

Status of FERC Order 2222 and Implications for Coordination Across the Transmission, Distribution, and Behind-the-Meter Domains

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Electricity Advisory Committee
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Michigan: A Unique Case-Study

- Michigan's electric system is a hybrid, including unique features that impact implementation of FERC Order 2222:
 - Michigan is part of two Regional Transmission Organizations – MISO and PJM – which have different frameworks and timelines around FERC Order 2222
 - Michigan allows for 10% of load to be served by alternative electric suppliers under retail open access, with the remaining 90% of load continuing to be served by incumbent utilities
 - Michigan utilities largely divested their transmission assets, meaning electric transmission service is offered by different companies than generation and distribution service

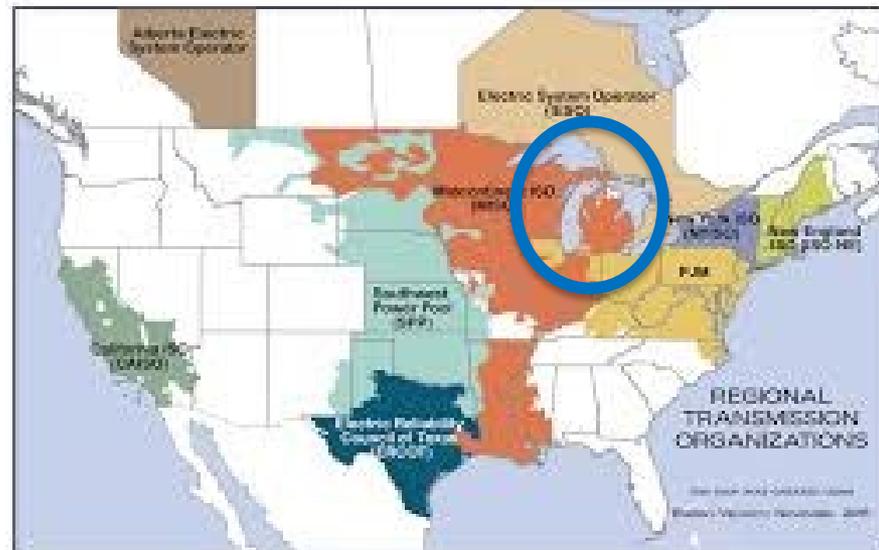


Image: Curbed Detroit



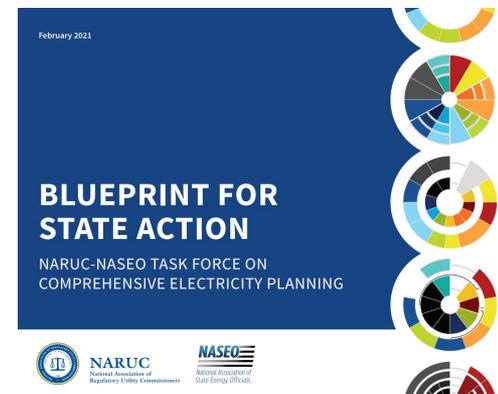
Image: National Park Service

Michigan's Planning Framework

- Michigan requires regulated electric utilities file “integrated resource plans” based on 5, 10, and 15 year energy and capacity outlooks
- IRPs required to include range of factors, including equal consideration of supply-side and demand-side resources
- In evaluating IRPs, the MPSC must find that the plan represents “the most reasonable and prudent” means of meeting the utility’s energy and capacity needs based on a balancing of statutory factors
- In 2018, MPSC began requiring larger utilities to file distribution plans to better understand of how proposed investments are tied to longer-term strategies
 - Stakeholders allowed opportunity to comment on utility plans, though unlike IRPs not currently conducted as contested cases
 - Also, unlike IRPs, distribution plans are not ultimately subject to Commission approval
 - Instead, specific investments are reviewed in utility rate cases
- Greater focus on integrating resource and distribution planning processes
 - Consumers Energy sought to align IRP and distribution plans; NSP agreed to in its next IRP
- Michigan also working to integrate transmission planning with state processes
 - IRP requires consideration of transmission options and RTO processes require consideration of non-transmission alternatives
 - MPSC and Energy Office participated in multi-year NARUC-NASEO Task Force on Comprehensive Electricity Planning – Blueprint and State Action Plan released in Feb.

Michigan's DER Framework

- In 2019, MPSC launched MI Power Grid, a multi-year stakeholder initiative to maximize the benefits of the transition to clean, distributed energy resources for Michigan residents and businesses
 - Focus issues on demand response, time-based pricing, energy programs and technology pilots, interconnection standards, new technologies and business models, system data access, and integration of resource, distribution, and transmission planning
 - Following announcement of Governor Whitmer's MI Healthy Climate Plan, advanced planning workgroup evaluated how to consider carbon reduction goals within planning process
- MPSC also working to update demand response studies
- Michigan Senate also requested MPSC to conduct a study to consider various rate design options to account for changing customer use of the grid



Issues in 2222 implementation

- Within Michigan's unique regulatory framework, how to avoid double counting while also unlocking full value stack of DERs
 - Particularly relevant given current limited market for capacity and ancillary services within wholesale markets
- How to plan for behind-the-meter resources and ensure they are included in resource adequacy demonstrations
- How to continue to anticipate continuing trends and changes in energy markets
 - What does Ford's announcement on Vehicle-to-Home capabilities of F-150 Lightning mean for the future of DERs/ aggregation?

