

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion, to )  
commence a collaborative to consider issues related )  
to integrated resource and distribution plans. )  
\_\_\_\_\_ )

Case No. U-20633

At the August 20, 2020 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

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

**ORDER OPENING DOCKET**

In the September 11, 2019 order in Case No. U-20464, the Commission approved the Michigan Statewide Energy Assessment (SEA) Final Report dated September 11, 2019.<sup>1</sup> The SEA was conducted by the Commission in response to a request from Governor Whitmer following electric and natural gas emergencies experienced during a polar vortex which occurred on January 30 and 31, 2019.

Chapter 8 of the SEA discusses gaps in existing planning processes and identifies areas that could be improved. Specifically, the SEA includes a discussion regarding the value of diversity in supply resources:

One of the factors considered by the Commission in the evaluation of electric utility integrated resource plans (IRP) is the diversity of supply. A diverse mix of resources offers many benefits, including a reduced reliance on any single type of fuel or technology

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<sup>1</sup> The SEA is filing #U-20464-0063 in that docket. It is available here: <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000005XrEbAAK>

which could in turn improve resilience. While diversity of supply is one consideration in an IRP, there are not currently any methods to quantify the value of diversity, nor are there goals with respect to the diversity of supply.

The changing electric generation fleet in Michigan and the Midwest due to increasing retirements of coal and nuclear plants could lead to reliability and resiliency problems especially if new replacement resources such as energy waste reduction, demand response, and wind and solar energy projects are delayed. Understanding the value of resource diversity could also better inform power plant retrofitting and retirement decisions beyond traditional net present value and market price comparisons. The Commission recommends utilities work with Staff and stakeholders to propose a methodology to quantify the value of generation diversity in integrated resource plans.

SEA, pp. 186-187 (notes omitted). The SEA includes a series of recommendations intended to encourage generation diversity. Recommendation E-6 proposes that the Commission Staff (Staff), utilities, and other stakeholders identify a methodology for quantifying the value of generation diversity in IRPs. Recommendation E-5 proposes that

utilities better align electric distribution plans with integrated resource plans to develop a cohesive, holistic plan and optimize investments considering cost, reliability, resiliency, and risk. As part of this effort, Staff, utilities, and other stakeholders should identify refinements to IRP modeling parameters related to forecasts of distributed energy resources (e.g., electric vehicles, on-site solar) reliability needs with increased adoption of intermittent resources, and the value of fuel security and diversity of resources in IRPs. A framework should also be developed to evaluate non-wires alternatives such as targeted energy waste reduction and demand response in IRPs and distribution plans.

SEA, p. 196. And Recommendation E-8.1 proposes that these groups identify needed revisions to the currently-approved IRP modeling parameters and filing requirements, including revisions that would better accommodate the consideration of transmission alternatives in IRPs. SEA, pp. 196-197.

Additionally, in the October 17, 2019 order in Case No. U-20645, the Commission commenced the MI Power Grid initiative, a focused, multi-year stakeholder initiative to maximize the benefits of the transition to clean, distributed energy resources for Michigan residents and

businesses. As part of the MI Power Grid initiative, the Commission made the following commitment:

**Advanced planning processes** for electric investments (resources, transmission, and distribution) will be examined to ensure modeling tools, assumptions, and processes are adapting to technology change, and to better integrate discrete planning activities currently being conducted for new resources (*e.g.*, generation, demand-side options), transmission, and distribution, as detailed in the 2019 Statewide Energy Assessment. Work will also be done to quantify the value of resilience, particularly as it relates to distributed energy resources, as well as the value of diversity in the electric resource mix, in order to ensure proper consideration of both when evaluating proposed investments.

October 17, 2019 order in Case No. U-20645, p. 8.

Building on these proposals, and under the auspices of the Integration of Resource, Transmission, and Distribution Planning portion of the MI Power Grid initiative, the Commission opens this docket and directs the Staff to begin outreach aimed at holding a series of stakeholder sessions, and to research best practices, in the following areas:

1. Potential ways to align distribution plans with IRPs and examination of best practices from other jurisdictions, including:
  - a. Methodologies to develop distributed energy resource forecasts over a five and ten-year period;
  - b. Potential sources or methodologies to forecast electric vehicle (EV) penetration over a five and ten-year period;
  - c. Methodologies or frameworks to forecast the impact of the expected EV penetration on the load forecast over a five and ten-year period; and
  - d. Methodologies or frameworks to evaluate non-wires alternatives (NWAs) such as targeted energy waste reduction and demand response in distribution plans and IRPs.<sup>2</sup>
2. Identifying potential revisions to the Commission-approved IRP modeling parameters or the filing requirements to better accommodate transmission alternatives in IRPs in

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<sup>2</sup> In the August 20, 2020 order in Case No. U-20147, the Commission provided guidance on NWAs as part of upcoming distribution plans to be filed in 2021. The Commission expects this planning workgroup to continue the discussion on how to identify and evaluate NWAs in the context of a more holistic planning approach.

preparation for the next formal review of the Michigan IRP Planning Parameters expected to take place in 2022; and

3. Methodologies to quantify and value generation diversity in IRPs.

The Commission expects these stakeholder discussions will help provide a foundation for potential changes to the Michigan IRP Planning Parameters scheduled to be updated in 2022. Accordingly, the Commission directs the Staff to conduct outreach and hold stakeholder sessions on the topics outlined above, and to provide the Commission with a summary of findings and any recommendations for the Commission's consideration in a report to be filed in this docket on or before May 27, 2021.

The Commission notes that issues related to the application of the Michigan Environmental Protection Act, MCL 324.1701 *et seq.*, and the potential impact of utility plans on public health have been raised in several recent cases before the Commission. *See*, Case Nos. U-18418, U-18419, U-18461, and U-20471. The Commission also notes that the Michigan Inter-Agency Environmental Justice Response Team was created by Governor Whitmer,<sup>3</sup> and acts in an advisory capacity with the goal of assuring that all Michigan residents benefit from the same protections from environmental hazards. The Commission actively participates in the response team's activities. The Commission recently acknowledged that expectations surrounding the impact of utility plans on public health and environmental justice are evolving and further review is expected, stating

In future IRP proceedings, the Commission expects to coordinate with [the Department of Environment, Great Lakes, and Energy] EGLE on the inclusion of public health and environmental justice considerations as part of the environmental information EGLE shares with the Commission under Section 6t. Public health impacts are inherent in EGLE's responsibilities as an environmental regulator, as many laws, rules, and permitting requirements are tied back to health and environmental indicators.

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<sup>3</sup> *See*, Executive Order 2019-06.

February 20, 2020 order in Case No. U-20471, p. 46. To that end, the Commission directs the Staff to coordinate with EGLE on the inclusion of appropriate public health and environmental justice considerations in future IRP cases, and to include a status update and any related recommendations in the May 27, 2021 report outlined in this order.

THEREFORE, IT IS ORDERED that:

A. The Commission Staff shall form a collaborative group that includes representatives from utilities and other interested stakeholders, to review and discuss improvements and ways to better align integrated resource planning and distribution planning as outlined in this order.

B. The Commission Staff shall coordinate with the Department of Environment, Great Lakes, and Energy on the inclusion of public health and environmental justice considerations in future integrated resource planning cases as outlined in this order.

C. The Commission Staff shall file a report of findings and recommendations in this docket no later than May 27, 2021.

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

MICHIGAN PUBLIC SERVICE COMMISSION

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Daniel C. Scripps, Chair

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Sally A. Talberg, Commissioner

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Tremaine L. Phillips, Commissioner

By its action of August 20, 2020.

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Lisa Felice, Executive Secretary

# PROOF OF SERVICE

STATE OF MICHIGAN )

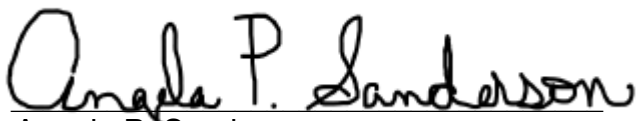
Case No. U-20633

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on August 20, 2020 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 20<sup>th</sup> day of August 2020.



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

## GEMOTION DISTRIBUTION SERVICE LIST

<a href="mailto:kadarkwa@itctransco.com">kadarkwa@itctransco.com</a>	ITC
<a href="mailto:tjlundgren@varnumlaw.com">tjlundgren@varnumlaw.com</a>	Energy Michigan
<a href="mailto:lachappelle@varnumlaw.com">lachappelle@varnumlaw.com</a>	Energy Michigan
<a href="mailto:awallin@cloverland.com">awallin@cloverland.com</a>	Cloverland
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<a href="mailto:braukerL@MICHIGAN.GOV">braukerL@MICHIGAN.GOV</a>	Linda Brauker
<a href="mailto:info@VILLAGEOFCLINTON.ORG">info@VILLAGEOFCLINTON.ORG</a>	Village of Clinton
<a href="mailto:jgraham@HOMEWORKS.ORG">jgraham@HOMEWORKS.ORG</a>	Tri-County Electric Co-Op
<a href="mailto:mkappler@HOMEWORKS.ORG">mkappler@HOMEWORKS.ORG</a>	Tri-County Electric Co-Op
<a href="mailto:psimmer@HOMEWORKS.ORG">psimmer@HOMEWORKS.ORG</a>	Tri-County Electric Co-Op
<a href="mailto:frucheyb@DTEENERGY.COM">frucheyb@DTEENERGY.COM</a>	Citizens Gas Fuel Company
<a href="mailto:mpscfilings@CMSENERGY.COM">mpscfilings@CMSENERGY.COM</a>	Consumers Energy Company
<a href="mailto:jim.vansickle@SEMCOENERGY.COM">jim.vansickle@SEMCOENERGY.COM</a>	SEMCO Energy Gas Company
<a href="mailto:kay8643990@YAHOO.COM">kay8643990@YAHOO.COM</a>	Superior Energy Company
<a href="mailto:christine.kane@we-energies.com">christine.kane@we-energies.com</a>	WEC Energy Group
<a href="mailto:jlarsen@uppcoc.com">jlarsen@uppcoc.com</a>	Upper Peninsula Power Company
<a href="mailto:dave.allen@TEAMMIDWEST.COM">dave.allen@TEAMMIDWEST.COM</a>	Midwest Energy Coop
<a href="mailto:bob.hance@teammidwest.com">bob.hance@teammidwest.com</a>	Midwest Energy Coop
<a href="mailto:tharrell@ALGERDELTA.COM">tharrell@ALGERDELTA.COM</a>	Alger Delta Cooperative
<a href="mailto:tonya@CECELEC.COM">tonya@CECELEC.COM</a>	Cherryland Electric Cooperative
<a href="mailto:bscott@GLENERGY.COM">bscott@GLENERGY.COM</a>	Great Lakes Energy Cooperative
<a href="mailto:sculver@glenergy.com">sculver@glenergy.com</a>	Great Lakes Energy Cooperative
<a href="mailto:kmarklein@STEPHENSON-MI.COM">kmarklein@STEPHENSON-MI.COM</a>	Stephenson Utilities Department
<a href="mailto:debbie@ONTOREA.COM">debbie@ONTOREA.COM</a>	Ontonagon County Rural Elec
<a href="mailto:ddemaestri@PIEG.COM">ddemaestri@PIEG.COM</a>	Presque Isle Electric & Gas Cooperative, INC
<a href="mailto:dbraun@TECMI.COOP">dbraun@TECMI.COOP</a>	Thumb Electric
<a href="mailto:rbishop@BISHOPENERGY.COM">rbishop@BISHOPENERGY.COM</a>	Bishop Energy
<a href="mailto:mkuchera@AEPENERGY.COM">mkuchera@AEPENERGY.COM</a>	AEP Energy
<a href="mailto:todd.mortimer@CMSENERGY.COM">todd.mortimer@CMSENERGY.COM</a>	CMS Energy
<a href="mailto:jgoodman@commerceenergy.com">jgoodman@commerceenergy.com</a>	Just Energy Solutions
<a href="mailto:david.fein@CONSTELLATION.COM">david.fein@CONSTELLATION.COM</a>	Constellation Energy
<a href="mailto:kate.stanley@CONSTELLATION.COM">kate.stanley@CONSTELLATION.COM</a>	Constellation Energy
<a href="mailto:kate.fleche@CONSTELLATION.COM">kate.fleche@CONSTELLATION.COM</a>	Constellation New Energy
<a href="mailto:mpscfilings@DTEENERGY.COM">mpscfilings@DTEENERGY.COM</a>	DTE Energy
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<a href="mailto:greg.bass@calpinesolutions.com">greg.bass@calpinesolutions.com</a>	Calpine Energy Solutions
<a href="mailto:rabaey@SES4ENERGY.COM">rabaey@SES4ENERGY.COM</a>	Santana Energy
<a href="mailto:cborr@WPSCI.COM">cborr@WPSCI.COM</a>	Spartan Renewable Energy, Inc. (Wolverine Power Marketing Corp)
<a href="mailto:cityelectric@ESCANABA.ORG">cityelectric@ESCANABA.ORG</a>	City of Escanaba
<a href="mailto:crystalfallsmgr@HOTMAIL.COM">crystalfallsmgr@HOTMAIL.COM</a>	City of Crystal Falls
<a href="mailto:felichel@MICHIGAN.GOV">felichel@MICHIGAN.GOV</a>	Lisa Felice
<a href="mailto:mmann@USGANDE.COM">mmann@USGANDE.COM</a>	Michigan Gas & Electric
<a href="mailto:mpolega@GLADSTONEMI.COM">mpolega@GLADSTONEMI.COM</a>	City of Gladstone



## GEMOTION DISTRIBUTION SERVICE LIST

<a href="mailto:rlferguson@INTEGRYSGROUP.COM">rlferguson@INTEGRYSGROUP.COM</a>	Integrys Group
<a href="mailto:lrgustafson@CMSENERGY.COM">lrgustafson@CMSENERGY.COM</a>	Lisa Gustafson
<a href="mailto:daustin@IGSENERGY.COM">daustin@IGSENERGY.COM</a>	Interstate Gas Supply Inc
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<a href="mailto:ttarkiewicz@CITYOFMARSHALL.COM">ttarkiewicz@CITYOFMARSHALL.COM</a>	City of Marshall
<a href="mailto:d.motley@COMCAST.NET">d.motley@COMCAST.NET</a>	Doug Motley
<a href="mailto:mpauley@GRANGER.NET">mpauley@GRANGER.NET</a>	Marc Pauley
<a href="mailto:ElectricDept@PORTLAND-MICHIGAN.ORG">ElectricDept@PORTLAND-MICHIGAN.ORG</a>	City of Portland
<a href="mailto:gdg@alpenapower.com">gdg@alpenapower.com</a>	Alpena Power
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<a href="mailto:mgobrien@aep.com">mgobrien@aep.com</a>	Indiana Michigan Power Company
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<a href="mailto:tanya@meagutilities.org">tanya@meagutilities.org</a>	MEGA
<a href="mailto:hnester@itctransco.com">hnester@itctransco.com</a>	ITC Holdings
<a href="mailto:lpage@dickinsonwright.com">lpage@dickinsonwright.com</a>	Dickinson Wright
<a href="mailto:Deborah.e.erwin@xcelenergy.com">Deborah.e.erwin@xcelenergy.com</a>	Xcel Energy
<a href="mailto:mmpeck@fischerfranklin.com">mmpeck@fischerfranklin.com</a>	Matthew Peck
<a href="mailto:CANDACE.GONZALES@cmsenergy.com">CANDACE.GONZALES@cmsenergy.com</a>	Consumers Energy
<a href="mailto:JHDillavou@midamericanenergyservices.com">JHDillavou@midamericanenergyservices.com</a>	MidAmerican Energy Services, LLC
<a href="mailto:JCAltmayer@midamericanenergyservices.com">JCAltmayer@midamericanenergyservices.com</a>	MidAmerican Energy Services, LLC
<a href="mailto:LMLann@midamericanenergyservices.com">LMLann@midamericanenergyservices.com</a>	MidAmerican Energy Services, LLC
<a href="mailto:karl.j.hoesly@xcelenergy.com">karl.j.hoesly@xcelenergy.com</a>	Northern States Power
<a href="mailto:kerri.wade@teammidwest.com">kerri.wade@teammidwest.com</a>	Midwest Energy Coop
<a href="mailto:dixie.teague@teammidwest.com">dixie.teague@teammidwest.com</a>	Midwest Energy Coop
<a href="mailto:meghan.tarver@teammidwest.com">meghan.tarver@teammidwest.com</a>	Midwest Energy Coop
<a href="mailto:Karen.wienke@cmsenergy.com">Karen.wienke@cmsenergy.com</a>	Consumers Energy
<a href="mailto:Michael.torrey@cmsenergy.com">Michael.torrey@cmsenergy.com</a>	Consumers Energy
<a href="mailto:croziera@dteenergy.com">croziera@dteenergy.com</a>	DTE Energy

## GEMOTION DISTRIBUTION SERVICE LIST

[stanczakd@dteenergy.com](mailto:stanczakd@dteenergy.com)

[Michelle.Schlosser@xcelenergy.com](mailto:Michelle.Schlosser@xcelenergy.com)

[dburks@glenergy.com](mailto:dburks@glenergy.com)

[kabraham@mpower.org](mailto:kabraham@mpower.org)

[shannon.burzycki@wecenergygroup.com](mailto:shannon.burzycki@wecenergygroup.com)

[kermann@atcllc.com](mailto:kermann@atcllc.com)

[handrew@atcllc.com](mailto:handrew@atcllc.com)

[mary.wolter@wecenergygroup.com](mailto:mary.wolter@wecenergygroup.com)

[phil@allendaleheating.com](mailto:phil@allendaleheating.com)

DTE Energy

Xcel Energy

Great Lakes Energy

Michigan Public Power Agency

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UMERC, MERC and MGU

Phil Forner