

Improving Integrated Resource Planning



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Integrated Resource Planning in PA 286 of 2008

- * Fully evaluate energy resource alternatives
- * “Most reasonable and prudent” threshold
- * Only major investments (at least \$500,000,000)
- * Exempts pollution control equipment on old plants
- * Has hardly been used so far

Exemptions overwhelm expenditures

- * Utilities admit upgrade costs could exceed \$4.5 billion over the next ten years
- * Combined they are already seeking \$2.5 billion in rate increases
- * IRP exemptions in PA 286 prevent closer scrutiny of rate increases

IRP as Long-Term Planning

Table 1. Planning Horizons Found in IRP Rules.

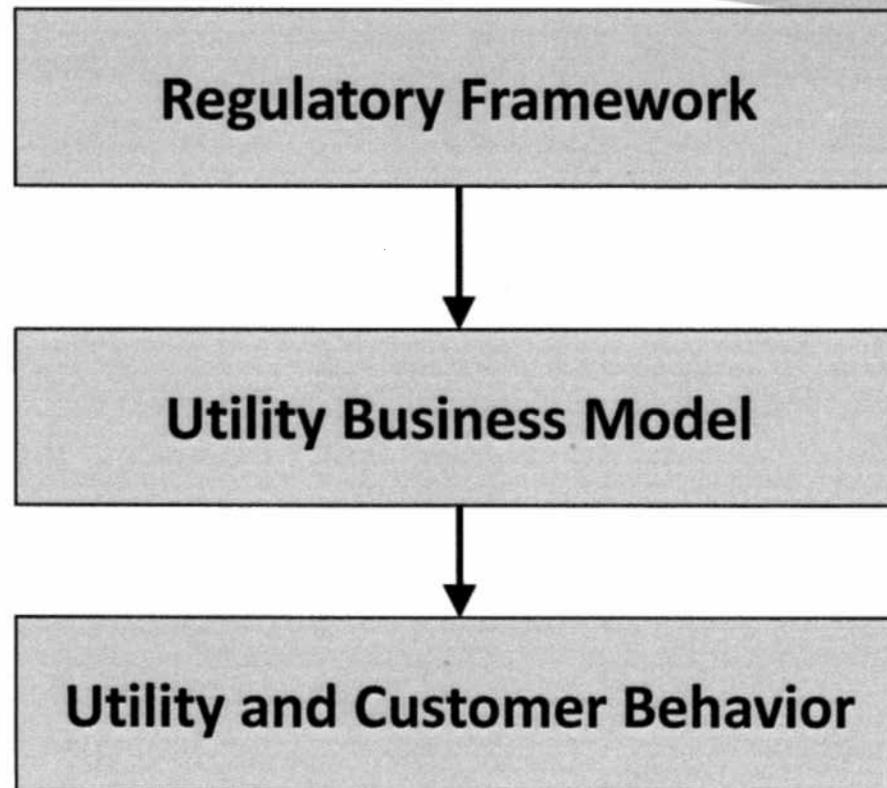
Planning Horizon	States with Specified Planning Horizon
10 years	Arkansas, Delaware, Oklahoma, South Dakota, Wyoming
15 years	Arizona, Kentucky, Minnesota, North Carolina, South Carolina, Virginia
20 years	Georgia, Hawaii, Idaho, Indiana, Missouri, Nebraska, Nevada, New Mexico, North Dakota, Oregon, Utah, Vermont, Washington
Multiple periods	Montana
Utility determined	Colorado
Not specified	New Hampshire

Synapse Energy Economics, Inc. "A Brief Survey of State Integrated Resource Planning Rules and Requirements." April 28, 2011.

Michigan Energy Plan - Goals

- * Control Costs
- * Minimize Risk
- * Fair Rates for Customers
- * Promote Economic Development
- * Protect Public Health and Natural Resources
- * Preserve Excellent Reliability

Updated Regulatory Model



Regulatory structure should reinforce goals

- * Goals should be tied to metrics
- * Long-term planning should be used to assess infrastructure investments
- * Rate design should reinforce goals
- * Utility's return on investment should be tied to implementing approved long-term plan and meeting energy goals