

# Michigan Public Service Commission

## **MPSC Staff PURPA Technical Advisory Committee 2<sup>nd</sup> Meeting**

PURPA Implementation Process

January 13, 2016



MICHIGAN PUBLIC SERVICE COMMISSION

# U-6798

- Order Initiating Proceedings to Implement Provisions Set Forth in Title II, Section 210 of PURPA
- Initial Order March 17, 1981 followed by 5 subsequent orders.
  - Major orders: March 1981 and August 1982



# Implementation Commission Obligations

- File a report with FERC describing implementation
- Set avoided cost rates
- Set a standard rate for QFs 100 kW or less
- Set rates for standby service
- Address interconnection costs
- Establish a procedure for handling complaints



# Implementation Utility Obligations

- Purchase at avoided cost
- Provide standby service
- Provide interconnections
- File data



# U-6798 Implementation Format

1. Require utility interconnection and establish interim rates for both purchased and standby power
2. Conduct a statewide procedure to:
  - Implement sections 201 and 210 of PURPA
  - Make adjustments, if necessary, to interim rates
3. Conduct hearings on a case-by-case basis to implement #2 above for each utility



# Interim PURPA Rates

- U-6798, March 1981 order directed utilities to file, within 90 days, rate schedules for the purchase of power and sale of standby power
- Interim rates were set equal to the “fuel and purchased power base plus the monthly purchased power and fuel adjustment clauses....”



# U-6798

## MPSC PURPA Implementation

Initial order established interim purchase & standby rates; directed each utility to file interim rate schedules (reviewed by Staff); and posed 14 questions to larger utilities

*March 1981*



In depth review began in August 1981.

8 IOUs, 15 coops, and numerous intervenors participated. 22 days of hearings, 29 witnesses testified and 17 days of settlement conferences were held.

A series of settlement agreements were approved under the U-6798 docket. Utilities were directed to file tariffs within 90 days and make their assumptions, data and the calculation methodology available to the public upon request.

*August 1982*





# Act 81 of 1987

(Incorporated into 1939 Act 3, 460.6j)

- Excerpt:

The scope and manner of the review of capacity charges for a qualifying facility shall be determined by the commission. Except as to approvals for qualifying facilities granted by the commission prior to June 1, 1987, proceedings before the commission seeking such approvals shall be conducted as a contested case pursuant to chapter 4 of the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969.



MICHIGAN PUBLIC SERVICE COMMISSION



# U-8871

## MCV PURPA Contract w/Consumers Energy

- Series of 20 Orders issued from 1987 – 1993
- Application filed by Midland Cogeneration Venture requesting approval of a 35 year contract between Consumers and 1350 MW MCV w/a proposed average capacity payment of 4.15 cent/kWh
- The Commission commenced a consolidated (more than 40 cases!) comprehensive case to consider this contract and many others
- Resulted in QF contracts at coal plant proxy avoided cost

