

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the investigation, on the)	
Commission's own motion, into the electric)	
supply reliability plans of Michigan's)	Case No. U-17751
electric utilities for the years 2015 through 2019.)	
_____)	

At the December 4, 2014 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, Commissioner

ORDER

This order calls upon electric utilities regulated by the Commission, alternative electric suppliers, utility affiliates, and certain power supply cooperatives and associations to submit a self-assessment of their ability to meet their customers' expected electric requirements and associated reserves during the five-year period of 2015 through 2019.

Beginning in 1998, the Commission commenced annual investigations into the adequacy and reliability of the electric generation capacity for meeting customer requirements in the Consumers Energy Company (Consumers), DTE Electric Company (DTE Electric), and Indiana Michigan Power Company (I&M) service territories. In subsequent years, the Commission expanded the scope of the investigations to include, among other things, the availability of transmission capability, the effects of the companies' retail open access programs, affiliate dealings, the Customer Choice and Electricity Reliability Act, MCL 460.10 *et seq.*, expected changes in the

wholesale market for electricity in the Midwest, and the interconnection of merchant generating plants. In Case No. U-14087, the Commission again expanded its investigation to include all Michigan-regulated electric utilities, including member-regulated cooperatives.¹ Last year in its December 19, 2013 order in Case No. U-17523, the Commission found that it should conduct a similar investigation that would span the three-year period of 2014 through 2016 due to the expected retirement of older generating units in the state associated with implementation of new air quality requirements. The Commission now finds it is appropriate to further extend the horizon to a five-year period in light of the information submitted in response to the December 19, 2013 order regarding expected capacity shortfalls in Michigan as early as 2016 and the time necessary to plan and arrange for new capacity resources, including new generation and demand-side options.

As in prior years, Michigan electric utilities and other load-serving entities (LSEs) should file assessments of their plans for meeting customer loads during the 2015 to 2019 timeframe. Midcontinent Independent System Operator, Inc. (MISO), PJM Interconnection (PJM), and providers of transmission services in Michigan are invited to file comments regarding issues that affect the role of transmission in ensuring reliability and capacity availability; and other interested persons are also invited to file comments.

Each assessment should include the LSE's expected peak demand, the resources available to meet peak demand, and the amount of expected reserves. Each assessment should justify the

¹The Commission identifies these electric utilities as Consumers, DTE Electric, I&M, Alpena Power Company, Upper Peninsula Power Company, Wisconsin Electric Power Company, Wisconsin Public Service Corporation, Northern States Power Company, d/b/a Xcel Energy, and the following electric cooperatives: Alger-Delta Co-operative Electric Association, Cherryland Electric Cooperative, Cloverland Electric Co-operative, Great Lakes Energy Cooperative, Midwest Energy Cooperative, The Ontonagon County Rural Electrification Association, Presque Isle Electric & Gas Co-op, Thumb Electric Cooperative of Michigan, and HomeWorks Tri-County Electric Cooperative.

expected reserve margin in light of the LSE's circumstances, including the reliability characteristics of its resource base and the characteristics and diversities of the customer load. Load forecasts should separately identify choice load and bundled load. Each assessment should also distinguish between in-state and out-of-state generation resources and analyze how this generation is expected to serve customer demand and meet MISO Module E capacity tracking requirements.

Each assessment shall further provide details regarding the actual deliverability of generation output and purchased power under peak operating conditions, and transmission capabilities and constraints or other factors such as pricing affecting deliverability and reliance on resources located in other regional transmission organizations (RTOs) or other resource zones within an RTO. Further, each assessment shall identify all supply side resources designated to meet reserve requirements – including generation units that are owned by the LSE affiliates or otherwise committed to serve the load, firm contract capacity supported by commitments of designated unit or system resources, and demand response or load curtailment measures – in sufficient detail (i.e., unit-level and contract-level information) to verify that no resource is being credited more than once toward the planning requirements of one or more load-serving entities. To the extent that the LSE plans to rely on the MISO capacity auction, other power purchase agreement (PPA) market purchases of capacity, or other capacity purchased from the market on an as-needed basis to meet some or all of its needs, the LSE should address potential pricing risks or transmission availability risks. Each assessment shall include the LSE's planned magnitude of MISO market capacity purchases to satisfy MISO Module E capacity tracking requirements. Each assessment shall also provide details regarding plans for complying with standards set by *ReliabilityFirst* or other

relevant regional electric reliability organizations, either as an individual LSE or through participation in a reserve-sharing zone.

As noted in the Commission's order issued today in Case No. U-17523, on October 24, 2014, MISO reported that its Zone 7, which comprises the majority of Michigan's Lower Peninsula, is expected to be 3,000 megawatts short of its reserve margin in 2016. This projection is based on information obtained by MISO from load serving entities in its footprint in response to the MISO survey on capacity additions and retirements that was conducted this past year in collaboration with the Organization of MISO States (OMS). Given that MISO will be collecting and analyzing similar information from LSEs in its footprint during 2015 through the MISO-OMS Resource Adequacy Survey and given that discrepancies may arise between MISO's results and what is reported to the Commission, the Commission also finds it appropriate for LSEs to provide the Commission their MISO-OMS survey submittals, including the balance sheet produced by MISO that summarizes each LSE's submittal. The Commission recognizes that the timing of these submittals may occur after the initial filing deadline described below, and directs LSEs to supplement their filings in this docket with the survey-related information as that information is submitted or updated during 2015.

In addition, for LSEs acquiring capacity from RTO electricity markets or from out-of-state purchases, this information should also include the detailed information specifically provided to the respective RTO (i.e., the MISO/OMS Resource Adequacy Survey) to calculate possible RTO capacity deficiency charges, costs of load resource zone capacity shortages, and cost-of-new-entry

price separation of a resource zone. If such information is commercially sensitive or critical energy infrastructure information (CEII), it may be submitted to the Commission in confidence.²

As discussed in the Commission's December 4, 2014 order in Case No. U-17523, the Commission is very concerned that Michigan faces capacity shortfalls (i.e., resources not adequate to cover expected demand plus an adequate reserve margin) as early as 2016 when numerous coal-fired power plants are retired due to federal environmental regulations. Expected capacity shortfalls increase the probability of electric outages resulting from potential shortages during peak load periods, extreme weather, equipment failures, or other system disruptions. Therefore, the provision of adequate resources requires prompt attention by the Commission and Michigan's LSEs to ensure that capacity supplies are adequately planned and available to reliably meet customer demand, including customers served by alternative electric suppliers. The assessments will not solve this capacity shortfall or serve as a forum to identify and evaluate capacity solutions but the assessments are intended to provide a meaningful and transparent picture of the supply outlook and associated risks for the state as a whole and for individual providers. Toward that end, the Commission stresses the need for complete, accurate, and detailed reporting by LSEs . Information that is considered confidential may be filed under seal. To facilitate the collection of comparable data for analysis, the Commission directs the Staff to prepare and distribute to LSEs by January 12, 2015 a uniformly formatted table with fields to populate with key data points. The Commission also encourages LSEs and other interested persons to continue to submit narrative

² The submission of commercially sensitive information by any person will be treated as being voluntarily provided to the Commission under MCL 15.243(1)(f). Any person desiring to submit its confidential commercial or financial information in this docket in a confidential manner shall contact the Commission's Executive Secretary for instructions. CEII information may be submitted in confidence under MCL 15.243(1)(d).

responses as they can provide helpful insights and commentary on the data for the Commission to consider.

The self-assessment reports should be filed with the Commission by February 17, 2015.

Comments from interested persons regarding those self-assessment reports and/or the possibility of future capacity shortfalls should be filed with the Commission by March 9, 2015.

The self-assessment reports required by this order and any comments filed by interested persons shall be submitted electronically through the Commission's E-Dockets Website at: michigan.gov/mpscedockets. Requirements and instructions for filing can be found in the User Manual on the E-Dockets help page. Documents may also be submitted, in Word or PDF format, as an attachment to an email sent to mpscedockets@michigan.gov. If you require assistance prior to e-filing, contact the Commission Staff at (517) 241-6180³ or by e-mail at mpscedockets@michigan.gov.

THEREFORE, IT IS ORDERED that:

A. By February 17, 2015, all Michigan-regulated electric utilities, including member-regulated cooperatives, shall file an assessment of the utility's ability to meet its customers' expected electric requirements in the 2015 through 2019 timeframe, which addresses the topics outlined in this order. The assessments shall be augmented by Midcontinent Independent System Operator, Inc., balance sheet information as it is submitted, received, or updated during the course of 2015 as part of the Organization of MISO States- Midcontinent Independent System Operator, Inc., survey, or the equivalent PJM Interconnection information.

B. By January 12, 2015, the Commission Staff shall develop a uniformly formatted table with fields for LSEs to populate with key data. The table shall be promptly made available to all load-

³ After December 12, 2014, the correct telephone number will be (517) 284-8090.

serving entities. Additionally, the Commission Staff is directed to provide information regarding any unique circumstances or other positional risks that the Commission Staff suspects may be likely to adversely and disproportionately impact residents and businesses in any area of the state.

C. Alternative Electric Suppliers are requested to file similar assessments by February 17, 2015.

D. Midcontinent Independent System Operator, Inc., PJM Interconnection, American Transmission Company, LLC, the Michigan Electric Transmission Company, and International Transmission Company are requested to submit comments by March 9, 2015, on the issues that they believe are most relevant to this investigation.

E. Other interested persons wishing to file comments in response to the assessments or comment and/or suggestions regarding potential capacity shortfalls in Michigan shall file those comments and/or suggestions by March 9, 2015.

F. The submission of commercially sensitive information by any person will be treated as being voluntarily provided to the Commission under MCL 15.243(1)(f). Any person desiring to submit its confidential commercial or financial information in this docket in a confidential manner shall contact the Commission's Executive Secretary for instructions.

G. CEII information may be submitted in confidence under MCL 15.243(1)(d).

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

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Greg R. White, Commissioner

Sally A. Talberg, Commissioner

By its action of December 4, 2014.

Mary Jo Kunkle, Executive Secretary

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

STATE OF MICHIGAN)

Case No. U-17751

County of Ingham)

Lisa Felice being duly sworn, deposes and says that on December 4, 2014 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).

Lisa Felice

Subscribed and sworn to before me
this 4th day of December 2014

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

CBaird-Forristall@MIDAMERICAN.COM Mid American
david.d.donovan@XCELENERGY.COM Noble Americas
vobmgr@UP.NET Village of Baraga
braukerL@MICHIGAN.GOV Linda Brauker
ron.cerniglia@DIRECTENERGY.COM Direct Energy Business/Direct Energy Service
info@VILLAGEOFCLINTON.ORG Village of Clinton
jepalinc@CMSENERGY.COM CMS Energy Resource Mgt Co
Jayne@HOMWORKS.ORG Tri-County Electric Co-Op
mkappler@HOMWORKS.ORG Tri-County Electric Co-Op
psimmer@HOMWORKS.ORG Tri-County Electric Co-Op
aurora@FREEWAY.NET Aurora Gas Company
frucheyb@DTEENERGY.COM Citizens Gas Fuel Company
dwjoos@CMSENERGY.COM Consumers Energy Company
mpscfilings@CMSENERGY.COM Consumers Energy Company
jim.vansickle@SEMCOENERGY.COM SEMCO Energy Gas Company
kay8643990@YAHOO.COM Superior Energy Company
ebrushford@UPPCO.COM Upper Peninsula Power Company
ronan.patterson@WE-ENERGIES.COM Wisconsin Electric Power Company
kerriw@TEAMMIDWEST.COM Midwest Energy Coop
meghant@TEAMMIDWEST.COM Midwest Energy Coop
tharrell@ALGERDELTA.COM Alger Delta Cooperative
patti.williams@BAYFIELDELECTRIC.COM Bayfield Electric Cooperative
tonya@CECELEC.COM Cherryland Electric Cooperative
sfarnquist@CLOVERLAND.COM Cloverland Electric Cooperative
sboeckman@GLENERGY.COM Great Lakes Energy Cooperative
llopez@LIBERTYPOWERCORP.COM Liberty Power Delaware (Holdings)
kmarklein@STEPHENSON-MI.COM Stephson Utilities Department
debbie@ONTOREA.COM Ontonagon Cnty Rural Elec
sharonkr@PIEG.COM Presque Isle Electric & Gas Cooperative, INC
dbraun@TECMI.COOP Thumb Electric
rbishop@BISHOPENERGY.COM Bishop Energy
mkuchera@BLUESTARENERGY.COM BlueStar Energy
todd.mortimer@CMSENERGY.COM CMS Energy
igoodman@COMMERCEENERGY.COM Commerce Energy
david.fein@CONSTELLATION.COM Constellation Energy
joseph.donovan@CONSTELLATION.COM Constellation Energy
kate.stanley@CONSTELLATION.COM Constellation Energy
kate.fleche@CONSTELLATION.COM Constellation New Energy
mark.harada@CONSTELLATION.COM Constellation New Energy
carl.boyd@DIRECTENERGY.COM Direct Energy
teresa.ringenbach@DIRECTENERGY.COM Direct Energy
hendersond@DTEENERGY.COM DTE Energy
mpscfilings@DTEENERGY.COM DTE Energy
Don.Morgan@DUKE-ENERGY.COM Duke Energy
john.finnigan@DUKE-ENERGY.COM Duke Energy
bgorman@FIRSTENERGYCORP.COM First Energy
cary.drangula@GLACIALENERGY.COM Glacial Energy
mhaugh@JUSTENERGY.COM Just Energy

rillo@LAKESHOREENERGY.COM	Lakeshore Energy
vnguyen@MIDAMERICAN.COM	MidAmerican Energy
rarchiba@FOSTEROIL.COM	My Choice Energy
gbass@NOBLESOLUTIONS.COM	Noble American Energy
rabaey@SES4ENERGY.COM	Santana Energy
cborr@WPSCI.COM	Spartan Renewable Energy, Inc. (Wolverine Po
john.r.ness@XCELENERGY.COM	Xcel Energy
cityelectric@ESCANABA.ORG	City of Escanaba
crystalfallsmgr@HOTMAIL.COM	City of Crystal Falls
felichel@MICHIGAN.GOV	Lisa Felice
mmann@USGANDE.COM	Michigan Gas & Electric
tomwhite@GLADSTONEMI.COM	City of Gladstone
rferguson@INTEGRYSGROUP.COM	Integrys Group
lrgustafson@CMSENERGY.COM	Lisa Gustafson
tahoffman@CMSENERGY.COM	Tim Hoffman
daustin@IGSENERGY.COM	Interstate Gas Supply Inc
krichel@DLIB.INFO	Thomas Krichel
pnewton@BAYCITYMI.ORG	Bay City Electric Light & Power
aallen@GHBLP.ORG	Grand Haven Board of Light & Power
sbn@LBWL.COM	Lansing Board of Water and Light
jreynolds@MBLP.ORG	Marquette Board of Light & Power
bschlansker@PREMIERENERGYONLINE.COM	Premier Energy Marketing LLC
zach.halkola@TRAXYS.COM	U.P. Power Marketing, LLC
ttarkiewicz@CITYOFMARSHALL.COM	City of Marshall
mcleans1@MICHIGAN.GOV	Steven McLean
d.motley@COMCAST.NET	Doug Motley
kunklem@MICHIGAN.GOV	Mary Jo Kunkle - MPSC
nwabuezen1@MICHIGAN.GOV	Nicholas Nwabueze
mpauley@GRANGERNET.COM	Marc Pauley
ElectricDept@PORTLAND-MICHIGAN.ORG	City of Portland
akb@ALPENAPOWER.COM	Alpena Power
dbodine@LIBERTYPOWERCORP.COM	Liberty Power
leew@WVPA.COM	Wabash Valley Power
kmolitor@WPSCI.COM	Wolverine Power
ham557@GMAIL.COM	Lowell S.
AKlaviter@INTEGRYSENERGY.COM	Integrys Energy Service, Inc WPSES
BusinessOffice@REALGY.COM	Realgy Energy Services
landerson@VEENERGY.COM	Volunteer Energy Services
jfrench@WYAN.ORG	Wyandotte Municipal Services
kmaynard@WYAN.ORG	Wyandotte Municipal Services
Ldalessandris@FES.COM	First Energy Solutions
rboston@NOBLESOLUTIONS.COM	Noble Energy Solutions
pbeckhusen@MUNI.CBPU.COM	Coldwater Board of Public Utilities
akinney@HILLSDALEBPU.COM	Hillsdale Board of Public Utilities
rjrose@HILLSDALEBPU.COM	Hillsdale Board of Public Utilities
mrzwiars@INTEGRYSGROUP.COM	Mich Gas Utilities/Upper Penn Power/Wisconsi
dityler@MICHIGANGASUTILITIES.COM	Mich Gas Utilities/Qwest
williams20@MICHIGAN.GOV	Stephanie Williams

donm@BPW.ZEELAND.MI.US
KKratt@ghblp.org

Zeeland Board of Public Works
Grand Haven Board of Light & Power

'akb@alpenapower.com'; 'john.russell@cmsenergy.com'; 'kurmass@dteenergy.com'; 'gaclark2@aep.com';
'mark.stoering@xcelenergy.com'; 'kemoyle@uppc.com'; 'gale.klappa@wisconsinenergy.com';
'ltborgard@integrysgroup.com'; 'tharrell@algerdelta.com'; 'tanderson@cecelec.com';
'ddasho@cloverland.com'; 'sboeckman@glenergy.com'; 'bob.hance@teammidwest.com';
'Debbie@ontorea.com'; 'bburns@pieg.com'; 'dbraun@tecmi.coop'; 'mkappler@homeworks.org';
'ebaker@wpsci.com'; 'jweeks@mpower.org'; 'jaault@voyager.net'; 'cborr@meca.coop';
patti.williams@bayfieldelectric.com; sara.anderson@bayfieldelectric.com

mkuchera@aepenergy.com
smzwitter@cmsenergy.com
igoodman@commerceenergy.com
Mark.Harada@constellation.com
John.gomoll@directenergy.com
teresa.ringenbach@directenergy.com
william.fleissner@duke-energy.com
mollie@energy.me
rami.fawaz@poweronecorp.com
mmann@usgande.com
fesmarketpolicies@fes.com
dianne.mcneal@glacialenergy.com
Aklaviter@integrysenergy.com
vparisi@igsenergy.com
wostrow@seminoleenergy.com
dmartos@libertypowercorp.com
dmartos@libertypowercorp.com
cbaird-forristall@midamerican.com
gbass@noblesolutions.com
spersaud@plymouthenergy.com
bschlansker@premierenergyonline.com
Rabaey@SES4energy.com
kmolitor@wpsci.com
chris.hendrix@texasretailenergy.com
Zach.HALKOLA@traxys.com
kmolitor@wpsci.com
david.fein@constellation.com
jhdillavou@midamerican.com
kolb@ses4energy.com

Jayne@HOMWORKS.ORG; mkappler@HOMWORKS.ORG;
psimmer@HOMWORKS.ORG; dwjoos@CMSENERGY.COM;
mpscfilings@CMSENERGY.COM; ebrushford@UPPCO.COM;
ronan.patterson@WEENERGIES.COM; kerriw@TEAMMIDWEST.COM;
meghant@TEAMMIDWEST.COM; tharrell@ALGERDELTA.COM;
tonya@CECELEC.COM; sfarnquist@CLOVERLAND.COM;
sboeckman@GLENERGY.COM; debbie@ONTOREA.COM; sharonkr@PIEG.COM;
dbraun@TECMI.COOP; hendersond@DTEENERGY.COM;
mpscfilings@DTEENERGY.COM; john.r.ness@XCELENERGY.COM;
akb@ALPENAPOWER.COM; raaron@wnj.com; ctanchester@atllc.com;
ppatel@itctransco.com; mdorsett@misoenergy.org; clientrelations@misoenergy.org;
kmolitor@WPSI.COM; schneider@pjm.com; dmderricks@integrysgroup.com