

**Comments of DTE Electric and the Michigan Electric and Gas Association
Energy Programs and Technology Pilots Collaborative**

DTE Electric (DTE) and the Michigan Electric and Gas Association (MEGA, jointly the Companies) extend their appreciation for the consideration of comments in response to the draft report published on July 31, 2020 and which were submitted on August 17, 2020. The Companies would like to take the opportunity to provide additional comment on two specific recommendations within the final report, while reaffirming comments made on August 17th related to the specific objective criteria. The comments here are focused on:

- ***Staff's new recommendation for a streamlined pilot review process.*** The Companies strongly recommend that any new pilot review process be an additional option for pilot approval among the existing approaches (e.g. rate cases, ex parte, DR/EWR plans and reconciliations) – this would ensure flexibility and agility for the proposing utility while maintaining accountability and Commission oversight of reasonableness and prudence.
- ***The applicability of the objective criteria.*** The Commission's existing authority and practice requires reviews of reasonableness and prudence for all recoverable utility expenditures. The objective criteria should apply only to those projects pursued under the proposed streamlined pilot review process.

- 1) **Staff recommendation for a streamlined pilot review process.** The Companies appreciate Staff's willingness to explore new approaches to pilot approval and project agility. The primary basis highlighted by Staff for the recommendation is to mitigate lag in pilot approval, pointing out the timelines and filing cadences of general rate cases, integrated resource plans, renewable energy plans, etc. To the extent the existing approval opportunities do not meet the timeline requirements of a particular pilot or project a utility wishes to pursue, the Companies have no objection to providing an alternate, additional process. However, the risk of lag is considered today when the Companies pursue pilots and think about the most effective approval approach – the streamlined pilot review process should be another option. **We strongly recommend that the utilization of any new streamlined pilot review process be at the election of the proposing utility, which may also choose to pursue the pilot under existing authorities and mechanisms.** Ensuring both agility and accountability in pilot approvals requires that utilities have the opportunity to assess the most appropriate approval mechanism. As many stakeholders highlighted during the collaboratives, pilots are diverse in their scope and intent and are not best supported by a single, rigid process.

- 2) **Applicability of objective criteria.** The Staff report states "The proposed objective criteria below are intended to apply to any utility pilot project meeting the above definition". While preferring a somewhat narrower definition, we do not generally object to the definition of "pilot" proposed by Staff, and diverse perspectives on what constitutes a pilot were offered by numerous stakeholders and presenters. However, given the expansive definition proposed by Staff, it is not appropriate to apply the equally expansive objective criteria to every project meeting the definition. As DTE noted in its initial comments on the draft report, all expenditures made by the Company and recovered in rates are subject to Commission review prudence, and the Commission may consider many factors in making that determination.

As it stands today, the wide majority of pilots undertaken by the utilities today include an element of Commission approval, either as a standalone filing, included within a general rate case, or otherwise addressed in an energy waste reduction or demand response plan or reconciliation. The test of prudence for recoverable utility expenditures, including pilots and their associated costs, is one that is applied today. The objective criteria proposed by Staff in part codify good practice and reflect information and approaches already considered, but they do not reflect the diversity in pilot topics and approaches and are not all applicable to all pilots.

Therefore, we recommend that the objective criteria apply to those projects and pilots requested under any new streamlined pilot review process as proposed by Staff. This would allow for the appropriate level of scrutiny for projects requesting accelerated approval while allowing the current, effective processes to continue under current requirements and guidelines.