

16. How has Michigan, and how have other jurisdictions limited the rate impact of renewable energy mandates on the residential, commercial, and industrial sector, if at all? What effect have such rate limitations had on other areas?

Michigan has limited the rate impact of the renewable energy mandated in Act 295 on each of the three sectors listed by including a retail rate impact limit in the law. As listed in Section 45 of Act 295, electric providers “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: \$3.00 per month per residential customer meter, \$16.58 per month per commercial secondary customer meter or \$187.50 per month per commercial primary or industrial customer meter.”

In addition to the retail rate impact limits applied to the incremental cost of compliance described above, Act 295 directs the Michigan Public Service Commission to review all costs incurred and revenues recovered by electric providers whose rates are regulated by the Commission (Act 295, Section 49). The Commission also reviews and approves contracts for renewable energy and

renewable energy credits (Section 37) and annually establishes the transfer price (Section 47), for electric providers whose rates are regulated by the Commission.

State	Renewable Rate Impact Policy-Michigan and Neighboring States
Illinois	The cost cap changes each year through 2011, when it is the greater of an additional 0.5% of the amount paid per kWh during the year ending in 2010, or 2% of the amount paid per kWh during the year ending May, 2007. Thereafter, the cost is limited to the greater of 2.015% of the amount per kWh paid in 2007, or the incremental amount paid in 2011.
Indiana	The application for the voluntary standard program will not be approved unless it will not result in an increase to the retail rates and charges of the electricity supplier above what could reasonably be expected if the application were not approved.
Michigan	\$3.00 per month per residential customer meter, \$16.58 per month per commercial secondary customer meter, \$187.50 per month per commercial primary or industrial customer meter.
Minnesota	Statute does not appear to impose a rate impact limit.
Ohio	Utilities are not required to comply with the annual benchmarks if it is "reasonably expected" to raise their costs by 3% or more above what they would have otherwise been.
Pennsylvania	Statute does not appear to impose a rate impact limit.
Wisconsin	No dollar limit, costs are based on Commission decision of reasonableness.

Sources:

Calls with State Public Utility Commission Staff

<http://www.in.gov/legislative/bills/2011/SE/SE0251.1.html>

<https://www.revisor.mn.gov/statutes/?id=216b.1691>

<http://www2.legis.state.pa.us/WU01/LI/BI/BT/2003/0/SB1030P1973.pdf>