

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,) to establish MI Power Grid.) _____)	Case No. U-20645
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At the October 29, 2020 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Sally A. Talberg, Commissioner
Hon. Tremaine L. Phillips, Commissioner

ORDER

On October 17, 2019, the Commission issued an order (October 17 order) opening this docket for the purpose of providing the impetus, vision, objectives, process, and next steps for the MI Power Grid initiative established by the Commission in partnership with Governor Gretchen Whitmer.

MI Power Grid is a focused, multi-year stakeholder initiative to maximize the benefits of the transition to clean, distributed energy resources (DERs) for Michigan residents and businesses. MI Power Grid seeks to engage utility customers and other stakeholders to help integrate new clean energy technologies and optimize grid investments for reliable, affordable electricity service. The initiative includes outreach and education as well as changes to utility regulation designed to advance Michigan's clean energy future.

In continuing efforts to assist in Michigan's transition to a modern, clean, customer-focused energy system and to maximize the benefits of the transition to clean, DERs for Michigan

residents and businesses, MI Power Grid will better integrate ongoing and future discussions and decision making in three core areas of emphasis: (1) customer engagement, (2) integrating emerging technologies, and (3) optimizing grid investments and performance.

Because of the importance of integrating these activities and evaluating the progress of the overall initiative and individual components relative to the goals, the October 17 order directed the Commission Staff (Staff) to file a status report on or before June 30, 2020, in this docket, summarizing efforts to date, providing recommendations for objective criteria to apply when evaluating proposed utility pilot projects, and identifying potential areas for additional proposals. The October 17 order also directed the Staff to file in this docket no later than September 30, 2020, a MI Power Grid status report, detailing actions taken to date, the status of the work areas, and any recommendations for Commission consideration.

On May 19, 2020, the Commission, in response to the outbreak of novel coronavirus (COVID-19), issued an order extending the deadline for the Staff to file its status report to September 30, 2020, and the MI Power Grid status report to October 15, 2020.

On September 30, 2020, the Staff filed its Utility Pilot Best Practices and Future Pilot Areas report (pilot report) highlighting the efforts of the Energy Programs and Technology Pilots Workgroup (workgroup), stakeholder process, and the Staff's findings and recommendations. In the pilot report, the Staff recommends establishing foundational goals and vision for future pilots, adopting a clear definition of the term "pilot" going forward, and creating a set of objective criteria to be used when evaluating pilot proposals. The Staff also recommends that the Commission adopt a streamlined pilot review process and create a pilot directory to facilitate information sharing and communication regarding past and ongoing utility pilots. Each recommendation is discussed more fully below.

On October 15, 2020, the Staff filed its MI Power Grid status report which recognizes the efforts of the workgroup and summarizes the Staff's pilot report.

Discussion

The Commission would first like to acknowledge efforts of the Staff, utilities, and other stakeholders and would like to express gratitude for their participation and collaboration throughout this process as well as the Staff for its significant work on its reports. Further, the Commission notes that continued collaboration is necessary to support the efforts of the workgroup, to implement the Staff recommendations, to provide more analytical rigor in the review of pilots and facilitate additional discussions about ongoing and future pilot programs.

The Staff first recommends that the Commission adopt goals and a vision for future pilot proposals. As stated in the October 17 order, "MI Power Grid seeks to engage utility customers and other stakeholders to help integrate new clean energy technologies and optimize grid investments for reliable, affordable electricity service." October 17 order, pp. 5-6. As such, the Commission's vision for future pilot programs should strive to meet this goal (as applicable, as some utility pilots may be outside the scope of the MI Power Grid initiative) and be cohesive with the Commission's mission statement which is: To protect the public by ensuring safe, reliable, and accessible energy and telecommunications services at reasonable rates for Michigan's residents. Further, as discussed below, the Commission will adopt a definition of the term "pilot" and implement objective criteria for evaluating pilot program proposals which will set forth clear metrics and allow for a more robust evaluation of pilot programs and their findings.

Next, the Staff proposes a definition of the term "pilot" and a list of criteria upon which pilots should be evaluated. The pilot report recommends that the Commission require utilities to file a comprehensive pilot plan to be evaluated for all proposals meeting the pilot definition and coming

before the Commission for funding approval. The Staff's proposed definition of "pilot" is as follows: "*A pilot is a limited duration experiment to determine the impact of a measure on one or more outcomes of interest.*" Pilot report, p. 46 (emphasis in original). Further, the Staff noted that the "provision of data listed in the objective criteria is not envisioned to guarantee funding approval" and that the "failure to provide information for some of the listed criteria or subcomponents is not envisioned to automatically lead to funding rejection" when proposing the following objective criteria:

1. Pilot need and goals detailed.

- a. Need for the pilot is expressed. Results of past similar pilots and findings are shared to justify the need for the proposed pilot.
- b. Pilot goals and desired learnings detailed.

2. Pilot design and evaluation plan designed and presented together.

- a. Pilot program design and evaluation plans are designed together so examined metrics and collected data support evaluation of the pilot in meeting goals and desired learnings.
- b. If applicable, define target customer population, selection rationale, recruitment plans, and evaluation plans for customer adoption and satisfaction.
- c. If statistical analysis will be conducted on pilot results, a statistically significant sample size must be selected, supported, and detailed. If a statistically significant sample size is not selected, justification must be provided.
- d. If statistical analysis will not be conducted, justification must be provided as well as an approach for evaluating pilot goals.
- e. If changes are required during implementation, pilot design, and evaluation impacts are shared.

3. Pilot project costs detailed.

- a. Project costs are detailed by source and amount for applicable periods.
- b. Availability of non-utility funding and whether any was pursued (such as state or federal funding opportunities) described.
- c. Projected cost-effectiveness of piloted measure at scale over expected life described.

4. Project timeline detailed.

- a. Proposed timeline for the pilot project and any related reports or evaluations delineated.

5. Stakeholder engagement plan detailed.

- a. Stakeholder engagement plan before, during, and after pilot takes place detailed.
- b. Interim and final stakeholder reporting described.
- c. Expected publicly available data from pilot shared.

6. Public interest detailed.

- a. Pilot support of the transition to clean, distributed energy resources, and its expected impacts described.
- b. Any added benefits to ratepayers or the energy delivery system, either due to proposed site selection or through other pilot variables, especially if any system weaknesses or forecasted needs are addressed, shared.
- c. Expected impacts of the piloted measure on reliability, resilience, safety, and ratepayer bills detailed.
- d. Expected local or Michigan-based employment and business opportunities created by pilot described.
- e. Any potential impacts or added benefits of the pilot on low-income customers, seniors or other vulnerable populations described.

Pilot report, pp. 47-48.

The Commission agrees with the Staff's recommendations and finds that a definition and set of objective criteria shall be adopted as filing requirements for future pilot program proposals for both gas and electric utilities. The Commission has reviewed the proposed definition and objective criteria and created the attached document (Exhibit A) setting forth the proposed definition and supplemental data that must be submitted as part of a comprehensive pilot plan for all future pilot program proposals coming before the Commission for funding approval in any proceeding. However, prior to the adoption of a definition and objective criteria, the Commission seeks feedback from stakeholders. Because the workgroup primarily pertained to electric pilot programs, the Commission is requesting comments and providing notice to natural gas utilities and others that may not have participated in the workgroup as these proposed objective criteria would require utilities to submit more information regarding pilots than most have in the past. Any stakeholder wishing to provide feedback on these criteria and definition shall submit comments for the Commission to review by 5:00 p.m. (Eastern time) on December 11, 2020.

Next, the Staff proposed that the Commission implement a streamlined pilot review process citing lag in approval of pilot proposals in Commission proceedings such as rate cases, integrated resource plans (IRPs), renewable energy plans (REPs), voluntary green pricing (VGP) programs, and energy waste reduction (EWR) plans. The Staff notes that “[g]iven the rapid and near-term energy transformation, there is a need to support pilot agility so potential solutions to emerging needs can be explored in a timely manner and any necessary pivots during implementation can also occur.” Pilot report, p. 49. While the Staff did not propose a specific procedure, it concluded that “the Commission does not have such a streamlined process available for utility investments.” *Id.*

The Commission appreciates the call for streamlining but disagrees that a stand-alone process for pilot review and approval is warranted. As correctly indicated by the Staff, pilots are commonly reviewed in rate cases, along with IRP, REP, VGP program, and EWR plan proceedings. In addition, the Commission finds that utilities have proposed, and the Commission has reviewed and approved, pilot programs in *ex parte* proceedings. *See, e.g.,* April 17, 2012 order in Case No. U-16975; November 14, 2013 order in Case No. U-17493; and September 26, 2019 order in Case No. U-20602. Moreover, the Commission notes that in EWR plan proceedings, it has approved up to five percent of costs to be used on a flexible basis “for pilot programs, future energy optimization program development or to assess emerging technologies.” December 4, 2008 order in Case No. U-15800, Attachment E, p. 6. Thus, the Commission does not always get involved in reviewing specific pilot proposals. And for pilots that do not have tariff impacts or cost recovery requests, regulatory approval is not required. The Commission, therefore, declines to adopt a new process for the review of pilot programs as there are already numerous avenues for pilot program proposals and review. Moreover, as noted above, in EWR

plan proceedings utilities have some discretion and flexibility in pilot implementation.

Nevertheless, the Commission is open to future proposals relating to potential new procedures for pilot program proposals and review. Overall, the Commission encourages more dialogue between utilities and the Staff at both the front end and back end of the pilot process.

Finally, the Staff proposed the creation of an online pilot directory “that lists pilots by utility and provides links to available pilot data and information shared with the [Commission] through docket filings, presentations, or other means.” Pilot report, p. 50. The Staff recommends that the directory provide: (1) a utility contact person, (2) a summary of the pilot needs and goals, (3) applicable Commission case number(s), and (4) links to any pilot design, evaluation, and updated information. *See, id.*

The Commission adopts the Staff’s recommendation and finds that the Staff shall work to create the online Michigan Pilot Directory. The Commission further encourages utilities to work with the Staff to provide information that may be needed to develop the online directory during the first half of 2021. The Commission declines, at this time, to set forth specific requirements for the directory but looks forward to the development of this resource which will be beneficial in increasing transparency and information sharing.

In conclusion, the Commission appreciates the work of the utilities, other stakeholders, and the Staff throughout this process. The Commission’s goal is to provide more analytical rigor to the review of utility pilots, additional follow-up to determine where pilots are headed, and to allow for additional information sharing.

THEREFORE, IT IS ORDERED that:

A. Any interested person may submit written or electronic comments regarding the proposed pilot definition and objective criteria. All comments must be filed with the Commission no later than 5:00 p.m. Eastern time on December 11, 2020. Written comments should be sent to: Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909. Electronic comments (preferred) may be e-mailed to mpscedockets@michigan.gov. All comments should reference Case No. U-20645. If you require assistance prior to filing, contact the Commission Staff at (517) 284-8090 or by e-mail at mpscedockets@michigan.gov. All information submitted to the Commission in this matter will become public information available on the Commission's website and subject to disclosure.

B. The Commission Staff is directed to develop the online Michigan Pilot Directory. Utilities are encouraged to work with the Commission Staff in providing information to aid in the development of the directory during the first half of 2021.

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

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

Proposed Definition and Objective Criteria for Utility Pilots

The following objective criteria will be used by Michigan Public Service staff when evaluating future pilot proposals coming before the Commission for funding approval. These objective criteria apply to all utility projects meeting the following definition of pilot.

A pilot is a limited duration experiment to determine the impact of a measure on one or more outcomes of interest.

Provide the information below for each proposed pilot. Due to the variation in utility pilot topics, not all listed criteria may be applicable to an individual pilot. If any areas are not applicable to a pilot, the utility should indicate "not applicable" with brief justification.

Utility provision of data listed in the objective criteria is not envisioned to guarantee funding approval. Likewise, failure to provide information for some of the listed criteria or subcomponents is not envisioned to automatically lead to funding rejection.

1. Pilot need and goals detailed.

- a. Need for the pilot is expressed. Results of past similar pilots and findings are shared to justify the need for the proposed pilot.
- b. Pilot goals and desired learnings detailed.

2. Pilot design and evaluation plan designed and presented together.

- a. Pilot program design and evaluation plans are designed together so examined metrics and collected data support evaluation of the pilot in meeting goals and desired learnings.
- b. If applicable, define target customer population, selection rationale, recruitment plans, and evaluation plans for customer adoption and satisfaction.
- c. If statistical analysis will be conducted on pilot results, a statistically significant sample size must be selected, supported, and detailed. If a statistically significant sample size is not selected, justification must be provided.
- d. If statistical analysis will not be conducted, justification must be provided as well as an approach for evaluating pilot goals.
- e. If changes are required during implementation, pilot design and evaluation impacts are shared.

3. Pilot project costs detailed.

- a. Project costs are detailed by source and amount for applicable periods.
- b. Availability of non-utility funding and whether any was pursued (such as state or federal funding opportunities) described.
- c. Projected cost-effectiveness of piloted measure at scale over expected life described.

4. Project timeline detailed.

- a. Proposed timeline for the pilot project and any related reports or evaluations delineated.

5. Stakeholder engagement plan detailed.

- a. Stakeholder engagement plan before, during, and after pilot takes place detailed.
- b. Interim and final stakeholder reporting described.
- c. Expected publicly available data from pilot shared.

6. Public interest detailed.

- a. Pilot support of the transition to clean, distributed energy resources, and its expected impacts described.
- b. Any added benefits to ratepayers or the energy delivery system, either due to proposed site selection or through other pilot variables, especially if any system weaknesses or forecasted needs are addressed, shared.
- c. Expected impacts of the piloted measure on reliability, resilience, safety, and ratepayer bills detailed.
- d. Expected local or Michigan based employment and business opportunities created by pilot described.
- e. Any potential impacts or added benefits of the pilot on low-income customers, seniors or other vulnerable populations described.

PROOF OF SERVICE

STATE OF MICHIGAN)

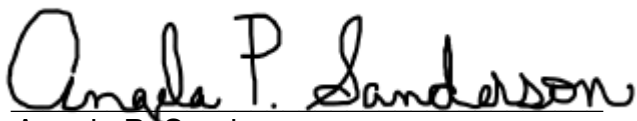
Case No. U-20645

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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