DRAFT

Clean Energy Plan
Filing Requirements
for Rate-Regulated Electric Utilities

Pursuant to Public Act 295 of 2008 as amended by Public Act 235 of 2023, Section 51

March 4, 2025

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%.

An electric provider whose rates are regulated by the commission shall include a clean energy plan (CEP) illustration how it intends to comply with the clean energy standard as part of that electric provider's integrated resource plan.

Application Instructions for Clean Energy Plan Filings

These application instructions apply to an investor-owned rate-regulated electric utility application for Michigan Public Service Commission (MPSC or Commission) approval of a Clean Energy Plan (CEP) 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.

Filing Announcement

To facilitate the scheduling and preparation of CEP filings, a rate regulated utility who intends to file a CEP, shall combine its CEP filing announcement with its IRP filing announcement necessary for its integrated resource plan filing. The CEP portion of the filing announcement shall include:

a) Statement of intent to file a CEP;
b) Estimated date of filing;
c) Any Information related to any public engagement that has already taken place or is scheduled to take place.

Participant Engagement and Public Outreach Process

Participant engagement early in the development of the CEP 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. Utilities should engage participants about the development of the CEP and IRP simultaneously. The utility may choose to incorporate some, or all, of the participant input in its analysis and decision making for the CEP filing.

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.

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.

Environmental Justice Communities – Refers to overburdened, vulnerable, underserved or disadvantaged communities that are identified, for the purpose of this analysis, by a minimum percentile of 75 in the Michigan Environmental Justice Screening Tool (MiEJScreen) or a minimum percentile of 75 in either the Low-Income Population or Black, Indigenous, People of Color population layer. If MiEJScreen tool is not available, the utility should work with and take feedback from Staff, EGLE, and interested parties when determining which other tool or methodology to use.

Greenhouse Gas Emissions - carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride

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]

[1] Public Act 295 of 2008 as amended by Public Act 235 of 2023.

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.

(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,

[2] Public Act 295 of 2008 as amended by Public Act 235 of 2023.
[3] Et al.
[4] Et al.
[5] Et al.
[6] Et al.

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. All assumptions and inputs shall be applied consistently in both CEP and IRP plans. 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. 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) 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;
c) The data and information requested in the Commission's CEP Filing Requirements included herein;
d) Any request for an extension pursuant to MCL 460.1051 (2)(b); and
e) 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. 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:

a) An overview of the planning period examined in the CEP application;
b) A brief introduction describing the utility, its existing facilities, new resources being proposed, and implementation strategy;
c) A summary of any analytical approach used in the utility's analysis and the types of new resources considered;
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;
e) The Company shall include a figure that depicts a stacked bar graph that includes the annual energy expected to be produced by all resources used for compliance for each year of the planning horizon as compared to its sales forecast for each corresponding year over the planning period. 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. The graph should also depict the utility's progress toward or achievement of State goals of 80% clean energy in 2035-2039 and 100% clean energy in 2040 and each year thereafter; and
f) Any other information that would aid the public understanding of the utility's proposed plan.

II. Clean Energy Plan Details: The utility shall describe resource plans that it intends to use to satisfy at least the objectives and priorities identified in MCL 460.1051, its CEP planning process, and any public engagement.

III. Renewables and Renewable Portfolio Standards Requirements: Projected energy purchased or produced by the utility from renewable energy resources. Describe how the utility will meet existing renewable energy standards including evidence that illustrates consistency with the utility's REP. The utility shall also discuss any key differences between its REP and CEP.[7,8]

IV. Total Electric Sales Forecast: A long-term forecast of the electric provider’s total electric sales. To ensure compliance with the CEP the electric provider should consider the following when developing its forecast:

a) DER adoption and impacts to the overall electric sales in the electric provider’s service territory;
b) Electric vehicle adoption assumptions and impacts to overall total electric sales;
c) Electrification adoption assumptions and impacts to overall electric sales forecasts.

V. Proposed Clean Resource Plan: Include a detailed description of:

a) The type of clean generation technologies being used to meet compliance.
b) The impact of the CEP on the diversity of the utility resource portfolio. Include details in a qualitative discussion.

VI. If the utility is requesting an extension of its plan pursuant to MCL 460.1051 (2)(b), provide detailed information for the reason that an extension is being requested. Include data to support the request.

VII. 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.

VIII. Include a completed template consistent with the example in Appendix A.

---

[7] For the purposes of illustrating how the electric provider intends to reach compliance, 1 REC = 1 MWh of clean energy. Banked and bonus RECs may also be used to meet the Clean Energy Standard whereby 1 REC is used (retired) to meet 1 MWh of the clean energy standard requirement. The electric provider’s future renewable energy plan filings should reflect the retirement of these additional RECs.

[8] It should be noted that REP resources can qualify for CEP compliance, but not all resources that qualify for CEP compliance qualify for REP compliance.

IX. 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 and description of actions to implement ongoing and planned demand-side programs;
b) A schedule and description of relevant supply-side resource research, engineering, retirement, acquisition, and construction.