

Distributed Generation in Michigan

Chair Dan Scripps
Presentation to the Michigan House Energy Committee
Representative Joe Bellino, Chair
February 17, 2021

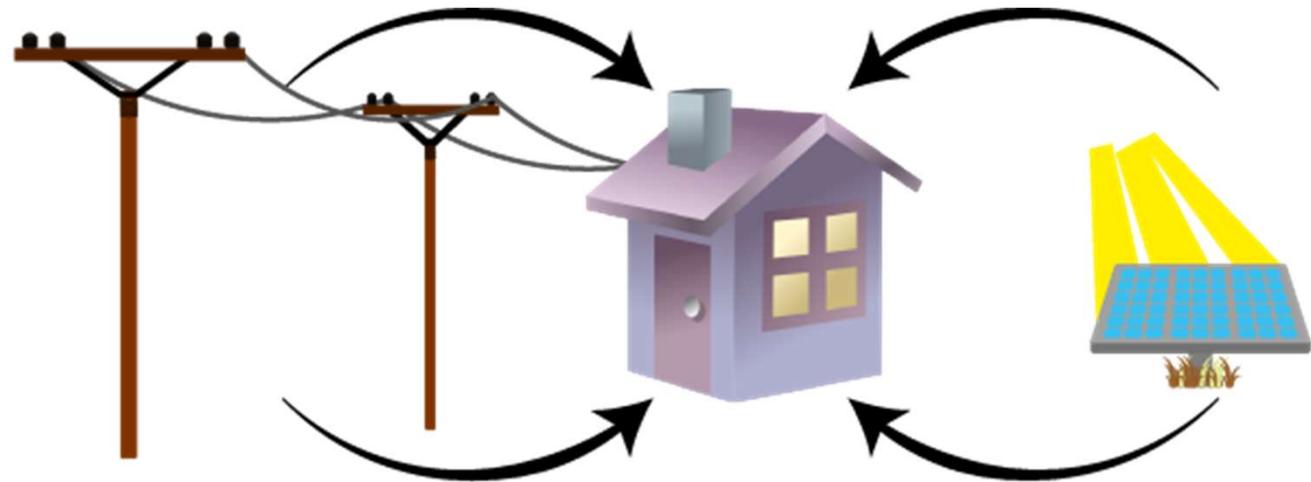


What is Distributed Generation?

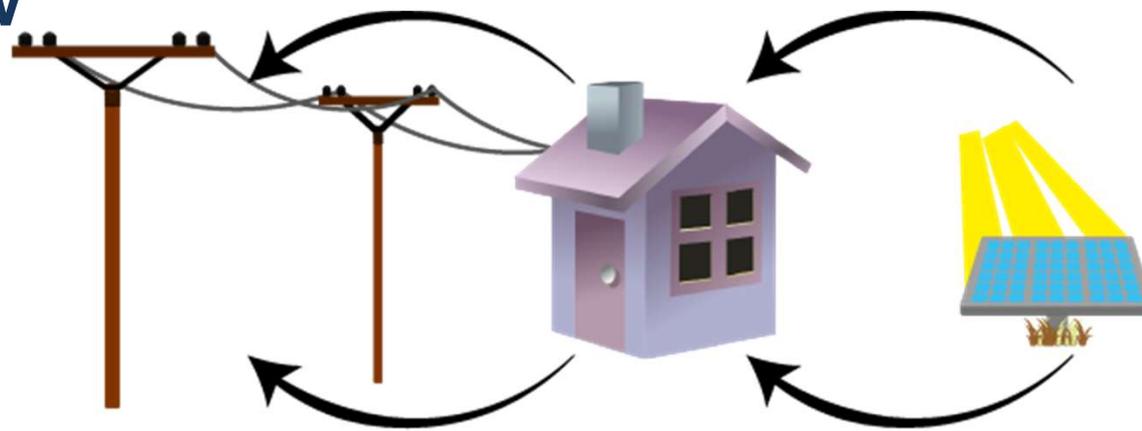
Distributed Generation (DG) is the term used when electricity is generated from sources, often renewable energy sources (i.e. wind or solar), near the point of use instead of centralized generation sources (typically coal, natural gas, or nuclear power plants).

DG – the Mechanics

Inflow



Outflow



Distributed Generation in Michigan

- **2004:** Docket No. U-14346 established statewide, voluntary net metering program.
- **2008:** PA 295 codifies the statewide program and makes it mandatory for regulated utilities and alternative energy suppliers. At least 1% of a utility's customers must be allowed to participate in the net metering program.
- **2016:** PA 341 and 342 phase out net metering and direct the establishment of a new Distributed Generation program.

The 2016 Energy Law

- **PA 342**

- Phase out net metering and replace with new “distributed generation” program.
- Grandfathered existing net metering customers for 10 years from date of enrollment.

- **PA 341**

- Directs the Commission to “conduct a study on an appropriate tariff reflecting equitable cost of service . . . for customers who participate in a net metering program or distributed generation program”
- Apply new tariff in utility rate cases filed after June 1, 2018.

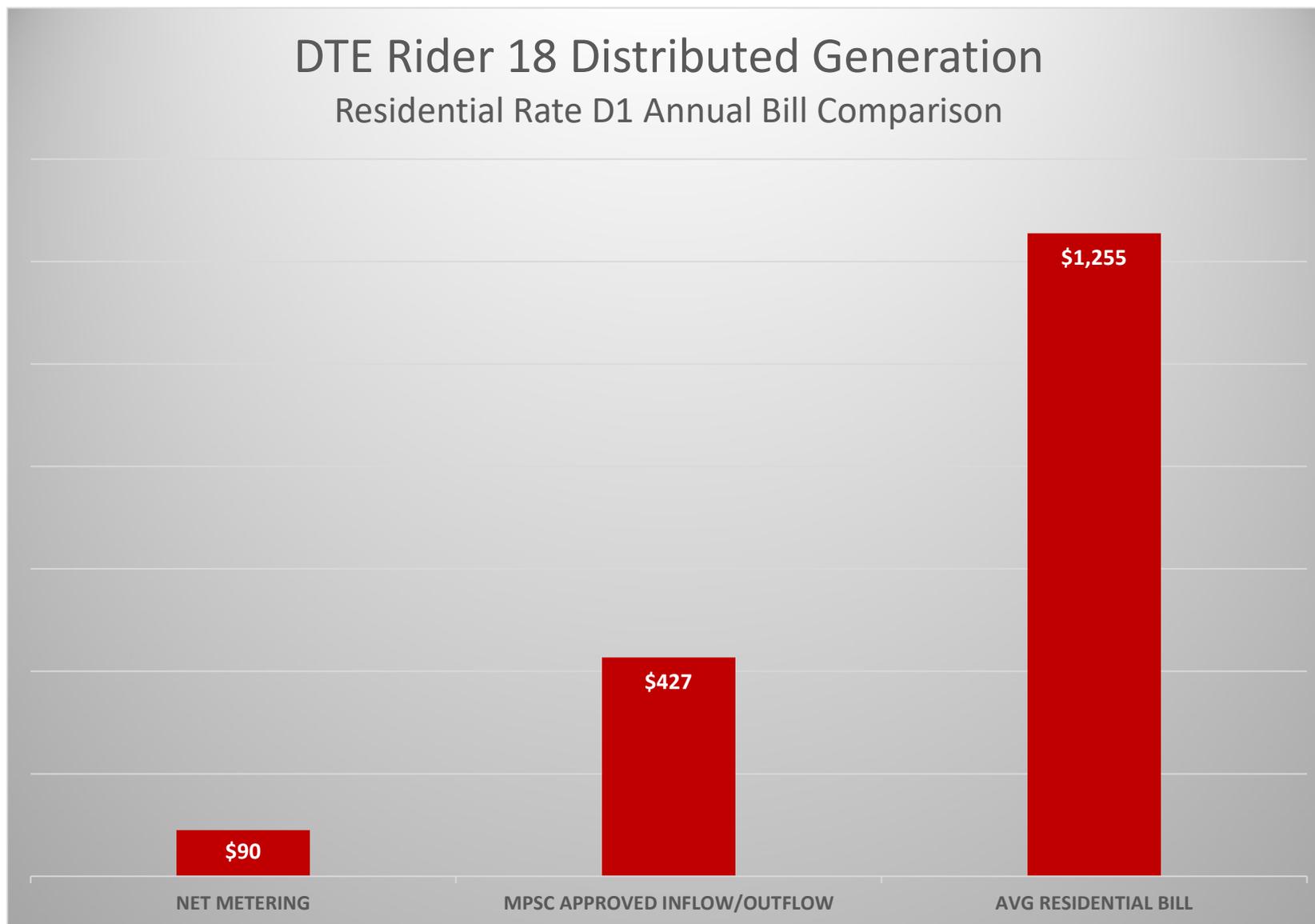
“An appropriate tariff reflecting equitable cost of service . . .”

In Flow/Out Flow Tariff

- Defines how the customer will be charged for energy they use and credited for energy they send to the grid.
- Advanced metering infrastructure allows these in flows and out flows to be measured separately.
- Billing DG customers by the kWh used allows the utility to recover the cost the customer imposes on the system.
- Crediting the DG customer at a different rate for the outflow allows for the recognition of benefits received and provided by the utility.

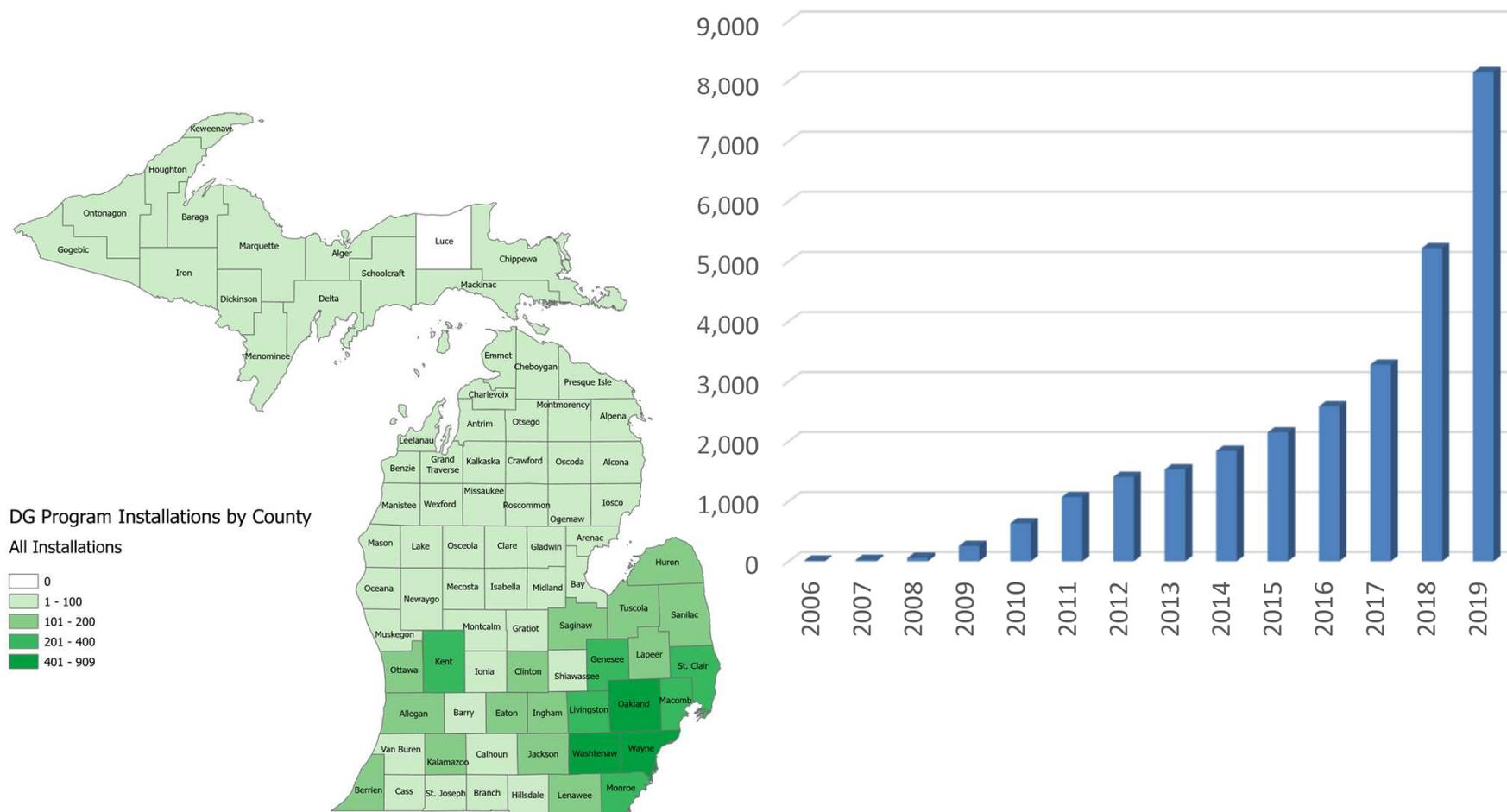
Bill Impacts to DG Customers

DTE Rider 18 Distributed Generation
Residential Rate D1 Annual Bill Comparison



Changing DG Participation

Michigan Legacy Net Metering (DG) Program Customers*



*Source: MPSC Distributed Generation and Legacy Net Metering Programs Report for CY 2019; Released December 2020 available at https://www.michigan.gov/documents/mpsc/DG_and_LNM_Report_Calendar_Year_2019_711217_7.pdf

Distributed Generation Program Participation

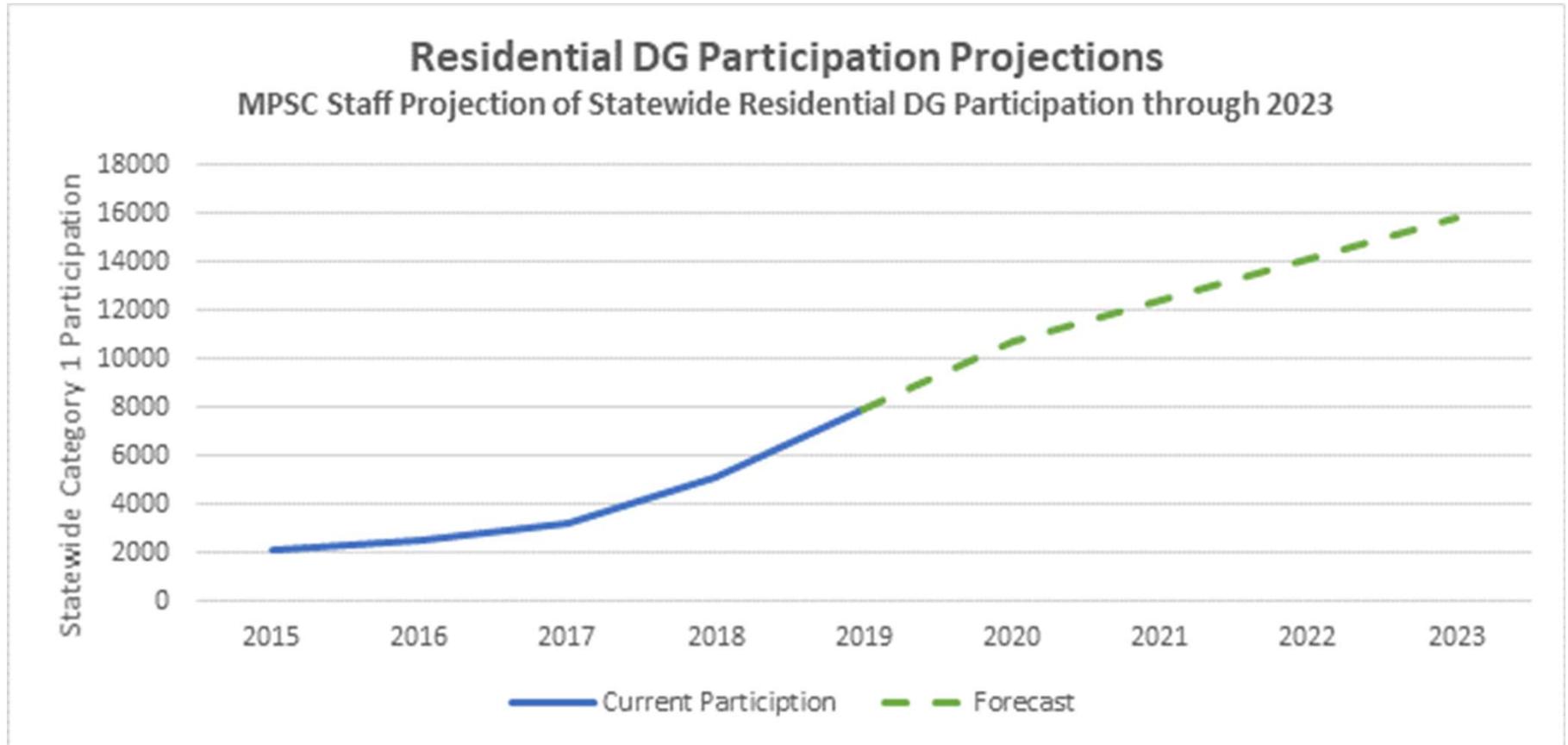
Category 1 (20 kW and under) Legacy Net Metering Program Size Details: Rate Regulated Electric Providers
 All numbers represent program status as of Dec. 31, 2019.

Company	No. of Customers	In-State Peak Load (5-Year Avg) (kW)	Category 1 Cap 0.5% of Peak Load (kW)	Current Participating Nameplate Capacity (kW)	Space Remaining (kW)	% Remaining
Alpena	21	64,800	324	89	235	73%
Consumers Energy	3,258	7,624,300	38,122	22,447	15,675	41%
DTE Electric	3,794	10,936,800	54,684	24,560	30,124	55%
Indiana Michigan	137	815,600	4,078	1,041	3,037	74%
UPPCo	186	135,700	1,357 (1%; 2019)	1,124	233	17%
UMERC	49	170,000	850	303	547	64%
Xcel	4	26,600	133	25	108	81%

*Source: MPSC Distributed Generation and Legacy Net Metering Programs Report for CY 2019; Released December 2020 available at https://www.michigan.gov/documents/mpsc/DG_and_LNM_Report_Calendar_Year_2019_711217_7.pdf

Note: updated utility Annual Net Metering/Distributed Generation Reports will be filed in March 2021 in U-15787.

Growing DG Participation





- Focused, multi-year stakeholder initiative to maximize the benefits of the transition to clean, distributed energy resources for Michigan residents and businesses.
- Engages utility customers and other stakeholders to help integrate new clean energy technologies and optimize grid investments for reliable, affordable electricity service.
- Includes outreach, education, and regulatory reforms.

