STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, to seek comments from rate-regulated electric, steam, and natural gas utilities regarding potential utility infrastructure improvements in the state of Michigan **from the federal funding available under the Infrastructure Investment and Jobs Act of 2021:** **ALPENA POWER COMPANY, CONSUMERS ENERGY COMPANY, DETROIT THERMAL, LLC DTE ELECTRIC COMPANY, DTE GAS COMPANY, INDIANA MICHIGAN POWER COMPANY, NORTHERN STATES POWER COMPANY, UPPER MICHIGAN ENERGY RESOURCES CORPORATION, MICHIGAN GAS UTILITIES CORPORATION, and SEMCO ENERGY GAS CORPORATION.**	)	Case No. 21227

Introduction

The Michigan Energy Innovation Business Council (Michigan EIBC) and Advanced Energy Economy (AEE, collectively Michigan EIBC/AEE) appreciate the opportunity to provide comments in Case No. 21227. We appreciate the Commission's attention to this important issue and to the opportunities afforded to the state, the grid, and all Michiganders by these historic federal investments.

On November 15, 2021, President Joe Biden signed into law the Infrastructure Investment and Jobs Act ("IIJA").[1] The IIJA is a historic investment of over $1.2 trillion in our nation's infrastructure, including several programs to support grid infrastructure, resiliency, energy efficiency, distributed energy resources, and electric vehicle charging infrastructure. The advanced energy industry in Michigan is already strong, with 113,000 jobs across the state as of 2020, and stands

[1] United States Public Law No: 117-58. November 15, 2021. "The Infrastructure Investment and Jobs Act." Available at https://www.congress.gov/bill/117th-congress/house-bill/3684/text.

to grow substantially with focused investments in innovative energy solutions.[2] More importantly, Michigan ratepayers stand to benefit if federal funds are utilized to ensure that the energy transition happens in the most cost-effective way, while improving reliability and resiliency for all customer classes. Michigan EIBC/AEE agree with the Commission's statement in the May 12, 2022, Order in Case No. U-21227 that "there are numerous opportunities available under the new legislation for Michigan energy providers to take advantage of in their efforts to improve utility infrastructure that will in turn benefit ratepayers and the public interest as a whole."

The IIJA comes at an opportune time for the State of Michigan, which has been making a concerted effort to develop plans to achieve carbon neutrality and support the transition to clean energy. Michigan's 2016 energy laws provided the foundation for comprehensive energy policy reform. In 2019, Governor Whitmer established the MI Power Grid Initiative at the Michigan Public Service Commission ("Commission" or "MPSC"). That initiative, which is now in its third year, has resulted in the completion of multiple workgroups and recommendations to overcome regulatory and market barriers to the advancement of distributed energy resources to the benefit of electricity customers and the grid. More recently, Governor Whitmer released the MI Healthy Climate Plan,[3] which lays out a path for the state to achieve carbon neutrality by 2050. This plan sets broad and ambitious goals to decarbonize the electric grid, increase the deployment of electric vehicles and charging infrastructure, decarbonize homes and buildings, and drive clean energy innovation in industry.

Furthermore, as acknowledged in the MI Healthy Climate Plan, many communities have already begun taking steps to decarbonize. In May, a record-high 44 Michigan cities, villages, townships, and counties were recognized in the Michigan Green Communities challenge for completing actions to advance energy efficiency, recycling, water conservation, and more.[4] Additionally, at

[2] Clean Jobs Midwest. 2021. "After Rough Year, Clean Energy Jobs on the Upswing in Michigan." Available at: https://www.cleanjobsmidwest.com/state/michigan.
[3] Michigan Department of Environment, Great Lakes, and Energy. April 22, 2022. "Draft MI Healthy Climate Plan." Available at: https://www.michigan.gov/egle/-/media/Project/Websites/egle/Documents/Offices/OCE/MI-Healthy-Climate-Plan.pdf?rev=d13f4adc2b1d45909bd708cafccbfffa&hash=99437BF2709B9B3471D16FC1EC692588.
[4] Michigan Green Communities. 2022. "Take the Michigan Green Community Challenge." Available at: https://migreencommunities.com/challenge/.

least 17 communities in Michigan have plans to achieve carbon neutrality or 100% clean energy by 2050.[5] IIJA funding will allow these communities—and others—to accelerate the deployment of infrastructure to advance local sustainability goals while simultaneously helping the state meet its similar goals.

The funding and programs in the IIJA, coupled with ongoing state initiatives, provide an opportunity to make these goals a reality and act on the recommendations from the MI Power Grid Initiative. Like the 2016 energy laws and the launch of the MI Power Grid Initiative, the convergence of the release of the MI Healthy Climate Plan and the IIJA requires similar coordination and strategy. The Commission and Michigan's investor-owned utilities are major players in the energy transition and this proceeding represents an opportunity to develop a comprehensive and long-term strategy to capitalize on funding available in the IIJA, to support the goals of the MI Healthy Climate Plan, to drive innovation in the clean energy industry, and to reduce costs for Michigan ratepayers.

Overall Recommendations

Outside of specific programmatic or grant opportunities, there are several overarching principles the Commission and investor-owned utilities should consider related to the IIJA.

1) **Coordinate transparent collaboration between federal, state, and local governments, and industry stakeholders**. The actions considered by Michigan's utilities and the Commission should be collaborative with and not isolated from efforts undertaken at the Michigan Infrastructure Office, the Michigan Department of Environment, Great Lakes, and Energy ("EGLE"), the Michigan Department of Transportation ("MDOT"), the Michigan Economic Development Corporation ("MEDC"), and the Office of Future Mobility and Electrification ("OFME"), as well as place-based efforts being undertaken by cities, townships, and counties across the state. Efforts at these organizations should follow guidance from their national counterparts and state agencies should take

[5] Michigan Climate Action Network. 2022. "Michigan Communities Leading on Climate." Available at: https://www.miclimateaction.org/mi_local_climate_action.

advantage of resources from the federal government to support the implementation of IIJA.

2) **Conduct broader, more holistic planning** to ensure that the state is prepared to handle the clean energy transition and that agencies and stakeholders are aligned in their priorities under the implementation of IIJA. Major investments in transportation electrification and renewable energy integration will dramatically transform electric loads. As such, the utilities and the Commission need to coordinate amongst themselves and with other agencies and stakeholders to prepare for that future.

    a) While the central purpose of this docket is to investigate funding opportunities that the utilities and the Commission are eligible for, there are many programs that the State, industry, and other recipients may participate in that will require coordination with the utilities and the Commission, directly or indirectly. The utilities and the Commission should participate in plans for formula funding distributed to other state agencies, state-led programs, industry-led proposals, and other non-utility/Commission led projects that could complement existing utility programs that will involve the utilities in some capacity.

    b) As part of an internal planning process for the implementation of IIJA, the Commission should **develop a plan for how Staff will engage on IIJA-related activities**. Specifically, we recommend that there should be a designated Staff lead on the IIJA and additional Staff focused on implementation. Building out capacity to work on IIJA implementation, whether it be reorganizing internally or seeking additional Staff hires should be considered.

3) **Any investments made due to IIJA funding should result in minimizing costs while maximizing benefits to consumers**. To ensure this occurs, the Commission and utilities should engage third parties through competitive processes that use transparent scoring criteria to provide innovative, cost-competitive solutions that are appropriately sized to serve the intended customer. Furthermore, utilities may be able to develop more competitive grant applications by partnering with state agencies, local governments, and industry partners.

4) **The Commission should establish a process to consider appropriate methods to streamline utility processes and approvals to ensure that projects undertaken using IIJA funding are not unnecessarily delayed**. The state has already shown an interest in expediting infrastructure projects utilizing IIJA funding through Executive Directive 2022-6, which will streamline permitting processes.[6] It would be valuable to bring utilities and stakeholders together to consider whether there are appropriate regulatory mechanisms (e.g., certain pre-approvals for in-kind contributions, ability to request a waiver of certain tariff requirements, or an accelerated administrative approval timeframe) that could be established to ensure IIJA-related opportunities are not lost because of approval timelines. **However, it is important that such streamlined processes do not enable avoidance of appropriate review of new programs by the Commission and stakeholders.**

Program Specific Recommendations: Identified by the Commission

Section 40101 - Preventing Outages and Enhancing the Resilience of the Electric Grid Grants
The IIJA established a $5 billion program to support activities that are supplemental to existing grid hardening efforts and reduce the risk and likelihood of disruptive events. The program is divided into competitive (50%) and formula (50%) funding. Although the utilities are only directly eligible to receive competitive funding, both funding mechanisms are relevant to the utilities and the Commission. Other eligible recipients of competitive funding include electricity storage operators, electricity generators, transmission owners and operators, distribution providers, fuels suppliers, states, and tribes.

In general, applications that result in the greatest community benefit by improving the resiliency of the grid and reducing the likelihood of outages will be prioritized during the competitive application process. Following major outages in the summer of 2021, the Commission launched

[6] Whitmer, Gretchen and Gilchrist II, Garlin. June 1, 2022. Office of the Governor: State of Michigan. "Executive Directive No. 2022-6 Re: Streamlining Permitting." Available at: https://content.govdelivery.com/attachments/MIEOG/2022/06/01/file_attachments/2174047/ED%202022-06%20Streamlining%20Permitting%20%28final%29.pdf

Case No. U-21122[7] and hosted a technical conference to investigate grid hardening efforts with a similar goal of improving resiliency and storm response. The opportunities under Section 40101 should be evaluated within the context and perspective of that proceeding. In particular, the Commission's March 3, 2022 Order[8] referenced Michigan EIBC/AEE's September 2021 comments[9] stating that efforts to reduce the likelihood of outages should be "implemented in conjunction with improved forecasting and planning to ensure that better information leads to specific utility action" and that energy waste reduction ("EWR") "coupled with load management during extreme weather emergencies offers significant potential to realize flexible load resources that can help maintain a reliable, resilient distribution system." In short, weatherization and EWR programs, distributed energy resources, microgrids, and energy storage, coupled with supporting grid investments can substantially improve the resiliency of the grid.

In addition to the competitive grant opportunities, through this Section, Michigan will receive $7.4 million of formula funding (distributed to EGLE), with an additional $904,912 allocated to twelve tribal communities across Michigan. These funds could be used, for example, to support increased weatherization, development of microgrids and other distributed energy resources, and deployment of rooftop solar plus storage projects. It will be critical for the Commission and the utilities to collaborate with EGLE as it determines how best to deploy these formula funds to ensure that they are used to enhance grid resiliency in a manner that is complementary and not duplicative. For example, EGLE could choose to focus these funds in low-income communities with historically lower investments in distribution infrastructure and lower reliability.

Section 40107 - Deployment of Technologies to Enhance Grid Flexibility

Section 40107 allocates $3 million that utilities are eligible for to fund and expand the Smart Grid Investment Matching Grant Program established under Section 1306 of the Energy Independence and Security Act of 2007. The purpose of this allocation and expansion of the Smart Grid program is multifaceted. Michigan's utilities could consider adding rate offerings,

[7] Michigan Public Service Commission. August 25, 2021. "Case No. U-21122-0001." Available at: https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000SStwQAAT.
[8] Michigan Public Service Commission. March 3, 2022. "Case No. U-21122-0067." Available at: https://mi-psc.force.com/sfc/servlet.shepherd/version/download/0688y000002DD26AAG.
[9] Michigan Public Service Commission. September 24, 2021. "Case No. U-21122-0023." Available at: https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000U28SUAAZ.

outreach, and education for Michigan consumers on time-of-use rates, demand rates, peak time rebate, critical peak pricing, and plug-in electric vehicle rates. Of particular interest to Michigan EIBC/AEE is the potential use of this funding to support technologies, distributed energy resources, and both residential and commercial/industrial demand response programs that improve grid reliability and flexibility during extreme weather events. In particular, IIJA calls for supporting technologies that have the ability to facilitate and integrate distributed energy resources as assets for the grid, have the ability to provide energy storage to meet fluctuating demand, including vehicle-to-grid technologies, and the ability to facilitate the integration of renewable energy resources, and electric vehicle charging infrastructure.

As previously mentioned, the Commission has increasingly supported measures to improve grid reliability and resiliency in the face of extreme weather. Commonly, utility resources are spent on grid-hardening efforts like vegetation management. For example, the Commission approved a proposal from DTE to spend $70 million on tree trimming to improve reliability following extreme storms in the fall of 2021.[10] While a worthwhile investment that will likely improve grid resiliency and reduce the likelihood of outages, vegetation management should not, and cannot be, the only investment in grid reliability if the Commission is serious about preparing for extreme weather. Section 40107 presents an opportunity to expand grid resiliency investments beyond vegetation management. Distributed energy resources, like microgrids, demand response technologies, solar, and energy storage, including solar plus storage and vehicle-to-grid technologies can be used to support resiliency. Efforts should also target low-income and disadvantaged communities that face the highest propensity to suffer from frequent and prolonged outages. In addition, these resources could be used to support critical public facilities, like hospitals, that cannot be without power in extreme weather events. Investments available in Section 40107 could be used in tandem with utility grid hardening efforts to further support grid resiliency and reliability, as urged by stakeholders in Case No. U-21122 and the Commission's Technical Conferences in the fall of 2021.

Section 41001 - Energy Storage Demonstration Projects

[10] Helms, Matt. November 4, 2021. Michigan Public Service Commission. "MPSC approves DTE Electric Co.'s request to spend $70M on tree trimming to reduce outage risk, boost reliability." Available at: https://www.michigan.gov/mpsc/commission/news-releases/2021/11/04/mpsc-approves-dte-electric-co-s-request-to-spend-70m-on-tree-trimming-to-reduce-outage-risk-boost-r.

The state has begun to support deployment of energy storage, by considering improvements to storage modeling in IRP processes and by announcing an energy storage target in the Governor's MI Healthy Climate Plan. That plan recommends adopting a "statewide storage target to deploy 4,000 Megawatts (MW) of grid scale storage by 2040 with a short-term target of 1,000 MW by 2025 and a medium-term target of 2,500 MW by 2030." While an ambitious and strong goal, there are still market and regulatory barriers to energy storage. Section 41001 authorizes $355 million to be used to support demonstration projects and pilots and $150 million for a long-duration energy storage demonstration initiative. This funding could be used to develop projects that lower barriers to grid energy storage, support small-scale, behind-the-meter pilots, as well as enable larger utility-scale projects that demonstrate the cost-effectiveness of energy storage and its grid benefits.

Eligible recipients under this program include both utilities and industry or technology developers, among others. If utilities are interested in attaining funding under Section 41001, they should consider partnering with industry to ensure cost-effectiveness and leverage the most competitive applications. Michigan EIBC/AEE member companies, and the advanced energy industry at large, are well prepared to support and engage with utilities to advance energy storage deployment in Michigan.

Programs Specific Recommendations: Additional Opportunities

The IIJA has a total of "350 distinct programs across more than a dozen federal departments and agencies."[11] We recognize that it is not feasible for the Commission nor the utilities to monitor all of these programs. However, it is important to note that the "non-exhaustive list" provided in the Commission Order in Case No. U-21227, omits three important groups of programs that should be a focus for the Commission and utilities. First, Section 40103 makes funds directly available to the Commission for electric grid reliability and resilience research, development, and demonstration projects. In addition, two sections of IIJA directly amend the Public Utility Regulatory Policies Act of 1978 (PURPA) and require action to be taken by the Commission in

[11] The White House of Joe Biden. 2021. "A Guidebook to the Bipartisan Infrastructure Law for State, Local, Tribal, and Territorial Governments, and Other Partners." Available at: https://www.whitehouse.gov/wp-content/uploads/2022/01/BUILDING-A-BETTER-AMERICA_FINAL.pdf.

response. Finally, some of the largest apportionments (formula and competitive) within the IIJA, particularly with respect to electric utility infrastructure, are available to states and/or industry rather than the utilities and the Commission. Despite this, the utilities and the Commission will ultimately play a role, directly or indirectly, in any program that focuses investments on energy efficiency upgrades, distribution improvements, and grid hardening efforts. Michigan EIBC/AEE believe that it is important for utilities and the Commission to monitor the development of state programs that could complement electric utility programs and/or impact the electric grid.

Section 40103 – Electric Grid Reliability and Resilience Research, Development and Demonstration

Section 40103 provides $5 billion to states, a combination of two or more states, tribes, units of local government, and/or public utility commissions to establish a program to upgrade the electric grid for reliability and resiliency through innovative approaches to transmission, storage, and distribution infrastructure which harden the grid, and demonstrate new approaches to enhance regional grid resilience. Section 40103 also provides an additional $1 billion for rural or remote areas to site and upgrade transmission, reduce greenhouse gas emissions, develop microgrids, and increase energy efficiency. These funding opportunities provide the state with the opportunity to develop innovative approaches to improve the resilience of the electrical grid while enabling progress toward the goals of the MI Healthy Climate Plan. Further, the funding opportunities available through Section 40103 are ripe for developing non-wires alternative solutions to grid resiliency, further reducing the burden to ratepayers while improving reliability of the electrical grid.

Amendments to the Public Utility Regulatory Policies Act of 1978

Sections 40104 and 40431 of the IIJA amend the Public Utility Regulatory Policies Act of 1978 (PURPA) and, in doing so, require action by the Commission.

Section 40104 - Utility Demand Response

Section 40104 amends section 111(d) of PURPA and requires action on demand response practices by public utility commissions across the country. Pursuant to Section 40104, "each electric utility shall promote the use of demand-response and demand flexibility

practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand." In addition, "each state regulatory authority shall consider establishing rate mechanisms allowing an electric utility with respect to which the state regulatory authority has ratemaking authority to timely recover the costs of promoting demand-response and demand flexibility practices." This section sets a timeline for public utility commissions to comply with these changes. Each state regulatory authority should commence consideration within 1 year after the date of enactment (e.g., by November 15, 2022), and should complete consideration within one year.

Section 40431 - Consideration of Measures to Promote Greater Electrification of the Transportation Sector

PURPA is further amended by Section 40431, which requires action regarding electric vehicle ("EV") charging programs by public utility commissions across the country. In particular, "each state shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that (a) promote affordable and equitable charging options for residential, commercial, and public electric vehicle charging; (b) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles; (c) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and (d) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure." The law similarly requires that public utility commission's commence consideration within one year of enactment.

The Commission has addressed demand rates for EV charging to some extent already in individual utility rate cases. Michigan's investor-owned utilities have existing EV charging pilot programs that to varying degrees include EV-specific time-of-use rates, demand charge holidays for direct current fast charging ("DCFC"), and proposals to move toward cost-effective permanent programs. For example, DTE's GS-D3 is a low load factor rate where the 1000 kW demand cap for this non-demand general service rate is waived for DCFC through June 1, 2024.

Section 40431 of the IIJA offers the Commission an opportunity to consider these demand rates holistically outside of individual utility rate cases. It is important that the Commission consider broadly if, how, and when to phase in demand charges for DCFC across Michigan to ensure that we continue to encourage expansion of EV charging infrastructure. Any such examination will also necessitate an examination of appropriate utility distribution investments, such as those proposed through the multi-year distribution planning processes. In a manner similar to the established distribution planning process (or as a part of the distribution planning process), it would be valuable for the Commission and the utilities to consider broad, holistic transportation electrification planning.

It is well understood that the future of mobility is electrified, automated, connected, and shared. The MI Healthy Climate Plan sets a goal to build enough infrastructure to support two million EVs on Michigan roads by 2030. This goal, paired with EV infrastructure funding in the IIJA, will help to accelerate EV adoption in Michigan. However, broader, and more granular transportation electrification planning would help identify and overcome Michigan's EV adoption barriers, more appropriately marshal limited state and utility resources to scale EV infrastructure, streamline and accelerate the Commission review and approval process for utility investments in transportation electrification, and create consistent, predictable market signals that private industry can plan around. Therefore, we recommend that the Commission open a new proceeding to develop a transportation electrification framework to define the investor-owned utilities' long-term role for investing in transportation electrification. The framework should at a minimum address the following questions:

1) How many chargers is each utility responsible for funding in its respective territory as part of the 2030 infrastructure goal from the MI Healthy Climate Plan?
2) What types of EV infrastructure should utilities invest in for each driver segment (i.e., home charging, multi-family housing, rural communities, corridors, ridesharing, medium- and heavy-duty vehicles, etc.)?
3) What additional data do utilities need to make publicly available via hosting capacity analyses to help stakeholders, particularly the private market, more effectively plan for EV infrastructure build out?

Developing such a framework would help the state better prepare for the future of EVs in the following ways:

1) By defining the role of the utilities, other stakeholders and the state, agencies can target their resources and planning efforts to overcome market barriers even more in ways that are complementary, rather than duplicative to the utilities and Commission.

2) Exploring the effectiveness of existing demand-based rates and potential future opportunities and options for Michigan utilities can minimize a significant cost barrier to deploying EV infrastructure.

3) Improving publicly available hosting capacity information (i.e., transformer locations and other "last mile" grid information, presented in a user friendly fashion that is downloadable, etc.) can streamline the EV infrastructure deployment process by making it clearer to charging companies and site hosts where the grid is more capable of handling charging stations, and where additional investment may be needed to improve grid capacity.

4) Defining the utility role for each EV segment as part of the MI Healthy Climate Plan goals and helping the state understand how many chargers are needed to support various EV goals in Michigan.

5) Establishing long-term funding for EV infrastructure can help the private sector to more effectively plan ahead, as opposed to being caught in a cycle of "start and stop" while waiting for utility investments to be approved every 2-3 years by the Commission. This can help the market scale more quickly to achieve the state's transportation electrification goals.

In addition to broader transportation electrification planning, it will be critical for MDOT to engage with a broad cross-section of stakeholders, including the Commission, the utilities, and EV charging providers throughout the development of any state competitive funding grant applications or formula funding allocation plans related to EV charging infrastructure. Any transportation electrification planning should involve third parties, such as EV charging providers, who have expertise in deploying EV charging infrastructure in a cost-effective and "grid-friendly" manner. In fact, the National Electric Vehicle Infrastructure Program (Division J

of the IIJA) indicates that states should work with local utilities, industry, and public utility commissions "to identify and streamline the planning and approval of grid connections for EV charging infrastructure, including energy storage and renewable energy generation, to support operations within 6 months of procurement."[12]

The National Electric Vehicle Infrastructure formula program requires that each EV charging site include at least four 150kW DCFC with ports capable of simultaneously charging four EVs. It will be important for all stakeholders to be involved in the development of the state's plan for this funding and the deployment of this charging infrastructure to ensure that the addition of these fast chargers is cost-effective from a grid and load management perspective. Furthermore, IIJA offers a $2.5 billion competitive grant program for alternative fueling infrastructure, including EV charging. The state should also consider pursuing these funds to further support EV infrastructure build-out in collaboration with the utilities and the Commission. Given the extensive investment and considerations for EV charging infrastructure made in the IIJA, most notably through Section 40431, the NEVI program, and the discretionary funding, developing a broad transportation electrification framework will allow the utilities and the Commission, along with other stakeholders, to coordinate and prepare for the implementation of each program in relation to one another.

Energy Waste Reduction/Weatherization

The IIJA presents Michigan with an opportunity to optimize its complementary investments in EWR and weatherization, which together help to reduce residents' energy burden, advance the state's climate action goals, and support community resilience. The utility EWR programs are required under Public Acts 341 and 342 of 2016, which require annual energy savings reductions of at least 1% per year for electric providers and 0.75% per year for gas providers.[13] According to the Commission, "since 2009, Michigan's utility providers have helped customers save almost $6 billion in electric costs and close to $2 billion in natural gas costs."[14] Despite this historical

[12] Rogers, Andrew, and Shepherd, Gloria. February 10, 2022. U.S. Department of Transportation and Federal Highway Administration. "INFORMATION: The National Electric Vehicle Infrastructure (NEVI) Formula Program Guidance." Available at: https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/nominations/90d_nevi_formula_program_guidance.pdf.
[13] *See* MPSC. "Energy Waste Reduction." Available at: https://www.michigan.gov/mpsc/regulatory/ewr.
[14] *Ibid.*

progress, significant potential remains. According to a recent statewide EWR potential study for electricity and natural gas in the Michigan Lower and Upper Peninsulas, over a 20-year forecast horizon from 2021 to 2040, the cumulative annual net achievable electricity reduction potential at the meter for utilities in Michigan's Lower Peninsula in 2021 is "around 1,600 GWh net at meter and increases to more than 16,000 GWh net at meter over the 20-year study period."[15]

In recent years, serving Michigan's low-income residents has been a particular priority for the utility EWR programs, with the Commission launching the EWR Low Income Workgroup in April of 2018.[16] A key objective of the EWR Low Income Workgroup has been "the idea of bringing together EWR staff with other state agencies, utilities, and stakeholder groups to better address low-income specific energy waste reduction approaches and create new innovative initiatives that can reduce the cost of the energy burden on Michigan's low income customers and communities."[17]

The Michigan Department of Health and Human Services ("DHHS") is one of the state agencies that engages with the EWR Low Income Workgroup, an important connection in light of the role that DHHS plays in directing the state's Weatherization Assistance Program ("WAP"). Similar in some ways to the utility EWR programs, WAP provides no-cost home energy conservation services to low-income Michigan homeowners and renters to help reduce energy use and lower utility bills.[18] While the utility EWR programs rely on ratepayer funding, WAP uses federal money received from the U.S. Department of Energy.[19] With the passage of IIJA, Michigan is eligible to receive up to $183,184,905 to support weatherization.[20]

Because of the synergistic (and often overlapping) goals of utility EWR programs and weatherization, the Commission should encourage the utilities to continue to coordinate closely

[15] Guidehouse on behalf of the MPSC. "Michigan Energy Waste Reduction Statewide Potential Study (2021-2040)." Available at: https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/potential_studies_2021/MI-EWR-Statewide-Potential-Study-Report---Final.pdf?rev=5db96898419c45c78b12205f665858d2&hash=C5E5E698030228F3968619DD4947FFBD. p. 1.
[16] MPSC. "Annual Report on the Implementation of PA 295 2020 Utility Energy Waste Reduction Programs." Available at: https://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/regulatory/reports/pa295-ewr/2020-Energy-Waste-Reduction-Report-to-the-Legislature_Feb-2022.pdf?rev=fdf54c37d8344c008c2eb6007d301575. p. 7.
[17] *Ibid.*
[18] *Ibid.*
[19] *See* U.S. Department of Energy. "Weatherization Assistance Program." Available at: https://www.energy.gov/eere/wap/weatherization-assistance-program.
[20] U.S. Department of Energy. Weatherization Program Notice BIL 22-2. Issued March 2022. Available at: https://www.energy.gov/sites/default/files/2022-03/wpn-bil-22-2.pdf.

with DHHS and Community Action Agencies to maximize the number of homes reached and energy efficiency measures installed through both EWR programs and WAP. Where there is "red tape" related to the deployment of federal weatherization funds, there may be opportunities for the Commission and Michigan's utilities to catalyze the development of innovative solutions through existing EWR channels. With the dramatic influx of funding from IIJA, now is the time to break down any remaining barriers to meaningful collaboration and pursue state-of-the-art solutions, including new and innovative technologies, to fully leverage the state's investments in EWR and WAP. Michigan EIBC/AEE member companies are well-placed to partner with the Commission and Michigan's utilities in deploying these measures in a manner that is cost-effective, benefiting ratepayers and the public interest as a whole.[21]

[21] *See* MPSC. Order dated May 12, 2022. Case No. U-21227. p. 2.