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March 6, 2020

Ms. Lisa Felice  
Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
P.O. Box 30221  
Lansing, MI 48909

Re: **MPSC Case No. U-20471**

Dear Ms. Felice:

Attached for electronic filing in the above-referenced matter, please find Energy Michigan, Inc.'s Comments on the February 20, 2020 Order and Proof of Service. If you have any questions, please feel free to contact my office.

Very truly yours,  
**VARNUM**

Laura A. Chappelle

LAC/sej  
Enclosures  
c. ALJ  
All parties of record.

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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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. )  
\_\_\_\_\_ )

**Case No. U-20471**

**COMMENTS OF ENERGY MICHIGAN**

Energy Michigan, by its attorneys, Varnum, LLP,<sup>1</sup> submits to the Michigan Public Service Commission ("MPSC" or "Commission") its comments in response to the Commission's order, issued on February 20, 2020, regarding DTE Electric Company's ("DTE" or the "Company") March 29, 2019, integrated resource plan ("IRP") case filing, pursuant to Section 6t of Public Act 341 of 2016 ("Act 341"), MCL 460.6t ("Section 6t"), and the Commission's orders implementing Section 6t's requirements<sup>2</sup> ("Interim Order"). Energy Michigan seeks to comment on two issues: (1) the transmission issues addressed in the Interim Order, and (2) the procedural recommendation for DTE to move forward with its request for new supply-side resources in the Company's Renewable Energy Plan ("REP") case proceeding (Case No. U-18232) prior to a Commission finding of capacity need.

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<sup>1</sup> The comments expressed in this filing represent the position of Energy Michigan as an organization, but may not represent the views of any particular member of Energy Michigan.

<sup>2</sup> Order No. U-18418, dated November 21, 2017, Exhibit A ("Michigan Integrated Resource Planning Parameters"); Order No. U-18461, dated December 20, 2017, Attachment A ("integrated Resource Plan Filing Requirements"); and Order No. U-18419, dated April 27, 2018 ("DTE certificate of need").

**I. The Commission Correctly Found That DTE Should Have – And In Future IRPs Must – Provide The Commission With A Full Examination Of Transmission Options, Including Potential Renewable Energy Imports And Transmission Capacity Limits.**

Energy Michigan’s testimony and briefing in this proceeding focused on concerns regarding the capacity import limit (“CIL”) in Michigan’s Midcontinent Independent System Operator’s (“MISO”) Zone 7. In part, Energy Michigan’s expert witness, Mr. Alex Zakem, provided extensive testimony regarding the diminishing CIL for Zone 7 and the fact that Michigan’s exceptionally low CIL (5% of the total available importable resources for Zone 7) is a clear outlier compared to the rest of MISO’s zones. In Mr. Zakem’s expert opinion, “Michigan Zone 7 at 5% is an obvious ‘outlier’ among the zones, being disadvantaged by the MISO rules to a much greater degree than any of the other zones.” 7 Tr 2952. Mr. Zakem recommended three simple changes to the applicable MISO tariff to rectify what he believes are clear errors and inconsistencies that, if made, would lead to an increased CIL from 164 MW to 1,594 MW. Per Mr. Zakem, MISO has made similar tariff changes to Module E-1 in the past, most recently in 2013. Given the importance of a full and robust transmission analysis, generally, and the need to further evaluate Michigan’s issues with the diminishing CIL, more specifically, Energy Michigan requested that the Commission open a stakeholder process to explore possible tariff changes needed for the CIL for Zones 2 and 7.<sup>3</sup> Energy Michigan respects that the Commission has, instead, requested that MISO perform a study on the CIL, which will mostly be undertaken in the MISO stakeholder process.<sup>4</sup>

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<sup>3</sup> Initial Brief of Energy Michigan, Case No. U-20471, dated October 29, 2019, pp. 13-16.

<sup>4</sup> MPSC Letter to Mr. John Bear, CEO, MISO, requesting CIL/CEL study – Zone 7, dated November 7, 2019.

For purposes of meeting the IRP statutory requirements regarding the utility's submission of a full transmission analysis, Energy Michigan agrees with the Administrative Law Judge's ("ALJ") Proposal for Decision ("PFD"), and the Commission's finding that DTE could have – and should have – done far more in terms of its transmission analysis pursuant to MCL 460.6t(5)(h) and (5)(j). Specifically, Energy Michigan appreciates the Commission's findings that:

- DTE failed to support its decision to ignore resources available to it outside of Zone 7;
- An examination of potential ways to increase the CIL will become a necessary component of any IRP, and DTE is directed to include such an examination in its next IRP filing; and
- DTE will be required to work with transmission owner(s) in a way that produces “potential transmission options that could impact the utility’s IRP by:
  1. Increasing import or export capability;
  2. Facilitating power purchase agreements or sales of energy and capacity both within or outside the planning zone from neighboring RTOs,” and “up-to-date information about current and expected transmission system conditions and import/export capabilities.” and
  3. The next transmission analysis shall provide the Commission with an examination of the full suite of options, including renewable energy imports, transmission limits and transmission growth opportunities, and ways to optimize the utility’s portfolio to reduce risk and improve cost-effectiveness.<sup>5</sup>

Energy Michigan believes that these are strong recommendations and directions to the utility, and appreciates the acknowledgement that capacity import and export limits, as well as a full examination of potential resources from outside of Zone 7, are essential facets of the full and robust transmission analysis that the Legislature envisioned in any IRP that is supposed to reflect

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<sup>5</sup> Interim Order, pp. 82-83, citing, in part, DTE Certificate of Need Order, Case No. U-18419, dated April 27, 2018, pp. 115-116.

“the most reasonable and prudent” means of meeting energy and capacity needs. MCL 460.6t(8). Therefore, Energy Michigan fully supports the Commission’s findings and new directions in this regard. Nevertheless, Energy Michigan still awaits opportunities for the Commission's review of options (such as that proposed by Energy Michigan) other than building transmission and generation as a response to the CIL issues identified in this proceeding.

**II. The Commission Should Ensure That The Requirements Of PURPA Are Met In Reviewing Any New Supply-Side Resources of DTE's.**

Energy Michigan's members include those that have qualified facilities ("QFs") and that have contracts with the utilities pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA").<sup>6</sup> Energy Michigan understood that the Commission stated its intention to review and finally determine DTE's PURPA capacity need in this proceeding.<sup>7</sup> Therefore, the record in this proceeding encompasses extensive evidence as to DTE's capacity need, resulting in a finding by the ALJ in her PFD that the Company did, in fact, have a capacity need, albeit the exact amount of that need was unclear. PFD, p. 134.

The Commission discusses the record testimony regarding DTE's capacity position at length in its Interim Order. Interim Order, pp. 50-57. Yet the Commission stops short of making any findings on a capacity need, nor explaining why such a finding was not made. Energy Michigan presumes it is because the Commission stated that it is not approving any supply-side resources included in DTE's defined Proposed Course of Action ("PCA"). *Id.*, p. 56. Due to this finding, the Commission recommended that in order to review the Company's proposed renewable energy additions, the Commission is directing DTE to accelerate its next REP filing to

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<sup>6</sup> 16 U.S.C. 824a-3; MCL 460.6v (“PURPA”).

<sup>7</sup> DTE Renewable Energy Plan Case, No. U-18231, dated September 26, 2019, p. 58.

no later than April 1, 2020. Subsequently, the Commission will accelerate the Company's next PURPA review in order to consider its capacity position at that time, which the Commission states should occur "no later than November 13, 2020." *Id.* The Commission does not explain its reasoning for placing its determination on the Company's new, proposed renewable energy resources (a filing no later than by April 1) ahead of its determination on the utility's capacity need (a filing no later than by November 13, 2020). Energy Michigan respectfully submits that a review of capacity need *after* approval of a utility's new renewable resource acquisition essentially amounts to a *Fait Accompli* that would be discriminatory towards those QFs that rely on PURPA's requirements being implemented in a non-discriminatory fashion by the Commission. For this reason, Energy Michigan respectfully requests that the Commission reconsider the relative timing of these proceedings and schedule the capacity need and PURPA review case to either begin immediately so as to precede and inform the REP proceeding, or allow the REP and PURPA cases to occur simultaneously, so as to not foreclose a determination of capacity need if and when the Commission approves the Company's proposed new supply-side resources.

### **III. Conclusion**

Energy Michigan respectfully requests that the Commission consider its comments contained herein and reconsider the timing of the Company's new REP and PURPA review cases so as to ensure that the requirements of PURPA and MCL 460.6v are upheld.

Respectfully submitted,

Varnum, LLP  
Attorneys for Energy Michigan, Inc.

March 6, 2020

By: \_\_\_\_\_

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**STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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In the matter of the Application of	)	
DTE ELECTRIC COMPANY for	)	
approval of its Integrated Resource Plan	)	Case No. U-20471
pursuant to MCL 460.6t, and for other relief.	)	
_____	)	

**PROOF OF SERVICE**

STATE OF MICHIGAN	)	
	) ss.	
COUNTY OF INGHAM	)	

Sarah E. Jackinchuk, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 6th day of March, 2020 she served a copy of Comments on the February 20, 2020 Order on behalf of Energy Michigan, Inc. upon those individuals listed on the attached Service List via email.

\_\_\_\_\_  
Sarah E. Jackinchuk



## MPSC Case No. U-20471

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