

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 load serving entities in)	
Michigan to file their capacity demonstrations as)	Case No. U-20154
required by MCL 460.6w.)	
_____)	

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)	Case No. U-20590
required by MCL 460.6w.)	
_____)	

At the August 8, 2019 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
 Hon. Norman J. Saari, Commissioner
 Hon. Daniel C. Scripps, Commissioner

ORDER

MCL 460.6w(8) requires each electric utility, alternative electric supplier (AES), cooperative electric utility, and municipally-owned electric utility to demonstrate to the Commission, in a format determined by the Commission, that each load serving entity (LSE) owns or has contractual rights to sufficient capacity to meet its capacity obligations as set by the Midcontinent Independent System Operator, Inc. (MISO) or by PJM Interconnection, L.L.C. (PJM), or the Commission, as applicable. *See also*, MCL 460.6w(11). This is known as a state reliability mechanism (SRM) capacity demonstration. Regulated electric utilities' capacity demonstration filings are due on or

around December 1 each year; AESs', cooperatives', and municipally-owned electric utilities' filings are due on or around the seventh business day of February each year. MCL 460.6w(8)(a), (b). In the September 15, 2017 order in Case No. U-18197, the Commission adopted a format for the capacity demonstration filings required by MCL 460.6w(8) (September 15 order), including templates for reporting and for affidavits.¹ Each year, the Commission opens a docket for the purpose of receiving those filings, and sets due dates for the filings and for the Commission Staff's (Staff) report providing an analysis of the sufficiency of each LSE's capacity demonstration. In the May 17, 2018 order in Case No. U-18441 *et al.*, the Commission opened the docket in Case No. U-20154 for the purpose of receiving LSEs' capacity demonstrations for the 2022/2023 planning year (PY), and directed the Staff to file its analysis no later than March 28, 2019.

On March 28, 2019, the Staff filed the Capacity Demonstration Results Report in Case No. U-20154, addressing the capacity demonstrations for PY 2022/2023 (Staff Report). The Staff states that all LSEs made timely capacity demonstration filings.

The Staff states that it held pre-filing consultations, as well as post-filing meetings with LSEs, and audited a limited number of contracts, focusing on contracts that had not already been reviewed in a prior capacity demonstration proceeding. A few LSEs filed amended capacity demonstrations as a result of the Staff's audit and review. Several AESs filed letters indicating that they are not currently serving any customers in Michigan.

The Staff provides definitions of key terms and explains how its analysis was conducted. Staff Report, pp. 5-6. The Staff notes that MISO changed the definition of local clearing

¹ The filing requirements have been slightly modified in the intervening years. *See*, the September 13, 2018 order in Case No. U-20154. In the March 17, 2019 order in Case No. U-20154, the Commission also approved a protective order for use with capacity demonstration filings. That protective order may also be used in Case No. U-20590.

requirement (LCR) effective March 30, 2019. The Staff states that, for purposes of the Staff Report,

an LRZ [local resource zone] can fall short of its PRMR [planning reserve margin requirement] if:

- The magnitude of the shortfall is less than the amount of resources that can physically be imported.
- The LRZ must have a specified amount of capacity resources, equal to or greater than the LCR, physically located within the LRZ in order to meet the LOLE [loss of load expectation] reliability criterion.

Staff Report, p. 6.

The Staff concludes that MISO LRZ 7 will have sufficient resources to meet its LCR for the prompt PY (2019/2020), and that LRZ 7 is projected to exceed its LCR by more than 1,300 megawatts (MW) in PY 2022/2023. *Id.*, pp. 7-8. LRZ 7 comprises the Lower Peninsula of Michigan (with the exception of the southwest corner, which is discussed separately). The Staff projects that LRZ 7 will have more than 700 MW of surplus capacity available relative to its PRMR in PY 2022/2023. The Staff notes that its findings show that LRZ 7 would fall short of meeting its LCR by 232 zonal resource credits (ZRCs) in 2019, but explains that this occurs when only demonstrated resources are considered. LRZ 7 meets its LCR when including known resources within the zone that were excluded from capacity demonstration filings. *Id.*, pp. 8-9. The Staff notes that several capacity requirement and resource changes are taking place in 2019, including an increased local reliability requirement, an increased LCR, and an increase in demand response (DR) programs.

The Staff further concludes that the Michigan portions of MISO LRZ 1 and LRZ 2 (which together comprise the Upper Peninsula) will have sufficient capacity resources to meet their respective requirements in the prompt year and the 2022/2023 PY. *Id.*, pp. 12-14. The Staff describes improvements to generation and transmission assets that are taking place in the Upper

Peninsula. Finally, the Staff concludes that the southwest corner of the Lower Peninsula, which is located in PJM territory, will have sufficient capacity resources to meet PJM's requirements. *Id.*, pp. 14-16.

The Staff notes that the provisions of the September 15 order related to a forward locational requirement are stayed while that order is on appeal. The Staff also notes that all supplier types show an increase in DR resources for PY 2022/2023 compared to last year's filings. *Id.*, p. 17. The Staff concludes, "All LSEs that filed capacity demonstrations in Case No. U-20154 have met the requisite levels of planning resources for planning year 2022/23." *Id.*, p. 19.

Turning to recommendations, the Staff requests that the Commission approve changes to the reporting templates, as illustrated in Appendix B to the Staff Report. These changes are minor, and involve adding line items to capture any applicable customer load switching and MISO planning resource auction purchases. The Commission approves the template changes attached as Appendix B to the Staff Report.

The Staff also requests that the Commission defer any decision on whether to alter the capacity demonstration filing requirements related to aggregated DR resources until the conclusion of the stakeholder activities in Case No. U-20348 and the filing of the Staff's May 30, 2019 report in that docket. That report has been filed and the Commission is issuing a final order in Case No. U-20348 simultaneous with this order. In the August 8, 2019 order in Case No. U-20348, the Commission approved new capacity demonstration filing requirements related to DR resources. These new DR requirements have been incorporated into a new set of SRM capacity demonstration filing requirements, which are attached to this order as Attachment A. This new set of filing requirements takes the place of the requirements adopted in the September 15 order.

The Commission accepts the Staff's Report and adopts the recommendations contained therein. The Commission finds that no show cause proceedings are necessary for the 2019/2020 through 2022/2023 PYs, and that, based on the filings in Case No. U-20154, no AES customers will be levied an SRM capacity charge during that period. The Commission commends the Staff, MISO, and the LSEs for their efforts, which have produced a more streamlined process this year. The Commission looks forward to the continued robust review of capacity resources for future planning years.

THEREFORE, IT IS ORDERED that:

- A. The March 28, 2019 Capacity Demonstration Results Report filed in Case No. U-20154 is accepted.
- B. The reporting templates are revised as shown in Appendix B to the March 28, 2019 Capacity Demonstration Results Report, and the Capacity Demonstration Process and Requirements, attached hereto as Attachment A, are adopted for immediate use.
- C. Electric utilities required to file capacity demonstrations pursuant to MCL 460.6w(8)(a) for the 2023/2024 planning year shall make that filing no later than 5:00 p.m. on December 2, 2019, in Case No. U-20590, and load serving entities required to file capacity demonstrations pursuant to MCL 460.6w(8)(b) for the 2023/2024 planning year shall make that filing no later than 5:00 p.m. on February 11, 2020, in Case No. U-20590.
- D. The Commission Staff shall file a report analyzing the sufficiency of the capacity demonstrations for the 2023/2024 planning year no later than March 27, 2020, in Case No. U-20590. Any recommended changes to the Capacity Demonstration Process and Requirements shall be attached to the Commission Staff's report filed in Case No. U-20590.
- E. The docket in Case No. U-20154 is closed, and the docket in Case No. U-20590 is opened.

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 pungpl@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

Daniel C. Scripps, Commissioner

By its action of August 8, 2019.

Barbara S. Kunkel, Acting Executive Secretary

ATTACHMENT A

CAPACITY DEMONSTRATION PROCESS AND REQUIREMENTS FOR PLANNING YEAR 2023/24

Capacity Demonstration Process

Commission issued final order on Michigan Forward Locational Requirements for 2022/23 & 2023/24 (Case No. U-18444)	Commission issues orders in cases to assign AES capacity obligations to utilities and impose SRM charges from U-18441 demonstrations; Commission also opens docket (U-20154) for 2022/23 demonstration	Commission Staff issues memo in 2022/23 capacity demonstration docket with updated capacity obligations based upon latest MISO LOLE report	Utilities file capacity demonstrations in same docket	AESs, Cooperatives, Municipalities file capacity demonstrations in same docket	Commission Staff issues memo regarding sufficiency of capacity demonstrations in docket
June 28, 2018#	September 1, 2018*	November 1, 2018*	December 3, 2018*	February 11, 2019*	March 28, 2019*
Commission Order on capacity demonstration, possibly opening new contested case(s) to impose SRM charges	Commission issues orders in cases to assign AES capacity obligations to utilities and impose SRM charges from 2022/23 demonstrations; Commission also opens docket for 2023/24 demonstration	Commission opens docket for contested case to set the Michigan Forward Locational Requirements for 2024/25 & 2025/26	Commission Staff issues memo in 2023/24 capacity demonstration docket with updated capacity obligations based upon latest MISO LOLE report	Utilities file capacity demonstrations in same docket	AESs, Cooperatives, Municipalities file capacity demonstrations in same docket
April, 2019*	September 1, 2019*	October, 2019#	November 1, 2019*	December 1, 2019*	February 11, 2020*
Commission Staff issues memo regarding sufficiency of capacity demonstrations in docket	Commission Order on capacity demonstration, possibly opening new contested case(s) to impose SRM charges	Commission issues final order on Michigan Forward Locational Requirements for 2024/25 & 2025/26			
March, 2020*	April, 2020*	July, 2020#			

*Capacity demonstration process (repeats annually)
 #Determine incremental capacity need (repeats every two years)

The Michigan Public Service Commission (MPSC or Commission) will open a docket in 2019 for planning year 2023/24 capacity demonstrations. The Commission order opening the capacity demonstration docket will provide requirements for load serving entities (LSE) to follow in making demonstrations and include the capacity obligations to be applicable for the demonstration year.

The capacity demonstration obligations will be determined in a consistent and transparent manner, based upon the most recently published Loss of Load Expectation (LOLE) study by the Midcontinent Independent System Operator (MISO).

The capacity demonstrations filed in this docket shall include four years of load obligations and owned or contracted resources, similar to the requests that the Commission has made in previous years. The

capacity demonstration for year four will be used to determine if the LSE has met its capacity obligations, while the data filed for years one through three will be used for informational purposes only. Each LSE's applicable capacity obligation will be based upon its most recent Planning Reserve Margin Requirement (PRMR), as specified by MISO, and adopted by the Commission.

For the purposes of the capacity demonstrations for the Michigan State Reliability Mechanism (SRM), MCL 460.6w(8), the total capacity obligation to meet for a given LSE shall be the LSEs' PRMR. The PRMR includes a LSE's MISO Coincident Peak Demand adjusted for internal demand response programs netted against load, plus transmission losses and planning reserve margin (PRM) UCAP (unforced capacity) percentage. For LSEs provided a peak load contribution (PLC) value from their Energy Distribution Company (EDC), their capacity obligation to meet shall be their PLC, if it already includes transmission losses, and PRM UCAP percent adjustments.

The applicable MISO PRM UCAP percentages reported in the MISO 2019-2020 LOLE Study are as follows:

Planning Year	2023/24
PRM UCAP	8.1%

The PRM UCAP percentages will be updated annually, or as released by MISO in future LOLE Studies. The PRM UCAP percentages applicable for each demonstration year will be included in the order that opens the capacity demonstration docket and will be updated by MPSC Staff memo to the docket if applicable PRMR updates are published by MISO subsequent to the Commission Order.

The PLC determination for Retail Open Access (ROA) customers should be made through a cooperative process which is consistent with current MISO rules for dispute resolution. These PLC determinations will ultimately drive the total amount of capacity obligation that an Alternative Electric Supplier (AES) will be required to meet in its annual demonstration before the Commission.

Forward Locational Requirement Methodology¹

The process used to determine the forward locational requirements is as follows:

1. Use the methodology from Staff's August 1, 2017 report and MISO's comments in Case No. U-18197 to project the Local Resource Zone's (LRZ) Locational Clearing Requirement (LCR) six years forward using the data provided in the 2018-2019 MISO LOLE Study Report.²
 - a. Extrapolate/Interpolate the Peak Demand and Local Reliability Requirement (LRR) UCAP per-unit of LRZ Peak Demand to find values for the needed year (not necessary in this iteration because 2023/24 values were included in the MISO LOLE Study Report).
 - b. Determine the LRZ's LRR by multiplying the zone's peak demand by the LRR UCAP per-unit of LRZ Peak Demand percentage.
 - c. Calculate the forward LCR by subtracting the Capacity Import Limit (held constant from the prompt year) from the LRR.

¹ The September 13, 2018 Order in Case No. U-18444 granted a stay to the effect of the June 28, 2018 order in the same case establishing an individual forward locational requirement.

² <https://www.misoenergy.org/api/documents/getbymediaid/80578>.

2. Analyze previously filed confidential and public LSE resource data to project any changes to the amount of existing resources in the zone six years forward.
3. Subtract the projected existing resources in the zone from the zone’s LCR to determine the forward locational incremental need.
4. Divided the forward locational incremental need by the zone’s Peak Demand. This percent is the forward locational requirement for each LSE for the two year period.
5. Split this percentage evenly to determine the annual percentage applicable to each of the two planning years; 2022/23 and 2023/24.
6. The forward locational requirement applicable to each LSE is the annual percentage multiplied by its respective prompt year peak demand applicable for the demonstration.

Zonal Locational Requirements for Planning Years 2022/23 and 2023/24:³

MISO Zone 2					
Planning Year	Peak Demand (MW) {A}	LRR UCAP per-unit of LRZ Peak Demand {B}	LRR (MW) {C}={A}*{B}	Capacity Import Limit (MW) {D}	LCR (MW) {E}={C}-{D}
2023/24	13,054	118.7%	15,495	2,317	13,178

MISO Zone 7					
Planning Year	Peak Demand (MW) {A}	LRR UCAP per-unit of LRZ Peak Demand {B}	LRR (MW) {C}={A}*{B}	Capacity Import Limit (MW) {D}	LCR (MW) {E}={C}-{D}
2023/24	21,384	115.3%	24,656	3,785	20,871

The zonal locational requirements for future planning years 2024/25 and beyond will be addressed in a future filing as determined by the Commission.

Zone 7 Incremental Need and Forward Locational Requirement

The total projected resources in Zone 7 in 2023/24 is based on the capacity demonstration filings in Case No. U-18197 which covered planning years 2017/18 through 2021/22. Adjustments were made to remove behind the meter generation (btmg) not in the MISO Resource Adequacy Construct, reported retirements, zonal resource credit (ZRC) purchases, resources located outside of the zone, and any double counted units. The resulting total projected resources in Zone 7 for 2023/24 is 19,734 MW or 1,137 MW less than the projected MISO LCR in 2023/24⁴. This forward incremental need represents 5.3% of the projected Zone 7 peak demand. Splitting this need evenly between the 2022/23 and 2023/24 planning years results in a forward locational requirement for each LSE in Zone 7 of 2.7% of its

³ The source for the data in columns {A} through {E} is the MISO 2018 – 2019 LOLE Study Report, <https://www.misoenergy.org/api/documents/getbymediaid/80578>.

⁴ The total projected resources has been updated to include the publicly announced retirements of Karn 1 & 2 as directed by the Commission in its June 28, 2018 order in Case No. U-18444, <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t00000023GMHAA2>.

prompt year PLC to be met with Zone 7 resources in 2022/23, and 5.3% in 2023/24. The percentage requirements were rounded to the nearest tenth of a percent.

Planning Year	Applicable PLC	Forward Locational Requirement
2022/23	Determined January, 2019	2.7%
2023/24	Determined January, 2020	5.3%

The forward locational requirements for Zone 7 for planning years 2024/25 and beyond will be re-evaluated going forward based upon future directives set by Commission Order.

Zone 2 Forward Locational Requirement

Unlike Zone 7, which is entirely located in the Lower Peninsula of Michigan, Zone 2 includes the Upper Peninsula of Michigan and a large portion of eastern Wisconsin. The MPSC does not have the same level of detail regarding the generation sited in Wisconsin as it does for generation sited in Michigan. Without making any assumptions regarding the future retirement of Zone 2 resources, the 2017-2018 MISO Planning Resource Auction Results show the Total Offers Submitted in Zone 2 of 15,149 ZRCs, which exceeds the projected Zone 2 LCR (13,178 MW) in 2023/24 by 15%. Utilizing the same method as applied to Zone 7 results in an incremental need of zero for Zone 2. Based upon the current surplus of existing resources in Zone 2, the forward locational requirement for LSEs in Zone 2 is zero for planning years 2022/23 and 2023/24. Although the current forward locational requirement is zero for LSEs in Zone 2, the adequacy of resources in Zone 2 will continue to be monitored. The PRMR capacity obligations still apply to LSEs in Zone 2 on a four-year forward basis as required by MCL 460.6w. The forward locational requirements for Zone 2 are not subject to biennial reevaluation unless the Commission directs otherwise in a future order.

Zone 1 Forward Locational Requirement

The individual forward locational requirement for LRZ 1 is zero and is not subject to biennial reevaluation unless the Commission directs otherwise in a future order. The PRMR capacity obligations still apply to LSEs in Zone 1 on a four-year forward basis as required by MCL 460.6w.

Resource Demonstrations

The minimum acceptable support for all resources submitted as part of a capacity demonstration include:

- 1) Documentation supporting the MISO zonal location of the resource, and;
- 2) The minimum acceptable support based upon the type of resource that is outlined in the sections below.

Existing generation (owned)

The minimum acceptable support for existing generation that is included in a capacity demonstration include:

- 1) An affidavit from an officer of the company claiming ownership of the unit(s), including a commitment of the unit(s) to LSE load in the applicable Michigan zone four years forward,
- 2) A copy of the existing ZRC qualification of the unit(s) from the MISO Module E Capacity Tracking Tool, and;
- 3) If there are retail tariffs or customer contracts associated with the resources, copies should be provided.

Existing demand response or energy efficiency resources (that have not been netted against load)

The minimum acceptable support for existing demand response resources or energy efficiency resources that have not already been netted against load include:

- 1) An affidavit from an officer of the company outlining the resource(s), including a commitment to maintain at least that same level of resources four years forward,
- 2) A copy of the existing ZRC qualification of the resource(s) from the MISO Module E Capacity Tracking Tool, and;
- 3) If there are retail tariffs or customer contracts associated with the resources, copies should be provided.

New or upgraded generation (owned)

The minimum acceptable support for proposed new generation include:

- 1) An affidavit from an officer of the company outlining the detailed plans for the new generation including milestones such as planned in-service date, expected regulatory approval date(s), planned date to enter the MISO generator interconnection queue, expected date for MISO generator interconnection agreement, construction timeline, etc.,
- 2) Documentation supporting the expected ZRC qualification from MISO for the new unit(s), and;
- 3) If there are retail tariffs or customer contracts associated with the resources, copies should be provided.

For new generation submitted as part of a capacity demonstration, the Commission finds that all of the above data be updated and submitted on an annual basis with each subsequent capacity demonstration until the unit(s) are in service.

New demand response or energy efficiency resources (that have not been netted against load)

The minimum acceptable support for new demand response resources or energy efficiency resources that have not already been netted against load included in a capacity demonstration include:

- 1) An affidavit from an officer of the company outlining the plans for the resource(s), including a commitment to achieve and/or maintain at least that same level of resources four years forward,
- 2) Evidence that the customer's distribution utility has been notified of specific customers participating in the resource,
- 3) Specific plans to have the resource(s) qualified by the independent system operator, and;
- 4) If there are retail tariffs or customer contracts associated with the resources, copies should be provided.

For new demand response or energy efficiency resources submitted as part of a capacity demonstration, the Commission finds that all of the above data be updated and submitted on an annual basis with each subsequent capacity demonstration until the resource(s) are in service. Final qualification / approval from the independent system operator should be submitted in a subsequent demonstration.

Existing generation (capacity contract)

The minimum acceptable support for capacity contracts with existing generation include:

- 1) An affidavit from an officer of the company including a copy of the contract that specifies the unit(s) or pool of generation that is the source of the contract, including the location of the unit(s) or pool. The affidavit should include a commitment to maintain the contracted amount four years forward regardless of any early out clauses in the contract, and;
- 2) A copy of the existing ZRC qualification of the unit(s) or pool from the MISO Module E Capacity Tracking Tool that the LSE obtains from the asset owner and includes with the demonstration filing.

Forward ZRC contracts

The minimum acceptable support for forward ZRC contracts include an affidavit from an officer of the company including a copy of the contract that specifies the zonal location of the ZRCs. The affidavit should include a commitment to maintain the contracted amount four years forward regardless of any early-out clauses in the contract. A forward ZRC contract that does not specify the zonal location of the ZRCs will be deemed insufficient towards meeting any portion of a locational requirement, unless the LSE provides other alternative support for the location of the ZRCs.

Any LSE that utilized a ZRC contract as part of their previous capacity demonstrations must provide prompt-year ZRC transfer documentation (MECT Module E screenshot) or provide Staff with the ability to confidentially review ZRC transfers in person at the Commission office.

Resources submitted in an LSE capacity demonstration to meet forward locational requirements must be located within the same LRZ as the LSE. Evidence demonstrating that a resource located outside of the LSE's zone would count towards meeting the LCR of the LSE's zone should be provided by the demonstrating LSE if applicable. Existing contracts with resources outside of an LSE's zone will count towards meeting forward locational requirements if they are for a period of at least twenty years and the contracts were entered into prior to MISO's implementation of local resource zones on June 1, 2013.

Aggregated EERs, Aggregated Storage, Aggregated DERs

The minimum acceptable support for aggregated energy efficiency resources (EERs), aggregated storage, and aggregated distributed energy resources (DERs) include:

- 1) An affidavit from an officer of the company outlining the resource(s), including a commitment to achieve and/or maintain at least that same level of resource(s) four years forward,
- 2) Documentation from MISO showing ZRC credit in the prompt-year for the resource(s), such as a MISO MECT screenshot, and;
- 3) If there are retail tariffs or customer contracts associated with the resource(s), copies should be provided.

PRA Purchases

The amount of ZRCs planned to be purchased in the MISO Planning Resource Auction (PRA) that will be deemed prudent in an approved capacity demonstration will be limited to the following percentage of the LSE’s total PRMR requirement.

Planning Year	2022/23	2023/24
PRA Purchases (%)	5%	5%

Utilization of the MISO PRA in interim years

A capacity demonstration filed by an LSE that includes a plan to purchase ZRCs in the PRA four years in the future in excess of the allowable amounts outlined above, will not constitute a demonstration that the LSE owns or has contracted resources to meet its future capacity obligations, unless those ZRCs are tied to specific identified resources that are committed to be offered in the PRA, by contract, on behalf of the LSE for the applicable planning year.

Once the Commission has determined that the capacity demonstration made by an LSE is deemed to be sufficient, it shall not be re-litigated or “trued-up” in the interim years. If, subsequent to its initial satisfactory capacity demonstration, an LSE experiences an unforeseen significant outage at one of its generation assets, or has an unforeseen variation in its total load obligations, these matters will be settled in the PRA. The LSE’s initial capacity demonstration will not be re-examined to reconcile projected interim year load obligations or generating resource capacity ratings with actual values that are experienced in that interim year.

Additional Considerations for Capacity Demonstrations

Other types of documentation submitted as part of a capacity demonstration will be evaluated on a case by case basis. Because some of the documentation that is required to be filed in these proceedings is commercially sensitive, competitive information, it shall continue to be treated in a confidential manner, as has been done in the past. The Staff shall file a memo in the docket as directed by the Commission,

outlining its findings from the demonstration filings, including a listing of any entities whose demonstration, in Staff's opinion, did not completely pass muster.

In the case where a demonstration filing does not pass Staff's muster, Staff would recommend that the Commission open a contested case docket, whereby the LSE in question could attempt to prove that its capacity demonstration should be deemed acceptable. The outcome of that case would be a Commission order potentially authorizing SRM capacity charges to ROA customer load as well as a respective increase in capacity obligations assigned to the incumbent utility as the Provider of Last Resort for capacity service. Any contested demonstration cases will be opened as soon as practicable following the issuance of the Staff memo and be completed within six months.

If an LSE has met the capacity demonstration requirements, no contested case will be opened, and no further action will be taken regarding any capacity demonstration that has been deemed sufficient by Staff and accepted by the Commission.

Capacity Demonstrations for LSEs in PJM service territory

PJM Interconnection LLC (PJM) has a mandatory forward capacity market for LSEs in its service territory. LSEs in the PJM service territory meet their Independent System Operator capacity obligations either through participation in PJM's Reliability Pricing Model (RPM) Base Residual Auction (BRA) or through PJM's Fixed Resource Requirement (FRR) capacity plan. The PJM capacity market is a three year forward market with the calendar aligned slightly differently than what exists with the MISO capacity market. PJM's tariff requires FRR entities (those that self-supply capacity as Indiana Michigan Power has done since the inception of the RPM construct in 2007) to prove capacity for the 2022/23 delivery year (June 2022 through May 2023) in April 2019. The BRA will be completed in May 2019 for the 2022/23 delivery year, and in May 2020 for the 2023/24 delivery year.

The timing of PJM LSEs capacity demonstrations to the Commission will remain the same as those expected of MISO LSEs, however, PJM LSEs will be allowed to file an amended capacity demonstration two weeks after the completion of the PJM RPM BRA if the LSE participates in the BRA. The capacity demonstration should include the FRR capacity plan and/or BRA results. Meeting PJM's capacity obligations, including any applicable Percentage Internal Resources Required for the delivery year will constitute a satisfactory demonstration, and the demonstrating LSE should provide evidence that it has met PJM's capacity obligations.

Demonstration Format

In addition to all of the items outlined above, the following forms shall also be utilized by the LSE in filing its demonstration.

PROOF OF SERVICE

STATE OF MICHIGAN)

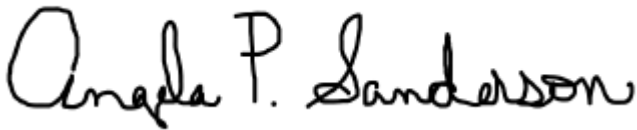
Case No. U-20154 *et al.*

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on August 8, 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 8th day of August 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-20154

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