

New energy laws, record number of rate cases, EVs, infrastructure dominated Michigan Public Service Commission agenda in 2017

The Michigan PSC had a historically productive year in 2017 as it implemented far-reaching new energy laws, supported initiatives to modernize Michigan’s utility infrastructure, and handled an unprecedented number of rate cases.

The MPSC led the implementation of newly enacted energy laws through extensive stakeholder engagement and formal Commission proceedings. Passed with broad bipartisan support, these comprehensive energy policy reforms are a blueprint to improve reliability, lower costs, and provide cleaner energy options for Michigan residents.

Implementation included innovative resource adequacy requirements, known as the “state reliability mechanism,” for utilities and alternative electric suppliers prompted by power plant closures and Michigan’s unique hybrid market structure. To ensure electricity supplies are available over the long term, the state reliability mechanism complements annual federal requirements for electric capacity under the tariff of MISO, the regional grid operator.

The Commission also established modeling parameters for new utility long-term integrated resource plans, conducted studies on the cost-effective potential for demand response and energy waste reduction, provided guidance on utilities’ voluntary green pricing tariffs, expanded clean energy provisions, and engaged stakeholders on performance-based ratemaking and on-bill financing. The Commission is also studying “cost of service” alternatives to net metering and has launched study groups on revising code of conduct provisions to recognize utilities that are providing “value-added” services, such as financing of solar energy projects.

2017: 688 Orders Issued



The Commission this year adopted 60 energy legislation related orders out of nearly 700 orders overall, dealing with electric, natural gas, and telecommunications.

Other highlights from this past year:

- Approval of new, natural-gas fired electric generation in Michigan's Upper Peninsula to replace an aging coal plant facing an expensive environmental retrofit and avoid costly electric transmission upgrades.
- Engagement of diverse stakeholders to identify and address barriers to electric vehicle infrastructure. The MPSC is focused on rate design, grid impacts, and regulatory guidance on the role of the regulated utility in the electrification of the transportation sector.
- In-depth scrutiny of billions of dollars in capital investments to upgrade energy infrastructure as part of 11 rate cases (MPSC historians think this has never happened in the Commission's more than 100-year history). Also, for the first time in nearly 30 years, the MPSC updated PURPA avoided cost rates utilities pay small independent power producers.
- Collaborative planning to develop first-ever electric distribution plans using analytics to provide transparency around infrastructure modernization needs and the integration of new technologies. This moves utilities from reactive repairs of the aging distribution system (with some equipment 100 years old) to an optimized, modern system that ensures safety, reliability, and cost-effective operations.
- Update of customer protection rules, including provisions for critical care customers as well as revised customer data privacy and access provisions.
- Supporting ConnectMichigan to advance broadband and telecommunications mapping.
- Expansion of Michigan's safety program for natural gas pipeline inspections and accelerated replacement of high-risk gas mains.
- Preparing for the launch of a new e-dockets platform to replace a 20-year old legacy system.
- Development of a three-year strategic plan addressing statutory and operational priorities.

Besides continuing to implement the mandated energy legislation changes in 2018, the Commission will be working on at least five more rate cases. The Commission will also rule on a certificate of need for a new power generation plant, review integrated resource plans filed by utilities, continue work on resource adequacy issues, coordinate with stakeholders and policymakers on Lifeline program changes, define the MPSC's role on electric vehicles, and finalize rules for cybersecurity, gas safety technical standards, and telecommunications discontinuance of service.

The Commission appreciates the commitment and leadership of talented MPSC staff in adapting to the rapidly changing energy and telecommunications industries, and commends stakeholders for their participation in various cases, workgroups, technical conferences, and public hearings. Hearing from multiple parties with diverse perspectives helps to ensure the best decisions possible, and the Commission looks forward to continued progress in 2018.

December 21, 2017

Originally published in the NARUC *Bulletin*