Additional Comments from Michigan Energy Innovation Council – Laura Sherman

"One additional idea that is not represented in these comments: I know that at least DTE and Consumers have provided access to free licenses to their IRP modeling software in the last round of IRPs. That was invaluable to allow intervenors to participate fully in the cases and ensure comparisons were apples-to-apples. I'm not sure if it would be appropriate or possible to require all of the utilities to provide access to the modeling software for intervening parties, but perhaps it could at least be recommended."

November 7, 2024

Via E-mail

To: Amelia Arnold
Michigan Public Service Commission ("MPSC") Staff
Arnolda11@michigan.gov

From: Association of Businesses Advocating Tariff Equity ("ABATE")

Re: MPSC Case No. U-21570 Informal Comments of ABATE to MPSC Staff: September 30, 2024 MPSC Staff Straw Proposals on Integrated Resource Plan ("IRP") Filing Requirements, Michigan IRP Parameters ("MIRPP"), Clean Energy Plan ("CEP") Filing Requirements for Rate-Regulated Electric Utilities, and CEP Filing Requirements for Municipalities, Electric Cooperatives, and Alternative Energy Suppliers ("AES")

ABATE appreciates the opportunity to provide these informal comments to the MPSC Staff on the above noted September 30, 2024 MPSC Staff Straw Proposals. ABATE's silence with respect to any aspect of the September 30, 2024 Straw Proposals should not be interpreted as ABATE's agreement with respect to that aspect of the Straw Proposals. Furthermore, ABATE continues to review the September 30, 2024 Straw Proposals and may identify additional concerns in comments to the MPSC Staff or the MPSC itself.

IRP Filing Requirements Straw Proposal

ABATE has no initial informal comments on the September 30, 2024 IRP Filing Requirements Straw Proposal, which the MPSC Staff provided in the format of proposed redlines to the MPSC's current IRP Filing Requirements. ABATE continues to review the proposed redlines and will review the initial informal comments of other stakeholders on the proposed redlines. Based on this additional review, ABATE may later identify concerns with the proposed redlines in future comments to the MPSC Staff or the MPSC itself.

MIRPP Straw Proposal

ABATE has no initial informal comments on the September 30, 2024 MIRPP Straw Proposal, which the MPSC Staff provided in the format of proposed redlines to the MPSC's current MIRPP. ABATE continues to review the proposed redlines and will review the initial informal comments of other stakeholders on the proposed redlines. Based on this additional review, ABATE may later identify concerns with the proposed redlines in future comments to the MPSC Staff or the MPSC itself.

CEP Filing Requirements for Rate-Regulated Utilities Straw Proposal

ABATE has the following concerns with the MPSC Staff's September 30, 2024 Straw Proposal with respect to CEP Filing Requirements for Rate-Regulated Utilities:

- Items "d" and "V" under the section of the Straw Proposal titled "CEP Filing, Data and Documentation" incorrectly cite to MCL 460.1051 (b) with respect to requests a compliance extension. Extensions are addressed at MCL 460.1051 (2)(b).

- The reference to "environmental justice" in item "I.d" under the section of the Straw Proposal titled "CEP Filing, Data and Documentation" should be removed. MCL 460.1051 does not impose environmental justice requirements on Rate-Regulated Utilities, nor does that statutory section (or 2023 PA 235) include the term "environmental justice." To the extent IRPs must include "[a]n environmental justice impact analysis that includes a review of the reasonably anticipated environmental justice impacts for any plan. . ." under MCL 460.6t(5)(p) this issue is more appropriately considered under the IRP filing requirements.

- While Rate-Regulated Utilities have the option to request a CEP compliance extension under MCL 460.1051(2)(b) based on the factors in MCL 460.1032(2), including whether compliance would: (i) be excessively costly to the utility's customers; (ii) result in deficiency in meeting resource adequacy requirements in the utility's service territory; or (iii) result in a local grid reliability issue, there is nothing in the proposed CEP Filing Requirements for Rate-Regulated Utilities to ensure that each Rate-Regulated Utility affirmatively demonstrates that its CEP would <u>not</u>: (i) be excessively costly for the utility's customers; (ii) result in deficiency in meeting resource adequacy requirements in the utility's service territory; or (iii) result in a local grid reliability issue. To address this shortcoming, the following additional item should be added to the eight roman numbered items listed in the section of the Straw Proposal titled "CEP Filing, Data and Documentation":

    - Cost, Resource Adequacy and Local Reliability: The utility shall provide sufficient information to affirmatively show that its clean energy plan would not: (i) be excessively costly to its customers; (ii) result in a deficiency in meeting resource adequacy requirements in the utility's service territory; or (iii) result in a local reliability issue.

<u>CEP Filing Requirements for Municipalities, Electric Cooperatives and Alternative Energy Suppliers Straw Proposal</u>

ABATE has the following concerns with the MPSC Staff's September 30, 2024 Straw Proposal with respect to CEP Filing Requirements for Municipalities, Electric Cooperatives, and AES:

- As noted above, The reference to "environmental justice" in item "I.b" under the section of the Straw Proposal titled "CEP Filing, Data and Documentation" should be removed. MCL 460.1051 does not impose environmental justice requirements on electric providers.

- Municipalities should not be included in this document. Instead a separate CEP Filing Requirements document should be created for them. The CEP requirements for Municipalities are governed by a different subsection of MCL 460.1051 than that which governs Electric Cooperatives and AES (MCL 460.1051(4) versus MCL 460.1051(3)). Furthermore, the difference in requirements in the respective subsections are more extensive than just a different filing deadlines. For example, different provisions apply to compliance extensions by Municipalities versus those for Electric Cooperatives and AES.

- The section of the Straw Proposal titled "CEP Filing, Data and Documentation" in numerous instances uses the word "utility" or "utility's". AES are not a type of utility. They are a type of electric provider. Each instance of the word "utility" should be changed to "electric provider" and each instance of the word "utility's" should be changed to "electric provider's".

- The section of the Straw Proposal titled "CEP Filing, Data and Documentation" includes a list of eight roman numbered items that would be required to be included in the CEP filed by Municipalities, Electric Cooperatives and AES. Many of these requirements are inappropriate for municipalities, electric cooperatives and AES given the following: (i) the MPSC does not regulate the rates for Municipalities, Electric Cooperatives and AES; (ii) AES do not have service territories; (iii) Municipalities, Electric Cooperatives and AES are not subject to the environmental justice and affordability requirements of MCL 460.6t, which only apply to IRPs filed by rate-regulated utilities, not Municipalities, Electric Cooperatives, and AES; and (iv) unlike for rate-regulated utilities, CEPs filed by Municipalities, Electric Cooperatives, and AES are only subject to public comment, not a contested case, prior to the MPSC determining whether the CEP complies with MCL 460.1051. It also important to recognize that no retail electric customer is required to take service from an AES or from any particular AES. For all of the foregoing reasons, as a minimum, the following proposed required items should be deleted for at least AES: I.b, IV.b.v, IV.b.vi, IV.b.vii, IV.b.viii and V.b.

- Items "a" and "VI" under the section of the Straw Proposal titled "CEP Filing, Data and Documentation" incorrectly cite to MCL 460.1051 (b) with respect to requests a compliance extension. The correct citation for Electric Cooperatives and AES is MCL 460.1051(3)(f). Note that Municipalities are instead subject to MCL 460.1051(4)(g).

Once again, we appreciate the opportunity to provide these informal comments. If you have any questions concerning these comments, please do not hesitate to contact our consultant for this matter:

James R. Dauphinais

Brubaker & Associates, Inc. ("BAI") (Consultants to ABATE)

jdauphinais@consultbai.com

(636) 898-6725 Ext. 117

Author: Laura Sherman
Michigan EIBC POC: Laura Sherman, laura@mieibc.org
United POC: Michael Weiss, mweiss@advancedenergyunited.org

COMMENTS OF THE

MICHIGAN ENERGY INNOVATION BUSINESS COUNCIL

AND

ADVANCED ENERGY UNITED

Introduction

On September 30, 2024, the Michigan Public Service Commission Staff ("Staff") released draft revised Integrated Resource Plan ("IRP") Filing Requirements ("Draft Filing Requirements") and draft IRP Planning Parameters ("Draft Planning Parameters"). The Michigan Energy Innovation Business Council ("Michigan EIBC")[1] and Advanced Energy United ("United," collectively "Michigan EIBC/United")[2] offer these comments in response to these drafts. Michigan EIBC/United were deeply involved in the most recent revisions to the IRP Filing Requirements and Planning Parameters in 2022. As such, we largely comment below on proposed changes to the existing documents.

[1] The Michigan Energy Innovation Business Council is a trade organization tasked with growing Michigan's advanced energy economy by fostering opportunities for innovation and business growth and offering a unified voice in creating a business-friendly environment for the advanced energy industry in Michigan.
[2] Advanced Energy United is a national business association representing leading companies in the advanced energy industry. United supports a broad portfolio of technologies, products, and services that enhance U.S. competitiveness and economic growth through an efficient, high-performing energy system that is clean, secure, and affordable.

Author: Laura Sherman
Michigan EIBC POC: Laura Sherman, laura@mieibc.org
United POC: Michael Weiss, mweiss@advancedenergyunited.org

Draft Filing Requirements

Engagement and Public Outreach Process

Michigan EIBC/United are supportive of the requirement in the Draft Filing Requirements that each utility hold at least two engagement workshops to discuss the "assumptions, inputs, and modeling methodologies." However, Michigan EIBC/United recommend that the Commission require that these meetings, if not held virtually, at least have a hybrid option. Despite the ability to now gather for meetings in person, many stakeholders who may care to participate (including experts based in other states) may find it difficult to travel for an in-person meeting. Ensuring that these meetings are virtual or allow for virtual participation is important to ensuring broad participation.

In the case that these engagement workshops are not open to the public, the Draft Filing Requirements recommend two additional hybrid public meetings and go on to recommend at least one hybrid public meeting "when 5% or greater of a utility's residential customers are in environmental justice communities." These requirements are confusing and appear to be contradictory – in other words, it does not seem that the Commission would recommend fewer hybrid public meetings for a utility with a high percentage of environmental justice communities. Instead, Michigan EIBC/United recommend that two additional hybrid public meetings should be *required* for a utility with more than 5% of its residential customers in environmental justice communities and recommended (with at least one *required*) for other utilities.

Additionally, in the Draft Filing Requirements, "the utility is encouraged to provide basic information regarding the IRP filing process and how interested persons could participate." Rather than "encourage" a utility to inform customers how to participate in its IRP process, the Commission should require such a disclosure. Moreover, to enable customers to more meaningfully participate in workshops, the Commission should require the utility to post on a dedicated website all available (nonconfidential) materials and include in the announcement of the workshops where such materials can be accessed. The materials should be accessible in a downloadable, editable, and searchable format before and after the workshops. This would allow interested parties to review relevant materials before a meeting and give constructive feedback or ask informed questions during meetings. It will also allow stakeholders who do not live nearby a chance to assess if it is worth their time to travel to in-person meetings.

Approval of Costs

The Draft Filing Requirements propose to add a requirement to describe "fuel use" for all supply-side resources. This proposed requirement only seems relevant for fossil-fuel based supply-side resources and would not be relevant for renewable resources of storage resources (which are specifically included as supply-side resources).

The Draft Filing Requirements propose to add requirements for each utility to provide relevant data related to its plan to procure its share of the statewide energy storage target. Specifically, the Draft Filing Requirements propose to require information on the utility's proposed procurement strategy "including PPAs, build transfer, or company owned." First, Michigan EIBC/United recommend that the Commission not require each utility to pre-determine its procurement strategy in any level of significant detail. It is important that resources utilizing all types of ownership models be allowed to compete in RFPs and that the most beneficial projects are ultimately selected.

As such, if pressed, a utility may prefer (for financial reasons) to own all generation and energy storage resources, but that may not ultimately be the best outcome for ratepayers.

Second, third-party owned energy storage resources are not generally procured using PPAs. There are a range of different contractual structures that a utility could consider to procure energy storage resources that balance risks and maximize cost-effectiveness. On one end is a tolling agreement, in which utilities provide a fixed monthly payment to the energy storage resource owner in exchange for dispatch rights to the facility. On the other end is a capacity sales agreement, where the utility purchases only the capacity rights to the energy storage resource, and the third-party owner schedules the battery to optimize revenue in the wholesale energy market. Third-party owners must finance projects based on projections of wholesale market revenue at a time of high market uncertainty. Under a third option, a utility would provide a variable payment to the third-party owner indexed to revenues available to the energy storage resource in wholesale markets. The third party would be responsible for scheduling the battery to optimize its revenues in the energy and ancillary services markets, and the utility and its customers would gain the benefit of hedging against high volatility in energy market prices. Given this complexity, to the extent that the Draft Filing Requirements retain the requirement to discuss the utility procurement strategy, Michigan EIBC/United recommend replacing "PPAs" with "third-party contracts."

IRP Filing, Data, and Documentation

In Section II, "Table of Filing Requirements," the Draft Filing Requirements proposes to require a "summary of existing generation and PPAs by fuel type." Given the framing of this requirement, Michigan EIBC/United recommend that this would be better phrased as a "summary of existing generation **including utility-owned and third-party owned resources** by fuel type."

In Section IV, "Analytical Approach," the Draft Filing Requirements list a number of requirements that apply if a utility presents a retirement study to justify an early resource retirement. It appears that subsections (d), (e), (f), (g), and (h) would be better placed as sub-sections under that broader requirement (subsection c).

In Section VI, "Existing Supply-Side Resources," the Draft Filing Requirements list a number of technologies that each utility must consider and include in its IRP. The language of Section VI(g) regarding PPAs may benefit from including PPAs entered into with demand response ("DR") aggregators. In addition, Michigan EIBC/United are concerned about the classification of electric vehicles ("EVs") solely as a demand-side resource. Given the technological innovation and expansion of managed charging ("V1G") and vehicle-to-grid ("V2G") applications, which enable electricity to be exported onto the grid from EV batteries, EVs should also be considered a supply-side resource. In certain cases (e.g., school buses) or use of managed charging, these assets can be a resource at key times when additional electricity is needed. Specifically, while the IRP Filing Requirements call for the utilities to "Detail electric vehicle adoption assumptions and impacts to overall peak demand and energy forecasts" (Section XI(b)(9)), the role of EVs in providing supply-side power and storage capacity through V2G applications should be added to the requirements of Section VI, along with an express requirement to model V2G as a supply-side resource in future projections. Particularly in light of the time horizon of IRP modeling, omitting this from the analysis will leave out a significant and valuable resource, especially considering the aggressive goals that Michigan has for EV deployment.

In Section VII, "Demand-Side Resources," the Draft Filing Requirements list data that a utility needs to provide on DR programs enrolled capacity and events. In addition to the DR programs operated by the utility, the Draft Filing Requirements should also include any reference to any programs it may intend to enter into or engage with third-party aggregators of DR.

In Section VIII, "Renewables and Renewable Portfolio Standards Goals," the Draft Filing Requirements list items that must be provided with respect to the RPS. Michigan EIBC/United recommend deleting the word "goals" and replacing it with "standards" throughout this section (e.g., in the title and in subsection (d)). There is no longer a statewide goal, but instead, a 50% RPS by 2030 and 60% RPS by 2035.

In Section IX, "Energy Storage Target," the Draft Filing Requirements list items required to detail how a utility will meet its share of the statewide energy storage target. First, Michigan EIBC/United recommend that the items in subsections (d) through (g) should be sub-sections instead under subsection (c). Second, in keeping with the previous section, if the utility is required to provide a procurement strategy (i.e., utility-owned vs third-party owned), those same requirements should be included here as well.

In Section XI, "Peak Demand and Energy Forecasts," the Draft Filing Requirements list sub-sections that are important to forecasting a utility's peak demand. In section (b), subsection (8), the Draft proposes to require a utility to "detail information about DER adoption." In addition to information about DER adoption, it would be valuable for a utility to detail assumptions about future DER adoption and impacts to overall peak demand and energy forecasts (in a similar manner to that required for EV adoption and electrification adoption). In addition, Michigan EIBC/United encourage the Commission to require each utility to assess how DERs (including EVs, distributed generation, energy storage, smart thermostats, smart waters, and the like) and DR can be deployed to mitigate the need to build new generation (e.g., as non-wires alternatives and through third-party aggregation programs). Specifically, virtual power plants ("VPP") involving third-party aggregators can be called on to provide significant capacity resources at lower cost and faster deployment timelines than the new generation resources typically relied upon by utilities in IRPs. Utilities should address the potential of such resources in their IRPs and explain the absence of VPPs in any preferred portfolio.

In Section XXIII, "EGLE Advisory Opinion," the Draft Filing Requirements propose to require each utility to evaluate a series of portfolios from the Draft Planning Parameters. However, as described in more detail below, the required Scenario in the Draft Planning Parameters is Scenario 2. As such, it seems that this section should utilize and refer to Scenario 2.

Michigan EIBC/United also encourage the Commission to add a new section directing electric utilities to address the degree to which they have consulted with gas utilities in their electric service area to determine how any changes (including forecasted changes) in gas usage or electrification efforts may impact the integrated resource planning process. Such an evaluation could supplement other work as well, such as distribution system planning. Such a requirement also reflects a necessary and reasonable initial step in advancing more wholistic energy planning for Michigan, enabling the Commission, Staff, and stakeholders to better evaluate future investments in electric and gas systems. Specifically, explanations of load forecast synchronization, timelines for expected customer-driven electrification, cooperation in designing non-pipeline alternatives that impact the electric distribution systems, secure data sharing, and gas and electric DR programs could all be useful during the IRP process.

Another useful new section would be an explanation of what state and federal programs the utility plans or hopes to avail itself of to pay for the programs and projects discussed in its IRPs. Although this information is traditionally reserved for a rate case, it would be informative to the extent that the utility's investments are dependent on state or federal dollars. It could also help the Commission, Staff, and stakeholders understand the impact on ratepayers. Finally, as many of the federal programs embrace grid modernization and advanced energy technologies, it would be useful insight as to what technologies the utility plans to adopt.

Draft Planning Parameters

Executive Summary

In the Executive Summary of the Draft Planning Parameters, as discussed below, it is confusing how many and which scenarios are now required. This should be clarified.

On page 3 of the Draft Planning Parameters, the DR and EWR Potential Studies are referenced. It should also be noted that the MPSC is conducting an Electrification Potential Study, which will be completed on the same timeline.

Modeling Scenarios, Sensitivities and Assumptions

The Draft Planning Parameters proposes to move from two required scenarios to one required scenario and one optional scenario. This is confusing both because it appears that "Scenario 2" is the required scenario and because a second scenario *is* required. According to the Draft Planning Parameters "one modeling scenario is optional only if the utility replaces it with a similarly conservative scenario." It is unclear what "similarly conservative" means and what modifications a utility might be allowed to make to the scenario while still being allowed to substitute a different scenario. Michigan EIBC/United recommend clarifying these points and encourage the Commission to consider whether requiring two clear scenarios would be more appropriate and provide greater consistency.

Storage Modeling

Both Scenario #1 and Scenario #2 require that: "Energy storage resources are modeled using available best practice methodologies to the extent that such guidelines exist. Allow for multiple market revenue streams where applicable and demonstrate the utility is reasonably capturing the full value of storage." This requirement is concerning because, while best practices for modeling storage are well established, best practices are not generally compiled as formal "guidelines" for modeling energy storage or any other set of supply-side resources. More generally, it is unclear what would constitute such "guidelines" and whether the existence of such "guidelines" would be entirely up to utility discretion.

There are a variety of ways storage can be considered as part of IRP planning processes. In 2018, the National Association of Regulatory Utility Commissioners passed a resolution on modeling energy storage. The resolution recommended a number of principles to guide NARUC member states in modeling energy storage and other flexible resources, including using tools to model the "full spectrum of services that energy storage and flexible resources are capable of providing, including subhourly services."[3] When considering storage in an IRP context, a utility must be fully able to assess the value of storage to the grid, the utility, and ratepayers, including by utilizing sub-hourly and 8760 modeling. If accurate modeling of energy storage resources is not possible given model limitations, storage benefits can be incorporated into IRPs using a net-cost-of-capacity approach.[4, 5] Under this method, operational benefits of storage that are difficult to represent accurately within the IRP model (e.g., the value of real-time energy arbitrage or ancillary services) can be estimated using a separate analysis outside the IRP model and credited to storage within the IRP model as a reduction in the installed cost of storage. Furthermore, it would be helpful to model storge at different scales. This would include transmission-connected, distribution-connected, and behind-the-meter ("BTM") resources that would be part of VPPs. This would provide additional insights into the growing array of storage options and how they can best be deployed throughout Michigan's grid to meet reliability, affordability, and climate goals.

[3] National Association of Regulatory Utility Commissioners. November 2018. "EL-4/ERE-1 Resolution on Modeling Energy Storage and Other Flexible Resources." Available at https://pubs.naruc.org/pub/2BC7B6ED-C11C-31C9-21FC-EAF8B38A6EBF.
[4] Energy Storage Association. 2018. "Advanced Energy Storage in Integrated Resource Planning." Available at https://energystorage.org/wp/wp-content/uploads/2019/09/esa_irp_primer_2018_final.pdf.
[5] Cooke, A. L., Twitchell, J. B., O'Neil, R. S. Pacific Northwest National Laboratory. May 2019. "Energy Storage in Integrated Resource Plans." Available at https://energystorage.pnnl.gov/pdf/PNNL-28627.pdf.

Other best practices for storage modeling in IRP processes have been identified by researchers at the Lawrence Berkeley National Laboratory ("LBNL") and Pacific Northwest National Laboratory ("PNNL"). A 2021 paper, "State of the Art Practices for Modeling Storage in Integrated Resource Planning," recognizes that the flexibility and scalability benefits of energy storage are continuously undervalued in the models that utilities currently use.[6] The authors argue that "more accurate inputs (e.g., up to date costs and forecasts) and improved modeling methods (e.g., assessing benefits for a wider range of grid services, incorporating behind-the-meter (BTM) applications) are needed to better integrate storage into planning processes."[7] Additionally, a technical brief by the Electric Power Research Institute ("EPRI") makes several recommendations for storage modeling. First, while 2-hour, 4-hour, 6-hour, and 8-hour lithium-ion batteries are often evaluated, it is important not to leave out long-duration energy storage that can deliver electricity 10 hours or more.[8] This is important because these longer-term storage technologies will become more important in the decarbonization of the grid. EPRI also recommends capacity models, production cost models, reliability assessments, and storage price-taker models to address modeling challenges. This allows a more "practical and comprehensive assessment of energy storage across different timeframes, capturing reliability and operational impacts as well as interactions with the rest of the system."[9] Finally, to fully capture the use of this storage, it can also be modeled, as needed, as solar-plus-storage.

---

[6] Miller, C., Twitchell, J. and Schwartz, L. October 12, 2021. "State of the Art Practices for Modeling Storage in Integrated Resource Planning." Innovations in Electricity Modeling: Training for National Council on Electricity Policy. Available at https://pubs.naruc.org/pub/CCBEFC58-1866-DAAC-99FB-3A405315FB9B.
[7] *Ibid*.
[8] Electric Power Research Institute. December 21, 2023. "Energy Storage in Long-Term Resource Planning: A Review of Modeling Approaches and Utility Practices." Electric Power Research Institute. Available at https://www.epri.com/research/products/3002028378. p. 10
[9] *Ibid.*

Michigan EIBC/United recommend: 1) deleting the phrase "to the extent that such guidelines exist" from Section VII under both Scenario #1 and Scenario #2; and 2) that the Commission clarify the best practices for modeling energy storage that the utilities are expected to adhere to in IRP, including, for example, sub-hourly modeling, most recent cost estimates, a net-cost-of-capacity approach, and participation in all markets in which storage is capable of providing services.

Extreme Weather

The Planning Parameters should ensure that IRP scenarios account for atypical weather conditions that occur at least as frequently as once in ten years or include a stochastic analysis of atypical weather risks. Without this capability, capacity expansion models are unlikely to select portfolios that remain least-cost during the range of weather events that are likely to occur. Critically, such a sensitivity should not be used to justify a deferral or avoidance of the emissions targets set by the state. Non-emitting resources, like energy storage, are available to address reliability risks if appropriately modeled. Finally, modeling should incorporate extreme weather conditions to factor in unit derates, like heat and humidity affecting gas turbine outputs, as well as potential supply disruptions, such as natural gas shortages. Modeling should include alternatives, such as storage, and evaluate what role the alternatives can play and gaps they can fill in cases of extreme weather.[10]

[10] For example, an article on the California Independent System Operator discusses how batteries can be used to offset some peaks and needs in extreme weather events. *See* Grid Status Exports. September 13, 2024. "Peak Western Conditions Reveal a Changed CAISO." Available at https://blog.gridstatus.io/caiso-beats-the-heat/.

To address these concerns, an additional sensitivity could be added to Scenario #2 as follows: "Model the impact of atypical weather conditions that occur at least as frequently as once in ten years, either via a load forecast adjustment or a stochastic analysis of weather risks. Needs should be met within the bounds of required emissions reduction targets."

Electric Vehicles

Michigan EIBC/United appreciate language in the Draft Planning Parameters that indicates that DERs should be considered both as demand-side and supply-side resources. For example, both Scenario #1 and Scenario #2, note that "a utility may develop its own demand and energy forecasts with description and detail how its forecast has included the impacts of climate change, electrification, demand side resources, and customer owned distributed generation and how these factors change overall load and demand." It is important, as customer-sited DERs like rooftop solar, energy storage, solar-plus-storage, and combined-heat and power units become more prevalent across the state, that the utilities model these resources both as demand-side and supply-side resources.

Despite these important inclusions, we remain concerned that the capacity of EVs to serve as a grid asset through V2G interoperability is not captured in the Draft Planning Parameters. In the Draft, EVs are viewed primarily as a source of additional demand on the grid. However, it is both appropriate and prudent for utilities to fully consider the potential for EVs to serve as resources for the grid. Even among the most conservative projections of EV adoption, the cumulative storage capacity contained in the batteries of Michigan drivers' personal EVs, as well as within fleets of medium and heavy duty EVs, will quickly become a meaningful storage asset that can be dispatched to deliver benefits to vehicle owners, the electric grid, and ratepayers in general. Tapping into a fraction of the storage capacity of EVs through V2G technology could have enormous benefits for an electric grid with high renewable penetration. This emerging use case for EVs should therefore be considered in both Scenarios #1 and #2 of the Planning Parameters, but especially the latter, which assumes "EV adoption reaches 50% of total vehicle sales by 2030 with a continuing trend toward 100% of vehicle sales."

Energy Waste Reduction

The Draft Planning Parameters do not propose to change the levels of assumed EWR in either Scenario #1 or #2. However, after the passage of Public Act 229 of 2023, the electric utility incentives for EWR maximize at 2.17% (instead of the previous maximum at 2%). As such, Michigan EIBC/United recommend that in both Scenario #1 and #2 that the utilities should model maintaining at least 2.17% EWR savings. If the EWR potential studies find greater potential than 2.17%, we recommend that these higher potential savings percentages are utilized instead.

On October 1st, 2024 the Michigan Public Service Commission's (MPSC) Staff prepared initial redlined versions of the Integrated Resource Plan (IRP) filing requirements and the Michigan Integrated Resource Planning Parameters (MIRPP) as well as a straw proposal for the Clean Energy Plans (CEP). These were further discussed at the October 17th meeting held by the MPSC Staff (Staff).

DTE Electric (DTE) appreciates the effort of the MPSC, Staff and all parties involved in reviewing and modifying requirements related to IRP filings. In efforts to improve the IRP filings, DTE has prepared informal comments related to the redlines and straw proposal below.

Integrated Resource Plan Filing Requirements

Engagement and Public Outreach Process (Pg. 5)

- Redline/Change: If the engagement workshops are not open to the public, two additional hybrid public meetings with the option for both virtual and in-person attendance are recommended. At least one hybrid public meeting is recommended when 5% or greater of a utility's residential customers are in environmental justice communities.
    - Recommendation: Recommend changing the second sentence to: "At least one ***of the two additional*** hybrid public meetings is recommended to be held in an Environmental Justice Community where 5% or greater of a utility's residential customers reside."
    - Rationale: This change would provide clarity in the amount of required hybrid public meetings in EJ communities. Currently as written, the bolded sentence could be interpreted to mean more than the two additional hybrid meetings identified are required depending on how EJ communities are defined.

Engagement and Public Outreach Process (Pg. 5)

- Redline/Change: Include evidence of community outreach efforts for environmental justice communities in the Company's service territory, including description of metrics and methods used to determine accessibility and convenience for environmental justice communities in planning public meetings. Environmental justice communities should be identified using the MIEJScreen Tool or other tools as noted in the Section XVIII.
    - Recommendation: Strike "metrics and"
    - Rationale: It is unclear what metrics would meet this requirement as it relates to determining the accessibility and convenience for EJ communities. Utilities can provide the methods used to ensure accessibility and convenience aspects were incorporated into the planning process (i.e., afternoon and evening meetings, translation services, communication channels). If metrics are required, the metrics that are expected to be used to satisfy this requirement should be defined.

Risk Assessment Methodology (Pg. 6)

- Redline/Change: The utility shall provide detail on how the risk assessment was conducted, including the impact of atypical weather conditions that occur at least as frequently as once in ten years. Additionally, the utility should detail any scenario and sensitivity runs where the PCA or proposed alternative build plan results in unserved load.

- Recommendation: Reword to state: "Additionally, the utility should detail any scenario and sensitivity runs conducted with the utility's risk assessment where the PCA or proposed alternative build plan results in unserved load."
- Rationale: Provides clarity on the expectations to meet this requirement.

Definitions (Pg. 6)

- Redline/Change: Environmental Justice (EJ) Communities – Refers to overburdened, vulnerable, underserved or disadvantaged communities that are identified, for the purpose of this analysis, by a minimum composite scoring ranging in the 70-80th percentile in either the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen). It is preferred that utilities use MiEJScreen tool to the extent practical.
    - Recommendation: Require a minimum composite score of 80% instead of a range
    - Rationale: Requiring an 80% threshold would allow the analysis to focus on a set of communities carrying the highest scores, while lowering the threshold may result in diluting the focus on the most disadvantaged communities.

IV. Analytical Approach (Pg. 16-17)

- Redline/Change: c) If the utility presents a retirement study as justification for an early resource retirement, the utility should refer to the minimum scenario and sensitivities in Appendix G of the MIRPP when conducting that analysis. The previously approved IRP build plan should also be evaluated under the scenarios and sensitivities indicated. To allow for the same time horizons, the portion of the previously approved IRP that does not have resources, should include any new (additional) generic resources as selected by model optimization.
    - Recommendation (1 of 2): Recommend keeping the same build plan for a defined amount of time, or for the known lifespan of the plant, and then letting the model optimize itself
    - Rationale: Evaluating the previously approved IRP build plan under the scenarios and sensitivities is not a relevant comparison because of the updated forecasting and financial assumptions used as part of the updated filing. This would not be reflective of an optimized build plan based on the new assumptions and would not be a relevant comparison. As an example, between the 2019 and 2022 IRP filings for DTE, environmental regulations (ELG rules impacting coal plants) changed which resulted in DTE having to adjust build plans between filings in order to meet the new regulations. Additionally, if changes in load or resource accreditations necessitate

additional resources, the resulting build plan will inherently differ from the approved IRP. Therefore, it is impractical to model the approved IRP build plan across all scenarios and sensitivities.

- <u>Recommendation (2 of 2):</u> Strike "Appendix G" and update with correct section reference
- <u>Rationale:</u> The MIRPP appendices do not contain an Appendix G

IV. Analytical Approach (Pg. 17)

- Redline/Change: 3) If multiple forms of risk assessment are presented the utility shall explain why certain risk variables could not be included in or are unsuited for one type of risk assessment or another.
  - <u>Recommendation</u>: Expand requirement to provide additional clarity on requirement.
  - <u>Rationale</u>: Please provide clarity if the intent of this requirement is to discuss all of the options for risk assessments and have the utility provide an explanation on why or why not the utility decide to pursue the method?

V. IRP Scenarios & Sensitivities (Pg. 18)

- Redline/Change: c) The utility should show how it used the MIRPP approved Scenarios to develop the PCA, any alternative build plan, and justify any retirement decisions. To the extent that some portion of the MIRPP approved scenarios is of concern for the utility, the utility can request a waiver to deviate from certain aspects of a scenario or sensitivity. Examples may be to request to use a different gas price or updated EWR information.
  - <u>Recommendation</u>: Adding "or any additional scenarios that the utility decides to include" after "the MIRPP approved Scenarios" in the first sentence
  - <u>Rationale</u>: This will allow utilities the flexibility to test the PCA and other alternatives under multiple scenarios and justify selection based on prescribed and/or non-prescribed scenarios

V. IRP Scenarios & Sensitivities (Pg. 18)

- Redline/Change: e) The utility should model it's PCA, any utility proposed alternative, and previously approved IRP build plan in all scenarios and sensitivities presented in the MIRPP.
  - <u>Recommendation</u>: Adding "or any additional scenarios that the utility decides to include" to the requirement

- Rationale: This will allow utilities the flexibility to test the PCA and other alternatives under multiple scenarios and to be able to justify selection based on prescribed and/or non-prescribed scenarios

IX. Energy Storage Target (Pg. 21)

- Redline/Change: h) The utility should present its analysis on how it determined the optimal mix and timing of different energy storage technologies and duration capabilities...
    - Recommendation: Reword to state, "if the utility's energy storage plan differs from the resultant capacity expansion results, the utility should present its analysis on how it determined the optimal mix and timing of different energy storage technologies and duration capabilities..."
    - Rationale: The PCA often is reflective of a capacity expansion model which determines the optimal mix, timing, and duration. If it differs from a modeling run, then the change should be explained.

Section X. (Pg. 21)

- Redline/Change: b) Detailed resource plan that clearly illustrates how the utility has aligned its IRP with its CEP and how the utility will meet the Clean Energy Standards of 80% clean energy by 2035 and 100% clean energy by 2040 that includes:
    - 1. Describe the utility's planned REC portfolio;
    - 2. Forecast RECs obtained via Michigan incentive RECs;
    - 3. Forecast expected compliance levels by year to meet the renewable portfolio targets;
    - 4. Identify key assumptions used in developing these forecasts and the proposed resource portfolio; and
    - 5. Identify risks which may drive performance to vary.
    - Recommendation: DTE proposes that the MPSC update the MIREC application so that the MWhs of generating assets that meet the criteria of "Clean Energy" as defined in PA 235 of the Michigan Clean Energy and Jobs Act can be loaded into the application, validated, and tracked as a Clean Energy Credit, just as wind and solar assets are today for RECs. DTE recommends that the Clean Energy Credits be assigned a 5-year shelf life. Please see the appendix for more information on the recommendation.
    - Rationale: The relationship between RECs and MWhs from clean generating assets is currently unclear. DTE believes establishing Clean Energy Credits and a tracking and reporting system will provide clarity on the relationship between RECs and MWhs from clean generating assets and will help ensure

that electricity providers are in compliance with clean energy standards. Leveraging the existing MIREC application will allow for ease of implementation and continuity with the existing system. Lastly, providing a 5-year shelf life for Clean Energy Credits, similar to RECs, will allow energy providers annual flexibility in meeting the CES standard to accommodate variance in annual generation that may be driven by planned or forced outages, varying market demand, annual weather patterns impacting renewable generation output, and timing of project in-service dates. This will help ensure that energy providers have the ability to meet the Clean Energy Standards without passing on undue costs to customers.

XI. Peak Demand and Energy Forecasts (Pg. 22)

- Redline/Change: 4) Historical growth in electric sales for the previous five years, including a record of its previous load forecast (can be supplied in workpapers)
    - Recommendation: Reword to state: "Historical growth in electric sales for the previous five years, including a record of its previous IRP base load forecast…"
    - Rationale: Provides more clarity to the expectation of this request.

XI. Peak Demand and Energy Forecasts (Pg. 22)

- Redline/Change: 5) Base Case deliveries and demand forecasts
    - Recommendation: Provide clarity regarding the base case deliveries.
    - Rationale: This statement lacks context as to what "deliveries" are.

XVII. Proposed Resource Plan (Pg. 27)

- Redline/Change: g) How the utility's IRP storage builds meet the utility's share of the Energy Storage Target as set out in PA 235.
    - Recommendation: Include requirement in Section IX.
    - Rationale: This change will help streamline the requirements

XVII. Proposed Resource Plan (Pg. 27)

- Redline/Change: f) How the utility's IRP and CEP align and/or differ with the Company's most recently filed Renewable Energy Plan (REP). If the IRP and CEP diverge from the REP, describe how they will meet the Renewable Energy Portfolio Standard set out in PA 235 and how these differences will influence future REP filings.
    - Recommendation: Strike section
    - Rationale: According to the Commissions April 25, 2024 Order in Case No. U-21568, "…IRPs remain the most appropriate venue to consider generation diversity as well as renewable resource planning because IRPs allow for the full assessment of renewable resources against other resources (including

the consideration of the value of the various resource types...)". The IRP will need to meet the RPS and should guide the development of the REP, but future REPs could be amended based on other factors that would not align with the differences stated in the IRP filing. This could cause a circular argument whenever changes are made to the IRP or REP. This requirement should be limited to describing how the IRP meets the RPS and CES targets.

Section XIII. (Pg. 27)

- Redline/Change: d) In addition, the utility shall provide support for its chosen discount rate and discuss how the results of its analysis would change with different discount rate assumptions.
    - Recommendation: Strike section
    - Rationale: The discount rate is not chosen but is a result of the utility's Rate Case

Section XVIII. (Pg. 28-29)

- Redline/Change: h) A detailed analysis of the affordability of the PCA by providing the following:
    - 1. The annual electric cost by customer class on a kWh basis made over the past 10 years of service.
    - 2. A 5-year projection of utility electric cost by customer class. The projection should include anticipated major investments like generation resources, distribution plans, major enterprise IT system upgrades, any other expected costs that will significantly impact rates.
    - 3. The number of customers on assistance programs over the past 5 years and the projected number for the next 5 years.
    - 4. How the proposed PCA, its alternative plan (if the utility provides an alternative), and its prior approved PCA would impact the amount of its customers that spend more than 10% of their income on energy and what the expected average energy burden is for each plan over the planning period. The utility must explain its methodology for how it calculated both the average energy burden and the number of customers experiencing a high energy burden. If the proposed PCA increases of number of customers with a high energy burden more than its alternative plan or prior approved PCA, the utility may elaborate on how it plans to address the increased energy burden/the number of customers experiencing high energy burdens.

- Recommendation: Recommend striking this section from the IRP filing requirements as currently written. DTE would like to further discuss and develop an alternative option with Staff.
- Rationale: DTE proposes striking this section as currently written from the IRP filing requirements for several reasons including that it is out of scope of the IRP statute, overly burdensome, and not relevant to determining the reasonableness of the Proposed Course of Action (PCA). The IRP filing requirements should be directly tied to the approvals being sought in an IRP as opposed to estimating future Commission approvals in general rate cases. Please see the rationale for each subsection to section H.
    1. Providing the annual electric costs by customer class on a kWh basis made over the past 10 years of service is not relevant to determining the reasonableness of the PCA that is forward-looking
    2. An IRP filing is not the appropriate venue to estimate the impacts of pre-proposal and unapproved distribution, IT, or other costs, all of which are subject to Commission review and approval in general rate cases. As it relates to distribution plans, the IRP statute only contemplates distribution infrastructure that would be required to support the proposed construction or investment, and/or PPAs – which does not entail a 5-year projection of utility electric cost by customer class for all distribution costs. Additionally, it is unclear what "major investment" is included in this proposed rule change. Utilities should only be required to include an analysis of distribution investments that are directly tied to "costs estimates for the proposed construction or major investments or PPAs" that they are seeking approval of in the IRP (i.e., specifically identified construction/investments/PPAs). Distribution costs are not considered for approval in IRP proceedings, as they are handled in the DGP and general rate cases. Distribution costs are analyzed through distinct forecasting that does not translate to the IRP context. Such projections would be incompatible with the review/approval framework in IRPs, leading to incongruent and speculative evidence in IRP proceedings that would confuse the record, disharmonize the statutory scheme that the Commission is responsible for implementing, and prejudice utilities with overly burdensome discovery on issues that are not related to the approval of IRPs. For similar reasons, requiring 5-year projections for major enterprise IT system upgrades would be misplaced under the IRP statute.

3. Projecting customers on assistance programs for the first 5 years of the IRP filing is not germane to the prudence of the PCA and should continue to be handled in more appropriate proceedings. The primary drivers of enrollment in customer assistance programs are (1) available state and federal funding, (2) program design, which is not the sole domain of the utility, and (3) macro-economic conditions (e.g., recession or pandemic) which are outside of utility control. None of these factors, or the ability to estimate them, changes with the PCA. Any projection of customer assistance enrollment would therefore be an estimate of external factors without any specific tie to the purpose or proposals within an IRP.
4. Providing the number of customers spending more than 10% of their income on energy and/or what the expected average energy burden is for each plan over the planning period is not germane to the prudence of the PCA and generation planning. Additionally, utilities do not track household incomes. This information is collected on a voluntary basis from customers. In the event this is required to be provided, this would require a utility to rely on assumptions to meet this requirement.

XX. Rate Impact (Pg. 29)

- Redline/Change: j) Distribution costs for the first 5 years of the PCA. This should use cost information for the utility's most recent distribution plan or
  - <u>Recommendation</u>: Strike section
  - <u>Rationale</u>: Similar to the affordability analysis, DTE recommends striking this section from the IRP filing requirements because it is outside the scope of an IRP that is focused on incremental generation investments. The DGP does not model future distribution investments in the same way as an IRP.

XXIII. EGLE Advisory Opinion (Pg. 32)

- Redline/Change: c) Analyze all portfolios to identify and quantitatively assess the potential impacts to environmental justice communities. The utility will perform an Environmental Justice Screening using the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen). This includes a comparative analysis of at least two environmental justice community composite scores within a 3-mile radius of each facility for all facilities including peaking units. Utilities are encouraged to use the MiEJScreen Tool to the extent practical. This assessment should address air emissions and/or conversion of early retirement of fossil fuel-fired facilities.

  - Recommendation: Add "If the EPA EJSCREEN is used, since no composite score is currently available in the tool, the utility shall develop a composite score using MiEJScreen composite score formula." Or strike section and change to "This includes a comparative analysis of the PCA and other portfolios on environmental justice communities within a 3-mile radius of each facility for all facilities including peaking units."
  - Rationale: Provides clarity if the EPA EJSCREEN is used since there is no composite score available for that tool.

Exhibit and Workpapers (Pg. 35)

- Redline/Change: Include a chart that compares the total projected carbon emissions under each required scenario and sensitivity and any pertinent utility proposed scenarios analyzed, including quantifying the carbon emissions projected in each sensitivity as a percentage of the carbon emissions presented in the base scenario associated with that sensitivity. The utility shall identify and justify which of the carbon accounting methodologies it used for all scenarios and sensitivities. The methodology should be one identified in Electric Power Research Institute, Methods to account for Greenhouse Gas Emissions Embedded in Wholesale Power Purchases or other Commission approved methodology
  - Recommendation: Change to "Include a chart that compares the total projected carbon emissions under each required scenario analyzed to the relevant sensitivities and build plans under that scenario."

    Rationale: This data is available in the provided workpapers, but it is not in the format specified. This requirement is specifying a certain way to present outputs for all sensitivities as a ratio of the base scenario. This would require additional formatting to data on sensitivities that are not truly being considered

Michigan Integrated Resource Planning Parameters

VII. Modeling Scenarios, Sensitivities and Assumptions (Pg. 44)

- Redline/Change: EWR should be based on an incremental energy savings of 2% of the retail electric sales in megawatt hours in the proceeding year, with an average life of at least 8 years for energy was reduction measures.
  - Recommendation: Reword to "The EWR maximum achievable savings opportunity will be established in a potential study by the Michigan state-wide or utility territory specific achievable potential with an average life of at least 8 years for EWR measures. In the case that there is enough achievable savings potential, the EWR savings goal will be 2% of total retail electricity sales in megawatt hours in the preceding year; in which a scenario to model 2% savings will be created. If there is not enough achievable savings potential to reach 2% of total retail electricity sales in megawatt hours in the preceding year, the maximal achievable potential found within in the study will be modeled. The minimal energy savings should not be less than 1.5% of total retail electricity sales in megawatt hours in the preceding year. All scenarios will have an average life of at least 8 years for EWR measures."
  - Rationale: It is unclear what the intent of the requirement is as currently stated. The energy efficiency assumptions are determined through the EWR Potential Study. It is possible that the study may not support an incremental energy efficiency savings of 2% over the study period, so clarity should be provided.

VII. Modeling Scenarios, Sensitivities and Assumptions (Pg. 48)

- Redline/Change: Market energy transactions are modeled at a carbon intensity consistent with the relevant RTO system average. MISO expected system averages are identified in Future 3.
  - Recommendation: Align requirement with the IRP filing requirements section XXII Environmental Considerations and Environmental Justice and XXIV Exhibits and Workpapers
  - Rationale: Currently there is misalignment with the MIRPP and the IRP filing requirements on this topic resulting in conflicting requirements. DTE suggests aligning the MIRPP requirement with the IRP filing requirement. To ensure this requirement is met accurately, clarity needs to be provided.

VII. Modeling Scenarios, Sensitivities and Assumptions (Pg. 51)

- Redline/Change: Model an unexpected 20% reduction in ability to source renewable resources in the first 6 years of the plan.

- Recommendation: Reword to: "Model an unexpected 20% reduction from the utility's base assumption of annual renewable build constraints, to represent an inability to source renewable resources in the first 6 years of the plan."
- Rationale: Provides clarity on how utilities will comply with this requirement.

VII. Modeling Scenarios, Sensitivities and Assumptions (Pg. 51-52)

- Redline/Change: Model a federal policy incentivizing a high investment in "hydrogen", "off-shore wind" and "nuclear"…
    - Recommendation: Remove sensitivities 5-7.
    - Rationale: There are existing federal incentives offered through the Inflation Reduction Act providing tax credits for these resources. If the intent is to increase them from what is already available, please specify and provide guidance on what those increases should be.

Clean Energy Plan Straw Proposal

Definitions (Pg. 3)

- Redline/Change: Environmental Justice Communities – Refers to overburdened, vulnerable, underserved or historically disadvantaged communities that are identified in accordance with metrics and percentiles as recommended by the specific environmental justice screening tool used IT is preferred that utilities use MiEJScreen tool to the extent practicable.
    - Recommendation: Align the CEP definition to the definition used in the IRP Filing Requirements for Environmental Justice Communities OR strike definition since it is not referred to in the CEP
    - Rationale: The definitions for environmental justice communities should align in both documents to remain consistent for planning processes and limit confusion as the CEP is now part of the IRP filing.

Definitions (Pg. 3)

- Redline/Change: Definition section
    - Recommendation: Consider streamlining the definitions section to only include definitions for words included in the CEP.
    - Rationale: Removing definitions for words that are not referenced in the CEP (i.e., DERs, Non-Wires Alternatives) will reduce confusion in future revisions of the definitions.

Clean Energy Plan Straw Proposal

- Recommendation: DTE proposes that the MPSC update the MIREC application so that the MWhs of generating assets that meet the criteria of "Clean Energy" as defined in PA 235 of the Michigan Clean Energy and Jobs Act can be loaded into the application, validated, and tracked as a Clean Energy Credit, just as wind and solar assets are today for RECs. DTE recommends that the Clean Energy Credits be assigned a 5-year shelf life.
- Rationale: See Section X of the IRP filing requirements redlines recommendations above for rationale

Appendix

MI Clean Energy Portfolio Tracking Proposal

Background

As part of the Michigan Clean Energy and Jobs Act, the Michigan Legislature passed a series of bills that contain several initiatives aimed at reducing greenhouse gas emissions. Public Act 235 of 2023 (PA 235) establishes a "Clean Energy Standard" for electric providers of 80% by 2035 and 100% by 2040. The Bill also expands Michigan's Renewable Portfolio Standard (RPS) to the following:

- 15% through 2029
- 50% from 2030 through 2034
- 60% by 2035 and beyond

The Bill defines the term "Clean Energy" and lists the attributes of facilities that qualify as a "Clean Energy System". For example, a nuclear plant would be considered a clean source as well as a combined cycle gas turbine with carbon capture and storage as long as it is 90% effective in capturing and permanently storing carbon dioxide.

How will this legislation impact electricity providers?

Regulatory implementation is underway at the MPSC, including updating rules and requirements for compliance with the new law, as well as determining methodologies for tracking.

DTE anticipates that with the addition of the new Clean Energy Standards (CES), the Michigan Public Service Commission (MPSC) will direct utilities to follow a sales-based tracking approach for CES compliance (analogous to the Renewable Energy Standard tracking methodology). If that is the case, electricity providers will be required to track the megawatt hours (MWh) generated from a broader set of clean energy resource types in addition to just wind and solar. As a result, a tracking and reporting system will be required to determine if electricity providers are in compliance with the CES. Additionally, the clean energy generated by electric providers will need to be validated through an independent auditor to substantiate clean energy claims and transactions.

How can this issue be addressed?

The existing Michigan Renewable Energy Certification System (MIRECS) could be expanded to include all clean energy resource types. Renewable Energy Credits (REC) would still be applied towards all qualifying renewable resources, while Clean Energy Credits (CEC) could be applied towards those resources that meet the "Clean Energy" criteria as defined by PA 235. The CECs would be assigned a 5-year shelf life during which time the electricity provider would be able to apply towards its “Clean Energy Portfolio” (as is the case with RECs). This approach would allow the electric providers and regulators to track the megawatt hours generated by each clean energy source. The benefits to expanding the current system include:

- Leverages existing system and process for tracking
- Continuity with existing web-based system and interface
- Retains the system’s ability to transfer credits with other registries
- 5-year shelf life provides for continued year-to-year operational and market flexibility

Rationale

Annual flexibility in meeting the CES standard is critical given variances in annual generation that may be driven by planned or forced outages, varying market demand, annual weather patterns impacting renewable generation output, and timing of project in-service dates. These impacts may cause year-to-year variance in utilities’ ability to meet the CES standard by up to ~10%

- Wind generation may vary from year-to-year due to annual weather patterns impacting CES standard compliance by 4%
- Solar generation may vary from year-to-year due to annual weather patterns impacting CES standard compliance by 3%
- Nuclear generation drops by ~15% during outage years, impacting CES standard compliance by 2%.
- CCGT/w CCS generation drops by ~10% during outage years, impacting CES standard compliance by ~2%

Recommendation

DTE recommends that the MPSC update the MIREC application so that the MWhs of generating assets that meet the criteria of “Clean Energy” as defined in PA 235 of the Michigan Clean Energy and Jobs Act can be loaded into the application, validated, and tracked just as wind and solar assets are today. DTE also recommends that the MWhs generated by a clean energy resource are assigned a 5-year shelf life.

Having a credit system will help manage year-to-year variance to maintain CES compliance.

Proposed Language

General

1) Clean Energy Credits (CEC) shall be established for each megawatt hour (MWh) generated by all projects that qualify as a clean energy system pursuant to Public Act 235
2) Clean energy credits may be traded, sold, or otherwise transferred
3) A clean energy credit purchased from a clean energy system in this state is not required to be used in this state
4) A clean energy credit expires at the earliest of the following times:
    a. When used by an electric provider to comply with its clean energy standard
    b. When substituted for an energy waste reduction credit under section 77 of PA 295
    c. Five years after the end of the month in which the clean energy credit was generated

Commission Responsibilities:

1) The Commission shall establish a clean energy credit certification within the existing Michigan Renewable Energy Certification Systems (MIRECS)
2) The Commission shall establish a new generating project type within MIRECS for the purpose of registering clean energy systems pursuant to Public Act 235
3) Establish a process to certify clean energy systems
4) Establish a process for verifying that the operator of a clean energy system is in compliance with state and federal law applicable to the operation of the clean energy system when certification is granted. If a clean energy system becomes noncompliant with state or federal, clean energy credits shall not be granted for clean energy generated by that clean energy system during the period of noncompliance
5) A method for determining the date on which a clean energy credit is generated and valid for transfer
6) A method for transferring clean energy credits
7) A method for ensuring that each clean energy credit transferred is properly accounted for

8) If the system is established by the Commission, allowance for issuance, transfer, and use of clean energy credits in electronic form

Electric Provider Responsibilities:

1) An electric provider is responsible for demonstrating that a clean energy credit used to comply with a clean energy credit standard is derived from a clean energy source and that the electric provider has not previously used or traded, sold, or otherwise transferred the clean energy credit

2) The same clean energy credit may be used by an electric provider to comply with both a federal standard for clean energy and the clean energy standard under this Public Act 235. An electric provider that uses a clean energy credit to comply with another state's standard for clean energy shall not use the same clean energy credit to comply with the clean energy credit standard under this Public Act 235

3) The utility shall be responsible for registering each clean energy project into MIRECs and submitting any required documentation and/or affidavits proving eligibility using the document/attestation upload screen

CLEAN GRID ALLIANCE

Clean Grid Alliance feedback on the draft Integrated Resource Plan Filing Requirements and Planning Parameters and draft Clean Energy Plan Filing Requirements

Introduction

In September of 2024, the Michigan Public Service Commission Staff ("Staff") published draft revisions to the state's Integrated Resource Plan ("IRP") Filing Requirements and Integrated Resource Planning Parameters ("IRPP") and a draft of proposed Filing Requirements for utility Clean Energy Plans ("CEP"), per the requirements of 2023 P.A. 231 and 2023 P.A. 235. Staff requested written feedback on the proposed updates to the IRP Filing Requirements, IRPP, and CEP Filing Requirements. Clean Grid Alliance ("CGA") appreciates Staff's thorough work on these drafts and Staff's commitment to stakeholder engagement and welcomes the opportunity to submit the following feedback.

Draft IRP Filing Requirements

Approval of Costs

The Draft Filing Requirements directly address approval of costs for new supply-side resources (inclusive of thermal generators, renewables, and energy storage) that are planned to commence within three years from the date of IRP approval, proposing that evidence be provided for a range of factors related to project costs and project performance (see pp. 8-11). CGA recommends the Filing Requirements specify acceptable sources from which these projections must be based, such as EPRI, the National Renewable

Energy Laboratory ("NREL") or other national labs, the U.S. Energy Information Administration ("EIA"), Lazard and Roland Berger, and/or other subject matter experts ("SMEs").

IRP Filing, Data, and Documentation

- Regarding Section VIII, "Renewables and Renewable Portfolio Standard Goals", CGA recommends replacing the word "goals" (pertinent to the section title and item (d)) with "requirements", given the Michigan Renewable Portfolio Standard ("RPS") <u>requires</u> utility resource portfolios to meet certain renewable percentages over a specific time horizon.
- Regarding Section IX, "Energy Storage Target," CGA recommends Staff specify acceptable sources to be consulted in estimating capacity and energy outputs of storage resources and project costs (such as the SMEs noted in the previous section). Additionally, item (h) requires a utility to describe how its plan to meet the energy storage target was developed. Staff should require utilities to justify the modeling and analytical approaches taken and to disclose what sources resulting data were based on.
- Regarding Section X on suggested additional elements, Staff propose "a detailed resource plan that clearly illustrates how the utility has aligned its IRP with its CEP," in part via identification of key assumptions and risks related to the proposed plan. CGA recommends that the federal clean energy funding landscape, RTO/ISO interconnection reforms, and changes to state and/or federal permitting processes be specifically addressed under (b) 4 and/or (b) 5, among other key assumptions and risks the utility may wish to discuss.

Draft IRP Planning Parameters

Modeling Scenarios, Sensitivities, and Assumptions

The Draft IRPP appears to require two modeling scenarios; however, of the two included scenarios ("Scenario 1" and "Scenario 2"), one is required while the other is optional "if the utility replaces it with a similarly conservative scenario". CGA has a few concerns with this section.

- As written, it is unclear from the draft how many scenarios are ultimately required.
- The draft underemphasizes that Scenario 2 is the required scenario.
- More critically, allowing utilities to develop an alternate scenario without clearly-defined parameters could result in a utility modeling a scenario that is difficult to compare to the required scenario and/or that insufficiently addresses parameters currently included in both Scenarios 1 and 2 (e.g., the results of the Statewide Electrification Program; the utility's REP, CEP, and energy storage target; and generation retirements across MISO over the planning period).

Assuming two scenarios *are* required, CGA recommends Staff:

- Emphasize in the section introduction that Scenario 2 is required.
- Remove the option to replace Scenario 1 with a "similarly conservative scenario."
- Alternatively, provide further guidance to utilities by defining what is meant by a "similarly conservative" scenario.

Resource modeling, per Scenarios 1 and 2

- Scenario 1 requires that costs for thermal and wind resources "track with mid-range industry expectations". As noted above, CGA recommends the IRPP specify which reputable sources utilities must rely on when making cost and performance projections.

- Scenarios 1 and 2 recommend “best practice methodologies” for modeling energy storage resources. However, CGA urges Staff to provide further direction by specifying an appropriate methodology or by specifying certain best practices in the Planning Parameters themselves.

Draft Clean Energy Plan Filing Requirements

Given extensive discussion related to the interaction of a utility’s REP versus CEP during Staff’s public presentation of the draft CEP on October 17, 2024, CGA recommends the CEP Filing Requirements for both rate-regulated and non-rate-regulated utilities clarify the relationship between the two plans.[1] Importantly and to eliminate confusion, the CEP Filing Requirements for both utility types should note which clean energy resources, as defined by Michigan Public Act 235, would *not* be applicable to a utility’s REP under the law.

Draft CEP Filing Requirements for Rate-Regulated Electric Utilities

Section III, “Renewables and Renewable Portfolio Standard Goals”

- As with the draft IRP Filing Requirements, CGA recommends replacing the word “goals” in this section heading with “requirements”, given the Michigan RPS requires utility resource portfolios to meet specified renewable percentages over a specific time horizon.
- Staff should also consider requiring a utility to discuss key differences between the REP and CEP under this section.

[1] Non-rate-regulated utilities are municipalities, electric cooperatives, and alternative energy suppliers.

Section IV, "Proposed Resource Plan"

The equivalent item in the draft Filing Requirements for Municipalities, Electric Cooperatives, and Alternative Energy Suppliers includes the word "clean" in the section heading but is otherwise identical to this section (see Section V of that document, "Proposed **Clean** Resource Plan"). CGA recommends adding the word "clean" to this section heading, so that both are identical and clearly reference the utility's clean resources.

Section X, "The utility shall develop an implementation plan that specifies the major tasks, schedules, and milestones …"

- CGA recommends Staff require a utility to note the anticipated schedule for which RFPs and Certificates of Public Convenience and Necessity ("CPCNs") will be issued for the three years immediately following the submission of the CEP.

Draft CEP Filing Requirements for Municipalities, Electric Cooperatives, and Alternative Energy Suppliers

Section III, "Renewables and Renewable Portfolio Standard Goals"

- As with the draft IRP Filing Requirements, CGA recommends replacing the word "goals" in this section heading with "requirements", given the Michigan RPS requires utility resource portfolios to meet specified renewable percentages over a specific time horizon.
- Staff should also consider requiring a utility to discuss key differences between the REP and CEP under this section.

Section IV, "Peak Demand and Energy Forecasts"

The draft Filing Requirements ask municipalities, electric cooperatives, and alternative energy supplies to provide peak demand and energy forecasts. Given these entities do not already file IRPs with the Commission, CGA suggests the following parameters for certain items under subsection (b):

i. *Key variables used to develop forecast:* Utilities should be directed to expressly address state and federal policy and regulatory variables, state and federal funding potential, market trends, and/or other key variables important to Staff.

ii. *Long-term forecast methodology:* Utilities should be directed to utilize data from the national labs, EPRI, the EIA, Lazard and Roland Berger, and/or other reputable sources.

iii. *Forecasting uncertainty and risks:* Utilities should be directed to base uncertainty and risk assessments on key market, policy, and regulatory trends; RTO/ISO interconnection reforms; and changes to state and/or federal permitting processes.

Section VIII, "The utility shall develop an implementation plan that specifies the major tasks, schedules, and milestones …"

- As above, CGA recommends the utility be required to note the anticipated schedule for which RFPs and Certificates of Public Convenience and Necessity ("CPCNs") will be issued for the three years immediately following the submission of the CEP.

MICHIGAN BUILDING AND CONSTRUCTION TRADES COUNCIL

Detroit Office
1640 Porter Street • Detroit, MI 48216
Telephone (313) 965-5080 • Fax (313) 965-3232

Patrick J. Devlin
Financial Secretary Treasurer

Steve Claywell
President

October 31, 2024

Attn: Amelia Arnold
Department of Licensing and Regulatory Affairs
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

VIA ELECTRONIC SUBMISSION ONLY: arnolda11@michigan.gov

RE: Case No. U-21570, Comments on Implementing IRP Related Provisions in the 2023 Clean Energy Laws

Dear Ms. Arnold:

The Michigan Building and Construction Trades Council represents 130,000 of skilled trades workers in Michigan who are responsible for building and maintaining all types of power plants throughout Michigan. We are committed to the development of renewable energy and energy storage projects in our state, and equally to ensuring that those projects are developed with the highest safety, quality, and labor standards. We appreciate the opportunity to submit comments regarding the Michigan Public Service Commission's (Commission) Draft Revised Integrated Resource Plan Filing Requirements dated September 30, 2024 (Draft).[1]

We urge the Commission to amend the Draft to include disclosure of how new or rehabilitated existing generation capacity included in integrated resource plan filings meet the labor standards required in Public Act 231 and explain how each rate-regulated utility has met the labor standards for energy waste reduction programs specified in Public Act 229.

Section 6t of Public Act 231 defines updated filing requirements for integrated resource plans (IRPs). Fundamentally, it requires rate-regulated utilities to explain in their IRPs how they will meet projected demand for electricity while complying with the state's renewable energy goals. However, section 6t(8) also defines criteria for the Commission's consideration and approval of IRPs, including that new generation capacity or rehabilitated existing capacity is constructed and maintained pursuant to high road labor standards. Specifically, section 6t(8)(c) states that:

> The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the

[1] Available here: https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/IRP-Filing-Requirements-Draft.pdf?rev=0d5b292cf86b4396975c653b66f214a4&hash=9530D9DD36BD5D44D50268FC6A9A888B

> maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed.

To comply with Public Act 231, the Commission must require that the rate-regulated utilities disclose in their IRP filings whether and how new and rehabilitated existing capacity resources relied on in their IRPs meet these high road labor standards. Without this information, the Commission cannot determine whether these labor standards have been met when considering and approving IRPs, as required by the Act.[2] Therefore, we urge the Commission to amend its Draft to incorporate these disclosure requirements in its revised IRP filing requirements.

In addition, the Commission requires rate-regulated utilities to analyze their energy waste reduction (EWR) programs in their IRPs,[3] including EWR program costs.[4] Public Act 229 contains labor standards for the EWR programs of utilities serving more than 50,000 customers, including:

> invest[ing] in hiring and developing a diverse energy waste reduction workforce and contractors capable of delivering energy waste reduction measures such as building envelopes, heat pumps, health and safety measures, and other advanced efficiency and related measures. ...Workforce and contractor development efforts shall focus on hiring and developing, for work in energy waste reduction and related careers, workers in or from low-income and environmental justice communities and workers formerly employed in transition-impacted industries such as fossil fuel energy workers who have employment tied to generation, transportation, and refinement, internal combustion engine vehicle workers, workers in the supply chain for internal combustion engines vehicles, and workers in the building and trades as well as any other affected workers. The development efforts shall follow generally recognized best practices, including apprenticeship programs registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c.[5]

---

[2] *See* Public Act 231, Section 6t(8) ("The commission shall approve the integrated resource plan under subsection (7) *if the commission determines all of the following*: ...(c) The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed") (emphasis added).

[3] *See, e.g.,* Michigan Integrated Resource Planning Parameters - Draft, p. 2 (IRP modeling "scenario will ensure that Michigan's electric utilities will consider a wide variety of resources such as renewable energy, demand response (DR), *energy waste reduction (EWR)*, storage, distributed generation technologies, voltage support solutions, and transmission and nontransmission alternatives, in addition to traditional and clean energy system fossil-fueled generation alternatives for the future") (emphasis added) (avail. at https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/MIRPP-Draft.pdf?rev=c82fc832d4c44f0997092803a7f86864&hash=55ABCC1BE6833377EEE0095206AB1096).

[4] *Id.*, p. 53.

[5] Public Act 228, sec. 80a.

Public Act 229 further requires annual reports to the Commission on covered utilities' workforce and contractor development efforts described above.[6] The Commission should amend its Draft to require disclosure of the utilities' compliance with the EWR labor standards of Public Act 229 in their IRPs as well.[7]

We welcome the opportunity to further discuss our comments and recommendations. If you have any questions or wish to discuss our recommendations, I can be reached at tapnilved@yahoo.com. Thank you for your consideration.

Respectfully submitted,

Patrick Devlin
Financial Secretary-Treasurer
Michigan Building & Construction Trades

[6] *Id.*, sec. 80a(3).

[7] We note that the Commission has opened a docket to determine how to implement Public Act 229, but has not yet made a final determination or required annual filings. https://www.michigan.gov/mpsc/commission/workgroups/2023-energy-legislation/energy-waste-reduction-standards-and-plans

October 29, 2024

Attn: Amelia Arnold
Department of Licensing and Regulatory Affairs
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

VIA ELECTRONIC SUBMISSION ONLY: arnolda11@michigan.gov

RE: Case No. U-21570, Comments on Implementing IRP Related Provisions in the 2023 Clean Energy Laws

Dear Ms. Arnold:

The Michigan Regional Council of Carpenters and Millwrights represents 14,000 carpenters, millwrights, floor layers, and solar installers in Michigan who are responsible for building critical infrastructure, energy production facilities, manufacturing, and more throughout the state. We are committed to the development of renewable energy and energy storage projects in our state and equally to ensuring that those projects are developed with the highest safety, quality, and labor standards. We appreciate the opportunity to submit comments regarding the Michigan Public Service Commission's (Commission) Draft Revised Integrated Resource Plan Filing Requirements dated September 30, 2024 (Draft).[1]

We urge the Commission to amend the Draft to include disclosure of how new or rehabilitated existing generation capacity included in integrated resource plan filings meet the labor standards required in Public Act 231 and explain how each rate-regulated utility has met the labor standards for energy waste reduction programs specified in Public Act 229.

Section 6t of Public Act 231 defines updated filing requirements for integrated resource plans (IRPs). Fundamentally, it requires rate-regulated utilities to explain in their IRPs how they will meet the projected demand for electricity while complying with the state's renewable energy goals. However, section 6t(8) also defines criteria for the Commission's consideration and approval of IRPs, including that new generation capacity or rehabilitated existing capacity is constructed and maintained pursuant to high road labor standards. Specifically, section 6t(8)(c) states that:

> The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the

[1] Available here: https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/IRP-Filing-Requirements-Draft.pdf?rev=0d5b292cf86b4396975c653b66f214a4&hash=9530D9DD36BD5D44D50268FC6A9A888B

11687 American Ave.
Detroit, MI 48204
Phone: (313)-832-3887
Fax: (313)-832-1578

23401 Mound Road, Ste. 101
Warren, MI 48091
Phone: (313)-832-3887
Fax: (586)-759-5982

888-HAMMER-9
www.hammer9.com

> wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed.

To comply with Public Act 231, the Commission must require that the rate-regulated utilities disclose in their IRP filings whether and how new and rehabilitated existing capacity resources relied on in their IRPs meet these high road labor standards. Without this information, the Commission cannot determine whether these labor standards have been met when considering and approving IRPs, as required by the Act.[2] Therefore, we urge the Commission to amend its Draft to incorporate these disclosure requirements in its revised IRP filing requirements.

In addition, the Commission requires rate-regulated utilities to analyze their energy waste reduction (EWR) programs in their IRPs,[3] including EWR program costs.[4] Public Act 229 contains labor standards for the EWR programs of utilities serving more than 50,000 customers, including:

> invest[ing] in hiring and developing a diverse energy waste reduction workforce and contractors capable of delivering energy waste reduction measures such as building envelopes, heat pumps, health and safety measures, and other advanced efficiency and related measures. …Workforce and contractor development efforts shall focus on hiring and developing, for work in energy waste reduction and related careers, workers in or from low-income and environmental justice communities and workers formerly employed in transition-impacted industries such as fossil fuel energy workers who have employment tied to generation, transportation, and refinement, internal combustion engine vehicle workers, workers in the supply chain for internal combustion engines vehicles, and workers in the building and trades as well as any other affected workers. The development efforts shall follow generally recognized best practices, including apprenticeship programs registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c.[5]

---

[2] *See* Public Act 231, Section 6t(8) ("The commission shall approve the integrated resource plan under subsection (7) *if the commission determines all of the following*: …(c) The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed") (emphasis added).

[3] *See, e.g.,* MIchigan Integrated Resource Planning Parameters - Draft, p. 2 (IRP modeling "scenario will ensure that Michigan's electric utilities will consider a wide variety of resources such as renewable energy, demand response (DR), *energy waste reduction (EWR*), storage, distributed generation technologies, voltage support solutions, and transmission and nontransmission alternatives, in addition to traditional and clean energy system fossil-fueled generation alternatives for the future") (emphasis added) (avail. at https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/MIRPP-Draft.pdf?rev=c82fc832d4c44f0997092803a7f86864&hash=55ABCC1BE6833377EEE0095206AB1096).

[4] *Id.*, p. 53.

[5] Public Act 228, sec. 80a.

Public Act 229 further requires annual reports to the Commission on covered utilities' workforce and contractor development efforts described above.[6] The Commission should amend its Draft to require disclosure of the utilities' compliance with the EWR labor standards of Public Act 229 in their IRPs as well.[7]

We welcome the opportunity to discuss our comments and recommendations further. If you have any questions or wish to discuss our recommendations, you can reach our Political and Legislative Director, Eli Isaguirre, at eli.isaguirre@hammer9.com. Thank you for your consideration.

Respectfully submitted,

Mike Barnwell
President

---

[6] *Id.*, sec. 80a(3).

[7] We note that the Commission has opened a docket to determine how to implement Public Act 229, but has not yet made a final determination or required annual filings. https://www.michigan.gov/mpsc/commission/workgroups/2023-energy-legislation/energy-waste-reduction-standards-and-plans

11/7/2024

VIA E-MAIL at arnolda11@michigan.gov

RE: Consumers Energy Comments on Staff's September 30, 2024 IRP/MIRPP Filing Requirements Redline and Clean Energy Plan Filing Requirements Straw Proposal

Dear Ms. Arnold:

Consumers Energy Company appreciates Staff's efforts to develop a proposed redline of IRP/MIRPP Filing Requirement and a straw proposal for Clean Energy Plan Filing Requirements. The Company thanks Staff for hosting a public meeting to review and discuss the proposed requirements and for providing an opportunity to submit comments and suggestions. Please find them below:

IRP/MIRPP Filing Requirements Redline

Affordability, Forecasting, and Demand Response

- Filing Requirements, page 27 Section XVIII (h)(2): 5-year projection of utility electric cost by customer class
    - Consumers Energy notes concern with the proposed requirement in subsection XVIII.h.2 to include a 5-year projection of electric cost by customer class, which includes anticipated major investments such as generation resources, distribution plans, major enterprise IT system upgrades, and any other expected costs that will significantly impact rates. Consumers Energy proposes that the 5-year projection be limited to the focus of an integrated resource plan, including major power supply investments related to the utility meeting load obligations and providing generation reliability while complying with state, federal, and environmental regulations. The inclusion of further major enterprise IT system upgrades and distribution plans, beyond costs already included in demand-side resources or the cost estimates for distribution infrastructure required to support major capacity investments, is out of scope for an integrated resource plan and is best handled in other cases.
    - Concerning distribution plans and distribution reliability specifically, the purpose of an IRP is to determine the most reasonable and prudent method of providing *power supply*. While the capabilities of the utility's distribution system may be an appropriate consideration in an IRP, overall distribution planning and the costs of distribution system investments are generally not. Distribution planning is set forth in the utility's EDIIP filings, and cost recovery for distribution investments is considered and determined in rate cases. A utility cannot predict with reasonable certainty the 5-year forward costs of its distribution investments in the context of an IRP filing. Similarly, other future non-power supply costs will not be known with certainty at the time of filing an IRP and

should also not be at issue in the context of considering a utility's IRP. The Commission should not require, as part of IRP filing requirements, 5-year forward rate forecasts which include non-power supply investments which have not yet been approved for cost recovery.

- Filing Requirements, page 28 Section XVIII (h)(3): Customers on assistance programs and projections
  - It is the Company's understanding that Staff is modifying this requirement to the number of customers *eligible* for assistance within the same timeframes included in the current draft.
  - Consumers Energy does not collect or retain any customer income data directly from the customer, rather the Company works with the State on what customers receive assistance from programs. The Company's enhancements to its data collection processes for customers receiving assistance would allow for reporting of customers that received assistance for the past 3 fiscal years. Our customers work with MDHHS agents for income validation to determine eligibility for assistance programs. The Company does not have any valid data aside from public census data to obtain information pertaining to income-related eligibility.

- Filing Requirements, page 28 Section XVIII (h) (4): Provide customer energy burden information and explain how energy burden was calculated
  - To calculate energy burden, customer income data is required. As noted above, the Company does not collect customer income data and cannot calculate energy burden without assumptions.

- Filing Requirements, page 29 Section XX (j): "Distribution costs for the first 5 years of the PCA. This should use cost information for the utility's most recent distribution plan"
  - Similar to Section XVIII (h)(2), these costs should be limited to demand-side resources being included in the PCA or the cost estimates for distribution infrastructure required to support major capacity investments, and it should not be expanded to the entirety of the utility's distribution plan.

Energy Storage

- Filing Requirements, page 11: Approval of Energy Storage costs
  - Energy Storage (a), propose removing "in an IRP filed" to allow utilities to provide energy storage data in other proceedings. While an IRP is one pathway for approval, there are other regulatory mechanisms to have an energy storage system or energy storage contract approved by the Commission.
  - Consumers Energy agrees that a compliance plan demonstrating a utility's plan to meet its share of the statewide energy storage target should remain within the IRP consistent with MCL 460.6t(5)(d).

- Filing Requirements, page 11: Approval of Energy Storage costs
    - Energy Storage (e), Consumers agrees the decommissioning process and costs should be documented in the IRP; however, it proposes this not be included unless a storage asset is to be retired and/or decommissioned during the study period, consistent with other resources included in the utility's plan.
    - Energy Storage (e), Consumers suggests clarifying this item on decommissioning applies to company-owned energy storage assets and not PPAs.

Environmental Justice and EGLE

- Filing Requirements, Page 8: "Environmental Justice Community" definition
    - Consumers Energy recommends setting a specific percentile above which a community is considered an "Environmental Justice Community," as opposed to the currently proposed range of 70-80. For example, the EPA states that an area with a score at or above the 80th percentile in its EJSCREEN tool is a potential candidate for further review as an environmental justice community. A single point will ensure that all stakeholders have a common understanding of what is considered an EJ Community, which will lead to more consistent analyses.
    - Additionally, in the settlement agreement for the Consumers Electric Rate Case, approved by the Commission in Case No. U-21224 ("Settlement Agreement"), the Company agreed to incorporate EJ considerations into distribution planning. For the purpose of that analysis, Environmental Justice communities were defined as census tracts that are above the 80th percentile on the MIEJScreen Overall Score. Thus, we recommend setting a single point at the 80th percentile to be consistent.

- Filing Requirements, Page 15, section I(j): Requirement to provide graphs summarizing pollutant emissions by pollutant type
    - The Company is concerned with the request to provide VOCs data for units it does not own or operate. EPA's eGRID and Flight databases do not contain a generic emission factor for VOCs that can be applied to purchases from MISO or PPAs. Similarly, these tools do not provide facility-specific VOC data. We recommend that the MPSC either remove this requirement entirely or limit it to owned and operated generation sources, excluding MISO and PPAs.

- Filing Requirements, Page 31, section XXIII(a): Scope of portfolio build plans
    - Consumers Energy does not agree with any requirement to perform modeling or make comparisons to the prior proposed course of action optimized through the study period as described in Portfolio 1. Further discussion of this topic is detailed below in Filing Requirements, page 16, section IV (c).

- Filing Requirements, Page 31, section XXIII(b): Requirement to provide facility and unit-level data and total annual fleet data on pollutant emissions
    - Consumers Energy understands from discussions with the MPSC Staff that "facility/unit level data and total annual fleet data" includes only owned generation and PPAs but

does not include MISO purchases. Consumers Energy won't have facility-level data for MISO purchases, as the Company only purchases a generic MWh of power, without knowing the individual type of generation providing that power. This methodology is the appropriate way to analyze the impacts.

- Filing Requirements, Page 32, section XXIII(c): Requirement to quantitatively assess all portfolio impacts on EJ communities
  - Consumers Energy recommends that the rules make clear that this analysis is only required if there is an "environmental justice community" within the 3-mile radius. As the focus is on ensuring the EJ communities are not facing additional impacts, if there are no such communities in this radius, then there is no reason to provide further analysis.

- Filing Requirements, page 33, section XXIII(e): Requirements for air emissions data analysis
  - The language in paragraph XXIII(e)(1) is confusing. It's not obvious what sort of analysis is being asked for. Further discussion is warranted.
  - The third sentence in paragraph XXIII(e)(1) appears to be missing words in the second half of the sentence: "Results, including impacts and associated costs, will be presented for portfolios #2 and #5 (if applicable) in comparison to portfolio #1 Impacts on environmental justice communities section III (within a 3-mile radius)."

- Filing Requirements, page 33, section XXIII(c): Requirement for dispersion modeling in certain circumstances
  - There appears to be a typo in the labelling of the bullet for this section. What is currently labeled as XXIII(c) should be XXIII(f), as there is an existing subsection (c) on the prior page.

- IRP Planning Parameters, page 12: EGLE's State Implementation Plan revisions submitted to EPA
  - The SO2 nonattainment designations should be updated based on the recent proposed EPA actions on St. Clair and Wayne Counties, moving both to SO2 attainment.

Resources and Modeling

- Filing Requirements, page 16, section IV (c): Recommendations for utilities submitting a retirement study to support early resource retirement
  - This section of the filing requirements referenced Appendix G of the MIRPP, however, Consumers Energy notes that there currently is no Appendix G in the MIRPP.
  - Consumers Energy requests the opportunity to provide formal comments once the proposed requirements (intended to be presented in Appendix G) are made available.
  - Consumers Energy strongly disagrees with any requirement to perform modeling or make comparisons to the prior proposed course of action ("PCA"). This is not a possibility under a new set of input assumptions. The Company acknowledges that the current drafts propose that the existing PCA could have expansion units added to meet

new planning reserve margin requirements or other constraints, however, there are a significant number of reasons why this is not value-added analysis.

- **<u>MISO seasonal reserve margin requirements</u>**: Consumers Energy's prior PCA did not include constraints for meeting seasonal reserve margin requirements. As will be evident in its next IRP, the proposed course of action *will be* different now. The suggestion that the 2021 IRP PCA could be "locked in" and have the model select incremental capacity needs is flawed since the portfolio needs are different now, and so the resources included in the existing PCA are no longer the optimal mix. Requiring those units to be locked in with a set of incremental resources is not representative of a meaningful plan which would be proposed – it is not the Company's current Clean Energy Plan, and it is not the Company's next Clean Energy Plan. Consumers Energy would like to understand the information looking to be gained from such a scenario and would propose aligning on an alternative which would meet such goals.
- **<u>Inflation Reduction Act ("IRA") and other new resource cost projections</u>**: Consumers Energy's 2021 IRP PCA represented the best plan for Michigan given underlying assumptions of cost-related data available at the time. Since that filing, the 2022 IRA as well as other significant factors impacting the cost have occurred. Under the proposal to model the 2021 IRP PCA, is the suggestion to model the costs assumed at the time for that fixed resource plan and then model incremental resources needed at costs known at this time? Or is the suggestion to model all the PCA resources at updated costs? It is not clear what comparison is to make under this proposed pieced-together portfolio.
- **<u>2023 Energy Law</u>**: the 2021 IRP PCA did not include optimization to meet more-ambitious renewable portfolio standards ("RPS"), nor contemplate achievement of a new clean energy standard ("CES"). The next IRP PCA will provide a plan to meet those statutory targets. Forcing utilities to lock in the prior PCA and add resources to meet the RPS and CES constraints again makes for a suboptimal plan that would never be proposed and that would potentially add unnecessary resources or resources added at the wrong times.
- **<u>Significant load additions:</u>** Consumers Energy anticipates its next IRP to include higher load than what was included in the 2021 IRP. If the Company were to lock in the 2021 IRP PCA and allow the optimization to add resources to meet the increasing load, this portfolio is unlikely to represent the right timing and types of resources to serve the additional load.

MIRPP

- **<u>Tie to MISO Futures</u>**[1]: When the MIRPP was being developed and when scenarios were finalized in 2022, it was generally agreed that MISO Future 1 would represent current and expected

[1] MISO has published a 2023 update of their Futures scenarios, called Series 1A. Throughout this document, it is assumed that references to "Future 1, Future 2, Future 3" is referring to this updated publication. That is, all references in this document are assumed to mean "Future 1A, Future 2A, Future 3A".

conditions under a business-as-usual scenario. However, Consumers Energy proposes flexibility be added to the modeling parameters and underlying assumptions that does not require using the specific percentages of demand growth or specific retirements contained in any one MISO Future. The MIRPP should describe the "spirit" of a Scenario and allow the utilities to develop and support the underlying assumptions. Consumers Energy suggests that utilities be allowed to select the MISO Future they believe most closely ties to their business-as-usual or conservative outlook. Further, the Company proposes that adjustments be permitted for Future assumptions, with the utility supporting those adjustments.

- Scenario #1
  - **Load Growth**: MISO Future 1 load growth assumes a compound annual growth rate ("CAGR") (on energy) of 0.22%. However, current industry forecasts are projecting much higher growth rates. For example, nationwide 5-year growth was projected at 4.7%,[2] as filed with FERC in 2023. Over a similar 5-year period, the MISO Future 1 CAGR of 0.22% would equal 1.1% in growth, which is meaningfully less than the 4.7% industry forecast. MISO Futures 2 and 3 CAGRs were 0.8% and 1.08% respectively (equating to 4.0% and 5.4%, respectively, over a 5-year period). Allowing utilities to set and support their own load growth assumptions for each scenario would provide flexibility as the industry changes.
    - Alternative proposal: if MPSC Staff strongly prefers specifying a MISO Future to tie to Scenario #1, Consumers Energy believes MISO Future 2 now most closely represents business as usual load growth assumptions.
  - **Unit Retirement Assumptions**: Consumers Energy has found that in some cases, MISO Future 1 units assumed to retire in the near-term time horizon have announced an extension of operations.[3] Given the speed of load growth and uncertainty of thermal unit retirements, Consumers Energy proposes that utilities use the MISO Future retirements provided as a baseline only but have the flexibility to make adjustments (if supported with public announcements and/or utility analysis).
  - **CO_2 emission reductions**: The current MIRPP CO_2 reduction targets are set based on MISO's expansion plan modeling *outcomes* as opposed to the input constraint value. Consumers Energy proposes that the Scenario assumptions for MISO tie to the *input constraint value*. For Scenario #1 (assuming Consumers Energy's proposal that Scenario #1 is based on MISO Future 2 instead of Future 1), utilities would model a minimum decarbonization floor of 60% emission reduction by 2040 (versus 2005 levels).

[2] https://gridstrategiesllc.com/wp-content/uploads/2023/12/National-Load-Growth-Report-2023.pdf
[3] For example, MISO Future 1A retirements includes the retirement of DTE's 785 MW Greenwood plant by 2027, however, in their IRP, DTE made no mention of retirement at Greenwood. Similarly, the Otter Trail Power Company's Coyote plant was assumed for retirement by 2027, however, the company announced a decision to reverse divestment due to the need for generation capacity required for cryptocurrency (https://www.kvrr.com/2023/04/07/otter-tail-power-to-keep-stake-in-north-dakota-coal-plant/ https://www.gem.wiki/Coyote_Station). Lastly, the 1,150 MW Coal Creek site was assumed for retirement by 2027 in the MISO Futures, however, Rainbow Energy purchased the site, invested capital and will continue operations long-term (https://www.power-eng.com/coal/north-dakota-coal-plant-now-fully-circular-owner-says/).

- Scenario #2
    - Scenario #2 contemplates significant load growth due to electrification; however, current industry trends are projecting load increases will be driven by industrial or data center growth and not by significant adoption of heating and industrial process electrification. Consumers Energy acknowledges the current drafts of the MIRPP provide that utilities have the *option* to model Scenario #2 or replace it with a similarly conservative scenario. Consumers Energy strongly supports this flexibility.
        - Consumers Energy will submit comments below on its concerns about the prescriptive nature of using the percentages from the MISO Futures. However, if Scenario #2 continues to have flexibility as currently drafted, many of these comments become moot.
    - **Scenario #2 description**: A minor typo appears on the description of Scenario #2 in that there are parenthesis stating Scenario #2 is "(required)," though the introduction to Section "VII" states Scenario #2 is optional.
    - **Load Growth**: Consumers Energy proposes that utilities have the option to determine and support the drivers and the percentage levels of load growth, independent of the MISO Futures.
        - Specifically, MISO Future 3 load growth is nearly entirely driven by electric vehicle or other electrification. Consumers Energy proposes Scenario #2 reflects higher load growth, but the driver of that load growth is not *required* to be based on any specific thing – the utility must identify and support the load growth driver.
    - **Unit Retirement Assumptions**: Similarly, Consumers Energy proposes that the utility can utilize MISO Futures retirement assumptions as a guideline but may modify, as long as those assumptions are supported by public announcements or the utility's scenario assumptions or analyses.
    - **CO2 emission reduction**: As mentioned in Scenario #1, Consumers Energy proposes that a minimum decarbonization floor in Scenario #2 be based on the input constraint value of 80% from MISO Future 3 (or another utility-supported input constraint).

- Scenario #2 Sensitivities
    - Consumers Energy requests clarification if the sensitivities listed in Scenario #2 are optional as well.
    - **Resource-specific sensitivities proposed**: Consumers Energy requests clarification regarding the proposed sensitivities regarding federal policy incentives for hydrogen, off-shore wind and nuclear.
        - The sensitivities mention federal policy that would "remove barriers." It is not clear what this means and Consumers Energy requests clarification.
        - Consumers Energy assumes these sensitivities require the development of a "prototype resource" that would be *offered* into modeling, for selection. However, it is unclear what is expected if these units are not economically

selected. Is the requirement fulfilled just by the development and offering of that prototype? Or does this sensitivity require *selection* of each of the technologies mentioned?

- **Energy Waste Reduction ("EWR")**: For any specific assumptions regarding EWR and ROA included in load forecast, Consumers Energy recommends that those levels are identified *prior to* load growth resulting from i) electric vehicle load, ii) heating / industrial process electrification, iii) industrial load growth, iv) data center load growth, or v) other significant energy consumption uses unforeseen at this time with limited EWR potential. For example, using illustrative numbers, if baseline sales were 10,000 MWh, with 1,000 MWh of electric vehicle charging load; 500 MWh of heating electrification; and 2,000 MWh of data center load, total sales would equal 13,500 MWh. Consumers Energy proposes that EWR targets are set based on the 10,000 MWh of baseline load (and not based on the 13,500 MWh of total sales). The Company submits that EWR expansion opportunities for EV, electrification, and data center loads may not be feasible. Until such time that we have verifiable opportunities for EWR energy savings related to EV, electrification, and data center loads the associated sales should be excluded from EWR targets. This approach ensures that targets remain grounded in verified potential, aligning with our commitment to measurable and achievable objectives.

Clean Energy Plan Filing Requirements Straw Proposal

- Consumers Energy proposes creating a clean energy credit (CEC) as the standard for tracking clean energy compliance.
- To simplify reporting, the CEC tracking should align with the methodology and tracking system already established for renewable energy credits (RECs): utilizing MiRECs as the tracking system where a clean energy resource is registered and credits retired. This tracking system would allow for banking of CECs, like RECs, and have an agreed upon credit transferability and expiration once the credit is generated. Consumers Energy recommends further collaboration to align on specifics around the CEC to not only ensure compliance with the clean energy plan but to do so in a way that can allow flexibility to drive affordability in the plan.
- The Company would also propose the ability to use RECs and CECs interchangeably, where all RECs can be used to comply with the clean energy standard and CECs produced from a renewable energy resource, as defined by PA 295, may be used for compliance with the renewable energy standard.

Respectfully submitted,

Consumers Energy Company

November 7, 2024

To: Michigan Public Service Commission Staff
Re: MIRPP and Filing Requirements

Dear MPSC Staff:

Thank you for the opportunity to comment on the draft revised versions of the Michigan Integrated Resource Planning Parameters ("Draft MIRPP") and Integrated Resource Plan Filing Requirements ("Draft IRPFR") dated September 30, 2024.[1]

Below is feedback submitted on behalf of the Environmental Law & Policy Center, Ecology Center, Vote Solar, and Union of Concerned Scientists (collectively, the "Clean Energy Organizations" or "CEO"). The CEO are joined in these comments by Soulardarity, Urban Core Collective and We Want Green, Too. We may submit additional material, ideally by November 14, for consideration, particularly on the topics of affordability/energy burden and public health/environmental analyses.

I. Identifying Environmental Justice Communities

A. Staff Should Actually Identify Environmental Justice Communities.

MCL 460.6t(1) requires the Commission to, among other things, "[i]dentify environmental justice communities" in the proceeding that the current stakeholder process is leading to. The Draft IRPFR, however, does not identify environmental justice communities; rather, Staff has proposed a *methodology* for utilities to use to identify environmental justice communities when preparing IRP filings. *See* Draft IRPFR at 8.

We recommend that Staff actually identify environmental justice communities and make the list an appendix to the Draft IRPFR. The list could be an application of what the methodology ends up being, and utilities could be required to run the methodology each time they prepare an IRP and include any proposed additions or subtractions to the list when they file.

B. Methodology for Identifying Environmental Justice Communities

With respect to the threshold composite score, the Draft IRPFR proposes to define "Environmental Justice ("EJ") Communities" as:

> **Environmental Justice (EJ) Communities** – Refers to overburdened, vulnerable, underserved or disadvantaged communities that are identified**, for the purpose of this analysis, by a minimum composite scoring ranging in the 70-80th percentile in either the EPA Environmental Justice Screening and Mapping**

[1] https://www.michigan.gov/mpsc/commission/workgroups/2023-energy-legislation/integrated-resource-planning-process

Tool ("EJSCREEN") or the Michigan Environmental Justice Screening Tool ("MiEJScreen").

Draft IRPFR at 8.

Setting the minimum composite score as a range between 70–80 aligns with prior expert testimony submitted by CEO expert witnesses. *See, e.g.*, Direct Testimony of Dr. Guillermo Pereira in U-21297 at 17 ("I recommend the Company provide an analysis considering vulnerable communities at the 75th percentile of the MiEJScreen tool score.");[2] Direct Testimony of Dr. Kelsey Bilsback in U-21193 at 18 ("I used the metrics at or above the 75th percentile in the state as a starting point for my testimony.").[3]

However, in using only a single composite factor—the MiEJScreen tool score—to identify environmental justice communities, the methodology may miss the opportunity to identify inequities related to sociodemographic characteristics in a given census tract and its residents.[4] The CEO recommend that the Filing Requirements include a secondary "screen" to ensure that disproportionately-burdened communities do not slip through the cracks because of an MiEJScreen score that does not qualify for recognition. Therefore, the methodology should, in addition to considering the MiEJScreen composite score, also include identifying concentrations of, for instance, (1) low-income households and (2) communities of color, in geographical areas relevant to particular utilities. Certain indicators or combinations of indicators could then be included in the methodology such that some areas may be considered "environmental justice" communities even if their composite score is not in the 70–80 range.[5] The CEO suggest a specific workshop on this topic of incorporating socioeconomic indicators beyond the overall composite score so that Staff may receive additional input from stakeholders.

II. The IRP Filing Requirements should better capture affordability impacts

The Draft IRP Filing Requirements instruct utilities to include "a detailed analysis of the affordability of the PCA" including four specific analyses of: (1) the annual electric cost by customer class over the prior ten years, (2) a five year projection of electric cost by customer class, which includes "anticipated major investments," (3) the number of customers on assistance programs in the prior five years, and a projection of customers on assistance programs in the next five years, and (4) how the PCA would impact the amount of customers that spend more than 10% of their income on energy, and the expected average energy burden over the planning period. IRPFR at 28.

The CEO support Staff's inclusion of consideration of "anticipated major investments like generation resources, distribution plans, major enterprise IT system upgrades, any other

[2] https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/0688y0000086pFhAAI
[3] https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/0688y00000789Y1AAI
[4] Direct Testimony of Dr. Guillermo Pereira in U-21297 at 18-19. https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/0688y0000086pFhAAI.
[5] For example, according to one study, "Residents with three or more indicators of energy insecurity had higher odds of respiratory, mental health, and cardiovascular conditions and electric medical device dependence than residents with no indicators." https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2023.01052

expected costs that will significantly impact rates." *Id.* This provision is critical to capturing the drivers of increased rates, particularly distribution system upgrades.

However, the CEO recommend several improvements to the Staff's Draft IRP Filing Requirements on affordability. First, the Draft IRP Filing Requirements set the threshold for analysis of energy burden at 10% of income. However, that is a larger number than what is commonly accepted as the threshold for energy burdened households. The typically cited number is 6%.[6] Even the University of Michigan Report cited by Staff in its presentation describes 6% energy burden as "high" and 10% energy burden as "severe."[7] Staff should adopt the 6% number in the finalized Filing Requirements.

Second, the IRP Filing Requirements should go a step further in its treatment of energy burdens. As currently designed, the Draft IRP Filing Requirements require an analysis of how the PCA "would impact the amount of [] customers that spend more than 10% of their income on energy and what the expected average energy burden is for each plan over the planning period." IRPFR at 28.

Instead, each utility should be required to complete a more detailed analysis which includes: (1) the total number of "energy burdened households" (above 6%), and (2) the average energy burden of its residential customer base overall and subdivided by census block. Then, the utility should be required to calculate the "affordability gap." The "affordability gap" is the total amount of rate impacts above 6% paid by all customers. For example, using this methodology in the 2023 DTE IRP, CEO Witness Boris Lukanov calculated an affordability gap of $800 million, $650 million of which could be attributed to low- and moderate-income customers.[8] Finally, each utility should explain in its filing, the impact of its plan on energy burdens and the affordability gap over time. Ultimately, the Commission should require each utility to explain how its plan and the actions it proposes to take will *reduce* the affordability gap over time. In many cases, reducing the affordability gap comes through introducing sustainable interventions like community solar, demand response, and energy efficiency which systemically reduce bills rather than providing temporary bill assistance. Staff can look to the testimony of Boris Lukanov on behalf of the CEO in the 2023 DTE IRP, U-21193, as a model for the type of analysis to be conducted.[9]

III. The IRP Filing Requirements should use the CEO's public health analysis from the 2023 DTE IRP as an example of how the utility should conduct its analysis

In the 2023 DTE IRP, Case U-21193, Dr. Kelsey Bilsback on behalf of the CEO modeled the public health costs of the emissions from DTE's coal plants, including alternate proposed retirement dates.[10] Dr. Bilsback used two screening tools to assemble her analysis both the

[6] Direct Testimony of Boris Lukanov in U-21193 at 4. https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/0688y00000789BlAAI
[7] https://energyequityproject.com/wp-content/uploads/2022/08/220174_EEP_Report_8302022.pdf
[8] *Id.* at 3
[9] *Id.*
[10] Direct Testimony of Dr. Kelsey Bilsback in U-21193. https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/0688y00000789Y1AAI

COBRA tool outlined in the filing requirements, IRPFR at 33, but also the InMAP tool. Dr. Bilsback used both because the combination of models "provide a more complete picture of the magnitude and distribution of the health impacts."[11]

As currently drafted, the IRP Filing Requirements require use of either the COBRA tool or the BenMAP tool, not both. IRPFR at 33. A combination of the two tools will provide a more complete picture of the health impacts of different PCAs and generation resources. Again, the CEO point towards Dr. Bilsback's testimony as the model for how the filing requirements around public health should be designed.[12]

IV. The IRP Filing Requirements should require analyses of grid enhancing technologies and reconductoring with advanced conductors as transmission solutions.

MCL 460.6t(5)(g) requires utilities to conduct "[a]n analysis of potential new or upgraded electric transmission options for the electric utility." Pursuant to this suggestion, the draft filing guidelines direct the utility to "work with their local transmission owner to include an analysis of potential new or upgraded electric transmission options for the utility." Draft IRPFR at 22-23. The Draft IRPFR specify the contents of that analysis, including "an analysis of any co-benefits of storage." *Id*.

Grid Enhancing Technologies

We recommend adding a specific requirement that utilities analyze grid enhancing technologies ("GETs") as transmission solutions. GETs are hardware and software solutions that increase the efficiency and capacity of existing transmission infrastructure. The three most commonly discussed GETs today are dynamic line ratings, advanced power flow controllers, and topology optimization. These technologies are typically cheaper and faster to deploy than new or rebuilt transmission lines, making them an effective solution to near-term transmission bottlenecks. For example, one utility in Pennsylvania deployed dynamic line ratings to reduce the costs of a transmission project from $50 million to $250,000 while reducing annual congestion costs by $23 million.[13] GETs can also enable broader integration of renewable resources.[14] At a minimum, the transmission analysis conducted as part of an IRP should identify points on the transmission system where GETs deployments could reduce congestion and enable more efficient use of generation resources.

---

[11] *Id.* at 7.
[12] The CEO may provide more detailed comments regarding public health at a later date.
[13] David Quier, *DLR From the Utility Perspective*, PPL Electric, at 3 (2023), https://www.mass.gov/doc/ma-eoeea-pop-up-forum-on-grid-enhancing-technologies-ppl-electric-utilities-presentation/download.
[14] T. Bruce Tsuchida et al., *Unlocking the Queue with Grid Enhancing Technologies,* The Brattle Group at 12 (Feb. 1, 2021), https://watt-transmission.org/wp-content/uploads/2021/02/Brattle__Unlocking-the-Queue-with-Grid-Enhancing-Technologies__Final-Report_Public-Version.pdf90.pdf.

Reconductoring with Advanced Conductors

We also recommend adding a specific requirement that utilities analyze reconductoring with advanced conductors as a transmission solution. Reconductoring with advanced conductors replaces existing wires that have steel cores with wires using high-performance materials. Conductors relying on a composite core (made up of materials like carbon fiber) have higher operating temperatures and reduced sag as compared to steel-core conductors. Those qualities can enable capacity increases of up to 250% when replacing lines with traditional conductors.[15] The Department of Energy has found that reconductoring with advanced conductors can both decrease costs and decrease deployment time as compared with building new lines.[16] Like GETs, reconductoring with advanced conductors could reduce congestion and enable more efficient use of generation resources.

V. Modeling Scenarios, Sensitivities, and Assumptions

1. On the load forecast items under Scenario #1 and Scenario #2, the draft MIRPP states "Utility electrification programs should be informed by the Statewide Electrification Study. Assumed impacts of electrification on energy and demand forecasts shall be clearly delineated and identified in the utility filing. Utility electrification programs should be informed by the Statewide Electrification Study." MIRRP at 43, 49.

   Comment:
   There may be further clarification needed on this depending on whether the Statewide Electrification Study will be evaluating the flexibility of load growth from electrification programs. If the loads will be modeled as flexible, then there may not need to be further modifications by the utilities to try to capture that flexibility. However, if the loads are not going to be modeled as flexible, then there should be a recommendation that utilities incorporate flexibility for that load growth. It is important to consider the value of making as much of that new load as flexible as possible.

2. On the load forecast items under Scenario #2, the draft MIRPP states "A combination of new customer load and electrification are used to achieve the forecasted energy growth in this scenario." MIRRP at 49.

   Comment:
   It is not clear if there are any expectations on what is driving new customer load for this scenario, but it may be helpful to have language on new customers that are added to the load forecasts, especially for new large load customers. In the event that there are new large load customers, it would be helpful for the utilities to provide data on the anticipated demand, projected ramp rates, anticipated online date, customer sector, and if

[15] Jeff St. John, *New Transmission Tech Can Easily Double Clean Energy Capacity. Will Utilities Buy It?*, Canary Media (Nov. 17, 2021), https://www.canarymedia.com/articles/transmission/new-transmission-tech-can-easily-double-clean-energy-capacity-will-utilities-buy-it

[16] U.S. Dept. of Energy, *Advanced Transmission Technologies*, at 26 (Dec. 2020), https://www.energy.gov/oe/articles/advanced-transmission-technologies-report ("A reconductoring project may cost up to half as much as a new transmission line and can be completed in a significantly shorter amount of time.").

the customers have signed service agreements with the utility. It would also be beneficial to see modeling performed with and without any prospective large load customers (like data centers) to see what resource builds are being driven by the inclusion of that customer in the load forecast.

3. Scenario #2 says "Achieve and maintain energy storage resources necessary to meet the utility's share of the statewide energy storage target. Modeling should be used to verify storage technology selection in the PCA." MIRRP at 50.

   Comment:
   It would be helpful to have further clarification on what is meant by "Modeling should be used to verify storage technology selection in the PCA." Does this mean the utilities will force in the energy storage resources necessary to meet the target and any levels selected above that need to be optimally selected by the model? Or does this mean that the energy storage resources necessary to meet the target need to be evaluated for economic selection within the modeling?

4. On the Scenario #2 Sensitivities, the draft MIRRP says "Fuel cost projections: Increase the natural gas fuel price projections from the base projections to at least the high EIA gas price in the most recent EIA Low Oil and Gas Supply forecast natural gas fuel price projections by the end of the 20-year study period." MIRRP at 51.

   Comment:
   Does this mean that the requirement is only to converge to the 2040 EIA gas price value or should the fuel price forecast modeled mirror the EIA values for each year?

5. On the Scenario #2 sensitivities, the draft MIRRP says "Model an unexpected 20% reduction in ability to source renewable resources in the first 6 years of the plan." MIRRP at 51.

   Comment:
   It would be helpful to have further clarification on what is meant by the reduction and how that will be applied in the modeling. Does this mean that the utility would be required to reduce the builds allowed in the model on a 20% basis (utility modeled 1,000 MW annual solar build, it then needs to be modified down to 800 MW as an annual solar build and the model rerun)? Or does this mean that any renewable resource selected by the model in the first 6 years of the plan need to be reduced by 20% and then the model re-optimizes to fill the potential energy/capacity need created from the 20% reduction? If there is a sensitivity on reducing the ability to source renewable resources, then there should be a corresponding sensitivity to test the ability to source new thermal resources if those are also selected in the modeling.

6. The Scenario #2 sensitivities include three requirements around federal policy related to hydrogen, off-shore wind, and nuclear resources. The draft MIRRP says:

"Model a federal policy incentivizing a high investment in hydrogen future starting in the 5th year of the plan and extending to the last year of the plan. Federal policy would remove barriers and offer the option of a production or investment tax credit equivalent to current tax credits available for renewable energy systems." MIRRP at 51.

"Model a federal policy incentivizing a high investment in off-shore wind starting in the 5th year of the plan and extending to the last year of the plan. Federal policy would remove barriers and continue to offer the option of a production or investment tax credit equivalent to current tax credits available for renewable energy systems." MIRRP at 51-52.

"Model a federal policy incentivizing a high investment in nuclear starting in the 5th year of the plan and extending to the last year of the plan. Federal policy would remove barriers and offer either a production or investment tax credit equivalent to current tax credits available for renewable energy systems." MIRRP at 52.

Comment:
Is it the case that this is designed to create three separate portfolios of resources that include either hydrogen, off-shore wind or nuclear resources and that they would need to be fixed into the model if they are not optimally selected? Or is it the case that the sensitivities are looking to ensure that these resources are at least considered as a supply side resource option with federal policies? Scenario #2 includes language that says "Existing renewable energy production and storage tax credits and renewable energy and storage investment tax credits continue pursuant to current law. Federal policy timing may impact modeling" and "Existing tax credits continue pursuant to current law. Federal policy timing may impact modeling." Based on this language, it should be the case that all three of these technology types are incorporated into the model with tax incentives, since that reflects the current law of the Inflation Reduction Act. If the concern is to ensure that tax incentives are applied through the planning period, the language could require the utilities to model the Investment Tax Credit ("ITC") and the Production Tax Credit ("PTC") for supply side resources until the end of the planning period.

The language around the 5th year of the planning period is concerning, especially for hydrogen and nuclear resources. Is the 5th year requirement intended to mean that resources should be made available as a selectable resource in the 5th year of the planning period? If so, we would recommend removing that language. We have not seen any modeling performed where a nuclear resource, especially for a technology like Small Modular Reactors ("SMRs"), is modeled before 2033, and even the 2033 online date may be optimistic.

7. In the Modeling Input Assumptions and Sources table, for EWR Savings MWhs, it says:
    "Scenario #1 Sensitivities:
    - For savings beyond mandate, incorporate EWR as an optimized generation resource.

    Scenario #2:
    - Ramp up EWR savings at least 2.0% over the course of four years.

- Consider load shape of EWR measures so on-peak capacity reduction associated with EWR can be reflected." MIRRP at 53.

Comment:
Does this mean that for Scenario #1, EWR should be modeled as a supply side selectable resource and for Scenario #2, that EWR should be modeled as a reduction to the load forecast? Or is it the case that any savings beyond the mandate should be modeled as a selectable supply side resource in both scenarios?

VI. Miscellaneous Comments

We suggest that Staff consider adding another scenario with higher load projections based on data center and manufacturing developments. All forecast analysis should be broken out to include these extra-high load factor customers.

To the extent that utilities model carbon capture and sequestration ("CCS") technology, there must be a complete scope of costs required, including not just the capital expense for the equipment but also the parasitic load impact (and corresponding fuel use increase), along with transportation, storage, and injection costs. Utilities should also be required to perform extensive risk analysis on each of these components, including timeline slippages. The same type of timing risk analysis should be completed for other new technologies such as small modular reactors ("SMRs").

Similarly, if utilities consider co-firing hydrogen gas, the same type of analysis should be done that includes the cost of the electrolyzers, storage, any pipeline infrastructure, etc. The cost of co-firing hydrogen gas should include all transmission/storage costs.

Finally, all workpapers should be filed in native, electronic format with all formulas intact. And all PDFs should be digital copies, not scanned from printouts.

* * * *

Thank you for your consideration of these comments.

Sincerely,

Daniel Abrams
Environmental Law & Policy Center
35 E Wacker Drive, Suite 1600
Chicago, IL 60601
dabrams@elpc.org

Indiana Michigan Power
P O Box 60
Fort Wayne, IN 46801
indianamichiganpower.com

November 7, 2024

To: Amelia Arnold, Michigan Public Service Commission

Re: Integrated Resource Plan

Indiana Michigan Power Company (I&M or Company) submits these comments on the Michigan Public Service Commission (MPSC) Staff's October 17, 2024 presentation and the Michigan Integrated Resource Planning Parameters Redline (MIRPP), Staff's Draft Revised Integrated Resource Plan Filing (IRP Filing Requirements) and Clean Energy Plan Straw Proposal.

Introduction

I&M is a multi-jurisdictional public utility that is regulated in the States of Michigan and Indiana. I&M serves approximately 131,000 retail customers in Michigan, located in predominantly rural areas of southwest Michigan. Currently, I&M's Michigan retail customers comprise approximately 15% of the total generation load served by I&M. The remaining customers are wholesale or Indiana retail. Additionally, I&M operates within the PJM Interconnection, L.L.C. (PJM) Regional Transmission Organization (RTO), while most Indiana and Michigan utilities operate in the Midcontinent Independent System Operator, Inc. (MISO) RTO.

Integrated Resource Plan Filing Requirements

The MPSC's February 8, 2024, in Case No. U-21570 tasks the MPSC Staff and interested persons to discuss various topics and update the MIRPP and IRP Filing Requirements within the parameters of Act 231 and 235. In particular, the Commission identifies IRP projected rate and affordability impact for the periods covered by an IRP pursuant to MCL 460.6t(5)(k) and MCL 460.6t(8)(a)(viii) be addressed in the filing requirements. To address the Commission's directive, Staff's Draft Revised IRP Filing Requirements include several new action items related to affordability. Staff supports the added affordability filing requirements as a way to provide a method/way to look at trends, compare utilities, and determine how combined investments in IRP's, distribution plans and other utility investments are impacting customer over all costs and affordability.

The goal of an IRP is to develop a near-term plan and a long-term-indicative plan identifying the amount, timing and type of resources required to supply capacity and energy as part of a utility's obligation to provide safe and reliable power supply to its customers under just and reasonable rates. The IRP process evaluates a utility's future load obligations and resource needs and develops a set of supply- and demand-side resources that guides how a utility generates and supplies electricity in a way that balances, among other considerations, resource diversity, affordability, sustainability, and reliability. An IRP and the resulting proposed course of action (PCA) also aims to comply with all environmental regulations and reliability requirements enforced by various Local, State and Federal organizations. In addition, the IRP and PCA are meant to identify portfolio vulnerabilities to market and regulatory risks and the risks of supply disruptions. Likewise, an IRP provides least cost portfolios developed by resource optimization to reflect a combination of market, regulatory and technology specified conditions. Affordability and least cost are important objectives, and a driver of the optimization routine, which is important to this process. A utility has to balance affordability with other important objectives including considerations for sustainability, market risk minimization, reliability, and resource diversity.

As shown above, affordability is already a core consideration of the IRP process, however the scope of that consideration should remain within the bounds of the resources being evaluated and approved within the IRP itself. In addition, the affordability data contemplated by the draft IRP Filing Requirements includes information related to a utility's IT system upgrades, distribution investments and other expected costs for a projected 5-year period. While some distribution investment data may be related to IRP resource decisions, the majority of the requested information is not relevant. Including this type of information in an IRP contested case filing opens the docket to evolve and expand beyond the purpose of an IRP. An IRP and PCA that identifies a need for new supply-side and demand-side resources must still be acted upon, even in light of costs related to utility investments in other areas of the business such as distribution or information technology. To open up the affordability evaluation beyond that, creates a boundless scope that will significantly complicate and burden the IRP process and lead to protracted litigation of costs, investments, and business plans that are not subject to approval in the IRP and are otherwise subject to change.

Another concern is that portions of the proposed affordability information is customer class specific, historical in nature, outside the purpose of an IRP and may require speculation on the part of a utility to forecast. Requiring data that may not be available consistently across all utilities has the potential to lead to erroneous recommendations and decisions that could negatively impact resource decisions for utility customers. Similar to what the Commission has seen with base rate cases, IRP's will see an extraordinary expansion in size, while parties will have to process the contested case on a statutory timeframe. The continued trend of expanding case record volume and filing requirements will put a strain on the resources of all parties involved, including the Commission and Staff. The Commission is concerned with this same trend being seen in base rate cases and has opened a docket to address these issues[1]. As such, now is the time to determine how to best improve, streamline and simplify the review and approval of a utility's integrated resource plan that represents the most reasonable and prudent means of meeting the electric utility's energy and capacity needs.

I&M addresses the individual filing requirements, including those related to affordability, in additional detail below.

Section: Approval of Costs. EWR. (a)(2). Requirement: Annual capital cost for each individual portfolio of EWR

Response: Add "as applicable" to address utilities that do not capitalize EWR costs.

Section: Approval of Costs. EWR. (b). Requirement: Total demand (MW) and energy (megawatt-hours (MWh)) reduction potential

Response: Please identify MW as coincident peak hour MW reduction specific to the utility or use of MEMD MW reduction.

Section: Approval of Costs. EWR. (c). Requirement: Total resource capacity (MW) and type reported to the applicable regional transmission organization (RTO) or independent system operator (ISO).

Response: Please define. It is not clear how this is applicable to require for EWR. Also, need to recognize that certain utilities, i.e. I&M, does not report EE to RTO. I&M is a Fixed Resource Requirement (FRR) and the Michigan EWR serves to reduce energy requirements and load obligations, it is not bid into PJM as a resource.

Section: Approval of Costs. DR, DER Programs, and other demand-side resources: (a)(2). Requirement: Annual capital cost for each individual program of DR, DER, and demand-side programs.

[1] Case No. U-21637.

Response: Add "as applicable" to address utilities that do not capitalize demand response costs.

Section: Approval of Costs. DR, DER Programs, and other demand-side resources: (b).
Requirement: Total demand reduction potential (MW), including the amount of load reduction and the expected hours of interruption per day, month, and year for each program, if applicable.

Response: Please define "total demand reduction". For example, does it mean an expected sum of item c (max. single event demand reduction) across all DR/DER resource types expected to perform?

Section: Approval of Costs. DR, DER Programs, and other demand-side resources: (c).
Requirement: Maximum single event demand reduction.

Response: This filing requirement does not align with I&M's cost allocation process from PJM, which is top 5 CP hour reductions averaged. Recommend add clarifying language.

Section: Approval of Costs. DR, DER Programs, and other demand-side resources: (e).
Requirement: Total energy reduction achieved (MWh).

Response: I&M recommends clarifying language be added. Example: "Total energy reduction achieved and/or total energy shifted from peak hours to off peak hours".

Section: IV Analytical Approach (c) and V Integrated Resource Plan Scenarios and Sensitivities (c and e). Requirement:

IV: c: The previously approved IRP build plan should also be evaluated under the scenarios and sensitivities indicated. To allow for the same time horizons, the portion of the previously approved IRP that does not have resources, should include any new (additional) generic resources as selected by model optimization.

V: e: The utility should model it's PCA, any utility proposed alternative, and previously approved IRP build plan in all scenarios and sensitivities presented in the MIRPP.

Response: Modeling the previous approved IRP build plan in the current IRP scenarios and sensitivities would not be informative and might not be feasible. The time between IRP filings in Michigan is up to 5 years and events impacting the IRP can change drastically in that time. The scenarios used to model the previous IRP PCA could be drastically different than the current IRP scenarios. Below are several reasons modeling the previous approved IRP build plan into the current IRP scenarios and sensitivities would not be informative and may not be feasible:

1. The load forecast used for the previous IRP build plan may be different than the forecast for the current IRP. The previous IRP build plan may not be able to meet the current load obligation and result in unserved load.
2. Resource availability could have changed since the previous IRP build plan. In addition, timelines associated with future resource availability may have changed since the previous IRP build plan. Resources that were included in the previous IRP build plan may not have bid into the company's RFP Process and therefore would not be available to fulfill the previous build plan.
3. The market energy and commodity price fundamentals used to build the previous IRP build plan may be different than the fundamentals used for the current IRP. The new fundamentals could drastically change the overall price of the previous IRP build plan and the affordability to customers.
4. The environmental requirements used for the previous IRP build plan may be different than the requirements for the current IRP. For example, the previous IRP build plan did not consider the current Environmental Protection Agency's (EPA) Section 111(d) rule.
5. Resource costs and technologies may change sufficiently to cause the long-term indicative plan from a previous IRP PCA to no longer be reasonable.

I&M requests clarification of these requirements. Is the requirement requesting that the current IRP PCA and the previous IRP build plan be forced into each scenario and sensitivity as part of the MIRPP? If yes, I&M recommends not forcing the previous IRP build into each scenario and sensitivity due to the noted concerns above. I&M recommends that a utility should model the current IRP PCA in only Scenario #2. I&M would also like to understand how this requirement compliments the current requirements for Risk Assessment.

Section: VII Demand Response (1). Requirement: Description of current DR and load management programs for the IRP study horizon, including the amount of load reductions and the expected hours of interruption per day, month, and year for each program

Response: Please clarify if TOU or critical peak hour load shifting to off peak is included or not.

XI. Peak Demand and Energy Forecasts (7). Requirement: Describe in detail about how the forecasts used for IRP modeling align with forecasts used for distribution planning.

Response: I&M supports a filing requirement that recognizes that forecasts for IRP modeling and distribution planning may or may not align. It should be recognized that unique circumstances and requirements of the various planning disciplines may require distinct (load) forecasts.

For example, projections of the total number of electric vehicles may be sufficient for generation planning in an IRP, but distribution planners need to predict where those EVs will be located and for how long (before the owner moves to a different residence and begins charging the same vehicle at a new location.) Therefore, for necessary reasons, the load forecasts used by I&M for IRP modeling are different from the load forecasts used for distribution planning.

While the load forecasts used for IRP modeling seek to model the most likely peak loads (under various sensitivity scenarios) at a company-wide level, the load forecasts used for distribution planning seek to model the peak loads for individual distribution stations and feeders.

The more localized approach used in the load forecasts used for distribution planning is necessary because the load composition in a local area may cause the peak-loading times and levels for individual facilities to not align with the timing of the company's overall peak. In other words, some distribution facilities may be more heavily loaded during dates or times that are different from the company's overall peak.

An example of such an instance would be a winter-peaking distribution station or feeder, caused by recent electrification efforts (heating and EV) that is embedded within a traditionally summer-peaking company.

Based on current capabilities, developing these more localized load forecasts for distribution planning purposes leverages local inputs that are different from the macro-level inputs used in the development of the load forecasts used for IRP modeling purposes.

For distribution planning purposes, system improvements would be developed and justified based on the need to serve the forecasted load for that specific distribution facility's highest loading period, the winter peak. These improvements would be pursued even if the loading on those facilities is forecasted to be lower during the company's overall forecasted peak date and time.

Extending this to all distribution facilities allows I&M to ensure that the local distribution system has the necessary capacity needed to serve the forecasted distribution load, regardless of when the overall company's forecasted peak load occurs.

Section XVIII(h)(1). Requirement: The annual electric cost by customer class on a kWh basis made over the past 10 years of service.

Response: The information requested in this filing requirement is historical in nature and is not relevant to a utility's need to make future generation investments as identified in an IRP or PCA. Should Staff keep this requirement, I&M requests the period be shortened to no more than the lesser of 5 years or the period since the utilities last IRP. I&M also requests additional clarity on what the MPSC Staff is requesting and that it be in a form that is available and consistent across all utilities.

<u>Section XVIII(h)(2).</u> Requirement: A 5-year projection of utility electric cost by customer class. The projection should include anticipated major investments like generation resources, distribution plans, major enterprise IT system upgrades, any other expected costs that will significantly impact rates.

<u>Response:</u> This request is overly broad in the context of an IRP and would require the utility undertake a near complete rate case analysis for a projected five years. This extended forecast period would require the utility to rely on hundreds, if not thousands, of projections across a lengthy and unpredictable timeframe. In addition, such an undertaking would require a utility to undertake a cost allocation model based on assumptions and costs not yet approved by the Commission. Another concern is in an IRP contested case proceeding, parties would be able to conduct discovery on the projections related to capital, O&M, depreciation, rate allocation and cost of service, ROE, etc. used in the rate analysis and raise issues not relevant to the relief sought in an IRP docket and will lead to protracted and unnecessary litigation. I&M is able to provide the rate impact using the results of the capital cost, depreciation expense, fixed O&M, energy revenue, fuel expense and variable O&M from the IRP modeling that was performed. This type of rate impact analysis presents a reasonable calculation of the impact of a utility Preferred Portfolio compared to a Reference' Portfolio on retail electric rates.

<u>Section XVIII(h)(3) and (4).</u> Requirement: The number of customers on assistance programs over the past 5 years and the projected number for the next 5 years. How the proposed PCA, its alternative plan (if the utility provides an alternative), and its prior approved PCA would impact the amount of its customers that spend more than 10% of their income on energy and what the expected average energy burden is for each plan over the planning period. The utility must explain its methodology for how it calculated both the average energy burden and the number of customers experiencing a high energy burden. If the proposed PCA increases of number of customers with a high energy burden more than its alternative plan or prior approved PCA, the utility may elaborate on how it plans to address the increased energy burden/the number of customers experiencing high energy burdens.

Response: The information requested in this filing requirement is historical in nature and is not relevant to a utility's need to make future generation investments identified in an IRP or PCA.

<u>Section XX(j).</u> Requirement: Distribution costs for the first 5 years of the PCA. This should use cost information for the utility's most recent distribution plan or

<u>Response</u>: Appears to be missing text from the draft rule.

Distribution costs from the 5-year Distribution Plan considered in the Rate Impact and Financial Information from the PCA needs to be specifically defined as, and limited to, distribution costs that directly relate to IRP resource projects considered in both the PCA and the current 5 Year Distribution Plan.

If not defined in this way, the overly broad distribution costs pulled into the PCA data can:

INDIANA MICHIGAN POWER
An AEP Company
BOUNDLESS ENERGY

1. impose risk of duplication of costs presented in other dockets for cost recovery;

2. exacerbate and confuse the appropriate and necessary PCA costs with unrelated distribution costs that do not inform the supply-related costs from the PCA;

3. create confusion between the scope of the PCA and the scope of the current 5-Year Distribution Plan for projects that are not addressed and included in both.

If left defined overly broad, distribution plan expenses for operation and maintenance such as programmatic tree trimming, outage mitigation, or asset inspections would only introduce unrelated costs to the PCA and complicate the evaluation for accurate and reasonable future supply cost.

Section XXIII(c). Requirement: Analyze all portfolios to identify and quantitatively assess the potential impacts to environmental justice ~~overburdened~~ communities. The utility will perform an Environmental Justice Screening using the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen). This ~~analysis will include~~ includes a comparative analysis of at least two environmental justice community composite scores ~~environmental justice communities~~ within a 3-mile radius of each facility for all facilities including peaking units. ~~Environmental Justice communities will be identified using the EJ composite score recommended by the tool used. This may vary based upon differences between tools.~~ Utilities are encouraged to use the MiEJScreen Tool to the extent practical. This assessment should address air emissions and/or conversion of early retirement of fossil fuel-fired facilities.

Response: I&M requests clarification that this requirement applies to existing facilities and facilities being actively acquired through an RFP. Resources selected through the IRP are generic and not location specific.

Michigan Integrated Resource Planning Parameters (MIRPP)

VII. Modeling Scenarios, Sensitivities and Assumptions. Scenario #1 and Scenario #2. Requirement: Utility electrification programs should be informed by the Statewide Electrification Study.

Response: I&M is concerned it is premature to incorporate this requirement when the study has not been performed and the results, timing and validity of the study are unknown.

VII. Modeling Scenarios, Sensitivities and Assumptions. Scenario #2. Requirement: Consistent with the most recent MISO Future 3a, EV adoption and customer electrification increases causing adjustments in utility load profiles as electrification and EV's are adopted through the planning horizon.

Response: Does the EV adoption only apply to light duty vehicles? Why are the percentage-based goals applied to sales and not vehicle stock? It's difficult to capture vehicle sales data within a service territory, let alone determine if a car sold in the territory stays within the territory, is used in another of the state, out of state, etc.

VII. Modeling Scenarios, Sensitivities and Assumptions. Scenario #2 Sensitivities, Item 3. Requirement: Model an unexpected 20% reduction in ability to source renewable resources in the first 6 years of the plan.

Response: I&M request clarification as to what to compare the 20% reduction to? Would a utility reduce the build limits or reduce the RPS requirements by the noted 20%?

VII. Modeling Scenarios, Sensitivities and Assumptions. Scenario #2 Sensitivities, Items 5, 6 and 7. Requirement: Model a federal policy incentivizing…

Response: I&M request clarification as the current language is vague. If a utility is to include scenarios with higher incentives for hydrogen, off-shore wind, and nuclear power then I&M is requesting clarification on how to quantify the incentive that needs to be established.

Clean Energy Plan-Filing Requirements for Rate-Regulated Electric Utilities

As a general comment, at the October 17, 2024, stakeholder meeting, it was discussed leveraging the Michigan Renewable Energy Certification System (MIRECS) for the Clean Energy Credit compliance. I&M is receptive to utilizing the MIRECS system for the management and retirement of an established Clean Energy Credit using renewable energy credits or other compliant zero emission credits.

I&M provides the below comment on the draft Clean Energy Plan Filing Requirements.

CEP Filing, Data, and Documentation (1)(d). Requirement: Summary: A CEP shall include an exhibit that serves as an executive summary suitable for distribution to the public. The summary shall include the following: (d) A description of how environmental justice (EJ), and overall affordability were considered when selecting the proposed clean energy systems that will be used to meet the clean energy standard.

Response: I&M request that this section be for specific resources selected, not the generic resources in the IRP or PCA.

Michael Aaron
President

Alex Zurek
Secretary-Treasurer

Brent Pilarski
Business Manager

Michigan Laborers' District Council LiUNA!

Feel the Power

Board Members:
Nick DeFauw
Joel Archibald
Dan Minton
Geno Alessandrini, Jr.

1118 Centennial Way, Suite 100, Lansing, MI 48917-9280
Phone (517) 321-2349 • Fax (517) 321-3266
www.mi-laborers.org

October 29th, 2024

Attn: Amelia Arnold
Department of Licensing and Regulatory Affairs
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

VIA ELECTRONIC SUBMISSION ONLY: arnolda11@michigan.gov

RE: Case No. U-21570, Comments on Implementing IRP Related Provisions in the 2023 Clean Energy Laws

Dear Ms. Arnold:

The Michigan Laborers District Council, the Michigan affiliate of the Laborers International Union of North America, represents approximately 15,000 members in the construction and energy fields throughout Michigan. We are committed to the development of renewable energy and energy storage projects in our state, and equally to ensuring that those projects are developed with the highest safety, quality, and labor standards. We appreciate the opportunity to submit comments regarding the Michigan Public Service Commission's (Commission) Draft Revised Integrated Resource Plan Filing Requirements dated September 30, 2024 (Draft).[1]

We urge the Commission to amend the Draft to include disclosure of how new or rehabilitated existing generation capacity included in integrated resource plan filings meet the labor standards required in Public Act 231, and explain how each rate-regulated utility has met the labor standards for energy waste reduction programs specified in Public Act 229.

Section 6t of Public Act 231 defines updated filing requirements for integrated resource plans (IRPs). Fundamentally, it requires rate-regulated utilities to explain in their IRPs how they will meet projected demand for electricity while complying with the state's renewable energy goals. However, section 6t(8) also defines criteria for the Commission's consideration and approval of IRPs, including that new generation capacity or rehabilitated existing capacity is constructed and maintained pursuant to high road labor standards. Specifically, section 6t(8)(c) states that:

> The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and

[1] Available here: https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/IRP-Filing-Requirements-Draft.pdf?rev=0d5b292cf86b4396975c653b66f214a4&hash=9530D9DD36BD5D44D50268FC6A9A888B

> certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed.

To comply with Public Act 231, the Commission must require that the rate-regulated utilities disclose in their IRP filings whether and how new and rehabilitated existing capacity resources relied on in their IRPs meet these high road labor standards. Without this information, the Commission cannot determine whether these labor standards have been met when considering and approving IRPs, as required by the Act.[2] Therefore, we urge the Commission to amend its Draft to incorporate these disclosure requirements in its revised IRP filing requirements.

In addition, the Commission requires rate-regulated utilities to analyze their energy waste reduction (EWR) programs in their IRPs,[3] including EWR program costs.[4] Public Act 229 contains labor standards for the EWR programs of utilities serving more than 50,000 customers, including:

> invest[ing] in hiring and developing a diverse energy waste reduction workforce and contractors capable of delivering energy waste reduction measures such as building envelopes, heat pumps, health and safety measures, and other advanced efficiency and related measures. ...Workforce and contractor development efforts shall focus on hiring and developing, for work in energy waste reduction and related careers, workers in or from low-income and environmental justice communities and workers formerly employed in transition-impacted industries such as fossil fuel energy workers who have employment tied to generation, transportation, and refinement, internal combustion engine vehicle workers, workers in the supply chain for internal combustion engines vehicles, and workers in the building and trades as well as any other affected workers. The development efforts shall follow generally recognized best practices, including apprenticeship programs registered and certified with the United States Secretary of

---

[2] *See* Public Act 231, Section 6t(8) ("The commission shall approve the integrated resource plan under subsection (7) *if the commission determines all of the following*: ...(c) The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed") (emphasis added).

[3] *See, e.g.,* MIchigan Integrated Resource Planning Parameters - Draft, p. 2 (IRP modeling "scenario will ensure that Michigan's electric utilities will consider a wide variety of resources such as renewable energy, demand response (DR), *energy waste reduction (EWR)*, storage, distributed generation technologies, voltage support solutions, and transmission and nontransmission alternatives, in addition to traditional and clean energy system fossil-fueled generation alternatives for the future") (emphasis added) (avail. at https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/MIRPP-Draft.pdf?rev=c82fc832d4c44f0997092803a7f86864&hash=55ABCC1BE6833377EEE0095206AB1096).

[4] *Id.*, p. 53.

Labor under the national apprenticeship act, 29 USC 50 to 50c.[5]

Public Act 229 further requires annual reports to the Commission on covered utilities' workforce and contractor development efforts described above.[6] The Commission should amend its Draft to require disclosure of the utilities' compliance with the EWR labor standards of Public Act 229 in their IRPs as well.[7]

We welcome the opportunity to further discuss our comments and recommendations. If you have any questions or wish to discuss our recommendations, I can be reached at rjoerg@mi-laborers.org. Thank you for your consideration.

Respectfully submitted,

Robert Joerg
Director of Government Affairs
Michigan Laborers District Council

[5] Public Act 228, sec. 80a.

[6] *Id.*, sec. 80a(3).

[7] We note that the Commission has opened a docket to determine how to implement Public Act 229, but has not yet made a final determination or required annual filings. https://www.michigan.gov/mpsc/commission/workgroups/2023-energy-legislation/energy-waste-reduction-standards-and-plans

Comments filed by Martin Kushler, Ph.D. November 7, 2024

Draft Revised Integrated Resource Plan Filing Requirements

Pursuant to Public Act 341 of 2016, Section 6t
as amended by Public Act 231

September 30, 2024

Application Instructions for Integrated Resource Plan Filings

These application instructions apply to a standard electric utility application for Michigan Public Service Commission (MPSC or Commission) approval of an Integrated Resource Plan (IRP) under the provisions of MCL 460.6t, as well as an IRP that may be filed under the provisions of MCL 460.6s.[1] The application shall be consistent with these instructions, with each item labeled as set forth below. Any additional information considered relevant by the utility may also be included in the application.

Schedule

A utility shall coordinate with the Commission Staff (Staff) in advance of filing its application to avoid resource challenges with IRP applications being filed at the same time as IRP applications filed by other utilities. A utility may be requested to delay its IRP application to preserve a 21day spacing between IRP applications.

Following the initial IRP applications, the utilities shall comply with all future filing deadlines directed by the Commission and shall continue to coordinate with the Staff to schedule future IRP application filing dates.

Filing Announcement

To facilitate the scheduling and preparation of IRP proceedings, a utility, who intends to file an IRP on a date other than its scheduled filing date, shall file a filing announcement, in a new docket, at least 30 calendar days prior to the proposed filing. The filing announcement, along with a proof of service, shall be served on all parties granted intervention in the utility's last IRP case and the utility's last electric rate case. If the IRP described in the filing announcement is not filed within 120 days after filing of the announcement, the filing announcement will be considered withdrawn. **The IRP filing announcement will also serve as the CEP filing announcement.** If a certificate of necessity (CON) is also being filed; the same filing announcement ~~would~~ **will** serve as the filing announcement required for the CON.

Commented [MK1]: Why not file an announcement any time an IRP is to be filed?

[1] Variations from the standard instructions may occur as allowed by MCL 460.6t(4) for multistate utilities and those serving fewer than 1 million Michigan customers.

The filing announcement shall include:

a) Statement of intent to file an IRP;
b) Estimated date of filing;
c) Information related to any stakeholder engagement meetings that have already taken place or are scheduled to take place; and
d) Information related to any CON application that would be filed with the utility's IRP.
e) Information related to the CEP that will be filed with the utility's IRP.[2]

The Commission may, if necessary, order a delay in filing an application to establish a 21-day spacing between filings. The filing announcement shall be submitted at least 30 calendar days prior to the IRP application, thus providing the Commission with sufficient time to issue an order regarding the 21-day spacing if it so chooses.

Pre-Filing Request for Proposals

Each electric utility whose rates are regulated by the Commission shall issue a request for proposal (RFP) to provide any new supply-side capacity resources needed to serve the utility's reasonably projected electric load, applicable planning reserve margin, and local clearing requirement for its customers in this state, as well as customers located in other states but served by the utility, during the initial three-year planning period to be considered in each IRP to be filed, as outlined in MCL 460.6t.

The utility shall comply with the following:

a) The utility shall include with the IRP application documentation demonstrating that the RFP process was completed;
b) The utility's RFP process is subject to audit by the Staff;
c) The IRP filing shall include evidence that the pre-filing RFP process was conducted in a manner consistent with the Commission's code of conduct, and applicable state, federal, and Commission rules, and any adherence with the competitive procurement guidance in Case No. U-20852;

[2] Utility Clean Energy Plan should follow the guidance outlined in the Clean Energy Plan Filing Requirements.

d) The RFP shall allow for proposals of sizes smaller than the total capacity need such that a combination of projects are needed, including but not limited to distribution connected resources, would be needed to provide new supply-side capacity, pursuant to MCL 460.6t(6); and
e) The RFP shall allow for proposals to provide new supply-side capacity in the form of a purchase power agreement for a period that is the lesser of the study period or of the useful life of the resource type proposed.

~~Stakeholder~~ Engagement and Public Outreach Process

Participant engagement early in the development of the IRP is strongly encouraged to: (1) educate potential participants on utility plans; (2) utilize a transparent decision- making process for resource planning; (3) create opportunity to provide feedback to the utility on its resource plan; (4) encourage robust and informed dialogue on resource decisions; and (5) reduce utility regulatory risk by building understanding and support for utility resource decisions. The utility may choose to incorporate some, or all, of the participant input in its analysis and decisionmaking for the IRP filing. **CEP participant engagement may be combined with the IRP participant engagement to the extent practical.**

Commented [MK2]: Why not required?

In the 12 months prior to the IRP filing, each utility is encouraged to host update workshops with interested participants. The purpose of the pre-filing workshop(s) is to ensure that participants have an opportunity to provide input and stay informed regarding: (1) the assumptions, scenarios, and sensitivities; (2) the progress of the utility's IRP process; and (3) plans for the implementation of the proposed IRP. Documentation demonstrating the public outreach process undertaken by the utility shall be included with the IRP filing, **and the utility is encouraged to share these documents with the public.** Documentation should include:

Commented [MK3]: Why not required?

a) Workshop dates and times, including times outside of the workday;
b) Evidence that a notice of the workshops was provided to the public;
c) Meeting minutes;
d) Meeting or workshop attendance lists;
e) Participant comments on the last approved IRP and/or inputs into the proposed IRP application;

f) **Description of** ~~Discussion indicating if or~~ how the public outreach process influenced the IRP; and

g) Include **evidence** ~~descriptions~~ of community outreach efforts for **environmental justice** ~~overburdened~~ communities in the Company's service territory, **including description of metrics and methods used to determine accessibility and convenience for environmental justice communities in planning public meetings**. ~~Overburdened~~ **Environmental justice** communities should be identified using the MIEJ**Screen**~~Screening~~ Tool or other tools as noted in the Section XVIII.

A minimum of two ~~stakeholder~~ engagement workshops are recommended. An ~~stakeholder~~ engagement workshop will **give** ~~provide~~ **interested persons** an opportunity to provide input regarding the utility's assumptions, inputs, and modeling methodologies employed during the development of the IRP. **The utility is encouraged to provide basic information regarding the IRP filing process and how interested persons could participate.** The utility is encouraged to invite **interested persons** ~~stakeholders~~, including expected intervenors and the Staff, to its ~~stakeholder~~ engagement workshops.

Commented [MK4]: Why not required?

If the ~~stakeholder~~ engagement workshops are not open to the public, two additional hybrid public meetings with the option for both virtual and in-person attendance are recommended. **At least one hybrid public meeting is recommended when 5% or greater of a utility's residential customers are in environmental justice communities.** The public meetings are intended to educate the public on the utility's planning process as well as provide an opportunity for the public to comment. **The utility is encouraged to provide basic information regarding the IRP filing process and how interested persons and members of the public could participate.** The public meetings should be offered in the utility's service territory in geographic locations **that are** convenient ~~to~~ **for** customers, **prioritizing accessibility and convenience for customers in environmental justice communities.** ~~with~~ **A**~~a~~dvanced notice **should be** provided to customers in the utility's service territory. This should include community-based organizations. The utility is encouraged to consider holding public meetings after normal business hours to encourage attendance.

The public meetings should be conducted in a manner accessible to those with disabilities including those that are hearing and visually impaired. The public meetings should also be available to those whose first language is not English upon request and to the extent practical.

If the utility **chooses to** hold~~s~~ pre-filing workshops, including ~~stakeholder~~ engagement workshops or public meetings, the utility shall prepare a public outreach report to document the outcomes of any pre-filing workshops, and shall file the report with the IRP application.

All presentations, recordings, comments, and transcripts from those presentations open to the public should be maintained on a website in a location open to the public for the duration of the ~~stakeholder~~ outreach process and the duration of the IRP case, until a final commission order is published.

Risk Assessment Methodology

The utility's IRP filing shall include a thorough risk assessment of the proposed resource plan and the optimal plans for each of the scenarios specified in the Michigan Integrated Resource Planning Parameters (MIRPP), all additional utility developed scenarios and utility developed sensitivities related to early retirement that are filed with the IRP application. The utility submitted alternative build plans should be feasible and differ in generation mix from the proposed resource plan and MIRPP plans.

The intent of the risk assessment is to test the optimized resource strategies for each scenario and the proposed course of action (PCA) to determine how each strategy would perform in an unexpected range of possible futures. The utility shall provide detail on how the risk assessment was conducted~~,~~ including the impact of atypical weather conditions that occur at least as frequently as once in ten years. [3,4]**Additionally, the utility should detail any scenario and sensitivity runs where the PCA or proposed alternative build plan results in unserved load.** Utilities are encouraged to link variables that can be shown to have correlation or dependencies with each other.

---

3 Summary Climate Information, https://glisa.umich.edu/summary-climate-information/

4 Tools for Tracking Climate Change, https://ccr.nelson.wisc.edu/

The IRP shall include a discussion of the methodology used for risk assessment including the utility's justification for the chosen methodology over other alternatives. Acceptable forms of risk assessment include, but are not limited to, the following: scenario analysis, global sensitivity analysis, stochastic optimization, generating near-optimal solutions, agent- based stochastic optimization, mean-variance portfolio analysis, and Monte Carlo simulation.

Utilities with one million customers or more, shall include a Local Reliability Requirement (LRR) analysis of the proposed resource plan in the IRP filing. The LRR analysis shall provide a five-year outlook of the LRR in the local resource zone. The analysis shall be conducted consistent with the resource adequacy construct used by the RTO/ISO. The purpose of this calculation is to estimate the marginal impact of the utility's proposed resource plan on the resource adequacy of the local resource zone during the first five years of the plan.

Confidential Information

Transparency and the use of data that can be shared with the Commission, the Staff, and intervenors is encouraged. Proprietary, confidential, and other nonpublic materials used in the development of the forecasts, scenarios, or other aspects of the IRP shall be presented in such a way that the proprietary and confidential nature of the materials is preserved. The use of publicly available data and materials is encouraged in lieu of proprietary and confidential materials and claims that information is proprietary or confidential should be justified by the utility.

Inclusion of specific materials in the IRP filing may be contingent upon appropriate confidentiality agreements and protective orders. Proprietary, confidential, and other nonpublic materials filed as part of the IRP shall be clearly designated by the utility as confidential.

Definitions

The following definitions are provided to aid in ensuring consistency across planning processes.

Distributed Energy Resources - A source of electric power and its associated facilities that is connected to a distribution system. Distributed Energy Resources (DER) includes both generators and energy storage technologies capable of exporting active power to a distribution system.

Commented [MK5]: Many states consider energy efficiency to be a DER. If Michigan does not want to do so, then "Energy Efficiency" (or "Energy Waste Reduction") should definitely receive its own definition on the next page.

Non-Wires Alternatives - An electricity grid investment or project that uses distribution solutions such as DER, energy waste reduction (EWR), demand response (DR), and grid software and controls, to defer or replace the need for distribution system upgrades.

Commented [MK6]: It is fine that EWR is mentioned here as a possible NWA, but it should also receive its own definition on this page.

~~Overburdened~~ **Environmental Justice (EJ)** Communities – Refers to overburdened, vulnerable, underserved or disadvantaged communities that are identified**, for the purpose of this analysis, by a minimum composite scoring ranging in the 70-80th percentile in either the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen).** ~~in accordance with metrics and percentiles as recommended by the specific environmental justice screening tool used.~~ It is preferred that utilities use MiEJScreen tool to the extent practical.

Demand-Side Resources - Resources serving resource adequacy needs by reducing or shifting load, which reduces the need for additional generation, including but not limited to EWR, DR, grid and software controls, behind-the-meter distribution connected storage, etc.

Co-Benefits – Benefits that are quantified as part of another planning process that are important for the justification of a resource included in the IRP. Examples include benefits to distribution planning or transmission planning.

Commented [MK7]: There are several other "co-benefits" that are important and could help justify selection of a resource. Some are certainly mentioned in Michigan statute and MPSC orders. These include things like: environmental; climate; health & safety; resilience; etc.

Approval of Costs

For the Commission to specify the costs to be approved for the construction of or significant investment in supply or demand-side resources, or contractual agreements, excluding short-term market capacity purchases to meet state reliability mechanism capacity requirements, in accordance with MCL 460.6t(11) through (12), the following information, data, and documents shall be provided:

For specific supply-side resources (inclusive of storage technologies), that are planned to commence within three years following the approval of the IRP, the following evidence (covering the lifespan of the project) shall be provided:

Commented [MK8]: Given clearly established state policy interest in climate goals, should definitely add "GHG emissions" to the following list.

a) A description of the plant size, type, and summary of engineering/design specifications. The description shall also include the following:

   1. **Description of fuel use, both primary and back-up, and provisions for transporting and storing fuel;**
   2. **Projected annual costs, in accordance with the breakdown specified in the Federal Energy Regulatory Commission Uniform System of Accounts; and**
   3. **Annual depreciation on the capital investment.**

b) Projected annual return and income taxes on capital investment;

c) The operation and maintenance (O&M) costs over the life of the facility described as costs which are variable, in current dollars per kilowatt-hour (kWh), with expenses for fuel and non-fuel items indicated separately; and costs which are fixed, in current dollars per kilowatt (kW)

d) Projected property taxes;

e) The rates of escalation of cost, including:

   1. **Capital costs;**
   2. **O&M costs which are variable and related to fuel; 3. O&M costs which are variable and unrelated to fuel; and**

   4. O&M costs which are fixed.

f) The total annual average cost per kWh at projected loads in current dollars for each year of the plan for the proposed facility;

g) Equivalent availability factors, including both scheduled and forced outage rates;

h) Capacity factors for each year in the planning period;

i) Operation cycle (i.e., baseload, intermediate, or peaking), identifying expected hours per year of operation, number of starts per year, and cycling conditions for each year in the planning period;

j) Heat rates (efficiency) for various levels of operation;

k) Unit lifetime, both for accounting book purposes and engineering design purposes, with explanations of differences;

l) Lead time, separately identifying the estimated time required for engineering, permitting and licensing, design, construction and pre- commercial operation date testing;

m) Potential socioeconomic impacts, such as employment, for the local region of the proposed supply-side resource, construction of or significant investment in an electric generation facility, or the purchase of an existing electric generation facility;
n) Procurement strategy, including power purchase agreements (PPAs) and company owned, and any adherence to the most recent Commission approved Competitive Procurement Guidance; and
o) A summary description of the expected decommissioning process, costs, and how the utility intends to provide assurance of proper disposal with consideration of material salvage and recycling for proposed new resources.

Renewable Resources: The utility shall file data consistent with any approved renewable procurement plan. Revenue requirement and incremental costs shall be calculated to include the following:

a) Capital, O&M costs for renewable energy systems (including property taxes and insurance for renewable energy systems);
b) Financing costs;
c) Costs that are not otherwise recoverable in base rates including interconnection and substation costs;
d) Cost of purchased renewable energy credits (RECs) other than those purchased for noncompliance;
e) Cost of Contracts;
f) Expenses incurred as a result of governmental action including changes in tax or other laws;
g) Subtract revenues (i.e., transfer price, environmental attributes, interest on regulatory liability, etc.) through 2029;
h) Recovery to include the authorized rate of return on equity, which will remain fixed at the rate of return and debt to equity ratio that was in effect in base rates when the renewable plan was approved (only through 2029);
i) Provide the following information in relation to renewable resource cost recovery:
    1. **Forecast through the end of the renewable plan period of the non-volumetric surcharge; and**

2. **Forecast through the end of the renewable plan period of the regulatory liability balance.**

j) Procurement strategy, including PPAs and company owned. Address whether the procurement strategy adhered to the most recent Commission approved Competitive Procurement Guidance; and

k) A summary description of the expected decommissioning process, costs, and how the utility intends to provide assurance of proper disposal with consideration of material salvage and recycling for proposed new renewable resources.

Energy Storage: The utility shall provide any relevant data, according to its plan to procure its share of the statewide energy storage target established under MCL 460.1101(1). The following information shall be provided in relation to the energy storage procurement plan:

a) If the utility has not yet filed for approval to procure its proportional share of the statewide energy storage target, the utility must seek approval of these storage resources in an IRP filed no later than December 31, 2029;

b) Capital and O&M costs for energy storage systems;

c) Financing costs;

d) Procurement strategy, including PPAs, build transfer, or company owned. Address whether the procurement strategy adhered to the most recent Commission approved Competitive Procurement Guidance;

e) A summary description of the expected decommissioning process, anticipated costs, and how the utility intends to provide safety and assurance of proper disposal with consideration of material salvage and recycling for proposed new energy storage resources.

EWR: The utility shall provide the following information in relation to EWR programs cost approval and recovery. For each individual program or group of programs, provide:

a) Total annual cost including:

1. **Annual O&M cost for each individual portfolio of EWR programs;**
2. **Annual capital cost for each individual portfolio of EWR; and**
3. **Expected cost-sharing or financial incentive granted to the utility by the Commission.**

b) Total demand (MW) and energy (megawatt-hours (MWh)) reduction potential; and
c) Total resource capacity (MW) and type reported to the applicable regional transmission organization (RTO) or independent system operator (ISO).

Commented [MK9]: This section under "Approval of Costs" is probably not the best location for this. But later, when 'resources' are described (e.g., pp. 18-19), should definitely include this for the EWR resource: **Total annual and cumulative demand (MW) and energy (megawatt-hours (MWh)) reduction projected for each year of the plan**

DR, DER Programs, and other demand-side resources: The utility shall provide the following information in relation to DR programs, DER programs, and other demand-side resources cost approval and recovery. For each individual program or group of programs, provide:

a) Total annual cost including:
   1. **Annual O&M cost for each individual program of DR, DER, and demand-side programs;**
   2. **Annual capital cost for each individual program of DR, DER, and demand-side programs; and**
   3. **Expected cost-sharing or financial incentive granted to the utility by the Commission.**
b) Total demand reduction potential (MW), including the amount of load reduction and the expected hours of interruption per day, month, and year for each program, if applicable;
c) Maximum single event demand reduction;
d) Total resource capacity (MW) and type (load modifying resource, emergency DR, etc.) reported to the applicable RTO or ISO;
e) Total energy reduction achieved (MWh); and
f) Description of program, including customer enrollment, technology used, and marketing plan.

Waivers and Process for Smaller and Multistate Utilities

An electric utility with fewer than 1,000,000 customers in this state may request a waiver to any portion of these IRP filing requirements. Any request for a waiver shall include a discussion and justification outlining why the waiver is warranted and in the best interest of its customers. Discussion and justification for the requested waiver shall include a description of the utility's current and forecasted energy and capacity needs, and its plan for meeting those needs over the upcoming 10 years.

If the utility requires resolution of a waiver request prior to filing an IRP application, the utility shall file the waiver request no less than 60 days prior to the filing of the IRP application. An electric utility with fewer than 1,000,000 customers in this state may request approval from the Commission to file an IRP jointly with other smaller utilities. Commission approval is required prior to filing a joint IRP.

A non-multistate Michigan electric utility serving fewer than 1,000,000 customers may elect to file an IRP, based on its specific circumstances, that deviates from these requirements, but that is subject to the Staff's ability to request supplemental information. The filing shall include an explanation of why the deviations are reasonable under its circumstances. The Commission shall review any such filings under the traditional "just and reasonable" standard.

Northern States Power Company-Wisconsin and Indiana Michigan Power Company are utilities located in Michigan that already file multistate IRPs in other jurisdictions. Due to the provisions in MCL 460.6t(4) regarding multistate IRPs, Northern States Power Company-Wisconsin and Indiana Michigan Power Company may utilize the IRP filing requirements of another state in accordance with those provisions. However, the Commission reserves the right to request additional information to facilitate its review of the IRP as it relates to Michigan.

IRP Filing, Data, and Documentation

The utility's IRP filing shall demonstrate compliance with MCL 460.6t and include the following items:

a) Letter of transmittal expressing commitment to the approved resource plan and resource acquisition strategy and signed by an officer of the utility having the authority to commit the utility to the resource acquisition strategy, acknowledging that the utility reserves the right to make changes to its resource acquisition strategies as appropriate due to changing circumstances;
b) Technical volume(s) that fully describe and document the utility's analysis and decisions in selecting its proposed resource plan and resource acquisition strategy;
c) The data and information requested in the Commission's IRP Filing Requirements included herein; and

d) Any other information deemed relevant by the utility.

The utility's IRP filing shall include an IRP document(s) and application information including testimony and exhibits that fully describes and documents the utility's analysis and decisions in selecting its proposed resource plan and resource acquisition strategy. To facilitate a similar format for each utility's application, the utility is encouraged to align its filing with this provided outline and include at least the following items:

I. Executive Summary: An IRP shall include an exhibit that serves as an executive summary, suitable for distribution to the public. The executive summary shall be an informative nontechnical description of the resource plan proposed by the utility and resource acquisition strategy. The executive summary shall summarize the contents of the IRP document and shall include the following:

a) An overview of the planning period examined in the IRP analysis and application;
b) A brief introduction describing the utility, its existing facilities, new resources being proposed, and implementation strategy;
c) A summary of the state, federal, ISO, RTO resource adequacy regulations applicable to the utility;
d) A summary of the analytical approach used in the utility's analysis and the types of new resources considered;
e) A description of how the analytical approach considered potential resource co-benefits from other planning processes such as distribution or transmission planning;
f) A summary of any retirement analysis performed;
g) A description of how the environmental justice (EJ) analysis results influenced the utility's proposed course of action (PCA);
h) The Company shall include a graph that depicts a stacked bar graph that includes the RTO/ISO capacity credit[5] of all existing resources and PCA resource additions, color designated by resource type, that it will use to serve demand in each year for all planning years. The graph shall have a line representing expected demand over the length of the planning period with the inclusion of the necessary planning reserve margin;

Commented [MK10]: Should also mention some or all of the other co-benefits I mentioned in comment on p.8.

[5] For example, MISO Zonal Resource Credit.

i) The Company shall include a graph that depicts a stacked bar graph that includes the annual energy expected to be produced by all existing resources, PCA resource additions, and market purchases for each year of the planning horizon. The graph shall be color designated by resource type. The graph shall have a line representing expected demand over the length of the planning period;

j) The Company shall include a graph(s) that summarizes the total of each of the following pollutants projected using the PCA in the MIRPP Scenario 1 for each year of the planning horizon. A graph should be included for nitrogen oxide (NO_x), sulfur dioxide (SO_2), particulate matter (PM), mercury (Hg), volatile organic compounds (VOC), carbon dioxide (CO_2). The graph should also depict the utility's progress toward or achievement of State, Federal and utility announced goals or requirements by including annotations for those goals on the years they apply;

k) The Company shall include a discussion of the estimated costs of the PCA; and

l) Any other information that would aid the public understanding of the utility's proposed resource plan.

II. Table of Filing Requirements:

The utility shall provide a table that clearly identifies the where in the filing it has met all the filing requirements. It shall include locations in testimony, exhibits and workpapers.

III. Testimony Introduction: The utility shall describe resource plans to satisfy at least the objectives and priorities identified in MCL 460.6t. The utility may identify and/or describe additional planning objectives that the resource plan will be designed to meet. The utility shall describe and document its additional planning objectives and its guiding principles to design alternative resource plans that consider the planning objectives and priorities. The introduction shall include the following:

a) General description of the utility's existing energy system, including:

1. **Net present value revenue requirements (NPVRR),[6] with and without any financial performance incentives for demand-side resources;**

---

[6] The assumed discount rate shall be included along with a justification for the assumed discount rate. Results should be presented in nominal dollars.

2. **Summary of existing generation and PPAs by fuel type;**
3. **Utility's existing capacity resource mix;**
4. **Utility's service territory and breakdown of customer class composition; and**
5. **Description of planning period analyzed;**

b) Statement of power need;

c) Identify and explain the basis for the forecasted price of energy, capacity, and fuels, and of peak demand and energy requirements, ~~for each year of the analysis~~ **over the study period** used in each scenario and sensitivity evaluated by the utility as part of the IRP process;

d) Market and regulatory environment influencing resource planning decisions:

1. **RTO market and state regulation structure if a multistate utility;**
2. **Potential changes to RTO capacity market;**
3. **Electric customer choice;**
4. **Transmission expansion;**
5. **Environmental;**
6. **Renewable portfolio standards; and**
7. **Other;**

e) IRP planning process; and

f) **Engagement** ~~Stakeholder~~ report.

IV. Analytical Approach:

a) Describe the modeling process, including the duration of the study;

b) The utility shall describe and identify how its model approach optimizes resources to meet load and demand for all times of the year and for each year of the planning horizons. The utility shall explain how the model considers the seasonal and operational characteristics of all resource types, including generation profiles, forced outages, facility derates, seasonal or limited availability of resources, etc;

c) **If the utility presents a retirement study as justification for an early resource retirement, the utility should refer to the minimum scenario and sensitivities in Appendix G of the MIRPP when conducting that analysis. The previously approved IRP build plan should also be evaluated under the scenarios and sensitivities indicated. To allow for the same time horizons, the portion of the previously**

approved IRP that does not have resources, should include any new (additional) generic resources as selected by model optimization.

d) **If the utility is proposing an accelerated retirement of a baseload or intermediate coal or natural gas power plant with a date that differs from the most recently approved IRP, the utility shall share the dates being studied, as well as the criteria that will be analyzed as part of the IRP with Staff.**

e) **To test the optimized resource strategies for the proposed retirement, the utility shall model sensitivities to ensure the retirement dates were stress-tested and the PCA is reasonable and prudent under various conditions.**

f) **Sensitivities may include, but are not limited to, high load growth, high natural gas prices, and extreme weather conditions.**

g) **The utility must present the retirement analysis methodology, summarize the results, and demonstrate that the PCA is reasonable and prudent under the conditions tested.**

h) **If the retirement proposed as part of the PCA is not supported under one or more of the conditions or sensitivities assessed, the utility shall include in testimony how the company plans to monitor the risk in advance of retirement as well as a risk mitigation plan.**

i) Describe and provide a justification for the risk assessment approach adopted from the Risk Assessment Methodology section:

   1. **The utility shall describe and document its quantification of the risk that affects the evaluation of the various resource plan options;**
   2. **The utility shall provide a tabulation of the key quantitative results of that assessment and a discussion of how those findings affected its decision on a resource plan; and**
   3. **If multiple forms of risk assessment are presented the utility shall explain why certain risk variables could not be included in or are unsuited for one type of risk assessment or another. Considering a risk variable under multiple forms of risk assessment is not discouraged.**

j) The utility shall describe and document the identification of risk variables and/or combinations of risk variables selected, their ranges, probabilities, ranking, and/or weighting that defines the risk quantification which the various resource plan options were judged; describe how these risk variables were judged to be appropriate and explain how these were determined; and describe the modeling tools and data sources employed during the capacity expansion, and other modeling processes; and

k) Interactions between risk variables should be captured to the extent that it is practical. Evaluation of variables in isolation is acceptable so long as there exists a comprehensive evaluation of resource plans risks that captures interactions and shows overall risk of appropriate build plans. A comprehensive risk assessment should at least include optimized build plans from the required MIRPP scenarios, the proposed resource plan, and any alternative resource plans presented by the utility.

V. Integrated Resource Plan Scenarios and Sensitivities:

a) Include a detailed description of all scenarios and sensitivities; and
b) In addition to the utility's own scenarios and assumptions, the inclusion of the established modeling scenarios and assumptions in the MIRPP approved by the Commission in Case No. U-**XXXXX**, or as revised by subsequent Commission orders related to IRP modeling parameters and requirements.
c) **The utility should show how it used the MIRPP approved Scenarios to develop the PCA, any alternative build plan, and justify any retirement decisions. To the extent that some portion of the MIRPP approved scenarios is of concern for the utility, the utility can request a waiver to deviate from certain aspects of a scenario or sensitivity. Examples may be to request to use a different gas price or updated EWR information.**
d) **If a utility has requested and been approved for an off-ramp for their REP, the IRP should align and reflect the Commission's approval. If the utility is using the results of its IRP to support a request for an off-ramp, the utility should run Scenario#1 and Scenario#2 with an additional sensitivity (sensitivities) that illustrates the resulting difference in cost and overall build plan as compared to meeting the standard without the use of an off ramp.**
e) **The utility should model it's PCA, any utility proposed alternative, and previously approved IRP build plan in all scenarios and sensitivities presented in the MIRPP**.

VI. Existing Supply-Side Resources: Detailed account of projected energy and capacity purchased or produced by the utility's owned and contracted resources, including cogeneration resources. Include data regarding the utility's current generation portfolio, including the age, capacity factor, licensing status, and remaining estimated time of operation for each facility in the portfolio:

a) Overview
b) Fossil-fueled generating units;
c) Nuclear generating units;
d) Hydroelectric generating units;
e) Renewable generating units;
f) Energy storage facilities;
g) PPAs: energy and capacity purchased or produced by the utility from a contracted resource, including any cogeneration resource; and
h) RTO/ISO capacity credits and modeling of existing units (such as capacity factor, heat rate, outage rate, in-service and retirement dates, operating costs, etc.).

VII. Demand-Side Resources: Historical and projected load management and DR programs for the utility in terms of MW and RTO or ISO Zonal Resource Credits (ZRCs) and the projected costs for those programs.

Commented [MK11]: Since Energy Efficiency (Energy Waste Reduction) is not included under "Demand-Side Resources", then Energy Efficiency (or "Energy Waste Reduction") should be in here with its own roman numeral.

a) Provide data on projected enrolled capacity and DR events for each program. The following items are to be included:
   1. **Description of current DR and load management programs for the IRP study horizon, including the amount of load reductions and the expected hours of interruption per day, month, and year for each program;**
   2. **Review the historic performance of existing demand-side programs in delivering benefits and how the utility used such information in its DR resource decisions;**
   3. **Describe the utility's method for determining whether to purchase energy rather than relying on DR; and**
   4. **A description of any other programs the utility is considering that could potentially expand DR resources, including expected load reductions and operating parameters**

VIII. Renewables and Renewable Portfolio Standards Goals: Projected energy purchased or produced by the utility from renewable energy resources.

a) Describe how the electric provider will meet existing renewable energy standards. If the level of renewable energy purchased or produced is projected to drop over the planning periods, the utility must demonstrate why the reduction is in the best interest of ratepayers;
b) Specify whether the number of MWh of electricity used in the calculation of the REC portfolio will be the previous 12-month period of weather-normalized retail sales or based on the average number of MWh of electricity sold by the electric provider annually during the previous three years to retail customers in this state;
c) Include the expected incremental cost of compliance with existing renewable energy standards for the required compliance period;
d) A description of how the electric provider's plan is consistent with the renewable energy goals required by the Michigan Legislature (e.g. **50% renewable energy by 2030 and 60 % by 2035**~~35% combined renewable energy and EWR goal by 2025~~);
e) Describe the options for customer-initiated renewable energy that will be offered by the electric provider and forecast sales of customer- initiated renewable energy;
f) Describe how the electric provider will meet the demand for customer- initiated renewable energy, and;
g) Describe how the electric provider has included develop distributed generation as a resource within it's modeling **for both the IRP and CEP**, including interconnection to utility distribution as well as behind-the-meter.

IX. **Energy Storage Target: Description of how the utility will meet its proportional share of the statewide energy storage target required by MCL 460.1101(1).**

a) **If the utility has not yet filed for approval to procure its proportional share of the statewide energy storage target, the utility must seek approval of these storage resource in an IRP filed no later than December 31, 2029;**
b) **Identification of the utilities proportional share of the statewide energy storage target of 2500 MW, to be calculated using the methodology approved by the Commission in Case No. U-21751;**

c) **Describe the Company's storage procurement plan to meet its required share of the statewide target, including providing the following data on an annual basis:**

d) **Nameplate capacity and energy output of new resource additions;**

e) **Storage technology/chemistry deployed and in what amounts;**

f) **Mix of energy storage capacity that is long-duration and multi-day in duration; g) Project costs;**

h) The utility should present its analysis on how it determined the optimal mix and timing of different energy storage technologies and duration capabilities to meet its share of the statewide target, including any modeling or description of other analytical approaches taken.

X. The following non-exhaustive list suggests several elements that may be included:

a) ~~Sales forecast from the first year of the study period through 2025 toward meeting the 35% goal, and through the study period.~~

b) Detailed resource plan **that clearly illustrates how the utility has aligned its IRP with its CEP and how the utility will meet the Clean Energy Standards of 80-% clean energy by 2035 and 100% clean energy by 2040 that includes**:

1. **Describe the utility's planned REC portfolio;**
2. **Forecast RECs obtained via Michigan incentive RECs;**
3. **Forecast expected compliance levels by year to meet the renewable portfolio targets;**
4. **Identify key assumptions used in developing these forecasts and the proposed resource portfolio; and**
5. **Identify risks which may drive performance to vary.**

XI. Peak Demand and Energy Forecasts: A long-term forecast of the utility's sales and peak demand under various reasonable scenarios. Include details regarding the utility's plan to eliminate energy waste, including the total amount of EWR expected to be achieved annually, and the cost of the plan:

a) A forecast of the utility's peak demand and details regarding the amount of peak demand reduction the utility expects to achieve.

b) Subsections:

1. **Key variables used to develop forecast;**
2. **Long-term forecasting methodology;**
3. **Forecasting uncertainty and risks;**
4. **Historical growth in electric sales for the previous five years, including a record of its previous load forecasts (can be supplied in workpapers);**
5. **Base Case deliveries and demand forecast;**
6. **Alternative forecast scenarios and sensitivities in accordance with the Commission's final order in Case No. U-21219, or subsequent Commission orders relating to IRP modeling parameters and requirements;**
7. **Describe in detail about how the forecasts used for IRP modeling align with forecasts used for distribution planning;**
8. **Detail information about DER adoption;**
9. **Detail electric vehicle adoption assumptions and impacts to overall peak demand and energy forecasts; and**
10. **Detail additional electrification adoption assumptions and impacts to overall peak demand and energy forecasts.**

XII. Capacity and Reliability Requirements: The utility shall indicate how it complies, and will comply, with all applicable state, federal, ISO, RTO capacity and reliability regulations, laws, rules, and requirements, (such as planning reserve margins, system reliability and ancillary service requirements) including, **where feasible,** the projected costs/revenues of complying with those regulations, laws, and rules. The utility shall identify any applicable changes to the applicable state, federal, or local laws, rules, and regulations. The utility shall also identify any major ISO, or RTO capacity and reliability requirements that have occurred since its last IRP filing, including narrative that identifies how its PCA satisfies those requirements. The utility shall include data regarding the utility's current generation portfolio, including the age, capacity factor, licensing status, and remaining estimated time of operation for each facility in the portfolio.

XIII. Transmission Analysis: In accordance with MCL 460.6t(5)(h), the utility shall work with their local transmission owner to include an analysis of potential new or upgraded electric transmission options for the utility. The utility's analysis shall include the following information:

a) The utility shall work with their local transmission owner to assess the need to construct new, or modify existing transmission facilities to interconnect any new generation and shall reflect the estimated costs of those transmission facilities in the analyses of the resource options;
b) In collaboration with the incumbent transmission owner, include an analysis of any cobenefits of storage, specifically the transmission system benefits associated with transmission interconnected storage that is not designated as "storage as transmission only asset;"
c) A detailed description of the utility's efforts to engage local transmission owners throughout the utility's IRP process. In an effort to inform the IRP process and assumptions, a meeting schedule in coordination with the transmission owner should be determined that supports engagement through the process. The filing should include a summary including meeting dates, number of meetings and how the engagement influenced the utility's decisions;
d) Detailed meeting minutes for utility/transmission owner meetings should include any requested studies, discussions about assumptions and any conclusions made during the meeting, alternatives that were reviewed, any other pertinent information that can be made public or provided through typical contested case confidentiality agreements;
e) Current transmission system import and export limits as most recently documented by the RTO and any local area constraints or congestion concerns;
f) To the extent available, any information provided by their local transmission and RTO owner indicating the anticipated effects of fleet changes proposed in the transmission system, including both generation retirements and new generation, subject to confidentiality provisions; Any information provided by their local transmission owner, including cost and timing, indicating potential transmission options that could impact the utility's IRP by: (1) increasing a local resource zone's (LRZ) import or export capability; (2) facilitating PPAs or sales of energy and capacity both within or outside the planning zone or from neighboring RTOs; (3) transmission upgrades resulting in increasing system efficiency and reducing line loss allowing for greater energy delivery and reduced capacity need; and (4) advanced transmission and distribution network technologies affecting supply-side resources or demand-side resources; (5) estimated interconnection

costs for new resources (6) potential siting locations that may provide transmission system benefits;

g) In collaboration with their local transmission owner, to the extent available, any information regarding (1) identification of system locations or regions where energy resources can interconnect to the transmission system with minimal transmission investment, (2) recent studies, to the extent that they are available, that indicate ways in which the capacity import or export capabilities can be increased or may change and the resulting impacts to the local clearing requirement;
h) Any transmission studies performed by their local transmission owner that support the resource plan proposed by the utility;
i) In conjunction with the local transmission owner, provide an analysis of transmission costs for access to out of state resources conducted by either the RTO, transmission owner(s), and/or utility; and
j) Provide RTO reports or web links to report locations that contain information relied upon to support transmission related model assumptions.

XIV. Fuel: The utility shall include the following:

a) Overview;
b) Natural gas price forecasts under the various scenarios;
c) Oil price forecasts under the various scenarios;
d) Coal price forecasts under the various scenarios;
e) Delivered natural gas prices to existing and new utility-owned generating plants;
f) Delivered oil prices to existing and new utility-owned generating plants;
g) Delivered coal prices to existing and new utility-owned generating plants;
h) Projected annual fuel costs under the various scenarios;
i) The projected long-term firm gas transportation contracts or natural gas storage the utility will hold to provide an adequate supply of natural gas to any new and existing generation facility; and
j) Any other fuels used for electric generation by the utility.

XV. Resource Screen: Describe the utility's options of resources, including combinations of resources constructed as a single facility (such as storage combined with a generation source), to serve future electric load such as utilizing existing and planned resources **(including future load from the electric providers voluntary green pricing program and any special contracts)**, build a new facility, purchasing capacity from the market on a short-term basis, and purchasing capacity through a PPA. The following sections shall discuss each option in detail and options shall be considered in combination to serve future electric load. As described below, workpapers with information on the costs and performance data of each modeled resource option and combination of resource options shall be provided with the utility's filing:

Commented [MK12]: Again, Energy Efficiency ("Energy Waste Reduction") should be listed in here as one of the resource options.

a) Existing and approved resources;
b) New build:
   1. **New generation technology and operating assumptions;**
   2. **New generation development costs;**
   3. **New storage technology and operating assumptions;**
   4. **New energy storage development costs; and**
   5. **Development costs and operating assumptions for combinations of resources constructed as a single facility;**
c) DERs inclusive of non-wires alternatives (NWA) identified in other planning processes;
d) Demand-side Resources inclusive of NWAs identified in other planning processes;
e) Market capacity purchases:
   1. **Regional market supply outlook;**
   2. **Availability of market capacity; and**
   3. **Market capacity price assumptions;**
f) Long-term PPAs; and
g) Transmission resources:
   1. **Overview;**
   2. **Existing import and export capability;**
   3. **Transmission network upgrade assumptions for the IRP; and**
   4. **Import and export impact on resource strategy.**

XVI. Modeling Results: An analysis of the capital costs, energy production, energy production costs, fuel costs, energy served, capacity factor, emissions (levels and costs), and viability of all reasonable options available to meet projected energy and capacity needs, including, but not limited to, existing electric generation facilities in this state. The following suggest specific items to be included. They are not exhaustive.

a) Description of IRP portfolio design strategy (portfolio optimized for least cost, value maximization, reliability, risk minimization, environmental specification etc., or a particular combination);
b) Results for all MIRPP required scenarios and sensitivities, additional utility scenarios and sensitivities, and the proposed resource plan that include annual incremental revenue requirements, incremental present value of annual revenue requirements and net present value of revenue requirements, and portfolio capacity including additions and retirements. Include monthly and annual energy pricing, and resource capacity and load factors;
c) Base case portfolio options to be selected from;
d) Analysis of IRP results;
e) Risk assessment is presented with graphics and data that illustrate the results of any stochastic risk analysis performed such that the probability distributions are clearly defined along with relative positions of the distributions so that plans can be directly compared on a single graph. The use of a box and whisker plot and/or efficient frontier plot is recommended; and
f) Impacts on resource adequacy for the resource zone.

XVII. Proposed Resource Plan: Include a detailed description of:

a) The type of generation technology proposed for a generation facility or combination of resources constructed as a single facility contained in the plan and the proposed capacity of the generation facility or combination of resources constructed as a single facility, including projected fuel costs under various reasonable scenarios;
b) Plans for meeting current and future capacity needs with the cost estimates for all proposed construction and major investments, including any transmission or distribution infrastructure that would be required to support the proposed construction or investment, and PPAs;
c) The projected long-term firm gas transportation contracts or natural gas storage the utility will hold to provide an adequate supply of natural gas to any new generation facility; and

d) How the utility will meet local, state, and federal laws, rules, and regulations under the PCA;

e) The impact of the proposed course of action on the diversity of the Company's resource portfolio. Include details in a qualitative discussion.

f) **How the utility's IRP and CEP align and/or differ with the Company's most recently filed Renewable Energy Plan (REP). If the IRP and CEP diverge from the REP, describe how they will meet the Renewable Energy Portfolio Standard set out in PA 235 and how these differences will influence future REP filings.**

g) **How the utility's IRP storage builds meet the utility's share of the Energy Storage Target as set out in PA 235.**

Commented [MK13]: Should be a similar clause for how the IRP meets any statutory or other requirements or commitments for Energy Waste Reduction.

XVIII. The utility shall describe the process used to select the proposed resource plan, including the planning principles used by the utility to judge the appropriate tradeoffs between competing planning objectives and between expected performance and risk. The utility shall describe how its proposed resource plan satisfies the following:

a) Strike an appropriate balance between the various planning objectives specified;

b) Utilize renewable and demand-side resources to comply with existing laws, goals and, in the judgment of the utility, are consistent with the public interest to achieve state energy policies;

c) In the judgment of the utility, the proposed resource plan, in conjunction with the deployment of DR measures, has sufficient resources to serve load forecasted for the implementation period;

d) A NPVRR comparison of its proposal and reasonable alternatives over the planning period utilized in the analysis. It shall also include the calculation and comparison of the NPVRR of the utility's proposed resource plan and any alternative resource plans including the alternative resource plans resulting from the Commission-approved modeling scenarios. In addition, the utility shall provide support for its chosen discount rate and discuss how the results of its analysis would change with different discount rate assumptions;

e) A detailed analysis of any benefits from resources that provide co-benefits to distribution or transmission planning (such as reliability and resilience benefits) when those benefits are unable to be captured through capacity expansion modeling runs, to the extent that the co-benefits were relied upon for justification of resource decisions;

f) Include a detailed analysis for any resource type that the utility utilized an analysis outside of the integrated resource model to determine net-cost, external benefits, and additional value streams:

1. **Detail the net-cost method used when modeling any resource, where presumed benefits are netted against the costs of a resource to account for benefits outside of the model, a complete account of costs and assumed benefits should be provided such that the metrics and value given to achieving those metrics is clear and transparent;**
2. **Detail benefits and value streams that are outside of the model that are included in the utility justification for a resource. A detailed analysis should be transparently included in the utility filing; and**
3. **Detail how the utility considered whether benefits applied to one resource type are or are not also attributable to other resources.**

h) **A detailed analysis of the affordability of the PCA by providing the following:**

~~1.~~ **The annual electric cost by customer class on a kWh basis made over the past 10 years of service.**

~~2.~~ **A 5-year projection of utility electric cost by customer class. The projection should include anticipated major investments like generation resources, distribution plans, major enterprise IT system upgrades, any other expected costs that will significantly impact rates.**

~~3.~~ **The number of customers on assistance programs over the past 5 years and the projected number for the next 5 years.**

~~4.~~ **How the proposed PCA, its alternative plan (if the utility provides an alternative), and its prior approved PCA would impact the amount of its customers that spend more than 10% of their income on energy and what the expected average energy burden is for each plan over the planning period. The utility must explain its methodology for how it calculated both the average energy burden and the number of customers experiencing a high energy burden.**

If the proposed PCA increases of number of customers with a high energy burden more than its alternative plan or prior approved PCA, the utility may elaborate on how it plans to address the increased energy burden/the number of customers experiencing high energy burdens.

XIX. The utility shall develop an implementation plan that specifies the major tasks, schedules, and milestones necessary to implement the proposed resource plan over the implementation period. The utility shall describe and document its implementation plan, which shall contain:

a) A schedule to report the status of an approved plan in accordance with MCL 460.6t(14);
b) A schedule and description of actions to implement ongoing and planned demand-side programs and demand-side rates;
c) A schedule and description of relevant supply-side resource research, engineering, retirement, acquisition, and construction;
d) A description of how, to the extent practical, the construction or investment in new resources in this state will be completed using a workforce composed of residents of this state; and
e) A description of, to the extent practical, the construction of new resources in this state will be completed using materials sourced from this state.

XX. Rate Impact and Financial Information: Projected year-on-year impact of the PCA (and other feasible options) for the periods covered by the plan, covering the following accounts:

a) Incremental Revenue requirement;
b) Rate base;
c) Plant-in-service capital accounts;
d) Non-fuel, fixed O&M accounts;
e) Non-fuel, variable O&M accounts;
f) Fuel accounts;
g) Emissions cost;
h) Effluent additive costs; and
i) Projected change in generation plant-in-service.
j) **Distribution costs for the first 5 years of the PCA. This should use cost information for the utility's most recent distribution plan or**

XXI. The utility shall describe the financial assumptions and models used in the plan. The resource plan shall include, at a minimum, the following financial information, together with supporting documentation and justification:

a) The general rate of inflation;
b) The allowance for funds used during construction rates used in the plan;
c) The cost of capital rates used in the plan (debt, equity, and weighted) and the assumed capital structure;
d) The discount rates used in the calculations to determine present worth;
e) The tax rates used in the plan;
f) NPVRR for the plan;
g) Nominal incremental revenue requirements by year; and
h) Average system rates per kWh by year.

XXII. Environmental Considerations and Environmental Justice: Describe how the utility's resource plan and any alternative resource plans presented in the application will comply with all applicable local, state, and federal environmental regulations, laws, and rules.

a) Include a list of all environmental regulations that are applicable to the utility fleet. Identify which regulations apply to which resources;
b) Include all capital costs for compliance with new and reasonably expected environmental regulations for existing fleet assets in the utility IRP;
c) Include a chart that compares the total projected carbon emissions under each scenario analyzed (no sensitivities applied), including quantifying the carbon emissions projected in each sensitivity as a percentage of the carbon emissions presented in the base scenario associated with that sensitivity. The utility shall identify and justify its use of a carbon accounting methodology identified in Electric Power Research Institute, Methods to account for Greenhouse Gas Emissions Embedded in Wholesale Power Purchases or other Commission approved methodology;[7]

[7] Electric Power Research Institute, Methods to account for Greenhouse Gas Emissions Embedded in Wholesale Power Purchases, https://ghginstitute.org/wpcontent/uploads/2019/04/EPRI-Wholesale-Power-Report-Published-2019.pdf, March 2019.

d) If the Company is proposing retirement of an existing resource due to an environmental regulation, clearly identify the future capital cost for environmental regulations and other capital investments in the facility. If costs are identified as avoided capital costs, provide sufficient detail to support the capital cost as avoidable, meaning dollars will never be spent, or capital cost will simply be transferred to another cost category. For example, becoming cost of removal, or fully avoidable capital costs;

e) Hold a technical conference with MPSC and Department of Environment, Great Lakes, and Energy (EGLE) staff within 30 days after the filing to discuss the environmental and emission related data included in the filing testimony, exhibits, and workpapers; and

f) Identify, quantify, and provide evidence in the filing that shows progress in meeting any state, federal or utility announced carbon reduction goals. Illustrate how each optimized build plan for each MIRPP scenario (no sensitivities applied), the proposed resource plan, and the previously approved plan perform in meeting those goals throughout the planning period.

XXIII. EGLE Advisory Opinion: Ensure the advisory opinion of EGLE in utility IRP cases is supported by a comprehensive health and environmental impact analysis in support of the State's environmental justice goals and Governor Whitmer's September 2020 Executive Directive 2020-10.

a) Scope of portfolio build plans (herein referred to collectively as portfolios) evaluated as follows:
   1. **Portfolio 1: Previously approved portfolio (status quo; PCA in previously approved IRP) run in the MIRPP Scenario 1 (optimized through the current study period).**
   2. **Portfolio 2: Utility PCA portfolio run in MIRPP Scenario 1.**
   3. **Portfolio 3: Optimized portfolio in MIRPP Scenario 1.**
   4. **Portfolio 4: Optimized portfolio in MIRPP Scenario 1 with high load sensitivity.**
   5. **Portfolio 5: If applicable a utility's reasonable alternative(s) to the PCA presented by the utility in MIRPP Scenario 1.**

b) The utility will provide the following facility/unit level data and total annual fleet data, in an Excel spreadsheet(s) expressed in total tons, to EGLE for the following pollutants:
   1. **Sulfur dioxide (SO_2)**
   2. **Nitrogen oxides (NO_x)**

3. **Carbon monoxide (CO)**
4. **Particulate matter (PM)**
5. **Lead (Pb)**
6. **Mercury (Hg)**
7. **Volatile organic compounds (VOC)**
8. **Carbon dioxide (CO_2)**
   These data will be presented as raw numbers/units and as the aggregate change comparing the three portfolios - #1, #2 and #5. The methodology used to determine the emissions from the respective RTO purchases will be explained. The utility will propose a sample template of what would be provided in the IRP filing to EGLE for agreement 30 days before the filing.

c) Analyze all portfolios to identify and quantitatively assess the potential impacts to **environmental justice** ~~overburdened~~ communities. The utility will perform an Environmental Justice Screening using the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen). **This**~~e analysis will include~~ **includes a comparative analysis of at least two environmental justice community composite scores** ~~environmental justice communities~~ within a 3-mile radius of each facility for all facilities including peaking units. ~~Environmental Justice communities will be identified using the EJ composite score recommended by the tool used. This may vary based upon differences between tools.~~ Utilities are encouraged to use the MiEJScreen Tool to the extent practical. This assessment should address air emissions **and/or conversion of** early retirement of fossil fuel-fired facilities.

d) Using the Environmental Justice communities identified in the analysis completed in III, qualitatively assess the potential impacts of all portfolios including utility proposed early retirements **and/or conversions** of fossil fuel-fired facilities. The analysis should address water quality, waste disposal, and expected changes in land use for new or retiring resources to the extent known at the time of filing.

e) To determine health impact estimates for air emissions, the utility will use the environmental Benefits Mapping and Analysis Program–Community Edition (BenMAPCE), **or** the Co-Benefits Risk Assessment (COBRA) Health Impacts Screening and Mapping Tool, ~~or a similar analytical tool with mapping features and spatial resolution~~ ~~down to at least the county level~~. Based on the pollutant parameters compatible with the chosen tool, this air emissions data analysis will be performed to provide health impact estimates to assess:

1. **Annual~~Overall~~ fleetwide health impacts of utility proposed early retirement of fossil fuel-fired ~~facilities~~ unit conversion to a different fuel source(s), newly constructed/acquired fossil fuel-fired units, and renewable energy adoption. When the online version of an analytical tool does not have the data needed for analyzing a year where noteworthy emission changes are expected to occur, impacts can be estimated using emission changes from a year as near as reasonably possible to the intended analytical year or use of the desktop version of the analytical tool may be needed. Results, including impacts and associated costs, will be presented for portfolios #~~1~~, #2 and #5 (if applicable) in comparison to portfolio #1 Impacts on environmental justice communities ~~identified in the analysis will be completed in~~ section III (within a 3-mile radius). Comparing to Portfolio #1 results (including impacts and associated costs) will be presented for all the other ~~five~~ listed portfolios.**
2. **Include county level COBRA results for any county that contains retired, newly constructed/acquired, or converted fossil fuel-fired units in Environmental Justice communities.**

c) If a decrease in PM2.5 emissions is not demonstrated at each individual electric generating unit within a 6-mile radius of an identified environmental justice community, including any new proposed units that could reasonably be expected to locate within the 6-mile radius, conduct dispersion modeling for PM2.5 including all electric generating unit(s) within a 6-mile radius of the identified **environmental justice** ~~vulnerable~~ community. The current emissions should be used to establish a baseline modeling demonstration by which to compare the future impacts of portfolio #2. Any dispersion analysis conducted pursuant to this item, does not necessarily need to be a refined analysis. A screening analysis employing reasonable assumptions is acceptable. How refined the analysis is at the discretion of the utility. The goal of this analysis is to assess how the overall ambient concentrations of PM2.5 in environmental justice communities may be affected and to encourage an assessment of ambient impacts in the siting of any new units.

d) For resources located within the nonattainment areas (or an area that may be designated nonattainment based on reasonably known information at the time of filing) in the electric utility service territory, identify and assess their impact to the nonattainment status for the portfolio #2 listed above as compared to portfolio #1, and qualitatively support in testimony. The assessment should consider all nonattainment pollutants (i.e., SO_2 and ozone), as well as their precursors (i.e., NO_x and VOCs).

e) Narrative discussion of the quantitative and qualitative health and environmental impacts based on the analysis above, methodologies, data sources, and related observations.

Explain how these considerations were taken into account in the utility's decision.

XXIV. Exhibits and Workpapers: The filing shall include exhibits and workpapers as outlined below, subject to any license or other confidentiality restrictions that are unable to be resolved by issuance of a protective order.

a) The Company shall include an exhibit containing a table that designates where each filing requirement is included within its testimony, exhibits, and workpapers with appropriate page and section numbers;

b) The Company shall include an exhibit that depicts a stacked bar graph that includes the RTO capacity credit of all existing resources and new resources for all **required** scenarios and sensitivities **and any pertinent utility proposed scenarios**, color designated by resource type, in each of the planning years. The graph shall have a line representing expected demand over the length of the planning period with the inclusion of the necessary planning reserve margin;

c) The Company shall include an exhibit of stacked bar graphs that include the energy expected to be produced by all existing resources, new resources, and market purchases for each planning year and for all MIRPP required scenarios and sensitivities. Each graph shall be color designated by resource type. Each graph shall have a line representing expected demand over the length of the planning period;

d) Include a chart that compares the total projected carbon emissions under each **required** scenario and sensitivity **and any pertinent utility proposed scenarios** analyzed, including quantifying the carbon emissions projected in each sensitivity as a percentage of the carbon emissions presented in the base scenario associated with that sensitivity. The utility shall identify and justify which of the carbon accounting methodologies it used for all scenarios and sensitivities. The methodology should be one identified in Electric Power Research Institute, Methods to account for Greenhouse Gas Emissions Embedded in Wholesale Power Purchases or other Commission approved methodology;[8]

e) Any workpapers used in developing the application, supporting testimony, and IRP. Such workpapers shall, when possible, be provided in electronic format with formulas intact;

f) Any modeling input and output files used in developing the application, supporting testimony, resource plan, and any alternative plans. Such modeling input and output files shall, when possible, be provided in electronic format with formulas intact. The utility shall also identify each modeling program used and provide information for how interested parties can obtain access to such modeling program. Modeling inputs and outputs in the model-dependent binary format should be made available to parties that obtain a license;

g) Cost data, estimates, and co-benefit analyses that were used in the resource screening process or in any other way to determine resource selection of each resource that was considered either individually or in combination with other resources constructed as a single facility, including DERs, storage, and renewable energy resources;

h) A description, including estimated costs of each alternative proposal received by the utility;

i) A discussion of any differences between its short-term fuel price forecasts and capacity price curve in the IRP filing, and the short-term fuel price forecasts and capacity price curve in its last power supply cost recovery plan proceeding;

Commented [MK14]: It would be nice somewhere in here to request an assessment of how the Energy Waste Reduction component of the IRP will affect carbon emissions.

[8] Methods to account for Greenhouse Gas Emissions Embedded in Wholesale Power Purchases, https://ghginstitute.org/wp-content/uploads/2019/04/EPRI-Wholesale-Power-Report-Published2019.pdf, March 2019.

j) Identification and justification of the forecasted price of energy, capacity, and fuels, and of peak demand and energy requirements used in the IRP. The utility shall identify its base case forecasts and a range of sensitivities for each such factor and explain how those sensitivities were identified. If the base case forecast(s) differs from recent previous forecasts submitted by the utility to the Commission in other cases, the utility shall provide an explanation for such differences;

k) Present an environmental compliance strategy which demonstrates how the utility will comply with all applicable federal and state environmental regulations, laws, and rules. Included with this information, the utility shall analyze the cost of compliance on its existing generation fleet going forward, including existing projects being undertaken on the utility's generation fleet;

l) Estimated annual emissions of CO_2 and greenhouse gases, particulates, SO_2, NO_x, and Hg per year and over the study period of the facilities included in their IRP;

m) The assumed retirement dates of the facilities included in the IRP, with justification provided for the assumed retirement dates; and

n) Other documents and data underlying the IRP **and CEP** analysis.

Appendix 1 Acronym List

BenMAP-CE: Benefits Mapping and Analysis Program- Community Edition

CO: Carbon Monoxide

COBRA: Co-Benefits Risk Assessment

CON: Certificate of Necessity

CO_2: Carbon Dioxide

DER: Distributed Energy Resources

DR: Demand Response

EGLE: Department of Environment, Great Lakes, and Energy

EJ: Environmental Justice

EJ SCREEN: Environmental Justice Screening and Mapping Tool

EWR: Energy Waste Reduction

Hg: Mercury

IRP: Integrated Resource Plan

ISO: Independent System

Operator **kW**: Kilowatt **kWh**:

Kilowatt-hour

LRZ: Local Resource Zone

MiEJScreen: Michigan Environmental Justice Screening Tool

MIRPP: Michigan Integrated Resource Planning Parameters

MPSC: Michigan Public Service Commission or Commission

MW: Megawatts

MWh: Megawatt Hour

NO_x: Nitrogen Oxide

NPVRR: Net Present Value Revenue Requirement

NWA: Non-Wire Alternative

O&M: Operation and Maintenance

Pb: Lead

PCA: Proposed Course of Action

PM: Particulate Matter

PPA: Power Purchase Agreement

REC: Renewable Energy Credit

RFP: Request for Proposal

RTO: Regional Transmission Organization

SO_2: Sulfur Dioxide

Staff: Commission Staff

USEPA: United States Environmental Protection Agency

VOC: Volatile Organic Compounds

ZRC: Zonal Resource Credit

COMMENTS ON THE MPSC STAFF DRAFT IRP FILING REQUIREMENTS

By Martin Kushler, Ph.D.

November 7, 2024

Overall, I thought there were many good components of the draft IRP filing requirements.

However, I was very surprised to see that there is **essentially no mention of energy efficiency (EWR) as a core resource in the draft.** As primary examples of this omission, I would point to pages 19 and 20, where the basic resources to be considered in an IRP are identified with roman numerals…but energy efficiency is not included. The text does include: existing generation, renewables and RPS goals, energy storage, and demand-side resources. But "Demand-Side Resources" only mentions "Demand Response", and not energy efficiency!

As someone who worked specifically on IRP issues at the MPSC during the early years of IRP in the industry (i.e., the early 1990's, I find this omission very surprising. Indeed, the origin of the term "integrated" was deliberately chosen to represent the (at the time) novel approach on '**integrating**' **energy efficiency** (then called 'conservation') into a utilities resource plans…which had previously just focused on 'supply side' resources. By this point in time decades later, this omission of energy efficiency as a resource to be considered in an IRP is contrary to the common understanding of IRP throughout the industry (see below). More importantly, it is also inconsistent with Michigan law. There are **several specific references in Michigan statute connecting our EWR to integrated resource plans** (which I will detail in a moment).

I hope that Staff and the Commissioners will consider my comments below, as well as the additional 'track changes' comments I am filing on the full draft IRP filing requirements document.

Thank-you for your consideration. I would be happy to answer any questions.

Sincerely,

Martin Kushler, Ph.D.

(retired ACEEE Senior Fellow, and previously Supervisor of the Evaluation Section in the Resource Planning Division at the MPSC)

Below are some specific references to illustrate how energy efficiency is a fundamental component of IRP.

COMMON DEFINITION

Let's start with Wikipedia:

> **Integrated resource planning** (**IRP**, also **least-cost utility planning**, **LCUP**) is a form of [least-cost planning]() used by the public utilities. The goal is to meet the expected long-term growth of demand with minimal cost, using a wide selection of means, from supply-side (increasing production and/or purchasing the supply) to demand-side (reducing the consumption). For example, for an [electric utility]() the US law **defines IRP as a planning process that evaluates the full range of alternatives, including** new generating capacity, power purchases, **energy conservation and efficiency**, cogeneration and district heating and cooling applications.
>
> https://en.wikipedia.org/wiki/Integrated_resource_planning
>
> [Emphases added]

FEDERAL LAW

Integrated Resource Planning as defined in U.S. statute: 16 U.S.C. § 2602

> **(19)** The term "integrated resource planning" means, in the case of an electric utility, a planning and selection process for new energy resources that **evaluates the full range of alternatives, including** new generating capacity, power purchases, **energy conservation and efficiency**, cogeneration and district heating and cooling applications, and renewable energy resources, in order to provide adequate and reliable service to its electric customers at the lowest system cost. The process shall take into account necessary features for system operation, such as diversity, reliability, dispatchability, and other factors of risk; **shall take into account the ability to verify energy savings achieved through energy conservation and efficiency and the projected durability of such savings measured over time; and shall treat demand and supply resources on a consistent and integrated basis**.
>
> 16 U.S. Code § 2602 - Definitions | U.S. Code | US Law | LII / Legal Information Institute
>
> [emphasis added]

MICHIGAN STATUTE

It is important to note that Michigan legislation clearly connects energy efficiency ("energy waste reduction") to utility integrated resource planning, and requires that EWR be included in utility IRP plans.

From PA 229 of 2023:

> Sec 71 (2) The overall goal of an energy waste reduction plan shall be is to help the provider's customers reduce energy waste and to reduce the future costs of provider service to customers**. In particular, an electric provider's energy waste reduction plan shall be designed to delay the need for constructing new electric generating facilities** and thereby protect consumers from incurring the costs of such construction.

Indeed, the core cost-effectiveness test specified for EWR (and literally called the "utility system resource cost test") is whether the EWR is less costly as a utility system resource:

> Sec 73 (2) The commission shall not approve a proposed energy waste reduction plan unless the commission determines that the energy waste reduction plan meets the **utility system resource cost test** is reasonable and prudent. In determining whether the energy waste reduction plan is reasonable and prudent, the commission shall review each element and consider **whether it would reduce the future cost of service for the provider's customers**. In addition, the commission shall consider at least all of the following:
>
> .
>
> .
>
> (c) **Whether the proposed energy waste reduction plan is consistent with any long-range resource plan filed by the provider** with the commission.

Finally, the statute specifically requires EWR savings to be included in the IRP:

> Sec 77 (2) As a goal, an electric provider's energy waste reduction programs under this subpart should collectively achieve incremental energy savings equivalent to 2% of total retail electricity sales in megawatt hours in the preceding year, with an average life of at least 8 years for energy waste

reduction measures. **This goal should be included in the electric provider's integrated resource plan modeling scenarios** under section 6t of 1939 PA 3, MCL 460.6t.

(emphases added)

As Michigan has done above, it is not uncommon for a state to require (or a utility to agree via settlement agreement) that a utility's IRP include at least a certain minimum amount of energy efficiency resource in their plan. (This would be analogous to a "must run" power plant assumed in a plan.) Then the IRP analysis would determine whether **additional** energy efficiency resources should be pursued. That is the approach that should be utilized in Michigan.

In addition to those core definitional and statutory references, I've included as a separate document some comments on where the text of the draft should be modified to appropriately include energy efficiency ("Energy Waste Reduction") in utility IRPs.

Thank-you very much for your consideration.

November 7, 2024

Attn: Amelia Arnold
Department of Licensing and Regulatory Affairs
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

VIA ELECTRONIC SUBMISSION ONLY: arnolda11@michigan.gov

RE: Case No. U-21570, Comments on Implementing IRP Related Provisions in the 2023 Clean Energy Laws

Dear Ms. Arnold:

The Michigan AFL-CIO, Michigan's largest labor organization, is a federation representing forty different labor organizations, eighteen central labor councils, and eight constituency groups representing over 1 million union members and their families. Our workers are responsible for construction and energy production throughout Michigan. We are committed to the development of renewable energy and energy storage projects in our state, and equally committed to ensuring that those projects are developed with the highest safety, quality, and labor standards. We appreciate the opportunity to submit comments regarding the Michigan Public Service Commission's (Commission) Draft Revised Integrated Resource Plan Filing Requirements dated September 30, 2024 (Draft).[1]

We urge the Commission to amend the Draft to include disclosure of how new or rehabilitated existing generation capacity included in integrated resource plan filings meet the labor standards required in Public Act 231, and explain how each rate-regulated utility has met the labor standards for energy waste reduction programs specified in Public Act 229.

Section 6t of Public Act 231 defines updated filing requirements for integrated resource plans (IRPs). Fundamentally, it requires rate-regulated utilities to explain in their IRPs how they will meet the projected demand for electricity while complying with the state's renewable energy goals. However, section 6t(8) also defines criteria for the Commission's consideration and approval of IRPs, including that new generation capacity or rehabilitated existing capacity is constructed and maintained pursuant to high road labor standards. Specifically, section 6t(8)(c) states that:

> The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the National Apprenticeship Act,

[1] Available here: https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/IRP-Filing-Requirements-Draft.pdf?rev=0d5b292cf86b4396975c653b66f214a4&hash=9530D9DD36BD5D44D50268FC6A9A888B

> 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed.

To comply with Public Act 231, the Commission must require that the rate-regulated utilities disclose in their IRP filings whether and how new and rehabilitated existing capacity resources relied on in their IRPs meet these high road labor standards. Without this information, the Commission cannot determine whether these labor standards have been met when considering and approving IRPs, as required by the Act.[2] Therefore, we urge the Commission to amend its Draft to incorporate these disclosure requirements in its revised IRP filing requirements.

In addition, the Commission requires rate-regulated utilities to analyze their energy waste reduction (EWR) programs in their IRPs,[3] including EWR program costs.[4] Public Act 229 contains labor standards for the EWR programs of utilities serving more than 50,000 customers, including:

> invest[ing] in hiring and developing a diverse energy waste reduction workforce and contractors capable of delivering energy waste reduction measures such as building envelopes, heat pumps, health and safety measures, and other advanced efficiency and related measure…Workforce and contractor development efforts shall focus on hiring and developing, for work in energy waste reduction and related careers, workers in or from low-income and environmental justice communities and workers formerly employed in transition-impacted industries such as fossil fuel energy workers who have employment tied to generation, transportation, and refinement, internal combustion engine vehicle workers, workers in the supply chain for internal combustion engines vehicles, and workers in the building and trades as well as any other affected workers. The development

[2] *See* Public Act 231, Section 6t(8) ("The commission shall approve the integrated resource plan under subsection (7) *if the commission determines all of the following*: …(c) The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed") (emphasis added).

[3] *See, e.g.,* MIchigan Integrated Resource Planning Parameters - Draft, p. 2 (IRP modeling "scenario will ensure that Michigan's electric utilities will consider a wide variety of resources such as renewable energy, demand response (DR), *energy waste reduction (EWR*), storage, distributed generation technologies, voltage support solutions, and transmission and non transmission alternatives, in addition to traditional and clean energy system fossil-fueled generation alternatives for the future") (emphasis added) (avail. at https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/MIRPP-Draft.pdf?rev=c82fc832d4c44f0997092803a7f86864&hash=55ABCC1BE6833377EEE0095206AB1096).

[4] *Id.*, p. 53.

> efforts shall follow generally recognized best practices, including apprenticeship programs registered and certified with the United States Secretary of Labor under the National Apprenticeship Act, 29 USC 50 to 50c.[5]

Public Act 229 further requires annual reports to the Commission on covered utilities' workforce and contractor development efforts described above.[6] The Commission should amend its Draft to require disclosure of the utilities' compliance with the EWR labor standards of Public Act 229 in their IRPs as well.[7]

We welcome the opportunity to further discuss our comments and recommendations. If you have any questions or wish to discuss our recommendations, please reach out to our Director of Government Affairs at rsebolt@miaflcio.org. Thank you for your consideration.

Respectfully submitted,

Ron Bieber
President
Michigan AFL-CIO

---

[5] Public Act 228, sec. 80a.
[6] *Id.*, sec. 80a(3).
[7] We note that the Commission has opened a docket to determine how to implement Public Act 229, but has not yet made a final determination or required annual filings.
https://www.michigan.gov/mpsc/commission/workgroups/2023-energy-legislation/energy-waste-reduction-standards-and-plans

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, to implement the provisions of Sections 6t(1), (5), (7), (8), (12), and (15) of Public Act 231 of 2023 and Sections 3, 5, 7, 22, 28, 51, 101, and 103 of Public Act 235 of 2023.	))))))	Case No. U-21570

On February 8, 2024, the Michigan Public Service Commission established this docket to implement several provisions from Public Acts 231 and 235 of 2023. Among other things, the Commission directed the Michigan Public Service Commission Staff ("Staff") to propose revisions to Michigan's Integrated Resource Plan ("IRP") Filing Requirements and Michigan Integrated Resource Planning Parameters ("MIRPP"), and to solicit feedback on those proposed redlines. After releasing its proposed revisions on September 30, 2024, Staff held an engagement session on October 17, and requested initial comments on its proposals by November 7, 2024.

Pursuant to the Commission's February 8 Order and Staff's request, Michigan Environmental Council, Natural Resources Defense Council, and Sierra Club (collectively, "MNS") submit the following comments on Staff's proposed revisions to the Filing Requirements and MIRPP. For many of these comments, we have proposed specific revisions to the wording of the Filing Requirements and MIRPP. Because we are proposing changes on top of Staff's proposals, and to more easily illustrate our revisions, Staff's redlines were "accepted" for purposes of the redlines proposed below (*i.e.*, before adding our own redlines, we removed the strikethrough and bold text shown in Staff's September 30 redlines).

I. <u>Filing Requirements</u>

A. Identification of Environmental Justice Communities

In Public Act 231 (2023), the Michigan Legislature elevated the role of environmental justice in IRP decision-making. Among other things, the Legislature directed that the Commission, in consultation with EGLE and other interested parties, "[i]dentify environmental justice communities."[1] These communities are to be identified in a Commission proceeding that will commence by August 31, 2025.[2] Citing this statutory requirement, the Commission opened Case No. U-21570 so that, among other things, Staff and interested persons could discuss the identification of environmental justice ("EJ") communities.[3]

MNS sincerely appreciate Staff's thoughtful efforts to implement PA 231 and 235, including Staff's proposed revisions to the Filing Requirements. On this specific issue, however, we believe that Staff's approach is inconsistent with MCL 460.6t(1)(k), and would create confusion for the Commission, utilities, and interested persons – especially members of those communities that might be identified in this Commission process directed under PA 231.

The September 30 draft seems to assume that EJ communities would *not* be identified by the Commission for use in all IRPs, but would instead be identified anew as part of each utility-specific IRP. For example, on page 8, Staff's redline proposes defining environmental justice communities as:

> overburdened, vulnerable, underserved or disadvantaged communities that are identified, for the purpose of this analysis, by a minimum composite scoring ranging in the 70-80th percentile in either the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen).

---

[1] PA 231, Sec 6t(1)(k); *codified at* MCL 460.6t(1)(k).

[2] *Id.*

[3] Case No. U-21570, February 8, 2024 Commission Order at 1-2, 7.

Similarly on page 32, the September 30 draft suggests that EJ communities would be identified through an analysis conducted by the utility, and presented in the initial IRP filing:

> d) Using the Environmental Justice communities identified in the analysis completed in III, qualitatively assess the potential impacts of all portfolios including utility proposed early retirements and/or conversions of fossil fuel-fired facilities. [4]

There are other provisions within the draft that similarly contemplate that EJ communities will be identified within the context of individual IRPs.[5] We disagree with these provisions because the statute plainly requires the Commission to identify environmental justice communities in the proceeding described in 460.6t(1).[6]

Even apart from the statutory language, we believe that having the Commission identify EJ communities would result in a fairer, more open process than one left to utility-specific IRPs. If, as part of their preparation of an IRP, utilities are responsible for identifying EJ communities, whether using MiEJScreen or other tools, there is a significant risk of confirmation bias. For example, utilities may downplay, or even cherry pick, EJ communities based on proximity to fossil fuel generating facilities if retiring those plants is not in their priorities. And the optional public engagement process (pp. 4-6) cannot eliminate that risk, especially given that preparation of the IRP – including modeling of potential resource plans – begins long before the initial

---

[4] The cross-reference to "the analysis completed in III" is referring to the preceding paragraph regarding the definition of environmental justice communities. The "III" is a holdover from the current Filing Requirements, which use capital Roman numerals rather than letters.

[5] *See* September 30 Draft Filing Requirements at 5 (paragraph g), 33 (paragraph XIII(e)(1)).

[6] MCL 460.6t(1)(k) states: "The commission shall, by August 31, 2025, and every 4 years thereafter, commence a proceeding and, in consultation with the department of environment, Great Lakes, and energy, and other interested parties, do all of the following as part of the proceeding: . . . . Identify environmental justice communities."

filing.[7] Put simply, if utilities are tasked with identifying EJ communities as part of individual IRPs, communities that are disproportionately affected by environmental harms, could fall through the cracks.

These concerns can be ameliorated by putting this responsibility in the Commission's hands – as the statute requires. And if there is an open Commission process, members of communities that may not be reflected in the screening tools, but still are disproportionately affected by environmental harms, will have an opportunity to be heard. Identifying communities based on thresholds that are often arbitrary can leave out communities that are environmentally burdened but are at the very edge of those thresholds. We also know that populations are missed through the US Census data collection process. A report from the U.S. Census Bureau released two years after the 2010 census suggests that while the net counts for the last three censuses were generally accurate, a number of subgroups (e.g., renters, black population) were miscounted. Ground-truthing is a process by which communities can verify if they are accurately represented and can add information that may be missed by the databases used in screening tools for identifying environmental justice communities.[8]

Screening tools based on fixed thresholds alone can also overlook rural environmental justice communities. Proximity-based metrics often used in screening tools tend to minimize threats in rural areas because the census tracts are very large and the population centers are very small. The erasure of rural EJ communities has been a long-standing criticism of EJ screening tools, and would be lessened here by a mechanism for community input.

---

[7] These risks would be compounded if, as the September 30 draft proposes, the definition of environmental justice communities could vary between a 70th and 80th percentile composite score under MiEJSCREEN.

[8] Census Bureau Releases Estimates of Undercount and Overcount in the 2010 Census - 2010 Census - Newsroom - U.S. Census Bureau. (n.d.). Retrieved April 15, 2022, from https://www.census.gov/newsroom/releases/archives/2010_census/cb12-95.html.

In meetings with MNS and other stakeholders last month,[9] Staff expressed concern that a Commission-identified list could become outdated, such that it may be preferable for utilities to identify environmental justice communities within an IRP. We do not share this concern. The Commission is required to revisit this issue every four years, so the list of EJ communities can be updated to account for changing conditions. It is also worth noting that the IRP's environmental justice impact analysis is not strictly limited to identification of EJ communities, but impacts to those communities, as well.[10]

In the comments below, we have proposed some revisions to the Filing Requirements and the particular sections that mention EJ communities so they better align with the requirements of 460.6t(1)(k). But those modifications alone do not address our concern. Because the Commission will need to identify EJ communities next year, we urge Staff to begin that process now. We urge the Commission to open a separate, informational docket to help guide the identification of EJ Communities. The Commission can use the 70% percentile on the MiEJScreen tool to start the conversation, but opening a public process for communities to weigh is a crucial step for this process, and to correctly identify these communities.

B. Pre-Filing Request for Proposals

The pre-filing RFP is a critical component of the IRP process. The current language in the Filing Requirements focuses on RFPs' role in meeting capacity needs. We recommend revising this language to address two interrelated issues. First, to meet the renewable and clean energy requirements of PA 235, utilities may need to solicit additional clean resources beyond

---

[9] MNS sincerely appreciate Staff's willingness to meet with us, and we also appreciated the stakeholder session on October 17.

[10] *See, e.g.*, MCL 460.6t(5)(p) (requiring an IRP to include "[a]n environmental justice impact analysis that includes a review of the reasonably anticipated environmental justice impacts for any plan that includes the construction of a new natural-gas-fired generation facility . . . .").

those required for an immediate capacity need. Second, because clean, cost-effective resources may be available outside a utility's transmission zone, the RFP should consider out-of-zone resources. Accordingly, MNS recommend the following addition to page 4 of the Filing Requirements, following e):

> **f) To help ensure that the utility's IRP complies with the renewable energy plan requirements and goals of MCL 460.1028, the clean energy requirements of MCL 460.1051, the energy waste reduction measures in MCL 460.1077, and the energy storage target of MCL 460.1101, the RFP should:**
> **i. seek all cost-effective renewable energy, battery storage, and demand-side resources that the utility can acquire to help the utility achieve these renewable, clean energy, EWR, and storage requirements, without being limited to a specific capacity need;**
> **ii. if the utility serves customers in MISO Zone 7 or the AEP Zone of PJM, allow out-of-Zone resources that are deliverable into the Zone to compete fairly in the bidding process.**

C. Engagement and Public Outreach Process

MNS are appreciative of Staff's proposed changes to this section, which should help ensure that members of environmental justice communities can more easily engage in the pre-filing engagement process. We are supportive of Staff's proposed changes, including the directive that utilities specifically describe the metrics and methods used to determine the accessibility and convenience of public meetings for members of EJ communities. To further improve the utilities' public engagement, we offer the following suggestions:

To align with the statutory requirement that EJ communities be identified by the Commission, and as further discussed above in Section A, we recommend the following revision to page 5, subpart g:

> Environmental justice communities ~~should be identified using the MIEJScreen Tool or other tools as noted in the Section XVIII~~ **will be identified by the Commission pursuant to MCL 460.6t(1)(k). The**

> **Commission's identification of environmental justice communities should not discourage the utility from identifying other communities that the utility concludes are overburdened, vulnerable, underserved, or disadvantaged**.

To further strengthen the public engagement process, and ensure that community members' comments are adequately considered, we propose the following additions and modifications on pages 4 and 5:

> Participant engagement early in the development of the IRP is strongly encouraged to: (1) educate potential participants on utility plans; (2) utilize a transparent decision- making process for resource planning; (3) create opportunity to provide feedback to the utility on its resource plan; (4) encourage robust and informed dialogue on resource decisions; ~~and~~ (5) reduce utility regulatory risk by building understanding and support for utility resource decisions**; and (6) ensure the inclusion of diverse voices, including environmental justice communities**.
>
> The utility may choose to incorporate some, or all, of the participant input in its analysis and decision-making for the IRP filing**, and should provide a written response to all comments received from interested persons**.
>
> The utility is encouraged to provide basic information regarding the IRP filing process and how interested persons c**an**~~ould~~ participate.
>
> Advanced notice should be provided to customers in the utility's service territory. This should include community-based organizations. **The utility should take affirmative steps to enable attendance and meaningful participation from members of environmental justice communities, considering factors such as location, timing, transportation, and language/translation needs.** The utility is encouraged to consider holding public meetings after normal business hours to encourage attendance.

On page 6, we suggest removing the caveat in the sentence that describes the public outreach report. We understand the concern about requiring (as opposed to recommending) that utilities engage in outreach efforts, but we do not see any reason why this report should be optional. If a utility chooses not to hold any workshops/meetings, it can document that decision in its report. (And as a practical matter, we are confident Michigan's utilities will conduct public outreach before filing an IRP, as is their current practice.)

> ~~If the utility chooses to holds pre-filing workshops, including stakeholder engagement workshops or public meetings, the~~**The** utility shall prepare a public outreach report to document the outcomes of any pre-filing workshops **or public meetings**, and shall file the report with the IRP application.

In addition, on page 5, we suggest the Commission recommend hybrid public meetings, even if the stakeholder engagements are open to the public, as more chances for public engagement will help guide utilities in their planning processes.

> ~~If the stakeholder engagement workshops are not open to the public,~~ **It is recommended that utilities hold** two additional hybrid public meetings with the option for both virtual and in-person attendance ~~are recommended.~~ At least one hybrid public meeting is recommended when 5% or greater of a utility's residential customers are in environmental justice communities.

D. Risk Assessment Methodology

MNS suggest the following language to strengthen the risk assessment methodology, including major weather events leading up to the IRP filing.

> The utility shall provide detail on how the risk assessment was conducted~~,~~ including the impact of atypical weather conditions that occur at least as frequently as once in ten years. **The utility shall also include all extreme events of the last 20 years, identified by either State declaration of an emergency or by RTO declaration of an emergency.**

Additionally, MNS urge Staff to include risk assessment measures when it comes to future Greenhouse Gas emission regulations, directing utilities to contemplate the risk mitigating value for each scenario.

E. Confidential Information

To increase transparency into the modeling process used to develop the IRP, utilities should provide Staff and intervenors with access to the model. Accordingly, MNS suggest the following addition to page 7:

> Inclusion of specific materials in the IRP filing may be contingent upon appropriate confidentiality agreements and protective orders. Proprietary, confidential, and other nonpublic materials filed as part of the IRP shall be clearly designated by the utility as confidential. **Utilities will also provide Staff and intervenors with licenses to use the same modeling programs the utility has used in developing its IRP, no later than the date that a party's intervention request is approved by the Administrative Law Judge.**

F. Definitions

To align with the statutory requirement that EJ communities be identified by the Commission, and as further discussed above in Section A, MNS recommend the following revision to page 8:

> Environmental Justice (EJ) Communities – Refers to overburdened, vulnerable, underserved or disadvantaged communities that **have been** ~~are~~ identified **by the Commission pursuant to MCL 460.6t(1)(k)**~~, for the purpose of this analysis, by a minimum composite scoring ranging in the 70-80th percentile in either the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen). It is preferred that utilities use MiEJScreen tool to the extent practical~~.

G. Approval of Costs

To help ensure that utilities are fully taking advantage of federal financial incentives and programs that can accelerate Michigan's renewable and clean energy goals, MNS suggest adding the following provision to page 11, immediately before the EWR discussion:

> **Federal financial assistance: The utility shall provide the following information:**
> **a) A summary description of federal financial assistance (such as grants, low-interest loans, or loan guarantees) available under laws including, but not limited to, the Inflation Reduction Act and the Infrastructure Investment and Jobs Act, that projects considered in the IRP may be eligible for. The Company should include:**

1. Description of specific efforts, including timeline, made by the Company to obtain federal financial assistance for such projects.
2. Status and/or outcome of any effort to obtain federal financial assistance.
3. The estimated impact of the financial assistance on the reduced costs for customers.
4. If potentially available federal financial assistance was not pursued, an explanation as to why it was not.

In terms of the "potential socioeconomic impacts" that need to be considered on page 10 subpart m, MNS recommend that Staff expand these considerations to EWR and other distributed resources, not just limit them to supply-side resources.

H. IRP Filing, Data, and Documentation

As Staff knows, some Commission orders direct the utilities to provide certain information or analysis in the utility's next IRP case.[11] To better ensure that utilities provide such information, we suggest adding the following to pages 13-14 of the Filing Requirements:

c) The data and information requested in the Commission's IRP Filing Requirements included herein; ~~and~~
d) **Any information or analysis that the Commission in its orders regarding the utility's previous IRPs or other dockets required to be provided in this present IRP. This information should also be provided in the Stakeholder engagement meetings; and**
e) Any other information deemed relevant by the utility.

[11] *See, e.g.*, Case No. U-20471, February 20, 2020 Commission Order at 57 ("MEC/NRDC/SC argued that DTE Electric should have provided an assessment of the cost of a wind PPA with a third party generator located outside of MISO Zone 7 as part of the IRP, since Iowa and Indiana wind appear to be lower cost than Michigan wind. The ALJ indicated that she agreed. PFD, pp. 135-136. No exceptions were filed. The Commission agrees with the ALJ and finds that in its next IRP filing DTE Electric shall include such an assessment.").

I. ***I. Executive Summary***

Given the environmental justice requirements of PA 231, and PA 235's inclusion of CCS-equipped generation as a potential "clean energy system,"[12] it is important that the Commission, Staff, interested parties, and the general public have a clear understanding of the treatment of these issues in the IRP. To that end, MNS suggest the following modifications to page 14 of the Filing Requirements:

> g) A description of ~~how~~ the environmental justice (EJ) analysis**, and how the** results **of the analysis** influenced the utility's proposed course of action (PCA);
>
> **h) For any existing fossil fuel-fired generation that the utility proposes to retain or new fossil fuel-fired generation, a description of how such generation would affect environmental justice communities within a 3-mile radius, including projections of air, water, and waste pollution. The air pollution description must include both criteria air pollutants and air toxics.**
>
> **i) For any existing generation or new generation that the utility proposes to equip with carbon capture and sequestration ("CCS"), the utility must include a description of:**
>
> **a. how the infrastructure associated with the CCS and that infrastructure's installation (*i.e.* number and placement of injection wells, pipelines, etc.) will impact the EJ community.**
>
> **b. whether the CCS project will increase GHG and other air emissions in the EJ community. The utility must include an analysis of emissions that takes into account the reduction in plant efficiency resulting from the additional energy needed to power the capture technology.**
>
> **j) For any CCS-equipped resource not located in or near an EJ community, the utility must provide evidence that this resource meets Michigan's Clean Energy Standards and EPA's final GHG rules.**

[12] PA 235 Sec 3(i)(*ii*).

MNS also suggest adding in a requirement stating how each resource choice effect distribution system costs. This addition would ensure utilities are fully capturing the benefits of distributive resources.

J. ***III. Testimony Introduction***

When Staff and the Commission first developed the Filing Requirements, they wisely included a provision that directed utilities to describe market and regulatory environment influencing resource planning decisions. To further strengthen this discussion, MNS suggest the following additions to page 16 of the Filing Requirements:

> d) Market and regulatory environment influencing resource planning decisions:
> 1. RTO market and state regulation structure if a multistate utility;
> 2. Potential changes to RTO capacity market;
> 3. Electric customer choice;
> 4. Transmission expansion;
> 5. E**xisting and potential future e**nvironmental **standards**;
> 6. Renewable **energy, clean energy, battery storage, EWR, and demand response** ~~portfolio~~ standards; ~~and~~
> 7. **Federal and state tax credits, grants, low- or zero-interest loans, loan guarantees, and other potentially available financial incentives or assistance; and**
> **8.** Other;

K. ***IV. Analytical Approach***

On pages 16-17, Staff proposed several new provisions concerning utility proposals to accelerate the retirement of fossil resources. MNS appreciate the concerns underlying this proposed language, but we believe the proposed language requires modification to ensure that the requirements are clear and that they do not result in analysis that is unduly slanted against fossil retirements. First, we believe that it is equally important to take the analytical steps proposed for fossil retirements where the utility proposes delaying a fossil retirement, or proposing to build or acquire new fossil resources. Second, we are concerned that some of these provisions are ambiguous,[13] or place the utility in the position of making a determination that is within the Commission's province.[14] Third, in subpart d, we recommend clarifying that this information would not only be shared with Staff, but with other interested parties.[15] With these considerations in mind, we suggest the following modifications:

> c) If the utility presents a retirement study as justification for an early resource retirement**, or presents a study as justification to build/acquire or delay the scheduled retirement of a fossil fuel plant,** the utility should refer to the minimum scenario and sensitivities in Appendix G of the MIRPP when conducting that analysis. The previously approved IRP build plan should also be evaluated under the scenarios and sensitivities indicated. To allow for the same time horizons, **any**~~the~~ portion of the previously approved IRP that does not have resources, should include any new (additional) generic resources as selected by model optimization.
>
> d) If the utility is proposing **the**~~an accelerated~~ retirement of a baseload or intermediate coal or natural gas power plant **on**~~with~~ a date that differs from the most recently approved IRP**:**
> **1.** the utility shall share the dates being studied, as well as the criteria that will be analyzed as part of the IRP with Staff **and interested persons**. **This information will be provided in the utility's initial IRP filing.**
> **2.**~~ e)~~ To test the optimized resource strategies for **a**~~the~~ proposed retirement, the utility shall model sensitivities.[16] ~~to ensure the retirement dates were stress-tested and the PCA is reasonable and prudent under various conditions.~~
> **3.**~~f)~~ Sensitivities ~~may~~ **must** include, but are not limited to, high load growth, high natural gas prices, and extreme weather conditions.
> **4.**~~ g)~~ The utility must present the retirement analysis methodology, summarize the results, and **explain why** ~~demonstrate that~~ the PCA is reasonable and prudent under the conditions tested. **The utility must also demonstrate that the PCA complies with the renewable energy plan requirements and goals of MCL 460.1028, the clean energy requirements of MCL 460.1051, the energy waste reduction measures in MCL 460.1077, and the energy storage target of MCL 460.1101.**

---

[13] *E.g.*, subpart e ("stress-tested").

[14] *Compare* Subpart g ("demonstrat[ing] that the PCA is reasonable and prudent") *with* MCL 460.6t(8)(a).

[15] Based on our conversations in October, it is our understanding that Staff intends for this information-sharing to occur in the IRP filing itself.

[16] MNS suggest cutting this part, as it is repetitive of the edit in #4.

> **5.** ~~h)~~ If the **accelerated retirement, delayed** retirement**, or new build** proposed as part of the PCA is not supported under one or more of the conditions or sensitivities assessed, the utility shall include in testimony **a risk mitigation plan detailing** how the company plans to **manage** ~~monitor~~ the risk(s) ~~in advance of retirement as well as a risk mitigation plan~~ **identified under the sensitivities analysis.**

On page 18, Staff has proposed adding a new subpart c, which among other things allows a utility to "request a waiver to deviate from certain aspects of a[n MIRPP] scenario or sensitivity." MNS recommend clarifying that this provision refers to waiver requests that would be filed in advance of the IRP. Staff may also wish to consider establishing a time requirement – e.g., any such requests should be filed with the Commission at least eight months before the anticipated IRP filing date. A timing requirement would help ensure that there is sufficient time for stakeholders to comment on the utility's request, and for the Commission to rule on that request.[17]

MNS also recommend that Staff clarify and modify proposed subpart d on page 18. ("If a utility has requested and been approved for an off-ramp for their REP, ..."). MNS have two concerns with this proposal. First, we believe that the term "off-ramp" is ambiguous. Based on our conversations with Staff in October, we understand this is referring to a potential extension of the MCL 460.1028 renewable energy credit portfolio standards, as prescribed in MCL 460.1032. We suggest that the "off-ramp" language be replaced with a more specific statutory reference.

Second, we recommend modifying this provision to reflect the primacy of IRPs – not REPs – in setting the build plans necessary to meet the renewable energy deadlines of MCL

[17] In DTE's last IRP case, No. U-21193, the utility filed its waiver request in early February 2022, stating its intention to file the IRP in the fourth quarter of 2022. The Commission solicited comments on the request, and issued its ruling in late May. *See* Case No. U-21193, May 26, 2022 Commission Order.

460.1028 with the exception of REPs that occur after changes in governing law, like PA 231 and PA 235, but before a utility's next IRP. IRPs are the tool used to determine a utility's long-term resource portfolio, and Commission approval of an IRP hinges, in part, on whether the utility's "plan is consistent with the renewable energy plan requirements and goals of . . . MCL 460.1028."[18] Thus, even if the Commission approved an REP that contemplates an extension of the MCL 460.1028 deadlines, that extension would need to be revisited in the subsequent IRP. To that end, MNS recommend modifying subpart d on page 18 as follows:

> d) **Regardless of whether** ~~If~~ a utility **received** ~~has requested and been approved for~~ an ~~off-ramp for their~~ **extension of an MCL 460.1028 renewable energy credit portfolio deadline in a previously filed** REP, the **utility should demonstrate compliance with the 460.1028 deadlines in its** IRP**. If the utility is unable to meet such deadlines, the IRP filing must include a renewed petition for an extension with the information required by MCL 460.1032**~~. align and reflect the Commission's approval~~. If the utility is using the results of its IRP to support a request for an **MCL 460.1032 extension** ~~off-ramp~~, the utility should run Scenario#1 and Scenario#2 with an additional sensitivity (sensitivities) that illustrates the resulting difference in cost, **emissions or avoided emissions,** and overall build plan as compared to meeting the standard without the use of an **extension** ~~off ramp~~.

MNS also recommend that Staff clarify how and when utilities should be requesting and filing an extension.

L. *VII. Demand-Side Resources*

To help ensure that utilities are thoroughly pursuing cost-effective demand-side resources, MNS propose adding the following language to page 19:

> 3. Describe the utility's method for **identifying and deciding whether to pursue all cost-effective and achievable DR, and** determining whether to purchase energy rather than relying on DR; and

[18] MCL 460.6t(8)(d).

M. ***VIII. Renewables and Renewable Portfolio Standards Goals***

Given the importance of the renewable energy requirements set forth in MCL 460.1028, MNS suggest some minor edits to subpart d on page 20:

> d) A description of how the electric provider's plan is consistent with **and will achieve compliance with** the renewable energy ~~goals~~ require**ments establishe**d by the Michigan Legislature (e.g. 50% renewable energy by 2030 and 60% by 2035);

N. ***Non-exhaustive List / clean energy standards***

Given the Legislature's establishment of mandatory clean energy standards, and the importance of an IRP in determining a utility's long-term resource portfolio, MNS support the CEP language that Staff has proposed adding to page 21 of the Filing Requirements. However, we do not see a need for making this an optional drafting exercise. As such, we recommend the following revision:

> X. **Clean Energy Standards** ~~The following non-exhaustive list suggests several elements that may be included~~:

We also encourage Staff to add more rigor to the requirements around the use of emerging technology such as CCS to meet the clean energy standard. Specifically, MNS suggest Staff include in this section that:

> **The utility should provide evidence, including laboratory and/or in-field demonstration data, that the capture project proposed will meet the clean energy standard for emissions reductions under PA 235 and that the sequestration well will not leak and will meet the "permanently storing" standard in MCL 460.1003(i)(ii). Evidence and data that the CCS project will result in reduced emissions, namely an analysis of the emissions from both the facility where the carbon is captured and the facility that powers the capture technology that for each year over the course of the capture facility's operating life, captured GHGs will exceed emitted GHGs.**

Without a clear demonstration that the technology will be sufficient to meet the Clean Energy Standard at the time a CCS-equipped resource is approved in an IRP, the

Commission will not have before it a record to determine that the utility's proposed course of action is reasonable and prudent. Rather, approving the resource without supporting evidence puts the risk that the project will be ineffective and fail to meet the CES on ratepayers. MNS suggest the above addition as a way of risk mitigation, ensuring that the costs related to such projects that also risk moving Michigan away from achieving its clean energy standards, are reasonable and have a high likelihood of being realized, as opposed to a hypothetical calculation. Given that CCS-equipped fossil plants are a new resource type not currently operating in Michigan, the Commission should have the necessary evidence before it to demonstrate the utility has a viable plan for how the technology will meet the letter of the Clean Energy Standard and result in the claimed carbon emissions reductions.

XI. Peak Demand and Energy Forecasts

In this section, MNS suggest adding in a requirement that utilities must: **"Detail exactly how much EWR is embedded in its load forecasts, along with discussion on how it was embedded and analytically reviewable estimates that show how these estimates were derived"** on the list on page 22. This is to provide clarity on how EWR is considered in the IRP and how it is projected to impact a utility's load.

O. ***XIII. Transmission Analysis***

Given the critical importance of transmission for meeting Michigan's clean energy goals, and the Commission's emphasis on the need for more robust analysis of transmission in IRPs,[19] MNS suggest the following modifications to pages 23-24:

> f) To the extent available, any information provided by their local transmission **owner** and RTO ~~owner~~ indicating the anticipated effects of fleet changes proposed in the transmission system, including both generation retirements and new generation, subject to confidentiality provisions; ~~Any information provided by~~**In collaboration with** their local transmission owner **and RTO**, **analysis of** ~~including cost and timing, indicating~~ **planned and** potential transmission options **(including, but not limited to, the MISO Tranche 1 and Tranche 2 transmission projects, Grid-Enhancing Technologies (GETS), and projects under PJM's Regional Transmission Expansion Plan)** that could impact the utility's IRP by: (1) increasing a local resource zone's (LRZ) import or export capability; (2) facilitating PPAs or sales of energy and capacity both within or outside the planning zone or from neighboring RTOs; (3) transmission upgrades resulting in increasing system efficiency and reducing line loss allowing for greater energy delivery and reduced capacity need; and (4) advanced transmission and distribution network technologies affecting supply-side resources or demand-side resources; (5) estimated interconnection costs for new resources (6) potential siting locations that may provide transmission system benefits; **(7) plans on how the utility is planning on collaborating with local transmission owners and the RTO to evaluate and facilitate each of these options.**

> **h)** In collaboration with their local transmission owner **and RTO**, to the extent available**,** any information regarding (1) identification of system locations or regions where energy resources can interconnect to the transmission system with minimal transmission investment, (2) recent studies, to the extent that they are available, that indicate ways in which the capacity import or export capabilities can be increased or may change and the resulting impacts to the local clearing requirement;

[19] *See, e.g.*, Case No. U-18419, April 27, 2018 Commission Order at 115-16 ("[I]n DTE Electric's 2019 IRP, the Commission expects a far more robust analysis of transmission opportunities that might defer, displace, or optimize the amount, type, and location of additional generation . . . . To ensure alternatives are fully considered in future IRP proceedings, and the system is optimized from a cost and reliability standpoint, the Commission also expects DTE to work closely and collaboratively with ITC and other transmission owners to explore transmission solutions and to work toward integrating the company's distribution planning efforts with resource planning."); Case No. U-21193, July 26, 2023 Commission Order approving settlement agreement at 9, 11 (summarizing settlement terms related to transmission analyses and collaboration).

P. *XVI. Modeling Results and XVII. Proposed Resource Plan*

In light of PA 231's emphasis on environmental justice communities and PA 235's provisions regarding CCS-equipped generation, MNS propose the following additions to pages 26 and 27 of the Filing Requirements:

> <u>Page 26:</u>
> a) Description of IRP portfolio design strategy (portfolio optimized for least cost, value maximization, reliability, risk minimization, environmental specification**, minimization of impacts and prioritization of benefits to environmental justice communities,** etc., or a particular combination);
>
> <u>Pages 26-27, under Proposed Resource Plan:</u>
> b) Plans for meeting current and future capacity needs and clean energy standards with the cost estimates for all proposed construction and major investments, including any CCS infrastructure or transmission or distribution assets that would be required to support the proposed construction or investment, and PPAs;
>
> c) The projected long-term firm gas transportation contracts or natural gas storage the utility will hold to provide an adequate supply of natural gas to any new generation facility; ~~and~~
>
> **d) For any existing generation or new generation that the utility proposes to equip with carbon capture and sequestration ("CCS"), the utility must include a description of the infrastructure associated with the CCS installation (i.e. number and placement of injection wells, pipelines, etc.) and a description of its plans to secure access to or ownership of the land, underground injection rights, and infrastructure necessary to start CCS on the proposed date;**
>
> ~~d)~~ **e)** How the utility will meet local, state, and federal laws, rules, and regulations under the PCA;~~ e) The impact of the proposed course of action on the diversity of the Company's resource portfolio. Include details in a qualitative discussion.~~ [20]

[20] We feel strongly that paragraph e) is no longer compatible with Michigan's IRP and clean energy statute. Diversity of supply is only one of many factors that are listed in Michigan's statute. It is not clear why it would be elevated to a key place within the description of the PCA. Additionally, given the storage, renewable, and clean energy provisions of the new law and the wide selection of technology

Page 27:
g) How the utility's IRP storage builds meet the utility's share of the Energy Storage Target as set out in PA 235.

h) The impact of the proposed course of action on environmental justice communities, including the impact in each community on air, water, and waste pollution.

Q. Affordability Analysis

MNS appreciate the thoughtfulness with which Staff approached the affordability issue in its proposed redlines, and we generally support the proposed language on pages 28-29. But we share the concerns raised at the October 17 engagement session regarding the use of a 10% energy burden threshold (proposed subparagraph (h)(4)).[21] At minimum, the IRP should analyze how the proposed PCA, alternative plan, prior PCA, and other studied resource portfolios "would impact the amount of its customers that spend more than **6%** of their income on energy and what the expected average energy burden is for each plan over the planning period." Using a 6% threshold is consistent with the MI Healthy Climate Plan, which establishes a goal of

options under each, we believe diversity of supply is all but assured. Therefore, we recommend striking subpart e.

[21] At the October 17 engagement meeting, Staff noted that the "University of Michigan's Energy Equity Project Report classifies 10% of income being spent on energy as severe energy burden." Staff October 17, 2024 Presentation, slide 11. As a commenter noted at this meeting, this study concluded that 6% represents a high energy burden. *See* University of Michigan Schools for Environmental and Sustainability, Energy Equity Project Report at 104 (2022) ("When households spend more than 6% of their income on energy, this is considered a high energy burden; above 10% is considered severe."). *See also* ACEEE, How High are Household Energy Burdens?, at ii n.1 (Sept. 2020), https://www.aceee.org/sites/default/files/pdfs/u2006.pdf ("Researchers estimate that housing costs should be no more than 30% of household income, and household energy costs should be no more than 20% of housing costs. This means that affordable household energy costs should be no more than 6% of total household income. For decades, researchers have used the thresholds of 6% as a high burden and 10% as a severe burden."). MNS agree with other commenters that "energy" should include expenditures on both heating and electricity.

"[l]imit[ing] energy burden from powering and heating homes to not more than 6 percent of annual income for low-income households."[22]

Several commenters further noted that the energy burden analysis should account for the fact that many customers have gas heating, so a narrow focus on a 6% electric burden would insufficiently capture the total energy burden faced by such customers. MNS would support language in the Filing Requirements that recognizes this distinction.

Additionally, MNS recommend that Staff require the utility to perform a direct consumption analysis for any new gas build, as these new builds could have an impact on energy burden. This analysis should demonstrate firm gas supply.

R. *XXII. Environmental Considerations and Environmental Justice*

In light of PA 231's emphasis on environmental justice and on "the economy-wide virtual elimination of greenhouse gas emissions in this state by 2050,"[23] MNS propose the following additions and modifications to this section of the Filing Requirements on pages 30-31:

> XXII. Environmental Considerations and Environmental Justice: Describe how the utility's resource plan and any alternative resource plans presented in the application will comply with all applicable local, state, and federal environmental regulations, laws, and rules. **Environmental justice communities will be identified by the Commission pursuant to MCL 460.6t(1)(k).**
>
> *   *   *   *
>
> f) Identify, quantify, and provide evidence in the filing that shows **that the plan makes adequate** progress **towards the economy-wide virtual elimination of greenhouse gas emissions in the state by 2050**. ~~in meeting any state, federal or utility announced carbon reduction goals.~~ Illustrate how each optimized build plan for each MIRPP scenario (no

[22] EGLE, MI Healthy Climate Plan at 5, 28, 33, 36 (April 2022), https://www.michigan.gov/egle/-/media/Project/Websites/egle/Documents/Offices/OCE/MI-Healthy-Climate-Plan.pdf?rev=d13f4adc2b1d45909bd708cafccbfffa.

[23] PA 231, Section 6t(7)(a)(iii)(D).

sensitivities applied), the proposed resource plan, and the previously approved plan perform in meeting those goals throughout the planning period.

g) Include an environmental justice impact analysis, including a review of the pollution impacts to environmental justice communities of any proposed new gas-fired generation and of retiring or retaining any fossil fuel plants in environmental justice communities.

h) Identify, quantify, and provide evidence in the filing as to whether the proposed resource plan makes adequate progress toward the elimination of adverse effects on human health from power generation. Illustrate how each optimized build plan for each MIRPP scenario (no sensitivities applied), the proposed PCA, prudent and feasible alternatives to the proposed PCA, and the previously approved PCA perform in meeting that goal.

i) Identify, quantify, and provide evidence in the filing as to whether the proposed PCA adequately reduces harms to the health, safety, and welfare of individuals in environmental justice communities. Illustrate how each optimized build plan for each MIRPP scenario (no sensitivities applied), the proposed PCA, prudent and feasible alternatives to the proposed PCA, and the previously approved PCA perform in meeting that goal.

j) Identify, quantify, and provide evidence in the filing as to how the proposed PCA prioritizes mitigating impacts and providing benefits to communities disproportionately impacted by pollution and other environmental harms. Illustrate how each optimized build plan for each MIRPP scenario (no sensitivities applied), the proposed PCA, prudent and feasible alternatives to the proposed PCA, and the previously approved PCA perform in meeting those goals.

S. *XXIII. EGLE Advisory Opinion*

MNS appreciate Staff's proposed revisions to the EGLE advisory opinion section. As discussed below, we are recommending some further modifications to this section. Before addressing those substantive points, though, we have one clarifying edit. We suggest adding the following language to the introduction of this section:

> Ensure the advisory opinion of EGLE in utility IRP cases is supported by a comprehensive health and environmental impact analysis in support of the State's environmental justice goals **as required by MCL 460.6t(7)(a)(iii)** and Governor Whitmer's September 2020 Executive Directive 2020-10.

Below, MNS offer several recommendations to pages 32-34 that we believe will further the goals and requirements of PA 231. First, we have proposed some edits to reflect the Commission's responsibility for identifying environmental justice communities.[24] Second, we have suggested some edits that will better enable EGLE to determine whether the utility's "plan in comparison to any prudent and feasible alternatives adequately reduces harms to the health, safety, and welfare of individuals in environmental justice communities," and "makes adequate progress toward the elimination of adverse effects on human health due to power generation in this state."[25]

> c) Analyze all portfolios to identify and quantitatively assess the potential impacts to environmental justice communities. **Environmental justice communities will be identified by the Commission pursuant to MCL 460.6t(1)(k).** The utility**'s**~~ will perform an Environmental Justice Screening using the EPA Environmental Justice Screening and Mapping Tool (EJSCREEN) or the Michigan Environmental Justice Screening Tool (MiEJScreen). This includes a comparative~~ analysis **shall consider all** ~~of at least two~~ environmental justice communit**ies**~~y~~ ~~composite scores~~ within a 3-mile radius of each facility for all facilities including peaking units. This assessment should address air emissions**, and should address utility proposals to construct/acquire, retain, retire, and/or convert** ~~and/or conversion of early retirement of~~ fossil fuel-fired facilities. **The assessment (including but not limited to the air dispersion, BENMAP and COBRA analyses required below) should thoroughly evaluate whether the utility's proposed PCA adequately reduces harms to the health, safety, and welfare of individuals in environmental justice communities in comparison to the alternatives considered.**

[24] Please also see our discussion above in Section A.

[25] MCL 460.6t(7)(a)(iii)(F), (E).

d) Using the Environmental Justice communities **identified by the Commission** ~~in the analysis completed in III~~, qualitatively assess the potential impacts of all portfolios**. The assessment should address utility proposals to construct/acquire, retain, retire, and/or convert** ~~including utility proposed early retirements and/or conversions of~~ fossil fuel-fired facilities. The analysis should address water quality, waste disposal, and expected changes in land use for new or retiring resources to the extent known at the time of filing. **The assessment should thoroughly evaluate whether the utility's proposed PCA adequately reduces harms to the health, safety, and welfare of individuals in environmental justice communities in comparison to the alternatives considered.**

e) To determine health impact estimates for air emissions, the utility will use the environmental Benefits Mapping and Analysis Program–Community Edition (BenMAP-CE), or the Co-Benefits Risk Assessment (COBRA) Health Impacts Screening and Mapping Tool. Based on the pollutant parameters compatible with the chosen tool, this air emissions data analysis will be performed to provide health impact estimates to assess:

1. Annual fleetwide health impacts of utility proposed early retirement of fossil fuel-fired facilities unit conversion to a different fuel source(s), newly constructed/acquired fossil fuel-fired units, and renewable energy adoption. When the online version of an analytical tool does not have the data needed for analyzing a year where noteworthy emission changes are expected to occur, impacts can be estimated using emission changes from a year as near as reasonably possible to the intended analytical year or use of the desktop version of the analytical tool may be needed. Results, including impacts and associated costs, will be presented for portfolios #1, #2 and #5 (if applicable) in comparison to portfolio #1**.**

2. Impacts on environmental justice communities **identified by the Commission** ~~section III~~ (within a 3-mile radius). Comparing to Portfolio #1 results (including impacts and associated costs) will be presented for all **of** the other listed portfolios.

3~~2~~. Include county level COBRA results for any county that contains retired, newly constructed/acquired, or converted fossil fuel-fired units in Environmental Justice communities. **This analysis should provide county-level impacts for all counties affected by the emissions change.**

f~~e~~) If a decrease in PM2.5 emissions is not demonstrated at each individual electric generating unit within a 6-mile radius of an identified environmental justice community, including any new proposed units that could reasonably be expected to locate within the 6-mile radius, conduct dispersion modeling for PM2.5 including all electric generating unit(s) within a 6-mile radius of the identified environmental justice community. The current emissions should be used to establish a baseline modeling demonstration by which to compare the future impacts of portfolio #2.

> ~~Any dispersion analysis conducted pursuant to this item, does not necessarily need to be a refined analysis. A screening analysis employing reasonable assumptions is acceptable. How refined the analysis is at the discretion of the utility~~[26]The goal of this analysis is to assess how the overall ambient concentrations of PM2.5 in environmental justice communities may be affected and to encourage an assessment of ambient impacts in the siting of any new units. **If the utility's proposed PCA identifies potential impacts, the utility is encouraged to propose a plan to mitigate any potential harms, and consider alternatives that are reasonable and prudent.**
>
> **h**~~e~~) Narrative discussion of the quantitative and qualitative health and environmental impacts based on the analysis above, methodologies, data sources, and related observations.
> Details on considered alternatives to fossil fuel generation, including how these alternatives reduce harms to the health, safety, and welfare of individuals in environmental justice communities. **Describe the extent to which the considered alternatives would (i) reduce the adverse effects on human health due to power generation, and (ii) reduce harms to the health, safety, and welfare of individuals in environmental justice communities.** Explain how these considerations were taken into account in the utility's decision.

Further, we recommend striking the modeling of Portfolio 1 (the status quo) as a requirement, as utilities would have already modeled this portfolio, and PA 235 and PA 231 likely make this Portfolio moot.

T. Other

In addition to the feedback provided above, MNS offer the following clarifying edits:

> Page 15: "The utility shall provide a table that clearly identifies ~~the~~ where in the filing it has met all the filing requirements."
>
> Page 18: "e) The utility should model it~~'~~s PCA, any utility proposed alternative, and previously approved IRP build plan in all scenarios and sensitivities presented in the MIRPP."

[26] We recommend cutting this language as it invites the utility to do a sloppy analysis. Given the clear language in the statute that the legislature wanted to protect the health of EJ communities, and that PM2.5 is a deadly pollutant, the Commission should instead encourage a robust analysis or at a minimum maintain its authority to reject analysis that does not satisfactorily evaluate whether that the proposed plan reduces harms to EJ communities.

> Page 20: "g) Describe how the electric provider has included ~~develop~~ distributed generation as a resource within it~~'~~s modeling for both the IRP and CEP, including interconnection to utility distribution as well as behind-the-meter."
>
> Page 20: "b) Identification of the utilit**y's** ~~ies~~ proportional share of the statewide energy storage target of 2500 MW, to be calculated using the methodology approved by the Commission in Case No. U-21751;"
>
> Pages 32-33: Although we have not attempted to catalogue them all, the September 30 draft made some small edits to the current Filing Requirements that are not shown in redline. For example, in subpart d on page 32, the September 30 draft changed "overburdened communities" to "Environmental Justice communities" without showing this in redline.

II. <u>Michigan Integrated Resource Planning Parameters (MIRPP)</u>

A. Scenario Updates

One major change in Staff's proposed redlines on the MIRPP is that now only one scenario is required (Scenario 2), while the other (Scenario 1) is now optional. MNS would like to acknowledge that having one fewer required scenario gives intervening parties less information to analyze. We would urge staff to think about continuing to require Scenario 1, with having each of the MISO future scenarios as part of a utility's modeling. Additionally, there are some changes to Scenario 2 that should be made.

For one, there should be a requirement that if a utility is requesting an extension of the MCL 460.1028 renewable energy standards, it should still be required to model the scenario without the extension to later years (i.e., the utility should be required to model the scenario using a portfolio that meets the renewable standards). Even if only done for illustrative purposes, modeling an MCL 460.1028-compliant portfolio should help avoid unnecessary delays in meeting the renewable energy standards.

We are concerned that a utility's PCA might attempt to meet the 460.1028 standards by ramping up renewables immediately before the statutory deadlines, which would increase risk and call into question the efficacy of the PCA in meeting the RPS. We would strongly encourage requiring utilities to model portfolios that include interim renewable energy benchmarks, e.g., 40% by 2028. An interim goal would ensure we are modeling scenarios that include a quicker transition with a more gradual renewables build out. In short, if a utility is planning to add in the majority of its new clean energy resources in the 2030s, it should also model a build out that includes some resources in earlier years. Accordingly, MNS propose the following additions to pages 43 and 49-5 of the MIRPP:

> New resource selection for the utility filing their IRP should align with the ~~Company's REP and associated~~ renewable portfolio standard, achieving 50% renewable energy by 2030 and 60% renewable energy by 2035. The plan developed using this scenario should illustrate how the Company plans to achieve the clean energy standard, 80% clean energy portfolio by 2035 and 100% clean energy portfolio by 2040.
>
> **If the utility is requesting an extension of a renewable energy credit portfolio deadline pursuant to MCL 460.1032, the utility must still model at least one portfolio without an extension (i.e. what it would look like given the renewable energy deadline without the extension).**
> **The utility should also model a portfolio that includes an interim renewable energy benchmarks, achieving 40% renewable energy by 2028.**

MNS also recommend the following be added to scenario two: **If a utility is proposing new gas, it must also model the sensitivity without the new gas included.**

Given the environmental justice provisions added by PA 231, the MIRPP should include consideration of EJ communities, particularly those that have and can be impacted by fossil fuel peakers. To this extent, MNS suggest the following be adding into Scenario 2:

For any remaining gas or other fossil fuel generation, the utility should model the following three situations: (1) use of fossil fuel peaking plants subject to new clean energy standards, (2) no fossil fuel peaking plants located within a 3-mile radius of identified environmental justice communities, and (3) no fossil fuel peaking plants.

B. Electrification

MNS appreciate Staff's addition of electrification as a consideration in the MIRPP modeling scenarios. Particularly, on pages 43 and 49, Staff references the that "Utility electrification programs should be informed by the Statewide Electrification Study." In addition to this study, MNS recommends that Staff add additional considerations for utilities to model in terms electrification. While utilities are required to model new customer load growth, they should also be looking at when the electrification is happening, and ways in which the utility might be able to influence those (e.g., through time of use rates).

For example, when considering EVs, utilities should model both night-charging and afternoon-charging, to see which would be most efficient, and how these different charging scenarios would affect peak load. The IRP process is where utilities can think critically and creatively on how to get Michigan to its clean energy standards and achieve the renewable energy goals, so using the modeling process to understand the peak and valley of new renewables is crucial.

C. Transmission

In the Michigan Statewide Energy Assessment, the Commission recommended that "utilities, electric transmission companies, Staff, RTOs, and stakeholders, should further investigate opportunities to expand Michigan's capability to import additional electricity to address short- and long-term reliability and resource adequacy needs in a more holistic manner as Michigan experiences additional power plant retirements."[27]

With the Commission's recommendation in mind, we suggest that Staff include additional transmission provisions, as there are substantial uncommitted resources available in adjacent RTOs. We suggest adding a section in the MIRPP requiring utilities to model transmission outside of MISO (i.e., connections with PJM and IESO) to analyze the impact on resource planning.

D. EWR

For EWR modeling, MNS agrees with Staff's proposed overall idea of increasing the modeling percentages for both Scenario 1 and 2. However, we offer several suggestions for further clarification and/or refinement:

1. EWR savings levels, both the minimums for each scenario and sensitivities, are implied to be fixed for the entire analysis period of the IRP (e.g., 20 years). While that may be reasonable for the base scenarios, at a minimum we would suggest that analysis of higher levels of EWR include consideration of both higher levels for just the first five years following the IRP as well as higher levels for the duration of the IRP analysis period as higher levels may be more economic only in the shorter-term

[27] Pg 181, Michigan Statewide Energy Assessment (July 1, 2019), p 181, available at: https://www.michigan.gov/documents/mpsc/Sea_Initial_Report_with_Appendices_070119_659452_7.pdf.

2. EWR savings should be translated to generation savings using average annual marginal line loss rates for energy as well as high marginal line loss rates at peak hours for capacity. Some utilities have begun using different energy and capacity marginal loss rates in the IRPs, but we believe it is important to explicitly require that continue.
3. EWR (and other DERs) provide not only generation benefits, but also distribution system cost savings. Some utilities have in recent IRPs exogenously calculated the benefits of avoided distribution system costs and then exogenously adjusted NPV of revenue requirements of IRP scenarios to account for those benefits. This should be a documented requirement for all future IRPs. One option would be to treat the value of avoided distribution system costs as a savings that gets "netted" out of EWR (and other DER) costs.
4. While the proposed redline of the MIRPP include a ramp up to 2.0% EWR in Scenario 1 (pg. 49) and 2.5% in Scenario 2 (pg. 51), the chart on pg. 53 does not appear to be reflective of these changes. MNS recommend that Staff update this chart.

E. Hydrogen

MNS understand the interest in modeling a hydrogen sensitivity. At that same time, it is important that any consideration of hydrogen as a potential resource be focused on hydrogen that truly qualifies as a clean energy resource. PA 235 does not identify hydrogen as a clean energy resource and some forms of hydrogen use can increase greenhouse gas and other emissions rather than decreasing them. Before adding in hydrogen as a required sensitivity, the Commission should first determine what types of hydrogen meet the clean energy standards, if any, and how they should be credited. Consistent with PA 235, MNS urge the Commission to open a separate docket and rulemaking to establish hydrogen as a clean energy resource.

F. Technology Costs

CCS projects in the power sector have to date experienced delays in implementation and cost overruns that pose a risk to ratepayers. Both CCS and hydrogen require the build out of significant infrastructure beyond the generation unit in order to be implemented. Not only is the amount of additional infrastructure significant, but the type of infrastructure, such as pipelines and injection wells, is very controversial with the public and thus hard and time-consuming to site and build. Furthermore, carbon capture installation costs vary based on if the project is retrofitting an older generation plant or adding to a new build. Finally, sequestration of carbon is a complicated task and not without risks to our water resources. Because of the challenges of safely building and siting this technology and the resulting risk posed to ratepayers, MNS request that the Commission require models to use the high-end of industry projections for cost for hydrogen and CCS technology. Using the high-end projections will better shield ratepayers from cost overruns. We ask that the following bullet be added to page 45 scenario 1 and page 50 Scenario 2:

- **Hydrogen costs[28] and carbon capture and sequestration technology costs will be modeled using the high-end of industry projections for costs and will include any construction or operation costs incurred by the utility to operate the hydrogen generation technology or the carbon capture technology, pipeline or other transportation costs, monitoring, and**

[28] This is contingent on the Commission's determination of hydrogen as a clean energy source, as discussed in the previous section.

sequestration costs and/or any contracts costs to use technology and infrastructure owned and operated by another party. This cost estimate should also account for the cost of energy to power the hydrogen or carbon capture technology.

III. <u>Conclusion</u>

MNS respectfully request that the Commission Staff incorporate the above modifications and other feedback into their proposed revision of the Filing Requirements and Planning Parameters. Thank you for considering our feedback, and please let us know if we can answer any questions or provide additional information.

Dated: November 7, 2024

Respectfully submitted,

Michigan Environmental Council
Natural Resources Defense Council
Sierra Club

GREAT LAKES ENVIRONMENTAL LAW CENTER

November 7, 2024

Submitted via email: arnolda11@michigan.gov

Submitted by: Nick Leonard, Executive Director
Great Lakes Environmental Law Center
313-782-3372 | nicholas.leonard@glelc.org

Comments Re. Environmental Justice and Integrated Resource Planning

I. Introduction

How can the Integrated Resource Planning process help to create an environmentally just future? That is the central question as the Michigan Public Service Commission considers amendments to the filing requirements for Integrated Resource Plans. To answer this question, it's important to be clear about what environmental justice means.

Throughout its history, environmental justice has meant addressing the disparities in exposure to environmental risk that communities of color have historically had to bear. The focus on addressing racial disparities has been enunciated at numerous times throughout history. It was the central frame for Executive Order 12,898 – the seminal government action to further environmental justice – which directs federal agencies to make achieving environmental justice a part of its mission "by identifying and addressing…disproportionately high and adverse human health or environmental effects of its programs, policies, and activities and minority populations and low-income populations."[1] Similarly, the MI Health Climate Plan notes that one of the priorities of the state is to "work to eliminate racial disparities impacting the health and well-being of Michiganders."[2]

---

[1] Executive Order 12,898 (Feb. 11, 1994), available at https://www.archives.gov/files/federal-register/executive-orders/pdf/12898.pdf

[2] MI Healthy Climate Plan (Apr. 2022), available at https://www.michigan.gov/egle/-/media/Project/Websites/egle/Documents/Offices/OCE/MI-Healthy-Climate-Plan.pdf?rev=d13f4adc2b1d45909bd708cafccbfffa

The reason for the focus on racial disparities is clear: according to numerous scientific studies there is no concentration below which adverse health effects of ambient pollution do not occur.[3] Short-term exposures to $PM_{2.5}$, ozone, and nitrogen oxides among Medicaid beneficiaries has been found to be associated with increased risk of asthma hospitalizations even at exposure thresholds well below the national air quality standards.[4] Numerous studies have also found significant disparities regarding exposure to $PM_{2.5}$ pollution, with communities of color being exposed to disproportionately high levels of such pollution.[5] Put another way, the air quality protections provided by the Clean Air Act and Part 55 of the Natural Resources and Environmental Protection Act are not complete. There is strong evidence that air pollution below the standards set by these federal and state laws are not only impacting people's health, but that they are disproportionately impacting the health of communities of color. As such, to create an environmentally just future, it is not enough to just ensure compliance with existing air quality laws and regulations; we must address the economic and racial disparities in air pollution exposure by ensuring that communities of color are not disproportionately impacted by air pollution and fill the gaps left by our federal and state environmental laws.

Currently, the draft filing requirements does not ensure that the Integrated Resource Planning process will further environmental justice. We provide the following comments to provide suggestions to the Public Service Commission as to how it can ensure its draft filing requirements will serve their stated purpose: to further Michigan's environmental justice goals by identifying economic and racial disparities in air pollution exposure.

I. Comments

A. The Filing Requirements Must Require Integrated Resource Plans to Identify Racial and Economic Disparities

Currently, the draft filing requirements call for electric utilities to provide facility and fleet-wide air pollution emissions data, an environmental justice analysis for two census tracts within a three-mile radius of each facility, a health impact assessment, and $PM_{2.5}$ modeling. Noticeably absent is any requirement to identify racial or economic

---

[3] Guy B. Marks, Misuse of Pollution Reference Standards: No Safe Level of Air Pollution, Am. J. Respir. Crit. Car Med., Mar. 2022, available at https://pmc.ncbi.nlm.nih.gov/articles/PMC9851491/#bib3
[4] Yaguang Wei et al., Air Pollutants and Asthma Hospitalization for the Medicaid Population, Am. J. Respir. Crit. Care Med., Jan. 24, 2022, available at https://pmc.ncbi.nlm.nih.gov/articles/PMC9851478/
[5] Abdulrahman Jbaily et al., Air pollution exposure disparities across U.S. population and income groups, Nature (2022), available here, https://www.nature.com/articles/s41586-021-04190-y

disparities regarding air pollution exposure or public health impacts. Without identifying such disparities, it is impossible for the Integrated Resource Planning process to meaningfully further environmental justice. This can generally be done by comparing the results of any environmental justice analysis or health impact assessment to state averages.

B. $PM_{2.5}$ Modeling Must be Expanded

The draft filing requirements state that an Integrated Resource Plan must include the results of $PM_{2.5}$ dispersion modeling for all electric generating units within 6-miles of an environmental justice community if a decrease in $PM_{2.5}$ emissions is not demonstrated at each individual electric generating unit within a 6-mile radius of an environmental justice community. The stated goal of this analysis is to determine how the "overall ambient concentrations of $PM_{2.5}$ in environmental justice communities may be affected. Just requiring modeling of existing electric generating units will not meet the goal of assessing the "overall ambient concentrations of $PM_{2.5}$ in environmental justice communities." Environmental justice communities are impacted by a wide range of pollution sources that stretch far beyond electric generating units. For example, a recent study apportioning $PM_{2.5}$ sources in Southwest Detroit found that mobile sources.[6] If the Public Service Commission wishes to assess the overall ambient concentrations in environmental justice communities, it must look beyond emissions from electric generating units.

C. Nonattainment Assessments Must Include An Analysis of the Holistic Effects from Electric Utilities

While the Integrated Resource Planning process focuses on electricity generation, the reality is that the impacts of using fossil fuels to generate electricity have additional impacts. For example, a recent study from EGLE noted that large volumes of methane leaks from natural gas pipelines in the Detroit area "may significantly enhance ozone formation."[7] If the Public Service Commission wishes to holistically identify an electric generation resources' impact on a nonattainment area, it must first assess what is

---

[6] Zhiyi Yang et al., Apportionment of PM2.5 Sources across sites and time periods: An Application and Update for Detroit, Michigan, Atmosphere (2023), available at https://www.mdpi.com/2073-4433/14/3/592
[7] Jay Olaguer, Michigan Department of Environment, Great Lakes, and Energy, Key Findings and Policy Implications from the MOOSE Study (Apr. 22, 2024), available at, https://www.michigan.gov/egle/-/media/Project/Websites/egle/Documents/Groups/AAC/Presentations/presentation-2024-04-23-AAC-MOOSE-Update.pdf?rev=95f5141ee2074d449bc09953ca9b47ce&hash=4FF3F2804737EDED19C9FFD0C4D134E6

contributing to nonattainment in those areas, including impacts from other components of the electric and gas industry.

Michigan Municipal Electric Association
809 Centennial Way • Lansing, Michigan • 48917-9277
Phone: (517) 323-8346 • www.mipublicpower.org

To: Michigan Public Service Commission

From: Katie Abraham, Executive Director
Michigan Municipal Electric Association

Re: Case No. U-21570 Comments on Clean Energy Plan Filing Requirements

Date: November 7, 2024

On February 8, 2024, the Michigan Public Service Commission (MPSC) issued an order under Case No. U-21570 directing Commission Staff to complete certain tasks related to Public Act 231 and 235 of 2023, including but not limited to the following, not later than September 30, 2024: 1) Create a dedicated page on the Commission's website pursuant to the requirements of Public Acts 231 and 235 of 2023, 2) Develop a straw proposal related to providing formats and guidelines for Clean Energy Plan ("CEP") requirements for investor-owned utilities, municipal electric utilities, cooperative electric utilities and alternative electric suppliers, and 3) Conduct engagement sessions with interested persons regarding the implementation of Public Acts 231 and 235 of 2023 with specific focus on receiving feedback on the CEP filing requirements included in the straw proposal.

Michigan Municipal Electric Association's ("MMEA") comments to the straw proposal are enclosed in Exhibit 1 (see below). Additionally, Exhibit 2 (attached) is an updated "Clean Energy Plan Filing Requirements for Municipalities" straw proposal that reflects our proposed changes (i.e., our comments provided in Exhibit 1).

Sincerely,

Katie Abraham

Katie Abraham
Executive Director
Michigan Municipal Electric Association

Michigan Municipal Electric Association

Exhibit 1

U-21570 Comments - MMEA:

MMEA has concerns with many of the items included in the "Clean Energy Plan Filing Requirements for Municipalities, Electric Cooperatives, and Alternative Energy Suppliers". The principal reasons for our concerns are as follows:

1) Municipal Utilities are not regulated by the MPSC.

2) The MCL 460.1051(1) and (4) requirements for Municipal Utilities are extremely limited in nature. However, much of the MPSC straw proposal, notably the "CEP Filing, Data, and Documentation" section, is very broad and detailed in nature. This does not align with MCL 460.1051(1) and (4) requirements.

3) Municipal Utilities are only subject to public comment on CEPs prior to MPSC determination of CEP compliance with MCL 460.1051(1) and (4).

4) Unlike Rate-Regulated Utilities, Municipal Utilities do not have requirements to participate in a contested case, that includes but is not limited to, providing detailed testimony and supporting documentation.

5) Municipal Utilities are not subject to the environmental justice and affordability requirements of MCL 460.6t.

For the reasons listed above, MMEA proposes the following changes to the "Clean Energy Plan Filing Requirements for Municipalities, Electric Cooperatives, and Alternative Energy Suppliers" straw proposal:

A) Due to the differences between CEP requirements for Municipal Utilities (MCL 460.1051(4)) versus Electric Cooperatives and AES (MCL 460.1051(3)), MMEA recommends that Municipal Utility CEP requirements should be listed on a separate document named "Clean Energy Plan Filing Requirements for Municipalities".

B) **"Introduction"**

  i. Remove the following text:

  "All alternative electric suppliers (AES) and cooperatives within Michigan shall file a Clean Energy Plan (CEP) on or before January 1, 2028."

C) **"Application Instructions for Clean Energy Plan Filings"**

  i. Remove the following text:

  "a cooperative electric utility, alternative electric supplier (AES), and"

D) **"Filing Announcement"**

  i. Remove entire section

E) **“Participant Engagement and Public Outreach Process”**

i. Remove entire section and replace with:

“Opportunity for Public Comment”

“Municipal Utilities will provide an opportunity for public comment on the CEP and file comments with the Commission.”

F) **“CEP Filing, Data, and Documentation”**

i. Remove Item b)

“Any technical volume(s) that are necessary fully describe and document the utility’s analysis and decisions in selecting its clean energy plan and resources therein;”

ii. Remove and replace Item d) with correct citation for Municipal Utility requests for CEP compliance extension as follows:

“c) Any request for an extension pursuant to MCL 460.1051(4)(g); and”

iii. Remove the following text:

“The utility’s CEP filing shall include a CEP document(s) and application information that describes utility’s decisions for complying with the clean energy plan and resources therein.”

iv. Section I. Summary

a. Remove entire section

v. Section II. Clean Energy Plan Introduction

a. Remove the following text:

"Including the utility's clean energy planning process and all outreach it engaged in while developing its plan."

vi. Section III. Renewables and Renewable Portfolio Standards Goals

a. Remove entire section

vii. Section IV. Peak Demand and Energy Forecasts

a. Remove entire section

viii. Section V. Proposed Clean Resource Plan

a. Remove entire section

ix. Section VI

a. Remove and replace with the following text:

"VI. If a Municipal Utility is requesting an extension of its plan pursuant to MCL 460.1051(4)(g), provide detailed information for the reason that an extension is being requested. Include data to support the request."

x. Section VIII

a. Remove entire section

G) **"Appendix A"**

i. Remove columns for date range from 2024 – 2034,

   a. CEP Appendix A should only reflect the Municipal Utility required date range from 2035 – 2045 as listed in MCL 460.1051.

ii. Row 16 currently only lists "(MWh)" – update this row to the following text:

   a. "Qualifying Clean Energy System Power Purchase Agreements (MWh)"

Exhibit 2

DRAFT
Clean Energy Plan
Filing Requirements for
Municipalities

Pursuant to Public Act 295 of 2008 as amended by Public Act 235 of 2023, Section 51

November 7, 2024

Introduction

PA 235 of 2023 was signed into law by Governor Whitmer on November 21, 2023. Section 51 directs the following:

1) As a clean energy standard, an electric provider shall achieve a clean energy portfolio of at least the following:

(a) In 2035 through 2039, 80%.

(b) In 2040 and each year thereafter, 100%.

All municipally owned electric providers shall file a CEP on or before July 1, 2028. If electric providers file jointly for renewable energy plans, the same electric providers may file a CEP jointly.

Application Instructions for Clean Energy Plan Filings

These application instructions apply to municipality owned electric utility application for Michigan Public Service Commission (MPSC or Commission) approval of a Clean Energy Plan under the provisions of MCL 460.1051. The application shall be consistent with these instructions, with each item labeled as set forth below. Any additional information considered relevant by the utility may also be included in the application.

Opportunity for Public Comment

Municipal Utilities will provide an opportunity for public comment on the CEP and file comments with the Commission.

Definitions

The following definitions are provided to aid in ensuring consistency across planning processes. Many of these definitions are taken directly from Public Act 235 of 2023.

<u>Distributed Energy Resources</u> - A source of electric power and its associated facilities that is connected to a distribution system. Distributed Energy Resources (DER) includes both generators and energy storage technologies capable of exporting active power to a distribution system.

<u>Non-Wires Alternatives</u> - An electricity grid investment or project that uses distribution solutions such as DER, energy waste reduction (EWR), demand response (DR), and grid software and controls, to defer or replace the need for distribution system upgrades.

Environmental Justice Communities – Refers to overburdened, vulnerable, underserved or historically disadvantaged communities that are identified in accordance with metrics and percentiles as recommended by the specific environmental justice screening tool used. It is preferred that utilities use MiEJScreen tool to the extent practicable.

Greenhouse Gas - carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride

Demand-Side Resources - Resources serving resource adequacy needs by reducing or shifting load, which reduces the need for additional generation, including but not limited to EWR, DR, grid and software controls, behind-the-meter distribution connected storage, etc.

Carbon Capture and Storage - A process that involves collecting carbon dioxide at its source and storing, or sequestering, it to prevent its release into the atmosphere.[1]

Direct Air Capture and Storage – A process that involves removing CO2 directly from the atmosphere and storing or sequestering it.

Clean Energy - electricity or steam generated using a clean energy system. [2]

Clean Energy Plan - An electric provider's plan to meet the clean energy standard approved under section 51.[3]

Clean Energy Portfolio - The percentage of an electric provider's total retail electric sales consisting of clean energy or renewable energy.[4]

Clean Energy Standard - The clean energy portfolio required in Public Act 295 as amended by Public Act 341 under section 51(1).[5]

Clean Energy System - An electricity generation facility or system or set of electricity generation systems that meets any of the following requirements[6]:

> (i) Generates electricity or steam without emitting greenhouse gas, including nuclear generation.
>
> (ii) Is fueled by natural gas and uses carbon capture and storage that is at least 90% effective in capturing and permanently storing carbon dioxide. If the department of Environment, Great Lakes, and Energy determines, through a facility-specific major source permitting analysis consistent with applicable United States Environmental Protection Agency rules, that a capture rate higher than 90% meets the best available control technology standard, as applicable, that higher percentage shall be used instead of 90% for facilities permitted after the effective date of the amendatory act that added section 51. Using carbon dioxide for enhanced oil recovery is not considered to be permanent storage for the purposes of this subparagraph.

1 Public Act 295 of 2008 as amended by Public Act 235 of 2023.
2 Et al.
3 Et al.
4 Et al
5 Public Act 295 of 2008 as amended by Public Act 235 of 2023.
6 Et al.

(iii) Is an independently owned combined cycle power plant fueled by natural gas that has a power purchase agreement with an electric provider as of the effective date of the amendatory act that added this subparagraph and that by 2030 receives approval from the commission for a plan that achieves functional equivalence with the clean energy standard in section 51(1)(b) through reduction of greenhouse gas emissions using carbon capture and sequestration and other available applications, including, but not limited to, carbon removal technologies. In reviewing and approving a plan submitted under this subparagraph, the commission shall consider best available technology and applications as well as rate affordability, resource adequacy, and grid reliability. (iv) Is defined as a clean energy system in rules adopted by the commission consistent with the purposes of this subdivision.

CEP Filing, Data, and Documentation

The utility's CEP filing shall demonstrate compliance with MCL 460.1051. The CEP filings shall include the following items:

a) Letter of transmittal expressing commitment to the approved clean energy plan signed by an officer of the utility having the authority to commit the utility to the clean energy plan, acknowledging that the utility reserves the right to make changes to its clean energy plan as appropriate due to changing circumstances;

b) The data and information requested in the Commission's CEP Filing Requirements included herein;

c) Any request for an extension pursuant to MCL 460.1051(4)(g); and

d) Any other information deemed relevant by the utility.

To facilitate a similar format for each utility's application, the utility is encouraged to align its filing with the provided outline and include at least the following items:

I. Clean Energy Plan Introduction: The utility shall describe resource plans to satisfy at least the objectives and priorities identified in MCL 460.1051.

II. Include a completed template consistent with the example in Appendix A.

III. If a Municipal Utility is requesting an extension of its plan pursuant to MCL 460.1051(4)(g), provide detailed information for the reason that an extension is being requested. Include data to support the request.

Appendix A

Clean Energy Plan Template - Municipal Utility

Clean Energy Standard
80% 2035 through 2039
100% 2040 and after

Row No.		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
1	**Electric Sales (MWh)**											
2	**Method: Weather Normalized or 3 Year Average**											
3	If Selected Weather Normalized:											
4	Current Year Sales to Retail Customers											
5	Current Year Weather Normalization Factor											
6	Current Year Weather Normalized Sales											
7	If Selected 3 Year Average:											
8	Current Year Retail Sales to Retail Customers											
9	Prior Year #1 Retail Sales to Retail Customers											
10	Prior Year #2 Retail Sales to Retail Customers											
11	3 Year Average of sales											
12	**Clean Energy Standard Requirement (MWh)**											
13	Company Owned Renewable Energy (MWh)											
14	Company Owned Nuclear Energy (MWh)											
15	Other Company Owned Cleaned Energy Generation (MWh)											
16	Qualifying Clean Energy System Power Purchase Agreements (MWh)											
17	Total Clean Energy System Generation (MWh)											
18	**Percentage Clean Energy Achievement (Clean Energy System Generation ÷ Electric Sales)**											
19	Percentage Achieved Annually											

1414 West Hamilton Avenue
P.O. Box 8
Eau Claire, WI 54702-0008
Telephone (800) 895-4999

November 7, 2024

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Highway
Lansing, MI 48917

Re: Comments on Commission Staff's Draft Integrated Resource Plan Filing Requirements, Michigan IRP Parameters, and Clean Energy Plan Straw Proposal issued September 30, 2024 **Case No. U-21570**

Dear Ms. Felice:

Northern States Power Company – Wisconsin (NSP-W or the Company) respectfully submits these comments in a timely manner pursuant to Commission staff's guidance provided during the October 17, 2024 Integrated Resource Planning ("IRP") Process Workgroup stakeholder meeting. NSP-W appreciates the opportunity to provide feedback on Commission staff's IRP and Michigan IRP Parameters ("MIRPP") draft proposals issued September 30, 2024 in accordance with the Commissions February 8, 2024 order in Case No. U-21570.

These comments reiterate the Company's unique status as both a small utility serving fewer than 10,000 electric customers in Michigan and a part of a multi-state integrated generation and transmissions system (the "NSP System"). The Commission has recognized the unique status of NSP-W and other multi-state utilities in previous decisions regarding IRP filing requirements, and NSP-W strongly supports Commission staff's draft IRP requirements and MIRPP documents that retains specific exemptions and provisions for multi-state utilities.

Provisions and Exemptions for Multi-State Utilities

Commission staff's draft IRP filing requirements state; "[NSP-W] and Indiana Michigan Power Company are utilities located in Michigan that already file multistate IRPs in other jurisdictions. Due to the provisions in MCL 460.6t(4) regarding multistate IRPs, [NSP-W]and Indiana Michigan Power Company may utilize the IRP filing requirements of another state in accordance with those provisions." This language was supported by the Commission's October 27, 2022 order in Case No. U-21219nd should remain unchanged in the final IRP filing requirements.

The Company's Michigan service territory is a very small piece of the NSP System which covers parts of five states in the Upper Midwest. NSP-W's sister utility, Northern States Power Company, Minnesota ("NSPM"), is subject to robust IRP filing requirements, review and approval by the Minnesota Public Utilities Commission ("MPUC" or "Minnesota Commission"). A robust stakeholder process ensures that the NSP System IRP is informed by a broad spectrum of interested parties. The Michigan Commission approved NSP-W's last IRP in Case No. U-20599 following MPUC approval of the 2020-2034 NSP System IRP in April 2022. NSP-W filed a waiver in Case No. U-21814 requesting an extension to the February 6, 2025 filing deadline for the Company's next IRP until no more than 60 days following MPUC approval of the 2024-2040 NSP System IRP in Minnesota. A settlement agreement was filed with the MPUC on October 2, 2024 and a hearing is expected to occur during the first quarter of 2025. Therefore, NSP-W intends to file the multi-state IRP in Case No. U-21814 after receiving approval from the MPUC in order to satisfy the Michigan IRP requirement. Lastly, the IRP filing requirements allow small utilities serving fewer than 1,000,000 customers in Michigan to request a waiver from any portion of the IRP requirements.

MIRPP Requirements do not Apply to Multi-State IRPs

Given that both MCL 460.6t(4) and the IRP filing requirements allow multi-state utilities to submit IRPs filed in other states to satisfy their Michigan IRP requirements, it follows that the MIRPP requirements do not apply to these multi-state IRPs. Commission staff's draft MIRPP document rightfully retains the following statement; "Due to the provisions in MCL 460.6t(4) regarding multi-state IRPs, [NSP-W] and Indiana Michigan Power Company are intentionally excluded from the explicit requirement to model the outlined scenarios." This is reasonable considering it would be impractical and illogical for NSP-M to use the MIRPP scenarios in modeling activities that may conflict with the IRP requirements established by the MPUC. NSP-W's IRP filing in Case No. U-21814 will contain more than 3,000 pages of supporting material that the Company believes are more than adequate to allow Michigan Commission staff to review the NSP System IRP.

Multi-state IRPs Satisfy Clean Energy Plan Requirements

Commission staff's Clean Energy Plan ("CEP") straw proposal issued on September 30, 2024 and discussed during the October 17, 2024 stakeholder meeting clearly states; "The statue requires that rate regulated utilities file a CEP with its IRP. Rate-regulated utilities need not duplicate information that is contained within the IRP. Both CEPs and IRPs are expected to be filed in the same filing and therefore information should simply be identified as applying to both plans." NSP-W supports Commission staff's proposal to combine the CEP with IRP filings to avoid duplicative work and reduce administrative burden. This is a reasonable approach to meeting statutory requirements while also streamlining the filing and review process.

Given that MCL 460.6t(4) allows multi-state IRPs to satisfy Michigan's IRP filing requirements, and a CEP should be included with an IRP filing, it follows that a multi-state IRP will satisfy the utility's CEP filing requirements without conducting an entirely separate CEP process in Michigan that will be based on the same underlying data as the multi-state IRP. NSP-W intends to include summary exhibits and testimony in the IRP filing to be made in Case No. U-21814 that clearly show how the 2024-2040 NSP System IRP meets compliance with the Michigan Clean Energy Standard ("CES"). All future CEP filings will simply reference the most recently approved IRP since a separate CEP will not affect the IRP, rather all future IRPs will consider the Michigan CES and therefore satisfy the CEP requirements without requiring the development of an entirely separate CEP. In short, the multi-state IRP will include all state-level compliance requirements. Michigan specific IRP exhibits and testimony will demonstrate how the multi-state IRP will meet compliance with the CES and CEP requirements.

Multi-State IRPs Serve as Renewable Energy Plans and Energy Storage Plans

Public Act 235 established requirements for utilities to file amended Renewable Energy Plans ("RE Plan"), which NSP-W intends to file by January 17, 2025 in Case No. U-21812. Given that the Company will likely submit the NSP System IRP in Case No. U-21814 not long after the January 17, 2025 RE Plan deadline, the Company intends to file the 2024-2040 NSP System IRP with summary exhibits and testimony that demonstrate compliance with the Michigan Renewable Energy Credit Standard. If implemented as proposed, the 2024-2040 NSP System IRP will allow NSP-W to meet Michigan's 50 percent by 2030 and 60 percent by 2035 renewable energy standard. Annual compliance will continue to be demonstrated through Renewable Energy Reconciliation filings (most recently Case No. U-21552). Future RE Plan filings made by NSP-W will simply reference the approved NSP System IRP. Similar to the CEP described above, the multi-state IRP will incorporate all state-level compliance obligations (RE Plan and CEP) and an RE Plan developed between IRP filings is simply not necessary.

The NSP System IRP also includes the development of 600 MW of energy storage capacity by 2029, many orders of magnitude higher than NSP-W's estimated share of Michigan's 2,500 MW statewide target of approximately 3-4 MW. Annual capacity demonstration filings can be used to track the Company's progress toward procuring the energy storage capacity sought in the NSP System IRP. Therefore, the annual energy storage reporting requirements are duplicative and energy storage planning requirements will satisfy through the multi-state NSP System IRP. The Company recommends that annual energy storage reporting requirements not be required for utilities whose IRPs demonstrate compliance with Michigan's regulatory requirements, and whose annual capacity demonstration filings show that installed energy storage capacity meets the utility's share of the 2,500 MW statewide target. For example, if energy storage capacity installed on the NSP System exceeds 3-4 MW at the end of 2025, the capacity demonstration filing made in March 2026 would verify that fact, and therefore NSP-W would not need to file future energy storage reports or plans beyond 2026.

Stakeholder Engagement or Multi-State Utility IRPs

Commission staff's CEP straw proposal includes substantial requirements for stakeholder engagement and public outreach that should not be applied to multi-state utilities. These requirements should not be applied to NSP-W due to the fact that the Company will submit a multi-state IRP which could involve coordinated stakeholder engagement across impacted jurisdictions. It is impractical, administratively burdensome, and costly to require NSP-W to adhere to the CEP stakeholder engagement requirements when the CEP will be filed as part of a multi-state IRP.

If exemptions for multi-state utilities from the CEP stakeholder engagement requirements are not included in the final CEP document, NSP-W will submit waiver requests with future IRP filings. Rather than conducting stakeholder engagement processes in Michigan, the Company intends to invite Michigan stakeholders to provide comments on future IRP proceedings as part of the stakeholder processes conducted in other jurisdictions and offer public information sessions that describe the multi-state IRP process. For example, NSP-W intends to hold a public meeting in Michigan to describe the NSP System IRP during the 60-day filing window after MPUC has approved the IRP and before NSP-W submits the IRP filing in Case No. U-21814. NSP-W has also conducted technical meetings with Michigan Commission staff and key stakeholders prior to the NSP System IRP being filed in Minnesota to satisfy conditions of the settlement agreement approved in Case No. U-20599. To summarize, the CEP stakeholder engagement requirements are impractical and unnecessary for utilities who are allowed to file multi-state IRPs.

Concluding Remarks

NSP-W appreciates the opportunity to provide comments on the draft IRP and CEP documents and looks forward to further engagement with Commission Staff and interested stakeholders in Case No. U-21543 and U-21455. Please contact Ben Kaldunski at benjamin.g.kaldunski@xcelenergy.com if you have any questions about this filing.

Respectfully submitted,

Tyrel Zich

Tyrel J. Zich
Regional Vice President, Regulatory Policy
Northern States Power, a Wisconsin Corporation

C: Ben Kaldunski
Ashley Adams
Michelle Schlosser

UTILITY WORKERS UNION OF AMERICA

JAMES SLEVIN
PRESIDENT

PATRICK M. DILLON
EXECUTIVE VICE PRESIDENT

MICHAEL COLEMAN
SECRETARY-TREASURER

CRAIG PINKHAM
VICE PRESIDENT

Affiliated with A.F.L.-C.I.O.

1300 L STREET, N.W.
SUITE 1200
WASHINGTON, D.C. 20005
202-899-2851
202-899-2852 FAX
www.uwua.net

November 7, 2024

Attn: Amelia Arnold
Department of Licensing and Regulatory Affairs
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

VIA ELECTRONIC SUBMISSION ONLY: arnolda11@michigan.gov

RE: Case No. U-21570, Comments on Implementing IRP Related Provisions in the 2023 Clean Energy Laws

Dear Ms. Arnold:

The Utility Workers Union of America, AFL-CIO (UWUA) represents 10,000 utility workers in Michigan, the majority of which are responsible for providing safe and reliable power throughout Michigan's Lower Peninsula, ensuring that Michigan's homes and businesses have light and power 24 hours a day, 7 days a week. We are committed to the development of zero and low carbon energy projects in our state. Equally important to us is ensuring that those projects are developed, operated and maintained with the highest safety, quality, and labor standards. We appreciate the opportunity to submit comments regarding the Michigan Public Service Commission's (Commission) Draft Revised Integrated Resource Plan Filing Requirements dated September 30, 2024 (Draft).[1]

We urge the Commission to amend the Draft to include disclosure of how new or rehabilitated existing generation capacity included in integrated resource plan filings meet the labor standards required in Public Act 231 and explain how each rate-regulated utility has met the labor standards for energy waste reduction programs specified in Public Act 229.

Section 6t of Public Act 231 defines updated filing requirements for integrated resource plans (IRPs). Fundamentally, it requires rate-regulated utilities to explain in their IRPs how they will meet projected demand for electricity while complying with the state's renewable energy goals. However, section 6t(8) also defines criteria for the Commission's consideration and approval of IRPs, including that new generation capacity or rehabilitated existing capacity is constructed and maintained pursuant to high road labor standards. Specifically, section 6t(8)(c) states that:

> The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed

[1] Available here: https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/IRP-Filing-Requirements-Draft.pdf?rev=0d5b292cf86b4396975c653b66f214a4&hash=9530D9DD36BD5D44D50268FC6A9A888B

> as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed.

To comply with Public Act 231, the Commission must require that the rate-regulated utilities disclose in their IRP filings whether and how new and rehabilitated existing capacity resources relied on in their IRPs meet these high road labor standards. Without this information, the Commission cannot determine whether these labor standards have been met when considering and approving IRPs, as required by the Act.[2] Therefore, we urge the Commission to amend its Draft to incorporate these disclosure requirements in its revised IRP filing requirements.

In addition, the Commission requires rate-regulated utilities to analyze their energy waste reduction (EWR) programs in their IRPs,[3] including EWR program costs.[4] Public Act 229 contains labor standards for the EWR programs of utilities serving more than 50,000 customers, including:

> invest[ing] in hiring and developing a diverse energy waste reduction workforce and contractors capable of delivering energy waste reduction measures such as building envelopes, heat pumps, health and safety measures, and other advanced efficiency and related measures. …Workforce and contractor development efforts shall focus on hiring and developing, for work in energy waste reduction and related careers, workers in or from low-income and environmental justice communities and workers formerly employed in transition-impacted industries such as fossil fuel energy workers who have employment tied to generation, transportation, and refinement, internal combustion engine vehicle workers, workers in the supply chain for internal combustion engines vehicles, and workers in the building and trades as well as any other affected workers. The development efforts shall follow generally recognized best practices, including apprenticeship programs registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c.[5]

Public Act 229 further requires annual reports to the Commission on covered utilities' workforce

---

[2] *See* Public Act 231, Section 6t(8) ("The commission shall approve the integrated resource plan under subsection (7) *if the commission determines all of the following*: …(c) The construction and construction maintenance of new or the rehabilitation of existing capacity resources in this state includes using an apprenticeship program registered and certified with the United States Secretary of Labor under the national apprenticeship act, 29 USC 50 to 50c, and the workers employed for the construction or construction maintenance of the energy facility are paid a minimum wage standard not less than the wage and fringe benefit rates prevailing in the locality in which the work is to be performed as determined under 2023 PA 10, MCL 408.1101 to 408.1126, or 40 USC 3141 to 3148, whichever provides the higher wage and fringe benefit rates, and, to the extent permitted by law, the entities performing the construction or construction maintenance work shall enter into a project labor agreement or operate under a collective bargaining agreement for the work to be performed") (emphasis added).

[3] *See, e.g.,* MIchigan Integrated Resource Planning Parameters - Draft, p. 2 (IRP modeling "scenario will ensure that Michigan's electric utilities will consider a wide variety of resources such as renewable energy, demand response (DR), *energy waste reduction (EWR*), storage, distributed generation technologies, voltage support solutions, and transmission and nontransmission alternatives, in addition to traditional and clean energy system fossil-fueled generation alternatives for the future") (emphasis added) (avail. at https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/2023-Energy-Legislation/MIRPP-Draft.pdf?rev=c82fc832d4c44f0997092803a7f86864&hash=55ABCC1BE6833377EEE0095206AB1096).

[4] *Id.*, p. 53.

[5] Public Act 228, sec. 80a.

and contractor development efforts described above.[6] The Commission should amend its Draft to require disclosure of the utilities' compliance with the EWR labor standards of Public Act 229 in their IRPs as well.[7]

The UWUA welcomes the opportunity to further discuss our comments and recommendations. If you have any questions or wish to discuss our recommendations, I can be reached at jharrison@uwua.net. Thank you for your consideration.

Respectfully submitted,

/s/ James C. Harrison
Director of Renewable Energies
Utility Workers Union of America, AFL-CIO
(810) 689.6567
jharrison@uwua.net

---

[6] *Id.*, sec. 80a(3).

[7] We note that the Commission has opened a docket to determine how to implement Public Act 229, but has not yet made a final determination or required annual filings. https://www.michigan.gov/mpsc/commission/workgroups/2023-energy-legislation/energy-waste-reduction-standards-and-plans

WOLVERINE POWER SUPPLY COOPERATIVE, INC.
RESPONSE TO MICHIGAN PUBLIC SERVICE COMMISSION STAFF REQUEST FOR COMMENTS OF STAFF'S STRAWMAN PROPOSAL FOR THE PUBLIC ACT 235 OF 2023 CLEAN ENERGY PLAN IN CASE NO. U-21570

Wolverine Power Supply Cooperative, Inc. ("Wolverine"), on behalf of its member-regulated electric distribution cooperatives members and customer: Cherryland Electric Cooperative, Great Lakes Energy Cooperative, HomeWorks Tri-county Electric Cooperative, Midwest Energy and Communications, Ontonagon REA, Presque Isle Electric and Gas Co-op, and Thumb Electric Cooperative[1], and Alternative Electric Suppliers ("AES") Wolverine Power Marketing Cooperative and Spartan Renewable Energy (collectively, "the WPSC Group"), is pleased to comment on the draft strawman proposal for Clean Energy Plan (CEP) filing requirements.

SUMMARY

Wolverine appreciates Staff's improvements to the CEP strawman proposal related to member-regulated cooperatives and AESs since its original drafts and is thankful for this opportunity to comment.

Of particular note, Staff's proposal to separate filing requirements for (1) Commission rate regulated electric providers and (2) for AES's and member-regulated electric cooperatives is a welcome change. Despite that improvement, AES and member-regulated cooperative filing requirements need further refinement and can be simplified to meet the statutory guidelines and not create needless work for Staff and the WPSC Group.

Why Wolverine

Wolverine is not an electric provider under MCL 460.1051, but Wolverine does provide all-requirements service to the members of the WPSC Group that are "electric providers" and subject to

[1] Thumb Electric Cooperative will become a Wolverine member on January 1, 2025. These comments assume Thumb is a member of the WPSC Group.

filing a CEP with the Commission as cooperatives and AESs. Wolverine proposes to submit a CEP on behalf of the WPSC Group because the members of the WPSC Group do not independently engage in power supply resource planning but procure "all" power supply from Wolverine under long-term agreements. Regardless, cooperatives and AESs are not subject to integrated resource planning obligations. MCL 460.1051 recognizes this distinction from Commission-regulated utilities and the CEP filing requirements should reflect the more limited statutory framework for Commission approval of CEPs for member regulated cooperatives and AESs.

Statutory Guideposts

The statute provides guideposts for the filing requirements:

> All of the following apply to an alternative electric supplier or a cooperative electric utility that has elected to become member-regulated under the electric cooperative member-regulation act, 2008 PA 167, MCL 460.31 to 460.39:
>
> (a) An electric provider described in this subsection shall file a proposed clean energy plan with the commission by January 1, 2028. The proposed clean energy plan shall meet all of the following requirements:
> (i) Describe how the electric provider will meet the clean energy standard.
> (ii) Specify whether the number of megawatt hours of electricity used in the calculation of the clean energy portfolio will be weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state. Once the plan is approved by the commission, this option shall not be changed.
> (b) The commission shall provide an opportunity for public comment on the proposed clean energy plan filed under subdivision (a). After the opportunity for public comment and within 150 days after the proposed clean energy plan is filed with the commission, the commission shall approve, with any changes consented to by the electric provider, or reject the clean energy plan.
> (c) Every 4 years after initial approval of a clean energy plan under subdivision (b), the commission shall review the clean energy plan. The commission shall provide an opportunity for public comment on the clean energy plan. After the opportunity for public comment, the commission shall approve, with any changes consented to by the electric provider described in this subsection, or reject any proposed amendments to the clean energy plan.

MCL 460.1051(3)

In basic terms, Section 51 requires a simple compliance plan, not a resource development plan. Further, Section 51 intentionally treats member-regulated cooperatives and AESs distinctly different from rate regulated utilities by statutorily providing simple and limited CEP requirements. To meet the limited and distinct filing requirements for cooperatives and AESs, Wolverine requests Staff consider the alternative filing requirements proposed in Exhibit A.

Filing Announcement

The law requires a CEP. A letter detailing any public engagement is unneeded because unlike an IRP requiring public engagement, public engagement is not needed for a compliance plan (as explained in the Public Engagement comments below).

Public Engagement and Public Outreach

Staff proposes cooperatives and AESs implement a public engagement process <u>before</u> the filing of a CEP, which is more onerous than Section 51 which only requires public input <u>after</u> the CEP is filed. Requiring or encouraging additional public input before filing a CEP is unwarranted.

Further, the additional public engagement requirement proposed by Staff is unnecessary for cooperatives because member-regulated cooperatives are democratically controlled by member customers. This non-profit corporate structure, itself, informs the statutory distinction and ensures member-owner engagement. Compulsory and separate engagement is not required by statute and is practically unnecessary.

AESs operate in a competitive marketplace with individual contracts between the AES and members/customers and there is no forum for public input into the resource planning and any input would be irrelevant.

Descriptions of how resources were selected

The Staff proposed filing requirements request a description and documentation that explain how resources were selected. The Section 51 CEP language simply calls for a plan to comply with specified percentages of clean energy requirements and nothing more. The evaluation of how resources were selected is part of the resource planning process which goes beyond the Section 51 requirement to provide a compliance plan. The legislature could have made a resource planning evaluation part of the requirements. It did not.

Environmental Justice Considerations

While Environmental Justice considerations are laudable, they are considerations specifically addressed in other statutory provisions that are inapplicable to CEPs for AESs and member-regulated cooperatives (i.e., integrated resource plans). Requiring the CEP of a member-regulated cooperative or AES to address Environmental Justices considerations is another example of resource planning, not compliance planning, and is unwarranted under Section 51 and should not be a part of the filing requirements of CEPs for AESs and member-regulated cooperatives. The legislature could have made evaluation of Environmental Justice part of the requirements. It did not.

Resources other than those used for Compliance

The Staff-proposed filing requirements would require that the CEP for an AES or member-regulated cooperative identify and describe resources that would not be needed for compliance. Section 51 requires a compliance plan to identify what resources an electric provider intends to use for compliance with the clean energy standard percentages. Anything beyond that is an aspect of resource planning, not compliance planning, and is unwarranted under Section 51.

Information concerning a renewable energy plan

Staff's proposed filing requirements seek information on how the member-regulated cooperative or AES intends to meet the renewable energy standards. The Commission already requires electric providers to submit a Renewable Energy Plan pursuant to Sections 22 and 28 which will continue to be in effect once Section 51 becomes effective – in other words, the two processes are in effect simultaneously. This overlap means that electric providers will need to demonstrate compliance with the 60% renewable energy credit portfolio standard in the REP process as well as the 80% Clean Energy Standard in the CEP process. This is cumbersome. Additionally, nearly all resources under the REP statute qualify towards compliance of the CEP statute; however, not all resources under the CEP statute qualify towards compliance of the REP statute (e.g., resources with carbon sequestration). Due to the overlap and the nuances of the resources that qualify for one plan and not the other, Wolverine suggests Staff and the Commission consider syncing the REP and CEP processes – for example, combining the two filing requirement processes into one.

Section VIII milestones for implementing a resource plan

Staff's proposed filing requirements seek information concerning implementing "a resource plan," not a compliance plan. There is a significant difference between a resource plan/planning and a compliance plan. Similar to the responses above, the details sought by Staff in this section go beyond the Section 51 requirements and should instead recognize the limited nature of the CEP review for member-regulated cooperatives and AESs.

Conclusion

In conclusion, Staff's strawman proposal seeks information irrelevant to (and well beyond the scope of) Section 51 compliance for AES's and member-regulated cooperatives and would create unnecessary work. Wolverine requests Staff and the Commission focus the filing requirements for a CEP on the specific and limited requirements set out in Section 51 (as detailed in Exhibit B) similar to the WPSC Group's proposed filing requirements in Exhibit A to these comments.[2]

As in the case of a REP, Commission review is limited; Section 51 directs the Commission to provide an opportunity for public comment on the proposed CEP and after the opportunity for public comment and within 150 days after the proposed CEP is filed with the Commission, the Commission shall approve, with any changes consented to by the electric provider, or reject the CEP.

The strawman proposal should similarly separate out the information required to describe how the member-regulated cooperative or AES intends to meet the clean energy standard. Other resource planning information, separate stakeholder processes and the development of a CEP that meshes with an IRP, is unnecessary in the case of member-regulated cooperatives and AESs.

[2] Should Staff and the Commission combine the REP and CEP processes into a single process, further modification may be required to accommodate both statutes.

Exhibit A

Proposed

Clean Energy Plan Filing Requirements for Electric Cooperatives and Alternative Electric Suppliers.

Pursuant to Public Act 295 of 2008 as amended by Public Act 235 of 2023, Section 51

1. Detailed clean energy plan.

    a. Forecast expected compliance levels by year to meet the clean energy standard.

    b. Identify key assumptions used in developing these forecasts and the proposed resource portfolio.

    c. Identify risks which may drive performance to vary.

2. Energy sales forecast through 2045 for compliance with the clean energy standard in PA 235 Section 51.

    a. Specify whether megawatt hours of electricity used in the calculation are weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full-service retail customers in the state.

3. Identify the clean energy production forecast through 2045 for compliance with the clean energy standard in PA 235 Section 51.

Exhibit B

PA 235 of 2023 Section 51 (1) *As a clean energy standard, an electric provider shall achieve a clean energy portfolio of at least the following:*

(a) In 2035 through 2039, 80%

(b) In 2040 and each year thereafter, 100%.

(3) All of the following apply to an alternative electric supplier or a cooperative electric utility that has elected to become member-regulated under the electric cooperative member-regulation act, 2008 PA 167, MCL 460.31 to 460.39:

(a) An electric provider described in this subsection shall file a proposed clean energy plan with the commission by January 1, 2028. The proposed clean energy plan shall meet all of the following requirements:

(i) Describe how the electric provider will meet the clean energy standard.

(ii) Specify whether the number of megawatt hours of electricity used in the calculation of the clean energy portfolio will be weather-normalized or based on the average number of megawatt hours of the electricity sold by the electric provider annually during the previous 3 years to retail customers in this state. Once the plan is approved by the commission, this option shall not be changed.

(b) The commission shall provide an opportunity for public comment on the proposed clean energy plan filed under subdivision (a). After the opportunity for public comment and within 150 days after the proposed clean energy plan is filed with the commission, the commission shall approve, with any changes consented to by the electric provider, or reject the clean energy plan.

(c) Every 4 year after the initial approval of a clean energy plan under subdivision (b), the commission shall review the clean energy plan. The commission shall provide an opportunity for public comment on the clean energy plan. After the opportunity for public comment the commission shall approve, with any changes consented to by the electric provider described in this subsection or reject any proposed amendments to the clean energy plan.

(d) If an electric provider described in this subsection proposes to amend its clean energy plan at a time other than during the review process under subdivision (c), the electric provider shall file the proposed amendment with the commission. The commission shall provide an opportunity for public comment on the amendment. After the opportunity for public and within 150 days after the amendment is filed, the commission approve, with any changes consented to by the electric provider, or reject the amendment.

(e) If the commission rejects a proposed clean energy plan or amendment under this subsection, the commission shall explain in writing the reasons for its determination.

(f) The commission may, upon a showing of good cause based on a factor listed in section 23(2), grant an alternative electric supplier an extension of a clean energy standard deadline. Each extension shall not exceed 2 years. An extension of a deadline does not affect a subsequent deadline. Upon granting an additional extension for a particular clean energy standard deadline beyond the first 2 extensions, the commission shall notify the speaker of the house, the majority leader of the senate, and the chairpersons of the committees of the legislature having jurisdiction over energy issues that is has granted an additional extension and the reasons for the extension.

(g) The governing board of a cooperative electric utility may, upon a demonstration of good cause based on a factor listed in section 32(2), grant an extension of a clean energy standard deadline. Each extension shall not exceed 2 years. An extension of a deadline does not affect a subsequent

deadline. Upon granting an additional extension for the particular clean energy standard deadline beyond the first 2 extensions, the governing board of a cooperative electric utility shall notify the commission that it has granted an additional extension and the reasons for the extension.