



## Distributed Generation

### Michigan’s distributed generation program

The distributed generation program is for customers who have renewable electric generators such as solar photovoltaic, wind turbines, and other types of renewable electric generators located at a Michigan residence or business that is served by an electric provider.

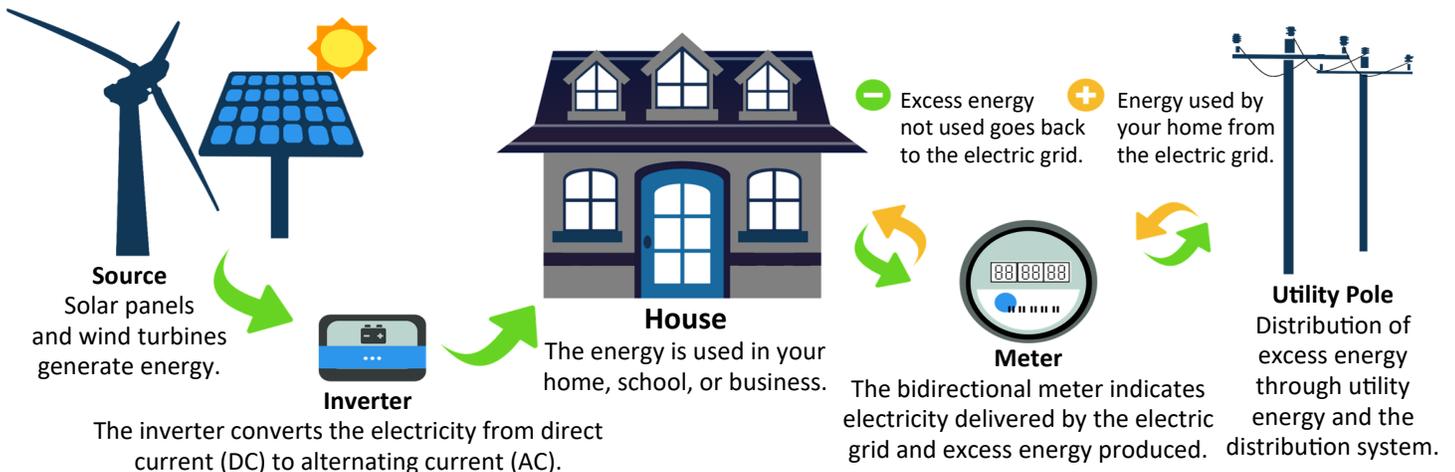
The new energy laws replace net metering with a new distributed generation program but allows existing net metering program customers to maintain current program terms and conditions for 10 years from the date of enrollment in the program. Customers who sign up before new rates for the distributed generation program are established by the Michigan Public Service Commission (MPSC) in a utility rate case filed after June 1, 2018 will also be able to maintain the terms and conditions under the net metering program for 10 years from the date of enrollment.

Net metering occurs when customers produce electricity in excess of their needs, providing electricity back to the utility. When that occurs, customers get a credit on their bills. New distributed generation tariffs will be adopted in electric utility rate cases filed after June 1, 2018. Under the distributed generation program, customers pay their normal retail rate for all electricity delivered by the utility and receive a credit generally equal to the power supply component of the retail rate for all power they generate but do not use on-site. The federal investment tax credit continues to be available to offset costs associated with installing solar projects, and costs of distributed generation projects continue to fall, increasing their economic viability. As of October 2019, Michigan had over 5,000 customers participating in the program.

Utilities with rates that are regulated by the MPSC are required by law to make this distributed generation program available to their customers until the size of the program meets the percentage specified in Michigan law (Public Act 295 as amended). These companies use a single, uniform distributed generation program and interconnection application and electric interconnection agreement. As of December 2019, DTE Electric Company, Indiana Michigan Power Company, and Upper Peninsula Power Company have distribution program tariffs.

The distributed generation program is also available to customers of alternative electric suppliers. Municipals and member-regulated electric cooperatives are not required to participate but may establish their own programs. For more information and to obtain contact information for rate-regulated Michigan utility companies, see the MPSC’s website at [www.michigan.gov/distributedgeneration](http://www.michigan.gov/distributedgeneration).

After completing the electric utility interconnection process with the electric provider and receiving final approval to begin generating electricity, the customer may reduce their electric bill by generating some or all of their electric needs and receive a credit from the electric provider for any excess generation delivered to the electric provider during the billing month. Distributed generation customers will continue to pay monthly customer charges. Distributed generation projects must be sized no larger than required to meet the customer’s expected annual electricity needs. More details about distributed generation are provided below.



### **Distributed Generation Program for projects 20 kW and under – Net Metering**

The distributed generation program is available to any customer meeting the generator size requirements (20 kW and under) and using a UL 1741 certified inverter. Typically, residential customers would fit under this size category.

The distributed generation program for these types of projects features:

- Billing based on net usage.
- A credit for the full retail rate for all excess kWh.
- Use of the customer's existing meter, if it is capable of measuring and recording the flow of energy in both directions.
- A generator meter available at cost, if requested by the customer. (The generator meter is for the customer's benefit. Utilities are not obligated to read a customer's generator meter.)
- Use of a certified inverter that meets international standards for electrical safety. The commonly accepted standard is based on Underwriters Laboratories (UL); standard number 1741 and tested using IEEE 1547 testing standards. The inverter manufacturer will be able to produce proof of this certification.
- A maximum interconnection cost of \$100, consisting of the interconnection and distributed generation application fees. Utilities are not permitted to bill for any additional study fees, testing, or inspection charges.
- Distributed generation program credits for excess generation that can carry forward indefinitely.

### **Distributed Generation Program for projects over 20 kW up to 150 kW - Modified Net Metering**

This distributed generation program category is available to any customer meeting the renewable generator size requirements. Typically, these would be commercial, industrial, or institutional customers.

The distributed generation program for these types of projects features:

- Customers who pay the full retail rate for electricity deliveries from their electric provider and receive the generation portion of the retail rate or a wholesale rate for deliveries of excess generation to the grid.
- No charge for the engineering review for interconnection.
- Customers who pay all interconnection costs (combined \$100 interconnection and distributed generation program application fee), distribution study fees and any required distribution system upgrade costs.
- Customers are not subject to standby charges.

### **Distributed Generation Program for Methane Digester projects over 150 kW up to 550 kW - Modified Net Metering**

This distributed generation program category is available only for on-farm methane digesters. The program for these types of projects is nearly the same as the 20 kW to 150 kW program, except:

- Customers pay the costs of any additional meters.
- Customers pay standby charges.

The contents of this document are valid at the time of publication and may be subject to change.