Summary Concerns in Response to Staff's 02.28.2020 Draft Rules Proposal for Interconnection

1) Fast track screens: The current language is overly prescriptive and inflexible and results in a form of delegation of engineering and technical responsibility from the utility to the MPSC. Language does not allow for full consideration of safety and reliability impacts, nor do they allow for consideration of the evolving impact of DERs and other technology on the system. DTE would be in the position to either delay or refuse interconnection, interconnect unsafe projects, or be subject to fines for non-compliance.

2) Construction agreement: The current language would force the utility to construct projects even if it cannot come to a contractual agreement with a developer. Sources of disagreement could be items such as required interconnection components or associated costs – this raises legal, safety, and reliability concerns, and an order to accept a construction agreement which DTE disputes could either cause disputed costs to be shifted to other customers or lead to non-compliance by DTE if the construction plan is deemed unsafe.

3) Interconnection applications: The current language limits utility management flexibility and may adversely affect existing customers and developers – inflexibility between the batch and individual study would impede DTE's ability to make prudent grid and technology investments, and existing customers could face risks to financing or construction schedules.

4) Transition batch: This section is new, and the current language is overly complex and prescriptive, which introduces the possibility of confusion and multiple interpretations. Simplified and direct language regarding eligibility, process, and fee requirements would benefit the applicants and make it easier for utilities to run the process.

Fast track screens fail to provide flexibility consistent with safe and reliable system management

- *History*: The specific concern reflects passages that were deleted from prior proposal, which provided for utility flexibility in further study of applications which cleared the screens but may have ongoing concerns about reliability and safety – the latest version removes this flexibility.
- *Concern*:
  1. The new wording provides no flexibility to the utility when safety or other operability concerns may be present but not explicitly identified or defined by a screen. Combined with the technical concerns, these represent system safety and reliability risk.
  2. While the screens are generally applicable, they do not consider specific utility considerations (e.g., 4.8kV ungrounded system), they do not consider the impact of evolving DER penetration, coincidence, technology, etc. and have no allowance for boundary cases that do not align with the screens. The specific numbers in the existing screens may become obsolete, do not reflect actual system conditions, and are a significant safety and reliability concern for DTE. Absent additional flexibility, the utility may be forced to delay, undertake unrecovered study or construction, or refuse interconnection as proposed under penalty of non-compliance.
  3. The current language requires the Commission to approve all changes. Interconnection projects may be put on hold for extensive time periods while the procedural or technical details are resolved, and decisions may be subject to contest by other stakeholders. This could considerably and unnecessarily slow down deployment of DER.
- *Filed Comments*:
  1. Replace language in the current draft with the previous proposal by Staff, which provided the needed utility flexibility for safety and reliability. Remove language prohibiting the utility to further study or screen projects in such a way that contradicts the approved screens when deemed necessary.
  2. Allow the utility to modify or add technical specifications as necessary without direct Commission approval or delegate many technical details to procedures where they can be addressed in a more timely manner.

Unexecuted construction agreements are a legal and safety concern

- *History*: DTE previously commented on this issue.

- *Concern*: The current language would force the utility to construct projects even if it cannot come to a contractual agreement with a developer. Sources of disagreement may be the required interconnection components or associated costs. This raises legal, safety, and reliability concerns, and an order to accept a construction agreement DTE disputes could either cause disputed costs to be shifted to other customers or lead to non-compliance by DTE if the construction plan is deemed unsafe

- *Filed Comments:*
  1. Removed the language allowing the filing of an unexecuted construction agreement.
  2. Recommended that applicants follow established complaint procedures in the alternative, though DTE recognizes that the established complaint procedure may need to be amended to incorporate specific timelines for resolution of interconnection issues as to not unnecessarily lead to project delays.

Interconnection batch process limits flexibility and adversely impacts existing customers

- *History*: The passage is new to this version.

- *Concern:* As proposed, the Company must elect to study projects in a batch or individually but may not conduct individual studies concurrent to a batch. As proposed, neither DTE nor existing customers have the option to choose an individual study track if the project would otherwise be batched.
    i. Prudent system management may be at risk. DTE initiates its own projects for many purposes, including storage, Non-Wire Alternatives, and distribution voltage renewable projects. They are not currently bound by batch considerations and the Company retains flexibility to execute consistent with prudent management.
    ii. Existing customers may be adversely impacted. Projects such as Ann Arbor Solar (24 MW), would be forced into a batch without additional flexibility in the rules and neither the customer nor the utility would have the option for an individual study, even if the project was electrically isolated from other projects. As batch processes are written, there would be no option to accelerate or manage timing, potentially putting customer financing and construction timelines at risk.

- *Filed Comments:*
    1. Offered language to grant the utility flexibility to process individual and batch studies simultaneously with appropriate procedures to resolve interdependencies.
    2. Any project electing to follow an individual study track would accept the full costs, without any batch-related cost or information sharing, and proceed with otherwise equivalent milestones and timeline targets.
    3. DTE understand the need to establish specific criteria that would allow projects to be pursued on separate paths and not be required to follow the batch process and is open to work closely with Staff to define these.

Transition batch language is overly complex and could lead to confusion or interpretation

- *History*: This section is new and has not been commented on prior to now. The transition batch defines the interconnection study process for those projects proposed before the effective date of the new rules, including the existing queue.

- *Concern*: The text of the section appears complex and prescriptive, which may introduce confusion in their interpretation.
    1. The Company supports the intent of clearing the queue and transitioning to a regular and timely process, but the proposal as written seems to dismiss prior timeline violations and effectively reestablishes those applications as valid and timely.
    2. Simplified and direct language regarding eligibility, process and fee requirements would benefit the utilities and applicants.

- *Filed Comments:*
    1. Filed comments suggested a narrow timeline and fee schedule for legacy applicants to complete/update their applications and enroll in the transition batch.