



**MICHIGAN ELECTRIC
AND GAS ASSOCIATION**

*U.P. Energy Summit
May 23, 2018*

*James A. Ault
President
Michigan Electric & Gas Association*

MEGA Board of Directors




A unit of American Electric Power



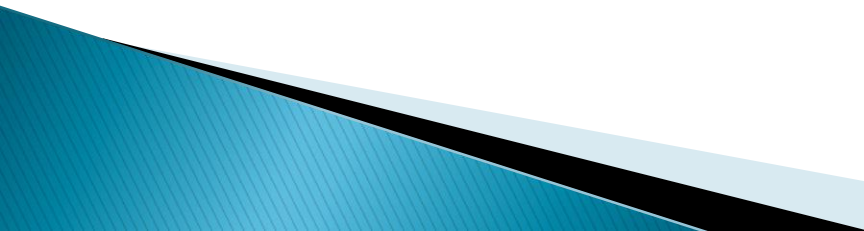
Upper Peninsula Power Company



Positive Developments

- ▶ Reconstructing U.P. transmission (since the Dead River flood)
 - ▶ Expansion of natural gas transmission access (SEMCO Marquette Connector)
 - ▶ Electric resource adequacy – PIPP coal replacements and more (RICE units; MISO Zones 1,2)
 - ▶ Modern technology developments (smarter grid, metering, customer billing)
 - ▶ Flexibility/adaptability in regulation
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Areas of Concern

- ▶ Lack of significant growth to absorb costs
 - ▶ Policies that take load off and fragment the grid
 - ▶ Renewable Energy Ballot Proposal 12-3 (30% by 2030) – replaced by DTE/Consumers Agreement (25% by 2030 EWR and RE each)
 - ▶ Land use issues over RE expansion
 - ▶ Loss of planning control – distributed generation/PURPA vs. integrated resource planning (IRP)
 - ▶ Low income customers
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Some Statewide Costs

- ▶ \$263 million (2016) – electric and gas energy waste reduction (MPSC)
- ▶ \$200 million – LIHEAP and MEAP (low income)
- ▶ \$1.5 billion – 1 year illustrative cost of unlimited 25% RPS
 - 2016 figures only
 - 25% level for Consumers and DTE is 20,686,174 MWh
 - Average 2016 RE cost \$72.60/MWh (MPSC)
 - Cost may be reduced by \$2.00/month residential limit, avoided cost (but for.....), banked credits.....
- ▶ \$39 million – proposed MAE/MPSC appropriation (SB 860)
- ▶ \$951.8 million – CON for DTE 1100 MW East China Twp gas plant (MPSC U-18419)

Major Regulatory Issues – MPSC

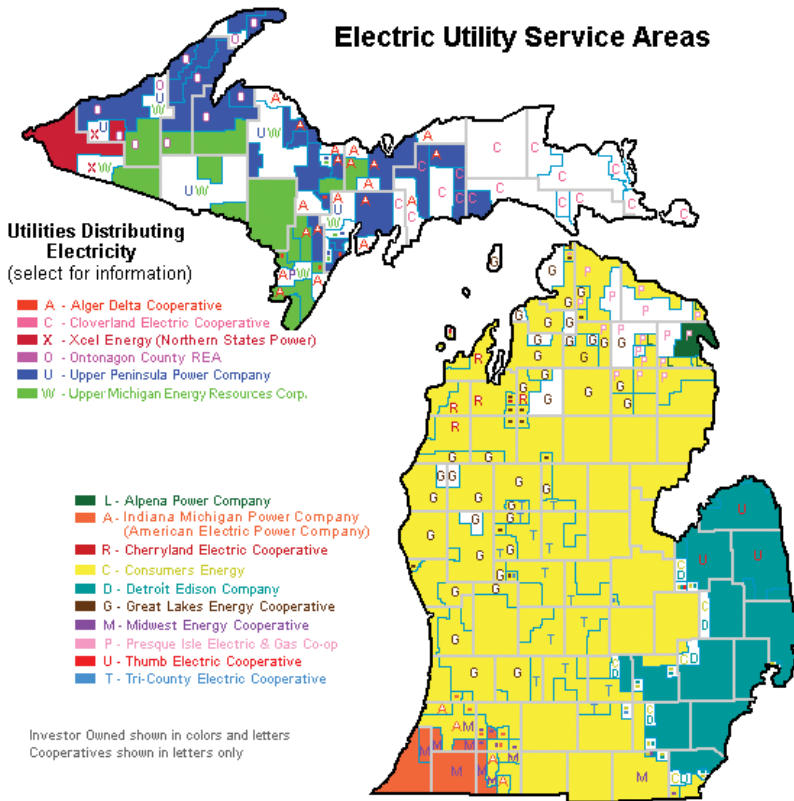
- ▶ Integrated Resource Plan (IRP) Process
- ▶ Renewable and Waste Reduction Plans
- ▶ Net Metering/Distributed Generation (MPSC U-18383)
- ▶ Public Utility Regulatory Policies Act (PURPA) – lead case is U-18090 (Consumers Energy)
- ▶ Resource Adequacy/Local Clearing Requirement/State Reliability Mechanism
- ▶ Certificates of Need (e.g. U-18419 DTE Electric)
- ▶ Performance Based Regulation (MPSC Report)
- ▶ Rate Cases/Tax Cuts/Distribution Plans

Legislative Major Regulatory Issues

- ▶ **HB 5902 (Rep. Lauwers):** long term industrial rate
- ▶ **HB 5143, 5680 (Rep. Barrett):** local taxation of solar/alternate energy
- ▶ **HB 5692, 5693 (Rep. Rabhi):** remove changes of 2016 PA 341-2 to net metering
- ▶ **HB 5837 (Rep. Miller):** allow municipal joint agency membership in other states and Canada
- ▶ **HB 5861-65:** “Energy Freedom” package – community solar; net metering/value of solar; alternative DG rates; lift 1% net metering program cap; microgrids
- ▶ **HB 4968 (Rep. Glenn):** conflicts of interest for local planning commissions

U.P. Service Providers

19 Electric Utilities in the U.P.



Investor Owned

Upper Peninsula Power Company
Upper Michigan Energy Resources Corporation
Northern States Power Company

Cooperatively Owned

Cloverland Electric Cooperative
Alger Delta Cooperative Electric Association*
Ontonagon County Rural Electrification Association
Bayfield Electric Cooperative

Municipally Owned

Marquette Board of Light & Power
Negaunee Department of Public Works*
City of Escanaba
City of Gladstone*
City of Crystal Falls*
Village of Baraga*
Village of L'Anse*
City of Norway*
City of Wakefield
City of Stephenson*
Daggett Electric Department*
Newberry Water and Light Board

* denotes members of WPPI Energy, a Wisconsin based joint action agency