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Colorado State University

ADVANCED ENERGY LEGISLATION tracker

Update: 2016 Year in Review: State Advanced Energy Legislation

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This supplement is provided to update readers on notable developments that followed the mid-December release of our 2016 Year in Review.

Michigan: At the end of the state's session, legislators passed, and Governor Rick Snyder signed, Senate Bills 437 and 438. The two "landmark" bills are the result of a bipartisan compromise and make significant changes to the state's energy policy. The descriptions below provide highlights. A detailed summary of both bills is available here.

Senate Bill 437 makes several changes relating to retail choice, and utility planning, rate design, and incentives. While concern arose early in the year that the bill would end electricity choice in the state, as enacted, the bill maintains the choice program while also addressing the cost and reliability concerns that emerged earlier in the year. In terms of utility planning, the Act requires that utilities submit integrated resource plans (IRPs) to the Public Service Commission (PSC) and specifies both the information that utilities are to provide, and the process for review and approval or denial of an IRP. The Act requires the PSC to establish a distributed generation tariff that accounts for both the benefits and costs associated with distributed generation. To incentivize the achievement of certain policy objectives, especially efficiency objectives, Senate Bill 437 requires the PSC to approve a decoupling mechanism or rate design that adjusts for changes in electric and gas utilities' sales if the utility can demonstrate that it has achieved certain energy savings goals. The bill also requires the PSC to authorize a shared savings mechanism and study performance-based regulation.

Senate Bill 438 amends provisions related to the renewable portfolio standard (RPS), the energy efficiency resource standard (EERS), net metering, and other renewable energy policies. The bill increases and extends the state's RPS to 15% by 2021, establishes a goal of meeting at least 35% of the state's energy needs through efficiency and renewable energy by 2025, and extends the 1% annual energy savings requirement through 2021. The bill also removes the cap on energy efficiency program spending and revises the incentives electric utilities receive for exceeding 1.5% annual savings. Senate Bill 438 also adds demand response technologies to the definition of "load management", requires that the PSC promote the use dynamic rates, preserves (but amends) the state's net metering program, requires that electric providers offer green pricing programs, and enables providers to finance renewable and energy efficient upgrades through on-bill financing.

Ohio: Governor John Kasich made good on his threat and vetoed House Bill 554. By redefining renewable and energy efficiency requirements as optional for an additional two years, the bill would have effectively continued the freeze enacted in 2014 (SB 310). With the veto, the Alternative Energy Portfolio Standard's schedule is set to resume this year.

In his veto message, Governor Kasich cited the economic development benefits associated with the state's "wide range of energy generation options" and the reduced energy costs for businesses and homeowners that are associated with energy efficiency investments.