

Legislative Analysis



LONG-TERM INDUSTRIAL LOAD RATES

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Senate Bill 504 as passed by the Senate
Sponsor: Sen. Kristen McDonald Rivet
House Committee: Energy, Communications, and Technology
Senate Committee: Energy and Environment
Revised 11-12-24

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

SUMMARY:

Senate Bill 504 would amend 1939 PA 3, the enabling act for the Michigan Public Service Commission (MPSC), to provide that a long-term industrial load rate is not subject to any securitization charges approved by the MPSC under a financing order if the customer is taking service under that rate on the order's effective date. This would apply to financing orders issued after the bill takes effect.

MCL 460.10gg

BACKGROUND:

Section 10gg of the act, which provides for long-term industrial load rates for industrial customers of electricity as long as certain conditions and contractual parameters are met, was added by 2018 PA 348.¹ Among the rate requirements are that the contract be for at least 15 years or the expected life of a designated resource, that the customer have an annual average electric demand of at least 200 megawatts at one site, and that the rate ensure that the utility recovers its direct cost to provide transmission and distribution service to the industrial customer.

As of May 2024, Hemlock Semiconductor (HSC), located near Saginaw, is the only customer taking service under the long-term industrial load rate provisions.

FISCAL IMPACT:

Senate Bill 504 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.

¹ <https://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-5902-0E65F4CE.pdf>