

Changes in PA 342 as compared to PA 295

PA 295 Section	PA 342 Section	PA 295	PA 342	Effective Date (if known)	Effect on EE Sect.
New	1 (3)	N/A	Goal of not less than 35% of state's electric needs should be met through a combination of renewables and EWR by 2025, if most reasonable. EWR = sum of annual electricity savings since October 6, 2008 as recognized in recons.		
5 (e) (ii)	5 (f) (ii)	EO includes load management to the extent that it reduces overall energy usage.	EWR includes load management to the extent that it reduces provider costs.		
New	71 (2)	N/A	Energy optimization plans filed under subsection (1) remain in effect, subject to any amendments, as energy waste reduction plans.	4/20/2017	plan approval
71 (3) (d)	71 (3) (d)	Ensure, to the extent feasible, that charges collected from a particular customer rate class are spent on EO programs for that rate class.	71(4)(d) Ensure, to the extent feasible, that charges collected from a particular customer rate class are spent on EO programs that benefit that rate class.	4/20/2017	plan approval
71 (3) (a)	71 (4) (h)	N/A	including the flexibility to determine the relative amount of effort to be devoted to each customer class based on the specific characteristics of the provider's service territory.	4/20/2017	plan approval
71 (3) (i)	71 (5) (i)	All such evaluations shall be subject to public review and commission oversight.	All such evaluations are subject to public review and commission oversight.	4/20/2017	plan approval
73 (1)	73 (1)	the plan shall be enforced by the commission subject to the same procedures that apply to a renewable energy plan	For a provider whose rates are regulated by the commission, the plan shall be enforced by the commission. For a provider whose rates are not regulated by the commission, the plan shall be enforced as provided in section 99. Notwithstanding any other provision of this subpart, the commission shall allow municipally owned electric utilities to design and administer energy waste reduction plans in a manner consistent with the administrative changes approved in the commission's April 17, 2012 order in case nos. U-16688 to U-16728 and U-17008	4/20/2017	plan approval
73 (1)	73 (1)	the plan shall be enforced by the commission subject to the same procedures that apply to a renewable energy plan	The plan shall be enforced by the commission.	4/20/2017	plan approval
21 (8)	73 (3)	The annual cost reconciliation under section 49 for that year may be joined with the overall plan review in the same contested case hearing. Subject to subsections (6) and (10)....	This language did not get carried over.	4/20/2017	Other
21 (9)	73 (4)	If the proposed amendment would modify the revenue recovery mechanism, the commission shall conduct a contested case hearing on the amendment pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The annual renewable cost reconciliation under section 49 may be joined with the plan amendment in the same contested case proceeding. Subject to subsections (6) and (10)....	This language did not get carried over.	4/20/2017	other
New	73 (6)	N/A	After December 31, 2021, this section does not apply to an electric provider whose rates are not regulated by the commission.	12/31/2021	other
New	74	No section 74 in PA295, reconciliations were covered in the RE portion	The whole section talks about reconciliations.	4/20/2017	other
75	75	The total amount of the financial incentive shall not exceed the lesser of the following amounts: (a) 25% of the net cost reductions experienced by the provider's customers as a result of implementation of the energy optimization plan. (b) 15% of the provider's actual energy efficiency program expenditures for the year.	(2) The total amount of a financial incentive for an electric provider that achieves annual incremental savings of greater than 1.5% of its total annual retail electricity sales in megawatt hours in the preceding year or a natural gas provider that achieves annual incremental savings of greater than 1% of its total annual retail natural gas sales in decatherms in the preceding year shall not exceed the lesser of the following amounts: (a) 30% of the net present value of life-cycle cost reductions experienced by the provider's customers as a result of implementation, during the year for which the financial incentive is paid, of the energy waste reduction plan. (b) 20% of the provider's actual energy waste reduction program expenditures for the year. (3) The total amount of the financial incentive for an electric provider that achieves annual incremental savings of greater than 1.25% but not greater than 1.5% of its total annual retail electricity sales in megawatt hours in the preceding year or a natural gas provider that achieves annual incremental savings of greater than 0.875% but not greater than 1% of its total annual retail natural gas sales in decatherms in the preceding year shall not exceed the lesser of the following amounts: (a) 27.5% of the net present value of life-cycle cost reductions experienced by the provider's customers as a result of implementation, during the year for which the financial incentive is paid, of the energy waste reduction plan. (b) 17.5% of the provider's actual energy waste reduction program expenditures for the year. (4) The total amount of a financial incentive for an electric provider that achieves annual incremental savings of at least 1.0% but not greater than 1.25% of its total annual retail electricity sales in megawatt hours in the preceding year or a natural gas provider that achieves annual incremental savings of at least 0.75% but not greater than 0.875% of its total annual retail natural gas sales in decatherms in the preceding year shall not exceed the lesser of the following amounts: (a) 25% of the net present value of life-cycle cost reductions experienced by the provider's customers as a result of implementation, during the year for which the financial incentive is paid, of the energy waste reduction plan. (b) 15% of the provider's actual energy waste reduction program expenditures for the year.	1/1/2021	Incentive (see incentive page)
New	77 (1)		added wording "through 2021"	12/31/2021	other

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PA 295 Section	PA 342 Section	PA 295	PA 342	Effective Date (if known)	Effect on EE Sect.
Same	77 (2)	If an electric provider uses load management to achieve energy savings under its energy optimization plan, the minimum energy savings required under subsection (1) shall be adjusted by an amount such that the ratio of the minimum energy savings to the sum of maximum expenditures under section 89 and the load management expenditures remains constant.	If an electric provider uses load management to achieve energy savings under its energy waste reduction plan, the minimum energy savings required under subsection (1) shall be adjusted by an amount such that the ratio of the minimum energy savings to the sum of actual expenditures for implementing its approved energy waste reduction plan and the load management expenditures remains constant.		Goal/Target
New	77 (4)	N/A	The energy savings expected to be achieved shall be determined using a savings database or other savings measurement approach as determined reasonable by the commission.	4/20/2017	Goal/Target
New (because it used to be in the RE Section)	78	N/A	(1) By January 1, 2022, and every 2 years thereafter, an electric provider whose rates are regulated by the commission shall file an energy waste reduction plan amendment with the commission under section 73 pursuant to a filing schedule established by the commission. The amendment shall detail the amount of energy waste reduction the electric provider proposes to achieve for the succeeding 2-year period. If the electric provider whose rates are regulated by the commission proposes a level of energy waste reduction that is higher than the level specified in the provider's current energy waste reduction plan, the commission may approve the proposed higher level if the commission finds that it is the most reasonable and prudent. If the electric provider whose rates are regulated by the commission proposes a level of energy waste reduction that is lower than the level specified in the provider's current energy waste reduction plan, the commission may approve the proposed lower level if the commission finds that it is the most reasonable and prudent. If the commission finds that the proposed lower level of energy waste reduction is not the most reasonable and prudent, the level of energy waste reduction to be achieved by the electric provider whose rates are regulated by the commission for the succeeding 2-year period under the energy waste reduction plan shall be the same as the level specified in the provider's current energy waste reduction plan. (2) If over a 2-year period an electric provider whose rates are regulated by the commission cannot achieve the level of energy waste reduction provided for in the energy waste reduction plan pursuant to subsection (1) in a cost-effective manner, the provider may petition the commission in a contested case hearing under section 73 to establish an alternative energy waste reduction level for that provider. (3) If over a 2-year period a natural gas provider cannot achieve the energy waste reduction standard in a cost-effective manner, the natural gas provider may petition the commission to establish an alternative energy waste reduction standard for that provider. (4) A petition filed pursuant to subsection (3) shall do all of the following: (a) Identify the efforts taken by the natural gas provider to meet the energy waste reduction standard. (b) Explain why the energy waste reduction standard cannot reasonably and cost-effectively be achieved. (c) Propose a revised energy waste reduction standard to be achieved by the natural gas provider. (5) If, based on a review of the petition filed under subsection (3), the commission determines that the natural gas provider has been unable to reasonably and cost-effectively achieve	1/1/2022	plan approval
New	78 (1)	N/A	By 1/1/22 and every 2 years thereafter,shall file an EWR plan amendment under section 73 pursuant to a filing schedule established by the PSC. In 2022, levels may be higher or lower, but PSC can maintain the previous plan levels if it determines that lower level is not the most reasonable and prudent. EWR standard definition includes level set in sec 78(1). Shared savings mechanism shall be authorized by 1/1/21 but a possible lower target can't be in effect until 2022 per sec 78(1).	12/31/2020	plan approval
New	78 (2)	N/A	Electric providers may petition for alternative EWR in contested case under Sec 73, if can't meet standard over 2 years.		Goal/Target
New	78 (3)	N/A	Gas providers may petition for alternative EWR, if can't meet standard over 2 years.		Goal/Target
New	81 (3)		This section is repealed effective January 1, 2022 (section 81 refers to alternative standards for small utilities)	4/20/2017	Goal/Target
Same	89 (2)	Under subsection (1), costs shall be recovered from all natural gas customers and from residential electric customers by volumetric charges, from all other metered electric customers by per-meter charges, and from unmetered electric customers by an appropriate charge, applied to utility bills as an itemized charge.	Under subsection (1), costs shall be recovered from all natural gas customers and from residential electric customers by volumetric charges, from all other metered electric customers by per-meter charges, and from unmetered electric customers by an appropriate charge. Fixed, per-meter charges under this subsection may vary by rate class. Charges under this subsection may be itemized on utility bills but shall not be itemized on or after January 1, 2021.	4/20/2017	Other
Same	89 (6)	Decoupling shall be approved for requesting natural gas providers.	PA 341 Sec 6a(12): decoupling shall be approved for requesting electric utilities < 200,000 customers for EWR, conservation, demand-side programs, other waste reduction measures (subject to qualifications). PA 341 Sec 6a(13): PSC may approve alternate decoupling mechanism, section 75 incentive, or shared savings mechanism if determination is made that the aggregate of these revenues disfavors EWR, DR, peak load reductions, and other waste reduction measures compared to supply side investments.	4/20/2017	plan approval

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Same	95 (1) (a)	(a) Promote load management in appropriate circumstances	(a) Promote load management in appropriate circumstances, including expansion of existing and establishment of new load management programs in which an electric provider may manage the operation of energy consuming devices and remotely shut down air conditioning or other energy intensive systems of participating customers, demand response programs that use time of day pricing and dynamic rate pricing, and similar programs, for utility customers that have advanced metering infrastructure. Electric provider participation and customer enrollment in such programs are voluntary. However, electric providers whose rates are regulated by the commission and whose rates include the cost of advanced metering infrastructure shall offer commission-approved demand response programs. The programs may provide incentives for customer participation and shall include customer protection provisions as required by the commission. To participate in a program, a customer shall agree to remain in the program for at least 1 year.		plan approval
New	95 (2)	N/A	Subsection (1) shall not be construed to prevent an electric utility from doing any of the following: (a) Recovering the full cost associated with providing electric service and load management programs. (b) Installing metering and retrieving metering data necessary to properly, accurately, and efficiently bill for the electric utility's services without manual intervention or manual calculation.		plan approval
95 (3)	95 (4)	(3) The commission shall do all of the following:	(4) The Michigan agency for energy shall do all of the following:		Other
New	201-211	N/A	Part 7: Residential Energy Improvements (On-bill financing) made available to IOUs. Includes "Any other installation....approved as a utility cost-savings measure by the governing body" Home audits performed by "qualified person"	Rules promulgated by August 20, 2018	
N/A	N/A	Temporary Order	Clarified initial plan filing requirements and definitions for low-income, retail sales, transportation and choice customers included, etc.		other

PA 341 references to Energy Waste Reduction

PA 295 Section	PA 341 Section	PA 295	PA 342	Effective Date (if known)	Effect on EE Sect.
NA	6m(11)	N/A	The Utility Consumer Participation Board (Sec 6l) may consider conservation, EWR, DR, associated rate design, and maintenance of energy resources, in decisions to make grants available to utilities from the Utility Consumer Representation Fund. Funds may only be used to advocate the interests of residential customers concerning energy costs.	4/20/2017	
NA	Sec 6t(1)	N/A	PSC shall commence, within 120 days of effective date, a proceeding that conducts an assessment of potential for EWR including economic, technical, and achievable potential. Include MAE, DEQ, others. Repeat every 5 years. Feeds into modeling for IRPs. 6t(2): Proceeding shall be complete within 120 days.	4/20/2017	
NA	Sec 6t(5)	N/A	An IRP shall detail amount of EWR, cost, and expected savings. Also, how combined amounts of RE and EWR compare to Act 342 goal of 35%. Sec 6t(8): PSC, in approving IRP, shall determine whether amounts of peak load reduction and EWR are reasonable and cost effective. Failing to meet 35% goal does not necessarily mean failing reasonableness and cost effectiveness.	4/20/2017	
NA	Sec 10ee(1)	N/A	Value added programs and services definition excludes EWR.	4/20/2017	

Financial Incentive Mechanism vs Shared Savings Mechanism

Act 295 Sec 75 Financial Incentive	Act 342 Sec 75 Financial Incentive	Act 341 Sec 6x Shared Savings Mechanism
PSC may authorize incentive for exceeding EO standard.	PSC may authorize incentive for exceeding EWR standard. Effective April 20, 2017, no expiration date given.	PSC shall authorize by January 1, 2021, a shared savings mechanism if the utility has not otherwise capitalized costs of EWR, conservation, DR, and other waste reduction.
Unstated purpose: exceeding EO standard. PSC has added other criteria.	Unstated purpose: exceeding EWR standard.	Purpose: "to ensure equivalent consideration of EWR resources within the (IRP) process"
Applies to natural gas and electric	Applies to natural gas and electric	Applies to electric
Payment subject to approval of PSC in EWR reconciliations.	Payment subject to approval of PSC in EWR reconciliations, but may be altered by PSC per Act 341 Sec 6a(13).	Payment subject to approval of PSC in (general rate and/or IRP?) cases while considering aggregate revenues from decoupling, financial incentives (including Act 342 incentive and potential incentives for conservation, DR, peak load reduction and other waste reduction) and the shared savings incentive. See Sec 6a(13).
Criterion: annual incremental savings > a % of total annual retail electricity sales (3-yr avg. or weather-adjusted). Only EO savings available to be considered.	Criterion: annual incremental savings > a % of total annual retail electricity sales (3-yr avg. or weather-adjusted). Implies EWR savings.	Criterion: annual electric energy savings > a % of total annual weather-adjusted retail sales. Implies EWR + other energy savings?
> 1.0% Incentive shall not exceed lessor of 25% <u>net cost reductions</u> or 15% of EO program expenditures.	> 1.5% Incentive shall not exceed lessor of 30% <u>npv of life-cycle</u> cost reductions or 20% of EWR program expenditures. 1.25% < and ≤ 1.5% Incentive shall not exceed lessor of 27.5% npv of life-cycle cost reductions or 17.5% of EWR program expenditures. 1.0% < and ≤ 1.25% Incentive shall not exceed lessor of 25% npv of life-cycle cost reductions or 15% of EWR program expenditures.	> 1.5% Incentive shall be 30% of <u>net benefits</u> from EWR, conservation, DR, and other waste reduction AND shall not exceed 20% of EWR program expenditures. 1.25% < and ≤ 1.5% Incentive shall be 30% of <u>net benefits</u> from EWR, conservation, DR, and other waste reduction AND shall not exceed 20% of EWR program expenditures. 1.0% < and ≤ 1.25% Incentive shall be 30% of <u>net benefits</u> from EWR, conservation, DR, and other waste reduction AND shall not exceed 20% of EWR program expenditures.