



A CMS Energy Company

January 18, 2019

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RE: Case No. U-20444 – In the Matter of the Application of Consumers Energy Company for a partial waiver of the Electric Interconnection and Net Metering Standards.

Dear Ms. Kale:

Enclosed for electronic filing in the above-captioned case, please find the **Application of Consumers Energy Company**. This is a paperless filing and is therefore being filed only in PDF.

Sincerely,

Emerson J. Hilton

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the application of)
CONSUMERS ENERGY COMPANY)
for a partial waiver of the Electric)
Interconnection and Net Metering)
Standards.)
_____)

Case No. U-20444

APPLICATION

Consumers Energy Company (“Consumers Energy” or the “Company”) respectfully requests that the Michigan Public Service Commission (“MPSC” or the “Commission”) waive the Company’s obligation to comply with certain limited requirements of the Commission’s current Electric Interconnection and Net Metering Standards (“Interconnection Standards”), Mich Admin Code, R 460.601a *et seq.* Specifically, Consumers Energy requests a waiver of the current Interconnection Standards requirements regarding the time period in which the Company must (i) review and process interconnection applications, and (ii) complete engineering reviews and distribution system studies for new electric generation projects seeking to interconnect with Consumers Energy’s distribution system.

As explained below, there is good cause for the Company’s requested waiver because Michigan’s electric interconnection landscape has shifted dramatically over the past two years. Developers have submitted an unprecedented number of interconnection applications to Consumers Energy since 2016, and these applications have increasingly involved larger and more complex projects. A limited waiver of the current Interconnection Standards is also in the public interest because it will allow Consumers Energy to protect system function and reliability for its customers; to ensure the safety of its employees and the public; and to provide fairness

and certainty for the Company, its customers, and interconnection applicants during the ongoing transformation of Michigan's electric generation portfolio.

In support of this request, Consumers Energy states the following:

1. Consumers Energy is, among other things, engaged as a public utility in the business of generating, purchasing, distributing, and selling electric energy to approximately 1.8 million retail customers in the state of Michigan. The retail electric system of Consumers Energy is operated as a single utility system in which the same rates and tariffs are applicable.

2. Consumers Energy's retail electric business is subject to the jurisdiction of the MPSC pursuant to various Michigan statutes and regulations, including the Commission's Interconnection Standards. The Commission formally adopted its current Interconnection Standards nearly 10 years ago, in 2009. See MPSC Case No. U-15787, May 26, 2009 Order. The Interconnection Standards establish the procedures Consumers Energy must follow when customers or project developers seek to interconnect generation resources to Consumers Energy's distribution system. In part, the Interconnection Standards prescribe time periods in which the Company must review and process interconnection applications, and in which the Company must complete engineering reviews and distribution system studies where necessary and requested by applicants. See Mich Admin Code, R 460.620.

3. For all interconnection applications, the Company must review the application and determine whether it is complete within ten working days. *Id.*, R 460.620(4). The Company then has an additional ten working days to review the application and determine whether an engineering review is required. *Id.*, R 460.620(5). Deadlines for completing engineering reviews, and for completing subsequent distribution system studies where necessary, vary by project size. *Id.*, R 460.620(6)-(8). For example, the engineering review for a Category 4 project

(projects that are “greater than 550 kW and not more than 2 MW”) must be completed and provided to the applicant within 25 working days of receiving the applicant’s notification to proceed with the engineering review and its corresponding payment. *Id.*, R 460.620(6). The distribution system study for a Category 4 project must be completed and provided to the applicant within 45 working days of receiving the applicant’s notification to proceed with the study and its corresponding payment. *Id.*, R 460.620(7)-(8).

4. Consumers Energy is a strong supporter of renewable, distributed energy resources in Michigan. The Company has not only embraced but assumed a leadership role in the transition of Michigan’s electric generation portfolio from large-scale, central-station generation plants to small-scale, renewable, and distributed energy resources. In its recent Integrated Resource Plan, the Company proposes to incorporate thousands of megawatts of solar generation into its resource portfolio. See MPSC Case No. U-20165. Consumers Energy also proposes to source much of that new solar generation through a competitive bidding process that would be open to independent project developers. With respect to these objectives, the Company is not just a leader in Michigan, but also nationwide.

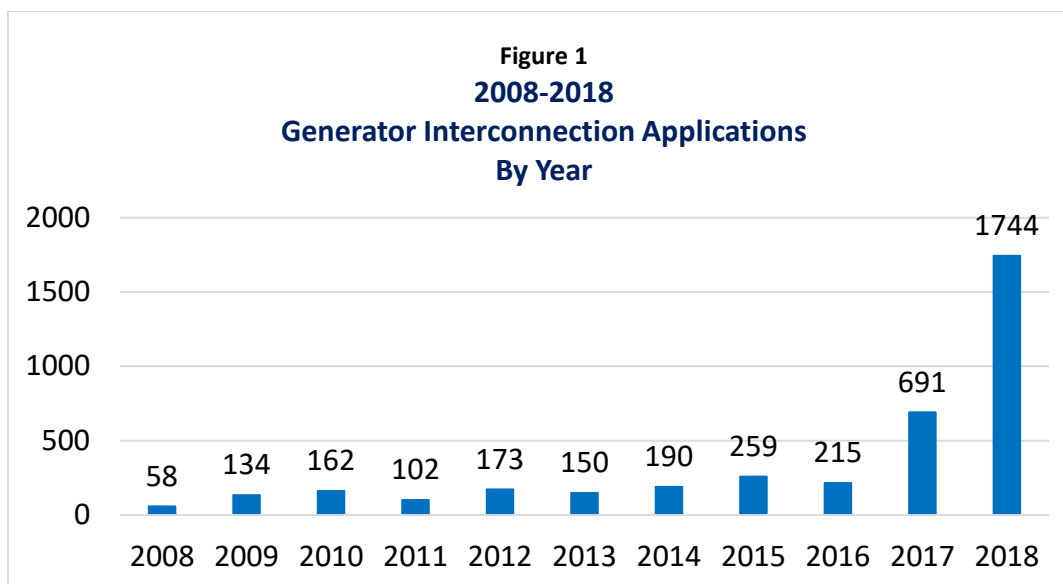
5. Despite Consumers Energy’s support for renewable, distributed energy resources, the ongoing transformation of Michigan’s electric generation landscape has significant implications for the Company’s ability to process interconnection applications in a fair, expeditious, and technically sound manner. The Company has made efforts to increase staffing and resources for its interconnection team, as described below, but these efforts have been overwhelmed by the dramatic increase in interconnection applications submitted to Consumers Energy since 2016 – the vast majority of which are for proposed solar generation projects. As

such, the Company has recently become unable to process interconnection applications in strict accordance with the time frames prescribed by Commission's current Interconnection Standards.

6. In 2008, when the Commission was developing its current Interconnection Standards, Consumers Energy received an annual total of 58 interconnection applications. The annual total of interconnection applications received by Consumers Energy more than doubled in 2009, to 134. Between 2008 and 2016, the Company received an average annual total of 160 interconnection applications, ranging from a low of 58 applications in 2008 to a high of 259 applications in 2015.

7. In each of the past two years, however, the total number of annual interconnection applications submitted to Consumers Energy has increased exponentially. In 2017, Consumers Energy received 691 interconnection applications – more than four times the annual average between 2008 and 2016. Then, in 2018, the Company received 1,744 interconnection applications – more than thirty times the number of applications received in 2008 and nearly eleven times the annual average from 2008 to 2016. All told, the Company received 2,435 interconnection applications in 2017 and 2018. That is more than three applications per day, every single day, over a two-year period.

8. The total number of annual interconnection applications received by the Company between 2008 and 2018 is shown below in Figure 1:

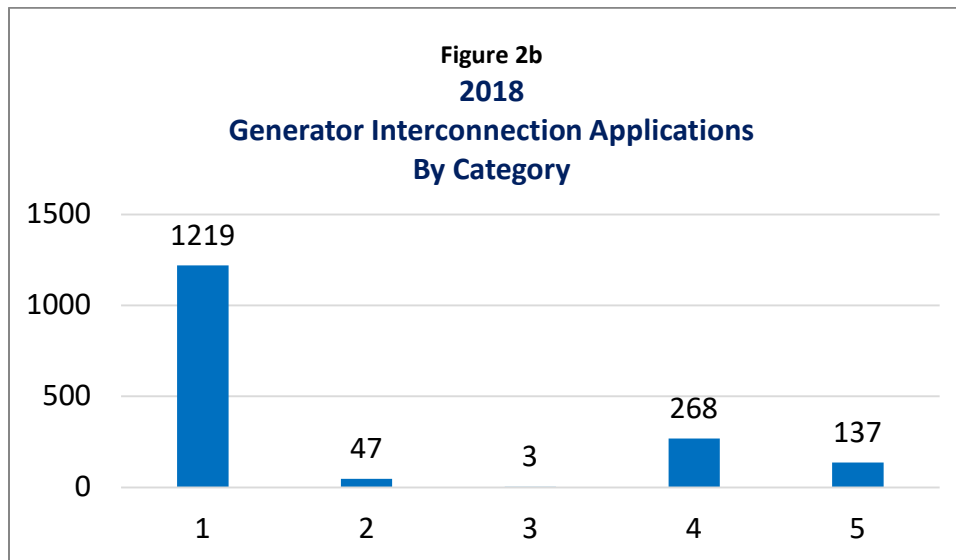
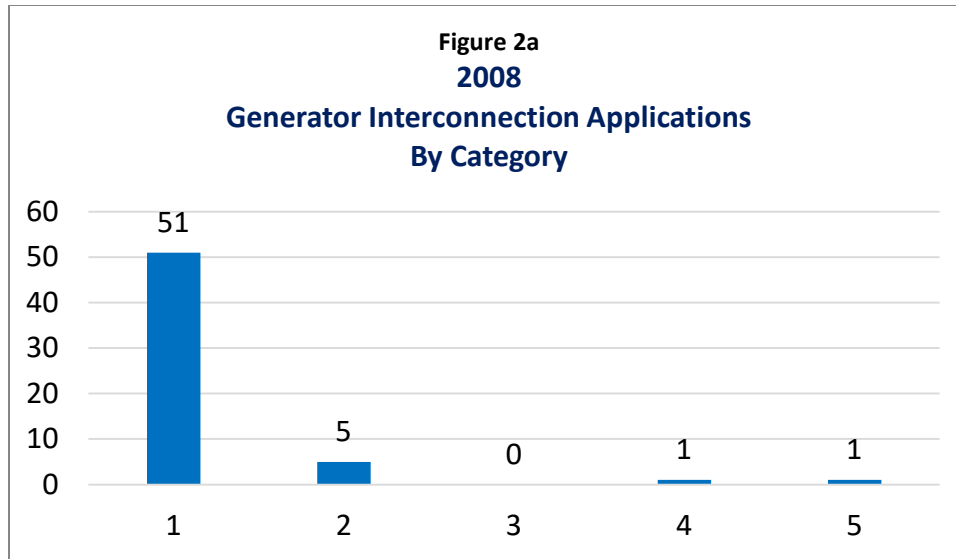


Based on the actual number of interconnection applications received in 2017 and 2018, the Company now projects receiving nearly 2,300 interconnection applications in 2019 – more than one-and-a-half times the cumulative total number of interconnection applications received between 2008 and 2016 combined. The sheer volume of interconnection applications in recent years has reduced Consumers Energy’s ability to review and process those applications, and to complete engineering reviews and distribution system studies for proposed projects, in accordance with the time frames established by the Commission in its 2009 Interconnection Standards.

9. Not only has there been a sharp increase in overall demand for interconnection on Consumers Energy’s distribution system, but demand has shifted in the past two years to new types of projects, and to larger and more complex projects, than in prior years. First, recent interconnection applications for larger projects – i.e., Category 3, Category 4, and Category 5 projects – have nearly exclusively involved solar generating projects. Before 2016, by contrast, the Company received very few interconnection applications for solar projects in these categories; instead, most larger projects proposed for interconnection on the Consumers Energy

distribution system involved a mix of resources such as landfill gas and biomass. Of more than 100 generating facilities larger than 1 MW currently interconnected with Consumers Energy's distribution system, only three are solar facilities. Yet, today, more than 540 outstanding interconnection applications for facilities larger than 1 MW involve solar projects. This shift in resource types, in conjunction with the increased volume of applications, has further strained Consumers Energy's resources as it works to build familiarity and technical expertise with new generating equipment and its impact to the Company's distribution system.

10. Proposed interconnection projects, overall, have also grown in size and complexity since 2016. Fifty-one of the interconnection applications received by the Company in 2008 were for Category 1 projects – the smallest and simplest projects to review – while developers submitted only one Category 4 application and only one Category 5 application in that year. In 2018, by contrast, developers submitted 268 Category 4 applications and 137 Category 5 applications. Put another way, approximately 3% of applications received by the Company in 2008 involved Category 4 and Category 5 projects, while those types of more complex projects comprised roughly 23% of the applications received in 2018. The number of interconnection applications submitted to the Company in 2008 and 2018, by project category, are shown in the following figures:



Category 3, Category 4, and Category 5 projects require significantly more study, and therefore more time and resources, than smaller generation projects. Thus the increased number and complexity of applications for larger projects has further impacted the Company's ability to comply with the timing requirements of the Commission's 2009 Interconnection Standards.

11. The increase in volume and size of proposed interconnection projects not only makes it more complex to review and study individual applications in their own right, but it also makes it more likely that one project will impact the technical requirements and overall viability

of other projects for which interconnection applications have been submitted. In recent months, for example, Consumers Energy has discovered that the proposed aggregation of Category 4 and Category 5 solar generation projects in certain areas of its distribution system would violate established system protection criteria and reduce system reliability. In order to avoid these system protection and reliability impacts, some proposed projects may be required to construct significant distribution system upgrades in order to proceed with construction in a particular location. The cost of those distribution system upgrades can be significant in some cases, potentially running into the millions of dollars. Those costs, in turn, could potentially affect the overall financial viability of certain projects for which interconnection applications are submitted to the Company. It may not be for Consumers Energy to decide the financial viability of projects proposed by developers, but the real possibility of non-viable projects in the Company's interconnection queue creates significant uncertainty for Consumers Energy, its customers, and for interconnection applicants. In sum, as the Company has received more applications for larger projects, the analyses required by the current Interconnection Standards have become more complex, and the results of those analyses have assumed broader and more significant importance for a variety of stakeholders. That, too, results in additional burden on the Company's interconnection resources.

12. The complexity of reviewing thousands of interconnection applications for projects of increasing size and complexity – and of considering the impacts of certain proposed projects on the technical and financial viability of other proposed projects – is heightened by the need for Consumers Energy to evaluate applications in an appropriate sequence. The Company maintains an overall interconnection queue in which position order is established by receipt of an interconnection application and corresponding payment. The order of projects in this

interconnection queue is important, in part, because the Commission has ordered Consumers Energy to use the same queue, for the time being, to determine the Company's contracting priority under the Public Utility Regulatory Policies Act of 1978, 16 USC 2601 *et seq.* ("PURPA"). See Case No. U-18090, October 5, 2018 Order, page 8 ("Consumers has been complying with the requirements of PURPA through use of the interconnection queue for decades New QF contracts should be offered on a first-come, first-served basis to certified QFs . . . based upon the date the interconnection application was received.").

13. Consumers Energy cannot complete its review of all applications in strict order of the interconnection queue, however, because the current Interconnection Standards do not require applicants to move through the review process with any urgency. For example, when Consumers Energy receives an application that it later deems incomplete, the applicant can wait an unlimited amount of time before submitting a revised application. See Mich Admin Code, R 460.620(4). The 2009 Interconnection Standards do not allow Consumers Energy to deem an application withdrawn no matter how much time elapses between a notice of incomplete application and submission of a revised application. If the Company were to process all applications in strict order of the interconnection queue, a single applicant could hold up hundreds or thousands of subsequent applicants for an indefinite period. Indeed, at least one applicant with several large projects very early in the Company's interconnection queue still has not submitted complete applications for those projects – 40 MW in total – approximately 19 months after being informed by Consumers Energy that the original applications were not complete. If the Company processed interconnection applications in strict order of the interconnection queue, the entire interconnection process for virtually all other applicants would have been on hold during that time.

14. Similarly, the current Interconnection Standards allow applicants up to six months to notify Consumers Energy that they wish to proceed with an engineering review or distribution system study after the need for and cost of such studies is provided to the applicant by the Company. See Mich Admin Code, R 460.620(5), (7). Outside of the six-month window provided to developers for each type of study, Consumers Energy has no control over how long developers will take to inform the Company that they wish to proceed with an engineering review or a distribution system study. Some applicants respond quickly with requests to proceed with these studies, but other applicants wait months. Again, therefore, if the Company were to process all applications in strict order of the interconnection queue, developers who take longer to respond would hold up more responsive developers for months at a time. These examples highlight an important asymmetry in the current Interconnection Standards, whereby the Company must meet much tighter timelines than applicants in various phases of the process. This asymmetry creates significant administrative burdens for Consumers Energy, and it also has the potential to cause responsive applicants to experience unfair delays caused by non-responsive applicants.

15. As a result, in order to ensure that active interconnection applicants move forward through the process expeditiously, the Company has developed separate queues for each phase of the application review process – specifically, the initial application review phase, the engineering review phase, and the distribution system study phase. While initial applications are first reviewed in the same order as the initial interconnection queue, applications may not be deemed complete in that same order because applicants who must resubmit their applications may do so at different times. Similarly, by the time Consumers Energy completes its review of applications requiring both engineering reviews and distribution system studies, the applications may be

completed in an order that does not match the initial interconnection queue. This is not a function of whether Consumers Energy has completed the studies on time, but instead a function of how long applicants take to submit revised applications where necessary, or how long they take to inform Consumers Energy whether they wish to proceed with the studies required for their proposed projects.

16. As noted above, the Company's phased approach to reviewing interconnection applications is necessary to ensure that no one applicant can hold up the entire interconnection queue through its own delays, and it is therefore motivated largely by fairness concerns. But the need to create and manage at least three different queues in the interconnection process, with continuous assessment of their potential interdependence, significantly impacts the Company's ability to manage the overall process efficiently. Simply stated, managing three different queues is more difficult than managing one, and it creates administrative burdens that have the effect of diverting at least some portion of the Company's resources from the technical work involved in reviewing interconnection applications. This, in turn, hinders the Company's ability to quickly complete the studies required in each phase. The recent increase in demand for interconnection and the increase in complexity of projects further increases the complexity of managing multiple queue processes, and, collectively, these factors have significantly impacted the Company's ability to complete the interconnection review process within the time frames required by the current Interconnection Standards.

17. Another recent technical and procedural issue has also impacted Consumers Energy's ability to release interconnection studies in an appropriate order and within the required time frames of the current Interconnection Standards. In late 2018, the Company discovered that

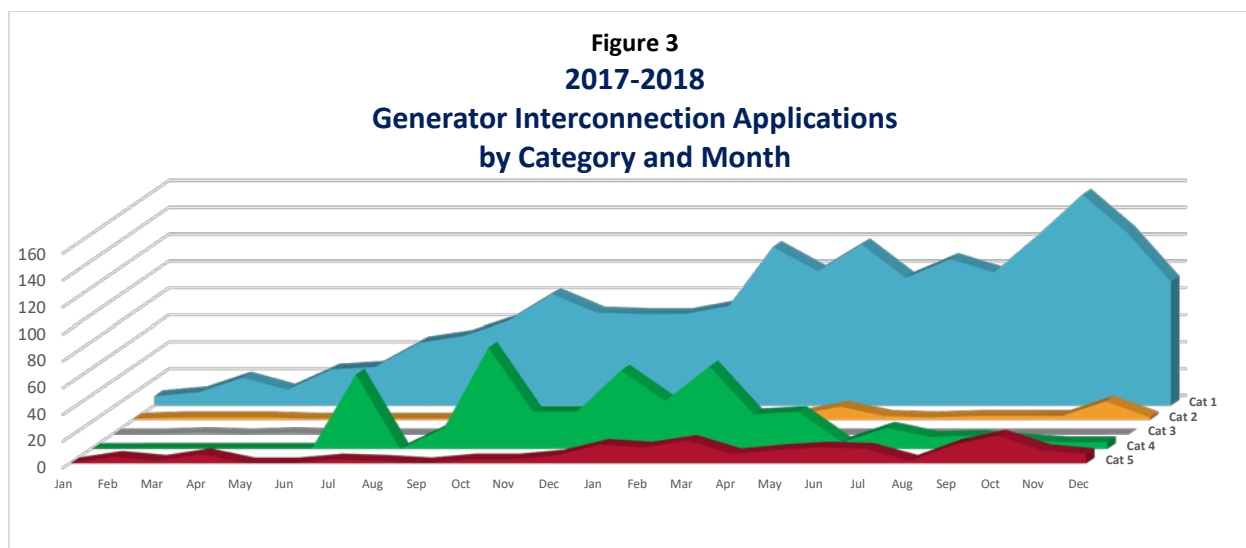
more than 150 interconnection applications for Category 4 and Category 5 projects, all from a particular project developer, had been submitted with one-line engineering diagrams “sealed” by a professional engineer whose license had expired at the time the application was received. These submissions do not comply with the current Interconnection Standards, which require that Category 4 and Category 5 applications include “a one-line diagram that is sealed by a professional engineer licensed by the state of Michigan.” Mich Admin Code, R 460.620(3). This discovery prompted Consumers Energy personnel to review other interconnection applications. The Company then determined that a number of applications submitted by other applicants were missing valid one-line diagrams sealed by a Michigan-licensed professional engineer. The Company has since been working to complete a review of all pending interconnection applications to determine the full scope of this problem, and to communicate to developers regarding its impact on individual projects. The Company is also working to determine the best course of action for correcting impacted applications. At a minimum, correcting these applications will require Consumers Energy staff to review re-submitted one-line diagrams for each impacted project – an endeavor that will consume additional Company resources and likely cause additional delays in processing and releasing interconnection applications.

18. The Company’s efforts to review and process interconnection applications in a timely manner has additionally been affected by recent informal complaints and litigation threats from project developers. The Company has made efforts to communicate one-on-one with interconnection applicants regarding the resource constraints caused by increased interconnection demand, as well as emerging technical issues such as system protection considerations and the validity of professional engineer seals. And, on December 19, 2018, the

Company sent a standardized letter to all interconnection applicants regarding these issues. See Attachment A. Consumers Energy has nevertheless received numerous informal complaints from project developers whose engineering reviews and/or distribution system studies are either not yet complete or not yet released. A number of project developers have threatened to file formal administrative litigation with the Commission to force Consumers Energy to complete and release application review materials. The Company understands that at least one developer has brought similar complaints directly to MPSC Staff. Rather than speeding the Company's review and release of pending interconnection applications, however, fielding complaints from developers and preparing to defend potential litigation has only increased the burden on Consumers Energy's interconnection resources.

19. Through 2016, Consumers Energy's interconnection team had adequate resources and staffing to handle the typical number of interconnection applications received in a given year. That changed suddenly in 2017, when the Company received more than four times the average annual number of interconnection applications it had received from 2008 to 2016. The increase in interconnection applications that began in 2017 was too substantial, and too sudden, to allow the Company to respond with an immediate corresponding increase in resources and staffing. Despite its best effort to keep pace, the Company's interconnection resources were quickly overwhelmed. There are several important reasons for this.

20. First, the scale of the problem was not truly known to the Company until 2018. The increase in interconnection applications in 2017 was largely "backloaded" in the second half of that year, as shown on the following figure:



Nor could the increase in applications experienced in 2017 and 2018 have been predicted by the Company in earlier years. Applying a simple trend line to the number of applications received between 2008 and 2016 would have suggested a likely annual total of approximately 230 interconnection applications in 2017 and approximately 252 applications in 2018. Based on the same trend line, Consumers Energy would not have reached the annual total of interconnection applications actually received in 2017 until around 2040, and it would not have reached the annual total of interconnection applications actually received in 2018 until after 2097. Even if the Company had doubled its expectations for interconnection demand growth in 2016 – something there was no reason to do at the time – the resulting projection would have fallen far short.

21. Second, hiring and training internal interconnection staff takes significant time and resources. While it is relatively easy and cost-effective to hire administrative and even certain technical support staff to review and process interconnection applications, performing engineering reviews and distribution system studies requires highly-skilled personnel. These personnel must not only be trained engineers, but they must develop an understanding of Consumers Energy’s complex distribution system, system planning criteria, and system planning

and protection software. As interconnection applications have increasingly proposed larger and more complex distributed energy resources, engineering reviews and distribution system studies require the involvement of specialized high voltage distribution system engineers, low voltage distribution system engineers, and protection engineers. It takes several years for an engineer to develop the skills needed to perform any of these roles – particularly as the Company’s existing personnel are still grappling with the inherent learning curve associated with a transition to larger and more complex distributed energy resources and the way in which those resources interact on Consumers Energy’s distribution system. Given the sudden change in Michigan’s interconnection landscape and the difficulty of predicting such sudden changes, Consumers Energy has been both reluctant and unable to make significant investments in new, highly-trained internal personnel. The Company’s interconnection staffing has also been impacted by attrition among trained personnel.

22. Third, Consumers Energy has been reluctant to increase staffing and resourcing for the interconnection process because that would likely increase costs for interconnection applicants. Under the current Interconnection Standards, utilities are directed to charge interconnection applicants the actual costs of performing engineering reviews and distribution system studies for many projects unless the Commission establishes a different amount. Mich Admin Code, R 460.618(1). If the Company were to invest in significant new staffing or resources for interconnection – particularly outside contractors, which may not require as much time to train – it would likely be forced to increase the costs charged to interconnection applicants for performing these studies. For example, Consumers Energy currently charges applicants between \$1,200 and \$5,000 to perform interconnection studies, depending on project and study type, but the same studies could cost upwards of \$20,000 if performed by outside

contractors. The Company historically made a conscious choice to handle interconnection applications internally, rather than with outside contractors, both to ensure that studies were performed by personnel with adequate knowledge of Consumers Energy's distribution system, and to reduce costs for applicants.

23. Fourth, there is still some uncertainty in the Company's outlook for future interconnection staffing and resources. The Commission, for example, recently initiated a stakeholder workgroup process to discuss wholesale changes to its existing Interconnection Rules. See MPSC Case No. U-20344. This stakeholder process is expected to result in new interconnection rules to be implemented within the next two years. Further, the Company's Integrated Resource Plan is still pending before the Commission in Case No. U-20165. The outcome of these two proceedings, among others, could significantly impact the interconnection landscape for Consumers Energy over the next decade or more. This type of uncertainty makes it difficult for the Company to plan and execute adequately on increased staffing or resources for interconnection.

24. Nonetheless, as the true scale of shifts in the interconnection landscape have become apparent in the past year, Consumers Energy has made a concerted effort to increase staffing and resources for its interconnection team in a reasonable and cost-effective manner. In April 2018, the Company hired a contract staff member to assist with processing documentation for Category 1 and Category 2 interconnection applications. In May 2018, the Company shifted a Senior Network Attachment Specialist into a new role focused on processing Category 3, Category 4, and Category 5 interconnection applications. Then, in September 2018, Consumers Energy hired three more contract staff members: one in a technical role focused on consultation requests, study tracking, and software development; one in an administrative role focused on the

Category 1 and Category 2 application process; and one in a financial role to assist in processing interconnection application fees. Consumers Energy's interconnection staff has routinely borrowed and re-allocated time from personnel in other departments, as needed and available, to assist with application review and processing. And, despite the potential for increased costs to applicants, the Company is now also preparing to issue a new Request for Proposals designed to seek the assistance of outside engineering consultants in performing engineering reviews and distribution system studies.

25. As a result of the Company's efforts to accelerate its application review process, it has made substantial progress. Since 2017, Consumers Energy has fully processed more than 1,500 interconnection applications, representing a significant increase in processing capacity. Still, while Consumers Energy has actively worked to increase its interconnection staffing and resourcing in the past two years, the pace and increased complexity of interconnection applications has outstripped the Company's ability to do so in a manner that ensures reliability, safety, and fairness to developers. The unprecedented volume of interconnection applications submitted to Consumers Energy in the past two years, and the host of other technical and procedural challenges that have resulted, means that the Company does not now have adequate resources to continue complying with the timing requirements of the current Interconnection Standards.

26. Despite its efforts to accelerate interconnection application processing, and its real progress in doing so to date, the Company still has approximately 800 outstanding interconnection applications – more than 500 of which are for large Category 4 and Category 5 projects. And, the Company expects the pace of new applications to increase in 2019. Consumers Energy needs relief from certain limited provisions of the current Interconnection

Standards in order to continue its effort to review and process these interconnection applications, and to develop technically sound engineering reviews and distribution system studies, in a manner that is fair to all interconnection applicants. The 2009 Interconnection Standards contemplate this type of relief in the form of a waiver. Specifically, Rule 12 of the Commission's current Interconnection Standards provides that:

“An electric utility, alternative electric supplier, or applicant may apply for a waiver from 1 or more provisions of these rules. The commission may grant a waiver upon a showing of good cause and a finding that the waiver is in the public interest.” Mich Admin Code, R 460.612.

27. The Company respectfully requests a waiver of the following provisions in the current Interconnection Standards:

- a. **Rule 15 (Mich Admin Code, R 460.615):** This rule requires utilities to develop interconnection procedures and forms to be approved by the Commission. Together with other Michigan utilities, Consumers Energy filed proposed interconnection procedures and forms with the Commission on August 3, 2009. The Commission approved these procedures, for Category 1 and Category 2 interconnection applications, in its December 20, 2012 Order in Case No. U-15919. The Commission has not yet approved interconnection procedures for Category 3, Category 4, or Category 5 applications, but Consumers Energy has employed its proposed procedures for all categories since 2012. To the extent the Commission grants a waiver of any specific provision of its Interconnection Standards, Consumers Energy requests that the Commission also grant a waiver of any corresponding provision in the Company's interconnection procedures and forms; and
- b. **Rule 20 (Mich Admin Code, R 460.620):** This rule establishes procedures for reviewing and processing interconnection applications and, where applicable, performing and releasing engineering reviews and distribution system studies. Consumers Energy is not seeking a blanket waiver of Rule 20, as the Company intends to continue its significant efforts to move existing and future interconnection applications through this review process. However, the Company requests a waiver of the following specific provisions of Rule 20:
 - i. 10-day completeness determination: Rule 20(4) requires Consumers Energy to notify each interconnection applicant whether its interconnection application is complete within 10 working days of

receiving a new or revised interconnection application. The Company requests an indefinite waiver of this requirement;

- ii. 10-day application review: Rule 20(5) requires Consumers Energy to review each interconnection application within 10 working days of determining that the application is complete. The Company requests an indefinite waiver of this requirement;
- iii. Engineering review deadlines: Rule 20(6) requires Consumers Energy to complete engineering reviews, where needed and requested by interconnection applicants, within certain prescribed time periods corresponding to project category. The Company requests an indefinite waiver of this requirement; and
- iv. Distribution system study deadlines: Rule 20(8) requires Consumers Energy to complete distribution system studies, where needed and requested by interconnection applicants, within certain prescribed time periods corresponding to project category. The Company requests an indefinite waiver of this requirement.

28. For reasons explained in detail elsewhere in this application, there is good cause for a waiver of these limited requirements in the current Interconnection Standards. The Company's need for a waiver is driven largely by the increased volume and complexity of projects proposed by interconnection applicants since 2017. Those trends are outside the Company's control, and, despite recent efforts to increase staffing and resources for the interconnection process, Consumers Energy remains caught between trying to ensure the orderly review of applications and release of corresponding studies, as required by the current Interconnection Standards, and trying to comply with the time frames required by the same rules. For the foreseeable future, the Company will likely be unable to do both consistently.

29. The limited waiver sought by Consumers Energy is also in the public interest. The Company's highest priorities in reviewing interconnection applications are safety and reliability, followed by fairness and certainty for the Company, its customers, and interconnection applicants. At its current staffing and resource levels, the Company cannot fully adhere to those priorities while still processing interconnection applications and performing

corresponding studies within the times required by the current rules. A waiver of these provisions will allow the Company to continue reviewing and processing interconnection applications, and to perform technically sound engineering reviews and distribution system studies, in an orderly fashion. That, in turn, is needed to ensure that the Company is protecting system function and reliability for its existing customers; that it is ensuring the safety of its employees and the public; and that it can provide fairness and certainty for Consumers Energy, its customers, and interconnection applicants. A waiver would potentially also remove the cloud of threatened administrative litigation from Consumers Energy's interconnection review process and avoid escalating disputes that will otherwise inevitably consume significant Company and MPSC resources.

30. Consumers Energy has requested an “indefinite” waiver of the limited Interconnection Standards discussed above. However, Consumers Energy fully intends to continue its efforts to accelerate review of interconnection applications by increasing its interconnection resources, and the Company hopes that it can process all outstanding studies prior to the end of 2019 – if not earlier. Yet, the Company expects the pace of new interconnection applications to continue increasing in 2019, and cannot currently know with certainty how long it will take to process both its existing backlog of interconnection applications and an expected further increase in new applications. As such, it could potentially take a year or longer for Consumers Energy both to complete its review of all outstanding applications and reach a consistent application review pace that matches the pace of new incoming interconnection applications.

31. Consumers Energy acknowledges that the Commission expects to finalize and approve new interconnection rules sometime in 2020. Practically speaking, therefore, the

Company is seeking a limited waiver of certain provisions in the current Interconnection Standards only until those standards are replaced by new interconnection rules. By 2020, Consumers Energy anticipates making significant progress in its ability to process interconnection applications in an efficient and technically sound manner. The Company also expects that the Commission's new interconnection rules, which Consumers Energy is actively helping to shape through an ongoing stakeholder process, will resolve some of the challenges faced by utilities trying to apply the existing Interconnection Standards in a shifting interconnection environment.

32. If the Commission grants the limited waiver requested by Consumers Energy here, the Company plans to implement a 90-day moratorium on all interconnection application processing and corresponding interconnection agreement negotiations with applicants. The Company intends to use this 90-day period (i) to evaluate whether and to what extent previously-released engineering reviews or distribution system studies may need to be retracted and revised due to system protection and reliability concerns, to communicate with impacted applicants, and to make necessary revisions; (ii) to identify all existing interconnection applications impacted by a flawed or missing professional engineer's seal, and communicate with impacted developers to ensure that this issue is appropriately cured; and (iii) to evaluate increased resource allocation and organization for the continued acceleration of application review.

33. Following this 90-day moratorium, Consumers Energy will return to reviewing and processing all interconnection applications in an expeditious and orderly manner. Absent contrary direction from the Commission, the Company will continue to utilize phased queues for its interconnection process rather than processing all applications in strict order of the original interconnection queue.

34. Consumers Energy proposes to file monthly status reports on its interconnection review process, beginning upon the conclusion of the initial 90-day moratorium mentioned above. Such reports would update the Commission on the Company's progress in processing applications and issuing required studies, its current backlog of applications, its rate of new application receipt, and any significant new technical or procedural issues discovered in its review process. These monthly reports would allow the Company and the Commission to evaluate, on an ongoing basis, the continued need for a limited waiver of the current Interconnection Standards. Consumers Energy will also continue to participate as an active member of the stakeholder workgroup currently discussing changes to the Commission's interconnection rules.

35. Approval of the relief requested in this application will not increase rates or charges for any customer. Therefore, Consumers Energy respectfully requests the Commission to approve the relief requested on an *ex parte* basis without the time and expense of a public hearing.

WHEREFORE, Consumers Energy Company respectfully requests that the Michigan Public Service Commission:

- (A) Accept this application for filing;
- (B) Determine that there is good cause for the limited waiver requested by the Company;
- (C) Find that the limited waiver requested by the Company is in the public interest;
- (D) Issue an order waiving the Company's obligation to comply with certain provisions of Rules 15 and 20 of the Commission's current Interconnection Standards, as set forth in Paragraph 27, above;

(E) Determine that the relief requested herein should be granted *ex parte* without the time and expense of a public hearing; and

(F) Grant such other and further relief as is lawful and appropriate.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Dated: January 18, 2019

By: _____
Timothy J. Sparks
Vice President
Electric Grid Integration
Consumers Energy Company

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the application of)
CONSUMERS ENERGY COMPANY)
for a partial waiver of the Electric)
Interconnection and Net Metering)
Standards.)
_____)

Case No. U-20444

VERIFICATION

Timothy J. Sparks states that he is Vice President-Electric Grid Integration of Consumers Energy Company; that he has executed the foregoing Application for and on behalf of Consumers Energy Company; that he has read the foregoing Application and is familiar with the contents thereof; that the facts contained therein are true, to the best of his knowledge and belief; and that he is duly authorized to execute such Application on behalf of Consumers Energy Company.

Dated: January 18, 2019

Timothy J. Sparks
Vice President
Electric Grid Integration

ATTACHMENT A

A CMS Energy Company

December 19, 2018

**RE: GENERATOR INTERCONNECTION APPLICATIONS – DISTRIBUTION
SYSTEM STUDIES AND ENGINEERING REVIEWS**

Dear Interconnection Applicant:

Consumers Energy Company (“Consumers” or the “Company”) appreciates your interest in interconnecting one or more electric generating facilities to the Company’s distribution system. The Company is contacting you now to provide an update on the status of your application or applications.

As you are probably aware, Consumers has received an unprecedented number of interconnection applications over the past two years. This is largely the result of increased interest in developing small solar-powered electric generating projects in Michigan. Consumers values and supports this trend, as demonstrated by the Integrated Resource Plan filed by the Company earlier this year with the Michigan Public Service Commission (“MPSC” or “Commission”).

Processing these applications and performing the corresponding engineering reviews and distribution system studies mandated by current MPSC regulations, has placed a significant strain on the Company’s resources. This strain is due not just to the volume of interconnection applications we have received, but also to the technical complexity of interconnecting numerous small generation projects to the Company’s distribution system in a way that ensures both safety and system reliability. The increased volume of interconnection applications and the increased technical complexity of evaluating so many projects have impacted the speed with which Consumers can process and approve projects for interconnection.

The Company recently identified two technical issues that appear to affect a number of projects in our interconnection queue. First, Consumers has discovered that certain applications were submitted or re-submitted to the Company without valid one-line diagrams sealed by a Michigan-licensed professional engineer, as required by the Commission’s interconnection rules. *See Mich Admin Code R 460.620(2)-(3)*. We are in the process of inventorying affected applications and contacting the corresponding developers. We are also working to determine the most appropriate way for developers to cure affected applications, and to determine what impact, if any, this issue will have on application status and the position of projects in our interconnection queue.

Second, in the course of performing distribution system studies, Consumers recently discovered that engineering standards may prevent the development of certain projects in our interconnection queue – or, at a minimum, make construction of those projects cost-prohibitive. Specifically, a number of projects will likely require construction of substantial system upgrades before they can interconnect with Consumers’ distribution system. These upgrades will be necessary to ensure

compliance with Consumers' system protection criteria and to prevent degradation of current system reliability. The cost of the required upgrades may impact the economic and/or engineering viability of certain projects. To the extent certain projects are non-viable due to these engineering standards, this may impact the position and/or viability of other projects in the Company's interconnection queue. Consumers is currently working to identify projects that may be impacted by this issue and to contact the corresponding applicants. We are making every effort to complete this review quickly, but, again, safety and overall system reliability remain the Company's highest priorities.

In addition to safety and reliability, a priority for Consumers is to treat all interconnection applicants in a fair and even-handed manner. We are working diligently to review applications and complete required engineering reviews and distribution studies in an expeditious, fair, and technically sound manner. We will reach out to individual developers as more is known about specific projects and the overall impact of these issues on project viability and queue position. In the meantime, we thank you for your continued patience as the Company works to process and study the many projects in our interconnection queue.

Sincerely,



Theresa K. Martinez

Director, Distribution Agreements & Attachments

CC: Emerson Hilton, Consumers Energy
Nicholas B. Tenney, Consumers Energy