Nextant Comments on Staff Draft Report
MI Power Grid: Energy Programs and Technology Pilots
August 17, 2020

Joy

Thanks for sending the draft report for our review. We have just a few comments.

1. The only thing I saw concerning ideas attributable to Eric and me that needs to be corrected is on page 41, where you attribute the following recommendations to us:

         o provide constructive feedback on detailed pilot submissions, and
         o provide to make pilot adjustments that may require Commission approval.

There is something missing in the second bullet. What we said in our slide deck was the following

         −Flexibility to make adjustments during the pilot period within boundaries and quick turnaround for any adjustments that require Commission approval so as not to significantly extend the pilot duration

While this may be a bit wordy, what you have in the current draft should be modified. There really are two ideas embedded in what we said. Flexibility to make adjustments within boundaries without approval and quick turnaround for adjustments that do require approval. Perhaps there should be a total of three bullets under this heading on page 41.

2. In the ES as well as on page 43, you say that the objective criteria for pilots should include the "Projected cost-effectiveness of pilot over expected life described. I'm not sure exactly what is meant by this but if it means that pilots themselves should be cost effective, I would disagree with this. Many (perhaps most) pilots are not cost effective as they because they often reflect small scale tests of potentially larger programs where design and start up costs are a much higher proportion of total costs than they are for full scale programs. Also, some pilots that, for example, test a wide variety of marketing and outreach options are designed to determine how to cost effectively implement something at scale. As such, they might test 10 different things to find the one or two most cost effective things and the overall pilot that includes the 8 or 9 less cost effective options is likely not to be cost effective. I would give further thought to how to this idea of cost effectiveness so utilities don't think that the only things they can test in a pilot is something with a very high likelihood of being cost effective even at a small scale level because I think that could eliminate a lot of potentially important pilot ideas.

3. On page 24, you quote Sanem Segici as saying "Only treatments and functionalities intended to be offered as full scale development should be tested in pilot programs (Sergici, 2020)." I don't know whether this is a direct quote. If it is, I personally disagree with it. In many cases, the objective of a pilot is to see whether or not something should be offered at full scale. If you are only piloting things that you have already decided should be full scale, I don't see a reason to do the pilot (other than, perhaps, to get the implementation kinks out before going full scale). Many

pilots are intended to determine if the load impacts of technologies, rates and/or behavioral program options are large enough to justify offering them at full scale.

4. The lengthy discussions starting around page 30 concerning stakeholder involvement and involvement of low income and black communities is important but I would personally recommend a little more discussion of the burdens of stakeholder involvement in pilot design. Having led a number of large scale stakeholder pilot design efforts, I can say from experience that it is very challenging and can easily lead to either suboptimal designs, unrealistic expectations, enormous cost, or all of the above. The old adage that a donkey is a horse designed by committee is very accurate when it comes to pilot design. I think what allowed a collaborative process to work well in designing the most recent TOU pilots in CA, which I facilitated, was that the Commission was very involved and made many key decisions at the end of the day that it was clear that we were never going to get everyone to agree to. The often singular special interests of many stakeholder groups can easily hold the design process hostage unless someone (like the Commission) steps in and says "we understand your point of view but in order to move forward, we are going to do X." This is something you should think carefully about and perhaps add a paragraph or so in those sections to acknowledge more explicitly that not everyone's concerns can be met in a pilot.

5. There is a typo on page 40, where you say "trail-and-error" rather than "trial-and-error." I'm sure someone would probably catch this before going final but just thought I'd mention it.

Once again, thanks for including us in the workshops and for the opportunity to review the report. I think it's a useful report that should serve you and the utilities well as you move forward in Michigan. Good luck with all that lies ahead.

Steve