Summary of the Third-Party Community Energy Project Stakeholder Engagement Process

February 24, 2021

Michigan Public Service Commission Staff

Contents

Introduction

On October 5, 2018 in Case No. U-18351 and U-18352 the Michigan Public Service Commission ordered, "the Commission Staff shall engage with stakeholders in examining potential opportunities and barriers to third-party community energy projects that could be integrated into utility planning and procurement processes." This report summarizes the process Commission Staff took to engage stakeholders and provides the results of this engagement process.

Planning Process

In planning for stakeholder engagement Commission Staff created a website to share data, agendas and presentations with the public as well as ask for interested parties to sign up for the e-mail list. Please see https://www.michigan.gov/mpsc/0,9535,7-395-93307_93312_93320_94834-484912--,00.html. Further, Commission Staff emphasized the meetings were open to the public and welcomed all interested parties, suggesting those who viewed the invitations share the message with others. Additionally, Commission Staff communicated with interested parties regarding topics to be discussed.

Meetings

Four meetings were held in which Commission Staff engaged with stakeholders. Two of these meetings were professionally facilitated by a team from the Department of Licensing and Regulatory Affairs. At each meeting participants included members of Commission Staff, utility employees and representatives of environmental groups. At various meetings participants also included solar installers, non-profit community organizations, students and citizens at large. A summary of the meetings follows:

January 24, 2019, introductory meeting

During the January meeting forty-four persons signed in and additional persons participated via Skype. Commission Staff welcomed participants, explained the purpose and timing of the stakeholder group, facilitated a discussion of what the working definition of third-party community energy (3CRE) would be, introduced possible categories for discussion of barriers and opportunities (including rate design, financing, ownership models, access and how to grow 3CRE availability) and asked each participant to voice what they'd like the next steps/learnings of the stakeholder process to be. Additionally, John Kinch, the Executive Director of Michigan Energy Options, presented on his experience with the East Lansing Solar Park.

The working definition of Community Renewable Energy:

A flexible program with a central array and multiple subscribers, which provides economic, environmental and community benefits with known objectives.[1]

The list of next steps/learning from participants:

financing models	Legal roadmap to put guardrails on project
model for low/middle income	how community solar interacts with interconnection
other state's projects	interests from potential host communities
customer experience and marketing	working with DEQ
target demographics	communication with a utility about siting
how to grow community energy	future implications for interactions with IRP and distribution planning
mutual benefits for all parties	interest from market (municipality, churches, individuals, etc.)
projects within Michigan	request that the information not be so technical

March 20, 2019, educational meeting

During the March meeting attendees listened live or via Skype as five presentations were given on topics identified as potential learnings within the January meeting. The five presentations were:

1. Consumers Energy Solar Gardens experience, Jeff Myrom from Consumers Energy
2. Community solar across the country, what's working and what's driving success?, Becky Stanfield from Vote Solar
3. Opportunities and Challenges to Community Solar in Michigan's Most Impacted Communities, Jackson Koeppel from Soulardarity
4. Cherryland's Experience, Tony Anderson from Cherryland Electric Cooperative
5. Marketing Community Renewable Energy, Terri Schroeder from DTE Electric

May 15, 2019, facilitated discussion to identify barriers

A team from the Department of Licensing and Regulatory Affairs' Office of Process Reengineering and Optimization headed by Jackie Badder and Abby Koenigsknecht led a facilitated workgroup leading to the identification of barriers to 3CRE currently in Michigan. A list of barriers identified may be found in Attachment A.

[1] A proposed revision to the working definition was as follows: a flexible program with a central *renewable energy source* and multiple subscribers, which *may* provide economic, environmental, and*/or community benefits with known objectives*. Proposed changes in *italics*.

The workshop included teams designed by Commission Staff to have diversity of organizations and professions in each group. Forty participants plus Commission Staff and facilitators attended this meeting. Skype attendance was not available due to the facilitation process.

July 17, 2019, facilitated discussion to identify opportunities

Again, a team from the Department of Licensing and Regulatory Affairs' Office of Process Reengineering and Optimization headed by Jackie Badder and Abby Koenigsknecht led a facilitated workgroup leading to the identification of opportunities for 3CRE currently in Michigan. A list of opportunities identified may be found in Attachment B.

Once more, the workshop included teams designed by Commission Staff to have diversity of organizations and professions in each group. Twenty-four participants plus Commission Staff and facilitators attended this meeting. Skype attendance was not available due to the facilitation process.

Facilitation

Within the May and July facilitated meetings the following process was used to determine barriers and opportunities to 3CRE.

After team introductions each participant was asked to independently write 10 barriers (or opportunities). The second step was to, in round robin fashion, announce the independent barriers (or opportunities) and group those that were similar. Third, the team was to, through a facilitated discussion process, determine the top 7-10 barriers (or opportunities) to be reported out to all other teams, this reporting was the fourth step. Fifth, and finally, each participant voted on the barriers (or opportunities) they thought were key to 3CRE.

In making its decisions throughout the May and July facilitated meetings, participants did not reach 100% agreement. Rather, participants were to determine that the particular barrier or opportunity accurately represented a team barrier or opportunity that received enough support to move forward, even though it may not be their choice. Further, because the barriers and opportunities may have been brought forth by groups that may have had limited, if any, representation of certain industry sectors, the voting, and ultimately the results, may be skewed from what a fully representative sample of Michigan stakeholders would produce.

Results

The results of the voting and those barriers and opportunities which were voted upon may be found within Attachments A and B. Those barriers and opportunities getting the most votes are included in the top listings, all others voted upon are in the subsequent list.

In very few instances the barriers and opportunities listed on the attachments were edited for spelling/clarity, otherwise the wording remains the same as written by and consented to by the participants. While several barriers or opportunities are similar, those listed separately were

deemed to be discrete by the team reporting the barrier/opportunity within the facilitated workshop.

The barriers and opportunities listed in the attachments were obtained in a discussion and voting environment. Not all parties, including Commission Staff, agree with each of the barriers and opportunities listed herein.

Conclusion

Commission Staff welcomes additional dialogue with citizens and stakeholders. Lastly, Commission Staff thanks those who presented to the group as well as those who participated throughout this stakeholder process. [2] Stakeholder enthusiasm and contribution to this important issue were greatly appreciated! Lastly, Commission Staff extends a sincere thank you to the LARA PRO Staff, particularly Jackie and Abby for their time and expertise.

[2] Commission Staff requested comments on a draft version of this report in September 2019. Comments were received from Consumers Energy, DTE Electric, and MEGA. Staff reviewed the comments and incorporated revisions to this report as appropriate. Complete sets of comments are attached to this report in Attachment C.

Attachment A

Potential Barriers to Third-Party Community Energy Projects

These barriers were brainstormed, condensed and voted upon by the forty participants at the May 15, 2019 3CRE stakeholder meeting. The top 10 (or more because of ties) vote getters are listed first, in order of votes received. The remaining barriers reported out by each team are listed in no particular order.

The top twelve potential barriers:

1. No legislation explicitly authorizing MPSC to approve third party community solar
2. Proper valuation of benefits; social, environmental, financial, community – of community owned distribution generation
3. Lack of inclusion of low-income communities in decision making
4. Community engagement (education, not in my backyard (NIMBY)-ism, lack of understanding of benefits)
5. Provide guidance for local zoning
6. Inconsistencies in distributed generation valuation/distributed generation tariff across state and need for fair value
7. Subscription terms
8. Subscription levels
9. Financing
10. Cost - important to be cognizant of tradeoffs between economies of scale and community benefits for small-scale projects
11. Local arrays vs. economies of scale
12. Subscription cost to customer

Additional top barriers identified:

- Fairness - how do we treat both participating and non-participating customers equitably
- Lack of flexibility in rate making
- Electricity credit mechanism for customer
- Program/rate complexity (project manager and customer)
- Lack of outreach to communities on learning about their energy bills/needs
- Few successful examples in Michigan of third-party renewable energy
- Transparency of process for project development and approval
- Siting in a more populated community can be more challenging (but not impossible) compared to less populated areas

- Inconsistent/problematic local ordinances
- Cumbersome approval process by MPSC for pre-approval for projects
- Lack of well-coordinated incentives for brownfield redevelopment
- Lack of virtual net metering to improve access and make easier
- Ability of low-income customers to receive project benefits that are not treated as income (e.g. virtual net metering) (i.e. impact to benefits etc.)
- Lack of ability for outside (3rd party) providers (except in municipal utilities) to run the program
- Getting coordination between utility, 3rd party developer, and customer
- Solar energy tax credits will sunset soon
- Local agency in projects; cities and community organizations setting standards, design, and impact goals
- Not as easy/convenient as utility power
- Equitable grid modernization (ensure proper transmission) – sunk cost problems with old infrastructure, I.e. who pays? etc.
- Stabilizing pricing/billing for low-income residents - determining and maintaining affordable prices
- Cost/Benefit: Recovery of costs (by any party)
- Cost to consumers and utility/developer
- Subscribers moving
- Administrative management (billing, long-term management, customer/subscriber relationships)
- Ensuring stable, reliable energy supply

Attachment B

Potential Opportunities to Third-Party Community Energy Projects

These opportunities were brainstormed, condensed and voted upon by the twenty-four participants at the July 17, 2019 3CRE stakeholder meeting. The top 10 (or more because of ties) vote getters are listed first, in order of votes received. The remaining opportunities reported out by each team are listed in no particular order.

The top eleven potential opportunities:

1. The state of Michigan could pass enabling legislation to permit/require community solar
2. Educating stakeholders and providing transparency with project economies and utility rates would provide realistic parameters to the economic feasibility of 3CRE projects and their economic benefit (or not) to customers
3. Using brownfields or other unused space within a community will help redevelopment
4. Community renewable energy carve outs will provide renewable energy access to communities who have not been able to participate in renewable energy projects traditionally
5. Knowing what compensation model is fair and unsubsidized would help provide certainty
6. Opportunity to have utility offer these programs (third parties participating) including financing, stability and consumer protection
7. Grants and third-party funding will provide opportunities for low-income customers
8. The community may be able to own the project (everyone come together and invest) giving communities an opportunity to organize for a collective goal.
9. Establish business practices/processes for requests
10. Utility could work to increase the value of renewable energy to improve economies
11. Deeper dive on effective marketing and customer education green tariff customer acquisition

Additional top opportunities identified:

- Standardization within green tariff programs to enable fast pilot and product testing for speed to market of products
- Good rapport with customers for utility by being responsive to customer wishes
- Utilities should offer incentives on renewables that help take pressure off grid
- MPSC could require geographic diversity (in addition to diversity of generation sources)
- State incentive programs will solve the complication of financing for low income communities

- Local government could pass zoning and permitting friendly to developing community solar to ease development
- Commission to create a rule set (for uniform guidance)
- Transparency on finite objectives with a CRE project from stakeholders would help drive understanding of motivation for projects
- Provide demonstration/example of a clean energy project in the local community
- Community level subscriptions (for community to participate)
- Assessing how to achieve scale economies (1 MW vs 100 MW project)
- Opportunity to help customers meet their sustainability goals
- Providing better access to financing (e.g. addressing tax equity challenges for small projects)
- 3CRE will provide bill reduction benefits for subscribers
- Higher engagement in energy issues by a community
- Knowing how to best explain how community solar works would help avoid customer confusion and ensure best program fit
- Replicating successful models (in MI, elsewhere)
- Local solar and storage will provide an important component for electric vehicle build out
- Large array will provide more cost-effective solutions for customers
- Resource diversity (geographic and "fuel" type) – increase security and reliability
- Renewables create jobs in Michigan

Attachment C

Comments Received

Summary of the Third-Party Community Energy Project Stakeholder Engagement Process

September 12, 2019

Michigan Public Service Commission Staff

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The working definition of "Community Renewable Energy":

A flexible program with a central array and multiple subscribers, which provides economic, environmental and community benefits with known objectives.

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The list of next steps/learning from participants:

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May 15, 2019, facilitated discussion to identify barriers

A team from the Department of Licensing and Regulatory Affairs' Office of Process Reengineering and Optimization headed by Jackie Badder and Abby Koenigsknecht led a ~~consensus~~ workgroup leading to the identification of major barriers to 3CRE currently in Michigan. A list of barriers identified may be found in Attachment A.

The ~~consensus~~ workshop included teams designed by Commission Staff to have diversity of organizations and professions in each group. Forty participants plus Commission Staff and facilitators attended this meeting. Skype attendance was not available due to the facilitation process.

July 17, 2019, facilitated discussion to identify opportunities

Again, a team from the Department of Licensing and Regulatory Affairs' Office of Process Reengineering and Optimization headed by Jackie Badder and Abby Koenigsknecht led a ~~consensus~~ workgroup leading to the identification of key opportunities for 3CRE currently in Michigan. A list of opportunities identified may be found in Attachment B.

Once more, the ~~consensus~~ workshop included teams designed by Commission Staff to have diversity of organizations and professions in each group. Twenty-four participants plus

Commented [A1]: We think the format of the meeting was designed to work toward consensus; however, consensus literally means that everyone is in complete agreement. Instead we voted on the top items, which is more of a democratic process than a consensus process. The results identifying the top barriers and opportunities were driven by the composition and opinions of the participants in the room at the time of voting. Thus, we caution against implying too much and recommend dropping "consensus" throughout the report.

Commented [A2]: Some barriers received few votes, and thus we recommend calling out that these are the major or primary barriers that were identified by participants.

Commission Staff and facilitators attended this meeting. Skype attendance was not available due to the facilitation process.

Facilitation

Within the May and July facilitated meetings the following process was used to determine barriers and opportunities to 3CRE.

After team introductions each participant was asked to independently write 10 barriers (or opportunities). The second step was to, in round robin fashion, announce the independent barriers (or opportunities) and group those that were similar. Third, the team was to, through ~~consensus~~group discussion, determine the top 7-10 barriers (or opportunities) to be reported out to all other teams~~;~~; this reporting was the fourth step. Fifth, and finally, each participant voted on the barriers ~~(~~or opportunities~~)~~ they thought were key to ~~3CRE~~promoting community renewable energy. Participants were not limited in their ideas or votes to what is within current law or the jurisdiction of the Michigan Public Service Commission, so a wide variety of key factors were identified. Given this, Commission Staff does not necessarily agree with each of the barriers and opportunities in Attachments A and B.

Commented [A3]: Even at the table level there were small differences in barrier or opportunity definitions; but given the directional nature of the barriers and opportunities, as opposed to consensus on specifics, we moved forward with categorical statements for voting. Thus, we have concerns about the term "consensus", as it implies too much. The workshops helped begin work toward alignment in areas, but "consensus" would mean that everyone completely agreed.

Results

The results of the voting and those barriers and opportunities which were voted upon may be found within Attachments A and B. Those barriers and opportunities getting the most votes are included in the top listings, all others voted upon are in the subsequent list. Again, the lists were not screened to subject matters within the jurisdiction of the Michigan Public Service Commission, but instead reflect the direct outcome of the facilitated sessions.

In very few instances the barriers and opportunities listed on the attachments were edited for spelling/clarity, otherwise the wording remains the same as written by and consented to by the participants. While several barriers or opportunities are similar, those listed separately were deemed to be discrete by the team reporting the barrier/opportunity within the ~~consensus~~ workshop.

The barriers and opportunities listed in the attachments were obtained in a ~~consensus~~ discussion and voting environment. Not all parties, including Commission Staff, agree with each of the barriers and opportunities listed herein.

Commented [A4]: The previous sentence, compared to the disclaimer in this sentence following, is why the term "consensus" should not be used in this report. It was a democratic or discussion based process, but not a consensus process.

Conclusion

Commission Staff welcomes additional dialogue with citizens and stakeholders. Lastly, Commission Staff thanks those who presented to the group as well as those who participated throughout this stakeholder process. Stakeholder enthusiasm and contribution to this important issue were greatly appreciated! Lastly, Commission Staff extends a sincere thank you to the LARA PRO Staff, particularly Jackie and Abby for their time and expertise.

Commented [A5]: Yes, they did a nice job! Thank you.

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Commented [A6]: Assuming a double sided print, you wouldn't want the reader to wonder if they were missing part of the report.

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Attachment A

Potential Barriers to Third-Party Community Energy Projects

These barriers were brainstormed, condensed and voted upon by the forty participants at the May 15, 2019 3CRE stakeholder meeting.

The top twelve potential barriers:

1. No legislation explicitly authorizing MPSC to approve third party community solar
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~~Additional top~~Remaining barriers identified outside of the top twelve:

- ~~1.~~ Proper valuation of benefits; social, environmental, financial, community – of community owned distribution generation
- ~~2.~~ Fairness - how do we treat both participating and non-participating customers equitably
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- ~~10.~~ Inconsistent/problematic local ordinances
- ~~11.~~ Cumbersome approval process by MPSC for pre-approval for projects

Commented [A7]: We are wondering about the reason for a top 12 threshold? We are OK with 12, but just wondering if there was a clear vote drop off after #12 or some other criteria used? We think readers will expect a threshold to be explained here for why these made the top 12? For example, could you say that at least X% of participants voted for the 12 below? Alternately, you could list a vote count for each of the top 12. We recommend being more clear on why this delineation.

Commented [A8]: For clarity we wouldn't number these since they aren't in the top 12. Instead, a bulleted list of other matters helps give context without confusing the top 12 ranking above with a new numbered list.

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- ~~12.~~ Lack of well-coordinated incentives for brownfield redevelopment
- ~~13.~~ Lack of virtual net metering to improve access and make easier
- ~~14.~~ Ability of low-income customers to receive project benefits that are not treated as income (e.g. virtual net metering) (i.e. impact to benefits etc.)
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- ~~17.~~ Solar energy tax credits will sunset soon
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- ~~19.~~ Not as easy/convenient as utility power
- ~~20.~~ Equitable grid modernization (ensure proper transmission) – sunk cost problems with old infrastructure, I.e. who pays? etc.
- ~~21.~~ Stabilizing pricing/billing for low-income residents - determining and maintaining affordable prices
- ~~22.~~ Subscription cost to customer
- ~~23.~~ Cost/Benefit: Recovery of costs (by any party)
- ~~24.~~ Cost to consumers and utility/developer
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Attachment B

Potential Opportunities to Third-Party Community Energy Projects

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The top eleven potential opportunities:

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- ~~3.~~ Utilities should offer incentives on renewables that help take pressure off grid
- ~~4.~~ MPSC could require geographic diversity (in addition to diversity of generation sources)
- ~~5.~~ State incentive programs will solve the complication of financing for low income communities
- ~~6.~~ Local government could pass zoning and permitting friendly to developing community solar to ease development
- ~~7.~~ Commission to create a rule set (for uniform guidance)

Commented [A9]: Why 11 and not 12 like before? Is there a vote threshold that you are using to break out the top ones? We recommend explaining this per our prior comment on why the top 12 barriers were listed. More explanation of the threshold will aid the reader.

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8. Transparency on finite objectives with a CRE project from stakeholders would help drive understanding of motivation for projects
9. Provide demonstration/example of a clean energy project in the local community
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11. Assessing how to achieve scale economies (1 MW vs 100 MW project)
12. · Opportunity to help customers meet their sustainability goals
13. Providing better access to financing (e.g. addressing tax equity challenges for small projects)
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18. Local solar and storage will provide an important component for electric vehicle build out
19. Large array will provide more cost-effective solutions for customers
20. Resource diversity (geographic and "fuel" type) – increase security and reliability
21. Renewables create jobs in Michigan

DTE Electric's Comments on Staff's Summary of the Third-Party Community Energy Project Stakeholder Engagement Process

In Case Nos. U-18351 and U-18352, on October 5, 2018, the Commission ordered, "The Commission Staff shall engage with stakeholders in examining potential opportunities and barriers to third-party community energy projects that could be integrated into utility planning and procurement processes." The Commission Staff ("Staff") held four stakeholder workgroup meetings in response to the Commission's Orders, and issued a draft report summarizing the meetings on September 12, 2019. Staff asked any comments on their draft report be submitted back to Staff by October 4, 2019. DTE Electric appreciates being able to participate in this process and submits these comments in response to Staff's draft report.

DTE Electric participated in all four workgroup meetings, and generally agrees that Staff's draft report summarizes the agenda items from each of the four meetings. Please see the attached for DTE's comments on the document itself, including corrected voting results for opportunities (see comments on Attachment B of Staff's draft report).

Additionally, DTE Electric has the following comments on the process:

- The Commission Order specifically noted that the challenges and opportunities should be ones that could be integrated into utility planning and procurement. Nevertheless, the process did not preclude attendees from focusing on legislation. Furthermore, passing legislation to change the law will not solve the inherent barriers to community renewable energy that the group identified, such as financing, cost and economies of scale, marketing, community support and permitting, to name a few.
- During the second workgroup held on March 20, the participants noted in the report provided educational presentations based on a topic agreed upon with Staff. DTE notes that MIGreenPower meets many of the attributes of successful community renewable energy programs, including flexibility, no up-front costs, affordability, local renewable assets, and seamless billing, as presented by Vote Solar.[1]
- The third and fourth workgroups held on May 15 and July 17 followed a facilitated workshop format. Groups were rewarded for turning out as many attendees as possible, as each attendee was given the same weight to vote, including one vote worth three points and two votes worth one point. Attendees sat at tables of 6 that had 1-2 utility representatives and 4-5 non-profit or 3rd party representatives with varying interests and levels of technical and regulatory experience and objectives. Although many constructive conversations were had, it was difficult to engage in a strategic discussion of how to engage with the utility planning and procurement process. While it may have been helpful for facilitating the discussion, the voting process based on number of attendees did not capture the nuance and complexity of the issues and barriers in implementation or practice.

[1] Vote Solar and the Interstate Renewable Energy Council, Inc. "A Checklist for Voluntary Utility-Led Community Solar Programs: A Guide to Evaluate and Inform Program Design and Implementation." November 2018.

- Prior to voting on barriers/opportunities at the facilitated meetings, each table grouped everyone's barriers/opportunities by topic. Then the groups picked the top 7-10 barriers/opportunities for the table. DTE did not consent to the "top" barriers/opportunities that were raised by each table.
- Many of the opportunities and barriers listed were the result of much discussion within each table, and the resulting bullet point in the attachments was just the wording on one of many notecards addressing that topic, which were ultimately grouped together into one stack of "like" topics. Many of the phrases listed in Staff's report as opportunities and barriers are unclear, vague, or confusing. For example, some of the items require a subsidy, but it is unclear who should cover the cost of the subsidy. It would have been helpful to capture the discussion around the respective bullet points.

DTE Electric by its participation in this workgroup does not waive its right to challenge any positions taken by any party in future proceedings regarding this issue. Any lack of discussion in these comments addressing specific items contained in Staff's draft report or its attachments should not be deemed to constitute agreement by DTE Electric.

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The working definition:

A flexible program with a central array and multiple subscribers, which provides economic, environmental and community benefits with known objectives.

The list of next steps/learning from participants:

Commented [DTE1]: DTE submitted the following suggested working definition in an email to Staff on March 18, 2019.

"A flexible program with a central renewable energy source and multiple subscribers, which may provide economic, environmental, and/or community benefits with known objectives."

This is DTE's preferred definition, as the group was not solely focused on solar, so the term "array" is too limiting. Furthermore, the team struggled with every renewable energy asset having a requirement to provide economic, environmental, AND community benefits.

financing models	Legal roadmap to put guardrails on project
model for low/middle income	how community solar interacts with interconnection
other state's projects	interests from potential host communities
customer experience and marketing	working with DEQ
target demographics	communication with a utility about siting
how to grow community energy	future implications for interactions with IRP and distribution planning
mutual benefits for all parties	interest from market (municipality, churches, individuals, etc.)
projects within Michigan	request that the information not be so technical

March 20, 2019, educational meeting

During the March meeting attendees listened live or via Skype as five presentations were given on topics identified as potential learnings within the January meeting. The five presentations were:

1. Consumers Energy Solar Gardens experience, Jeff Myrom from Consumers Energy
2. Community solar across the country, what's working and what's driving success?, Becky Stanfield from Vote Solar
3. Opportunities and Challenges to Community Solar in Michigan's Most Impacted Communities, Jackson Koeppel from Soulardarity
4. Cherryland's Experience, Tony Anderson from Cherryland Electric Cooperative
5. Marketing Community Renewable Energy, Terri Schroeder from DTE Electric

May 15, 2019, facilitated discussion to identify barriers

A team from the Department of Licensing and Regulatory Affairs' Office of Process Reengineering and Optimization headed by Jackie Badder and Abby Koenigsknecht led a consensus workgroup leading to the identification of barriers to 3CRE currently in Michigan. A list of barriers identified may be found in Attachment A.

The consensus workshop included teams designed by Commission Staff to have diversity of organizations and professions in each group. Forty participants plus Commission Staff and facilitators attended this meeting. Skype attendance was not available due to the facilitation process.

July 17, 2019, facilitated discussion to identify opportunities

Again, a team from the Department of Licensing and Regulatory Affairs' Office of Process Reengineering and Optimization headed by Jackie Badder and Abby Koenigsknecht led a consensus workgroup leading to the identification of opportunities for 3CRE currently in Michigan. A list of opportunities identified may be found in Attachment B.

Once more, the consensus workshop included teams designed by Commission Staff to have diversity of organizations and professions in each group. Twenty-four participants plus

Commission Staff and facilitators attended this meeting. Skype attendance was not available due to the facilitation process.

Facilitation

Within the May and July facilitated meetings the following process was used to determine barriers and opportunities to 3CRE.

After team introductions each participant was asked to independently write 10 barriers (or opportunities). The second step was to, in round robin fashion, announce the independent barriers (or opportunities) and group those that were similar. Third, the team was to, through consensus, determine the top 7-10 barriers (or opportunities) to be reported out to all other teams, this reporting was the fourth step. Fifth, and finally, each participant voted on the barriers (or opportunities) they thought were key to 3CRE.

Commented [DTE2]: DTE did not necessarily consent to the top barriers coming out of each table's discussion

Commented [DTE3]: Recommend the report include the detail that voters received two votes that counted as one, and one vote that counted as three.

Results

The results of the voting and those barriers and opportunities which were voted upon may be found within Attachments A and B. Those barriers and opportunities getting the most votes are included in the top listings, all others voted upon are in the subsequent list.

In very few instances the barriers and opportunities listed on the attachments were edited for spelling/clarity, otherwise the wording remains the same as written by and consented to by the participants. While several barriers or opportunities are similar, those listed separately were deemed to be discrete by the team reporting the barrier/opportunity within the consensus workshop.

The barriers and opportunities listed in the attachments were obtained in a consensus environment. Not all parties, including Commission Staff, agree with each of the barriers and opportunities listed herein.

Conclusion

Commission Staff welcomes additional dialogue with citizens and stakeholders. Lastly, Commission Staff thanks those who presented to the group as well as those who participated throughout this stakeholder process. Stakeholder enthusiasm and contribution to this important issue were greatly appreciated! Lastly, Commission Staff extends a sincere thank you to the LARA PRO Staff, particularly Jackie and Abby for their time and expertise.

Attachment A

Potential Barriers to Third-Party Community Energy Projects

These barriers were brainstormed, condensed and voted upon by the forty participants at the May 15, 2019 3CRE stakeholder meeting.

The top twelve potential barriers:

1. No legislation explicitly authorizing MPSC to approve third party community solar
2. Proper valuation of benefits; social, environmental, financial, community – of community owned distribution generation
3. Lack of inclusion of low-income communities in decision making
4. Community engagement (education, not in my backyard (NIMBY)-ism, lack of understanding of benefits)
5. Provide guidance for local zoning
6. Inconsistencies in distributed generation valuation/distributed generation tariff across state and need for fair value
7. Subscription terms
8. Subscription levels
9. Financing
10. Cost - important to be cognizant of tradeoffs between economies of scale and community benefits for small-scale projects
11. Local arrays vs. economies of scale
12. Subscription cost to customer

Additional top barriers identified:

1. Proper valuation of benefits; social, environmental, financial, community – of community owned distribution generation
2. Fairness - how do we treat both participating and non-participating customers equitably
3. Lack of flexibility in rate making
4. Electricity credit mechanism for customer
5. Program/rate complexity (project manager and customer)
6. Lack of outreach to communities on learning about their energy bills/needs
7. Few successful examples in Michigan of third-party renewable energy
8. Transparency of process for project development and approval
9. Siting in a more populated community can be more challenging (but not impossible) compared to less populated areas
10. Inconsistent/problematic local ordinances

Commented [DTE4]: Why top twelve? What makes a barrier a "top" barrier? Perhaps, include vote totals for each barrier.

Commented [DTE5]: Suggest removing numbers as the additional barriers are not listed in a particular order

Commented [DTE6]: This is already included above as number 2

11. Cumbersome approval process by MPSC for pre-approval for projects
12. Lack of well-coordinated incentives for brownfield redevelopment
13. Lack of virtual net metering to improve access and make easier
14. Ability of low-income customers to receive project benefits that are not treated as income (e.g. virtual net metering) (i.e. impact to benefits etc.)
15. Lack of ability for outside (3rd party) providers (except in municipal utilities) to run the program
16. Getting coordination between utility, 3rd party developer, and customer
17. Solar energy tax credits will sunset soon
18. Local agency in projects; cities and community organizations setting standards, design, and impact goals
19. Not as easy/convenient as utility power
20. Equitable grid modernization (ensure proper transmission) – sunk cost problems with old infrastructure, I.e. who pays? etc.
21. Stabilizing pricing/billing for low-income residents - determining and maintaining affordable prices
22. Subscription cost to customer
23. Cost/Benefit: Recovery of costs (by any party)
24. Cost to consumers and utility/developer
25. Subscribers moving
26. Administrative management (billing, long-term management, customer/subscriber relationships)
27. Ensuring stable, reliable energy supply

Commented [DTE7]: This is number 12 on the first list.

Attachment B

Potential Opportunities to Third-Party Community Energy Projects

These opportunities were brainstormed, condensed and voted upon by the twenty-four participants at the July 17, 2019 3CRE stakeholder meeting.

The top eleven potential opportunities:

1. The state of Michigan could pass enabling legislation to permit/require community solar
2. Educating stakeholders and providing transparency with project economies and utility rates would provide realistic parameters to the economic feasibility of 3CRE projects and their economic benefit (or not) to customers
3. Using brownfields or other unused space within a community will help redevelopment
4. Community renewable energy carve outs will provide renewable energy access to communities who have not been able to participate in renewable energy projects traditionally
5. Knowing what compensation model is fair and unsubsidized would help provide certainty
6. Opportunity to have utility offer these programs (third parties participating) including financing, stability and consumer protection
7. Grants and third-party funding will provide opportunities for low-income customers
8. The community may be able to own the project (everyone come together and invest) giving communities an opportunity to organize for a collective goal.
9. Establish business practices/processes for requests
10. Utility could work to increase the value of renewable energy to improve economies
11. Deeper dive on effective marketing and customer education green tariff customer acquisition

Additional top opportunities identified:

1. Standardization within green tariff programs to enable fast pilot and product testing for speed to market of products
2. Good rapport with customers for utility by being responsive to customer wishes
3. Utilities should offer incentives on renewables that help take pressure off grid
4. MPSC could require geographic diversity (in addition to diversity of generation sources)
5. State incentive programs will solve the complication of financing for low income communities
6. Local government could pass zoning and permitting friendly to developing community solar to ease development
7. Commission to create a rule set (for uniform guidance)

Commented [DTE8]: Why top eleven? What makes an opportunity a "top" opportunity? Perhaps include vote totals for each opportunity.

Commented [DTE9]: Move this opportunity to #2 as it captured the second most votes, with 14

Commented [DTE10]: Move this opportunity to #1 as it captured the most votes, with 20.

Commented [DTE11]: Suggest removing numbers as the additional barriers are not listed in a particular order

8. Transparency on finite objectives with a CRE project from stakeholders would help drive understanding of motivation for projects
9. Provide demonstration/example of a clean energy project in the local community
10. Community level subscriptions (for community to participate)
11. Assessing how to achieve scale economies (1 MW vs 100 MW project)
12. · Opportunity to help customers meet their sustainability goals
13. Providing better access to financing (e.g. addressing tax equity challenges for small projects)
14. 3CRE will provide bill reduction benefits for subscribers
15. Higher engagement in energy issues by a community
16. Knowing how to best explain how community solar works would help avoid customer confusion and ensure best program fit
17. Replicating successful models (in MI, elsewhere)
18. Local solar and storage will provide an important component for electric vehicle build out
19. Large array will provide more cost-effective solutions for customers
20. Resource diversity (geographic and "fuel" type) – increase security and reliability
21. Renewables create jobs in Michigan

October 4, 2019

To: Katie Trachsel, Michigan Public Service Commission

From: Michigan Electric and Gas Association (MEGA)

Re: Third-party Community Renewable Energy Report (3CRE)
Cases U-18351 and U-18352

Thank you for the opportunity to comment on the report outlining the stakeholder process and outcomes in the 3CRE initiative. MEGA appreciates the utilization of collaborative workgroups and processes to raise and discuss policy matters that are under consideration. Bringing different perspectives together to share ideas and experiences and identify priorities is valuable. The construct within which priorities are developed is an important aspect of such workgroups. The 3CRE report includes prioritized barriers and opportunities listed in order of the number of votes received from those present at the meeting in which the votes were taken.

The report captures the process well. However, as written, important context is lacking. For instance, not all parties with an interest in community renewable energy were represented at each meeting or in attendance with a representative number of people. For instance, MEGA, which represents eight utilities serving over 700,000 customers in Michigan, may not have anyone, or just one person, at a meeting due to available resources. Since votes were cast based on those in the room, the number of votes and votes for each item may provide a skewed representation of support among Michigan stakeholders for an idea. Including a list of who participated in the meetings and what organization they represent would provide more transparency in understanding the priorities. Another valuable addition is including the number of votes each of the priorities received so that those with the most support, not just those that got more votes than others, is evident.

Finally, though the direction to the staff under the orders initiating this effort is relatively narrow, it's important to note that there are many policy considerations related to 3CRE beyond the identification of opportunities and barriers. The information contained in the report is only one piece of a myriad of elements that should be part of any further related policy development in Michigan. A more robust initiative, that allows for a broader exchange about policy initiatives that should be considered, or are under consideration, will be necessary before moving forward to any policy adoption on this topic.

MEGA looks forward to being part of a continuing dialog about the role of and rules for community renewable energy projects.

Respectfully,

Tanya Paslawski
President
Michigan Electric and Gas Association