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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

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DIRECTOR

Memorandum

DATE: October 20, 2022

TO: Michigan Public Service Commission

FROM: Roger Doherty, Engineer, Resource Adequacy & Forecasting, Energy Resources Division

SUBJECT: Integration of the MISO Seasonal Accredited Capacity construct and the annual State Reliability Mechanism filings (U-21225 & U-21099).

Section 6w of Public Act 341 of 2016 requires that Load Serving Entities (LSE) in Michigan demonstrate to the Commission, in a format determined by the Commission, that each LSE owns or has contractual rights to meet its capacity obligations as set by the appropriate independent system operator, or commission, as applicable, four years into the future. The June 23, 2022 Order in Case No. U-21099 opened the docket (U-21225) and established the filing dates and procedures for the upcoming capacity demonstration for planning year 2026/2027.

On August 31, 2022 the Federal Energy Regulatory Commission (FERC) accepted the Midcontinent Independent System Operator's (MISO) proposed revisions to its Tariff to establish a seasonal resource adequacy construct. The seasonal resource adequacy construct will be effective for the upcoming planning year (2023/2024).

As directed by the Michigan Public Service Commission (MPSC) in the June 23, 2022 Order in Case No: U-21099, MPSC Staff will be conducting a technical conference for stakeholders to determine what changes, if any, are needed in the current capacity demonstration process and requirements. This technical conference will take place with multiple, virtual meetings in the upcoming months with the first being held on November 16, 2022 from 10am-Noon (Eastern).¹ However, this stakeholder process will not be completed by December 1, 2022: the date mandated in the June 23, 2022 Order for some LSEs to file capacity demonstrations in the Case No. U-21225. In addition, some utilities have not yet received needed data from MISO regarding the new seasonal

¹ To access the technical conference on November 16, 2022 go to <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting> (Meeting ID: 277 745 533 994, Passcode: vtTPMN) or join by phone: 1 248-509-0316, 704984240#.

accredited capacity construct. For these reasons, the MPSC Staff makes the following recommendations to the MPSC:

- Extend the current filing date for investor-owned utilities to file their capacity demonstrations in U-21225 (for planning year 2026/2027) from December 1, 2022 to December 21, 2022. MISO is scheduled to publish the seasonal capacity accreditation values by December 15, 2022 and this will allow the utilities time to incorporate those values into the filings. The February 9, 2023 filing date for all other LSEs does not need to be changed.
- Direct all LSEs to file the upcoming capacity demonstration for the summer season only. The LSEs capacity obligation for planning year 2026/2027 should be the summer capacity obligation for MISOs upcoming planning resource auction for planning year 2023/2024. Resources used by LSEs in the capacity demonstration should be counted at the same capacity credit in the capacity demonstration that they will be in the upcoming MISO planning resource auction. For new resources, or resources where a significant change in capacity credit is reasonably expected between the prompt year and the forward year, LSEs should be given the opportunity to detail what capacity credit they anticipate receiving in planning 2026/2027 and provide an explanation of why it is the appropriate capacity credit for that resource.
- Direct MPSC Staff to update the filing templates to accommodate these changes and post them to the website by November 21, 2022.

MPSC Staff recommends these changes be in effect for only the upcoming capacity demonstration filings in Case No. U-21225. The upcoming technical conference should be used to make any further recommendations for changes to future filings, including potential changes to future filing dates. Staff will submit recommendations to the Commission for incorporating any changes to the capacity demonstration process to accommodate MISO's seasonal construct no later than March 25, 2023 in Case No. U-21225.