

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion,)
to implement the provisions of Sections 6t(1), (5), (7),)
(8), (12), and (15) of Public Act 231 of 2023 and) Case No. U-21570
Sections 3, 5, 7, 22, 28, 51, 101, and 103 of)
Public Act 235 of 2023.)
_____)

At the February 8, 2024 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

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

ORDER

Background

On November 28, 2023, Governor Gretchen Whitmer signed into law both Public Act 231 of 2023 (Act 231), which, in part, amends Section 6t of Public Act 341 of 2016 (Act 341), and Public Act 235 of 2023 (Act 235), which amends Public Act 295 of 2008 and Public Act 342 of 2016. The amendments in Act 231 are effective on February 13, 2024, and the amendments in Act 235 are effective on February 27, 2024.

Section 6t of Act 231, MCL 460.6t, amends Act 341 and states in relevant part that:

(1) The commission shall, by August 31, 2025, and every 4 years thereafter, commence a proceeding and, in consultation with the department of environment, Great Lakes, and energy, and other interested parties, do all of the following as part of the proceeding:

(a) Conduct an assessment of the potential for energy waste reduction in this state.

(b) Conduct an assessment for the use of demand response programs in this state, based on what is economically and technologically feasible, as well as what is reasonably achievable. The assessment must expressly account for advanced metering infrastructure that has already been installed in this state and seek to fully maximize potential benefits to ratepayers in lowering utility bills.

* * *

(j) Conduct an assessment of the potential for electrification of transportation, buildings, and industries consistent with economy-wide elimination of greenhouse gas emissions in this state, based on what is economically and technically feasible, as well as what is reasonably achievable.

(k) Identify environmental justice communities.

* * *

(5) An integrated resource plan must include all of the following:

* * *

(d) An analysis of how the electric utility's plan complies with the renewable energy plan requirements and goals of section 28 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1028, the clean energy requirements of section 51 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1051, the energy waste reduction measures in section 77 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1077, and the energy storage target of section 101 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1101.

* * *

(k) Projected rate and affordability impact for the periods covered by the plan.

* * *

(o) The projected long-term forecast of greenhouse gas emissions and other pollutants from power generated or purchased by the electric utility. The electric utility may include details on the broader emissions impact of shifting to electrification of transportation, buildings, and industries.

(p) An environmental justice impact analysis that includes a review of the reasonably anticipated environmental justice impacts for any plan that includes the construction of a new natural-gas-fired generation facility and an analysis of

whether the facility complies with the requirements for clean energy systems established in the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1001 to 460.1211. If a plan proposes retiring or retaining 1 or more fossil fuel peaking plants, in an environmental justice community, a review of the reasonably anticipated environmental justice impacts for each generation facility.

(7) Not later than 300 days after an electric utility files an integrated resource plan under this section, the commission shall state if the commission has any recommended changes, and if so, describe them in sufficient detail to allow their incorporation in the integrated resource plan. If the commission does not recommend changes, it shall issue a final, appealable order approving or denying the plan filed by the electric utility. If the commission recommends changes, the commission shall set a schedule allowing parties at least 15 days after that recommendation to file comments regarding those recommendations, and allowing the electric utility at least 30 days to consider the recommended changes and submit a revised integrated resource plan that incorporates 1 or more of the recommended changes. If the electric utility submits a revised integrated resource plan under this section, the commission shall issue a final, appealable order approving the plan as revised by the electric utility or denying the plan. The commission shall issue a final, appealable order no later than 360 days after an electric utility files an integrated resource plan under this section. Up to 150 days after an electric utility makes its initial filing, the electric utility may file to update its cost estimates if those cost estimates have materially changed. A utility shall not modify any other aspect of the initial filing unless the utility withdraws and refiles the application. A utility's filing updating its cost estimates does not extend the period for the commission to issue an order approving or denying the integrated resource plan. The following are applicable to an integrated resource plan filed under this section:

(a) The commission shall do all of the following:

* * *

(iii) Request an advisory opinion from the department of environment, Great Lakes, and energy regarding all of the following:

(A) Whether any potential decrease in emissions of sulfur dioxide, oxides of nitrogen, mercury, and particulate matter would reasonably be expected to result if the integrated resource plan proposed by the electric utility under subsection (3) was approved.

(B) Whether the integrated resource plan can reasonably be expected to achieve compliance with the regulations, laws, or rules identified in subsection (1).

(C) The potential impacts of proposed energy generation resources and of any prudent and feasible alternatives identified by the department on whether the plan

makes adequate progress toward achieving the clean energy standard established in section 51 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1051.

(D) The potential impacts of the plan and of any prudent and feasible alternatives identified by the department on whether the plan makes adequate progress toward the economy-wide virtual elimination of greenhouse gas emissions in this state by 2050.

(E) Whether the plan in comparison to any prudent and feasible alternatives makes adequate progress toward the elimination of adverse effects on human health due to power generation in this state.

(F) Whether the plan in comparison to any prudent and feasible alternatives adequately reduces harms to the health, safety, and welfare of individuals in environmental justice communities.

(8) The commission shall approve the integrated resource plan under subsection (7) if the commission determines all of the following:

(a) The proposed integrated resource plan represents the most reasonable and prudent means of meeting the electric utility's energy and capacity needs. To determine whether the integrated resource plan is the most reasonable and prudent means of meeting energy and capacity needs, the commission shall consider whether the plan appropriately balances all of the following factors:

* * *

(viii) Affordability.

(ix) Overall cost-effectiveness in providing utility service.

Section 3 of Act 235, MCL 460.1003, amends Act 342 to add definitions for carbon capture and storage, clean energy, clean energy plan, clean energy portfolio, clean energy standard, clean energy system, and distributed generation program.

Section 5 of Act 235, MCL 460.1005, amends Act 342 to add definitions for efficient electrification measure, eligible electric generator, energy storage system, and energy waste reduction (EWR) standard.

Section 7 of Act 235, MCL 460.1007, amends Act 342 to add definitions for greenhouse gas (GHG), grid reliability, long-duration energy storage system, low-income residential customer, and multiday energy storage system.

Section 22 of Act 235, MCL 460.1022, amends Act 342 to add a revenue recovery mechanism for renewable energy plans (REPs), establish a review process for an electric provider's REP, and provide an approval and rejection process for the electric provider's REP and proposed amendments.

Section 28 of Act 235, MCL 460.1028, amends Act 342 to increase the renewable energy credit (REC) portfolio levels, modify the calculation for compliant RECs, provide a calculation for REC portfolio requirements for cooperative electric utilities and multistate utilities, add compliance standards for RECs, and provide standards for substituting EWR credits for RECs.

Section 51 of Act 235, MCL 460.1051, adds clean energy portfolio requirements for electric providers, requires a clean energy plan for member-regulated cooperative electric utilities and municipally owned electric utilities, and requires the Commission to submit a written report to the Legislature.

Section 101 of Act 235, MCL 460.1101, requires electric providers to obtain Commission approval, and each alternative electric supplier shall submit a plan, to construct or acquire appropriate energy storage systems or enter into contracts for energy storage to meet its share of a statewide energy storage target. The Commission is also required to conduct a study on long-term energy storage systems and multiday energy storage systems.

Section 103 of Act 235, MCL 460.1103, requires that “[b]y December 31, 2024, and each year thereafter, an electric provider whose rates are regulated by the commission shall submit a report

to the commission documenting the centralized and distributed electricity storage systems in its service territory.”

Discussion

The Commission opens this docket to implement the provisions of Act 231 and the related sections of Act 235. To begin, the Commission Staff (Staff) shall, not later than September 30, 2024, commence studies for EWR, demand response, and the electrification of transportation, buildings, and industries as required by MCL 460.6t(1)(a), (b), and (j). The study process may utilize one or more outside consultants in the preparation of the required studies and shall provide opportunities for input and engagement from interested persons. Interested persons may sign up to receive notifications about the “Resource Planning and Integrated Resource Plans” engagement group at <https://public.govdelivery.com/accounts/MILARA/subscriber/new>. The Staff shall ensure that each of these studies are completed and filed in this docket by 5:00 p.m. (Eastern time (ET)) on July 31, 2025.

In addition, the Commission directs the Staff to, not later than September 30, 2024, create a page on the Commission’s website that, among other things, will provide a redline version of the Michigan Integrated Resource Planning Parameters (MIRPP) and Integrated Resource Plan (IRP) Filing Requirements that will be updated pursuant to the requirements of Acts 231 and 235, as well as provide a straw proposal related to providing formats and guidelines for investor-owned utilities, municipal electric utilities, cooperative electric utilities, and alternative electric suppliers to submit a clean energy plan pursuant to the requirements of Act 235.

Further, the Staff shall conduct at least two engagement sessions with interested persons regarding the implementation of Acts 231 and 235 and shall receive feedback on the proposed redlines and straw proposal, with the first of these sessions taking place not later than December

31, 2024, and the second to take place not later than March 30, 2025. Specifically, the Commission directs the Staff and interested persons to discuss the following topics and to update the MIRPP and the IRP Filing Requirements within the parameters of Acts 231 and 235:

1. Identification of environmental justice (EJ) communities pursuant to MCL 460.6t(1)(k);
2. An EJ analysis pursuant to MCL 460.6t(5)(p);
3. A projected long-term forecast of GHG emissions and other pollutants from power generated or purchased by the electric utility pursuant to MCL 460.6t(5)(o);
4. An analysis of how an electric utility's plan complies with the requirements of Sections 28 and 51 of Act 235 as directed by MCL 460.6t(5)(d), which includes the creation of formats and guidelines necessary for plan submittal pursuant to Section 191(2) of Act 235;
5. Projected rate and affordability impact for the periods covered by the plan pursuant to MCL 460.6t(5)(k) and MCL 460.6t(8)(a)(viii);
6. Cost-effectiveness of the IRP pursuant to MCL 460.6t(8)(a)(ix);
7. Any necessary updates to the advisory opinion pursuant to MCL 460.6t(7)(a)(iii);
and
8. How to ensure alignment of REPs, energy optimization plans, and IRPs pursuant to Acts 231 and 235.

Finally, the Commission notes that there is potential overlap between many of the issues to be considered as part of the MIRPP and IRP Filing Requirements updates and how these same or similar issues are addressed in other Commission proceedings. For example, while the requirement to consider long-term forecasts of GHG emissions and other pollutants under MCL 460.6t(5)(o) may be primarily focused on unit dispatch models, it would be helpful to ensure consistency in application with other areas in which the Commission is tasked with considering GHG emissions, including in its review of EWR and efficient electrification programs. Similarly, considerations of the projected rate and affordability impact under MCL 460.6t(5)(k) and

460.6t(8)(a)(ix) may consider a broad range of factors to holistically evaluate a proposed IRP in the context of the utility's total proposed spending over the IRP planning horizon, and it will be important to harmonize these considerations, to the extent practicable, with other efforts around affordability, including those under discussion with the Commission's Energy Affordability and Accessibility Collaborative.

THEREFORE, IT IS ORDERED that:

A. The Commission Staff shall, not later than September 30, 2024, commence studies for energy waste reduction, demand response, and electrification of transportation, buildings, and industries.

B. The Commission Staff shall, not later than September 30, 2024, create a dedicated page on the Commission's website, that provides a redline version of the Michigan Integrated Resource Planning Parameters and Integrated Resource Plan Filing Requirements that will be updated pursuant to the requirements of Public Acts 231 and 235 of 2023, as well as a straw proposal related to providing formats and guidelines for investor-owned utilities, municipal electric utilities, cooperative electric utilities, and alternative electric suppliers to submit a clean energy plan pursuant to the requirements of Public Act 235 of 2023.

C. The Commission Staff shall conduct engagement sessions with interested persons regarding the implementation of Public Acts 231 and 235 of 2023 with specific focus on receiving feedback on the redlined version of the Michigan Integrated Resource Planning Parameters and Integrated Resource Plan Filing Requirements and the straw proposal related to providing formats and guidelines for investor-owned utilities, municipal electric utilities, cooperative electric utilities, and alternative electric suppliers to submit a clean energy plan.

D. The Commission Staff shall file all potential studies in this docket by 5:00 p.m. (Eastern time) on July 31, 2025.

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

Alessandra R. Carreon, Commissioner

By its action of February 8, 2024.

Lisa Felice, Executive Secretary


PROOF OF SERVICE

STATE OF MICHIGAN)

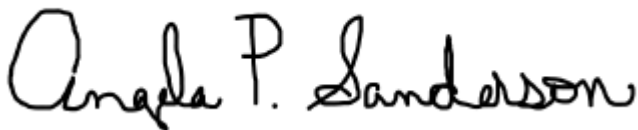
Case No. U-21570

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on February 8, 2024 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 8th day of February 2024.



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

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Realgy Corp.

Realgy Energy Services

Santana Energy

Santana Energy

Spartan Renewable Energy, Inc. (Wolverine Power Marketing Corp)

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