

Summary of Michigan Renewable Energy Proposed Legislation, 2005-2006
(Based on a search of Agriculture, Energy & Public Utilities bills)
June, 2006

RPS Bills

House Bill 4154 (2005)

Last Action: 2/2/2005 - referred to Committee on [Energy and Technology](#)

A bill to require certain providers of electric service to comply with a portfolio standard for renewable energy; to prescribe the powers and duties of certain state agencies and officials; and to provide for penalties.

(a) "Biomass" means any organic matter that is available on a renewable basis, including, but not limited to, all of the

following:

(i) Agricultural crops and agricultural wastes and residues.

(ii) Wood and wood wastes and residues.

(iii) Animal wastes.

(iv) Municipal wastes.

(v) Aquatic plants.

(d) "Provider" means any person or entity that is in the business of selling electricity to retail customers in this state.

(e) "Renewable energy" means any of the following:

(i) Biomass.

(ii) Geothermal energy.

(iii) Solar thermal energy.

(iv) Wind energy.

(f) "Renewable energy system" means any of the following:

(i) A facility or energy system that uses renewable energy to generate electricity and transmits or distributes the electricity that it generates from renewable energy.

(ii) A solar thermal energy system that reduces the consumption of electricity.

Providers will be required to generate or acquire electricity from renewable energy systems in the following amounts:

2005-2007 7%

2008-2011 9%

2012-2014 13%

2015 and thereafter 15%

During each year, 5% of requirement must be generated or acquired from solar energy.

Renewable energy contracts must be not less than 10 years unless parties agree to less. The PSC must determine if contracts are just and reasonable.

If provider subsidizes a solar thermal energy system, the electricity use reduction may be counted toward the RPS goal each year.

PSC may set up a renewable energy credit system.

If there is not enough renewable energy available under just and reasonable contracts, the PSC may exempt the provider from appropriate requirements of its portfolio standard that year.

Providers prepare an annual report to the PSC to provide information relating to actions taken to comply with RPS.

If a provider has not complied with the RPS the commission may impose a fine or take other appropriate action against the provider. The commission shall not allow the provider to recover any portion of the fine from its retail customers.

House Bill 4608 (2005)

Last Action: 4/13/2005 - referred to Committee on [Energy and Technology](#)

Requirement for utilities to produce a certain portion of electricity for sale through renewable sources; provide for. Creates new act.

Bill language is basically the same as House Bill 4154 with a few exceptions noted below.

2004 - 2006, not less than 4%
2007 - 2009, not less than 5%
2010 - 2012, not less than 6%
2013 and thereafter, not less than 7%

During each year not less than 1% of that amount must be generated or acquired from solar renewable energy systems.

If considered in the public interest, the commission may approve a rate that allows a regulated rate provider to recover from its retail customers the cost of providing total renewable energy.

The term of the renewable energy contract shall be not less than 20 years, unless the other party agrees to a renewable energy contract with a shorter term. The PSC must determine if contracts are just and reasonable.

Wind Zoning Bills

House Bill 4648 (2005)

Last Action: 10/25/2005 - referred to second reading

Townships; ordinances; definition and regulation of wind energy systems; provide for. Amends [1943 PA 184](#) (MCL [125.271](#) - [125.310](#)) by adding sec. 16j.

"Township zoning act"

(2) A WIND ENERGY SYSTEM SHALL BE PERMITTED IN ALL ZONING CLASSIFICATIONS SUBJECT TO ALL OF THE FOLLOWING REQUIREMENTS:

(A) THE WIND ENERGY SYSTEM SHALL BE BUILT AT A DISTANCE FROM ALL PROPERTY LINES NOT LEASED OR OWNED BY THE OWNER OF THE SYSTEM THAT IS NOT LESS THAN THE HEIGHT OF THE SYSTEM TOWER INCLUDING THE TOP OF THE BLADE IN ITS VERTICAL POSITION.

(B) THE MINIMUM VERTICAL CLEARANCE FROM THE BLADE TIP TO THE GROUND SHALL NOT BE LESS THAN 20 FEET.

(C) THE SOUND CREATED BY THE SYSTEM SHALL NOT EXCEED 60 DBA AT THE CLOSEST PROPERTY LINE OF PROPERTY NOT SERVED BY THE SYSTEM.

(D) THE SYSTEM SHALL COMPLY WITH ALL APPLICABLE STATE CONSTRUCTION AND ELECTRICAL CODES AND AVIATION REGULATIONS.

(3) BEFORE A WIND ENERGY SYSTEM IS INSTALLED, THE OWNER OF THE SYSTEM SHALL NOTIFY THE OWNER'S SERVICING ELECTRIC

SUPPLIER THAT THE OWNER INTENDS TO INSTALL AN INTERCONNECTED WIND ENERGY SYSTEM GENERATOR.

(4) ALL INTERCONNECTED CUSTOMER OWNED WIND ENERGY SYSTEM GENERATORS SHALL COMPLY WITH ALL APPLICABLE MICHIGAN PUBLIC SERVICE COMMISSION AND ELECTRIC SUPPLIER INTERCONNECTION REQUIREMENTS.

(5) THE OWNER OF A WIND ENERGY SYSTEM SHALL ESTABLISH AND FOLLOW A REGULAR MAINTENANCE PROGRAM.

(6) THE OWNER OF A WIND ENERGY SYSTEM MAY APPLY TO THE TOWNSHIP IN WHICH THE SYSTEM IS LOCATED FOR, AND THE TOWNSHIP MAY GRANT, A VARIANCE FROM THE REQUIREMENTS OF THIS SECTION.

(7) AN OWNER OF A WIND ENERGY SYSTEM SHALL NOT BE FOUND TO BE A PUBLIC OR PRIVATE NUISANCE IF THE SYSTEM COMPLIES WITH THE REQUIREMENTS OF THIS SECTION. THIS SUBSECTION APPLIES NOTWITHSTANDING ANY OF THE FOLLOWING:

(A) A CHANGE IN OWNERSHIP.

(B) TEMPORARY CESSATION OR INTERRUPTION IN PRODUCING ELECTRICITY BY THE SYSTEM.

(C) NEW TECHNOLOGY.

House Bill 4649 (2005)

Last Action: 10/25/2005 - referred to second reading

Counties; ordinances; definition and regulation of wind energy systems; provide for. Amends [1943 PA 183](#) (MCL [125.201](#) - [125.240](#)) by adding sec. 16j.

"County zoning act"

The same language as the Township zoning act except for this section:

(6) THE OWNER OF A WIND ENERGY SYSTEM MAY APPLY TO THE COUNTY IN WHICH THE SYSTEM IS LOCATED FOR, AND THE COUNTY MAY GRANT, A VARIANCE FROM THE REQUIREMENTS OF THIS SECTION.

Tax Related Bills

SUBSTITUTE FOR SENATE BILL NO. 251

Last Action: 6/30/2005 - referred to Committee on Agriculture

(Original Content Same As House Bill [5033](#))

The following personal property is exempt from taxation: A METHANE DIGESTER AND A METHANE DIGESTER ELECTRIC GENERATING SYSTEM.

Senate Bill 0803 (2005)

Last Action: 5/31/2006 - referred to second reading

Amends "The general property tax act," by adding wind energy systems to the personal property definitions.

House Bill 4584 (2005)

Last Action: 3/24/2005 - referred to Committee on [Tax Policy](#)

A bill to amend the "General sales tax act."

From January 1, 2006 through December 31, 2008, a person subject to the tax under this act may exclude from the tax computation not more than \$1,000 of sales of tangible property for a solar, wind, or water energy conversion device used for heating, cooling, or electrifying an existing or new residential or commercial building.

System parts that would be required regardless of the energy source being utilized are not included. Also, commercial buildings used by businesses that design or build solar, wind, or water energy conversion devices are also excluded.

House Bill 4633 (2005)

Last Action: 4/19/2005 - referred to Committee on [Tax Policy](#)

Amends Income tax act of 1967

(1) BEGINNING WITH THE 2006 TAX YEAR, A RESIDENTIAL TAXPAYER MAY CREDIT AGAINST THE TAX IMPOSED BY THIS ACT, SUBJECT TO THE APPLICABLE LIMITATIONS PROVIDED BY THIS SECTION, AN AMOUNT EQUAL TO \$3.00 FOR EACH WATT GENERATED BY THE TAXPAYER THROUGH THE USE OF A WIND TURBINE OR SOLAR PHOTOVOLTAIC SYSTEM.

(2) THE RESIDENTIAL TAXPAYER CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED \$5,000.00 FOR THE TAX YEAR.

(3) TO BE ELIGIBLE FOR A CREDIT UNDER THIS SECTION, THE WIND TURBINE OR SOLAR PHOTOVOLTAIC SYSTEM, OR A COMBINATION OF THE 2 SYSTEMS, SHALL BE INSTALLED IN THIS STATE AND PRODUCE ELECTRICITY AS AN ALTERNATIVE OR REPLACEMENT FOR FOSSIL FUEL GENERATION. A WIND TURBINE SYSTEM SHALL HAVE A MINIMUM OF 500 WATTS OF PEAK ELECTRIC CAPACITY, A SOLAR PHOTOVOLTAIC SYSTEM SHALL HAVE A MINIMUM OF 100 WATTS OF PEAK ELECTRIC CAPACITY, AND A COMBINED WIND AND SOLAR SYSTEM SHALL HAVE A MINIMUM OF 600 WATTS OF PEAK ELECTRIC CAPACITY.

House Bill 5742 (2006)

Last Action: 2/22/2006 - referred to Committee on [Tax Policy](#)

Income tax; credit; credit for residential scale wind and solar photovoltaic projects; provide for. Amends [1967 PA 281](#) (MCL [206.1](#) - [206.532](#)) by adding sec. 272.

Amends "Income tax act"

(1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2006, A TAXPAYER THAT OWNS QUALIFIED PROPERTY AND ENTERS INTO A LEASE OF THAT QUALIFIED PROPERTY AFTER DECEMBER 31, 2006 WITH ANOTHER PERSON WHO INSTALLS A PHOTOVOLTAIC SYSTEM OR WIND TURBINE SYSTEM THAT GENERATES ELECTRICITY ON THAT QUALIFIED PROPERTY MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO THE LEASE PAYMENT AMOUNT RECEIVED BY THE TAXPAYER FOR THE TAX YEAR.

(2) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR,

THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED TO THE TAXPAYER.

(3) FOR PURPOSES OF THIS ACT, LEASED PAYMENTS UNDER THIS SECTION SHALL NOT BE CONSIDERED ROYALTIES.

House Bill 4647 (2005)

Last Action: 10/25/2005 - referred to second reading

Production tax credit for wind energy from wind turbines.
Amends "Single business tax act."

(1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2006 AND BEFORE JANUARY 1, 2017, A TAXPAYER THAT OWNS A SMALL WIND TURBINE AND USES THAT SMALL WIND TURBINE TO GENERATE ENERGY MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO \$0.015 PER KILOWATT HOUR GENERATED IN THE TAX YEAR.

(2) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED UNDER THIS SECTION EXCEED THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THE EXCESS SHALL NOT BE REFUNDED, BUT MAY BE CARRIED FORWARD AS AN OFFSET TO THE TAX LIABILITY IN SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL THE EXCESS CREDIT IS USED UP, WHICHEVER OCCURS FIRST.

MAXIMUM ELECTRICAL GENERATING CAPACITY OF 2 MEGAWATTS.

SUBSTITUTE FOR SENATE BILL NO. 1078

Last Action: 5/24/2006 - referred to second reading

A bill to amend 1996 PA 376, entitled
"Michigan renaissance zone act,"

The purpose of a renaissance zone is to provide temporary relief from certain taxes within the renaissance zones.

Bill adds this language in the Act definitions:

(J) "RENEWABLE ENERGY FACILITY" MEANS A SYSTEM THAT CREATES ENERGY FROM A PROCESS USING RESIDUES FROM AGRICULTURAL PRODUCTS, FOREST PRODUCTS, PAPER PRODUCTS INDUSTRIES, AND FOOD PRODUCTION AND PROCESSING; TREES AND GRASSES GROWN SPECIFICALLY TO BE USED AS ENERGY CROPS; AND GASEOUS FUELS PRODUCED FROM SOLID BIOMASS, ANIMAL WASTES, <<WIND CONVERSION DEVICE, PHOTOVOLTAIC CELLS,>> OR LANDFILLS.

...NOT MORE THAN 10 ADDITIONAL RENAISSANCE ZONES FOR RENEWABLE ENERGY...

WHEN DESIGNATING A RENAISSANCE ZONE FOR A RENEWABLE ENERGY FACILITY, THE BOARD SHALL CONSIDER ALL OF THE FOLLOWING:

- (A) THE ECONOMIC IMPACT ON LOCAL SUPPLIERS WHO SUPPLY RAW MATERIALS, GOODS, AND SERVICES TO THE RENEWABLE ENERGY FACILITY.
- (B) THE CREATION OF JOBS RELATIVE TO THE EMPLOYMENT BASE OF THE COMMUNITY RATHER THAN THE STATIC NUMBER OF JOBS CREATED.
- (C) THE VIABILITY OF THE PROJECT.
- (D) THE ECONOMIC IMPACT ON THE COMMUNITY IN WHICH THE RENEWABLE ENERGY FACILITY IS LOCATED.
- (E) ALL OTHER THINGS BEING EQUAL, GIVING PREFERENCE TO A BUSINESS ENTITY ALREADY LOCATED IN THIS STATE.
- (F) WHETHER THE RENEWABLE ENERGY FACILITY CAN BE LOCATED IN AN EXISTING RENAISSANCE ZONE DESIGNATED UNDER SECTION 8 OR 8A.

Includes language requiring annual reporting requirements on economic development issues/impacts.

The renaissance zone designation may be revoked for certain reasons such as failing to commence operation, ceases operation, or does not commence construction/renovation within a certain time period.

Other Bills

House Bill 5891 (2006)

Last Action: 3/16/2006 - referred to Committee on [Energy and Technology](#)

State; planning; state energy policy; require public service commission to develop. Amends sec. 5a of [1939 PA 3](#) (MCL [460.5a](#)) & adds sec. 5b.

Includes a new reporting requirement to be part of the PSC annual report.

(1) THE MICHIGAN PUBLIC SERVICE COMMISSION SHALL DEVELOP AN ENERGY POLICY FOR THIS STATE, WHICH SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

- (A) ENERGY NEEDS.
- (B) ENERGY SUPPLY.
- (C) ENERGY RELIABILITY.

- (D) RENEWABLE ENERGY.
- (E) ALTERNATIVE ENERGY.
- (F) ENERGY EFFICIENCY.
- (G) DECENTRALIZED ENERGY.
- (H) LONG-TERM, MID-TERM, AND SHORT-TERM GOALS FOR RESIDENTIAL AND COMMERCIAL USERS AND SUPPLIERS OF ENERGY.

Senate Bill 755 (2005)

Last Action: 9/13/2005 - REFERRED TO COMMITTEE ON TECHNOLOGY AND ENERGY

Adds definition to Act 3.

(G) "RENEWABLE ENERGY SOURCE" MEANS ENERGY GENERATED BY SOLAR, WIND, GEOTHERMAL, BIOMASS, INCLUDING WASTE-TO-ENERGY AND LANDFILL GAS, OR HYDROELECTRIC.

House Resolution 113 (2006)

Last Action: 02/15/2006 - laid over one day under the rules

Substitute for House Resolution No. 113.

A resolution to urge the Governor, the Legislature, and the Michigan Public Service Commission (MPSC) to form a coalition to develop an energy policy for the state of Michigan.

House Resolution 0249 (2006)

Last Action: 5/24/2006 - laid over one day under the rules

A resolution to express support for the 25 x 25 vision that by 2025, Michigan and American farms and forests will provide 25 percent of the total energy consumed in the United States while continuing to produce safe, abundant, and affordable food, feed, and fiber.