

Michigan Office of Administrative Hearings and Rules
MOAHR-Rules@michigan.gov

**AGENCY REPORT TO THE
JOINT COMMITTEE ON ADMINISTRATIVE RULES (JCAR)**

1. Agency Information

Agency name:

Licensing and Regulatory Affairs

Division/Bureau/Office:

Public Service Commission

Name of person completing this form:

Lisa Gold

Phone number of person completing this form:

517-420-2291

E-mail of person completing this form:

goldl@michigan.gov

Name of Department Regulatory Affairs Officer reviewing this form:

Elizabeth Arasim

2. Rule Set Information

MOAHR assigned rule set number:

2020-95 LR

Title of proposed rule set:

Electric Interconnection and Net Metering Standards

3. Purpose for the proposed rules and background:

This is a rule rescission. The problem is that these rules are outdated. They will be replaced through a second (and simultaneous) rulemaking.

Section 173 of Public Act 295 of 2008, MCL 460.1173(1) (Act 295), authorized the Commission to promulgate administrative rules governing net metering standards. In 2009, the Commission formally adopted administrative rules governing electric interconnection and net metering. See, Mich Admin Code, R 460.601a-460.656. Those rules focused primarily on small electric generators by dividing them into five categories; the first four categories apply to projects up to 2 megawatts (MWs) and the fifth category applies to projects greater than 2 MWs. In the December 20, 2012 order in Case No. U-15919, the Commission adopted procedures for interconnection of smaller projects (Categories 1 and 2), but has not yet adopted procedures governing the interconnection of larger projects (Categories 3 through 5). Those net metering rules are now outdated and need to be rescinded.

There have been significant changes in Michigan's energy landscape driven by rapidly advancing renewable energy technology, including solar, wind, and battery storage. There have also been changes in Michigan's energy laws with the passage of Public Acts 341 and 342 of 2016, which, among other things, amended Act 295. MCL 460.1173(1) now authorizes the Commission to

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promulgate rules governing distributed generation (DG). See also, MCL 460.1173(6)(b). Likewise, the Institute of Electrical and Electronics Engineers (IEEE) recently updated its technical standards for interconnection, the IEEE Standard for Interconnection and Interoperability of Distributed Energy Resources with Associated Electric Power Systems Interfaces (IEEE 1547-2018), which has prompted other states to revise their own interconnection rules and standards. Moreover, the Federal Energy Regulatory Commission (FERC) has recently addressed the integration of energy storage facilities in its Order 841 issued on February 15, 2018, which directs regional transmission organizations and independent system operators to establish market rules for energy storage facilities to participate in wholesale energy, capacity, and ancillary services markets. Order 841, 162 FERC ¶ 61, 127; 18 CFR 35.28 (2018).

Finally, in the October 27, 2015 order in Case No. U-17973, the Commission determined that it needed to update the standards applicable to utilities and qualifying facilities (QF) operating pursuant to the Public Utility Regulatory Policies Act of 1978, 16 USC 2601 et seq., 16 USC 824a-3 (PURPA). PURPA was enacted by Congress in 1978 to increase energy conservation and energy efficiency by allowing for renewable resources to interconnect with and sell their generation to utilities. PURPA is largely carried out by the states. 16 USC 2621(b)(2); 16 USC 824a-3(f). For example, the rates paid to QFs are set by the Commission. 16 USC 824a-3; MCL 460.6j(13)(b). The Commission expects that the new rules will decrease the time required to interconnect a distributed energy project into the electric distribution system.

Thus, both PURPA and the new DG law (as well as the legacy net metering law) concern the topic of interconnection with the energy grid. Industry standards for interconnection have been updated since the 2009, and these rules for net metering are outdated and are not sufficiently detailed. Larger generators tend to be interconnecting with the utility under PURPA requirements. In this rulemaking, the Commission is rescinding the 2009 interconnection rules. In a related and simultaneous rulemaking, the Commission will promulgate new rules addressing interconnection requirements for generators of all sizes, DG standards, and legacy net metering, to address the concerns described herein.

This proposed rule rescission was previously included in 2019-087, which was voided on March 10, 2020.

4. Summary of proposed rules:

The Interconnection and Distributed Generation Standards are rules that detail how projects owned by customers, developers, and in some situations, the utility, connect to the utility distribution system. These rules provide a standardized process and schedule so that interconnections can be accommodated in an orderly and timely manner. The rules also ensure that interconnections are done reliably and safely, in order to protect workers, utility and third-party owned equipment, and the public. The Interconnection and Distributed Generation Standards are an update to the Electric Interconnection and Net Metering Standards necessitated by advances in distributed energy resource technology and an increase in distributed generation penetration on the distribution systems in Michigan. The Interconnection and Distributed Generation Standards are promulgated pursuant to the same authority as, and replace, the Electric Interconnection and Net Metering Standards, which will be rescinded concurrently with the approval of these rules.

5. List names of newspapers in which the notice of public hearing was published and publication dates:

The Oakland Press October 6, 2021
The Mining Journal October 6, 2021
The Grand Rapids Press October 6, 2021

6. Date of publication of rules and notice of public hearing in Michigan Register:

10/1/2021

7. Date, time, and location of public hearing:

10/20/2021 09:00 AM at Lake Michigan Hearing Room, or : The public hearing will be held in person, and will also be held virtually via Microsoft Teams. Any person may attend and participate in this hearing by visiting the following web link or by dialing the number below at the time of the hearing. WebLink: https://teams.microsoft.com/dl/launcher/launcher.html?url=%2F_%23%2F1%2Fmeetup-join%2F19%3Ameeting_NTR1YjExZTEtMzYxMi00MTE1LTk4ODktYzIyMzZkZDM4ODQ2%40thread.v2%2F0%3Fcontext%3D%257b%2522Tid%2522%253a%2522d5fb7087-3777-42ad-966a-892ef47225d1%2522%252c%2522Oid%2522%253a%252280e1c56f-c852-45fc-9643-7f8580ebe467%2522%257d%26anon%3Dtrue&type=meetup-join&deeplinkId=ad4b8229-8540-41e4-a239-bd7637cd0f7d&directDI=true&msLaunch=true&enableMobilePage=true&suppressPrompt=true Or call in (audio only) +1 248-509-0316,,269161043# United States Phone Conference ID: 269 161 043# , 7109 W. Saginaw Hwy, Lansing MI 48917

8. Provide the link the agency used to post the regulatory impact statement and cost-benefit analysis on its website:

<https://ARS.apps.lara.state.mi.us/Transaction/RFRTransaction?TransactionID=1221>

9. List of the name and title of agency representative(s) attending public hearing:

Benjamin Holwerda on behalf of Michigan Public Service Commission (MPSC or Commission) Staff

10. Persons submitting comments of support:

None.

11. Persons submitting comments of opposition:

None.

12. Persons submitting other comments:

None. No comments were submitted regarding this rule set.

13. Identify any changes made to the proposed rules based on comments received during the public comment period:

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	Name & Organization	Comments made at public hearing	Written Comments	Agency Rationale for Rule Change and Description of Change(s) Made	Rule number & citation changed
1					

14.Date report completed:

4/26/2022