

Consumers Energy Company (“Consumers Energy” or the “Company”) welcomes the opportunity to participate in the Michigan Public Service Commission’s (“MPSC” or “Commission”) collaborative effort to establish new distributed generation and legacy net metering (“DG/LNM”) rules. At the MPSC’s invitation, Consumers Energy provides the following preliminary comments, which are designed to help shape the scope and goals of the Commission’s stakeholder process. We look forward to continuing our engagement with the Commission and other work group participants.¹

1. Consumers Energy agrees with MPSC staff that the DG/LNM rulemaking initiated in Case No. U-20344 should generally be limited to the scope of issues addressed in Part 3 of the Commission’s existing Electric Interconnection and Net Metering Standards, Mich Admin Code R 460.640 *et seq.* This process should not revisit issues related to the value of credits, billing, and compensation for DG/LNM program participants, as those issues will more appropriately be addressed in future electric rate cases.
2. Consumers Energy also agrees with MPSC staff that a single rulemaking is appropriate for interconnection standards, DG/LNM, PURPA legally enforceable obligations, and third-party community renewable energy. Coordination of efforts on these topics will help ensure consistency and efficiency of effort across these closely related topics.
3. Consumers Energy agrees with MPSC staff that new DG/LNM rules should be sufficiently flexible to accommodate ongoing technological and policy changes in the electric industry, such that the new rules will be “future proof” to the extent possible. For example, the DG/LNM rules should address and account for energy storage technology and the likely increasing demand for integration of storage with existing distributed generation technologies. Consumers Energy does not discourage energy storage, but different types of storage technologies will impact the Company’s system in different ways. As such, energy storage technologies will need to be classified and defined. New DG/LNM rules (and new interconnection standards) will need to allow different types of storage technology to be integrated into Consumers Energy’s system in a way that ensures system reliability

¹ These preliminary comments are not meant to be exhaustive or definitive. The Company has made a significant effort to provide as much initial feedback to the MPSC as possible in the time allowed, but the Company reserves the right to provide later comment (or to modify its comments as needed) on these and other issues related to new DG/LNM rules.

and safety, as well as the Company's ability to understand and plan for the impacts of individual systems. Overall, new DG/LNM rules should incorporate enough flexibility to allow utilities to respond to changing trends, evolving technical standards, and fluctuating demand for distributed generation programs.

4. Definitions will be an important aspect of new DG/LNM rules, as well as the other rules being addressed at the same time by the Commission. Consumers Energy recommends that the workgroup process seek alignment among stakeholders on key, cross-cutting definitions from the outset of the process rather than relegating all discussion of definitions to the end of the process. Ensuring consistency of definitions will be important to reaching the MPSC's goal of maximum consensus among stakeholders at the end of the workgroup process – without sacrificing content.
5. New DG/LNM rules should carefully address the transfer of rights upon the sale of a home/business/property, including applicability of eligibility rules upon transfer and the potential grandfathering of systems under pre-existing rules. Transfer of rights provisions should ensure fairness to DG/LNM program participants and minimize the administrative burdens of transfer, while also allowing utilities to easily track the distributed generation on their systems and ensure consistent compliance with DG/LNM rules and applicable technical standards. Similarly, new DG/LNM rules should clearly delineate the conditions upon which legacy net metering customers would become subject to new distributed generation rules, or new interconnection rules, upon changing or expanding existing generation systems.