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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
LANSING



LIESL EICHLER CLARK
DIRECTOR

MICHIGAN COUNCIL ON CLIMATE SOLUTIONS MEETING
Meeting Minutes

Tuesday, October 26, 2021 – 3:00 to 5:00 p.m.
Virtual Meeting via Microsoft Teams
Find meeting information at Michigan.gov/Climate

Attendees

Frank Beaver
Liesl Eichler Clark
Mary Draves
Kerry Duggan
Dan Eichinger
Rachel Eubanks
Meghan Groen
James Harrison
Judson Herzer
Brandon Hofmeister
Marnese Jackson

Phyllis Meadows
Jonathan Overpeck
Tanya Paslawski
Cynthia Render-Williams
Joseph Rivet
Phillip Roos
Dan Scripps
Derrell Slaughter
Samuel Stolper
Ron Voglewede

MEETING GOALS

- Review and discuss recommendations from the Energy Production, Transmission, Distribution, and Storage Workgroup.

Meeting Notes

- **Welcome, Attendance (Liesl Clark, Director, EGLE)**
 - The meeting commenced at 3:00 p.m.
 - Attendance was taken.
 - Council members received the recommendation text ahead of the meeting and were asked to provide feedback via a survey.
- **Council Business (Liesl Clark, EGLE)**
 - Derrell Slaughter moved and Mary Draves seconded a motion to approve the agenda. The agenda was approved unanimously by voice vote.

- Derrell Slaughter moved and Cynthia Render-Williams seconded a motion to approve minutes from the October 19 council meeting. The minutes were approved unanimously by voice vote.
- **Overview by Workgroup Co-Chairs (Douglas Jester and Katherine Peretick)**
 - Important to note that Co-chairs and facilitators were not the authors of the recommendations, there is no endorsement implied. The recommendations reflect the output of the stakeholders. All suggestions were considered and documented, while consensus was not required.
 - Overview:
 - Over 150 diverse stakeholders participated in the workgroup process, with an average of 85 participants in each meeting.
 - Started with level-setting from several different experts.
 - Split into eight subgroups for more detailed deliberation and drafting recommendations. Participants were able to choose which subgroup they participated in.
 - Maintained focus on goals of the Council throughout the process which led to excellent debates and deliberations throughout.
 - This led to 73 total recommendations that were then consolidated/synthesized into the 5 high-level recommendations.
 - Reached out to the Braintrust during the process to have them review recommendations as they were in progress.
 - In each of the recommendations, there are things that need to be done now, and things that are more iterative that need to be done through processes.
 - Recommendations:
 - Evaluate gas system regulatory and policy options. Two views on gas planning:
 - Unwind the gas system, financially and systemically. Reduce the use of natural gas, primarily through electrification
 - Deliver gaseous fuels through the current system, replacing natural gas with low-carbon alternatives or use carbon offsets
 - There wasn't enough time to dig into these two options in great detail with modeling
 - Implementing holistic integrates and energy systems planning:
 - All of these systems are interrelated
 - Need planning on a grand scale
 - We have tools for planning, but the standards don't specify the path we will take to decarbonize and the group thought this council should be looking at that. No guidance from the legislature.

- It is likely that this will be done with renewables, but this leads to siting issues. This topic is addressed in recommendation # 4
 - Facilitate siting of necessary infrastructure:
 - Need to do a lot of work with policy and citizens to address siting
 - Explore innovative rate design
 - Enable behind the meter resources
 - Can help mitigate requirements on the transmission distribution system
 - Feedback from closing survey with workgroup:
 - There was a general sense the process worked pretty well, but many felt rushed to cover this level of scope in a short amount of time.
 - It was hard to agree or disagree on the top five recommendations, but many found that they agreed with some, and disagreed with others under the top five recommendations.
 - Detail from the 73 recommendations was lost in the aggregation of them to the five recommendations.
 - Key takeaways:
 - There was a large number of recommendations put forth by members. While some nuance was lost during consolidation, the five themes encompass the overarching points of 6 months of work.
 - Further details of the sub recommendations are found on separate recommendation templates.
 - We have very committed and passionate stakeholders who are dedicated to this process; over 150 folks representing wide range of viewpoints and varied levels of consensus.
 - There are no silver bullet solutions, these are complex and intersecting topics that require coordination and cooperation.
 - The emphasis on planning will help achieve the equity goals.
- **Council Discussion of Recommendations**
 - What is the overall decarbonization goal for the energy production sector? Was there ever a discussion on having sector specific goals?
 - There are more specific goals in the full write up of the recommendation.
 - Could you outline what some of the biggest biases might be in the recommendations?
 - Tried to address the potential biases that could arise in the process.
 - The eight subgroups provided some balance and gave space for more voices.
 - Provided different methods to submit and incorporate feedback.
 - Tried to provide diversity in the background and opinions of the leadership for the subgroups.

- There's a pretty big divide between utilities and advocates that want to push solar resources.
 - Some thought the emphasis on price was misplaced.
- Is there consensus on the 5 high-level recommendations? Did you think you needed to reach consensus? If not, why didn't you reach consensus?
 - These topics have been contested for several years already. We did not think we would reach consensus but wanted to have a process that heard everyone's opinions.
 - Areas of dispute on the recommendations:
 - Rate Design: Disagreement on if rate design should play a role in decarbonization.
 - Rate design influences the adoption of distributed resources. More generally, if rate design is going to send signals to people, than prices have to vary, and price variation has its own challenges. It shifts who pays and creates incentives for behaviors. For example, if we say electricity costs more during the summer, some won't be able to afford it and that could cause negative health impacts.
 - Importance or lack of importance of distributed resources: If you look at the cost of generation per unit of electricity, it is cheaper to do it in large systems. On the other hand, rooftop solar doesn't take up land and it can reduce the capacity that is required of the transmission and distribution systems. Storage can be centralized, but if it is distributed, it can increase resiliency.
 - On the gas topic there is not agreement on the which of the two major pathways to take.
 - On the power system planning recommendation, it is a question of how fast we can go while maintaining certainty and reliability.
- Would it be productive for the Council to review the 4-5 points of disagreement that Douglas identified? This may be a place to start. A yearning for more specific and accelerated targets.
 - Notes of disagreement are included in the recommendation templates (question number 10).
- There are 70+ recommendations here, where would you start?
 - The five topic areas would be the place to start, within each there are priorities.

- There is already an electric system IRP process in place, these recommendations can filter in through that. On the gas side there is not currently any kind of planning process that addresses the issues raised in this group, so one will have to be created.
 - The other three topics are complicated, we recommended that state government have a single place to think about siting (possibly EGLE).
 - The PSC deals with rate design on an ongoing basis, but we need to bring in new thinking.
 - The distributed generation topic is contested, there are things we can do there, but it needs some level of political consensus.
- In the materials, it looked like Douglas had done some analysis on the pathways to 2030. Can you explain your process on that?
 - About 90% of carbon emissions in Michigan are from energy production/use. When you break that down, roughly 1/4 is electric generation, 1/4 is transportation, 1/4 is buildings, and 1/4 is methane emissions and other greenhouse gases (GHGs). If you start from where we are today and assume that other sectors will aggressively do what they can, then look at what is left and what could be done. We cannot achieve the goals as laid out in the NDC for the Paris agreement unless DTE and Consumers retire all coal and don't replace it with natural gas.
- Around the value of equity and workforce development, there seemed to be some consensus. Would it be helpful for the equity values to serve as a frame to prioritize or build consensus for the other recommendations?
 - Yes, there was consensus on the need to prioritize equity and justice as a part of the process, although there was more discussion on how to do that and what the equity impacts would be.
 - The recommendations will be costly and will have impacts that are hard to predict. This is why it is important to keep the emphasis on equity in the planning and iterative process.
- We should try to get the team back together for one or two more sessions to try to reach consensus or refine the recommendations.
- Rate design needs to be crafted carefully to not harm disadvantaged/lower-income communities.
 - Chat comment: We need to make sure EJ community members have a fair opportunity to weigh in on the recommendations as a whole and the equity-specific recommendations. I know there are plans in the work to address this, but I just wanted to highlight this point for the group.
- Demand flexibility information and exchange. It's going to be a long road, if we don't include retrofits and flexibility to increase higher saturation point.

Enabling structural change. How do we take advantage of what's out there today? Smart policy and investment can move things along more quickly.

- Allow for flexibility of technologies to allow the decarbonization transition to happen
 - Use technology, grid optimization, and rate design to begin the transition while some of the larger investments, such as infrastructure, are built out.
 - We don't have time to delay, we need to act now. Don't lose sight of the timing consideration in this work.
 - We are reinventing the utility infrastructure and provision of services. There is a lot up in the air to try and accomplish these goals.
- Rate design: the focus on this isn't misplaced. The report should ensure equity. If we decarbonize in such a way that it creates a bigger burden on low-income communities, we are failing our equity charge. We should make the fixed part of rates progressive in attempt to address inequities.
- Scaling renewables: Economies of scale are really important for overall cost-savings, but any savings overall can be funneled down to low-income residents through rate design. There's value in distributed generation. Feeling like current policies obstruct rooftop solar too much.
 - Chat Comment: Utility scale solar and distributed energy don't seem like a binary choice to me.
 - Chat comment: We must consider residents that cannot afford their utilities, so to actually work for the residents we must look across the board with options.
 - There isn't a choice between the two, some of the disagreement is that some of the recommendations around behind the meter that are seeking to promote and add costs to all customers through the way they support distributed resources.
 - Behind the meter and rate design are linked.
 - We need to consider affordability, for equity considerations and competitiveness.
 - In most places that are considering this, they look at different scales of renewables. The thought is that smaller distributed may also provide additional benefits. As a council, do we just look at through a cost lens or bring in other considerations?
 - We need to ask ourselves what the benefit is we're seeking. Should the frame be not increasing energy burden? Or that disadvantaged customers have access to new technologies?
 - Need clarity on what the co-benefits are.

- Putting more control in customers hands is a different paradigm. We're hampering the opportunity for technologies by keeping third parties out.
 - Chat comment: The distributive model that allows for more third-party control will allow for more real time impacts on health and economic well-being of marginalized communities.
 - Communities deserve lower rates and ownership of resources in their communities.
- Solar will be easier to site than wind, but as we get to bigger solar it becomes more contentious. It becomes very challenging to get land-use proposals.
 - The recommendations we made center around acceptance of renewables by the host communities and how we make it more advantageous to become a host.
 - Ex: Elkhart, Indiana, community just turned down \$120M solar - 850 acres due to "looks bad vs. agriculture" so agree with siting is difficult and why some distributed may be effective for a transitional period.
 - This exemplifies that we need an all-of-the-above approach
 - There is opportunity to work with communities and utilities mapping in the siting discussions.
 - Working with communities to develop policies is key.
- Other opportunities:
 - Think about how innovative rate design will work with behind-the-meter.
 - Looking at what decarbonization pathways look like for natural gas.
 - There is an opportunity once projects are approved, is there a way in which projects that use Michigan labor and Michigan products are prioritized?
- Chat comment: We need to make sure that we are not conflating income equality with equitable access to resources. They are different – the latter can be addressed as suggested with rate design. Why not!
- Behind the meter resource does affect who pays and is related to rate design.
- Minnesota has looked at ways to decarbonize natural gas, and Michigan has the opportunity to do something similar.
- It is beyond planning and iteration, it is also testing and deployment.
- What were the two sub recommendations under #1 that had full workgroup support?
 - The co-chairs will follow-up with the Council member on this.
 - Answer sent via email: The EPTDS Workgroup grouped each of its 73 recommendations into a table. The subgroup, Electric IRP Guidelines,

which later morphed into “Implement Holistic Integrated and Energy System Planning,” contained 18 separate independent recommendations, which were each ranked by level of achieved support (“full support” “somewhat support” “neutral” “somewhat oppose” “strongly oppose.” The two that received full support were:

- Explore streamlining the Environmental Policy (EP) and Emerging Technology (ET) into one scenario. Ensure thoughtfulness in specifying scenarios in the MIRPP collaborative so only non-duplicative scenarios that add valuable information to the IRP are specified. (page 146)
- Align IRP Scenarios with transmission planning scenarios used by MISO. Using these futures allows for aligned planning, provides baseline market expectations across the region, and an understanding of how the market will impact Michigan and utility resource decisions to ensure resource adequacy. (page 151)
- Did the workgroup think about these issues from the perspective of resiliency of the system? Does distributed generation or storage increase the resiliency of the system?
 - This was definitely discussed. As a technical matter, distributed resources can provide additional resiliency, particularly for the community, but they can also fail. If we want that value, it has to be deliberate and built into the system.
- **Next Steps (Liesl Clark, EGLE)**
 - The next meeting is November 1 from 1 p.m. to 3 p.m. and will focus on recommendations from the Energy Intensive Industries Workgroup.
 - Meeting materials and recordings are available at [Michigan.gov/climate](https://www.michigan.gov/climate).
 - You will receive availability poll for another council meeting to be scheduled in late November.
- **Adjournment**
 - The meeting adjourned at 5:00 p.m.

Approved at November 1, 2021, Council on Climate Solutions meeting.