

2017. Section 6t(3) of Act 341, MCL 460.6t(3), requires that each electric utility whose rates are regulated by the Commission file an integrated resource plan (IRP) within two years from the effective date of Act 341. Section 6t(3) states that the Commission “shall issue an order establishing filing requirements, including application forms and instructions, and filing deadlines for an integrated resource plan filed by an electric utility whose rates are regulated by the commission.” In addition, pursuant to Section 6s(4)(a) of Act 286, as amended, the Commission must grant a certificate of necessity (CON) to an electric utility if it finds, among other determinations, that “the electric utility has demonstrated a need for the power that would be supplied by the existing or proposed electric generation facility or pursuant to the proposed power purchase agreement through its approved integrated resource plan under section 6t or subsection (11).”

On November 21, 2017, in Case No. U-18418 (November 21 order), the Commission approved, pursuant to MCL 460.6t(1) and (2), the Michigan Integrated Resource Planning Parameters and stated that “[e]ach electric utility whose rates are regulated by the Commission shall demonstrate compliance with the Michigan Integrated Resource Planning Parameters as a condition of Commission approval of its respective integrated resource plan pursuant to MCL 460.6t(3).” November 21 order, p. 88. On December 20, 2017, in Case Nos. U-15896 and U-18461, the Commission approved application instructions for IRP filings and IRP filing requirements and instructions for CON alternative proposals for electric generation capacity resources.

On September 11, 2019, in Case No. U-20464, the Commission approved the Michigan Statewide Energy Assessment (SEA) Final Report.¹ The SEA was conducted by the Commission in response to a request from Governor Gretchen Whitmer following electric and natural gas emergencies experienced during a polar vortex event on January 30 and 31, 2019. Among other things, the SEA discussed gaps in existing planning processes and identified areas that could be improved, such as increased diversity in supply resources, improved generation diversity, and revisions to currently approved utility IRP modeling parameters and filing requirements.

In the October 17, 2019 order in Case No. U-20645 (October 17 order), the Commission commenced the MI Power Grid initiative, a focused, multi-year stakeholder initiative to maximize the benefits of the transition to clean, distributed energy resources for Michigan residents and businesses. As part of the MI Power Grid initiative, the Commission made the following commitment:

Advanced planning processes for electric investments (resources, transmission, and distribution) will be examined to ensure modeling tools, assumptions, and processes are adapting to technology change, and to better integrate discrete planning activities currently being conducted for new resources (e.g., generation, demand-side options), transmission, and distribution, as detailed in the 2019 Statewide Energy Assessment. Work will also be done to quantify the value of resilience, particularly as it relates to distributed energy resources, as well as the value of diversity in the electric resource mix, in order to ensure proper consideration of both when evaluating proposed investments.

October 17 order, p. 8 (emphasis in original).

Building on these proposals, and under the auspices of the Integration of Resource, Transmission, and Distribution Planning portion of the MI Power Grid initiative, the Commission

¹ The SEA is filing #U-20464-0063 in that docket. It is available here: <https://mipsc.force.com/sfc/servlet.shepherd/version/download/068t0000005XrEbAAK>

opened a docket on August 20, 2020, in Case No. U-20633 (August 20 order) and directed the Commission Staff (Staff) to begin outreach aimed at holding a series of stakeholder sessions and to research best practices in several areas, including “[i]dentifying potential revisions to the Commission-approved IRP modeling parameters or the filing requirements to better accommodate transmission alternatives in IRPs in preparation for the next formal review of the Michigan IRP Planning Parameters expected to take place in 2022.” August 20 order, pp. 3-4.

Moreover, in the February 20, 2020 order in Case No. U-20471 (February 20 order), the Commission stated that:

In future IRP proceedings, the Commission expects to coordinate with EGLE [the Department of Environment, Great Lakes, and Energy] on the inclusion of public health and environmental justice considerations as part of the environmental information EGLE shares with the Commission under Section 6t. Public health impacts are inherent in EGLE’s responsibilities as an environmental regulator, as many laws, rules, and permitting requirements are tied back to health and environmental indicators.

February 20 order, p. 46. Accordingly, the Commission directed the Staff to coordinate with EGLE on the inclusion of appropriate public health and environmental justice considerations in future IRP cases, and to include a status update and any related recommendations in the May 27, 2021 report outlined in the August 20 order.

MI Healthy Climate Plan

On September 23, 2020, Governor Whitmer issued Executive Directive (ED) 2020-10 and Executive Order (EO) 2020-182, which announced the “MI Healthy Climate” Plan. ED 2020-10, in conjunction with EO 2019-12, builds on the commitments and actions taken in ED 2019-12, pursuant to which Michigan joined the United States (U.S.) Climate Alliance, a bipartisan coalition of governors from 25 states devoted to pursuing the goals of the internationally accepted Paris Agreement. In ED 2020-10, Governor Whitmer stated that, “[b]y joining the U.S. Climate

Alliance, Michigan committed to pursue at least a 26-28% reduction below 2005 levels in greenhouse gas emissions by 2025 and to accelerate new and existing policies to reduce carbon pollution and promote clean energy deployment at the state and federal level.” ED 2020-10, p. 1. She explained that Michigan must pursue a carbon-neutral future to protect the environment and public health, and to ensure the resiliency of its economy. Governor Whitmer stated that “[t]ransitioning to carbon neutrality will enable Michigan to eliminate its dependence on out-of-state fossil fuels and take full advantage of this energy transformation—from the jobs it will generate for Michigan’s skilled workforce, to the protections it will provide for Michigan’s natural resources, to the savings it will bring to Michigan’s communities and families.” *Id.*, p. 2. To this end, she asserted that “Michigan will aim to achieve economy-wide carbon neutrality no later than 2050, and to maintain net negative greenhouse gas emissions thereafter.” *Id.* In the interim, Governor Whitmer committed to a goal of achieving a 28% reduction below 2005 levels in greenhouse gas emissions by 2025.

In addition, Governor Whitmer stated that:

The Department [EGLE] must expand its environmental advisory opinion filed by the Department in the Michigan Public Service Commission’s (“Commission”) Integrated Resource Plan (IRP) process under MCL sections 460.6t and also file environmental advisory opinions in IRPs filed under MCL 460.6s. The Department must evaluate the potential impacts of proposed energy generation resources and alternatives to those resources, and also evaluate whether the IRPs filed by the utilities are consistent with the emission reduction goals included in this Directive. For advisory opinions relating to IRPs under both MCL 460.6s and MCL 460.6t, the Department must include considerations of environmental justice and health impacts under the Michigan Environmental Protection Act. The Commission’s analysis of that evidence must be conducted in accordance with the standards of the IRP statute and the filing requirements and planning parameters established thereto.

Id., pp. 2-3.

In EO 2020-182, Governor Whitmer created the Council on Climate Solutions (Council). She stated that the members of the Council will consist of the directors of six departments of the State

of Michigan, the chairperson of the Commission, the Treasurer of the State of Michigan, the chief executive officer of the Michigan Economic Development Corporation, and 14 residents of the state of Michigan appointed by the governor. Governor Whitmer asserted that the Council, among other things, must “[a]dvice [EGLE] in formulating and overseeing the implementation of the MI Healthy Climate Plan, which will serve as the action plan for this state to reduce greenhouse gas emissions and transition toward economywide carbon neutrality.” EO 2020-182, p. 3.

Discussion

While the electricity sector remains the largest contributor to climate change in Michigan, emissions from power plants have decreased significantly in recent years due to the retirement of a number of coal plants and their replacement with cleaner energy resources.² Due to customer demand and declining prices, utilities in Michigan have added thousands of megawatts of renewable resources, such as wind and solar, and are on track to exceed the statutory goal of obtaining 35% of generation by 2025 from the cleanest energy sources: renewable energy and energy waste reduction. The integrated resource planning process established by the Legislature in Act 341 and codified in MCL 460.6t has played an important role in allowing for full consideration of these resources in the utilities’ long-term resource plans. In light of the directives set forth in ED 2020-10 and EO 2020-182, the Commission finds that the process of updating utility IRP planning parameters and filing requirements should take into account the goals set by Michigan’s utilities and how those goals align with the greenhouse gas emissions targets set by Governor Whitmer.

² U.S. Energy Information Administration website: <https://www.eia.gov/energyexplained/energy-and-the-environment/where-greenhouse-gases-come-from.php> (last visited October 5, 2020).

The Commission expects that the work of the stakeholder group established in the August 20 order to ultimately feed into the process of updating the IRP planning parameters and filing requirements that are set to be completed in 2022. However, because Consumers Energy Company, Indiana Michigan Power Company, and Upper Michigan Energy Resources Corporation will be filing IRPs in 2021, it is imperative that the Staff timely develop recommendations to be considered by the Commission as to how these three utilities, and other utilities who file IRPs in the future, may best consider the emission reduction targets set by Governor Whitmer. Therefore, the Commission directs the Staff to, not later than 5:00 p.m. Eastern time (ET) on December 15, 2020, file a report in Case No. U-20633 (December 15 report) summarizing a Straw Proposal for advancing these objectives, other proposals from states with similar greenhouse gas emission objectives or proposals identified in the stakeholder process, and any stakeholder feedback. The December 15 report shall also provide the Staff's recommendation. It is anticipated that the Staff will file its Straw Proposal in a manner that provides stakeholders with sufficient time to comment and present other alternatives, and allow the Staff time to incorporate this feedback into its recommendation. Stakeholders and interested persons may file comments in Case No. U-20633 in response to the December 15 report and recommendation on or before 5:00 p.m. (ET) on January 12, 2021.

THEREFORE, IT IS ORDERED that:

A. By 5:00 p.m. (Eastern time) on December 15, 2020, the Commission Staff shall file a report in Case No. U-20633 summarizing the Straw Proposal, any other proposals, and stakeholder feedback, and shall provide the Commission Staff's recommendation, as set forth in this order.

B. On or before 5:00 p.m. (Eastern time) on January 12, 2021, stakeholders and interested persons may file comments in Case No. U-20633 in response to the Commission Staff's December 15, 2020 report and recommendation.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Sally A. Talberg, Commissioner

Tremaine L. Phillips, Commissioner

By its action of October 29, 2020.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

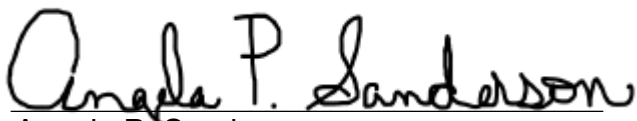
Case No. U-20633 *et al.*

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on October 29, 2020 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 29th day of October 2020.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

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