STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter of the application of **HYDROMINE CHEBOYGAN LLC** for approval of waivers of the Michigan Interconnection and Distributed Generation Standards pursuant to Rule 460.910. | ) ) ) ) ) ) | Case No. U-22154 |

At the November 5, 2026 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Myers, Commissioner

**ORDER**

On April 24, 2023, the Commission issued an order in Case No. U-20890 adopting the Interconnection and Distributed Generation Standards (MIXDG rules), which are codified at Mich Admin Code, R 460.901a *et seq.*, and became effective on April 25, 2023.

On March 13, 2025, the Commission issued an order in Case No. U-21480 (March 13 order) approving Consumers Energy Company's (Consumers') interconnection procedures and forms, and Consumers' Standard Level 4 and 5 and Non-Certified Project Interconnection Agreement. March 13 order, p. 22. The Commission also directed Consumers to use the Standard Level 1, 2, and 3 Interconnection Agreement approved in the July 23, 2024 order in Case No. U-21543 for Level 1, 2, and 3 certified projects. March 13 order, p. 22.

On July 13, 2026, HydroMine Cheboygan LLC (HydroMine) filed an application in the instant docket, pursuant to Mich Admin Code, R 460.910 (Rule 10), requesting approval of waivers from certain provisions of the MIXDG rules, in order to authorize continued temporary parallel operation of the Cheboygan Hydro facility (Facility).[1] On July 14, 2026, HydroMine filed a revised application (application).

In the application, HydroMine states that the Facility is a pre-existing hydroelectric generation resource located in Cheboygan County, Michigan, and is part of a water management system owned and operated by the Michigan Department of Natural Resources (DNR). Application, p. 1. HydroMine states that the Facility previously operated under an "Exemption" granted by the Federal Energy Regulatory Commission (FERC), but in September 2023 the facility was shut down and the DNR has "had to manage water levels without the benefit of operation of the Facility" since that time. *Id*., p. 2; *see also, id.*, Attachment B. HydroMine states that the Facility is currently operating at a capacity of 1.5 megawatts under a temporary parallel operation agreement with Consumers, and that HydroMine is in the process of obtaining a permanent interconnection agreement through Consumers' generator interconnection procedures. HydroMine adds that there is no power purchase agreement in place, and that the current temporary parallel operation arrangement between HydroMine and Consumers "was authorized to address urgent water-level and dam-safety concerns at the Facility during late winter and spring snow melt." *Id*., p. 2. HydroMine states that:

> [t]he Facility was required to operate in order to facilitate the passage of water through the tubes leading through its generating equipment to aid DNR in lowering dangerously high water levels, then in maintaining safe water levels and protecting

[1] Rule 10 provides that 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."

> communities from further flooding and infrastructure damage. Timely operation of the generating unit in a coordinated manner with the DNR Facilities, made possible by the temporary interconnection, provided the DNR with increased ability to draw down high water, manage water flows through the waterway system, and to prevent further flooding.

*Id*., pp. 2-3. HydroMine explains that its interconnection application is under review by Consumers, and that on April 23, 2026, FERC issued a letter to HydroMine seeking an update on the progress of the interconnection application and emphasizing the need for urgency. *Id*., p. 3; *see also, id.*, Attachment D.

In its application, HydroMine requests the following waivers from the MIXDG rules:

- Rule 460.920 [Rule 20]: Provisions of Consumers Energy's Commission-approved interconnection procedures under Rule 20 that would require cessation of parallel operation pending completion of the formal interconnection process;

- Rule 460.936 and 460.954–460.962: Rules governing how utilities process interconnection applications and complete interconnection studies should be waived to the extent waiver will allow additional flexibility to expedite application processing, the system impact study, and the facilities study;

- Rule 460.968: To the extent this rule requires completion of the interconnection process and execution of an interconnection agreement prior to parallel operation of a generating facility, HydroMine seeks a waiver to permit continued parallel operation while the standard interconnection process is pursued; and

- Such other provisions as may be identified by or to the Commission as applicable to the circumstances of this Petition.

*Id*., p. 4.[2] HydroMine asserts that the requested waivers will be limited in scope and duration.

Noting the provisions of Rule 10, HydroMine contends that good cause exists for the requested waivers. HydroMine states that the Facility constitutes critical water management

[2] The Commission finds that HydroMine does not require a waiver from Rule 20 (which applies to the electric utility), as Consumers is in compliance with that rule. Rule 10 does not provide for waivers from the interconnection procedures.

infrastructure and that, were it to shut down, "the resulting inability to pass water through the generating equipment in a controlled manner could create dangerous water-level conditions, threatening public safety and downstream property." Application, p. 5. HydroMine contends that the timelines laid out in the MIXDG rules were not designed to address the situation of an existing dam and the safety hazard presented while the dam awaits interconnection authorization. HydroMine notes that FERC has expressed interest in expeditious processing and that the Facility has already operated in parallel with the grid. HydroMine emphasizes that it does not seek to avoid any of the requirements contained in the MIXDG rules but rather it is actively seeking permanent interconnection, and that Consumers required the filing of the application as a condition of continued temporary parallel operation. *Id*., p. 6.

Addressing the public interest, HydroMine contends that the public interest is served by ensuring that proper dam safety and flood control measures continue to be carried out, and that the waivers will facilitate compliance with FERC's directives. HydroMine adds that, while other interconnection applicants may be modestly impacted if Consumers expedites its review of HydroMine's interconnection application, the impact should be very limited and the review is already underway. HydroMine states that the waivers will not alter HydroMine's queue position. HydroMine notes that it generates clean, renewable energy, and that it is actively pursuing status as a qualifying facility under the Public Utility Regulatory Policies Act of 1978. *Id*., p. 7.

HydroMine proposes that the waivers remain effective from the date of the Commission's order until the earlier of either (i) the date on which permanent interconnection is achieved or (ii) 30 months from the date of the order authorizing the waivers. HydroMine suggests that the Commission may place conditions on the waiver approval. *Id*., pp. 7-8. Finally, HydroMine requests expeditious processing of its application. *Id*.

On September 4, 2026, Consumers filed a letter (Consumers' letter) stating its support for "a narrow, temporary waiver that preserves a path for temporary operation while HydroMine pursues long-term interconnection" and for "allowing reasonable flexibility in the interconnection process to the extent necessary to expedite review of HydroMine's pending interconnection application." Consumers' letter, p. 1.

The MIXDG rules include several provisions governing how an electric utility processes interconnection applications. Mich Admin Code, R 460.936(9) (Rule 36(9)) provides that "[a]n electric utility shall use the same process when processing and studying interconnection applications from all applicants, whether the DER [distributed energy resource] is owned or operated by the electric utility, its subsidiaries or affiliates, or others, with the exception of temporary DERs and substation backup batteries." Mich Admin Code, R 460.954(1) (Rule 54(1)) provides that:

> [a]n electric utility that is evaluating DERs in the study track individually shall process the interconnection applications in the order in which the applications were placed into the study track, taking into account withdrawn interconnection applications and electrically remote DERs. An electrically remote DER in an individual study may be studied on an expedited schedule relative to electrically coincident DERs. Electrically remote DERs must be studied in the order the interconnection applications were considered complete.

Mich Admin Code, R 460.956 (Rule 56) provides that:

> [a]n electric utility may use a process to study interconnection applications that is different from the process described by R 460.954 and R 460.958 to R 460.962. If an electric utility elects to use an alternative process, this process must be described in the electric utility's interconnection procedures.

Mich Admin Code, R 460.968 (Rule 68) reads, in pertinent part, as follows:

> (2) With the written authorization, interconnection of the DER is considered approved for parallel operation, the DER may begin operating, and the applicant is considered an interconnection customer.

> (3) The applicant shall not operate its DER in parallel with the electric utility's distribution system without prior written permission to operate from the electric utility.

On August 27, 2026, the Commission Staff (Staff) met with Consumers to discuss the waivers that HydroMine is requesting. In the meeting, and in subsequent communication, Consumers and the Staff further clarified the specific provisions of the MIXDG rules that would require waivers in order for HydroMine to continue operating in parallel and to expedite the interconnection application process. The Staff analyzed the MIXDG rules and recommended that the Commission grant specific waivers applicable to Rule 36(9), Rule 54(1), Rule 56, and Rule 68(2) and (3).

Based on its review of the application and the letter, as well as the Staff's analysis, the Commission finds that temporary waivers applicable to Rules 36(9), 54(1), 56, and 68(2) and (3) should be granted. The waivers will allow HydroMine to continue operation during the process of acquiring a permanent interconnection agreement with Consumers, and will also provide Consumers with the required flexibility in expediting HydroMine's interconnection application, system impact study, and flexibility study. The Commission finds that HydroMine has shown sufficient good cause for the waivers and that the waivers will serve the public interest. *See*, application, pp. 1-7, and Attachments A, B, and D. In particular, the Commission notes that FERC states that:

> record flooding started in early April 2026 at the Cheboygan Dam, and is expected to continue. Due to heroic efforts on the part of a team consisting of representatives from Consumers Energy, U.S. Army Corps of Engineers, state and local officials, and staff from HydroMine, the turbine generating unit was brought on-line on April 17, 2026 and the bypass gates were able to be fully opened. This has allowed the Cheboygan Dam complex to pass additional flows, which has been critical in keeping the dam from overtopping to date.

Application, Attachment D, p. 1. FERC goes on to require that HydroMine:

> take all necessary measures to provide for a permanent connection for the generating unit and restore the powerhouse to full and safe operation. It is critical

> that you work collaboratively with Michigan DNR to maintain appropriate flow levels through the operation of the bypass gates to ensure safety. . . . As this flood emergency condition remains, you must undertake these efforts as quickly as possible.

*Id*, p. 2. The Commission also recognizes the Facility's unique circumstances in that it has historically operated in parallel with the grid, and notes that HydroMine is making active progress towards compliance with the requirements for permanent interconnection.

The Commission further finds that the public interest is served by the continuation of appropriate water management and dam safety measures, and by the use of renewable energy generation. The Commission notes the lack of adverse impacts on other interconnection customers by not altering queue position or resource allocation. The Commission agrees with HydroMine, the Staff, and Consumers that the requested waivers should be limited to the directly applicable provisions in the MIXDG rules that will allow HydroMine to continue operation during the process of achieving a permanent interconnection agreement, and that will allow Consumers the necessary flexibility in its processing of the interconnection application. The Commission finds that the waivers should be granted for 30 months. If HydroMine finds that it needs continued coverage, it may make a timely application for continuation of the waivers, along with the required demonstration of good cause per Rule 10.

Finally, the Commission finds that *ex parte* approval is appropriate as the requested waivers will not increase the cost of service to any customer. MCL 460.6a(3).

THEREFORE, IT IS ORDERED that HydroMine Cheboygan LLC is granted a 30-month waiver pursuant to Mich Admin Code, R 460.910, commencing on the date of this order, from the provisions of Mich Admin Code, R 460.936(9); Mich Admin Code, R 460.954(1); Mich Admin Code, R 460.956; and Mich Admin Code, R 460.968(2) and (3).

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

Shaquila Myers, Commissioner

By its action of November 5, 2026.

Lisa Felice, Executive Secretary

# PROOF OF SERVICE

STATE OF MICHIGAN )

Case No. U-22154

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on November 5, 2026 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 5th day of November 2026.

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

## Service List for Case: U-22154

| Name | On Behalf Of | Email Address |
|---|---|---|
| HydroMine Cheboygan LLC | HydroMine Cheboygan LLC | tjlundgren@varnumlaw.com |
| Timothy J. Lundgren | HydroMine Cheboygan LLC | tjlundgren@varnumlaw.com |