cost-effective resources in the state of Michigan.

Introduction

In October 2008, Public Act 295 of 2008 was signed into law. Section 95(3)(e) of the Act requires that by November 30, 2009, and each year thereafter, the Michigan Public Service Commission (MPSC or Commission) is to submit to the standing committees of the Senate and House of Representatives with primary responsibility for energy and environmental issues, a report on the effort to implement energy conservation and energy efficiency programs or measures. The report may include any recommendations of the MPSC for energy conservation legislation. Sections 97(6) and (7) require that by September 30, 2015 the MPSC issue a report on the cost effectiveness of the EO and RE programs and other information. The November 30, 2015 and September 30, 2015 reports are combined in this report.

Subpart B of PA 295 requires providers of electric or natural gas service to establish energy optimization (EO) programs for their customers. Annual energy savings targets for providers are specified in the Act. These targets ramped up to one percent of annual retail sales for electric providers and 0.75 percent of annual retail sales for natural gas providers in 2012. Targets shall be sustained for subsequent years. Providers are required to file plans with the Commission detailing the programs they will utilize to meet their annual energy savings goals. Regulated providers are allowed to fund their programs through Commission approved EO surcharges, but must demonstrate that the program costs are reasonable and prudent, as well as cost-effective according to a standardized cost-benefit analysis specified in the Act.

In 2014, there were 14 investor-owned natural gas, electric, or natural gas and electric combined utility providers (IOUs), 10 electric cooperatives, and 41 municipal electric utilities with EO plans, for a total of 65 natural gas and electric Energy Optimization Plans. A listing of case numbers, company names, and current plan status can be found in [Appendix A-1](#). For the 2014 plan year, 53 of the 65 utilities in Michigan are formally coordinating the design and implementation of their EO programs in order to reduce administrative costs, create consistency among programs, and improve customer and contractor understanding of program offerings and administrative procedures. The remaining 12 utilities independently administer their own programs. To the extent feasible, the utility providers that independently administer their programs try to align with the program design offered by the coordinated utility providers' programs to improve customer and contractor participation. A chart of the utility providers and how they are aligned can be found in [Appendix A-2](#).

Program Offerings

All natural gas and electric utility customers in Michigan are able to participate in energy efficiency programs offered by their local utility. New programs are continuously being introduced as pilot programs and that enables utilities to phase in the implementation of new programs, expand existing programs and offer new features. In general, individual programs are divided into two broad categories: residential and commercial/industrial. Residential programs consist of five major categories: lighting; heating, ventilating and air conditioning (HVAC); weatherization; energy education; and pilot programs. Commercial/Industrial offerings include prescriptive and custom programs. Prescriptive

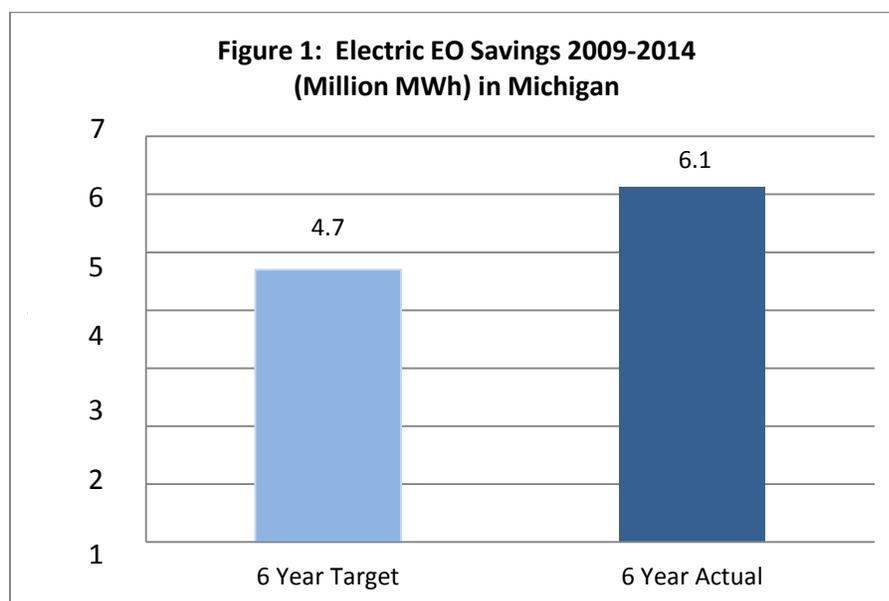
programs provide rebates for specific equipment replacement such as lighting, boilers, pumps, and compressors. Custom programs generally provide a rebate per kWh of electricity savings or per Mcf of natural gas savings for a comprehensive system or industrial process improvement. Programs are also tailored to specific customer groups, such as the agribusiness sector, (which includes agricultural fans, pumps, grain dryers, and grain storage energy and moisture management controls) as well as the food services industry (food service controls and refrigeration).

Energy Savings Targets

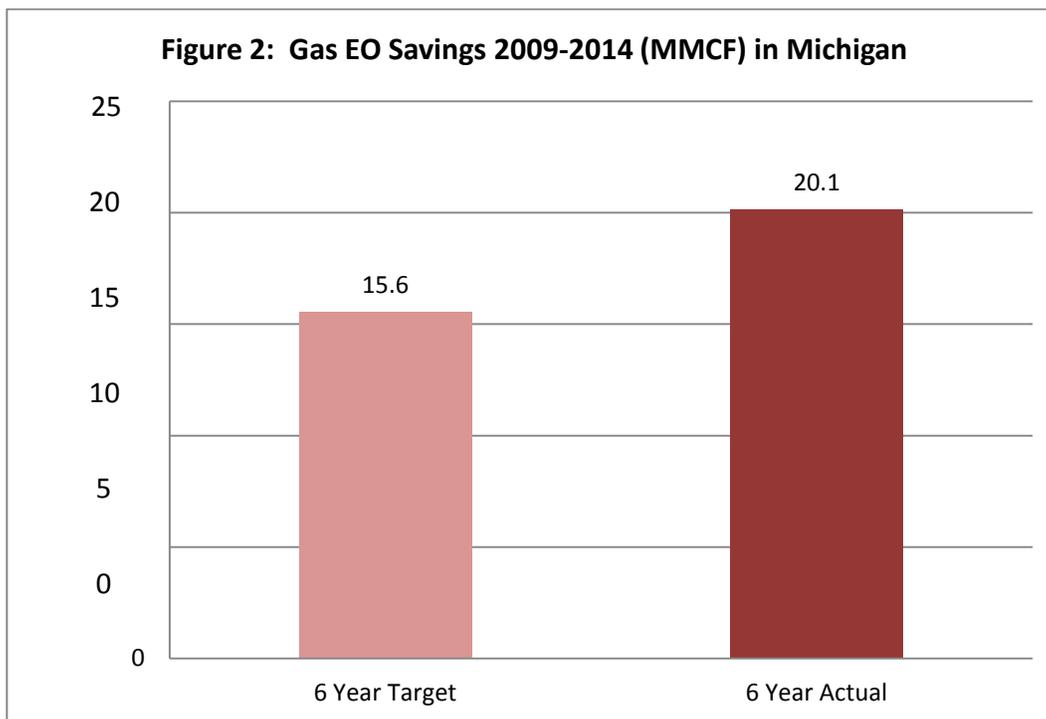
Section 77 of PA 295 provides annual energy savings targets for electric and natural gas utilities. The minimum savings targets are based upon a percentage of calendar-year retail sales for each utility. These energy savings targets increased progressively over the four year period from 2009 to 2012 at which time they were fixed at one percent for electric utilities and 0.75 percent for natural gas utilities annually.

For 2014, Michigan utility providers successfully complied with the energy savings targets laid out in PA 295. Providers met a combined average of 141 percent of their electric energy savings targets and 130 percent of their natural gas energy savings targets – one percent of retail sales for electric providers, and 0.75 percent of retail sales for gas providers. EO programs across the state accounted for one year electric savings totaling over 1.4 million MWh (megawatt hours) and natural gas savings totaling over 4.8 million Mcf (thousand cubic feet) for program year 2014.

For 2009 through 2014, EO program savings achieved for electric utility providers were 131 percent of the target. For the 6 year period, the electric utility providers who are independently operated achieved 133 percent of their savings target, municipal electric utility providers reached 115 percent of their savings target, and the electric cooperatives met 102 percent of their target. The target and actual electric savings for 2009 through 2014 were 4,698,669 and 6,135,587 MWh respectively, as shown below in *Figure 1*.



For 2009 through 2014, EO program savings achieved for natural gas utility providers were 130 percent of the required target. Consumer Energy’s Gas Division achieved 134 percent of its savings target and DTE Gas Company achieved 127 percent of its savings target. The smaller gas utilities cumulatively achieved 122 percent of their savings target. The total statewide target and actual gas savings for 2009 through 2014 were 15,558,778 and 20,155,707 MMcf respectively, as shown in [Figure 2](#).



For a detailed spreadsheet of energy savings targets and achieved energy savings by utility provider, see [Appendix B](#).

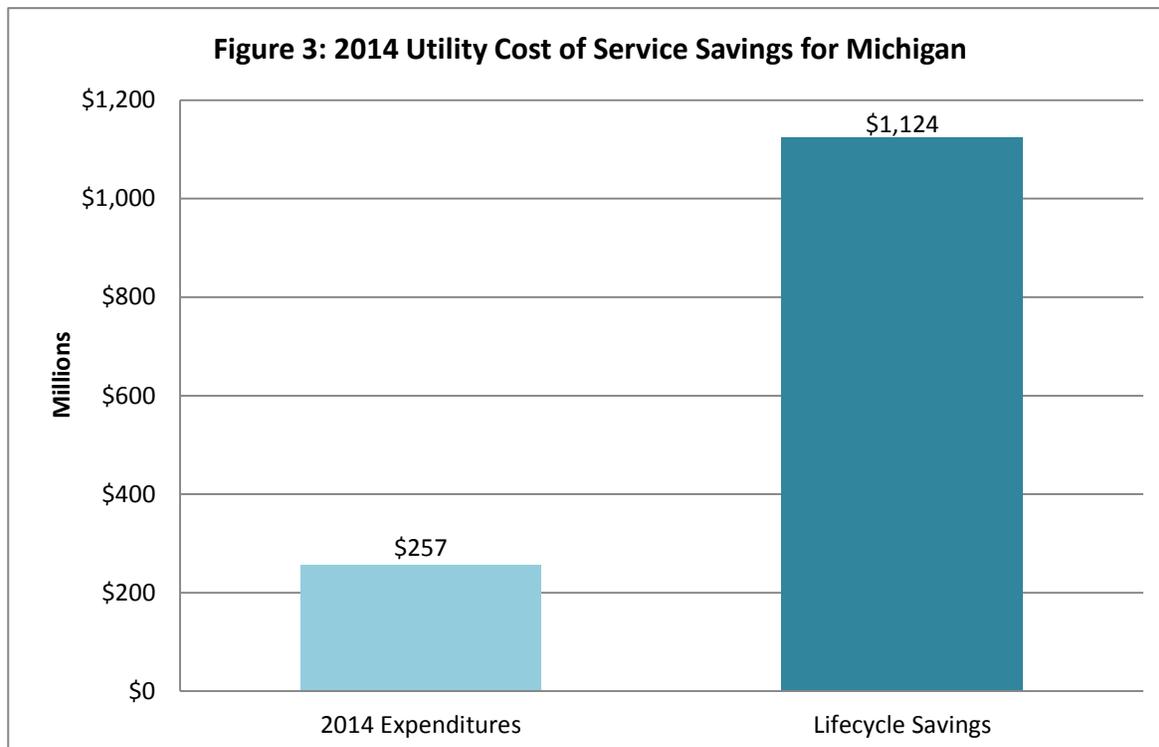
EO Surcharges and Program Funding

Section 71 of PA 295 requires utilities to specify necessary funding levels for the activities being proposed. Commission-regulated utility providers are able to recover their EO program expenditures through a customer surcharge approved by the Commission. Under Section 89 of PA 295, surcharges approved by the Commission are assessed on either an energy usage basis or on a per meter basis. Residential customers pay based on their energy usage. The average residential customer pays approximately \$1-2 per month. Generally, the larger, primary electric or natural gas transportation customer’s EO surcharge is based on a per meter charge. Detailed funding information by utility is included in [Appendix C](#).

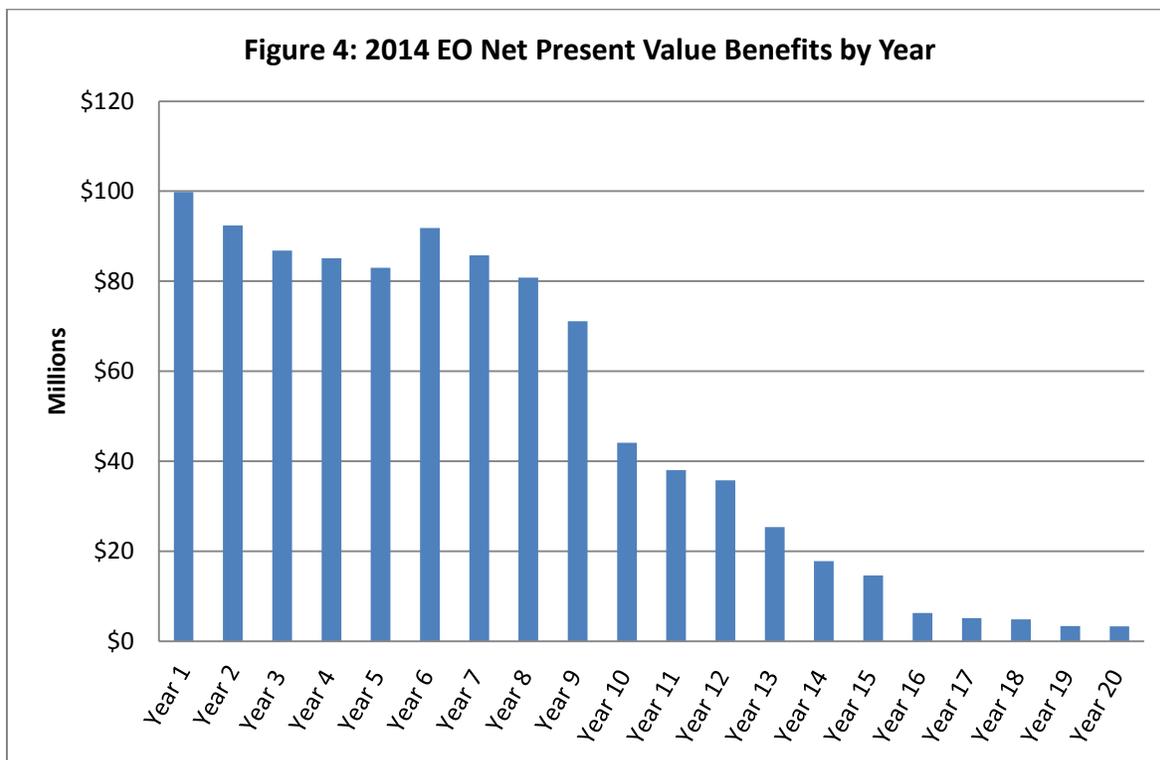
Program Benefits

In 2014, aggregate EO program expenditures of \$257 million by all natural gas and electric utilities in the state are estimated to result in lifecycle savings to customers of \$1.12 billion. For every dollar spent on EO programs in 2014, customers should expect to realize benefits of \$4.38. Data provided to the Commission in EO provider annual reports indicate that EO resources were obtained at a statewide levelized cost of \$20/MWh, significantly cheaper than supply side options such as new natural gas combined cycle generation at \$60/MWh (Source: U.S. Energy Information Administration Annual Energy Outlook 2014).

The benefits of the EO program will flow through to customers over the mean lifecycle of all efficiency projects implemented by customers during the year. The benefits are in the form of reduced utility cost of service for production or purchase of electricity, or purchases of natural gas, which would otherwise be recovered in utility rates. These savings represent the avoided cost to utilities due to lower energy usage, and are calculated based on the energy savings identified for individual energy efficiency measures as reflected in the Michigan Energy Measures Database. Over the long run, the cumulative reduction in customer demand for electricity is expected to result in the deferral or reduction in the need to build new electric generation plants. The avoided cost of the production or purchase of electricity, purchase of natural gas, and building new generation benefits all customers, whether or not they have directly participated in the EO program. The net present value (NPV) of utility cost of service savings for EO expenditures statewide is shown in *Figure 3*.



The aggregate NPV of benefits for each year over the course of the expected useful life of all measures implemented during 2014 is shown in *Figure 4*. Overall program expenditures of \$1.1 billion from 2010 to 2014 are estimated to achieve lifetime savings to all customers of \$4.2 billion.



Electric EO programs not only delay the need for building new generation, they also reduce emissions of environmental pollutants from existing generation. Fossil fuel generation plants in particular emit sulfur dioxide, nitrous oxides, mercury, other air toxics and particulate matter. Both the electric and natural gas EO programs also result in hundreds of millions of dollars savings in fuel costs that would have otherwise been incurred in order to import energy into Michigan. Other economic impacts realized by EO programs include: additional spending by participating households and businesses for efficient equipment and services, increased demand for equipment and installations from local businesses, increased spending within the economy due to utility bill savings from reduced energy consumption, and increased production from participating businesses. In addition, the benefits flowing to Michigan utility customers via the EO program should help reduce utility uncollectible expenses and strengthen the competitive position of Michigan businesses.

Cost Effectiveness of PA 295 Standards

There are many ways to calculate the cost effectiveness of utility energy efficiency programs. Simply stated the overall benefits should outweigh the overall costs. PA 295 requires providers to meet the Utility System Resource Cost Test (USRCT). As defined in section 13 of PA 295, the USRCT standard is

met for an investment in energy optimization if, on a life cycle basis, the total avoided supply-side costs to the provider, including representative values for electricity or natural gas supply, transmission, distribution, and other associated costs, are greater than the total costs to the provider of administering and delivering the energy optimization program.

All of the utilities met the cost effectiveness test, with a USRCT score of 1.00 or greater. Providers who chose to use the state administrator did not have to meet this requirement but the state administrator was contractually required to do so. The average USRCT for all utilities is 4.4. The independently operated utilities, which tend to have larger programs and budgets, have an average USRCT of 6.1 for electric programs and 3.4 for gas programs. *Appendix D* contains the USRCT scores for all utilities.

Section 97 of PA 295 requires the Commission to evaluate and determine whether the energy optimization and renewable energy standards have been cost-effective. *Table 1* demonstrates the cost-effectiveness of the renewable energy and energy optimization standards on a combined basis using the state's two largest electric providers. The levelized cost of conserved energy of the energy optimization programs was weighted by the life cycle energy savings, extrapolated through 2029, expected from the companies' Energy Optimization Programs. For renewable energy, the levelized costs of all DTE Electric and Consumers Energy contracts approved by the Commission were weighted by the generation anticipated over the term of the contract.¹ To determine the anticipated generation for the company-owned projects, the depreciable composite life of the project was used.² Incentive renewable energy credits (IREC) were not factored into the weighting of any of the renewable energy projects.

The combined cost of \$37.00 per MWh for both Subpart A (Renewable Energy Standard) and Subpart B (Energy Optimization Standard) of 2008 PA 295 is approximately 28 percent of the cost of a new conventional coal plant, using \$133 per MWh as the coal plant cost. On a stand-alone basis, the \$76.55 per MWh cost of the renewable energy standard is substantially lower than the cost of a new coal-fired plant, but the combined cost of \$37.00 per MWh, is less than any new generation, including new natural gas combined cycle plants, when compared to the Energy Information Administration levelized plant costs for 2014.³

¹ Solar pilot programs were excluded because levelized cost data is not available and the solar pilot programs would contribute minimally to the weighted average because they are very small compared to the total.

² For Consumers Energy's company-owned projects, the present value of the generation based on a 31.2-year life was used. For DTE Electric Company-owned projects, the present value of the generation based on a 22-year life was used.

³ See: http://www.eia.gov/forecasts/aeo/electricity_generation.cfm

Table 1: Cost Effectiveness of Energy Optimization and Renewable Energy Standards

Energy Optimization Cost of Conserved Energy Weighted Average (\$/MWh)	\$20.00
Renewable Energy Weighted Average Cost (\$/MWh)	\$76.55
Combined Weighted Average Cost of Energy Optimization and Renewable Energy (\$/MWh)	\$37.00
Source: EO cost data assumes EO plans renew similar measures on a yearly basis through 2029 (corresponding to the 20 year period of the initial 2009 renewable energy plans). Renewable energy cost data is based on levelized costs provided as part of the renewable energy contract approval process.	

Residential Bill Information on Estimated Monthly Savings

Section 45 of PA 295 describes information that a provider shall report to the residential customer on the monthly customer bill. Subsection (5)(c) requires ‘An estimated monthly savings, expressed in dollars and cents, for that customer to reflect the reduction in the monthly energy bill produced by the energy optimization program under this act’. The Commission has calculated the following statewide average monthly electric and natural gas savings estimates for use by small providers in lieu of company specific estimates:

The average electric residential customer is expected to save \$4.04 each month of the Energy Optimization program life.

The average natural gas residential customer is expected to save \$5.90 each month of the Energy Optimization program life.

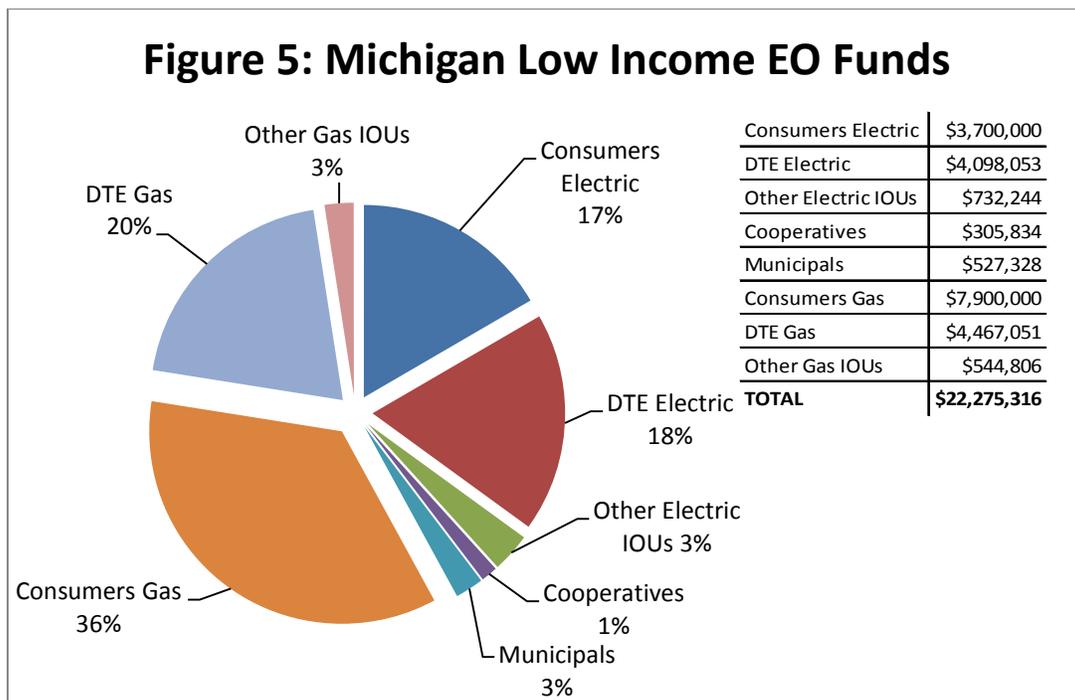
State Administrator: Efficiency United

Section 91 of PA 295 created an option for electric and natural gas providers to offer energy optimization services through a program administrator selected by the Commission. Section 91(6) requires the administrator to be a ‘qualified nonprofit organization’ selected by the MPSC through a competitive bid process. To fund the program the administrator is paid directly by the participating providers using funds collected from customers.

Michigan Community Action (MCA) is under contract as the State Administrator and operates under the name of Efficiency United (EU). Services and offerings are similar to, and coordinated with, those of other providers. Although EU program services are specifically exempt from meeting the PA 295 energy savings targets, equivalent contractual targets were imposed and reached each year since 2009.

Programs for Low Income Customers

Sections 71, 89, and 93 of PA 295 require utilities to offer EO programs for each customer class, including low income residential. All customer classes must contribute proportionally to low income program costs based on their allocation of the utility's total EO budget. Low income EO programs are excluded from the requirement to meet the cost-benefit test. Approximately 11% of the total 2014 EO program expenditures were allocated to income qualified customers. Most Michigan customers at or below 200% of the federal poverty level qualify for these programs. The contribution to low income program costs by Michigan utilities in 2014 is shown in *Figure 5*.



Self-Directed EO Program

Under Section 93 of PA 295, large electric customers that meet certain eligibility requirements may create and implement a customized EO plan, and thus be exempt from paying an EO surcharge except for a portion of income qualified program costs. Electric customer eligibility to participate in the self-directed EO plans is determined by the customer's annual peak demand. The Act allows customers with at least 1 MW aggregated annual peak demand in the preceding year at all of the customer's sites within a service provider's territory to participate. The number of customers enrolled to self-direct their own EO program has continued to drop, with 24 customers self-directing in 2014, as shown in *Table 2*. Reported energy savings for these self-directed large commercial and industrial customers are summarized in *Table 3*.

Table 2: Number of Michigan Self-Directed Large Commercial and Industrial Customers

Provider	2009 Customers	2010 Customers	2011 Customers	2012 Customers	2013 Customers	2014 Customers
DTE Electric	26	26	13	7	6	6
Consumers Energy	30	30	16	13	11	9
Efficiency United	9	11	10	6	6	6
Cooperatives	3	3	4	3	3	2
Municipals	9	9	4	3	3	1
TOTAL	77	79	47	32	29	24

Table 3: Reported Energy Savings for Michigan Self-Directed Large Commercial and Industrial Customers

Provider	2009 Reported Energy Reduction (MWh)	2010 Reported Energy Reduction (MWh)	2011 Reported Energy Reduction (MWh)	2012 Reported Energy Reduction (MWh)	2013 Reported Energy Reduction (MWh)	2014 Reported Energy Reduction (MWh)
DTE Electric	12,486	18,488	7,835	9,535	6,115	6,084
Consumers Energy	8,515	12,343	7,404	7,118	5,936	5,062
Efficiency United	5,196	14,568	20,808	30,654	24,515	23,903
Cooperatives	899	1,498	1,442	1,262	813	533
Municipals	2,006	3,343	606	500	450	Not Available
TOTAL	29,102	50,240	38,095	49,069	37,829	35,582

Financial Incentive Mechanism

Section 75 of PA 295 allows Commission-regulated utilities to request a financial incentive for exceeding the energy savings targets in a given year. There are currently 4 utilities that have obtained a financial incentive mechanism based on savings achieved and other criteria established by the MPSC. The actual and anticipated incentives awarded for program years 2009-2014 are listed in [Table 4](#).

Table 4: Utility Performance Incentives Awarded or Anticipated through 2014

Program Year	Consumers Energy Electric & Gas	DTE Energy - Electric	DTE Energy - Gas	Indiana Michigan Power Co.	Semco Energy Inc.	Annual Total
2009	\$5,685,305	\$3,008,829	\$913,374	n/a	n/a	\$9,607,508
2010	\$8,483,795	\$6,200,000	\$2,400,000	n/a	n/a	\$17,083,795
2011	\$14,593,977	\$8,400,000	\$3,400,000	n/a	n/a	\$26,393,977
2012	\$17,327,620	\$10,400,000	\$4,300,000	n/a	n/a	\$32,027,620
2013	\$17,530,000	\$10,562,411	\$3,848,020	n/a	n/a	\$31,940,431
2014*	\$17,322,230	\$12,716,895	\$3,617,094	\$618,074	\$780,795	\$35,055,088
Total	\$80,942,927	\$51,288,135	\$18,478,488	\$618,074	\$780,795	\$150,709,550

*Anticipated

MPSC Energy Optimization Collaborative

In Case Numbers U-15805 and U-15806, the Commission directed the MPSC Staff to establish a statewide energy optimization collaborative which requires the participation of all natural gas and electric providers and offers the opportunity for a variety of additional stakeholders to participate. A key goal reached by the collaborative was the reduction of the extent and cost of the formal contested hearing process through stakeholder consensus and industry peer review of standards and procedures. The collaborative identifies recommendations for improving energy optimization plans for all providers, offers program evaluation and support, and develops any necessary redesign improvements to energy efficiency programs. Program Design and Implementation, and Program Evaluation workgroups continued to meet throughout 2014, as well as the Michigan Energy Measures Database Technical Subcommittee.

Michigan Energy Measures Database

Measurement and verification are essential tools in improving Energy Optimization programming. In 2009, Michigan began with a foundation database of projected energy savings that was derived from other states' experience. By incorporating data derived from Michigan weather stations, program implementation, and specialized evaluation studies, the database evolved into the Michigan Energy Measures Database (MEMD).

The objective of the MEMD is to provide users with accurate information on energy savings associated with technologies or measures that could be used in energy efficiency programs. The MEMD is also used to prioritize the allocation of funding toward these possible measures. For this critical function, the Commission acknowledges the importance of including Michigan-specific data in the MEMD. Thus, under the direction of Commission Staff, stakeholders are participating in monthly collaborative meetings to continue to refine this database. The collaborative has developed an annual process for selecting the highest priority measures to update with Michigan specific data. For the selected measures, field studies are undertaken in customer homes and businesses using data collection equipment, such as light loggers and sub-metering, and engineering analysis to obtain reliable measurement of the actual energy consumption. The process for updating the MEMD is outlined in [Appendix E](#).

Revenue Decoupling

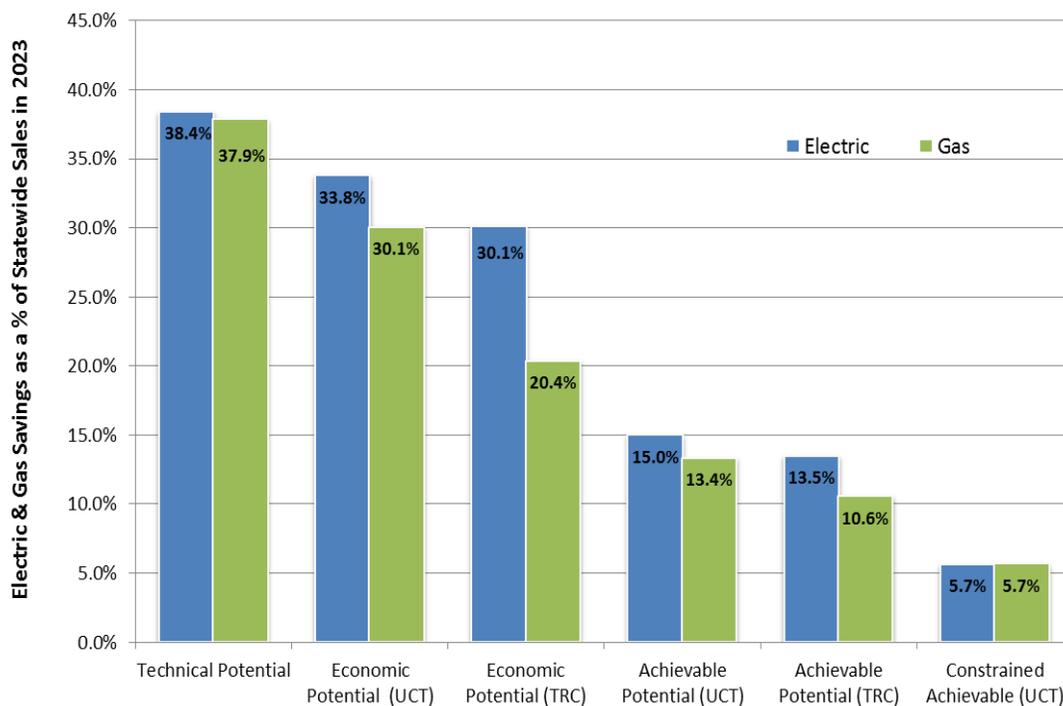
PA 295 requires the Commission to establish revenue decoupling mechanisms (RDMs) upon request by those natural gas utilities that have implemented an Energy Optimization program. A gas utility must file a request for an RDM, although the Commission may authorize an alternative mechanism that it deems to be in the public interest. There are currently four natural gas utilities that have a decoupling mechanism: DTE Gas, Consumers Energy, Upper Peninsula Power Company, and Michigan Gas Utilities.

Opportunities for Additional EO Programs

The Michigan Public Service Commission, DTE Energy and Consumers Energy worked together to complete a 2013 study of energy efficiency potential in the state of Michigan. The energy efficiency potential study provided a roadmap for policy makers and identified the energy efficiency measures having the greatest potential savings and the measures that are the most cost effective. For the study, GDS Associates, the consulting firm retained to conduct the study, produced estimates of energy efficiency technical potential, economic potential, and achievable potential.

The study examined 1,417 electric energy efficiency measures and 922 natural gas measures in the residential, commercial and industrial sectors combined. *Figure 6* shows that cost effective electric and gas energy efficiency resources can play a significantly expanded role in Michigan's energy resource mix over the next five and ten years. For the state of Michigan overall, the achievable potential for electricity savings in 2023 is 15.0% of forecasted kWh sales for 2023. The achievable potential for natural gas savings in 2023 is 13.4% of forecasted MMBtu sales for 2023. The energy efficiency potential study concluded that there remains significant achievable cost effective potential for electric and natural gas energy efficiency measures and programs in Michigan.

Figure 6: Electric & Gas Energy Efficiency Potential Savings Summary⁴



Source: [Michigan Electric and Natural Gas Energy Efficiency Potential Study 2013](#)

⁴ In the Constrained Achievable UCT scenario, the analysis assumes a spending cap roughly equal to 2% of Michigan utility revenue. (See: [Michigan Electric and Natural Gas Energy Efficiency Potential Study 2013](#), p. 75.)

Conclusion

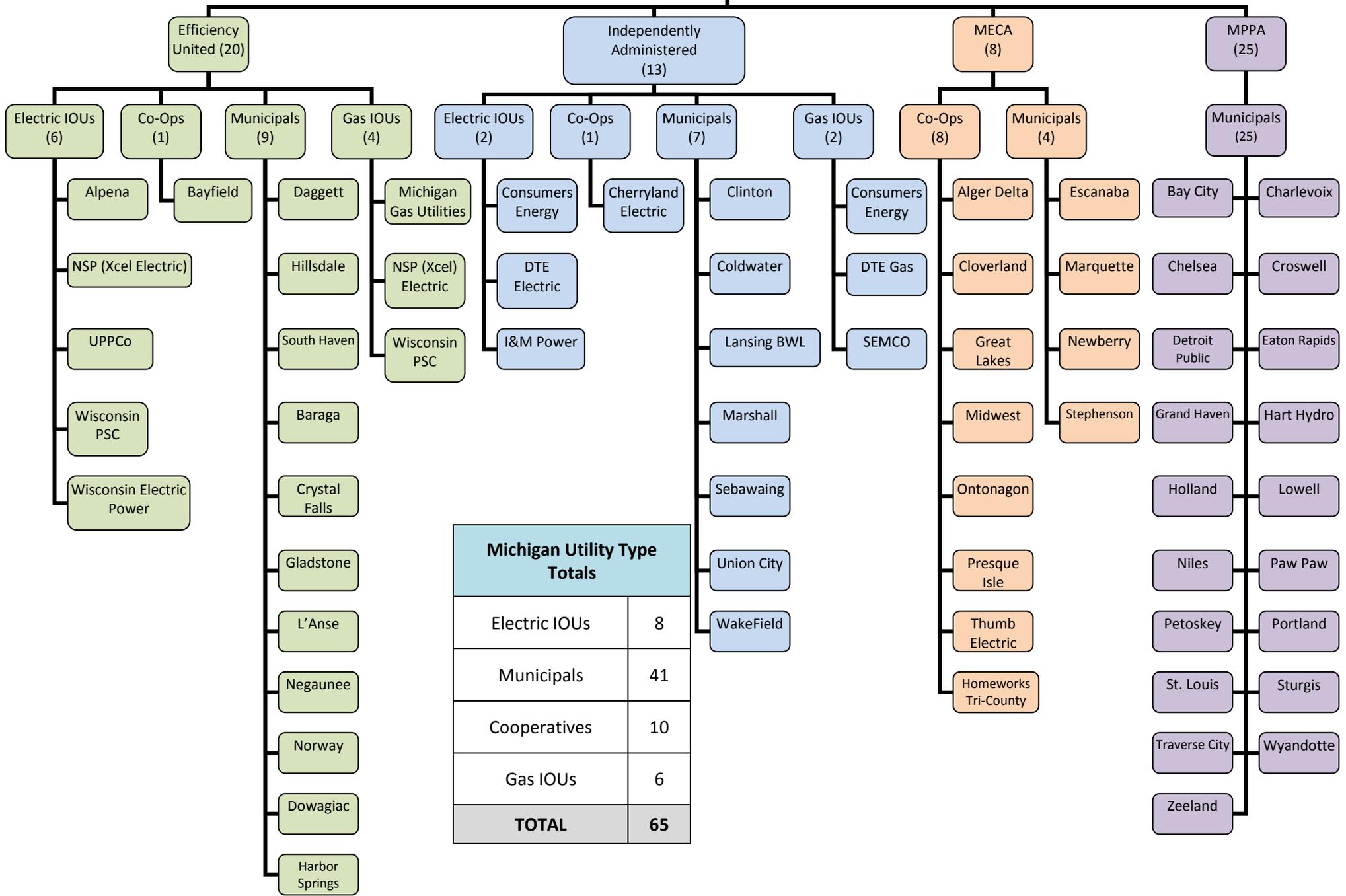
Energy Optimization programs have seen many successes due to continued efforts by utilities and their EO contractors and implementation partners. The 2014 program year is no exception, with most utilities meeting or exceeding energy savings targets.

The Commission attributes much of the continuing success of Energy Optimization programs to the extensive evaluation work that is undertaken each year. An annual evaluation satisfies the statutory requirement for an independent certification of energy savings, providing customers with confidence that programs will lower the cost of service. Importantly, annual evaluation includes a detailed analysis of the actual implementation of each program, to elicit improvements in program design, marketing methods, rebate/incentive processing, interaction with trade allies and customers, and customer satisfaction. This step is called “process evaluation” and is also a critical component of EO program success.

In addition, the Commission continually explores ways to improve the implementation of EO programs in order to reduce the cost of compliance, enhance the performance of small utilities, and balance the desire for low-cost efficiency measures that provide immediate bill savings with the need for energy efficiency resources that will provide savings for many years. The downward pricing trend for renewable energy resources and the continued low cost of energy optimization has resulted in a combined weighted cost of \$37.00/MWh, displacing investments in higher-cost electric generation capacity. Renewable Energy and Energy Optimization continue to be cost-effective resources in the state of Michigan.

2013 Biennial EO Plan Filings			
COMPANY	Plan Case #	Group	
Electric IOUs			
1	Alpena Power Company	U-17350	Efficiency United
2	Consumers Energy Company	U-17351	Independent
3	DTE - Energy Electric	U-17352	Independent
4	Indiana Michigan Power Company	U-17353	Independent
5	Northern States Power Company-Wisconsin	U-17354	Efficiency United
6	Upper Peninsula Power Company	U-17355	Efficiency United
7	Wisconsin Public Service Corporation	U-17356	Efficiency United
8	Wisconsin Electric Power Company	U-17357	Efficiency United
Co-ops			
9	Alger Delta Cooperative Electric Association	U-17367	MI Electric Coop. Assoc.
10	Bayfield Electric Cooperative	U-17368	Efficiency United
11	Cherryland Electric Cooperative	U-17369	Independent
12	Cloverland Electric Cooperative	U-17364	MI Electric Coop. Assoc.
13	Great Lakes Energy Cooperative	U-17370	MI Electric Coop. Assoc.
14	Midwest Energy Cooperative	U-17365	MI Electric Coop. Assoc.
15	Ontonagon Co. Rural Electrification Assoc.	U-17371	MI Electric Coop. Assoc.
16	Presque Isle Electric and Gas Co-op	U-17372	MI Electric Coop. Assoc.
17	Thumb Electric Cooperative	U-17366	MI Electric Coop. Assoc.
18	Tri-County Electric Cooperative	U-17373	MI Electric Coop. Assoc.
Municipals			
19	Village of Baraga	U-17381	Efficiency United
20	City of Bay City	U-17382	MI Public Power Agency
21	City of Charlevoix	U-17383	MI Public Power Agency
22	Chelsea Department of Electric and Water	U-17384	MI Public Power Agency
23	Village of Clinton	U-17385	Independent
24	Coldwater Board of Public Utilities	U-17386	Independent
25	Croswell Municipal Light & Power Department	U-17387	MI Public Power Agency
26	City of Crystal Falls	U-17388	Efficiency United
27	Daggett Electric Department	U-17389	Efficiency United
28	Detroit Public Lighting Department	U-17390	MI Public Power Agency
29	City of Dowagiac	U-17391	MI Public Power Agency
30	City of Eaton Rapids	U-17392	MI Public Power Agency
31	City of Escanaba	U-17393	MI Electric Coop. Assoc.
32	City of Gladstone	U-17394	Efficiency United
33	Grand Haven Board of Light and Power	U-17395	MI Public Power Agency
34	City of Harbor Springs	U-17396	Efficiency United
35	City of Hart Hydro	U-17397	MI Public Power Agency
36	Hillsdale Board of Public Utilities	U-17398	Efficiency United
37	Holland Board of Public Works	U-17399	MI Public Power Agency
38	Village of L'Anse	U-17400	Efficiency United
39	Lansing Board of Water & Light	U-17401	Independent
40	Lowell Light and Power	U-17402	MI Public Power Agency
41	Marquette Board of Light and Power	U-17403	MI Electric Coop. Assoc.
42	Marshall Electric Department	U-17404	Independent
43	Negaunee Department of Public Works	U-17405	Efficiency United
44	Newberry Water and Light Board	U-17406	MI Electric Coop. Assoc.
45	Niles Utility Department	U-17407	MI Public Power Agency
46	City of Norway	U-17408	Efficiency United
47	City of Paw Paw	U-17409	MI Public Power Agency
48	City of Petoskey	U-17410	MI Public Power Agency
49	City of Portland	U-17411	MI Public Power Agency
50	City of Sebewaing	U-17412	Independent
51	City of South Haven	U-17413	Efficiency United
52	City of St. Louis	U-17414	MI Public Power Agency
53	City of Stephenson	U-17415	MI Electric Coop. Assoc.
54	City of Sturgis	U-17416	MI Public Power Agency
55	Traverse City Light & Power	U-17417	MI Public Power Agency
56	Union City Electric Department	U-17418	Independent
57	City of Wakefield	U-17419	Independent
58	Wyandotte Department of Municipal Service	U-17420	MI Public Power Agency
59	Zeeland Board of Public Works	U-17421	MI Public Power Agency
Gas IOUs			
60	Consumers Energy Company(filing joint w/electric)	U-17351	Independent
61	DTE - Energy Gas	U-17359	Independent
62	Michigan Gas Utilities Corporation	U-17360	Efficiency United
63	Northern States Power Co-Wisc.(filing joint w/elec)	U-17361	Efficiency United
64	SEMCO Energy, Inc.	U-17362	Independent
65	Wisconsin Public Serv. Corp.(filing jointly w/elec)	U-17363	Efficiency United

**2014 Michigan EO Collaboration
(65)**



Michigan Utility Type Totals	
Electric IOUs	8
Municipals	41
Cooperatives	10
Gas IOUs	6
TOTAL	65

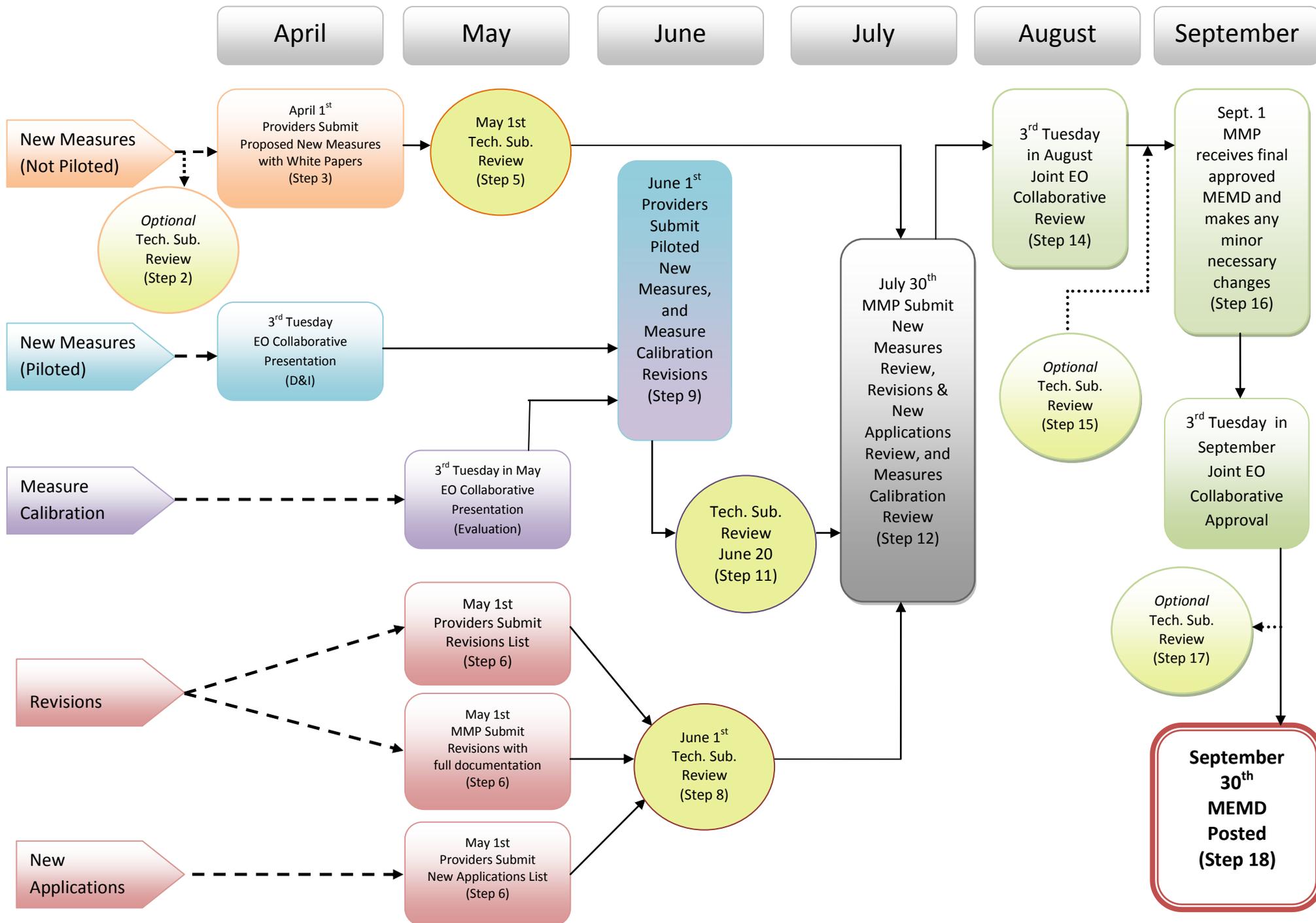
% of MWH Sales	0.30%			0.50%			0.75%			1%			1%			1%		
	2009 Target	2009 Actual	% Achieved	2010 Target	2010 Actual	% Achieved	2011 Target	2011 Actual	% Achieved	2012 Target	2012 Actual	% Achieved	2013 Target	2013 Actual	% Achieved	2014 Target	2014 Actual	% Achieved
Electric IOUs																		
1 Alpena	973	16	2%	2,586	3,859	149%	2,419	3,453	143%	3,244	4,251	131%	3,219	5,352	166%	3,597	6,770	188%
2 Consumers Energy	107,939	145,118	134%	178,509	251,187	141%	255,039	353,006	138%	333,360	409,353	123%	335,498	473,045	141%	332,200	466,000	140%
3 DTE Energy Electric	160,000	203,000	127%	227,153	402,995	177%	477,000	519,000	109%	455,000	611,000	134%	471,000	614,000	130%	534,000	794,399	149%
4 Indiana Michigan	9,159	197	2%	24,110	25,157	104%	22,427	21,626	96%	29,403	30,999	105%	28,743	34,572	120%	28,877	37,634	130%
5 UP Power	2,509	350	14%	6,750	6,357	94%	6,363	7,749	122%	8,272	9,494	115%	8,137	11,195	138%	8,142	10,514	129%
6 Wisconsin Electric	8,414	44	1%	21,614	21,722	100%	19,800	20,745	105%	26,358	26,499	101%	26,709	28,492	107%	29,916	31,706	106%
7 WPSCorp	876	2	0%	2,271	2,474	109%	2,093	2,529	121%	2,739	3,018	110%	2,734	3,466	127%	2,832	3,398	120%
8 XCEL Energy	413	0	0%	1,100	1,407	128%	1,031	1,473	143%	1,378	2,074	151%	1,385	1,833	132%	1,400	1,753	125%
Subtotal Electric IOUs	290,283	348,727	120%	464,093	715,158	154%	786,172	925,580	118%	859,755	1,096,689	128%	877,425	1,171,955	134%	940,964	1,352,174	144%
Electric Cooperatives																		
9 Alger Delta	303	22	7%	486	732	151%	448	225	50%	588	658	112%	582	678	116%	574	442	77%
10 Bayfield	1	0	0%	2	3	150%	14	19	138%	2	2	118%	2	3	150%	2	2	109%
11 Cherryland	791	751	95%	1,777	2,037	115%	2,699	3,889	144%	3,751	3,798	101%	3,661	3,667	100%	3,840	4,712	123%
12 Cloverland/Edison S.	589	46	8%	1,610	1,760	109%	1,502	532	35%	8,149	7,365	90%	8,073	9,548	118%	7,933	8,337	105%
13 Great Lakes	4,265	286	7%	10,327	11,765	114%	9,887	5,002	51%	13,240	10,341	78%	13,302	19,479	146%	13,231	13,550	102%
14 Midwest	1,618	234	14%	4,390	5,377	122%	4,377	2,191	50%	5,875	5,152	88%	5,905	6,880	117%	5,905	5,951	101%
15 Ontonagon	160	5	3%	210	211	100%	189	212	112%	247	253	102%	248	678	273%	247	182	74%
16 Presque Isle	886	34	4%	1,917	2,621	137%	1,785	1,286	72%	2,362	1,981	84%	2,357	3,176	135%	2,336	2,251	96%
17 Thumb	529	64	12%	1,714	1,315	77%	1,121	663	59%	1,507	1,689	112%	1,512	1,784	118%	1,523	1,094	72%
18 Tri-County	1,092	262	24%	2,425	5,223	215%	2,337	254	11%	3,121	2,483	80%	3,135	3,852	123%	3,160	3,461	110%
Subtotal Electric Coops	10,234	1,704	17%	24,858	31,044	125%	24,359	14,274	59%	38,842	33,722	87%	38,777	49,745	128%	38,751	39,982	103%
Municipals																		
19 Baraga	60	97	162%	84	7	8%	226	185	82%	188	191	102%	184	233	127%	187	338	181%
20 Bay City	896	715	80%	1,473	2,251	153%	1,937	2,317	120%	2,960	3,037	106%	3,124	3,044	97%	3,374	4,012	119%
21 Charlevoix	203	79	39%	450	262	58%	678	423	62%	603	643	107%	608	693	114%	624	550	170%
22 Chelsea	266	409	154%	365	359	98%	696	1,221	175%	366	479	131%	738	893	121%	591	768	130%
23 Clinton	146	173	118%	113	113	100%	161	164	102%	213	203	95%	227	241	106%	202	208	103%
24 Coldwater	865	37	4%	2,342	1,379	59%	2,342	1,409	60%	2,589	2,104	81%	2,589	2,056	79%	2,887	3,317	115%
25 Crosswell	110	247	225%	133	230	173%	188	180	96%	357	489	137%	355	199	56%	288	307	107%
26 Crystal Falls	50	718	1436%	60	459	765%	88	92	105%	164	191	116%	162	325	201%	162	408	252%
27 Dagget Electric Co.	5	7	140%	12	19	158%	11	19	167%	15	26	181%	14	16	114%	12	16	129%
28 Detroit PLD	2	2	100%	1,587	224	14%	2,986	2,286	77%	865	592	68%	0	0	0%	0	0	0%
29 Dowagiac	239	52	22%	547	521	95%	543	766	141%	417	538	129%	634	745	118%	660	927	140%
30 Eaton Rapids	154	61	40%	347	298	86%	449	470	105%	455	607	133%	331	449	135%	267	905	339%
31 Escanaba	427	0	0%	1,212	1,171	97%	1,104	1,072	97%	1,428	1,338	94%	1,471	1,614	110%	1,266	1,294	102%
32 Gladstone	97	407	420%	182	267	147%	308	136	44%	328	412	126%	321	341	106%	325	406	125%
33 Grand Haven	873	921	105%	1,373	1,591	116%	1,878	2,211	118%	2,223	1,912	86%	2,674	3,198	120%	1,712	2,298	134%
34 Harbor Springs	112	150	134%	171	167	98%	290	248	86%	358	369	103%	375	409	109%	375	572	153%
35 Hart	115	101	88%	196	193	98%	299	140	47%	394	265	67%	421	562	133%	309	461	149%
36 Hillsdale	429	415	97%	726	1,216	167%	536	643	120%	1,275	1,508	118%	1,212	1,572	130%	1,205	1,562	130%
37 Holland	3,089	3,382	109%	4,849	5,481	113%	6,477	7,762	120%	7,948	8,116	102%	9,821	10,934	111%	10,399	10,861	104%
38 L'Anse	42	123	293%	79	10	13%	162	600	370%	137	174	127%	132	166	126%	127	213	168%
39 LBWL	6,831	6,972	102%	11,165	11,524	103%	15,877	17,587	111%	19,280	23,147	120%	18,363	26,757	146%	18,011	23,094	128%
40 Lowell	180	289	161%	226	269	119%	432	578	134%	483	503	104%	548	444	81%	688	697	101%
41 Marquette	872	0	0%	2,534	3,198	126%	2,435	1,827	75%	3,098	2,912	94%	3,199	3,827	120%	2,403	2,861	119%
42 Marshall	357	363	102%	579	835	144%	605	1,129	187%	537	868	162%	725	1,039	143%	746	756	101%
43 Negaunee	67	274	409%	92	85	92%	199	116	58%	217	256	118%	221	317	143%	222	271	122%
44 Newberry	17	0	0%	148	124	84%	144	155	108%	192	243	127%	140	206	147%	129	141	109%
45 Niles	440	234	53%	802	718	90%	1,122	1,052	94%	1,287	1,003	78%	1,496	1,233	82%	1,328	1,401	105%
46 Norway	94	120	128%	159	76	48%	317	313	99%	300	386	128%	294	1,128	384%	293	501	171%
47 Paw Paw	116	109	94%	201	115	57%	373	177	47%	480	450	94%	458	497	109%	344	1,747	508%
48 Petoskey	232	880	379%	404	599	148%	809	477	59%	1,080	839	78%	1,116	688	62%	1,907	1,870	98%
49 Portland	107	103	96%	182	210	115%	240	155	65%	362	332	92%	372	366	98%	298	318	107%
50 Sebewaing	125	531	425%	158	995	630%	203	305	150%	311	1,017	327%	163	716	439%	223	676	303%
51 South Haven	411	423	103%	688	610	89%	1,135	909	80%	1,312	1,582	121%	1,315	1,425	108%	1,347	2,437	181%
52 St. Louis	120	77	64%	242	251	104%	294	275	94%	378	365	97%	379	241	64%	411	397	97%
53 Stephenson	17	0	0%	49	47	96%	45	47	104%	60	68	113%	51	75	147%	37	37	100%
54 Sturgis	720	797	111%	1,198	1,249	104%	1,937	1,792	93%	2,215	2,798	126%	1,557	1,911	123%	1,595	2,189	137%
55 Traverse City	991	1,735	175%	1,149	1,945	169%	1,704	2,650	156%	2,543	4,109	162%	2,157	2,797	130%	2,826	3,437	122%
56 Union City	47	53	113%	79	197	251%	118	129	109%	139	125	90%	164	142	87%	172	173	101%
57 Wakefield	38	0	0%	103	237	230%	44	49	111%	52	52	100%	130	61	47%	130	48	37%
58 Wyandotte	2,464	3,034	123%	2,388	3,832	160%	1,515	1,803	119%	2,495	2,500	100%	1,707	1,981	116%	1,503	1,295	86%
59 Zeeland	1,099	1,122	102%	1,335	2,202	165%	1,472	1,884	128%	2,601	1,484	57%	4,101	5,619	137%	2,132	2,790	131%
Subtotal Municipals	23,525	25,212	107%	40,182	45,536	113%	52,379	55,753	106%	62,605	68,233	109%	64,049	79,541	124%	61,417	76,557	125%
Statewide Electric Totals	<																	

Utilities	Total Funding			
	2009-2011	2012	2013	2014
Electric IOUs				
1 Alpena	\$711,512	\$510,504	\$456,435	\$586,815
2 Consumers	\$104,546,754	\$67,369,007	\$69,097,040	\$74,900,000
3 DTE Energy Electric	\$117,539,193	\$69,600,000	\$74,900,000	\$84,779,297
4 Indiana Michigan	\$5,432,573	\$4,420,319	\$4,517,294	\$4,120,487
5 UP Power	\$2,555,556	\$1,967,085	\$1,834,617	\$1,626,752
6 Wisconsin Electric	\$983,889	\$931,154	\$883,440	\$820,905
7 WPSCorp	\$553,620	\$381,404	\$409,687	\$714,535
8 Xcel Energy Electric	\$299,179	\$234,475	\$203,557	\$222,747
Subtotal Electric IOUs	\$232,622,276	\$145,413,948	\$152,302,070	\$167,771,538
Electric Coops				
9 Alger Delta	\$201,039	\$148,468	\$155,303	\$150,910
10 Bayfield	\$1,043	\$866	\$1,271	\$638
11 Cherryland	\$439,729	\$174,515	\$329,623	\$344,215
12 Cloverland/Edison Sault	\$1,327,578	\$904,920	\$1,273,334	\$1,080,115
13 Great Lakes	\$2,656,920	\$1,503,475	\$2,142,034	\$1,849,764
14 Midwest	\$1,327,889	\$841,983	\$929,834	\$1,049,336
15 Ontonagon	\$122,508	\$45,447	\$52,279	\$43,648
16 Presque Isle	\$707,182	\$313,565	\$425,955	\$346,051
17 Thumb	\$375,517	\$227,833	\$254,229	\$234,950
18 Tri-County	\$814,853	\$378,650	\$443,333	\$493,557
Subtotal Electric Coops	\$7,974,258	\$4,539,722	\$6,007,195	\$5,593,184
Municipals				
19 Baraga	\$42,794	\$48,700	\$42,490	\$39,737
20 Bay City	\$779,774	\$469,307	\$479,666	\$578,296
21 Charlevoix	\$124,543	\$68,757	\$78,900	\$63,353
22 Chelsea	\$174,424	\$72,410	\$36,909	\$108,690
23 Clinton	\$15,365	\$9,465	\$11,949	\$9,391
24 Coldwater	\$329,201	\$536,800	\$536,000	\$301,048
25 Crosswell	\$74,315	\$43,500	\$57,029	\$84,861
26 Crystal Falls	\$82,466	\$43,440	\$43,059	\$55,740
27 Daggett	\$3,199	\$2,469	\$1,993	\$1,875
28 Detroit PLD	\$527,650	\$141,860	\$0	\$0
29 Dowagiac	\$179,237	\$66,347	\$113,166	\$113,643
30 Eaton Rapids	\$99,978	\$67,040	\$86,412	\$84,448
31 Escanaba	\$271,926	\$191,237	\$211,714	\$160,238
32 Gladstone	\$106,122	\$79,460	\$61,598	\$70,807
33 Grand Haven	\$601,512	\$228,811	\$173,729	\$370,376
34 Harbor Springs	\$80,329	\$43,205	\$64,774	\$56,859
35 Hart Hydro	\$65,815	\$38,926	\$68,214	\$74,927
36 Hillsdale	\$218,169	\$214,108	\$196,493	\$201,931
37 Holland	\$2,056,460	\$1,066,505	\$1,265,403	\$1,472,659
38 L'Anse	\$37,661	\$31,114	\$22,350	\$25,586
39 LBWL	\$5,457,314	\$3,260,845	\$3,612,207	\$3,537,494
40 Lowell	\$147,825	\$63,247	\$92,874	\$136,862
41 Marquette	\$701,097	\$488,019	\$468,288	\$403,665
42 Marshall	\$137,457	\$55,902	\$74,234	\$84,910
43 Negaunee	\$93,777	\$65,940	\$54,094	\$45,694
44 Newberry	\$43,332	\$31,159	\$34,013	\$16,728
45 Nilis	\$300,065	\$129,103	\$120,312	\$222,279
46 Norway	\$98,179	\$72,560	\$81,451	\$65,792
47 Paw Paw	\$64,413	\$55,998	\$24,638	\$79,359
48 Petoskey	\$170,584	\$96,140	\$24,929	\$167,240
49 Portland	\$80,819	\$41,497	\$60,388	\$57,832
50 Sebewaing	\$119,312	\$43,577	\$79,772	\$54,616
51 South Haven	\$281,730	\$260,203	\$224,941	\$240,518
52 St. Louis	\$86,583	\$53,446	\$66,106	\$73,664
53 Stephenson	\$16,467	\$7,799	\$8,055	\$6,854
54 Sturgis	\$462,458	\$242,340	\$230,663	\$316,200
55 Traverse City	\$865,596	\$612,250	\$394,329	\$460,846
56 Union City	\$18,295	\$11,577	\$12,738	\$9,679
57 Wakefield	\$18,908	\$6,186	\$10,525	\$5,596
58 Wyandotte	\$714,828	\$238,925	\$205,254	\$346,719
59 Zeeland	\$618,228	\$285,371	\$420,021	\$405,471
Subtotal Municipals	\$16,368,207	\$9,585,545	\$9,851,680	\$10,612,483
Subtotal Statewide Electric	\$256,964,741	\$159,539,215	\$168,160,945	\$183,977,204
Gas Companies				
60 Consumers	\$87,207,089	\$48,148,786	\$47,776,959	\$40,600,000
61 DTE Energy Gas	\$48,112,540	\$28,600,000	\$25,600,000	\$24,113,957
62 MGU	\$5,308,430	\$3,671,084	\$3,471,355	\$2,563,990
63 SEMCO Energy	\$10,285,456	\$6,242,032	\$7,363,011	\$5,469,134
64 WPSCorp	\$169,938	\$91,685	\$98,743	\$77,633
65 Xcel Energy Electric	\$218,623	\$109,531	\$112,867	\$102,188
Subtotal Statewide Gas	\$151,302,076	\$86,863,118	\$84,422,935	\$72,926,902
Total Gas and Electric	\$408,266,817	\$246,402,333	\$252,583,880	\$256,904,107

USRCT Scores for EO Programs - Appendix D

Utility Providers	2009-2014 USRCT Average
Alpena	6.6
Consumers Energy	3.3
DTE Energy Electric	5.9
Indiana Michigan	6.6
UP Power	6.6
Wisconsin Electric	6.6
WPSCorp	6.6
XCEL Energy	6.6
Electric IOUs Average	6.1
Alger Delta	5.6
Bayfield	6.6
Cherryland	1.0
Cloverland/Edison S.	5.9
Great Lakes	5.8
Midwest	5.8
Ontonagon	5.6
Presque Isle	5.8
Thumb	5.7
Tri-County	5.8
Electric Cooperatives Average	5.4
Baraga	5.5
Bay City	3.8
Charlevoix	3.8
Chelsea	4.0
Clinton	4.0
Coldwater	4.3
Croswell	4.3
Crystal Falls	5.6
Dagget Electric Co.	6.6
Detroit PLD*	2.5
Dowagiac	4.3
Eaton Rapids	4.1
Escanaba	5.5
Gladstone	5.5
Grand Haven	4.0
Harbor Springs	3.8
Hart	4.2
Hillsdale	4.5
Holland	4.2
L'Anse	5.5
LBWL	3.4
Lowell	4.0
Marquette	5.5
Marshall	4.6
Negaunee	5.5
Newberry	4.6
Niles	4.3
Norway	5.6
Paw Paw	4.2
Petoskey	3.9
Portland	4.2
Sebewaing	4.1
South Haven	4.3
St. Louis	4.0
Stephenson	5.6
Sturgis	3.9
Traverse City	4.0
Union City	3.8
Wakefield	4.3
Wyandotte	3.9
Zeeland	4.9
Municipals Average	4.5
Statewide Electric Average	5.3
Natural Gas Companies	
Consumers Energy	2.7
DTE - Gas	4.0
MGU	3.5
SEMCO Energy	3.5
WPSCorp	3.5
XCEL Energy	3.5
Statewide Natural Gas Average	3.4
Overall Statewide Electric and Natural Gas Average:	4.4

Process for Updating the Michigan Energy Measures Database (MEMD) – Appendix E



**SUBSTITUTE FOR
HOUSE BILL NO. 4297**

A bill to amend 2008 PA 295, entitled
"Clean, renewable, and efficient energy act,"
by amending sections 1, 3, 5, 7, 9, 11, 13, 21, 27, 39, 43, 45, 77,
89, 91, 93, and 95 (MCL 460.1001, 460.1003, 460.1005, 460.1007,
460.1009, 460.1011, 460.1013, 460.1021, 460.1027, 460.1039,
460.1043, 460.1045, 460.1077, 460.1089, 460.1091, 460.1093, and
460.1095), section 93 as amended by 2010 PA 269, and by adding
section 5a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 (2) The purpose of this act is to promote the development of
4 clean energy ~~, AND renewable energy , and energy optimization~~

1 through the implementation of a ~~clean, renewable, and energy~~
2 ~~efficient~~ standard that will cost-effectively do all of the
3 following:

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

6 (b) Provide greater energy security through the use of
7 indigenous energy resources available within ~~the~~ **THIS** state.

8 (c) Encourage private investment in renewable energy, ~~and~~
9 ~~energy efficiency.~~

10 (d) Provide improved air quality and other benefits to energy
11 consumers and citizens of this state.

12 **(E) REMOVE UNNECESSARY BURDENS ON THE APPROPRIATE USE OF SOLID**
13 **WASTE AS A CLEAN ENERGY SOURCE.**

14 Sec. 3. As used in this act:

15 (a) "Advanced cleaner energy" means electricity generated
16 using an advanced cleaner energy system.

17 (b) "Advanced cleaner energy credit" means a credit certified
18 under section 43 that represents generated advanced cleaner energy.

19 (c) "Advanced cleaner energy system" means any of the
20 following:

21 (i) A gasification facility.

22 (ii) An industrial cogeneration facility.

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

26 (iv) An electric generating facility or system that uses
27 technologies not in commercial operation on ~~the effective date of~~

1 ~~this act.~~**OCTOBER 6, 2008.**

2 (d) "Affiliated transmission company" means that term as
3 defined in **SECTION 2 OF** the electric transmission line
4 certification act, 1995 PA 30, MCL 460.562.

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

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

16 (i) Agricultural crops and crop wastes.

17 (ii) Short-rotation energy crops.

18 (iii) Herbaceous plants.

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

22 (v) Paper and pulp products.

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

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

26 (viii) Animal wastes.

27 (ix) Wastewater sludge or sewage.

1 (x) Aquatic plants.

2 (xi) Food production and processing waste.

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

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

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

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

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

20 Sec. 5. As used in this act:

21 (a) "Electric provider", subject to sections 21(1), 23(1), and
22 25(1), means any of the following:

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

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

27 **BEGINNING 180 DAYS AFTER THE ENACTMENT DATE OF THE 2016 ACT THAT**

1 AMENDED THIS SECTION, THIS SUBPARAGRAPH DOES NOT APPLY TO THE TERM
2 ELECTRIC PROVIDER OR THE TERM PROVIDER AS USED IN SECTIONS 71 TO
3 87.

4 (iii) A cooperative electric utility in this state. BEGINNING
5 180 DAYS AFTER THE ENACTMENT DATE OF THE 2016 ACT THAT AMENDED THIS
6 SECTION, THIS SUBPARAGRAPH DOES NOT APPLY TO THE TERM ELECTRIC
7 PROVIDER OR THE TERM PROVIDER AS USED IN SECTIONS 71 TO 87.

8 (iv) Except as used in subpart B of part 2, an alternative
9 electric supplier licensed under section 10a of 1939 PA 3, MCL
10 460.10a.

11 (b) "Eligible electric generator" means ~~that~~ a methane
12 digester or renewable energy system with a generation capacity
13 limited to the customer's electric need and that does not exceed
14 the following:

15 (i) For a renewable energy system, 150 kilowatts of aggregate
16 generation at a single site.

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

19 (c) "Energy conservation" means the reduction of customer
20 energy use through the installation of measures or changes in
21 energy usage behavior. Energy conservation does not include the use
22 of advanced cleaner energy systems.

23 (d) "Energy efficiency" means a decrease in customer
24 consumption of electricity or natural gas achieved through measures
25 or programs that target customer behavior, equipment, devices, or
26 materials without reducing the quality of energy services.

27 (e) "Energy optimization", subject to subdivision (f), means

1 all of the following:

2 (i) Energy efficiency.

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

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

9 (f) Energy optimization does not include electric provider
10 infrastructure projects that are approved for cost recovery by the
11 commission other than as provided in this act.

12 (g) "Energy optimization credit" means a credit certified
13 pursuant to section 87 that represents achieved energy
14 optimization.

15 (h) "Energy optimization plan" or "EO plan" means a plan
16 **APPROVED** under section ~~71~~-73.

17 (i) "Energy optimization standard" means the minimum energy
18 savings required to be achieved under section 77.

19 (j) "Energy star" means the voluntary partnership among the
20 United States department of energy, the United States environmental
21 protection agency, product manufacturers, local utilities, and
22 retailers to help promote energy efficient products by labeling
23 with the energy star logo, **TO** educate consumers about the benefits
24 of energy efficiency, and **TO** help promote energy efficiency in
25 buildings by benchmarking and rating energy performance.

26 (k) "Federal approval" means approval by the applicable
27 regional transmission organization or other federal energy

1 regulatory commission approved transmission planning process of a
2 transmission project that includes the transmission line. Federal
3 approval may be evidenced in any of the following manners:

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

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

13 (iii) If, after ~~the effective date of this act,~~ **OCTOBER 6,**
14 **2008,** the applicable regional transmission organization utilizes
15 another approval process for transmission projects proposed by an
16 electric utility, affiliated transmission company, or independent
17 transmission company, the proposed transmission line is included in
18 a transmission project approved by the applicable regional
19 transmission organization through the approval process developed
20 after ~~the effective date of this act.~~ **OCTOBER 6, 2008.**

21 (iv) Any other federal energy regulatory commission approved
22 transmission planning process for a transmission project.

23 **SEC. 5A. AS USED IN THIS ACT:**

24 (A) "ELECTRIC PROVIDER", SUBJECT TO SECTIONS 21(1), 23(1), AND
25 25(1), MEANS ANY OF THE FOLLOWING:

26 (i) ANY PERSON OR ENTITY THAT IS REGULATED BY THE COMMISSION
27 FOR THE PURPOSE OF SELLING ELECTRICITY TO RETAIL CUSTOMERS IN THIS

1 STATE.

2 (ii) A MUNICIPALLY-OWNED ELECTRIC UTILITY IN THIS STATE.
3 BEGINNING 180 DAYS AFTER THE ENACTMENT DATE OF THE 2016 ACT THAT
4 ADDED THIS SECTION, THIS SUBPARAGRAPH DOES NOT APPLY TO THE TERM
5 ELECTRIC PROVIDER OR THE TERM PROVIDER AS USED IN SECTIONS 71 TO
6 87.

7 (iii) A COOPERATIVE ELECTRIC UTILITY IN THIS STATE. BEGINNING
8 180 DAYS AFTER THE ENACTMENT DATE OF THE 2016 ACT THAT ADDED THIS
9 SECTION, THIS SUBPARAGRAPH DOES NOT APPLY TO THE TERM ELECTRIC
10 PROVIDER OR THE TERM PROVIDER AS USED IN SECTIONS 71 TO 87.

11 (iv) EXCEPT AS USED IN SUBPART B OF PART 2, AN ALTERNATIVE
12 ELECTRIC SUPPLIER LICENSED UNDER SECTION 10A OF 1939 PA 3, MCL
13 460.10A.

14 (B) "ELIGIBLE ELECTRIC GENERATOR" MEANS A METHANE DIGESTER OR
15 RENEWABLE ENERGY SYSTEM WITH A GENERATION CAPACITY LIMITED TO THE
16 CUSTOMER'S ELECTRIC NEED AND THAT DOES NOT EXCEED THE FOLLOWING:

17 (i) FOR A RENEWABLE ENERGY SYSTEM, 150 KILOWATTS OF AGGREGATE
18 GENERATION AT A SINGLE SITE.

19 (ii) FOR A METHANE DIGESTER, 550 KILOWATTS OF AGGREGATE
20 GENERATION AT A SINGLE SITE.

21 (C) "ENERGY CONSERVATION" MEANS THE REDUCTION OF CUSTOMER
22 ENERGY USE THROUGH THE INSTALLATION OF MEASURES OR CHANGES IN
23 ENERGY USAGE BEHAVIOR. ENERGY CONSERVATION DOES NOT INCLUDE THE USE
24 OF ADVANCED CLEANER ENERGY SYSTEMS.

25 (D) "ENERGY EFFICIENCY" MEANS A DECREASE IN CUSTOMER
26 CONSUMPTION OF ELECTRICITY OR NATURAL GAS ACHIEVED THROUGH MEASURES
27 OR PROGRAMS THAT TARGET CUSTOMER BEHAVIOR, EQUIPMENT, DEVICES, OR

1 MATERIALS WITHOUT REDUCING THE QUALITY OF ENERGY SERVICES.

2 (E) "ENERGY STAR" MEANS THE VOLUNTARY PARTNERSHIP AMONG THE
3 UNITED STATES DEPARTMENT OF ENERGY, THE UNITED STATES ENVIRONMENTAL
4 PROTECTION AGENCY, PRODUCT MANUFACTURERS, LOCAL UTILITIES, AND
5 RETAILERS TO HELP PROMOTE ENERGY EFFICIENT PRODUCTS BY LABELING
6 WITH THE ENERGY STAR LOGO, TO EDUCATE CONSUMERS ABOUT THE BENEFITS
7 OF ENERGY EFFICIENCY, AND TO HELP PROMOTE ENERGY EFFICIENCY IN
8 BUILDINGS BY BENCHMARKING AND RATING ENERGY PERFORMANCE.

9 (F) "FEDERAL APPROVAL" MEANS APPROVAL BY THE APPLICABLE
10 REGIONAL TRANSMISSION ORGANIZATION OR OTHER FEDERAL ENERGY
11 REGULATORY COMMISSION APPROVED TRANSMISSION PLANNING PROCESS OF A
12 TRANSMISSION PROJECT THAT INCLUDES THE TRANSMISSION LINE. FEDERAL
13 APPROVAL MAY BE EVIDENCED IN ANY OF THE FOLLOWING MANNERS:

14 (i) THE PROPOSED TRANSMISSION LINE IS PART OF A TRANSMISSION
15 PROJECT INCLUDED IN THE APPLICABLE REGIONAL TRANSMISSION
16 ORGANIZATION'S BOARD-APPROVED TRANSMISSION EXPANSION PLAN.

17 (ii) THE APPLICABLE REGIONAL TRANSMISSION ORGANIZATION HAS
18 INFORMED THE ELECTRIC UTILITY, AFFILIATED TRANSMISSION COMPANY, OR
19 INDEPENDENT TRANSMISSION COMPANY THAT A TRANSMISSION PROJECT
20 SUBMITTED FOR AN OUT-OF-CYCLE PROJECT REVIEW HAS BEEN APPROVED BY
21 THE APPLICABLE REGIONAL TRANSMISSION ORGANIZATION, AND THE APPROVED
22 TRANSMISSION PROJECT INCLUDES THE PROPOSED TRANSMISSION LINE.

23 (iii) IF, AFTER OCTOBER 6, 2008, THE APPLICABLE REGIONAL
24 TRANSMISSION ORGANIZATION UTILIZES ANOTHER APPROVAL PROCESS FOR
25 TRANSMISSION PROJECTS PROPOSED BY AN ELECTRIC UTILITY, AFFILIATED
26 TRANSMISSION COMPANY, OR INDEPENDENT TRANSMISSION COMPANY, THE
27 PROPOSED TRANSMISSION LINE IS INCLUDED IN A TRANSMISSION PROJECT

1 APPROVED BY THE APPLICABLE REGIONAL TRANSMISSION ORGANIZATION
2 THROUGH THE APPROVAL PROCESS DEVELOPED AFTER OCTOBER 6, 2008.

3 (iv) ANY OTHER FEDERAL ENERGY REGULATORY COMMISSION APPROVED
4 TRANSMISSION PLANNING PROCESS FOR A TRANSMISSION PROJECT.

5 Sec. 7. As used in this act:

6 (a) "Gasification facility" means a facility located in this
7 state that uses a thermochemical process that does not involve
8 direct combustion to produce synthesis gas, composed of carbon
9 monoxide and hydrogen, from carbon-based feedstocks (such as coal,
10 petroleum coke, wood, biomass, hazardous waste, medical waste,
11 industrial waste, and solid waste, including, but not limited to,
12 municipal solid waste, electronic waste, and waste described in
13 section 11514 of the natural resources and environmental protection
14 act, 1994 PA 451, MCL 324.11514) and that uses the synthesis gas or
15 a mixture of the synthesis gas and methane to generate electricity
16 for commercial use. Gasification facility includes the transmission
17 lines, gas transportation lines and facilities, and associated
18 property and equipment specifically attributable to such a
19 facility. Gasification facility includes, but is not limited to, an
20 integrated gasification combined cycle facility and a plasma arc
21 gasification facility.

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

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

1 (d) "Industrial cogeneration facility" means a facility that
2 generates electricity using industrial thermal energy or industrial
3 waste energy.

4 (e) "Industrial thermal energy" means thermal energy that is a
5 by-product of an industrial or manufacturing process and that would
6 otherwise be wasted. For the purposes of this subdivision,
7 industrial or manufacturing process does not include the generation
8 of electricity.

9 (f) "Industrial waste energy" means exhaust gas or flue gas
10 that is a by-product of an industrial or manufacturing process and
11 that would otherwise be wasted. For the purposes of this
12 subdivision, industrial or manufacturing process does not include
13 the generation of electricity.

14 (g) "Integrated gasification combined cycle facility" means a
15 gasification facility that uses a thermochemical process, including
16 high temperatures and controlled amounts of air and oxygen, to
17 break substances down into their molecular structures and that uses
18 exhaust heat to generate electricity.

19 **(H) "INTEGRATED PYROLYSIS COMBINED CYCLE FACILITY" MEANS A**
20 **PYROLYSIS FACILITY THAT USES EXHAUST HEAT TO GENERATE ELECTRICITY.**

21 **(I)** ~~(h)~~—"LEED" means the leadership in energy and
22 environmental design green building rating system developed by the
23 United States green building council.

24 **(J)** ~~(i)~~—"Load management" means measures or programs that
25 target equipment or devices to result in decreased peak electricity
26 demand such as by shifting demand from a peak to an off-peak
27 period.

1 (K) "MEGAWATT", "MEGAWATT HOUR", OR "MEGAWATT HOUR OF
2 ELECTRICITY", UNLESS THE CONTEXT IMPLIES OTHERWISE, INCLUDES THE
3 STEAM EQUIVALENT OF A MEGAWATT OR MEGAWATT HOUR OF ELECTRICITY.

4 (l) ~~(j)~~—"Modified net metering" means a utility billing method
5 that applies the power supply component of the full retail rate to
6 the net of the bidirectional flow of kilowatt hours across the
7 customer interconnection with the utility distribution system,
8 during a billing period or time-of-use pricing period. A negative
9 net metered quantity during the billing period or during each time-
10 of-use pricing period within the billing period reflects net excess
11 generation for which the customer is entitled to receive credit
12 under section 177(4). Standby charges for modified net metering
13 customers on an energy rate schedule shall be equal to the retail
14 distribution charge applied to the imputed customer usage during
15 the billing period. The imputed customer usage is calculated as the
16 sum of the metered on-site generation and the net of the
17 bidirectional flow of power across the customer interconnection
18 during the billing period. The commission shall establish standby
19 charges for modified net metering customers on demand-based rate
20 schedules that provide an equivalent contribution to utility system
21 costs.

22 Sec. 9. As used in this act:

23 (a) "Natural gas provider" means an investor-owned business
24 engaged in the sale and distribution of natural gas within this
25 state whose rates are regulated by the commission. However, as used
26 in subpart B of part 2, natural gas provider does not include an
27 alternative gas supplier licensed under section 9b of 1939 PA 3,

1 MCL 460.9b.

2 (B) "PET COKE" MEANS A SOLID CARBONACEOUS RESIDUE PRODUCED
3 FROM A COKER AFTER CRACKING AND DISTILLATION FROM PETROLEUM
4 REFINING OPERATIONS.

5 (C) ~~(b)~~—"Plasma arc gasification facility" means a
6 gasification facility that uses a plasma torch to break substances
7 down into their molecular structures.

8 (D) ~~(e)~~—"Provider" means an electric provider or a natural gas
9 provider.

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

12 (F) "PYROLYSIS FACILITY" MEANS A FACILITY THAT EFFECTS
13 THERMOCHEMICAL DECOMPOSITION AT ELEVATED TEMPERATURES WITHOUT THE
14 PARTICIPATION OF OXYGEN, FROM CARBON-BASED FEEDSTOCKS SUCH AS COAL,
15 WOOD, BIOMASS, INDUSTRIAL WASTE, OR SOLID WASTE, INCLUDING, BUT NOT
16 LIMITED TO, WASTE DESCRIBED IN SECTION 11514 OF THE NATURAL
17 RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL
18 324.11514, BUT NOT INCLUDING PET COKE. PYROLYSIS FACILITY INCLUDES
19 THE TRANSMISSION LINES, GAS TRANSPORTATION LINES AND FACILITIES,
20 AND ASSOCIATED PROPERTY AND EQUIPMENT SPECIFICALLY ATTRIBUTABLE TO
21 THE FACILITY. PYROLYSIS FACILITY INCLUDES, BUT IS NOT LIMITED TO,
22 AN INTEGRATED PYROLYSIS COMBINED CYCLE FACILITY.

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

25 Sec. 11. As used in this act:

26 (a) "Renewable energy" means electricity **OR STEAM** generated
27 using a renewable energy system.

1 (b) "Renewable energy capacity portfolio" means the number of
2 megawatts calculated under section 27(2) for a particular year.

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

6 (d) "Renewable energy credit" means a credit granted pursuant
7 to section 41 that represents generated renewable energy.

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

11 (f) "Renewable energy credit standard" means a minimum
12 renewable energy portfolio required under section ~~27~~**27(3)**.

13 (g) "Renewable energy generator" means a person that, together
14 with its affiliates, has constructed or has owned and operated 1 or
15 more renewable energy systems with combined gross generating
16 capacity of at least 10 megawatts.

17 (h) "Renewable energy plan" or "plan", means a plan approved
18 under section 21 or 23 or found to comply with this act under
19 section 25, with any amendments adopted under this act.

20 (i) "Renewable energy resource", **SUBJECT TO SUBDIVISION (J)**,
21 ~~means a resource that naturally replenishes over a human, not a~~
22 ~~geological, time frame and that is ultimately derived from solar~~
23 ~~power, water power, or wind power. Renewable energy resource does~~
24 ~~not include petroleum, nuclear, natural gas, or coal. A renewable~~
25 ~~energy resource comes from the sun or from thermal inertia of the~~
26 ~~earth and minimizes the output of toxic material in the conversion~~
27 ~~of the energy and includes, but is not limited to, all **ANY** of the~~

1 following:

2 (i) Biomass.

3 (ii) Solar and solar thermal energy.

4 (iii) Wind energy.

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

7 (A) Waves, tides, or currents.

8 (B) Water released through a dam **OR HYDROELECTRIC PUMPED**
9 **STORAGE FACILITY.**

10 (v) Geothermal energy.

11 (vi) **THERMAL ENERGY PRODUCED FROM A GEOTHERMAL HEAT PUMP.**

12 (vii) ~~(vi)~~ **ANY OF THE FOLLOWING CLEANER ENERGY RESOURCES:**

13 (A) Municipal solid waste, **INCLUDING BOTH THE BIOGENIC AND**
14 **ANTHROPOGENIC FRACTIONS.**

15 (B) ~~(vii)~~ Landfill gas produced by municipal solid waste.

16 (C) **FUEL THAT HAS BEEN MANUFACTURED IN WHOLE OR SIGNIFICANT**
17 **PART FROM WASTE, INCLUDING, BUT NOT LIMITED TO, MUNICIPAL SOLID**
18 **WASTE OR WASTE DESCRIBED IN SECTION 11514 OF THE NATURAL RESOURCES**
19 **AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.11514. FUEL**
20 **THAT MEETS THE REQUIREMENTS OF THIS SUBPARAGRAPH INCLUDES, BUT IS**
21 **NOT LIMITED TO, MATERIAL THAT IS LISTED UNDER 40 CFR 241.3(B) OR**
22 **241.4(A) OR FOR WHICH A NON-WASTE DETERMINATION IS MADE BY THE**
23 **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY PURSUANT TO 40 CFR**
24 **241.3(C) .**

25 (J) **"RENEWABLE ENERGY RESOURCE" DOES NOT INCLUDE PET COKE.**

26 (K) ~~(j)~~ "Renewable energy standard" means the minimum
27 renewable energy capacity portfolio, if applicable, and the

1 renewable energy credit portfolio required to be achieved under
2 section 27.

3 ~~(l)~~ ~~(k)~~—"Renewable energy system" means a facility,
4 electricity generation system, or set of electricity generation
5 systems that use 1 or more renewable energy resources to generate
6 electricity **OR STEAM**. Renewable energy system does not include any
7 of the following:

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

9 ~~—— (ii) A hydroelectric facility that uses a dam constructed
10 after the effective date of this act unless the dam is a repair or
11 replacement of a dam in existence on the effective date of this act
12 or an upgrade of a dam in existence on the effective date of this
13 act that increases its energy efficiency.~~

14 ~~—— (iii) An **AN** incinerator unless the incinerator is a municipal
15 solid waste incinerator as defined in section 11504 of the natural
16 resources and environmental protection act, 1994 PA 451, MCL
17 324.11504. , that was brought into service before the effective
18 date of this act, including any of the following:~~

19 ~~—— (A) Any upgrade of such an incinerator that increases energy
20 efficiency.~~

21 ~~—— (B) Any expansion of such an incinerator before the effective
22 date of this act.~~

23 ~~—— (C) Any expansion of such an incinerator on or after the
24 effective date of this act to an approximate design rated capacity
25 of not more than 950 tons per day pursuant to the terms of a final
26 request for proposals issued on or before October 1, 1986.~~

27 ~~(M)~~ ~~(l)~~—"Revenue recovery mechanism" means the mechanism for

1 recovery of incremental costs of compliance established under
2 section 21.

3 Sec. 13. As used in this act:

4 (a) "Site" means a contiguous site, regardless of the number
5 of meters at that site. A site that would be contiguous but for the
6 presence of a street, road, or highway shall be considered to be
7 contiguous for the purposes of this subdivision.

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

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

19 ~~—— (d) "Utility system resource cost test" means a standard that~~
20 ~~is met for an investment in energy optimization if, on a life cycle~~
21 ~~basis, the total avoided supply-side costs to the provider,~~
22 ~~including representative values for electricity or natural gas~~
23 ~~supply, transmission, distribution, and other associated costs, are~~
24 ~~greater than the total costs to the provider of administering and~~
25 ~~delivering the energy optimization program, including net costs for~~
26 ~~any provider incentives paid by customers and capitalized costs~~
27 ~~recovered under section 89.~~

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

4 (E) ~~(f)~~—"Wind energy resource zone" or "wind zone" means an
5 area designated by the commission under section 147.

6 Sec. 21. (1) This section applies only to electric providers
7 whose rates are regulated by the commission.

8 (2) Each electric provider shall file a proposed renewable
9 energy plan with the commission within 90 days after the commission
10 issues a temporary order under section ~~171.~~ **191**. The proposed plan
11 shall meet all of the following requirements:

12 (a) Describe how the electric provider will meet the renewable
13 energy standards.

14 (b) Specify whether the number of megawatt hours of
15 electricity used in the calculation of the renewable energy credit
16 portfolio will be weather-normalized or based on the average number
17 of megawatt hours of electricity sold by the electric provider
18 annually during the previous 3 years to retail customers in this
19 state. Once the plan is approved by the commission, this option
20 shall not be changed.

21 (c) Include the expected incremental cost of compliance with
22 the renewable energy standards for a 20-year period beginning when
23 the plan is approved by the commission.

24 (d) For an electric provider that had 1,000,000 or more retail
25 customers in this state on January 1, 2008, describe the bidding
26 process to be used by the electric provider under section 33. The
27 description shall include measures to be employed in the

1 preparation of requests for proposals and the handling and
2 evaluation of proposals received to ensure that any bidder that is
3 an affiliate of the electric utility is not afforded a competitive
4 advantage over any other bidder and that each bidder, including any
5 bidder that is an affiliate of the electric provider, is treated in
6 a fair and nondiscriminatory manner.

7 (3) The proposed plan shall establish a nonvolumetric
8 mechanism for the recovery of the incremental costs of compliance
9 within the electric provider's customer rates. The revenue recovery
10 mechanism shall not result in rate impacts that exceed the monthly
11 maximum retail rate impacts specified under section 45. The revenue
12 recovery mechanism is subject to adjustment under sections 47(4)
13 and 49. A customer participating in a commission-approved voluntary
14 renewable energy program under an agreement in effect on ~~the~~
15 ~~effective date of this act~~ **OCTOBER 6, 2008** shall not incur charges
16 under the revenue recovery mechanism ~~unless~~ **EXCEPT TO THE EXTENT**
17 **THAT** the charges under the revenue recovery mechanism exceed the
18 charges the customer is incurring for the voluntary renewable
19 energy program. ~~In that case, the customer shall only incur the~~
20 ~~difference between the charge assessed under the revenue recovery~~
21 ~~mechanism and the charges the customer is incurring for the~~
22 ~~voluntary renewable energy program.~~ The limitation on charges
23 applies only during the term of the agreement, not including
24 automatic agreement renewals, or until ~~1 year after the effective~~
25 ~~date of this act,~~ **OCTOBER 6, 2009**, whichever is later. Before
26 entering an agreement with a customer to participate in a
27 commission-approved voluntary renewable energy program and before

1 the last automatic monthly renewal of such an agreement that will
2 occur ~~less than 1 year after the effective date of this act,~~ **BEFORE**
3 **OCTOBER 6, 2009**, an electric provider shall notify the customer
4 that the customer will be responsible for the full applicable
5 charges under the revenue recovery mechanism and under the
6 voluntary renewable energy program as provided under this
7 subsection.

8 (4) If proposed by the electric provider in its proposed plan,
9 the revenue recovery mechanism shall result in an accumulation of
10 reserve funds in advance of expenditure and the creation of a
11 regulatory liability that accrues interest at the average short-
12 term borrowing rate available to the electric provider during the
13 appropriate period. If proposed by the electric provider in its
14 proposed plan, the commission shall establish a minimum balance of
15 accumulated reserve funds for the purposes of section 47(4).

16 (5) The commission shall conduct a contested case hearing on
17 the proposed plan filed under subsection (2), pursuant to the
18 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
19 24.328. If a renewable energy generator files a petition to
20 intervene in the contested case in the manner prescribed by the
21 commission's rules for interventions generally, the commission
22 shall grant the petition. Subject to subsections (6) and (10),
23 after the hearing and within 90 days after the proposed plan is
24 filed with the commission, the commission shall approve, with any
25 changes consented to by the electric provider, or reject the plan.

26 (6) The commission shall not approve an electric provider's
27 plan unless the commission determines both of the following:

1 (a) That the plan is reasonable and prudent. In making this
2 determination, the commission shall take into consideration
3 projected costs and whether or not projected costs included in
4 prior plans were exceeded.

5 (b) That the life-cycle cost of renewable energy acquired or
6 generated under the plan less the projected life-cycle net savings
7 associated with the provider's **FORMER** energy optimization plan
8 **APPROVED UNDER FORMER SECTION 73** does not exceed the expected life-
9 cycle cost of electricity generated by a new conventional coal-
10 fired facility. In ~~determining the expected life-cycle cost of~~
11 ~~electricity generated by a new conventional coal-fired facility,~~
12 **MAKING THIS DETERMINATION**, the commission shall consider data from
13 this state and the states of Ohio, Indiana, Illinois, Wisconsin,
14 and Minnesota, including, if applicable, the life-cycle costs of
15 the renewable energy system and new conventional coal-fired
16 facilities. When determining the life-cycle costs of the renewable
17 energy system and new conventional coal-fired facilities, the
18 commission shall use a methodology that includes, but is not
19 limited to, consideration of the value of energy, capacity, and
20 ancillary services. The commission shall also consider other costs
21 such as transmission, economic benefits, and environmental costs,
22 including, but not limited to, greenhouse gas constraints or taxes.
23 In performing its assessment, the commission may utilize other
24 available data, including national or regional reports and data
25 published by federal or state governmental agencies, industry
26 associations, and consumer groups.

27 (7) An electric provider shall not begin recovery of the

1 incremental costs of compliance within its rates until the
2 commission has approved its proposed plan.

3 (8) Every 2 years after initial approval of a plan under
4 subsection (5), the commission shall review the plan. The
5 commission shall conduct a contested case hearing on the plan
6 pursuant to the administrative procedures act of 1969, 1969 PA 306,
7 MCL 24.201 to 24.328. The annual renewable cost reconciliation
8 under section 49 for that year may be joined with the overall plan
9 review in the same contested case hearing. Subject to subsections
10 (6) and (10), after the hearing, the commission shall approve, with
11 any changes consented to by the electric provider, or reject the
12 plan and any proposed amendments to the plan.

13 (9) If an electric provider proposes to amend its plan at a
14 time other than during the biennial review process under subsection
15 (8), the electric provider shall file the proposed amendment with
16 the commission. If the proposed amendment would modify the revenue
17 recovery mechanism, the commission shall conduct a contested case
18 hearing on the amendment pursuant to the administrative procedures
19 act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The annual
20 renewable cost reconciliation under section 49 may be joined with
21 the plan amendment in the same contested case proceeding. Subject
22 to subsections (6) and (10), after the hearing and within 90 days
23 after the amendment is filed, the commission shall approve, with
24 any changes consented to by the electric provider, or reject the
25 plan and the proposed amendment or amendments to the plan.

26 (10) If the commission rejects a proposed plan or amendment
27 under this section, the commission shall explain in writing the

1 reasons for its determination.

2 Sec. 27. (1) Subject to sections 31 and 45, and in addition to
3 the requirements of subsection (3), an electric provider that is an
4 electric utility with 1,000,000 or more retail customers in this
5 state as of January 1, 2008 shall achieve a renewable energy
6 capacity portfolio of not less than the following:

7 (a) For an electric provider with more than 1,000,000 but less
8 than 2,000,000 retail electric customers in this state on January
9 1, 2008, a renewable energy capacity portfolio of 200 megawatts by
10 December 31, 2013 and 500 megawatts by December 31, 2015.

11 (b) For an electric provider with more than 2,000,000 retail
12 electric customers in this state on January 1, 2008, a renewable
13 energy capacity portfolio of 300 megawatts by December 31, 2013 and
14 600 megawatts by December 31, 2015.

15 (2) An electric provider's renewable energy capacity portfolio
16 shall be calculated by adding the following:

17 (a) The nameplate capacity in megawatts of renewable energy
18 systems owned by the electric provider that were not in commercial
19 operation before ~~the effective date of this act.~~**OCTOBER 6, 2008.**

20 (b) The capacity in megawatts of renewable energy that the
21 electric provider is entitled to purchase under contracts that were
22 not in effect before ~~the effective date of this act.~~**OCTOBER 6,**
23 **2008.**

24 (3) Subject to sections 31 and 45, an electric provider shall
25 achieve a renewable energy credit portfolio as follows:

26 (a) In 2012, 2013, 2014, and 2015, a renewable energy credit
27 portfolio based on the sum of the following:

1 (i) The number of renewable energy credits from electricity
2 generated in the 1-year period preceding ~~the effective date of this~~
3 ~~act~~ **OCTOBER 6, 2008** that would have been transferred to the
4 electric provider pursuant to section 35(1), if this act had been
5 in effect during that 1-year period.

6 (ii) The number of renewable energy credits equal to the
7 number of megawatt hours of electricity produced or obtained by the
8 electric provider in the 1-year period preceding ~~the effective date~~
9 ~~of this act~~ **OCTOBER 6, 2008** from renewable energy systems for which
10 recovery in electric rates was approved ~~on the effective date of~~
11 ~~this act~~. **AS OF OCTOBER 6, 2008.**

12 (iii) Renewable energy credits in an amount calculated as
13 follows:

14 (A) Taking into account the number of renewable energy credits
15 under subparagraphs (i) and (ii), determine the number of
16 additional renewable energy credits that the electric provider
17 would need to reach a 10% renewable energy portfolio in that year.

18 (B) Multiply the number under sub-subparagraph (A) by 20% for
19 2012, 33% for 2013, 50% for 2014, and 100% for 2015.

20 (b) In 2016 and each year thereafter, maintain a renewable
21 energy credit portfolio that consists of at least the same number
22 of renewable energy credits as were required in 2015 under
23 subdivision (a).

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

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

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

3 (i) The number of weather-normalized megawatt hours of
4 electricity sold by the electric provider during the previous year
5 to retail customers in this state.

6 (ii) The average number of megawatt hours of electricity sold
7 by the electric provider annually during the previous 3 years to
8 retail customers in this state.

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

10 (5) Subject to subsection (6), each electric provider shall
11 meet the renewable energy credit standards with renewable energy
12 credits obtained by 1 or more of the following means:

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

15 (b) Purchasing or otherwise acquiring renewable energy credits
16 with or without the associated renewable energy.

17 (6) An electric provider may substitute energy optimization
18 credits, advanced cleaner energy credits with or without the
19 associated advanced cleaner energy, or a combination thereof for
20 renewable energy credits otherwise required to meet the renewable
21 energy credit standards if the substitution is approved by the
22 commission. However, commission approval is not required to
23 substitute advanced cleaner energy from industrial cogeneration for
24 renewable energy credits. The commission shall not approve a
25 substitution unless the commission determines that the substitution
26 is cost-effective compared to other sources of renewable energy
27 credits and, if the substitution involves advanced cleaner energy

1 credits, that the advanced cleaner energy system provides carbon
2 dioxide emissions benefits. In determining whether the substitution
3 of advanced cleaner energy credits is cost-effective, the
4 commission shall include as part of the costs of the system the
5 environmental costs attributed to the advanced cleaner energy
6 system, including the costs of environmental control equipment or
7 greenhouse gas constraints or taxes. The commission's
8 determinations shall be made after a contested case hearing that
9 includes consultation with the department of environmental quality
10 on the issue of carbon dioxide emissions benefits, if relevant, and
11 environmental costs.

12 (7) Under subsection (6), energy optimization credits,
13 advanced cleaner energy credits, or a combination thereof shall not
14 be used by a provider to meet more than 10% of the renewable energy
15 credit standards. Advanced cleaner energy from advanced cleaner
16 energy systems in existence on January 1, 2008 shall not be used by
17 a provider to meet more than 70% of this 10% limit. This 10% limit
18 does not apply to advanced cleaner energy credits from plasma arc
19 gasification.

20 (8) Substitutions under subsection (6) shall be made at the
21 following rates per renewable energy credit:

22 (a) One energy optimization credit.

23 (b) One advanced cleaner energy credit from plasma arc
24 gasification or industrial cogeneration.

25 (c) Ten advanced cleaner energy credits other than from plasma
26 arc gasification or industrial cogeneration.

27 **(9) WHEN AN ENERGY OPTIMIZATION CREDIT IS SUBSTITUTED FOR A**

1 RENEWABLE ENERGY CREDIT, THE ENERGY OPTIMIZATION CREDIT EXPIRES.
 2 THE COMMISSION SHALL ENSURE THAT EACH ENERGY OPTIMIZATION CREDIT
 3 SUBSTITUTED FOR A RENEWABLE ENERGY CREDIT IS PROPERLY ACCOUNTED
 4 FOR. ANY ENERGY OPTIMIZATION CREDITS OUTSTANDING ON JANUARY 1, 2017
 5 EXPIRE ON THAT DATE.

6 Sec. 39. (1) Except as otherwise provided in section 35(1), 1
 7 renewable energy credit shall be granted to the owner of a
 8 renewable energy system for each megawatt hour of electricity
 9 generated from the renewable energy system, subject to all of the
 10 following:

11 (a) If a renewable energy system uses both a renewable energy
 12 resource and a nonrenewable energy resource to generate electricity
 13 **OR STEAM**, the number of renewable energy credits granted shall be
 14 based on the percentage of the electricity **OR STEAM, OR BOTH**,
 15 generated from the renewable energy resource.

16 ~~———— (b) A renewable energy credit shall not be granted for~~
 17 ~~renewable energy generated from a municipal solid waste incinerator~~
 18 ~~to the extent that the renewable energy was generated by operating~~
 19 ~~the incinerator in excess of the greater of the following, as~~
 20 ~~applicable:~~

21 ~~———— (i) The incinerator's nameplate capacity rating on January 1,~~
 22 ~~2008.~~

23 ~~———— (ii) If the incinerator is expanded after the effective date~~
 24 ~~of this act to an approximate continuous design rated capacity of~~
 25 ~~not more than 950 tons per day pursuant to the terms of a final~~
 26 ~~request for proposals issued not later than October 1986, the~~
 27 ~~nameplate capacity rating required to accommodate that expansion.~~

1 **(B)** ~~(e)~~ A renewable energy credit shall not be granted for
2 renewable energy the renewable attributes of which are used by an
3 electric provider in a commission-approved voluntary renewable
4 energy program.

5 (2) ~~Subject to subsection (3), the~~ **THE** following additional
6 renewable energy credits, to be known as Michigan incentive
7 renewable energy credits, shall be granted under the following
8 circumstances:

9 (a) 2 renewable energy credits for each megawatt hour of
10 electricity from solar power.

11 (b) 1/5 renewable energy credit for each megawatt hour of
12 electricity generated from a renewable energy system, other than
13 wind, at peak demand time as determined by the commission.

14 (c) 1/5 renewable energy credit for each megawatt hour of
15 electricity generated from a renewable energy system during off-
16 peak hours, stored using advanced electric storage technology, ~~or a~~
17 ~~hydroelectric pumped storage facility,~~ and used during peak hours.
18 However, the number of renewable energy credits shall be calculated
19 based on the number of megawatt hours of renewable energy used to
20 charge the advanced electric storage technology, ~~or fill the pumped~~
21 ~~storage facility,~~ not the number of megawatt hours actually
22 discharged ~~or generated by discharge~~ from the advanced energy
23 storage ~~facility or pumped storage facility.~~ **TECHNOLOGY. FOR THE**
24 **PURPOSES OF THIS SUBDIVISION, HYDROELECTRIC PUMPED STORAGE IS NOT**
25 **AN ADVANCED ELECTRIC STORAGE TECHNOLOGY.**

26 ~~(d) 1/10 renewable energy credit for each megawatt hour of~~
27 ~~electricity generated from a renewable energy system constructed~~

1 ~~using equipment made in this state as determined by the commission.~~
2 ~~The additional credit under this subdivision is available for the~~
3 ~~first 3 years after the renewable energy system first produces~~
4 ~~electricity on a commercial basis.~~

5 ~~—— (c) 1/10 renewable energy credit for each megawatt hour of~~
6 ~~electricity from a renewable energy system constructed using a~~
7 ~~workforce composed of residents of this state as determined by the~~
8 ~~commission. The additional credit under this subdivision is~~
9 ~~available for the first 3 years after the renewable energy system~~
10 ~~first produces electricity on a commercial basis.~~

11 (3) A renewable energy credit expires at the earliest of the
12 following times:

13 (a) When used by an electric provider to comply with its
14 renewable energy credit standard.

15 ~~—— (b) When substituted for an energy optimization credit under~~
16 ~~section 77.~~

17 **(B)** ~~(c)~~ Three years after the end of the month in which the
18 renewable energy credit was generated.

19 (4) A renewable energy credit associated with renewable energy
20 generated within 120 days after the start of a calendar year may be
21 used to satisfy the prior year's renewable energy standard and
22 expires when so used.

23 Sec. 43. (1) One advanced cleaner energy credit shall be
24 granted to the owner of an advanced cleaner energy system for each
25 megawatt hour of electricity generated from the advanced cleaner
26 energy system. However, if an advanced cleaner energy system uses
27 both an advanced cleaner energy technology and an energy technology

1 that is not an advanced cleaner energy technology to generate
2 electricity, the number of advanced cleaner energy credits granted
3 shall be based on the percentage of the electricity generated from
4 the advanced cleaner energy technology. If a facility or system,
5 such as a gasification facility using biomass as feedstock,
6 qualifies as both an advanced cleaner energy system and a renewable
7 energy system, at the owner's option, either an advanced cleaner
8 energy credit or a renewable energy credit, but not both, may be
9 granted for any given megawatt hour of electricity generated by the
10 facility or system.

11 (2) An advanced cleaner energy credit expires at the earliest
12 of the following times:

13 (a) When substituted for a renewable energy credit under
14 section 27. ~~or an energy optimization credit under section 77.~~

15 (b) 3 years after the end of the month in which the advanced
16 cleaner energy credit was generated.

17 (3) Advanced cleaner energy credits may be traded, sold, or
18 otherwise transferred.

19 (4) The commission shall establish an advanced cleaner energy
20 credit certification and tracking program. The certification and
21 tracking program may be contracted to and performed by a third
22 party through a system of competitive bidding. The program shall
23 include all of the following:

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

1 (b) A process for verifying that the operator of an advanced
2 cleaner energy system is in compliance with state and federal law
3 applicable to the operation of the advanced cleaner energy system
4 when certification is granted. If an advanced cleaner energy system
5 becomes noncompliant with state or federal law, advanced cleaner
6 energy credits shall not be granted for advanced cleaner energy
7 generated by that advanced cleaner energy system during the period
8 of noncompliance.

9 (c) A method for determining the date on which an advanced
10 cleaner energy credit is generated and valid for transfer.

11 (d) A method for transferring advanced cleaner energy credits.

12 (e) A method for ensuring that each advanced cleaner energy
13 credit transferred is properly accounted for.

14 (f) Allowance for issuance, transfer, and use of advanced
15 cleaner energy credits in electronic form.

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

19 (5) An advanced cleaner energy credit purchased from an
20 advanced cleaner energy system in this state is not required to be
21 used in this state.

22 Sec. 45. (1) For an electric provider whose rates are
23 regulated by the commission, the commission shall determine the
24 appropriate charges for the electric provider's tariffs that permit
25 recovery of the incremental cost of compliance subject to the
26 retail rate impact limits set forth in subsection (2).

27 (2) An electric provider shall recover the incremental cost of

1 compliance with the renewable energy standards by an itemized
2 charge on the customer's bill for billing periods beginning not
3 earlier than 90 days after the commission approves the electric
4 provider's renewable energy plan under section 21 or 23 or
5 determines under section 25 that the plan complies with this act.
6 An electric provider shall not comply with the renewable energy
7 standards to the extent that, as determined by the commission,
8 recovery of the incremental cost of compliance will have a retail
9 rate impact that exceeds any of the following:

10 (a) \$3.00 per month per residential customer meter.

11 (b) \$16.58 per month per commercial secondary customer meter.

12 (c) \$187.50 per month per commercial primary or industrial
13 customer meter.

14 (3) The retail rate impact limits of subsection (2) apply only
15 to the incremental costs of compliance and do not apply to costs
16 approved for recovery by the commission other than as provided in
17 this act.

18 (4) The incremental cost of compliance shall be calculated for
19 a 20-year period beginning with approval of the renewable energy
20 plan and shall be recovered on a levelized basis.

21 (5) In its billing statements for a residential customer, each
22 provider shall report to the residential customer all of the
23 following in a format consistent with other information on the
24 customer bill:

25 (a) An itemized monthly charge, expressed in dollars and
26 cents, collected from the customer for implementing the renewable
27 energy program requirements of this act. In the first bill issued

1 after the close of the previous year, an electric provider shall
2 notify each residential customer that the customer may be entitled
3 to an income tax credit to offset some of the annual amounts
4 collected for the renewable energy program.

5 ~~—— (b) An itemized monthly charge, expressed in dollars and
6 cents, collected from the customer for implementing the energy
7 optimization program requirements of this act.~~

8 ~~—— (c) An estimated monthly savings, expressed in dollars and
9 cents, for that customer to reflect the reductions in the monthly
10 energy bill produced by the energy optimization program under this
11 act.~~

12 **(B)** ~~(d)~~—An estimated monthly savings, expressed in dollars and
13 cents, for that customer to reflect the long-term, life-cycle,
14 levelized costs of building and operating new conventional coal-
15 fired electric generating power plants avoided under this act as
16 determined by the commission.

17 **(C)** ~~(e)~~—The website address at which the commission's annual
18 report under section 51 is posted.

19 (6) For the first year of the programs under this part, the
20 values reported under subsection (5) shall be estimates by the
21 commission. The values in following years shall be based on the
22 provider's actual customer experiences. ~~If the provider is unable
23 to provide customer-specific information under subsection (5) (b) or
24 (c), it shall instead specify the state average itemized charge or
25 savings, as applicable, for residential customers. The provider
26 shall make this calculation based on a method approved by the
27 commission.~~

1 (7) In determining long-term, life-cycle, levelized costs of
2 building and operating and acquiring nonrenewable electric
3 generating capacity and energy for the purpose of subsection
4 ~~(5)(d)~~, **(5)(B)**, the commission shall consider historic and
5 predicted costs of financing, construction, operation, maintenance,
6 fuel supplies, environmental protection, and other appropriate
7 elements of energy production. For purposes of this comparison, the
8 capacity of avoided new conventional coal-fired electric generating
9 facilities shall be expressed in megawatts and avoided new
10 conventional coal-fired electricity generation shall be expressed
11 in megawatt hours. Avoided costs shall be measured in cents per
12 kilowatt hour.

13 Sec. 77. (1) Except as provided in section 81 and subject to
14 the sales revenue expenditure limits in section 89, an electric
15 provider's energy optimization programs under this subpart shall
16 collectively achieve the following minimum energy savings:

17 (a) Biennial incremental energy savings in 2008-2009
18 equivalent to 0.3% of total annual retail electricity sales in
19 megawatt hours in 2007.

20 (b) Annual incremental energy savings in 2010 equivalent to
21 0.5% of total annual retail electricity sales in megawatt hours in
22 2009.

23 (c) Annual incremental energy savings in 2011 equivalent to
24 0.75% of total annual retail electricity sales in megawatt hours in
25 2010.

26 (d) Annual incremental energy savings in 2012, 2013, 2014, and
27 2015 and, subject to section 97, each year thereafter equivalent to

1 1.0% of total annual retail electricity sales in megawatt hours in
2 the preceding year. **HOWEVER, FOR A MUNICIPALLY-OWNED ELECTRIC**
3 **UTILITY OR A COOPERATIVE ELECTRIC UTILITY, THE 1.0% ENERGY**
4 **OPTIMIZATION STANDARD SHALL BE PRORATED FOR THE PARTIAL FINAL**
5 **CALENDAR YEAR OF THE ENERGY OPTIMIZATION PROGRAM UNDER THIS ACT.**
6 **THE ENERGY OPTIMIZATION PROGRAM FOR A MUNICIPALLY-OWNED ELECTRIC**
7 **UTILITY OR A COOPERATIVE ELECTRIC UTILITY ENDS 180 DAYS AFTER THE**
8 **ENACTMENT DATE OF THE 2016 ACT THAT AMENDED THIS SECTION.**

9 (2) **SUBSECTION (1) DOES NOT APPLY TO AN ELECTRIC PROVIDER FOR**
10 **WHICH AN INTEGRATED RESOURCE PLAN THAT INCLUDES ENERGY OPTIMIZATION**
11 **REQUIREMENTS HAS BEEN APPROVED UNDER SECTION 6T OF 1939 PA 3, MCL**
12 **460.6T.** If an electric provider uses load management to achieve
13 energy savings under its energy optimization plan, the minimum
14 energy savings required under subsection (1) shall be adjusted by
15 an amount such that the ratio of the minimum energy savings to the
16 sum of maximum expenditures under section 89 and the load
17 management expenditures remains constant.

18 (3) ~~A~~-**SUBJECT TO THE SALES REVENUE EXPENDITURE LIMITS IN**
19 **SECTION 89, A** natural gas provider shall meet the following minimum
20 energy optimization standards using energy efficiency programs
21 under this subpart:

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

25 (b) Annual incremental energy savings in 2010 equivalent to
26 0.25% of total annual retail natural gas sales in decatherms or
27 equivalent MCFs in 2009.

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

4 (d) Annual incremental energy savings in 2012, 2013, 2014, and
5 2015 and, subject to section 97, each year thereafter equivalent to
6 0.75% of total annual retail natural gas sales in decatherms or
7 equivalent MCFs in the preceding year.

8 (4) Incremental energy savings under subsection (1) or (3) for
9 the 2008-2009 biennium or any year thereafter shall be determined
10 for a provider by adding the energy savings expected to be achieved
11 during a 1-year period by energy optimization measures implemented
12 during the 2008-2009 biennium or any year thereafter under any
13 energy efficiency programs consistent with the provider's energy
14 ~~efficiency~~**OPTIMIZATION** plan.

15 (5) For purposes of calculations under subsection (1) or (3),
16 total annual retail electricity or natural gas sales in a year
17 shall be based on 1 of the following at the option of the provider
18 as specified in its energy optimization plan:

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

23 (b) The average number of megawatt hours or decatherms or
24 equivalent MCFs sold by the provider during the 3 years preceding
25 the biennium or year for which incremental energy savings are being
26 calculated.

27 (6) For any year after 2012, an electric provider may

1 substitute renewable energy credits associated with renewable
2 energy generated that year from a renewable energy system
3 constructed after ~~the effective date of this act,~~ **OCTOBER 6, 2008,**
4 advanced cleaner energy credits other than credits from industrial
5 cogeneration using industrial waste energy, load management that
6 reduces overall energy usage, or a combination thereof for energy
7 optimization credits otherwise required to meet the energy
8 optimization ~~performance~~ standard, if the substitution is approved
9 by the commission. The commission shall not approve a substitution
10 unless the commission determines that the substitution is cost-
11 effective and, if the substitution involves advanced cleaner energy
12 credits, that the advanced cleaner energy system provides carbon
13 dioxide emissions benefits. In determining whether the substitution
14 of advanced cleaner energy credits is cost-effective compared to
15 other available energy optimization measures, the commission shall
16 consider the environmental costs related to the advanced cleaner
17 energy system, including the costs of environmental control
18 equipment or greenhouse gas constraints or taxes. The commission's
19 determinations shall be made after a contested case hearing that
20 includes consultation with the department of environmental quality
21 on the issue of carbon dioxide emissions benefits, if relevant, and
22 environmental costs.

23 (7) Renewable energy credits, advanced cleaner energy credits,
24 load management that reduces overall energy usage, or a combination
25 thereof shall not be used by a provider to meet more than 10% of
26 the energy optimization standard. Substitutions for energy
27 optimization credits shall be made at the following rates per

1 energy optimization credit:

2 (a) 1 renewable energy credit.

3 (b) 1 advanced cleaner energy credit from plasma arc
4 gasification.

5 (c) 4 advanced cleaner energy credits other than from plasma
6 arc gasification.

7 Sec. 89. (1) The commission shall allow a provider whose rates
8 are regulated by the commission to recover the actual costs of
9 implementing its approved energy optimization plan **INCURRED BEFORE**
10 **JANUARY 1, 2019**. However, ~~costs~~ **ALL OF THE FOLLOWING APPLY:**

11 **(A) THE COMMISSION SHALL ALLOW A COOPERATIVE ELECTRIC UTILITY**
12 **WHOSE RATES ARE REGULATED BY THE COMMISSION TO RECOVER SUCH COSTS**
13 **ONLY IF INCURRED BEFORE 180 DAYS AFTER THE ENACTMENT DATE OF THE**
14 **2016 ACT THAT AMENDED THIS SECTION.**

15 **(B) COSTS** exceeding the overall funding levels specified in
16 the energy optimization plan are not recoverable unless those costs
17 are reasonable and prudent and meet the utility system resource
18 cost test. ~~Furthermore, costs~~

19 **(C) COSTS** for load management undertaken pursuant to an energy
20 optimization plan are not recoverable as energy optimization
21 program costs under this section, but may be recovered as described
22 in section 95.

23 (2) Under subsection (1), costs shall be recovered from all
24 natural gas customers and from residential electric customers by
25 volumetric charges, from all other metered electric customers by
26 per-meter charges, and from unmetered electric customers by an
27 appropriate charge, applied to utility bills as an itemized charge.

1 (3) For the electric primary customer rate class customers of
2 electric providers and customers of natural gas providers with an
3 aggregate annual natural gas billing demand of more than 100,000
4 decatherms or equivalent MCFs for all sites in the natural gas
5 utility's service territory, the cost recovery under subsection (1)
6 shall not exceed 1.7% of total retail sales revenue for that
7 customer class **FOR THE PERIOD FOR WHICH COSTS ARE BEING RECOVERED.**
8 For electric secondary customers and for residential customers, the
9 cost recovery shall not exceed 2.2% of total retail sales revenue
10 for those customer classes **FOR THE PERIOD FOR WHICH COSTS ARE BEING**
11 **RECOVERED.**

12 (4) Upon petition by a provider whose rates are regulated by
13 the commission, the commission shall authorize the provider to
14 capitalize all energy efficiency and energy conservation equipment,
15 materials, and installation costs with an expected economic life
16 greater than 1 year incurred in implementing its energy
17 optimization plan, including such costs paid to third parties, such
18 as customer rebates and customer incentives. The provider shall
19 also propose depreciation treatment with respect to its capitalized
20 costs in its energy optimization plan, and the commission shall
21 order reasonable depreciation treatment related to these
22 capitalized costs. A provider shall not capitalize payments made to
23 an independent energy optimization program administrator under
24 section 91.

25 (5) The established funding level for low income residential
26 programs shall be provided from each customer rate class in
27 proportion to that customer rate class's funding of the provider's

1 total energy optimization programs. Charges shall be applied to
2 distribution customers regardless of the source of their
3 electricity or natural gas supply.

4 (6) The commission shall authorize a natural gas provider that
5 spends a minimum of 0.5% of total natural gas retail sales
6 revenues, including natural gas commodity costs, in a year on
7 commission-approved energy optimization programs to implement a
8 symmetrical revenue decoupling true-up mechanism that adjusts for
9 sales volumes that are above or below the projected levels that
10 were used to determine the revenue requirement authorized in the
11 natural gas provider's most recent rate case. In determining the
12 symmetrical revenue decoupling true-up mechanism utilized for each
13 provider, the commission shall give deference to the proposed
14 mechanism submitted by the provider. The commission may approve an
15 alternative mechanism if the commission determines that the
16 alternative mechanism is reasonable and prudent. The commission
17 shall authorize the natural gas provider to decouple rates
18 regardless of whether the natural gas provider's energy
19 optimization programs are administered by the provider or an
20 independent energy optimization program administrator under section
21 91.

22 (7) A natural gas provider or an electric provider shall not
23 spend more than the following percentage of total utility retail
24 sales revenues, including electricity or natural gas commodity
25 costs, in any year to comply with ~~the~~ **AN APPLICABLE** energy
26 optimization performance standard without specific approval from
27 the commission:

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

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

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

4 (d) In 2012 and each year thereafter **THROUGH 2018**, 2.0% of
5 total retail sales revenues for the 2 years preceding. **HOWEVER, FOR**
6 **A MUNICIPALLY-OWNED ELECTRIC UTILITY OR A COOPERATIVE ELECTRIC**
7 **UTILITY, THE 2.0% SPENDING CAP SHALL BE PRORATED FOR THE PARTIAL**
8 **FINAL CALENDAR YEAR OF ITS ENERGY OPTIMIZATION PROGRAM.**

9 Sec. 91. (1) Except for section 89(6), sections ~~71 to 87~~ **AND**
10 89 do not apply to a provider that pays the following percentage of
11 total utility sales revenues, including electricity or natural gas
12 commodity costs, each year to an independent energy optimization
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 **THROUGH 2018**, 2.0% of
18 total retail sales revenues for the 2 years preceding **THAT YEAR.**

19 **HOWEVER, FOR A MUNICIPALLY-OWNED ELECTRIC UTILITY OR A COOPERATIVE**
20 **ELECTRIC UTILITY, THE 2.0% FIGURE IN THIS SUBDIVISION SHALL BE**
21 **PRORATED FOR THE PARTIAL FINAL CALENDAR YEAR OF ITS ENERGY**
22 **OPTIMIZATION PROGRAM.**

23 (2) An alternative compliance payment received from a provider
24 by the energy optimization program administrator under subsection
25 (1) shall be used to administer energy efficiency programs for the
26 provider. Money unspent in a year shall be carried forward to be
27 spent in the subsequent year.

1 (3) The commission shall allow a provider to recover an
2 alternative compliance payment under subsection (1). This cost
3 shall be recovered from residential customers by volumetric
4 charges, from all other metered customers by per-meter charges, and
5 from unmetered customers by an appropriate charge, applied to
6 utility bills.

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

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

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

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

24 Sec. 93. (1) An eligible electric customer is exempt from
25 charges the customer would otherwise incur as an electric customer
26 under section 89 or 91 if the customer files with its electric
27 provider and implements **THROUGH DECEMBER 31, 2018** a self-directed

1 energy optimization plan as provided in this section. **HOWEVER, TO**
2 **BE EXEMPT FROM THOSE CHARGES, THE CUSTOMER OF A MUNICIPALLY-OWNED**
3 **ELECTRIC UTILITY OR A COOPERATIVE ELECTRIC UTILITY SHALL IMPLEMENT**
4 **ITS SELF-DIRECTED ENERGY OPTIMIZATION PLAN UNTIL 180 DAYS AFTER THE**
5 **ENACTMENT DATE OF THE 2016 ACT THAT AMENDED THIS SECTION.**

6 (2) Subject to subsection (3), an electric customer is not
7 eligible under subsection (1) unless it is a commercial or
8 industrial electric customer and meets all of the following
9 requirements:

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

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

18 (c) In 2014 or any year thereafter, the customer or customers
19 must have had an annual peak demand in the preceding year of at
20 least 1 megawatt in the aggregate at all sites to be covered by the
21 self-directed plan.

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

27 (4) The commission shall by order establish the rates, terms,

1 and conditions of service for customers related to this subpart.

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

3 (a) Require a customer to utilize the services of an energy
4 optimization service company to develop and implement a self-
5 directed plan. This subdivision does not apply to a customer that
6 had an annual peak demand in the preceding year of at least 2
7 megawatts at each site to be covered by the self-directed plan or
8 10 megawatts in the aggregate at all sites to be covered by the
9 self-directed plan.

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

12 (c) Provide a mechanism to cover the costs of the low income
13 energy optimization program under section 89.

14 (6) All of the following apply to a self-directed energy
15 optimization plan under subsection (1):

16 (a) The self-directed plan shall be a multiyear plan for an
17 ongoing energy optimization program.

18 (b) The self-directed plan shall provide for aggregate energy
19 savings that each year meet or exceed the energy optimization
20 standards based on the electricity purchases in the previous year
21 for the site or sites covered by the self-directed plan.

22 (c) Under the self-directed plan, energy optimization shall be
23 calculated based on annual electricity usage. Annual electricity
24 usage shall be normalized so that none of the following are
25 included in the calculation of the percentage of incremental energy
26 savings:

27 (i) Changes in electricity usage because of changes in

1 business activity levels not attributable to energy optimization.

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

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

10 (e) The self-directed plan shall outline how the customer
11 intends to achieve the incremental energy savings specified in the
12 self-directed plan.

13 (7) A self-directed energy optimization plan shall be
14 incorporated into the relevant electric provider's energy
15 optimization plan. The self-directed plan and information submitted
16 by the customer under subsection ~~(10)~~ **(9)** are confidential and
17 exempt from disclosure under the freedom of information act, 1976
18 PA 442, MCL 15.231 to 15.246. Projected energy savings from
19 measures implemented under a self-directed plan shall be attributed
20 to the relevant provider's energy optimization programs for the
21 purposes of determining annual incremental energy savings achieved
22 by the provider. ~~under section 77 or 81, as applicable.~~

23 (8) Once a customer begins to implement a self-directed plan
24 at a site covered by the self-directed plan, that site is exempt
25 from energy optimization program charges under section 89 or 91 and
26 is not eligible to participate in the relevant electric provider's
27 energy optimization programs.

1 (9) A customer implementing a self-directed energy
2 optimization plan under this section shall annually submit to the
3 customer's electric provider a brief report documenting the energy
4 efficiency measures taken under the self-directed plan during the
5 previous year, and the corresponding energy savings that will
6 result. The report shall provide sufficient information for the
7 provider and the commission to monitor progress toward the goals in
8 the self-directed plan and to develop reliable estimates of the
9 energy savings that are being achieved from self-directed plans.
10 The customer report shall indicate the level of incremental energy
11 savings achieved for the year covered by the report and whether
12 that level of incremental energy savings meets the goal set forth
13 in the customer's self-directed plan. If a customer submitting a
14 report under this subsection wishes to amend its self-directed
15 plan, the customer shall submit with the report an amended self-
16 directed plan. A report under this subsection shall be accompanied
17 by an affidavit from a knowledgeable official of the customer that
18 the information in the report is true and correct to the best of
19 the official's knowledge and belief. If the customer has retained
20 an independent energy optimization service company, the
21 requirements of this subsection shall be met by the energy
22 optimization service company.

23 (10) An electric provider shall provide an annual report to
24 the commission that identifies customers implementing self-directed
25 energy optimization plans and summarizes the results achieved
26 cumulatively under those self-directed plans. The commission may
27 request additional information from the electric provider. If the

1 commission has sufficient reason to believe the information is
2 inaccurate or incomplete, it may request additional information
3 from the customer to ensure accuracy of the report.

4 (11) If the commission determines after a contested case
5 hearing that the minimum energy optimization goals under subsection
6 (6) (b) have not been achieved at the sites covered by a self-
7 directed plan, in aggregate, the commission shall order the
8 customer or customers collectively to pay to this state an amount
9 calculated as follows:

10 (a) Determine the proportion of the shortfall in achieving the
11 minimum energy optimization goals under subsection (6) (b).

12 (b) Multiply the figure under subdivision (a) by the energy
13 optimization charges from which the customer or customers
14 collectively were exempt under subsection (1).

15 (c) Multiply the product under subdivision (b) by a number not
16 less than 1 or greater than 2, as determined by the commission
17 based on the reasons for failure to meet the minimum energy
18 optimization goals.

19 (12) If a customer has submitted a self-directed plan to an
20 electric provider, the customer, the customer's energy optimization
21 service company, if applicable, or the electric provider shall
22 provide a copy of the self-directed plan to the commission upon
23 request.

24 (13) By September 1, 2010, following a public hearing, the
25 commission shall establish an approval process for energy
26 optimization service companies. The approval process shall ensure
27 that energy optimization service companies have the expertise,

1 resources, and business practices to reliably provide energy
2 optimization services that meet the requirements of this section.
3 The commission may adopt by reference the past or current standards
4 of a national or regional certification or licensing program for
5 energy optimization service companies. However, the approval
6 process shall also provide an opportunity for energy optimization
7 service companies that are not recognized by such a program to be
8 approved by posting a bond in an amount determined by the
9 commission and meeting any other requirements adopted by the
10 commission for the purposes of this subsection. The approval
11 process for energy optimization service companies shall require
12 adherence to a code of conduct governing the relationship between
13 energy optimization service companies and electric providers.

14 (14) The department of ~~energy, labor, and economic growth~~
15 **LICENSING AND REGULATORY AFFAIRS** shall maintain on the department's
16 website a list of energy optimization service companies approved
17 under subsection (13).

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

19 (a) Promote load management in appropriate circumstances.

20 (b) Actively pursue increasing public awareness of load
21 management techniques.

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

24 (d) Work with residential, commercial, and industrial
25 customers to reduce annual demand and conserve energy through load
26 management techniques and other activities it considers
27 appropriate. The commission shall file a report with the

1 legislature by December 31, 2010 on the effort to reduce peak
2 demand. The report shall also include any recommendations for
3 legislative action concerning load management that the commission
4 considers necessary.

5 (2) The commission may allow a provider whose rates are
6 regulated by the commission to recover costs for load management
7 undertaken **BEFORE JANUARY 1, 2019** pursuant to an energy
8 optimization plan through base rates as part of a proceeding under
9 section 6 of 1939 PA 3, MCL 460.6, if the costs are reasonable and
10 prudent and meet the utility systems resource cost test. **HOWEVER,**
11 **THE COMMISSION MAY ALLOW A COOPERATIVE ELECTRIC UTILITY WHOSE RATES**
12 **ARE REGULATED BY THE COMMISSION TO SO RECOVER COSTS FOR LOAD**
13 **MANAGEMENT UNDERTAKEN BEFORE 180 DAYS AFTER THE ENACTMENT DATE OF**
14 **THE 2016 ACT THAT AMENDED THIS SECTION.**

15 (3) The commission shall do all of the following:

16 (a) Promote energy efficiency and energy conservation.

17 (b) Actively pursue increasing public awareness of energy
18 conservation and energy efficiency.

19 (c) Actively engage in energy conservation and energy
20 efficiency efforts with providers.

21 (d) Engage in regional efforts to reduce demand for energy
22 through energy conservation and energy efficiency.

23 (e) By November 30, 2009, and each year thereafter, submit to
24 the standing committees of the senate and house of representatives
25 with primary responsibility for energy and environmental issues a
26 report on the effort to implement energy conservation and energy
27 efficiency programs or measures. The report may include any

1 recommendations of the commission for energy conservation
2 legislation.

3 (4) This subpart does not limit the authority of the
4 commission, following an integrated resource plan proceeding and as
5 part of a rate-making process, to allow a provider whose rates are
6 regulated by the commission to recover for ~~additional prudent~~
7 energy efficiency and energy conservation measures. ~~not included in~~
8 ~~the provider's energy optimization plan if the provider has met the~~
9 ~~requirements of the energy optimization program.~~

10 Enacting section 1. (1) Sections 1, 3, 5, 7, 9, 11, 39, and 77
11 of the clean, renewable, and efficient energy act, 2008 PA 295, MCL
12 460.1001, 460.1003, 460.1005, 460.1007, 460.1009, 460.1011,
13 460.1039, and 460.1077, as amended by this amendatory act, take
14 effect 90 days after the date this amendatory act is enacted into
15 law. Section 29 of the clean, renewable, and efficient energy act,
16 2008 PA 295, MCL 460.1029, is repealed effective 90 days after the
17 date this amendatory act is enacted into law.

18 (2) Sections 21, 27, and 43 of the clean, renewable, and
19 efficient energy act, 2008 PA 295, MCL 460.1021, 460.1027, and
20 460.1043, as amended by this amendatory act, take effect January 1,
21 2016.

22 (3) Sections 13 and 45 of the clean, renewable, and efficient
23 energy act, 2008 PA 295, MCL 460.1013 and 460.1045, as amended by
24 this amendatory act, take effect January 1, 2017.

25 (4) Sections 71 to 85 of the clean, renewable, and efficient
26 energy act, 2008 PA 295, MCL 460.1071 to 460.1087 and 460.1097, are
27 repealed effective January 1, 2019.

1 (5) Section 5a of the clean, renewable, and efficient energy
2 act, 2008 PA 295, MCL 460.1005a, as added by this amendatory act,
3 takes effect January 1, 2020. Sections 87 to 93 and 97 of the
4 clean, renewable, and efficient energy act, 2008 PA 295, MCL
5 460.1087 to 460.1093 and 460.1097, are repealed effective January
6 1, 2020.

**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 ~~efficiency~~ **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) (c)** ~~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 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.

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)
SEMCO ENERGY, INC., to fully comply)
with Public Act 295 of 2008.)

Case No. U-17790

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

Case No. U-17781

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

Case No. U-17783

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

Case No. U-17786

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
ALGER-DELTA CO-OPERATIVE ELECTRIC)
ASSOCIATION to fully comply with)
Public Act 295 of 2008.)

Case No. U-17778

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

Case No. U-17779

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

Case No. U-17780

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

Case No. U-17782

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

Case No. U-17784

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
PRESQUE ISLE ELECTRIC AND GAS CO-OP)
to fully comply with Public Act 295 of 2008.)
_____)
)

Case No. U-17785

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

Case No. U-17787

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

Case No. U-17381

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)
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

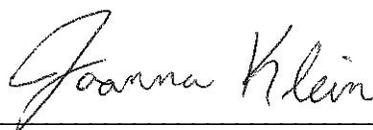
P R O O F O F S E R V I C E

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
Tom White
P.O. Box 32
Gladstone MI 49837

Grand Haven Board of Light & Power
Annette Allen
1700 Eaton Drive
Grand Haven MI 49417

City of Harbor Springs
Fred Geuder
160 Zoll Street
P.O. Box 678
Harbor Springs MI 49740

Hart Hydro Electric
Stanley Rickard
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.
2200 Wright Street
Marquette MI 49855

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

Negaunee Department of Public Works
Gerald Peterson
100 Silver Street
P.O. Box 70
Negaunee MI 49866

Newberry Water & Light Board
Bill McNamara
307 E. McMillan Avenue
Newberry MI 49868

Niles Utilities Department
Jeff Dunlap
333 N. Second Street
Niles MI 49120

City of Norway
Dept. of Power & Light
Joe Pickart
915 Main Street, PO Box 99
Norway MI 49870

Village of Paw Paw
Larry Nielsen
110 Harry L. Bush Blvd.
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
108 W. Saginaw Street
St. Louis MI 48880

City of Stephenson
Peter Getzen
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
401 N. Ninth Avenue, PO Box 188
Alpena MI 49707

Consumers Energy Company a/k/a CMS Energy
Melissa M. Gleespen
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
Robert L. Hance, President & CEO
901 East State Street
P.O. Box 127
Cassopolis MI 49031

Thumb Electric Cooperative
Dallas Braun, General Manager
2231 Main Street
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.
C.J. Melchior, Manager
7400 Iron River Dam Road
Iron River WI 54847

Cherryland Electric Cooperative
Anthony A. Anderson, General Manager
5930 U.S. 31 South
P.O. Box 298
Grawn MI 49637

Great Lakes Energy Cooperative
Steven L. Boeckman, President & CEO
1323 Boyne Avenue
P.O. Box 70
Boyne City MI 49712-0070

Ontonagon County Rural Electrification
Association
Thomas A. Haarala, Manager
500 James K Paul Street
Ontonagon MI 49953-1428

Presque Isle Electric & Gas Co-Op
Brian Burns, President & CEO
19831 M-68 Highway
P.O. Box 308
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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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.