

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,
to establish a workgroup to investigate
appropriate financial incentives and penalties to
address outages and distribution performance
moving forward.

Case No. **U-21400**

**COMMENTS OF THE GREAT LAKES RENEWABLE ENERGY ASSOCIATION
REGARDING THE PHASE 2 RELIABILITY-PLUS FRAMEWORK STRAW
PROPOSAL**

The Great Lakes Renewable Energy Association (GLREA) files these comments on the Phase 2 Reliability-Plus Framework Straw Proposal in this case.

GLREA is encouraged by the efforts of the Commission to advance reliable and robust programs to improve the reliability and affordability of electric service provided to Michigan citizens, by such programs as Virtual Power Plants (VPPs), Distributed Energy Resource (DER) programs, Distributed Generation, and other alternative non-wires approaches to more efficiently utilize existing utility generation, distribution, and transmission facilities, and to mitigate or shift high-cost peak loads, and to otherwise mitigate or alleviate investment in high cost generation and distribution facilities.

GLREA in other cases has advocated in favor of such alternative programs, such as recommending the implementation of VPPs in Consumers Energy's territory in U-21870, and in DTE Electric's current rate case U-22046, and again in Consumers Energy's current rate case U-22070, and in advocating in support of incentives to encourage distributed generation and to implement a voluntary community solar program with respect to Consumers Energy Company in

U-21972. The Commission's straw proposal will assist the Commission's review of such programs on an effective basis.

GLREA looks forward to reviewing the comments filed by other parties to the Commission's straw-man proposal, and to respond to initial comments in reply comments.

GLREA also provides the following comments:

I. THE NEED FOR QUARTERLY PUBLIC REPORTING OF ALL PERFORMANCE METRICS

As the Commission considers new scorecards, reporting metrics, and potential performance incentive mechanisms (PIMs), the Commission should adopt another complementary requirement: **utilities must communicate all performance metrics to the general public through quarterly press releases**, not solely through technical filings or webpages that most customers never see.

Michigan residents deserve clear, accessible information about how their utilities are performing relative to national benchmarks. The Straw Proposal introduces several new metrics—DER interconnection timelines, hosting capacity transparency, outage response accuracy, AMI utilization, grid utilization, and potential VPP/NWA performance. These are important advancements, but their value depends on whether customers can actually find and understand them. Quarterly press releases would ensure that:

- **Performance metrics reach the public**, not just regulatory specialists.
- **Local media can report on progress**, improving public understanding.
- **Customers can compare performance over time**, building trust in the regulatory process.

- **Utilities demonstrate accountability** in a clear, accessible format.

This approach aligns with the Commission’s transparency goals under MI Power Grid and Reliability-Plus.

II. SYNERGIES BETWEEN DSP AND IRP: RELIABILITY AND RATE IMPACTS

The Straw Proposal highlights several areas where the **Distribution System Plan (DSP)** and **Integrated Resource Plan (IRP)** processes naturally reinforce each other. GLREA encourages the Commission to explicitly recognize and leverage these synergies.

- **Reliability outcomes in the DSP directly influence long-term resource adequacy in the IRP.**
- **Hosting capacity constraints identified in DSPs affect DER and VPP modeling in IRPs.**
- **Distribution investments drive rate impacts that must be reflected in IRP affordability analyses.**
- **NWA/VPP deployment strategies belong in both DSP circuit-level planning and IRP capacity planning.**

By aligning DSP and IRP metrics—especially those tied to reliability, outage response, DER integration, and load growth—the Commission can create a unified performance framework that improves both system reliability and long-term rate stability.

III. INCENTIVES AND PENALTIES MUST BE MEANINGFUL ENOUGH TO INFLUENCE STOCK PERFORMANCE

To be effective, performance incentives and penalties must be set at levels that **meaningfully influence utility financial outcomes**, and management action. Small, symbolic incentives will not drive the cultural or operational changes needed to achieve top-quartile reliability. GLREA respectfully recommends:

- **Incentives should only be awarded when utilities are demonstrably on a path to top-quartile national performance.**
- **Penalties should be applied when utilities remain in the bottom quartile. A penalty (or disincentive) should not be included in a utility's cost of service for ratemaking purposes, but should be funded by the utility stockholders to fund efforts to improve service performance.**
- **The magnitude of incentives and penalties should be sufficient to influence investor expectations and executive decision-making.**

Michigan ratepayers deserve a regulatory framework where financial consequences reflect actual performance, not incremental improvements that still leave utilities well below national norms.

IV. NEW DSP-LINKED METRIC: CUSTOMER SERVICE ESTABLISHMENT SPEED VIA DISTRIBUTION SWITCHING

GLREA encourages the Commission to develop a new DSP-linked performance metric that measures **how quickly customer service is restored through distribution system switching**, with the goal of minimizing the number of customers affected by any given outage.

This metric should capture:

- **The speed and effectiveness of sectionalizing and switching operations.**

- **The percentage of customers restored within defined time intervals (e.g., 5, 15, 30 minutes).**
- **The extent to which switching reduces the total number of customers impacted.**

This metric would provide a clear, quantifiable measure of distribution system agility—an increasingly important reliability factor as Michigan modernizes its grid.

V. NEW QUARTERLY PUBLIC METRIC: UTILITY SPENDING ON OUTAGE RESTORATION

GLREA recommends that the Commission require utilities to report—on a quarterly basis and in a public press release—**how much they spend on outage restoration.**

This metric would help customers understand:

- **The scale of restoration efforts after storms or major events.**
- **How restoration spending compares to national norms.**
- **Whether restoration costs are rising or falling over time.**

Such transparency would help ratepayers evaluate whether restoration spending aligns with reliability outcomes and whether investments in grid modernization are reducing long-term restoration costs.

CONCLUSION

GLREA respectfully requests that the Commission incorporate the following into the final Reliability-Plus framework:

1. **Quarterly public press releases** summarizing all performance metrics relative to national benchmarks.

2. **Explicit alignment of DSP and IRP metrics** for reliability and rate impacts.
3. **Incentives and penalties large enough to influence management performance and investor expectations, with incentives awarded only for top-quartile progress and penalties funded by stockholders applied for bottom-quartile results, with funds to be used to improve service performance.**
4. **A new DSP-linked metric** measuring customer service restoration speed via distribution switching.
5. **A quarterly public metric** reporting utility spending on outage restoration.
6. That the Commission through this docket, and in ongoing IRP and rate cases, among other cases, continue its reform efforts to promptly implement expanded proposals to promote cost-effective, reliable, and affordable electric service to Michigan citizens.

These steps will help ensure that Michigan's performance-based regulatory framework is transparent, effective, and aligned with the interests of ratepayers.

Respectfully submitted,

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