

July 26, 2023 | Docket No. [U-21193](#)

## DTE Electric Company 2022 Integrated Resource Plan



### 1. What is an Integrated Resource Plan (IRP) and why is it important?

An Integrated Resource Plan (IRP) is a roadmap of how an electric utility plans to meet the future electricity needs of its customers in a cost-effective and reliable manner up to 20 years into the future. An IRP addresses issues such as the utility's expected customer demand, the retirement of current generation resources, the amount of anticipated or planned new generation resources, and the timing for building or acquiring the new resources. An IRP also addresses programs that help customers reduce energy waste which can impact utility bills, electric reliability, and the environment in the short term and well into the future. This transparent planning process was established in PA 341 of 2016 which directs all rate-regulated utilities to submit IRPs to the Michigan Public Service Commission (the Commission) for review and approval.

### 2. Does DTE have a previously approved IRP?

Yes. DTE's first IRP was filed by the company in 2019 and approved by the Commission in 2020. See the April 15, 2020 [Order](#) in Case No. U-20471.

### 3. How does the Commission evaluate an IRP?

An IRP is submitted for review through the Commission's contested case process. In addition to the utility and Michigan Public Service Commission Staff (the Staff), many stakeholders generally intervene as parties to the case and submit expert witness testimony regarding the proposed IRP to the case record.

To approve an IRP, the Commission must determine that the plan represents the "most

reasonable and prudent" means of meeting the electricity needs of the utility's customers. An IRP must appropriately balance factors related to resource adequacy, reliability, compliance with environmental rules, competitive pricing, and diversity of supply. An IRP must also determine whether levels of planned peak load reduction and energy waste reduction (EWR), both of which can help to lower customer demand, are reasonable and cost-effective. The Commission considers all record evidence in the case in its evaluation of the IRP.



### 4. What does the Commission consider when presented with a Settlement Agreement?

When a settlement agreement is filed, each party has fourteen days to file either agreement, objection, or statement of non-objection to the settlement (Administrative Hearing Rule 792.10431- Rule 431). Objecting parties are provided an opportunity to submit evidence and arguments in opposition to the settlement.

In order to approve a proposed settlement agreement, the Commission must make the following findings:

- The public interest is adequately represented by the parties who entered into the settlement agreement.

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- The settlement agreement is in the public interest and represents a fair and reasonable resolution of the proceeding.
- If any party objects to the settlement agreement (which then makes it a “contested settlement”), the Commission must also find that the settlement agreement is supported by “substantial evidence on the record as a whole.”



### 5. The parties for this IRP submitted a proposed settlement agreement. What are the major features of the settlement agreement?

Major features of the settlement agreement include:

- Conversion of the Belle River Power Plant from coal to natural gas.
- Retirement of the Monroe Power Plant- Units 3 and 4 on or before December 31, 2028, and Units 1 and 2 on or before December 31, 2032.
- Retirement of the River Rouge diesel peaker plants (11 MW) and the St. Clair diesel peaker (5 MW) in 2024.
- Commitment to targeting a 2.0% EWR savings level from 2023-2027.
- Establishment of increased targets for demand response (DR): 2023 – 855 MW, 2024 – 873 MW, 2025 – 881 MW, 2026 – 900 MW, 2027 – 906 MW. The settlement includes provisions for DTE

to procure 150 MW of DR through a competitive bidding process.

- Accelerating the development of renewable energy projects targeting additions totaling 600 MW per year in 2026, 2027, and 2028, and 1000 MW per year in 2029 and 2030 for a total of 3800 MW through 2030 with approximately 30% to be sourced through power purchase agreements.

- Accelerating the development of electricity storage targeting additions totaling 230 MW in 2025, 120 MW in 2027, and 430 MW in 2028 with approximately 35% being owned by third parties.

- Voluntary commitment to increase the distributed generation (DG) cap to 6% and to develop DG as a resource model approach to be included in its next IRP.

- \$38 million donation - \$30 million to an organization providing bill assistance and \$8 million to an organization that assists MI low-income customers with the installation of energy efficiency, renewable energy, battery technology, or other necessary home improvements.

- Annual public disclosure reporting that lists political contributions made by a DTE entity to any other entity which total \$5,000 or more, beginning in 2024.

- DTE will develop an outreach and engagement plan for its next IRP specific to overburdened communities.

The Settlement Agreement also contains several agreements regarding accounting issues, including additional allocations towards income qualified EWR, a commitment to pursuing more transparent competitive procurement practices for future renewable and storage resource procurement, a financial incentive for some renewable energy and energy storage purchase agreements, and ongoing collaboration with International Transmission Company (ITC) on transmission planning. It also reached agreement among parties the company has no capacity need under the Public Utility Regulatory Policy Act of 1978.



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Additionally, it outlines several commitments related to the company's next IRP including enhanced modeling and analysis in several resource areas, a gas conversion study, an early retirement study of Monroe Units 1 and 2, an updated peaker analysis, a range of EWR levels and DR projections, EV managed charging and vehicle-grid integration options, an enhanced environmental justice analysis, and an updated load profile analysis considering risk of power supply coincident with extreme cold weather and future capacity needs informed by Midcontinent Independent System Operator (MISO) long-transmission feasibility studies.

### 6. Does the settlement agreement include the preapproval of any costs?

Yes, the settlement agreement includes the following cost pre-approvals:

- \$125 million to complete the conversion of the Belle River Power Plant to natural gas.
- Capital costs for DR programs including \$4,350,000 in 2024 and \$4,350,000 in 2025.

### 7. Did all the parties agree to the settlement?

All parties to the IRP proceeding either signed the agreement or offered statements of non-objection to the settlement agreement. The settlement agreement was signed by DTE Electric, the MPSC Staff, the Attorney General, Natural Resource Defense Council, Sierra Club, Michigan Energy Innovation Business Council, Institute for Energy Innovation, Advanced Energy Economy, Clean Grid Alliance, Soularidity, We Want Green Too, Ecology Center, Inc., Environmental Law and Policy Center of the Midwest, Union of Concerned Scientists, Vote Solar, Great Lakes Renewable Energy Association, Michigan Public Power Agency, Small Business Association of Michigan, ITC, Michigan Building & Construction Trades Council, Local 223, Utility Workers of America, and Enerwise Global Technologies, LLC d/b/a CPower. Included with the settlement agreement was a statement of non-objection signed by CUB, MEC, Energy Michigan, Wolverine, and ABATE.

### 8. When will DTE file its next IRP?

Pursuant to the settlement, the company will file its next IRP by December 2026.

