

# MI Power Grid: Competitive Solicitation Workgroup

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# Disclaimer

*The following information is provided for education and discussion purposes only.*

*Consumers Energy's comment, or lack of comment, on a particular topic does not indicate either acceptance or disagreement with the subject matter.*

*Consumers Energy reserves the right to provide its official position on any particular subject matter through the written commentary process incorporated in this workgroup.*

*Responses provided through the Company's written comment shall determine the Company's position in the event of discrepancies between this presentation and written comments.*

# Consumers Energy's Perspective on Value Added

- Consumers Energy has historically used, and intends to continue using, non-pricing factors in its competitive solicitations
- Utilities should have the flexibility to tailor competitive procurements to the needs of customers and the business.
- Value added consideration is a policy/strategy decision in competitive procurement
  - Tailored to utility
  - Varies by the need being filled
    - Example: RFP for solar v. RFP for natural gas plant

# Consumers Energy's Experiences

## Renewable Energy Plan Request for Proposal (RFP)

- 2008 Guidelines for Competitive RFP for Renewable and Advanced Cleaner Energy (12/4/2008 Order Case No. U-15800)
- Quantitative and qualitative evaluation for Company-owned assets
- Utilized a red-yellow-green rating for qualitative attributes, including
  - Amount of land control
  - Interconnection Status
  - Permitting Status
  - Environmental Risk

# Consumers Energy's Experiences

## Integrated Resource Plan RFP

- Modified 2008 Guidelines for Competitive RFP for Renewable and Advanced Cleaner Energy (12/4/2008 Order Case No. U-15800)
- Value Added Criteria (VAC) used to improve project ranking on a net cost basis:
  - $\text{Cost} - \text{Market Value} - \text{VAC} = \text{Adjusted Net Cost (\$/MWh)}$
- VAC is meant to reflect additional economic, community, or societal value compared to a typical resource
  - Typical Resource: Transmission connected, greenfield development, solar PV generator

# Consumers Energy's Experiences

## Integrated Resource Plan RFP (cont.)

- VAC aligns with Company's Triple Bottom Line Strategy

People	Planet	Prosperity
Michigan Content (Equipment)	Brownfield Location	Distribution Connected Facilities
Michigan Labor (Construction)	(incl. Pollinators)	Dispatchable Generation
Prevailing Wage (Construction)		Existing Generation Facilities
Low Income Location		

# Consumers Energy's Experiences

## Other RFPs

- Quantitative and qualitative evaluation for resource
- Utilized a points-based system for quantitative and qualitative attributes, including
  - Developer Experience
  - Technical Knowledge
  - Interconnection Status
  - Developer Risk
  - Asset Reliability Performance

# Consumers Energy's Perspective

- Sometimes difficult to find the right balance
  - Too much VAC could result in unintended/skewed results
  - Too little VAC is not meaningful to further the needs of the utility and customers
- Best Practices based on our experience
  - Transparency to respondents in the qualification to receive a VAC
  - Transparency on the impact of VAC to proposals
  - Provide information to respondents early in the solicitation
  - Can be difficult to achieve when VAC is subjective or based on a relative scoring against other proposals (e.g. Quartile Points-Basis)