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MPSC approves settlement agreement in Upper Peninsula utility's long-range energy plan

The Michigan Public Service Commission today approved a settlement agreement resolving Upper Michigan Energy Resources Corp.'s (UMERC) integrated resource plan (IRP), the utility's long-range projections for providing electricity to its customers in the Upper Peninsula ([Case No. U-21081](#)).

Approval of the settlement agreement authorizes UMERC to proceed with its preferred course of action, relying on the use and continued maintenance of its 10 reciprocating internal combustion engine units at the utility's two natural gas-fueled power plants built in 2018 and 2019 to boost electric reliability and replace an aging coal-fired plant in Marquette. Combined, the plants have a total capacity of 183 megawatts (MW).

UMERC's IRP also calls for the utility to add 100 MW of solar electricity generation. The company says the new solar generation would reduce its reliance on renewable energy credits and replace potentially more volatile and higher-cost purchases of electricity from energy markets.

UMERC filed [its application](#) for approval of its IRP in October 2021. IRPs lay out an electric utility's long-range forecasts for ensuring reliable service over the next 20 years, with specific requirements for reporting 5-, 10- and 15-year projections. IRPs were established under Michigan's 2016 energy laws and are required for each electric utility whose rates are regulated by the MPSC.

UMERC serves a combined total of about 42,000 electricity and natural gas customers in parts of the western and central UP.

Among the terms of the settlement agreement:

- UMERC's energy waste reduction (EWR) goal of 1.5% for the next 3 years, not including Tilden Mine and self-direct customers, is deemed reasonable and prudent.
- UMERC will evaluate and discuss with MPSC Staff the potential of adhering to the competitive procurement guidance in the Commission's Sept. 9, 2021, order in [Case No. U-20852](#).

- UMERC agrees to incorporate MPSC Staff recommendations from today's filing into its next IRP, including EWR sensitivities, evaluating demand response modeling, investigating ways to increase EWR, performing a more robust risk assessment, providing additional transmission analysis, evaluating the benefits of energy storage, and providing additional opportunity for public comment.
- UMERC's next avoided cost filing should be filed concurrently with the company's next IRP filing and should continue to use the current avoided cost methodology.

The Michigan Department of Attorney General, Citizens Utility Board of Michigan and Savion LLC intervened in the case. MPSC Staff also participated.

MPSC SEEKS COMMENTS ON HOW MICHIGAN UTILITIES MAY BENEFIT FROM FEDERAL INFRASTRUCTURE INVESTMENT AND JOBS ACT OF 2021

Working to ensure Michigan receives the full benefit of \$550 billion in federal infrastructure funding available through the federal Infrastructure Investment and Jobs Act of 2021 (IIJA), the MPSC today directed the state's regulated electric and natural gas utilities to file comments demonstrating how the companies are, or should be, considering and taking advantage of grants, loan programs, funds, and assistance available through the act (Case No. U-21227).

The Commission meeting also included a presentation from Kate Gordon, Senior Advisor to U.S. Department of Energy Secretary Jennifer Granholm, describing some of the infrastructure funding opportunities under the IIJA, including grants for strategic deployment of accessible EV infrastructure, and hydrogen, propane and natural gas fueling infrastructure; grants to enhance electric grid resiliency and decrease outages; funds to facilitate the construction of electric transmission lines and related facilities; funding under the Civil Nuclear Credit available to current nuclear power stations facing immediate closure; funds to carry out the Smart Grid Investment Matching Grant; funds to assist state regulatory authorities, industry stakeholders, and electric utilities with cyber security efforts; financial incentives for qualifying hydroelectric facilities and pumped storage hydropower, and funding for qualifying energy storage demonstration projects, nuclear reactor demonstration projects, hydropower and marine energy projects, and renewable energy projects.

The Commission's order today directs Alpena Power Co.; Consumers Energy Co.; Detroit Thermal LLC; DTE Electric Co.; DTE Gas Co.; Indiana Michigan Power Co.; Northern States Power Co.; Upper Michigan Energy Resources Corp.; Upper Peninsula Power Co.; Michigan Gas Utilities Corp., and SEMCO Energy Gas Corp. to file comments by 5 p.m. June 2. Other interested persons also may file comments on the IIJA opportunities. Electronic comments may be submitted through the Commission's E-Dockets website for those with an account or by email to mpscedockets@michigan.gov. Written comments should be mailed to Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan 48909. All comments should reference Case No. U-21227.

MPSC OKs TRANSFER OF CONTROL OF DETROIT THERMAL AND NEW STEAM SALES AGREEMENT FOR CADILLAC PLACE BUILDING

The MPSC today approved an application for transfer of control of Detroit's steam utility that serves more than 100 buildings in the city's greater downtown, providing steam for space heating, hot water heating, absorption chilling, and other uses ([Case No. U-21194](#)). Detroit Thermal LLC and Cartier Energy LLC in February filed an application for the transfer of membership interests in Beacon Holdings LLC from Detroit Renewable Energy LLC (DRE) to Cartier. DRE holds 100% of membership interests in Beacon Holdings, and Beacon is the sole member of Detroit Thermal, which is subject to the MPSC regulation. MPSC Staff participated in the case and was a party to the settlement, approval of which allows the transfer of control from DTE to Cartier. Under terms of the settlement agreement, the transfer will not have an adverse impact on Detroit Thermal customer rates nor result in substantial labor force reductions or changes. Cartier will also not seek rate recovery for costs of the transaction and shall keep the headquarters of Detroit Thermal in Michigan for the foreseeable future. In a separate case, the Commission today approved a steam sales agreement with the State of Michigan for the supply of steam to the landmark Cadillac Place building on West Grand Boulevard west of Woodward Avenue in Detroit's New Center neighborhood ([Case No. U-21220](#)). The 10-year agreement does not require ratemaking determinations or any change in rates or costs of service to Detroit Thermal's other customers.

COMMISSION APPROVES ALPENA POWER CONTRACT FOR ELECTRIC CAPACITY FROM WOLVERINE POWER SUPPLY COOPERATIVE

The Commission approved an agreement today between Alpena Power Co. and Wolverine Power Supply Cooperative Inc. to extend Alpena Power's purchase of electric capacity and a corresponding amendment to the utility's integrated resource plan that the MPSC approved in 2019 ([Case No. U-20300](#)). The agreement extends the current 10 megawatts (MW) per month from June 1, 2024, through May 31, 2027. It also provides an additional 35 MW per month from January 1, 2025, through May 31, 2027, to satisfy Alpena's anticipated capacity requirements and meet the Commission's forward regulatory reporting requirements. Approval of the agreement does not increase the cost of service to customers.

MPSC GRANTS REHEARING FOR MI POWER GRID INTERCONNECTION AND DISTRIBUTED GENERATION RULES, CANCELS MAY 17 STAKEHOLDER WORKGROUP MEETING

The MPSC today granted a request for rehearing filed by DTE Electric Company and Consumers Energy Company relating to pending revisions to the Commission's interconnection and distributed generation standards to provide interested stakeholders an additional opportunity to comment (Case No. U-21193). The Commission also cancelled a stakeholder meeting scheduled for May 17 that's part of the MI Power Grid Interconnection Standards and Worker Safety workgroup addressing the development of draft interconnections procedures ([Case No. U-21117](#)), owing to scheduling and deadline difficulties. Information about the next scheduled stakeholder meeting will be announced on the workgroup's website, and the Commission will also provide additional

details on the amended schedule for comments relating to the interconnection and distributed generation rules at a future meeting.

MPSC OKs SETTLEMENT ON UPPER MICHIGAN ENERGY RESOURCES CORP.'S LEGALLY ENFORCEABLE OBLIGATIONS CRITERIA UNDER PURPA

The MPSC approved a settlement agreement today that establishes the criteria for legally enforceable obligations (LEO) for Upper Michigan Energy Resources Corp. under Public Utility Regulatory Policies Act of 1978, or PURPA ([Case No. U-21130](#)). PURPA is a federal law that encourages the integration of electricity generation from smaller renewable energy and cogeneration qualifying facilities, or QFs, to achieve diversity, reliability and competition. UMEREC will use the approved criteria to evaluate a QF's commercial viability and financial commitment in determine whether a LEO has been formed. MPSC Staff participated in the case.

To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).

For information about the MPSC, visit www.michigan.gov/mpsc, sign up for its [monthly newsletter](#) or other [listservs](#), or follow the Commission on [Twitter](#) or [LinkedIn](#).

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