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MPSC Finds Detroit Edison's 2004 Summer Capacity Plan Deficient, Directs Company to Use a Higher Standard

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The Michigan Public Service Commission (MPSC) today issued an order finding that The Detroit Edison Company's summer 2004 capacity plan is deficient, reflects less than thorough planning, and falls short of the Commission's expectations. The order reminds Detroit Edison that it is fully responsible to fulfill its obligations to its retail customers to provide reliable electric service. The Commission also directed Detroit Edison to use a higher standard in planning to meet its projected demand.

"Detroit Edison customers deserve to feel confident that their electric utility has done everything necessary to keep the power on as we approach the summer months," said MPSC Chair J. Peter Lark. "The report it filed earlier this year shows its planning to be inadequate. There is no excuse, with so many alternatives available within the region, for the company to claim an inability to provide supply and service reliability assurances for its customers. Michigan law requires that electric utilities plan to operate and maintain their distribution systems to provide service at acceptable levels of performance to its customers. In addition, the law requires electric capacity to be large enough to meet all normal demands for service. Such assurances are expected, needed and deserved."

Detroit Edison on March 31 filed its 13-page assessment of its ability to meet customers' expected electric requirements in 2004. The company asserted that it was unable to obtain firm transmission capacity needed to serve the projected demand of its southeastern Michigan customers for summer 2004.

The Commission cited the May 5 issue of "MegaWatt Daily," which reported that the East Central Area Reliability Council, which includes Michigan, has projected a capacity margin for the summer of 2004 at 20 percent, a reserve level considered to be sufficient to meet the region's needs. With this ample supply, Detroit Edison had many alternatives to meet the needs of its customers.

Because Detroit Edison in its report claimed that it was unable to obtain firm transmission rights to move 875 megawatts of power and was therefore forced to rely on its own affiliates, the MPSC staff assisted with efforts to secure over 600 megawatts of firm transmission rights with the Midwest Independent System Operator (MISO). The Commission also notes that Detroit Edison should have identified other supply options before concluding that it would be required to purchase electric supplies from its affiliates.

In a separate order issued today (U-14138), the Commission granted Detroit Edison limited authority to purchase up to 300 megawatts from two of its affiliates for the summer of 2004.

The MPSC is an agency within the Department of Labor & Economic Growth.

Case No. U-14109

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