STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, to open a docket for certain regulated electric utilities to file their distribution investment and maintenance plans and for other related, uncontested matters.	))))))	Case No. U-20147

At the September 26, 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

History of Proceedings

On September 8, 2022, the Commission issued an order in this case (September 8 order) directing DTE Electric Company (DTE Electric), Consumers Energy Company (Consumers), and Indiana Michigan Power Company (I&M) to file their next distribution investment and maintenance plans (distribution plans) by 5:00 p.m. (Eastern time (ET)) on September 29, 2023, and for Alpena Power Company and Northern States Power Company to file their first set of distribution plans by 5:00 p.m. (ET) on September 30, 2024.[1] The September 8 order provided direction on distribution plans moving forward and also sought comments from interested persons

[1] Pursuant to Case No. U-21286, Upper Peninsula Power Company is also required to file its first distribution plan by 5:00 p.m. (ET) on January 31, 2025.

on appropriate metrics for distributed energy resources (DERs) and their integration in future distribution plans, with initial comments on these metrics due by 5:00 p.m. (ET) on November 1, 2022, and reply comments due by 5:00 p.m. (ET) on November 15, 2022.[2]

On November 1, 2022, DTE Electric; Consumers; Michigan Energy Innovation Business Council and Advanced Energy Economy (EIBC/AEE);[3] and Ecology Center, Inc., together with the Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar (collectively, the Clean Energy Organizations or the CEOs) filed initial comments on appropriate metrics for DERs and their integration in future distribution plans. On November 15, 2022, EIBC/AEE and Consumers replied. *See*, Case No. U-20147, filings #U-20147-0002-CC through -0007-CC (located within the docket's Case Comments section).

On November 18, 2022, the Commission issued an order in Case No. U-20836 (November 18 order) authorizing DTE Electric to increase its base rates for electric service, along with other regulatory approvals. The November 18 order also included distribution plan requirements for DTE Electric to include in its next distribution plan. November 18 order, pp. 485, 487.

On January 19, 2023, the Commission issued an order in Case No. U-21224 (January 19 order) approving a settlement agreement resolving all issues in Consumers' then-pending general

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[2] The September 8 order also discussed jurisdiction-specific and secondary cost effectiveness tests in terms of a benefit/cost analysis (BCA) framework for distribution planning, along with directing DTE Electric and Consumers to work with the Commission Staff (Staff) to determine an appropriate format to publicly share accessible and useable reliability data. September 8 order, pp. 71-73, 77. Progress on these action items since the September 8 order can be viewed in Case Nos. U-20898, U-21122, and U-21388 and by visiting the Commission's Distribution System Reliability Metrics webpage at https://www.michigan.gov/mpsc/consumer/electricity/distribution-system-reliability-metrics (accessed September 26, 2024).

[3] Following its 2022 comments on appropriate metrics for DERs and their integration in future distribution plans, AEE subsequently changed its name to Advanced Energy United (United). Thus, while this order reflects both names depending on the association's name at the time of filing, AEE and United are one and the same.

electric rate case, including stipulated requirements for the company's next distribution plan. January 19 order, Exhibit A, p. 11.

On September 27 and 29, 2023, Consumers, I&M, and DTE Electric filed their distribution plans.[4]

On October 24, 2023, the Commission issued an order in this case (October 24 order) establishing dates for the filing of initial comments and reply comments on the distribution plans.

Between January 16, 2024 and May 29, 2024, comments in response to the October 24 order were filed by the following: EIBC/United; the Michigan Department of Attorney General (Attorney General); the Staff; Michigan Municipal Association for Utility Issues (MI-MAUI); Urban Core Collective (UCC); Michigan Electric Transmission Company, LLC (METC); the CEOs; Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan (CUB) (collectively, MNSC); City of Ann Arbor (Ann Arbor); International Transmission Company, d/b/a ITC*Transmission* (ITC); Soulardarity and We Want Green, Too (together, the Detroit Area Advocacy Organizations or the DAAOs); I&M; Consumers; and DTE Electric.

Comments mentioned above are summarized below,[5] with Commission discussion thereafter.

[4] Consumers' distribution plan is titled "Electric Distribution Infrastructure Investment Plan (2024-2028)," sometimes abbreviated "EDIIP" or referred to as the company's "Reliability Roadmap;" I&M's distribution plan is titled as its "Michigan Five-Year Distribution Plan 2023-2027; and DTE Electric's distribution plan is titled "2023 Distribution Grid Plan." For simplicity, the Commission refers to these documents as distribution plans throughout this order.

[5] Public comment was also received in response to the October 24 order. *See*, Case No. U-20147, filing #U-20147-0027-CC.

Comments

1. Comments on Appropriate Metrics for Distributed Energy Resources and Their Integration in Future Distribution Plans

a. Initial Comments

i. DTE Electric Company

DTE Electric emphasizes that its reporting efforts continue to increase and involve a significant commitment of resources. The company thus believes that any new reporting metrics should be thoughtfully considered, offering the following interconnection metrics for consideration in response to the September 8 order:

1) Average days for electric utility interconnection application review for application completeness and conformance;

2) Average days for customer/developer response to electric utility notifications of deficiencies; [and]

3) Installed DER in Kw [sic: kW] [kilowatts] and count of systems per electric utility distribution circuit[.]

DTE Electric's Initial Comments on Appropriate DER Metrics, filing #U-20147-0002-CC, p. 2.

ii. Consumers Energy Company

Consumers comments on metrics related to: (1) interconnection queue timing, (2) DER integration at the circuit level based on number of systems and/or kW, (3) percentage of applications requiring resubmission, and (4) implementation of DER metrics after interconnection rule updates.

For interconnection queue timing, Consumers states that it presently provides a monthly status report for generator interconnections that includes data on interconnection queue timing but nevertheless sees merit in separately providing summarized metrics on interconnection queue

timing. Considering the updated interconnection rules adopted in Case No. U-20890, Consumers suggests:

> providing metrics on average times to return application reviews, fast track screens, fast track supplemental studies, system impact studies, and facilities studies. The aforementioned metrics would be for the major utility-performed aspects of the interconnection process. At this time, Consumers Energy does not see particular value in breaking out these metrics by level or resource type, but would be open to monitoring for potential inclusion later if found to be significant. Certain levels and technologies may include only a few applications, which could cause privacy concerns and potentially identify customer projects publicly if the data set is too small.

Consumers' Initial Comments on Appropriate DER Metrics, filing #U-20147-0003-CC, p. 2.

For DER integration at the circuit level based on number of systems and/or kW, Consumers discusses its participation in the Distribution System Data Access workgroup and continuing work on data levels in its hosting capacity analysis (HCA), balanced with customer data privacy considerations, and also mentions its then-upcoming distribution plan due by September 29, 2023, wherein the company "expects to have information on generators added to the Company's GIS [geographic information systems] mapping software based on ongoing work to support the planned Phase II development of the Company's HCA map." *Id*. Consumers further comments that:

> any circuit level data on DERs provided publicly for metric reporting would need to conform to the 15/15 rule for residential and commercial customers, and the 4/50 rule for industrial customers in compliance with the Commission's privacy standards adopted in the Commission Order in Case No. U-20959 on September 8, 2022.

Consumers' Initial Comments on Appropriate DER Metrics, filing #U-20147-0003-CC, p. 2.

On percentage of applications requiring resubmission, Consumers states that this metric is currently tracked on an individual application basis. The company, however, states that it could develop a process for tracking this metric, if desired, contending that "[t]racking this mechanism

would be beneficial, as the Company desires to reduce repeat submissions to save time on both the Company and installer/customer end." *Id*., p. 3.

Lastly, Consumers states that it is presently working towards implementation of the interconnection rule updates and thus suggests that it would be prudent to wait to implement any DER metrics until after the new rules go into effect. Consumers contends that this "would allow the utilities to focus upon this critical change and set up the structure logically around such reporting at the same time to reduce administrative burden and potential confusion." *Id*.

iii. Michigan Energy Innovation Business Council and Advanced Energy Economy

EIBC/AEE view issues identified by the Commission in the September 8 order as being closely connected—particularly, discussions on DER-related performance metrics and financial incentives and penalties. EIBC/AEE thus raise the idea of performance metrics plans for the Commission's consideration, asserting that DERs are particularly well-suited to this type of regulatory tool.

EIBC/AEE provide an overview of performance metrics—whether as scorecards/tracking metrics or performance incentive mechanisms (PIMs) with associated financial incentives/penalties, both of which EIBC/AEE contend are valuable—and emphasize their continued support for the use of performance-based metrics to drive utility actions that are beneficial to customers, are aligned with state policy goals, and improve cost efficiency and levels of service in an economically, socially, and environmentally responsible way. EIBC/AEE also acknowledge the tension that DERs cause with capital deployment being the primary source of long-term earnings for regulated utilities and assert that the Commission needs to address this tension in order to fully realize the value proposition of DERs. Per EIBC/AEE:

> Performance metrics, and PIMs in particular, can help resolve this tension by creating new earnings opportunities for utilities associated with DER markets that do not require utility ownership of DERs, and in the process also help direct utility investments toward solutions that prepare the grid for a more distributed energy future. Furthermore, given increasing electrification to support decarbonization of transportation and buildings, the Commission needs to ensure that utilities are cost-efficient with their system buildout and that customers are not burdened financially by the continuation of utility operations according to the status quo. Distribution system planning is therefore going to increase even further in importance in the years to come. Including a thoughtful performance metrics plan as part of these plans has the potential to yield significant benefits for customers, and, in our view, position the utilities for long-term financial and operational success.

EIBC/AEE's Initial Comments on Appropriate DER Metrics, filing #U-20147-0004-CC, p. 3.

EIBC/AEE thereafter discuss additional PIM design considerations followed by DER-specific PIMs. EIBC/AEE agree with the two possible DER metrics provided by the Commission in the September 8 order,[6] believe both would be critical to track, and opine that the examples given show interest by the Commission for utilities to actively grow and improve the DER market and interconnection process. EIBC/AEE, in this regard, state:

> A metric designed to measure the efficacy of the DER interconnection process could also be valuable as a PIM and not simply a metric to track. Conversely, tracking the amount of DER deployed might be better as a scorecard metric. Although the amount of DER deployed is a useful indicator, how those DERs are ultimately used for system and customer benefit is an outcome that could be tied to a PIM. To the extent that DERs provide services that would normally be met by utility-owned infrastructure, PIMs can be used to incentivize utilities to make extra efforts, develop innovative programs, and pursue solutions that use these DERs to provide net benefits to customers. The PIM[s] would reward actions that a utility would otherwise lack financial motivation to pursue.

Id., pp. 4-5. EIBC/AEE then further discuss the following DER metrics: (1) DER interconnection metrics, (2) DER utilization metrics, (3) utility-caused outages, and (4) system-wide metrics.

For DER interconnection metrics, EIBC/AEE assert:

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[6] The DER metric examples provided by the Commission were "(1) interconnection queue timing and/or (2) DER integration at the circuit level based on number of systems and/or kilowatts." September 8 order, p. 70.

> As noted above, DER interconnection timeliness is a metric well suited to PIMs. The positive (reward) PIM is only awarded for exceeding regulatory timelines, not simply for meeting those timelines. The Commission can also consider broader measures of DER interconnection efficacy and customer satisfaction with the interconnection process, in addition to just timeliness of completing interconnection requests.

Id., p. 5. EIBC/AEE further recommend that the Commission examine Hawaii's performance-based framework on this topic, since Hawaii has various PIMs targeting DERs, with some tiers of performance providing rewards for reaching targets while others assess penalties.

For DER utilization metrics, EIBC/AEE assert:

> As noted above, DER utilization metrics, beyond tracking the amount of DERs deployed, should also be considered by the Commission. Note that where rewards and penalties are included, the emphasis of these PIMs is on the desired outcome and how DERs are being used, and not simply the level of deployment.

Id. EIBC/AEE again reference Hawaii for the Commission's consideration given Hawaii's established metrics for the utilization of advanced metering infrastructure (AMI) and use of DERs for grid services, but with no penalties here, just rewards for desired behaviors. EIBC/AEE also reference Illinois for consideration of being able to measure both interconnection performance and DER utilization in a combined metric—a DER utilization for value (DUV) metric, which provides for both incentives and penalties.

On utility-caused outages, EIBC/AEE state:

> An additional metric for incorporating DERs and DER integration into future distribution plans is the incidence of utility-caused outages experienced by customer-sited DERs. When the conditions on the distribution grid force a customer's distributed generation ("DG") system to go offline, this can have significant repercussions for a customer's bill. For example, when DG such as a combined heat and power system goes offline, standby charges may be triggered. Further, the on-site system's forced outage rate ("FOR") – which is part of the calculation of standby charges – goes up each time the utility forces the system to experience an outage. These charges are in addition to the disruption caused when the customer loses the ability to rely on their onsite generation through no fault of their own.

Id., pp. 6-7. EIBC/AEE, in this regard, reference testimony from Bloom Energy Company in Case No. U-20836 that these kinds of outages should be tracked and studied by the utility and assert that "[o]verall, mitigating these kinds of utility-caused outages is critical to the optimal integration of DERs onto the distribution grid. Therefore, the incidence of utility-caused outages experienced by customer-sited DERs is an appropriate metric for incorporation into future distribution plans." EIBC/AEE's Initial Comments on Appropriate DER Metrics, filing #U-20147-0004-CC, p. 7.

Lastly, on system-wide metrics, EIBC/AEE assert:

> Other areas where PIMs could be beneficial include outcomes tied to broad system benefits that are driven substantially by DERs such as peak load reduction, emissions reductions, and improved reliability. Peak load growth, in particular, is a primary driver of utility costs, whether to procure or produce power on peak or to upgrade transmission and distribution facilities. Especially as transportation electrification and building electrification are expected to drive up electricity demand, having utilities focus on peak load reductions is likely to yield significant net benefits for customers in the coming years. DERs, whether DG, storage, energy efficiency, demand response [DR], or electric vehicles ("EVs"), can all contribute to managing and reducing peak demand. Developing a PIM broadly targeting peak load reduction will incent the utility to seek out the most cost-effective solutions from the range of options available. There may also be complementary grid-side investments and solutions the utility could pursue such as volt-var optimization that would leverage investments in AMI and other smart grid technologies - technologies that also support greater DER integration and utilization. The Commission could also consider more targeted metrics and PIMs related to energy efficiency and beneficial electrification.

Id., pp. 7-8. To focus on this effort, EIBC/AEE recommend that the Commission convene interested persons in a structured process to develop broad goals/outcomes and PIMs to achieve them. While EIBC/AEE acknowledge that the MI Power Grid workgroup on utility incentives and disincentives could be a forum to do this, EIBC/AEE also point to Nevada and Hawaii as states offering examples of potential processes to address this effort. EIBC/AEE assert these options as preferable over the contested case process to initially design and structure PIMs.

iv. Ecology Center, Inc.; the Environmental Law & Policy Center; Union of Concerned Scientists; and Vote Solar

In addition to responding to the request for comments on appropriate DER metrics, the CEOs suggest for the Commission to incorporate elements of equity and environmental justice (EJ) into an integrated "'grid access and reliability in environmental justice communities'" performance metric and also comment on the distribution planning process and discuss opportunities to strengthen this important aspect of the Commission's oversight of electric utility grid modernization efforts. CEOs' Initial Comments on Appropriate DER Metrics, filing #U-20147-0005-CC, p. 1.

The CEOs contend that there are several aspects of DER interconnection and integration that lend themselves to increased DER reporting and metrics—metrics that can tie into the utility performance incentives and penalties framework being considered in the state. The CEOs, in this regard, discuss (1) experience in other Midwestern states, (2) interconnection metrics, (3) grid access and reliability: hosting capacity and locational reliability, and (4) DER integration and capabilities.

Per the CEOs, other Midwestern states have considered and/or adopted performance metrics related to DER integration and interconnection, including Minnesota and Illinois. With regard to Illinois in particular, the CEOs discuss performance metrics plans for two utilities in the state, the proposal of a broad DER metric called the DER interconnection and utilization for value metric that "measured and incentivized the timeliness of processing customer interconnection requests with a shared savings mechanism for the utilities to develop programs and tariffs that leverage the ability of DER to provide *grid beneficial services* beyond conventional operation of distributed generation used only to reduce customer energy bills," and the adoption of performance metrics measuring reliability and resilience in EJ communities within the performance metrics cases

involving the two utilities, specifically the "'EJ and R3 Communities Reliability and Resiliency'"[7] metric "designed to allow for more precise analysis of reliability and resiliency performance for vulnerable customers." *Id*., p. 4 (emphasis in original). While the metrics in Illinois are based on statute, the CEOs assert that "the underlying policy is analogous and could be adapted to the performance metrics framework for Michigan utilities in the context of distribution system planning metrics." *Id*.

With interconnection metrics, the CEOs recommend that the Commission adopt reporting, along with a performance metric for the timeliness of interconnection of DERs. The CEOs state:

> The ability of customers to interconnect distributed energy resources to the grid is a fundamental feature of the modern grid. In order to fulfill that vision, timely and fair processing of interconnection applications is needed to keep costs low for interconnecting customers while ensuring safety and reliability for the grid. In addition, reporting and transparency can provide regulators and other [interested persons] with assurance that applications are being processed in accordance with statutory and administrative requirements.

Id.[8] The CEOs further mention the new interconnection rules marking an important development in enabling a modern, decentralized grid and discuss the new public interconnection list required by Mich Admin Code, R 460.938(2), which the CEOs state will provide valuable information to developers and customers seeking to interconnect but will not provide enough detailed information to monitor the timeliness of utility application processing. The CEOs continue:

> Timely processing of interconnection applications is required by statute and by current and future administrative rules. However, the value of a "timeliness of interconnection" metric is primarily to allow the Commission and [interested persons] to monitor utility compliance with interconnection rules, it does not incentivize leveraging DER capabilities, which is where incentive mechanisms should be focused. The Commission should focus on incentivizing utility behavior

[7] R3 stands for restore, reinvest, and renew and pertains to Illinois-based grant funding opportunities. *See*, https://r3.illinois.gov (accessed September 26, 2024).

[8] As a result of Diversity, Equity, and Inclusion efforts at the Commission, the Commission no longer uses the word stakeholders in its orders, to the best extent possible. Thus, all references to "stakeholder(s)" in this order have been modified to reflect "interested person(s)" instead.

> that will add value to the grid. At the same time, metrics that focus on accelerating application processing timeliness can provide valuable information to the Commission and [interested persons].

Id., p. 5. The CEOs, in this regard, discuss utilities reporting on days saved in order to track performance in application processing, using the 10-day period for initial review of fast-track applications under Mich Admin Code, R 460.946(4) as an example.

On grid access and reliability: hosting capacity and locational reliability, the CEOs recommend that through a comprehensive collaborative process the Commission require the development of metrics on grid access and reliability in EJ communities. The CEOs discuss the value of distribution planning and strategic plans for modernizing and decarbonizing Michigan's economy through increased electrification but also mention the disproportionate burden borne by EJ communities in the legacy energy system. The CEOs thus recommend that the Commission incorporate metrics of EJ into grid access and reliability performance metrics, acknowledging, however, that some of this work of measuring the ability of the grid to accommodate DERs is already underway by way of reference to discussion by the Commission on pages 67 and 72-73 from the September 8 order. The CEOs urge for the Commission:

> to merge these streams of work on reliability and hosting capacity to pursue development of a metric or metrics on grid access and reliability in environmental justice communities. This would combine the work on reliability in environmental justice communities with an assessment of the grid's capacity to accommodate DER (both load and generation) in the context of hosting capacity. This would entail creating a baseline systemwide grid access and reliability metric for comparison with EJ communities. Articulating and measuring these important dimensions of utility performance and comparing performance in environmental justice communities to system performance will provide an important tool for the Commission to ensure that all customers are served equitably by grid modernization and decarbonization.

CEOs' Initial Comments on Appropriate DER Metrics, filing #U-20147-0005-CC, p. 7.

On DER integration and capabilities, the CEOs recommend that the Commission "focus on a meaningful DER integration metric that rewards the utilities for creating grid value directly related to DER interconnection and integration," specifically "a DER integration metric to incentivize the deployment and utilization of third-party-owned DERs to meet anticipated grid needs." *Id*., p. 8. The CEOs, in this regard, refer back to discussion on the proposed DER interconnection and utilization for value metric in Illinois. Per the CEOs:

> while many elements of the metric proposed in Illinois are based on unique aspects of that state's statute, the principles of establishing baseline DER participation and then identifying and measuring incremental grid beneficial behavior by DER would help the utilities and the Commission to better value constructive and beneficial DER participation in the grid. As the challenges of grid modernization and capacity expansion in an environment of increasing electrification meet the need for upgrading of aging infrastructure, especially in disadvantaged communities, leveraging the capabilities of customer-owned and sited DER should be seen as both an opportunity and goal for the Commission.

Id.

Lastly, the CEOs provide comment and discussion on the distribution plan process in Michigan. The CEOs highlight the Commission's recognition of distribution reliability in Michigan on pages 66-67 of the September 8 order and reiterate certain major structural flaws raised by environmental groups, including members of the CEOs, in the distribution plan process. The CEOs, in this vein, state that they "continue to advocate that, in order to be of maximum value to the Commission, the utilities, and [interested persons], the distribution system planning process should be closely linked to the justifications for investments proposed in rate cases." CEOs' Initial Comments on Appropriate DER Metrics, filing #U-20147-0005-CC, p. 9. The CEOs are pleased about distribution plans lending aid to the Commission in rate case determinations but indicate support for legislation that would increase the value of distribution plans for all by giving the Commission statutory authority to approve the plans in contested cases.

b. Reply Comments

i. Michigan Energy Innovation Business Council and Advanced Energy Economy

EIBC/AEE agree with the Commission's observation in the September 8 order that Michigan's distribution grid is not yet ready for the anticipated influx of DERs, including EVs, and that the information utilities have filed to date in their distribution plans on financial incentives and penalties is insufficient. EIBC/AEE also state that they view the DER metrics proposed by DTE Electric and Consumers in the utilities' initial comments to be insufficient.

Following a summary of their initial comments, EIBC/AEE first address the CEOs' initial comments. EIBC/AEE indicate broad support for the CEOs' recommendations on timely and fair processing of interconnection applications and reporting and transparency on the same to provide regulators and other interested persons with assurance that applications are processed in accordance with statutory and administrative requirements. EIBC/AEE further support a DER integration metric to incentivize deployment and utilization of third-party-owned DERs to meet anticipated grid needs. EIBC/AEE also note the helpful examples highlighted by the CEOs in other Midwestern states on performance metrics relating to the integration and interconnection of DERs.

Responding to DTE Electric, EIBC/AEE contend that the proposed metrics submitted by the utility "represent a significant missed opportunity, and fall well short of the kind of thoughtful performance metrics plan needed to yield significant benefits for customers and position the utilities for long-term financial and operational success." EIBC/AEE's Reply Comments on Appropriate DER Metrics, filing #U-20147-0006-CC, p. 4. More specifically, while EIBC/AEE agree with the importance of timeliness in the interconnection process, they assert that this metric alone would not provide information on compliance with current interconnection standards nor be

relevant to the development of a PIM; that installed DERs are already reported by utilities in various places; and that the Commission should consider DER utilization metrics beyond just the tracking of capacity of DERs deployed. Referring back to experience in Illinois, EIBC/AEE assert that "there may also be the opportunity to measure both interconnection performance and DER utilization in a combined metric" but note that "[t]he utilities should also track the incidence of utility-caused outages experienced by customer-sited DERs." *Id*. Overall, according to EIBC/AEE:

> thoughtful performance metrics are an essential component of a modern utility regulatory framework. Given increasing electrification to support decarbonization of transportation and buildings, the Commission needs to ensure that utilities are cost-efficient with their system buildout and that customers are not burdened financially by the continuation of utility operations according to the status quo. The metrics proposed by DTE Electric fail to acknowledge the transition that is underway, and would do little to advance a meaningful discussion around improving utility performance.

Id.

EIBC/AEE respond similarly to Consumers, asserting that Consumers' proposed metrics are also insufficient. EIBC/AEE state:

> While we support the suggestion by Consumers Energy to track the percentage of interconnection applications requiring resubmission, as described above, the otherwise narrow focus on average application timelines and DER capacity interconnected robs the Commission of the chance to use performance-based metrics to drive utility actions that provide net benefits to customers, advance critical state policy goals, increase cost efficiency, and improve levels of service.

Id., p. 5.

ii. Consumers Energy Company

Consumers responds to initial comments on: (1) performance-based ratemaking, (2) a timeliness metric, (3) a DER utilization metric, and (4) utility-caused outages.

Consumers asserts that the Commission should reject the performance-based ratemaking-oriented DER metrics recommended by EIBC/AEE and the CEOs in this docket—metrics that Consumers contends do not reflect any consensus between utilities, interested persons, and the Commission. Consumers, in this regard, states that performance-based ratemaking is outside the scope of comments requested by the Commission in the September 8 order. Further and more broadly speaking, Consumers argues that EIBC/AEE and the CEOs:

> have proposed a series of rules that would benefit their member companies, but have failed to demonstrate that the proposed additional metrics, penalties, and incentives for DER owners will benefit the broader utility customer base. To the contrary, in Case No. U-21224, the Company demonstrated that under the current Distributed Generation ("DG") tariff, DG owners are lowering their distribution bills 4.6x greater than the avoided distribution value provided by the resource under the Commission's approved EWR [energy waste reduction] methodology. Before devoting additional utility resources and customer dollars to supporting DER provider business interests, the Comsmission [sic] should ensure that DERs are providing the best benefit-cost value out of all available resource options. More importantly, Michigan Utilities' interconnection practices are subject to Michigan's Electric Interconnection & Net Metering Standards, and will likely soon be subject to the proposed Michigan Interconnection and DG Rules ("MIXDG rules"). See MCL 460.1173(1). Measures such as DER application fees, financial incentives/disincentives related to the DER process and timeline requirements for DERs have already been captured in the development of the current proposed MIXDG rules. For example, in the proposed MIXDG Rules, Section R 460.990 Interconnection Penalties outlines remedies for a utility that "has prevented or unduly delayed the ability of a DER greater than 100 kW to connect to the distribution system of the electric utility." Thus, penalties associated with DER interconnection currently are addressed in the proposed MIXDG rules.
>
> Furthermore, the proposed MIXDG rules, and the subsequent utility-specific interconnection and DG procedures, have yet to be implemented. Instituting DER metrics at this point, especially those with financial incentives attached, could result in incentives being in place that may run counter to, or be challenging to align with, the MIXDG rules and subsequent Commission-approved utility interconnection procedures.

Consumers' Reply Comments on Appropriate DER Metrics, filing #U-20147-0007-CC, pp. 2-3 (footnote omitted).

Consumers maintains its support for utilities providing timeliness metrics as set forth in its initial comments but cautions, however, that:

> the Commission should take care in development of any interconnection metrics to account for repeat submissions to account for per-submission metrics. While the Company is open to reporting metrics on interconnection process timelines, as noted above, the Company is concerned with incentives and penalties associated with interconnection timelines being developed outside of the proposed MIXDG Rules. The Company maintains that the MIXDG Rules are the correct place for implementing such standards. Further discussion might also be had in the upcoming [performance-based ratemaking] workgroup the Commission has discussed.

Id., p. 4.

Consumers asserts that the DER utilization metrics proposed by EIBC/AEE and the CEOs are premature and should be rejected. Consumers states:

> Neither MEIBC/AEE nor [the] CEO[s] have demonstrated that increased and incentivized DER utilization is the best benefit cost for customers. Incentivizing DERs for grid services has not been proven to result in lower rates for customers. Before implementing additional payments to DER owners, the Commission needs to reform existing DER payments, such as the DG tariff, to ensure that behind-the-meter DERs are providing the best benefit-cost value to the utility customer base. This is currently not the case, as the Company demonstrated that DER owners are receiving a price signal to behind-the-meter DERs that is well in excess of the cost of similar solar resources. The Utility's DERMS (DER Management System) initiative would also support evaluation of these benefits and management of any grid services programs. Without a DERMS, grid services programs would be very difficult to track and manage. DERMS can support evaluations to assist the Company in ensuring grid services will provide balanced benefits to the DER owners, customers and the company. Without proper evaluation, premature incentive programs may not be beneficial to any of the parties.

Id., pp. 4-5 (footnote omitted). Consumers also references the development of BCA requirements in Case No. U-20898, which the company states, once completed, can help inform whether DERs are the best choice for Michigan and customers. Consumers also reiterates that the MIXDG rules would be the appropriate forum for DER incentives to be addressed if fully vetted and approved. Consumers further contends that this discussion would be better suited for the Commission's

financial incentives and penalties workgroup. Consumers stresses, however, "that if an incentive program is proposed and vetted by the Commission, it cannot be at the expense of customers" but "incentives and penalties for DER utilization cannot be developed before the proposed MIXDG rules and Interconnection Procedures are finalized." Consumers' Reply Comments on Appropriate DER Metrics, filing #U-20147-0007-CC, p. 5. On this topic, Consumers disagrees with the CEOs' recommendation for a DER metric to incentivize the deployment of utilization of third-party-owned DERs to meet anticipated grid needs, maintaining that third-party-owned DERs are not always the best solution for customers. Consumers states that while it:

> supports that its customers have a choice, third-party installation and administration of DERs has raised customer protection issues. Third-party devlopers [sic] and installers are not subject to the same regulations from the [Commission] as utilities; therefore, customers may not have the same security when working with third-party entities. There may also [be] reliability issues that arise as more third-party DERs are added to the grid.

Id., p. 6.

Consumers recommends that the Commission also reject EIBC/AEE's proposed utility-caused outage metrics. Consumers states that DERs typically trip offline for a few reasons, some specific to the site unrelated to the broader utility system operation and some due to safety reasons to protect customers and linemen. Consumers, in this regard, raises concerns that:

> strong incentives for a utility to *not* have a customer trip offline for safety reasons could be seen as conflicting with the safe operation of the system.
>
> Making distinctions between outages caused by utility equipment and outages caused behind the meter on larger generators would be a challenge to the utility. Reviewing each event on the system to determine the cause would be burdensome. Telemetry is not always present on customer DERs to monitor a customer's operating status, making the accuracy of such a metric questionable. Further, if the Company has telemetry present to indicate that a generator tripped offline, Power Quality Metering ("PQM") is not always installed. In situations where the Company does not have PQM installed, it would require records, if the generator was willing to share them, from the generator to investigate the cause of an outage, and can often take several weeks to determine. Further, If [sic] MEIBC/AEE is

> proposing the Company track all DER customers, including residential, this is something that is not currently possible to track given the wide range of customer DERs on the system. Residential DERs do not have telemetry or PQM, among other technology that would permit at least some level of direct monitoring.

Id., pp. 6-7 (emphasis in original).

2. Comments on Indiana Michigan Power Company's Distribution Plan

a. Initial Comments

i. Michigan Energy Innovation Business Council and Advanced Energy United

EIBC/United express appreciation for the opportunity to provide comments; the Commission's and the Staff's continued interest in planning for the future of the grid; and I&M's recognition of, and focus on, the growth potential for third-party-owned DERs, the need for grid hosting capacity to accommodate increased growth, the usefulness of non-wires alternatives (NWAs), the increasing number of EVs, other advanced energy trends, and grid reliability. EIBC/United opine that addressing these issues and creating a reliable grid is vital to meeting Michigan's energy policy goals and supporting job creation, including clean energy jobs, in Michigan.

That said, EIBC/United's foremost concern about I&M's distribution plan is that it was drafted prior to the new Clean Energy and Climate Action Package signed by Governor Gretchen Whitmer on November 28, 2023. EIBC/United thus contend:

> Because these new laws represent a significant change in state energy policy that will impact all aspects of the utility's distribution and generation systems, Michigan EIBC/United recommend that this Commission ask I&M to review their previous submission and update it per the new legislation and its new standards. Specifically, it is important that I&M ensure that any changes related to the new legislation are reflected in the Company's modeling and cost projections. There is no reason to wait until future distribution planning cycles to make these updates and, in fact, there may be lost opportunities if changes are not made to this Plan.

EIBC/United's Initial Comments to I&M's Distribution Plan, filing #U-20147-0098, p. 3. If, however, the Commission opts to not direct the utility to revise its distribution plan, EIBC/United urge the Commission to consider the distribution plan bearing in mind the requirements of Michigan's new landmark energy legislation.

ii. Michigan Department of Attorney General

The Attorney General contends that although I&M's distribution plan included some key ingredients for an effective plan the distribution plan nevertheless falls short in certain key areas—namely that:

1. Targeted Service Levels need to be front and center of the Plan[,]
2. Increases in capital spending and operating costs need to be better justified[,]
3. Specific problem areas with infrastructure and equipment need to be identified[,]
4. Project selection criteria need to be more transparent and upgraded[,]
5. Targeted solutions need to be linked to identified specific problem areas[,]
6. Plan lacks focus on key problem areas[,]
7. Plan lacks an assessment of customer impact from proposed capital spending and increase in operating costs[, and]
8. Plan lacks performance monitoring toward targets or goals and accountability for results[.]

Attorney General's Initial Comments to I&M's Distribution Plan, filing #U-20147-0099, p. 2 (emphasis omitted); *see also*, *id*., pp. 2-6. Per the Attorney General:

> Other than generally stating that some electrical infrastructure is old and failing, there is no evidence presented of failure rates, problems experienced with power outages, number of customers impacted and how often, and other problems with the targeted circuits and equipment to be replaced. There is also no specific analysis or justification presented why the number of projects and work units need to increase to the levels targeted from historical levels. In fact, the Plan provides no historical

> perspective against prior years' capital expenditures and work activities for the various programs presented.

Id., p. 1. In this regard, the Attorney General asserts that I&M can, and should, do better in outlining a more effective distribution plan for the coming five years, one that is complete and contains more substance. The Attorney General thus recommends that the Commission reject I&M's distribution plan and order the company to refile a new plan that addresses the issues raised in her comments.

iii. The Commission Staff

The Staff finds that I&M's distribution plan meets the Commission's requirements set forth by prior orders and opines that the company's proposed projects in its distribution plan appear reasonable, subject to review in the company's next rate case. The Staff provides additional comments in specific areas related to I&M's distribution plan—on equity and mapping, forecasting and integration, reliability metrics, and HCA—and then follows with general distribution plan recommendations to address issues with data accessibility, future distribution plan time periods, and requirements for distribution plans moving forward.

The Staff commends the figures provided by I&M in its distribution plan that overlay historical and proposed investments over the Justice40 maps, which provide socioeconomic context into the company's distribution investment strategy. The Staff, however, mentions similar overlay maps that provide essential understanding on spending decisions in disadvantaged areas and changes to investments over time, which the Staff would like to see from I&M in future distribution plans, "along with potentially more detailed data on spending in MiEJ [Michigan environmental justice] disadvantaged areas, specifically in areas where planned spending is below historical levels of investment." Staff's Initial Comments to I&M's Distribution Plan, filing #U-20147-0100, p. 5. The Staff states that the company also provided maps showing various

characteristics of its distribution system, including proposed project locations and the company's vegetation management plan, but did not provide investment project data overlaid with additional system characteristics. The Staff states that the map data, aside from graphics provided, was instead displayed in appendix tables that were difficult to review and analyze. The Staff addresses these data concerns further below in its general distribution plan recommendations moving forward.

With forecasting and integration, the Staff mentions I&M's use of a 10-year forecast for its distribution system planning, updated annually and performed on a circuit level, and agrees with the company's "use of a systems-level forecast for long-term planning, including in IRPs [integrated resource plans], while using a granular forecast within distribution planning to review specific locational and temporal conditions," and is "encouraged to see continuing efforts in integrating resources, distribution, and transmission planning." *Id*., p. 6. The Staff, however, discusses limitations to the company's Market Potential Study (MPS) and various interconnection data to assess DER growth on the distribution system, noting that:

> the DER Potential Study in the MPS was published in late 2021 and was specifically focused on the economic potentials of utility-sponsored programs for distributed solar and combined heat and power. While the study did estimate total potential generation capacity, it did not forecast impacts beyond potential capacity. It also did not include any technologies outside of solar and combined heat and power. Since its publishing date, additional regulations such as FERC [Federal Energy Regulatory Commission] [Order] 2222,[9] the Inflation Reduction Act of 2023 [sic: 2022], and Public Act 235 of 2023 which increased Michigan's distributed generation [DG] program size for each utility from 1% of the average peak load for the past 5 years to 10% that were not included in the MPS study may have significant impacts to DERs, the former of which I&M acknowledged in its plan. I&M stated it uses internal interconnection data to assess growth trends of

[9] Final Rule, *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 172 FERC ¶ 61,247 (September 17, 2020) (FERC Order 2222). FERC thereafter issued subsequent versions of FERC Order 2222, namely FERC Order 2222-A and FERC Order 2222-B. *See*, 174 FERC ¶ 61,197 (March 18, 2021) and 175 FERC ¶ 61,227 (June 17, 2021), respectively.

> DERs, but provides no further detail on the results of this assessment nor how it is incorporated into wider distribution system planning.
>
> While the use of the MPS is consistent with the Company's IRP filing, Staff would like to see more detailed DER forecasts incorporated into the Company's planning efforts. DER adoption continues to be dynamic and should be accounted for as such in planning efforts.

Id., pp. 6-7 (footnotes omitted).

The Staff next addresses discussion provided by the company on forecasted reliability metrics, namely system average interruption duration index (SAIDI), system average interruption frequency index (SAIFI), and excluding major event days (MEDs), noting I&M's focus on aging assets and vegetation management as the company's biggest contributing projects aimed toward reliability, plans which the Staff would like to be kept updated on to see benefits to the system moving forward. The Staff states that the results of these forecasted reliability metrics are consistent with the company's prior distribution plan and are highly encouraging. The Staff further "commends I&M for its commitment to improving reliability with its move to a four-year vegetation management cycle and continued asset investments." *Id*., pp. 7-8. The Staff, however, also mentions backlot vegetation management concerns raised by customers and thus "requests a future section addressing backlots, covering complications, future plans, and community collaborations to improve backlot management." *Id*., p. 8.

On HCA, the Staff mentions the company's plan with its parent company to develop hosting capacity maps for internal and external use, which the Staff supports and would like to stay apprised on. The Staff states that "[t]hese maps will further system transparency and education, ensuring all people the ability to better understand the distribution system and its abilities regarding DER accessibility." *Id*.

The Staff next addresses general distribution plan recommendations moving forward as a whole. On data accessibility—due to difficulties in being able to fully review projects, investments, and models—the Staff recommends, consistent with the September 8 order for plans to be data-based, that the Commission:

> require all supportive data used in the creation of the distribution plans [to] be made available to intervenors on this case, subject to typical confidentiality procedures. Providing this data will not only strengthen the arguments provided by the utility but will reduce the amount of questions and discussion requested by the Staff.
>
> Relating to this topic, the data underlying the maps provided in the appendices would be better accessible in its original spreadsheet format. Staff recommends supportive data for maps be provided in separate Excel files.

Staff's Initial Comments to I&M's Distribution Plan, filing #U-20147-0100, pp. 9-10.

For distribution plan time periods moving forward, the Staff recommends an annual update in addition to five-year plans as follows:

> The Five-Year Plan could continue with the contents historically established and discussed by the Commission and [interested persons]. Its purpose would be the full, detailed review of system planning and metrics needed to examine trajectories and long-term projects.
>
> The Annual Update would provide a space for the utilities to discuss changes, intended or incidental, between the most recent Five-Year Plan and its current system. It would allow for data updates, project updates, mapping updates, and other various necessities as the distribution system continues to change. An Annual Update would provide agility and flexibility needed for system optimization and rate recovery while maintaining the intended planning course set out in the Five-Year Plan.

Id., pp. 10-11. If, however, more updates are needed, the Staff alternatively recommends a biannual update (every six months) to allow for additional nuances to address ongoing changes to distribution system planning.

Lastly, on the topic of distribution plan requirements, the Staff mentions vast differences between distribution plans filed by utilities to date and raises concern with the ability to review

and compare them on a systems-level or statewide basis as a result. The Staff, in this regard, states:

> If it is the Commission's intention for distribution plans to provide a comprehensive view of planning decisions made on the grid, more information must be provided for such a view to even be considered. Staff does not believe the current planning requirements provide enough information to consider distribution system planning on any extensive scale. As such, for future distribution plan filings, Staff recommends the Commission set such requirements to be consistent between utilities and set a firm outline for utilities to follow when submitting a distribution plan. The [interested person] process, concluded in 2022, provides a myriad of . . . insight into this topic. All parties also have the experience of two distribution plans already conducted within the [Case No.] U-20147 docket.
>
> In addition, with the ongoing discussion across the United States on more comprehensive distribution system planning, many other documents exist which could prove useful in setting such requirements as needed. The Staff also reviewed the [United States] Department of Energy's [DOE's] Modern Distribution Grid Report as part of its Modern Distribution Grid Project (DSPx) to ensure modern methods are used to discuss modern grid planning. Staff is willing to draft such requirements with the results of the MIPowerGrid [interested person] reports, existing requirements ordered by the Commission and industry standards for [interested person] and Commission review.

Staff's Initial Comments to I&M's Distribution Plan, filing #U-20147-0100, pp. 11-12.

In sum:

> Staff recommends the Commission require the following in the Company's future distribution plans[:]
>
> 1. Detailed DER forecasts that include analysis of [sic][.] Staff would like to see more detailed DER forecasts incorporated into the Company's planning efforts. DER adoption continues to be dynamic and should be accounted for as such in planning efforts.
>
> 2. Overlay maps of planned and historic distribution system investments as provided in this case.
>
> 3. All supportive data used in the creation of the distribution plans be made available to intervenors on this case, subject to typical confidentiality procedures.
>
> In addition, Staff recommends the Commission[:]

4. Review planning requirements and allow utilities to submit an annual update to their distribution plans in lieu of resubmitting distribution plans; and

5. Set firm requirements and outlines for future utility distribution plans to allow better data analysis and comparison between plans and to encourage systems-level planning.

Id., pp. 13-14.

b. Reply Comments

In response, beginning with the Staff's initial comments, I&M states that it will continue to work with the Staff to provide a useful and accurate distribution plan that explains the company's approach in improving the distribution system and implementing new requirements and, in response to the Staff's first recommendation, states that it is willing to provide the data for all maps as an appendix or workpaper in future filings. As far as detailed DER forecasts, the company explains:

> I&M has held multiple [interested person] meetings throughout the DER MPS development process and [has] yet to receive comments from Michigan [interested persons]. The current Market Potential Study provides system level DER forecasts. There is an effort across AEP [American Electric Power Company, Inc.] to develop DER forecasts at a station / feeder level. Once these models have been fully developed, vetted, and can be included in circuit level forecasts, we will incorporate them into our IRP and distribution planning processes. Currently, I&M has a very low level of DER penetration and has very minimal impacts to the system forecasts. I&M would like to know what additional impacts should be considered "beyond capacity."

I&M's Reply Comments on its Distribution Plan, filing #U-20147-0119, p. 2. I&M, however, disagrees with the Staff's recommendation for five-year filings with annual updates, stating:

> The Company provides forecasts for both its base rate cases and its five-year Plan and are currently aligned from a timing perspective. If annual updates are required, it could lead to a revised forecast than when a base rate case which was filed six months prior to or after. This could lead to confusion with too many filings within the span of the base case test years. Pursuant to the current filing requirements for the 5-year distribution plan, I&M is currently filing a plan every other year. I&M has filed plans in 2019, 2021 and the most recent filing was made just last year in 2023. Requiring annual updates would essentially place I&M in the position of

> providing a formal plan filing document every year which creates additional workload and resource constraints without any tangible benefits. As an option, I&M would be willing to host [Commission] staff members at our office on the alternate years of the current filing cadence and the Staff can review all the updates directly within our systems of record.

Id., pp. 2-3. Lastly, I&M states that it would like to understand the Staff's distribution plan requirements recommendation further before taking a position on a template to facilitate the exchange of useful information with the Staff.

Responding to EIBC/United's initial comments, I&M disagrees that it should be required to review and update its five-year plan to address issues recently modified by state and federal legislation. I&M states:

> These issues will be addressed in future Plans as the impact of those complex laws become more apparent. The Company requests the [Commission] rules remain flexible related to emerging issues so that utilities can ensure continued reliable and resilient service to our customers. Specifically, MEIBC asked the Company to address DG Cap, Storage, EWR and Electrification in the Plan. While Storage, EWR, and Electrification topics are summarized in the Distribution Plans, several of these items are part of other cases that will comprehensively deal with these topics. I&M doesn't recommend further expansion of the topics within the 5-Year Plan document due to this reason.

Id., pp. 3-4.

Finally, I&M responds to the Attorney General's initial comments and disagrees that its distribution plan falls short, is incomplete, and should be rejected. I&M states:

> As explained in Staff's comments, the Company met all requirements set forth by the Commission in previous orders in this matter. Furthermore, and as I&M has already noted in this docket, the Commission used its general ratemaking authority to require the reporting of 5-year distribution plans. In contrast to an Integrated Resource Plan, there is no statutory authority for the Commission to pre-approve the plan or cost recovery. These plans are intended to aid in the evaluation of cost recovery for a test year in a base rate case. The Commission's authority cannot be expanded under the appearance of rulemaking or otherwise without a specific statutory grant. . . . In requiring I&M to file a 5-year distribution plan, the Commission never outlined a litigated case model for such a filing or indicated that plans could be rejected. The [Attorney General]'s recommendation serves to only expand the Commission's authority by turning this into an unnecessary litigated

> matter. The [Attorney General], and all [interested persons], are able to review, understand, and even challenge distribution costs in base rate cases. In fact, the [Attorney General] is raising such challenges in I&M's pending base rate case.

Id., p. 4. I&M then responds to the eight items raised by the Attorney General wherein the company provides further explanation, indicates disagreement due to proper forum or already being addressed elsewhere, highlights the Staff's support of the content within the company's distribution plan, and/or expresses a willingness to engage in further discussion or to make modifications to its distribution plan filings moving forward. *Id*., pp. 4-9.

3. Comments on Consumers Energy Company's Distribution Plan

a. Initial Comments

i. Michigan Energy Innovation Business Council/Advanced Energy United

EIBC/United express appreciation for several aspects of Consumers' distribution plan, including the company's recognition of the growth potential for third-party-owned DERs, the need for grid hosting to accommodate increased growth, the usefulness of heat pumps, the increasing number of EVs, other advanced energy trends, and the company's focus on grid reliability. Overall, however, EIBC/United raise concern that the company's distribution plan was submitted prior to the new energy legislation that was signed on November 28, 2023, and effective mid-February 2024. EIBC/United thus recommend that the Commission:

> ask Consumers Energy to review its previous submission and update it per the new legislation and its new standards. Specifically, it is important that Consumers Energy ensure that any changes related to the new legislation are reflected in the Company's modeling and cost projections. There is no reason to wait until future distribution planning cycles to make these updates and, in fact, there may be lost opportunities if changes are not made to this Plan.

EIBC/United's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0101, p. 3. EIBC/United ask for the company to be directed to update and resubmit its plan to also account for its recent receipt of a $100 million federal grant under the DOE's Grid Resilience and Innovation

Partnerships program to see where the federal dollars (along with the company's matching funds) will be spent and why. If, however, the Commission opts to not direct the utility to revise its distribution plan, EIBC/United offer several comments on the distribution plan as filed, offering the following as a preface, and then addressing topics concerning a resilient grid plan versus a distribution system plan, DER optimization and hosting capacity maps, NWAs, the company's forecasts, and further considerations:

> As a prefatory matter, Michigan EIBC/United note that under the referenced Clean Energy Plan, the Company indicates that it will achieve net zero carbon emissions by 2040 by eliminating the use of coal, bring [sic] additional renewable energy resources onto the grid, and work [sic] with customers to use energy more efficiently. Meeting these goals will be critical to satisfying new statutory obligations. Michigan EIBC/United also appreciate the Company's concern with environmental justice issues throughout its territory and pursuit of federal grant dollars. Making sure that changes made under the Plan are equitable and fairly distributed ensures that everyone can benefit from both the economic and environmental impacts of an improved distribution system.
>
> While supportive of the need for increased grid reliability and resiliency among Michigan's electric utilities, Michigan EIBC/United encourage the Commission to consider any electric distribution infrastructure plan in the context of establishing policies and practices that target new and novel ways of improving reliability and resiliency, such as supporting customer or third-party-owned DERs, microgrids, and [NWAs]. Additionally, wherever the Commission considers any kind of incentive or disincentive, it should take into account whether a utility is providing additional benefits to customers and developing innovative programs that it would otherwise lack financial motivation to provide. Therefore, Michigan EIBC/United propose that the Commission keep this focus on innovation in mind when evaluating this Plan and its proposed programs in future dockets.

Id., pp. 5-6 (footnotes omitted).

EIBC/United contend that Consumers' resilient grid plan does not reflect the full intended scope of distribution system planning and instead narrowly focuses on short-term reliability, thus failing to fully evaluate and consider NWAs and DERs. If the Commission declines to require Consumers to submit a more complete distribution plan, EIBC/United urge for the Commission to "recognize that the Plan is limited in scope to short-term reliability, and is insufficient as a

distribution system plan as contemplated by Commission precedent and MI Power Grid's aim to 'maximize the benefits of the transition to clean, distributed energy resources for Michigan residents and businesses.'" *Id*., p. 7 (footnotes omitted).

On the topic of DER optimization and hosting capacity maps, EIBC/United state that they are not opposed to the company investing in DER management and control technologies, so long as the investments are necessary and supported as the Commission has made clear in rate cases, with a supporting business case considered by the company prior to making any such investments. While this is ongoing, EIBC/United aver that it is equally important for the company to harness the benefits of DERs on the grid and evaluate a full range of related resources, as the company's current distribution plan "does not take into account how these resources might be leveraged or optimized to benefit the distribution grid, for example through the application of smart rate designs, or the utilization of hosting capacity analyses to obtain locational benefits from the siting of DERs." *Id*., p. 8. EIBC/United further contend that the company's distribution plan falls short in its discussion of HCAs and assert that the Commission has indeed provided sufficient guidance on this issue, despite the company's claims otherwise. EIBC/United argue:

> Foot-dragging on hosting capacity analyses is an unnecessary hindrance to the Company's ability to embrace DERs in its distribution system planning, leading to missed opportunities to optimize the deployment of DERs and save ratepayers money with more prudent alternatives. The Commission should urge the Company to proceed with making detailed hosting capacity maps available to the public, in line with its recommendations in the Grid Integration Study Report.

Id., p. 9.

EIBC/United highlight that NWAs are absent from Consumers' distribution plan and argue that this omission thus fails to meet the Commission's long-standing expectations for distribution planning going back to 2017. This, EIBC/United assert, consequently calls into question the completeness of the company's distribution plan, undermining its prudency. EIBC/United argue

that, before the Commission approves recovery of any of the $7 billion in the projected costs in Consumers' distribution plan, the company should be required "to demonstrate that it considered NWAs, including DERs and energy storage, and explain why it found none were warranted." *Id*., p. 10.

Addressing Consumers' forecasts next, EIBC/United assert that the same includes minimal analysis or forecasting regarding how the company's distribution system could capitalize on and benefit from DERs. EIBC/United state that the distribution plan references assumptions and makes acknowledgments and assertions without details provided, including the company's claim that high levels of DERs may have negative impacts if not properly monitored and managed, assertions which EIBC/United argue the company "ostensibly makes . . . to justify its DER Optimization initiative and utility control of DERs." *Id*., p. 10. This failure, EIBC/United assert, also indicates a lack of thorough load analyses, which may be further impacted by the Commission's DR/DER aggregation workshops and FERC Order 2222 and affect Michigan's emphasis on transportation electrification. EIBC/United also aver that the company's assertion about the adoption of heat pumps remaining stable without sufficient evidence or discussion is concerning particularly considering residential gas prices in Michigan trending upwards and available federal tax credits, both of which "could spur more customers to adopt heat pumps, yet the Plan makes no reference to having considered this." *Id*., p. 12.

As far as further considerations, while EIBC/United recognize that the Commission does not approve or otherwise enforce distribution plans filed by Michigan's electric utilities, EIBC/United nevertheless state that:

> proposals from the plans arise in electric rate cases to support capital and other investments and requests for cost recovery. But it is precisely because the plans are not actually approved by the Commission and there is minimal opportunity for

> interested [persons] and the Commission to vet the plans, that it is imprudent to rely on them as the basis for cost recovery and other reasonableness determinations.
>
> Ideally, the Commission could treat the distribution infrastructure plans more like the electric utilities' integrated resource plans ("IRP"), where intervenors provide formal input and the Commission enters an order approving the IRP with modifications if needed. Implementing such a process, however, may require statutory direction. Until it is determined that the Commission has such authority, the Commission should encourage electric utilities to make distribution system plans as robust and future looking as possible in order to foster a meaningful discussion of the grid, innovation, reliability, resiliency, and impacts on ratepayers. The Commission should also strive to align the filing of utility distribution plans and review of those plans by [interested persons] with the general rate case timelines. This way, when these plans or their programs arise in a rate case or other binding proceeding, there is some degree of assurance that multiple alternatives have been considered and that the plan is more than a marketing tool for an unvetted spending plan.

Id., pp. 13-14.

ii. Michigan Municipal Association for Utility Issues

MI-MAUI addresses the role of local governments with utility planning and Consumers' streetlighting plans as a topic of unique interest to local governments.

Overall, MI-MAUI asserts that local governments "should have a more robust, prescribed role in planning, coordination, and implementation of specific projects within the communities they serve . . . ." MI-MAUI's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0102, p. 1. MI-MAUI, in this regard, highlights that Consumers' distribution plan includes no dedicated discussion of the company's policies and practices for communicating and coordinating infrastructure projects with local governments or other interested persons, which MI-MAUI contends is deeply concerning considering the scale and operational impact of the company's proposed investments in its distribution system. MI-MAUI states:

> In the worst cases of bad coordination, utilities trench through or otherwise excavate recently rebuilt or repaved streets and sidewalks, imposing additional inconvenience on the neighborhood and repairing the public infrastructure to an inferior condition. It cannot be that electric infrastructure projects are universally

> so time-sensitive that they can never be done a year earlier, or two years later, than originally scheduled, in order to coordinate with other infrastructure projects that involve excavation and disruption to the neighborhood and traffic.

Id., p. 2. MI-MAUI thus proposes concurrent project planning and implementation of electric infrastructure projects that are thorough, flexible, and cooperative to the best extent possible, referencing the Michigan Infrastructure Council's (MIC's) "Dig Once" program. MI-MAUI states that Consumers participates in MIC and presumably believes it is worthwhile but mentions nothing about it in its distribution plan, not even costs and benefits of the effort. MI-MAUI does, however, acknowledge the company's planning process described in its distribution plan and contends that the company's identified steps on communications with interested persons are welcome and necessary but asserts that the steps should be more comprehensive, concrete, and systematic, to address not only reliability in EJ communities but EJ and reliability in all communities along with the disruption and ratepayer costs of infrastructure projects. MI-MAUI states that Consumers appears to respond reasonably well with customer-initiated projects but lacks in coordinating its own projects with local actors. MI-MAUI references testimony on its behalf on this topic in Case No. U-21389 concerning the company's 2021 distribution plan, which again is an issue in the company's 2023 distribution plan, recognizing, however, that coordination of every single distribution project is neither necessary nor feasible. Per MI-MAUI:

> coordination of the limited number of projects that do involve significant disruption to public infrastructure or neighborhoods need not necessarily result in delays in project execution and increased costs; just as often, coordination and concurrency should lead to a project being done sooner, and in many cases reducing the total amount of excavation and repair to infrastructure should reduce costs.
>
> Local governments recognize that the kind of project coordination they desire is laborious – because they do it all the time in coordination of municipal infrastructure projects and with other service providers. Complaints that coordinating in this fashion would be prohibitively expensive and time-consuming ignore that Consumers' current approach externalizes significant cost and other burdens on the community. Moreover, this attitude effectively reneges on the

> founding bargain under which electric utilities like Consumers were originally granted exclusive franchises to serve. Long ago, hard-won experience taught that allowing multiple electricity providers to install and maintain infrastructure in public easements was unattractive, economically wasteful and disruptive to the community. Monopoly franchises were awarded, in part, to advance the public interest in limiting the amount of infrastructure occupying public easements and the frequency of work done on it. A utility that behaves as if its franchise grants it *carte blanche* to do whatever it wants, wherever and whenever it wants with its distribution system regardless of the impositions and costs that imposes on the community and ratepayers disregards a primary reason why it was granted the franchise to begin with.

MI-MAUI's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0102, p. 4.

MI-MAUI, in this regard, provides the following two recommendations for Consumers' distribution plan on coordinating infrastructure projects:

1. The [distribution plan] should affirm and describe the Company's engagement with MIC with respect to electric infrastructure project planning and execution and describe how it plans to work with MIC to implement the [distribution plan].

2. The Company should amend the [distribution plan] to include a commitment to meet annually with local public agencies during their capital planning processes to identify and coordinate scheduling of upcoming projects. Meetings should be conducted with cities and villages that manage their own roads, water, sewer or other infrastructure projects, county road commissions; water and sewer authorities; and other public agencies with responsibility for infrastructure projects in rights of way also occupied by electric infrastructure.

Id., pp. 4-5. MI-MAUI further asserts that, going forward, the Commission should limit recovery of certain costs for utility projects that are within the utility's control and could have been coordinated with a public project.

Lastly, MI-MAUI offers the following streetlighting suggestions to make the company's distribution plan more complete and strategic:

1. Center-suspension light conversions: the plan should more clearly describe decision criteria, timeline and costs for conversion of center-suspension lights. The only mention of center suspensions in the [distribution plan] states that failed center suspensions will be converted to LED [light emitting diode]. MI-MAUI agrees that center-suspension HID [high intensity discharge] lights

should be converted to LED because repair visits are so expensive and potentially hazardous to workers and roadway users that they should occur as infrequently as possible. Our current understanding is that the Company plans to convert most center-suspensions to LEDs in place, and to relocate only a few center suspensions to roadside pole-mounted LEDs. We would like to see content added to the [distribution plan] stating the Company's decision criteria for center-suspension conversions with an estimate of unit and total costs and timeline.

2. Advanced lighting controls: advanced lighting controls have many possible functions, benefits and costs. The Company recently completed a small pilot of advanced controls in a few communities. A discussion of the findings from that pilot, analysis of customer interest in options and willingness to pay, and the Company's plans for further research and/or implementation of advanced controls options, belongs in the [distribution plan].

3. Light pollution: increasing penetration of LEDs in outdoor lighting applications, among which streetlighting is the most prevalent, is linked to increasing levels of light pollution. Light pollution represents wasted energy and has ecological/habitat and human health impacts. Consumers' streetlights are probably the biggest source of light pollution in its service territory. There are several ways to moderate light pollution from streetlights, including reduced lumen output, reduced color temperature, use of location-specific light distribution patterns and shielding, use of luminaires with superior BUG [backlight, uplight, and glare] ratings and installation of advanced lighting controls such as scheduled dimming and occupancy sensors. The Company should amend the [distribution plan] to explain its perspective on light pollution, the opportunities and constraints on its ability to address the problem, and its plans for addressing the problem over the next few years.

Id., pp. 5-6.

iii. Michigan Department of Attorney General

The Attorney General contends that while Consumers included some key ingredients for an effective distribution plan the distribution plan falls short in certain areas—the most concerning being the staggering amount of capital expenditures of $7 billion forecasted by the company over the five-year period from 2024-2028 (a 75% increase over the company's prior plan) and the increase of operations and maintenance (O&M) expenses from $1.4 billion in the prior plan to

$1.7 billion in the new plan, combined costs which amount to a cost per customer of approximately $4,600. The Attorney General argues:

> To justify this level of expenditures, the Plan needs to make a compelling case that the spending is critically necessary and targeted to those areas that will provide the most benefit to customers. However, the Plan often falls short of this objective. Other than generally stating that some electrical infrastructure is old and failing, there is limited evidence presented of failure rates, problems experienced with power outages in the target areas of spending, the number of customers impacted and how often, and other problems with the targeted circuits and equipment to be replaced. There is also no specific analysis or justification presented why the number of projects and work units need to increase to the levels targeted from historical levels. In fact, the Plan provides limited to no historical perspective against prior years' capital expenditures and work activities for the various programs presented.

Attorney General's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0103, p. 2. The Attorney General then addresses the shortcomings of Consumers' distribution plan as follows, asserting that, despite the voluminous general descriptions and statements provided in the distribution plan about programs and on improving reliability, the company can and should do better in outlining a more effective distribution plan for the coming five years:

1. Don't Blame the Weather[,]
2. Reliability improvements do not justify the overall spending level[,]
3. Increases in capital spending and operating costs need to be better justified[,]
4. Plan lacks focus on key problem areas[,]
5. Specific problem areas with infrastructure and equipment need to be identified[,]
6. Plan lacks an assessment of customer impact from proposed capital spending and increase in operating costs[, and]
7. Plan lacks performance monitoring toward targets or goals and accountability for results[.]

Id. (emphasis omitted).

On item 1, the Attorney General argues that the company's SAIDI data excluding MEDs shows lackluster performance over the past six years despite a significant ramp-up in capital expenditures directed toward distribution infrastructure during this time. The Attorney General states that the company has a forecasted SAIDI goal excluding MEDs but no SAIDI goal for performance during MEDs or in all-weather situations. This, per the Attorney General, renders Consumers' "use of weather projections to drive increased capital spending . . . meaningless, unless it puts forth related and appropriate performance measures for which it can be held accountable." *Id*., p. 3.

On item 2, the Attorney General argues that a 9% improvement for SAIDI excluding MED minutes is meager compared to the company's proposed capital expenditures in its distribution plan and should thus be challenged or rejected as not a favorable cost-to-benefit tradeoff for customers. *Id*.

On items 3, 4, and 5, the Attorney General states that the company outlined annual capital spending to be undertaken each year from 2024 to 2028 with a comparison to 2023 but asserts that such information lacks historical perspective and justification and fails to explain how the company arrived at the forecasted level of activity and the related dollar amounts. The Attorney General further contends that the company's distribution plan "does not identify what specific issues currently exist with circuits, equipment, and other infrastructure in each of the programs that require a sudden spike in spending." *Id*., p. 4. Moreover, according to the Attorney General, the company's distribution plan identifies programs and activities that it wants to undertake in the coming years, including DG/DER optimization and new technology, but "lacks specific focus on those top priority initiatives that will have the highest impact on reducing power outages and improve restoration time and service levels." *Id*. Per the Attorney General, "[a]s trendy as some

of the new technology areas may seem, they need to be cost effective and they need to pass basic cost/benefit analysis criteria," arguing that "[t]he pursuit of those solutions should not distract attention from more immediate and critical needs." *Id*. The Attorney General asserts that:

> The Company needs to identify the top initiatives that will have the most impact on service levels and address them with laser focus. The Plan is deficient in not identifying the major causes of power outages. Falling trees and vegetation are usually by far the major reasons for power outages. The Plan does not evaluate whether more spending on tree clearing and vegetation management or a more frequent vegetation clearing cycle would provide better distribution system reliability and fewer power outages much earlier than planned with less capital spending focused in key areas.

Id.

On item 6, the Attorney General states that Consumers has not identified the impact of its distribution plan on customer electric bills over the coming years and should do so for the Commission to have a full understanding of the impact when ultimately approving recovery of infrastructure replacement costs. *Id*.

On item 7, the Attorney General reiterates that the company's distribution plan has only one performance measure—SAIDI excluding MEDs—and needs to be expanded to include customer average interruption duration index (CAIDI), SAIFI and SAIDI with MEDs, customers experiencing multiple interruptions (CEMI)-4,[10] and the percentage of customers restored by time intervals under different weather conditions. The Attorney General states that the company's distribution plan also does not identify a performance monitoring process or accountability remedies if targeted results are not achieved, which "is a critical shortcoming in the Plan that the Commission should seek to correct by requesting that the company provide a performance monitoring plan with penalties for not achieving the stated results." *Id*., p. 5.

[10] CEMI-4 stands for customers experiencing more than four outages of one minute or more in a 12-month period.

In conclusion, per the Attorney General:

> the Distribution Plan filed by Consumers is incomplete and requires more substance. The Attorney General recommends that the Commission reject the Plan and order the company to refile a plan that addresses the issues outlined in the comments above. The Attorney General also recommends that the Commission permit discovery in these comment cases to allow interested parties the opportunity to learn more about the distribution plan from the company and to provide more detailed comments for the Commission to review and consider.

Id.

iv. Urban Core Collective

In the introduction to its comments on Consumers' distribution plan, UCC notes the capital and O&M spend amounts in Consumers' distribution plan and contends that approximately $2 billion of the $7 billion in capital spend is unaccounted for and unexplained. UCC underscores the importance of the distribution planning process in Michigan to ensure that the grid is prepared to deliver clean energy resources to all ratepayers and to meet Michigan's commitments to the public relating to both reliability and decarbonization, juxtaposed with the current rate-recovery structure incentivizing utilities to not invest in the most efficient distribution infrastructure. As the Commission reviews Consumers' distribution plan and considers proposed investments moving forward, UCC asserts that the Commission should "exercise rigorous oversight of the grid planning process to (1) ensure that the distribution system can reliably deliver clean energy resources to all ratepayers and (2) that Consumers investments are transparent and cost-effective." UCC's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0104, p. 3. UCC's comments then address three areas of concern with the company's distribution plan: (1) the distribution plan's failure to account for DER reliability benefits, (2) the company's inadequate community engagement, and (3) the distribution plan's flawed incorporation of EJ considerations in planning. *Id*., pp. 4-35.

On item 1, UCC first argues that the distribution plan introduces DERs as a generation resource with potential reliability benefits but then fails to recognize their benefits, instead generally framing them as a threat to grid reliability. UCC contends that this view is misguided and not shared by other utilities, the Michigan Legislature, the National Association of Regulatory Utility Commissioners, or FERC. UCC states:

> While DERs do impact grid operation and can cause negative effects if not managed properly, DERs can provide a wide range of services to the grid whether they are used as individual resources, combinations, or aggregated into portfolios of diverse technologies. DER projects, such as community solar, provide significant benefits, including (1) capacity benefits, (2) distribution system benefits, and (3) financial benefits for communities.

Id., p. 5 (footnote omitted); *see also*, *id*., pp. 5-7. UCC further discusses the particularly important benefits of DERs for EJ communities who are often more vulnerable to power outages. Per UCC, by discounting the established reliability benefits that DERs provide, the company undermines its planned distribution grid investments, which then raises questions about the company's analysis of its projects that are not explained in its distribution plan.

UCC next asserts that DERs should be considered in the company's distribution planning as an existing non-wires solution to defer or eliminate investments in traditional wires-and-poles infrastructure. UCC contends that, "[d]espite the clear benefits of adopting non-wires solutions, the Company neglects to incorporate a complete consideration of them in its [distribution plan]." *Id*., p. 8. Further:

> Consumers' omission of the benefits of DERs indicates that the Company has chosen to not consider DERs as a non-wires solution, thereby ignoring the potential opportunities to support the optimization of DERs. Therefore, the Company has not considered all possible solutions to existing and future grid needs, has failed to prepare the grid for non-utility-owned DERs, and does not support the local optimization of DERs in EJ communities. To the extent that the Company plans to rely on its [distribution plan] for recovery of its infrastructure spending, Consumers' failure to treat DERs as serious non-wires solutions suggests that investments based on Consumers' proposed plan would not be just and reasonable.

Id. Moreover, according to UCC, while Consumers discusses reliability in its distribution plan and affirms that it considers planned investments against alternatives to demonstrate why the selected project is optimal, the company only references non-wires solutions once throughout the [distribution plan] and does not engage with them as a current possible alternative." *Id*., p. 9. UCC states that to achieve the desired improvements in reliability and resiliency Consumers dismisses DERs and instead focuses on hardening and improving performance of its system through improving poles and wires. Thus, per UCC, "Consumers' lack of significant engagement with non-wires solutions in the [distribution plan] demonstrates that the Company has not substantially considered them as a feasible alternative to investment in traditional infrastructure." *Id*., p. 10. This failure, UCC states, threatens to increase the costs of infrastructure investments designed to improve reliability and also fails to adequately invest in infrastructure to meet Michigan's clean energy goals.

UCC contends that Consumers' DER optimization plan does not provide for non-utility-owned DERs. UCC states:

> Consumers plans to spend $40 million from 2024–2028 for "DER Optimization," but fails to provide adequate information about (1) its cost allocation to its centralized DER Management System ("DERMS") and DER gateways initiatives, (2) how these initiatives will prepare the distribution grid for non-utility owned DERs, and (3) how DERMS will provide for equitable distribution of DER benefits, if at all. Consumers provides that DERMS will be critical to supporting system-wide optimization of DERs, but does not explain how much or when the Company intends to spend on DERMS. Notably, Consumers does not explain how it plans to use a centralized DERMS to support local optimization, which is critical for EJ communities.

Id., p. 12 (footnote omitted).

UCC further asserts that Consumers' modeling analyses supporting its distribution plan fail to account for more robust and prevalent community solar use in EJ communities. UCC discusses

the three modeling scenarios that the company's distribution plan relies on—the decelerated transition scenario, the continued momentum scenario, and the accelerated transition scenario—and asserts that all the scenarios "rely on historical trends of technology adoption without considering higher levels of developmental technology use by EJ communities," which further entrench distributive justice issues in EJ communities due to a lack of historical funding for, and investment in, low- and moderate-income (LMI) communities. *Id*., p. 14. UCC further asserts that the use of historical rates and patterns of modeling peak circuit demand fails to account for existing legal and policy frameworks in terms of climate goals, the expansion of clean energy, and available expanded funding. In this regard, UCC contends that Consumers should utilize the conditions of the accelerated transition scenario as the primary assumption when forecasting distribution grid needs but be amended to include more prioritization for EJ community investments to ensure an equitable energy transition. UCC also mentions the disregard of the rapid expansion of community solar in Consumers' distribution plan as a means to prepare for a clean energy future and align with policy goals, similar to other areas around the country, including Minnesota. Per UCC, "[b]y not seriously considering the future of community solar in EJ communities, Consumers is contributing to ongoing maltreatment of EJ communities and the stagnation of distributive justice initiatives." *Id*., p. 17. Using Minnesota again as an example, UCC additionally asserts that Consumers' distribution plan should further explain the company's assumptions about where future load capacity problems are most likely to occur to ensure that EJ communities are not overlooked in the clean energy transition.

On item 2, UCC argues that Consumers did not demonstrate that there was meaningful community engagement in its distribution planning process and that this engagement altered any of the planned investments presented in its distribution plan. UCC states that the company used

vague language about recognizing the need to collect direct input from impacted customers and exploring avenues to pass that input along through appropriate channels, along with a willingness to take future action, but asserts that this language and the company's current efforts fall short and are insufficient. UCC contends that incorporating input into the planning phase of Consumers' distribution plan should be more robust than solicited through a Commission workshop and vague generalities about a variety of communication channels that are discretionary and selective and should instead be obtained through direct engagement. Per UCC, "[i]n order to meaningfully engage with EJ communities, Consumers must establish communication mechanisms to receive community feedback and then engage with and respond to community concerns." *Id*., p. 21. Accordingly, UCC asserts that the Commission should require Consumers to collect, engage with, and respond to the concerns and planning ideas of EJ communities in a revised distribution plan or other filing. UCC states:

> Consumers should give explicit instructions to the public for the formal process of providing feedback, and the Company should present specific categories of energy policy and utility operations and planning that the public can weigh in on. Furthermore, it is not enough to collect feedback if Consumers fails to integrate it into the Company's decision-making. The result of this process must be the incorporation of this feedback in a meaningful way that impacts the Company's distribution infrastructure investment plans.

Id., p. 22. On this topic, UCC contends that the company must organize this process around robust public engagement frameworks, asserting that "[a]n ideal model for community engagement during distribution grid planning is participatory budgeting, in which the public is consulted about and has some control over how municipal or public budget is spent." *Id*. UCC states in further detail:

> While participatory budgeting can take many forms, Consumers should work to enable at least four of the basic standards of participatory budgeting. First is information sessions. Members of the communities—especially EJ communities—that will be affected by the Company's distribution grid plans should be informed

> about (1) how their distribution grid works and what inadequacies it faces, (2) the costs and effects of proposed grid changes, (3) which parts of the distribution planning they can contribute to, and (4) how their feedback and concerns will be integrated into the [distribution plan]. Second is neighborhood assemblies. Although citizens and CBOs [community-based organizations] are responsible for organizing assemblies for discussion of needs, the Company should encourage such meetings and contribute relevant materials to them as reasonably requested by group organizers. Community members have a wealth of knowledge regarding challenges facing their communities, and therefore will often be able to supplement the Company's solutions or develop effective alternatives and best practices which Consumers should consider. Third is budget delegates. Once again, while citizens are responsible for choosing local delegates to interact with utilities, the Company should encourage the appointing of community delegates and work constructively with them to form grid plans. Fourth is budgetary voting. When citizens in community assemblies vote on policies and proposed plans, the Company should seriously consider and respond to the results of those votes. Implementing these measures of participatory budgeting would not only cultivate stronger public participation and enhance Consumers' responsiveness to grid planning concerns but would also improve the Company's relationship with the communities that it serves.

Id., pp. 23-24 (footnotes omitted). UCC contends that this process would meet and further the goals of the MI Healthy Climate Plan. If, however, Consumers does not enact a community engagement plan similar to participatory budgeting, UCC asserts that the company should, at the very least, "adjust its grid planning process to allow for more robust public engagement and facilitation by organizations closer to communities' needs," with the company aiming to "(1) establish an easily accessible form of online feedback collection that community members can contribute to at any time, and (2) contract with organizations to educate the public on the [distribution plan] and future distribution grid plans." *Id*., p. 26. UCC mentions Oregon as an example of where utilities are required to develop solutions with EJ communities and community-based organizations to make public engagement a priority in distribution planning.

On item 3, UCC contends that, contrary to Consumers' claims, "it appears that the Company does not adequately support the conclusion that EJ communities are performing better than their peers." *Id*., p. 27. More specifically, UCC asserts that: (1) the company does not provide the data

necessary to determine whether, and how, it is considering EJ in its analysis, including information on analysis of hosting capacity on circuits that overlap with EJ communities, metrics on census tract level data on affordability and energy burden reduction, community reliability and resilience, and access and participation to clean energy programs, CEMI and customers experiencing long interruption duration (CELID) metrics, and the effect of MED outages on EJ communities; (2) the company's use of the MiEJ Screening Tool (with an 80th percentile cutoff) and reliability flag does not capture all of the EJ communities in its service territory and is thus underinclusive and should be supplemented with CEMI and CELID data, regular qualitative assessments, opportunities for EJ communities to self-identify, and gradations; and (3) the company's insufficient EJ analysis results in an opaque investment prioritization process that appears to underinvest in EJ communities, absent further explanation how and if this analysis affects the company's investment decisions, including how EJ status affects customers within archetypes, and analyzing the reliability of EJ communities compared to similarly situated non-EJ communities. *Id*., pp. 28-35. UCC states:

> All ratepayers deserve basic service essentials: reliability, affordability, and meaningful engagement in the ratemaking process. Yet, these benefits are not distributed equally despite their socialized costs. On average, LMI and BIPOC [black, indigenous, and people of color] ratepayers have higher energy burdens, fewer distributed resources, and more energy inefficient housing. An equitable and clear investment prioritization process is necessary to remedy historical disparities in grid investment. To build a distribution grid for all, Consumers should (1) provide data necessary to determine whether and how the Company is considering EJ in its analysis, (2) amend its process for identifying EJ communities, and (3) collect and report data regarding its investment prioritization process.

Id., p. 35.

v. Michigan Electric Transmission Company, LLC

METC opines that Consumers' distribution plan sets forth a proactive and reasonable approach to improve reliability and to address unprecedented challenges. METC states that innovative and collaborative approaches to system planning are the best way forward to modernize

electric infrastructure to handle extreme weather, to derive the most value from modern generation resource technologies, and to prepare for increased demand from electrification and economic development projects. METC further states that it "shares and supports Consumers' laudable goal to reduce the number and duration of power outages and appreciates the ongoing collaboration to implement cost-effective grid solutions for customers." METC's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0105, p. 2 (based on natural sorting order).

Against this background, METC contends that risks from severe weather and technological adoptions drive the need for transmission investment to ensure reliability. To address these risks, METC states that Consumers analyzed three different scenarios assuming different levels of policy action to factor in climate change, DER proliferation, and customer adoption of EVs and heat pumps. Per METC, two of these scenarios will experience service risks to infrastructure which will compound between 2030 and 2050 as a result of grid decarbonization and decentralization, along with demand from EVs/electrification and the frequency and severity of extreme weather events. METC, in this regard, asserts:

> Managing these emergent risks will require forward-looking investments in the transmission system to preserve system reliability while accommodating changes in load and generation connected to the distribution system. Given the lead time it takes to plan and construct transmission, it is important to incorporate climate risks and technology adoption trends into today's transmission planning processes.

Id. (footnotes omitted).

METC indicates agreement with Consumers that there is uncertainty over the pace at which DERs and DG technologies will proliferate and thus when challenges as a result of the same will materialize, but it acknowledges that Consumers' distribution plan was also filed before Michigan's new energy laws were signed that raised the cap on DG from 1% to 10%, which will affect the pace, size, and impacts of DERs on the system. METC states that it has been working

collaboratively together with Consumers to understand the impacts of increasing amounts of DERs on both the distribution system and participating in DER aggregations on the transmission system, since granular information on DERs in Consumers' service territory is essential to METC for planning purposes.

METC further discusses extreme weather and asserts that the increase in extreme weather in the midst of transitioning to a more renewable and DG mix reinforces the need to invest in the transmission system in Michigan to address reliability, resilience, redundancy, flexibility, optionality, and the facilitation of bulk power transfers to and from other states. METC states that "[t]hese attributes are unique to transmission infrastructure and are essential to mitigating near and long-term risks to reliability in Michigan." *Id*., p. 3. METC further contends that the timeframe of compounded risk between 2030 and 2050 makes this challenge an urgent matter, particularly for transmission planning, which can take 10+ years to plan, site, permit, and construct. METC, in this regard, "encourages Consumers and the Commission Staff to work with MISO [Midcontinent Independent System Operator, Inc.] to ensure that a second tranche of LRTP [long range transmission plan] projects for the Midwest subregion is sufficiently robust to meet Michigan's long-term energy needs." *Id*., p. 4.

In conclusion:

> METC agrees with Consumers that the long-term future of Michigan's energy system is a more electrified and distributed one. The magnitude of impact on Consumers' distribution system from climate risks and customer adoption of DER, EVs, heat pumps and other electrified demands requires ongoing collaboration between Consumers and METC to ensure that optimized system solutions are implemented. To that end, METC appreciates Consumers' willingness to engage on these and other planning issues to ensure reliability, resiliency and customer affordability in Michigan going forward.
>
> Relieving transmission constraints may often provide long-lasting system benefits to support distribution system reliability and should be analyzed as a part of a comprehensive system planning process. METC will continue to work with

> Consumers to ensure that DER information is incorporated into the transmission planning process in a timely manner to ensure cost-effective solutions are implemented for customers. Michigan is on the precipice of a sharp increase in the penetration of DERs and other decentralized generation resources, and it is urgent that backbone transmission be planned to ensure system reliability throughout the energy transition.

Id.

vi. Ecology Center, Inc.; the Environmental Law & Policy Center; Union of Concerned Scientists; and Vote Solar

The CEOs focus their review of Consumers' distribution plan on the following issues:

> (1) the role of grid planning in utility spending and rate case approvals; (2) the insufficient support for many of the Company's spending proposals, particularly a lack of quantified benefit to Consumers' customers; (3) the Plan's inadequate analysis of the impact of advancing technology and systemwide trends like DER adoption and electrification; (4) the Plan's incomplete treatment of Energy Justice; (5) the Company's decision to omit major storm events (i.e. "major event days") when calculating its reliability metrics; and (6) the [distribution plan's] focus on capital investment as opposed to potentially more cost-effective reliability drivers like storm response.

CEOs' Initial Comments to Consumers' Distribution Plan, filing #U-20147-0106, p. 1. The CEOs, in this regard, request that the Commission direct Consumers to make material modifications to the company's distribution plan as detailed in the CEOs' comments and for the Commission to also provide additional guidance to the company for future distribution plan filings.

In their introduction, the CEOs state that Consumers filed its 2023 distribution plan at a critical moment in time, when the company's distribution grid suffers from subpar reliability performance but also serves as the gateway of enormous change in terms of electrification, further DER penetration, and EVs. While the distribution plan understandably focuses on reliability due to what the company's customers tangibly feel, the CEOs argue that this results in the distribution plan failing to properly discuss and anticipate the technology that will remake the grid in the next

few years. Given this change and the absence of discussion of important drivers of change on the company's system, along with the magnitude of investment proposed by the company, the CEOs contend that the Commission should take a more active role in the distribution planning process and recenter the process as the strategic guiding document it was originally intended to be. Based on their review, the CEOs aver that "the Company's grid plan has strayed from original intention by neglecting the impact of new technology and by failing to adequately account for benefits customers will receive from the billions of dollars of investment proposed" and that "[t]o remedy this disconnect, the Commission should provide substantive feedback on the Company's plan through a written order which incorporates reasonable suggestions from interested parties" and "signal the prudence or imprudence of the Company's strategies which will then bear on future rate cases." *Id*., p. 2.

Following discussion on the history of grid planning in Michigan and the Commission's expectations with the same, the CEOs detail Consumers' distribution plan, mentioning capital expenditure and O&M impacts and summarizing the company's top 10 capital spending programs. The CEOs discuss Consumers' grid archetype methodology to form the basis for the company's investment strategy on its distribution grid, noting the addition of an EJ flag to elevate EJ circuits for consideration when investing. The CEOs then discuss the company's scenario planning that identified severe weather and customer technological adoption as the primary drivers of change on its distribution system, with the company then concluding that the correct approach is to address reliability impacts from climate change first while continuing to develop capacity to accommodate future low-carbon technologies. The CEOs mention Consumers' Resilient Grid Plan included as part of the company's distribution plan, along with the company's three goals, and note that all of

the expected improvements in the company's distribution plan are measured by SAIDI excluding MEDs. *Id*., pp. 4-7.

From there, the CEOs address the role of distribution planning in utility spending and rate approvals. The CEOs state:

> The Commission established the grid planning process to help inform the Commission's review of proposed distribution system spending in electric rate cases. *See e.g.*, Case No. U-18014, Final Order at 40 (Jan. 31, 2017). However, the Company's current practice to file rate cases nearly every year lessens the impact and efficacy of the grid planning process the Commission created. Under the current set of practices, Consumers files an annual rate case, requesting hundreds of millions of dollars of investment approvals in the tight ten-month window allowed by statute. For example, Consumers 2023 rate case, [Case No.] U-21389, filed on May 1, 2023, will conclude soon with a Commission final order. The Company will likely file its next rate case around May or June of 2024. Sandwiched in the middle of these critical proceedings, the Company filed its [distribution plan] on September 29, 2023.
>
> Depending on the Commission's order in [Case No.] U-21389, the assumptions underlying the Company's September [distribution plan] could be outdated and obsolete before reply comments are due. In order for the distribution planning process to take hold in Michigan, adequate time must be given for utilities to create the plans, and then for Staff and Intervenors to analyze and contest the plans before hundreds of millions of dollars of grid investments are approved in rate cases. The majority of spending proposals in electric rate cases relate back to the distribution system, and therefore the Company's vision for its distribution system should inform and support the year to year capital investment and O&M proposals that the Company makes in rate cases. Rate cases are limited in scope and time horizon by their very nature, especially given the Company's current practice to file rate cases nearly every year. The distribution plans should serve as a strategic anchor for the Company's annual budgeting process, but instead have been emphasized or ignored depending on their relevance to the Company's most recent rate case proposals.

Id., pp. 7-8. The CEOs state that the Commission created this distribution plan process with a vision to create visibility outside of the contested rate case process; however, they assert that the overlap of the two processes does not allow for meaningful review of distribution plans. Nevertheless, per the CEOs, the Commission can alter this process by issuing orders that incorporate feedback from interested persons on the company's grid plans to provide a foundation

for the company's investment proposals in subsequent rate cases and also "incentivize comprehensive utility participation by signaling the prudence or imprudence of certain investment strategies in the grid plan." *Id*., p. 9. This, according to the CEOs, "would alleviate some of the burden in rate cases by allowing the utility to refer back to its grid plan and the Commission guidance in subsequent rate cases." *Id*. The CEOs also address the value of distribution plans in providing a longer-term vision than what is possible in rate cases but assert that Consumers' current distribution plan does not serve that function. The CEOs state:

> The rate cases contain copious amounts of information, found in testimony, exhibits and discovery; while the grid plan is scant on details necessary for evaluation. The balance of information should be flipped. The grid plan should be the "one-stop-shop" for information about the Company's long-term strategic vision for its distribution grid, planned expenditures, and expected customer benefits. Interested parties should not need to pick through testimony, exhibits, and discovery in preceding rate cases to understand that vision. The strategic vision should be in the grid plan, and the Company's rate cases should refer back to that vision, as it is implemented through spending.

Id.

The CEOs next assert that Consumers' distribution plan lacks the critical details necessary to properly evaluate it. The CEOs mention the company's proposal to spend $7 billion between 2024 and 2028 but argue that $2 billion of that spend is unaccounted for in its filing, thus lacking transparency, and the remaining $5 billion is not supported by BCA or other meaningful analyses to demonstrate value to customers, thus failing to allow for appropriate evaluation leading to unsupported assumptions and unquantified benefits. The CEOs state that they do not dispute that the projects that add up to the $5 billion include critical investment in the company's distribution grid; however, per the CEOs, Consumers "doesn't explain how it arrives at the levels of investment or project totals in its plan." *Id*., p. 11. Using the company's $300 million annual capital investment to replace 20,000 low voltage distribution (LVD) poles per year as an example,

the CEOs question why the company chose 20,000 poles versus 40,000 poles or 5,000 poles and also question the company's historical performance on pole replacement, details of which the CEOs assert are "conspicuously absent from the [distribution plan]" and thus prevent proper evaluation. *Id*. The CEOs use the pole replacement example to further support their assertion that Consumers fails to demonstrate how the company's chosen level of investment will benefit customers, as the company did not quantify the benefits the customers will receive from this investment such as by way of the DOE's interruption cost estimate calculator. Per the CEOs:

> Consumers' spending proposals are unprecedented in magnitude. Without a doubt, the distribution grid needs at least a portion of this investment. But without clear demonstrated benefit to customers, the Commission should be careful in authorizing *billions* of dollars' worth of distribution system upgrades. The Commission should reiterate the importance of benefit-cost analyses and require Consumers to properly account for the benefit and cost of its spending proposals, before approving such widespread distribution grid investment in future general rate cases.

Id., p. 12 (emphasis in original).

The CEOs next assert that the company's distribution plan does not properly analyze the impacts of emerging technology. The CEOs discuss Consumers' reference to the company's distribution plan as the Resilient Grid Plan and contend that the company's three objectives associated with this plan are laudable and worth pursuing but argue that Consumers' "singular focus on reliability and resiliency in its grid plan incidentally neglects other important aspects of the distribution grid, and the Company's strategic plan to accommodate important features of the future grid," such as load and DER forecasting, NWAs, new technology pilots, and hosting capacity. *Id*., p. 12 (citing Consumers' distribution plan, filing #U-20147-0093, p. 36). The CEOs further take issue with the company's justification that it can afford to wait until 2030 to address changes in capacity needed to address electrification and also argue that the company's sole focus contradicts prior Commission guidance affirming the importance of DERs, EVs, and other

emerging technologies to the future distribution grid. CEOs' Initial Comments to Consumers' Distribution Plan, filing #U-20147-0106, p. 13 (citing the November 18, 2018 order in Case No. U-20147, pp. 2, 34). The CEOs additionally discuss NWAs in further detail, arguing that Consumers' distribution plan does not include a discussion or commitment to further consider these resources, despite the company's experience with the same. Specifically, the CEOs state that they would like to see discussion of lessons learned from prior experience, along with some discussion of opportunities and a path forward for NWAs. The CEOs, in this regard, mention an attachment to their comments by GridLab, "Integrated Distribution Planning: A Path Forward," as providing a roadmap for this work and request that the company address this issue in its reply comments. On this topic of emerging technology, the CEOs also contend that, while the company does discuss DER hosting capacity in its distribution plan, the company does not include discussion of proactive spending to improve hosting capacity or provide data transparency, which leads to several questions from the CEOs as a result. The CEOs point to their attachment with regard to HCA and assert that the company should address its inadequate long-term view of hosting capacity, as ordered by the Commission, in its reply comments. CEOs' Initial Comments to Consumers' Distribution Plan, filing #U-20147-0106, pp. 14-15. The CEOs also address the lack of discussion by the company on the interconnection process in its distribution plan, including the current status of the company's interconnection queue or how it forecasts future applications, issues that are notably absent from the distribution plan and should be addressed by the company in reply comments. Summarizing, the CEOs state:

> A comprehensive distribution grid planning process should address both reliability concerns *and* the wave of new technology that will meaningfully transform the grid. The CEO[s] agree that the Company must address its poor reliability in the near term, but a grid plan should do more. The grid plan should be a strategic document that appropriately accounts for the changing landscape of electrical distribution systems. The grid plan should propose creative solutions for

> addressing reliability concerns, and the upcoming changes in demand and load shapes related to electrification, electric vehicles and DER[s]. The Company should use the grid plan to introduce cutting-edge ideas related to non-wire alternatives. Instead, the Company's plan focuses on capital investment in the traditional distribution grid.
>
> The Company cannot wait until 2030 to address electrification, hosting capacity, and DER integration; they are here now. By focusing only on reliability now, the Company creates a scenario where DER proliferation and electrification happen in unanticipated and uncoordinated ways, creating novel reliability challenges in the future; the Company will continually be playing reliability "catch-up" if reliability improvements are not coordinated with capacity improvements. The reality is that near-term electrification and DERs present an opportunity to the Company, to increase sales through increased load, to offset investment through proper deployment of DERs, and to better understand the long-term impact of these growing trends. A proper discussion of hosting capacity constraints, with an eye toward accelerating DER adoption would make for a more complete grid plan with a long-term vision for reliability. DERs add value to the grid, by offsetting peak demand, reducing congestion on the grid, and providing voltage support and ride-through capabilities. The Company must utilize all the tools at its disposal to provide the best service to customers. This includes optimizing third-party DERs to best serve the grid.

Id., p. 16 (emphasis in original). The CEOs, in this regard, contend that the Commission should provide guidance to Consumers that a distribution plan focused solely on reliability and resilience does not properly evaluate the wave of change with DERs and other technologies that may affect the distribution system and "reiterate the importance of a forward-looking grid planning process that devotes proper attention to emerging technology and the transforming grid." *Id*., p. 17.

The CEOs next express appreciation to Consumers for incorporating EJ and equity into its grid planning process for the first time. The CEOs contend that the company is on the right path and look forward to continued dialogue on this issue in the future. In further detail, the CEOs discuss the company's new flag to prioritize investments for EJ communities and are pleased to see this change but assert that "the impact of this change remains unclear in the Company's discussion of its grid archetypes," thus raising questions for the company to address in reply comments. *Id*. The CEOs further note two other places where they assert EJ should inform the

company's strategies and business processes—in terms of the company's implementation of a distribution asset management software tool and related to the company's modeling of DG, EVs, and heat pumps—and asks that Consumers address this too in the company's reply comments. *Id*., p. 18.

The CEOs next address the need for reliability metrics to include MEDs, as that is how customers experience the grid. Per the CEOs:

> MEDs are a key driver of customer outages, and the Company should be measured on the full customer experience, not just the outages within their control. In fact, the Company's [distribution plan] centralizes its "resiliency" which inherently includes the grid's ability to withstand extreme weather. Additionally, climate change has already affected the weather pattern in more extreme ways; even the Company has recognized this. [Distribution plan] at 18. With the increasing unpredictability of extreme weather, Consumers needs to anticipate for more MEDs. The Company should move forward by tracking its performance based on All Weather SAIDI.

Id., p. 19.

The CEOs thereafter assert that Consumers' distribution plan does not adequately discuss storm response as a solution to poor reliability. The CEOs state that they:

> do not dispute the need for upgrades and increased investment in the distribution grid to enable a more decentralized, customer-centric grid of the future. However, the [distribution plan] should not simply be a roadmap for Consumers' spending wish list over the next five years. This docket, and the Company's grid plans are not only for distribution investment but also *maintenance*. Smart and sensible operations and maintenance practices can improve reliability performance, often at a lower cost to customers than capital investment. Importantly, operations decisions (such as staging of storm response teams in anticipation of storms) can have a dramatic impact on how quickly customers are restored, thus directly impacting SAIDI with MEDs. These decisions must be made with an eye toward the customers being served (or restored), including where customers in EJ communities who can suffer disproportional impact from sustained outages. Storm response is an essential aspect of reliability performance, particularly related to the duration of the outage. Yet, the Company's plan does not go into detail on how it will optimize its workforce, inventory, and storm response strategy to reduce duration of outages. The Company should go into detail in its reply comments about how it will respond to outages and how that will impact its reliability performance.

Id., pp. 19-20 (emphasis in original).

The CEOs then conclude with the following list of summarized recommendations for the Commission and the company:

> **To the Commission**
>
> 1. The Commission should provide substantive feedback on Consumers[’] grid plan through a written order which incorporates [interested person] feedback.
> 2. The Commission should direct the Company to more thoroughly discuss other important elements of grid modernization beyond reliability and resilience: including load and DER forecasting (including EVs and electrification), non-wires alternatives, new technology pilots and hosting capacity.
> 3. The Commission should provide guidance to the utility around distribution grid planning including clear filing expectations and requirements for these grid plans. By standardizing features such as benefit-cost analysis, investment line items, review of the plans will be more effective.
>
> **To Consumers Energy**
>
> 1. In reply comments, the Company should provide details for the $2 billion of distribution spending that is currently unaccounted for in the [distribution plan].
> 2. In reply comments, the Company should discuss its plans for non-wire alternatives and how they will be utilized to optimize grid performance. Additionally, the Company should discuss what it learned from its two NWA projects at Swartz Creek and Four Mile.
> 3. In reply comments, the Company should discuss the interconnection process, hosting capacity, and the current status of the interconnection queue.
> 4. In reply comments, the Company should discuss how it will take proactive steps to improve hosting capacity and provide data transparency.
> 5. In reply comments, the Company should discuss the impact of the addition of the EJ “flag” in its grid archetypes prioritizations.
> 6. In reply comments, the Company should go into detail regarding its strategies for storm response and how they will impact the Company’s reliability performance.

Id., pp. 20-21 (emphasis in original).

vii. The Commission Staff

The Staff finds that Consumers’ distribution plan has generally met the Commission’s requirements set forth by prior orders and opines that the company’s proposed projects in its

distribution plan appear reasonable, subject to review in the company's next rate case. Staff's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0109, p. 4. The Staff provides additional comments in specific areas related to Consumers' distribution plan—on (1) scenarios and planning, (2) circuit health, (3) equity and EJ, (4) undergrounding, (5) forestry and storm response, (6) affordability, and (7) community and customer engagement—and then follows with general distribution plan recommendations to address issues with data accessibility, future distribution plan time periods, and requirements for distribution plans moving forward. *Id*., pp. 4-19.

With regard to scenarios and planning, the Staff expresses appreciation for the revisions made by Consumers after the company received feedback from interested persons on its initial distribution plans, especially in light of climate change and technology advances. The Staff does, however, take issue with the company's assertion that extreme weather and existing system deterioration are too great to address by way of developing technologies, with emphasis by the company on hardening its distribution system. The Staff states:

> Hardening the distribution system assets will aid in the desired goals of improving system performance, especially during storms, but this must work in conjunction with forestry operations, careful system health assessments, and consideration of various technologies. The idea that solely upgrading Company equipment will guarantee improvements in reliability and resiliency can be viewed as an incomplete, partial, or insufficient solution. The Company's investment strategy in its distribution plan appears well supported by the data outlined in the [distribution plan], however, Staff was unable to review much of the underlying data for the Company's presented charts and figures to provide a fuller picture of its plans. In particular, the numerous allusions to consolidation (i.e. fractionalization of circuits, ATR [automatic transfer recloser] Loops for load capacity, Central Dispatch/Control Center, etc.) lack specific details for Staff's consideration and review. Staff acknowledges that these items are often complex and intricate matters, however, greater detail is required to properly assess these proposals.

Id., p. 5.

On circuit health, the Staff indicates appreciation for Consumers' anticipation of increased electrification and load growth in Michigan but also highlights a common theme throughout the distribution plans filed expediting spending, particularly on LVD transformers, within the next five years. The Staff, in this regard, states that it would be interested in more details on the management and incremental replacement of these transformers, if possible, along with supply chain issues and how the company is working to address these challenges as they relate to this, and other potential, equipment.

As to equity and EJ, the Staff believes that Consumers' statement about EJ communities experiencing, on average, better reliability and resilience than the rest of the system is misleading. The Staff states:

> The Company serves a large amount of rural and urban areas within its system. Most, if not all, of the identified EJ communities with scores greater than 80 are urban, located among other areas of high population density and large amounts of system infrastructure. The rural areas of the [Consumers] system, from its provided mapping, contain a much larger area but not necessarily more customers. Urban areas tend to have lower outage durations because those areas are more customer dense, leading to higher restoration priority. Comparing urban EJ communities to the entirety of the Company's customer demographic can lead to incorrect conclusions about the reliability of EJ communities. Staff encourages the Company to compare EJ communities to other communities with similar conditions, such as urban communities with higher vs. lower MiEJ Screen scores. Staff's analysis in urban areas found the worst performing circuits in 2023 overlapped urban areas with high MiEJ Screen scores compared to neighboring lower-score census tracts in the same area. In future plans, Staff suggests the Company further analyze urban areas and their experiences, including the experiences of the different subsets of communities within each city, to better identify customer experiences as they vary by EJ characteristics and geographical areas that could disproportionately benefit from more priority.

Id., pp. 6-7. The Staff did, however, find value in the company's overlay of MiEJ census tracts along with circuit rankings, but it states that it would appreciate more analyses on circuit performance rankings on EJ communities in more detail for each starred city with MiEJ Census Tract Areas in the figure provided. The Staff states that it also appreciates Consumers'

acknowledgment of the need for direct input from customers in EJ communities and encourages the company to follow through with its willingness to explore an annual meeting for this direct input.

With regard to undergrounding, the Staff states that it is pleased to see that Consumers is pursuing targeted undergrounding to improve grid resiliency but would like to see more information supporting some of the company's undergrounding statements to validate and fully understand the conditions that apply. For future project identification efforts, the Staff:

> encourages the Company to reconsider the criterion for "the Pilot" that "[selected portions of the LVD system] [s]erve between 10 and 100 customers." Prior research has shown that, from a benefits and costs perspective, undergrounding is most effective with more customers per line mile. While undoubtedly a means of achieving reliability improvements, undergrounding is primarily a resiliency solution—isolating overhead infrastructure from aerial hazards. Instead of giving priority to "limiting the impact of any future outage on the underground facilities," Staff encourages the Company to consider the resiliency-relevant alternative of maximizing the benefit of avoiding future customer-outages from an extreme weather event.
>
> Considering customer benefits of improved reliability associated [with] undergrounding as compared to an alternative option using *Interruption Cost Estimate (ICE) Calculator* has merit, but as previously stated, undergrounding is a solution to improve grid resiliency. Sullivan et al. (2015) specifically note that "[these] estimates [. . .] are not appropriate for resiliency planning," when discussing the ICE calculator. Progress is being made toward better understanding the value of lost load (VOLL) in the context of long-duration outages, but at present, this is a gap in the existing literature and a shortcoming of analytical tools. Staff encourages the Company to consider the benefits and costs to customers in the context of resiliency (or the lack thereof) in future analyses and decision-making frameworks to the extent that is possible. Future developments may reveal much more substantial VOLL estimates from long-duration, resiliency-related outages.

Id., pp. 8-10 (footnotes omitted; first, second, fourth, and fifth alterations in original).

The Staff discusses forestry and storm response next and raises concern that the company's current seven-year effective tree clearing cycle may not appropriately address fast growing trees in circuit areas with a 10-foot clearance specification before the circuit's next line clearing.

Considering that trees are the primary source of outages for Consumers, based on data reported in Case No. U-21122 and on both all-weather days and non-MEDs, the Staff seeks to understand how and why the company believes a seven-year effective cycle is the best option for its customers. Specifically:

> A summary breaking down a full set of alternatives with associated costs and benefits would help in Staff's understanding of this matter.
>
> Staff would like to explore how increased costs with a more frequent line clearing cycle or more aggressive tree trim specification would impact system performance to better understand the reasoning behind the length of the Company's current line clearing cycle. Staff also finds the effective scale of the line clearing cycle difficult to conceptualize.

Id., p. 12.

As to affordability, the Staff states that Consumers emphasizes the importance of customer affordability in its distribution plan but highlights that the company does so in a general sense with little substance regarding how the company intends to make planned spending increases affordable for its customers. The Staff does, however, highlight Consumers' participation in the Commission's Energy Affordability and Accessibility Collaborative, which the Staff appreciates, and encourages the company to apply lessons learned to future distribution plans, along with the $100 million the company was granted by the DOE in 2023 to support grid investments, external funding opportunities that the Staff asserts is important for the company to continue to explore in the future. The Staff states that it would appreciate more detail in Consumers' future distribution plans as to how the company will ensure customer affordability while also addressing the bullet points from the September 8 order, notably with added detail that "would, at a minimum, outline the projected rate impacts on customers and discuss efforts to obtain external funding outside of traditional ratepayer recovery." Staff's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0109, p. 13.

With regard to community and customer engagement, the Staff states that, aside from the brief mention of the company's community efforts on page 51 of its distribution plan, Consumers' distribution plan otherwise does not go into detail on community and third-party engagement. Per the Staff:

> A communications plan should not only share information regarding planned projects through a one-way communication channel from the Company to the customer. Rather, the communication should be a two-way communication where the Company also solicits input and feedback from customers to learn how electricity is used and how that usage may change to inform future distribution system needs. On page 93 of the current [distribution plan], the Company identifies a "drastic increase in load without notification to the Company" as a challenge for transformers. This is an example of how a communication plan could assist in addressing this challenge in a proactive manner before it becomes an issue requiring immediate action. Community and customer engagement will be critical in accommodating customer needs as the electric distribution system evolves and load patterns change. It will be important for companies to understand customer preferences and plans for electricity use to effectively make the grid accessible to customers. Establishing and maintaining a positive communication process with customers can also improve the relationship between the customer and company.

Id., p. 14. The Staff, in this regard, encourages the company to provide, in future distribution plans, more detail on its community and customer engagement plan that includes strategies to engage customers in identifying problems, goals, and potential solutions.

The Staff then reiterates its general distribution plan recommendations moving forward as a whole, on distribution plan time periods moving forward, and on distribution plan requirements, as originally raised in its initial comments to I&M's distribution plan summarized above. *Id*., pp. 15-18; *see also*, *supra*, pp. 24-25.

In sum:

> Staff recommends the Commission require the following in the Company's future distribution plans[:]

1. More detail regarding how customer affordability is considered and will be ensured while applying the learnings from the [Commission]'s Energy Affordability and Accessibility Collaborative. The detail would, at a minimum, satisfy what is in the

Commission's September 8, 2022 Order, outline projected rate impacts to customers, and discuss efforts to obtain external funding outside of traditional ratepayer recovery.

2. More detail regarding the Company's community and customer engagement plan that includes strategies and methodologies used to engage customers in identifying problems, goals, and possible solutions. Problem descriptions, goals, and possible solutions should be specifically outlined in the distribution plan.

3. Overlay maps of planned and historic distribution system investments as provided in this case.

4. All supportive data used in the creation of the distribution plans be made available to intervenors on this case, subject to typical confidentiality procedures.

In addition, Staff recommends the Commission[:]

5. Review planning requirements and allow utilities to submit an annual update to their distribution plans in lieu of resubmitting distribution plans; and

6. Set firm requirements and outlines for future utility distribution plans to allow better data analysis and comparison between plans and to encourage systems-level planning.

Id., pp. 19-20.

viii. Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan

As an overview to its comments on Consumers' distribution plan, MNSC states:

The 2023 [distribution plan] presents a plan to spend $8.7 billion from 2024 through 2028 on the distribution system. The plan would increase annual distribution spending by over $1 billion between 2024 and 2028. The [distribution plan] provides no assessment of how this spending would impact rates nor customer bills for residential customers, who disproportionately fund distribution spending and already suffer high rates. What residential customers get for this investment is lots of new equipment without an assessment of alternatives and without data-informed cost-benefit analyses. The 2023 [distribution plan] proposes to build a new house instead of fixing the roof. It eschews maintenance and embraces replacement. It focuses on hard infrastructure to the exclusion of load management, distributed resources, technology, and innovation.

MNSC supported the development of a distribution planning docket, but the 2023 [distribution plan] confirms this forum is not advancing the public interest. So long as distribution planning is structured as an informational proceeding, where the

> utility decides what information to present and withhold, the outcome is naturally self-serving. MNSC offers suggested regulatory responses; at a minimum, the Commission should express unequivocal non-approval of the 2023 [distribution plan] and demand improvements.

MNSC's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0108, p. 1.

In further detail, MNSC first addresses distribution plans in general and asserts that they "were envisioned as an opportunity to improve utility spending and ratepayer outcomes but they are just the latest lopsided utility report in a long line of regulatory efforts to improve electric distribution systems." *Id*. (emphasis omitted). In this regard, MNSC discusses the Commission's efforts over the past 30 years to understand and improve quality, reliability, and safety but highlights the Commission's repeatedly noted disconnect between the efforts and outcomes of the Commission's efforts, a disconnect MNSC asserts still persists. Per MNSC, the objectives for this docket "have not been achieved despite countless hours spent creating, reviewing, and commenting on distribution plans." *Id*., p. 3. MNSC thus contends that the current distribution plan process has run its course and that it is time for a new approach. Accordingly, per MNSC:

> To ensure real transparency and obtain truly useful insight "into utilities' plans for the future . . . when making reasonableness and prudency determinations regarding cost recovery requests in general rate cases," distribution planning must take place in rate or other contested proceedings. Only in contested proceedings can utility assertions be validated or countered. This informational distribution planning docket lacks regulatory teeth, such as spending approval or disapproval.
>
> The Commission is not powerless to improve Michigan's distribution planning process. As discussed in the final section below, the Commission may request the legislature provide systemic fixes. The Commission may also improve the informational docket by, for example, imposing longer planning horizons, requiring the utility to consider alternatives and provide data-informed cost-benefit analyses, and rejecting deferral of opportunities to proactively address climate and technology advances. At a minimum, the Commission must expressly not approve the 2023 [distribution plan] and direct Consumers to support with credible evidence in contested rate proceedings all plans and programs it decides to pursue.

Id., p. 4 (footnote omitted).

MNSC next discusses in further detail its assertion that Consumers' distribution plan "offers insights into its plans for increasing excessive capital spending without presenting credible strategies to achieve reliability benefits for ratepayers and address foreseeable load growth, increasing distributed resources, and technology advances and innovation." *Id*. (emphasis omitted). More specifically, MNSC contends that: (1) Consumers' distribution plan proposes significant spending without sufficient detail (both on a prospective basis and also historically); (2) the distribution plan is driven by costly capital (infrastructure hardening) investments purportedly to improve reliability (with no historical data to support success of the same), to the exclusion of climate goals; (3) increasing tree trimming is the most significant (and relatively cost-effective) contributor to reliability benefits; (4) the distribution plan (as a spending plan, not a performance improvement plan) fails to meaningfully correlate specific programs with projected reliability benefits; (5) the distribution plan focuses exclusively on replacing and rebuilding old and non-standard equipment (without support); (6) the distribution plan lacks accountability mechanisms to ensure ratepayers receive the acclaimed reliability benefits of the spending plans (noting the potential of performance-based ratemaking in this regard but highlighting the stalemate of this effort and the lack of basic information in Consumers' distribution plan to serve as a foundation to inform or develop performance targets); (7) the distribution plan offers more for investors than ratepayers (in terms of significant and continuous capital investment opportunities); and (8) the distribution plan spending and programs must still be evaluated (for reasonableness and prudence) in a rate case (but the distribution plans add more complexity to a rate case, not less, when relied upon by the utility to support untested and non-approved discussions and proposals in the distribution plan). *Id*., pp. 4-24.

From there, MNSC discusses its assertion that Consumers' distribution plan "presents a series of expensive programs unsupported by historic [sic] cost and reliability data and without accountability metrics nor integration of foreseeable challenges." *Id*., p. 24 (emphasis omitted). In this portion of its comments, MNSC addresses in further detail the following concerns from Consumers' distribution plan that MNSC contends are flawed and would benefit from the attributes of a contested case: (1) LVD voltage conversions (Consumers' distribution plan, pp. 57-59); (2) LVD secondary circuit asset (Consumers' distribution plan, pp. 61-64); (3) LVD zonal health investment program (Consumers' distribution plan, pp. 66-69); (4) LVD pole investment plan (Consumers' distribution plan, pp. 69-71); (5) LVD undergrounding (Consumers' distribution plan, pp. 77-79); (6) LVD automatic transfer recloser loops (Consumers' distribution plan, pp. 81-82); (7) forestry line clearing program (Consumers' distribution plan, pp. 85-86); (8) HVD line asset management health and risks (Consumers' distribution plan, pp. 105-110); (9) HVD and LVD substations (Consumers' distribution plan, pp. 112-121); and (10) additional flaws (beyond those already discussed). MNSC's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0108, pp. 24-37.

Lastly, MNSC argues that the Commission "should express unequivocal non-approval of the [distribution plan] and exercise its authority to improve Michigan distribution planning," discussing in further detail that Consumers' distribution plan is flawed (in that it is a distribution spend plan, not a transparent roadmap for how the company will cost-effectively improve reliability, plan for load growth and DERs, and incorporate technology and innovations, and that it fails to demonstrate that it will improve reliability as proposed and is loaded with assertions and conclusions that lack support and credibility), that the Commission should endorse legislative solutions to improve distribution planning (by way of a contested case proceeding and

coordination with integrated resource planning), that the Commission should require more robust and credible distribution plans (with more data, more explanations, more demonstrations, and the presentation of performance-based metrics), and that the Commission should confirm that it is not approving spending or other parts of Consumers' distribution plan (so the document does not become self-serving evidence for Consumers to use as support in future rate case spending and program requests). *Id*., p. 37 (emphasis omitted); *see also*, *id*., pp. 37-39.

b. Reply Comments

i. Michigan Energy Business Council and Advanced Energy United

EIBC/United express appreciation for the recognition and support by other commenters on the expansion of advanced energy technologies and the policies needed to implement them, including third-party-owned DERs, DG, and EVs. EIBC/United reply to the initial comments provided by the Attorney General and the Staff on Consumers' distribution plan and overall assert that the focus of the company's distribution plan should not be solely on narrow reliability short-term gains but on policies and practices to solve future problems, including Michigan's zero-carbon emissions goal by 2040 and related statutory benchmarks. EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, p. 2.

In reply to the Attorney General's comments, EIBC/United disagree with the Attorney General's cautionary comments about trendy technology and reiterate their support of DER and DG technologies for the dual benefits the technologies can provide in terms of cost savings and reliability for ratepayers, particularly considering Consumers' $7 billion distribution plan. *Id*., p. 3 (citing Attorney General's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0103, p. 4; EIBC/United's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0101, p. 10). EIBC/United state:

> A true examination needs to occur to determine if there will be cost savings associated with DER and DG technologies. Also, due to the rapidly expanding nature of advanced energy technologies and the apparent failure to consider such technologies in a comprehensive manner, it is hard to see how the proposed traditional grid infrastructure will be cost-effective in the future. This means that the business-as-usual approach will likely miss opportunities available through DER and DG, imposing a burden on Consumers Energy's customers to pay for less efficient and potentially unnecessary assets. Finally, additional savings could be realized from the recent federal programs, such as those found in the Inflation Reduction Act, that need to be examined more closely by this Commission, the Company, and [interested persons]. As Michigan EIBC/United noted in their initial comments, Consumers Energy received a $100 million grant under the U.S. Department of Energy Grid Resilience and Innovation Partnerships ("GRIP") Program. Any funding the Company receives should be wisely spent to incorporate advanced energy technologies. DER and DG represent sound and effective ways to advance customer interests in reliable, affordable, and clean energy, rather than "trendy distractions."

EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, pp. 3-4 (footnote omitted) (citing EIBC/United's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0101, p. 4).

EIBC/United, however, agree with the Attorney General that the Commission should permit discovery in these comment cases, as distribution plan filings need further vetting. Per EIBC/United:

> This includes a more extensive discovery process where interested parties can ask questions and gather more information from utilities to propose the best policies and practices, which is key to making this vetting successful. Therefore, Michigan EIBC/United restate their comments that ideally this ". . . Commission could treat the distribution infrastructure plans more like the electric utilities' integrated resource plans ('IRP'), where intervenors provide formal input[,] and the Commission enters an order approving the IRP with modifications if needed." The benefit would be that when these "plans or their programs arise in a rate case or other binding proceeding, there is some degree of assurance that multiple alternatives have been considered and that the plan is more than a marketing tool for an unvetted spending plan."

EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, pp. 4-5 (footnotes omitted, alteration in original) (citing EIBC/United's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0101, pp. 13-14).

EIBC/United further concur with the Attorney General that Consumers' distribution plan should be revised and refiled. EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, p. 5 (citing Attorney General's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0103, p. 5). EIBC/United, in this regard, maintain that Consumers' new plan should contain the following updates/amendments:

1. Updates to comply with the new Clean Energy and Climate Action Package signed by Governor Whitmer on November 28, 2023;

2. A more detailed explanation of the use, benefits, and impacts of the use of new federal grant dollars under the GRIP Program;

3. A broader focus beyond short-term reliability to establish policies and practices that target new and novel ways of improving reliability and resiliency, such as supporting customer or third-party-owned DERs, microgrids, and non-wire alternatives[;]

4. A better plan addressing how DERs might be leveraged or optimized to benefit the distribution grid;

5. A deeper discussion of hosting capacity analyses and making such maps public;

6. A consideration of non-wire alternatives, including DERs and energy storage, and an explanation why the Company found none were warranted; [and]

7. Improved forecasting for DG, EV, heat pumps, DER and similar technologies and their impact on and benefit to Consumers Energy's grid.

EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, pp. 5-6 (footnotes omitted) (citing EIBC/United's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0101, pp. 2, 4, 5-6, 8, 9-10).

In response to the Staff's comments about the lack of consistency in distribution plan formats/requirements, EIBC/United indicate agreement that there needs to be a standardized process for constructing and evaluating distribution plans to lead to more uniform and comprehensive planning, including addressing electrification efforts to ensure a reliable and flexible grid and to allow a process for adequate public input from all interested persons to ensure improvements benefit all the company's customers. EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, pp. 5-6 (citing Staff's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0109, p. 17). In this vein, EIBC/United contend that the Staff's proposed two-prong approach—a five-year plan and an annual update—could deliver significant benefits. Per EIBC/United:

> The one-year review process would allow the Commission and [interested persons] to keep pace with ever-advancing energy technologies, policies, and practices. It could also create a review process that is flexible and fast enough to adjust a [distribution plan] as needed to improve the grid. At the same time, the five-year deeper examination would allow this Commission, Staff, and [interested persons] to take a step back and look for trends that would make significant grid impacts. It would also be where ratepayer impacts and costs could be best examined to ensure affordability and that no ratepayer is left behind.

EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, p. 7 (citing Staff's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0109, p. 16).

ii. Consumers Energy Company

In overall response to comments, Consumers indicates a willingness to provide additional data or analysis in subsequent distribution plan filings. The company also references its position on performance-based ratemaking as set forth in Case No. U-21400. Consumers then provides the following summary responding to five broad themes raised by initial comments to its distribution plan:

1. **Purpose and Structure of Five-Year Distribution Plans:** Parties have differing ideas about what information and details should be included in utilities' five-year distribution plans, and how the regulatory process on five-year distribution plans should work. The Company believes the *currently effective* purpose of a five-year distribution plan is fundamentally to provide a higher-level five-year view of the utilities' distribution investment plans, with details to be litigated in contested cases. Although the Company is not necessarily opposed to *future* changes that would turn five-year distribution plans into contested cases, the Commission should not treat the 2023 [distribution plan] as though it was a contested case proceeding. The Company supports the Commission issuing a new order more clearly establishing what content should be included in future distribution plans and the process to be used.

2. **Planned Investment and Focus on Reliability:** Parties provided comments on the scale of planned investment in the [distribution plan], and several questioned the Company's focus on improving reliability going forward. The Company believes that existing reliability conditions and projections of worsening climate should lead the Company to invest in reliability as a near-term objective. The Company believes that this goal is in line with public expectations, and with the stated positions of [interested persons] in this proceeding. The [distribution plan] clearly demonstrates the scale of investment needed to deliver meaningful reliability improvements.

3. **Treatment of DERs, NWAs, and Other Novel Technologies:** Multiple parties assert that, instead of investing in system hardening, the Company could rely far more heavily on other types of solutions; the parties believe the [distribution plan] does not give these alternatives sufficient consideration. The Company believes addressing reliability challenges requires investments *now* that will actually deliver reliability benefits, and non-wires alternatives ("NWAs" – the Company often refers to this concept as non-wires solutions, or "NWS") and related approaches are not yet able to do this, nor is it clear when they will be. The Company is evaluating alternative approaches as appropriate for certain use cases but does not believe they can be deployed wholesale in place of system hardening.

4. **Environmental Justice:** The Company's data analysis has, to date, clearly indicated no discernable [sic] systemic reliability issue for these communities. The Company will continue to further analyze data in collaboration with constructive parties, particularly in line with the Commission's direction in its Order in Case No. U-21389.

5. **Community Engagement:** The Company is committed to further developing reasonable levels of community engagement to seek input on distribution planning, but specific formats still need to be developed that would provide high-quality input.

Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, pp. 2-3 (emphasis in original).

Expounding in greater detail as to the purpose and structure of five-year distribution plans, Consumers asserts a general misalignment about what the plans are meant to include and the appropriate process for evaluating them, illustrating a few examples. Consumers emphasizes that it:

> is always ready to meet with interested parties, including any of those who filed comments, to discuss topics of interest or concern in the [distribution plan] or otherwise related to distribution planning. However, the five-year distribution plan is currently not a contested case, and it would be inappropriate to introduce a discovery process or for the Commission to explicitly "approve" or "reject" a filed plan. Ultimately, the process could theoretically be changed so that five-year distribution plans would be contested cases, and the Company could support such a change under certain conditions, but it is not a contested case at present.

Id., p. 4. Consumers, in this regard, recalls Case No. U-17990 and the original purpose of distribution plans, asserting that specific details should continue to be evaluated in electric rate cases, with distribution plans setting a longer-term strategy with higher-level spending details and individual rate cases representing the execution of the longer-term plan. The company further notes the evaluation of its current distribution plan in Case No. U-21585, the company's pending electric rate case. That said, Consumers does however agree with the Staff's recommendation for an order clarifying what should be required in distribution plans going forward. Consumers states:

> The Company filed its first five-year plan in March 2018, and its second in June 2021, with the [current distribution plan] representing its third edition. In each interval, the Commission has issued multiple Orders creating additional requirements. Consequently, it is sometimes unclear what exactly a utility must include in its filed plan. Some details the Commission requested several years ago may no longer be relevant or may not need to be filed with every iteration of a plan. It would be helpful to define what must be included. To that point, the Company believes it would be helpful for the Commission to convene a technical conference to discuss what details should be included in future distribution plans. In general, the Company supports an approach in which plans must identify:

- Primary challenges and risks faced by their distribution systems;

- Levels of investment needed over five years to address those risks (the Company would see value in expanding this to 10 years, at least on a more general basis);

- Projected benefits investments will deliver (i.e. improved reliability performance); and

- Alternatives considered to deliver comparable levels of benefits.

> The Company notes that overly prescriptive requirements or requirements to conduct a long wish-list of analyses requested by various parties, will lead to future distribution plans that are excessively long – making them harder for all parties to evaluate – and that do not present a clear narrative of the Company's five-year distribution plan.
>
> Staff's request for more underlying data is reasonable for future filings, at least in terms of available data underlying charts and graphs included in the filing. The Company notes Staff's recommendation for annual distribution plan updates to allow plans to continue informing successive electric rate cases. The Company agrees with this recommendation and intends to refresh its [distribution plan] annually going forward.

Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, pp. 5-6.

With planned investments and focus on reliability, Consumers notes the spectrum of comments received on this topic, from the Staff and METC on one hand being generally supportive of the company's focus on reliability and the proposed levels of investment to other interested persons being more critical and taking issue with the company's reliability focus and/or its level of increased investment. The company illustrates some examples and states that it "finds it curious that parties are critical of the Company's plans to focus on improving reliability" when "[m]any of these same parties are critical of the Company's existing reliability levels in other venues," calling out CUB and the Attorney General in particular. *Id*., p. 7. Consumers states that it:

> must consider what reliability performance it may have to deliver to meet potential targets set by the Commission's Financial Incentives and Disincentives Workgroup,

> which is ongoing in Case No. U-21400. While Case No. U-21400 is still ongoing, the clear signal to date has been that both the Commission and various [interested persons] demand and expect significantly improved reliability. That level of reliability will not be delivered at currently approved investment levels but will be at the investment levels outlined in the [distribution plan]. Ultimately, currently approved levels of investment will, even by the end of the decade, leave the Company's System Average Interruption Duration Index ("SAIDI") performance in the middle of the third quartile of the Institute of Electrical and Electronics Engineers ("IEEE") SAIDI benchmark, while [distribution plan] investment levels will *improve SAIDI to 116 minutes* by 2032, even in the face of worsening weather conditions, which is solidly in the second quartile of the IEEE SAIDI benchmark.

Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, pp. 8-9 (emphasis in original). In response to the CEOs on DERs and NWAs, Consumers further states that those resources were comprehensively addressed in its 2021 distribution plan and instead of wastefully repeating those things in its current distribution plan, the company chose to focus heavily on reliability considering the response to its 2021 distribution plan and the Commission's conclusion that existing distribution plans were insufficient to ensure reliability when increasingly severe weather is likely. As far as cost concerns, Consumers concedes that its distribution plan does not offer sufficient detail on its own but that such detail will be presented in contested rate cases. The company further maintains that the climate modeling in its distribution plan is sufficiently robust considering climate change and its effects, which are scientifically well-established.

On the treatment of DERs, NWAs, and other novel technology solutions in its distribution plan, Consumers acknowledges complaints and negative statements made by commenters and states:

> In earlier sections of this [reply], the Company has already explained why it is making a near-term focus on reliability, particularly through hardening investments. The Company has also already addressed the issue of requirements to address NWAs that date to Commission Orders from 2020 or earlier, which is why the Commission should re-baseline what needs to be in a five-year distribution plan. In its 2021 [distribution plan], the Company addressed NWAs comprehensively and for reasons discussed below did not believe [its current distribution plan] needed to spend significant time on the topic. At some future point, NWAs may become a

> viable option to improve distribution reliability, but at present this is not the case. Regardless of where an energy resource is located (i.e. a DER), the distribution system is still needed to deliver electricity to other customers who do not physically have the resource on site. At the time of the 2021 [distribution plan], the Company had recently completed two NWS [non-wires solution] pilots. The results of these pilots showed that successfully deploying NWS on the Company's system and generating benefits from those NWS would prove difficult. Note that the 2021 [distribution plan] stated "fully developed NWS that can regularly be used as 'off the shelf' solutions by distribution planners must have an established 1) cost; 2) deployment schedule; and 3) reliability parameters."

Id., pp. 11-12 (footnotes omitted) (quoting Case No. U-20147, filing #U-20147-0060, p. 101).

Consumers continues:

> As far as the Company is aware, no U.S. utility has to date developed an NWS that works as an off-the-shelf solution to improve reliability. When reliability improvements are needed *now*, and when the weather is only getting *worse*, there is no meaningful alternative for improving reliability based on NWS, even if there may be one at some unknown future date. The Company may consider NWS on a limited case-by-case basis, particularly to help manage a localized and transient overload, but the concept is not ready for consideration as a repeatable, programmatic approach to improving reliability.

Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, pp. 12-13 (emphasis in original). Consumers also contends that impacts of the 2023 Michigan clean energy law should initially be addressed through the IRP process, since it primarily affects electric supply; that the expanded DG cap and eventual DG penetration should be developed through the company's DER optimization initiative, despite opposition otherwise; and that the technology penetration levels presented in the modeling in its distribution plan are reasonable. Consumers further agrees with the Staff that hardening of the grid alone is not the only solution, which is why its distribution plan also identifies and addresses line clearing, inspections, and technology as additional, important solutions. *Id*., pp. 13-14.

Consumers next addresses EJ, acknowledging comments from others that were either generally supportive of the company's efforts to date or offered some constructive criticism. The

company, in this regard, notes that it has held meetings with the CEOs to discuss EJ considerations, and expects to continue doing so, including meetings to discuss how regression analysis related to EJ reliability, as set forth in Case No. U-21389, might work. Consumers further discusses its new asset investment planning software that requires designations as to whether an investment is in an EJ community; replacing open-wire secondary, which is disproportionately represented in EJ communities; and the impacts of Grid Archetype prioritization on investment for EJ communities, which were analyzed for purposes of Case No. U-21585. The company also acknowledges that good reliability performance in EJ communities may be partially due to geography since EJ census tracks in its service territory are indeed all located in urban areas, which, along with suburban areas, typically experience better reliability than rural areas. Per Consumers:

> This may be attributable to multiple factors, but one cause of this phenomenon is that traditional investment prioritization leads to more investment in more densely populated areas because the cost per customer served is lower than in lightly populated rural areas. Therefore, even if the Company did not historically adopt a policy of investing more in urban areas, that has at times been an outcome. Indeed, the Company's Grid Archetypes process was developed in part to ensure the Company invested at appropriate levels in rural communities to make sure they would experience better reliability. Going forward, it is possible the regression analysis ordered by the Commission in Case No. U-21389 will better illuminate how specific communities experience reliability, allowing for more granular comparisons of EJ communities with other communities.

Id., pp. 15-16. In contrast to these constructive comments, Consumers then illustrates "grossly inaccurate statements [made by UCC] about the reliability experiences of EJ communities [in the company's service territory]," wherein, according to Consumers, UCC implies the company is acting in bad faith and maltreating vulnerable populations, which Consumers disputes. *Id*., p. 16 (citing UCC's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0104, pp. 17, 27-29, 32). Consumers, in this regard, states that this distribution plan was its "first significant

attempt to incorporate EJ analysis in studying customer reliability and to incorporate EJ considerations into distribution planning" showing that "EJ communities do not face systemic reliability challenges, nor have they faced historic underinvestment" and, while only including a few metrics, the company's next electric rate case (Case No. U-21585) will contain more, including CEMI, CELID, and other restoration metrics, which "consistently show[ ] that EJ communities experience better reliability than non-EJ communities and the system as a whole." Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, pp. 16-17, 23. Consumers finally states that, "regarding the use of the MiEJScreen tool and the 80th percentile cut-off, all parties agreed to use this definition in the Settlement Agreement in Case No. U-21224, and no alternatives have been clearly proposed, let alone found consensus." Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, p. 23.

Addressing community engagement next, Consumers illustrates two comments from the Staff and UCC and indicates an interest to better understand the Staff's request about community and third-party engagement and what this kind of engagement would look like, considering the company's efforts on this to date. *Id*., pp. 24-25 (citing Staff's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0109, p. 14). As far as UCC's comments, on the other hand, Consumers states that it "is not sure what to make of UCC's proposal for participatory budgeting." Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, p. 25 (citing UCC's Initial Comments to Consumers' Distribution Plan, filing #U-20147-0104, pp. 22-26). Per Consumers:

> The concept seems to run counter to the entire legal and regulatory structure governing how investor-owned utilities operate, both in terms of their internal governance and in their interaction with state regulators. The Company is not a municipal or cooperative utility, and there would seem to be no legal basis for creating a planning process in which all investments must go through various local community reviews, with members of the public voting on what the Company

> should do. Furthermore, the Company's electric service territory covers a substantial part of the Lower Peninsula, encompassing a large number of neighborhoods and municipalities, and there would be no meaningful way of conducting this participatory budgeting process in all of them.

Consumers' Reply Comments on its Distribution Plan, filing #U-20147-0121, p. 25.

4. Comments on DTE Electric Company's Distribution Plan

a. Initial Comments

i. Michigan Energy Innovation Business Council and Advanced Energy United

EIBC/United are pleased that DTE Electric includes clean, affordable, and reliable among its planning objectives; that the company recognizes that investments are needed for the changing needs of customers in terms of EVs, DG, and the evolving ways customers interact with the grid; and that the company indicates concern with EJ issues throughout its territory and the pursuit of federal grant dollars. From there, EIBC/United provide comments on the following topics: (1) overall comments for DTE Electric to update and resubmit its distribution plan as a result of the new Clean Energy and Climate Action Package and the receipt of federal dollars from a grant under the DOE's GRIP program, along with innovation considerations; (2) a grid reliability plan versus a distribution system plan; (3) DERMS; (4) hosting capacity data; (5) DER forecast; (6) EVs; (7) NWAs; (8) heat pumps; and (9) further considerations. EIBC/United's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0110, pp. 3-20.

On topic 1, EIBC/United mention the filing of DTE Electric's distribution plan prior to the legislative changes from the new Clean Energy and Climate Action Package, which they state includes a number of crucial changes involving the state's energy policy that will impact all aspects of the company's distribution and generation systems, thus recommending that the

Commission ask the company to review its submission and update it per the new legislation and standards. Particularly, per EIBC/United:

> it is important that DTE [Electric] ensure that any changes related to the new legislation are reflected in the Company's modeling and cost projections. There is no reason to wait until future distribution planning cycles to make these updates and, in fact, there may be lost opportunities if changes are not made to this Plan.

Id., p. 3. EIBC/United also note the company's receipt of $22.9 million in federal grant dollars under the GRIP program, following the company's submission of its distribution plan in this case, and contend:

> Because it appears that work under the GRIP Program grant overlaps with the work outlined in the Plan, it would be useful to see in [sic] an updated plan identifying specifically where the federal dollars (and the Company's matching funds) will be spent and why. Such information would also be beneficial to future rate cases and other proceedings to ensure that these federal dollars are being spent on the most effective and future-looking programs and policies to keep the grid reliable, clean, and affordable for the Company's ratepayers.

Id., p. 4. If, however, the Commission is not inclined to direct DTE Electric to update and resubmit its distribution plan, EIBC/United provide comment on the distribution plan as filed, highlighting the importance of a properly designed and implemented distribution plan to meet the company's commitments from its 2022 IRP settlement and public commitments it made about achieving net zero carbon emissions by 2050, along with new statutory obligations. Finally, EIBC/United encourage the Commission to evaluate the company's distribution plan with an innovative lens to consider establishing policies and practices that target new and novel ways of improving reliability and resilience, such as supporting customer- or third-party-owned DERs, microgrids, or NWAs.

On topic 2, EIBC/United assert that the company's distribution plan does not reflect the full intended scope of distribution planning. Per EIBC/United:

> Under its Plan, the Company states that it will increase reliability and resilience during extreme weather, accelerate response to customer outages, and increase grid capacity that accommodates the changing current and future energy needs of all customers. Unfortunately, the Plan fails to truly account for or request the changes to make these intentions a reality. DTE [Electric] fails to consider that a modernized grid will invite new marketplace participants and actively encourage adoption of DERs, EVs, and other advanced technologies for the benefits that they will bring to the grid and customers. DTE [Electric]'s failure to cast a broad net will be a loss for Michigan, as advanced energy and transportation technologies can lead to benefits for its economy, ratepayers, and job market for years to come. If the Commission declines to require the Company to submit a more complete distribution system plan, it should recognize that the Plan is limited in scope to short-term reliability, limited technological growth, and is insufficient as a distribution system plan as contemplated by Commission precedent and MI Power Grid's aim to "maximize the benefits of the transition to clean, distributed energy resources for Michigan residents and businesses.["]

Id., pp. 6-7 (footnotes omitted).

On topic 3, EIBC/United state that they are not opposed to DTE Electric investing in DERMS technologies so long as the investments are necessary and supported in line with Commission guidance in general rate case dockets. EIBC/United set forth items for the company to consider before investing in a DERMS and assert that any investment in the same must be leveraged to improve and expedite the interconnection process for DERs. With this, EIBC/United contend:

> Any request for cost recovery of DERMS investments should include a clear timeline indicating when DTE [Electric] expects [its] integration efforts to occur, including those not involving utility-owned assets, and a good faith commitment to abide by that timeline. Given capabilities and cost of DERMS technologies, any investment must be more than just a means for DTE [Electric] to manage Company-owned DERs and must expediently integrate and utilize third-party assets.

Id., p. 9.

On topic 4, EIBC/United assert the importance of improving access and the timely sharing of system data to efficiently and quickly deploy DERs, which EIBC/United state can be done securely without risk to customers or the utility. EIBC/United contend that hosting capacity data should be updated more frequently than just once a year and whenever major changes occur on a

circuit. EIBC/United further contend that DTE Electric should be required to provide a more detailed timeline for other public facing enhancements. EIBC/United use Pepco Holdings and Commonwealth Edison as examples of utilities in other states that are able to provide updates to public hosting and load carrying capacity maps on a more frequent basis. Per EIBC/United, "[p]articularly in light of the planned 4.8 kV system conversion upgrade, the Company must improve its hosting capacity maps and provide quicker updates to enable more meaningful use by market participants." *Id*., p. 11 (footnote omitted).

On topic 5, EIBC/United assert that DTE Electric's distribution plan is dismissive of the idea of integrating DERs at higher levels. To better understand the grid benefits of DERs, EIBC/United contend that DTE Electric "should look to lessons already learned in other jurisdictions," averring that "[a]doption levels are on the rise, and especially given the recent increase in the DG program soft cap and project size limits (as established in PA 235), the Company should be working to create a distribution system that is ready for DERs." *Id*. EIBC/United appreciate steps that the company has already taken or are underway that are aimed at getting the grid ready for DERs but also assert potential benefits of DER integration in light of the company's aging grid infrastructure. Considering these challenges, EIBC/United assert that DTE Electric should explore replacing its aging technologies with advanced energy alternatives, which will likely prove to be less costly and faster to implement. EIBC/United use microgrids as one such example that they support as a cost-effective alternative to other grid hardening investments, along with the use of battery energy storage in lieu of fossil fuel peaker resources as "an ideal resource to be utilized during outages, and . . . an opportunity to defer or avoid more costly distribution system mitigations." *Id*., p. 13. EIBC/United further mention the company's collaboration with the DAAOs through the Whole Homes, Whole Community program as an

excellent opportunity to facilitate DER deployment and to further address equity and EJ concerns, along with the company's commitment in Case No. U-21193 to contribute $8 million over four years to organizations that assist low-income customers with energy efficiency, renewable energy, or battery technology, but state that the company did not consider these items in its distribution plan. Per EIBC/United:

> It is important that low-income communities have access to and benefit from DERs, but if the local distribution grid in such areas is insufficient to support DERs, it is necessary for DTE [Electric] to remedy that problem. In fact, intentional deployment of DERs could improve reliability and resiliency of the local distribution grid and may provide benefits to the grid overall as well as to customers it serves through lower cost investments. DER deployment can generally assist with equity and environmental justice issues throughout DTE [Electric]'s service area. If the Commission directs DTE [Electric] to revise the Plan as suggested above, greater attention to opportunities to incorporate advanced energy solutions to remedy inequity and environmental justice issues is strongly encouraged.

Id., pp. 13-14. On this topic, EIBC/United also discuss and applaud the company's Technical Training Center (TTC) DER lab but assert:

> It will be important for the TTC DER Lab to expand available equipment and not impede growth due to unnecessarily lengthy testing. For example, the Company could use the TTC DER Lab proactively to begin testing meter collars. Lessons learned in other jurisdictions should also be reflected in the lab's work to avoid duplication and lost time.

Id., p. 14.

On topic 6, EIBC/United assert that DTE Electric's approach to EVs is too restrictive, with the company characterizing the EV forecasts in the MI Healthy Climate Plan as the upper limit and not the most plausible. EIBC/United contend that the company instead should use the MI Healthy Climate Plan EV adoption goals as a baseline in comparison to actual EV sales each year. EIBC/United further assert that DTE Electric should recognize and leverage EVs as an available grid resource now, not just down the road. EIBC/United discuss vehicle-to-grid (V2G) technology

and contend that the company should lay out a more concrete plan for the use of such technologies. EIBC/United further state that, "as it plans for increased transportation electrification and deployment of charging infrastructure, the Company must acknowledge and accommodate the meaningful participation of third-party players in the marketplace." *Id*., p. 16.

On topic 7, EIBC/United state that they support DTE Electric's deployment and use of AMI, particularly with facilitating rapid developments in advanced energy and transportation technologies, and also appreciate the company's discussion of conservation voltage reduction and volt VAR[11] optimization (CVR/VVO) in connection with DERs but assert that the company's distribution plan nevertheless does not make sufficient progress in these areas. Per EIBC/United:

> In terms of NWAs, Michigan EIBC/United value DTE [Electric]'s acknowledgment of these technologies, but Michigan EIBC/United aver that DTE's efforts with these technologies need to move beyond the pilot stage and not wait for project learnings to be included in DTE [Electric]'s 2025 Distributed Grid Plan. In shortchanging the NWA discussion, the Plan fails to meet the Commission's long-standing expectations for distribution system planning, going back to 2017 when the Commission stated that it "expects that future iterations of utility distribution plans will focus not only on ensuring short term safety and reliability but also leveraging new resources and approaches, such as energy efficiency, renewable energy, storage, line loss, volt/volt-[ampere] reactive [var] optimization, NWAs, and dynamic electric rate structures, to address looming system issues." The Company's failure to evaluate NWAs does more than call into question the completeness of the exercise; it also undermines the prudency of the Plan. As the Commission stated in its August 20, 2020 Order, it "approaches NWAs from a fundamental tenet of utility regulation—that major utility investments (individual projects or groups of investments) should be examined for prudency through an open process and that this should necessarily include an examination of alternatives, whether they are 'wires' or 'non-wires' in nature, or a combination thereof." Thus, DTE [Electric] should provide additional details on these NWAs and CVR/VVO programs, the program savings, and how the Company plans to use these programs to enable thorough Commission review, especially prior to approval of the $5.8 billion in strategic capital investment referenced in the Plan.

Id., pp. 16-17 (footnotes omitted; third and fourth alterations in original).

[11] VAR stands for volt-amps reactive.

On topic 8, EIBC/United note the absence of any reference to heat pumps in DTE Electric's distribution plan as a growing means of heating and cooling buildings. EIBC/United state:

> This is noteworthy because heat pumps, which rely on electricity, have for the second year in a row outsold natural gas furnaces, which fall outside the scope of distribution system plans. The Plan's failure to acknowledge this trend means that DTE [Electric] has likely not considered the effect of heat pumps on the grid. This is a significant shortfall in the Plan and should be addressed in any resubmissions of this Plan and all distribution grid plans moving forward.

Id., pp. 17-18 (footnote omitted). EIBC/United also detail the potential benefits of heat pumps and discuss the effect of rising residential gas prices and federal tax credits on the adoption of heat pumps to further underscore the need for the company to consider heat pumps in its distribution plan.

Lastly, on topic 9 addressing further considerations, EIBC/United state that they:

> recognize that the Commission does not approve or otherwise enforce the electric distribution infrastructure investment plans filed by Michigan's electric utilities. Nevertheless, proposals from the plans arise in electric rate cases to support capital and other investments and requests for cost recovery. But, as argued in Michigan EIBC/United's comments on Consumers Energy's [distribution plan], it is precisely because the plans are not actually approved by the Commission and there is minimal opportunity for interested [persons] and the Commission to vet the plans, that it is imprudent to rely on them as the basis for cost recovery and other reasonableness determinations. Ideally, the Commission could treat the distribution grid plans more like the electric utilities' IRPs, where intervenors provide formal input, and the Commission enters an order approving the IRP with modifications if needed. This could include input on cost-saving measures that advanced energy technologies can offer, including NWAs, microgrids, DERs, and DG. Additional scrutiny on costs is especially important considering that DTE [Electric]'s requested rate increases have been substantially decreased in its past two rate cases. Implementing such a process, however, may require statutory direction. Until it is determined that the Commission has such authority, the Commission should encourage electric utilities to make distribution system plans as robust and future-looking as possible to foster a meaningful discussion of the grid, innovation, reliability, resiliency, and impacts on ratepayers. The Commission should also strive to align the filing of utility distribution plans and review of those plans by [interested persons] with the general rate case timelines. This way, when these plans or their programs arise in a rate case or other binding proceeding, there is some degree of assurance that multiple alternatives have been considered and that the plan is more than a marketing tool for an unvetted spending plan.

Id., pp. 19-20 (footnotes omitted).

In conclusion, EIBC/United appreciate the company's work in preparing its distribution plan but assert that by focusing on reliability and neglecting advanced energy and transportation technologies the company's distribution plan failed to reflect the full intended scope of distribution planning. EIBC/United are hopeful for improvements to this process by enforcing previous requirements and by better aligning this process with general electric rate cases. *Id*., p. 20.

ii. Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan

MNSC comments on DTE Electric's proposed annual distribution spend set forth in the company's distribution plan—from $1,439,523,000 in 2022 to $2,185,000,000 in 2028—and asserts that the company's distribution plan provides no assessment of how this spending would impact rates or customer bills for residential customers. MNSC provides the same criticism of DTE Electric's distribution plan as is directed at Consumers' distribution plan: rather than maintaining existing equipment, exploring new alternatives, and improving performance, the company is frivolously proposing to invest in new hard infrastructure. MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 1; *see also*, *supra*, pp. 62-63. MNSC states that it previously supported this docket but asserts that DTE Electric's distribution plan now confirms that this informational, self-serving forum where the utility decides what information to present and withhold is not advancing the public interest. MNSC thus offers suggested regulatory responses and, at a minimum, contends that the Commission should express unequivocal non-approval of the distribution plan and demand improvements.

In further detail, MNSC discusses distribution plans in general, asserting that the Commission's current distribution plan process has run its course and that it is now time for a new

approach. *Id*., pp. 1-4. Because this discussion largely mirrors the discussion presented by MNSC in response to Consumers' distribution plan, which is already summarized above, the Commission is not going to repeat the same here. *See*, *supra*, pp. 62-63.

From there, MNSC contends that DTE Electric's latest distribution plan offers insights into the company's plans for increasing excessive capital spending without presenting credible strategies to achieve reliability benefits for ratepayers. In support, MNSC asserts that: (1) the distribution plan proposes significant capital and O&M spending increases over a five-year period, from $7.017 billion in the company's last distribution plan to a total increase of over $9.278 billion in the current distribution plan for 2024-2028; (2) the distribution plan presents no forward- or backward-looking programmatic or spending context beyond 2028 to allow a reader to discern the full scope of the proposed projects in the distribution plan or historical spending context to provide perspective on relative increases over time and to inform BCAs; (3) the distribution plan provides no explanation of projected reliability benefits, which raises many questions about the projections including the company's projection methodology and inputs used, along with questions about what parts of the company's investment plan are projected to produce reliability benefits and at what cost; (4) increasing tree trimming is the most significant contributor to reliability benefits, as the inescapable reality is that trees are the primary cause of outages; (5) the distribution plan focuses exclusively on replacing old and non-standard equipment without sufficient justification to support the substantial capital improvements; (6) the Global Prioritization Model (GPM) remains a mysterious and opaque self-serving tool (with secret inputs and arbitrary outputs) to justify massive capital investments without demonstrating cost-effectiveness; (7) the distribution plan lacks rate impact analysis and accountability mechanisms (such as through performance-based ratemaking) to ensure ratepayers receive the acclaimed reliability benefits of the spending plans;

and (8) the distribution plan spending programs must still be evaluated for reasonableness and prudence in a rate case proceeding, which distribution plans do not make any more streamlined or less complex overall. *Id*., pp. 5-16.

MNSC thereafter asserts that DTE Electric's distribution plan presents a series of expensive programs unsupported by historical cost and reliability data and without accountability metrics or the integration of foreseeable challenges. MNSC, on this point, identifies and discusses in further detail the following programs and plans that it contends would benefit from the attributes of a contested case, as a result of data gaps and dubious assertions included in the company's distribution plan: (1) tree trimming (on pages 58-64 of the distribution plan), (2) the Pole and Pole-Top Maintenance and Modernization (PTMM) program (on pages 66-69 of the distribution plan), (3) 4.8kV hardening (on pages 70-76 of the distribution plan), (4) system equipment replacement (on pages 77-81 of the distribution plan), (5) short cycle maintenance programs for poor reliability circuits (on pages 84-86 of the distribution plan), (6) distribution load relief projects (on pages 87-96 of the distribution plan), (7) the Subtransmission Redesign and Rebuild program (on pages 96-107 of the distribution plan), (8) 4.8kV and 8.3kV conversions (on pages 107-123 of the distribution plan), and (9) grid automation (on pages 133-144 of the distribution plan). MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, pp. 16-30.

Lastly, on its assertion that the Commission should express unequivocal non-approval of DTE Electric's distribution plan and exercise its authority to improve distribution planning in Michigan, MNSC contends that: (1) the company's distribution plan is flawed (as a plan for a newer system that spends ratepayer resources to replace old equipment just because the equipment is old), (2) the Commission should endorse and clearly articulate the importance of legislative solutions to

improve distribution planning (in terms of the proper forum to address the same and coordination with IRP proceedings), (3) the Commission should require more robust and credible distribution plans (to provide additional context, details, and support), and (4) the Commission should confirm that it is not approving the spending or other parts of the company's distribution plan (so that the company's investment plan in its distribution plan does not become self-serving evidence in a future rate case). *Id*., pp. 30-32.

iii. City of Ann Arbor

Ann Arbor addresses three topics in its comments: (1) coordination with local governments and other utilities, (2) company contributions in aid of construction (CIAC) policies that discourage DG and/or distributed storage (DS), and (3) DTE Electric's failure to accept responsibility for the state of the grid. Ann Arbor's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0112, pp. 1-9.

On topic 1, Ann Arbor asserts a major flaw of DTE Electric's distribution plan is the company's failure to address the potential cost savings from coordinating distribution system projects with local government projects. In fact, according to Ann Arbor, nowhere in Section 4 of the company's distribution plan—Executing the Distribution Grid Plan—does the company discuss communicating or coordinating with local governments, which Ann Arbor asserts is vital. Per Ann Arbor:

> By failing to include local governments in the planning and execution of distribution system projects, the Company is missing out on the potential benefits that would result from the coordination of such projects with local government projects, such as cost savings from avoiding digging up and resurfacing the same road or sidewalk multiple times, efficient use of workforce time, preventing damage to infrastructure, and limiting disruptions to residents.

Id., pp. 1-2. Ann Arbor refers to testimony on behalf of it and MI-MAUI from Case No. U-21297 on this point and the lack of coordination on projects even between DTE Electric and DTE Gas

Company (DTE Gas). Ann Arbor, however, acknowledges the company's discussion on partnering with DTE Gas to find synergies on joint underground construction projects, stating that such discussion is promising and hoping that the same becomes normal practice. Nevertheless, Ann Arbor asserts that this logic must extend beyond the company's sister utility to local governments as well. Ann Arbor states:

> Many local governments in Michigan make their five-year infrastructure investment plans publicly available and coordinate with a wide variety of entities in their development; for Ann Arbor, DTE [Electric] is noticeably absent from the long list of entities that chose to participate in development of that plan to better align needed work in common public rights of way, despite being invited to join.

Id., p. 3. While Ann Arbor acknowledges that DTE Electric filed its distribution plan before the Commission ordered the company in Case No. U-21297 to demonstrate efforts to improve communication and coordinating with local governments on construction activities, Ann Arbor is hopeful that this directive "will encourage the Company to involve local governments in the distribution planning process so all parties involved – the Company, local governments, residents, and ratepayers – can reap the benefits of coordination." *Id*. (citing December 1 order, p. 375). Ann Arbor otherwise urges the Commission "to consider disallowing the Company from recovering costs that could have otherwise been avoided through coordination efforts in DTE [Electric]'s next rate case." Ann Arbor's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0112, p. 3.

On topic 2, Ann Arbor expresses concern over the company's CIAC policies, which Ann Arbor contends may discourage some customers from installing and connecting DG/DS resources to the grid. Specifically, Ann Arbor expresses concern about vastly different CIAC costs for customers depending on where they live in DTE Electric's service territory, providing an example for consideration where one customer lives in an area that does not require any system upgrades

compared to another customer on a lower voltage circuit that does require upgrades in order to install and connect DG/DS resources on the system. Per Ann Arbor, "[t]his inequitable treatment of customers who have no responsibility for the condition of the existing grid in their area should not be permitted." *Id*., p. 4. Ann Arbor continues:

> Considering the urgent need to transition to clean and renewable sources of energy as fast as possible, any policy that has the potential to discourage DG/DS should be avoided. Instead, the Company should be making investments that encourage the adoption of DG/DS resources. For customers served by outdated infrastructure, any CIAC associated with DG/DS resources should be based on an estimate of any upgrades needed from a 13.2kV standard configuration. The other upgrade costs should be part of the overall distribution spending, as they would be if undertaken on a normal schedule.

Id., p. 5.

On topic 3, Ann Arbor contends that DTE Electric blames external forces for the state of its electric distribution system, citing several examples involving financial challenges due to a flat to declining population in Michigan and impacts as a result of trees and extreme weather. *Id*. (citing DTE Electric's distribution plan, filing #U-20147-0095, pp. 31, 58, 65). In response to this, Ann Arbor notes the company's recent statement to investors, in November 2023, about considering a surcharge to fund a severe weather escrow account, contending that the company's "stated policy of underspending on maintenance to increase shareholder returns continues to potentially increase costs for ratepayers" and further stating that "[d]ecisions to underspend on maintenance and capital replacements are very rarely advantageous to customer rates in the long term." Ann Arbor's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0112, p. 6. Ann Arbor, in this regard, uses Pacific Gas & Electric and the Caribou-Palermo fire as an example of other utilities' experiences that made similar, short-term choices and these choices' effects on customer rates and asserts that "Michigan must avoid this future and balance the need for infrastructure spending to improve reliability with ensuring that customers are not paying the price

for decisions made to benefit shareholders (namely the deliberate underspending on O&M)." *Id*., p. 7. Ann Arbor further highlights briefing that both Ann Arbor and MI-MAUI provided in Case No. U-20836 asserting that the company has spent the past decade being behind on tree trimming despite multiple approvals for enhancements, surges, and accelerations to catch up on vegetation management. Per Ann Arbor:

> This inability to execute the necessary amount of tree-trimming to stay on an established 5-year cycle has undoubtedly contributed significantly to the poor state of DTE [Electric]'s distribution system and the unacceptable level of reliability the Company provides to its customers. By failing to stay on an appropriate tree-trimming schedule, DTE Electric has not only caused its customers unnecessary service disruptions due to outages that could have been avoided, but has also contributed to increased costs in at least two ways: (1) increased storm restoration costs from repairing or replacing equipment that was damaged by trees that should have already been trimmed (plus often return visits given the rushed nature of the work), and (2) increased vegetation management costs because trees left to grow for longer will often require more time and effort to trim.

Id., pp. 7-8. Ann Arbor additionally states that:

> utilities have been integrating the well-known risks from climate change into their operations for decades. The City of Ann Arbor being one, where climate considerations have been factored into our water and stormwater utility planning for well over a decade. And given that robust climate science information, including local projections of change, have been available for public use for at least two full decades, it is not acceptable to blame the lack of strategic and forward-facing planning by DTE [Electric] on the perceived "boogey-man" of climate change. Instead, the utility should have been proactively planning for this future like many other utilities, including the City's stormwater and water utilities, have been.
>
> Ann Arbor acknowledges that significant investment in DTE [Electric]'s distribution infrastructure is needed to improve the reliability and resilience of the grid and to prepare for the realities of the future, such as increased electrification and DG/DS growth. However, DTE [Electric]'s own management decisions and continued failure to execute its plans are partially to blame for the position it finds itself in, and the consequences of the Company's decisions to benefit shareholders and not properly plan for a climate-altered future should not be the ratepayer's responsibility. Moreover, this plan does not reflect the Company's best efforts to reduce those costs, since it is noticeably devoid of normal cost-control practices like coordinating with other utilities (like the wastewater and water utilities run by local governments).

> When evaluating the Company's [distribution plan] and its resulting costs, the Commission should ensure: (1) spending on distribution system projects is undertaken with normal cost-control measures like coordination with local governments and other utilities; (2) CIAC policies do not discourage the uptake of DG/DS through the unfair treatment of customers who helped finance the expansion of the system with better infrastructure for their neighbors; and (3) the Company's shareholders do not benefit twice from DTE [Electric]'s decisions to delay O&M by charging customers for increased capital expenditures as a result of avoidable storm damage.

Id., pp. 8-9.

iv. Michigan Department of Attorney General

The Attorney General contends that, while DTE Electric included some key ingredients for an effective distribution plan, the distribution plan falls short in certain key areas—the most concerning being the staggering amount of capital expenditures of $9.3 billion forecasted by the company over the five-year period from 2024-2028 (a 32% increase over the company's prior plan) and when combined with O&M expenses of $623 million in the new plan, albeit a decrease in O&M from the prior plan, which amounts to a cost per customer of approximately $4,350. The Attorney General argues:

> To justify this level of expenditures, the Plan needs to make a compelling case that the spending is critically necessary and targeted to those areas that will provide the most benefit to customers. However, the Plan falls short of this objective. Other than generally stating that some electric infrastructure is old and failing, there is limited evidence presented of failure rates, problems experienced with power outages in the target areas of spending, the number of customers impacted and how often, and other problems with the targeted circuits and equipment to be replaced. There is also no specific analysis or justification presented to explain why the number of projects needs to increase from historical levels to the levels targeted. In fact, the Plan provides limited to no historical perspective against prior years' capital expenditures and work units or activities for the various programs presented.

Attorney General's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0113, p. 2. The Attorney General then addresses the shortcomings of DTE Electric's distribution plan as follows, asserting that, despite the voluminous general descriptions and statements provided in the

distribution plan about programs and on improving reliability, the company can and should do better in outlining a more effective distribution plan for the coming five years:

1. Increases in capital spending and operating costs need to be better justified[,]
2. Plan lacks focus on key problem areas[,]
3. Specific problem areas with infrastructure and equipment need to be identified[,]
4. Reliability improvements look promising but lack support and commitment[,]
5. Plan lacks performance monitoring toward targets or goals and accountability for results[, and]
6. Plan lacks an assessment of customer impact from proposed capital spending and forecasted operating costs.

Id. (emphasis omitted).

Addressing items 1, 2, and 3, the Attorney General asserts that DTE Electric's capital spending for 2024 to 2028 lacks sufficient historical perspective and justification and that it is unclear how the company arrived at its forecasted level of spending. The Attorney General uses the company's capital expenditures for Pole and Pole Top Replacements as an example, stating that the information provided does not indicate the number of poles to be replaced or the percent thereof and does not make clear why spending $773 million over the five-year period is necessary or optimal. The Attorney General further contends that the company's distribution plan does not identify what specific issues currently exist with circuits, equipment, and other infrastructure in the programs targeted in the distribution plan, just generalities regarding age of equipment and the need for improvements. The Attorney General mentions upgrade investments that the company wants to undertake in the coming years regarding EVs, DG/DER optimization, and new technology and contends that, "[g]iven the amount of money involved and the need for costs to match the benefits for customers around the same time frame, the company needs to move

cautiously in investing too early on grid capacity expansions that may not be sufficiently used in the near term." *Id*., p. 3. Per the Attorney General:

> The focus needs to be on those top priority infrastructure initiatives that will have the highest impact on reducing power outages and improve restoration time and service levels as well as pass basic cost/benefit analysis criteria. The incremental cost of DG/DER investments also needs to be fairly assessed to those customers that most benefit from those installations and should not come at the expense of diverting capital investments from other critical areas.
>
> The Company needs to identify the top initiatives that will have the most impact on service levels and address them with laser focus. Pages 40 and 41 of the Plan identify the major causes of power outages and their duration. Wind, weather, falling trees, and vegetation are by far the main contributors to power outages. The Plan does not evaluate whether more spending on tree clearing and vegetation management or a more frequent vegetation clearing cycle would provide better distribution system reliability and fewer power outages with less duration and less capital spending. Exhibit 4.2.2.3 assigns 25.5% to unknown causes for power outages. This is a very large percentage of the total power outages that requires better data capture in order for the company to develop specific solutions. Condition of equipment is only 20.8% of the total number of power outages, yet it seems to get a disproportionate level of attention.
>
> The Plan would be more effective if it clearly identified specific problem areas, causes for outages, and other deficiencies and then presented specific solutions to resolve those problems, along with expected outcomes. The outcomes should be fewer power outages, shorter outages, and significantly improved power reliability metrics.

Id., pp. 3-4.

On item 4, the Attorney General reviews the company's SAIDI and SAIFI projections if projected spending is accomplished, calculating an assumed CAIDI projection based on the SAIDI and SAIFI projections, and contends that these projections look promising; however, there:

> are no goals to which the company seems to have committed. Furthermore, there is no support or substance behind those reliability indices in the Plan. The Plan does not show how specific infrastructure improvements, replacements, and capital spending on various projects and programs will directly contribute to fewer outages, shorter outage durations, and the overall improvement in the SAIDI and SAIFI reliability indices.

Id., p. 4.

On item 5, the Attorney General asserts that, in order for planned activities and spending to achieve intended results, progress toward established performance targets need to be annually monitored, and the company's performance measures need to be expanded beyond just SAIDI-All Weather and SAIFI-All Weather to also include "CAIDI-All Weather, and SAIDI, SAIFI, and CAIDI excluding Major Event Days, and also CEMI4 and the percentage of customers restored by time intervals under different weather conditions [including Grey-Sky days and during normal conditions]." *Id*., p. 5 (footnote omitted). The Attorney General further contends that the company's distribution plan does not provide for accountability for targets not achieved. The Attorney General thus recommends that the Commission seek to correct this shortcoming by requesting that DTE Electric provide a performance monitoring plan with penalties for not achieving its stated results. The Attorney General states that "[c]ustomers will be paying for the increased spending to achieve higher service levels. If those promises do not materialize, they need to be compensated for the failure to achieve them." *Id*.

On item 6, the Attorney General asserts that DTE Electric has not identified the customer impact from proposed capital spending and forecasted operating costs and should do so, as "[t]he Commission needs to have a full understanding of the impact on customers when ultimately approving recovery of infrastructure replacement costs." *Id*., p. 6.

In conclusion, the Attorney General contends that the company's distribution plan is incomplete and requires more substance and thus recommends that the Commission reject the distribution plan and require DTE Electric to refile a distribution plan that addresses the issues outlined in her comments. *Id*.

v. The Commission Staff

In its overview, the Staff states that DTE Electric's distribution plan generally meets the requirements set forth by the Commission in the instant case and in Case No. U-20836. Providing commentary on how the company can improve its distribution plans for the future, the Staff states:

> In a general sense, charts and tables submitted as Excel files may improve general transparency, especially regarding spending data. Current spending data limits Staff's understanding, so it would be helpful to understand historic program and sub-program spending along with projected future spending within the [distribution plan]. Staff also suggests Excel files for spending charts and tables in a top-down format (programs and sub-programs receiving the most spend on the top), to create a clearer depiction of investments. Regarding project summary exhibits, Staff suggests the Company consolidate program information together by program to improve organization and flow of the [distribution plan].

Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 5. From there, the Staff addresses the following topics: (1) scenarios and planning, (2) causes of interruptions, (3) equity and EJ, (4) undergrounding, (5) affordability, (6) community and customer engagement, and (7) hosting capacity. *Id*., pp. 5-16.

On topic 1, the Staff expresses concern over DTE Electric's lack of engagement with numerical estimates or forecasts in scenario planning, asserting that this deficiency may undermine the company's impact analysis for the selected drivers of grid impact (e.g., increased electrification demand, increased catastrophic storms, and DG growth). Per the Staff:

> The Company establishes at length the increasing demand from electric vehicles and other electrification needs in the future, along with the increasing severity of weather and the projected growth of DERs in its territory. However, it does not appear to apply these learnings to any plans outside of identifying that they do, in fact, impact the grid.

Id., p. 6. Providing an example, the Staff states that the company commits to monitor solutions to impacts as they arise but asserts that there is no firm commitment by the company to tie scenarios with meaningful plans to invest in the existing physical system and that monitoring alone should

not be the only outcome of scenario planning. The Staff contends that there is little effort in DTE Electric's distribution plan to transform the company's learnings into practical impacts, investments, or improvements or how changes in these spaces would impact planning decisions moving forward. The Staff, in this regard, states that it:

> would like to see in future plans a commitment by the Company for the above outlined impacts to be fully incorporated into all forecasting done by the Company. The outcomes outlined by DTE [Electric] in its scenario planning have the potential to be dire, should the worst of these scenarios come to pass. Without planning for the worst-case scenarios, the Company commits itself to mediocre service and at risk of being placed in a reactive state.

Id., pp. 6-7.

On topic 2, in terms of reliability and resiliency, the Staff underscores the importance of careful cause determinations and categorization of causes for utilities to identify appropriate programs or other remedial actions for application of investments plans and actions needed to improve system performance in a proactive manner. Specific to DTE Electric's distribution plan, the Staff states:

> Section 4.2.2 of the [distribution plan] details the causes of interruptions as a five-year average. It is concerning to find that "Unknown" is the leading cause of outages in Exhibit 4.2.2.3 and cause categories such as "Trees/Wind", both offering ambiguity to the actual outage cause. Simply put, an unknown cause classification is just that which offers no detail on the cause and, therefore, no insight into action(s) that may be necessary. Staff met with the Company to understand the "Unknown" cause category and when it is used, and Staff is pleased to learn the cause category has been removed as an input option for line crews. Next, the "Trees/Wind" cause category shows up as the leading cause of outages in Exhibits 4.2.2.2 and 4.2.2.3 and warrants further questioning. What percentage of these outages involved a tree or vegetation? What percentage of these outages were caused by a broken pole due to wind forces only and, of those, what was the condition of the pole? The answers to these questions significantly impact what measures or programs may address these issues. If caused by trees, line clearing or lack thereof is the issue which could prioritize the circuit within the O&M tree trimming program or lead to more aggressive tree trim specifications or lead to increased tree trim frequency. If the outage was caused by a broken pole due to wind forces with no tree involvement, potential improvements could be hardening the circuit with stronger poles under the 4.8 kV Hardening program, or maybe an

> improved pole inspection procedure/frequency is the solution. Staff emphasizes the importance of carefully identifying causes in a manner that is accurate and categorized in a way that will clearly identify the true causes to effectively determine improvement needs.

Id., pp. 7-8. On this point, the Staff further states that it is unclear how outage causes are applied, or considered, in the company's GPM, which then raises questions about investments prioritized through the GPM. Asserting that there is room for further improvement, the Staff states that, "[a]s the Company considers cause categories in its cause determination process, it is likely that certain equipment will be found to be common causes of outages," encouraging DTE Electric "to pinpoint these specific equipment issues, determine the extent of the issue, and discuss its plan to reduce or remediate the impacts in future distribution plans." *Id*., p. 9.

On topic 3, the Staff expresses appreciation for the data provided concerning EJ communities. The Staff, however, encourages DTE Electric to "continue strengthening [its] focus on vulnerable communities and working directly with communities to ensure [the company's] most critical areas are known with plans in place to address," specifically encouraging the company's "outage response strategies described in the [distribution plan] — vans with essential supplies, safety checks, strong communication — as it is key to building a strong connection with customers who need it most." *Id*., pp. 9-10. The Staff further states that it would be helpful to see data on the location, or the scale of implementation, of reliability investments for vulnerable communities in a visual or mapped format for all interested persons to review.

On topic 4, the Staff is pleased to see DTE Electric is pursuing targeted undergrounding as a solution to improve grid resiliency but indicates that it would like to see the company provide more information on general goals and expectations for its undergrounding program, specifically listing items the Staff would like to know. *Id*., p. 11. The Staff understands that the company is internally working on BCAs for undergrounding pilots in accordance with Case No. U-20836 but

would like to see more details of these assessments and how they may affect future distribution plans. The Staff also encourages the company to highlight the value of lost load in the context of BCAs for undergrounding conversion projects and indicates that it would also like to see more details describing the company's procedure for identifying projects for conversion, specifically listing items the Staff would again like to know. *Id*., p. 12.

On topic 5, the Staff states that DTE Electric uses the term affordability in a general sense many times in its distribution plan; however, according to the Staff, "there is little substance in the plan regarding how the Company intends to make the planned increases in capital and O&M spending affordable for customers." *Id*., p. 13. The Staff notes intentions set forth by the company in its distribution plan that seem to indicate that the company has an internal target for what is affordable for customers, which the Staff appreciates and encourages, but states that details surrounding these targets or how they will be met are not discussed in the distribution plan and thus left in question. Per the Staff:

> Undoubtedly, the balance between investing in the distribution system to improve system performance and maintaining affordability is challenging, yet critically important. Staff appreciates the efforts and specific reference to grant funding opportunities in Section 16 of the [distribution plan] and encourages the Company to continue to participate in the [Commission]'s Energy Affordability and Accessibility Collaborative work that was extended through calendar year 2024. It will be important for the Company to continue to explore external funding opportunities in the future and be creative in approaching these funding opportunities to help improve success rates in obtaining funds to help reduce ratepayer impacts as a result of increased investments outlined in the [distribution plan]. Staff appreciates the Company's participation in the [Commission]'s Energy Affordability and Accessibility Collaborative and encourages the Company to apply the learnings from the collaborative in its future distribution plans. Further, Staff would appreciate more detail in future distribution plans regarding how the Company will ensure customer affordability while addressing the bullet points from the September 8, 2022 Order. The added detail would, at a minimum, outline the projected rate impacts on customers. Additional transparency in distribution plans regarding customer impacts for the $9 billion projected spend from 2024 – 2028 is reasonable to expect.

Id., p. 14 (footnotes omitted).

On topic 6, the Staff notes DTE Electric's identification of problems, common themes, and learnings in its distribution plan from the company's engagement efforts but states that solutions and efforts to resolve the problems are not always discussed. The Staff, in this regard, states:

> Customer and community engagement should be a continuous effort that promotes two-way communications – feedback from the company and feedback from the customers and communities served. Staff encourages the Company to continue to engage and listen to the communities it serves and encourages more detail surrounding possible solutions to problems in future distribution plans.

Id., p. 16.

On topic 7, the Staff desires to better understand DTE Electric's current hosting capacity maps and thus "seeks a more detailed section on hosting capacity in future filings, with links and maps included, as well as further plans to improve the data over time to ensure increased accessibility and transparency for interested parties." *Id*.

The Staff then reiterates its general distribution plan recommendations, as summarized earlier in this order. *Id*., pp. 17-20; *see also*, *supra*, pp. 24-25.

In sum:

> Staff recommends the Commission require the following in the Company's future distribution plans[:]
>
> 1. More detail regarding outage cause categories in the [distribution plan], including improvements made to the process, and how these cause categories are applied to the GPM[;]
>
> 2. More detail regarding the expected general trajectory of the undergrounding pilots and any larger initiatives. Additionally, Staff recommends more detail regarding underground conversion project decision-making[;]
>
> 3. More detail regarding how customer affordability is considered and will be ensured while applying the learnings from the [Commission]'s Energy Affordability and Accessibility Collaborative. The detail would, at a minimum, satisfy what is in the Commission's September 8, 2022 Order and outline projected rate impacts to customers[;]

4. More detail regarding potential solutions to problems identified through customer and community engagement efforts[;]

5. Overlay maps of planned and historic distribution system investments as provided in this case[; and]

6. All supportive data used in the creation of the distribution plans be made available to intervenors on this case, subject to typical confidentiality procedures.

In addition, Staff recommends the Commission[:]

7. Review planning requirements and allow utilities to submit an annual update to their distribution plans in lieu of resubmitting distribution plans; and

8. Set firm requirements and outlines for future utility distribution plans to allow better data analysis and comparison between plans and to encourage systems-level planning.

Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, pp. 21-22.

vi. International Transmission Company, d/b/a ITC*Transmission*

ITC shares and supports DTE Electric's goal to reduce outages in Detroit and throughout southeast Michigan. ITC states that significant work lies ahead for it and DTE Electric to develop, construct, and reliably operate a cleaner and more electrified energy system but opines that the company's distribution plan, if fully implemented, would greatly improve reliability in the next five years and position the utility well to address longer-term challenges. ITC further contends that continued collaboration between it and DTE Electric will ensure that the most reliable, economic, and long-term grid solutions are implemented for Michigan customers. ITC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0115, p. 2 (based on natural sorting order).

Against this background, ITC addresses three topics: (1) reliability risks from electrification, increasing catastrophic (CAT) storms, and DG/DS scenarios drive the need for planning

coordination and ITC operational awareness; (2) regional and local transmission projects are essential for reliability in Michigan; and (3) transmission and subtransmission system optimization can improve reliability. *Id*., pp. 2-5.

On topic 1, ITC contends that the localized reliability risks identified in DTE Electric's planning scenarios may be efficiently addressed through early collaboration with ITC to determine complimentary transmission and distribution solutions. ITC further states that it and the utility have been working collaboratively to understand the impacts of increasing amounts of DERs on both the distribution system and the transmission system. With this, ITC asserts that granular DER information is more critical than ever for it to identify trends and develop transmission solutions to ensure reliability and resiliency of the grid. ITC further asserts that the increasing risks identified in the CAT and DR/DS scenarios will also significantly influence transmission system operations. ITC states:

> The performance of a wide variety of size, type, and locations of DG/DS resources may often be impacted by the same weather-related factors that impact the performance of grid-scale renewable resources and are further impacted by outages on the distribution system. Declining DG/DS performance in extreme weather conditions, for example, can increase facility loading levels on adjacent circuits or facilities causing potential reliability concerns; demonstrating why it is still necessary to plan the transmission system for peak load, and is increasingly important, especially during extreme weather, to plan for gross load that accounts for DERs. DER interconnections may at times require changes to the transmission system to avoid shedding load under certain planning contingencies.

Id., p. 3 (footnote omitted). ITC further states:

> The Commission should take heed that the trajectories for uptake of electrification technologies and DG/DS resources will, regardless of precise timing, generally converge with the dispatchable resource retirements in DTE [Electric]'s latest IRP settlement, extraordinary levels of intermittent generation on the system, and compounding complexity for reliable system operations. Through close planning coordination, ITC and DTE [Electric] have and will continue to look for creative ways to address a wide variety of issues that can impede or slow down implementation of reliable and cost-effective grid solutions.

Id., pp. 3-4 (footnotes omitted).

On topic 2, ITC asserts the need to invest in the transmission system to preserve reliability and improve resilience considering increasingly frequent and extreme weather as the distribution grid transitions to a more renewable, DG mix. Per ITC, "[b]ackbone regional transmission projects that facilitate resource optionality and interstate bulk power transfers, as well as the local projects that provide redundancy, flexibility, and improve resilience, are no-regrets investments that are needed to support reliability in Michigan." *Id*., p. 4. ITC further states:

> The timeframe of compounded risks of extreme weather, electrification, and reliance on DERs and weather-dependent resources in the early-to-mid 2030's makes meeting the challenge, particularly for transmission planning, an urgent matter. High voltage backbone regional transmission projects can take 10 years and beyond to plan, site, permit and construct. And while Tranche 1 of MISO's Long Range Transmission Plan ("LRTP") is an essential first step to maintain reliability while near-term resource plans are implemented, ITC encourages DTE [Electric] and the Commission Staff to work with MISO to ensure that a second tranche of LRTP projects for the Midwest subregion is sufficiently robust to meet Michigan's long-term energy needs.

Id.

On topic 3, ITC notes DTE Electric's four-part strategy to improve reliability, performance, efficiency, and capacity of the subtransmission system and agrees with the company "that poor performance on the subtransmission system poses significantly greater risks to reliability than the distribution system. ITC agrees and notes that faults on the subtransmission system can impact the reliability of the transmission system." *Id*., p. 5. With this, ITC further states:

> As the Commission and DTE [Electric] weigh the immense scope of investments needed to modernize the distribution system, it is worth exploring how plans to upgrade certain portions of the 40kV networked subtransmission system might be better optimized with the surrounding transmission network to accommodate future load growth and improve reliability. ITC looks forward to engaging with DTE [Electric] and the Commission to explore opportunities to improve and accelerate the redesign of the electric system on a forward-looking basis for all customers in southeast Michigan.

Id.

ITC concludes:

> The unprecedented pace of change in Michigan and throughout the electricity industry requires forward-looking planning collaboration to ensure that the most reliable, long-term, and cost-efficient grid solutions are implemented for customers. ITC appreciates DTE [Electric]'s continued engagement and looks forward to exploring additional ways to improve planning processes. DTE [Electric]'s 2023 [distribution plan] outlines a robust strategy to improve the near-term reliability of the distribution system and, with coordinated long-term regional and local transmission investments, will position the grid in southeast Michigan to accommodate the vast changes on the horizon in the generation, transmission, and distribution of, and demand for, electricity.

Id.

vii. Michigan Municipal Association for Utility Issues

Focusing on issues of particular importance to local governments, MI-MAUI addresses the following topics in its comments to DTE Electric's distribution plan: (1) costly investments in reliability may erode energy security, (2) DTE Electric should involve local governments in distribution system project planning, (3) local governments require more support and information sharing to partner with DTE Electric for timely storm response, and (4) DTE Electric's distribution plan does not mention streetlights. MI-MAUI's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0116, pp. 2-5.

On topic 1, MI-MAUI expresses concern over energy security of the households and businesses that local governments serve in terms of the tradeoff between reliability investments and affordability. MI-MAUI contends:

> Large investments in the distribution system may reduce the number of people who lose power owing to bad weather or equipment failures and how long their power stays out, but by [sic] driving rates up may – paradoxically – cause many people to lose power because they cannot afford to pay their electric bills.

Id., p. 2. MI-MAUI states that local governments are interested in a holistic discussion of energy security beyond just looking at reliability metrics to acknowledge and examine the social costs of investments and, in this regard, urges the company and the Commission to undertake such an analysis as part of distribution planning. MI-MAUI asserts that "[i]t is not acceptable simply to assume that assistance will step in to help customers impacted by rate hikes; the first priority should be to keep rates affordable, with assistance making up whatever gap remains." *Id*.

On topic 2, MI-MAUI asserts the importance of coordinated, non-emergent infrastructure projects to minimize distributions on neighborhoods and reduce total costs. More specifically, MI-MAUI states that it is:

> advocating for DTE [Electric] to implement more careful coordination with municipal infrastructure projects, such as road rebuilds or water and sewer projects. Public Works departments report too many times that DTE [Electric] has implemented projects that disrupt neighborhoods and damage public infrastructure shortly before or after a municipal infrastructure project was planned in that same location. The best time to relocate conductor underground, or replace it, is when the city is tearing up the street for a road, water, or sewer project – not a year or two later. Likewise, DTE [Electric] should make every reasonable effort to schedule co-located electric and gas infrastructure projects concurrently.

Id., p. 3. MI-MAUI contends that DTE Electric appears to recognize the desire for coordination from local governments but asserts that the company's distribution plan "makes short shrift of the topic and describes no plans to implement responsive processes." *Id*. (citing DTE Electric's distribution plan, filing #U-20147-0095, p. 203). MI-MAUI reiterates the recognition by local governments that project coordination is laborious but also maintains that complaints about this coordination being prohibitively expensive and time-consuming ignores the company's current approach that externalizes substantial total cost and other burdens on the community. MI-MAUI notes the company's potential for coordinated projected implementation with regard to undergrounding and DTE Gas's performance of gas main replacement in the area but contends that

this potential coordination only addresses minimizing construction disturbance and should go further, whenever possible, to also coordinate with other road or sidewalk repairs. MI-MAUI, in this regard, asserts that:

> [t]he Commission should require DTE [Electric] to adopt and document its implementation of processes for genuine and comprehensive project coordination and limit the Company's recovery of costs when it falls short. We recommend that DTE [Electric] undertake annual meetings with each local government, county road commission, water and sewer authority, or other public agency with responsibility for infrastructure projects in the right of way, to identify and coordinate upcoming projects.

MI-MAUI's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0116, p. 4.

On topic 3, MI-MAUI appreciates DTE Electric's efforts to improve the accuracy and timeliness of the company's outage reporting and restoration estimates but states that the company's distribution plan gives no attention to the vital roles of local governments as it relates to storm response. MI-MAUI states:

> This is unfortunate because local governments are partners of DTE [Electric] in storm response, in that they provide public safety and social services made necessary by power outages. However local governments get scarcely more accurate, timely or granular information or communication from DTE [Electric] during outages than any other customer, making it very hard to provide vital public services in a timely and efficient manner.

Id. On this point, MI-MAUI references testimony regarding shortcomings provided on its behalf in Case No. U-21297. MI-MAUI recommends that DTE Electric's distribution plan should:

- Discuss how DTE [Electric] can properly and efficiently share information with local officials about outage locations, expected durations, and vulnerable customers and critical facilities impacted that may need emergency or social services support.

- Discuss how DTE [Electric] will improve its responsiveness to local government priorities during power outages.

- Support local governments with resiliency resources, including but not limited to solar PV [photovoltaic], backup power, and energy storage at critical municipal facilities and warming/cooling centers.

Id., p. 4.

On topic 4, MI-MAUI states that, unlike Consumers' distribution plan, DTE Electric's distribution plan does not mention streetlights, which are a topic of special and proprietary concern for local governments. MI-MAUI, in this regard, states that it:

> has repeatedly shown in rate case testimony that the reliability of DTE [Electric]'s streetlight services is getting worse, calling into question whether and how streetlight customers will ever benefit from the Company's accelerated spending on its distribution system and its heavy investment in LED technology. The benefits customers seek in converting to LEDs include, in varying order of priority, cost savings, improved reliability, and higher-quality lighting.

Id., p. 5. MI-MAUI compares capital expenditures in streetlighting from 2016 to those as set forth in Case No. U-21297, showing an average annual growth in the value of lighting assets of about 3.4% and also highlighting additional millions of dollars in customer contributions for the company to convert its streetlights to LED during this time, investment results which are underwhelming so far. MI-MAUI notes outage figures during this time and contends that the company's distribution plan ignores this reliability problem, as using standard SAIDI and SAIFI metrics that do not include streetlight outages. Per MI-MAUI:

> For streetlighting customers, that ignores the vast majority of their reliability problem, as problems with streetlighting equipment dwarf general distribution system outages for this rate class. The Company cannot come up with an investment plan that is fair to streetlight customers by ignoring the primary source of the reliability problems they experience. Nor should the cost implications of their planned spending be ignored while every other distribution investment is included.

Id. MI-MAUI continues that:

> [c]ustomers also seek to use less energy and achieve climate goals by investing in LED streetlights. In case no. U-21297, MI-MAUI provided evidence that the Company systematically chooses LED streetlights that are brighter, and more expensive, than its supplier recommends to replace older HID lights. In its final order, the Commission held that DTE [Electric] had overspent on LEDs by $5.8 million and reduced the Company's cost recovery accordingly. The instant

> point, however, is not cost but waste: the Company installs LEDs that use more electricity than is required to meet technical lighting standards, thus denying customers of energy savings and climate progress. The [distribution plan] should address how the Company proposes to comply with technical lighting standards going forward.
>
> The Company's historic overspending on excessively bright LEDs has another impact that ought to be discussed in the [distribution plan]: light pollution. A growing chorus of scientific studies has shown that the transition to outdoor LED lighting has significantly increased global light pollution and associates it with impacts on human health and ecosystems, among other issues. The [distribution plan] should discuss how the Company proposes to reduce or mitigate these impacts as the transition to LEDs continues. Potential solutions include installation of less-bright LEDs, reducing their color temperature, specifying and installing them carefully to illuminate only intended areas of the street and sidewalk, scheduled dimming, and occupancy sensors.

Id.

viii. Soulardarity and We Want Green, Too

The DAAOs discuss the importance of the distribution planning process and scrutinizing the same with robust oversight to ensure utilities meet clean energy goals, to address Michigan's aging energy infrastructure in terms of renewable energy penetration, and to ensure electricity system resiliency considering climate change. Per the DAAOs, "[a] failure to proactively plan for prudent grid investments will impede Michigan's reliability and decarbonization commitments to the public." DAAOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0117, p. 2. The DAAOs also discuss the conflict with the current rate recovery structure which incentivizes utilities to maximize their capital expenses over as many years as possible. The DAAOs, in this regard, mention DTE Electric's proposed $9.28 billion in planned capital expenses, which does not include a BCA, along with O&M projects that do not contain a total estimate of associated O&M costs. Thus, according to the DAAOs, in their review of DTE Electric's distribution plan, the Commission and ratepayers "rely only on the utility's subjective,

opaque investment choices and evaluation of the cost-effectiveness of its planned capital expenses and associated O&M expenses." *Id*., p. 3. The DAAOs contend:

> As the Commission reviews the [distribution plan] and considers allowing the proposed investments to move forward in rate cases, the [Commission] should exercise rigorous oversight of the grid planning process to ensure that (1) the distribution system can reliably and equitably deliver clean energy to all ratepayers and (2) DTE [Electric]'s investments are transparent and cost-effective. This oversight is of the utmost importance given that the [distribution plan] makes clear that there is no way to effectively modernize the grid affordably without astonishing levels of public spending. Over the next five years alone, DTE [Electric] is estimating that ratepayers will pay $9.28 billion for utility-owned infrastructure. This sum, while staggering, pales in comparison to DTE [Electric]'s estimate that it will seek ratepayer recovery for at least $20–25 billion in capital expenses to completely convert the 4.8kV system to a higher voltage class. If the Commission is going to force the public to pay DTE [Electric] $20–25 billion after a history of DTE [Electric]'s poor investment choices, the public should be given an ownership stake in and democratic authority over this infrastructure.

Id., pp. 3-4 (footnote omitted). From there, the DAAOs address five areas of concern, asserting that the company's distribution plan: (1) fails to sufficiently incorporate learnings from its community engagement efforts into the distribution investment process, (2) fails to integrate DER reliability benefits into distribution planning, (3) contains a flawed incorporation of EJ into its planning, (4) demonstrates inequitable proposed distribution grid investments, and (5) constitutes a vast request for public money without additional public control or oversight of DTE Electric's distribution infrastructure. *Id*., pp. 4-45. The DAAOs, in this regard, request that the Commission require DTE Electric to update its distribution plan to correct these deficiencies as a precondition to the company referencing this distribution plan in future requests for cost recovery.

First addressing topic 1 in further detail, the DAAOs assert that, given the staggering amount of money that the company is proposing to invest into its electric distribution system, the Commission should require the company to integrate community engagement and feedback into its distribution investment planning by way of an iterative process to holistically understand the effect

of the combined capital expenditures on ratepayers. Per the DAAOs, the company's current engagement process on distribution planning, including with EJ communities, ultimately falls short and is not aligned with the participatory input goals of the MI Healthy Climate Plan. *Id*., pp. 4-8.

On topic 2, the DAAOs contend that DTE Electric's distribution plan "does not maximize the benefits of DERs on distribution infrastructure," "proposes investments that would perpetuate inequitable access to DERs by failing to upgrade infrastructure in vulnerable communities and instead focusing on hardening," and "does not sufficiently plan to optimize DER adoption to meet Michigan's climate goals." *Id*., p. 9; *see also*, *id*., pp. 9-26. On this point, the DAAOs assert that the company undercounts capacity constraint benefits of DERs; financial, health, and environmental benefits to customers and communities at large; and distribution system benefits in terms of the avoidance of distribution system costs and inefficiencies. The DAAOs also take issue with DTE Electric's commitment to NWAs, noting the decrease in the company's proposed NWA investments over the next five years without explanation for this reduction in funding. The DAAOs also address the company's ineffective analysis of established reliability benefits of DERs, particularly for EJ communities and the use and growth of community solar. The DAAOs, on this point, discuss electrification and the adoption of DERs in EJ communities necessitating a distribution system conversion to higher voltage classes, using Highland Park as an example of an area served by the company's 4.8kV system. Given the many benefits of DERs and their importance in the clean energy transition, the DAAOs contend that DTE Electric should recognize these benefits when planning for its distribution grid investments and "treat DERs as an opportunity to invest in a more energy reliable, affordable, and equitable future, instead of a threat to the current management of the distribution system." *Id*., p. 26.

On topic 3, the DAAOs assert that the company failed to meaningfully integrate EJ considerations into its investment planning process, which results in "a continued exacerbation of historic inequities in the planning process that have resulted in inequitable service." *Id*. On this topic, the DAAOs contend that the company should conduct its EJ analysis reviewing additional data, including outage metrics with MEDs and CEMI and CELID metrics; that the company's analysis of vulnerable census tract performance is flawed and potentially misleading, as comparing densely populated EJ census tracts against the systemwide average does not adequately reveal the extent of different reliability in the company's service territory based on vulnerable census tract designation and should instead be analyzed by regression analysis or analysis of energy burdens; that the company's simplistic use of the MiEJ screening tool without supplementation (by way of regular qualitative assessments, self-identification as an EJ community, gradations in conjunction with the tool and collecting and integrating CEMI and CELID data into distribution planning) does not accurately capture all EJ communities; and that the company's inclusion of EJ communities as a GPM impact dimension appears to have no material effect on project prioritization due to a lack of details or quantification of benefits. *Id*., pp. 26-34.

On topic 4, the DAAOs assert that the company's proposed distribution grid investments plan for 4.8kV hardening in EJ communities at a higher rate than in non-EJ communities (72% of EJ circuits selected for hardening, with only 9% of EJ circuits selected for conversion)—where hardening is characterized as a non-economical, redundant temporary patch for future voltage conversion upgrades that nevertheless must still be handled later down the line, obviating the costs of hardening to replace the same infrastructure. The DAAOs further assert that investments to extend the life of the 4.8kV system prolong the structural deficiencies and safety hazards experienced by EJ communities, including the ability for these circuits to accommodate renewable

energy sources and DERs, while still billing these communities for the cost of hardening programs. *Id*., pp. 35-43.

On topic 5, the DAAOs contend that they have demonstrated, throughout their comments, that DTE Electric has either ignored or ineffectively addressed the directives of the Commission and the Legislature in the company's distribution plan and assert that the consistency of this pattern should send a clear message about what to expect from the company absent corrective action. The DAAOs, in this regard, argue:

> Given DTE [Electric]'s disastrous failure to keep the grid upgraded—and the amount of money Michiganders must now spend to fix the distribution grid—it would be inappropriate to force the ratepayers, and the public generally, to pay for the Company's failures, especially given the profit the Company stands to receive. Instead, the Michigan Legislature should consider authorizing the Commission to condition DTE [Electric]'s ability to seek ratepayer recovery for distribution grid investments on the implementation of significant public control over the distribution infrastructure outside of what is currently available to the Commission. While additional public control of distribution infrastructure is not a panacea, public ownership or oversight could eliminate the profit motive for wasteful spending and improve compliance with regulatory and legislative directives. To the extent that the public is going to be forced by the [Commission] and the Legislature to subsidize DTE [Electric], there needs to be corresponding ownership or democratic authority over the distribution infrastructure system.

Id., p. 45.

Concluding, the DAAOs urge the Commission to address the issues addressed in their comments and order DTE Electric to modify its distribution plan, as the failures presented in the company's current distribution plan "complicate[ ] utility planning for renewable energy penetration and equitable distribution investments." *Id*., p. 46.

ix. The Ecology Center, the Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar

The CEOs overall request that the Commission require DTE Electric to:

- Develop a **benefit-cost methodology** and provide the results of this analysis in its next grid plan.

- Based in part on the results of the benefit-cost analysis, provide more rigorous discussion of **alternative paths forward for its distribution system** in the next grid plan—especially regarding DTE [Electric]'s planned $20-$25 billion 4.8 kV conversion project—that weigh important factors like reliability, affordability, equity, and energy justice, including consideration of NWAs, customer-sited DERs, energy efficiency (including CVR/VVO), and demand response.
- Provide a more robust evaluation of **Conservation Voltage Reduction and Volt Var Optimization** ("CVR/VVO") in its next grid plan.
- **Collaborate with [interested persons] and Staff in developing its next grid plan** and include with its next grid plan filing **a report detailing its approach to this collaboration**. As discussed in more detail below, this collaboration should include, among other items, discussions that provide transparency into the GPM methodology and assumptions, as well as the development of a cost-effectiveness framework demonstrating that the customer benefits of DTE [Electric]'s planned investments exceed the customer costs expressed as revenue requirements.

CEOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0118, p. 1 (emphasis in original). The CEOs further overall request that DTE Electric address the following issues in the company's reply comments:

- Its incorporation of the **environmental justice "impact dimension" into its GPM** and specifically address whether and how it impacted project rankings.
- Its **non-wires alternatives ("NWA") evaluation framework**, including the cost thresholds and evaluation criteria the Company intends to employ to determine whether an NWA may be an appropriate solution for a projected grid need, as well as the solution-sourcing process the Company will use to solicit NWA proposals from the market.
- How the Company plans to modify its forecasts with respect to **distributed energy resources ("DERs")** and how it plans to leverage these customer-sited resources going forward.
- Its approach to building electrification and how it will impact the Company's distribution system.
- Further justification for its proposed investment in **CVR/VVO** and specifically whether it considered a more aggressive adoption plan.
- Its efforts or plan to develop more granular **locational value analyses** in future grid plans.

Id., p. 2 (emphasis in original).

In the introduction to their comments, the CEOs contend that: (1) DTE Electric faces a crucial three-year period, beginning in 2024, to determine its pathway towards decarbonization while also

considering equity, affordability, and reliability, along with another distribution plan in 2025, an IRP in 2026, likely multiple rate cases for both electric and gas, and the $20-$25 billion conversion of its 4.8kV distribution system; (2) the company's current distribution plan offered a crucial opportunity to analyze and justify its decisions and investments in this regard but failed to do so; (3) thorough, coordinated, and transparent planning must be the foundation for the company's path forward; (4) difficult problems ahead cannot be addressed by quick fixes, simple solutions, or business-as-usual; and (5) EWR, DR, NWAs, and customer-sited DERs must be factored into the grid of the future. The CEOs further recommend that the Commission:

> thoroughly review the record in this docket and issue an order that emphasizes the importance of the grid plan as the key strategic document that both outlines the Company's long-term strategic vision for its distribution system and provides a basis to justify the Company's shorter-term requests for distribution cost recovery in its rate cases. The Commission should further direct DTE [Electric] to collaborate with [interested persons] and Staff in developing its next grid plan to fill gaps in the current plan, including the need to improve its Global Prioritization Model ("GPM") and implement a benefit-cost framework. The CEO[s] commit to working closely with DTE [Electric] and other [interested persons] to provide ideas on potential solutions and grid planning best practices based on our experience in other states, including specifically Illinois and Minnesota. Finally, the Commission should make clear that the burden remains on DTE [Electric] to justify the prudence of all its proposed grid investments. Therefore, the Commission should require DTE [Electric] to re-file critical aspects of its upcoming rate case—including necessary fixes to its GPM—if necessary to address gaps left by its 2023 [distribution plan].

Id., p. 4.

The CEOs provide a history of grid planning in Michigan to provide context as to the Commission's expectations with the same. Fundamentally, per the CEOs, "utility distribution grid plans must provide a transparent, long-term vision that takes into consideration the rapidly evolving needs of the grid and availability of new technologies to help improve reliability, maintain affordability, and achieve the state's long-term clean energy goals and aspirations." *Id*., p. 6.

The CEOs next address DTE Electric's distribution plan. The CEOs mention the company's proposed spending and its proprietary ranking system (GPM) to prioritize investments in the distribution system, which the CEOs contend is opaque and provides results which they are unable to critique or even evaluate. The CEOs use the company's PTMM program, with a GPM ranking of 1, as one such example where no data is provided to demonstrate benefits. The CEOs further state that the looming and central question in DTE Electric's distribution plan is how the company will address its 4.8kV system. The CEOs mention the options presented by the company but assert that the options, and the distribution plan as a whole, focus entirely on traditional utility investments and do not consider the role of alternative technologies, including customer-sited DERs and NWAs, among others. The CEOs also state that the distribution plan does not adequately discuss when, where, and how the company intends to roll out the conversion process across its system—gaps for which the CEOs assert the Commission should require the company to more provide detail in its next distribution plan. *Id*., pp. 7-11.

The CEOs next contend that the Commission should direct DTE Electric to implement several process improvements based on current best practices for grid planning and, on this point, address the following topics: (1) the current pace of rate cases and distribution grid plan processes present significant challenges to the effectiveness of these plans and (2) for the grid plans to be more effective, the company must collaborate more effectively with interested persons in development of the plans and report on its efforts to do so in its plans and rate case testimony. *Id*., pp. 11-15.

Addressing topic 1 in further detail, the CEOs state:

> The Commission established the grid planning process to help inform the Commission's review of proposed distribution system spending in electric rate cases. . . . However, the Company's current practice of filing rate cases nearly every year lessens the impact and efficacy of the grid planning process the Commission created. Under the current system, DTE [Electric] files an annual rate case, requesting hundreds of millions of dollars of investment, and the Commission

> must issue a written order within ten months of the initial rate case filing. This leaves very little time to meaningfully evaluate the Company's grid investment plans.
>
> For example, DTE [Electric]'s 2023 rate case, [Case No.] U-21297, filed on February 10, 2023, concluded on December 1, 2023, with a Commission final order. Sandwiched in the middle of this critical proceeding, the Company filed its current Grid Plan on September 29, 2023. The December 1, 2023 Commission order in the 2023 rate case materially impacted the Company's distribution-related investments, which, in turn, altered the Grid Plan before [interested persons] could even comment on it. The Company now plans to file its next rate case this month, March 2024, shortly after parties comment on its 2023 Grid Plan.

Id., p. 11. The CEOs then further illustrate this challenge using the company's PTMM program as an example, which is the company's top GPM project in the distribution plan but which was rejected in Case No. U-21297 for lack of support. Per the CEOs, "[d]evelopments like this make the grid plan obsolete before the Company can act on it in its rate case." *Id*., p. 12. The CEOs, in this regard, assert:

> The Commission can help address this problem by making it clear, in its order in this docket, that (1) the Commission expects the Company to conduct more transparent benefit-cost analysis of its proposed investments in the Grid Plan, and (2) the Commission intends to rely in part on the Company's Grid Plan when assessing the prudence of proposed utility investments in rate cases.

Id.

On topic 2, the CEOs reference collaborative processes in Illinois and Minnesota and contend that collaborative work on distribution plans with written orders incorporating feedback from interested persons can provide a foundation for the company's investment proposals in subsequent rate cases, with the company's distribution plan then being the "'one-stop shop' for information about the Company's long-term strategic vision for its distribution grid, planned expenditures, and expected customer benefits," not the rate case. *Id*., p. 15. The CEOs, in this regard, thus recommend that the Commission direct the company to:

> work with [interested persons] to ensure that its next grid plan includes sufficient information— including specifically a benefit-cost methodology and further transparency regarding its GPM— that will allow the Commission and all [interested persons] to use the Grid Plan as a resource in assessing the prudence of distribution investments proposed in DTE [Electric]'s rate cases.

Id.

The CEOs next contend that the magnitude of DTE Electric's proposed spending, and the associated affordability and equity concerns for its customers, underscore the need for a more thorough and transparent cost-effectiveness analysis in the company's grid plan. On this point, the CEOs address three main topics: (1) the GPM remains opaque and inaccessible for interested persons to evaluate the GPM and its results, to validate the company's assertions, and to compare alternatives like NWAs or customer-sited DERs; (2) the company must conduct BCAs in grid planning and in rate cases to allow the Commission and interested persons the ability to properly evaluate the company's proposals and make an informed decision about the best path forward, which the company did not do in its distribution plan; and (3) the company must provide more detail regarding its $20-$25 billion plan to convert its 4.8kV system in terms of cost-effectiveness, cost differences between its 2021 and 2023 distribution plans, the pace and prioritization of conversion, and how potential technology advancements can be included in the conversion process. *Id*., pp. 15-23. Notably in further detail on topic 2, the CEOs specifically state:

> The steps other Midwest Commissions and utilities are taking on cost-effectiveness can be instructive. For example, the Illinois Commerce Commission recently rejected the initial multi-year integrated grid plans filed by Commonwealth Edison and Ameren, largely because the utilities failed to demonstrate the cost-effectiveness of proposed investments using a benefit-cost analysis. Ameren and ComEd are now working closely with [interested persons] (including members of the CEO[s]) on benefit-cost methodologies that the companies will include in their re-filed grid plans. As stated above, the CEO[s] commit to work with DTE [Electric] and other [interested persons] to share our experience working on the cost-effectiveness frameworks used in other state grid planning processes, including in Illinois and Minnesota, to help DTE [Electric] develop a similar framework in advance of its next grid plan. In addition, we encourage the Commission to

> consider how best to hold DTE [Electric] accountable if it continues to fail to improve its cost-effectiveness evaluation, including through denying approval of its grid plans and/or denying approval of related spending in its rate cases.

Id., p. 22.

The CEOs next contend that the company must evaluate NWAs, including flexible DERs, and account for emerging trends in its distribution plan. On this point, the CEOs address three topics: (1) DERs and NWAs are a critical aspect of the future grid and may offer cost-effective alternatives to traditional utility investments to which DTE Electric should consider to best serve its customers and improve affordability, reliability, and resiliency to the extent possible by examining all reasonable, cost-effective options; (2) the company's discussion of electrification should also address building electrification and how alternative technologies, such as NWAs, customer-sited DERs, DR, EWR, EV-managed charging, and virtual power plants, can aid in managing increased capacity and other system needs, and (3) the company should more aggressively adopt CVR/VVO, using utilities in other states such as in Illinois as an example in support to show the potential of improved efficiencies and cost savings. *Id*., pp. 23-30.

The CEOs next assert that DTE Electric should implement locational value analysis as an essential tool in its distribution planning process and describe its efforts in its next distribution plan. Per the CEOs, this analysis:

> will help the Company to take a more granular approach to identifying system needs and solutions, and prioritizing investments appropriately, which can be especially critical to integrate and leverage customer-sited DERs. In addition, an effective locational value analysis could allow the Company to prioritize its investments in a more equitable way by identifying specific needs in environmental justice communities and prioritizing them as appropriate. The CEO[s] have advocated for the Company to conduct granular, locational analysis regarding EJ/reliability performance and locational hosting capacity for several rate cases. *See e.g.*, Case No. U-21297, CEO Brief at 22-23. These types of analyses can help the Company drill down into in its system, circuit-by-circuit, using demographic data to identify disparate performance and opportunity.

> A locational analysis would be especially valuable as the Company considers how best to deal with its 4.8 kV system, including specifically whether particular portions would benefit from particular solutions that may not make sense in other portions of the system, such as targeted microgrids. The CEO[s] request that DTE [Electric] provide more detail regarding any efforts or plan to develop locational analyses in its reply comments. The CEO[s] further request that the Commission require the Company to discuss locational analysis with [interested persons] as part of its engagement process in developing its next grid plan and require it to address this issue in detail in its next plan.

Id., pp. 30-31.

The CEOs conclude:

> The Commission created Michigan's grid planning process more than seven years ago to provide a "comprehensive, forward-looking capital investment and operations plan" to assist in its review of rate case proposals. Case No. U-18014, Final Order at 40 (Jan. 31, 2017). The Commission hoped that this process would provide [interested persons] with a "thorough understanding" of the Company's long-term strategic planning for its distribution system and associated investments. *Id*. DTE [Electric]'s Grid Plan maps out an ambitious capital investment plan aimed at improving the Company's reliability performance and modernizing its system. However, the Company has not established the foundation for these investments, with a proper cost effectiveness framework and a robust examination of alternative methods to updating the grid. The CEO[s] respectfully request that the Commission implement our process and substantive recommendations detailed above in order to improve the effectiveness of the Company's grid plans and address the urgent reliability, affordability, and equity challenges it currently faces.

Id., pp. 31-32. The CEOs also include the attachment by GridLab, "Integrated Distribution Planning: A Path Forward," in further support of their comments.

b. Reply Comments

i. Advanced Energy United

United appreciates that other commenters recognize and support the expansion of advanced energy technologies, including third-party-owned DERs, DG, EVs, and the policies needed to implement them. United, however, responds to comments provided by the Attorney General, the Staff, the DAAOs, and ITC. United also addresses, in general, DTE Electric's focus on grid reliability, asserting that grid reliability should not be the sole focus on distribution plans, as "[a]

narrow focus on reliability may deliver short-term gains but risks missing opportunities to avoid higher costs over the long run." United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 2. Instead, per United, "[t]o meet Michigan's zero-carbon emissions goal by 2040 and related statutory benchmarks, [distribution plans] need to create policies and practices that look to solve future problems, not just the problems of today." *Id*. (footnote omitted).

In response to the Attorney General's comments, United reiterates its support for the use of DER and DG technologies for their dual benefits of cost savings and reliability for ratepayers, thus disagreeing with the Attorney General's caution over use of the same. *Id*. (citing Attorney General's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0113, p. 3). United, however, agrees with the Attorney General that further vetting of distribution plans is needed and that DTE Electric's distribution plan needs greater transparency and more robust examination by way of a more extensive discovery process for interested parties to ask questions and gather more information to propose best policies and practices, similar to IRPs. United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 3 (citing Attorney General's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0113, p. 2). United, on this point, also agrees with the Staff that the company's current distribution plan fails to transform learnings into practical impacts, investments, or improvements. United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, pp. 3-4 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 6). United further concurs with the Attorney General that the Commission should order DTE Electric to revise and refile its distribution plan, with United repeating the amendments it previously proposed for the company's new distribution plan. United's Reply Comments on DTE Electric's Distribution Plan,

filing #U-20147-0122, pp. 4-5 (citing Attorney General's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0113, p. 6, and EIBC/United's Reply Comments on Consumers' Distribution Plan, filing #U-20147-0120, pp. 5-6).

Responding to the Staff, United shares the Staff's sentiments about hosting capacity maps and the need for further detail. United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 5 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 16). United, however, believes that these maps can be updated in this proceeding and should be updated more frequently than once a year to accommodate the growing DER market, including whenever major changes occur on a circuit. United further agrees with the Staff over the need for more openness and transparency in this process, including supporting data, but again argues that these changes can occur in the present proceeding. United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 6 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 17). United also agrees with the Staff that there needs to be a standardized process of constructing and evaluating distribution plans for more uniform and comprehensive planning that also addresses the ever-expanding electrification efforts throughout Michigan to ensure a reliable and flexible grid and that also allows adequate public input from all interested persons to ensure the improvements benefit all of the company's ratepayers. United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, pp. 6-7 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 19). In this regard, United also agrees with the Staff's proposed two-prong approach—with a one-year review process and a five-year deeper examination. United's Reply Comments on DTE Electric's Distribution Plan, filing

#U-20147-0122, p. 7 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 18).

Responding to the DAAOs, United concurs that community solar is needed throughout the company's territory given the numerous benefits of community solar to strengthen the grid for customer affordability. United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 7 (citing DAAOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0117, p. 18). United, in this regard, references and supports the Staff's proposal for a community solar program in Case Nos. U-20836 and U-21224 but contends that such a program should allow for third-party ownership or ownership or lease of solar panels by customers, provide bill credits for energy produced, and provide economic opportunities to all participants to ensure everyone can enjoy the benefits of a clean and reliable grid. United also agrees with the DAAOs about investments in infrastructure, such as 4.8kV system upgrades, but states that additional studies and evaluation of upgrades are needed before they are approved. United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 8 (citing DAAOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0117, p. 23). United contends:

> Additional study would have numerous benefits, including ensuring upgrades serve all communities, as [the] DAAO[s] argue[ ], considering more affordable options, and considering the utility's incentives or disincentives to provide these additional benefits or innovative programs in areas they would otherwise lack financial motivation to offer. Thus, United proposes that the Commission keep this focus on innovation in mind when evaluating DTE [Electric]'s Plan and its proposed programs in future dockets.

United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 8 (footnote omitted).

Responding to ITC, United expresses strong disagreement with the suggestion that DG and DS resources are unreliable or a liability to the grid. United's Reply Comments on DTE Electric's

Distribution Plan, filing #U-20147-0122, p. 9 (citing ITC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0115, p. 4). To the contrary, per United:

> advanced energy technologies can support the grid in emergencies, including those stemming from extreme weather conditions. Virtual power plants using aggregated distributed generation and storage resources as well as various demand response technologies can provide substantial capacity when the grid is strained due to extreme weather. An example is Sunrun's recently publicized CalReady program, which aggregates more than 16,000 customers' solar+storage systems to support California's electric grid during extreme heat. Thus, the Commission should give no weight to ITC's unsupported arguments.

United's Reply Comments on DTE Electric's Distribution Plan, filing #U-20147-0122, p. 9 (footnote omitted).

In conclusion, United strongly urges the Commission to consider advanced energy technologies, require DTE Electric to at least file an updated distribution plan, and standardize the distribution plan process moving forward. *Id*.

ii. DTE Electric Company

DTE Electric states that its 2023 distribution plan is built upon the company's 2021 distribution plan and that its distribution investment strategy is centered on four strategic pillars to improve safety and reliability and to provide electric capacity needed for the future: (1) infrastructure resilience and hardening, (2) infrastructure redesign and modernization, (3) technology and automation, and (4) tree trimming. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 1.

Against this background, DTE Electric thanks the commenters for their time and effort in providing feedback on the company's 2023 distribution plan, outlining the following key topics addressed by the commenters:

- [Distribution Plan] Regulatory Mechanics

- Scenario and Planning (Distributed Energy Resources (DER), Electric Vehicles (EV), and Electrification)
    - Scenario planning
    - Role of DERs on the distribution system
    - EV and DER forecasts
- Non-Wire Alternatives (NWAs)
- Reliability
    - Causes of interruptions
- Infrastructure Redesign and Modernization
    - Subtransmission Redesign and Rebuild
    - 4.8kV Conversion
    - Undergrounding
- Tree Trim
- Investment Prioritization
    - Global Prioritization Model (GPM)
    - Benefit Cost Analysis (BCA)
    - Environmental Justice (EJ)
- Data Accessibility.

Id., p. 2. DTE Electric then addresses each of these topics in further detail. *Id*., pp. 3-18.

On distribution plan regulatory mechanics, DTE Electric first addresses the Staff's proposed two-prong approach with firm requirements and outlines for future distribution plans and responds that, since distribution plans are intended to be strategic and forward-looking, long-term objectives and strategies are not expected to significantly change over a one-year span to warrant annual updates. *Id*., p. 3 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing

#U-20147-0114, p. 18). The company, nevertheless, would like to discuss this proposal further with the Staff to better understand the intent and to receive further clarity on this proposal. As an alternative for formal annual updates, DTE Electric expresses interest "in establishing a cadence of interim meetings with Staff and other interested parties to share updates on anticipated changes to the components of the plan." DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 4. As far as structure and requirements of distribution plans moving forward, however, the company indicates agreement with the Staff for the Commission to issue an order clarifying what should be included in future distribution plan iterations, suggesting the development of requirements similar to IRPs by way of technical conferences or other collaborative formats. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 4 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 22). The company then responds to MNSC and indicates disagreement that distribution plans be treated as contested cases, as doing so would be an additional, costly burden on all involved, including customers. DTE Electric contends that contested distribution plan cases would duplicate efforts without a commensurate increase in benefits when rate cases already allow the opportunity for intervenors to conduct discovery and contest proposed investments and when the current format, when combined with contested rate cases, already provides sufficient opportunity for interested persons to provide input to the Commission on the company's plans. DTE Electric also asserts that a contested distribution plan case should include a cost preapproval mechanism for distribution plan projects. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, pp. 4-5 (citing MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 4).

With regard to scenario planning and the consideration of DERs, EVs, and electrification, DTE Electric responds to comments provided by the Staff, EIBC/United, the DAAOs, and the CEOs. Responding to the Staff's scenario planning concern about the company's lack of engagement with numerical estimates or forecasts and the impact thereof, DTE Electric states its distribution plan used a foundational framework to account for different future scenarios at a high level, with the company thus agreeing that more work is needed in its next distribution plan to develop analyses to tie specific outcomes to specific impacts on the grid and to quantify the investments needed. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 5 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 6). Responding to EIBC/United's comments about the role of DERs on the distribution system and the lack thereof presented in the company's distribution plan, DTE Electric states that its distribution plan acknowledges that "the introduction of DERs into the distribution grid may provide an opportunity to gain a variety of distribution grid benefits, such as reduction in distribution system losses, mitigation of overloads and adding ancillary services that improve power quality and voltage regulation" but asserts that "[t]hese DER benefits are not a substitution for the necessary reinforcement of the physical grid," as the underlying infrastructure needs to be reliable and stable enough to accommodate DERs. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 6 (citing EIBC/United's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0110, pp. 6-7). Responding to the DAAOs, DTE Electric states their comments about DERs having the ability to reduce demand for centrally located resources and potential impacts on pricing and fuel are better suited for the company's IRP. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 7 (citing

DAAOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0117, p. 10). Per DTE Electric, its current distribution plan:

> is focused on developing a resilient grid irrespective of the generation strategy adopted. Whether electricity is supplied centrally or locally, the underlying grid must be resilient and have sufficient capacity to supply the electricity to customers. Decentralization of generation is not a substitution for the necessary reinforcement of the physical grid. Furthermore, the discussion of DERs in relation to reduced distribution costs must also include the need for additional monitoring and control investments, and infrastructure investments to increase hosting capacity.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 7. Responding to EIBC/United's comments on EVs and DER forecasts and using the EV forecast in the MI Healthy Climate Plan as the baseline, with EVs being leveraged to supply power to the grid in peak times, DTE Electric states that it supports the MI Healthy Climate Plan and considered the same in its planning goals. The company further details the data and national forecasts it relies upon when developing its own IRP and EV forecasts and mentions that it is actively working with automobile original equipment manufacturers to explore how V2G technologies can be leveraged in the future to reduce peak demand. *Id*., pp. 7-8 (citing EIBC/United's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0110, pp. 14-15). Responding to the CEOs along these same lines, DTE Electric states that its energy forecasts used in its distribution plan include forecasts for customer-sited DERs for both residential and non-residential customers and that it plans "to leverage DERs to reduce distribution system losses, mitigate overloads, and to add ancillary services that improve the power quality and voltage regulation." DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 8 (citing CEOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0118, p. 2).

On the topic of NWAs, DTE Electric responds to MNSC and asserts that its NWA plan within its 2021 distribution plan was robust and incorporated several NWAs that allowed it "to study

different technology alternatives to address multiple use cases or grid needs, implementing the grid solutions over several years," with updates to those NWAs, including early learnings, in its current distribution plan. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 9 (citing MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 25). DTE Electric uses its Omega project as an example and describes how its learnings from this project will impact its Port Austin and O'Shea projects, along with other future sites.

On reliability, DTE Electric responds to the Attorney General's and MNSC's comments about lack of support and states that its current distribution plan discussed how investments in its four strategic pillars will reduce SAIFI and SAIDI and that the primary drivers for near-term reliability improvements over the next five years are the company's programs on tree trimming, PTMM, and automation. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 10 (citing Attorney General's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0113, p. 4, and MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 7). DTE Electric also references Case No. U-21534 for all interested parties to review the company's methodology used to calculate reliability projections, along with calculations and assumptions used.

On causes of interruptions and the use of outage cause codes to inform investment plans, DTE Electric responds to the Staff by stating:

> When the Company evaluates investments and associated reliability benefits in the GPM, it uses the most relevant set of outages as a starting point. The most significant contribution to SAIDI and SAIFI are outages due to trees/wind and outages due to equipment failures. Investments such as PTMM and 4.8kV Conversion, which improve and rebuild the overhead distribution system, are evaluated in the GPM based upon on their expected reduction on historical overhead related outages. Programs such as Underground Residential Distribution

> (URD) and system cable have their benefits calculated based on historical volumes of URD and cable failure, respectively.
>
> The Company has made efforts in recent years (2023) to improve the cause codes entered by crews. For example, [the company has] streamlined and clarified the list of cause codes to make them easier for field crews to use and have updated software to ensure cause codes are entered before a job can be closed out. While there is still more work to be done to further improve the data, the current cause code data provides reliable information that can be used to make investment decisions.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, pp. 10-11 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 8).

On infrastructure redesign and modernization, DTE Electric responds to comments provided by MNSC, the CEOs, and the Staff on issues involving subtransmission redesign and rebuild, 4.8kV conversion, and undergrounding. First on subtransmission redesign and rebuild projects in response to MNSC, DTE Electric states that its distribution plan is a strategic document that sets forth the current state of the distribution system, limitations, strategies for system improvements, and how projects are prioritized over the next five years to deliver benefits. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 11 (citing MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 26). Thus, "[t]he projects contain a variety of scopes to address a variety of different improvements because there are multiple needs of the subtransmission system, and multiple solutions to meet those needs," and the scores for the projects have been provided in Case No. U-21534. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 12. As far as 4.8kV conversion in response to the CEOs, DTE Electric states that while it believes its distribution plan is rigorous and comprehensive, particularly with regard to conversion investments, the company appreciates feedback and will continue to promote a rigorous discussion on its long-term conversion plan. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 12 (citing

CEOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0118, p. 1). The company also states that it does consider NWAs when addressing load constraints but notes that NWAs and customer-sited DERs are not fully capable of addressing the fundamental limitations of the 4.8kV system. DTE Electric also states that factors such as reliability, affordability, and EJ are included in its GPM and thus considered when prioritizing project selection. Lastly, on this topic, in response to MNSC's comments about the company proposing a wholesale conversion of the system, DTE Electric states the company is taking a substation-by-substation approach as evidenced by Appendix B.3 in its distribution plan. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 13 (citing MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 30). In further detail, DTE Electric states:

> As stated in Section 9.3.4, the Company prioritizes conversion projects based on loading relative to substation firm rating and incorporates circuit overloads into its prioritization. Most of the near-term conversion projects are based on addressing current loading constraints, though it is not the only driver of conversion projects. Circuit-by-circuit conversion planning, as proposed by MNSC, is a less efficient approach to converting the 4.8kV system. A single 4.8kV circuit cannot be converted from 4.8kV to 13.2kV without also having a 13.2kV source, which often does not exist in close proximity to the 4.8kV circuit to be converted. A newly constructed 13.2kV substation has the capacity to replace two to three 4.8 kV substations and potentially dozens of 4.8kV circuits. If individual 4.8kV circuits were converted, the 13.2kV source substation would utilize little of its capacity, and it would not be an efficient utilization of assets.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 13.

On the topic of undergrounding, in response to the Staff's recommendation for more details on the company's targeted undergrounding projects, DTE Electric states it agrees with the Staff and is willing to share more information on these projects as they continue to evolve. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, pp. 13-14 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, p. 21). DTE Electric states:

> The Company is interested in making undergrounding a viable option when circuits are being converted as that is the optimum time to underground existing overhead infrastructure. To take advantage of this unique opportunity to be able to underground portions of a circuit during conversion, the Company is conducting projects to learn and develop best processes for overhead to undergrounding conversion in mature urban, suburban, and rural areas while focusing on reducing implementation cost.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 14. The company references feedback from the Commission, the Staff, and interested persons in prior distribution plan proceedings and rate cases and states that it completed a new BCA for its Appoline and Buffalo-Charles pilot projects, which is included in Case No. U-21534.

On tree trimming, in response to MNSC's criticism of a lack of analysis on tree trimming in the company's distribution plan as required per Commission order, DTE Electric clarifies that its current distribution plan was filed prior to the Commission's order in Case No. U-21297 but states that its next distribution plan will address this required tree trim analysis. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 14 (citing MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 17).

On its investment prioritization process, DTE Electric addresses the following three topics in response to comments from MNSC, the CEOs, and the DAAOs: GPM, BCA, and EJ. First, in response to MNSC's criticisms over the company's GPM, DTE Electric asserts that MNSC's statements are problematic for two reasons:

> [F]irst, it makes inaccurate claims and second, it either misunderstands or misstates the role of the GPM. It is inaccurate to say the "scoring appears highly subjective". A significant amount of the scoring is objective and quantified, not subjective. For example, reliability improvements for specific projects are calculated from historical performance data and expected improvements as compared to similar projects. Loading benefits are based on historical measured overloads relative to ratings. The Company has provided the data supporting the GPM calculation, with the GPM model provided as a workpaper (WP AJK U-21534 GPM) in the Company's pending rate case [Case No.] U-21534. Additionally, the weightings

> are not secret, they have been included in the prior [distribution plans] and are published in Exhibit 12.1.1 in the 2023 [distribution plan].
>
> Regarding MNSC's concern that the GPM scores of projects varies widely, a range of scores across GPM impact dimensions and projects would be an expected result for a portfolio of strategic investments which are trying to address a broad set of grid and customer needs. For example, some projects may be reliability-focused and provide a high score on reliability but not loading, whereas a load-relief project may score high in those dimensions but not reliability.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, pp. 15-16 (citing MNSC's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0111, p. 12). On BCA and the CEOs' request for the Commission to order the company the develop a benefit-cost methodology and to provide the results in its next distribution plan, DTE Electric states that it has continued to evolve and improve its approach to benefit-cost methodologies, as can be seen in its filing in Case No. U-21534 as it relates to PTMM and undergrounding, with significant effort to evaluate reliability and avoided cost as key benefits. However, per the company:

> Most distribution investments . . . are significantly more complex in the variety of benefits they deliver. In many cases, such as 4.8kV Conversions, projects deliver benefits including safety improvements, relief of loading constraints, reliability improvements, and major event risk reductions. In general, the engineering process is used to evaluate and develop the best solution to address a system need such as an overloaded 4.8kV substation. Once the best solution to meet a system need is developed by engineering, the GPM evaluates and scores the project based on the wide range of benefits it delivers and the total project cost. While the GPM does not produce a benefit cost ratio to determine if benefits exceed costs, the GPM does include many of the elements of a benefit cost analysis. The full GPM with formulas has been provided as a workpaper (WP AJK U-21534 GPM) in the current rate filing ([Case No.] U-21534), and, in the same filing, the Company has also provided a whitepaper (A23 Schedule M13) and a BCA approach to PTMM and Undergrounding.
>
> The Company believes it would be helpful for [interested persons], [the] Staff, and the Commission to thoroughly review these recent updates and analyses and provide feedback and recommendations on the methodologies.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, pp. 16-17 (citing CEOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0118, p. 1). Lastly,

on its EJ analysis in response to the DAAOs' criticism of the same being flawed and potentially misleading, DTE Electric states:

> The Company believes that when the [distribution plan] EJ analysis was performed it was appropriate, adequate, and well-reasoned. DTE Electric has chosen to use the MiEJScreening tool to identify vulnerable communities as it is a Michigan-based tool that was developed with a significant amount of [interested person] input. The Company, in compliance with Commission directives in Case No. U-21122, has for the past year been providing to Staff various reliability data by both zip code and census tract and allowing other interested [persons] to analyze that data.
>
> The Company addresses [the] DAAO[s]'[ ] comment on the process of identifying vulnerable communities not considering different gradation within census tracts by referring to its most recent rate case. Following the Commission's direction in in its Order in Case No. U-21297 directing DTE [Electric] to provide more in-depth EJ analysis, the Commission stated in that future analysis of the MiEJScreen data should be segmented in 5% gradations. In its current rate case, Case No. U-21354, the Company has provided an analysis of MiEJScreen data segmented in 5% gradations and the EJ reliability data.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, pp. 17-18 (citing CEOs' Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0118, pp. 28-30).

Finally, on data accessibility in response to the Staff's recommendation for the sharing of supportive data in this docket, DTE Electric states:

> The Company agrees with Staff's recommendation of providing supportive data used in distribution plan creation be made available to intervenors, subject to the appropriate confidentiality and/or data privacy requirements and procedures. The Company incorporated previous feedback from the . . . Staff about the [distribution plan] filing being too voluminous, thus may have over corrected by removing data tables and focusing more on the distribution strategy in the 2023 [distribution plan]. The Company is open to discussing the right balance between strategic content and supporting data with Staff to ensure a meaningful, thoughtful, and complete understanding of the distribution strategy in future plans. In addition, because the Company does consider certain data utilized to create the [distribution plan] to be Critical Energy Infrastructure Information/Critical Electric Infrastructure Information ("CEII"), the Commission's assistance in protecting this data through a non-disclosure agreement or order would enable the Company to more effectively share this information.

DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, p. 18 (citing Staff's Initial Comments to DTE Electric's Distribution Plan, filing #U-20147-0114, pp. 17-18).

Concluding, DTE Electric expresses appreciation for the feedback received from the Staff and other interested persons, along with the collaborative manner in which it was provided. The company states that it looks forward to future engagement on the development of its next distribution plan through technical conferences or other collaborative means that provide time and opportunity for proper vetting and consensus building. DTE Electric's Reply Comments on its Distribution Plan, filing #U-20147-0123, pp. 18-19.

Discussion

The Commission thanks the many participants in this docket for their ongoing engagement. This docket, initially opened in April 2018 and drawing from the electric rate case orders in Case Nos. U-17990 and U-18014 issued in 2017 for Consumers and DTE Electric, respectively, has from the beginning been based on the belief that "there are significant benefits associated with a comprehensive and forward-looking approach to distribution planning." October 11, 2017 order in Case Nos. U-17990 *et al*., p. 14. If anything, the events in the intervening years have only reinforced this belief, including the findings of the comprehensive audits into the distribution systems of Consumers and DTE Electric that were filed in the docket this week in Case No. U-21305 and the extensive work into grid modernization activities that has been conducted over the last five years under the umbrella of the MI Power Grid initiative. Consistent with and building upon these efforts, the Commission issues the following findings, directives, and guidance into utility distribution system planning.

With regard to appropriate metrics for DERs and their integration into future distribution plans, given the creation of the Financial Incentives and Disincentives workgroup since the

issuance of the September 8 order[12] and the correlation of DER metrics to the suite of metrics currently being considered by the workgroup, the Commission finds it appropriate for the Financial Incentives and Disincentives workgroup to evaluate potential appropriate metrics for DERs in the docket for Case No. U-21400.[13] Following the identification and evaluation of appropriate DER metrics, these metrics can then be integrated into future distribution plans. Interested persons and utilities seeking to provide input on and address DER metrics can contribute to comments in Case No. U-21400.

That aside, the Commission first and foremost notes, in response to the many comments about the current distribution plan process and criticisms thereto, that a straw proposal developed by the Staff is being attached to this order as Exhibit A for comment and consideration in an effort to clarify and improve the distribution plan process for all involved moving forward. Key aspects of the Staff's straw proposal include:

- For distribution plans to be filed every three years, with annual updates in the interim to capture deviations and updates to filed distribution plans (e.g., changes in spending projections, changes in reliability projections, updates to mapping, projected list of projects, etc.);

- For this distribution plan docket to remain as an uncontested case at this time to serve as an informational docket containing forward outlooks that will feed into the utilities' general rate case filings. All supporting data, exhibits, and testimony will continue to be required in any rate case filings that cite this informational docket, which is designed to present strategic vision and planning goals for each utility;

[12] *See*, April 24, 2023 order in Case No. U-21400.

[13] The Commission recognizes that the focus of the efforts in Case No. U-21400 in relation to DER metrics is around those DER-related metrics that may be tied to utility incentives and disincentives. Nevertheless, the Commission expects the broad conversation around DER metrics taking place in Case No. U-21400 will still be helpful in identifying metrics for use in electric distribution planning, and further finds that the use of the existing forum around DER metrics in Case No. U-21400 for this purpose will result in less duplication than establishing a separate workgroup to study and identify DER metrics related to electric distribution planning.

- For the opportunity for pre-distribution plan filing meetings to take place between utilities and interested persons so utilities can share their distribution plan details and seek input from interested persons ahead of filing;

- For comments following the filing of distribution plans to take place 2-3 months after filing; and

- For comments to approve a proposed distribution plan outline moving forward.

The Commission, in this regard, invites interested persons to comment on the Staff's straw proposal. Comments on the straw proposal are due no later than 5:00 p.m. (ET) on October 24, 2024, and should be paginated and reference Case No. U-20147. Written comments should be mailed to: Michigan Public Service Commission, Executive Secretary, P.O. Box 30221, Lansing, MI 48909. Comments submitted in electronic format may be filed via the Commission's E-Docket website, or for those persons without an E-dockets account, via e-mail to LARA-MPSC-Edockets@michigan.gov. Any person requiring assistance prior to filing may contact the Staff at (517) 284-8090 or by e-mail at LARA-MPSC-Edockets@michigan.gov. All comments submitted to the Commission in this matter will be filed in Case No. U-20147 and will become public information available on the Commission's website and subject to disclosure. The Commission further directs the Staff to schedule a collaborative session with interested persons to convene following the comment period to further discuss the straw proposal and comments thereto, with the Staff then filing a revised straw proposal if needed within 30 days following the collaborative session. The Commission will thereafter issue an order adopting distribution plan filing requirements for utilities and provide additional guidance on timing for the next set of distribution plans.

The Commission next addresses the following common themes raised by commenters in response to the distribution plans filed by I&M, Consumers, and DTE Electric: (1) that the 2023 legislation and rate case orders subsequently issued invalidate the distribution plans; (2) that there

is a general lack of support and justification for the utilities' increase in capital spending; (3) that worsening weather has been a substantial contributor to how spending is framed and an underlying factor for many distribution investments; (4) disagreement, with regard to data and details, as to which topics and what depths the distribution plans should include and examine; (5) that there is a lack of needed discussion around customer affordability, rate impacts, and cost effectiveness; (6) that there is reluctance among utilities to firmly address emerging topics such as DERs, DG, and electrification in their distribution plans; and (7) that there is a need for local governments and third-party engagement to be a part of utility planning discussions.

Regarding the first common theme, the Commission disagrees with the assertion that the 2023 legislation and rate case orders have invalidated the distribution plans that have been filed. The Commission highlights that the 2023 legislation was not in effect at the time of filing; thus, the Commission finds it more appropriate for utilities to include additional aspects from the 2023 legislation in their next round of distribution plans as opposed to having the utilities modify and refile their 2023 distribution plans as a result. Additionally, as mentioned above, the Commission views this docket as an informational docket that contains the utilities' forward outlooks that then feed into their general rate case filings; thus, specific proposals and funding amounts for projects identified in distribution plans will naturally either be approved or rejected in a subsequent rate case order.

On the second common theme, the Commission notices the drastic increase in capital spend proposed by the utilities and is also questioning of utility capitalization policies. As stated in the November 18 order:

> Utility capitalization policies are an ongoing concern for the Commission which warrants further investigation. However, given the broad scope of capitalization concerns, the Commission declines to require a[n] [interested person] proceeding or a limited investigation specific to DTE Electric, at this time. As noted by DTE

> Electric, the October 5 order [October 5, 2022 order in Case No. U-21305] initiated "an audit of each utility's programs and processes" which "will include an audit of the accounting process for the distribution system to ensure costs are being accurately managed and recorded." October 5 order, p. 15. However, the Commission does not find this audit to render the concerns relating to capitalization policies to be moot given the purpose of that audit is "to determine whether the existing programs and processes for emergency preparedness, storm restoration, distribution system maintenance, and investment are sufficient and equitable, and whether they properly plan for climate change and changing load profiles." *Id*. As such, more information will be forthcoming regarding the next steps in evaluating utility capitalization policies.

November 18 order, pp. 471-472. The Commission, on this topic, highlights that the audit results released in Case No. U-21305 this week raise similar questions and recommendations about capitalization practices and the effectiveness of spending on O&M, such as tree trimming versus replacing or deploying capitalized equipment. The order in Case No. U-21305, concurrently issued today, directs Consumers and DTE Electric to respond to the recommendations presented in the audits by no later than 5:00 p.m. (ET) on November 15, 2024. Interested persons can submit initial comments in Case No. U-21305 by no later than 5:00 p.m. (ET) on December 16, 2024, with reply comments due no later than 5:00 p.m. (ET) on January 17, 2025.

Additionally, with regard to support and justification in distribution plans, the Commission acknowledges that less support and justification were provided by the utilities in this iteration of distribution plans as compared to prior distribution plans. The Commission views distribution plans as a utility's strategy for its distribution system over the next 5+ years, with rate cases connecting to and supporting that strategy. The Commission sees distribution plans as containing higher level support and justification and rate cases then containing more granular and detailed support and justification. The Commission, however, would like to see more details in the utilities' next round of distribution plans, including BCAs where applicable, underscoring that distribution plans should be reflective of and connected to the basis of a utility's rate case. In

other words, a utility's distribution plan should inform its rate cases and align with the utility's investment strategies. Should a utility seek to recover costs associated with projects that were not included in its most recently filed distribution plan or represent a departure from the strategy outlined in its distribution plan, it should be prepared to justify this change in direction, including presenting evidence as to the reasonableness of the amended overall strategy. Distribution plans should also address, in some way, all monetary amounts presented in a utility's distribution plan to ensure that no amounts are unaccounted for. The Commission, however, cautions utilities from using supply challenges as shorthand to avoid conducting thorough analyses or justification of cost increases, whether as presented as support and justification in their distribution plans or, more importantly, their rate case filings.

The Commission, on this issue, also expresses sensitivity to the confidentiality concerns raised by commenters in this case and thus finds it appropriate and in the public interest to consider the use of a protective order to protect any confidential information filed or provided in this docket. The Commission thus requests for the Staff to develop a protective order for use in the matter and to file the same in the docket by October 10, 2024. Comments thereto may then be filed, same as above in response to the Staff's straw proposal, by 5:00 p.m. (ET) on October 24, 2024. The Commission will thereafter issue an order approving a protective order for use in the matter.

On the third common theme, the Commission acknowledges the increased frequency and intensity of severe weather and thus calls upon the utilities to specifically address climate risks in scenario planning in their next round of distribution plans, similar to the analysis provided by Consumers[14] in its current distribution plan. The Commission encourages the utilities to use data

[14] Consumers' analysis also addressed customer technology adoption, a useful assessment for which the Commission encourages future development and consideration.

collected as part of Case No. U-21122 to support investments needed to combat more frequent severe weather and resulting impacts on the distribution system beyond storm response. Weather and MED impacts on performance may also be considered for tracking and assessment and addressed by the Financial Incentives and Disincentives workgroup in Case No. U-21400. On this topic, the Commission also underscores the need for consistent metrics, including use of the industry standard definition of all weather, to ensure reliability data submitted by the utilities is easily understandable. *See*, IEEE Std 1366-2022.

On the fourth common theme on data and details in distribution plans, the Commission reminds utilities that they are required to support the reasonableness and prudence of all spending proposals in their rate cases, including spending proposals described in their distribution plans for which they are seeking to recover costs. Nevertheless, the Staff's proposed two-phase approach should help to address the concern over data and details in distribution plans. The Commission also notes the efforts in Case No. U-21637 to consider improvements in rate cases and the significant nexus between distribution plans, transportation electrification plans,[15] and information technology (IT) plans[16] that, although currently filed separately at this time, should be harmonious with each other.

On the fifth common theme on customer affordability, rate impacts, and cost effectiveness, the Commission acknowledges the tension between capital expenditures and O&M and the need for core investments. The Commission thus emphasizes the importance of alternatives analyses, along with EJ analyses, in distribution plans and rate cases to show that the utilities' proposed

[15] *See*, Case No. U-21538.

[16] IT plans are presently filed by utilities in rate case dockets. *See*, *e.g.*, Case No. U-20561, filing #U-20561-0508.

investments are equitably distributed and in the best interest of customers and for utilities to seek alternative funding options, other than ratepayer dollars, whenever possible and engage in third-party and community outreach as set forth in the Staff's straw proposal to aid in addressing customer affordability, rate impacts, and cost effectiveness. The Commission also notes that the distribution plans did not sufficiently address affordability. The Commission thus expects to see more than just a narrative on affordability from utilities moving forward. Apart from the instant case, the Commission further notes that customer affordability, rate impacts, and cost effectiveness may also be separately included and addressed as a topic by the Financial Incentives and Disincentives workgroup in Case No. U-21400. The Commission also expects to see takeaways, decisions, and lessons learned from Case No. U-20757 applied and incorporated into the utilities' future distribution plans.

On the sixth common theme, the Commission emphasizes that the effects of DERs should be considered by utilities now—with distribution plans accounting for the change in load as a result of DERs, versus IRPs accounting for DERs as a resource, and with the Commission noting that MI Power Grid launched in 2018 with a focus on DERs but that these efforts and the work done through this initiative is not showing up in utility planning. The Commission, in this regard, expects to see improvements in long-term reliability considered via DERs, NWAs, and other technologies assessed in MIPowerGrid; that these are included in scenario planning as a forecasted load in distribution plans; and for the utilities to explain how their scenario plans impacted the utilities' decisions and how they incorporate DER impacts in their strategic plans. Other planning dockets will require relevant record evidence and data with quantitative analyses; however, distribution plans should serve as directories to indicate where relevant topics are otherwise addressed in other proceedings, as well as an articulation of the broader strategy around the

utility's distribution plans, even as specific investments continue to be reviewed in rate cases. On this topic, HCA maps should also be published and updated annually or more frequently to provide useful connection information to parties wishing to connect as a load or generator.

On the seventh and last common theme, the Commission has previously encouraged utilities to coordinate with local governments on utility matters, including with regard to construction activities and to improve communication protocols during outages and extreme weather events. *See*, December 1, 2023 order in Case No. U-21297, pp. 361, 375, and December 21, 2023 order in Case No. U-21388, pp. 7-9. The Commission has also repeatedly addressed coordination of distribution planning efforts with the MIC for the purpose of benefiting all Michigan residents through more efficient and effective planning. *See*, November 21, 2018 order in Case No. U-20147, p. 38, and August 20, 2020 order in Case No. U-20147, p. 49. The Commission also notes that it has since rendered a final decision in Case No. U-21389 addressing testimony on this issue in that case. *See*, March 1, 2024 order in Case No. U-21389, pp. 50-52; *see also*, *supra*, pp. 32-35.

The Commission now provides initial specific feedback to the three distribution plans filed, starting with I&M. Additional feedback may be provided following the receipt of comments relating to the audit of Consumers' and DTE Electric's distribution systems in Case No. U-21305, including additional guidance on the substance and timing of the utilities' next round of distribution plans, with this guidance to be provided in the first half of 2025.

In general, the Commission finds that I&M complied with the September 8 order, covering hosting capacity, federal funding, updates on its advanced distribution management system/DERMS, and appropriate forecasted reliability metrics. I&M's spending appears steady both across capital expenditures and O&M over its five-year planning horizon. As far as

reliability, however, the Commission finds that I&M's distribution plans should be more closely tied to achieving targeted service level metric improvements, as raised by the Attorney General in comments.

For Consumers, the Commission generally finds that the company complied with the September 8 order and the additional directives from the settlement agreement in Case No. U-21224 including providing circuit level reliability statistics, mapping of EJ communities, mapping of overlaying circuits, and data to interested persons/parties. The Commission notes that Consumers' spending demonstrates a large increase in capital expenditures and that this spending continues to increase each year, with the company projecting to spend an average of over $300 million more each year from 2024 to 2027, raising overcapitalization concerns. As far as reliability, the Commission notes that Consumers excluded MEDs for metrics in its 2023 distribution plan but that the company, nevertheless, included its own reliability metrics/aspirational reliability goals.

For DTE Electric, the Commission generally finds that the company complied with the September 8 order, along with the additional objectives from the November 18 order, including additional overlay maps, the provision of socioeconomic data, and detailed descriptions of grid hardening/conversion plans. The Commission notes a large discrepancy in spend between its 2021 and 2023 distribution plans with notable spending/recovery differences between the company's distribution plans and rate cases. The Commission also expresses concern over the company's "normal-weather SAIDI" metric, finding the same to be a slippery slope and challenging to understand. As noted above, the Commission requests that utilities adhere to industry terms according to IEEE Std 1366-2022 when developing their reliability indices.

THEREFORE, IT IS ORDERED that:

A. By 5:00 p.m. (Eastern time) on October 10, 2024, the Commission Staff shall file a proposed protective order for use by utilities in connection with the filing or provision of confidential information in this docket. Following the comment period set forth below, the Commission will issue an order approving a protective order for use in this matter.

B. Any interested person may file comments in this docket regarding the straw proposal attached to this order as Exhibit A, along with the proposed protective order to be filed by the Commission Staff by October 10, 2024. Comments to both must be received no later than 5:00 p.m. (Eastern time) on October 24, 2024.

C. The Commission Staff shall convene a collaborative session with interested persons following the comment period to further discuss the straw proposal and comments thereto, with the Commission Staff then filing a revised straw proposal if needed within 30 days following the collaborative session.

D. As set forth in the order, the Financial Incentives and Disincentives workgroup shall evaluate potential appropriate metrics for distributed energy resources in the docket for Case No. U-21400. Following the identification and evaluation of appropriate distributed energy resource metrics, these metrics can then be integrated into future distribution investment and maintenance plans.

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 LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@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 September 26, 2024.

Lisa Felice, Executive Secretary

Distribution Planning Staff Proposal

Purpose and Objectives

a. Purpose

As directed by the Commission, Staff presents this proposal to facilitate a standard approach for future distribution plan filings submitted by each Michigan rate-regulated utility ("utility"). The straw proposal is provided with consideration given to prior Commission orders for content to be included in distribution plans, as well as prior interested party comments and discussion with utilities. The length and content of the plans may change over time based on Commission order.

b. Objectives

The goal of electric distribution plans is to provide the Commission, Commission Staff, and other interested parties a comprehensive understanding of anticipated utility needs, priorities, and spending outside of the contested rate case process, and to allow such parties to properly evaluate significant and necessary investments to the utilities' aging distribution systems.[1] The Commission has established four overarching electric distribution system objectives for distribution planning: safety, reliability and resiliency, cost-effectiveness and affordability, and accessibility.[2] It has also reiterated the importance of plans being based upon reviewable data.[3] The informational nature of the planning process encourages more focus on supportive data than narrative, as distribution plans are not subject to formal approval[4] by the Commission and do not authorize future cost recovery. A utility may adopt its own goals for the distribution plan in addition to those set by the Commission.

Schedule

Distribution plans must be filed every three years, or as otherwise ordered by the Commission, to an appropriate docket, and include a five-year investment plan and an extended (10-15 year) outlook from the date of the filing. The plan must address the

[1] September 8, 2022 Order in MPSC Case No. U-20147, p. 66.
[2] August 20, 2020 Order in MPSC Case No. U-20147, pp. 36-37.
[3] September 8, 2022 Order in MPSC Case No. U-20147.
[4] September 8, 2022 Order in MPSC Case No. U-20147, p. 66.

specifics detailed below. Plans will be staggered between utilities on a schedule set by the Commission.

An annual update is optional and intended to provide utilities the opportunity to update information within plan filings including, but not limited to, projections and forecasted costs to align with existing planning objectives. The update is intended to communicate changes in long-term strategy caused by unexpected shifts in forecasted metrics or costs. Annual updates, if appropriate, shall be filed annually from the date of the utility's most recent distribution plan filing in an appropriate docket.

Interested Party Outreach

As defined by the Commission, distribution plans must seek problem descriptions, goals, and possible solutions through community and third-party engagement.[5] To encourage ongoing discussion between utilities and interested parties, outreach and feedback opportunities will be made available by the utilities prior to and after distribution plans are filed.

a. Pre-Filing Outreach

   The utility must hold at least one outreach meeting to collaborate with and engage community, customers, and other interested parties in a manner timely enough to ensure input can be incorporated into the plan filing and not less than 12 months prior to the filing. At least half of all, with a minimum of one, outreach meeting(s) must be held outside of normal business hours and offered in the utility's service territory in geographic locations convenient to customers. The utility is encouraged to invite interested parties, community leaders, interested community and advocacy groups, the Commission, and Commission Staff. The outreach is intended to provide transparency into the utility distribution planning process and explore how its goals will affect the distribution system while obtaining input and exploring ideas for the distribution grid of the future.

   Hybrid meeting formats that include in-person, phone-in, and virtual options are recommended. For each meeting, the utility shall make the meeting contents publicly available and provide a forum for comments to be shared by parties unable to attend in-person.

b. Post-Filing Outreach and Comment Period

[5] September 8, 2022 Order in MPSC Case No. U-20147, p. 74.

An appropriate docket will be made available for interested parties to file comments to the distribution plan after filing. Initial comments will be accepted for 60 days after the distribution plan filing and reply comments will be accepted for 30 days after the initial comment period. Comments and reply comments will be reviewed by the Commission and considered for future utility plan filings and process improvements.

Distribution Plan and Documentation

A recommended outline is provided in this proposal for distribution plans. This outline is broad and not intended to be all-inclusive for each utility, but rather a starting point for distribution planning encompassing prior Commission orders and expected supportive data while facilitating filing consistency. If a utility is unable to include one or more of the topics below, a detailed explanation shall be provided.

Where possible and relevant, distribution plans shall be coordinated with the inputs and outputs of other ongoing planning efforts required by the Commission including, but not limited to, a utility's Integrated Resource Plan (IRP), Transportation Electrification Plan (TEP), and transmission planning such as the MISO Transmission Expansion Plan (MTEP) or the PJM Regional Transmission Process (RTEP). Distribution plan spending classifications (such as programs, subprograms, categories) shall be aligned with such classifications within the utility's rate case, with variations explained in detail.

Utilities are encouraged to submit supporting data and documentation. All supporting data for charts, tables, and maps shall be provided as an attachment, appendix, or workpaper to the submitted plan in an accessible format for interested parties to review. All external data sources and references must be appropriately cited.

The following outline and topics are recommended for future distribution plans:

I. Objectives and Goals

II. Third Party and Community Outreach

a. Summary of Pre-Filing Outreach Meeting(s) Sharing Outreach Date(s), Location(s), Issues Identified, Potential Solutions Explored, and Final Plan Impact

b. Summary of Utility Customer, Community, and Local Government Outreach Effort(s), and Program(s), Sharing Issues Identified and Potential Solutions Explored

III. Distribution System Overview

The distribution plan will provide a data-based review of the current and recent historical system characteristics, asset health, and relevant operations to provide basis and context. Maps and GIS data are encouraged formats for this information, where appropriate.

a. General Asset Health and Condition

   The utility shall provide relevant data on its distribution system assets to provide the basis of its planning efforts. Relevant data includes, but is not limited to: age, condition (such as failure rates, outage/interruption causes, and quantifiable impacts from extreme weather events), location, planned upgrades or decommissioning, and voltage characteristics. A map of the utility's service territory shall be provided.

b. Historical Reliability Metrics

   Utilities shall include SAIDI, SAIFI, CAIDI, CELID, and CEMI metrics. Benchmarking of reliability metrics against peer companies in the industry shall be performed and include the following, where able: [6]

   i. With MEDs
   ii. Without MEDs[7]
   iii. By condition (blue sky, gray sky, and catastrophic)[8]

c. Historical Safety Incidents Involving Electric Facilities,[9] including:
   i. Date
   ii. Location
   iii. Electric system voltage
   iv. Affiliation (Company, Contractor, or Public)
d. Historical O&M and Capital Spending
e. Historical Outage Events Affecting >1% of the Utility's Customer Base in Michigan

[6] September 8, 2022 Order in MPSC Case No. U-20147, p. 29.
[7] September 8, 2022 Order in MPSC Case No. U-20147, p. 70.
[8] MPSC Service Quality and Reliability Standards R 460.702, updated August 30, 2021.
[9] Accidents reported in accordance with R 460.3804 of the Technical Standards for Electric Service.

i. O&M and capital costs associated with catastrophic event recovery
ii. If feasible, maps of affected service territory with voltage levels and configurations of impacted customers

f. Operations and Programs

A brief discussion or summary of the utility's current operation strategy including, but not limited to:

i. Line clearing/vegetation management, including a map of the current vegetation management cycle as possible
ii. Storm response and restoration
iii. Asset management

Details regarding the asset management must describe approaches applied in the utility's planning, efforts to prevent outages from occurring, and reducing risk in a proactive manner. The plans shall not only focus on asset age, but also condition-based assessments performed through monitoring and inspections.[10]

iv. Overlay maps of planned and historic distribution system investments
v. Streetlight/community lighting management, including investment strategy, operations strategy, and light pollution mitigation efforts

g. Resource Challenges

Descriptions of any recent historical or ongoing resource challenges, such as workforce or material supply.

h. Environmental Justice Mapping Analysis

An analysis of environmental justice within the utility's territory with a discussion on environmental justice and how it is incorporated in plans to support affected customers.

IV. Distribution System Planning

The utility shall include an action plan to address the established short-term and long-term challenges and needs. When a benefit cost analysis is used in the action plan, the methodology, analysis, and alternatives of the analysis shall be

[10] September 8, 2022 Order in MPSC Case No. U-20147, p. 74.

detailed. If the utility chooses to use scenario planning, it must discuss the analysis performed and present potential challenges under each scenario. Any new pilot proposals must meet Commission guidelines.[11] The action plans shall include the following:

a. Forecasted Reliability Metrics (include five- and ten-year projections)

   For the planning period, utilities shall include, where able, SAIDI, SAIFI, CAIDI, CELID, and CEMI with and without MEDs, mapped to planned system investments and expected improvements.

b. Forecasted O&M and Capital Spend Projections (include five- and ten-year projections)
c. Forecasted Workforce and Material Resources

   Any resource challenges noted in Section III should be projected and quantified to its impact on system planning. When describing challenges, distribution plans must provide tangible examples of resource or material supply shortages and quantify the impact to system planning. Citing general market dynamics or the potential for global supply chain risks/bottlenecks are an insufficient basis when estimating future planning requirements.

d. Any Anticipated Changes to Operations and Programs from Section III
e. Resilience Approach and Planning
   i. Vulnerability assessment
   ii. Description of proposed resilience program(s), if applicable
   iii. Projected costs and rate impacts
f. Grid Modernization Efforts

   The utility shall detail its efforts to address ongoing and upcoming distribution technologies and improvements to create a modern grid, including how each of the following topics is included or considered within the action plan:

   i. Distributed Energy Resources (DERs)
   ii. Non-Wires Alternatives (NWAs)
   iii. Rebuilds/Hardening/Conversions
   iv. Undergrounding[12]

[11] September 8, 2022 Order in MPSC Case No. U-20147, p. 74.
[12] September 8, 2022 Order in MPSC Case No. U-20147, p. 73.

v. Electrification (including TEP integration)

This can include, but is not limited to, forecasting of system load and impact from these topics on the distribution grid, O&M and capital costs of implementation, impacts to the utility's reliability, effects on local communities, and coordination with other Commission, local, state, and federal guidelines.

g. Hosting Capacity Analysis
    i. Most recently updated Hosting Capacity Go/No Go Maps,[13] provided as an attachment to the filing or as a publicly available URL link.
    ii. Discussion on how the hosting capacity map improves transparency by identifying interconnection points and necessary upgrades to the distribution grid to accommodate DERs
h. Customer Affordability Analysis
    i. Spend prioritization
    ii. External funding opportunities exploration and grants
    iii. Customer rate impacts by customer class (residential, commercial, and industrial)

V. Additional Requirements

This section encompasses any other elements ordered by the Commission in the appropriate distribution plan docket(s) or other dockets since the previous distribution plan filing. If there are no other elements, this section may be removed.

[13] September 8, 2022 Order in MPSC Case No. U-20147, p. 68.

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-20147

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 26, 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 26th day of September 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-20147

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