STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of **CONSUMERS ENERGY COMPANY** for approval of interconnection procedures and forms.	))))	Case No. U-21480

At the March 13, 2025 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

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:

> (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 [DG] 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.

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, Consumers Energy Company (Consumers) filed an application in this docket, along with supporting exhibits, seeking approval of proposed MIXDG procedures, forms, and agreements. On September 28, 2023, the Commission issued an order in this docket soliciting comments and reply comments on Consumers' application. On October 27, 2023, the Staff; Ford Motor Company; the Michigan Energy Innovation Business Council (MEIBC); Energy Michigan; and the Ecology Center, Environmental Law & Policy Center, and Vote Solar (together, the Clean Energy Organizations) filed comments. On November 13, 2023, Consumers filed reply 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 Consumers' proposed MIXDG procedures due to the statutory changes; (2) directed Consumers 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 21, 2024, Consumers filed a revised application and supporting exhibits (application). On May 21, 2024, MEIBC and Advanced Energy United (together, MEIU) filed comments. On May 22, 2024, RWE Clean Energy (RWE) and Energy Michigan filed comments. Additionally, on May 22, 2024, the Staff filed new comments on Consumers' application and attached a Sample Interconnection Agreement for Level 4 and 5 and Non-Certified Projects. On June 5, 2024, Consumers 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 the Standard Level 1, 2, and 3 Interconnection Agreement for Projects Up To 550 kW [kilowatts] With Certified Equipment (Standard Level 1, 2, and 3 Interconnection Agreement).

Comments and Reply Comments

In its application, Consumers indicates that the Interconnection Procedures and Forms for Level 1 & 2 Certified Inverter Projects are attached as Exhibit A; Interconnection Procedures and Forms for Level 3 Projects are attached as Exhibit B; Interconnection Procedures and Forms for Level 4 & 5 Projects are attached as Exhibit C; and Distributed Generation and Storage policies are attached as Exhibit D. Application, pp. 3-4. Consumers states that it expects most interconnection applicants to use its electronic PowerClerk website to submit applications. Consumers seeks no rule waivers, and states that its interconnection procedures, fees, and forms are consistent with the requirements of the MIXDG rules. *Id*., p. 4. Consumers states that approval of the application will not result in an increase in the cost of service to customers and requests *ex parte* treatment for the application per MCL 460.6a(3).

Id.

RWE Clean Energy

RWE comments that interconnection procedures need to move past the outdated concept of "causer pays" and the Commission should develop a policy that represents the concept of "beneficiary pays." RWE's comments, p. 2. RWE cites New York and Massachusetts as states which have recognized that the "Cost Causation" paradigm does not work with DERs. RWE states that Consumers' proposed cost allocation relies on an old paradigm because it proposes that costs for shared interconnection facilities shall be split equally among the applicants whose projects require the use of the shared facilities, and that upgrade costs will not be placed upon lower-queued applicants "unless requested and agreed to by all applicants affected." RWE's comments, pp. 3-4 (quoting Exhibit C, p. 15). RWE comments that this policy disincentivizes applicants from participating in cost sharing even though an upgrade may result in creating incremental headroom that will be beneficial to subsequent interconnectors and others. RWE advocates for the multi-beneficiary cost sharing (MBCS) scheme that is used in Massachusetts, which apportions some of the costs of grid upgrades to ratepayers, based on the recognition that grid upgrades promote resiliency and reliability for all customers and also lower costs. Secondarily, RWE recommends the Cost Sharing 2.0 model that is used in New York, which assigns interconnection costs on a pro-rata basis. RWE's comments, p. 6.

RWE also comments that Consumers lacks a detailed and publicly available interconnection queue list. RWE urges the Commission to require Consumers to apply best practices in this area. Finally, RWE notes that it supports the comments filed by MEIU.

In response, Consumers comments that the issue of third-party subsidization of solar

projects is a matter for the state legislature and not for the Commission in the instant docket. Consumers' reply comments, p. 11. Consumers notes that state law currently requires the interconnection customer to pay all interconnection costs per MCL 460.1175(1) and Mich Admin Code, R 460.964(8) (Rule 64(8)). Consumers comments that alternative cost sharing methodologies were considered during the MIXDG rulemaking. Regarding the interconnection queue list, Consumers comments that Mich Admin Code, R 460.938 (Rule 38) sets requirements for the list with which the company complies.

Energy Michigan

Energy Michigan comments that its focus is on Level 4 and 5 projects, and incorporates its comments filed on October 27, 2023. Energy Michigan objects to the proposed cost assignments contained in Sections 1.1 and 6.7 of Appendix F to Exhibit C, which designate that interconnection customers will pay for costs incurred as a result of changes in federal, state, or local laws, regulations, or codes; or as a result of changed utility requirements. Energy Michigan's comments, p. 3. Energy Michigan states that customers have no control over these scenarios and thus should not be solely responsible for the resulting costs. Energy Michigan notes Consumers' response to previous comments, in which the company argued that such costs arise only as a result of the existence of the interconnection. Energy Michigan counters that:

> it is also the existence of Consumers Energy's monopoly that makes it necessary for an interconnection customer to interconnect with that utility to access the local grid, so if that monopoly utility chooses unilaterally to change its requirements (see Secs. 1.1(d) and 6.7(iv)) and the customer has no choice but to interconnect with that utility in order to access the regional grid, then why should that customer be assessed costs that are driven by a legally privileged utility's sole and unilateral decisions? Aside from asserting that it does not believe it should pay for such costs, Consumers failed to provide any good policy arguments for why costs that are beyond a customer's control should be borne solely by that customer.

Id. Energy Michigan notes the tightening supply of capacity resources and posits that Consumers should not be discouraging the introduction of new generation resources by adding financial disincentives.

Energy Michigan objects to the one-sided indemnification provision included in Sections 2.5 and 7.1 of Appendix F to Exhibit C. Energy Michigan comments that the generator is not the only beneficiary of distributed generation, and argues that, in light of the reciprocal benefits, the indemnification should be mutual. Energy Michigan notes that the Commission adopted a mutual indemnification in the July 23 order, and contends that it is unreasonable to require the generator to indemnify the utility for the utility's own negligence. Energy Michigan's comments, p. 5. Energy Michigan notes that the Commission expressed concerns about DTE Electric Company's (DTE Electric's) proposed one-sided indemnification in the February 8 order, and further notes that Consumers uses language identical to DTE Electric's language. Energy Michigan cites to the Commission's authority to establish interconnection cost allocation standards per MCL 460.10e. *Id*., p. 6, n. 3.

In response, Consumers contends that, whether changes to the law are within the control of the customer or not, Consumers and its ratepayers:

> should not be responsible for the costs to modify the interconnection facilities when it is only the existence of the interconnection that makes the modification and resulting costs necessary. MIXDG Rule 460.964(8) requires that an "applicant pay the actual cost of the interconnection facilities and distribution upgrades." This includes costs that arise out of the changes identified in Sections 1.1 and 6.7 of the Level 4 and 5 agreement.

Consumers' reply comments, p. 13. Consumers cites the example of the recent retirement of phone lines used to connect remote terminal units located at various generators sites, which were "appropriately billed to the individual generator impacted." *Id*., p. 14. (Consumers' collective response on the issue of indemnification is discussed below.)

MEIU

MEIU generally comments that, with the passage of Act 235, customers are no longer required to have generation meters and the size of the DG program also changed. Thus, MEIU comments, the Commission's decisions in the July 23, 2024 order in Case No. U-21569 should be reflected in each utility's interconnection procedures. MEIU's comments, p. 3. MEIU opines that, in future, "it will be beneficial to reconsider unnecessarily conservative restrictions on interconnection of Level 4 and 5 projects to subtransmission lines and new methodologies to address cost sharing mechanisms." *Id*., p. 4. MEIU posits that the Commission should establish one or more standing interconnection working groups, similar to the approach adopted in New York.

Turning to Consumers' proposed MIXDG procedures, MEIU points to Consumers' requirement for direct transfer trip (DTT) for non-certified Level 3 and certified and non-certified Level 4 and 5 inverter-based systems, and comments that these requirements are unnecessarily conservative and the cost of DTT may inhibit DER penetration. MEIU's comments, p. 5. MEIU states that:

> [s]everal utilities that still screen for risk of islanding have taken a more advanced approach to determine if a risk of islanding study is warranted before applying DTT. The risk of islanding from solar PV [photovoltaic] systems is minimal (on the order of 8.3x10-6 per year), even under a worst-case scenario when capacity is equal to 2/3 of maximum load (e.g., 200-400% of minimum load). As such, requiring expensive DTT equipment for many Level 4 and Level 5 projects seems unwarranted and, in the experience of [MEIU] members, adds significant cost to these projects.

Id. (internal citation omitted).

MEIU objects to the language in Exhibit A, p. 32, that requires the interconnection customer to provide a pedestrian gate that is "dedicated to" Consumers. MEIU comments that the gate should, rather, be "available to" Consumers. MEIU's comments, p. 6.

MEIU also objects to the one-sided indemnification proposed by Consumers in its MIXDG procedures. MEIU comments that interconnection involves mutual benefits, and, moreover, is something that customers are legally entitled to do under the Public Utility Regulatory Policies Act of 1978 (PURPA), 16 USC 2601 *et seq*. MEIU posits that utilities benefit from increased capacity and diversity of resources, and notes that customers are currently entitled to the outflow credit which is equal to the power supply component of a customer's rate including transmission. MEIU's comments, p. 7. Thus, MEIU asserts:

> both the Legislature and the Commission have determined that electricity sent back to the grid from a Level 1, 2, or 3 DER participating in the DG program has a not insignificant value to the grid, the utility, and to other customers. As such, both parties have a vested interest in ensuring the successful operation of the interconnected system.

Id. MEIU comments that a mutual indemnity allocates risks fairly and incentivizes both parties to minimize the risk of damage.

MEIU comments that Consumers' requirement that the company be added to a customer's general liability insurance policy as a named insured could lead to increased premiums and could cause conflicts in claims handling. MEIU adds that a "more reasonable approach would be to require the use of tested and certified components and require an installer to be licensed and maintain commercial general liability insurance coverage[.]" *Id*., p. 8.

Finally, MEIU suggests that applicants should be able to pay application fees online. *Id*.

Consumers responds that the MIXDG rulemaking process offered many opportunities for meaningful input from interested persons and the company does not agree that a standing workgroup is necessary. Consumers' reply comments, p. 5. Regarding DTT, Consumers states that "[f]ailure to install supplemental anti-islanding protection, like DTT, for projects that have a risk of islanding, could result in safety and reliability issues, including but not

limited to equipment damage, non-operation of protection systems, poor quality of service, and injury to the public and electric utility workers." *Id*., p. 6. Regarding the gate issue, Consumers states that it has encountered difficulties with access and the company "must be afforded 24/7 access to be able to address issues efficiently and on a timely basis, especially given many modern facilities are not staffed 24/7." *Id*. Regarding the issue of online payment, Consumers states that it currently accepts credit card payments where a customer requests an invoice, and the company is pursuing providing the opportunity for electronic payments within the PowerClerk application. Finally, on the issue of insurance, Consumers comments that including an additional insured is a common practice in the insurance industry which is not burdensome or unusual, and unlikely to result in a premium increase. *Id*., p. 7.

The Commission Staff

The Staff provides the following comments on the Level 1 and 2 and certified interconnection procedures (Exhibit A):

> 1. Page 19 of 86: The Company's procedures include the following language - "In the event of a change to the Project design any time after receiving notification by Consumers Energy of a complete interconnection application, the Applicant will be required to submit a revised interconnection application, including the associated fee, detailing the proposed changes to Consumers Energy for review." Rule 82 only contemplates a new application if the utility determines the change is a material modification. **Staff Recommendation**: Clarify that the utility will determine whether a new application is needed based on the proposed project design change. If the change is a material modification that requires a new application, then the Company will direct the Applicant to withdraw the application and refile.
>
> 2. Page 33 of 86: The Communication Circuits section seems to indicate that this will be a significant issue with level 1 and 2 projects. Is it possible to add something explaining AMI [advanced metering infrastructure] meters are equipped to communicate data to the company and that it is unlikely that anything more would be needed for this size project?

Staff's comments, p. 1 (emphasis in original). Regarding the Standard Level 1, 2, and 3

Interconnection Agreement, the Staff recommends the use of the agreement approved in the July 23 order.

Regarding the Level 4 and 5 MIXDG procedures (Exhibit C), the Staff comments as follows:

1. Staff recommends that this agreement be applicable to non-certified Level 1, 2, and 3 projects and Level 4 and 5 projects.

2. Indemnification Provision: The Level 4 and 5 agreement provided with the Company's application includes a one-sided indemnification provision where the customer is indemnifying the utility. Staff does not recommend that the Commission approve this provision. Staff notes that the FERC [Federal Energy Regulatory Commission]-approved small generator interconnection agreement and large generator interconnection agreement include mutual indemnification provisions. These FERC agreements represent the same type of relationship between the customer and the utility as would be represented by the Level 4 and 5 interconnection agreement. The Category 1 and 2 Interconnection Agreement approved by the Commission in 2012 in Case No. U-15919 included a mutual indemnity provision. This type of provision gives the customer significant protections if the utility causes harm on the customer.

3. Page 90 of 110: Section 6.7 – In the event utility requirements necessitate future upgrades or modifications to the interconnection facilities, Staff recommends the agreement include language saying that the Company will consult with the Interconnection Customer to minimize cost and disruption to operations.

4. Page 92 of 110: Force Majeure – Staff recommends that this provision match the definition of Force Majeure in Rule 460.901a(dd).

5. Staff recommends including information on an Exhibit similar to Exhibit 2 of the Sample Agreement (attached) [to the comments] with Inverter Settings.

Staff's comments, p. 2.

Regarding the Level 3 interconnection (IX) procedures (Exhibit B), the Staff has two questions. Respecting Momentary Paralleling (p. 29 of Exhibit B), the Staff states that it understands that no application is needed in the situation described in the procedure, and asks how the company would become informed of situations involving operation in parallel for 100 milliseconds or less, requiring the installation of an automatic transfer switch (ATS) system.

Staff's comments, p. 2. Second, the Staff refers to Reverse Power Relaying for Non-Export (p. 31 of Exhibit B) and asks whether the cited requirement conflicts with Mich Admin Code, R 460.980(4) (Rule 80(4)). Staff's comments, p. 2.

Finally, the Staff notes that the Level 4 and 5 procedures Process Flow Diagram is missing.

In response to the Staff's first suggested change to the Level 1 and 2 agreement, Consumers states that changes to the project may be addressed without further payment up to the point when the interconnection agreement is signed, though the company "does reserve the right to charge a new application fee to review the material modification if appropriate to the work required for the review." Consumers' reply comments, p. 7. However, once the agreement is signed:

> a complete application review will need to be performed, and a new or amended interconnection agreement will need to be prepared, routed, and processed, requiring a new application number. This typically involves complete review of one-line [diagram]s to assess changes, which are often more significant than communicated; preparation of new agreements; and, if warranted, revising studies. Because of the additional review and work involved after a signed agreement, the new application fee is needed for that review.

Id., p. 8.

Regarding the Staff's second suggested change to the Level 1 and 2 agreement, Consumers agrees to update the procedures to state "Communication Circuits are generally not required at installations with advanced metering infrastructure." *Id*.

Regarding the Staff's second question relating to Level 3 procedures, Consumers states that, in order to provide additional clarification to the Level 3-5 procedures, the company will add the following language to the procedures:

> Reverse power relaying is required for Projects that operate in non-Export Mode. Projects that operate in non-Export Mode are generally not subject to telemetry,

> disturbance, and power quality monitoring and DTT requirements. Projects with a DER capacity below 50% of the verifiable minimum load that are designed to not export are not required to install a reverse power relay but are still considered to operate in Export Mode. Therefore, a project with a DER capacity below 50% of the verifiable minimum load without reverse power relaying is subject to telemetry, disturbance, and power quality monitoring and DTT requirements. Reverse power relaying will detect power flow from the Project into the Consumers Energy system, and operation of the reverse power relaying will separate the Project from the Consumers Energy system.

Id., p. 9. Consumers also states that it does not object to the proposal to apply the Level 4 and 5 agreement to non-certified Level 1-3 projects.

Regarding the Level 4 and 5 agreement, Consumers agrees to add the Staff's suggested language indicating that the company will attempt to work with the customer to minimize costs when utility requirements result in the need for upgrades. *Id*. Consumers responds that it does not object to incorporating the definition of "force majeure event" included in the MIXDG rules, but also comments that it proposes to add the following language to the Level 4 and 5 agreement:

> A 'force majeure event' means an act of God; labor disturbance; act of the public enemy; war; insurrection; riot; fire, storm, or flood; explosion, breakage, or accident to machinery or equipment; an emergency order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities; or another cause beyond a party's control. A force majeure event does not include an act of negligence or intentional wrongdoing. Neither Party shall be liable for failure to perform any of its obligations hereunder to the extent due to a force majeure event, provided that either Party has given the other prompt notice of such occurrence. The Party affected shall exercise due diligence to remove such force majeure with reasonable dispatch but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Id., p. 10.

In response to the Staff's recommendation for inclusion of an exhibit that includes inverter settings, Consumers responds that:

> the commissioning document is not provided until after the Interconnection

> Agreement is executed. The inverter settings are typically provided by the Company several months after executing interconnection agreements and two months prior to the in-service date of the project, and thus should not be included as an exhibit to the Level 4 and 5 agreement because they are unique to the interconnection and subject to change.

Id.

In response to the Staff's first question related to Level 3 procedures, Consumers states that:

> [i]n situations where momentary paralleling would occur, the devices used to ensure the paralleling is kept within standards need to both be reviewed and approved by the Company. In these cases, further study is not necessary. That said, the Company believes that an interconnection application should still be submitted, and an interconnection agreement should be in place. This helps to ensure that the system is reviewed for safe and proper installation and that it is tested to continually operate as designed, and to ensure the safety of customers and Company workers as well as the integrity of the system in the event an Interconnection Customer's equipment fails or is changed.

Id., pp. 10-11.

Finally, Consumers notes that it has attached the missing diagram as Attachment A to its reply comments.

Turning to the issue of indemnification, Consumers responds to the Staff, Energy Michigan, and MEIU that mutual indemnification is not appropriate in this situation because an interconnection agreement "does not represent a mutually beneficial business relationship." Consumers' reply comments, p. 2. Consumers comments that interconnection agreements do not require the generator to provide energy or capacity to the utility, and that such a requirement occurs only if the parties execute a power purchase agreement (PPA) or other secondary agreement. Thus, Consumers argues, the parties to an interconnection agreement do not share the contractual risks and liabilities equally. Consumers states that the interconnection agreement introduces risks to the utility and its customers that would not exist but for the

interconnection. Consumers notes that its PURPA Standard Offer PPA contains a mutual indemnification provision because there are benefits to both parties, and the company comments that the parties to an interconnection agreement are also free to negotiate such a mutually beneficial business relationship. *See*, Case No. U-21090, filing #U-21090-0912, paragraph 12. Consumers urges the Commission to reject the Staff's proposed indemnification language for Paragraph 7.1 of the Level 4 and 5 procedures because that language "raises proportional negligence issues which will lead to unnecessary litigation between the interconnection parties." Consumers' reply comments, p. 4.

Discussion

RWE's comments address the issues of cost allocation and the interconnection queue list. While acknowledging that the issue of cost allocation with respect to DG is evolving, the Commission finds that Consumers' cost allocation proposal is consistent with the requirements of Michigan law. MCL 460.1175(1) provides that "[t]he customer shall pay all interconnection costs." Rule 64(8) provides that "[a]n applicant shall pay the actual cost of the interconnection facilities and distribution upgrades." In addition, Mich Admin Code, R 460.1006(7) provides that "[t]he customer shall pay all interconnection costs pursuant to part 2 of these rules, R460.911 to R460.992, which include all electric utility costs associated with the customer's interconnection that are not a distributed generation program application fee, excluding meter costs as described in R 460.1012 and R 460.1014." That said, the Commission expects that cost allocation of DER-related upgrades will continue to be a topic of discussion. Regarding Consumers' online interconnection queue list, RWE does not state which aspects of the MIXDG rules are being violated. The Commission finds that the company's online list complies with Rule 38.

Energy Michigan's comments address cost assignments and the indemnity. Because it was addressed by multiple commenters, the indemnity issue is discussed separately, below. Regarding the cost assignments, the Commission notes the statutory and regulatory language quoted above and finds that Consumers' proposal does not violate those requirements. The Commission also notes that the company has agreed to add the Staff's suggested language indicating that the company will attempt to work with the customer to minimize costs when utility requirements result in the need for upgrades. *See*, Consumers' reply comments, p. 9. Thus, the Commission does not find that the proposed IX procedures require additional revision on this issue.

MEIU's comments address several issues. MEIU suggests the Commission create "various working groups to address [interconnection] issues outside of the formal revisions to the MIXDG rules." MEIU's comments, p. 5. The Commission sees value in this suggestion, finding that the formation of a standing Interconnection Technical Workgroup would provide an ongoing forum through which technical issues related to the interconnection process could be discussed, similar to the Michigan Energy Waste Reduction (EWR) Collaborative established in the May 26, 2009 order in Case No. U-15805 and which continues to meet on a regular basis to review technical and other aspects of the utility EWR programs. The Commission finds that the Staff should facilitate this new Interconnection Technical Workgroup, with initial topics focusing on cost allocation, annual reporting requirements, the application of standards, and other technical topics. Regarding the proposed requirement for the potential installation of DTT for non-certified Level 3 and certified and non-certified Level 4 and 5 inverter-based systems, the Commission finds reasonable MEIU's proposal that the company screen for the risk of islanding before requiring DTT. The Commission notes that

Consumers agrees that the risk of islanding is the key factor in determining whether DTT should be required. Consumers' reply comments, p. 6. If the screen indicates a risk of islanding, the company should perform a detailed study to determine whether DTT capability is necessary prior to requiring its installation. The Commission is interested in continuing to monitor the frequency with which DTT is required by the utility and directs the Staff, in the Interconnection Technical Workgroup, to discuss the inclusion of information about projects where the customer has been required to install DTT during the year in the annual interconnection reporting required by Mich Admin Code, R 460.992 (Rule 92).

Regarding MEIU's objection to a "dedicated" gate, the Commission finds that the gate need not be solely for the use of Consumers' employees and as such agrees with MEIU that the gate be "available to" Consumers, as opposed to solely dedicated to the utility. Regarding the requirement that the company be added as a named insured, the Commission agrees with Consumers that this standard insurance practice is unlikely to result in raised premiums and is reasonable. Finally, regarding online payment, Consumers indicates that it is in the process of making this available to customers. *See*, Consumers' reply comments, p. 6.

To summarize, the Staff's recommendations consist of the following: (1) clarify that the utility will determine whether a new application is needed based on the proposed project design change and that material modifications requiring further study will require a new application; (2) clarify that AMI already provides the required information for certain projects; (3) adopt the Level 1, 2, 3, interconnection agreement approved in the July 23 order; (4) clarify that the Level 4 and 5 agreement applies to all non-certified projects of any level; (5) provide mutual indemnity; (6) clarify that, when utility requirements necessitate future upgrades or modifications to the interconnection facilities, Consumers will consult with the customer to

minimize cost and disruption to operations; (7) clarify that the force majeure provisions comport with the definition of that term in the MIXDG rules; (8) provide an exhibit with inverter settings for Level 4 and 5; (9) provide the Staff with an explanation of how the company would become informed of situations involving operation in parallel for 100 milliseconds or less; (10) provide the Staff with an explanation of whether the reverse power relaying provisions conflict with the MIXDG rules; and (11) provide the missing diagram.

The Commission finds that, in its reply comments, Consumers has agreed with the Staff on issues (2), (3) (if only implicitly), (4), (6), (7) (with proposed additional language), (10) (with proposed additional language), and (11) (the diagram is supplied). The Commission also notes that in the March 13, 2025 order in Case No. U-21619, which pertains to a request for a declaratory ruling regarding Ford Motor Company's (Ford's) home backup system, the Commission clarified that DERs which do not operate in parallel with a utility's distribution system do not need written authorization from the utility to operate.[1] The Commission adopts these Staff recommendations and the company's replies and approves the additional language proposed by Consumers for Staff recommendations (7) and (10).

Regarding Staff recommendation (1), Consumers states that it will consider whether the proposed project changes rise to the level of requiring a new application (thus acknowledging the possibility that such changes may not always require a new application) and reserves the right to charge a new application fee if a material modification requiring further study is involved, in situations prior to execution of the interconnection agreement. After execution of the agreement, the company indicates that a new application fee is required to cover the company's cost to review the proposed project change in accordance with Mich Admin Code,

[1] Per the requirements of Mich Admin Code, R 792.10448, this ruling applies only to Ford.

R 460.984, if the proposed project change is determined to be a material modification and a new interconnection application is required. The Commission finds that this description of the process comports with the MIXDG rules and is acceptable.

Regarding Staff recommendation (8), Consumers contends that the exhibit with the inverter settings should not be included as an attachment to the Level 4 and 5 agreement because this information is typically provided several months after execution of the interconnection agreement and two months prior to the in-service date. The Commission finds that this description of the process comports with the MIXDG rules and is acceptable.

Regarding Staff recommendation (9), Consumers provides the requested explanation, which the Staff finds to be satisfactory. The Commission finds that this description of the process comports with the MIXDG rules and is acceptable.

Turning to the issue of indemnification (Staff recommendation (5)), the Commission notes that the relevant portion of Paragraph 7.1 of Exhibit C (Level 4 and 5 projects) reads as follows:

> To the extent permitted by law, Interconnection Customer covenants and agrees that it shall hold Utility, and all of its agents, employees, officers and affiliates harmless for any claim, loss, damage, cost, charge, expense, lien, settlement or judgment, including interest thereon, whether to any person or property or both, arising directly or indirectly out of, or in connection with this Agreement, the Project, or any of Interconnection Customer's facilities and associated appurtenances, to which Utility or any of its agents, employees, officers or affiliates may be subject or put by reason of any act, action, neglect or omission on the part of Utility or the Interconnection Customer or any of its contractors or subcontractors or any of their respective officers, agents, employees, and affiliates (excluding claims based on Utility's reckless or intentional misconduct).

Application, Exhibit C, p. 91, Paragraph 7.1. The Commission notes that the language of Paragraph 6.1 in both Exhibit A (Level 1 and 2), p. 69, and Exhibit B (Level 3), p. 82, is identical to this language. Thus, Consumers proposes to use the same indemnification

language for Levels 1-5.

In contrast, the relevant language adopted in the July 23 order for the Standard Level 1, 2, and 3 Interconnection Agreement reads as follows:

> Except as set forth in Section 3.2 above, as between the Parties, unless caused by the sole negligence or intentional wrongdoing of the other Party, each Party to this Agreement shall at all times assume all liability for, any and all damages, losses, claims, demands, suits, recoveries, costs, legal fees, and expenses to the extent caused by its directors, officers, employees, and agents: (a) for injury to or death of any person or persons whomsoever occurring on its own system, and/or (b) for any loss, destruction of or damage to any property of third persons, firms, corporations or other entities occurring on its own system, including environmental harm or damage arising out of or resulting from, either directly or indirectly, the Interconnection Facilities or the DER, or arising out of or resulting from, either directly or indirectly, any electric energy furnished to it hereunder after such energy has been delivered to it by such other Party.

July 23 order, Exhibit A, p. 6, Paragraph 7.1. This language is patterned after the language adopted for Category 1 and 2 projects in the December 20, 2012 order in Case No. U-15919 (December 20 order), Attachment G, p. 5.

The FERC Large Generator Interconnection Agreement (LGIA) indemnity reads as follows:

> The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

186 FERC 61,199 (March 21, 2024), *Improvements to Generator Interconnection Procedures and Agreements*, Docket No. RM22-14-001 (Order No. 2023-A), Appendix D, p. 80.[2] The FERC

[2] Order No. 2023-A is available at https://www.ferc.gov/media/e1-rm22-14-001; *see*, pp. 875 and 1,033 of 1,063 for the quoted indemnities (accessed January 9, 2024).

Small Generator Interconnection Agreement (SGIA) indemnity reads as follows:

> The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

Id., Appendix F, p. 23. Thus, FERC has adopted mutual indemnifications for all levels.[3]

The Commission agrees with the rationale adopted by FERC for interconnection agreements under its jurisdiction, and, further, sees no reason to deviate from the findings in the July 23 and December 20 orders. The Commission finds that the mutual indemnification shall apply to Level 1-5 projects. The Commission agrees with the commenters in this docket (as well as commenters in Case Nos. U-20890 and U-21543 and certain parties in Case No. U-21482) that the interconnection of DERs brings benefits to the interconnecting customer, the utility, and ratepayers overall, in the form of increased reliability and resilience as a result of introducing additional safe sources of generation to the grid. As the commenters point out, the electricity sent back to the grid has value, and, under these circumstances, it is unreasonable to expect the customer to indemnify the utility against the utility's own negligence. The Commission finds that it is reasonable to require both parties to an interconnection agreement to provide a mutual indemnity in all cases with the exception of actions arising from the sole negligence or intentional wrongdoing of one party. Thus, the Commission directs Consumers

[3] In its original adoption of similar language for the LGIA, FERC stated (in response to comments) that "[b]ecause construction of Interconnection Facilities may expose both a Transmission Provider and an Interconnection Customer to liability for acts taken on the other Party's behalf, we are retaining the bilateral nature of the provision." 104 FERC ¶ 61,103 (July 24, 2003), *Standardization of Generator Interconnection Agreements and Procedures*, Docket No. RM-02-1-000, Order No. 2003, p. 121.

to revise Exhibits A, B, and C to reflect the language adopted in the July 23 order quoted above.

The Commission approves MIXDG procedures, forms, and agreements for Consumers consistent with this order. Consumers shall utilize the statewide Standard Level 1, 2, and 3 Interconnection Agreement approved in the July 23 order for certified Level 1, 2, and 3 projects.

THEREFORE, IT IS ORDERED that:

A. Within 30 days of the date of this order, Consumers Energy Company shall file in this docket interconnection procedures, forms, and agreements consistent with the findings in this order.

B. Consumers Energy Company shall utilize the Standard Level 1, 2, and 3 Interconnection Agreement for Projects Up To 550 Kilowatts with Certified Equipment approved in the July 23, 2024 order in Case No. U-21543; and, within 30 days of the date of this order, Consumers Energy Company shall file in this docket a Level 4 and 5 and Non-Certified Projects 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 March 13, 2025.

Lisa Felice, Executive Secretary

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-21480

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on March 13, 2025 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 13th day of March 2025.

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

Service List for Case: U-21480

Name	On Behalf Of	Email Address
Consumers Energy Company (1 of 2)	Consumers Energy Company	mpsc.filings@cmsenergy.com
Consumers Energy Company (2 of 2)	Consumers Energy Company	kelly.hall@cmsenergy.com
Gary A. Gensch Jr.	Consumers Energy Company	gary.genschjr@cmsenergy.com