

Integrated Resource Planning

Public Act 341

Michigan Public Service Commission



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The Michigan Public Service Commission's (MPSC) mission is to protect the public by ensuring safe, **reliable**, and accessible energy and telecommunications services at reasonable rates for Michigan's residents.

What is an Integrated Resource Plan?

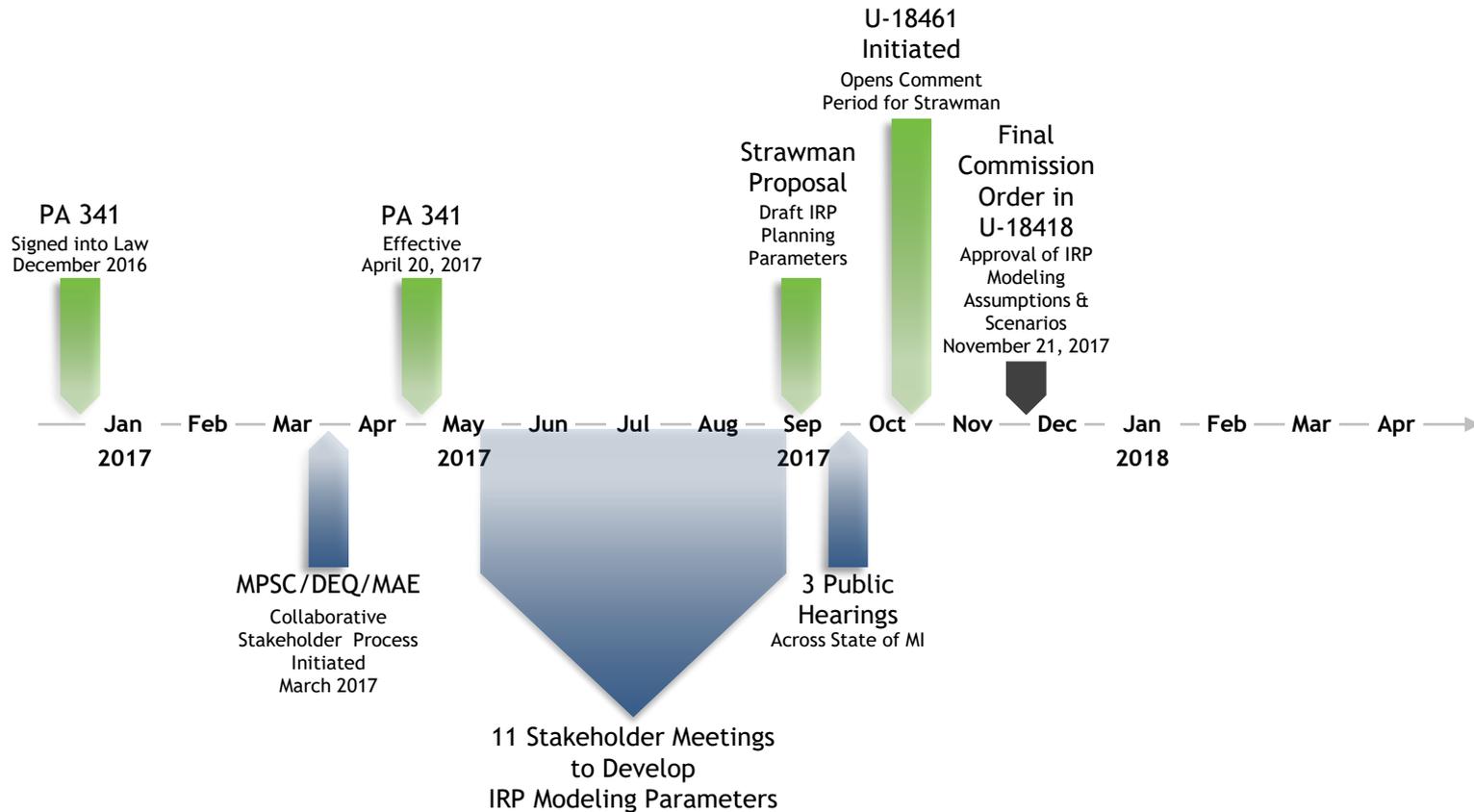
An Integrated Resource Plan (IRP) is a comprehensive plan developed by an electric utility which outlines its **future resource strategy** – how the electric utility will provide **reliable, cost effective** electric service to its customers while addressing the risks and uncertainties inherent in the utility industry.

Integrated Resource Plans

Sec. 6t of 2016 PA 341 requires all rate-regulated utilities to file IRPs with the MPSC by April 20, 2019, within 5 years thereafter.



New IRP Responsibilities Means New IRP Process Development



IRP Filing Requirements

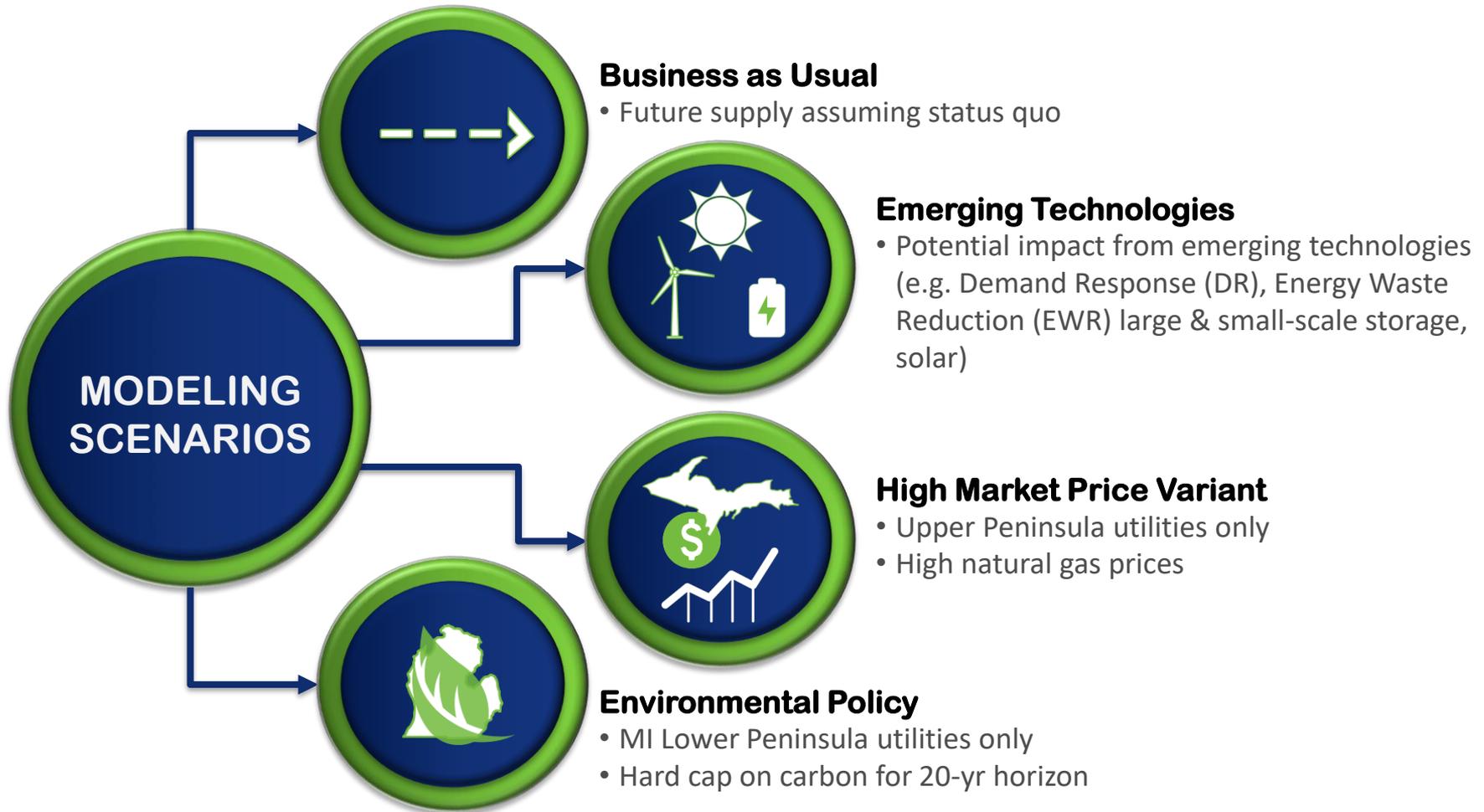


Table of recommended input assumptions & sources (IX.) to be used w/ scenarios & sensitivities

- Analysis period, model region, load forecast, financial assumptions & economic indicators, unit retirements, fuel prices, EWR & DR savings and costs, renewable energy (RE) capacity factors & costs, other/emerging alternatives, wholesale electric prices

IRP Application Requirements

Forecasting

- Long-term forecast of sales and peak demand under various scenarios.
- Projected impact on rates for the periods covered.
- An analysis of the cost, capacity factor, and viability of all reasonable generation options available to meet projected capacity needs.
- Plans for meeting current and future capacity needs with cost estimates.

Renewable Energy

- Projected renewable energy purchased or produced.
- An analysis of how combined renewable energy and energy waste reduction will compare to the state's 35% goal.

Energy Waste Reduction

- Plan for eliminating energy waste.

Demand Response

- Projected load management and demand response savings and costs from utility programs.
- Forecast of utility's peak demand and the amount peak reduction it expects to achieve.

Environmental Policies

- Plan for compliance with environmental rules, laws, and regulations. Projected costs for compliance must be included.

Transmission Interconnections

- An analysis of new or upgraded transmission options.

Current/Projected Generation and Fuel

- Current utility generation portfolio data
- Project long-term firm gas transportation or storage contracts for any new generation.
- Projected energy and capacity purchased or produced by the electric utility from a cogeneration resource.

In addition to the required modeling scenarios, each utility may include its own scenarios & assumptions:

Required planning reserve margin (PRM) & local clearing requirements (LCRs)

State/Federal environmental regulations

Supply-side & demand-side resources that could address the need for additional generation capacity

Regional infrastructure limitations

Projected costs for different types of fuel used for electric generation

I
R
P

- The MPSC must determine whether an electric utility's IRP is the **most reasonable and prudent** means of meeting energy and capacity needs by considering whether the plan appropriately balances all of the following:
 - Resource adequacy
 - Compliance with applicable environmental regulations
 - Competitive pricing
 - Reliability
 - Commodity price risks
 - Diversity of generation supply
 - Whether the proposed levels of peak load reduction and energy waste reduction are reasonable and cost effective

- The MPSC has 300 days to approve, deny, or recommend changes to the utility's IRP
- IF Approve  MPSC grants cost approval
- IF Changes recommended  utility has 30 days to consider recommended changes & can submit a revised plan with 1 or more of the recommended changes. Commission has 30 days to issue a final order approving or denying IRP.
- IF Deny  Utility may submit revised IRP within 60 days. The Commission shall begin a new contested case on the revised IRP and within 90 days of receiving revised IRP, issue an order which:
 - Approve
 - Deny with (minor) recommendations OR
 - If Deny with (major) recommendations, the Commission has up to 150 days after the utility files revised IRP (additional 60 days) to either approve or deny with recommendations
- The utility may pursue denied projects, even if not approved in IRP but without pre-approval of costs

IRP Cost Recovery Provisions

- **MPSC specifies costs to comply with approved IRP**
 - Cost approval for generation, PPAs, and other investments to meet energy & capacity needs
 - 225 MW+ follow certificate of necessity (CON) provisions
- **Costs incurred within 3 years to comply with IRP are considered reasonable and prudent for cost recovery purposes, and are pre-approved for recovery in rates**

Standard IRP Process

Statewide Assumptions/ Scenarios

- MAE/MPSC
- 8/20/17 Start
- 12/18/17 Completion
- Every 5 years

Utilities file IRP

- Pre-RFP
- Projects 225 MW plus file CON too
- Meet MPSC filing requirements
- Standing for interested parties
- By 4/20/19

Hearing

- Contested case
- DEQ advice
- MPSC indicates if it suggests changes within 300 days

Final Order

- MPSC approves or denies IRP within 360 days
- If deny, utility may refile within 60 days

Cost Approval

- Cost approval
- CON provisions 225 MW plus
- Pre-approval for recovery (3 years)
- Off-ramps

Amendments

- Utility or MPSC may call for IRP amendment
- IRP review within 5 years

How to Participate

- Intervention (sec. 6(t)(7)) of PA 341
 - Electric customers of the utility
 - Respondents to the utility's Request for Proposals (RFPs)
 - Other parties approved by the Commission
 - Approved by Administrative Law Judge (ALJ)
- Submit public comment via mail, e-mail or today
 - How to Comment on an MPSC Case: https://www.michigan.gov/mpsc/0,4639,7-159-16368_42136-151105--,00.html
 - Mail (be sure to include case number):
 - Executive Secretary
 - Michigan Public Service Commission
 - P.O. Box 30221
 - Lansing, Michigan 48909
 - E-mail: mpscefilecases@michigan.gov
 - Statement at Public Hearing
 - Any written comments or e-mail sent to the Commission may be placed into the Commission's file on the case. As such, it will be available for public review and posted on the Commission's website, and will be available for review by the Commission.
- Follow case development in docket number U-20165

Utility IRP Timetable

UTILITY COMPANY	IRP FILING DATE
Consumers Energy Company	June 15, 2018
Upper Peninsula Power Company	October 1, 2018
Indiana Michigan Power Company	Within 45 days of Indiana filing (November 1, 2018)
Northern States Power Company	January 25, 2019 (or to align with Minnesota filing)
Alpena Power Company	February 15, 2019
Upper Michigan Energy Resources Corporation	March 8, 2019
DTE Electric Company	March 29, 2019
Wisconsin Electric Power Company	April 19, 2019