

**REPORT ON REVIEW OF  
ENERGY OPTIMIZATION ANNUAL REPORTS  
REQUIRED BY PA 295**

**Orjiakor N. Isiogu, Chairman  
Monica Martinez, Commissioner  
Greg R. White, Commissioner**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Department of Energy, Labor & Economic Growth

October 1, 2010



## **Introduction**

Section 97(5) of 2008 PA 295, MCL 460.1097(5) (the Act) requires the Michigan Public Service Commission (Commission) to submit recommendations for legislative action to increase energy conservation and energy efficiency based on utility reports and the Commission's own investigation. Specifically, the Act requires the following:

(5) By October 1, 2010, the commission shall submit to the committees described in subsection (4) any recommendations for legislative action to *increase energy conservation and energy efficiency* based on reports under subsection (1), the energy optimization plans approved under section 89, and the commission's own investigation. By March 1, 2013, the commission shall submit to those committees a report on the progress of electric providers in achieving reductions in energy use. The commission may use an independent evaluator to review the submissions by electric providers.

To accomplish this goal, the Commission directed utilities to file their annual reports by dates specified within each utility's Energy Optimization (EO) plan approval Order, generally:

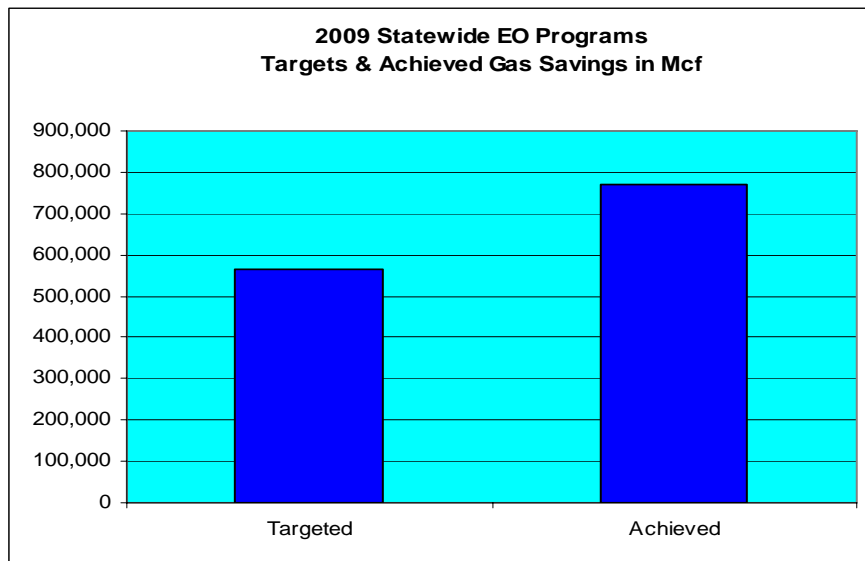
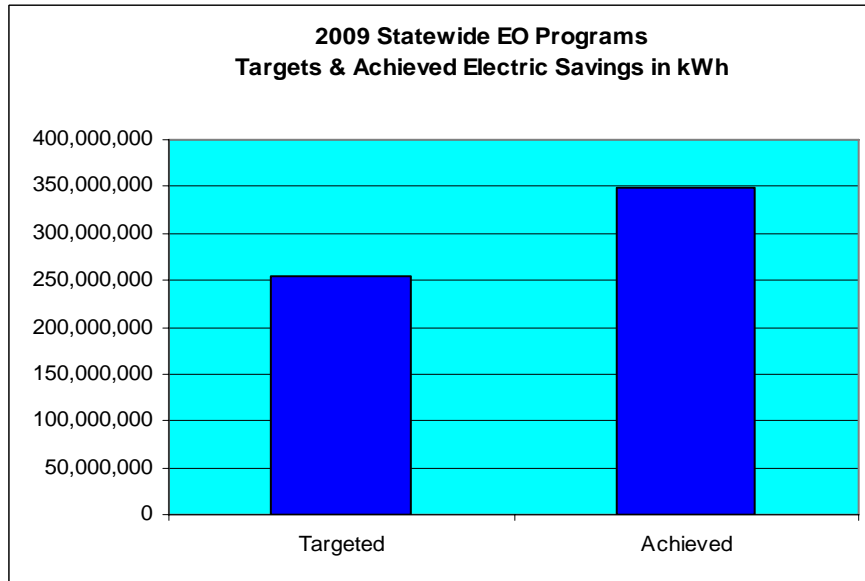
- By February 1, 2010 for municipally-owned electric utilities (MOEU).
- By either April 15 or April 30, 2010 for investor owned utilities (IOUs) and cooperatives.

All IOUs and most cooperatives filed by the deadline. However, the MOEUs were not able to comply with the initial filing deadline. After further inquiry, the Commission found this date did not allow sufficient time and extended the filing date to May 31, 2010. All MOEUs were able to comply with the new deadline.

## **2009 EO Program Summary**

The Commission reviewed the utility annual reports, concluding that overall, 2009 EO program savings achieved for electric and gas were each 137 percent of the target, as set forth in Section 77 of the Act. The figures below display that the statewide electric savings targets were

254.6 million Megawatt hours (MWh), with combined savings from all providers of 348.9 million MWh. Statewide gas savings targets were 564,000 thousand cubic feet (Mcf), with combined savings from all providers of 772,000 Mcf.



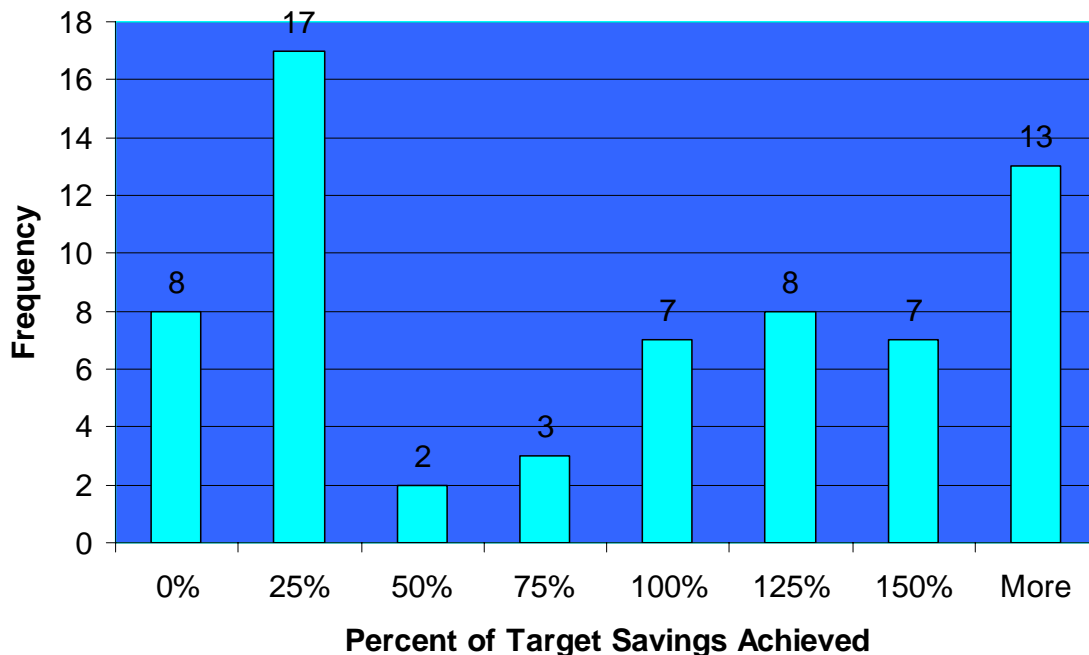
The review of the EO plan annual reports revealed a wide range in the ability of various utilities to meet their energy savings targets. In the case of the state-selected program

administrator, Efficiency United (EU), program services offered are not subject to the statutory savings targets and so contractual targets were imposed instead. However, since the Efficiency United programs did not begin until December 2009, the first meaningful annual energy savings results for the EU providers will be for the 2010 program year.

MOEUs and cooperative utilities belonging to the efficiency programs administered by the Michigan Electric Cooperative Association (MECA) had a difficult first year with all 12 of the municipals and cooperatives achieving less than 25 percent of their target savings. The MOEUs belonging to the Michigan Power Producers Association (MPPA) collaborative reported achieving 117 percent of the savings targets and the MOEUs belonging to the WPPI Energy collaborative reported achieving 424 percent of the savings targets.

In summary, the IOUs achieved 137 percent of their savings target, while the MOUEs reached 74 percent of their savings targets and the cooperatives met 17 percent of their target.

**2009 Statewide Results (65 utilities state-wide)**



Four utilities are expected to qualify for a financial incentive due to exceeding their energy savings targets. The utilities are Consumers Energy Company (Electric), Consumers Energy Company (Gas), The Detroit Edison Company (Detroit Edison) and Michigan Consolidated Gas Company (MichCon). The estimated incentive amounts are as follows:

<b>Utility</b>	<b>Financial Incentive Amount</b>
Consumers Energy (Electric)	\$3,323,612
Consumers Energy (Gas)	\$2,361,693
Detroit Edison	\$3,008,829
MichCon	\$913,373

## **Conclusion**

The data contained in this preliminary report is a brief summary of the progress made by Michigan's energy providers during this first year of the Energy Optimization program. The Commission continues to carefully examine all 65 reports filed in order to determine a reasonable and prudent method of addressing the unforeseen challenges of implementing the Act. (*See, Appendix 1 for utility-specific information.*)

Collaborative workshops, with members belonging to diverse sectors ranging from utilities, non-profit agencies, environmental groups, universities and other state agencies are actively meeting to discuss implementation issues and ways of enhancing the annual report and reconciliation process.

It is the Commission's opinion that some smaller electric and gas providers had difficulty ramping up programs for 2009, due to the timing of the enactment of the Act in late 2008, which

pushed the EO plan filing, review and approval process into the spring and summer of 2009 and limited the time for the implementation phase for the programs. The Commission has concluded that it is premature to recommend legislative action to increase energy conservation and energy efficiency based upon the data received in the first EO annual reports. The Commission will continue to analyze and evaluate program data, and may consider recommendations for legislative action in its February 15, 2011 EO report as required in Section 97(6) of 2008 PA 295, MCL 460.1097(6).

## 2009 EO Reconciliation Summary

Company Type	Docket Numbers	Companies	EO Savings				EO Surcharge			Surcharge Change for 2010?	
			Target (MWh)	Achieved (MWh)	Over(Under) (MWh)	% Achieved	Expenditures (\$)	Collected (\$)	Over(Under) (\$)		
INDEPENDENTLY ADMINISTERED	IOUs	U-15805	Consumers Energy	107,939,000	145,118,000	37,179,000	134%	23,400,000	22,160,000	(1,240,000)	Yes
		U-15806	Detroit Edison	146,000,000	203,000,000	57,000,000	139%	21,100,000	20,400,000	(700,000)	Yes
			<b>Subtotal IOUs</b>	<b>253,939,000</b>	<b>348,118,000</b>	<b>94,179,000</b>	<b>137%</b>	<b>44,500,000</b>	<b>42,560,000</b>	<b>(1,940,000)</b>	
	Co-ops	U-15815	Cherryland Electric Cooperative	791	751	(40)	95%	142,225	111,311	(30,914)	No
			<b>Subtotal Co-ops</b>	<b>791</b>	<b>751</b>	<b>(40)</b>	<b>95%</b>	<b>142,225</b>	<b>111,311</b>	<b>(30,914)</b>	
	Municipals	U-15852	Village of Clinton	74	88	14	119%	3,054	0	(3,054)	No
		U-15853	Coldwater Board of Public Utilities	884	56	(828)	6%	1,780	112,885	111,105	No
		U-15865	Hillsdale Board of Public Utilities	429	415	(14)	97%	22,917	75,380	52,463	No
		U-15868	Lansing Board of Water & Light	11,165	2,108	(9,056)	19%	224,511	426,432	201,921	No
		U-15871	Marshall Electric Department	358	353	(5)	99%	6,779	48,364	41,585	No
		U-15879	City of Sebewaing	56	352	296	629%	28,678	21,108	(7,570)	No
		U-15885	Union City Electric Department	47	48	1	102%	7,934	2,000	(5,934)	No
		U-15886	City of Wakefield	38	0	(38)	0%	5,631	0	(5,631)	No
		<b>Subtotal Munis</b>	<b>13,049</b>	<b>3,419</b>	<b>(9,631)</b>	<b>26%</b>	<b>301,284</b>	<b>686,169</b>	<b>384,885</b>		
	Gas	U-15805	Consumers Energy (MCF)	299,623	396,783	97,160	132%	15,700,000	16,000,000	300,000	No
		U-15890	MichCon (MCF)	176,000	251,000	75,000	143%	6,100,000	9,000,000	2,900,000	No
			<b>Total Independent Gas</b>	<b>475,623</b>	<b>647,783</b>	<b>172,160</b>	<b>136%</b>	<b>21,800,000</b>	<b>25,000,000</b>	<b>3,200,000</b>	
			<b>Total Independent Electric</b>	<b>253,952,840</b>	<b>348,122,170</b>	<b>94,169,329</b>	<b>137%</b>	<b>44,943,509</b>	<b>43,357,480</b>	<b>(1,586,029)</b>	
	EFFICIENCY UNITED	IOUs	U-15804	Alpena Power Company	973	16	(957)	2%	200,594	158,811	(41,783)
U-15807			Edison Sault Electric Company	2,014	9	(2,005)	0%	279,998	252,911	(27,087)	No
U-15808			Indiana Michigan Power Company	9,159	197	(8,962)	2%	1,442,706	1,146,977	(295,729)	Yes
U-15809			Northern States Power Company-Wisconsin	413	0	(413)	0%	89,002	69,334	(19,668)	No
U-15810			Upper Peninsula Power Company	2,509	350	(2,159)	14%	719,362	573,102	(146,260)	No
U-15811			Wisconsin Public Service Corporation	876	2	(874)	0%	139,495	115,894	(23,601)	No
U-15812			Wisconsin Electric Power Company	8,414	44	(8,370)	1%	264,328	205,585	(58,743)	Yes
Co-ops		U-15814	Bayfield Electric Cooperative	1	0	(1)	0%	240	240	0	No
Municipals		U-15856	Daggett Electric Department	5	7	3	163%	870	870	0	No
			<b>Total: EU Electric</b>	<b>24,363</b>	<b>625</b>	<b>(23,738)</b>	<b>3%</b>	<b>3,136,595</b>	<b>2,523,724</b>	<b>(612,871)</b>	
Gas		U-15891	Michigan Gas Utilities Corp (MCF)	30,172	30,304	132	100%	1,532,721	998,494	(534,227)	Yes
		U-15892	NSP - Wisconsin (MCF)	885	0	(885)	0%	60,440	42,829	(17,611)	No
		U-15893	SEMCO Energy, Inc. (MCF)	55,781	92,655	36,874	166%	3,218,624	1,980,744	(1,237,880)	Yes
	U-15894	Wisconsin PSC (MCF)	1,544	1,292	(252)	84%	49,087	32,834	(16,253)	Yes	
		<b>Total: EU Gas</b>	<b>88,382</b>	<b>124,251</b>	<b>35,869</b>	<b>141%</b>	<b>4,860,872</b>	<b>3,054,901</b>	<b>(1,805,971)</b>		
MECA	Co-ops	U-15813	Alger Delta Cooperative Electric Association	303	22	(282)	7%	21,014	64,106	43,092	No
		U-15816	Cloverland Electric Cooperative	589	46	(543)	8%	34,425	106,004	71,579	No
		U-15817	Great Lakes Energy Cooperative	4,265	286	(3,979)	7%	207,989	732,179	524,190	No
		U-15818	Midwest Energy Cooperative	1,618	234	(1,384)	14%	131,839	322,263	190,424	No
		U-15819	Ontonagon Co. Rural Electrification Assoc.	160	5	(155)	3%	22,551	28,539	5,988	No
		U-15820	Presque Isle Electric and Gas Co-op	886	34	(852)	4%	71,715	161,246	89,531	No
		U-15821	Thumb Electric Cooperative	529	64	(465)	12%	43,997	105,800	61,803	No
		U-15822	Tri-County Electric Cooperative	1,092	262	(830)	24%	107,100	228,095	120,995	No
		<b>Subtotal Co-ops:</b>	<b>9,441</b>	<b>951</b>	<b>(8,490)</b>	<b>10%</b>	<b>640,630</b>	<b>1,748,232</b>	<b>1,107,602</b>		
	Municipals	U-15860	City of Escanaba	427	0	(427)	0%	0	42,805	42,805	No
		U-15870	Marquette Board of Light and Power	872	0	(872)	0%	2,914	105,177	102,263	No
		U-15873	Newberry Water and Light Board	17	0	(17)	0%	1,654	21,825	20,171	No
		U-15882	City of Stephenson	17	0	(17)	0%	318	2,393	2,075	No
		<b>Subtotal Munis:</b>	<b>1,333</b>	<b>0</b>	<b>(1,333)</b>	<b>0%</b>	<b>4,886</b>	<b>172,200</b>	<b>167,314</b>		
	<b>Total MECA:</b>	<b>10,775</b>	<b>951</b>	<b>(9,823)</b>	<b>9%</b>	<b>645,516</b>	<b>1,920,432</b>	<b>1,274,916</b>			

(continued on next page)

Note: Gas and electric savings for Efficiency United are for December 2009 only.

2009 EO Reconciliation Summary (cont.)

Company Type	Docket Numbers	Companies	EO Savings				EO Surcharge			Surcharge Change for 2010?	
			Target (MWh)	Achieved (MWh)	Over(Under) (MWh)	% Achieved	Expenditures (\$)	Collected (\$)	Over(Under) (\$)		
MPPA COLLABORATIVE	Municipals	U-15849	City of Bay City	896	715	(181)	80%	79,307	129,056	49,749	No
		U-15850	City of Charlevoix	149	79	(70)	53%	22,828	30,144	7,316	No
		U-15851	Chelsea Department of Electric and Water	50	718	668	1423%	36,041	40,150	4,109	No
		U-15854	Croswell Municipal Light & Power Department	110	247	138	226%	13,983	21,108	7,125	No
		U-15857	Detroit Public Lighting Department	2	2	1	136%				No
		U-15858	City of Dowagiac	239	52	(188)	22%	21,108	14,901	(6,207)	No
		U-15859	City of Eaton Rapids	154	61	(93)	39%	23,384	17,519	(5,865)	No
		U-15862	Grand Haven Board of Light and Power	873	592	(281)	68%	125,173	145,276	20,103	No
		U-15863	City of Harbor Springs	112	150	39	135%	18,263	0	(18,263)	No
		U-15864	City of Hart Hydro	115	101	(14)	87%	10,390	18,190	7,800	No
		U-15866	Holland Board of Public Works	3,089	3,382	293	109%	295,020	118,618	(176,402)	No
		U-15869	Lowell Light and Power	180	289	110	161%	38,545	27,441	(11,104)	No
		U-15874	Niles Utility Department	440	169	(270)	39%	56,740	0	(56,740)	No
		U-15876	City of Paw Paw	116	109	(7)	94%	13,635	33,705	20,070	No
		U-15877	City of Petoskey	232	880	648	379%	32,230	68,769	36,539	No
		U-15878	City of Portland	107	103	(3)	97%	14,542	0	(14,542)	No
		U-15880	City of South Haven	411	423	12	103%	53,761	53,761	0	No
		U-15881	City of St. Louis	120	77	(43)	64%	14,355	8,761	(5,594)	No
		U-15883	City of Sturgis	720	797	77	111%	107,631	22,756	(84,875)	No
U-15884	Traverse City Light & Power	991	1,735	744	175%	117,501	0	(117,501)	No		
U-15887	Wyandotte Department of Municipal Service	2,464	3,034	570	123%	94,332	77,856	(16,476)	No		
U-15888	Zeeland Board of Public Works	1,099	1,122	23	102%	87,176	60,977	(26,199)	No		
		<b>Total:</b>	<b>12,669</b>	<b>14,838</b>	<b>2,166</b>	<b>117%</b>	<b>854,950</b>	<b>888,988</b>	<b>(245,051)</b>		
WPPI	Municipals	U-15848	Village of Baraga	60	97	37	163%	13,984	10,837	(3,147)	No
		U-15855	City of Crystal Falls	50	718	668	1423%	45,104	6,803	(38,301)	No
		U-15861	City of Gladstone	97	407	310	419%	45,473	17,000	(28,473)	No
		U-15867	Village of L'Anse	42	123	81	294%	45,473	17,000	(28,473)	No
		U-15872	Negaunee Department of Public Works	67	274	207	409%	31,128	10,612	(20,516)	No
		U-15875	City of Norway	94	120	26	128%	14,471	14,196	(275)	No
				<b>Total:</b>	<b>410</b>	<b>1,740</b>	<b>1,330</b>	<b>424%</b>	<b>195,633</b>	<b>76,448</b>	<b>(77,737)</b>
StateWide Totals		<b>Statewide Totals:</b>	254,565,062	348,912,359	94,347,297	137%	76,437,075	76,821,973	384,898		
		<b>Co-ops</b>	10,233	1,702	(8,530)	17%	783,095	1,859,783	1,076,688		
		<b>IOUs</b>	253,963,358	348,118,618	94,155,260	137%	47,635,485	45,082,614	(2,552,871)		
		<b>Municipals</b>	27,466	20,005	(7,461)	73%	1,357,623	1,824,675	467,052		
		<b>Gas</b>	564,005	772,034	208,029	137%	26,660,872	28,054,901	1,394,029		