

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of DTE Electric) Company and DTE Gas Company for) approval of an Expedited Pilot Review) Workplan.) _____)	Case No. U-21653
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COMMENTS
OF THE
MICHIGAN ENERGY INNOVATION BUSINESS COUNCIL
AND
ADVANCED ENERGY UNITED

Introduction

On December 1, 2021, Michigan Public Service Commission (“MPSC” or “Commission”) Staff filed a report in Case No. U-20898, which recommended implementation of an expedited pilot review process. The Michigan Energy Innovation Business Council (“Michigan EIBC”)¹ and Advanced Energy United (“United”; collectively “Michigan EIBC/United”)² filed comments in response to this proposal and are broadly supportive of the voluntary expedited pilot review process adopted by the Commission in its February 23, 2023 Order in Case No. U-20898. Crucial

¹ The Michigan Energy Innovation Business Council is a trade organization tasked with growing Michigan’s advanced energy economy by fostering opportunities for innovation and business growth and offering a unified voice in creating a business-friendly environment for the advanced energy industry in Michigan.

² Advanced Energy United is a national business association representing leading companies in the advanced energy industry. United supports a broad portfolio of technologies, products, and services that enhance U.S. competitiveness and economic growth through an efficient, high-performing energy system that is clean, secure, and affordable.

to this expedited process is a robust stakeholder engagement process both on each utility workplan and proposed pilot to ensure that each is appropriate for expedited review and approval by the Commission. Instead of approval through a 10-month general rate case, a proposed pilot through this process can be approved on an *ex parte* basis within 90 days. Given this, it is essential that both any future proposed pilot and each utility’s workplan is developed with robust stakeholder input.

In a filing on August 7, 2024, Michigan EIBC/United objected to the *ex parte* approval of DTE Electric’s (“DTE” or the “Company”) proposed Workplan because the Company included items that

(1) are not new problems; (2) are not problems that appear to call for particularly innovative solutions appropriate for exploration via the pilot process; or (3) contemplate “solutions” that are hardly innovative or new.³

Michigan EIBC/United also pointed in objections to feedback provided along these lines to the Company that was not taken into consideration prior to the filing of the proposed Workplan. It is important that the Company’s proposed Workplan should be, so far as is possible, a consensus-based document that can appropriately serve as the basis for expedited *ex parte* review and approval, outside of contested rate cases, of key innovative pilot programs with broad stakeholder support. Given these concerns, Michigan EIBC/United appreciate the Commission providing an opportunity for stakeholders to offer comments on DTE Electric’s proposed Workplan.

³ MEIU Objections, Case No. U-21653, August 7, 2024.

Comments

Overall

In general, Michigan EIBC/United note that there are several areas in DTE Electric's proposed Workplan that would be ideal candidates for expedited pilots. In these cases, Michigan EIBC/United anticipate that we will collaborate with the Company to ensure that the pilots will include third-party participation and explore topics of interest to our collective members. For example, under Focus Area #3, the Company notes that as it works toward achieving the state's 100% decarbonization goal, "[p]iloting will be valuable to help determine which technologies could further accelerate decarbonization and effective methods for influencing customer behavior to shift load." The Company notes that technologies such as long-duration and multi-day storage and programs such as Time of Use rates, demand response, thermal energy, and voluntary programs could be important candidates for pilot programs. Michigan EIBC/United support the use of pilots to find ways such as these for the Company to cost-effectively decarbonize the distribution system, and believe that these areas should be explored under the expedited program approved by the Commission.

Stakeholder Engagement

According to the Commission's February 23, 2023 Order in Case No. U-20898, each utility workplan must "be developed with robust documented stakeholder engagement and consultation" and any "proposed pilot must be developed with stakeholders and evidence of consultation must be included in the pilot application."⁴ Michigan EIBC/United appreciate the Company's outreach on its draft Workplan including one-on-one conversations with Michigan EIBC. Michigan EIBC

⁴ Commission Order, Case No. U-20898, February 23, 2023.

and United also each provided direct, written feedback to the Company on its draft Workplan. However, we see no evidence that any of the suggestions provided in that written feedback were incorporated into the Company's draft Workplan. As such, it is difficult to determine whether or not feedback from other stakeholders was incorporated into the draft Workplan. As stated above, given the nature of the expedited pilot process, it is critical that the Workplan represents a consensus document with robust stakeholder feedback.

In addition, while Michigan EIBC/United appreciate being included in the outreach conducted by the Company, it does not appear that many community organizations or environmental justice organizations were included in this outreach. It is important that the Company cast as wide a net as possible when conducting stakeholder feedback, both of the draft Workplan and any future proposed pilots. There are a number of organizations who regularly participate at the Commission that represent communities in the Company's territory that should, at a minimum, be consulted (including, for example, Soulardarity and We Want Green Too).

When the Company does propose expedited pilots, it will be very important that the stakeholder engagement and consultation that takes place in the development of that specific pilot proposal be meaningful. As an initial matter, DTE Electric should cast as wide a net as possible to inform potentially interested parties that the engagement opportunity exists. Just as important, the Company should take stakeholder input into account when finalizing its proposal. Hosting engagement opportunities simply for the sake of having done so is not appropriate and will likely lead to objections once a proposal is filed with the Commission.

Purpose of Pilots

According to the Company, it “aims to focus its expedited pilot proposals on work that has the potential to create innovative programs / solutions.”⁵ However, in response to the Objections filed by Michigan EIBC/United, the Company argued that

While DTE agrees that pilots may be appropriate for addressing new problems or new, innovative solutions, the Commission’s guidance does not impose such limits on eligible pilots.⁶

It is clear, despite the Commission’s guidance not imposing such limits that the “Expedited Pilot Review for Innovative Pilots Process” is specifically designed to encourage deployment of innovative pilots. Not only is such language directly in the name of the process, but the Company itself states that it plans to focus on pilots that can lead to innovative programs or solutions. In addition, arguing that pilots proposed through this process do not need to be innovative violates the core spirit of the process. Michigan’s utilities are still free to propose pilots or programs through general rate cases, and those pilots need not necessarily be innovative. However, this expedited process seeks to fast track those pilots that are well-supported by stakeholders and explore new topics or innovative solutions to enable more rapid development of broadly beneficial programs.

Finally, Michigan EIBC/United caution the Company against using a pilot to “test” concepts already successfully operating elsewhere. Unless the Company proposes to develop a new,

⁵ DTE Electric, “DTE Electric’s Revised Expedited Pilot Process Workplan,” August 9, 2024, Case No. U-21653.

⁶ DTE Electric, “DTE Electric Company’s Response to Objections of MEIU to Proposed Expedited Pilot Review Workplan,” August 16, 2024, Case No. U-21653.

innovative way of doing something, it is not appropriate to use a pilot proposed under this expedited process to repeat the work of others.

Third-party Involvement

According to the Commission's expedited pilot process, "[there] must be an ability for third parties to propose pilot ideas to the utility for consideration when developing expedited pilots."⁷

According to the Company, in reply to objections filed by Michigan EIBC/United, because it has not yet developed any pilots, it is under no obligation to develop the ability for third parties to propose pilot ideas. Pointing to an email address the Company created, it noted in reply that

Once the Workplan has been approved, and it is ready to progress with the proposal of specific pilots, DTE will engage in robust stakeholder engagement to solicit feedback and input.⁸

Michigan EIBC/United argue that the appropriate time to create the process for third parties to propose pilot ideas to the Company is not during the review of a specific pilot. Instead, the appropriate time to create such a process is during the creation of the Workplan. In addition, in setting this requirement, the Commission clearly indicated that it is not simply that the Company must allow for robust stakeholder input on each pilot. While that is clearly required, the Commission also required each utility to establish a process by which, independent of a utility pilot, a third party could propose a pilot idea to the Company for consideration. No such proposal exists in DTE Electric's draft Workplan. For example, the Company could review the process for

⁷ Commission Order, Case No. U-20898, February 23, 2023.

⁸ DTE Electric, "DTE Electric Company's Response to Objections of MEIU to Proposed Expedited Pilot Review Workplan," August 16, 2024, Case No. U-21653.

proposing pilot ideas under the Emerging Technology program utilized by Nicor Gas in Illinois⁹ or the Future Focus Initiative¹⁰ under Wisconsin’s Focus on Energy program.¹¹

Pilot Proposals

Behind-the-meter Resources

Pilot Problem Statement #4 under Focus Area #1 and Pilot Problem Statement #1 under Focus Area #5 call for the exploration of utility-owned behind-the-meter (“BTM”) solar and storage, a model which Michigan EIBC/United has consistently opposed and the Commission has consistently rejected.¹² Although Michigan EIBC/United would be interested in considering expedited pilots that explore the use of microgrids and third-party aggregation of customer-owned solar and storage systems, it is unreasonable for the Company to propose in this expedited process a pilot involving utility ownership of such systems given that such pilots have been repeatedly rejected by the Commission. Any such pilots would not be strongly supported by stakeholders and those proposals should not be included in the Company’s Workplan.

⁹ Nicor Gas, “Emerging Technology Program,” available at: <https://www.nicorgas.com/business/ways-to-save/emerging-technology-program.html>.

¹⁰ Focus on Energy, “Future Focus Initiative,” available at <https://focusonenergy.com/about/future-focus>.

¹¹ Michigan EIBC/United do not mean to suggest that the subjects of the pilots under the referenced programs are appropriate for use by DTE. Instead, Michigan EIBC/United’s focus is the mechanisms by which third parties are able to propose pilots for consideration.

¹² See November 18, 2022 Order in Case No. U-20836, Filing No. U-20836-0863 (“U-20836 Order”) at 356–359; December 22, 2021 Order in Case No. U-20963, Filing No. U-20963-0449 (“U-20963 Order”) at 325–326.

Tree Trimming

Pilot Problem Statement #5 under Focus Area #1 proposes exploring modifications to the Company's tree trimming program. A tree trimming pilot to test the effectiveness of preventative tree trimming is not new or innovative and not an appropriate use of these limited expedited pilot funds.

Operational Issues

Pilot Problem Statements #5, #6 and #9 under Focus Area #2 all present administrative and/or operational issues that may need to be worked through as part of distributed energy resource ("DER") integration, but each appears to require rather ordinary and incremental system design updates that should be carried out in the ordinary course of business rather than through a specific pilot process.

Aggregation of DERs

Under Focus Area #2, the Company discusses the use of DER management systems ("DERMS") and in Pilot Problem Statement #8 under the same focus area the Company proposes that it could act as an aggregator of DERs. Although there will be critical roles for the Company to play in sending the appropriate signals regarding distribution system needs, Michigan EIBC/United do not agree that the Company should act as an aggregator of DERs. Many aggregators of DERs already employ levels of DERMS to manage DERs in response to utility-called events. More broadly, DER aggregators employ various software packages in their management of DERs. To the extent that the Company proposes a pilot that relies on DERMS, it should not assume that it needs to acquire and own a complete DERMS without obtaining stakeholder input regarding what

is available from third parties. In addition, there are a number of third parties with years of experience as DER aggregators who are successfully and cost-effectively working with utilities in other states to meet system needs with aggregation of customer-owned behind-the-meter DERs. It is more expensive and less effective for the utility to serve that role and Michigan EIBC/United would oppose a pilot exploring such a model.

In addition, the Company states a goal of increasing the “controllability” of DERs. Utilities should not expect to exercise absolute control over customer-owned DERs and Michigan EIBC/United would oppose any pilot that proposes to do so. Instead, in development of any future DER aggregation pilots, the Company should confer with stakeholders regarding the degree of utility control that is reasonable and will not discourage DER owners from participating in DER programs.

Conclusion

Michigan EIBC/United appreciate the ability to provide comments on the record on DTE Electric’s proposed pilot Workplan. We encourage the Commission to require the Company to revise certain aspects of the Workplan as outlined above related to stakeholder engagement, innovation, and third-party involvement, as well as specific issues related to the proposed Focus Areas.