

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's Own Motion,
regarding the implementation of MCL 460.6w.

Case No. **U-18441**
(e-file paperless)

MPSC STAFF
SUPPLEMENTAL REPORT AND RECOMMENDATIONS

Pursuant to the Michigan Public Service Commission's (MPSC or Commission) order in this matter, the Commission's Staff (Staff) files an addendum to its report and recommendations regarding the recent capacity demonstration filings.

I. BACKGROUND

On September 15, 2017, the Commission issued an order in Case No. U-18441 for Michigan electric providers to submit electric capacity demonstrations to the Commission pursuant to MCL 460.6w(8). On March 6, 2018, Staff filed its report and recommendations to the Commission regarding the capacity demonstration filings. The instant filing supplements Staff's March 6, 2018 report and recommendations.

II. CAPACITY DEMONSTRATION FILINGS

On March 6, 2018, the City of Wakefield filed its capacity demonstration in this case. On March 8, 2018, the City of Stephenson, Daggett Electric Department and the City of Dowagiac filed capacity demonstrations in this case. No additional capacity demonstrations filings are expected because all Michigan load serving

entities (LSEs) have made compliance filings. Staff completed its review and audit of the municipal utility filings, as well as the review of confidential contracts and material on March 12, 2018.

A. MISO - Local Resource Zone 7

The final review of municipal utility contracts and confidential material did not uncover any issues that would impact the previous report for the Midcontinent Independent System Operator (MISO) local resource zone (LRZ) 7.

B. MISO - Local Resource Zone 2 (MI Upper Peninsula)

The City of Stephenson and the Daggett Electric Department located in MISO LRZ 2 filed confidential capacity demonstrations after Staff issued its report and recommendations on March 6, 2018. Following a review and audit of those filings and confidential materials, Staff uncovered no issues that would impact the previous report for MISO LRZ 2.

C. PJM – Southwestern Michigan Region

The City of Dowagiac in southwestern Michigan located in the PJM Interconnection LLC (PJM) territory filed a confidential capacity demonstration after Staff issued its report and recommendations on March 6, 2018. Following a review and audit of those filings and confidential materials, Staff uncovered no issues that would impact the previous report for the portion of southwestern Michigan in PJM.

III. LSE CAPACITY DEMONSTRATION RESULTS¹

The Staff appreciates the time and effort made by all Michigan LSEs to comply with the provisions of MCL 460.6w, as well as to comply with the questions, audits, contract reviews, and requests for additional information made by Staff throughout this process. Including the capacity demonstration information for filings received on and after March 6, 2018, Staff updated the information included in Attachment A and updated the aggregate results in Table 3 below.

Table 3

Resource Breakdown (%), by Supplier Type							
	PY	Owned	DR	Contract ZRC	Contract PPA	MISO PRA	PJM BRA
Muni/Co-Op Aggregate	2018	81.3%	0.1%	7.8%	8.1%	2.7%	
	2019	82.3%	0.1%	8.3%	9.1%	0.2%	
	2020	79.8%	0.1%	7.3%	8.2%	0.2%	4.4%
	2021	80.2%	0.1%	5.5%	10.1%	0.0%	4.1%
AES Aggregate	2018	8.6%		81.1%	1.9%	8.4%	
	2019	8.3%		89.8%	1.8%	0.1%	
	2020	8.5%		89.5%	1.9%	0.1%	
	2021	8.5%		89.5%	1.9%	0.1%	
Utility Aggregate	2018	76.5%	6.4%	1.6%	15.6%	0.0%	
	2019	76.3%	7.5%	0.7%	15.6%	0.0%	
	2020	76.2%	7.4%	0.7%	15.7%	0.0%	
	2021	78.0%	7.7%	0.1%	14.1%	0.0%	

IV. OUTSTANDING ISSUES

As of the date of this report, Staff does not yet have resolution for a few outstanding issues.

¹ The reported results are final.

A. New Outstanding Issue

In addition to the outstanding issues included in Staff's March 6, 2018 report and recommendations, one of the municipal utilities that filed confidentially does not have adequate planning resources secured for the 2020/21 and 2021/22 planning years. Less than one megawatt of additional planning resources is necessary for planning years 2020/21 and 2021/22 for the demonstration to be sufficient. The municipal utility is currently attempting to negotiate a new demand response resource, sufficient to meet the municipal utility's outstanding requirements, with its largest customer. The municipal utility is actively working to remedy the issue and has agreed to follow up and provide Staff updates including a review of confidential customer contracts and plans to have the new demand response resource qualified by the independent system operator in future capacity demonstration filings as outlined in the Commission-approved Capacity Demonstration Process and Requirements. Staff does not recommend any further action at this time.

B. Old Outstanding Issues.

Staff continues to follow up on the issues that remain outstanding as stated in its March 6, 2018 report. The cooperative that is working on the renewal or extension of an existing contract to be sufficient for planning years 2020/21 and 2021/22 has agreed to file supplemental information in the docket and provide Staff the opportunity to review the contract. The supplemental filing is expected soon. Staff will continue to work with providers to ensure that the Commission-approved

Capacity Demonstration Process and Requirements issued in Case No. U-18197 on September 15, 2017 are met for the few remaining unresolved issues.

V. STAFF RECOMMENDATIONS – PROCESS GOING FORWARD

To continue streamlining the demonstration process going forward, Staff has taken into consideration the continued feedback of all electric providers and respectfully repeats its overall recommendations outlined below.

A. Extension for March 2019 Staff Report

Staff appreciated the efforts made by Michigan LSEs to work with Staff regarding additional requested information and the review of contracts. To continue to allow sufficient time in the future for Staff to conduct due diligence audits of the providers' capacity demonstration filings and contracts, the Staff respectfully requests that for future demonstrations, the Commission consider extending the deadline for the Staff report by approximately three additional weeks, or near the end of March.

B. Capacity Demonstration Technical Conference

Several Michigan providers have made suggestions for potential changes to the process going forward, some of which are outlined below. To gather feedback on these suggestions, as well as learn about other possible process improvements, Staff recommends that the Commission direct that a Capacity Demonstration Technical Conference take place during the summer of 2018.

C. Reporting Template

Based on the initial demonstration filings, Staff recommends individualizing the reporting template for each type of electric provider (incumbent utility, municipality, cooperative and alternative electric supplier (AES)) going forward. Potential modifications to the reporting templates could be vetted during the proposed capacity demonstration technical conference.

D. Affidavit Templates

Throughout the demonstration period, Staff received several requests for an affidavit “template” that contained an acceptable commitment requirement pursuant to the approved Attachment A would look like. Additionally, there were a lot of questions about what Staff would deem acceptable for the AES affidavits that Staff requested to confirm any load switching. Because there was no defined process or template for this process, Staff was flexible with formatting so long as Staff received all the information needed. To forego confusion, Staff recommends that an affidavit template be drafted for both the commitment affidavit and the AES load switching affidavit and that these be included with the updated reporting template for planning year 2022/23.

VI. CONCLUSION

For the reasons stated above, the Staff does not recommend the Commission initiate any show-cause proceedings regarding any LSE at this time. The Staff does

request the Commission to approve its recommendations regarding the process for upcoming capacity demonstrations.

Respectfully submitted,

**MICHIGAN PUBLIC SERVICE COMMISSION
STAFF**

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DATED: March 14, 2018

18441/Supplemental Report and Recommendations

ATTACHMENT A

	PY	Owned	DR	Contract - ZRC	Contract - PPA	MISO PRA	PJM BRA
Supplier 1	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Supplier 2	2018	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2019	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2020	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Supplier 3	2018	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2019	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2020	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2021	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
Supplier 4	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Supplier 5	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Supplier 6	2018	89.5%	6.2%	2.8%	1.6%	0.0%	0.0%
	2019	90.8%	6.7%	0.9%	1.6%	0.0%	0.0%
	2020	89.7%	6.9%	1.8%	1.6%	0.0%	0.0%
	2021	91.2%	7.2%	0.0%	1.6%	0.0%	0.0%
Supplier 7	2018	0.0%	0.0%	22.2%	77.8%	0.0%	0.0%
	2019	0.0%	0.0%	22.2%	77.8%	0.0%	0.0%
	2020	0.0%	0.0%	22.2%	77.8%	0.0%	0.0%
	2021	0.0%	0.0%	22.2%	77.8%	0.0%	0.0%
Supplier 8	2018	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2019	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2020	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Supplier 9	2018	65.1%	3.8%	0.2%	30.8%	0.0%	0.0%
	2019	63.6%	4.6%	0.2%	31.6%	0.0%	0.0%
	2020	63.3%	5.6%	0.2%	30.8%	0.0%	0.0%
	2021	69.3%	7.2%	0.0%	23.6%	0.0%	0.0%

	PY	Owned	DR	Contract - ZRC	Contract - PPA	MISO PRA	PJM BRA
Supplier 10	2018	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	2019	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2020	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Supplier 11	2018	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2019	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2020	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2021	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
Supplier 12	2018	87.8%	6.6%	0.0%	5.6%	0.0%	0.0%
	2019	86.1%	8.3%	0.0%	5.6%	0.0%	0.0%
	2020	89.5%	5.5%	0.0%	5.0%	0.0%	0.0%
	2021	90.5%	4.6%	0.0%	4.8%	0.0%	0.0%
Supplier 13	2018	0.0%	0.0%	91.2%	0.0%	8.8%	0.0%
	2019	0.0%	0.0%	98.9%	0.0%	1.1%	0.0%
	2020	0.0%	0.0%	98.9%	0.0%	1.1%	0.0%
	2021	0.0%	0.0%	98.9%	0.0%	1.1%	0.0%
Supplier 14	2018	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2019	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2020	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Supplier 15	2018	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2019	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2020	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
	2021	97.6%	0.0%	0.0%	2.4%	0.0%	0.0%
Supplier 16	2018	44.3%	0.0%	0.0%	55.7%	0.0%	0.0%
	2019	43.1%	0.0%	0.0%	56.9%	0.0%	0.0%
	2020	43.8%	0.0%	0.0%	56.2%	0.0%	0.0%
	2021	42.0%	0.0%	0.0%	58.0%	0.0%	0.0%
Supplier 17	2018	85.3%	0.0%	12.1%	2.6%	0.0%	0.0%
	2019	87.4%	0.0%	8.5%	4.1%	0.0%	0.0%
	2020	79.7%	0.0%	9.0%	3.6%	0.0%	7.7%
	2021	81.3%	0.0%	7.7%	3.6%	0.0%	7.3%
Supplier 18	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%

	PY	Owned	DR	Contract - ZRC	Contract - PPA	MISO PRA	PJM BRA
Supplier 19	2018	9.8%	6.6%	0.0%	82.9%	0.7%	0.0%
	2019	10.0%	6.8%	0.0%	82.5%	0.8%	0.0%
	2020	10.0%	6.8%	0.0%	82.5%	0.8%	0.0%
	2021	10.0%	6.8%	0.0%	82.5%	0.8%	0.0%
Supplier 20	2018	38.0%	0.0%	0.0%	62.0%	0.0%	0.0%
	2019	38.0%	0.0%	0.0%	62.0%	0.0%	0.0%
	2020	38.0%	0.0%	0.0%	62.0%	0.0%	0.0%
	2021	38.0%	0.0%	0.0%	62.0%	0.0%	0.0%
Supplier 21	2018	28.0%	0.0%	0.0%	15.0%	57.0%	0.0%
	2019	27.8%	0.0%	52.3%	14.9%	5.0%	0.0%
	2020	59.0%	0.0%	21.5%	14.4%	5.0%	0.0%
	2021	56.6%	0.0%	0.0%	43.4%	0.0%	0.0%
Supplier 22	2018	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2019	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2020	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Supplier 23	2018	69.8%	8.8%	0.7%	20.7%	0.0%	0.0%
	2019	68.6%	8.2%	0.7%	22.5%	0.0%	0.0%
	2020	68.7%	8.2%	0.0%	23.1%	0.0%	0.0%
	2021	67.5%	8.1%	0.0%	24.4%	0.0%	0.0%
Supplier 24	2018	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	2019	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2020	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Supplier 25	2018	0.0%	20.6%	0.0%	79.4%	0.0%	0.0%
	2019	45.7%	54.3%	0.0%	0.0%	0.0%	0.0%
	2020	45.7%	54.3%	0.0%	0.0%	0.0%	0.0%
	2021	45.7%	54.3%	0.0%	0.0%	0.0%	0.0%
Supplier 26	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Supplier 27	2018	36.0%	44.5%	18.8%	0.8%	0.0%	0.0%
	2019	36.0%	44.5%	18.8%	0.8%	0.0%	0.0%
	2020	36.8%	45.5%	15.4%	0.4%	1.9%	0.0%
	2021	36.8%	45.5%	15.4%	0.4%	1.9%	0.0%

	PY	Owned	DR	Contract - ZRC	Contract - PPA	MISO PRA	PJM BRA
Supplier 28	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Supplier 29	2018	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2019	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2020	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	2021	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Supplier 30	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Supplier 31	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Supplier 32	2018	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2019	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2020	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	2021	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's Own Motion,
regarding the implementation of MCL 460.6w.

Case No. **U-18441**
(e-file paperless)

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF EATON)

TINA L. BIBBS, being first duly sworn, deposes and says that on **March 14, 2018**, she served a true copy of the **MPSC Staff Supplemental Report and Recommendations** upon the following parties **via e-mail only**:

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TINA L. BIBBS

Subscribed and sworn to before me
this **14th** day of **March, 2018**.

Corinna C. Swafford, Notary Public
State of Michigan, County of Ionia
Acting in the County of Eaton
My Commission Expires: 12-13-2019