

**STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

MMEA is Michigan's trade association of municipally owned electric utilities. As units of local government, municipal electric systems are non-profit, community owned and operated, and regulated directly by the city and customers they serve. In 2018, MMEA members (Applicants) accounted for approximately 10% of all Michigan retail sales while serving over 300,000 customers. Municipal utilities are typically small with confined service territories, and customer concentration and budgets for Energy Waste Reduction programs can be very limited.

As referenced in 2016 PA 342 Sec. 73(1), MMEA is requesting to exercise the option to file joint Energy Waste Reduction (previously known as Energy Optimization or EO) biennial plans for the years 2020-2021 as allowed under docket number U-17008 approved by the MPSC on April 17, 2012.

Several of the municipals have elected to revise their Energy Waste Reduction Plans and others request to continue operating under the current Commission-approved (EO) plans, with no changes, through 2020 and 2021. The Energy Waste Reduction portfolio summary which details program budget and goals for 2020 and 2021 for each municipal utility can be found in Attachment A.

Administrative Changes under U-17008

On April 17, 2012, in Order U-17008 the MPSC allowed the MMEA members certain flexibility in the way the Municipal Utilities (MUs) would be permitted to design and administer their (then EO) Energy Waste Reduction plans. The benefits of this Order are outlined below.

A. Beginning with the 2011 annual reports due on May 31, 2012 and for all future annual reports thereafter, MUs shall be authorized to file individually or jointly in a combined energy waste reduction annual report format as provided in this order.

- Since 2011, the MUs have filed a joint annual report and this has resulted in time and cost-savings while providing consistent reporting data to the Michigan Public Service Commission (MPSC).

B. Beginning with the 2013 biennial energy waste reduction plans, MUs were authorized to have the option of filing either an individual or a joint energy waste reduction plan as provided in U-17008.

- MMEA is filing this joint biennial plan in 2018 for the years 2020 and 2021.

C. MUs were authorized to reallocate expenditures budgeted for a specific program offering within a customer class to successful programs in another customer class when the municipal utility's experience shows that the market in that customer class is not responding to energy waste reduction program offerings and the change is reasonable and cost effective as provided in U-17008.

- Allowing the member utilities to reallocate expenditures within a customer class has allowed active programs to receive additional funding when it becomes evident that the budget for a less successful program will not be spent. This allows customers to continue participating in popular and effective Energy Waste Reduction programs and ensures that these programs will not be shut down partway through a program year.

D. MUs were authorized to limit the third-party evaluations performed for certification purposes to the certification of a municipal utility's gross kilowatt-hour savings as provided in this order.

- This benefits MUs due to the limited funding available to invest in independent third-party evaluations of incremental savings.

E. MUs were authorized to include savings resulting from load management programs that reduce overall energy usage and that allow for the transfer of renewable energy credits as provided in U-17008.

- At this time, no MU is participating in this option.

F. MUs were authorized to calculate net energy savings towards the kilowatt-hour goals by including energy savings resulting from a municipal utility customer's participation in an energy waste reduction heating, ventilation, and air conditioning program or a fuel-switching pilot program that results in the municipal utility customer thereafter undertaking fuel-switching that involves geothermal or air-to-air heat pumps as provided in this order. In addition, a municipal utility shall be authorized to include annual energy savings associated with customers installing solar thermal systems.

- MMEA members continue to evaluate these opportunities.

G. MUs were authorized the additional flexibility to allocate savings and budget over a multi-year period up to and including the projected life of the project by allowing their large commercial and industrial customers to implement multi-year projects with significant energy savings and costs as provided in this order if they continue to offer energy waste reduction programs to all customer classes.

- Several MUs have benefited from the ability to carry forward both savings and budgets into multiple years.

H. Upon petition by a municipal utility, the Commission may, for good cause, grant up to two extensions for compliance with the electric savings standard as provided for in U-17008. Upon subsequent petition by a municipal electric provider, at least three months before the expiration of the second extension, the Commission may, for good cause, establish a permanent revised energy efficiency standard of less than 1%.

- At this time, no MU is participating in this option. This may become more important as smaller municipal utilities reach market saturation of certain energy efficiency measures.

G. MUs and their governing bodies have sole discretion with respect to the use of volumetric or per-meter energy waste reduction surcharges as provided by law.

- Currently, there is only one municipal utility that has a per-meter charge for residential customers.

Attachment A: Lansing Board of Water & Light EWR Program Portfolio U-20408

Program Portfolio	USRT Results	CCE Results	2020 Plan Filing		2021 Plan Filing	
			Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Low Income Services	NA	NA	529,340	\$267,149	529,340	\$267,149
Residential Services	5.06	\$0.020	1,753,851	\$531,179	1,753,851	\$531,179
Educational Services	0.83	\$0.050	534,387	\$109,602	534,387	\$109,602
Pilot Programs	1.92	\$0.020	427,509	\$87,682	427,509	\$87,682
Subtotal - Residential Solutions	4.22	\$0.022	3,245,087	\$995,612	3,245,087	\$995,612
Business Services	4.76	\$0.010	17,923,052	\$2,822,864	17,923,052	\$2,822,864
Educational Services	0.21	\$0.200	106,877	\$21,375	106,877	\$21,375
Pilot/Emerging Technology	1.89	\$0.020	534,387	\$106,877	534,387	\$106,877
Subtotal - Business Solutions	4.61	\$0.011	18,564,316	\$2,951,116	18,564,316	\$2,951,116
Total Program Portfolio	4.51	0.012	21,809,403	\$3,946,728	21,809,403	\$3,946,728
LBWL Program Administration				\$400,000		\$400,000
Evaluation (EM&V)				\$250,000		\$250,000
Subtotal - Admin/Evaluation				\$650,000		\$650,000
Projected Annual Totals	3.81	\$0.014	21,809,403	\$4,596,728	21,809,403	\$4,596,728

Lansing Board of Water & Light will continue operating under the current Commission approved Plan with no changes at this time.