

PA 341 Section 6w Resource Adequacy Implementation

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June 8, 2017



U-18197 Capacity Demonstration Technical Conference I

AGENDA ITEMS

10:00 a.m. MPSC Staff

- » Present timeline for technical conference procedures
- » Introduce additional issues

12:00 p.m. – 1:15 p.m. Break for lunch – on your own

1:15 p.m. Midcontinent Independent System Operator
(MISO)

- » Presentation of current Resource Adequacy construct

4:00 p.m. Adjourn

Schedule Overview

- June 8, 2017
 - Scheduling Overview / Additional Issues
 - MISO Resource Adequacy
- June 29, 2017
 - Stakeholder Presentations / Recommendations
- June 30, 2017
 - Stakeholder Presentations / Recommendations continued
- July 10, 2017
 - Identify consensus / unresolved issues

Schedule Overview

- August 1, 2017
 - Staff Report & Recommendations
- August 15, 2017
 - Stakeholder Comments on Staff Report & Recommendations
- August 30, 2017
 - Stakeholder Reply Comments
- September 28, 2017
 - Commission Order

Additional Issues To Be Addressed

- Commission Order
 - May 11, 2017
 - U-18197
 - Appendix A
 - Identifies list of additional issues to be addressed by technical conference

Additional Issues I

- How should capacity obligations change if customers change suppliers?
- What type of proof should be required to verify any changes in load over the 4-year period for AESs? Is that necessary to track?
- What level of proof should be required that capacity is owned or under contract and will not be sold in the interim as part of a capacity demonstration? Is a signed affidavit sufficient? If not, what level of proof should be required?

Additional Issues II

- What level of proof should be required in order to count existing or proposed energy efficiency or demand response or demand-side management programs towards meeting capacity obligations?
- What level of proof should be required in order to count newly proposed generation resources towards meeting capacity obligations?

Additional Issues III

- If a small portion of the capacity obligation is allowed to be obtained in the MISO PRA to account for fluctuations in capacity obligations, is it possible to determine if those ZRCs purchased in the auction can be traced to generation that is physically located in Zone 7? If not, should ZRCs obtained in the PRA count towards meeting any portion of any potential LCR obligation or strictly PRMR obligation?

Additional Issues IV

- How transparent should the capacity demonstration process be?
- Should the capacity demonstrations be contestable by other parties?
- Would the most recently released LCR and PRMR by MISO for the prompt year be reasonably used for setting capacity obligations that are for years forward? If not, what is an appropriate methodology for determining capacity obligations pursuant to 460.6w?

Additional Issues V

- In the case where an entity does not meet its capacity obligations, should the entity be required to include any information regarding which customer loads do not have the capacity to meet the obligations?
- If an AES meets its PRMR but not an LCR obligation, as applicable, is all of that entity's load to be covered by the SRM with capacity provided by a utility or is another remedy appropriate?

Additional Issues VI

- What avenues exist for AES customers in Michigan to meet capacity obligations through demand reductions or demand response?
- If an entity does not meet its capacity obligations 4 years forward to the MPSC, at what point in time do the requirements for that AES to participate in the PRA to cover that load end?

Additional Issues VII

- Are there any other pertinent issues that should be considered?
- For example:
 - Purchasing ZRCs from the PRA? 5% to account for load variation?
 - Documentation of changing ZRC ratings for a particular unit?
 - Others?

- Staff Request:
 1. Each Stakeholder present their view of the SRM capacity demonstration process
 2. Address additional questions identified previously, and included in Attachment A of the Commission Order
 3. Include discussion of any additional issues related to capacity demonstration
 4. Submit written position summary, that will ultimately be included as an appendix to the Staff Report & Recommendations

- Commission Order – June 15, 2017
 - Staff anticipates that the Commission will issue an Order on June 15, providing guidance on the 3 threshold issues that stakeholder filed comments on in U-18197.
 - Stakeholders should also incorporate any results from the June 15 Order into their proposals.

- Stakeholder Presentations/Position Summary
 - This is your opportunity to provide meaningful guidance to this process.
 - Staff Report & Recommendations will be responsive to the input received in these technical conferences.

July 10, 2017

- Summary of presentations and position summaries provided on June 29 & 30
 - Identify areas of consensus
 - Identify areas of disagreement amongst stakeholders
 - Are these areas of disagreement fundamental? Or is there any area to take a moderate approach?

- August 1
 - Staff will file and distribute recommendations and report on accomplishments of technical workgroup.
 - Report & Recommendations will be responsive to input received on June 29/30 & July 10.
 - Recommendations from all parties involved will be included as attachments to the Staff's report.
 - Staff will fully explain any unresolved issues that remain for the Commission's consideration.

MPSC Staff Report

- August 15
 - Interested parties may file comments on Staff's Aug 1 Report & Recommendations.
- August 30
 - Interested parties may file reply comments regarding Staff's Report & Recommendations.

Commission Order

- September 28, 2017
 - Following the Commission’s review of the Staff Report & Recommendations (with Stakeholder presentations/recommendations attached as appendices), initial comments, and the reply comments, the Commission intends to issue an order for the establishment of the capacity demonstration process required under the SRM provisions of Act 341.

Summary – Next Steps

- June 29 – Technical Conference II
- June 30 – Technical Conference III
- July 10 – Technical Conference IV
- August 1 – Staff Report and Recommendations filed regarding the accomplishments achieved during the technical conference
- August 15 – Comments on Staff Report & Recommendations
- August 30 – Reply comments
- September 28 – Order for establishment of the capacity demonstration process

Questions?

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