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The existing interconnection rules have successfully interconnected more than 50 MW of installed solar capacity across 2,700 projects with DTE Electric, the company, since 2018. While the company believes that the existing rules are sufficient to allow growth in distributed energy resources, the company does support efforts to continuously improve rules and procedures consistent with the expected growth in distributed resources and the increasing importance of a reliable distribution system. The company is committed to ensuring safe, reliable, and affordable access to our distribution system in a way that is reasonable, practical and respects the Company's and our customers' interests.

While there are numerous issues the company has identified with the proposed rules, the five most critical concerns are listed below. These items must be resolved to allow the new interconnections process to function.

- 1. The proposed timelines will be confusing to interconnection applicants and difficult for electric utilities to manage.**
- 2. The queue as proposed will increase study costs and push electric utilities and interconnection applicants into lose-lose options.**
- 3. Contested cases and average cost refunds are not consistent with cost causation, and the applicability of cost averaging may be limited.**
- 4. Penalty provisions are not consistent with potential damages and will encourage disputes that drive up costs.**
- 5. Disclosure of Critical Energy Infrastructure Information (CEII) is an overreach with dangerous consequences.**

In addition to these 5 critical issues, the Company also identified three other high priority issues, six medium priority, and a few hundred lower priority issues with the rules. This letter addresses the highest priority issues in detail and notes the other high and medium issues within the attached appendices.

DRAFT

1. **The proposed timelines will be confusing to interconnection applicants and difficult for electric utilities to manage.**

Concern: The complexity of the timelines, with extensions, exceptions, slippage, and doubling of available time in some instances and waivers available for interconnection applicants will significantly impact the company's ability to create clear, cost-effective procedures. The company supports the intention of providing interconnection applicants the flexibility to address issues, make corrections, collect information, and make reasoned decisions. However, having to file for extensions, waivers and track slippage will make the process more difficult to understand and manage. This could lead to mistakes, complaints, increased costs, and the potential for high penalties for the company.

Example: R 460.936 (6-8) Fast Track. The company requests additional information to ensure that applicants' new IEEE 1547.1 (2018) inverter is backward compliant to the IEEE 1547 standard specified in the rules. The interconnection applicant forgets to request an extension while working to collect the necessary information. As a result, the company must withdraw their application or risk impacting other interconnection applicants by not processing the applications in the order they were received and according to the rules.

Remedy: The rules should remove timeline extensions and exceptions, while adding duration to the original timelines. This will provide the utility and interconnection applicants ample time to meet process requirements and provide increased process transparency. Eliminating interconnection applicant waivers will create a more consistent and fair process. In addition, waivers should be automatically implemented based on total application volumes (e.g. >100 Level 1-2, >10 Level 3-5 within one week) and individual applicants (e.g., >5 Level 3-5 per week), pending a final determination by the Commission on the scope of the waiver. This would allow the utility to focus on the applications themselves and communication with interconnection applicants instead of waiver documentation preparation.

DRAFT

2. The queue as proposed will increase study costs and push electric utilities and interconnection applicants into lose-lose options.

Concern: As structured, the proposed queue creates problems for interrelated projects that are in various stages of development. When one project is dependent on the results of a preceding project, the new project will be forced to pay for the study of two scenarios. One in which the preceding project goes forward and one in which it withdraws. This problem escalates by a factor of two with each interdependent project. In addition, because there are no provisions for restudy, if a newer project wishes to move forward before an existing project decides to do so, the newer project will be forced to construct facilities necessary to cover all potential future outcomes. The interconnection applicant will also be locked into this expensive, build everything, option because there are not provisions for that applicant to return to distribution study when predecessor projects ultimately do complete or withdraw.

Study Cost Example: A new interconnection application proposes a 10 MW solar project interconnected to the company's networked high voltage distribution system. There are 3 existing projects that could have interrelated impacts on the same system (a 2 MW fast track project, an 8 MW project in study just 10 days ahead, and a 20 MW project in distribution study). To comply with the timelines, the new project would need to be studied in eight configurations based on each of the other three projects either moving forward or withdrawing. As a result, the interconnection applicant must choose between conducting a study with costs that are eight times the normal cost or waiting and hoping that others complete their projects before the newly proposed project times out and is withdrawn.

Fast Mover Example: In the project referenced above, the 10 MW project gets study results stating the upgrade costs will be between \$10k and \$1M depending on which existing projects move forward. The applicant wants to move forward either way and immediately pays to move to facilities study for the worst case \$1M option, to progress the project as quickly as possible. After the facilities study is complete, the predecessor project decides to drop out, eliminating the need for the \$1M upgrade, but the rules don't allow for the applicant to go back and complete an alternative facilities study. They must move forward to construction or withdraw and reapply.

Potential Remedies: Include specific rules around how the queue should be managed that are fully consistent with the timelines in the rules themselves. Alternatively, the Commission can specify that a queue shall exist, that timelines for critical phases should be present in procedures and remove all restrictions on intermediate timelines and procedures related to the operation of the queue from the rules. The proposed rules should not be issued with the expectation that queue management can be partially specified in the rules and completed later in the procedures. This has a high probability of causing the utilities to be in violation of the timelines specified in the rules. Potential options for managing the queue include:

DRAFT

- a) A regular interval batch process like the definitive planning phase study process administered by the regional transmission operators. (MISO DPP process)
- b) A process that causes interconnection applicants to return to study and pay for restudy if the status of projects ahead of the impacted project is withdrawn. (re-study process)
- c) A process to hold projects within the study process until all predecessor projects have been completed or withdrawn. (affected system process, which will significantly impact the pace of development)

DRAFT

3. Contested cases and average cost refunds are not consistent with cost causation, and the applicability of cost averaging may be limited.

Concern 3a: As written, the company cannot reconcile and comply with both the rules and the laws associated with properly assigning costs to interconnection applicants. The rules require averaging historical costs in determining fees with refunds and a contested case to adjust fees. Averaging cost to determine fees, then refunding some applicants, as suggested in pre-application and fast track supplemental procedures, practically ensures that some costs will be prevented from being assigned according to cost causation. In addition, the use of contested cases adds time, cost, litigation and recovery uncertainty to expenditures that could easily be confirmed by audit.

Example: The electric utility submits a contested case to adjust fees to cover increasing costs associated with verifying compliance to new standards. The Commission approves the request, while hundreds of hours of utility, Commission, and intervener time are wasted, creating costs that then must be passed on to future interconnection applicants. Alternatively, fees are not adjusted, and because no other recovery mechanism exists, the quality of reviews, studies and information provided must be reduced for all interconnection applicants to maintain proper cost causation.

Remedy: The rules should specify direct-billed actual costs without requiring a contested cases or arbitrary fees that can only be adjusted by a future rulemaking. Any interconnection-related fees and costs charged by utilities are easily auditable, should any applicant raise a concern to the Commission.

DRAFT

Concern 3b: Based on the current expenses related to existing projects, and estimate actual costs based on request for proposal (RFP) estimates, see Estimate Cost Table below, averaging costs is not consistent with allocation by cost causation.

Example:

Estimated Cost Table

Study Phase	RFP min	RFP max	Historical costs
Pre-application	\$ 300	\$ 1,640	\$ 1,250
Application	\$ 1,400	\$ 5,300	\$ 3,500
System Impact (Distribution)	\$ 13,700	\$ 88,000	\$ 30,500
System Impact (Sub-transmission)	\$ 28,100	\$ 254,000	\$ 60,000
Facilities Study	\$ 16,800	\$ 102,250	\$ 43,000

Remedy: Averages can be provided for context, but the only way to be consistent with principals of cost causation is direct-billing of actual costs. Cost variances will continue to increase as differences in DER penetration across the system will materially impact study complexity and cost.

DRAFT

4. Penalty provisions are not consistent with potential damages; they will also encourage disputes and drive up costs.

Concern: The extension of the \$50,000, per day, per violation provisions of MCL 460.10e from merchant plants to general interconnections is not commensurate to the potential damages that interconnection applicants could incur. Fines of this scale could drive the potential for behaviours that are not in the best interest of customers.

Example: To be consistent with cost causation, electric utilities will have to include liquidated damages provisions in third party contracts that allow electric utilities to recover fines related to quality and duration of third party support. This will force high levels of standby resources and likely additional insurance costs which will end up being passed through to interconnection applicants.

Remedy: Existing rules and processes are sufficient to allow interconnection applicants to seek remedies to legitimate failures of an electric utility to act in a reasonable manner. Additional language should also be included to ensure that penalties and damages be determined after an interconnection applicant either withdraws the application or has completed the interconnection. This will incentivize the utility to work to correct issues that do occur during the process in a way that has a positive outcome or at a minimum allow an accurate accounting of damages.

DRAFT

5. Disclosure of Critical Energy Infrastructure Information (CEII) is an overreach with dangerous consequences.

Concern: The critical nature of electric energy infrastructure in powering a modern society makes it a high value target for those working to create disruption. From foreign state actors, as with the cyber-attack that brought down the electrical grid in Ukraine, to individuals or small groups, as with the Metcalf attack which targeted a localized substation in California using detailed operational and technical knowledge, threats to electrical systems are significant, immediate, and sophisticated. The nature of the electrical system necessitates that much of the equipment is visible, making physical protection difficult. However, the complexity and flexibility of the modern grid allows for some protection by making it difficult for uninformed parties to determine the function, relationship and criticality of components. The release of CEII data and analysis, as proposed under the draft rules, destabilizes a key layer of protection by providing the information necessary to significantly increase the effectiveness and severity of physical and cyber-attacks. To ensure that the company can continue to maintain a safe and reliable distribution system, disclosure of data and analysis must be prevented.

Example: An interconnection applicant applies for 10 MW project on networked sub-transmission system and receives notification that ITC is an affected system. The applicant disputes the transmission system is affected and requests full copies of distribution and transmission system models to verify. The company does not own the transmission data, and to comply with the state rules would have to supply the model, under protest, violating MISO rules and NERC procedures. Later, the applicant is hacked and the company is implicated when the investigation determines that the full MISO model was provided. The company cannot control data once it is released.

Remedy: All requirements referencing “shall provide copies of all directly pertinent data and analyses” should be removed from the rules and replaced with “shall provide results and reasoning”. The rules should not circumvent existing and future FERC, NERC and MISO requirements for data sharing and data security. The company will not be able to provide data it does not own. If the disclosure and distribution of data and analyses is forced by the interconnection process, then data recipients and their organizations should be required to meet existing MISO, NERC and FERC standards around data disclosure, information transport, record retention, and physical and cyber security. This includes certifying policies, training programs and named individuals with the appropriate organizations. Those named individuals and organizations must remain in continuous compliance with those requirements as long as they are in possession of the data. Additionally, they must complete non-disclosure agreements, certify and maintain sufficient insurance to provide indemnity against data release and register with the Commission. Provisions should be provided in the rules to allow the electric utility to provide relevant information to a project without distributing specific infrastructure data.

DRAFT

OTHER HIGH PRIORITY ISSUES

1. The proposed rules conflict with existing statues and accepted principles.

Concern: Rule provisions that encourage the filing of unexecuted contracts and complaints, including specification of timelines and cost reporting within those contracts, will facilitate gamesmanship (e.g. interconnection applicants trying to force advantageous terms threatening the utility with fines for delaying for not agreeing to arduous terms), increase costs (e.g. many different contract terms and conditions to manage), discourage meaningful contract negotiation, and reduce process efficiency for all.

Remedy: Electric utilities and their suppliers do not operate in a static environment and need the flexibility to negotiate acceptable solutions. The company has been responsive to concerns about conditions within the contracts, and those contracts and agreements often include provisions to adjust for reasonable cost, timing, and scope concerns. No further rules are required.

2. Limitations on the use of emergency DER and DER in support of Non-Wire Alternative (NWA) projects and pilots.

Concern: The provisions “The electric utility shall use the same reasonable efforts when processing ... applications from all interconnection applicants, whether the DER is owned or operated by the electric utility, its subsidiaries or affiliates, or others.” This appears to include and apply to non-wire alternative (such as energy storage) projects initiated as distribution improvement projects. This would increase the cost of and delay non-wire alternative projects that are being pursued by the utility. The proposed language conflicts with the Commission’s guidance in MPSC Case No U-20147 and would prevent energy storage solutions from being considered when addressing distribution capacity issues. Additionally, it is unclear how NWAs could be used as a solution to interconnection issues if the NWA itself must then be queued in the process.

Remedy: The rules should exempt DER projects where the DER is temporary (emergency distribution generation and battery storage) and/or the DER size, location, and operating conditions is pre-specified by the utility as part of a non-wire alternatives project.

3. Rules and Procedures should take effect at the same time.

Concern: There is no process to transition between the existing rules and the new rules and this will create issues for both applicants and electric utilities. There is no sunset clause on the existing rules that would withdraw or otherwise move existing applications into the new rules. This will allow both sets of rules to potentially exist indefinitely with no clarification on how to handle conflicts between the rules, particularly interaction within the queue. In addition, the rules take effect up to

DRAFT

240 days before the procedures that will specify aspects of how the rules should be implemented. This creates significant issues. For example, interconnection applicants will have all applications withdrawn by rules because no application fee can be submitted, as this is required to be set in the procedures.

Remedy: The draft rules should include provisions to sunset the existing rules by either withdrawing all applications not completed within 12 months of the rules being implemented or by making the new rules applicable to existing, in-process applicants. The draft rules should only go into effect upon approval of all interconnection procedures.

DRAFT

Medium Priority Issues

Issue	Concern	Remedy
<p>R 460.908 rule 8 An electric utility, <i>qualifying facility, customer, alternative electric supplier, applicant or interconnection customer</i> may apply for a waiver</p>	<p>This introduces exceptions, special cases and uncertainty on a per project level for the interconnections process. It also allows for ad hoc modifications to the rules</p>	<p>Remove the following: <i>qualifying facility, customer, alternative electric supplier, applicant or interconnection customer</i></p>
<p>R 460.901 Definitions</p>	<p>Definitions do not use standard and industry accepted text. This leads to ambiguous interpretation and conflicts with technical standards and established practices</p>	<p>Utilize definitions from recognized entities such as IEEE.</p>
<p>R 460.938. Fast track - initial review of DERs</p> <p>Fast Track screens and factors are defined explicitly in the rules</p>	<p>Screens and their criteria will change over time as technology and the amount of DER on the grid increases</p> <p>Numerical factors in the screens were determined based on electrical system parameters that do not represent the systems that exist in Michigan</p> <p>Some of the screens represent components of the study process and are non trivial to determine and substitutes may exist as tools in the industry evolve</p>	<p>Move screen criteria and specifics to procedures, similar to supplemental review</p>
<p>R 460.942. Fast track - supplemental review (2) <i>Upon written agreement and payment,</i></p>	<p>This creates practices that may be excessively costly and time consuming as</p>	<p>Remove this provision. Supplemental review order should be at utility discretion to achieve</p>

DRAFT

<p><i>the interconnection customer may specify the order in which the electric utility will complete the supplemental review screens</i></p>	<p>supplemental review screens may produce data needed for other screens, and the applicant decision of the order to do the screens is not optimal</p>	<p>appropriate technical outcome and optimize cost</p>
<p>R 460.1000 Easements and rights-of-way: Right of way procurement is implied to be the responsibility of the utility</p>	<p>The utility is not responsible for procuring right of way for 3rd party initiated projects</p>	<p>Change Language to <i>Rule 100. If an electric utility line extension is required to accommodate an interconnection, the interconnection applicant is responsible for procurement of, and the cost of providing or obtaining easements or rights-of-way.</i></p>
<p>Concern: The pre-application, in R460.926, proposes data sharing (and interconnection) practices that have not been implemented at the transmission level in the six years since the FERC SGIP was published.</p>	<p>Particularly concerning is the absence of SGIP language like “All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber security practices.” Appendix C, Section 1.15, from the FERC SGIP. It is imprudent to remove protections when authorities are issuing warnings and orders like Executive Order 13873: Securing the Information and Communications Technology and Services Supply Chain, issued May 15, 2019, which re-emphasizes the need for</p>	<p>Remedy: The pre-application should be replaced with a mechanism that would allow interconnection applicants to request and fund the development of hosting capacity information. Alternatively, the commission should review and adopt all the company’s previously provided alterations to the pre-application report and move requirements to procedures so that as values like, 15% of peak load, can be updated as they are adjusted by the industry.</p>

DRAFT

	<p>utilities to stay vigilant to protect themselves against the growing threat of attacks by foreign adversaries. There is no reasoned basis for the Commission to impose FERC suggestions when FERC has no experience with or regulatory authority over the distribution system.</p>	
<p>Rules sections are repetitive without adding value to the applicant</p> <p>Many provisions of the rules are redundant with entire pages duplicating language exactly with one or two word changes</p>	<p>For Example, DG Tariff and Legacy Net metering have multiple pages where they repeat language in the interconnection rules and exactly duplicate entire sections where the only difference is 'legacy net metering 'vs 'dg tariff'</p> <p>Fast Track and study applications has very similar language and provisions that change little if any between the sections</p>	<p>Utilize references when possible and condense language when there is no material difference.</p> <p>For Example:</p> <p>Applicant applies to the interconnection process. If the applicant does not elect to go directly to study, the application is evaluated based on fast track criteria as defined in rule XXXX and either moves to the fast track process (rule YYYY) or the study process (rule ZZZZ).</p>