

MPSC Update

An overview of the 2023 Energy Legislation and MPSC priorities in 2024



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Commission Staff

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The Michigan Public Service Commission



Chair
Dan Scripps



Commissioner
Katherine
Peretick



Commissioner
Alessandra
Carreon



Independent, professional Staff serving the public
with expertise in

- Engineering
- Finance
- Auditing
- Law
- Economics
- Accounting

Our Mission

To **serve the public** by
ensuring safe, reliable, and
accessible **energy** and
telecommunications services
at reasonable rates

MPSC Authority: A Creature of Statute

- ❑ Authority provided by the Legislature ([MCL 460.6](#))
 - Broad authority to regulate investor owned electric and natural gas utilities, plus other duties as prescribed
 - May regulate “all rates, fares, fees, charges, services, rules, conditions of service” and other matters of formation, operation and direction of the utilities
 - Power and jurisdiction “to hear and pass upon all matters pertaining to, necessary, or incident to” the regulation of the utilities
- ❑ **BUT the Commission does not have authority to make management decisions for the utilities (*Union Carbide Corp. v. Public Service Commission*, 431 Mich 135 (1988))**
- ❑ The Commission has no Common Law or equity powers

2023 Energy Laws

The 2023 Energy and Climate Package

- ❑ [SB 277](#): Codify the allowance of RE infrastructure on PA 116 farmland (PA 230)
- ❑ [SB 519](#): Establish Community and Worker Economic Transition Office (PA 232)
- ❑ MPSC Bills
 - [SB 271](#): Establishes a Clean Energy Standard; Increases Renewable Energy Standard; Establishes Statewide Energy Storage Target; Increases DG Cap (PA 235)
 - [SB 273](#): Increases EWR Targets; Requires Munis and Co-ops to participate in EWR programs; Establishes mandatory Low Income EWR spends (PA 229)
 - [SB 502](#): Increases UCPB funding and expands cases for which interveners can be funded; Adds considerations of climate and public health to IRP determinations; Requires certain studies and proceedings (PA 231)
 - [HB 5120](#): Creates a voluntary siting process at the Commission for qualifying Renewable Energy projects (PA 233)
 - [HB 5121](#): Amends the Zoning Enabling Act relative to the new voluntary siting process (PA 234)

Commission's ongoing work

Changes and additions – 5 Key areas

01

Changes:
Integrated
Resource
Plans

02

Changes:
Renewable
Energy Plans

03

Changes:
Distributed
Generation

04

Changes:
Energy Waste
Reduction
Plans

05

Addition:
Renewable
Energy
Facility Siting

Integrated Resource Plans

Integrated Resource Plan Review

- **New evidence** to include impact on GHG emissions, environmental just impacts in some situations, analysis of affordability impacts.
- **New analysis** regarding public health impacts, impacts on individuals in Environmental Justice Communities, and impact on economy wide elimination of GHG emissions by 2050.
- **New Commission decision criteria** includes affordability; cost-effectiveness; labor standards; and promotion of environmental quality and public health, mitigating adverse health impacts, and prioritizing benefits to “communities disproportionately impacted by pollution and other environmental harms.”

Clean Energy Standard

- Establishes a Clean Energy Standard of 80% by 2035 and 100% by 2040.
- For Investor-Owned Utilities, reviewed and evaluated in Integrated Resource Plan cases
- Commission may extend compliance deadlines upon a showing of practical infeasibility, excessive cost, resource adequacy, or reliability.

Energy Storage

- Statewide Energy Storage Target of 2,500 MW of new storage applicable to Investor-Owned Utilities (IOUs) and Alternative Electric Suppliers (AES)
- Petitions for approvals (IOUs) and plans (AES) must be submitted to the Commission for approval by the end of 2029.

Integrated Resource Plans - Implementation

MPSC Case No. [U-21570](#)

- ❑ Directs Staff to
 - Begin the studies necessary for informing the IRP Planning Parameters (Due July 31, 2025).
 - Develop and post for public comment a redline version of the IRP Planning Parameters and Filing Requirements (Due Sept. 20, 2024).
 - Develop a straw proposal for the submission of utility Clean Energy Plans.
 - Hold two public engagement sessions to take place no later than Dec. 31, 2-24 and March 30, 2025 related to the Planning Parameters and Filing Requirements. These sessions are to discuss
 - ❑ Identification of Environmental Justice Communities
 - ❑ Environmental Justice analysis
 - ❑ Rate and affordability impacts
 - ❑ Cost-effectiveness
 - ❑ Alignment of Renewable Energy Plans, Energy Optimization Plans, and IRPs

MPSC Case No. [U-21571](#)

- ❑ Directed Staff to develop a [straw proposal](#) for determining a utility's share of the Statewide energy storage target; Straw proposal was filed May 29 (Comments on straw proposal by Aug. 1, 2024).



Renewable Energy and Distributed Generation

Renewable Energy

- Establishes a Renewable Energy Standard
 - 50% by 2030
 - 60% by 2035
- “Renewable Energy” is wind, solar, existing hydro, and biomass (landfill gas, methane digesters, some types of wood biomass).
- Process changes re: filing and review of renewable energy plans at the Commission

Distributed Generation

- Prior program could be capped at 1% participation.
- 2023 amendments
 - Increase allowable cap to 10%
 - Increase allowable system size to 110% of a customer’s anticipated usage and permits solar generation systems over 150 kw
- Reserves 50% of the program for small systems (under 20 kw)
- Allows up to 50% to be used for large systems (20kw – 550 kw)

Renewable Energy & Distributed Generation – Implementation

Renewable Energy

MPSC Case No. [U-21568](#)

- ❑ Sets a filing schedule for new Renewable Energy(RE) Plans
- ❑ Seeks comment on several topics including
 - RE compliance system
 - Utility procurement practices
 - Impacts on biomass facilities
 - Changes necessary to appropriately evaluate generation supply diversity

Distributed Generation

MPSC Case No. [U-21569](#)

- ❑ Addresses the impact of statutory changes on interconnection rules and proposed interconnection procedures
- ❑ Seeks comment on several topics including
 - Equipment related questions
 - Whether changes allow for customers to offset entire bill
 - Whether DG resources can exceed 550 kw

Energy Waste Reduction



Increased Energy Waste Reduction (EWR) Standard

- From 1% to 1.5% for electric utilities
- From .75% to .875% for natural gas utilities



Allows utilities to file new Efficient Electrification Measures Plans

- Provide health and safety benefits
- Reduce total energy consumption at the premises
- Reduce GHG emissions



Low Income EWR Programs and Workforce Development

- Mandates minimum spends for low income EWR programs
- Larger utilities must invest in hiring and developing a diverse EWR workforce and contractors; Hiring and development must focus on workers from Low Income or Environmental Justice Communities and workers displaced by the energy transition

Energy Waste Reduction – Initial Implementation

MPSC Case No. [U-21567](#)

- ❑ Finds that currently approved plans and financial incentives will remain in effect until new plans are filed and approved.
- ❑ Provides guidance regarding several matters including efficient electrification plans, low-income EWR programs, and plans for non-rate regulated utilities.
- ❑ Requests comment regarding several technical items (quantifying cost savings, project qualification, measurement of total energy consumption). Comments are due by July 17, 2024.
- ❑ Directs Staff to work with utilities, other departments, agencies, advocacy organizations, and other interested persons to develop strategies related to low income EWR program requirements.

Public Act 233: Renewable Energy Facility Siting

- ❑ New, voluntary siting process at the Commission for qualified Renewable Energy and Energy Storage Facility projects
 - 100MW+ Wind
 - 50 MW+ Solar
 - 50 MW+ and 200 MWh+ Energy Storage
- ❑ Each proposed project must begin at the local level.
 - Law requires meetings with local “chief elected official” and may require local public meetings
 - Local units of government may adopt a “Compatible Renewable Energy Ordinance” which would require developers to move through the local process before coming to the Commission
- ❑ Law contains review standards including provisions related to setbacks, public benefit requirements, community benefit or community host agreements, farmland protections, and labor standards.
- ❑ Project participation by property owners is voluntary – **NO EMINENT DOMAIN**

Renewable Energy Facility Siting – Initial Implementation



MPSC Case No. [U-21547](#)

- ❑ Directs Staff to engage with interested parties to develop proposed policies and procedures, application filing instructions, and more.
- ❑ Staff held 6 public engagement sessions.
- ❑ Draft Application Instructions and Procedures were filed on June 21.
- ❑ Public Engagement Session July 10; Comments due July 17; Reply comments due Aug. 9.

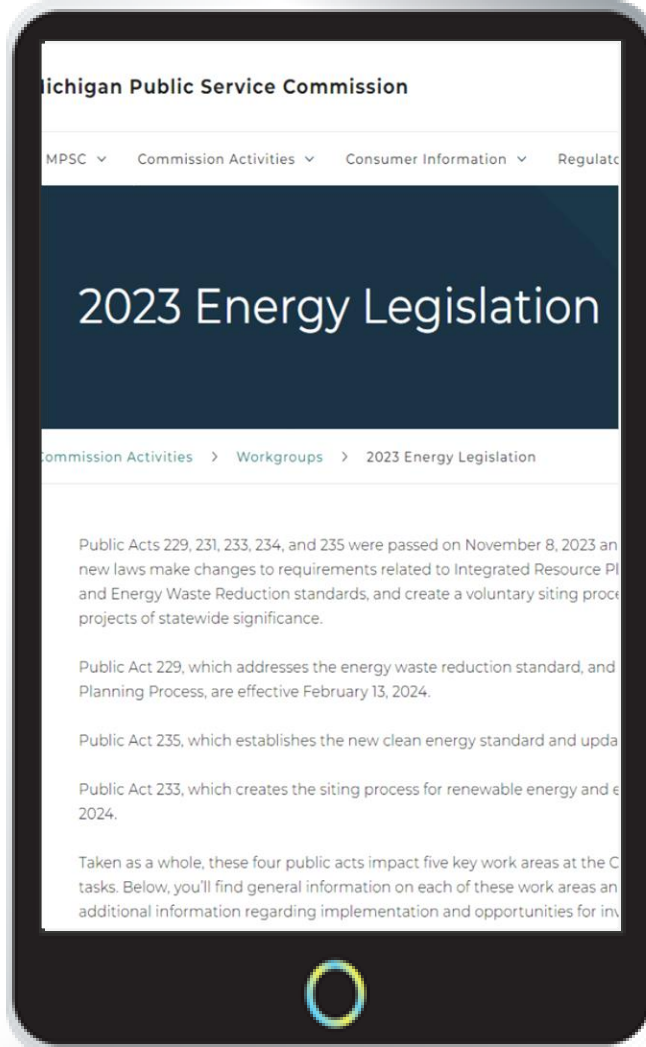
One Time Projects

- ❑ Study into unique conditions influencing electric generation in the UP, the role of the RICE units, changes in demand including from mining projects, options to reduce the carbon intensity of the RICE units, and any other information the Commission deems relevant by Dec. 1, 2024 (Initiated in MPSC Case No. [U-21572](#))
- ❑ A proceeding on improving rate case process (MPSC Case No. [U-21637](#))
- ❑ A proceeding on expanding opportunities for public engagement in the Commission's decision-making processes by (MPSC Case No. [U-21638](#))

Legislation Implementation – Open Dockets

Case No.	Description	Status
U-21547	Public Act 233 of 2023 – Siting utility scale clean energy projects	MPSC order directed Staff to engage with experts, local government agencies, project developers & other interested persons in transparent and open meetings. Recommendations in a # of areas was filed by Staff on June 21, 2024.
U-21567	Amendments to EWR Plans	Commission asked # of questions for interested persons to weigh in on. Comments due July 17, Reply Comments due August 9
U-21568	Amendments to Renewable Energy Plans (REP)	Commission asked # of questions for interested persons to weigh in on. April 25 Commission order set amended filing requirements & instructions for REPs
U-21569	Distributed Generation (DG) Program	Commission sought comments on 5 Qs re. subject matter. Comments and Reply comments were filed in March and April.
U-21570	EWR Potential, DR Program potential, Electrification study, rate and affordability impact	The Commission directed MPSC Staff to file the three potential studies in the docket by July 31, 2025.
U-21571	Energy Storage Statewide Target	Draft straw proposal to aid in determining a std methodology for determining energy storage targets filed May 31, 2024. Comments on the straw proposal from interested persons are due by Aug. 1, 2024.
U-21572	Upper Peninsula Study	Staff to engage with RTOs & U.P. utilities. A public hearing will take place in July. Comments are due Aug 9 and Reply Comments are due Sept. 13. The study is due Nov. 2, 2024
U-21637	Rate Case Process Improvement Proceeding	Commission asked a # of questions for interested persons to provide comment on. Comments are due by July 23 with Reply Comments due August 23.
U-21638	Public Engagement Proceeding	Commission asked a # of questions for interested persons to provide comment on. Comments are due by September 27 and Reply Comments are due October 25.

Following and participating in the MPSC's work



To follow our implementation work

- ✓ Visit www.Michigan.gov/MPSC/2023EnergyLaw
- ✓ Click on your area of interest
- ✓ Sign up for updates

To participate in our implementation work

Share comments

- In the case dockets using “Comment” feature
- E-mail to LARA-MPSC-commissioners2@michigan.gov
- Mailed to:
MI Public Service Commission
7109 W. Saginaw Highway
Lansing, MI 48917

Attend input sessions

- Meeting information is posted on work area pages and shared through e-mail lists



MPSC Priorities:

A focus on improving
utility performance

Distribution Reliability & Resilience Focus

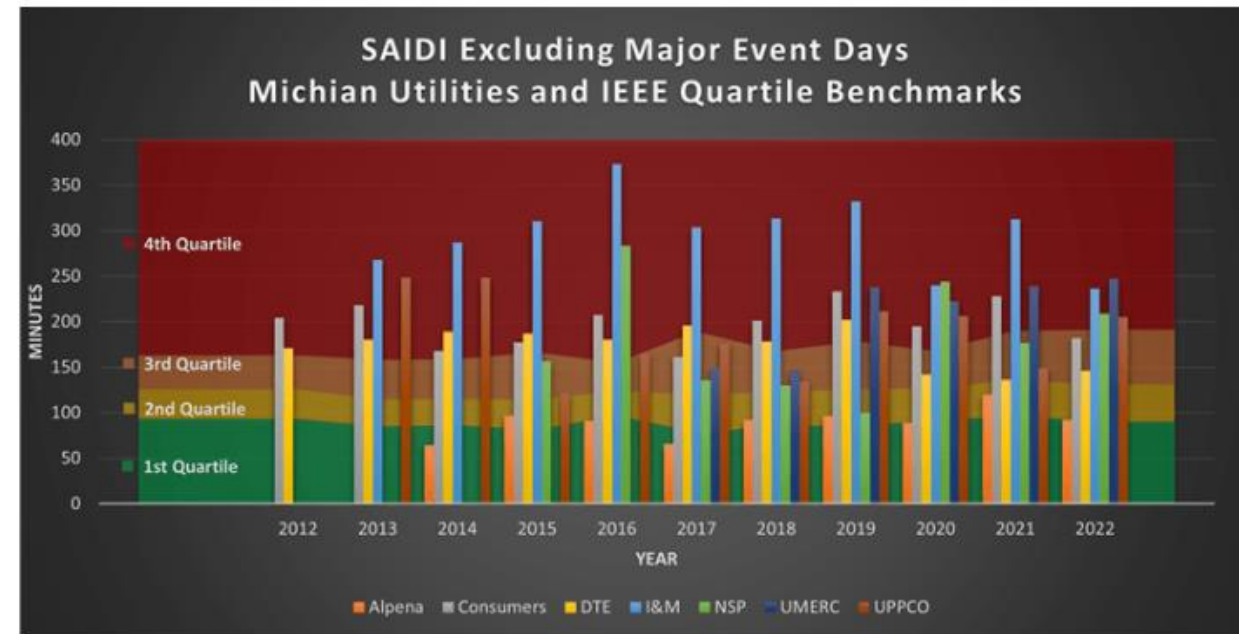
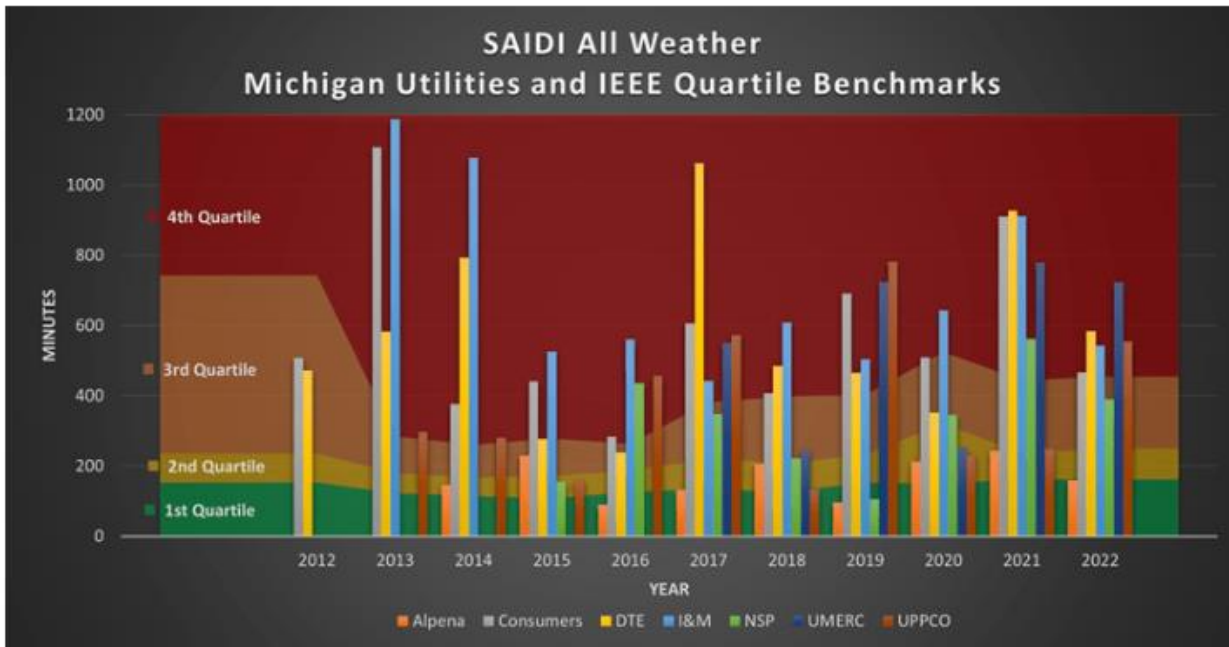
- ❑ Storms trends – increasing frequency and severity
- ❑ Several investigations opened
 - U-20169 COM investigation into the response of DTE Electric Company to recent storm damage in its service territory (May 2018)
 - U-21122 COM review the response of utilities to recent storm damage in their service territories (August 2021)
 - ❑ Response from request from Gov. Whitmer to take action
 - ❑ # of reporting requirements put in place
 - ❑ 2 virtual technical conferences hosted
 - ❑ 2 orders issued
 - ❑ 2nd order directed MPSC Staff to develop a webpage w/in the Commission's existing webpage to be resource for ratepayers and interested persons or parties

Distribution Reliability & Resilience Focus

- ❑ MPSC Distribution Reliability Metrics Webpage
 - <https://www.michigan.gov/mpsc/consumer/electricity/distribution-system-reliability-metrics>
 - Launched May 2023
 - Info on outages among MI's regulated utilities based on SAIDI, SAIFI, CAIDI
 - As data comes in & display is developed and refined, a clearer picture of reliability metrics, trends and trouble spots should become visible to anyone who accesses the public webpage
 - Page also includes reliability rules and reports & historical major outage data dating back to 2019 for DTE Electric Co., Consumers Energy Co. and other electric IOUs regulated by Commission
 - A Preparing for and Responding to Power Outages webpage that includes links to checklists created by the MPSC, the Federal Emergency Management Agency and the American Red Cross on being prepared for an outage and staying safe when the power goes out. It features information on how to locate and contact your utility, where to find utility outage maps, and information on warming and cooling centers, updated seasonally

Distribution Reliability & Resilience Focus

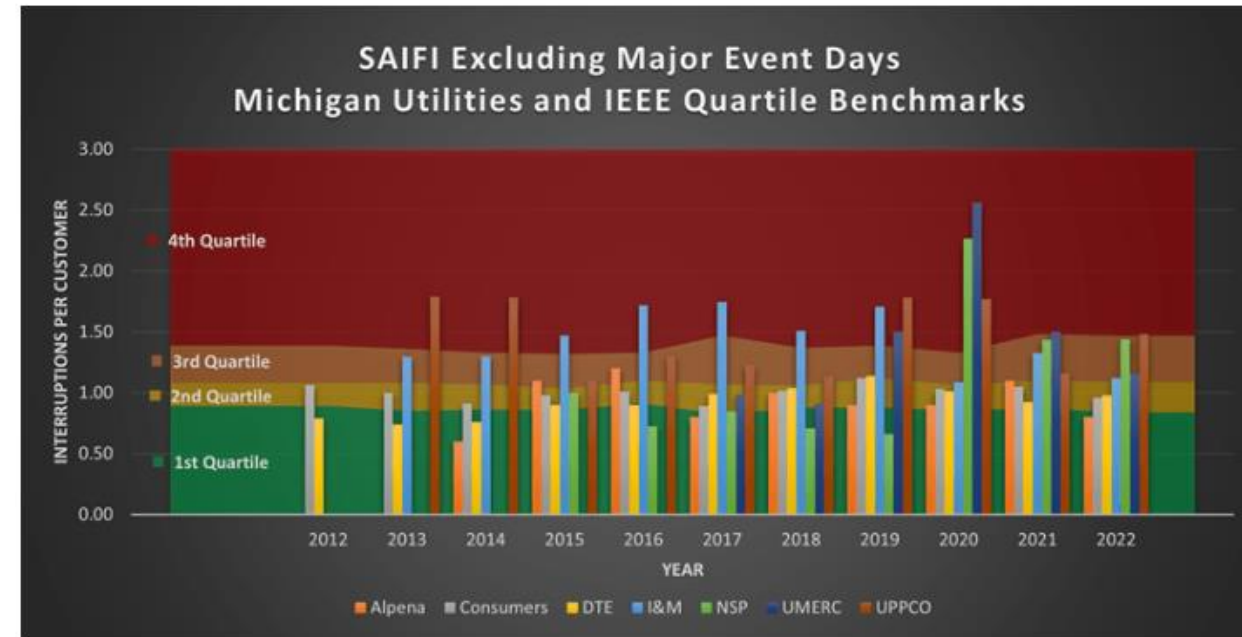
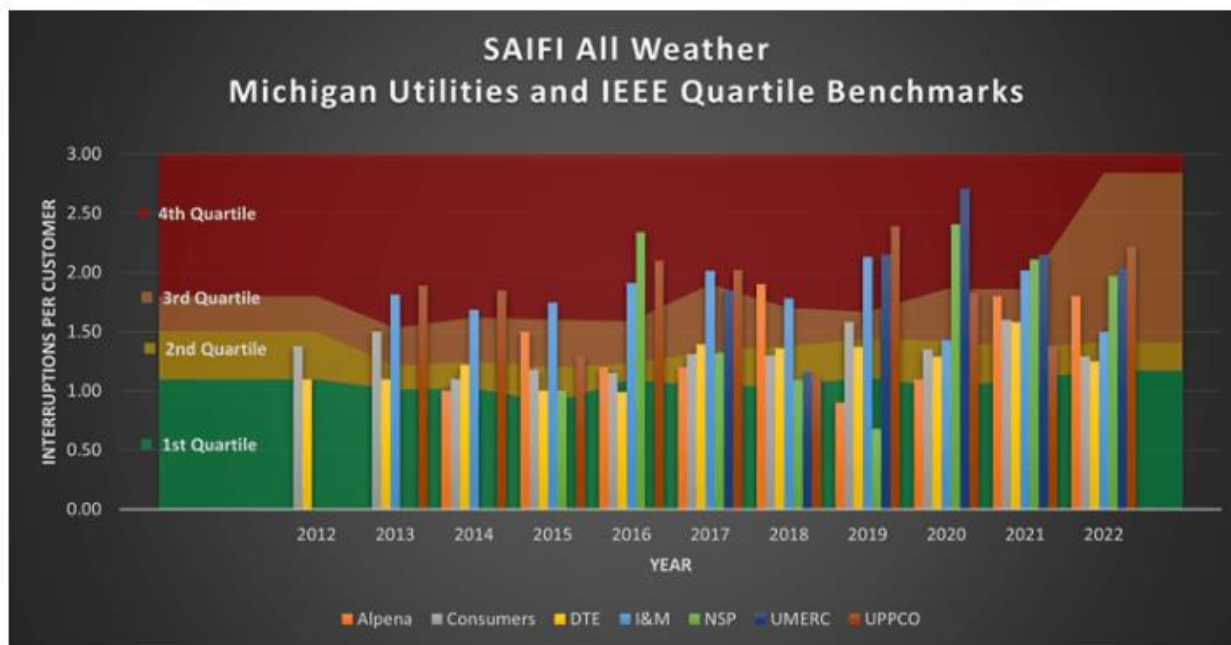
MPSC Distribution Reliability Metrics Webpage (Cont)



SAIDI (System Average Interruption Duration Index) represents the total number of minutes of interruption the average customer experiences. SAIDI is calculated by dividing the sum of all customer interruption minutes within the year by the number of customers served during the year. SAIDI minutes represent how long the average customer experiences an outage and lower SAIDI minutes equate to better electric reliability. For example, a SAIDI of 100 means that the average customer on the utility's distribution system experiences a total of 100 minutes of outage.

Distribution Reliability & Resilience Focus

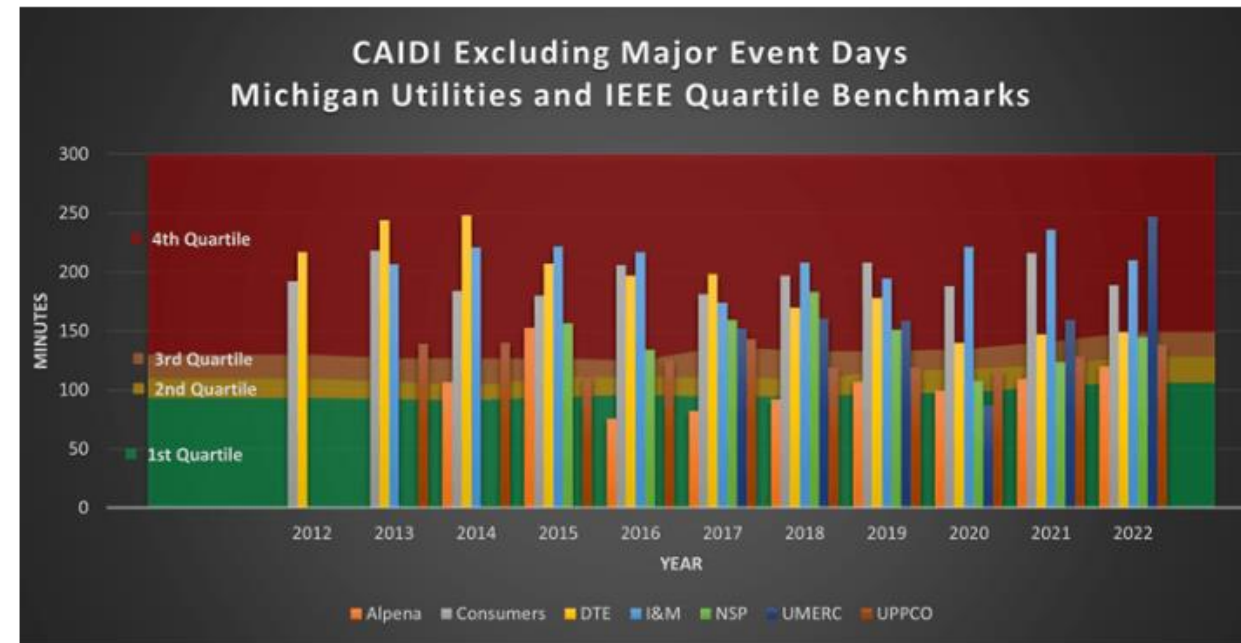
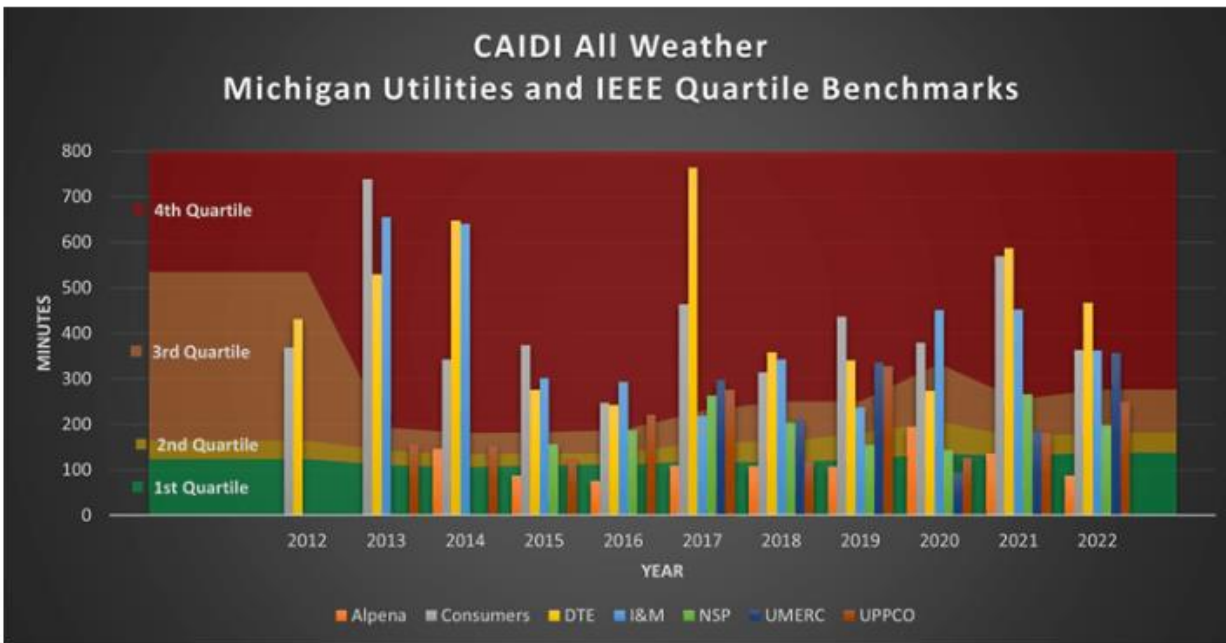
MPSC Distribution Reliability Metrics Webpage (Cont)



SAIFI (System Average Interruption Frequency Index) represents the average number of times a customer experiences an outage during the year. SAIFI is calculated by dividing the total number of customer interruptions by the total number of customers in the system. Lower SAIFI numbers represent less interruptions and better electric reliability.

Distribution Reliability & Resilience Focus

MPSC Distribution Reliability Metrics Webpage (Cont)



CAIDI or Customer Average Interruption Duration Index is the average time required to restore service. It is calculated as total minutes of customer interruption divided by the total number of interruptions. The lower the number of minutes, the faster the utility restored service to customers.

Distribution Reliability & Resilience Focus (Cont.)

❑ Rate Cases

- Approved \$s for tree trimming surge
- Approved tracker for deferred accounting treatment if a certain amount of \$ was spent on tree trimming
- Hundreds of millions of \$s approved for targeted reliability improvements
- Commission directed DTE Electric to work with Staff and various interested parties to conduct a technical conference exploring costs and benefits of hardening DTE's 4.8 kV distribution system (Detroit)

Distribution Reliability & Resilience Focus (Cont.)

- ❑ Distribution Plans
 - 5 yr plans
 - Stemmed from rate cases originally through Commission directive
 - Broad interested party input
 - Goal to provide transparency into utility processes and ID areas of need
 - Directed that future plans should include expected measurable improvements from proposed investments
 - Benchmarking reliability performance against peer utilities
 - Currently in 3rd iteration of D plans

Utility Audit

- ❑ October 2022 Commission order
 - August 2022 storms
 - Downed wires, fatal & critical injuries, 500k customers w/o power
 - Customer frustration
 - MI utility performance metrics vs peers unacceptable
 - History of last decade of investigations
- ❑ Directed CE & DTE Electric to update Commission on compliance with past orders, investigations, and Commission rules
- ❑ Commission ordered first of its kind independent review by 3rd party consultant

Utility Audit (Cont)

☐ Scope of Audit

- Physical audit: Examination of installed D infrastructure (condition, engineering std compliance, conformance w/ co. records)
 - ☐ Involves physical inspection & benchmarking w/other utilities
 - ☐ Database creation
 - ☐ Data analysis and statistical evaluation
- Programs & processes: Emergency preparedness, storm restoration, D system maintenance, & investment; to determine the degree to which they demonstrate sufficiency, equity, and consideration of climate change, and changing load conditions and profiles
 - ☐ Interviews w/senior execs, managers (effectiveness of senior management leadership, innovation, and influence)
 - ☐ Historical budget vs actual capital & O&M

Utility Audit (Cont)

- ❑ RFP issued & Liberty Consulting Group chosen to conduct audit
- ❑ Status report filed December 2023
- ❑ Final report
 - Will address examination of each audit scope
 - Will present direct clear conclusions
 - Will ID and explain deficiencies, and how other utilities have addressed
 - Specific recommendations for improvement
 - Expected by end of summer

Financial Incentives/Disincentives Workgroup

- ❑ April 2023 in Case No. U-21400 Commission directed Staff to convene a Financial Incentives & Disincentives Workgroup
- ❑ Goal is to establish new baselines for performance, financial consequences for not meeting stds, & incentives for exceeding requirements
- ❑ Includes developing appropriate metrics relating to reliability
 - SAIDI [System Average Interruption Duration Index] (including and excluding MEDs [major event days])
 - SAIFI [System Average Interruption Frequency Index], CEMI [Customers Experiencing Multiple Interruptions]
 - CAIDI [Customer Average Interruption Duration Index], and
 - Resilience, including, but not limited to, downed wire response and the frequency and duration of outages during extreme weather, and shall use the recently updated Service Quality rules as a baseline.

Financial Incentives/Disincentives Workgroup (Cont)

- ❑ Hired consultant to facilitate
- ❑ Numerous iterations of a straw proposal went to interested parties for initial and reply comments
- ❑ Engagement sessions held during this process to discuss edits/recommendations
- ❑ Revised straw proposal filed on May 3, 2024
- ❑ June 6, 2024 order directed Staff to convene an additional engagement session with interested persons to discuss additional proposed metrics relating to D system performance
 - Session August 7
 - Comments due July 12, replies August 23

Financial Incentives/Disincentives Workgroup (Cont)

❑ Revised Straw Proposal

- Establish penalties if a utility's 3-yr SAIDI (excluding major event days) increases by 5% or more, and an incentive if this measure improves by 10% or more
- Establish similar penalties & incentives around SAIDI metrics including all weather events. Utilities would be assessed penalties for not meeting 5-yr performance goals and incentives for exceeding them by 10% or more. This includes measuring the average duration of outages after major storms
- Assess a penalty for utilities that do not restore service to 90% of customers within 48 hrs of a catastrophic storm (defined as a storm that results in 10% or more of customers losing power), as now required by the MPSC's Service Quality and Reliability Standards, and incentives if a utility restores more than 90% within 48 hours

Financial Incentives/Disincentives Workgroup (Cont)

❑ Revised Straw Proposal (Cont)

- Assess a penalty if a utility doesn't restore service to 95% of customers w/n 72 hrs of a catastrophic storm, as well as an incentive for besting 95%
- Assess a penalty if a utility doesn't restore service to 90% of customers w/in 24 hrs after gray-sky weather that results in between 1% and 10% of customers losing power
- Establish a penalty if 6% or more of a utility's customers experience four or more outages per year, and an incentive if fewer than 6% of customers meet that threshold.
- Assess a penalty if one of a utility's top 10 worst-performing circuits repeats in the list of worst circuits within 5 years

Thank you!!

