

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion,
to open a docket for load serving entities in
Michigan to file their capacity demonstrations as
required by MCL 460.6w.

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Case No. U-20154

At the September 13, 2018 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

On September 15, 2017, the Commission opened a docket in Case No. U-18441 to receive state reliability mechanism (SRM) capacity demonstration filings required by 2016 PA 341 (Act 341); MCL 460.6w(8). On May 17, 2018, the Commission issued an order in this docket (May 17 order) that, in addition to accepting and adopting the recommendations contained in the Commission Staff’s (Staff) Report and Supplemental Report filed in Case No. U-18441, adopted the Staff’s recommendation of a Capacity Demonstration Technical Conference to agree on changes to the reporting template for different types of electric providers and to agree on the language of both the general affidavit and an alternative electric supplier (AES) load switching affidavit. The Commission also agreed with the Staff’s further recommendation that, for purposes of future review of zonal resource credit (ZRC) contracts, electric providers should only rely on

ZRC contracts that the Staff can audit and decided this issue should be discussed during the collaborative. In addition, the Commission directed the Staff to file a report on the results of the collaborative that includes copies of any new documents agreed upon by the participants, addresses the verification issue, and describes any recommended changes to the Capacity Demonstration Process and Requirements.

On July 12, 2018, the Staff held a technical conference at the Commission's offices in Lansing, Michigan that addressed each of the three issues the Commission discussed in its May 17 order: (1) changes to the reporting template for different types of electric providers, (2) language of the general affidavit and the AES load affidavit, and (3) verification of electric provider ZRC contracts. Then, on August 9, 2018, in compliance with the Commission's directive in its May 17 order, the Staff filed its capacity demonstration technical conference staff report (technical conference report) containing the results of the technical conference and outlining changes made to the reporting template, as well as updates to the language of the supplier affidavits. The Staff also included in its report updates made to the Capacity Demonstration Process and Guidelines document and included information regarding ZRC contracts and local clearing requirements.

The Staff's technical conference report summarizes decisions reached and changes made regarding each of the three enumerated issues discussed at the July 12, 2018 technical conference. Regarding the first issue, the conference attendees agreed upon changes to the reporting template that would simplify the capacity demonstration review. They also agreed to incorporate descriptions of load-modifying programs such as demand response (DR), energy waste reduction (EWR), time-of-use (TOU) rates, and conservation voltage response (CVR) that are netted against the load forecast in the narrative or accompanying affidavit. To avoid confusion and potential double counting of transmission losses, stakeholders agreed to alter Exhibit 1 of the long form

reporting template to capture peak demand forecasts excluding transmission losses. In addition to these changes, the participants agreed upon changes to the short form reporting template, such as the addition of an exhibit where load serving entities (LSEs) would clearly show the zonal location of their load. Again, the stakeholders agreed to the inclusion of a row capturing DR, EWR, and CVR programs, in addition to TOU rates netted against load.

For the affidavit language, the Staff prepared two affidavit templates: a general one that includes each type of resource that a provider may demonstrate, and an AES load switching affidavit that provides an example of acceptable formatting. A list of the recommended changes that were incorporated into the general affidavit can be found on page 3 of the Staff's technical conference report and include areas requiring more detail, language about the confidentiality of submissions, an explanation of the extent of the information AESs must provide, and a space for inclusion of a description of load-modifying programs. Points were also clarified in the AES load switching affidavit so that it is clear that the AES gaining load is the AES that will complete the affidavit and submit it with its demonstration.

With respect to the ZRC contract audits, the Staff continued to recommend in its report that any contracts that specify delivery of ZRCs into the planning resource auction (PRA) be treated as contributing to an LSE's allowed amount of PRA purchases as opposed to being considered contracted resources. The Staff further noted that a revision has been made to the Capacity Demonstration Process and Requirements to reflect this clarification. Further, upon receiving additional written feedback from stakeholders, the Staff incorporated more changes to the reporting templates to allow for greater clarity. It also added excel formulas to perform certain calculations for ease of use and explained that LSEs should account for contracted sales on the contracted resources exhibit using negative numbers for the ZRCs. Based on written feedback

received, the Staff also changed the draft AES load switching affidavit template to clarify that the load being accounted for within the affidavit is based on peak load contribution values and to add a clause explaining that the affidavit has been requested by the Staff. The Staff attached to its report the Capacity Demonstration Process and Requirements document and reporting templates, which include provisions that the Commission requested in its June 28, 2018 order in Case No. U-18444 (June 28 order). The Staff recommended the use of these reporting templates and affidavits for the 2022/2023 planning year capacity demonstrations and noted that it will upload the documents for Michigan LSEs to use.

The Commission would like to thank those stakeholders who participated in the technical conference for their time and effort that resulted in many useful recommendations and process improvements regarding the capacity demonstration process, and also appreciates the time and effort of those that provided the Staff with written feedback. The Commission has reviewed the Staff's technical conference report filed in this docket as well as the Staff's updated process documents and templates attached as Appendix B to the report, and commends the Staff on a thorough, yet concise summary of the issues discussed and decisions reached. The Commission accepts the Staff's report and attached appendices, and adopts the recommendations contained in the report as well as the updated process documents and templates in Appendix B, with the exception of those provisions in Appendix B affected by the Commission's grant of a motion to stay in Case No. U-18444. Individual forward locational requirements for LSEs in Michigan are not applicable while the Commission's June 28 order is stayed. The remaining provisions of Appendix B remain in effect. The Commission agrees with the Staff that the templates and affidavits found in Appendix B should be used for the 2022/2023 planning year and looks forward to its review of capacity resources in future planning years.

THEREFORE, IT IS ORDERED that:

A. The August 9, 2018 Commission Staff Technical Conference Report and the Commission Staff's updated process documents and templates included in Appendix B are accepted and approved as set forth in this order.

B. The templates and affidavits found in Appendix B to the August 9, 2018 Commission Staff Technical Conference Report shall be used for the 2022/2023 planning year and future planning years until they are updated at the Commission's direction.

C. Capacity demonstrations shall be filed in Case No. U-20154, as set forth in the Commission's May 17, 2018 order.

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

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the appropriate court within 30 days of the issuance of this order, under 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 pungp1@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

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of September 13, 2018.

Kavita Kale, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-20154

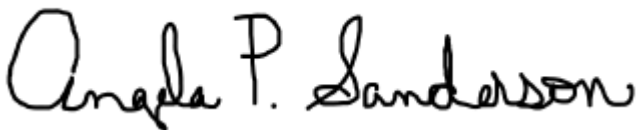
County of Ingham)

Lisa Felice being duly sworn, deposes and says that on September 13, 2018 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).



Lisa Felice

Subscribed and sworn to before me
this 13th day of September 2018



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

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