

**Upper Peninsula Energy Task Force
Committee Recommendations**

Part II – Energy Supply

Department of Environment, Great Lakes, and Energy

Draft

Compiled by:

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Section II – Recommendations for energy supply and distribution in the U.P.

Introduction

The primary purpose of this report is to ensure the state has explored the various factors or situations that contribute to high costs and insecurity for U.P. customers energy supply. The task force’s recommendations provide a roadmap for actions the state could take to improve affordability, enhance reliability, and promote energy security for U.P. residents.

Promote Coordinated Planning for U.P. Energy Providers

Recommendation 1: The administration should encourage all U.P. electric providers to participate in a region-wide electric plan covering the full U.P. This planning effort should encompass all aspects of the U.P.’s electric supply, including forecasting electricity demand, evaluating generation needs, assessing grid reliability, mapping utility service territories, and identifying opportunities and incentives for collaboration amongst providers.

Recommendation 2: The Michigan Public Service Commission should encourage U.P. investor-owned utilities to develop distribution plans, similar to those developed by other investor-owned utilities in the state, in order to provide greater transparency for individual investments. These planning efforts will support grid modernization investment, improve reliability, and enable the deployment of advanced energy solutions. The Commission has limited authority over municipal and electric cooperatives—which serve nearly half of all U.P. customers—and so should work to engage these utilities in stakeholder processes on a voluntary basis.

Expand Opportunities for Energy Waste Reduction in the U. P.

Recommendation 3: The MPSC should carefully review EWR plans and integrated resource plans (IRP) of investor-owned utilities in the U.P., to ensure that utilities are seeking to capture all cost-effective and achievable energy-efficiency potential.

The Michigan Legislature should remove the sunset on requiring electric cooperatives and municipal utilities to offer cost-effective EWR programs and to achieve annual savings at specified target levels. This legislative change should enhance flexibility for electric cooperatives and municipal utilities to reduce administrative costs and reporting requirements in order to provide greater direct savings to customers. The Legislature should also authorize a matching grant program to support EWR programs offered by electric cooperative and municipal utilities.

Recommendation 4: The Department of Environment, Great Lakes, and Energy should define opportunities to provide grant funding or other resources—such as revolving loan funding dedicated to the U.P.—to expand access to energy investments and to enable customers to obtain financing for substantial and cost-effective upgrades. Additionally, federal resources can be a major source of low-cost financing or grant dollars. State or federal resources could also be used to expand the Michigan Saves trade ally network in the U.P. to support the development of qualifying projects and to support the economic development recommendation related to expansion of clean energy jobs. Finally, State or federal resources could be used to help utilities make necessary billing system modifications to allow for on-bill financing/servicing.

The Michigan Public Service Commission should convene investor-owned utilities to further explore opportunities to utilize the ability under Public Act 342 of 2016 for these utilities to offer on-bill financing for their customers.

Recommendation 5: The Department of Environment, Great Lakes, and Energy and Michigan Public Service Commission should work with the Department of Agriculture and Rural Development once the Propane Commission is operational to demonstrate the value of EWR programs, provide technical support, and encourage the Propane Commission to consider ways to maximize the program’s funding and impact. The Propane Commission should also consider opportunities to integrate implementation of efficiency initiatives targeted to propane users with other program providers that serve electric and natural gas utilities as well as providers who conduct low-income home weatherization work to ensure comprehensive services that deliver meaningful savings.

Support Renewable Energy Development

Recommendation 6: The Department of Environment, Great Lakes, and Energy should provide grant funding and technical assistance to regional planning organizations and local communities in the U.P. to support planning and zoning to streamline renewable energy development. This effort should build off the existing [Zoning for Renewable Energy Database](#) and EGLE should provide assistance for communities seeking to support utility scale and customer-owned renewable energy deployment through the development and adoption of zoning ordinances.

Recommendation 7: The Department of Environment, Great Lakes, and Energy has provided grant funding to develop a Storage Roadmap for the State. EGLE should ensure that this study take into consideration the unique nature of the U.P. electric grid and identify specific opportunities for storage deployment in the region, such as incentives for residential energy storage.

Deploy Advanced Mobility and Electric Vehicle Infrastructure

Recommendation 8: The Department of Environment, Great Lakes, and Energy and the Office of Future Mobility and Electrification should continue to build on Michigan’s goal of having worry-free electric vehicle travel by 2030. In addition, EGLE should provide dedicated grant funding to expand fast-charging infrastructure across the U.P. in accordance with the State’s optimized placement plan.

Promote Energy and Environmental Justice

Recommendation 9: The Michigan Public Service Commission should examine the cost drivers and cost allocation for U.P. investor-owned utilities with the greatest disparity between rate classes. The Commission should also include any non-power supply cost recovery customers in a cost-of-service study to enable comparison of rates to what allocation would give. Though the Commission does not have jurisdiction over rates for electric cooperatives and municipal utilities, the outcomes of new cost-of-service studies could provide insights for these utilities and should be shared with other stakeholders.

Recommendation 10: The Michigan Public Service Commission and Michigan Department of Health and Human Services should convene a workgroup with state agencies and other key stakeholders to identify and implement necessary changes to the LIHEAP plan to allow energy assistance funding to be used for propane pre-buy. This process should include a review of MEAP and LIHEAP to ensure assistance programs are achieving their desired outcomes and that energy assistance dollars are distributed, to the extent practicable, in proportion with household energy use characteristics. This recommendation is complementary to Recommendation 10 from the task force’s Phase I report.

Enhance Rate Design Options to Promote Affordability for Electric Consumers

Recommendation 11: The Department of Environment, Great Lakes, and Energy should support research to determine the potential for electric heating conversion in the U.P., identify best practices for setting electric heating rates and opportunities for collaboration among utilities, contractors, and manufacturers. The Department should leverage ongoing stakeholder engagement efforts underway through the MI Power Grid process to encourage electric utilities to develop residential and commercial rate designs that will support electrification.

Recommendation 12: The Michigan Public Service Commission should encourage investor-owned utilities that have deployed smart meters to consider time-of-use rate options for customers. Through the MI Power Grid initiative, MPSC staff are set to convene a workgroup process for time-based pricing where stakeholders will be able to hear from experts and review the experience of utilities that have already begun to implement new time-based rates. As the electric demand profile for U.P. utilities may differ from the experience of utilities in the Lower Peninsula, this workgroup should consider implications for time-based pricing on utilities whose customer demand peaks during winter months. Outcomes from this initiative should be shared with electric cooperatives and municipal utilities to ensure potential benefits can be accessed by all Michigan residents.

The Department of Environment, Great Lakes, and Energy should evaluate federal grant opportunities that could be used to incentivize the deployment of smart meters throughout the U.P.

Provide Support to Local Communities

Recommendation 13: The Department of Environment, Great Lakes, and Energy should expand resources available to communities to support energy planning activities, such as building energy management, renewable energy development, and other energy activities. This support should be centered around providing technical assistance to communities in the form of grant dollars and staffing support for engaging with community members as well as planning and zoning support.

Lean into Economic Development Opportunities

Recommendation 14: The Department of Natural Resources and the Department of Environment, Great Lakes, and Energy should develop a comprehensive inventory of brownfields, postindustrial sites, and marginal state lands for energy infrastructure development. The Departments should engage the Department of Agriculture and Rural Development to

identify other potential siting options for renewable energy development. The Departments should engage utility companies and other stakeholders to support mapping energy infrastructure assets to support potential site selection. The Departments should also evaluate incentives for energy infrastructure deployment at selected sites that are determined to benefit the public interest. The Departments should develop case studies for the Consumers Energy Cadillac community solar project that was developed on a brownfield and the Groveland Mine solar project to highlight the potential benefits provided by these projects.

Recommendation 15: The Michigan Economic Development Corporation through the Connecting Michigan Task Force should conduct a listening tour for U.P. residents and businesses in order to identify barriers to broadband adoption in the U.P. The Connecting Michigan Task Force should also engage investor-owned utilities, electric cooperatives, and municipal utilities to identify ways that these entities can support the deployment of broadband service to unserved and underserved populations. In collaboration with the Michigan Public Service Commission, the Michigan Economic Development Corporation should disseminate information about grant funding opportunities and other funding sources that can support the expansion of broadband services and adoption throughout the U.P.

Recommendation 16: The Department of Environment, Great Lakes, and Energy, with the Department of Labor and Economic Opportunity, should continue to provide support for career and technical education programs through efforts like [Michigan Reconnect](#) to ensure that Michigan residents can access necessary training to participate in the clean energy economy. The Departments should also work with key partner organizations to identify workforce gaps and potential areas for growth in an effort to promote programing matches training with in-demand energy careers. The Departments should disseminate information about training programs, job opportunities, and other resources to support the development of a clean energy talent pipeline. The Department of Environment, Great Lakes, and Energy should also consider developing a business inclusion and diversity policy for all clean energy grant projects that incentivizes local hiring and recruitment practices.