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## NEWS RELEASE

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### **MPSC seeks input on proposals for penalties, incentives aimed at reducing frequency and duration of power outages**

The Michigan Public Service Commission today announced it is seeking further input on proposals that would establish financial penalties for utilities that don't meet thresholds for getting the power back on and incentives for reduced outages and faster restoration of service (Case No U-21400). The Commission's meeting took place at the LV Eberhard Center in downtown Grand Rapids as part of the MPSC's commitment to increasing accessibility and community engagement on energy and telecommunications matters.

As part of the Commission's ongoing work to improve the reliability of Michigan's power grid, the MPSC in 2023 launched a [Financial Incentives and Disincentives workgroup](#), part of the Commission's [MI Power Grid](#) effort, to develop reliability and safety metrics and financial incentives and penalties for utilities to improve their performance in keeping the power on and reducing the number and duration of outages. The goal of the penalties and incentives is to establish new baselines for performance, financial consequences for not meeting standards, and incentives for exceeding requirements.

After taking input over several months on an initial proposal, MPSC Staff on May 3, 2024, filed a revised straw proposal with recommendations outlining metrics to measure length of outages in various weather conditions and restoration times, the number of customers experiencing four or more outages per year, and data on the worst-performing circuits.

The MPSC seeks comments from interested parties on the straw proposal, which would:

- Establish penalties if a utility's 3-year system average interruption duration index, or SAIDI (excluding major event days) increases by 5% or more, and an incentive if this measure improves by 10% or more. SAIDI measures the average duration of outages.
- Establish similar penalties and incentives around SAIDI metrics including all weather events. Utilities would be assessed penalties for not meeting 5-year performance goals and incentives for exceeding them by 10% or more. This includes measuring the average duration of outages after major storms.

- Assess a penalty for utilities that do not restore service to 90% of customers within 48 hours of a catastrophic storm (defined as a storm that results in 10% or more of customers losing power), as now required by the MPSC's Service Quality and Reliability Standards, and incentives if a utility restores more than 90% within 48 hours.
- Assess a penalty if a utility doesn't restore service to 95% of customers within 72 hours of a catastrophic storm, as well as an incentive for besting 95%.
- Assess a penalty if a utility doesn't restore service to 90% of customers within 24 hours after gray-sky weather that results in between 1% and 10% of customers losing power.
- Establish a penalty if 6% or more of a utility's customers experience four or more outages per year, and an incentive if fewer than 6% of customers meet that threshold.
- Assess a penalty if one of a utility's top 10 worst-performing circuits repeats in the list of worst circuits within 5 years.

In addition, the Commission directed MPSC Staff to hold an engagement session to inform the development of additional metrics relating to the performance of the distribution system by Aug. 7, 2024; details about attending the session will be posted in the case docket. In addition, interested parties are encouraged to file comments on the revised straw proposal by 5 p.m. July 12, 2024, with replies due by 5 p.m. Aug. 23, 2024. Comments may be filed electronically in the case docket or sent by email to [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov) or by mail to Executive Secretary, Michigan Public Service Commission, 7109 W. Saginaw Highway, Lansing, MI 48917. Comments should reference Case No. U-21400.

### **MPSC OKs TARIFF CHANGES TO ADDRESS POTENTIAL GRID IMPACT OF ENERGY-INTENSIVE DATA CENTERS**

The Commission today approved orders for the state's two largest electric utilities, allowing the companies to mitigate the grid impact of potential computerized data centers in Michigan. The MPSC approved DTE Electric Co.'s application to amend its D13 XL High Load Factor rate to limit eligibility to the company's available electric capacity ([Case No. U-21163](#)) in a move to ensure that the costs of any additional capacity needed for energy-intensive developments such as data centers aren't borne by other ratepayers, including residential customers. Similarly, the Commission approved amendments to Consumers Energy Co.'s Large Economic Development tariff, reflecting additional costs for providing electricity to high-load customers ([Case No. U-21646](#)). The moves by both utilities closing their current rates to data centers allows the companies time to develop an appropriate rate to support data centers in the future.

### **MPSC OKS UPDATED MEDICAL CERTIFICATION FORM USED FOR SHUTOFF PROTECTIONS FOR MEDICAL EMERGENCY OR CRITICAL CARE CUSTOMERS**

The MPSC approved an updated common medical form used by customers seeking utility shutoff protection arising from [medical emergencies or critical care needs](#) (Case No. U-21618). The updated form will include an additional location for the entry of the name and date of birth of the patient to better ensure proper verification of the qualifying

individual's medical condition. The updated form arose as part of the MPSC's work on the need to ensure adequate special protections for customers struggling with utility bills. The MPSC's review of customer protections found that a significant number of customers seeking [medical emergency or critical care protection](#) were denied, in some cases because pages of the forms were incomplete. As with the current certification form, the new form will be made available in a number of languages spoken by Michiganders, including Spanish, Arabic, Bengali and simplified Chinese.

### **CONSUMERS ENERGY GAS COST RECOVERY PLAN AND FACTORS APPROVED**

The MPSC approved Consumers Energy Co.'s gas cost recovery plan and factors for the 12-month period ending March 31, 2024, and accepted the company's five-year forecast ([Case No. U-21269](#)). Today's order allows Consumers to implement a GCR factor of \$5.2773 per Mcf from April 2023 through March 2024.

### **MPSC APPROVES CONSUMERS ENERGY'S DEMAND RESPONSE RECONCILIATION; LAYS OUT DIRECTIVES FOR FUTURE PROCEEDINGS**

The Commission today approved Consumers Energy Co.'s proposed 2022 demand response (DR) reconciliation ([Case No. U-21410](#)), directing the company to reflect a 2022 DR regulatory liability of \$553,244 and recover a financial incentive of \$6,210,967 for 2022 in its next electric rate case. The Commission directed Consumers to cease enrollments in the utility's small and medium business DR programs. In addition, the Commission also directed Consumers to cease enrollments in the company's air conditioning peak cycle program by Jan. 1, 2025; Consumers may continue to operate the program thereafter and continue to enroll new customers in the company's air conditioning peak cycle program through the company's move-in/move-out project at locations with existing switches. The Commission also directed Consumers to, within 30 days, amend its 2023 DR reconciliation filing in Case No. U-21647 and meet with MPSC Staff to develop a revised financial incentive mechanism that includes a shared savings methodology prior to Consumers' next demand response reconciliation.

### **COMMISSION KICKS OFF COLLABORATIVE ON FRAMEWORK ENERGY WASTE REDUCTION PLAN**

The MPSC today directed MPSC Staff to hold a collaborative with utilities to develop a framework energy waste reduction plan in accordance with Public Act 229 of 2023 (Case No. U-21654). The act, which took effect Feb. 13, requires the MPSC to begin a proceeding to develop a framework energy waste reduction program to be used "by an independent energy waste reduction program administrator in administering a program on behalf of a provider, and to determine the appropriate amount of alternative compliance payments for effective administration of energy waste reduction programs consistent with that framework." An initial meeting with named parties and other interested persons will be held virtually through Microsoft Teams on June 17, 1:30-3:30 p.m. MPSC Staff must file its proposed framework with supporting testimony addressing the energy waste reduction program and alternative compliance payments by Aug 2, 2024. Interested persons may submit petitions to intervene in the case by 5 p.m. Aug. 9, 2024. A prehearing conference will be conducted at 9 a.m. Aug. 16, 2024.

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To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).

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