

Consumers Energy is appreciative of the MPSC Staff's efforts with the New Technologies and Business Models workgroup and the opportunity to provide feedback on the draft report. MPSC Staff has compiled a significant amount of information from numerous meetings and provided a thorough summary. In reviewing the draft report, Consumers Energy has identified several areas that will require additional dialogue as well as some important considerations that should be accounted for during future discussions. The Company offers the following comments in response to the draft report addressing key themes, Staff's recommendations, and technology specific barriers cited.

## KEY THEMES

### Process

Consumers Energy is supportive of efforts to encourage flexibility by allowing utilities to offer and pilot new technologies in an accelerated manner. The Company appreciates Staff's desire to implement an improved pilot process and wants to emphasize that the recommendations of this workgroup should be focused on items that are within the Commission's purview and not advocate for legislative outcomes.

### Rates and Incentives

Consumers Energy believes that proper price signals for new technologies are critical to ensuring rates are just, reasonable, and equitable for all customers. The Company concurs with Staff that the adoption of new technologies and business models should be approached in a deliberate manner in order to ensure that near-term solutions do not complicate or jeopardize longer term transformative change. Cost-shifts with improper price signals could significantly slow progress towards a clean energy future for Michigan.

### Consumer Protection

Consumers Energy places a strong emphasis on consumer protection standards. As Staff considers recommendations for new technologies and business models, especially those that propose data access for third parties, it is vital to consider how recommendations would ensure continued protection for consumer information and privacy. Many of Staff's recommendations as currently presented, particularly around data access and third-party offerings, pose serious risks of decreasing customer satisfaction and stifling customer interest in new technologies. In addition, third-party

product offerings potentially limit the Commission's control and oversight over the deployment of new technologies and complicate longer-term resource and system planning objectives.

## STAFF'S RECOMMENDATIONS

- Recommendation #1 (page 97): Staff recommended the Commission provide guidance on "just" rates when applied to the evaluation of new technologies and alternative business and ownership models. Consumers Energy respectfully notes that the recommendation is vague and should be clarified, ensuring that appropriate price signals are provided. Additionally, **the Company suggests that the Commission's role in defining "just" rates is established by law and legislative changes should be treated outside the scope of this workgroup.**
- Recommendation #2 (page 100): Staff recommended the Commission provide guidance on the consideration of non-energy benefits and costs. Consumers Energy wants to emphasize that this suggestion would expand the scope of what the Commission has historically considered in evaluating utility investments to include non-energy and non-economic benefits/ costs. **The Company recommends the proposed cost/benefit structure be clarified to indicate it would only be applied to DER investments.** The Company would also note that such types of analysis can be important for assessing cost-effectiveness for programs at scale, but that **such analysis should not be required for early-stage pilots as the pilots are intended to inform and define benefits before such an analysis can be completed.**
- Recommendation #3 (page 103): Staff recommended that the Commission support data driven decision making. Consumers Energy supports data-driven decision making and believes that it is important to plan for and invest in the infrastructure to make data driven decision making possible. Where data is necessary to support investment decisions or evaluate pilot programs the Company will provide appropriate data access through typical regulatory pathways. The Company is concerned by Staff's recommendation that utilities provide access to this data for third-parties, as reflected in past workgroup discussions. Third-party access to data creates consumer protection, cybersecurity, and grid reliability risks. It is important to recognize that there is a delicate balance that must be maintained between the needs of protecting customer privacy and making data available to support innovative technologies and processes. The rationale for access should be defined and the scope of data access required should be considered when evaluating a recommendation in this space. **Consumers Energy respectfully suggests that, prior to the adoption of any policy regarding third-party access to data, tiered data access guidelines that allow for maintaining such a balance be provided.**

- Recommendation #4 (page 107): Staff proposed an expedited pilot approval process intended to support the rapid transformation of the energy system needed to meet overarching state goals. **Consumers Energy supports an expedited pilot approval process, such as the pilot process outlined by Staff.** Pilots are intended to be flexible and, as such, language included in the pilot process should be permissive. **The Company suggests that Staff soften "must" language in the proposed process to provide flexibility based on the type of pilot** (for example, a pilot in early stages with minimal customer contact). In addition, **the Company finds that a \$3 million per year cap on pilots is very limiting to the number and type of projects that could potentially be implemented and suggests \$10 million.**
- Recommendation #5 (page 111): Staff proposed that the Commission establish a comment proceeding to consider legal and regulatory barriers to utility ownership of behind-the-meter distributed energy resources. In addition, Staff asks the Commission to request utility pilots of alternative business models and comparable third-party pilots. The Company agrees that the Commission should address the issue of utility's ability to offer customers behind-the-meter options as has been previously proposed. Further delay in addressing this question unnecessarily limits options for customers to deploy distributed energy resources. While the Company is not opposed to offering pilots that explore alternative business models and exploring partnerships with third-parties to provide solutions for our customers, **the utility must have the ability to test impacts on the electric grid it manages and consequently must have significant control within the process for identifying pilot opportunities, developing solicitations, and defining the scope of partnerships with third-parties.**
- Recommendation #6 (page 114): Staff recommended technology and fuel agnostic incentives be developed. The Company supports a technology agnostic objective but believes that additional stakeholder discussion will be required to outline necessary details for how to implement incentives.
- Recommendation #7 (page 116): Staff suggested the Commission support pilots of tariffed on-bill programs for residential and commercial technologies and explore incentives to reduce barriers for low- and moderate-income customers. The Company supports on-bill tariff options for utility programs that provide customers meaningful opportunities to control their energy use and especially help low- to moderate- income households save on their energy bills. The Company would be concerned if asked to facilitate transactions for customers and third-parties as this would potentially threaten consumers protections the Company works to uphold. **The Company respectfully suggests that on-bill offerings be limited to utility programs, especially in early stages.**
- Recommendation #8 (page 117): Staff recommends that the Commission require utilities to provide or support education to promote the uptake of new technologies and business/ownership models. **The Company supports educating**

**customers and potential project partners to further the deployment of utility program offerings.** It is important for the utility to be the primary messenger for communicating about program offerings in order to ensure appropriate consumer protections.

- Recommendation #9 (page 119): The MPSC Staff suggests the Commission take rapid action to support new technologies and business models as well as implementing other recommendations from the MI Power Grid process. The Company commends the MPSC Staff for the work that has gone into the workgroup process thus far. However, Consumers Energy cautions that many of the recommendations as presented in Staff's draft report lack necessary detail needed to inform implementation or would be outside of the Commission's authority. **The Company recommends that suggested solutions be thoroughly vetted by stakeholders and comply with established legislative and regulatory authority.**

Additionally, Consumers Energy provides the following comments related to other areas within the executive summary.

- Distributed Energy Resources (DERs) – The report states that “To build a more resilient grid, dynamic DERs must be better integrated into the grid via market mechanism.” Consumers Energy would like to note that this will require additional investment by the utility in systems that allow for the control, aggregation, billing and management of such additions to the grid which is an important consideration. **Consumers Energy recommends that such information be gathered and included for recommendations.**
- Barriers - In some areas of the report, barriers are cited yet a clear problem statement has not been provided. An example is on page 5 where the need for multiple meters is cited as a barrier or concern and a reason that some individuals do not pursue certain technologies. However, it is not clear as to the number of individuals impacted in such a way and what such lack of participation may mean for energy supply for Michigan. **The Company suggests that Staff further define the problems cited to provide stakeholders with information necessary to prioritize resources in order to respond to barriers identified.**

Within the report, Staff has provided information on the key technologies reviewed during the collaborative meetings. Consumers Energy has the following comments specifically on the topics of Electric Vehicles, Heat Pumps, Solar Generation, and Microgrids.

## TECHNOLOGY SPECIFIC BARRIERS

### *ELECTRIC VEHICLES*

Consumers Energy has supported Electric Vehicles for several years and agrees that there is benefit in increasing the number of public charging stations. The Company also believes grid benefits are possible not only for owners of Electric Vehicles but for all customers served through the electric grid. **On-bill financing may provide an opportunity to expand locations, especially for locations that would allow for optimization of offpeak charging and are difficult to retrofit.**

**Recommendations #1 and #9 in Table 13 appear to complement each other well and could be combined.** The Company looks forward to using the learnings from pilots in building future programs. **The Company would also suggest that recommendation #19 be earlier on the list.**

Consumers Energy agrees that avoiding demand charges in the early phase of Electric Vehicle adoption is important for fast-charging infrastructure development. However, a second meter in a number of cases is likely necessary to gain valuable insights not available in other ways (such as with fleets and DC fast chargers with load profiles significantly different than the rest of the property) and should be prioritized over aesthetic concerns. **The Company would recommend further exploration of the need for multiple meters before adoption of a recommendation.**

The Company appreciates the support in the report for Electric Vehicle infrastructure as part of long-term planning. **Given the need for infrastructure and the goals for carbon neutrality, this is worthy of additional collaborative work to support investment in infrastructure in this early stage of adoption.**

### *HEAT PUMPS*

The report includes a good summary of the challenges of heat pumps in Michigan. Consumers Energy would note that hurdles would include the need for a secondary heat source, as well as inadequate infrastructure to support the installation of this equipment (panels and meters in retrofit applications). Specifically for multifamily structures, barriers include concerns by owners regarding aesthetics and the complexity of engineering to accommodate installation. **The Company would respectfully suggest that the potential impacts of a significant use of heat pumps are largely unknown and that utilities would need to carefully monitor the grid should adoption of this technology increase significantly.**

### *COMMUNITY AND BEHIND THE METER SOLAR*

*Behind The Meter Solar:* Staff has suggestions in the report with a model referred to as a "Utility as Facilitator" model, on pages 21 and 22. **Consumers Energy would respectfully suggest that the potential benefits and disadvantages of such a model need more clarity and demonstration before any recommendations can be made at this time.**

## ***MICROGRIDS***

On page 78 of the report, Staff states that “To move the microgrid market forward in Michigan in the short term, utilities should be allowed to experiment and study microgrids on a large scale.” The Company agrees with this assessment and believes that microgrids will be a challenge for communities to implement themselves.

On page 80 of the report, Staff cites varying policies in other jurisdictions and goes on to state that “There is opportunity to utilize the behind-the-meter aspect to participate in self-generation and sub-meter the energy to smaller facilities.” **Consumers Energy strongly urges study of the results of such policies in other states and the potential advantages and disadvantages before adoption of a policy of this nature in Michigan.**

## **CONCLUSION**

Consumers Energy thanks the MPSC Staff for organizing the forum and facilitating participation of stakeholders. The Company is also appreciative of the opportunity to provide constructive comments on this report and looks forward to future work with new technologies.