

**Consumers Energy Company**  
**Case No. U-20344 Stakeholder Process Comments**  
**Proposed Redline of PART 3 of Department of Energy, Labor and Economic**  
**Growth Public Service Commission Electric Interconnection and Net**  
**Metering Standards**

**PART 3. NET METERING STANDARDS**

**R 460.640 Application process.**

Rule 40. (1) Each electric provider shall file ~~updated~~initial net metering program tariff sheets within ~~30-90~~ 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 ~~30-90~~ 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 net metering 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 net metering program.

(5) Selection of customers for participation in the net metering or distributed generation program shall be based on the order in which the applications for the 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 net metering or distributed generation programs.

(7) Distributed Generation and Net metering programs provided by electric providers and alternative electric suppliers shall limit each applicant to generation capacity designed to meet up to 100% of the customer's electricity consumption for the previous 12 months~~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 distributed generation or net metering tariff sheet or in the alternative electric supplier's distributed generation or 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.

**Comment [CE1]:** Consumers Energy Comment: The fact that Consumers Energy comments or does not comment on particular provisions does not mean we will not have further input on those sections at a later time. We have used best efforts to incorporate as much feedback as possible

**Comment [CE2]:** Consumers Energy Comment: Eligible net metering customers are eligible only if they meet all interconnection rules for the eligible system size

**Comment [CE3]:** Consumers Energy Comment: Depending upon how interconnection rules develop, we may need to add definitions currently in Part 1 of the rules to these rules.

**Comment [CE4]:** Consumers Energy Comment: The Company continues to support the use of aggregate nameplate capacity, however the final definition in the interconnection rules may impact this item.

(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.

(c) Any net metering or distributed generation customer using an energy storage technology in conjunction with a renewable energy resource, as that term is defined in section 11(g) of 2008 PA 295, MCL 460.1011(g), must not design or operate the storage technology in a manner that results in the customer's electrical output exceeding 100% of the customer's electricity consumption for the previous 12 months. Energy storage technologies that are independently interconnected and that do not operate in conjunction with a renewable energy resource are not eligible for participation in the net metering or distributed generation program. Further, addition of energy storage technology to an existing approved net metering system is considered a material modification as defined in these rules.

**R 460.642 Net metering and distributed generation application and fees.**

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

(2) Net metering application processing for electric providers shall be conducted in the following manner:

(a) An applicant applying for net metering shall at the same time apply for an electric provider interconnection or shall indicate on the distributed generation or 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 distributed generation or net metering application, the electric provider shall have 10 working days to complete its review of the distributed generation or net metering application. All other distributed generation or 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 distributed generation or net metering.

(d) After completing the review, the electric provider shall notify the customer whether the distributed generation or net metering application is approved or disapproved.

(e) If an applicant approved for distributed generation or 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) Distributed generation or 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 distributed generation or net metering application form to the alternative electric supplier and a copy of the form to the electric provider that provides distribution services.

**Comment [CE5]:** Consumers Energy Comment: The utility must know how a system is configured and operated if that system is in parallel operation with the utility's grid system in order to ensure safety and reliability of the system

**Comment [CE6]:** Consumers Energy Comment: Utilities need a standard or methodology for removing proposed net metering projects from the queue such as a project milestones or completion deadline or time based standard.

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(b) Within the time periods in subrule (2) of this rule, the electric provider shall determine whether the appropriate meter(s) are installed for distributed generation or 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 distributed generation or net metering credit to be applied to the account.

(4) If a distributed generation or 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. Customers participating in a net metering program approved by the commission before the commission establishes a tariff pursuant to section 6a(14) of 1939 PA 3, MCL 460.6a, may elect to continue to receive service under the terms and conditions of that program for up to 10 years from the date of enrollment. This does not apply to an increase in the generation capacity of the customer's eligible electric generator beyond the capacity as of April 20, 2017.~~

(6) The net metering application fee for electric providers and alternative electric suppliers shall not exceed ~~\$2550~~. 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 460.644 Net metering and distributed generation program size.**

Rule 44. If an electric provider or alternative electric supplier reaches the distributed generation and/or net metering program size limits in section 173(23) of 2008 PA 295, MCL 460.1173(32), the electric provider or alternative electric supplier shall provide notice to the commission and to all customers that its distributed generation or net metering program is closed and that no new applications will be accepted. All completed applications that are pending at the time the net metering program closes shall be processed and the applicants shall be allowed to participate in the net metering program.

**R 460.646 Generation and net metering or distributed generation equipment.**

Rule 46. (1) New generation and net metering or distributed generation 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, with any inverters also certified to perform automated grid-balancing functions that meet UL 1741 scope SA1.1 as defined in UL

**Comment [CE7]:** Consumers Energy Comment: Replaced this with language from MCL 460.1183.

**Comment [CE8]:** Consumers Energy Comment: The Company position is that automatic grid balancing functions are needed to promote reliability and safety of the system and should be included as authorized by the statute

1741 2<sup>nd</sup> Edition, or updated versions of these standards and installed in compliance with this part is considered to be eligible equipment compliant. 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 anti-islanding 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).

**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 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 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 distributed generation or net metering customer. The cost of the meter(s) or meter modification shall be considered a cost of operating the 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 distributed generation or net metering 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 distributed generation or net metering 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 distributed generation or net metering 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

**Comment [CE9]:** Consumers Energy Comment: This will need to be consistent with interconnection rulemaking as this is a reference to current an interconnection rule

**Comment [CE10]:** Consumers Energy Comment: This reference is to the "Eligible Electric Generator" definition in the interconnection rules, this definition will need consistency with interconnection rulemaking

**Comment [CE11]:** Consumers Energy Comment: Ensure references are updated appropriately as the rules are modified.

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 ~~n-distributed generation or~~ net metering customer or the distributed generation or net metering program.

**R 460.650 Billing and credit for true net metering customers.**

Rule 50. (1) Net metering customers with a system capable of generating 20 kW or less shall qualify for true net metering. For customers who qualify for 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 modified net metering customers.**

Rule 52. (1) Net metering customers with a system capable of generating more than 20 kW qualify for modified net metering. For customers who qualify for 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 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 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 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 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, excluding transmission charges, of the full retail rate during the billing period or time-of-use pricing period.

**Comment [CE12]:** Consumers Energy Comment:  
From MCL 460.1177

**R XXX Billing and credit for Distributed Generation Program customers.**

In a rate-regulated electric provider's rate case filed after June 1, 2018, the commission shall approve a tariff for inclusion in the rates of all customers participating in a net metering or distributed generation program under the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1001 to 460.1211. In a rate case filed after June 1, 2018, a rate-regulated electric provider must file the Inflow/Outflow tariff approved by the commission in Case No. U-18383, and may also file its own distributed generation tariff. A tariff established under this section does not apply to customers participating in a net metering program under the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1001 to 460.1211, before the date that the commission establishes a tariff under this section, who continue to participate in the program at their current site or facility.

**Comment [CE13]:** Consumers Energy Comment:  
Inserted from MCL 460.6a(14)

**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 net metering program.
- (2) An electric provider may purchase or trade renewable energy certificates from a net metering customer if agreed to by the net metering customer.
- (3) The commission may develop a program for aggregating renewable energy certificates from 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.