

Legislative Analysis



CERTAIN REPAIRS AS ENERGY CONSERVATION

Phone: (517) 373-8080
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House Bill 4465 as introduced

Sponsor: Rep. John R. Roth

Committee: Energy, Communications, and Technology

Complete to 11-7-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4465 would amend the Clean and Renewable Energy and Energy Waste Reduction Act to include incidental repairs that are necessary for the protection of other energy conservation measures (for example, roof and gutter repairs) in the definition of the term *energy conservation* for purposes of the act.

Energy conservation

The act generally defines *energy conservation* as the reduction of customer energy use through the installation of measures or changes in energy usage behavior.¹

Energy conservation can be considered *energy waste reduction* under the act, but only to the extent that decreases in the consumption of electricity produced by *energy conservation* are objectively measurable and attributable to an energy waste reduction plan under section 71 of the act.²

Energy waste reductions plans are filed with the Michigan Public Service Commission (MPSC) by electric and natural gas providers whose rates are subject to MPSC regulation. As described in the act, the overall goal of an energy waste reduction plan is to help the provider's customers reduce energy waste and to reduce the future costs of provider service to customers. In particular, an electric provider's energy waste reduction plan must be designed to delay the need for constructing new electric generating facilities and thereby protect consumers from incurring the costs of that construction.

Among other provisions regarding energy waste reduction plans, the act requires the MPSC, upon petition by a provider, to authorize the provider to capitalize all energy efficiency and *energy conservation* equipment, materials, and installation costs with an expected economic life greater than one year incurred in implementing its energy waste reduction plan, including such costs paid to third parties, such as customer rebates and customer incentives.

In addition, the act requires the Office of Climate and Energy to do all of the following:

- Promote energy efficiency and *energy conservation*.
- Actively pursue increasing public awareness of *energy conservation* and energy efficiency.
- Actively engage in *energy conservation* and energy efficiency efforts with providers.

¹ The term *energy conservation* is used in four sections of the act, as shown in these links: [section 5](#), [section 89](#), [section 95](#), and [section 133](#).

² <http://legislature.mi.gov/doc.aspx?mcl-460-1071>

- Engage in regional efforts to reduce demand for energy through *energy conservation* and energy efficiency.

The act also requires the Department of Technology, Management, and Budget to create a web-based system for tracking energy efficiency and *energy conservation* projects occurring in state government.

Part 7 (Residential Energy Improvements)

The bill would not appear to affect residential energy projects programs under Part 7 of the act. The terms *energy conservation* and *energy waste reduction* are not used in those provisions.³

MCL 460.1005

FISCAL IMPACT:

House Bill 4465 would not have a fiscal impact on any units of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

³ <https://www.legislature.mi.gov/documents/mcl/pdf/mcl-295-2008-7..pdf>