



201 North Washington Square • Suite 910
Lansing, Michigan 48933
Telephone 517 / 482-6237 • Fax 517 / 482-6937 • www.varnumlaw.com

Timothy J. Lundgren

tjlundgren@varnumlaw.com

November 20, 2017

Ms. Kavita Kale
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Highway
P.O. Box 30221
Lansing, Michigan 48909

Re: MPSC Case No. U-18322

Dear Ms. Kale:

Attached for electronic filing in the above-referenced matter, please find the Reply Brief on behalf of Energy Michigan, as well as Proof of Service. Thank you for your assistance in this matter.

Sincerely yours,

VARNUM

Timothy J. Lundgren

TJL/kc
Enclosures
c. ALJ
All parties of record.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for)
the generation and distribution of)
electricity and for other relief)
_____)

Case No. U-18322

REPLY BRIEF
OF
ENERGY MICHIGAN, INC.

Tim Lundgren
Laura Chappelle
Varnum, LLP
Attorneys for Energy Michigan, Inc.
201 N. Washington Square, Suite 910
Lansing, MI 48933
(517) 482-6237

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REPLY BRIEF OF ENERGY MICHIGAN, INC.

I. INTRODUCTION

This Reply Brief is filed on behalf of Energy Michigan, Inc. (“Energy Michigan”) by its attorneys, Varnum LLP. Failure to address any issues or positions raised by other parties should not be taken as agreement with those issues or positions.

II. ARGUMENT

A. Adjustments to the SRM Charge Must be No More Often Than Annual

As Constellation NewEnergy, Inc. (“CNE”) points out in their Initial Brief, the language of Section 6w(3) expressly requires that the capacity charge be set via a contested case and that it be done by December 1 of each year. See MCL 460.6w(3). This language requires a full contested case with “notice and reasonable opportunity for a full and complete hearing” and must be completed by December 1 of “each year.”¹ In addition, the Commission must then provide notice to the public of the new charge: “The Commission shall provide notice to the public of the single capacity charge as determined for each territory.” MCL 4460.6w(3). Plainly, the legislature intended that both customers and suppliers have ample notice and opportunity to participate in any proceeding that may change the capacity charge that could apply to them, and that such changes take place within reasonable time frames that would allow for adjustments to be made in the process of contracting for electric supply for the upcoming planning period. For these reasons, as CNE discusses, any capacity charge that is approved for the utility in Case No. U-18239 cannot be changed by the results of this proceeding until the following year, or else it will violate the requirements and timeline laid out in Section 6w(3). See CNE Initial Brief, pp.

¹ The reference to “each year” makes plain that this is not a one-time restriction, but that any resetting of the capacity charge for an upcoming planning year must be done by December 1 on a going-forward basis.

8-10. For this reason, the Commission should reject Consumers' assertion that any capacity costs approved in this case will affect the capacity charge applicable for planning year 2018-2019, as that charge must be set by December 1, 2018.

B. Online Public Interconnection Queue List

Staff have recommended in both Consumers' present rate case, and that of DTE (U-18255) that the utilities should make available to the public an interconnection queue list. See Staff Initial Brief, pp. 126-128. Energy Michigan supports the creation of a publicly available interconnection queue list. Such transparency would not only be helpful to the Commission and Staff in fulfilling their duties under PURPA and Michigan law to ensure that the utilities are providing fair and non-discriminatory access to the electrical system for independent generators, but it would also assist independent generators in evaluating the need for and likely timeline to implementation of additional local generation resources. This would facilitate increased opportunities for adding new generation resources in MISO Zone 7, thereby benefiting electric customers in both Consumers and DTE service territories. Energy Michigan also supports the recommendation of Consumers and Staff that the Commission open a docket and workgroup to examine interconnection issues. This workgroup should be tasked with doing more than simply identifying a format for the interconnection queue list, but should also identify areas where the current interconnection rules may need to be updated or revised to better reflect current areas of controversy around interconnection, and to suggest potential rule changes that the Commission could address either through a rule making or a subsequent contested case.

C. The Standby Rate Should Reflect the Known Usage Patterns of the Generators requiring Standby Service

ELPC's witness Douglas Jester has explained why Consumers' current standby rate, GSG-2, is not appropriate for use with solar generators. ELPC Initial Brief, pp. 1-3. As ELPC

testified, the electric need of a customer with a large-scale solar generator is more akin to supplementary power than to standby power. Consumers has instead proposed that it extend the GPTU rate to customers with solar generation on a trial basis – a proposal that is supported by Staff. Energy Michigan agrees with ELPC’s proposal that the Commission approve the use of either GPTU or supplementary service for such customers, at the discretion of the customer. This would give customers the most flexibility to address their individual patterns of energy usage and would similarly provide the utility with more useful information on what rate structure is most appropriate for such customers.

In addition, ABATE’s witness, Mr. Pollock, addressed the problems inherent in basing Consumer’s rate GSG-2 on the utility’s fully embedded costs. See 12 Tr 2677 and following. As ABATE discusses in its Initial Brief, the utility’s standby rate should recognize and reflect the differences between customers taking backup and those taking maintenance power. See ABATE Initial Brief, p. 38 and following. It only makes sense that the rate charged to customers with their own generation should provide an incentive to them for scheduling major outages in advance with the utility, and for avoiding peak periods for such outages. Implementing such a requirement would bring Consumers into line with what DTE Energy currently does and with what many other utilities across the country do, as Mr. Pollock noted. 12 Tr 2683. It would also be consistent with the recommendations coming out of the Standby Rate Working Group, which Staff recently led and in which Energy Michigan participated. For these reasons, Energy Michigan also supports ABATE’s proposal for a scheduling provision to be added to rate GSG-2, which would provide an incentive for self-generating customers to plan maintenance outages and to coordinate those outages with Consumers.

III. CONCLUSION AND PRAYER FOR RELIEF

WHEREFORE, for the reasons set forth above, Energy Michigan respectfully requests:

1) that the Commission determine that any adjustments to the capacity charge for Consumers as a result of this case not be effective until the 2019-2020 planning year; 2) that the Commission require the utility to implement an online public interconnection queue list and open a workgroup to explore implementation of such an online resource as well as to evaluate the sufficiency of the Commission's interconnection rules; and 3) that the Commission require the changes to Consumers' standby tariffs discussed herein.

Respectfully submitted,
Varnum, LLP
Attorneys for Energy Michigan, Inc.

November 20, 2017

By: _____
Tim Lundgren (P62807)
Laura Chappelle (P42052)
The Victor Center
201 N. Washington Square, Ste. 910
Lansing, MI 48933
517/482-6237

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PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Kimberly J. Champagne, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 20th day of November, 2017, she served a copy the Reply Brief of Energy Michigan, Inc. and this Proof of Service upon those individuals listed on the attached Service List via email at their last known addresses.

Kimberly J. Champagne

SERVICE LIST
MPSC CASE NO. U-18322

Administrative Law Judge

Hon. Sharon L. Feldman
Administrative Law Judge
Michigan Public Service Comm.
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917
feldmans@michigan.gov

Counsel for Consumers Energy Company

Bret A. Totoraitis
Gary A Gensch Jr.
H. Richard Chambers
Kelly M. Hall
Robert W. Beach
Anne M. Uitvlugt
One Energy Plaza
Jackson, MI 49201
bret.totoraitis@cmsenergy.com
Gary.genschjr@cmsenergy.com
rick.chambers@cmsenergy.com
Kelly.hall@cmsenergy.com
robert.beach@cmsenergy.com
anne.uitvlugt@cmsenergy.com
mpsc.filings@cmsenergy.com

Counsel for the Michigan Public Service Commission

Spencer A. Sattler
Meredith R. Beidler
Amit Singh
Monica M. Stephens
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48919
sattlers@michigan.gov
beidterm@michigan.gov
singha9@michigan.gov
stephensm11@michigan.gov

Counsel for Attorney General

John A. Janiszewski
Joel B. King
Assistant Attorney General
G. Mennen Williams Bldg., 6th Floor
525 W. Ottawa St.
Lansing, MI 48909
JaniszewskiJ2@michigan.gov
KingJ38@michigan.gov
ag-enra-spec-lit@michigan.gov

Counsel for Michigan Environmental Council, Sierra Club, & Natural Resources Defense Council

Christopher M. Bzdok
Tracy Jane Andrews
Olson, Bzdok & Howard, P.C.
420 E. Front St.
Traverse City, MI 49686
chris@envlaw.com
tjandrews@envlaw.com
karla@envlaw.com
kimberly@envlaw.com

Counsel for Sierra Club

Michael Soules
1625 Massachusetts Ave NW, Ste. 702
Washington, DC 20036-2243
msoules@earthjustice.org

Counsel for The Kroger Company

Kurt J. Boehm
Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh St., Ste. 1510
Cincinnati, OH 45202
KBoehm@BKLawfirm.com
JKylerCohn@BKLawfirm.com

**Counsel for Michigan Cable
Telecommunications Association**

David E. S. Marvin
Michael S. Ashton
Fraser, Trebilcock, Davis & Dunlap, P.C.
124 W. Allegan, Ste. 1000
Lansing, MI 48933
dmarvin@fraserlawfirm.com
mashton@fraserlawfirm.com

**Counsel for Hemlock Semiconductor
Corporation**

Jennifer Utter Heston
Fraser Trebilcock Davis & Dunlap, P.C.
124 W. Allegan, Ste. 1000
Lansing, MI 48933
jheston@fraserlawfirm.com

**Counsel for Wal-Mart Stores East, LP and
Sam's East, Inc.**

Melissa M. Horne
Higgins, Cavanagh & Cooney, LLP
10 Dorrance St., Ste. 400
Providence, RI 02903
mhorne@hcc-law.com

**Counsel for Environmental Law & Policy
Center**

Margrethe Kearney
Environmental Law & Policy Center
1007 Lake Drive SE
Grand Rapids, MI 49506
mkearney@elpc.org

Bradley Klein
Environmental Law & Policy Center
35 E. Wacker Drive, suite 1600
Chicago, IL 60601
bklein@elpc.org

Kristin Field, Legal Assistant
Environmental Law & Policy Center
kfield@elpc.org

Counsel for ABATE

Michael J. Pattwell
Sean P. Gallagher
Clark Hill PLC
212 E. Grand River Ave.
Lansing, MI 48906
mpattwell@clarkhill.com
sgallagher@clarkhill.com

Counsel for Constellation NewEnergy, Inc.

Jennifer Utter Heston
Fraser, Trebilcock, Davis & Dunlap, PC
124 W. Allegan, Ste. 1000
Lansing, MI 48933
jheston@fraserlawfirm.com

**Counsel for Michigan State Utility Workers
Council, Utility Workers Union of America,
AFL-CIO**

John R. Canzano
Patrick J. Rorai
McKnight, Canzano, Smith, Radtke &
Brault, P.C.
423 N. Main Street, Suite 200
Royal Oak, MI 48067
jcanzano@michworkerlaw.com
prorai@michworkerlaw.com

Counsel for Gerdau Macsteel, Inc.

Michael J. Pattwell
Sean P. Gallagher
Clark Hill PLC
212 E. Grand River Ave.
Lansing, MI 48906
mpattwell@clarkhill.com
sgallagher@clarkhill.com

**Counsel for Midland Cogeneration Venture,
LP**

Richard Aaron
Jason Hanselman
Dykema Gossett, PLLC
201 Townsend, Ste. 900
Lansing, MI 48933
raaron@dykema.com
jhanselman@dykema.com

Counsel for Residential Customer Group

Don L. Keskey
Brian W. Coyer
Public Law Resource Center PLLC
University Office Place
333 Albert Avenue, Suite 425
East Lansing, MI 48823
donkeskey@publiclawresourcecenter.com
bwcoyer@publiclawresourcecenter.com

**Counsel for Midwest Cogeneration
Association**

John R. Liskey

John R. Liskey Attorney At Law PLLC

921 N. Washington Ave.

Lansing, MI 48906

john@liskeypllc.com

Patricia F. Sharkey

Environmental Law Counsel, PC

180 N. LaSalle St., Ste. 3700

Chicago, IL 60601

psharkey@e-lawcounsel.com