

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission’s own motion, to)
promulgate rules governing electric interconnection,)
a legally enforceable obligation, distributed)
generation, and legacy net metering.)
_____)

Case No. U-20344

At the November 8, 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

Section 173 of Public Act 295 of 2008, MCL 460.1173 (Act 295), authorizes the Commission to promulgate administrative rules governing net metering standards. In its May 26, 2009 order in Case No. U-15787, the Commission formally adopted administrative rules governing electric interconnection and net metering (Interconnection Rules) that became effective May 27, 2009. *See*, Mich Admin Code, R 460.601a *et seq.* The rules focused primarily on small electric generators by dividing them into five categories; the first four categories applying to projects up to 2 megawatts (MWs) and the fifth category applying to projects greater than 2 MWs. Since 2009, there have been significant changes in Michigan’s energy landscape driven by rapidly advancing renewable energy technology. There have also been changes in Michigan’s energy laws with the passage of Public Act 341 of 2016, an amendment to Public Act 3 of 1939 and Public Act 286 of 2008, and Public Act 342 of 2016, an amendment to Act

295. Likewise, the Institute of Electrical and Electronics Engineers (IEEE) recently updated its technical standards for interconnection, the IEEE Standard for Interconnection and Interoperability of Distributed Energy Resources with Associated Electric Power Systems Interfaces (IEEE 1547-2018), which has prompted other states to revise their own interconnection rules and standards. Moreover, the Federal Energy Regulatory Commission (FERC) has recently addressed the integration of energy storage facilities in its Order 841 issued on February 15, 2018, which directs regional transmission organizations and independent system operators to establish market rules for energy storage facilities to participate in wholesale energy, capacity, and ancillary services markets. Order 841, 162 FERC ¶ 61, 127; 18 CFR 35.28 (2018). Given these changes, the Commission is considering rescinding the Interconnection Rules and promulgating new rules addressing interconnection, defining a legally enforceable obligation (LEO) under the Public Utility Regulatory Policies Act of 1978, 16 USC 2601 *et seq.* (PURPA), distributed generation (DG), and legacy net metering.

On October 5, 2018, the Commission issued an order in Case No. U-20095 (October 5 order) responding to comments received in that docket regarding a variety of issues related to the Commission's implementation of PURPA. In the October 5 order, the Commission directed the Commission Staff (Staff) to lead stakeholder discussions on potential changes to interconnection rules and to consider rules regarding the establishment of an LEO. October 5 order, p. 11.

Accordingly, the Commission directs the Staff to initiate a stakeholder process in this docket to consider new interconnection, an LEO, DG, and legacy net metering rules. During this stakeholder process, the Staff shall consider issues such as interconnection request procedures and timelines; required interconnection studies; cost responsibility; safety and technical specifications; legal responsibilities and obligations between interconnecting parties and the

electric providers; potential definitions of an LEO; the recent updates to IEEE 1547; FERC's interconnection procedures; interconnection of DG (including generation with capacity), microgrids, and energy storage; legacy net metering; and any other relevant subject areas. The Staff shall issue a notice in this docket of the date, time, and agenda of the scheduled meetings. This docket will also serve as the docket for the formal rulemaking process in accordance with the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, in which the Commission is considering rescinding the Interconnection Rules, R 460.601a-460.656.

THEREFORE, IT IS ORDERED that Case No. U-20344 is opened for the purpose of initiating a stakeholder process to explore options for new interconnection, legally enforceable obligation, distributed generation, and legacy net metering rules and a formal rulemaking in accordance with the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*

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

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of November 8, 2018.

Kavita Kale, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-20344

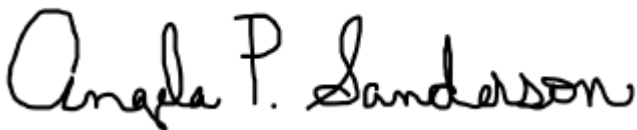
County of Ingham)

Lisa Felice being duly sworn, deposes and says that on November 8, 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 8th day of November 2018



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

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