Indiana Michigan Power
P O Box 60
Fort Wayne, IN 46801
indianamichiganpower.com

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To: Kayla Gibbs, Michigan Public Service Commission

Re: Integrated Resource Plan (MIRPP-Filing Requirements)

Indiana Michigan Power Company (I&M or Company) submits these comments on the Michigan Public Service Commission (MPSC) Staff's April 26, 2022 presentation and the draft Integrated Resource Plan Filing Requirements.

I. Introduction

I&M is a multi-jurisdictional public utility that is regulated in the States of Michigan and Indiana. I&M serves approximately 131,000 retail customers in Michigan, located in predominantly rural areas of southwest Michigan. I&M's Michigan retail customers comprise approximately 15% of the total generation load served by I&M. The remaining customers are wholesale or Indiana retail. Importantly, I&M operates within the PJM Interconnection, L.L.C. (PJM) Regional Transmission Organization (RTO), while most Indiana and Michigan utilities operate in the Midcontinent Independent System Operator, Inc. (MISO) RTO.

I&M is submitting comments, while recognizing the specific legislative flexibility provisions of 2016 PA 341, Section 6t(4) applicable to it as a multistate electric utility with fewer than 1,000,000 customers in the state.

II. Comments: IRP Filing Requirements

Section: Pre-Filing Request for Proposals

a) Each electric utility whose rates are regulated by the Commission shall issue a request for proposals (RFP) to provide any new supply-side capacity resources needed to serve the utility's reasonably projected electric load applicable planning reserve margin, and local clearing requirement for its customers in this state, as well as customers located in other states but served by the utility, during the initial three-year planning period to be considered in each IRP to be filed, as outline filed, as outlined in MCL 460.6t.

I&M comment: Utilities may issue the RFP for resources above that which only meets the planning reserve margin and any local clearing requirements. The PJM reserve margin is a minimum floor requirement, and utilities should be allowed to target a reasonable additional amount of capacity as needed to ensure that the utility remains above this floor as well as other reasons that may lead to a prudent RFP process for additional supply. In addition, the RFP text potentially limits utility's ability to procure resources outside of an RFP. For example, a utility should not be required to use an RFP to acquire short-term capacity and energy products and would reduce the flexibility the Company needs to fulfill short-term changes in capacity and energy needs.

In addition, the term "local clearing requirement" should be defined.

c) The IRP filing shall include evidence that the pre-filing RFP process was conducted in a manner consistent with the competitive procurement guidance in Case No. U-20852, the Commission's code of conduct, and applicable state, federal, and Commission rules.

I&M comment: This language incorrectly implies that adherence to the competitive procurement guidance is mandatory. As noted by the Commission in the September 9, 2021 Order in Case No. U-20852, the competitive procurement guidelines are intended to set out a standard for the Commission's expectations of a fair, transparent, non-discriminatory bidding process. However, the guidelines do not foreclose the possibility that procurement by other means may also be reasonable and prudent. I&M recommends the insertion be removed and a separate sub-bullet created that address the competitive procurement guidance. The separate bullet could read, The utility shall address in its IRP filing whether the RFP was conducted consistent with the competitive procurement guidance in Case No. U-20852.

Section-Stakeholder Engagement and Public Outreach Process.

g) Include descriptions of community outreach efforts for vulnerable communities in the Company's service territory. Vulnerable communities should be identified using the MI EJ Screening Tool or other tools as noted in the Section XVIII.

I&M comment: Suggest limiting to, "Include descriptions of community outreach efforts, and how these outreach efforts considered and incorporated vulnerable communities." It is important that stakeholder workshops be conducted in a manner that provides for similar treatment of all customers and not appear to target one portion of a utility's customer base.

Section: Risk Assessment Methodology

The risk assessment methodology should incorporate the potential impacts of climate change in the forecasts for input variables.1,2 Utilities are

1 https://glisa.umich.edu/summary-climate-information/

2 https://ccr.nelson.wisc.edu/

encouraged to link variables that are correlated to or dependent upon one another.

I&M comment: This statement is extremely vague. The MPSC Staff should provide further guidance on what specifically is relevant to the IRP.

In addition, the paragraph uses “the plans” multiple times. Perhaps be more clear Staff could specify which plan is being referenced each time.

Section: Approval of Costs

n) Procurement strategy, including power purchase agreements and company owned. Reference the most recent Commission approved Competitive Procurement Guidelines.

I&M comment: I&M suggests changing this to, “Procurement strategy, including whether power purchase agreements and company owned resources will be solicited. Address whether the procurement strategy followed the most recent Commission approved competitive procurement guidelines.”

Section Approval of Costs. II) Renewable Resources:

k) Procurement strategy, including power purchase agreements and company owned. Reference the most recent Commission approved Competitive Procurement Guidelines.

I&M comment: I&M suggests changing this to, Procurement strategy, including whether power purchase agreements and company owned resources will be solicited. Address whether the procurement strategy followed the most recent Commission approved competitive procurement guidelines.

l) A description of the decommissioning process, costs, and how the utility intends to provide assurance of proper disposal with consideration of material salvage and recycling for proposed new renewable resources.

I&M comment: Decommissioning studies are generally resource-specific and not prepared in conjunction with an IRP. It is not clear if this would require a decommissioning study to be performed specific to the IRP, and how that would be done for resources that may not be known or constructed. This requirement would add significant cost and complexity to the IRP process and should be stricken. The utility has the obligation to properly decommission its generation resources within any applicable state and federal laws, which should provide the assurance Staff is seeking. If desired, this could be replaced with a discussion of decommissioning assumptions for renewable resources based on the best information available to the utility at the time.

Section: Approval of Costs. III) Energy Waste Reduction:

b) Total demand reduction potential (MW), including the amount of load reduction and the expected hours of interruption per day, month, and year for each program, if applicable.

I&M Comment: It is unclear if this is from the MPS or in the utility forecast. Suggest removing the word “potential”, and/or change to “total demand reduction savings in the plan". In addition, it does not seem that Item b fits under EWR and should be moved to the DR section.

Section: I) Executive Summary:

e) A description of how the analytical approach considered potential resource co-benefits from other planning processes such as distribution or transmission planning.

I&M comment. The IRP is not a site-specific plan.

g) A description of how the environmental justice analysis results influenced the utility's proposed course of action.

I&M comment: I&M suggests rewriting without a presumption of action. A possible edit of: “A description of how the environmental justice analysis results informed the IRP.”.

Section: VII) Demand-Side Resources:

ii. Review the historic performance of existing demand-side programs in delivering benefits and how the utility used such information in its demand response resource decisions.

I&M comment: I&M suggest striking subpart (ii) as historic performance of existing DS programs is contradictory to MPS insights.

Section X) Capacity and Reliability Requirements

The utility shall identify any finalized changes to the applicable state, federal, ISO, or RTO capacity and reliability regulations, laws, rules and requirements that have occurred since its last IRP fining, including narrative that identifies how its PCA satisfies those requirements.

I&M comment: This requirement is overly broad and essentially requires each utility to keep a three to five year scorecard. Please consider deleting or changing it to an identification of any MAJOR changes since the last IRP.

In addition, “fining” should be changed to “filing”.

Section XI) Transmission Analysis

a) The utility shall work with their local transmission owner to assess the need to construct new, or modify existing transmission facilities to interconnect any new generation and shall reflect the estimated costs of those transmission facilities in the analyses of the resource options;.

I&M comment: It is not clear what is being requested by this requirement. Is this a stand alone storage resource?

(5) estimated interconnection costs for new resources (6) potential siting locations that may provide transmission system benefits

I&M comment: Interconnection costs are not defined. In addition, interconnection costs are part of the RFP process, not the IRP. In addition, it is appropriate for IRP identified resources as simply a proxy to account for some level of interconnection costs that would be further defined during the formal RFP process

In addition, the rule for Transmission Analysis should also address, separately, a vertically integrated utility. Requirements such as subpart (c), may not be applicable for an integrated utility wherein the transmission planning group and IRP group are in the same utility organization.

Section: XIII) Resource Screen

(b) iii. New energy integration of storage technology and operating assumptions; including all storage options.

I&M comment: I&M recommends striking proposed language "…including all storage options." This language is redundant to "...integration of storage technology". In addition, the proposed language is vague, overly broad in that it seeks "all" and open ended suggesting an invitation for failure to comply if anything is excluded.

Section: XIV) Modeling Results

a) Including Results for all MIRPP required scenarios and sensitivities, additional utility scenarios and sensitivities,and the proposed resource plan that include…

I&M comment: I&M recommends striking the reference to MIRPP sensitivities as this is contradictory to the intention stated in Executive Summary

Section XV) Proposed Course of Action

f) A description of how, to the extent practical, the construction or investment in new resources in this state will be completed using a workforce composed of residents of this state.

I&M comment: the requirement that for a description around the workforce is overly prescriptive for an IRP, where site specific projects are typically be identified through the Competitive Procurement guidelines. I&M recommends subpart (f) be reworded to reference to the MI Competitive Procurement guidelines.

Section: XVI) Rate Impact and Financial Information

c) provide detail to support how the financing treatment requested is the most reasonable and prudent financing means.

I&M comment: While the IRP statute uses the "most" reasonable and prudent standard to be applied to the Commission's review of the IRP, that standard does not apply to financing. I&M suggests that the appropriate standard be whether the requested financing treatment is reasonable.

Section: XVII) Environmental Considerations and Environmental Justice

d) If the Company is proposing retirement of an existing resource, clearly identify the capital cost for environmental regulations.

I&M comment: This should only apply to a resource that is being retired in response to a specific regulation.

III. Comments: Michigan Integrated Resource Planning Parameters

Section: State and Federal Environmental Regulations, Laws and Rules
National Ambient Air Quality Standards
"The adequacy of each standard is to be reviewed every five years by the Clean Air Scientific Advisory Committee"

I&M comment: CASAC does not conduct the review, USEPA does. CASAC only advises USEPA at several steps of the process and USEPA is free to accept or reject their advice.

Sulfur Dioxide Nonattainment Areas – "To better understand the quality of the air in the non-attainment area, tow monitors were installed in the vicinity in November 2016"

I&M comment: Just a nit: two.

Cross-State Air Pollution Rule – "Each allowance (annual or ozone) permits the emission of one ton of NOx, with the emissions cap and number of allocated allowances decreasing over time."

I&M comment: missing the word season.

Section: Scenario 1 (pg 25)

I&M Comment: MISO Future 1. I&M is not a MISO participant and as such, might conflict with the PJM RTO that I&M is a participant in. In addition, for the Utility performing the analysis, their generating unit retirement assumptions may be different than what was included in MISO Futures 1

- All storage resources are considered. Energy storage resources are modeled using available best practice methodologies to the extent that such guidelines exist. (Pg 27)

I&M comment: delete "all".

Section: Scenario #1 Sensitivities (pg 29)

I&M comment: Suggest that this sensitivity conflicts with the intention that risk variables should generally not be modified in isolation per Exec Summary section 4e proposed edit. The sensitivity is not expected to inform the IRP productively.

Section: Scenario #1 Sensitivities (2). Load projections. Subpart (a).

I&M comment: is the 0.5 supposed to be 50%?

Section: Scenario #2

This scenario assumes significant advancements toward electrification that drives a total energy and demand annual growth rates to 1.71% and 1.41% respectively throughout the Eastern Interconnect.

I&M comment: Should note what is alternative if growth rates are not recognized in utility modeling?

Using this information, utilities may develop their own demand and energy forecasts with description and detail how their forecast has included the impacts of climate change, 23 electrification, demand side resources, and customer owned distributed generation and how these factors change overall load and demand.

I&M comment: This seems to contradict the 1.71% and 1.41% energy and demand growth rates referenced in the beginning of the paragraph. What is the intention and expectation of the scenario to model?

- EV adoption and customer electrification cause adjustments in overall load profiles as electrification and EV's are adopted through the planning horizon consistent with the most recent MISO Future 3.

I&M comment: Is this consistent with the expectation that 50% by 2030 and 100% through the study period? Please advise how to address if this is contradictory to the description in paragraph 2.

- Achieve and maintain a 50% renewable energy portfolio by 2030 and another 10% from other renewable resources such as voluntary green pricing and distributed generation.

I&M comment: Please advise if the expectation to curtail a non-emitting nuclear resource is expected in order to meet this requirement.

- All storage resources are considered.

I&M comment: See comments to Scenario 1, above.

Section: Scenario #2 Sensitivities

I&M comments: please see comments to Scenario #1 Sensitivities.