

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE ELECTRIC COMPANY)	
for approval of its integrated resource plan pursuant)	Case No. U-21193
to MCL 460.6t, and for other relief.)	
_____)	

At the May 26, 2022 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER

On February 4, 2022, DTE Electric Company (DTE Electric) filed a request for *ex parte* approval for waivers related to its future integrated resource plan (IRP), which the company intends to file in the fourth quarter of 2022. Application, p. 1.

Pursuant to the November 21, 2017 order in Case No. U-18418 (November 21 order), the Commission approved, pursuant to MCL 460.6t(1) and (2), the Michigan Integrated Resource Planning Parameters (MIRPP) and stated that “[e]ach electric utility whose rates are regulated by the Commission shall demonstrate compliance with the [MIRPP] as a condition of Commission approval of its respective integrated resource plan pursuant to MCL 460.6t(3).” November 21 order, p. 88. On December 20, 2017, in Case Nos. U-15896 and U-18461, the Commission approved application instructions for IRP filings and IRP filing requirements, along with

instructions for certificate of necessity alternative proposals for electric generation capacity resources.

In the instant case, DTE Electric first requests a waiver of the various sections of the MIRPP requirements that reference the 2017 Lower Peninsula studies. DTE Electric is requesting to instead use the most up-to-date studies published by the Commission in 2021. Application, p. 2. Specifically, DTE Electric requests to use the 2021 Energy Waste Reduction (EWR) and Demand Response (DR) Statewide Potential Studies rather than the 2017 EWR and DR Potential Studies. *Id.*

The company also seeks to waive the MIRPP requirement that currently directs the company to model the return of 50% of its retail choice load back to the utility by 2023; and instead model the return of 50% of its retail choice load by 2027. *Id.*, pp. 2-3. DTE Electric requests this modification to reflect the return of 50% of the company's retail choice load to DTE Electric's capacity service by the next capacity demonstration after the expiration of the current four-year forward demonstration. *Id.*, p. 3. Since capacity demonstrations for 2023 have been filed and demonstrate capacity for 2023-2026, the company reasons that 2027 would better reflect the possible return of 50% of choice load. *Id.*

The Commission reviewed DTE Electric's request in conjunction with the MIRPP, the language of MCL 460.6t, the language of MCL 460.6w, and the Commission's September 15, 2017 order in Case No. U-18197 directing all Michigan load serving entities to file capacity demonstrations annually pursuant to MCL 460.6w, and determined that:

before acting on DTE Electric's application, interested persons should have an opportunity to comment regarding the utility's request for waivers and modification to: (1) use the Commission's 2021 EWR and DR potential studies and (2) adjust its return of 50% of retail choice load to 2027.

March 3, 2022 order in Case No. U-21193, p. 2. The Commission allowed any interested person to file comments in this docket by 5:00 p.m. (Eastern time) on March 24, 2022. *Id.*, p. 3.

On March 10, 2022, the American Council for an Energy-Efficient Economy (ACEEE) filed the only comments. ACEEE opposes granting DTE Electric's initial request and argues that allowing the utility to use the 2021 EWR and DR study "could very likely substantially reduce the amount of energy efficiency (EWR) that is selected in DTE [Electric]'s next and future IRPs." ACEEE's comments, pp. 1, 3 (emphasis omitted). ACEEE argues that energy efficiency studies generally project achievable savings that turn out to be well below what is actually subsequently achieved. Particularly concerning when evaluating the 2017 potential study against the 2021 potential study, ACEEE contends, is "the discrepancy between the two studies in their 'Aggressive' vs. 'High Assumptions' scenarios." *Id.*, p. 3. The 2017 study, ACEEE argues, found a more optimistic set of assumptions that produced an average annual savings of 2.13% in the "High Assumption" scenario, while the 2021 study only provided for a 1.4% to 1.48% improvement in the "Aggressive" scenario. ACEEE concludes that utilities should continue to use the 2017 potential study while the Commission should pursue a more realistic analysis of EWR potential than the 2021 study demonstrates, especially in the "Aggressive" scenarios.

The Commission agrees with ACEEE that future EWR potential studies should endeavor to develop "Aggressive" scenarios that result in annual average EWR savings in excess of 2%. Towards that end, the Commission expects the next EWR potential study to begin in 2025. In the interim, however, the Commission finds that DTE Electric's request to use the 2021 EWR and DR Statewide Potential Studies rather than the 2017 EWR and DR Potential Studies is reasonable. The Commission further finds that approval will allow for the most recent data to be used in the company's IRP application and provide more relevant information for modeling purposes.

However, the Commission reminds DTE Electric and other stakeholders that the test for whether an IRP meets the statutory test of representing “the most reasonable and prudent means of meeting the electric utility’s energy and capacity needs” under MCL 460.6t(8) is not whether it formulaically incorporates a particular EWR study, but, as it pertains to demand-side resources, “[w]hether the proposed levels of peak load reduction and energy waste reduction are reasonable and cost effective.” MCL 460.6t(8)(a)(vii).

As to DTE Electric’s request to waive the MIRPP requirement that currently directs the company to model the return of 50% of its retail choice load back to the utility by 2023 and instead model the return of 50% of its retail choice load by 2027, the Commission finds that although no comments were submitted on the issue the request should be denied.

In denying DTE Electric’s request, the Commission notes that capacity in Michigan and within the Midcontinent Independent System Operator, Inc. (MISO) footprint has been tightening over the past several years. Evidencing this trend, capacity in the lower peninsula of Michigan cleared at the Cost of New Entry (CONE) in the 2020 MISO Planning Resource Auction (PRA), which is the maximum price for capacity. Additionally, in the 2022 MISO PRA, capacity in the entire MISO North and Central regions cleared at CONE. The higher market prices for capacity coupled with the substantial increase of natural gas prices in 2021 and continuing in 2022 present conditions where the likelihood of the return of some portion of the choice load to the utility within the next several years is greater than zero. Therefore, the Commission finds that DTE Electric’s request to model the return of 50% of its retail choice load by 2027, and not 2023, is unreasonable.

THEREFORE, IT IS ORDERED that:

A. DTE Electric Company's request to use the 2021 Energy Waste Reduction and Demand Response Statewide Potential Studies in its future integrated resource plan filings is granted until further instruction from the Commission directing otherwise.

B. DTE Electric Company's request to model the return of 50% of its retail choice load by 2027 in its future integrated resource plan filings is denied.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of May 26, 2022.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

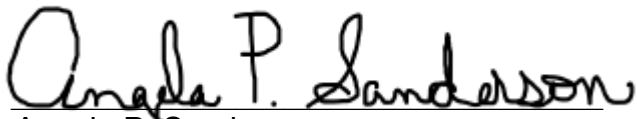
Case No. U-21193

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on May 26, 2022 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 26th day of May 2022.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-21193

Name	Email Address
DTE Electric Company	mpscfilings@dteenergy.com
Lauren D. Donofrio	lauren.donofrio@dteenergy.com
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