

FAQ's 2008 PA 295

Renewable Energy Surcharge

1. What is a Renewable Energy Plan Surcharge?

Legislation passed in the State of Michigan, Public Act 295 of 2008, requires all electric providers to collect the additional cost of compliance to meet required renewable energy standards through a separately identified surcharge on a customer's bill.

2. What are Renewable Energy Standards?

Each year the BWL will be required to have an increasing amount of retail sales provided by renewable energy sources until 2015 when the BWL will be required, by State law, to have 10% of retail sales generated from renewable energy sources. Renewable energy sources are solar, wind, hydro, and biomass.

3. Why is there an additional cost for renewable energy?

Renewable energy sources are currently more costly than non-renewable sources. The Renewable Plan Surcharge is designed to collect the premium paid for the renewable energy sources.

4. Was the Renewable Energy Plan approved?

The BWL was required to file, and have approved by the Michigan Public Service Commission, a twenty year plan showing how it planned to meet the renewable energy standards.

5. How was the Renewable Energy Plan Surcharge determined?

The legislation setting the renewable energy plan standards, set limits on the surcharge by customer type. The BWL has designed the surcharges to recover the cost of complying with the legislation without exceeding the limits. All of BWL's surcharges are below the legislative limits.

Energy Optimization Surcharge

1. What is an Energy Optimization Surcharge?

Legislation passed in the State of Michigan, Public Act 295 of 2008, requires all electric and natural gas providers to achieve energy savings each year by offering energy saving programs to their customers. The Energy Optimization Surcharge recovers the costs of the programs offered to customers.

2. What kind of oversight is there for the Energy Optimization Program?

The BWL was required to file, and have approved by the Michigan Public Service Commission, a budget showing how energy savings would be met. The BWL will be required to file quarterly reports with the Michigan Public Service Commissions showing actual program spending and energy savings.

3. How are energy savings measured?

Energy savings are determined based on customer participation in energy efficiency programs offered to customers. For example, each CFL bulb given to a customer is assumed to save 44.1 kWh over the life of the bulb. The value of the savings is taken from a database used by all Michigan utilities.

4. What energy saving programs are being offered to customers?

Customers can get more information about current program offerings on the BWL website under the Hometown Energy Savers link.

Customer Notification

1. How was the public notified of these surcharges?

A notice was published on January 6th 2009 in the City Pulse indicating that there would be a public hearing to address, among other things, the implementation of the Renewable Energy Plan Surcharge and the Energy Optimization surcharge. A note was also printed on the bottom of each customer's December bill stating that a public hearing would be held addressing these matters.

2. What is the approval process for the Renewable Energy Plan Surcharge and the Energy Optimization Surcharge?

A hearing open to the public was held on January 21st 2010 to receive public comment on the two surcharges after which the Board of Water and Light's Board of Commissioner's approved the surcharges on January 26th 2010.