



Covid-19 And Its Impact on Utility EWR Programs, EWR Low Income Programs and Demand Response Programs

Staff Response to Case No. U-20757

June 15, 2020

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Executive Summary

The Michigan Public Service Commission (MPSC or Commission) issued an order in Case No. U-20757 on April 15, 2020, to address the unprecedented situation of COVID-19, which threatens human health and had disrupted Michigan's economy. This order has been recognized regionally and nationally, by the Midwest Energy Efficiency Alliance (MEEA) and the American Council on an Energy efficient Economy (ACEEE), as an important example of a state taking proactive action to ensure continuity in striving toward energy efficiency and demand response goals. The pandemic has forced many residents and businesses to alter their daily lives and business functions in response to these threats. In this order, the Commission directs MPSC Staff to develop work plans and convene energy providers on their operating procedures in response to COVID-19, and include stakeholder input, Where the focus will be to:

- Identify potential impacts on meeting energy or demand saving targets and ways to mitigate such impacts and ensure program continuity.
- Identify best practices for continuing to serve low- to moderate-income households, including those impacted directly by COVID-19, and related outreach.

The Commission, then, through this order, directs Staff to file an update on these efforts by June 15, 2020, but to continue to provide guidance to energy providers in the interim on program implementation in consultation with the Commission's Chief Operating Officer and without further action by the Commission.

This report is responsive to the Commission's request. Continued efforts between Staff, energy providers, and stakeholders will continue, in an effort to minimize the impact COVID-19 will have on EWR and DR programming for all of Michigan's electric and natural gas customers until this pandemic is no longer a health and economic threat to the well-being of Michigan residents and businesses.

Introduction

On May 6, 2020, Staff's Energy Waste Reduction (EWR) Collaborative, Low Income (LI) Workgroup, and Demand Response (DR) Collaborative reached out to utility providers (both electric and natural gas) and stakeholders with a survey of questions to obtain information in reply to the Commission's requests. Along with submissions from energy providers and stakeholders through email responses to those questions, a multitude of comments and updates were filed directly in docket U-20757. Respondents included Michigan's large utility providers, small utility providers, advocacy stakeholder organizations, and individual public comments. Those comments can be accessed [here](#)¹.

Energy Waste Reduction Programs

Respondents to the EWR survey included Michigan's regulated utility providers, electric cooperatives, municipal electric providers, EWR implementation contractors and other interested parties. A common theme was recognized in both the comments submitted to the docket and respondents to the survey: public health and safety coupled with energy affordability. Energy efficiency measures and programs have historically been a way to help improve the health and safety of customers' homes and businesses while concurrently reducing energy costs to customers. Although benefits are more substantial for participants in these programs, benefits are realized by customers who do not implement programs and measures through the reduced cost of service for providers.

In an effort to gain insight from stakeholders and utility providers, and subsequent to the "Stay Home, Stay Safe" Executive Order, the EWR Collaborative held a meeting on April 21 and May 19, via teleconference for all interested parties. This effort allowed staff and stakeholders to better understand how the COVID-19 pandemic would affect EWR programming efforts both positively and negatively. The LI Workgroup held meetings on May 1, May 14, and May 28, via teleconference, to discuss the effects COVID-19 would have on specific LI programs and measures. The impacts of COVID-19 on low income customers, which now included persons economically impacted by lay-off, job loss, or reduced income, has been substantial.

Many of Michigan's utility providers quickly realized the increase to home energy usage their residential customers would see with residents working from home, and students finishing up classes from home. Many utility providers reached out immediately with specific messaging of how to reduce energy usage at home during the pandemic. This included multiple options to reduce energy usage with behavior and available measures. Specialized messaging was delivered through different media platforms such as direct mailings, email messaging, digital ads, and social

¹ U-20757, filings

media. Multiple utility providers quickly resolved to develop energy saving kits that could be mailed directly to residential customers that included LED lightbulbs, nightlights, programmable smart thermostats, faucet aerators, and future home energy audit savings opportunities to name a few. In recent years, many utility providers have developed online marketing of popular energy efficiency measures, offered at rebated prices which are easily installed by homeowners. These online marketplaces made it easy for providers to continue EWR programming efforts safely and effectively for their customers. The immediate response to the pandemic likely had a positive impact on Michigan customer's usage during this time. Utility providers stayed in regular communication with Commission Staff during the initial months of the stay home order to keep Staff updated on utility EWR efforts.

Through the survey responses, utility providers were asked to provide impacts to their EWR programming efforts and projected savings levels that may be affected by the Stay Home order. Although in-person activities had to be halted or reduced to emergency response efforts, our largest utilities were able to quickly adjust programming efforts to minimize the impact COVID-19 would have on their savings goals. It was reasonable to expect the smaller utilities would have more difficulty in continued implementation due to the no-contact restrictions and the necessity to invest in personal protective equipment (PPE) for their employees. It is also fair to assume all utility providers would have to reassess their interaction, along with their contractor's interaction, with their customers to implement stringent safety protocols and measures. The safety of employees and customers was in the forefront of all the utility provider's decisions regarding EWR programming implementation.

Low Income Energy Waste Reduction Programs

The Low Income Workgroup met three times in the month of May in response to the Commission order in case No. U-20757. The workgroup specifically looked to address the order's directive to:

- Identify best practices for continuing to serve low to moderate income households, and the related outreach.
- Identify ways to mitigate the potential impact of the Covid-19 response on utility low income programs.

The first meeting was May 1, and focused entirely on the utility low income programs, the changes made to them, what the utilities are currently able to accomplish, and what their long-term plans look like. All of the regulated utilities participated, along with low income advocacy and stakeholder groups, and several municipal and cooperative utilities.

The second meeting was May 14 and was dedicated to presentations by the Midwest Energy Efficiency Alliance (MEEA) and the Michigan Environmental Council (MEC). Their focus was to highlight for the stakeholder groups what other states in the Midwest are currently doing in their COVID-19 responses.

The third meeting was May 28 and was organized so the participating stakeholders could identify areas of concern that are a result of the COVID-19 response and its impacts on low income EWR programs.

The Low Income Workgroup stakeholders identified several areas they considered important to be addressed and, in breakout groups, examined these areas and the elements of each that should be considered.

Respondents to the survey, along with the stakeholder workgroup meeting input, highlighted the following topics for consideration specific to low income EWR programs:

Utility Personal Protection Equipment (PPE) Standards

The Governor issued Executive Orders [2020-70](#) and [2020-77](#) which outlines minimum standards for the use of personal protection equipment for businesses and also businesses doing work in the construction and home improvement areas. DHHS Bureau of Community Action and Economic Opportunity (BCAEO), the state agency responsible for managing the USDOE Weatherization Assistance Program is requiring all of their weatherization personnel to acquire certification that is currently being offered by Santa Fe Community College (SFCC). This is to become a national standard when the training program is acquired by the National Renewable Energy Lab (NREL). The SFCC certification is based on standards set forth by OSHA and the CDC and exceeds the standards as set forth in the Executive Orders.

Currently the utilities are each identifying and implementing their own standards in regard to the use of PPE and their interaction with their respective customers. The utility standards currently do meet and exceed the standards set in the Executive Orders.

Workforce

Jobs and workforce development that Integrate energy efficiency into COVID-19 economic recovery is considered by the stakeholders to be highly important. The energy efficiency workforce has been hard hit by the economic shutdown and the stay-at-home orders. Entry level training certifications such as Building Science Principles Certificate, Healthy Homes Principles Certificate, and the SFCC COVID Workplace Safety Certificate would all set minimum standards for workforce development and deployment.

The added costs for safety in the field must be taken into consideration as well. The time involved for process changes and PPE expenses must also be considered. It was suggested that incentives for energy efficiency, indoor air quality improvements, and weatherization could be added or improved. These additions would not only save people money, but they would provide a safer indoor environment.

Many weatherization programs use the same contractors. Having enough contractors to address all of the waitlists will prove challenging. For the contractors, having enough PPE, manpower, and safety equipment available will also be challenging. Weatherization job training and placement will be important over the long run.

Flexibility

Program flexibility is identified as a key driver for successful EWR program recovery from the pandemic. This is especially true for utility programs, their goals, and the Commission's oversight of the EWR programs. The BCAEO Weatherization Assistance Program has removed its yearly deadlines and has combined the programs goals and deadlines with those of 2021. They are also considering a 'hold' status for those weatherization clients that are more vulnerable or uncomfortable with people entering their homes. Utilities should have like considerations.

The utilities noted that everything about program delivery has changed because program delivery designs were based on trade ally and community partner relationships. The utilities are all working on new delivery methods and attempting to achieve program continuity. They are also looking to adapt their plans as filed before attempting to amend them.

Most of the utilities are looking at doing virtual audits with their customers. However, this will not work for all customers. They are also looking at flexibility in their low income eligibility levels, and they are looking at expanding them to include Asset Limited Income Constrained Employed (ALICE) customers as well as customers who identify themselves as COVID impacted. They are also looking to relax documentation guidelines and allow customers to self-certify their eligibility.

Flexibility on the part of the Commission was identified as being necessary in mitigating COVID impacts. Without 12 months to deliver their programs, the question is posed about lowering EWR standards, or pro-rating for the time available to deliver.

Utilities are also looking to manage some COVID response specific programs as pilots, as they attempt to test new delivery channels and programs. Questions were raised about how pilots can best be leveraged to meet their responses if traditional delivery methods are not possible.

Requiring the utilities to extend the deadlines they set for receiving rebate information was a recommendation. With energy efficiency projects being put on hold, there should be deadline flexibility. Also, the need to ensure that all customers, including rural and elderly, are able to be served. These customers will have the most difficulty with virtual audits so flexibility in program design, time frames, and implementation will be crucial.

Safety

How can utilities and implementers ensure safety and build trust with customers, especially with income-eligible housing that needs upgrades the most?

One area identified as relieving some customer apprehension is early customer contact with education and information regarding safety protocols being used and also sending out surveys for contractors, utility/agency representatives, and customers with Covid specific questions to better inform how they should be directed.

Attempts to reassure customers of the extent of the safety measures being employed by the utilities, their contractors, and trade allies will go a long way towards getting the program re-starts off on the right foot.

Income Eligible Programs

The need for income eligible programs has not died down during the pandemic. Refrigerators and furnaces are the highest need right now. Refrigerators became a bigger issue with the stay at home order and people were stocking up on food. That was when it became more evident that the older, less efficient refrigerators were not working well. There is no supply chain issues currently with refrigerators or furnaces, and they along with water heaters, are currently considered essential services.

Processing of applications needs to continue even if programs are wait-listing only. Prioritizing by need will assist in a successful re-start and help to avoid a backlog. Utilities should work closely with their implementation contractors to ensure the most at-need customers are being addressed first. This will enable low income EWR funds to be utilized effectively.

Utilizing virtual walk throughs and assessments is proving to be helpful. Having proactive re-entry plans with contractors will ensure they can meet the increased demand that will occur when the programs re-open.

Growing need

Because of the economic downturn and the rise in unemployment, the number of people who are economically challenged but are ineligible for low income services is rising significantly. A reexamination of the definition of low income and the qualification threshold might be in order. Changes to the income eligibility threshold will also lead to new needs in marketing and outreach to customers who do not know about their eligibility, the programs, or how to navigate the process.

Housing stock is becoming increasingly stressed with the stay at home order and with the advent of cooling season, the HVAC equipment in affordable housing will become increasingly stressed. Seniors will increasingly need assistance with installation of window units.

When their pandemic stress eases, Michigan 211 will be looking to develop a community information exchange. Talks are already underway between 211 and Low Income Workgroup stakeholders to leverage energy efficiency services into information requests made to 211.

U.S. HUD and municipalities need to develop ways to utilize Community Development Block Grant funds on energy efficiency and health and safety issues.

Marketing and Education

Marketing to landlords has always been a struggle but is magnified by the effects of Covid-19. Because Cash flow to rental properties is tight and people are currently behind or unable to pay their rent, landlords are less inclined to spend money on energy efficiency improvements.

Workgroup participants also recommended connecting bill payment assistance and payments for customers in arrears with energy efficiency programs. Outreach to those customers benefiting from the suspension of shut offs, while the suspension is still in effect, could better assist those customers be prepared for it. Include energy efficiency information to customers seeking state payment assistance and MEAP funds. Connect other social services programs applicant with energy efficiency information as well. Education about safety protocols will also help with re-start.

Lansing Board of Water and Light gave out grants to non-profit agencies. Similar programs could be developed with the focus on energy efficiency use of the grant money.

Look at new outreach programs that can be done virtually and look to new organizations to partner with.

Summary

Stakeholders are looking for utilities to be flexible in their responses to the new challenges presented to their EWR programs by the COVID-19 pandemic. New pilots, new spending ideas, and a new perspective on how to best engage with their low income customers will be crucial as we enter the summer cooling season and looking out to the 2020/2021 heating season. They are hoping the utilities will be preparing to ramp up quickly once their weatherization and energy efficiency contractors return to work. And the utilities will be expected to examine new prioritization principles.

Stakeholders also contend that now is not the time for utilities to be conservative in their approach to their EWR and low income programs. Innovation, flexibility, and an assertive mindset are what is, and will be, needed.

Stakeholders and utilities are also looking for flexibility when working with Staff. Openness to new ideas and programs presented by the utilities and the stakeholders will ensure a robust utility response. Interaction with other state agencies and their programs will enhance consistency and the State's COVID -19 response. New definitions for program recipient eligibility will need to be addressed, and a fresh examination of program measure eligibility may be merited.

Energy Waste Reduction/Low Income EWR Program Recommendations

Based on comments and recommendations filed by utility providers and interested Stakeholders, Staff recommends the following straw proposal for Commission consideration of all EWR programming for the remainder of program year 2020 and subsequent effects to program year 2021.

1. Safety of employees and customers.

The safety of utility employees, contractors, and all utility customers should be most important when considering EWR program implementation. COVID-19 is known to be easily contracted and until there is a vaccine or it is eliminated from our society, it is important to continually assess safety measures and protocols necessary to deliver EWR programs. Some of the larger utility providers and larger EWR implementation contractors have trained health and safety coordinators

who can quickly and effectively develop health and safety plans specific to the current work environment. Although many of the smaller utility providers and contractors do not, the Governor's Executive Order [2020-70](#) delineates a baseline for safety guidance for construction projects that could be built upon to incorporate many of the EWR implementation activities. To ensure consistency and uniformity, among the utilities and among State agencies, utility providers and their implementation contractors should consider EWR program standards that references both the Executive Order and the WAP program standards as stated above. The larger utility providers could share their COVID-19 specific safety guidelines and playbooks with the smaller utility providers. Other large companies have made these guidelines public for the benefit of smaller businesses. OSHA, the Michigan Department of Health and Human Services, and the Governor's Michigan Economic Recovery Council could be relied on for additional direction. The Commission should post many of these guidelines and contact information on the MPSC EWR Collaborative and LI Workgroup webpages. Smaller utility providers having difficulty developing plans and strategies moving forward should be directed to reach out to the MPSC EWR Staff for additional support.

It is important to acknowledge that COVID-19 is still present in Michigan. Fortunately, through the Stay at Home orders and direction of the Governor, we have seen the trajectory of cases move at a slower pace than what would have been absent the Stay at Home orders. Until a vaccine or a cure is released for this disease, new health and safety protocols for in-person and close-contact programming efforts should be quickly adopted and strictly adhered to by all persons having direct contact with customers. Even with new and enhanced health and safety guidelines in place, in-person and close-contact programming should be resumed only with great caution and awareness.

2. EWR targets for program year 2020 and 2021.

Electric utility providers have a legislative obligation to cost-effectively reduce customer energy consumption by 1% of the previous year's sales (0.75% for natural gas utilities). These targets were established in PA 295 of 2008, as amended by PA 342 in 2016. This mandate allows for recovery of all costs associated with implementing programs and measures to reduce energy consumption. Overall, Michigan's utilities have been very successful in meeting and exceeding those targets.

EWR programs and measures have substantial economic and environmental benefits that reduce customer bills, add stability to Michigan's energy grid, and provide health and safety components to homes and businesses. Since 2008, EWR programs have also created a multitude of jobs across the state of Michigan. Although many of these jobs were disrupted by COVID-19, those job duties can be regained as EWR programs return to full operation. Through safe efforts, contractors can continue to employ Michigan residents to deliver the EWR benefits that Michigan's residents and businesses trust to be administered by their energy providers. EWR programs could be an important part of Michigan's economic recovery from the COVID downturn, because they not only provide jobs, they also help customers improve their economic situation by reducing their energy bills.

Through the survey, utility providers were able to provide information related to their efforts at meeting this obligation and report any known inability to not meet the legislative target of 1% savings. Most utilities reported that they will be able to meet their legislative targets. Staff recommends that due to the unforeseen circumstances resulting from COVID-19, the Commission should order those utilities, who are unable to meet their legislative 1% target, to carry-forward any under achieved savings shortfalls into program year 2021. Because the statute allows for recovery of all expenses relating to EWR program implementation, these utility providers should be able to successfully mitigate those lost opportunities in program year 2021. Simply stated, a multi-year savings achievement of 2% for program years 2020 and 2021 combined (1.5% for gas utilities) would allow the Commission to consider those utility providers in compliance with PA 295 legislative requirements for EWR. Although some of those savings will be realized at a later date (i.e., some of the 2020 share of savings may have to be achieved in 2021), this would allow utility customers to realize in full the benefits of EWR programming that were slated to be implemented by their provider.

Although the legislative target of 1% annual achievement can easily be recognized by most utility providers even if through a two year goal of 2%, some larger utility providers have been authorized to receive a financial incentive payment for greatly exceeding the Act's legislative goal of 1%. Inclusive of these financial incentive payments, the EWR programs and measures are still a cost savings for utility customers. Utility providers rely on the support of these financial incentive payments to justify the implementation of these programs to their overall profitability. Therefore, Staff recommends that the Commission extend the provisions suggested above for the option to carry-forward any under-achieved goals and targets associated with their approved financial incentive mechanism. Extending this 2-year approach to the financial incentive metrics and goals would allow the utility providers to fulfill the commitments they made to their customers, stakeholders, and Staff. This would also ensure the utility providers would not be dismayed by the unforeseen and unpredictable outcomes the pandemic has had on their EWR program implementation efforts. To hold the utility providers culpable for the negative impacts COVID-19 could have on the provider's 2020 program year could jeopardize the advancements and progress these programs have made over the last 10 years.

Although COVID-19 has been an enemy to the health and safety of individuals, and to our State's economic stability, this is a time to be cognizant of the great importance energy efficiency can provide to residential customers along with the added cost savings for all customers. Staff believes that utility providers have the ability to overcome the challenges COVID-19 has placed on their EWR program implementation efforts. Staff has every expectation that the utility providers can achieve their 1% legislative target and exceed those targets to reach the levels they committed to through their IRP planning and EWR plan filings which include multiple metrics to deliver long life measures and substantially greater low-income programming. Staff realizes the importance of these financial incentive payments to the utility providers but also realizes the positive effect these payments have on the successes in EWR program implementation over the last 10 years. The growth of this industry and the benefits customer realize from energy efficiency programs are due

in part to these financial incentive payments. Staff requests that the Commission consider the importance of these incentive payments when assessing providers' overall achievements for program years 2020 and 2021.

3. Staff and Stakeholder updates.

Staff was pleased and appreciative of the immediate efforts taken by Michigan's largest utility providers to reach their customers and communicate the importance of energy efficiency while sheltered at home. Customers were able to become keenly aware of the positive effects that EWR programs, measures and behavior changes could have on the effectiveness and efficiency of their home's energy usage and the ability each customer has to make cost-effective changes to their home to reduce their financial energy burden.

Although the Stay at Home orders are being lifted, this is not the time to reign in efforts to help customers realize the positive outcomes EWR programs and measures can have on their homes' health, safety, and reliability. On the contrary, this is the time to accelerate the efforts to provide these programs and services. Staff recommends the Commission request the utilities continue an open dialogue with Staff and Stakeholders regarding EWR programs affected by COVID-19 and the Stay at Home orders. Utility providers should be asked to make similar presentations, both written and through the Collaboratives, three months from now (September 2020) and six months from now (December 2020). Continued discussions with Staff and Stakeholders will ensure the best possible changes and implementation strategies are being shared statewide. Any discovered national efforts or best practices could be communicated at these collaborative updates. In early January 2021, utility providers should be asked to share with Staff and Stakeholders their projections for the program year 2021 based on outcomes from program year 2020.

Demand Response Programs

Process

Staff issued a questionnaire for energy providers with demand response programs on May 6, 2020. By May 14, 2020 Consumers Energy, DTE Electric and Indiana Michigan Power (I&M) had responded to the questionnaire. Consumers Energy also provided an updated response on June 1, 2020. On May 19, 2020, staff held a DR workgroup meeting (May 19th meeting), in conjunction with the EWR collaborative, for stakeholders to discuss COVID-19 impacts and best practices on these utility programs. At the May 19th meeting Consumers Energy, DTE Electric, and Indiana Michigan provided updates on COVID-19 impacts and plans to stakeholders. They also answered questions from Staff and other stakeholders.

Safety

All utilities made a point of expressing concerns about the safety of utility customers, employees, and contractors as their top priority during the pandemic. They have been following all Executive Orders issued by the Governor, as well as standards and guidance from the CDC and other experts. The utilities have developed internal guidance for their employees. Utility contractors are also

subject to these same requirements. The majority of demand response program implementation and operation do not require face to face interaction. Those that do were temporarily halted but have now, or will soon, resume. They will continue to follow all applicable safety standards and minimize face to face interaction wherever possible. Utilities are also attempting innovative ways to install DR equipment on site (especially for residential programs) via virtual installations making use of technicians, home occupants and video conferencing technologies.

DR Targets

Unlike EWR, Demand Response providers do not have legislatively required targets. Also, an individual DR provider can have multiple DR targets for the same DR programs depending on how and when the target MW reduction was established. For example, the total MW reduction bid into the RTO capacity market might be different than the total MW reduction targeted (or planned for) in an IRP proceeding. Variation in targets also depends on the timing of each specific providers relevant DR proceedings and RTO market proceedings.

RTO Capacity Market Targets

I&M currently does not have any Michigan customers participating in its RTO (PJM) demand response program. For MISO, both DTE and Consumers bid (and cleared) demand response MWs in the Planning Year 2020-2021 Planning Resource Auction conducted earlier this year. These capacity commitments cannot be changed. At the time of this report, DTE projects enough DR capacity to fulfill its 716 MW bid and Consumers projects a 13 MW deficit in its 442 MW bid. This deficit is due to lagging residential program MW totals as of June 2020 which is not necessarily related to COVID-19 impacts.

It is also worth noting that all other things being equal, reduced load due to the COVID-19 pandemic reduces the likelihood of a capacity event where emergency DR resources would be needed. The PY 20/21 MISO Planning Reserve Margin Requirements are based upon load forecasts developed prior to COVID-19.

Due to reduced likelihood of an emergency event and current projections showing a small or no shortfall from targets, Staff is not overly concerned about COVID-19 impacts on DR programs as it relates to resource adequacy at this time.

IRP Target & Financial Incentive Targets

DR targets can also be established through IRP proceedings. The current stage of these proceedings varies among providers. I&M's IRP (Case No. U-20591) is ongoing. DTE's IRP (Case No. U-20471) was recently approved and includes increases in DR resources over the next few years. DTE does not currently have an approved financial incentive mechanism for demand response programs. DTE DR programs will continue to be evaluated in future IRPs and other DR reconciliations. The Consumers Energy IRP (Case No. U-20165) includes increasing demand response programs throughout the planning period. Consumers Energy also has an approved financial incentive mechanism for demand response programs established in Case No. U-20164 for use in its 2019 DR Reconciliation (Case No. U-20766) which calculates the incentive based on

Consumers meeting IRP DR targets. Currently, Consumers projects that it will be able to meet its 2020 IRP target of 451 MW with a 3 MW surplus.² Similar to the EWR recommendations above, a multi-year target may need to be established to ensure the utility providers are able to not only meet their 2020 and 2021 DR goals, but also to ensure the utility providers are not unjustly punished through their financial incentive structures because of the effects Covid-19 might have on these programs.

DR Enrollment Targets

In addition to MW targets some DR programs have targets for number of participants. These targets are not required but can be useful in terms of highlighting program demand and marketing effects. Where available utilities did provide information on enrollment numbers compared to previous projections.

Summary and Recommendations

Staff appreciates the participation, openness and timeliness of utilities and stakeholders during this process. Unlike EWR, there are no legislatively required DR targets, and Staff does not currently recommend any changes to DR program implementation or operation due to COVID-19 impacts. Utilities currently anticipate being able to meet or nearly meet DR targets for 2020. Staff does not anticipate any resource adequacy issues in 2020 caused by COVID-19 impacts on DR resources.

That being said, the COVID-19 pandemic has been unprecedented with wide-ranging impacts largely unforeseen and unanticipated. The information in this report is based on current information but this situation is still fluid and evolving with significant short and long-term unknowns. Risks to DR program implementation and operation continuity include:

- [Customer participation/priorities.](#)

Accounting for some interruptions in specific customer face-to-face deployments, short-term program participation is still on track. However, customer willingness to participate in DR programs over the medium to long term is still largely unknown at this time. There is potential for movement in either direction depending on a variety of factors.

- [Uncertainty in economic conditions/recovery.](#)

Projections for economic recovery from COVID-19 impacts are still wide-ranging. A significant long-term economic downturn could affect current demand response portfolios as well as future program enrollments. Significant changes to economic conditions could also affect the value of demand response resources in the future. The ability for utilities to meet current obligations as

² Consumers projection of a surplus relative to the IRP target is consistent with its MISO target deficit even though the IRP target is higher. This is due to the IRP including Consumer's Dynamic Peak Pricing program which is not currently part of the MISO target.

well as future projections relies on the assumption that large commercial and industrial customers will continue to be able to achieve their contracted reductions. Utilities have been in contact with these customers about operational projections for the summer, but significant unknowns still exist.

- Potential complications with future DR resource accreditation based off 2020 load profiles.

Impacts to C&I customers activity during 2020 could result in some unusual load profiles. This could impact future DR contracts which might look at historical load as a basis for DR availability and/or RTO validation of those contracts. To the extent this becomes an issue, steps might be necessary to account for 2020 as an outlier. This will become more apparent as we know more on how much of an outlier 2020 actually is.

- Cost effectiveness.

The cost effectiveness of DR programs is constantly evaluated by energy providers and well as MPSC staff. There is potential for COVID-19 to increase costs for DR program implementation and operation based on what was originally projected and thus could have an effect on cost effectiveness.

Due to the large amount of uncertainty that still exists with COVID-19, Staff recommends that the Commission direct utilities and Staff to continue monitoring COVID-19 impacts on DR programs going forward. Staff recommends the continuation of an open dialogue between utilities, Staff, and stakeholders consistent with the cadence recommended above for EWR programming. Staff could convene collaborative and/or workgroup meetings focused on COVID-19 impacts in conjunction with or in addition to the EWR Collaborative updates recommended above. These checkpoints could consist of updated questionnaires from Staff with written responses from DR providers as well as presentations to stakeholders from utilities, and other experts, if applicable, similar to the May 19th EWR Collaborative and DR Workgroup meeting.

Conclusion

In conclusion, Staff anticipates the EWR programs and DR programs will continue to feel the effects of COVID-19 both positively and negatively. It is Staff's hope that the utility providers continue to reassess changes that may need to be made over the coming weeks and months to ensure the success of these programs and the positive effects customers realize from them.

Most importantly, Staff realizes not only the health and economic impacts COVID-19 has had on our State, but the tremendous adverse and detrimental effects it has had on Michigan's low income population. Not only has this already burdened community grown in numbers due to the economic impacts of COVID-19, we can now better comprehend the positive effects a healthy home coupled with affordable utility bills can have on all rate payers but especially those dealing with financial hardship.

Staff looks forward to open dialogue with utility providers and stakeholders as well as support from the Commission while it navigates the upcoming weeks, months, and subsequent program years in an effort to provide successful partnerships and implementation of utility EWR and DR programs. Staff also is prepared to continue efforts to work collaboratively with utility providers, stakeholders, and other State agencies in protecting Michigan's citizens who have been most hard-hit by the outcomes of this pandemic.