

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
to open a docket for certain regulated electric)	
utilities to file their distribution investment)	Case No. U-20147
and maintenance plans and for other related,)	
uncontested matters.)	
_____)	

At the September 11, 2019 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Daniel C. Scripps, Commissioner
Hon. Tremaine L. Phillips, Commissioner

ORDER

Beginning in Case Nos. U-17990 and U-18014, and thereafter U-18370, the Commission launched an ongoing initiative focused on transparent and long-term electric distribution planning, all collectively now placed in this docket (Case No. U-20147) and currently applicable to DTE Electric Company (DTE Electric), Consumers Energy Company (Consumers), and Indiana Michigan Power Company (I&M).¹

¹ See, January 31, 2017 order in Case No. U-18014, pp. 35-41, 131; February 28, 2017 order in Case No. U-17990, pp. 14-19, 167; October 11, 2017 order in Case Nos. U-17990 and U-18014; April 12, 2018 order in Case No. U-18370, pp. 27-28, 86; April 12, 2018 order in Case No. U-20147; and November 21, 2018 order in Case No. U-20147 (November 21 order).

Since the November 21 order,² comments and responses were filed by interested stakeholders in response to I&M's draft distribution plan for 2019-2023 filed in this docket on October 31, 2018; I&M filed its final distribution plan for 2019-2023 in this docket on April 3, 2019; and the Commission Staff (Staff) held distribution planning stakeholder sessions at the Commission's Lansing office on June 27, 2019, and August 14, 2019.³ Also during this time, Michigan experienced a string of energy events that resulted because of the cold weather emergency that occurred from January 29, 2019, through February 1, 2019, giving rise to the Commission's Michigan Statewide Energy Assessment (SEA). *See*, Case No. U-20464.

In the final SEA report (Case No. U-20464, filing #U-20464-0063), p. 196 (emphasis omitted), the Commission states:

E-5: Five-year electric distribution plans are developed separately from electric integrated resource plans [(IRPs)] that plan how the utility will meet its future customer demand. With increased adoption of electric vehicles and distributed energy resources such as solar and energy storage, the Commission recommends utilities better align electric distribution plans with integrated resource plans to develop a cohesive, holistic plan and optimize investments considering cost, reliability, resiliency, and risk. As part of this effort, Staff, utilities, and other stakeholders should identify refinements to IRP modeling parameters related to forecasts of distributed energy resources (e.g., electric vehicles, on-site solar), reliability needs with increased adoption of intermittent resources, and the value of fuel security and diversity of resources in IRPs. A framework should also be developed to evaluate non-wires alternatives such as targeted energy waste reduction and demand response in IRPs and distribution plans.

² In the November 21 order, the Commission set forth future guidance for the next round of distribution investment and maintenance plans (distribution plans) and also established dates for DTE Electric and Consumers to file their next versions. DTE Electric and Consumers respectively filed their first (final) distribution plans for 2018-2022 on January 31, 2018, in Case No. U-18014, and April 13, 2018, in Case No. U-17990 (as amended).

³ For more details, *see*, <<https://www.michigan.gov/mpsc/0,4639,7-159-91243-464286--,00.html>> (accessed September 11, 2019). The Commission notes the next distribution planning stakeholder session is scheduled for Wednesday, September 18, 2019, from 9:00 am-4:00 pm (Eastern time), also at the Commission's Lansing office, 7109 W. Saginaw Highway, Lansing, MI 48909.

See also, final SEA report, p. 191.

The Commission acknowledges Michigan Electric and Gas Association's comments in Case No. U-20464 indicating that the first round of IRP cases is not yet complete. However, the Commission agrees with DTE Energy Company's (DTE's) comments that "now is the time to begin analyzing how to align our distribution planning and resource planning to accommodate potentially significant market penetration of DER [distributed energy resources] and EV [electric vehicles] in the future." Case No. U-20464, filing #U-20464-0049, p. 10. The Commission also agrees with DTE that the planning processes will continue to evolve as technology and customer trends change. The Commission expects it will take several iterations of plans to more fully align integrated resource planning and distribution planning and is not envisioning such alignment to be completed with this next round of distribution plans. It is nonetheless important to raise this longer-term objective as utilities, the Staff, and stakeholders are working on both IRPs and distribution plans. These ongoing planning activities may shed light on opportunities and barriers that affect alignment, particularly as it relates to forecasting, modeling tools, and analysis of alternatives. This, in turn, could help inform updates to the Michigan Integrated Resource Planning Parameters for the next round of IRPs pursuant to 2016 PA 341. To be clear, however, the Commission is not initiating a process to update the IRP parameters in this docket as such updates would be handled in a separate proceeding at a later time.

The Commission also observes that the final SEA report recommendation referenced above related to the evaluation of "non-wires alternatives such as targeted energy waste reduction and demand response in IRPs and distribution plans" is consistent with the Commission's guidance in the November 21 order in the instant docket to consider non-wires alternatives in the distribution plans currently under development.

In the final SEA report, p. 196 (emphasis omitted), the Commission also discusses the value of resilience and states:

E-7: Developing a methodology to evaluate the benefits of resilience improvements will better enable the Commission and stakeholders to ensure that expenditures made to capture resilience improvements are reasonable and prudent. The Commission recommends utilities work with Staff and stakeholders to propose a methodology to quantify the value of resilience, particularly related to DERs. In addition, the value of resilience should be considered in future investment decisions related to energy infrastructure in future cases.

See also, final SEA report, pp. 188-190.

Given the above, the Commission finds it appropriate to have the Staff look at the value of resilience in the distribution planning stakeholder process. The value of resilience also ties into the Commission's directive in the November 21 order to examine cost-benefit methodologies as part of this next phase of distribution plans. The Commission expects the near-term work done to capture the value of resilience improvements to be informative to the review of investments in future rate cases and to forthcoming discussions related to the alignment of distribution plans with IRPs as discussed above.

The initial round of distribution plans covered a five-year period, although consideration was given to longer-term system needs and strategies during the planning discussions. Moreover, utilities have planning models and capital investment strategies looking out over a longer-term horizon than five years. Using a planning horizon beyond five years can help ensure near-term investments will provide long-term ratepayer value and will be adaptive to emerging energy technologies that may alter the way energy is produced, delivered, and used in the future. Therefore, the Commission directs DTE Electric, Consumers, and I&M to continue to develop detailed distribution plans over a five-year period, but also include in the plan their vision

and high-level investment strategies 10 and 15 years out. This approach is consistent with the planning horizons used in IRPs.

The Commission also directs the Staff to file a report in this docket by April 1, 2020, summarizing the stakeholder workgroup process and providing recommendations for the Commission to include as guidance for the next round of distribution plans.

The Commission further finds it appropriate to extend DTE Electric's and Consumers' next filing date for the second iterations of their distribution plans from June 30, 2020, to June 30, 2021, a date the Commission finds I&M should likewise follow with its next iteration, also following the framework set forth in the November 21 order. *See*, November 21 order, pp. 32-39. The Commission finds that this additional time will allow for a longer stakeholder process and will also provide Consumers, at the very least, the ability to file its next IRP and distribution plan in a coordinated fashion. *See*, June 7, 2019 order in Case No. U-20165.

THEREFORE, IT IS ORDERED that:

A. The Commission Staff shall file a report of its findings from its distribution planning stakeholder sessions in this docket by April 1, 2020. The report shall summarize the stakeholder workgroup process, including discussions conducted on the value of resilience, and shall also provide recommendations for the Commission to include as guidance for the next round of distribution investment and maintenance plans.

B. The deadline for DTE Electric Company and Consumers Energy Company to separately file their next distribution investment and maintenance plans is extended to June 30, 2021. Indiana Michigan Power Company shall also file its next distribution investment and maintenance plan by June 30, 2021. These next distribution investment and maintenance plans shall be consistent with this order and the November 21, 2018 order in this docket.

C. The Commission's Executive Secretary shall update the e-docket system to reflect the new caption for this docket set forth at the beginning of this order.

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

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Daniel C. Scripps, Commissioner

Tremaine L. Phillips, Commissioner

By its action of September 11, 2019.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

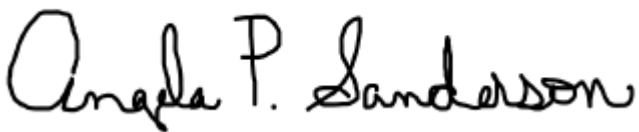
Case No. U-20147

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 11, 2019 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).


Brianna Brown

Subscribed and sworn to before me
this 11th day of September 2019.



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

Service List for Case: U-20147

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