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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION

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September 11, 2019

The Honorable Gretchen Whitmer
Governor, State of Michigan
George W. Romney Building
111 South Capitol Avenue
Lansing, MI 48909

Dear Governor Whitmer:

Thank you for the opportunity for the Commissioners and staff at the Michigan Public Service Commission (MPSC) to undertake a comprehensive analysis of the energy infrastructure and operations in Michigan in response to your February 4, 2019 letter calling for this assessment.

Enclosed is the MPSC's final statewide energy assessment examining the adequacy of Michigan's supply and delivery of electricity, natural gas, and propane, as well as contingency planning. As you recall, this request for a statewide review of Michigan's energy systems followed your emergency appeal to residents to turn down their thermostats to stabilize the natural gas system during the January 2019 polar vortex and fire at the Ray natural gas compressor station at the same time regional electricity supplies were constrained. As noted in our letter accompanying the initial assessment in July, Michigan avoided more serious impacts associated with the extraordinary demand on the gas and electric system. However, this confluence of events illustrated vulnerabilities of our interconnected energy grid and the importance of energy security for the health and wellbeing of Michiganders.

Following the release of the initial report on July 1, the Commission received input from a variety of organizations and refined the report. Updates include additional information about distributed energy resources contributing to energy resilience and cyber security efforts by Michigan utilities. We also added an observation regarding the need for legislation to protect critical energy infrastructure information to enhance information sharing with state agencies for emergency response preparedness efforts.

Based on the findings of this study, the Commission concludes that the energy supply and delivery system is adequate to meet the needs of Michigan customers. Michigan has sufficient and unique assets that help ensure reliable supply and delivery of energy, and our state is well positioned to adapt to the changing energy landscape.

Notwithstanding, there are inherent risks and vulnerabilities, particularly given ongoing cyber and physical security threats, changing weather patterns, rapidly changing power supplies, and aging infrastructure. To ensure reliable, resilient energy systems going forward, we have

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identified numerous recommendations as detailed in the report and summarized in Chapter 9. The Commission acknowledges the MPSC Staff's hard work and dedication to prepare this report and to oversee a transparent, collaborative process in formulating recommendations.

We look forward to working with you and your administration on the implementation of this report. We are already undertaking steps to implement recommendations. In fact, the Commission has several orders on its meeting agenda for today to implement recommendations related to natural gas curtailment procedures, the valuation of resilience in utility planning and investment decisions, demand response programs for electricity and natural gas, natural gas contingency planning, utility mutual aid arrangements, and updates to the MPSC's service quality and technical standards for electricity service.

Thank you for your leadership during the January polar vortex and the opportunity to conduct this assessment.

Respectfully,

Sally A. Talberg
Chairman

Daniel C. Scripps
Commissioner

Tremaine L. Phillips
Commissioner

Enclosure

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