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**MEMORANDUM**

**DATE:** October 27, 2017  
**TO:** Michigan Public Service Commission and Resource Adequacy Stakeholders  
**FROM:** Roger Doherty – Engineer, Resource Adequacy and Retail Choice  
**SUBJECT:** Updated Capacity Obligations based on MISO 2018 LOLE Report (U-18441)

On September 15, 2017, the Commission issued an order in Case No. U-18197 establishing the format and requirements for electric providers in the State to make capacity demonstrations to the Commission pursuant to Section 6w of 2016 PA 341. This order opened Case No. U-18441 for the initial capacity demonstrations (planning years 2018/19 through 2021/22), detailed the capacity demonstration process and requirements (Attachment A), and indicated that Staff would issue a memo in the docket with updated capacity obligations based upon the latest Midcontinent Independent System Operator (MISO) Loss of Load Expectancy (LOLE) report by November 17, 2017.

The [2018 LOLE Study Report](#) has been published and is available on the [MISO website](#). The updated planning reserve margin (PRM UCAP) for each planning year are as follows:

Planning Year	2018/19	2019/20	2020/21	2021/22
PRM UCAP	8.4%	8.4%	8.3%	8.3%

According to MISO, the increase in PRM was due to economic load uncertainty modeling, demand response modeling, and increasing outage rates. For more information please refer to the 2018 LOLE Study Report.

For the purposes of the initial demonstration, the total capacity obligation for each Load Serving Entity will be its 2018 aggregate Peak Load Contribution multiplied by one plus the PRM UCAP for each planning year.