

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission’s own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-15902
THE ROYAL BANK OF SCOTLAND PLC to fully)	
comply with Public Acts 286 and 295 of 2008.)	
_____)	

At the November 13, 2008 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER OPENING DOCKET

On October 6, 2008, Governor Jennifer M. Granholm signed Public Acts 286 and 295 of 2008 into law.

I.

Among other things, Public Act 286 amends the “Customer Choice and Electricity Reliability Act,” 2000 PA 141; MCL 460.10 *et seq.*, to do the following:

- Require the Commission to issue orders providing that no more than 10% of an electric utility’s average weather-adjusted retail sales for the preceding calendar year take service from an alternative electric supplier (AES) at any time. MCL 460.10a(1)(a)-(d).
- Allow an AES customer to receive standard tariff service from an electric utility in accordance with the utility’s procedures in place on January 1, 2008, for the return of an AES customer to utility service; and allow the Commission to amend the procedures as needed. MCL 460.10a(15).

- Require the Commission to authorize rates that would ensure that an electric utility that offered retail open access service from 2002 until the bill took effect fully recovers within five years its restructuring costs and any associated accrued regulatory costs. MCL 460.10a(16).
- Require the Commission to adopt service quality and reliability standards for generation systems. MCL 460.10p(5).
- Require the Commission to submit a report to the Legislature and the Governor regarding power quality disturbance issues. MCL 460.10p(8).
- Require the Commission to review its existing rules and amend them, if necessary, to implement performance standards for generation and distribution facilities. MCL 460.10p(9)-(10).
- Study and report to the Governor and the Legislature on the advisability of separating generation and distribution, and the potential benefit of creating an electric generation purchasing pool. MCL 460.10r(6)-(7).
- Require each regulated utility to file with the Commission a plan for using dispatchable customer-owned distributed generation within the context of its integrated planning resource process. MCL 460.10r(8).
- Revise provisions pertaining to the ability of municipally owned utility customers to choose service from an AES. MCL 460.10y.

II.

Public Act 295 of 2008, also known as the “Clean, Renewable, and Efficient Energy Act,” is to be implemented according to the provisions set forth in a “temporary order” that must be issued by the Commission within 60 days of the effective date of the new legislation. Within one year of Act 295’s effective date, the Commission must promulgate administrative rules to govern the further implementation of the law. Sec. 191.

The Commission intends to issue an order in Case No. U-15800 to comply with the temporary order requirement in Section 191. Additionally, in a separate order issued October 21, 2008 in Case No. U-15900, the Commission opened a rulemaking proceeding to solicit comments and

suggestions regarding the content of the administrative rules that must be adopted pursuant to Section 191.

Subpart “A” of Part 2 of Act 295 concerns renewable energy. Among other things, Subpart “A” requires all providers of electric service in this state to establish renewable energy programs. All electric providers (including AESs) must file a plan within 90 days (120 days for self-regulated rural electric cooperatives and municipally-owned electric utilities) after the Commission issues the temporary order. The Commission’s role, and the approach for energy providers to comply with the Act, vary according to the type of electric provider and the size of its customer base.

The renewable energy plans for AESs and member-regulated rural electric cooperatives are governed by Section 23. The Commission is required to approve the plans of AESs and member-regulated rural electric cooperatives, but without the necessity of conducting a contested case proceeding. Rather, the Commission must provide an opportunity for public comment on a proposed plan. Thereafter, within 90 days of filing of the plan, the Commission is required to approve, with any changes consented to by the electric provider, or reject the plan. Section 23(3). Biennial reviews and plan amendments may be considered by the Commission after notice of an opportunity to comment. Section 23(4)-(5).

Subpart “B” of Part 2 of Act 295 concerns energy optimization. Among other things, Subpart “B” requires the filing with the Commission of energy optimization plans by electric providers (other than AESs) and rate-regulated natural gas distribution utilities.

III.

The Commission realizes that the descriptions of Acts 286 and 295 in this order do not cover all of the important details contained in the legislation. Over the course of the next few months, the rest of the legislation will be discussed in a number of Commission dockets. However,

because of the multitude and multiplicity of regulatory actions that must be accomplished to implement Public Acts 286 and 295, and due to the strict time limits placed on the Commission to complete the initial phases of the implementation process, the Commission is opening this docket for The Royal Bank of Scotland plc (RBS) at this time to address certain issues that demand immediate attention. The early opening of this docket will assist in the orderly implementation of the new laws and expedite the processing of the company's future applications. Therefore, at the outset of the implementation process, and while awaiting the issuance of the temporary order required by Section 191 of PA 295, the Commission provides the following as guidance to RBS regarding the implementation process.

All documents filed in this case shall be submitted electronically through the Commission's E-Dockets Website at: michigan.gov/mpscedockets. Requirements and instructions for filing can be found in the User Manual on the E-Dockets help page. Documents may also be submitted, in Word or PDF format, as an attachment to an email sent to mpscedockets@michigan.gov. If you require assistance prior to e-filing, contact Commission staff at (517) 241-6170 or by e-mail at mpscedockets@michigan.gov.

Joint Proceedings

To the extent that a provider may desire to have its case consolidated with that of another provider, and to the extent that such is permitted by the act, the Commission asks that the provider make that desire known through the filing of a request seeking consolidation of cases.

Such consolidation requests should be filed in the appropriate dockets no later than November 19, 2008.

Protective Orders

Should RBS, the Staff, or any intervenor desire the protections afforded by the entry of a protective order, a request for issuance of a protective order, along with the proposed language of the proposed protective order shall be filed and served electronically on all known potential parties to the proceedings.

Public Comments

Written and electronic comments may be filed with the Commission at any time. Written comments should be sent to the: Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan 48909. Electronic comments may be e-mailed to: mpscdockets@michigan.gov. All comments should reference Case No. U-15902. Comments received in this matter will become public information, posted on the Commission's website, and subject to disclosure.

THEREFORE, IT IS ORDERED that a consolidation request by The Royal Bank of Scotland plc should be filed in the appropriate dockets no later than November 19, 2008.

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

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of November 13, 2008.

Mary Jo Kunkle, Executive Secretary