

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
UPPER PENINSULA POWER COMPANY for	)	
approval of interconnection procedures pursuant to	)	Case No. U-21477
R 460.920.	)	
_____	)	

At the September 26, 2024 meeting of the Michigan Public Service Commission in
Lansing, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Alessandra R. Carreon, Commissioner

ORDER

Background

On April 24, 2023, the Commission issued an order in Case No. U-20890 adopting the Interconnection and Distributed Generation Standards (also known as the MIXDG rules), which are codified at Mich Admin Code, R 460.901a *et seq.*, and became effective on April 25, 2023. Included in the MIXDG rules is Mich Admin Code, R 460.920 (Rule 20), which reads (in pertinent part) as follows:

Rule 20. (1) An electric utility shall file applications for approval of interconnection procedures and forms within 120 calendar days of the effective date of these rules.

(2) The commission shall issue its order approving, rejecting, or modifying an electric utility's proposed interconnection procedures and forms within 360 calendar days of the electric utility filing an application for approval of interconnection procedures and forms. If the commission finds the procedures and forms proposed by the electric utility to be inadequate or unacceptable, the

commission may either adopt procedures and forms proposed by another person in the proceeding or modify and accept the procedures and forms proposed by the electric utility.

(3) Until the commission accepts, rejects, or modifies an electric utility's interconnection procedures and forms, the electric utility may use the proposed interconnection procedures and forms when processing interconnection applications with the exception of fixed fees and fee caps. An electric utility shall only charge fees that comply with the requirements of R 460.926 until the commission accepts, rejects, or modifies the proposed interconnection procedures and forms, unless the commission approves different fees pursuant to R 460.926(5).

(4) Two or more electric utilities may file a joint application proposing interconnection procedures for use by the joint applicants. The proposed interconnection procedures must ensure compliance with these rules.

(5) The proposed interconnection procedures must, at a minimum, include all of the following:

- (a) All necessary applications, forms, and relevant template agreements.
- (b) A schedule of all applicable fixed fees and fee caps.
- (c) Voltage ranges for high voltage distribution and low voltage distribution.
- (d) Required initial review screens.
- (e) Required supplemental review screens.
- (f) The process for conducting system impact studies and facilities studies on DERs [distributed energy resources] when there is an affected system issue.
- (g) Testing and certification requirements of DER telecommunications, cybersecurity, data exchange, and remote control operation.
- (h) Parallel operation requirements.
- (i) A method to estimate the expected annual kWh [kilowatt-hour] output of the generator or generators.
- (j) If an electric utility uses alternative methods for power limited export DER pursuant to R 460.980(3), a description of those methods.
- (k) A cost allocation methodology for study track DERs.
- (l) An evaluation of an interconnection application for a project that includes single or multiple types of DERs at a site for which the applicant seeks a single point of common coupling.
- (m) Details describing how an energy storage device may be integrated into an existing legacy net metering program system without impacting the 10-year grandfathering period or participation in the distributed generation program.
- (n) For electric utilities that are member-regulated electric cooperatives, a procedure for fairly processing applications in instances in which the number of applications exceed the capacity of the electric cooperative to timely meet the deadlines in these rules.
- (o) Examples of modifications that are not material modifications.
- (p) The procedure for performing a material modification review to determine if a modification is material.
- (q) Any required terms and conditions that must be specified in the general liability insurance for level 3, 4, and 5 projects.
- (r) A list of the electric utility's holidays.

(s) If an electric utility uses an alternative process pursuant to R 460.956, a description of that process.

(t) Fast track eligibility criteria for applications proposing to interconnect DERs with 4.8 kV [kilovolt] distribution systems.

(u) In the event daytime loading data is not available for the initial screen provided in R 460.946(5)(b), the date when the data will be collected.

Additionally, Mich Admin Code, R 460.910 (Rule 10) addresses rule waivers and reads as follows:

Rule 10. An electric utility, customer, alternative electric supplier, applicant, or interconnection customer may apply to the commission for a waiver from 1 or more provisions of these rules and may request expeditious processing. The commission may grant a waiver upon a showing of good cause and a finding that the waiver is in the public interest.

The May 18, 2023 order in Case No. U-21117 (May 18 order) directed the rate-regulated electric utilities to file draft interconnection procedures (MIXDG procedures) in the Case No. U-21117 docket by June 16, 2023, and directed the Commission Staff (Staff) to hold a working session for interested persons on June 21, 2023, to allow for input regarding the draft MIXDG procedures. The May 18 order required final MIXDG procedures to be filed no later than August 23, 2023, per the requirements of Rule 20(1).

On August 23, 2023, Upper Peninsula Power Company (UPPCo) filed an application in this docket, along with supporting testimony and exhibits, seeking approval of proposed MIXDG procedures and a waiver from Mich Admin Code, R 460.926(3) (Rule 26(3)). On September 28, 2023, the Commission issued an order in this docket soliciting comments and reply comments on UPPCo's application. On October 27, 2023, the Staff filed comments.

On February 8, 2024, the Commission issued an order in Case Nos. U-21455 *et al.* (which included this docket) (February 8 order) addressing the changes to the statutory requirements for interconnection resulting from the passage of Public Act 235 of 2023 (Act 235). In the February 8 order, the Commission: (1) rejected UPPCo's proposed MIXDG procedures due to

the statutory changes; (2) directed UPPCo to file a new application for proposed MIXDG procedures in this docket by March 22, 2024; (3) allowed for additional initial and reply comments to be filed in this docket no later than May 22 and June 5, 2024, respectively; and (4) invited comments on a Standard Level 1, 2, and 3 Interconnection Agreement in Case No. U-21543. On March 22, 2024, UPPCo filed a revised application, along with supporting testimony from Eric W. Stocking, UPPCo's Director of Regulatory & Power Supply, who also sponsored exhibits (application). On May 22, 2024, the Staff filed new comments on UPPCo's application and attached a Sample Interconnection Agreement for Level 4 and 5 and Non-Certified Projects (Staff's comments). On June 5, 2024, UPPCo filed reply comments. The Commission also notes that in the July 23, 2024 order in Case No. U-21543 (July 23 order) the Commission approved a Standard Level 1, 2, and 3 Interconnection Agreement.

This order approves MIXDG procedures, forms, and agreements for UPPCo.

The Application and the Commission Staff's Comments

Rule 26(3)-(5) states as follows:

- (3) The initial fee caps for a fast track supplemental review and the study track for all levels of DERs are as follows:
 - (a) The fee for a fast track supplemental review including all review screens may not exceed \$1,000.
 - (b) The study track fee for interconnection application review and the scoping meeting may not exceed \$300.
 - (c) The system impact study fee may not exceed \$10,000.
 - (d) The facilities study fee may not exceed \$15,000.
- (4) The fees listed in subrule (2) and initial fee caps listed in subrule (3) of this rule, must be displayed prominently on the electric utility's interconnection website.
- (5) An electric utility that expects to incur costs greater than the fees listed in subrule (2) or initial fee caps listed in subrule (3) of this rule in the evaluation of an interconnection application may file a request for a waiver pursuant to R 460.910.

Mr. Stocking explains that UPPCo is seeking approval for interconnection study fees at actual cost, not to exceed a proposed amount. Thus, UPPCo seeks a waiver in order to: (1)

raise the fast track supplemental review fee under Rule 26(3)(a) from \$1,000 to actual cost or a maximum of \$5,000; (2) raise the system impact study fee under Rule 26(3)(c) from \$10,000 to actual cost or a maximum of \$30,000; and (3) raise the facilities study fee under Rule 26(3)(d) from \$15,000 to actual cost or a maximum of \$30,000. Testimony of Eric W. Stocking, p. 4. Mr. Stocking explains that UPPCo typically retains third-party consultants to perform interconnection studies and the company recently received a quoted price for an interconnection study of \$18,500. *Id.*, p. 5. He states that UPPCo expects to incur costs for studies greater than the caps listed in Rule 26(3) and the company seeks the waiver in order to achieve cost recovery and ensure that other customers do not subsidize the interconnection of DERs. He further testifies that UPPCo does not foresee issues with adopting the standard agreement approved by the Commission in Case No. U-21543, and he states that UPPCo filed updated distributed generation tariff sheets on March 21, 2024, in Case No. U-21555 (UPPCo's pending electric rate case). *Id.*, p. 4.

In its comments, the Staff supports a temporary two-year waiver from Rule 26(3)(a), (c), and (d), and states that the Staff would appreciate the ability to review actual costs for each of these items during the waiver period. Staff's comments, p. 1. The Staff notes that UPPCo may request an extension of the waiver at its expiration. The Staff makes several additional comments on both substantive and non-substantive matters suggesting revisions to UPPCo's proposed MIXDG procedures, forms, and agreements. *Id.*, pp. 1-3.

In its reply comments, UPPCo indicates its agreement to all of the Staff's proposed changes, including the ability for the Staff to review actual costs. UPPCo's reply comments, Attachment 1.

Discussion

The Staff supports a two-year waiver from Rule 26(3)(a), (c), and (d), and approval of the requested changes to the fees for two years. Finding it reasonable, the Commission approves the request for a two-year waiver and the increased fee maximums associated with Rule 26(3)(a), (c), and (d), and directs UPPCo to continue discussions with the Staff regarding the actual study costs. At the expiration of the waiver period, UPPCo may file a request for another extension, which must be accompanied by documentation and explanation of the actual study costs for the Staff's review. The Commission approves MIXDG procedures, forms, and agreements for UPPCo consistent with the versions resulting from the Staff's comments and UPPCo's agreement in reply. The Commission finds that UPPCo shall utilize the statewide Standard Level 1, 2, and 3 Interconnection Agreement approved in the July 23 order for certified projects; and the Level 4 and 5 Interconnection Agreement attached to UPPCo's application as Exhibit A-6 (incorporating the Staff's proposed changes) for non-certified projects of all sizes and all Level 4 and 5 projects.

THEREFORE, IT IS ORDERED that:

A. Within 30 days of the date of this order, Upper Peninsula Power Company shall file in this docket interconnection procedures and forms consistent with the findings in this order, including the approved two-year waiver (commencing on the date of this order) and revised fees associated with Mich Admin Code, R 460.926(3)(a), (c), and (d).

B. Upper Peninsula Power Company shall utilize the Standard Level 1, 2, and 3 Interconnection Agreement approved in the July 23, 2024 order in Case No. U-21543 for certified projects; and the Level 4 and 5 Interconnection Agreement attached to the company's application as Exhibit A-6, incorporating the Commission Staff's changes, for non-certified

projects of all sizes and all Level 4 and 5 projects. Within 30 days of the date of this order, Upper Peninsula Power Company shall file in this docket a Level 4 and 5 Interconnection Agreement consistent with the findings in this order.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Alessandra R. Carreon, Commissioner

By its action of September 26, 2024.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

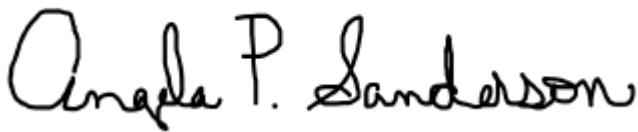
Case No. U-21477

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 26, 2024 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 26th day of September 2024.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

Service List for Case: U-21477

Name	On Behalf Of	Email Address
Paul M. Collins	Upper Peninsula Power Company (UPPCO)	collinsp@millercanfield.com
Sherri A. Wellman	Upper Peninsula Power Company (UPPCO)	wellmans@millercanfield.com
Upper Peninsula Power Company (UPPCO)	Upper Peninsula Power Company (UPPCO)	jlarsen@uppc.com