

18. How has Michigan handled the decision regarding what entities should construct and own renewable energy (e.g. an incumbent utility, an independent developer, feed-in tariffs)? What has been the practice in other jurisdictions? Has the type of project, cost of project, etc. varied depending on the entity constructing or owning the project?

One of the purposes of Act 295 is to encourage private investment and ownership of renewable generation. Section 33 of Act 295 limits electric providers with one million or more retail customers in Michigan on January 1, 2008 on the number of renewable energy credits used for compliance that can come from utility-owned renewable energy facilities. Of the renewable energy credits necessary for compliance, no more than 50% may be obtained from renewable energy systems these electric providers developed or own.

Other than as stated above, no additional limits apply as to who is able to construct and own renewable energy systems. These owners may include, among others, incumbent utilities, independent developers or utility customers.

A comparison of the cost-effectiveness of the renewable energy competitive bidding resource acquisition methods described in Section 33 of the Act (MCL 460.1033) to company (those with one million or more retail customers in Michigan on January 1, 2008 and subject to the provisions listed above) owned projects, shows that competitively bid company-owned projects have been less costly than similar competitively bid power purchase agreements.

Calls to Commission Staff and review of websites indicate that no neighboring states have renewable energy ownership requirements.