

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)	
to implement the provisions of Section 6s of)	
2016 PA 341.)	Case No. U-15896
_____)	

At the May 11, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

On December 21, 2016, Public Act 341 of 2016 (Act 341), an amendment to Public Act 3 of 1939 and Public Act 286 of 2008 (Act 286), was signed into law. Section 6s(10) of Act 341 provides that the Commission "shall adopt standard application filing forms and instructions for use in all requests for a certificate of necessity under this section."

Pursuant to Act 286, on December 23, 2008, the Commission adopted standard application filing forms and instructions for use in all certificate of necessity (CON) requests. In the March 28, 2017 order in this case, the Commission proposed changes to the procedures adopted on December 23, 2008, and requested comments from all interested persons. The Commission received comments from five organizations, which shall be addressed *ad seriatim* and are organized pursuant to the headings set forth in the CON filing requirements.

Application Instructions for Certificate of Necessity

The Michigan Environment Counsel (MEC) suggests that the following language be added at end of this section: “Lack of inclusion of a category or type of information in this document is not a determination or evidence that such information is not relevant to a particular proceeding.”

MEC’s comments, p. 2. The Commission finds that the suggested language is unnecessary.

In response to suggestions from Association of Businesses Advocating Tariff Equity (ABATE), the Commission adds the following section after the Application Instructions for Certificate of Necessity:

Filing Announcement

In order to facilitate the scheduling and preparation of certificate of necessity proceedings, any utility intending to file a certificate of necessity case shall file a filing announcement, in a new docket, at least 30 days prior to the proposed filing of the case. The filing announcement, along with a proof of service, shall be served on the Michigan Public Service Commission (Commission) and all parties granted intervention in the utility’s last two general rate cases and most recent integrated resource plan case. If the application for a certificate is not filed within 120 days after filing the filing announcement, the filing announcement will be considered withdrawn.

The filing announcement shall include:

- 1. Statement of intent to file for certificate(s) of necessity;**
- 2. A brief description of the facilities or power purchase agreement for which the certificate(s) will be sought; and**
- 3. Any additional information the utility finds relevant to provide notice.**

Pre-application Consultation Process

ABATE requests that for each proposed CON application, the pre-application consultation should be publically noticed, and those entities who participated in the applicant’s last rate proceeding, integrated resource plan (IRP) proceeding, or CON proceeding, should be provided an opportunity to participate in the pre-application consultation process. In addition, ABATE states that an applicant should “be required to make available any RFP [request for proposal] relevant to

an applicant's proposal, including those that have been issued for the project or any alternatives to the proposed project, or those which may be issued for future related projects during the pendency of the CON process." ABATE's comments, pp. 2-3. The Commission finds that the Filing Announcement section addresses ABATE's notice provision. However, regarding ABATE's RFP proposal, the Commission finds it unnecessary because it will be addressed in the CON application process.

The Commission adds the following language to the end of this section:

The pre-consultation meeting will be documented with a sign-in sheet indicating all meeting attendees. The sign-in sheet, along with any presentations provided by the utility during the pre-consultation meeting, will be uploaded to the docket number containing the filing announcement.

I. Applicant Information

ABATE suggests that for any CON proposal, the applicant and, if applicable, the applicant's affiliate, should be required to identify and certify that it has complied with the Commission's Code of Conduct. The Commission declines to adopt this suggestion because all utilities regulated by the Commission are already required to comply with the Code of Conduct as set forth in the December 4, 2000 and October 29, 2001 orders in Case No. U-12134, and any alleged violations may be addressed by a complaint filed with the utility, the alternative electric supplier, or the Commission.

ABATE also requests that the applicant be required to identify any portion or component of cost or investment associated with its application that was previously included in the applicant's rate base because it is "important to ensure customers are aware of any equipment or facility owned by the applicant which is being put back into rate base and guards against customers potentially paying twice for the same investment." ABATE's comments, p. 3. The Commission agrees and adds the following language to Section VIII:

A. Construction of New Facility or Investment in Existing Facility:

* * *

5. A disclosure indicating the portion of investment included in the applicant's request for a certificate of necessity which is included in the applicant's rate base.

III. Confidential Information

MEC and ABATE suggest language stating that the applicant bears the ultimate burden of proof for any confidentiality claim. ABATE further suggests that "interested parties should have the opportunity to challenge or contest an applicant's [confidentiality] request and justification." ABATE's comments, p. 4. The Commission finds that any confidentiality claims will be adjudicated according to the Commission's Rules of Practice and Procedure and therefore, MEC's and ABATE's suggestions are unnecessary.

IV. Integrated Resource Plan

ABATE suggests that an applicant should be required to include with their application the IRP upon which the applicant is relying, whether or not the IRP is new or previously approved. The Commission agrees and amends the first sentence of this section as follows: "An integrated resource plan, as required by MCL 460.6s(11) **or approved pursuant to MCL 460.6t**, shall be included as an exhibit to the certificate of necessity application."

MEC also requests that this section be amended as follows:

An integrated resource plan, as required by MCL 460.6s(11), shall be included as an exhibit to the certificate of necessity application. The plan shall include the items listed in MCL 460.6s(11) and otherwise comply with the Commission's standards developed under that section. **The foregoing requirement** ~~This subsection~~ does not apply to an electric utility that has an approved integrated resource plan under MCL 460.6t—**The utility shall identify and explain any significant material changes that have occurred to actual and/or forecasted market energy, capacity, and fuel prices; load projections; capital and**

operating costs of resources; etc. since the integrated resource plan under MCL 460.6t was approved.

The Commission finds that MEC's proposed language stating "The foregoing requirement" is unnecessary, and that the language "This subsection" more appropriately reflects the statutory language. Aside from that change, the Commission finds MEC's proposed language reasonable and adopts the suggested changes.

VI. Certificate of Necessity That the Power to Be Supplied as a Result of the Proposed Construction, Investment, or Purchase Is Needed

MEC requests that the Commission include a requirement that an applicant submit a revised IRP under MCL 460.6s(11) or request an amendment to their approved IRP if the facility or power purchase agreement (PPA) for which a CON is requested was not included in an approved IRP as set forth in MCL 460.6t. The Commission finds that MEC's suggestion is already addressed by the CON filing requirements.

VII. Certificate of Necessity That the Design Characteristics of a Proposed Electric Generation Facility or Investment in an Existing Electric Generation Facility or the Terms of a Power Purchase Agreement Represent the Most Reasonable and Prudent Means of Meeting Future Power Needs

In Section VII.A, Midland Cogeneration Venture LP (MCV) proposes an extensive list of information that the applicant should be required to provide during the pre-application consultation process, the details of which are set forth on pages 2-3 of its comments and shall not be repeated here. MCV asserts that "This information is critical to the development of alternatives and to assure objective analysis and selection of the most reasonable and prudent option for fulfilling the applicant's stated future capacity need." MCV's comments, p. 2. The Commission finds that MCV's proposals are addressed in the CON application, and therefore the suggested changes are unnecessary.

MEC suggests several changes to Section VII.A, a few of which are already covered by the IRP process and therefore, the Commission finds them superfluous. MEC also requests that the CON application include an environmental justice analysis. The Commission declines to adopt this suggested change, noting that Governor Rick Snyder established an Environmental Justice Work Group in February 2017, which may assist in evaluating this recommendation. Aside from these, the Commission adopts the following amendments proposed by MEC:

An application seeking a certificate of necessity to construct a new electric generation facility or to make a significant investment in an existing facility or enter into a power purchase agreement shall include the following information:

* * *

5. Fuel type and sources, including the identification and justification of fuel **price** forecasts used over the study period;

6. The expected annual emissions of carbon dioxide and greenhouse gases, particulates, sulfur dioxides, volatile organic compounds, oxides of nitrogen, mercury, and other hazardous air pollutants ~~per year and~~ over the life of the facility or contract, and an assessment of whether some or all of the anticipated emissions and their anticipated health impacts could be eliminated or reduced through the use of feasible and prudent alternatives;

~~7.6.~~ Discussion of the rationale behind facility or investment technology, fuel, capacity, and other significant design characteristics;

~~8.7.~~ A description of all major state, federal, and local permits required to construct and operate the proposed generation facility or the proposed facility upgrades in compliance with state and federal environmental standards, laws, and rules;

~~9.8.~~ If applicable, the status of any transmission interconnection study and identification of any expected or required transmission system modifications;

~~10.9.~~ If applicable, natural gas infrastructure required for plant construction and operation not located on the proposed site but required for plant construction and operation;

~~11.10.~~ If applicable, a description of modifications to existing road, rail, or waterway transportation facilities not located on the proposed site but required for plant construction and operation;

12.11. If applicable, water and sewer infrastructure required for construction and operation not located on the proposed site but required for plant construction and operation;

13.12. A basic schedule for development and construction, which include an estimated time between the start of construction and commercial operation of the facility or facility upgrades;

14.13. An estimate of the proportion of the construction workforce that will be composed of residents of the state of Michigan;

15.14. Descriptions of the ~~supply~~ alternatives **that could defer, displace, or partially displace the proposed generation facility or significant investment in an existing facility, to this proposal** that were considered, including a “no-build” option, and the justification for the choice of the proposed project. Comparative costs of supply alternatives shall be included. The ~~supply~~ alternatives shall consider energy optimization, **load management, demand response, energy storage** and renewable energy;

16.15. Describe the effect of the proposed project on wholesale market competition;

17. Any workpapers used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such workpapers shall be provided in electronic format with formulas intact;

18. Any modeling input or output files used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such modeling input and output files shall, whenever possible, be provided in electronic format with formulas intact. The applicant shall also identify each modeling program used, and provide information for how interested parties can obtain access to such modeling program; and

19.16. Any other information that the applicant considers relevant.

Consumers Energy Company (Consumers) requests that the term “dispatchability” be added to Section VII.A.4. The Commission finds that this proposed change is already addressed in the CON filing requirements.

ABATE suggests that in Section VII.A.15, the “term ‘wholesale’ be stricken and replaced with ‘Michigan’ to ensure that an applicant describes the effect of its proposed project on Michigan market competition.” ABATE’s comments, p. 4. The Commission declines to adopt

ABATE's suggestion because it is inadvisable and unnecessary to limit the wholesale market competition analysis to the Michigan market.

In addition, ABATE requests that the applicant should be required to provide a valid net present value (NPV) revenue requirement comparison of its proposal to reasonable alternatives over the term of the life of the transaction, or 20 years, whichever is shorter, and a comparison of NPV on a yearly basis. The Commission declines to adopt ABATE's suggestion because it would be more appropriate to address this issue in the IRP Filing Requirements, which will be updated at a future date.

In Section VII.B, MCV comments that all correspondence from potential electric generation suppliers responding to the request for proposal should be included in the applicant's initial filing. The Commission declines to adopt MCV's proposal because this information will be included in the CON application.

The Commission finds MEC's recommendations reasonable regarding Section VII.B and adopts the following changes:

1. If applicable, a written description of generation facilities covered by the power purchase agreement, the size of each facility, generator technology, **expected nameplate capacity, availability, heat rates, expected life, fuel type, other significant operational characteristics** and the location of the generation facilities, including identification of the municipalities in which the facilities are located;

* * *

6. If the contract includes provisions which may result in an increase in cost due to the price of fuel, the fuel type and sources, including the identification and justification of fuel price forecasts used over the study period;

7. The annual expected emissions of carbon dioxide and greenhouse gases, particulates, sulfur dioxides, volatile organic compounds, oxides of nitrogen, mercury, and other hazardous air pollutants ~~per year and~~ over the life of the facility or contract and an assessment of whether some or all of the anticipated emissions and their anticipated health impacts could be eliminated or reduced through the use of feasible and prudent alternatives;

8. Descriptions of the alternatives that could defer, displace, or partially displace the proposed power purchase agreement that were considered, and the justification for the choice of the proposed power purchase agreement. Comparative costs of supply alternatives shall be included. The supply alternatives shall consider energy optimization, load management, demand response, energy storage and renewable energy;

9. Any workpapers used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such workpapers shall, whenever possible, be provided in electronic format with formulas intact;

10. Any modeling input or output files used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such modeling input and output files shall, whenever possible, be provided in electronic format with formulas intact. The applicant shall also identify each modeling program used, and provide information for how interested parties can obtain access to such modeling program; and

11. If a financial incentive is being requested, the applicant shall include the requested amount of the financial incentive being requested and identify whether the power provider is an affiliate.

12. A copy of the proposed power purchase agreement.

Consumers comments that “generator dispatchability” should be added to Section VII.B.1.

The Commission disagrees, finding that the proposed language is unnecessary. In Section VII.B.3(a) and B.5, Consumers requests that the Commission distinguish between electric capacity and energy payments and products and services. The Commission finds the changes reasonable and amends the paragraphs as follows:

3. For power purchase agreements that are the result of a competitive solicitation, the following shall be included in the certificate of necessity application:

(a) A copy of the request for proposal (RFP) for electric capacity **and/or energy** and a description of how the request was issued to potential respondents;

* * *

5. The price to be paid for **capacity and energy** contract products and services delivered under the power purchase agreement;

As in Section VII.A above, ABATE requests that the applicant should be required to provide a valid NPV revenue requirement comparison of its proposal to reasonable alternatives over the term of the life of the transaction, or 20 years, whichever is shorter, and a comparison of NPV on a yearly basis. The Commission declines to adopt ABATE's suggestion because it would be more appropriate to address this issue in the IRP Filing Requirements, which will be updated at a future date.

VIII. Certificate of Necessity That the Estimated Capital or Purchase Costs of the New or Existing Electric Generation Facility or the Investment in an Existing Electric Generation Facility Will Be Recoverable in Rates From the Electric Utility's Customers

In Section VIII.A and B, MEC proposes adding language regarding the expected costs associated with new construction, and environmental compliance. The Commission declines to adopt these changes because they are addressed in the IRP process.

Again, as in Section VII.A above, ABATE requests that the applicant should be required to provide a valid NPV revenue requirement comparison of its proposal to reasonable alternatives over the term of the life of the transaction, or 20 years, whichever is shorter, and a comparison of NPV on a yearly basis. The Commission finds ABATE's requested information to be unnecessary because it is already addressed in the IRP process.

IX. Certificate of Necessity That the Price Specified in the Power Purchase Agreement Will Be Recovered in Rates From the Electric Utility's Customers

Consumers suggests that "capacity and energy" should be added to this section. The Commission finds this change reasonable and amends the paragraph as follows:

A utility seeking rate recovery for future payments made pursuant to a power purchase agreement shall file a certificate of necessity application providing an estimate of the **capacity and energy** payments to be made for contract products and services pursuant to the agreement. The estimated payments shall be presented on a yearly basis in nominal dollars over the primary term of the contract.

Miscellaneous Comments

MCV requests that the Commission “formally revisit the Filing Requirements and Instructions for Certificate of Public Convenience and Necessity Application Instructions following the conclusion of the [Act 341] workshops to assure proper finalization of these documents.” MCV’s comments, p. 4. The Commission acknowledges that the IRP implementation process is in progress, and that changes in that process and related documents may affect the CON filing requirements.

THEREFORE, IT IS ORDERED that the Filing Requirements and Instructions for Certificate of Public Convenience and Necessity Application Instructions, attached as Attachment A, are approved as amended.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of May 11, 2017.

Kavita Kale, Executive Secretary

Attachment A
Michigan Public Service Commission
2016 PA 341

**Filing Requirements and Instructions for Certificate of Public
Convenience and Necessity Application Instructions**

Application Instructions for Certificate Necessity

These filing instructions apply to an electric utility application for a certificate of necessity under the provisions of MCL 460.6s. The application shall be consistent with these instructions, with each item labeled as set forth below. Any additional information considered relevant by the applicant may also be included in the application.

Filing Announcement

In order to facilitate the scheduling and preparation of certificate of necessity proceedings, a utility intending to file an application for a certificate of necessity shall file a filing announcement, in a new docket, at least 30 days prior to filing the application. The filing announcement, along with a proof of service, shall be served on the Commission and all parties granted intervention in the utility's last two general rate cases and its most recent integrated resource plan case. If the application for a certificate of necessity is not filed within 120 days after filing of the filing announcement, the filing announcement shall be considered withdrawn.

The filing announcement shall include:

1. Statement of intent to file for a certificate(s) of necessity;
2. A brief description of the facilities or power purchase agreement for which the certificate(s) will be sought; and
3. Any additional information the utility finds relevant to provide notice.

Pre-application Consultation Process

Prior to filing the application for a certificate of necessity, a pre-application consultation with the Commission Staff (Staff) is necessary. The purpose of the pre-application consultation is to assist the applicants in refining the project application, and to facilitate efficient regulatory review. Applicants should schedule pre-application consultation meetings with the Staff well in advance of filing an application with the Commission. The Staff recognizes that all projects are not the same and that the information needed for one project will not necessarily be appropriate for the next. For some projects, a complete application may require less information than for other projects. For this reason, a

pre-application consultation with the Staff is important. Early in the consultation process, the Staff will identify Staff contacts, and clarify the applicability of information requirements for the specific application. The pre-application consultation will be documented with a sign-in sheet indicating all meeting attendees. The sign-in sheet, along with any presentations provided by the utility during the pre-application consultation meeting, shall be uploaded to the docket containing the filing announcement.

I. Applicant Information

All applications shall contain the following information about the applicant utility:

1. The name and address of the applicant utility seeking the certificate of necessity; and
2. A description of the applicant utility, and the name, title, and business address of a person to whom correspondence should be directed.

II. Alternate Standards and Criteria for Certain Projects

An electric utility with more than one million retail customers in this state seeking a certificate of necessity for a project costing more than \$100 million shall follow these instructions. An electric utility with less than one million retail customers in this state seeking a certificate of necessity for a project costing less than \$100 million may propose different review criteria and approval standards in its application, under MCL 460.6s(2), including modification or waiver of these instructions for good cause shown. The justification for any such proposals shall be addressed in the application. Project cost estimates submitted with the certificate of necessity application do not require final bidding and contracts for project engineering, procurement and construction. Project cost estimates may include cost estimates developed in an alternative manner, along with a proposed contract strategy for project development and implementation.

III. Confidential Information

Proprietary, confidential, and other nonpublic materials filed as part of the application shall be clearly identified and marked accordingly and presented in such a way that the proprietary and confidential nature of the materials is preserved pending the execution of any confidentiality agreements and issuance of protective orders. Availability of specific materials in the application may be contingent upon appropriate confidentiality agreements and protective orders.

IV. Integrated Resource Plan

An integrated resource plan, as required by MCL 460.6s(11) or approved pursuant to MCL 460.6t, shall be included as an exhibit to the certificate of necessity application. The plan

shall include the items listed in MCL 460.6s(11) and otherwise comply with the Commission's standards developed under that section. This subsection does not apply to an electric utility that has an approved integrated resource plan under MCL 460.6t. The utility shall identify and explain any significant material changes that have occurred to actual and/or forecasted market energy, capacity, and fuel prices; load projections; capital and operating costs of resources; etc., from the time the integrated resource plan was approved.

V. Certificate of Necessity Type

The certificate of necessity application shall identify the relief requested. An electric utility may seek one or more of the following certificates as described in MCL 460.6s(3):

- A certificate that the power to be supplied as a result of the proposed construction, investment, or purchase is needed;
- A certificate that the size, fuel type, and other design characteristics of the existing or proposed electric generation facility or the terms of the power purchase agreement represent the most reasonable and prudent means of meeting that power need;
- A certificate that the price specified in the power purchase agreement will be recovered in rates from the electric utility's customers;
- A certificate that the estimated purchase or capital costs of, and the financing plan for, the existing or proposed electric generation facility, including, but not limited to, the costs of siting and licensing a new facility and the estimated cost of power from the new or proposed electric generation facility, will be recoverable in rates from the electric utility's customers subject to MCL 460.6s(4)(c).

VI. Certificate of Necessity That the Power to Be Supplied as a Result of the Proposed Construction, Investment, or Purchase Is Needed

A utility seeking a certificate of necessity that the power to be supplied as a result of the proposed construction, investment, or purchase is needed shall file an application that identifies projected resource requirements and the expected timing of the requirements. The applicant shall either have an approved integrated resource plan, as specified in MCL 460.6t, or file, as a part of their application, an integrated resource plan that is consistent with MCL 460.6s(11) and that identifies a proposed course of action.

VII. Certificate of Necessity That the Design Characteristics of a Proposed Electric Generation Facility or Investment in an Existing Electric Generation Facility or the Terms of a Power Purchase Agreement Represent the Most Reasonable and Prudent Means of Meeting Future Power Needs

An application seeking a certificate of necessity to construct a new electric generation facility or to make a significant investment in an existing facility or enter into a power purchase agreement shall include the following information:

A. New or Existing Electric Generation Facility:

1. A written description of the proposed or existing site, including identification of the municipality in which the facility will be constructed and the current use of that site;
2. If applicable, the age of the existing facility or facilities to be purchased or modified;
3. Expected generating technology and major systems (including major pollution control systems);
4. Expected nameplate capacity, availability, heat rates, expected life, and other significant operational characteristics;
5. Fuel type and sources, including the identification and justification of fuel price forecasts used over the study period;
6. The expected annual emissions of carbon dioxide and greenhouse gases, particulates, sulfur dioxides, volatile organic compounds, oxides of nitrogen, mercury, and other hazardous air pollutants over the life of the facility or contract, and an assessment of whether some or all of the anticipated emissions and their anticipated health impacts could be eliminated or reduced through the use of feasible and prudent alternatives.
7. Discussion of the rationale behind facility or investment technology, fuel, capacity, and other significant design characteristics;
8. A description of all major state, federal, and local permits required to construct and operate the proposed generation facility or the proposed facility upgrades in compliance with state and federal environmental standards, laws, and rules;
9. If applicable, the status of any transmission interconnection study and identification of any expected or required transmission system modifications;
10. If applicable, natural gas infrastructure required for plant construction and operation not located on the proposed site but required for plant construction and operation;
11. If applicable, a description of modifications to existing road, rail, or waterway transportation facilities not located on the proposed site but required for plant construction and operation;
12. If applicable, water and sewer infrastructure required for construction and operation not located on the proposed site but required for plant construction and operation;

13. A basic schedule for development and construction, which include an estimated time between the start of construction and commercial operation of the facility or facility upgrades;

14. An estimate of the proportion of the construction workforce that will be composed of residents of the state of Michigan;

15. Descriptions of the alternatives that could defer, displace, or partially displace the proposed generation facility or significant investment in an existing facility, that were considered, including a “no-build” option, and the justification for the choice of the proposed project. Comparative costs of supply alternatives shall be included. The supply alternatives shall consider energy optimization, load management, demand response, energy storage and renewable energy;

16. Describe the effect of the proposed project on wholesale market competition;

17. Any workpapers used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such workpapers shall, whenever possible, be provided in electronic format with formulas intact.

18. Any modeling input or output files used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such modeling input and output files shall, whenever possible, be provided in electronic format with formulas intact. The applicant shall also identify each modeling program used, and provide information for how interested parties can obtain access to such modeling program.

19. Any other information that the applicant considers relevant.

B. Power Purchase Agreement:

1. If applicable, a written description of generation facilities covered by the power purchase agreement, the size of each facility, generator technology, expected nameplate capacity, availability, heat rates, expected life, fuel type, other significant operational characteristics and the location of the generation facilities, including identification of the municipalities in which the facilities are located;

2. The name and address of the power provider supplying contract products and services under the power purchase agreement;

3. For power purchase agreements that are the result of a competitive solicitation, the following shall be included in the certificate of necessity application:

(a) A copy of the request for proposal for electric capacity and/or energy and a description of how the request was issued to potential respondents;

(b) Copies of responses to the request for proposal. Responses submitted as part of a certificate of necessity application may be presented in such a way that the identities of the respondents and other commercially sensitive information is protected; and

(c) A description of the proposal selection process.

4. The date the resources covered by the power purchase agreement will be available, the term of the power purchase agreement, and a description of significant contract provisions that could result in early termination of the contract;

5. The price to be paid for capacity and energy contract products and services delivered under the power purchase agreement;

6. If the contract includes provisions which may result in an increase in cost due to the price of fuel, the fuel type and sources, including the identification and justification of fuel price forecasts used over the study period;

7. The annual expected emissions of carbon dioxide and greenhouse gases, particulates, sulfur dioxides, volatile organic compounds, oxides of nitrogen, mercury, and other hazardous air pollutants over the life of the facility or contract and an assessment of whether some or all of the anticipated emissions and their anticipated health impacts could be eliminated or reduced through the use of feasible and prudent alternatives;

8. Descriptions of the alternatives that could defer, displace, or partially displace the proposed power purchase agreement that were considered, and the justification for the choice of the proposed power purchase agreement. Comparative costs of supply alternatives shall be included. The supply alternatives shall consider energy optimization, load management, demand response, energy storage and renewable energy;

9. Any workpapers used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such workpapers shall, whenever possible, be provided in electronic format with formulas intact;

10. Any modeling input or output files used in developing the application, supporting testimony, and any accompanying integrated resource plan. Such modeling input and output files shall, whenever possible, be provided in electronic format with formulas intact. The applicant shall also identify each modeling program used, and provide information for how interested parties can obtain access to such modeling program;

11. If a financial incentive is being requested, the requested amount and a certification that the applicant is not affiliated with the power provider.

12. A copy of the proposed power purchase agreement.

VIII. Certificate of Necessity That the Estimated Capital or Purchase Costs of the New or Existing Electric Generation Facility or the Investment in an Existing Electric Generation Facility Will Be Recoverable in Rates From the Electric Utility's Customers

An application seeking a certificate of necessity to construct a new electric generation facility, to make a significant investment in an existing electric generation facility, or to purchase an existing electric generation facility shall provide an estimate of the costs required for the specified purchase or construction, as well as projected facility operation costs. Cost estimates filed with the certificate of necessity application shall include:

A. Construction of New Facility or Investment in Existing Facility:

1. To the extent applicable and available, engineering, procurement and construction costs, transmission interconnection costs, owner's costs, and project financing costs shall be included. Estimates filed with the application that are the result of competitively-bid engineering and procurement and construction contracts shall be separately identified. If the scope, scale, timing, or other aspects of the project, including legislative or regulatory uncertainty, make competitively-bid solicitations unlikely to produce reliable or timely project cost estimates, the application shall include cost estimates developed in an alternative manner, along with a proposed contract strategy for project development and implementation.

2. For new construction, the certificate of necessity application shall include the expected typical annual costs associated with operating the facility including fuel, operations and maintenance, and environmental compliance.

3. For investment and upgrades at an existing facility, the certificate of necessity application shall include an estimate of the incremental operating costs for the facility

after upgrades are complete including fuel, operations and maintenance, and environmental compliance.

4. To the extent applicable, the certificate of necessity application shall describe any definitive joint ownership plans for the proposed generation facility assets and the impact such plans will have on the costs for which a certificate of necessity is requested. For the purposes of a certificate of necessity application, changes in allocated costs among joint owners shall be considered an aspect of the estimated cost included in the filing.

5. A disclosure indicating the portion of investment included in the applicant's request for a certificate of necessity which was previously included in the applicant's rate base.

B. Purchase of Existing Facility:

1. As applicable, the estimated costs associated with purchasing the existing facility assets including the price to be paid for the assets, acquisition and transition costs, financing costs, and any significant financial liabilities that will accompany the asset transfer; and

2. The expected typical annual costs associated with operating the generation facility including fuel, operations and maintenance, and environmental compliance.

IX. Certificate of Necessity That the Price Specified in the Power Purchase Agreement Will Be Recovered in Rates From the Electric Utility's Customers

A utility seeking rate recovery for future payments made pursuant to a power purchase agreement shall file a certificate of necessity application providing an estimate of the capacity and energy payments to be made for contract products and services pursuant to the agreement. The estimated payments shall be presented on a yearly basis in nominal dollars over the primary term of the contract.

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

STATE OF MICHIGAN)

Case No. U-15896
COM/GEMOTION
(certificate of necessity)

County of Ingham)

Gloria Pearl Jones being duly sworn, deposes and says that on May 11, 2017 A.D. she electronically notified the attached list of this **Commission Order (Commission's Own Motion) via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

Gloria Pearl Jones
Gloria Pearl Jones

Subscribed and sworn to before me
this 11th day of May 2017

Lisa Felice

Lisa Felice
Notary Public, Eaton County
My Commission Expires April 15, 2020

SPECIAL DISTRIBUTION LIST
THURSDAY, MAY 11, 2017
CASE NO. U-15896

Kelly M. Hall, Consumers Energy Company
Richard Aaron, Dykema Gossett PLLC
James Clift, Michigan Environmental Council
Michael J. Pattwell, Clark Hill, PLC
David S. Maquera, DTE Electric Company

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GEMOTION DISTTRIBUTION SERVICE LIST UPDATED AS OF: 04-18-2017

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mkappler@HOMEWORKS.ORG	Tri-County Electric Co-Op
psimmer@HOMEWORKS.ORG	Tri-County Electric Co-Op
aurora@FREEWAY.NET	Aurora Gas Company
frucheyb@DTEENERGY.COM	Citizens Gas Fuel Company
mpscfilings@CMSENERGY.COM	Consumers Energy Company
jim.vansickle@SEMCOENERGY.COM	SEMCO Energy Gas Company
kay8643990@YAHOO.COM	Superior Energy Company
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ghaehnel@upppo.com	Upper Peninsula Power Company
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meghant@TEAMMIDWEST.COM	Midwest Energy Coop
tharrell@ALGERDELTA.COM	Alger Delta Cooperative
tonya@CECELEC.COM	Cherryland Electric Cooperative
sboeckman@GLENERGY.COM	Great Lakes Energy Cooperative
dmartos@LIBERTYPOWERCORP.COM	Liberty Power Delaware (Holdings)
kmarklein@STEPHENSON-MI.COM	Stephson Utilities Department
debbie@ONTOREA.COM	Ontonagon County Rural Elec
sharonkr@PIEG.COM	Presque Isle Electric & Gas Cooperative, INC
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rbishop@BISHOPENERGY.COM	Bishop Energy
mkuchera@AEPENERGY.COM	AEP Energy
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jkeegan@justenergy.com	Just Energy Solutions
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kate.stanley@CONSTELLATION.COM	Constellation Energy
kate.fleche@CONSTELLATION.COM	Constellation New Energy
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bgorman@FIRSTENERGYCORP.COM	First Energy
vnguyen@MIDAMERICAN.COM	MidAmerican Energy
rarchiba@FOSTEROIL.COM	My Choice Energy
greg.bass@calpinesolutions.com	Calpine Energy Solutions
rabaey@SES4ENERGY.COM	Santana Energy
cborr@WPSCI.COM	Spartan Renewable Energy, Inc. (Wolverine Power Marketing Corp)
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GEMOTION DISTTRIBUTION SERVICE LIST UPDATED AS OF: 04-18-2017

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lrgustafson@CMSENERGY.COM	Lisa Gustafson
tahoffman@CMSENERGY.COM	Tim Hoffman
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sbn@LBWL.COM	Lansing Board of Water and Light
jreynolds@MBLP.ORG	Marquette Board of Light & Power
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