

From: [Mel Mackin](#)
To: [LARA-MPSC-EDOCKETS](#)
Cc: [Ellen Zuckerman](#)
Subject: Comment Submission - Case No. U-20471 - DTE ELECTRIC COMPANY IRP
Date: Friday, March 6, 2020 1:44:30 PM
Attachments: [Ceres BICEP Letter DTE IRP Recommendations March 6, 2020.pdf](#)

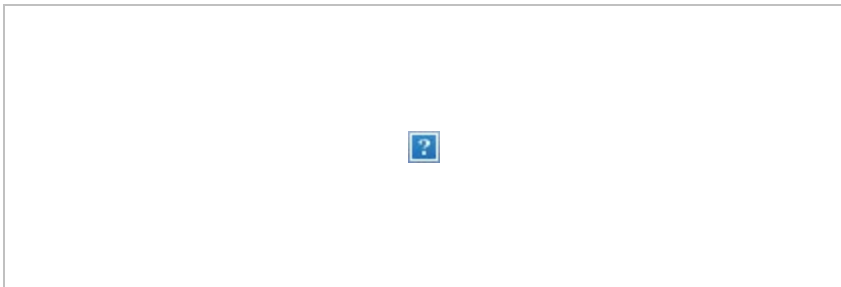
To Whom It May Concern:

On behalf of the Ceres BICEP Network, I am **submitting the attached document to the MPSC as written comment on Case No. U-20471**, in the matter of the application of DTE ELECTRIC COMPANY for approval of its integrated resource plan pursuant to MCL 460.6t and for other relief. In this document, our coalition of businesses expresses offers comments on six aspects of the Commission's order on DTE's integrated resource plan and recommendations for DTE's revised plan.

I appreciate your time and respectfully request confirmation of receipt. Please reach out with any questions.

Best regards,
Mel Mackin

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March 6, 2020 | Submitted Electronically

Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909

Re: Case No. U-20471, In the matter of the application of DTE ELECTRIC COMPANY for approval of its integrated resource plan pursuant to MCL 460.6t and for other relief

Dear Chairman Talberg and Commissioners:

I am writing to you on behalf of the Ceres BICEP (Business for Innovative Climate and Energy Policy) Network – a coalition of more than 58 major employers and large electricity customers across the United States, including many with significant operations, facilities, and business interests in Michigan.

Businesses across Michigan and the nation are increasingly setting goals to cut emissions, invest in clean energy, and reduce energy use. These commitments not only benefit public health and the environment, but they also make business sense. A 2017 Ceres analysis shows that renewable energy and energy efficiency investments save U.S. companies \$3.7 billion a year, freeing up significant capital that they can reinvest into their employees, research and development, and operations.¹ Clean energy resources also help businesses hedge against volatile fuel prices while remaining competitive in a market where customers, investors, and employees increasingly expect companies to lead on sustainability.

Tremendous opportunities exist to increase Michigan's clean energy investments over the coming years. Indeed, Michigan businesses are making major investments in energy efficiency, renewable energy, and electrified transport in order to reduce energy waste, save money, increase their sustainability, and receive an attractive return on their investments. Michigan can capture these opportunities and maximize its potential by ensuring that DTE Electric (DTE) implements and prioritizes effective clean energy investments.

To that end, this letter offers the following comments on six aspects of the Commission's order on DTE's integrated resource plan (IRP) and recommendations for DTE's revised plan.

¹ See Power Forward 3.0: How the largest U.S. companies are capturing business value while addressing climate change, <https://www.ceres.org/resources/reports/power-forward-3>

1. Energy Efficiency/Energy Waste Reduction (EWR)

Businesses stand to make significant investments in reducing their energy consumption and peak demand, and well-designed EWR programs and incentives to support these investments are critical to Michigan's clean energy future. Strong annual energy-savings requirements help ensure a minimum level of program activity that businesses can expect, and therefore provide businesses with the regulatory and market certainty they need to make investment decisions and long-term plans for their workforce and facilities.

For these reasons, we commend the Commission for directing DTE to revise its IRP to increase the amount of energy efficiency that the utility should deliver in 2020 and 2021, including the requirement to achieve 1.75% annual savings in 2020 and 2.0% in 2021. We urge the Commission to ensure that complementary proceedings, like DTE's 2020-2021 EWR plan case (Case No. U-20373), align with and deliver upon the Commission's EWR directive in this proceeding.

2. Demand Response

Demand response (DR) and EWR are complementary investments. Through integrated program offerings, DR and EWR can meet customer demand reliably at low cost, defer or avoid infrastructure upgrades, help to balance the grid, and diversify the utility resource mix, while supporting the integration of more renewable energy.

As DTE develops future resource plans, program proposals, and cost recovery mechanisms that include DR, and the Commission evaluates those proposals, we encourage both entities to consider DR as a dynamic resource that can support multiple, diverse objectives including peak load shifting, regulation reserves, ramping reserves, and contingency event response — among other objectives.

3. Competitive Solicitations for New Resource Capacity Additions

DTE's IRP proposes the addition of 1,240 MW of new resources over the next three years. If these resources are procured, it is essential that a competitive solicitation process is employed in order to support increased transparency; facilitate the selection of the most cost-effective resource options for Michiganders; provide a platform for the consideration of new technologies and clean energy options; assist in the diversification of DTE's resource mix; and ensure a robust and resilient utility system.

For these reasons, we support the Commission's finding that these proposed supply-side additions trigger the RFP requirement of Section 6t(6). We further recommend that any RFP

process be conducted in a manner that is fair and equitable to all resources, that is independently monitored, and that sets forth objectives and criteria that acknowledge the varied characteristics of different resource options.

4. Selection of a Resource Planning Pathway

DTE's IRP proposes four potential resource planning "pathways." Two of these four pathways propose sizable gas additions; while the remaining two paths prioritize clean energy resources to meet capacity needs through 2030. We are concerned that the two pathways that prioritize gas would unnecessarily limit the participation of cost-effective renewable energy, storage, and demand-side management resources and increase the likelihood of stranded assets. Notably, renewable energy, especially when deployed in combination with energy storage, has become an economically competitive alternative to gas-fired power plants. Additionally, demand-side management, including energy efficiency and demand response, remain Michigan's least expensive energy option. These cost comparisons, among other growing concerns with gas investment, have not gone unnoticed by investors.²

Given the clean energy preferences of Michigan businesses, the importance of clean energy investments as a hedge against fuel price volatility (gas has been especially unpredictable), and necessary compliance with the state's 2020 renewable portfolio standard of 15%, we recommend that DTE select a path that prioritizes clean energy as it revises its IRP in response to the Commission order.

5. Transportation Electrification

The proliferation of electric vehicles (EVs) and electrified transport will lead to significant changes in the operations of and planning for the electricity system. Rapid declines in battery costs coupled with the implementation of supportive electrification policies are causing all major players in the automobile industry to invest significantly in EVs. Indeed, Bloomberg New Energy Finance projects that 57% of all passenger vehicle sales and over 30% of the global car fleet will be electric by 2040.³ These developments pose important resource planning questions that must be addressed such as:

- What EV penetration rates do we expect over the next 10-to-15 years?

² Bloomberg, Wall Street Is Falling Out of Love With a Once-Coveted Fossil Fuel, March 3, 2020, <https://www.bloomberg.com/news/articles/2020-03-03/wall-street-is-falling-out-of-love-with-a-once-coveted-fossil-fuel>

³ Bloomberg New Energy Finance, Electric Vehicle Outlook 2019, <https://about.bnef.com/electric-vehicle-outlook/#toc-viewreport> 3

- How are these penetration rates impacted by various levels of policy and program interventions?
- What are the energy demand and load effects associated with these various projections/scenarios?
- How do these projections model and account for travel behavior, charging behavior, and spatially explicit EV penetration scenarios, including the effects rate designs and the penetration of Levels 1, 2, and 3 charging, and the timing of such charging? And,
- How can we leverage EVs as a possible grid resource with vehicle-to-grid (V2G) or vehicle-to-building interoperability and what opportunities exist for electricity load management associated with V2G technologies?

As DTE develops future resource plans, and the Commission evaluates those proposals, we encourage both entities to consider a broad range of EV forecasts and their associated public interest benefits to guide the development and implementation of supportive EV policies and programs.

6. Voluntary Green Pricing (VGP)

The Ceres BICEP network has previously filed comments with the Commission on the importance of VGP offerings and the essential program design components that would allow the business community to easily access cost-effective renewable energy with low transaction costs.⁴

Specifically, we recommend that:

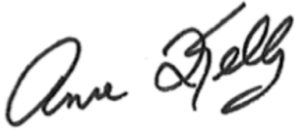
- VGP programs pass on the long-term price stability that renewable energy investments provide.
- Program participation costs reflect the actual cost of service (i.e. fair and transparent accounting of the complete costs and benefits, rather than charging a set premium).
- Renewable energy sourced to meet customer demand be additive and competitively procured.
- Program participation leads to additional, new renewable energy deployment, and not simply assign renewable energy credits (RECs) or use currently installed systems to meet demand.

As DTE proposes resources to meet VGP demand, and the Commission evaluates those requests, we urge both entities to consider and incorporate these program design recommendations.

⁴ Ceres, Ceres BICEP Network Comments RE: Case No. U-18349 et al., <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000001UY1IAAG>

Thank you for your time and consideration of these comments. Michigan businesses stand ready to work with you to support the deployment of cost-effective clean energy technologies and services that will build a more robust, efficient economy for the state.

Sincerely,

A handwritten signature in black ink that reads "Anne Kelly". The signature is written in a cursive, flowing style.

Anne L. Kelly

Vice President Government Relations, Ceres

On behalf of the Business for Innovative Climate and Energy Policy Network (BICEP)

For more information on the Ceres BICEP Network visit: <https://www.ceres.org/networks/ceres-policy-network>

Please contact Mel Mackin, Senior Associate, State Policy at Ceres, with any questions (mackin@ceres.org).