

21 ST CENTURY ENERGY PLAN



**CAPACITY PROCUREMENT
PROCESS STRAWMAN
CONCEPT**

Concept Team

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- Tom Knoll - Kalamazoo County Health & Community Services
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- Richard Polich – Energy options & Solutions
- Robert Strong (Ad Hoc) – ABATE

Capacity Procurement Principals

- All resources included in process
 - ◆ Supply Side
 - ◆ Demand Side
- Renewable & energy efficiency/demand side options should be considered first.
- Resources procured through competitive bid
- Capacity plan is utility specific and developed by Utility
- Need to focus on keeping the process time to a minimum
- Need to make the process as open and fair to all parties as possible.
- Final contracts with utilities
- Automatic Commission approval of inclusion in rates if process is followed properly

Conceptual Capacity Procurement Process

PHASE I – CAPACITY PLAN (105 Days)

Utility Files Capacity Need Proposal

- Projects sources to meet needs
- Identifies timing of needs
- Includes modeling assumptions
- Includes proposed request for Proposal to meet needs

Comment Filed Responding to Utility Proposal

60 day
Comment Period

Commission Issues Order

- Identifies modification to Utility Proposal
- Finalizes capacity procurement plan
- Specifies resources to be used
- Specifies timing
- Establishes final RFP

45 Days after
Comments Filed

PHASE II – Capacity Procurement (approximately 1 year)

RFP(s) Issued

15 Days after
Commission
Order

Binding Proposals Submitted

180 Days

3rd Party Evaluates Proposals

60 Days

Utilities execute contracts with successful bidders

30 Days

*At this point, contracts are guaranteed
Commission approval and Utilities are
guaranteed cost recovery*

Phase III – Contested Case Proceeding for Inclusion in Rates (Anybodies Guess)

Critical Components of Bid Process

- Competitively Neutral
- All Resources are Eligible
- All Parties have access to Evaluation tools and models prior to bid submission
- 3rd Part evaluation
- Process must be open
- Utilities can bid but must bid on same basis as all other parties. Cost overruns are at bidders expense and cannot be used to increase costs to rate payers.

Key Issues & Concerns

- MISO Delays
- Interconnection Cost Responsibility and Bid impact
- Creation of fair competitive comparison of alternative solutions
- Stratification of resources