



# Distributed Generation Program Report

For Calendar Year 2020

October 2021

**MPSC Staff**



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This document is an annual report prepared by Staff from the Michigan Public Service Commission's Energy Resources Division, Renewable Energy Section. The main data source is annual reports filed by Michigan electric providers covering calendar year 2020, though in certain instances more recent data has been included to reflect significant events that have taken place in 2021. Staff thanks the electric providers for their efforts to provide the data used in preparing this report.

To stay informed about renewable energy activities happening in Michigan, readers are invited to visit the Commission's Renewable Energy website, at <http://www.michigan.gov/renewables>.

## Executive Summary

The distributed generation and legacy net metering programs (collectively DG program) enable Michigan's utility and alternative electric supplier customers to install on-site renewable energy electric generation projects to meet some or all of their electric energy needs and reduce their electric bills. Project size is limited such that the annual generation does not exceed the customer's electricity consumption from the previous 12 months. Customers reduce electricity purchases from the utility by using their generated electricity "behind the meter" and receive a credit for excess generation.

This report is based on electric provider annual reports for calendar year 2020 and Michigan Public Service Commission (Commission) activities through August 2021. Public Acts 341 and 342 of 2016 require the Commission to phase out the net metering program and create a new DG program. During 2020 and 2021, the Commission continued to implement the new DG program. Legacy net metering program customers and new customers who enter the legacy net metering program during the interim period, prior to approval of their utility's new DG tariff, may continue to be served under the legacy net metering program for 10 years from the date of their initial enrollment.

Consumers Energy, DTE Electric Company (DTE Electric), Indiana Michigan Power Company (Indiana Michigan), and Upper Peninsula Power Company (UPPCO) now have Commission-approved DG program tariffs. Alpena Power Company (Alpena Power) and Northern States Power Company (NSP) both filed proposed DG tariffs in their respective rate cases which are in progress at the time of this report preparation.

Current Michigan law allows utilities to cap participation in their DG programs at 1% of average annual peak load, with suballocations of 0.5% of average peak load for Category 1 systems of up to 20 kW, 0.25% of average peak load for Category 2 systems of greater than 20 kW and as large as 150 kW, and 0.25% of average peak load for Category 3 systems of greater than 150 kW and as large as 550 kW.<sup>1</sup> However, two Michigan utilities have voluntarily agreed to allow enrollments over and above the 1% minimum participation level. Consumers Energy notified the Commission that it would double its program size on December 21, 2020. UPPCO doubled its program size cap to 2% of its peak load as part of a rate case settlement agreement approved in May 2019 in Case No. U-20276, and further agreed to increase its program size to at least 3% as part of a settlement agreement in May 2021 involving the acquisition of UPPCO by Axium UP Holdings LLC in case No. U-20995. A summary of activity related to the DG tariff is provided in Table 5.

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<sup>1</sup> Category 1 and 2 systems may be any renewable energy technology, but Category 3 systems are limited to methane digesters.

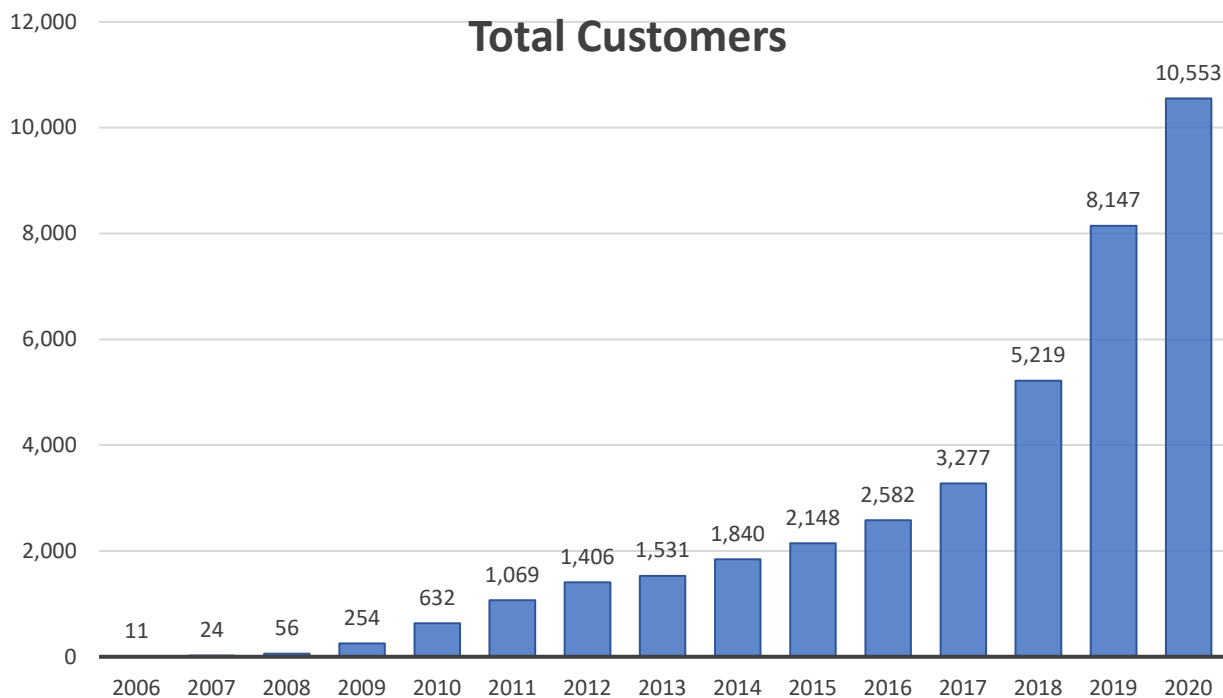
**Table 5: Summary of Distributed Generation Program Tariff Implementation**

<b>Utility</b>	<b>Date of Commission Order Approving New DG Program Tariff</b>	<b>Beginning DG Program Enrollment Date</b>
<i>Alpena Power</i>	<i>Proposed Tariff in <a href="#">Case No. U-21045</a></i>	<i>Under Review</i>
Consumers Energy	December 17, 2020	January 1, 2021
DTE Electric	May 2, 2019	May 9, 2019
Indiana Michigan	January 23, 2020	February 1, 2020
<i>NSP</i>	<i>Proposed Tariff in <a href="#">Case No. U-21097</a></i>	<i>Under Review</i>
UPPCO	May 23, 2019	May 24, 2019

During the time-period of data collection for this report, DTE Electric, Indiana Michigan, and UPPCO had DG program tariffs in place. Consumers Energy began enrolling customers for service under its new DG program tariff in January 2021.

Customer participation in the DG program increased from 8,147 customers and 8,331 installations in 2019 to 10,553 customers and 10,718 installations in calendar year 2020. At the end of 2020, the total DG program capacity was approximately 90,989 kilowatts (kW), an increase of 24,561 kW and 37% over the previous calendar year. As shown in Figure 1, program participation has increased each year from 2006 through 2020.

**Figure 1: Michigan Distributed Generation Program Customers**



Source: [2020 Electric Provider Annual Program Reports, Case No. U-15787](#)

With the change from net metering, which credited excess generation at the full retail rate, to the DG tariff program, which credits outflow generation at a rate less than the full retail rate, it is becoming increasingly advantageous for customers to utilize as much of the energy they produce on-site as possible. Combining the reduced outflow credit value and the declining costs of battery storage, participants are increasingly interested in pairing their generation with battery storage. The annual reporting form scope was expanded for electric providers as each provider began enrollment under the DG tariff to gather data about whether customers were participating in the legacy net metering or DG tariff programs and to collect information on customer adoption of battery storage. The Commission Staff will continue working with electric providers on the transition to the new reporting format. At year-end 2020, electric providers reported 769 DG program customers with battery storage for a total battery storage capacity of 4,203 kW. Table 6 shows a summary of battery storage capacity by utility.

**Table 4: Michigan Distributed Generation Program Customers with Battery Storage**

<b>Company</b>	<b>No. of Customers</b>	<b>Battery Storage Capacity (kW)</b>
<b>Consumers Energy</b>	<b>147</b>	<b>757</b>
<b>DTE Electric</b>	<b>615</b>	<b>3,408</b>
<b>Indiana Michigan</b>	<b>7</b>	<b>38</b>
<b>Total</b>	<b>769</b>	<b>4,203</b>

While this report covers DG program enrollment for 2020, the Commission is aware that customer enrollments have continued and several significant developments have occurred since the end of 2020.

For Consumers Energy, the current capacity of the Category 1 program under the voluntarily expanded program cap is 53.09% enrolled as of early August 2021, with availability for 35,101 kW of projects before the expanded cap of 74,822 kW is reached. When adding the current pending Category 1 projects to current program capacity, the program will be 60.72% enrolled, with availability for 29,388 kW of the expanded 74,822 kW cap.

Consumers Energy's Category 2 program has 20,832 kW out of the 37,411 kW current capacity available, and when adding pending Category 2 projects to the current capacity, 17,836 kW out of the 37,411 kW capacity is available.

UPPCO, with the transfer of ownership to Axiom UP Holdings LLC, in case No. U-20995, has voluntarily agreed to increase its distributed generation program size from 2% to at least 3% of its average peak

load. This increase in program capacity will maintain the same allocations between Category 1, 2, and 3 program size percentages. Through August 1, 2021, based on program status information provided by the company, UPPCO's Category 1 program was 73% enrolled, with availability for 548 kW of projects under the expanded cap of 2,036 kW and the Category 2 program had 737 kW of 1,017 kW capacity remaining.

For DTE, based on preliminary data provided by the company through July 2021, program size had reached 35.7 MW participating out of a program cap of 55 MW for Category 1 projects (approximately 65% subscribed), and 6.2 MW out of 27.5 MW participating for Category 2, or 23% enrolled. DTE has seen 2021 additions of approximately 5.5 MW in Category 1 projects and approximately 0.4 MW in Category 2 projects. This data is subject to future revision by DTE.



## Introduction

The Michigan Public Service Commission (Commission) Staff (MPSC Staff) annually issues a distributed generation program (DG program) report summarizing the information filed by electric providers pursuant to Rule 40 (3) of the Commission's Electric Interconnection and Net Metering Standards. This report is based on electric provider annual reports for calendar year 2020 and Commission activities through August 2021.

The distributed generation and legacy net metering programs (collectively DG program) enable Michigan's utility and alternative electric supplier customers to install on-site renewable energy electric generation projects to meet some or all of their electric energy needs and reduce their electric bills. During the time-period of data collection for this report DTE Electric, Indiana Michigan, and UPPCO had DG program tariffs in place. Consumers Energy's DG tariff became effective on January 1, 2021.

DG projects are grouped into three size categories with differing billing, metering, and interconnection requirements. Project size is limited such that the annual generation does not exceed the customer's annual electricity consumption. Customers reduce electricity purchases from the utility by using their generated electricity "behind the meter" and receive a credit for excess generation.

### Category 1: DG program for projects 20 kW and smaller (certified equipment)

The Category 1 DG program is available to any customer meeting the generator size requirements (20 kW and under) and using an Underwriters Laboratory (UL) 1741 certified inverter. Typically, residential customers would fit within this size category.

Program features:

- Billing based on net usage with the credit for excess generation equal to the full retail rate for customers participating in the legacy net metering program.
- Billing based on an inflow and outflow mechanism for customers of utilities with the new DG tariff in place. Inflow represents kWh delivered by the utility and is billed at the full retail rate. Outflow represents kWh generated by the customer but not used on-site. To date, the outflow credit has been equal to the power supply component of the full retail rate and may have transmission costs subtracted.
- A generator meter is available at cost, if requested by the customer. (The generator meter allows the customer to monitor the amount of generation. Utilities are not obligated to read a customer's generator meter.)
- A maximum program and interconnection application processing fee of \$50. Customers pay all interconnection costs.

## Category 2: DG program for projects over 20 kW and as large as 150 kW

The Category 2 DG program is available to any customer meeting the generator size requirements. Typically, these customers would be commercial, small industrial, or institutional customers.

Program features:

- Billing based on an inflow and outflow mechanism. Inflow represents kWh delivered by the utility and is billed at the full retail rate. Outflow represents kWh generated by the customer but not used on-site. To date, the outflow credit has been equal to the power supply component of the full retail rate and may have transmission costs subtracted.
- Engineering review (if required) for the interconnection is done at no cost for legacy net metering customers.
- A maximum program and interconnection application processing fee of \$50. Customers pay all interconnection costs.

## Category 3: Limited to Methane Digesters over 150 kW and as large as 550 kW

- Same as Category 2, except customers may be subject to standby charges.

## Distributed Generation Program Data

Customer participation in the DG program increased from 8,147 customers and 8,331<sup>2</sup> installations in 2019 to 10,553 customers and 10,718 installations in calendar year 2020. The DG program reached a new milestone during 2020 when the customer participation number increased over 10,000 customers. A complete list of projects by electric provider, ZIP code, type and size is available at the Commission's [website](#). At the end of 2020, the total capacity of DG program installations was approximately 90,989 kilowatts (kW), an increase of 24,561 kW and 37% over the previous calendar year. As shown in Figure 1, program participation has increased each year from 2006 through 2020. While the program continues to grow, it still represents only 0.10 % of Michigan's total retail electricity sales.<sup>3</sup>

Table 1 summarizes DG program customers and capacity by electric provider for all three program size categories.<sup>4</sup> Pursuant to Public Act 342, the DG program Category 1 is available to new customers until the program size reaches 0.5% of the electric provider's average in-state peak load for the preceding five calendar years or the voluntarily increased program size offered by the electric provider. As of year-end 2020, Consumers Energy and DTE Electric had 42.3 megawatts (MW) or 57% and 24.8 MW or 45%

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<sup>2</sup> The number of installations exceeds the number of customers due to some customers having multiple installations.

<sup>3</sup> The Energy Information Administration reports 2019 retail sales of 101,249,293 MWh for Michigan. See Michigan Electricity Profile: <https://www.eia.gov/electricity/state/michigan/>. A 13% capacity factor was assumed for the program generators.

<sup>4</sup> Category 1: Projects up to 20 kW incorporating IEEE 1547 certified inverters. Category 2: Projects greater than 20 kW and no larger than 150 kW and non-inverter based 20 kW and under projects. Category 3: Methane Digester projects up to 550 kW.

of Category 1 program space remaining, respectively.<sup>5</sup> The DG program Category 2 is available to new customers until the program size reaches 0.25% of the electric provider's average in-state peak load for the preceding five calendar years or the voluntarily increased program size offered by the electric provider. As of year-end 2020, Consumers Energy and DTE Electric had 23.7 MW or 63% and 21.8 MW or 79% of Category 2 program space remaining, respectively.<sup>6</sup> Tables 2 and 3 show peak load and program size information for each rate-regulated electric provider for Category 1 and Category 2, respectively, through the end of 2020. Category 3 has limited participation with only three current customers. DG program participation among alternative electric supplier customers is, to date, limited to Constellation New Energy and Direct Energy with a combined total of 17 customers. Alternative electric supplier DG program customers are included in utility reporting and are not shown separately on Table 1.

During this reporting period electric providers reported a combined total of 302 customers participating in the Category 2 size range, which is a 54% increase from the 196 customers reported last year. Even with the growth in Category 2 projects, Category 1 projects still account for 76.5% of the total program installed capacity.

The state's two largest utilities, Consumers Energy and DTE Electric, host 91% of the statewide total program capacity, and 97% of program installations are solar projects as opposed to wind turbines, hydroelectric projects, or methane digesters.

Michigan's member-regulated cooperatives are not required to offer the statewide DG program pursuant to Public Act 342 of 2016, however, many of these electric providers have established programs for customer distributed generation and voluntarily provide annual reporting data to the MPSC Staff for inclusion in this report.

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<sup>5</sup> As of August 2021, the current capacity of Consumers Energy's Category 1 program under the voluntarily expanded program cap is 53.09%, with availability for 35,101 kW of projects before the expanded cap of 74,822 kW is reached. When adding the current pending Category 1 projects to current program capacity, the program will be 60.72% enrolled, with availability for 29,388 kW of the expanded 74,822 kW cap.

Through July 2021, based on preliminary data provided by DTE Electric, program size is 35.7 MW participating out of a program cap of 55 MW for Category 1 projects, or approximately 65% subscribed.

<sup>6</sup> As of August 2021, Consumers Energy's Category 2 program has 20,832 kW out of the 37,411 kW current capacity available, and when adding pending Category 2 projects to the current capacity, 17,836 kW out of the 37,411 kW capacity is available.

Through July 2021, based on preliminary data provided by DTE Electric, there are 6.2 MW participating out of a program cap of 27.5 MW for Category 2, or 23% enrolled. DTE Electric has seen 2021 additions of approximately 0.4 MW in Category 2 projects.

**Table 1: 2020 Distributed Generation Program Data**

Company	Category 1 Customers	Category 1 Nameplate Capacity (kW)	Category 2 Customers	Category 2 Nameplate Capacity (kW)	Category 3 Customers	Category 3 Nameplate Capacity (kW)
<b>Rate Regulated Utilities (Act 295 Statewide DG Program)</b>						
<b>Alpena</b>	<b>21</b>	<b>89</b>				
<b>Consumers Energy</b>	<b>4,473</b>	<b>32,489</b>	<b>174</b>	<b>13,671</b>	<b>1</b>	<b>190</b>
<b>DTE Electric</b>	<b>4,694</b>	<b>30,178</b>	<b>105</b>	<b>5,743</b>		
<b>Indiana Michigan</b>	<b>197</b>	<b>1,519</b>	<b>8</b>	<b>410</b>		
<b>NSP</b>	<b>4</b>	<b>24</b>				
<b>UPPCO</b>	<b>214</b>	<b>1,309</b>	<b>7</b>	<b>280</b>		
<b>UMERC</b>	<b>50</b>	<b>307</b>	<b>1</b>	<b>23</b>		
<b>Total</b>	<b>9,653</b>	<b>65,915</b>	<b>295</b>	<b>20,127</b>	<b>1</b>	<b>190</b>
<b>Member-Regulated Cooperative Utilities with Programs for Small Scale Distributed Generation</b>						
<b>Alger Delta</b>	<b>33</b>	<b>155</b>	<b>1</b>	<b>90</b>		
<b>Cherryland</b>	<b>31</b>	<b>94</b>				
<b>Cloverland</b>	<b>36</b>	<b>137</b>	<b>1</b>	<b>27</b>	<b>1</b>	<b>208</b>
<b>Great Lakes Energy</b>	<b>214</b>	<b>1,353</b>	<b>2</b>	<b>125</b>	<b>1</b>	<b>400</b>
<b>Homeworks Tri-County</b>	<b>68</b>	<b>576</b>	<b>2</b>	<b>93</b>		
<b>Midwest</b>	<b>108</b>	<b>821</b>				
<b>Ontonagon</b>	<b>40</b>	<b>205</b>				
<b>Presque Isle</b>	<b>30</b>	<b>143</b>				
<b>Thumb</b>	<b>35</b>	<b>290</b>	<b>1</b>	<b>40</b>		
<b>Total</b>	<b>595</b>	<b>3,774</b>	<b>7</b>	<b>375</b>	<b>2</b>	<b>608</b>
<b>Total</b>	<b>10,248</b>	<b>69,689</b>	<b>302</b>	<b>20,502</b>	<b>3</b>	<b>798</b>
<p>Member-regulated cooperatives are not required to offer the statewide DG program. Data provided reflects voluntary programs. Alger Delta, Cherryland, Cloverland, Midwest, Ontonagon, Presque Isle, and Thumb data is from previous reporting years.</p> <p>Alternative electric supplier program data is included in utility reporting.</p> <p>Source: 2020 Electric Provider Annual Program Reports, Case No. U-15787</p>						

**Table 2: Distributed Generation Program Size Details**  
**Rate Regulated Electric Providers**  
**Category 1: 20 kW and Under**

Company	No. of Customers	In-State Peak Load (5-Year Avg) (kW)	Category 1 Program Size For 2020 (kW)	Current Participating Nameplate Capacity (12/31/2020) (kW)	Space Remaining (12/31/2020) (kW)	% Remaining (12/31/2020)
<b>Alpena</b>	<b>21</b>	<b>64,800</b>	<b>324</b>	<b>89</b>	<b>235</b>	<b>72%</b>
<b>Consumers Energy<sup>7</sup></b>	<b>4,473</b>	<b>7,482,200</b>	<b>74,822</b>	<b>32,489</b>	<b>42,333</b>	<b>57%</b>
<b>DTE Electric</b>	<b>4,694</b>	<b>11,005,800</b>	<b>55,029</b>	<b>30,178</b>	<b>24,851</b>	<b>45%</b>
<b>Indiana Michigan</b>	<b>197</b>	<b>668,200</b>	<b>3,341</b>	<b>1,519</b>	<b>1,822</b>	<b>54%</b>
<b>NSP</b>	<b>4</b>	<b>25,750</b>	<b>129</b>	<b>25</b>	<b>104</b>	<b>80%</b>
<b>UPPCO<sup>8</sup></b>	<b>215</b>	<b>135,600</b>	<b>2,034</b>	<b>1,309</b>	<b>725</b>	<b>36%</b>
<b>UMERC</b>	<b>50</b>	<b>196,250<sup>9</sup></b>	<b>981</b>	<b>308</b>	<b>673</b>	<b>68%</b>

Source: 2020 Electric Provider Annual Program Reports filed in Case No. U-15787, Utility MPSC P-521 Annual Reports, and Staff communications with electric providers.

<sup>7</sup> On December 21, 2020 Consumers Energy voluntarily increased its program size to 1% for Category 1 customers. <https://mi-psc.force.com/s/filing/a00t000000JAztrAAD/u157870329>

<sup>8</sup>UPPCO's Category 1 program reached its program size cap was closed on July 22, 2016. <https://mi-psc.force.com/s/filing/a00t0000005pZWIAAM/u157870235>. However, the Commission approved settlements in two UPPCO cases which increase the program size. See MPSC Case No. [U-20276](#) and MPSC Case No. [U-20995](#). Table 2 reflects the increased Category 1 program size of 1.5% of average peak load.

<sup>9</sup> UMERC is a new utility and its in-state peak load is based on an average of 2017, 2018, 2019, and 2020 data only.

**Table 3: Distributed Generation Program Size Details**  
**Rate Regulated Electric Providers**  
**Category 2: >20 kW to 150 kW**

Company	No. of Customers	In-State Peak Load (5-Year Avg) (kW)	Category 2 Program Size For 2020 (kW)	Participating Nameplate Capacity (12/31/2020) (kW)	Space Remaining (12/31/2020) (kW)	% Remaining (12/31/2020)
<b>Consumers Energy<sup>10</sup></b>	<b>174</b>	<b>7,482,200</b>	<b>37,411</b>	<b>13,671</b>	<b>23,740</b>	<b>63%</b>
<b>DTE Electric</b>	<b>105</b>	<b>11,005,800</b>	<b>27,515</b>	<b>5,743</b>	<b>21,772</b>	<b>79%</b>
<b>Indiana Michigan</b>	<b>8</b>	<b>668,200</b>	<b>1,671</b>	<b>410</b>	<b>1,261</b>	<b>75%</b>
<b>UPPCo<sup>11</sup></b>	<b>7</b>	<b>135,600</b>	<b>1,017</b>	<b>280</b>	<b>737</b>	<b>72%</b>
<b>UMERC</b>	<b>1</b>	<b>196,250<sup>12</sup></b>	<b>491</b>	<b>23</b>	<b>468</b>	<b>95%</b>

Source: 2020 Electric Provider Annual Program Reports filed in Case No. U-15787, Utility MPSC P-521 Annual Reports, and Staff communications with electric providers.

Program participants are becoming increasingly interested in pairing their generation with battery storage. The annual reporting form scope was expanded to gather data about whether customers were participating in the legacy net metering or DG tariff programs and collect customer battery storage information. The Commission Staff will continue working with electric providers on the transition to the new reporting format. At year-end 2020, electric providers reported 769 DG program customers with battery storage for a total battery storage capacity of 4,203 kW. A summary of battery storage capacity by utility is provided in Table 4.

<sup>10</sup> On December 21, 2020 Consumers Energy voluntarily increased its program size to .5% for Category 2 customers. <https://mi-psc.force.com/s/filing/a00t000000JAztrAAD/u157870329>

<sup>11</sup> The Commission approved settlements in two UPPCO cases which increase the program size. See MPSC Case No. [U-20276](#) and MPSC Case No. [U-20995](#). Table 3 reflects the increased Category 2 program size of 0.75% of average peak load.

<sup>12</sup> UMERC is a new utility and its in-state peak load is based on an average of 2017, 2018, 2019, and 2020 data only.

**Table 4: Michigan Distributed Generation Program Customers with Battery Storage**

<b>Company</b>	<b>No. of Customers</b>	<b>Battery Storage Capacity (kW)</b>
<b>Consumers Energy</b>	<b>147</b>	<b>757</b>
<b>DTE Electric</b>	<b>615</b>	<b>3,408</b>
<b>Indiana Michigan</b>	<b>7</b>	<b>38</b>
<b>Total</b>	<b>769</b>	<b>4,203</b>

Figures 1 and 2 show DG program participation information.

**Figure 1: Total Distributed Generation Program Customers**

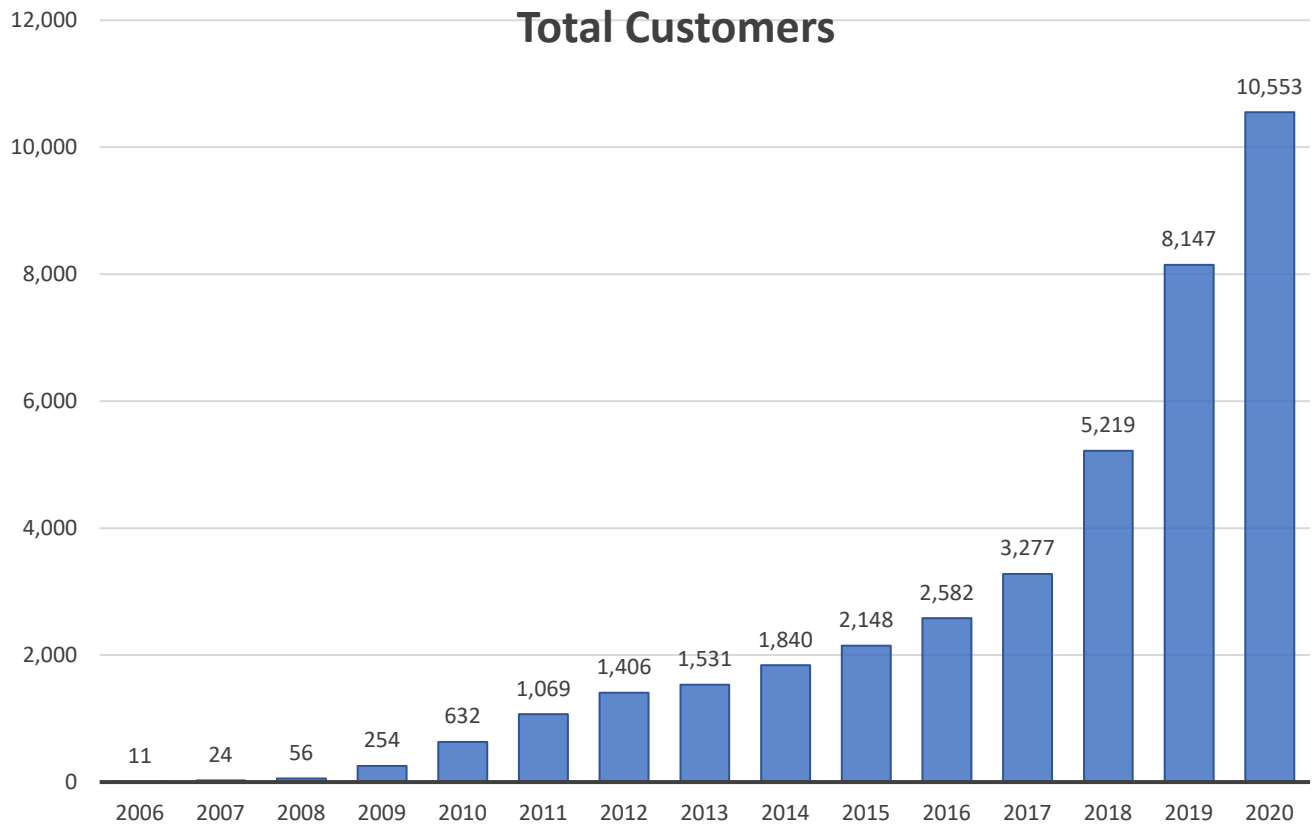
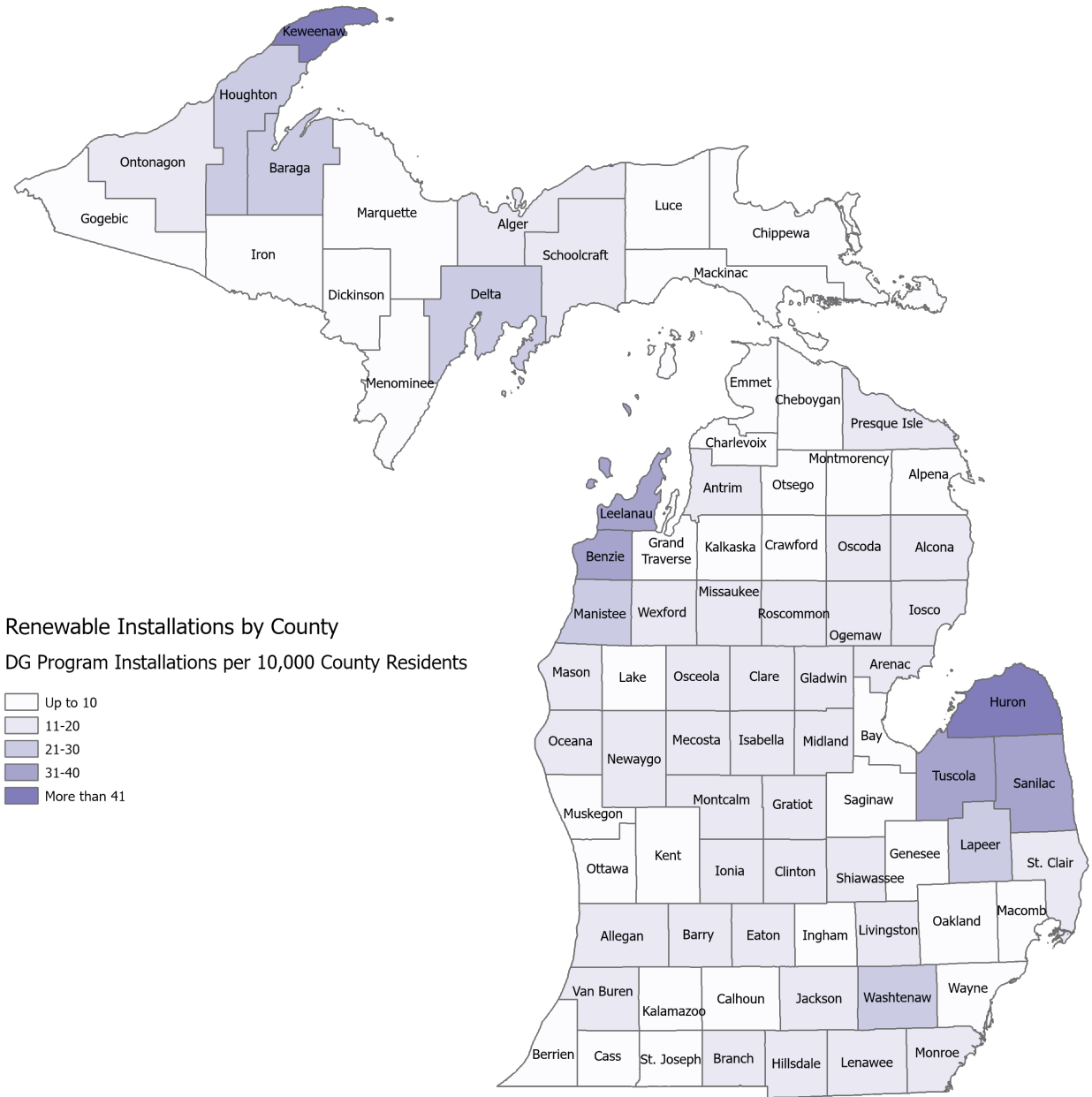


Figure 2 displays location information, based on ZIP code and county, for DG program participation.

**Figure 2: Distributed Generation Program Installations per 10,000 County Residents**

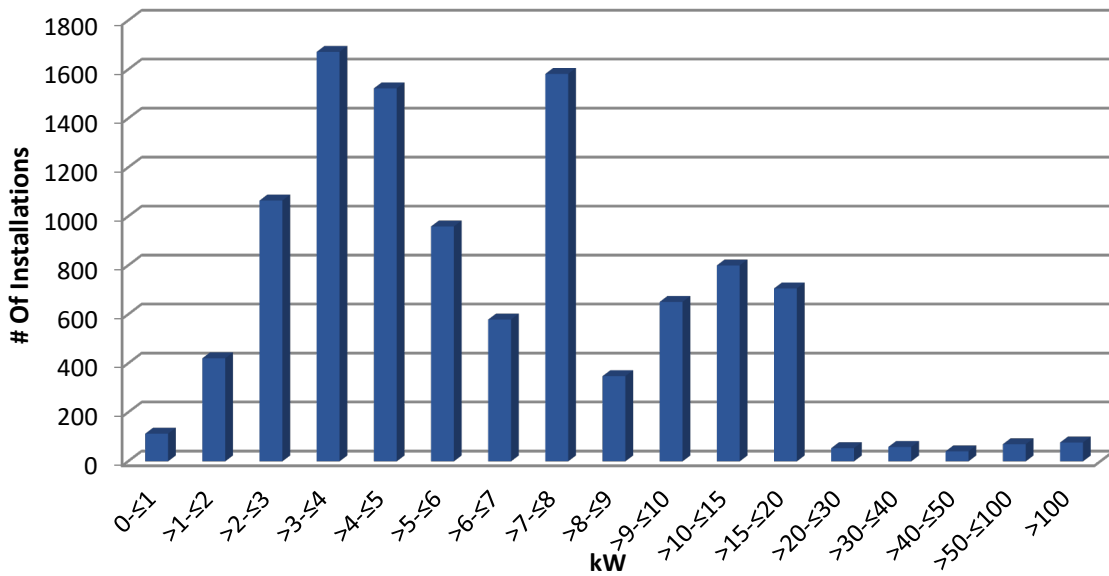


Source: ZIP codes of participating customers are provided to MPSC Staff by Michigan electric providers. Customer identification information (name, address, account number, etc.) is confidential and protected from disclosure

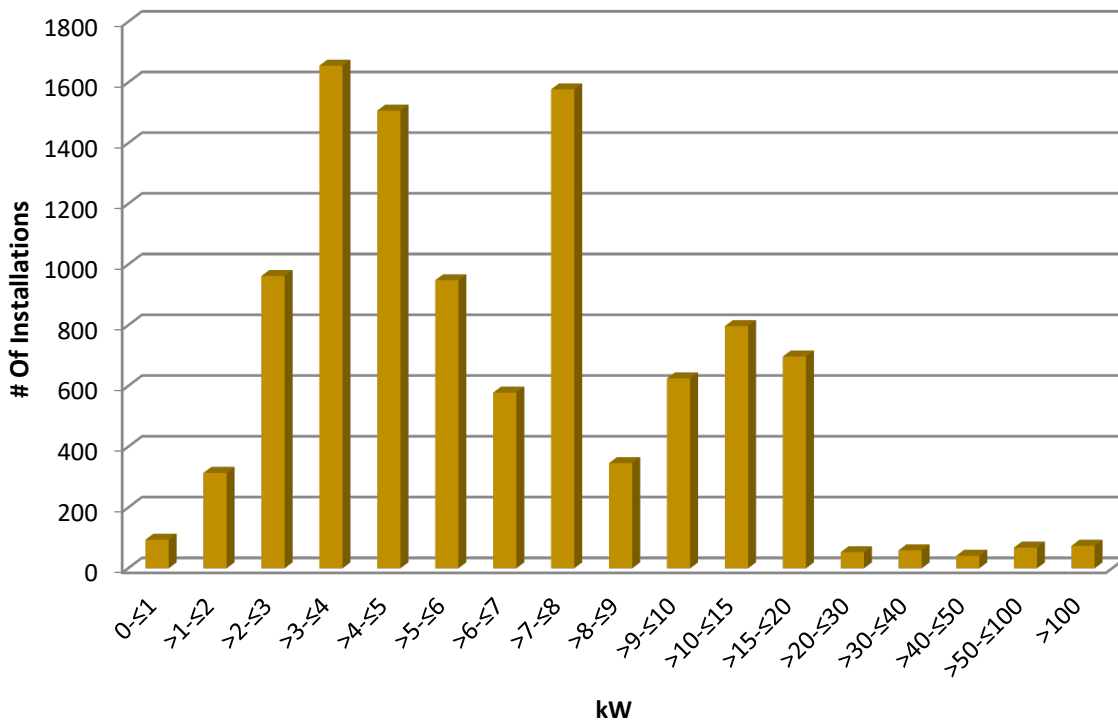


Figures 3 through 5 show a histogram breakdown of DG program project sizes.

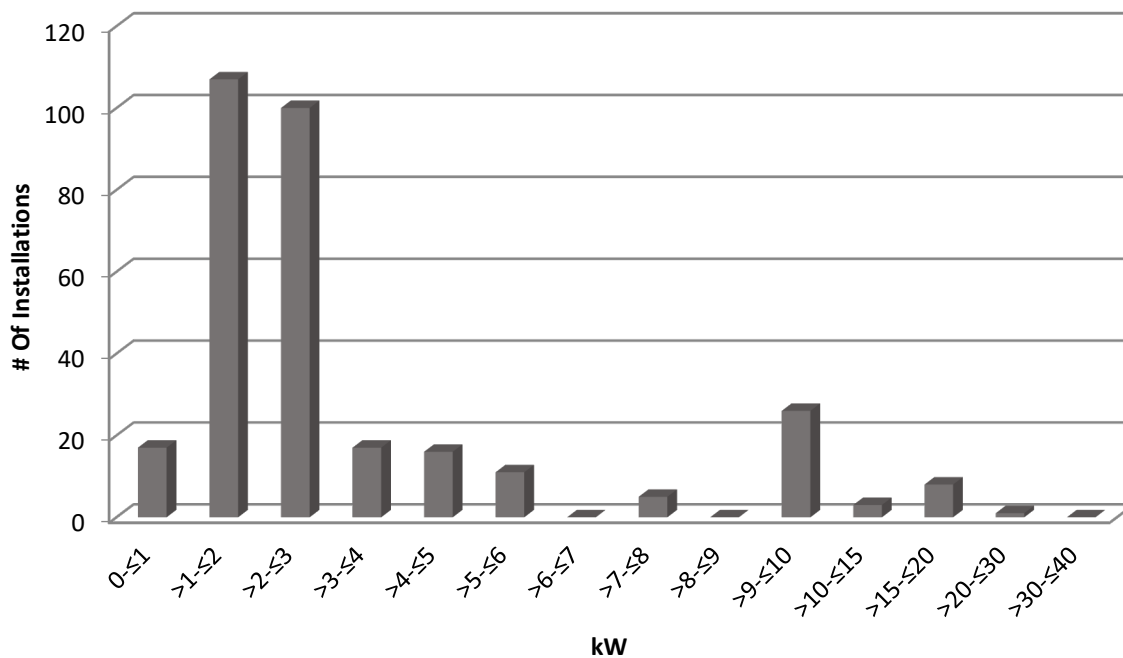
**Figure 3: Histogram of Distributed Generation Program Installations by Project Size**



**Figure 4: Histogram of Solar Distributed Generation Program Installations by Project Size**



**Figure 5: Histogram of Wind Distributed Generation Program Installations by Project Size**



### Distributed Generation Program Tariff Implementation Status

Public Acts 341 and 342 provide for the Commission to implement a new Distributed Generation (DG) program. The Commission issued an [order](#) on July 12, 2017 finding that the net metering program shall continue as the distributed generation program (legacy net metering program) until the new DG program tariffs are approved as part of a utility’s rate case. Existing legacy net metering customers and new customers who enter the legacy net metering program during this interim period may continue to net meter under the legacy net metering program for 10 years from the date of their initial enrollment. A summary of activity related to the DG tariff is provided in Table 5.

Consumers Energy, DTE Electric, Indiana Michigan, and UPPCO now have Commission-approved DG program tariffs. Consumers Energy’s program was temporarily closed due to enrollments reaching the statutorily minimum participation level; however, Consumers Energy notified the Commission of its decision to voluntarily double its program size by filing a [letter](#) in the docket for Case No. U-15787 on December 21, 2020. UPPCO doubled its program size as part of a rate case settlement agreement approved in May 2019 in Case No. U-20276, then again agreed to further increase the program size from 2% to 3% as part of a [settlement agreement](#) approved by the Commission May 2021 in Case No. U-20995.

**Table 5: Summary of Distributed Generation Program Tariff Implementation**

<b>Utility</b>	<b>Date of Commission Order Approving New DG Program Tariff</b>	<b>Beginning DG Program Enrollment Date</b>
<i>Alpena Power</i>	<i>Proposed Tariff in <a href="#">Case No. U-21045</a></i>	<i>Under Review</i>
Consumers Energy	December 17, 2020	January 1, 2021
DTE Electric	May 2, 2019	May 9, 2019
Indiana Michigan	January 23, 2020	February 1, 2020
<i>NSP</i>	<i>Proposed Tariff in <a href="#">Case No. U-21097</a></i>	<i>Under Review</i>
UPPCO	May 23, 2019	May 24, 2019

During the time-period of data collection for this report, DTE Electric, Indiana Michigan, and UPPCO had DG program tariffs in place and were enrolling customers.

### [Alpena Power](#)

Alpena Power filed a rate case on June 18, 2021, in [Case No. U-21045](#). The filing included a proposed tariff for the DG program. According to the proposed tariff language, the tariff will take effect on the day the Commission issues its order approving the tariff.

### [Consumers Energy Company](#)

On December 17, 2020, the Commission issued an [order](#) in Consumers Energy’s rate case, which included approving the Company’s DG program tariff utilizing the inflow/outflow billing method. As proposed by the Company, and approved by the Commission, Consumers Energy’s proposal includes billing the inflow portion based on standard retail rates and the outflow credit based on power supply less transmission charges (i.e., the credit represents Consumers Energy’s full retail power supply costs for capacity and energy). Consumers Energy’s DG tariff became effective on January 1, 2021. In addition, as noted above, Consumers Energy filed a [letter](#) on November 19, 2020 in the docket for Case No. U-15787 notifying the Commission that it had reached the program size limits under MCL 460.1173(3) for Category 1 and Category 2 projects and was no longer accepting new Category 1 or Category 2 customers into its Net Metering/Distributed Generation program as of that date. Consumers Energy also noted that “following [its] review of the Distributed Generation tariff approved in [Consumers’ rate case], Consumers Energy will consider voluntarily raising its Distributed Generation program limit from the 1% limit provided for in MCL 460.1173(3) to 2% of the average in-state peak load for the preceding 5 calendar years.” On December 21, 2020, Consumers Energy filed a subsequent [letter](#) notifying the Commission that it “will voluntarily raise its Distributed Generation program limit from the 1% limit provided for in MCL 460.1173(3) to 2% of the average in-state peak load for the preceding 5 calendar years. This 2% limit will be allocated as follows: (i) no more than 1% for customers with an eligible electric generator capable of generating 20 kilowatts or less; (ii) no more than 0.5% for customers with an eligible electric generator capable of generating more than 20 kilowatts but not more than 150 kilowatts; and (iii) no more than 0.5% for customers with a methane digester capable of generating more than 150 kilowatts.”

## DTE Electric

DTE Electric's [rate case](#) including its initial proposed distributed generation program tariff was filed on July 6, 2018 and an [order](#) was issued on May 2, 2019. The order adopted an inflow/outflow billing method. The inflow portion is billed based on standard retail rates for electricity delivered to the customer by DTE Electric. The outflow credit is based on power supply less transmission charges (i.e., the credit represents DTE Electric's full retail power supply costs for capacity and energy). The Commission prepared an [Issue Brief](#) describing DTE Electric's distributed generation program tariff.

## Indiana Michigan

Indiana Michigan filed its [rate case](#) including a proposed distributed generation program tariff on June 24, 2019. The Commission [approved](#) the new DG tariff as part of a Settlement Agreement approved on January 23, 2020 and customers could enroll beginning February 1, 2020. The order adopted an inflow/outflow billing method. The inflow portion is billed based on standard retail rates. The outflow credit is based on the customer's specific rate schedule's power supply charges.

On April 3, 2020, Indiana Michigan filed an [application](#) requesting to temporarily revise its DG tariff. Indiana Michigan stated that the waiver is necessary so that it may implement necessary billing system modifications to support the original tariff language approved in Case No. U-20359, which does not allow the outflow credits to be applied to the monthly customer service charge. The Commission approved the waiver on [May 19, 2020](#) and directed Indiana Michigan to file tariff sheets to reinstate the original tariff language within 30 days of notifying the Commission Staff that its billing system has been updated.

## Northern States Power

NSP filed a rate case on September 22, 2021, in [Case No. U-21097](#). The filing included a proposed tariff for the DG program. According to the proposed tariff language, customers may begin enrolling in the DG program on January 1, 2023.

## UPPCO

UPPCO filed a [rate case](#) including a proposed DG program tariff on September 21, 2018. An [order](#) approving a settlement for this case was issued on May 23, 2019. In the settlement, UPPCO agreed to expand the size of its program to 2% of its average in-state peak load for the preceding five years. Within the 2% program capacity, 1% will be reserved for Category 1 DG customers. The remaining 1% will be split evenly, with 0.5% allocated to Category 2 DG customers and 0.5% allocated to Category 3 DG customers. The settlement included a DG program tariff based on the inflow/outflow billing method. The inflow portion will be billed based on standard retail rates. The outflow credit is equal to the power supply component of the retail rate.

On May 26, 2021, the Commission issued an [order](#) in case No. U-20995 in which UPPCO voluntarily agreed to increase its program size cap for its DG program from 2% to 3% of its average load. This increase in program capacity will maintain the same allocations between Category 1, 2, and 3 program size percentages.

## Conclusion

At the end of 2020, the total DG program capacity was approximately 90,989 kW, an increase of 24,561 kW and 37% over the previous calendar year. While the program continues to grow, it still represents only 0.10% of Michigan's total retail electricity sales at the end of 2020.

The new DG program tariff has been approved for Consumers Energy, DTE Electric, Indiana Michigan, and UPPCO. Alpena Power and NSP both filed a proposed DG tariff in their respective rate cases which are in progress at the time of this report preparation. The Commission is continuing the process of implementing the distributed generation program as required by Public Acts 341 and 342.

The Commission also continues to closely monitor ongoing developments relating to DG programs, including when the size of Consumer Energy's program reached its cap for both Category 1 and Category 2 customers in November 2020, the Company voluntarily agreed to double its cap and that UPPCO has agreed to further raise its cap to 3% to allow more customers to participate in the DG program. The Commission expects continued action on this topic in 2021, including evaluation of rate design elements as part of a study requested under Senate Resolution 142, continued evaluation of DG-related issues as part of the MI Power Grid workgroup on New Technologies and Business Models, and continued legislative and other discussions on the future of DG programs in Michigan.