

# SENATE BILL NO. 138

February 16, 2021, Introduced by Senator OUTMAN and referred to the Committee on Energy and Technology.

A bill to amend 2008 PA 295, entitled "Clean and renewable energy and energy waste reduction act," by amending sections 7 and 9 (MCL 460.1007 and 460.1009), as amended by 2016 PA 342, and by adding part 8.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 7. As used in this act:

2           **(a) "Gasification" means the thermochemical process performed**  
3 **by a gasification facility.**

4           **(b) ~~(a)~~"Gasification facility" means a facility located in**

1 this state that, using a thermochemical process that does not  
 2 involve direct combustion, produces synthesis gas, composed of  
 3 carbon monoxide and hydrogen, from carbon-based feedstocks ~~(such as~~  
 4 coal, petroleum coke, wood, biomass, hazardous waste, medical  
 5 waste, industrial waste, and solid waste, including, but not  
 6 limited to, municipal solid waste, electronic waste, and waste  
 7 described in section 11514 of the natural resources and  
 8 environmental protection act, 1994 PA 451, MCL 324.11514,~~)~~ and that  
 9 uses the synthesis gas or a mixture of the synthesis gas and  
 10 methane to generate electricity for commercial use. Gasification  
 11 facility includes the transmission lines, gas transportation lines  
 12 and facilities, and associated property and equipment specifically  
 13 attributable to such a facility. Gasification facility includes,  
 14 but is not limited to, an integrated gasification combined cycle  
 15 facility and a plasma arc gasification facility.

16 (c) ~~(b)~~—"Incremental costs of compliance" means the net  
 17 revenue required by an electric provider to comply with the  
 18 renewable energy standard, calculated as provided under section 47.

19 (d) ~~(e)~~—"Independent transmission company" means that term as  
 20 defined in section 2 of the electric transmission line  
 21 certification act, 1995 PA 30, MCL 460.562.

22 (e) ~~(d)~~—"Integrated gasification combined cycle facility"  
 23 means a gasification facility that uses a thermochemical process,  
 24 including high temperatures and controlled amounts of air and  
 25 oxygen, to break substances down into their molecular structures  
 26 and that uses exhaust heat to generate electricity.

27 (f) ~~(e)~~—"Integrated pyrolysis combined cycle facility" means a  
 28 pyrolysis facility that uses exhaust heat to generate electricity.

29 (g) ~~(f)~~—"LEED" means the ~~leadership~~ **Leadership** in energy

1 **Energy** and ~~environmental design~~ **Environmental Design** green building  
2 rating system developed by the United States Green Building  
3 Council.

4 (h) ~~(g)~~—"Load management" means measures or programs that  
5 target equipment or behavior to result in decreased peak  
6 electricity demand such as by shifting demand from a peak to an  
7 off-peak period.

8 (i) ~~(h)~~—"Megawatt", "megawatt hour", or "megawatt hour of  
9 electricity", unless the context implies otherwise, includes the  
10 steam equivalent of a megawatt or megawatt hour of electricity.

11 (j) ~~(i)~~—"Modified net metering" means a utility billing method  
12 that applies the power supply component of the full retail rate to  
13 the net of the bidirectional flow of kilowatt hours across the  
14 customer interconnection with the utility distribution system,  
15 during a billing period or time-of-use pricing period. A negative  
16 net metered quantity during the billing period or during each time-  
17 of-use pricing period within the billing period reflects net excess  
18 generation for which the customer is entitled to receive credit  
19 under section 177(4). Under modified net metering, standby charges  
20 for distributed generation customers on an energy rate schedule  
21 shall be equal to the retail distribution charge applied to the  
22 imputed customer usage during the billing period. The imputed  
23 customer usage is calculated as the sum of the metered on-site  
24 generation and the net of the bidirectional flow of power across  
25 the customer interconnection during the billing period. The  
26 commission shall establish standby charges under modified net  
27 metering for distributed generation customers on demand-based rate  
28 schedules that provide an equivalent contribution to utility system  
29 costs. A charge for net metering and distributed generation

1 customers established pursuant to section 6a of 1939 PA 3, MCL  
2 460.6a, shall not be recovered more than once. This subdivision is  
3 subject to section 177(5).

4 Sec. 9. As used in this act:

5 (a) "Natural gas provider" means an investor-owned business  
6 engaged in the sale and distribution at retail of natural gas  
7 within this state whose rates are regulated by the commission.

8 (b) "Pet coke" means a solid carbonaceous residue produced  
9 from a coker after cracking and distillation from petroleum  
10 refining operations.

11 (c) "Plasma arc gasification facility" means a gasification  
12 facility that uses a plasma torch to break substances down into  
13 their molecular structures.

14 (d) "Provider" means an electric provider or a natural gas  
15 provider.

16 (e) "PURPA" means the public utility regulatory policies act  
17 of 1978, Public Law 95-617.

18 **(f) "Pyrolysis" means the thermochemical decomposition process**  
19 **performed by a pyrolysis facility.**

20 **(g) ~~(f)~~**"Pyrolysis facility" means a facility that effects  
21 thermochemical decomposition at elevated temperatures without the  
22 participation of oxygen, from carbon-based feedstocks including,  
23 but not limited to, coal, wood, biomass, industrial waste, or solid  
24 waste, but not including pet coke, hazardous waste, coal waste, or  
25 scrap tires. Pyrolysis facility includes the transmission lines,  
26 gas transportation lines and facilities, and associated property  
27 and equipment specifically attributable to the facility. Pyrolysis  
28 facility includes, but is not limited to, an integrated pyrolysis  
29 combined cycle facility.

## PART 8

## RENEWABLE NATURAL GAS

1  
2  
3       Sec. 221. As used in this part:

4       (a) "Biogas" means gas that is generated from biomass through  
5 anaerobic digestion, gasification, pyrolysis, or other technology.

6       (b) "Renewable natural gas" means biogas that has been  
7 processed to be interchangeable with conventional natural gas and  
8 meet pipeline quality standards or transportation fuel grade  
9 requirements.

10       Sec. 223. (1) The commission shall develop and periodically  
11 update an inventory of biogas and renewable natural gas resources  
12 available to this state. The inventory shall include, but need not  
13 be limited to, the following:

14       (a) A list of the potential biogas and renewable natural gas  
15 sources in this state and the estimated potential production  
16 quantities available at each source.

17       (b) An estimate of the energy content of listed potential  
18 biogas and renewable natural gas sources.

19       (c) An estimate of the range of conversion technologies  
20 available to this state for renewable natural gas production, such  
21 as anaerobic digestion and gasification.

22       (d) A list of biogas production sites in this state that  
23 includes both of the following:

24       (i) The location of each site.

25       (ii) An assessment of the supply-chain infrastructure  
26 associated with each site.

27       (2) The commission shall utilize the inventory under  
28 subsection (1) and any other relevant information as considered  
29 necessary by the commission to develop and periodically update

1 estimates of each of the following:

2 (a) The quantity of renewable natural gas that could be  
3 produced in this state and delivered for use as transportation fuel  
4 in the form of compressed natural gas or liquefied natural gas.

5 (b) The quantity of renewable natural gas that could be  
6 produced in this state and delivered for use by residential,  
7 commercial, or industrial consumers of natural gas.

8 (c) The potential for the use of renewable natural gas in this  
9 state to reduce greenhouse gas emissions.

10 (d) The potential for renewable natural gas in this state to  
11 improve air quality.

12 (e) The technical, market, policy, and regulatory barriers to  
13 developing and utilizing renewable natural gas in this state.

14 (3) The commission shall appoint an advisory committee to  
15 assist in developing and periodically updating the inventory  
16 required by this section. The committee shall include, but not be  
17 limited to, persons familiar with the renewable natural gas  
18 industry. The committee shall make recommendations to the  
19 commission on all of the following:

20 (a) Identifying and removing barriers to producing and  
21 utilizing biogas and renewable natural gas in this state as a means  
22 of maximizing improvements in air quality and reductions in  
23 greenhouse gas emissions.

24 (b) Policies to promote renewable natural gas.

25 (c) On any other matters related to this section, as requested  
26 by the commission.

27 (4) By January 1, 2022, the commission shall develop the  
28 initial inventory required by subsection (1) and submit a report on  
29 the initial inventory to the standing committees of the senate and

1 **house of representatives with primary responsibility for energy and**  
2 **environmental issues.**

3       Enacting section 1. This amendatory act takes effect 90 days  
4 after the date it is enacted into law.