

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,)	
to adopt revised renewable energy plan filing)	
requirements.)	Case No. U-18409
_____)	

At the May 31, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER AND NOTICE OF OPPORTUNITY TO COMMENT

On December 21, 2016, Governor Rick Snyder signed 2016 PA 342 (Act 342) into law. Act 342 amends MCL 460.1001 *et seq.*¹ On March 28, 2017, the Commission issued an order in Case No. U-15825 *et al*, establishing filing dates for electric providers to file amended renewable energy plans (REP) pursuant to MCL 460.1022.

Previously, the Commission developed renewable energy plan filing requirements in 2008 to provide guidance to electric providers in preparing initial renewable energy plans.² To address the changes in the law, the Commission is developing updated REP filing requirements.

¹ Act 342 was effective April 20, 2017.

² See, the December 4, 2008 order in Case No. U-15800, which may be accessed at <http://efile.mpsc.state.mi.us/efile/docs/15800/0001.pdf> .

The Commission would like to provide interested persons an opportunity to comment on the proposed REP filing requirements, which are attached as Exhibit A, and is seeking information on the Staff's proposed filing requirements and the application of MCL 460.1022, including but not limited to, its applicability after 2021.

Any person may submit written or electronic comments and reply comments regarding development of revised REP filing requirements. Comments shall be filed with the Commission no later than 5:00 p.m. on June 30, 2017. Reply comments shall be filed no later than 5:00 p.m. on July 21, 2017. Written comments should be sent to: Executive Secretary, Michigan Public Service Commission, P. O. Box 30221, Lansing, MI 48909. Electronic comments may be e-mailed to mpscdockets@michigan.gov. All comments should reference Case No. U-18409. All information submitted to the Commission in this matter will become public information available on the Commission's website and subject to disclosure.

THEREFORE, IT IS ORDERED that interested persons may file written or electronic comments on the renewable energy plan filing requirements under MCL 460.1022. Comments must be received no later than 5:00 p.m. on June 30, 2017, and reply comments must be received no later than 5:00 p.m. on July 21, 2017.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of May 31, 2017.

Kavita Kale, Executive Secretary

**Michigan Public Service Commission
2008 PA 295 Amended by 2016 PA 342**

**Filing Requirements and Instructions for
Renewable Energy Plans
for Michigan Investor-Owned Retail Rate-Regulated Electric Utilities**

MCL 460.1022 *Each electric provider shall file an amended renewable energy plan with the commission by the date established by the Commission in MPSC Case No. U-15825, et al. The amended plan shall meet all of the following requirements:*

- (a) Describe how the electric provider will meet the renewable energy standard.*
- (b) Specify whether the number of megawatt hours of electricity used in the calculation of the renewable energy credit portfolio will be the previous year's weather-normalized retail sales or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state.*
- (c) Include the expected incremental cost of compliance with the renewable energy standards for the plan period ending in 2029.*
- (d) Describe how the electric provider's plan is consistent with the purpose and goal set forth in MCL 460.1001(2) and (3).*

MCL 460.1022(2) *The proposed plan shall establish a nonvolumetric mechanism for the recovery of the incremental costs of compliance within the electric provider's customer rates.*

The following suggests several elements that address the specific items to be included in the plan filings. They are not necessarily exhaustive.

1. Sales Forecast through 2021 for compliance with the renewable energy standard in Section 28 and through 2025 to show progress toward meeting the 35% goal.
 - Specify whether megawatt hours of electricity used in the calculation is the previous year's weather-normalized retail sales or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full service retail customers in the state (MCL 460.1028(1)(i)(ii) and MCL 460.1001(3))
2. Forecast of Meters by Customer Class through the end of the plan period in 2029
 - This is needed in order to determine retail rate impacts by customer class (MCL 460.1045(2))
3. Quantity of RECs
 - Outline the quantity of RECs the Company forecasts it must obtain each year to meet the renewable energy standard (MCL 460.1028(1))
 - Outline the quantity of RECs the Company forecasts it will obtain in 2025 to meet the 35% goal. (MCL 460.1001(3))

4. Detailed Resource Plan

- Describe the Company's planned renewable energy credit portfolio. Forecast RECs obtained via Michigan incentive RECs as provided for in MCL 460.1039 (2)(a)(b)(c)(d)(e)
- Forecast expected compliance levels by year to meet the renewable portfolio targets.
- Identify key assumptions used in developing these forecasts and the proposed resource portfolio.
- Identify risks which may drive performance to vary.

5. RFP/Bidding Process and Approach

6. Wholesale Customer Treatment (MCL 460.1035(1)(a)(b))

7. "Transfer Price" Forecast

- Taking into account the transfer price schedules filed in U-15800 and previously approved by the Commission, forecast a price per MWh for each year of the remaining plan period ending in 2029 for renewable energy sold to full service retail customers, which will be used in calculating net incremental cost. (MCL 460.1047 (2)(b)(iv))

8. Revenue Requirement

- Per (MCL 460.1047(2)) Incremental costs of compliance **shall be calculated to include the following:**
 - Capital, operating and maintenance costs for renewable energy systems (including property taxes and insurance for renewable energy systems)
 - Financing costs
 - Costs that are not otherwise recoverable in base rates including interconnection and substation costs
 - Ancillary service costs
 - Cost of purchased RECs other than those purchased for non-compliance with MCL 460.1028
 - Cost of contracts per MCL 460.1028(4)
 - Expenses incurred as a result of governmental action including changes in tax or other laws
 - Any other renewable energy related costs that are necessary to implement the 20-year plan and 35% goal using a combination of renewable energy and energy waste reduction.
 - Subtract revenues as identified in MCL 460.1047 (2)(b) – ex. transfer price, environmental attributes, interest on regulatory liability etc.

Attachment A

- Recovery to include the authorized rate of return on equity, which will remain fixed at the rate of return and debt to equity ratio that was in effect in base rates when the renewable plan was approved (MCL 460.1047(1))

9. Cost Recovery Mechanism

- Forecast through the end of the plan period in 2029 of the nonvolumetric surcharge (MCL 460.1047)
- Forecast through the end of the plan period in 2029 of the regulatory liability balance

10. Renewable Energy Plan Summary Worksheet

See Attachment A below

ATTACHMENT A - RENEWABLE ENERGY PLAN SURCHARGE SUMMARY

Row No.		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1	Sales and Requirement Calculation														
2	Method: Weather Normalized or 3 Year Average														
3	If Selected Weather Normalized:														
4	Current Year Sales to Retail Customers														
5	Current Year Weather Normalization Factor														
6	Current Year Weather Normalized Sales (Row Number 4 * 5)														
7	If Selected 3 Year Average:														
8	Current Year Retail Sales to Retail Customers														
9	3 Year Average of Retail Sales														
10	RPS Required Energy Credits (For 2017 and 2018 enter the same amount as 2015 requirement in MIRECS, for 2019 and 2020 enter 12.5% of row 6 or 6, for 2021 enter 15% of row 6 or 9)														
11	Energy Credits														
12	Energy Credit Beginning Balance														
13	Plus: Energy Credit Obtained (Row 14+15+16)														
14	Energy Credits Obtained Through Generation/BOT														
15	Energy Credits Obtained Through PPA														
16	Energy Credits Obtained Through REC Purchases														
17	Less: Energy Credits Sold														
18	Available Energy Credits (Row 12+13-17)														
19	Compliance Requirement (Row 10)														
20	Less: Energy Credit Expiration														
21	Energy Credit Ending Balance (Row 18-19-20)														
22	Revenue Requirement														
23	Cost of Renewable Energy Generation/BOT														
24	Cost of Renewable Energy PPA														
25	Cost of Renewable Energy Credit Purchases														
26	Costs of Administration of Renewable Energy Plan														
27	Less: Revenue obtained from Renewable Energy Sales (non-retail)														
28	Total Revenue Requirement for Renewable Energy Plan (Row 23+24+25+26-27)														
29	Cost Recovery														
30	Forecasted Transfer Price per MWH														
31	MWH of Renewable Energy														
32	Amount Recovered Through the PSCR (Row 30 * 31)														
33	Incremental Cost of Compliance (Row 28-32)														
34	Non-Volumetric Surcharge Meter (or customer) Forecast														
35	Residential														
36	Secondary														
37	Primary														
38	Total (Row 35+36+37)														
39	Planned Surcharge Revenue														
40	Residential														
41	Secondary														
42	Primary														
43	Total (Row 41+42+43)														
44	Year End Regulatory Liability Balance														
45	Forecasted Ending Balance Prior to Current Year Interest														
46	Carrying Charges (Short-term interest)														
47	Total Balance (Row 44+46)														

**Michigan Public Service Commission
2008 PA 295 Amended by 2016 PA 342**

**Filing Requirements and Instructions for
Renewable Energy Plans
for Alternative Electric Suppliers**

MCL 460.1022(3) Within 1 year after the effective date of the 2016 amendatory act that added this section, the commission shall review each electric provider's plan pursuant to a filing schedule established by the commission. For an electric provider whose rates are regulated by the commission, the commission shall conduct a contested case hearing on the plan pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. After the hearing, the commission shall approve, with any changes consented to by the electric provider, or reject the plan and any amendments to the plan. For all other electric providers, the commission shall provide an opportunity for public comment on the plan. After the applicable opportunity for public comment, the commission shall determine whether any amendment to the plan proposed by the provider complies with this act. For alternative electric suppliers, the commission shall approve, with any changes consented to by the electric provider, or reject any proposed amendments to the plan. For cooperative electric utilities and municipally owned utilities, the proposed amendment is adopted if the commission determines that it complies with this act.

The following elements address the specific items referenced in previous commission orders as well as previously filed alternative electric supplier renewable energy plans on what information may be included within a renewable energy plan under **PA 295 of 2008 as amended by PA 342 of 2016**. These suggestions are intended to be used only as initial guidance. They are not necessarily exhaustive.

1. Sales Forecast through 2021

- Specify whether megawatt hours of electricity used in the calculation is the previous year's weather-normalized retail sales or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full service retail customers in the state (Section MCL 460.1028(1)(i)(ii) and MCL 460.1001(3))

2. Quantity of RECs

- Outline the quantity of renewable energy credits the Company forecasts it must obtain each year to meet its renewable energy standard (MCL 460.1028(1))

3. Detailed Resource Plan

- Describe how the Company will meet the renewable energy standard including the source of energy credits and the expected timing of when the

Attachment B

energy credits will be obtained and used for compliance and identify risks which may cause performance to vary

4. Wholesale Customer Treatment

- Only applies if alternative electric supplier purchased PURPA capacity (MCL 460.1035(1)(a)(b))

3. Renewable Energy Plan Summary Worksheet

- See Attachment B below

ATTACHMENT B - RENEWABLE ENERGY PLAN SUMMARY

Row No.		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1	Sales and Requirement Calculation														
2	Method: Weather Normalized or 3 Year Average														
3	If Selected Weather Normalized:														
4	Current Year Sales to Retail Customers														
5	Current Year Weather Normalization Factor														
6	Current Year Weather Normalized Sales (Row Number 4 * 5)														
7	If Selected 3 Year Average:														
8	Current Year Retail Sales to Retail Customers														
9	3 Year Average of Retail Sales														
10	RPS Required Energy Credits (For 2017 and 2018 enter the same amount as 2015 requirement in MIRECS, for 2019 and 2020 enter 12.5% of row 6 or 6, for 2021 enter 15% of row 6 or 9)														
11	Energy Credits														
12	Energy Credit Beginning Balance														
13	Plus: Energy Credit Obtained (Row 14+15+16)														
14	Energy Credits Obtained Through Generation/BOT														
15	Energy Credits Obtained Through PPA														
16	Energy Credits Obtained Through REC Purchases														
17	Less: Energy Credits Sold														
18	Available Energy Credits (Row 12+13-17)														
19	Compliance Requirement (Row 10)														
20	Less: Energy Credit Expiration														
21	Energy Credit Ending Balance (Row 18-19-20)														
23	Less: Energy Credit Expiration														
24	Energy Credit Ending Balance (Row 21-22-23)		0	0	0	0	0	0	0	0	0	0	0	0	0

**Michigan Public Service Commission
2008 PA 295 Amended by 2016 PA 342**

**Filing Requirements and Instructions
for Renewable Energy Plans
for Cooperative Electric Utilities and
for Municipally-Owned Electric Utilities**

PA 295 of 2008 Section 22(3) Within 1 year after the effective date of the 2016 amendatory act that added this section, the commission shall review each electric provider's plan pursuant to a filing schedule established by the commission. For an electric provider whose rates are regulated by the commission, the commission shall conduct a contested case hearing on the plan pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. After the hearing, the commission shall approve, with any changes consented to by the electric provider, or reject the plan and any amendments to the plan. For all other electric providers, the commission shall provide an opportunity for public comment on the plan. After the applicable opportunity for public comment, the commission shall determine whether any amendment to the plan proposed by the provider complies with this act. For alternative electric suppliers, the commission shall approve, with any changes consented to by the electric provider, or reject any proposed amendments to the plan. For cooperative electric utilities and municipally owned utilities, the proposed amendment is adopted if the commission determines that it complies with this act.

The following suggest elements that address the specific items referenced in previous commission orders as well as previously filed cooperative and municipal electric utility renewable energy plans on what information may be included within a renewable energy plan under **PA 295 of 2008 as amended by PA 342 of 2016**. These suggestions are intended to be used only as initial guidance. They are not necessarily exhaustive.

1. Sales Forecast through 2021

- Specify whether megawatt hours of electricity used in the calculation is the previous year's weather-normalized retail sales or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full service retail customers in the state (Section MCL 460.1028(1)(i)(ii) and MCL 460.1001(3))

5. Forecast Through the End of Plan Period in 2029 of Meters by Customer Class

- This is needed in order to determine maximum surcharges by customer class, if applicable (MCL 460.1045)

6. Quantity of RECs

- Outline the quantity of renewable energy credits the Company forecasts

Attachment C

it must obtain each year to meet its renewable energy standard (MCL 460.1028(1))

7. Detailed Resource Plan

- Describe how the Company will meet the renewable energy standard including the source of energy credits and the expected timing of when the energy credits will be obtained and used for compliance and identify risks which may cause performance to vary

8. Wholesale Customer Treatment

- Only applies if Company purchased PURPA capacity (MCL 460.1035(1)(a)(b))

9. Incremental Cost of Compliance

10. Cost Recovery Mechanism

11. Renewable Energy Plan Summary Worksheet

- See Attachment C below

ATTACHMENT C - RENEWABLE ENERGY PLAN SUMMARY

Row No.		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1	Sales and Requirement Calculation														
2	Method: Weather Normalized or 3 Year Average														
3	If Selected Weather Normalized:														
4	Current Year Sales to Retail Customers														
5	Current Year Weather Normalization Factor														
6	Current Year Weather Normalized Sales (Row Number 4 * 5)														
7	If Selected 3 Year Average:														
8	Current Year Retail Sales to Retail Customers														
9	3 Year Average of Retail Sales														
10	RPS Required Energy Credits (For 2017 and 2018 enter the same amount as 2015 requirement in MIRECS, for 2019 and 2020 enter 12.5% of row 6 or 6, for 2021 enter 15% of row 6 or 9)														
11	Energy Credits														
12	Energy Credit Beginning Balance														
13	Plus: Energy Credit Obtained (Row 14+15+16)														
14	Energy Credits Obtained Through Generation/BOT														
15	Energy Credits Obtained Through PPA														
16	Energy Credits Obtained Through REC Purchases														
17	Less: Energy Credits Sold														
18	Available Energy Credits (Row 12+13-17)														
19	Compliance Requirement (Row 10)														
20	Less: Energy Credit Expiration														
21	Energy Credit Ending Balance (Row 18-19-20)														
23	Less: Energy Credit Expiration														
24	Energy Credit Ending Balance (Row 21-22-23)		0	0	0	0	0	0	0	0	0	0	0	0	0