

MICHIGAN LEGISLATIVE SUMMARY

Overview:

Michigan has a bicameral legislature with a Senate and House. Senators are elected for 4-year terms concurrent with election of the Governor. Representatives (House members) are elected for 2-year terms concurrent with the election of representatives for the U.S. House. The last Senate election was November 2, 1010, when current Republican Governor Rick Snyder was elected. The next election for legislators is November 4, 2014 when the major state offices and both House and Senate members will be chosen. Michigan’s legislature is full time and members are term limited. Legislative terms are numbered in 2-year intervals beginning with the terms of the newly elected House members. Bills pending in either House are carried over to the next annual session for years ending in the middle of a 2-year numbered interval. The current two year legislative term is the 97th Legislature, serving from January 1, 2013 to December 31, 2014. The 97th Legislature is further described here:

Senate	House
Senators: 38 Republicans: 26 Democrats: 12 Term: 4 years	Representatives: 110 Republicans: 59 Democrats: 50 Independents: 1 Term: 2 years
Leadership	Leadership
President: Lt. Governor Brian Calley (R) Majority Leader: Randy Richardville (R-Monroe) Assistant Majority Leader: David Hildenbrand (R-Lowell)	Speaker: Jase Bolger (R-Marshall) Majority Floor Leader: Jim Stamas (R-Midland)
Utility Committee	Utility Committee
Energy and Technology Chair: Mike Nofs (R-Battle Creek)	Energy and Technology Chair: Aric Nesbitt (R-Lawton)

Recap – Fall 2012

The 96th legislative term ended on December 31, 2012 without major new legislation affecting public utility interests. A new Michigan Energy Assistance Act was enacted as 2012 PA 615 to create a state level program for income qualified customers; however, ongoing funding for the program was unresolved. The most significant component in PA 615 is that an income qualified customer no longer has to have a shut off notice to be eligible to receive assistance to help with their energy bills.

Legislation had been introduced in the Michigan Legislature on various topics that was debated but not passed, including:

- SB 1134 – An electric utility surcharge to provide annual funding up to \$60 million for the new state low-income energy assistance program
- SB 1083 – A replacement to 1974 PA 53 governing the operation of the “Miss Dig” call system for locating underground facilities prior to excavation
- SB 1035/HB 5503 – Lifting the 10% cap on utility load eligible for retail electric choice (cap was added in 2008)
- HB 5411, 5439 – Proposed regulation of advanced meters

The legislative energy committees were actively monitoring progress of utilities towards meeting the renewable energy and energy optimization targets established in the Clean, Renewable and Efficient Energy Act of 2008 PA 295.

There were very significant energy policy developments in late 2012, however. First, in the November 6 general election, voters defeated the “Proposal 3” initiative petition to amend the state constitution to require electric utilities to obtain at least 25% of their electric supply from clean renewable sources by the year 2025. This measure was widely debated in public forums and utilities opposed the measure as expensive and inflexible, through the Clean Affordable and Renewable Energy coalition that was set up as a ballot question committee. Existing state law, established in 200, requires 10% renewable energy by 2015.

Second, Governor Rick Snyder’s special message on energy and the environment was delivered on November 28, 2012. This speech marked the beginning of an energy information-gathering process called Ensuring Michigan’s Future to occur during 2013. Governor Snyder pronounced his energy policy guidelines. All energy policy decisions should meet the criterion of adaptability, meaning a framework to allow ongoing adjustments so there are “no regrets.” Each decision shall also stand on the “pillars” of reliability, affordability and environmental protection. Information gathering will be coordinated by the Michigan Economic Development Corporation leader, Steve Bakkal and the Chair of the Michigan Public Service Commission, John Quackenbush. Governor Snyder will announce his energy policy measures in late 2013, after the public input process is completed and a report on relevant factual information is prepared through the MEDC/MPSC. The new policy measures would be implemented by legislation introduced in

2014, possibly impacted by the election cycle that year in which the major offices, House and Senate are all contested.

2013 Activity

Governor Snyder's major energy policy activity in early 2013 involved the launch of a state website at www.michigan.gov/energy and the conduct of 7 open regional public forums. The function of this process was to gather public input from interested participants on information needed to enable the Governor to make good energy policy decisions. The website remained open through April 25 to receive posted comments answering 106 specific questions, divided into 5 general topics: overall, renewable energy, energy efficiency, electric choice and additional areas. "Additional areas" included specific questions on matters such as improving reliability, rate case process, RTOs, transmission, grid upgrades and rate levels. Many interested parties submitted written comments and formal presentations through web postings or the public forums. Utilities DTE Energy, Consumers Energy and members of the Michigan Electric and Gas Association developed common responses to many of the questions. All of this information is now available on the state website.

Next steps in the policy process include compilation of the public comments by late summer, a comment period, and the Governor's announcement of policy proposals expected in November.

Although the legislature is observing the Governor's information gathering process, the House energy committee has conducted its own hearings particularly focused on electric industry restructuring, the role of market competition, concerns over rate levels, 2008 PA 286 changes to the rate setting process and funding a state low income energy assistance program. Bills have been introduced on the following subjects, most see continued debate over the latter part of 2013 and into 2014:

- Expand the 10% retail choice cap – SB 166
- Funding the state low income energy assistance program – SB 284 (passed Senate 35-3) and a House substitute. A \$50 million annual state supplemental low income assistance fund with monies raised by an electric utility per meter surcharge capped at \$1.00/month is under active consideration as a longer term replacement for a succession of interim state measures.
- Increase the RPS to 22% by 2022 – SB 322
- Limits on advanced meters – HB 4315, HB 4728
- Increased efficiency standards after 2015 – HB 4611
- Require MPSC report on pole attachment rates by 10-1-13 – HB 4702
- Securitization of facility costs to comply with federal or state environmental regulation – HB 4750