

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
NORTHERN STATES POWE COMPANY-) Case No. U-14085
WISCONSIN, d/b/a XCEL ENERGY, for)
approval of interconnection procedures.)
_____)

In the matter of the application of)
ALPENA POWER COMPANY, CONSUMERS)
ENERGY COMPANY, THE DETROIT EDISON)
COMPANY, EDISON SAULT ELECTRIC)
COMPANY, UPPER PENINSULA POWER)
COMPANY, WISCONSIN ELECTRIC POWER) Case No. U-14088
COMPANY, d/b/a WE ENERGIES, WISCONSIN)
PUBLIC SERVICE CORPORATION, and the)
MICHIGAN ELECTRIC COOPERATIVE)
ASSOCIATION for approval of interconnection)
procedures.)
_____)

In the matter of the application of)
INDIANA MICHIGAN POWER COMPANY,) Case No. U-14091
d/b/a AMERICAN ELECTRIC POWER, for)
approval of interconnection procedures.)
_____)

In the matter, on the Commission's own motion,)
to commence an investigation into the interconnection) Case No. U-15113
of independent power producers with a utility's system))
_____)

At the October 24, 2006 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

ORDER INITIATING INVESTIGATION

On September 11, 2003, in Case No. U-13745, the Commission adopted rules governing electric interconnection standards between independent power projects and electric utilities. Those standards required that each electric utility, subject to the Commission's jurisdiction, file an application for approval of proposed interconnection procedures and set forth various minimum technical criteria that must be met. Specifically, Rule 6 (R 460.486) required that:

The interconnection procedures shall set deadlines for processing an application filed by a project developer, achieving major milestones, and completing the interconnection and shall preclude undue delay. The deadlines shall ensure that the period from the date that the project developer files a complete application to the completion of all of the electric utility's obligations for interconnection shall be no longer than the following for each project capacity classification:

- | | |
|--|----------|
| (a) Less than 30 kilowatts | 2 weeks |
| (b) Thirty kilowatts or more, but less than 150 kilowatts | 4 weeks |
| (c) One hundred and fifty kilowatts or more, but less than 750 kilowatts | 6 weeks |
| (d) Seven hundred and fifty kilowatts or more, but less than 2 megawatts | 12 weeks |
| (e) Two megawatts or more | 18 weeks |

On August 10, 2004, the Commission approved interconnection procedures for Indiana Michigan Power Company in Case No. U-14091, for Northern States Power Company-Wisconsin, d/b/a Xcel Energy, in Case No. U-14085 and for other electric utilities¹ in Case No. U-14088.

¹The application was filed by Alpena Power Company, Consumers Energy Company, The Detroit Edison Company (Detroit Edison), Edison Sault Electric Company, Upper Peninsula Power Company, Wisconsin Electric Power Company d/b/a We Energies, Wisconsin Public Service Commission, and the Michigan Electric Cooperative Association on behalf of its member-cooperatives Alger Delta Cooperative Association, Cherryland Electric Cooperative, Cloverland Electric Cooperative, Great Lakes Energy Cooperative, Tri-County Electric Cooperative, Midwest Energy Cooperative, The Ontonagon County Rural Electrification Association, Presque Isle Electric & Gas Co-op, and Thumb Elewctric Cooperative of Michigan.

Although the procedures were designed to provide an expeditious interconnection to the utility system that is both safe and reliable, recent events have raised questions as to whether they are working effectively to that end.

On June 30, 2005, in Case No. U-13129, the Commission issued an order awarding energy efficiency grants from the Low-Income and Energy Efficiency Fund. Among the grants was one to the Elkton-Pigeon-Bay Port Laker School District (Laker School District) in the amount of \$265,000 for the installation and grid-tying of wind turbines and a solar panel on the property of the Laker School District located in the upper thumb area of Michigan. The project was to be constructed in a territory served by The Detroit Edison Company (Detroit Edison). Specifically, the Laker School District intended to operate three 65 kilowatt (kw) wind turbines, a 10 kW wind turbine, and a 1600 watt solar panel. According to the application: “Grid-tying this 65 kW appliance will take involvement from Detroit Edison in addition to our team electrician and will take 1-4 days.”² In addition, the application indicated that the Laker School District had worked cooperatively with Detroit Edison:

Not only has Detroit Edison been contacted about this project, they [sic] support it (please see letter of support enclosed). In fact, a Detroit Edison Foundation Grant has been sought to fund at least \$5,000 of this project.³

The letter referenced in the above-quoted section is from a Supervising Engineer for Detroit Edison. The letter indicates that:

This letter is in support of your Michigan Public Service Commission pre-proposal to promote energy efficiency in the Laker School District by installing a wind generator. My group, Distributed Resource Planning at Detroit Edison, can assist with the utility electrical interconnection part of your project proposal. My group

²Michigan Energy Efficiency Grant Proposal from the Elkton-Pigeon-Bay Port Laker School District, received March 10, 2005, p. 8.

³Ibid., p. 9.

represented Detroit Edison in the writing of the Michigan interconnection rules that became effective Aug. 10, 2004.

Your project will most likely be what's called a net metering project once a net metering rule is enacted by the MPSC in Michigan. I estimate that a net metering rule will be in place in 2005.

I wish you the best on your pre-proposal.⁴

Installation of all of the Laker School District facilities was complete by August 2006.

According to the developer's final project report:

An unanticipated outcome of this project was the hours of conversation with Detroit Edison. Because our 10 kw Bergey was one of the first (or maybe the first) project to net-meter with DTE, there were several unknowns. The first problem area was with incorrect meter readings for the Superintendent's House. Because there was such a difference in the bill, each meter reading was estimated based on previous bills. With each bill, we had to phone DTE and sort the charges out. Also, DTE had not yet developed a list of pre-approved inverters for net-metering and so questioned our Xantrex Inverter, which is sold with the Bergey Turbine. While they were researching the inverter, they disallowed our single meter to run backwards. Thus from June – September we have not truly been net-metering. Any power that has been generated beyond our own needs, has gone to DTE without any credits being given. Several hours of phone calls and research finally led DTE to accept this inverter and its UL1741 listing. (DTE finds it necessary to install an inflow meter, an outflow meter and a generator meter. These negotiations and changes dictated by DTE were unknowns at the outset of this project and did require a great deal of communication and research (delays and electrician bills) that was not anticipated. However, it seems that our project was of great benefit to DTE, as they now have experience putting net-metering into action.) Within a few short days, we should be truly net-metering, as everything has now been finalized for meter installation to occur.⁵

Despite the optimistic expectation in the last sentence above, that the problems had been resolved, shortly after the final report, the project ran into more significant difficulties, the reason

⁴Letter dated November 16, 2004. On October 18, 2005, the Commission approved Detroit Edison's request for a net metering tariff, but that tariff is limited to facilities that are less than 30 kW and apparently would only apply to the 10 kW wind turbine and the solar generation, not to the 65 kW wind units.

⁵Michigan Energy Efficiency Grant Final Report, Laker Schools Project, September 5, 2006, pp. 4-5.

for which is still unclear. The interconnection standards are intended to provide timely connection of independent power producers to a utility's system.⁶ In this case, it is clear that Detroit Edison knew about the project well in advance. Indeed, the company even provided a letter of support for the project two years ago. As of the final report on September 5, 2006, the Laker School District apparently believed that everything was satisfactory. Yet the turbines have been shut down and have not been restarted. Clearly the process has not worked as it was intended.

The Commission is initiating a proceeding, on its own motion, in Case No. U-15113 to: (1) investigate the interconnection of independent power producers with a utility's system, (2) identify any problems or deficiencies in the existing interconnection procedures, and (3) develop and implement remedies.

First, the Commission directs Detroit Edison to file, by November 14, 2006, a report on the interconnection process as it applied to the Laker School District project. This report shall include a detailed discussion that includes the timing of actual events at each step in the interconnection process as outlined on pages 1 and 2 of the Generator Interconnection Requirements. Detroit Edison shall also indicate what changes it intends to implement to assure that future interconnections are completed more smoothly. In addition, Detroit Edison shall indicate how it intends to treat any generated power in excess of Laker School District's needs in light of the fact that the utility's net metering tariff only applies to projects of less than 30 kW. In addition to filing its report with the Commission, Detroit Edison shall also deliver a copy to its contact at the Laker School District.

⁶ The time deadline for a project the size of the Laker School District is 6 weeks.

Second, the Commission directs Indiana Michigan and all electric utilities⁷ listed in footnote 1 to file, by November 28, 2006, a listing of all interconnections completed pursuant to the procedures approved in Case No. U-14085, Case No. U-14088, or Case No. 14091, as well as any pending interconnection applications. For each interconnection, the utility shall indicate the timing of each step in the interconnection process and shall indicate whether any problems arose in the process.

Third, by December 19, 2006, any other interested person may file information detailing interconnection problems they have experienced and any suggestions for changes to the interconnection procedures. The Laker School District may also file any response to Detroit Edison's filing of November 14 that it deems appropriate.

Fourth, the Staff will analyze the filings and contact the appropriate parties for additional information as needed. The electric utilities are directed to cooperate fully with the Staff. On January 9, 2007, the Staff will convene a public meeting to discuss the issues raised in the filings and determine if any consensus can be reached.

Fifth, the Staff will file a report by January 31, 2007, summarizing the issues identified and making recommendations for future action.

All documents filed in this case shall be submitted electronically through the MPSC Electronic Case Filings Web site at: <https://efile.mpsc.cis.state.mi.us/cgi-bin/efile/login.pl>. Requirements and instructions for filing electronic documents can be found in the Electronic Case Filings Users Manual at: <http://efile.mpsc.cis.state.mi.us/efile/pdfs/usersmanual.pdf>. An application for account and letter of assurance, required of all first-time users, are located at:

⁷The Michigan Electric Cooperative Association may file a joint report on behalf of its member cooperatives provided that all specified information is included. Similarly, the Michigan Electric and Gas Association may file a joint report on behalf of some or all of its members.

<http://efile.mpsc.cis.state.mi.us/efile/pdfs/assurance.pdf>. If you require assistance prior to e-filing, contact the staff at 517-241-6170 or by e-mail at: mpscefilecases@michigan.gov.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*

b. Each electric utility subject to the Commission's jurisdiction should file reports in Case No. U- 15113 on interconnections with independent power producers.

THEREFORE, IT IS ORDERED that:

A. The Detroit Edison Company shall file a report by November 14, 2006 in Case No. U-15113, detailing the actual events associated with the Laker School District interconnection.

B. Indiana Michigan Power Company, Alpena Power Company, Consumers Energy Company, The Detroit Edison Company, Edison Sault Electric Company, Northern States Power Company, d/b/a Xcel Energy, Upper Peninsula Power Company, Wisconsin Electric Power Company d/b/a We Energies, Wisconsin Public Service Corporation, Alger Delta Cooperative Electric Association, Cherryland Electric Cooperative, Cloverland Electric Cooperative, Great Lakes Energy Cooperative, Tri-County Electric Cooperative, Midwest Energy Cooperative, The Ontonagon County Rural Electrification Association, Presque Isle Electric & Gas Co-op, and Thumb Electric Cooperative of Michigan shall each file, by November 28, 2006, in Case No. U-15113, a listing of interconnections completed or pending pursuant to the procedures approved in Case Nos. U-14088 and U-14091.

C. A public meeting will be held at 9:00 a.m. on January 9, 2007, in Case No. U-15113, in the offices of the Commission.

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

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chairman

(S E A L)

/s/ Laura Chappelle

Commissioner

/s/ Monica Martinez

Commissioner

By its action of October 24, 2006.

/s/ Mary Jo Kunkle

Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of October 24, 2006.

Its Executive Secretary