

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion,)
regarding the development of guidelines and the)
implementation of an application process for the)
low carbon energy infrastructure enhancement)
and development grant program under)
Public Acts 53 and 166 of 2022.)
_____)

Case No. U-21293

At the June 9, 2023 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

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

ORDER

On March 30, 2022, Governor Gretchen Whitmer signed Public Act 53 of 2022 (Act 53), a supplemental appropriations act which went into effect on that date. Section 104(2) of Act 53 appropriates \$25 million for low carbon energy infrastructure enhancement and development (EIED). Additionally, on July 20, 2022, Governor Whitmer signed Public Act 166 of 2022 (Act 166). Section 103 of Article 9 of Act 166 appropriates an additional \$25 million for low carbon EIED, for a total of \$50 million. Section 401(9) of Act 53 and Section 302(9) of Article 9 of Act 166 both indicate that unallotted funds shall not lapse at the end of the fiscal year but shall be available until the EIED project is complete, and the two acts have tentative completion dates of September 30, 2026, and September 30, 2027, respectively.

Section 401 of Act 53 and Section 302 of Article 9 of Act 166 both provide, in pertinent part, as follows:

(1) From the funds appropriated in part 1 for low carbon energy infrastructure enhancement and development, funding must be expended only for grants to businesses, nonprofit organizations, and units of local government for the purposes of planning, developing, designing, acquiring, or constructing low carbon energy facilities, which may include, but are not limited to, natural gas facilities, combined heat and power facilities, renewable natural gas facilities, and electrification programs.

(2) The Michigan public service commission must develop program guidelines and implement an application process for the grant program within 6 months after the effective date of this act and must first prioritize and approve grants that do all of the following:

- (a) Are supported by a cost-benefit analysis.
- (b) Facilitate the largest number of end-use customers achieving access to low carbon energy facilities at the lowest total cost.
- (c) Reduce customer energy cost burdens.
- (d) Support the reduction of emissions.

(3) Grant applicants must do all of the following:

- (a) Perform an impact study that includes an analysis of potential cost savings, environmental impacts, and local economic benefits of the proposed low carbon energy facilities. A utility, at its sole discretion, may prepare a single impact study covering the utility's service territory that accounts for likely proposals, evaluates regional opportunities, and minimizes or eliminates the need for repetitive studies. Sufficient detail must be provided in the study to allow the Michigan public service commission to evaluate each low carbon energy facility proposed.
- (b) Submit a proposal that details the associated costs and benefits of the proposal, including all of the following:
 - (i) The cost impact to potential new customers, including a cost-benefit analysis demonstrating the impact and cost savings to customers that are directly part of the infrastructure development proposal. The cost-benefit analysis must include all of the following:
 - (A) A summary of the project, including detailed cost estimates for completion, project timing, and locations impacted.
 - (B) A prospective list outlining the volume of potential customers that would be impacted by the project development.
 - (C) A comprehensive analysis of prospective customers' energy costs using those customers' current energy supply versus the proposed new energy supply source and other alternative energy sources that may be available, including all of the following:
 - (I) The forecasted annual energy costs of a customer's current energy supply in direct comparison with the proposed new energy supply source and other alternative energy sources that may be available.
 - (II) Any installation or project costs that are the customer's responsibility.

(III) A detailed comparison of the scope 1, scope 2, and scope 3 emissions, as defined by the Environmental Protection Agency, associated with the energy supply within the proposal versus the current energy supply being used by prospective customers and other alternative energy sources that may be available, including all of the following:

(1) The calculated emissions savings for an average customer under the different energy supply options.

(2) Any supporting details for the emissions calculation, including any models and detail on assumptions.

(ii) An analysis to demonstrate impact on the local economy and this state's economy, including all of the following:

(A) The number of jobs created during the project.

(B) The potential impact to the small business community within the local area where the grant or loan is proposed to be spent.

(C) The cost savings to other customers due to the grant being used to supplement spending and revenue in other areas.

(iii) A detailed summary indicating any support from customers and communities associated with the project plans for the infrastructure development, including all of the following:

(A) Any outreach campaigns or events conducted, including dates, times, and number of households reached.

(B) A list of any customers or businesses that have expressed or signaled interest in supporting the project development.

(iv) An analysis of the anticipated community health impacts related to the proposed low carbon energy facility.

(4) In addition to the requirements of subsection (3), an applicant applying for a grant to be used to develop RNG [renewable natural gas] infrastructure shall include all of the following:

(a) The project details, including the location of biogas and the proposed interconnection.

(b) The cost estimates for the interconnection, metering, and gas conditioning equipment needed to connect to an existing pipeline system.

(c) A summary of the environmental and health impacts of the project, including the forecasted emission reductions.

(d) Any local economic impact from the RNG infrastructure development.

(e) The end-use application for the RNG infrastructure with a focus on projects being used for opportunities in this state.

(5) After receiving an application under this section, the Michigan public service commission must allow local units of government, environmental groups, and business interests directly affected by the proposal 45 days to review the application and provide comments. The Michigan public service commission must give the applicant 15 days after the comments have been received from interested parties, at the applicant's discretion, to modify or maintain their initial proposal.

(6) The Michigan public service commission must review all proposals and award grants to applicants it determines have met the criteria in this section. All grants must include full and timely cost recovery from the fund for the infrastructure requirements of the affected utility made necessary by the grant.

In the August 23, 2022 order in this docket (August 23 order), the Commission began implementing the application process for the low carbon EIED grant program and solicited comments on a proposed request for proposals (RFP) which was included as an attachment to the order. *See*, August 23 order, Exhibit A. Several comments were filed and, after review of the comments, the Commission made the RFP available to potential applicants on September 30, 2022, through the Commission’s website for the low carbon EIED process.¹ The Commission also made available a guidance document which includes the following timeline:²

Low Carbon EIED Grant RFP Posted	September 30, 2022
Inquiries due (round one)	October 21, 2022
Responses to Inquiries posted to grant webpage	November 4, 2022
Inquiries due (round two)	November 11, 2022
Responses to Inquiries posted to grant webpage	November 23, 2022
Proposals due	January 6, 2023
Proposals posted publicly to the grant webpage	January 13, 2023
Public comment period end date	February 27, 2023
Modified proposals due	March 14, 2023
Modified proposals posted publicly to the grant webpage	March 17, 2023
Anticipated grant start date	July 3, 2023

On January 6, 2023, the Commission received 24 grant proposals which were posted to the website on January 13, 2023. The 24 proposals totaled over \$183 million in both infrastructure development and planning grants. Several comments were received during the required 45-day comment period. In response to the comments, on March 14, 2023, the Commission received eight modified grant proposals which were posted to the website on March 16, 2023.

¹ *See*, <https://www.michigan.gov/mpsc/commission/low-carbon-energy-infrastructure-enhancement-and-development-grant> (accessed June 6, 2023).

² *See*, <https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/activity/EIED-Grant/Low-Carbon-EIED-Grant-Application-Process-Guide.pdf> (accessed June 6, 2023).

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission used the criteria outlined in the statute and the RFP. Based on its review of the applications, the Commission awards the following grants:

1. City of Lansing solar project – \$1,000,000
2. City of Traverse City solar and battery energy storage project – \$1,685,479
3. Consumers Energy Company Swisslane Farm renewable natural gas project – \$5,633,745
4. Consumers Energy Company TDI Farm renewable natural gas project – \$5,392,437
5. DTE Gas Company Benzie, Manistee, Wexford Counties natural gas expansion project (Mesick-Buckley only) – \$7,285,129
6. Genesee County Drain Commission construction of new digesters at Ragnone Wastewater Treatment Plant – \$5,000,000
7. Hope Network solar and battery storage project – \$3,655,547
8. Kent County Bioenergy Facility at the Kent County Sustainable Business Park project – \$5,000,000
9. Lansing Board of Water and Light grid-scale battery energy storage system and ground-mounted solar system project - \$12,000,000
10. 5-Lakes Energy infrastructure planning toolkit project – \$1,247,796
11. Kalamazoo Nature Center electric vehicle infrastructure planning project – \$265,000
12. Midland Cogeneration Venture carbon capture and sequestration feed feasibility study – \$771,360
13. Public Sector Consultants planning for regional community solar for Lansing-area communities project – \$151,340
14. Shelby Charter Township electric vehicle infrastructure planning project – \$158,800
15. Slipstream low carbon energy planning for Native Nations project – \$749,990

The total amount of low carbon EIED grants awarded is \$49,996,623. The Commission understands that communication with grantees is already underway, with an anticipated grant start

date of July 3, 2023. The Commission directs the Commission Staff to complete the necessary grant agreement documents with the grantees. As always, the grants are contingent upon review and approval of the State Administrative Board.

THEREFORE, IT IS ORDERED that:

A. The following grants for a total of \$49,996,623 are approved for disbursement as Low Carbon Energy Infrastructure Enhancement and Development grants beginning July 3, 2023:

1. City of Lansing solar project – \$1,000,000
2. City of Traverse City solar and battery energy storage project – \$1,685,479
3. Consumers Energy Company Swisslane Farm renewable natural gas project – \$5,633,745
4. Consumers Energy Company TDI Farm renewable natural gas project – \$5,392,437
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14. Shelby Charter Township electric vehicle infrastructure planning project – \$158,800

15. Slipstream low carbon energy planning for Native Nations project – \$749,990

B. The Commission Staff shall complete the necessary grant agreement documents with the grantees.

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 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

Katherine L. Peretick, Commissioner

By its action of June 9, 2023.

Lisa Felice, Executive Secretary


PROOF OF SERVICE

STATE OF MICHIGAN)

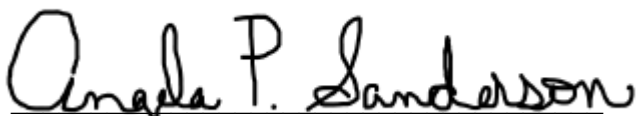
Case No. U-21293

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on June 9, 2023 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 9th day of June 2023.



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

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Realgy Energy Services

Santana Energy

Santana Energy

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Stephenson Utilities Department

Superior Energy Company

Texas Retail Energy, LLC

Thumb Electric Cooperative

Upper Michigan Energy Resources Corporation

Upper Peninsula Power Company

Upper Peninsula Power Company

Village of Baraga

Village of Clinton

Volunteer Energy Services

Wabash Valley Power

Wolverine Power

Wood, Amanda

Xcel Energy

Xcel Energy