MPSC FY 2025 Appropriations Request






Dan Scripps

Chair

MPSC
MICHIGAN PUBLIC SERVICE COMMISSION

The MPSC: Who we are

Commissioner
Katherine Peretick

Chair
Dan Scripps

Commissioner
Alessandra Carreon

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The MPSC: Who we are

Chair
Commissioners

- Regulatory Affairs
- Strategic Operations
- Public Information Officer
- Equity and Inclusion Officer

Chief Operating Officer

- Administrative Services
- Telecommunications
- Customer Assistance
- Gas Safety & Operations
- Regulated Energy
- Energy Resources
- Energy Operations

Our Mission

To serve the public by ensuring ***safe***, ***reliable***, *and* ***accessible*** *energy* and *telecommunications* services ***at reasonable rates***

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Major Functions

- Ensuring System Reliability
- Setting Just & Reasonable Rates
- Energy Assurance and Planning
- Licensing & Fostering Competitive Markets
- Facility Siting and Need Determination
- Public Safety and Infrastructure Oversight
- Customer Assistance & Protection

Update on 2023 Priorities

2023 Priority	Update
Continuing to address grid reliability and resiliency concerns → Third party audit of Consumers Energy and DTE distribution system including both equipment and operations → 2021 – 2022 Storm Response orders → Completion of rules updates in Q.1/Q.2 of 2023 → Technical conferences on energy storage resources and batteries	• Status update on Audit posted in December; Final Audit report expected this summer • Updated Service Quality rules and Technical Standards adopted in late March • Created and launched a webpage to allow the public to easily access outage information
Resource Adequacy → MISO/PJM/FERC → Capacity demonstrations → Integrated resource plans	• Continued advocacy at MISO/PJM/FERC regarding resource adequacy models • 2023 Capacity Demonstration plans indicated sufficient capacity; Continued monitoring by Commission and Staff
Continued work to ensure Michigan and our utilities are able to take advantage of the funding offered under the Infrastructure Investment and Jobs Act and the Inflation Reduction Act	• Directed biannual filings by utilities regarding Federal grant applications • Supported several applications from Michigan utilities and other organizations seeking to bring millions of dollars of investment into MI; Decisions expected in 2024
Concluding the MI Power Grid initiative	Final report was issued in April, though significant workstreams are ongoing
Nuclear Feasibility Study (PAs 166 and 218 of 2022)	Workgroup meeting on draft report held in January; Final report due to the legislature by April 15, 2024.
Grid Integration Study (SR 143 of 2020)	Report was delivered to the Legislature in June 2023.
Customer Affordability and Outreach → Low Income Energy Policy Board/Energy Affordability and Accessibility Collaborative/Energy Waste Reduction Low Income Workgroup → Expanding customer outreach capacity and efforts	• Workgroups continue to meet exploring options for addressing concerns around affordability and integration of services • Added 3 new staff in September 2023 to focus on outreach and customer engagement and education efforts
2023 Case Load → DTE IRP → Between 9 and 11 Rate Cases → Act 16 Read the Record	• Commission issued 382 orders in 2023 including completion of the Act 16 Read the Record case • Issued 5 rate case orders with several other cases in process by Staff • Issued 2 IRP orders

2023 Priorities: Low Carbon EIED Grants

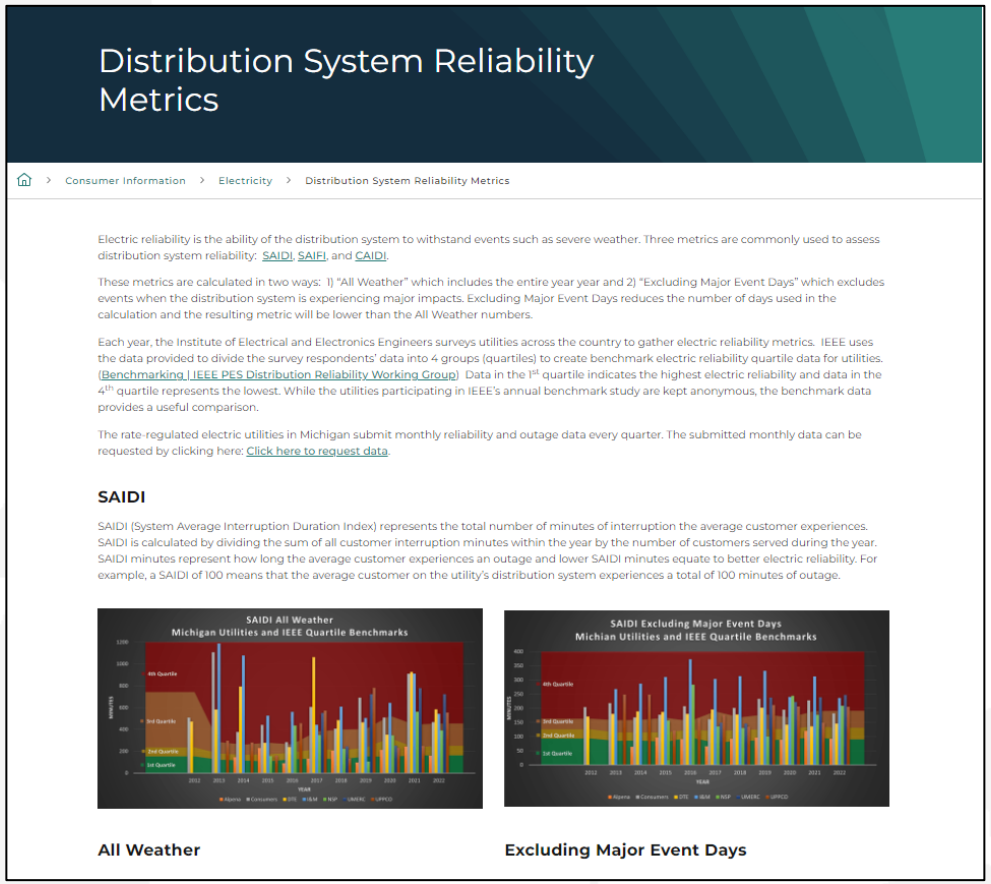
- $50M grant program under PAs 53 and 166 of 2022 for “businesses, nonprofit organizations, and local units of government for the purposes of planning, developing, acquiring, or constructing low carbon energy facilities, which may include, but are not limited to, natural gas facilities, combined heat and power facilities, renewable natural gas facilities, and electrification programs.”
- 24 proposals were submitted in January 2023 totaling approximately $176.3M
- In June 2023, 15 projects were awarded grants including 6 planning grants and 9 infrastructure grants

2024 Priorities

- Ongoing Priorities
  - Improving Reliability
  - Ensuring Resource Adequacy
  - Another Year of Significant Case Work
  - Ensuring utilities are taking advantage of IIJA and IRA grant funds; Continuing to support Michigan based applications for funding to reduce costs and increase value to customers
- 2024 Priorities
  - Renewable Energy EIED Grants
  - Launching Community Outreach, Education, and Engagement efforts
  - Implementation of the 2023 Energy Legislation

2024 Priorities: Improving Reliability

- Comprehensive audit of Consumers Energy and DTE Electric due summer of 2024
- Updating reliability webpage to publicly track utility reliability performance on a more granular level



Distribution System Reliability Metrics

Consumer Information › Electricity › Distribution System Reliability Metrics

Electric reliability is the ability of the distribution system to withstand events such as severe weather. Three metrics are commonly used to assess distribution system reliability: SAIDI, SAIFI, and CAIDI.

These metrics are calculated in two ways: 1) "All Weather" which includes the entire year year and 2) "Excluding Major Event Days" which excludes events when the distribution system is experiencing major impacts. Excluding Major Event Days reduces the number of days used in the calculation and the resulting metric will be lower than the All Weather numbers.

Each year, the Institute of Electrical and Electronics Engineers surveys utilities across the country to gather electric reliability metrics. IEEE uses the data provided to divide the survey respondents' data into 4 groups (quartiles) to create benchmark electric reliability quartile data for utilities. (Benchmarking | IEEE PES Distribution Reliability Working Group) Data in the 1st quartile indicates the highest electric reliability and data in the 4th quartile represents the lowest. While the utilities participating in IEEE's annual benchmark study are kept anonymous, the benchmark data provides a useful comparison.

The rate-regulated electric utilities in Michigan submit monthly reliability and outage data every quarter. The submitted monthly data can be requested by clicking here: Click here to request data.

SAIDI

SAIDI (System Average Interruption Duration Index) represents the total number of minutes of interruption the average customer experiences. SAIDI is calculated by dividing the sum of all customer interruption minutes within the year by the number of customers served during the year. SAIDI minutes represent how long the average customer experiences an outage and lower SAIDI minutes equate to better electric reliability. For example, a SAIDI of 100 means that the average customer on the utility's distribution system experiences a total of 100 minutes of outage.

All Weather **Excluding Major Event Days**

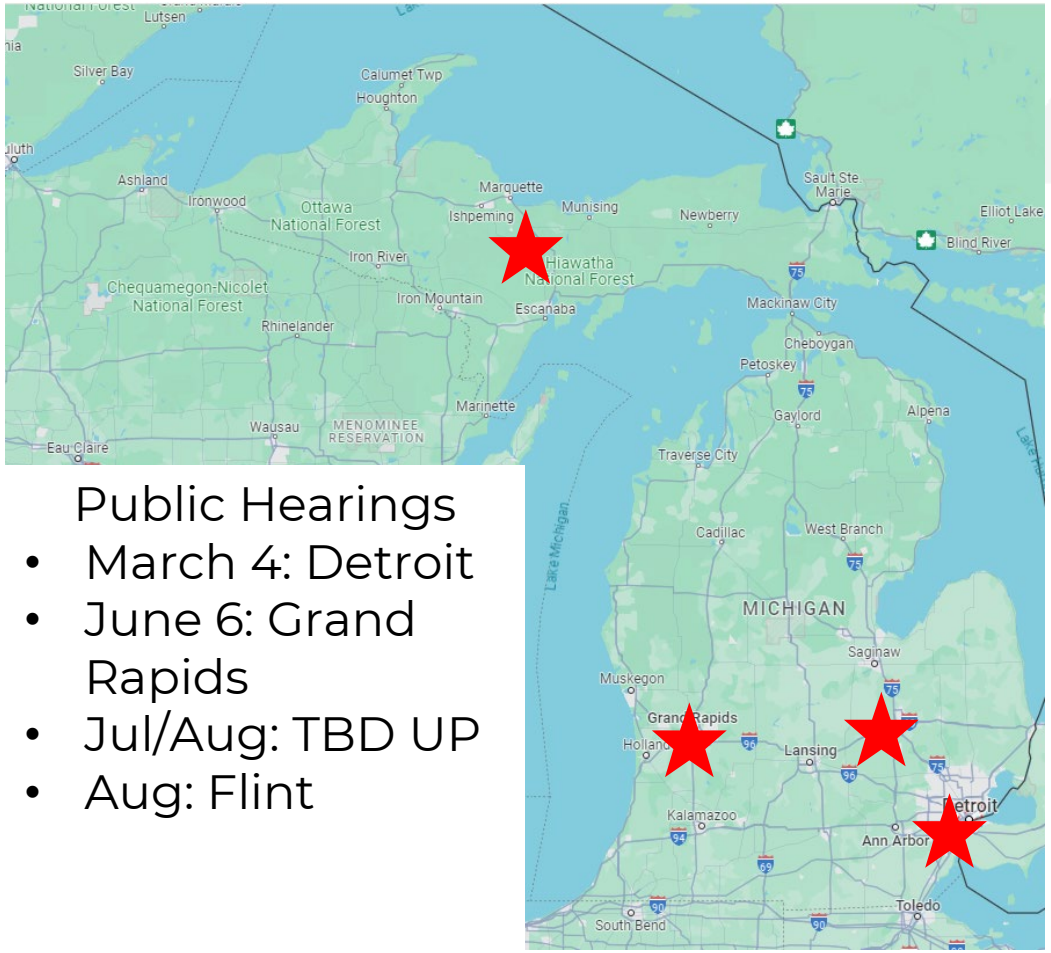
2024 Priorities: Renewable Energy EIED Grants

- Public Act 119 of 2023 established a $21.3 million grant fund for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects.
- Application deadline for proposals was Feb. 21
  - → 52 proposals were submitted seeking $147 million in funding
  - → Public comment period is ongoing

Renewable Energy EIED Grant Timeline

April 12, 2024:	Public comment period ends
April 29, 2024:	Deadline for revised proposals
May 1, 2024:	Revised proposals will be publicly posted
Sept. 2024:	Anticipated announcement of grant awards
Nov. 15, 2024:	Anticipated grant start state
Aug. 15, 2026:	Grant completion date

2024 Priorities:
Community Outreach, Education, and Engagement



Public Hearings

- March 4: Detroit
- June 6: Grand Rapids
- Jul/Aug: TBD UP
- Aug: Flint

2024 Priorities: Energy Legislation Implementation

Changes and additions – 5 Key areas

01

Changes: Integrated Resource Plans

02

Changes: Renewable Energy Plans

03

Changes: Distributed Generation

04

Changes: Energy Waste Reduction Plans

05

Addition: Renewable Energy Facility Siting

2024 Priorities: Energy Legislation Implementation

Several One Time Projects

UP Energy Study

Storage Study

Rate Case Process Proceeding

Public Engagement Proceeding

Establish Siting Process in compliance with PA 233

Accelerated Updates

- EWR Potential Study
- DR Potential Study
- Electrification Study (new)
- DG Interconnection Process

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2024 Priorities: Energy Legislation Implementation

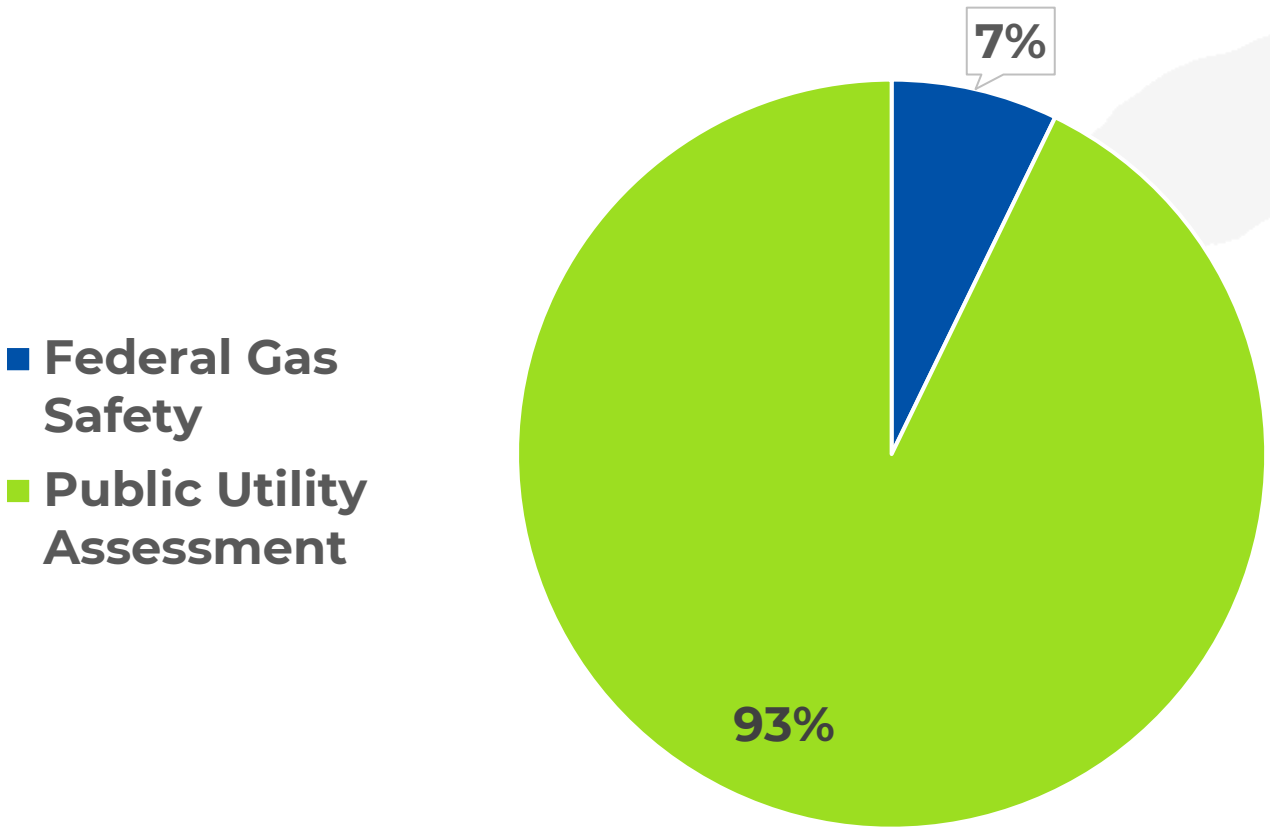
In addition to new proceedings related to renewable energy facility siting, the 2023 energy law . . .

- Expands issues for review in EWR Cases
- Reestablishes the filing of Renewable Energy Plans
- Expands the issues for consideration in utility Integrated Resource Plan cases
- Requires the Commission to initiate proceedings on opportunities to improve the rate case process and to expand engagement in the MPSC's decision-making processes and procedures

Carrying out these new and expanded responsibilities will require increased staff capacity.

MPSC FY 2025 Funding Request

Funding by Source



- Funded by restricted funds (State PUA and Federal gas safety grants)
- Changes over FY'24 Budget
  - → Staff Increase: 28
  - → Budget Increase: $7.13 million (includes $1.25M for mandated studies)
- Drivers of the FY'25 Budget Request
  - → Increased staffing to implement new laws
  - → New and accelerated studies
  - → Budget realignment from loss of federal funds

Total FY 2025 Funding Request: $42,071,000

Questions and Discussion

Thank you!!

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Reference Slides

Customer Inquiries

In 2023, the Commission addressed 16,795 customer inquiries.