STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,	)	
regarding the development of guidelines and the	)	
implementation of an application process for the	)	Case No. U-21293
low carbon energy infrastructure enhancement	)	
and development grant program under	)	
Public Acts 53 and 166 of 2022.	)	
____	)	

Introduction

The Michigan Energy Innovation Business Council ("Michigan EIBC") appreciates the opportunity to provide comments in Docket No. U-21293 regarding the draft request for proposals ("RFP") for use by applicants seeking grants under Section 104(2) of Public Act 53 and Section 103 of Article 9 of Public Act 166. Many Michigan EIBC members and the communities they work with are interested in the potential opportunities for beneficial projects under this grant funding. Below we offer suggestions for improvement of the RFP and grant program.

Recommendations

Eligible Entities

According to the RFP, businesses, nonprofit organizations, units of local government, or tribal governments are eligible to apply for grant funding. Although it may be implied, Michigan EIBC encourages the Commission to also clearly state that public-private partnerships are eligible to apply. These types of partnerships can leverage private funding and expertise with public interests and benefits to develop projects that benefit not only local communities, but also, all ratepayers.

Limitations on Funding Per Entity

Michigan EIBC encourages the Commission to consider whether, within statutory limitations, it should place limitations on the amount of funding or the percentage of total funding that could be awarded to each individual entity or type of entity. For example, given the application requirements, it is conceivable that utility projects may be well-suited to apply for large, high-cost projects. If fully awarded, these projects may take up the entirety or the vast majority of funds available under this grant opportunity. This might leave little funding available to nonprofits, non-utility businesses, local governments, tribal governments, or public-private partnerships. To ensure that funds are available for a variety of projects proposed by diverse entities, we encourage the Commission to consider limiting the amount of funding or percentage of funding that each entity or type of entity can receive.

Planning Grants

According to the RFP, applicants can apply for "Low Carbon Energy Planning Grants" (Section III-C). The RFP additionally describes the basic narrative that must be included in planning grant applications. However, this description is not very detailed, and it is unclear based on the "Criteria and Scoring" both how Planning Grant applications would be evaluated and, perhaps more importantly, how they will be compared to Facilities or Program Grant applications. In fact, we submit that such a comparison between grant types would likely be very difficult, if not impossible. The Commission should provide detailed evaluation criteria for these Planning Grants that are distinct and relevant to these applications.

For non-utility applicants, it will very often be necessary to first apply for a Planning Grant before having the necessary information available to apply for a Facilities or Program Grant. As such, we encourage the Commission to stagger the available funds by first releasing an RFP for Planning Grants and then, at a later date, releasing an RFP for Facilities or Program Grants. This will allow the Commission to evaluate the Planning Grant applications separately from Facilities or Program Grant applications and it will allow non-utility entities to gather the necessary data and information to apply for a Facilities or Program Grant. As part of this process, the Commission should set a minimum amount of funding that will be awarded to Planning Grants if sufficient viable applications are received.

Cost-Benefit Analysis

The RFP makes it clear that any Facilities or Program Grant application must be supported by a cost-benefit analysis including an assessment of carbon emissions reductions. It appears that these reductions will then be included in the proposal scoring (under "Program Priorities and Impact" – 35 points). Michigan EIBC encourages the Commission to consider whether it would be possible to create a more consistent methodology to evaluate these cost-benefit analyses, including any projected carbon emissions reductions. There may be significant differences in methods and assumptions that may make it difficult, if not impossible, for the Commission to compare these cost-benefit analyses in an apples-to-apples manner.

In addition, in its evaluation, the Commission should consider that utilities will likely have access to more accurate and expansive data (e.g., regarding customer energy use, the electric grid, etc.) than any local government or non-utility business. As a result, cost-benefit analyses conducted by utilities will, by nature of the data they are privy to, likely be more detailed and expansive. These differences in data access should be accounted for in the evaluation process.

Bonus Points

The RFP describes a few items for which grant applicants can receive bonus points. Michigan EIBC encourages the Commission to consider adding bonus points for projects that have meaningfully engaged with and will be working in disadvantaged communities, including those that meet the Justice 40 criteria and those with high energy burden and low electric reliability. These communities are often subjected to higher levels of air pollution and resulting health impacts. As such, projects funded through these grants may especially benefit these communities as lower carbon emissions are often associated with lower local air pollutants. Additionally, projects that can demonstrate meaningful input and engagement with local communities are more likely to be successfully implemented.

Matching Funds
The RFP encourages projects to seek matching funds and provides bonus points for proposals that use matching funds. Michigan EIBC encourages the Commission to clarify that utilities will not receive bonus points for any matching funds secured using ratepayer funding. If such clarity is not provided, the utilities may be at a significant advantage over other applicants in that they may be able to provide match funding, receive the bonus points, and then seek rate recovery from ratepayers for those match dollars.

Application Process
The process outlined in the RFP indicates that after applications are received, stakeholders will have 45 days to comment and then applicants will have 15 days to revise their proposals (if desired). The Commission may consider adding a first-round screening process wherein initial applications could be evaluated based on a limited number of criteria. Only projects that meet those criteria would then advance to submit a full application, evaluated with a more detailed analysis using all of the necessary criteria. This may save time and effort on the part of both potential applicants and the Commission.