

**Comments of DTE Electric Company
Regarding the Michigan Distribution Generation and Legacy Net Metering (DG/LNM) Stakeholder
Process Meeting**

DTE Electric Company (“the Company”) appreciates the opportunity to comment on the Michigan Public Service Commission Staff’s (“Staff”) presentation given at the January 11, 2019 meeting of the DG/LNM Stakeholder Process Meeting. The Company plans on submitting a redline version of the rules by February 15, 2019, as requested by Staff. The Company will comment on some of the items discussed at the January 11, 2019 meeting in these comments. Any aspect of what was discussed at the January 11, 2019 meeting that is not discussed in these comments should not be considered as the Company being in agreement with such aspects, and the Company reserves its right to continue to comment and provide materials as this process evolves.

Staff stated the focus of this group would be on updating Part 3 of the Electric Interconnection and Net Metering Standards, Rules R460.640-R460.646, with primary objectives focusing on “futureproofing”, legacy net metering, establishing certain parameters for the DG program, and IEEE 1547-2018. The Company agrees with Staff that this process should not include establishing billing and credit mechanisms. As noted by Staff, the billing and crediting mechanisms of the distributed generation program that will replace net metering shall be determined in rate cases filed by utilities after June 1, 2018 (see MCL 460.6a(14)). The Company stresses that this process should not address topics associated with DG/LNM that are being addressed in the Company’s pending rate case, Case No. U-20162. Changes to Part 3 of the rules should focus on those changes that are necessary given the passage of 2016 PA 341 and PA 342 (PA 341/342). Changes should not be proposed by parties who view this Stakeholder Process as a means to alter PA 341/342 in any way.

During its presentation, Staff discussed the current crediting mechanism (which has been in place since 2009) associated with net metering. While it is not clear whether Staff was suggesting that the current net metering crediting methodology be a topic of this process, the Company would like to emphasize that it should not be. The Company agrees that one of the objectives of this workgroup and of the rule changes, should be to update the rules to reflect grandfathering provisions of net metering.

By law, customers participating in a net metering program approved by the Commission before the Commission establishes a tariff pursuant 460.6a(14) may elect to continue to receive service under net metering for up to 10 years from the date of enrollment (see MCL 460.1183). However, establishing grandfathering provisions should not include modifying pricing or crediting provisions associated with net metering that have been in place since 2009. Modifying an approximately ten-year-old program’s pricing methodology as it is being grandfathered results in a “legacy” program that is different from the program which existed before it was grandfathered. This runs contrary to the idea of grandfathering and legacy programs all together. In addition, modifying the net metering program in such a way would conflict with MCL 460.1183, which states that a customer can continue to participate in the net metering program “*approved by the commission before the commission establishes a tariff pursuant to section 6a(14) of 1939 PA 3, MCL 4606a.*” Given that the Company’s new distributed generation tariff pursuant to section 6a(14) will be established in the first half of 2019, following a Commission Order in DTE Electric’s General Rate Case No. U-20162, changing net metering pricing via this process would constitute a change to the program after the section 6a(14) tariff is established.

During its presentation, Staff recommended that any new rules be adaptable to future technology, like battery storage, and to not rule out potential benefits such as solar smoothing, peak shaving, and advanced inverter functions. Staff went on to note this would allow for crediting for the curtailment of energy freq/volt stabilization, and allow for various tariff options to take advantage of grid benefits. The Company is somewhat unclear on this directive, and feels that such technical issues are more appropriate for the interconnection discussion track.

The Company agrees generally that rules should be “adaptable” where possible, but reiterates its position that pricing provisions, including tariff development, should not be a part of this rulemaking process and reserves the right to respond to any specific proposals.

After Staff completed its presentation at the January 11 meeting, it allowed participants to submit verbal comments. The Company takes this opportunity to respond to a few of the verbal comments made:

- It was suggested by a participant that it is not clear whether the distributed generation program that will replace net metering is subject to the 1% of the Company’s average in state peak load for the preceding 5 calendar years’ program size limitation. The Company disagrees, as MCL 460.1173(3) is clear that it is subject to that limit. The Company would note Staff has agreed with this position as well (for example, see Staff’s Report issued in Case No. U-18383 on February 21, 2018, Appendix A page 3, which stated, “*The combined legacy net metering and DG program size is equal to 1.0%...*”)
- There were some comments/questions regarding generation metering requirements. The Company notes generation meters are covered by MCL 460.1177(1). According to this section of the law, generation meters are required for generation systems capable of generating more than 20 kilowatts.
- There was a comment made by a participant suggesting that size limitation for solar and wind generation allowed to participate in the programs be expanded from 150 kW to 550 kW. The Company notes this suggestion is not allowed for by law; MCL 460.1005(b) defines Eligible Electric Generators as systems with a generation capacity limited to the customer’s electric need and that does not exceed, “*for a renewable energy system, 150 kilowatts of aggregate generation at a single site,*” and, “*for a methane digester, 550 kilowatts of aggregate generation at a single site.*”

The Company responds to these comments made at the January 11 Stakeholder meeting to reaffirm its position that changes to Part 3 of the rules should not be proposed by parties who view this Stakeholder Process as a means to alter PA 341/342.

The Company again expresses its gratitude to Staff for allowing it the opportunity to provide these comments, and looks forward to working with Staff and other parties in this process.

Respectfully submitted,

DTE Electric Company