



**Comments and Redline to Current Net Metering Rules
Michigan EIBC
February 15, 2019**

The Michigan Energy Innovation Business Council (Michigan EIBC) appreciates the opportunity to submit comments regarding revisions to the net metering rules and establishment of rules for the distributed generation (DG) program.

In general, with respect to the legacy net metering program, it is important that the rules for this program are fundamentally the same as those for the previous net metering program. In other words, customers who install DG systems before a DG tariff is in place should be allowed to remain under the net metering program for 10 years. It is also important that customers who enter into that program (by submitting an application before a DG tariff is approved for the relevant utility) be allowed to conduct repairs and maintenance on their system without their losing their status in the legacy net metering program. In addition, if such a customer makes an upgrade to their system (e.g., a new inverter, the addition of storage, etc.), that customer should be given the option to either roll into the DG program or remain in the legacy net metering program. Such maintenance or upgrades should not automatically trigger the requirement that a customer switch to the DG program.

In general, with respect to the qualifications for the new DG program, Michigan EIBC submits that behind-the-meter projects larger than 550kW (e.g., up to 1 or 2 MW) in size should qualify, as long as those projects otherwise fit the requirements of the program. If the DG tariffs are fair and equitable, there should be no reason to limit the size of those projects to less than 550 kW. In addition, there should be no reason to limit enrollment in the DG program to 1% of a given utility's in-state peak electricity load (as is currently required for the net metering program).

In addition, for the distributed generation program, Michigan EIBC believes that the Commission should consider differentiating the required timelines (for initial review, conduct additional study, and initiate billing) by project size. For example, for projects less than 20 kW in size, the utility should be able to easily approve an initial application within 5 working days and should be able to initiate billing (after installation) within 14 working days.

Below is an initial redline of Section 3 of the current net metering rules. These suggestions do not necessarily represent the totality of Michigan EIBC's comments or suggestions regarding the legacy net metering and DG programs.



PART 1. GENERAL PROVISIONS

R 460.601a Definitions; A-1.

Commented [LS1]: It will be important to add relevant definitions including those for "distributed generation," "distributed generation program," and "legacy net metering" to the definitions section of Part 1.

PART 3. NET METERING STANDARDS

R 460.640 Application process. Rule 40. (1) Each electric provider shall file initial net metering program tariff sheets within 30 days of the effective date of these rules or by June 30, 2009, whichever date is sooner. (2) Each alternative electric supplier shall file an alternative electric supplier net metering program plan within 30 days of the effective date of these rules or by June 30, 2009, whichever date is sooner. (3) Electric providers and alternative electric suppliers shall file annual legacy net metering program and distributed generation program reports in a form to be determined by the commission, not later than March 31 of each year. (4) Each electric provider shall maintain records of all applications and up-to-date records of all active eligible electric generators located within its service area. Each alternative electric supplier shall maintain records of all applications and up-to-date records of all eligible electric generators participating in its legacy net metering and distributed generation programs. (5) Selection of customers for participation in the legacy net metering program shall be based on the order in which the applications for the legacy net metering program are received by the electric provider or alternative electric supplier. (6) An electric provider 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 legacy net metering program. (7) Legacy net metering programs provided by electric providers and alternative electric suppliers shall limit each applicant to generation capacity designed to meet the customer's electric needs. (a) At the customer's option, the generation capacity shall be determined by 1 of the following methods: (i) Aggregate nameplate capacity of the generator(s). (ii) An estimate of the expected annual kWh output of the generator(s) determined in a manner approved by the commission and specified on the electric provider's net metering tariff sheet or in the alternative electric supplier's net metering program plan. (b) At the customer's option, the customer's electric needs shall be determined by 1 of the following methods: (i) The customer's annual energy usage, measured in kWh, during the previous 12-month period. (ii) For a customer with metered demand data available, the maximum integrated hourly demand measured in kW during the previous 12-month period. (iii) In cases where there is no data, incomplete data, or incorrect data for the customer's energy usage or the customer is making changes on-site that will affect total usage, the electric provider or alternative electric supplier and the customer shall mutually agree on a method to determine the customer's electric needs.

Commented [LS2]: These tariff sheets should not change for the legacy net metering program. In general, the legacy net metering program, because it represents a grandfathering of the net metering program, should retain the rules included in that original net metering program. This means, in effect, that a given tariff sheet should apply to a customer for the full amount of time that they remain in the net metering program.

Commented [LS3]: Throughout Part 3, in general, "net metering" should be changed to "legacy net metering."

R 460.642 Legacy net metering application and fees.

Rule 42. (1) A uniform legacy net metering application form and process shall be used by all electric providers and alternative electric suppliers. The uniform legacy net metering



application form shall be approved by the commission. (2) Legacy nNet metering application processing for electric providers shall be conducted in the following manner: (a) An applicant applying for legacy net metering shall at the same time apply for an electric provider interconnection or shall indicate on the net metering application that the applicant has applied for interconnection with the electric provider. (b) If an applicant has an executed interconnection agreement at the time of filing the net metering application, the electric provider shall have 10 working days to complete its review of the net metering application. All other net metering applications shall be processed within 10 days after the applicant's interconnection agreement is executed. (c) As part of the review, the electric provider shall determine whether the appropriate meter(s) are installed for net metering. (d) After completing the review, the electric provider shall notify the customer whether the net metering application is approved or disapproved. (e) If an applicant approved for net metering requires new or additional meters, the electric provider shall make arrangements with the customer to install the meters at a mutually agreed upon time. (f) Within 10 working days after the necessary meters are installed, the electric provider shall complete changes to the applicant's account to permit net metering credit to be applied to the account. (3) Net metering application processing for alternative electric suppliers shall be conducted in the following manner: (a) A customer receiving retail electric service from an alternative electric supplier shall submit the completed net metering application form to the alternative electric supplier and a copy of the form to the electric provider that provides distribution services. (b) Within the time periods in subrule (2) of this rule, the electric provider shall determine whether the appropriate meter(s) are installed for net metering and, if necessary, contact the customer to arrange for meter installation. (c) The electric provider shall notify the alternative electric supplier when the interconnection agreement for the eligible generator is executed and installation of the appropriate meter(s) is completed. (d) Within 10 working days of notification, the alternative electric supplier shall complete changes to the applicant's account to permit net metering credit to be applied to the account. (4) If a net metering application is disapproved, the electric provider or alternative electric supplier shall notify the customer of the reasons for the disapproval. The customer shall have an opportunity to correct the net metering application. If the application is withdrawn by the customer, the electric provider or alternative electric supplier shall refund the net metering application fee to the customer. (5) Customers participating in the net metering program under the commission's March 29, 2005 order in case no. U-14346 shall be transferred to the statewide net metering program established under these rules within 30 days of commission approval of the electric provider's net metering tariff. Any remaining net excess generation credits shall be credited to the customer in accordance with R 460.652. Additional application, interconnection, installation fees, or system requirements are waived for customers who transfer to the net metering program authorized by these rules. (6) The net metering application fee for electric providers and alternative electric suppliers shall not exceed \$25. The fee shall be specified on the electric provider's net metering tariff sheet or in the alternative electric supplier's net metering program plan. The combined total of net metering application fees and interconnection application review fees shall not exceed \$100.



R.XXXX. Legacy net metering program retention.

Note: As described above, Michigan EIBC submits that it is important for the rules to include a section detailing the actions and activities taken either by a customer or by the utility that will not cause a customer to be expelled from the legacy net metering program. For example, repairs and maintenance as well as upgrades to the system should not jeopardize a customer's participation in the legacy net metering program. In addition, we submit that if a customer makes an upgrade or addition to their system (e.g., addition of storage or a new inverter), the customer should have the choice to either stay in the legacy net metering program (through the time of their contract) or enter the distributed generation program. In addition, no change or upgrade required by the utility should require a customer to leave the legacy net metering program.

R XXXX. Distributed generation application and fees.

Rule XX. (1) A uniform distributed generation program application form and process shall be used by all electric providers and alternative electric suppliers. The uniform distributed generation program application form shall be approved by the commission. (2) Distributed generation program application processing for electric providers shall be conducted in the following manner: (a) An applicant applying for the distributed generation program shall at the same time apply for an electric provider interconnection or shall indicate on the distributed generation program application that the applicant has applied for interconnection with the electric provider. (b) If an applicant has an executed interconnection agreement at the time of filing the distributed generation program application, the electric provider shall have 5 working days to complete its review of the net metering application. All other distributed generation program applications shall be processed within 10 days after the applicant's interconnection agreement is executed. (c) As part of the review, the electric provider shall determine whether the appropriate meter(s) are installed for the distributed generation program. (d) After completing the review, the electric provider shall notify the customer whether the distributed generation program application is approved or disapproved. (e) If an applicant approved for the distributed generation program requires new or additional meters, the electric provider shall make arrangements with the customer to install the meters at a mutually agreed upon time. (f) Within 10 working days after the necessary meters are installed, the electric provider shall complete changes to the applicant's account to permit the distributed generation credit to be applied to the account. (3) Distributed generation program application processing for alternative electric suppliers shall be conducted in the following manner: (a) A customer receiving retail electric service from an alternative electric supplier shall submit the completed distributed generation application form to the alternative electric supplier and a copy of the form to the electric provider that provides distribution services. (b) Within the time periods in subrule (2) of this rule, the electric provider shall determine whether the appropriate meter(s) are installed for the distributed generation program and, if necessary, contact the customer to arrange for meter installation. (c) The electric provider shall notify the alternative electric supplier when the interconnection agreement for the eligible

Commented [LS4]: We suggest that a new section detailing the application process for the DG program needs to be added with a similar structure as the legacy net metering section.

Commented [LS5]: Given that AMI are now nearly universal in Michigan, in this case, it should be a very simple process to review and sign such an executed interconnection agreement.



generator is executed and installation of the appropriate meter(s) is completed. (d) Within 10 working days of notification, the alternative electric supplier shall complete changes to the applicant's account to permit the distributed generation credit to be applied to the account. (4) If a distributed generation program application is disapproved, the electric provider or alternative electric supplier shall notify the customer of the reasons for the disapproval. The customer shall have an opportunity to correct the distributed generation program application. If the application is withdrawn by the customer, the electric provider or alternative electric supplier shall refund the distributed generation application fee to the customer. (6) The distributed generation program application fee for electric providers and alternative electric suppliers shall not exceed \$25. The fee shall be specified on the electric provider's distributed generation tariff sheet or in the alternative electric supplier's net metering program plan. The combined total of distributed generation program application fees and interconnection application review fees shall not exceed \$100.

Commented [LS6]: It is important to maintain these costs for the distributed generation program. Nothing is changing in terms of required actions by the utility from the net metering to the distributed generation program and, therefore, these costs should also remain the same.

R 460.644 Legacy net metering program size. Rule 44. If an electric provider or alternative electric supplier reaches the legacy net metering program size limits in section 173(2) of 2008 PA 295, MCL 460.1173(2), the electric provider or alternative electric supplier shall provide notice to the commission and to all customers that its legacy net metering program is closed and that no new applications will be accepted. All completed applications that are pending at the time the legacy net metering program closes shall be processed and the applicants shall be allowed to participate in the net metering program.

Commented [LS7]: Michigan EIBC believes that these limits do not apply to the distributed generation program.

R 460.646 Generation and net metering equipment. Rule 46. (1) New generation and 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 and installed in compliance with this part is considered eligible equipment. Within the time provided by the commission in R 460.620 and consistent with good provider practice, protection of electric provider workers, protection of electric provider equipment, and protection of the general public, an electric provider may study, confirm, and ensure that an eligible electric generator installation at the customer's site meets the IEEE 1547 antiislanding requirements. (2) Customers with executed interconnection agreements on the effective date of these rules shall be considered eligible generators provided the customer's project complies with R 460.601a(t) and R 460.640(7).

Commented [LS8]: This section should be updated to reflect the most recent IEEE 1547 standards.

R 460.648 Meters. Rule 48. (1) For a customer with a generation system capable of generating 20 kW or less, the provider may determine the customer's net usage or outflow using the customer's existing meter if it is capable of reverse registration or may install a single meter with separate registers measuring power flow in each direction. If the provider uses the customer's existing meter, the provider shall test and calibrate the meter to assure accuracy in both directions. If the customer's meter is not capable of reverse registration and if meter upgrades or modifications are required, the following apply: (a) An electric provider serving

Commented [LS9]: It should be made clear that this section applies both to the legacy net metering program and the distributed generation program.



over 1,000,000 customers in this state shall provide a meter or meters capable of measuring the flow of energy in both directions at no additional charge to the [legacy net metering or distributed generation program](#)-customer. The cost of the meter(s) or meter modification shall be considered a cost of operating the [legacy net metering or distributed generation](#) program. (b) An electric provider serving fewer than 1,000,000 customers in this state shall provide a meter or meters capable of measuring the flow of energy in both directions to customers at cost. Only the incremental cost above that for meter(s) provided by the electric provider to similarly situated nongenerating customers shall be paid by the eligible customer. (c) An electric provider shall provide a generator meter, if requested by the customer, at cost. (2) For a customer with a generation system capable of generating more than 20 kW and up to 150 kW, the provider shall utilize a meter or meters capable of measuring the flow of energy in both directions and the generator output. If meter upgrades are necessary to provide such functionality, the following applies: (a) An electric provider serving over 1,000,000 customers in this state shall provide a meter or meters capable of measuring the flow of energy in both directions at no additional charge to a [legacy net metering or distributed generation program](#) customer. If the provider provides the upgraded meter(s) at no additional charge to the customer, the cost of the meter(s) shall be considered a cost of operating the [legacy net metering or distributed generation](#) program. (b) An electric provider serving fewer than 1,000,000 customers in this state shall provide a meter or meters capable of measuring the flow of energy in both directions to customers at cost. Only the incremental cost above that for meters provided by the electric provider to similarly situated nongenerating customers shall be paid by the eligible customer. (c) An electric provider shall provide a generator meter. The cost of the meter shall be considered a cost of operating a [legacy net metering or distributed generation](#) program. (3) For a customer with a generation system capable of generating more than 150 kW, the provider shall utilize a meter or meters capable of measuring the flow of energy in both directions and the generator output. If meter upgrades are necessary to provide such functionality the customer shall pay the cost of providing any new meters. (4) An electric provider deploying advanced metering infrastructure shall not charge the cost of advanced meters to a [legacy net metering or distributed generation program](#) customer or the [legacy net metering or distributed generation](#) program.

R 460.650 Billing and credit for true net metering customers. Rule 50. (1) [Legacy net](#) metering customers with a system capable of generating 20 kW or less shall qualify for [legacy](#) true net metering. For customers who qualify for [legacy](#) true net metering, the net of the bidirectional flow of kWh across the customer interconnection with the utility distribution system during the billing period or during each time-of-use pricing period within the billing period, including excess generation, shall be credited at the full retail rate. (2) The credit for excess generation, if any, shall appear on the next bill. Any excess credit not used to offset current charges shall be carried forward for use in subsequent billing periods. (3) If a customer leaves the provider's system or service is terminated for any reason, an electric provider or alternative electric supplier shall refund to the customer the remaining credit amount.



R 460.652 Billing and credit for legacy modified net metering customers. Rule 52. (1) Legacy net metering customers with a system capable of generating more than 20 kW qualify for legacy modified net metering. For customers who qualify for legacy modified net metering, 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. Standby charges for legacy modified net metering customers on an energy rate schedule shall equal 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 legacy modified net metering customers on demand-based rate schedules that provide an equivalent contribution to provider system costs. Standby charges shall not be applied to customers with systems capable of generating 150 kW or less. (2) The credit for excess generation shall appear on the next bill. Any excess kWh not used to offset current charges shall be carried forward for use in subsequent billing periods. (3) A customer qualifying for legacy modified net metering shall not have net metering credits applied to distribution charges. (4) If a customer leaves the provider's system or service is terminated for any reason, an electric provider or alternative electric supplier shall refund to the customer the remaining credit amount. (5) The credit per kWh for kWh delivered into the provider's distribution system shall be 1 of the following as determined by the commission: (a) The monthly average real-time locational marginal price for energy at the commercial pricing node within the electric provider's distribution service territory, or for a legacy modified net metering customer on a time-based rate schedule, the monthly average realtime locational marginal price for energy at the commercial pricing node within the electric provider's distribution service territory during the time-of-use pricing period. (b) The electric provider or alternative electric supplier's power supply component of the full retail rate during the billing period or time-of-use pricing period.

R 460.654 Renewable energy credits. Rule 54. (1) An eligible electric generator shall own any renewable energy credits granted for electricity generated under the legacy net metering program. (2) An electric provider may purchase or trade renewable energy certificates from a legacy net metering customer if agreed to by the net metering customer. (3) The commission may develop a program for aggregating renewable energy certificates from legacy net metering customers.

R 460.656 Penalties. Rule 56. Upon a complaint or on the commission's own motion, if the commission finds after notice and hearing that an electric provider has not complied with a provision or order issued under part 5 of 2008 PA 295, 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.

Commented [LS10]: Michigan EIBC submits that these penalties should be more clearly spelled out in the rules and should be equivalent to the loss in bill credit (for legacy NEM/DG program customers) or production revenue (for larger customers) due to delays beyond the timelines specified in these rules.