

September 30, 2019

VIA E-MAIL at baldwinj2@michigan.gov and evansn@michigan.gov

Julie Baldwin and Nicholas Evans
Michigan Public Service Commission

RE: Consumers Energy Company Comments on Strawman Proposal for Interconnection, Distributed Generation, and Legally Enforceable Obligation Standards

Dear Ms. Baldwin and Mr. Evans:

Consumers Energy Company ("Consumers Energy" or the "Company") appreciates the opportunity to provide comments on the strawman proposal for Interconnection, Distributed Generation ("DG"), and Legally Enforceable Obligation ("LEO") standards published by the Michigan Public Service Commission ("MPSC" or "Commission") Staff ("Staff") on August 28, 2019.

The Company would like to thank you and the Staff for your significant efforts to date in modernizing and revising the Interconnection, DG, and LEO standards to adapt to the changing electric generation landscape in Michigan. Consumers Energy believes that many components of the strawman proposal are achievable and will provide greater clarity regarding interconnection queue management, pricing structures, and roles and responsibilities. With this letter, the Company has provided a redline of the strawman proposal with suggested alternate language and comments on sections that are unclear or a cause of concern for Consumers Energy.

I. Interconnection

Regarding Staff's proposed Interconnection rules, Consumers Energy's comments generally address the following issues: complexity; penalties; data requirements; fast track eligibility; exit points; batching; pre-application reports; definitions; timing and tracking; efficiency/schedules; and transition time. Each of these issues can be summarized as follows:

1. Complexity: Overall concern with the complexity of the process and the many start/stop handoffs between the utility and interconnection developer, each with timelines requiring tracking. A process flow map to assure workable and efficient flows, timing, and off ramps is critical.
2. Penalties: \$50,000/day penalty language is same as the law; however, the rule should recommend guidelines that are commensurate with impact, i.e. generation size.
3. Data Requirements:

- Fast Track, Customer Options Meeting, Supplemental Review: Consumers Energy has concerns about providing all data/analysis used for evaluations (unnecessary, cumbersome, confidential/proprietary, likely to spur disputes). Instead, the Company proposes a requirement to provide explanation of the specific fast track screen or supplemental review failed. The utility could discuss the report results further upon request.
 - System Impact Study and Facilities Study: Consumers Energy has concerns about providing supporting documentation and work papers (unnecessary, cumbersome, confidential/proprietary, likely to spur disputes). The final report itself should be adequate. Upon request, the utility could discuss the final report further, and consider modifications/reissue if appropriate.
4. Fast Track Eligibility: Limit eligibility to $\leq 2\text{MW}$, and remove eligibility for Consumers Energy's HVD system ($\geq 30\text{ kV}$ and $\leq 69\text{ kV}$).
 5. Exit Points: Ensure time-bound exit points for each developer step in the process.
 6. Batching: Although batching is allowed, the proposed timelines create limited opportunities to propose a batching solution in procedures.
 7. Pre-Application Reports: Should be a mandatory process.
 8. Definitions: Consumers Energy suggests some additional definitions and modifications to some of the existing definitions.
 9. Timing and Tracking: Eliminate time stamp and base timing only on date stamp. Tracking the time of day that something is due would be onerous.
 10. Improve Efficiencies / Simplify Schedules:
 - Fast Track Application: Customer may have up to 20 business days, instead of 10 business days, and eliminate the potential 10 day extension.
 - Facilities Study Procedure: Eliminate the extra step of providing a draft report, and just provide a final report, with options for the interconnection customer to meet and discuss the final report. Providing a draft and allowing time for comments lengthens the overall process and creates an administrative burden with little to no benefit.
 11. Transition Time: Address the time lags between existing and new rules as well as new rules and new procedures; also address legacy interconnection applications (need exit), and initial study fees (if no prior baseline).

II. DG

1. Consumers Energy has noted proposed rules around credits may be vague and suggests that clarity around distribution charges be added.
2. Energy storage details are expected to be further addressed in procedures and tariffs.

III. LEO

1. Consumers Energy is generally supportive of the Staff's proposed requirements, as written, with some clarification.
2. Consumers Energy proposes additional requirements to demonstrate project viability including power purchase agreement commitment; IRS Form W-9; engineering, procurement, and construction demonstration; and fuel security.
3. Consumers Energy proposes to include a developer request for a power purchase agreement as part of the contract administration process.

In light of these concerns and the additional comments provided in the Company's redline, Consumers Energy feels there would be value in spending additional time reviewing and discussing the strawman proposal to ensure greater clarity, consistent wording, and consistent timing between sections when covering the same elements. In particular, there is a critical need for development and review of a process map to assure process flows, timing, and off ramps for each available process path.

While the Company believes the current draft represents a good step toward an improvement over the existing interconnection standards, the proposed new rules are detailed and complex. It is significant that these rules will govern interconnection in Michigan for years to come, and, because they are formal rules, they will be difficult to change moving forward. As such, Consumers Energy recommends more time be allotted to address stakeholder concerns, edit the document, and map out the process to assure it will work effectively and efficiently. At a minimum, Consumers Energy recommends providing stakeholders another opportunity to review and provide comments on Staff's next draft, after considering and incorporating this round of comments from stakeholders.

Respectfully,

Consumers Energy Company