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Advanced Energy Economy
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Washington, DC 20005

August 14, 2020

Ms. Kavita Kale,
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing, Michigan 48917

Re: Energy and Technology Pilot Programs Staff Draft Report

Dear Commissioners and Staff,

The Michigan Energy Innovation Business Council (Michigan EIBC) and Advanced Energy Economy (AEE) appreciate the opportunity to provide comments on the Staff's Utility Pilot Best Practices and Future Pilot Areas Draft Report ("Draft Report"). Both organizations were active participants in the workshops, and we appreciate the Commission's continued attention to these important issues and look forward to the continuation of the MI Power Grid process.

If there are any questions, comments, or concerns related to these comments, feel free to contact us directly.

Regards,

Handwritten signature of Laura Sherman in black ink.

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- I. **Advanced Energy Economy (AEE) and the Michigan Energy Innovation Business Council (Michigan EIBC) support the definition and recommendations outlined in Staff's Draft Report and respectfully urge the Commission to adopt the transition to clean, distributed energy resources as part of the foundational goals underpinning future energy pilots.**

AEE and Michigan EIBC strongly support Staff's recommended criteria for utility pilot projects and the proposed "pilot definition."¹ Overall, the Draft Report sets Michigan on the right path to piloting and integrating innovative technologies to decrease costs for customers and provide beneficial grid solutions. We agree with Staff's determination that pilot projects would benefit from clear and consistent foundational goals to unify pilot investments and move Michigan toward a clean and distributed power grid.² To that end, we encourage the Commission to adopt the goals of MI Power Grid as the underlying guidance for pilot projects pursued by utilities. This will help to ensure that future pilots in Michigan will be better aligned and complement the Commission's overall policy objectives and strategic vision. In particular, we note that some MI Power Grid work streams that have not yet started will be addressing not just technology-related issues, but broader regulatory model issues around utility financial motivations and utility business models. Pilots can and should be designed to test not just innovative technologies but also new utility business opportunities and innovative business partnerships that can enable greater customer engagement and more value creation from the technologies that are driving the change to the utility industry that the Draft Report identifies.

We also agree with Staff's statement that a clear need for a proposed pilot should be given and results of similar pilots and findings should be shared as part of the justification for the need for a pilot.³ This is particularly important to ensure that approved pilots will provide new information and insights, thereby limiting repetitive pilots. However, if results from "similar pilots" are not readily available, this requirement should not hinder utilities from pursuing a novel pilot (e.g., the autonomous grid concept).

II. AEE and Michigan EIBC support the creation of a pilot directory. We urge the Commission to adopt formal reporting requirements for pilots to increase the efficacy of a directory.

We appreciate Staff's recommendation that an online pilot directory be created and maintained. Such an online pilot directory would make information more readily accessible to all stakeholders. Additionally, it is important that the Commission institute public pilot reporting requirements. It is not sufficient for information regarding pilot learnings and conclusions to be communicated to the Commission Staff or select stakeholders verbally. Instead, formal reporting in a publicly available

¹ Utility Pilot Best Practices and Future Pilot Areas Draft Report ("Staff Draft Report"), Michigan Public Service Commission, Page 22, September 30, 2020, https://www.michigan.gov/documents/mpsc_old/MPG_Pilots_Report_Draft073120_698001_7.pdf.

² Staff Draft Report, Page 45.

³ Staff Draft Report, Page 44.

manner (such as in the docket) is necessary to allow all interested parties to benefit from the lessons learned in each pilot. Such reporting requirements are especially critical for ratepayer funded pilots. As noted in the Draft Report, only 20% of pilots reviewed were required to report results and only 14% had reports filed to the docket.⁴ Currently available pilot information is scarce and more robust data is required to satisfy stakeholder needs. Although the proposed online pilot directory is a step in the right direction, the included information will not allow stakeholders to fully assess the efficacy of a given pilot and will not allow utilities to review the results of a previous pilot when considering a future pilot. The lack of transparency and information sharing also currently hinders third-party vendors from participating and offering innovative solutions. All parties would greatly benefit from additional formal reporting requirements, especially for ratepayer funded pilots, whether that is through a more robust online pilot directory or through required formal reporting to the relevant docket. While Staff states that a detailed pilot data repository “can always be designed and implemented at a later date” should the need be made clear, we argue that the need for more robust data is presently clear.⁵ We also urge the Commission to apply best practices for competitive procurement to utility pilot projects to open the door for third-party participation.

III. Utilities should continue to collaborate with technology vendors to design and deploy pilots and deliver innovative solutions to customers.

As utilities continue to explore innovative technologies through pilots, there are substantial benefits to utility collaboration with a diverse set of stakeholders. A pilot directory will open the doors to information sharing, but it is essential that utilities continue to engage technology vendors and industry experts to explore the relative roles that vendors can play in shaping the quality and effectiveness of pilots undertaken.

IV. AEE and Michigan EIBC offer the following minor changes to the report.

1. Page 35: According to the American Wind Energy Association, 99% of wind farms are located in rural areas.⁶ Although there are a limited number of rural communities in Michigan which have established moratoriums on wind energy, this is generally not the case in cities (as is suggested on page 35). We suggest that Staff review a database of wind and solar ordinances recently

⁴ Staff Draft Report, Page 17.

⁵ Staff Draft Report, Page 44.

⁶ American Wind Energy Association, Wind 101, <https://www.awea.org/wind-101/benefits-of-wind/economic-development>

released by the Department of Environment, Great Lakes, and Energy:

https://www.michigan.gov/climateandenergy/0,4580,7-364-85453_85458-519951--,00.html

2. Page 42: "FIOA" should be "FOIA."