

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
ALGER-DELTA CO-OPERATIVE ELECTRIC)	
ASSOCIATION, CHERRYLAND ELECTRIC)	Case No. U-21481
COOPERATIVE, CLOVERLAND ELECTRIC)	
COOPERATIVE, GREAT LAKES ENERGY)	
COOPERATIVE, HOMEWORKS TRI-COUNTY)	
ELECTRIC COOPERATIVE, MIDWEST ENERGY)	
& COMMUNICATIONS, ONTONAGON COUNTY)	
RURAL ELECTRIFICATION ASSOCIATION,)	
PRESQUE ISLE ELECTRIC & GAS CO-OP,)	
and THUMB ELECTRIC COOPERATIVE OF)	
MICHIGAN , individually and collectively, for)	
approval of interconnection procedures, forms,)	
fees and related relief.)	
_____)	

At the July 23, 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 April 24, 2023, the Commission issued an order in Case No. U-20890 adopting the Interconnection and Distributed Generation Standards (also known as the MIXDG rules), which are codified at Mich Admin Code, R 460.901a *et seq.*, and became effective on April 25, 2023. Included in the MIXDG rules is Mich Admin Code, R 460.920 (Rule 20), which reads (in pertinent part) as follows:

Rule 20. (1) An electric utility shall file applications for approval of interconnection procedures and forms within 120 calendar days of the effective date of these rules.

(2) The commission shall issue its order approving, rejecting, or modifying an electric utility's proposed interconnection procedures and forms within 360 calendar days of the electric utility filing an application for approval of interconnection procedures and forms. If the commission finds the procedures and forms proposed by the electric utility to be inadequate or unacceptable, the commission may either adopt procedures and forms proposed by another person in the proceeding or modify and accept the procedures and forms proposed by the electric utility.

(3) Until the commission accepts, rejects, or modifies an electric utility's interconnection procedures and forms, the electric utility may use the proposed interconnection procedures and forms when processing interconnection applications with the exception of fixed fees and fee caps. An electric utility shall only charge fees that comply with the requirements of R 460.926 until the commission accepts, rejects, or modifies the proposed interconnection procedures and forms, unless the commission approves different fees pursuant to R 460.926(5).

(4) Two or more electric utilities may file a joint application proposing interconnection procedures for use by the joint applicants. The proposed interconnection procedures must ensure compliance with these rules.

(5) The proposed interconnection procedures must, at a minimum, include all of the following:

- (a) All necessary applications, forms, and relevant template agreements.
- (b) A schedule of all applicable fixed fees and fee caps.
- (c) Voltage ranges for high voltage distribution and low voltage distribution.
- (d) Required initial review screens.
- (e) Required supplemental review screens.
- (f) The process for conducting system impact studies and facilities studies on DERs [distributed energy resources] when there is an affected system issue.
- (g) Testing and certification requirements of DER telecommunications, cybersecurity, data exchange, and remote control operation.
- (h) Parallel operation requirements.
- (i) A method to estimate the expected annual kWh [kilowatt-hour] output of the generator or generators.
- (j) If an electric utility uses alternative methods for power limited export DER pursuant to R 460.980(3), a description of those methods.
- (k) A cost allocation methodology for study track DERs.
- (l) An evaluation of an interconnection application for a project that includes single or multiple types of DERs at a site for which the applicant seeks a single point of common coupling.
- (m) Details describing how an energy storage device may be integrated into an existing legacy net metering program system without impacting the 10-year grandfathering period or participation in the distributed generation program.
- (n) For electric utilities that are member-regulated electric cooperatives, a procedure for fairly processing applications in instances in which the number of

applications exceed the capacity of the electric cooperative to timely meet the deadlines in these rules.

(o) Examples of modifications that are not material modifications.

(p) The procedure for performing a material modification review to determine if a modification is material.

(q) Any required terms and conditions that must be specified in the general liability insurance for level 3, 4, and 5 projects.

(r) A list of the electric utility's holidays.

(s) If an electric utility uses an alternative process pursuant to R 460.956, a description of that process.

(t) Fast track eligibility criteria for applications proposing to interconnect DERs with 4.8 kV [kilovolt] distribution systems.

(u) In the event daytime loading data is not available for the initial screen provided in R 460.946(5)(b), the date when the data will be collected.

Additionally, Mich Admin Code, R 460.910 (Rule 10) addresses rule waivers and reads as follows:

Rule 10. An electric utility, customer, alternative electric supplier, applicant, or interconnection customer may apply to the commission for a waiver from 1 or more provisions of these rules and may request expeditious processing. The commission may grant a waiver upon a showing of good cause and a finding that the waiver is in the public interest.

The May 18, 2023 order in Case No. U-21117 (May 18 order) directed the member-regulated electric cooperatives (named in the caption above) to file draft interconnection procedures (also known as MIXDG procedures) in the Case No. U-21117 docket by June 16, 2023, and directed the Commission Staff (Staff) to hold a working session for interested persons on June 21, 2023, to allow for input regarding the draft MIXDG procedures. The May 18 order required final MIXDG procedures to be filed no later than August 23, 2023, per the requirements of Rule 20(1).

On August 23, 2023, all of the above-captioned member-regulated electric cooperatives (acting jointly in the instant docket as the Michigan Electric Cooperative Association (MECA) Coops) filed an application seeking approval of final proposed MIXDG procedures, along with supporting testimony, exhibits, and requested rule waivers pursuant to Rule 10 (application).

On September 28, 2023, the Commission issued an order soliciting comments and reply comments on the proposed procedures and waiver requests. On October 27, 2023, the Staff filed comments. On November 13, 2023, the MECA Coops filed a letter indicating that they had no reply comments. On February 8, 2024, the Commission issued an order (February 8 order) allowing additional initial and reply comments to be filed in this docket no later than May 22 and June 5, 2024, respectively. In the February 8 order, the Commission also invited comments on a Standard Level 1, 2, and 3 Interconnection Agreement. On May 22, 2024, the Staff filed comments on the MECA Coops' application (Staff's comments) along with a Standard Level 4 and 5 Interconnection Agreement. On June 5, 2024, the MECA Coops filed reply comments (reply comments).¹ Per Rule 20(2), the final order in this matter must issue no later than August 18, 2024. This order approves modified MIXDG procedures for the MECA Coops (to be filed within 30 days) and addresses other matters.

The Application and Comments

In their application, the MECA Coops state that they are all member-regulated and thus, pursuant to MCL 460.36(1), they each establish and maintain all rates, charges, and conditions of service; however, the Commission, pursuant to MCL 460.36(2), retains jurisdiction over matters involving interconnection. They state that their application is submitted jointly under Rule 20(4) and is supported by testimony and exhibits. Application, p. 2. The coops note that, under MCL 460.1171, they are not required to have distributed generation (DG) programs. The MECA Coops state that their proposed MIXDG procedures contain minor changes from the MIXDG rules and that they seek related waivers. The coops state that they “propose to . . .

¹ Because all of the Staff's October 27, 2023 comments are repeated in its May 22, 2024 comments, and because the MECA Coops replied to the later-filed comments, this order addresses only the later-filed comments.

limit to 2 (instead of 10) the number of applications one entity can submit in a time period given the relatively small staff working for cooperatives.” Application, p. 3. This appears to be a reference to Mich Admin Code, R 460.932(2) (Rule 32(2)), though the rule is not mentioned in the application or accompanying testimony.

Some additional detail is provided in the attached direct testimony from Christian Jensen, Manager, Engineering Services, for HomeWorks Tri-County Electric Cooperative, and the seven exhibits attached thereto. Mr. Jensen states that each coop will have a dedicated website for the submission of pre-application report requests, interconnection applications, and interconnection agreements. He adds that the MECA Coops’ voltage ranges and configurations are set forth in the draft procedures. Mr. Jensen states that “the MECA Coops[’] high voltage threshold is 30kV [kilovolts], of which none of the MECA Coops own or operate.” Direct testimony of Christian Jensen, p. 3. Mr. Jensen describes various aspects of the MECA Coops’ operations and how they relate to the requirements of Rule 20(e) through Rule 20(u) (excepting Rule 20(n) and (s)); however, his testimony primarily refers to the proposed procedures for further information. Regarding Rule 20(m) and the issue of storage, he states that “storage could be added to supply power as a stand-alone system with no common coupling to the distribution system but would need to be wired to prevent providing energy into the grid (i.e., not operate in parallel).” Direct testimony of Christian Jensen, p. 6. Mr. Jensen states that the coops will process interconnection requests in the order in which they are received under either the non-export track, the fast track, or the study track, and existing applications will be processed under the existing procedures. *Id.*, pp. 10, 14.

Mr. Jensen describes some of the costs that the MECA Coops will incur to administer the interconnection process. He states that:

[g]iven the MECA Coops['] experience, the costs for these studies exceed the amounts identified in the interconnection procedures ruleset. In addition, and not included as part of the fee amounts, the Midcontinent Independent System Operator ("MISO") is implementing a DER affected system study ("AFS") process that requires participation by DERs (through the upstream transmission owner). The initial cost of the MISO AFS process is \$60,000.

Id., p. 11. He explains that the coops have adjusted some of the fees, and this is presented in Exhibit MECA-5. Mr. Jensen states that the increasing number of interconnection requests will require the coops to make greater investments in technology, and he adds that "the added cost associated with the MISO AFS process is not included in the MECA Coops' fees, but is the responsibility of the DER." Direct testimony of Christian Jensen, p. 12.

Mr. Jensen asserts that the costs of interconnection should not be recovered from all customers but should be covered by the customer submitting the DER application. He explains that the fee for the interconnection application review required under Mich Admin Code, R 460.926(3)(b) (Rule 26(3)(b)) should be increased to \$500 because the cap of \$300 will not cover the coops' costs for the estimated six hours of time that will be required for the interconnection application review and scoping meeting under the study track. Thus, the MECA Coops seek a waiver from Rule 26(3)(b). Mr. Jensen explains that they also seek a waiver from Rule 26(3)(c) and (3)(d) because the caps on the system impact study fee and the facilities study fee (\$10,000 and \$15,000, respectively) are also too low. Direct testimony of Christian Jensen, p. 13. He states as follows:

[M]any of the MECA Coops' distribution systems serve very rural areas with loads, on average, being between 1 MW [megawatt] and 5 MW at the interface with the upstream system owner whereby reasonably small DERs are likely to fail the initial screens and trigger additional studies. These additional studies involve significant efforts to perform studies that assess steady-state, dynamic, stability, and protection impacts. And, because the MECA Coops are solely distribution load serving entities that do not own or control the upstream high voltage distribution systems, distribution substation, and subtransmission systems, DER systems that are large enough to require system impact studies and/or facility studies will also require

studies by the owner of the upstream systems. This separation of ownership creates additional complexity because each entity may use different models and software. This complexity requires the assistance of third-party consultants to work with and on behalf of both the MECA Coop and the upstream owner entities to develop common models and produce an analysis.

Id. Thus, he explains, costs are significantly increased, and the increased study fees proposed by the MECA Coops of \$30,000 for a Level 1-4 DER are consistent with the coops' experience. Finally, he briefly describes the MECA Coops' transition plan.

In its comments, the Staff states that it does not recommend a waiver from Rule 26(3)(b), adding that the issue could be revisited "but a blanket waiver at this point seems premature."²

Staff's comments, p. 1. The Staff goes on to state that it:

supports a 2-year temporary waiver with respect to [Rule 26(3)(c) and (d)] but would like to have ongoing discussions to understand the impact of DERs on MECA distribution systems. Staff would appreciate the opportunity to review actual study costs. After the conclusion of the 2-year waiver, MECA could request a more permanent waiver.

Staff's comments, p. 1. The Staff also supports a waiver with respect to Rule 32(2) to limit the number of pre-application report requests to two rather than ten, "[i]n light of the relatively small support staff to review DER applications[.]" Staff's comments, p. 2. The Staff does not make a recommendation regarding a time limit on this waiver.

The Staff then makes recommendations for substantive changes to the MECA Coops' interconnection procedures located in Exhibit MECA-6. The Staff notes that the Standard Level 1, 2, and 3 Interconnection Agreement is being addressed in Case No. U-21543, and thus the Staff does not address Exhibit MECA-7. Regarding a Level 4 and 5 Interconnection Agreement (for a generator with capacity greater than 550 kilowatts (kW)), the Staff attaches a

² Staff's comments, p. 1, refer to "R 460.932(3)(b)" but this appears to be a typo and the Staff intended to refer to R 460.926(3)(b).

recommended standard agreement to its comments. The Staff also recommends several non-substantive changes to Exhibit MECA-6, as well as non-substantive changes to Exhibits MECA-1 through MECA-4 (the pre-application report form, interconnection application, facilities study agreement, and system impact study agreement). Staff's comments, pp. 3-4.

In their reply comments, the MECA Coops state that the "Cooperatives have accepted and adopted the Staff's comments and recommendations as reflected in the track changes Interconnection Procedures included as **Exhibit A** to this reply and will use the proposed form of agreement for Level 4 and Level 5 interconnections." Reply comments, p. 1 (emphasis in original). Additionally, based on feedback from the Staff, the MECA Coops request a waiver from Mich Admin Code, R 460.908 (Rule 8) because an extra 10 days may not be sufficient for processing applications. The coops also make clear that they seek a waiver from Rule 32(2). The MECA Coops state that they appreciate the Staff's support for the modification reflecting that the coops will "consider 50% of applicable loading rather than 100% as stated in the rules screen, if daytime loading data is not available." Reply comments, p. 2. This appears to refer to Mich Admin Code, R 460.946(2) (Rule 46(2)), though no rule is indicated. The coops provide a rationale for their modification to the minimal load screen, as is required by Rule 46(2). Finally, in response to the Staff's comments regarding Mich Admin Code, R 460.956 (Rule 56) and an alternative process to combine the system impact and facilities studies, the MECA Coops state that:

[b]ased upon Cooperative experience in the field we know that customers are interested in the cost to interconnect. When presented with the results of the system impact study, customers want to know the facilities['] costs. As a result, Cooperatives propose the flexibility to, from time to time, combine the facilities study and system impact study into one process/procedure to be able to timely address customers['] questions. When the facilities study and system impact study are combined, the studies will be conducted as a single unified process to produce early information for the customer.

Reply comments, p. 4.

Discussion

Rule 26(3) provides as follows:

The initial fee caps for a fast track supplemental review and the study track for all levels of DERs are as follows:

- (a) The fee for a fast track supplemental review including all review screens may not exceed \$1,000.
- (b) The study track fee for interconnection application review and the scoping meeting may not exceed \$300.
- (c) The system impact study fee may not exceed \$10,000.
- (d) The facilities study fee may not exceed \$15,000.

In their exhibits, the MECA Coops request to increase the not-to-exceed fee for the supplemental review to \$5,000 from the \$1,000 provided for in Rule 26(3)(a). Per the MECA Coops' reply comments, they no longer seek a waiver from Rule 26(3)(b), but they continue to seek waivers from Rule 26(3)(c) and (d), and request authority to charge a not-to-exceed fee of \$30,000 each for both the system impact study and the facilities study and to increase this fee to \$50,000 for Level 5 projects. The Staff supports a two-year waiver and approval of the requested changes to the fees for two years. Finding it reasonable, the Commission approves the requests for a two-year waiver and the increased fees associated with Rule 26(3)(a), (c), and (d), and directs the MECA Coops to continue discussions with the Staff regarding the impact of DERs on the MECA Coops' distribution systems and the actual study costs. At the expiration of the waiver period, the MECA Coops may file a request for another extension, which must be accompanied by documentation and explanation of the actual study costs for the Staff's review.

Rule 32(2) provides as follows:

An applicant may request additional pre-application reports if information about multiple points of common coupling is requested. No more than 10 pre-application report requests may be submitted by an applicant and its affiliates during a 1-week period. An electric utility may reject additional pre-application report requests.

Per the MECA Coops' reply comments, they seek a waiver from this rule and request authority to mandate that no more than two pre-application report requests may be submitted by an applicant and its affiliates during a one-week period. The Staff supports this request. Based on the small size of the support staffs available to the coops to review DER applications, the Commission approves a two-year waiver and reduction to the number of pre-application report requests. At the expiration of the waiver period the MECA Coops may seek an extension accompanied by documentation showing the available staff and the pre-application report burden.

Rule 8 provides as follows: "An electric utility serving fewer than 1,000,000 in-state customers shall have an additional 10 business days to comply with the timelines in R 460.911 to R 460.1026. This rule does not apply to applicants or interconnection customers." Per the MECA Coops' reply comments, they seek a waiver from this rule, though they do not propose a differing number of days. The Commission finds that a two-year waiver allowing the MECA Coops an additional 25 business days rather than an additional 10 business days is reasonable. Thus, the MECA Coops have a total of an additional 25 business day to comply with the timelines contained in Mich Admin Code, R 460.911 to R 460.1026. At the expiration of the waiver period, the MECA Coops may file a request for an extension of the waiver, accompanied by detailed documentation showing instances when the additional 25 business days were needed during the interconnection process and why. Further, the MECA Coops shall notify all potentially affected DG customers in the interconnection queue that the 25 additional business day mandate applies to their applications.

Rule 56 provides as follows: "An electric utility may use a process to study interconnection applications that is different from the process described by R 460.954 and R

460.958 to R 460.962. If an electric utility elects to use an alternative process, this process must be described in the electric utility's interconnection procedures." In their reply comments, p. 5, the MECA Coops describe an alternative study process which combines the system impact study and facilities study into a single study. However, this alternative process is not currently included in the coops' proposed interconnection procedures included in Exhibit A to their reply comments, as required by Rule 56. The Commission finds that, if the MECA Coops wish to incorporate the alternative process into their interconnection procedures in the future, they may file revised interconnection procedures and request approval pursuant to Rule 20(6).

Finally, the Commission finds that the MECA Coops shall utilize the Standard Level 1, 2, and 3 Interconnection Agreement approved today in the July 23, 2024 order in Case No. U-21543 and the Standard Level 4 and 5 Interconnection Agreement attached to the Staff's comments filed on May 22, 2024.

THEREFORE, IT IS ORDERED that:

A. Within 30 days of the date of this order, Alger-Delta Co-operative Electric Association, Cherryland Electric Cooperative, Cloverland Electric Cooperative, Great Lakes Energy Cooperative, Homeworks Tri-County Electric Cooperative, Midwest Energy & Communications, Ontonagon County Rural Electrification Association, Presque Isle Electric & Gas Co-op, and Thumb Electric Cooperative of Michigan shall file in this docket interconnection procedures and forms consistent with the findings in this order, including the approved two-year waivers (commencing on the date of this order) and revised fees associated with Mich Admin Code, R 460.908, R 460.926(3)(a), (c), and (d), and R 460.932(2).

B. Alger-Delta Co-operative Electric Association, Cherryland Electric Cooperative,

Cloverland Electric Cooperative, Great Lakes Energy Cooperative, Homeworks Tri-County Electric Cooperative, Midwest Energy & Communications, Ontonagon County Rural Electrification Association, Presque Isle Electric & Gas Co-op, and Thumb Electric Cooperative of Michigan shall utilize the Standard Level 1, 2, and 3 Interconnection Agreement approved in the July 23, 2024 order in Case No. U-21543 and the Standard Level 4 and 5 Interconnection Agreement filed by the Commission Staff on May 22, 2024, in this docket.

C. Alger-Delta Co-operative Electric Association, Cherryland Electric Cooperative, Cloverland Electric Cooperative, Great Lakes Energy Cooperative, Homeworks Tri-County Electric Cooperative, Midwest Energy & Communications, Ontonagon County Rural Electrification Association, Presque Isle Electric & Gas Co-op, and Thumb Electric Cooperative of Michigan shall notify all potentially affected distributed generation customers in the interconnection queue that the cooperative may take an additional 25 business days to comply with the timelines contained in Mich Admin Code, R 460.911 to R 460.1026.

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 mpscdockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at hugheys@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 July 23, 2024.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

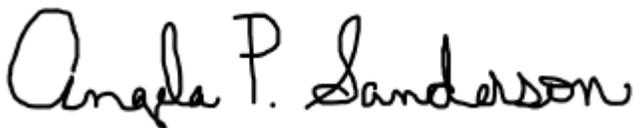
Case No. U-21481

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 23, 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 23rd day of July 2024.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

Service List for Case: U-21481

Name	On Behalf Of	Email Address
Hannah E. Buzolits	Michigan Electric Cooperative Association (MECA)	hbuzolits@dykema.com
Jason T. Hanselman	Michigan Electric Cooperative Association (MECA)	jhanselman@dykema.com
Michigan Electric Cooperative Association (MECA)	Michigan Electric Cooperative Association (MECA)	raaron@dykema.com
Olivia R.C.A. Flower	Michigan Electric Cooperative Association (MECA)	oflower@dykema.com
Richard J. Aaron	Michigan Electric Cooperative Association (MECA)	raaron@dykema.com