



Technical Conference: LUMA EE Rider Filing

Docket NEPR MI-2022-0001



May 5, 2023



Agenda

- Background
- Overview of LUMA EE Rider Filing
- Questions and Discussion
- Next Steps



Background

- Energy Bureau issued a February 16th, 2023, R&O that:
 - Approved with modifications LUMA's Energy Efficiency (EE) and Demand Response (DR) Transition Period Plan (TPP)
 - Ordered LUMA to file an EE Rider to fund FY2024 EE programs
- Energy Bureau issued a further R&O on April 3rd that laid out filing requirements in greater detail
- LUMA submitted EE Rider filing on April 11th, 2023



Overview of Filing



Summary of LUMA Filing

- LUMA proposed using the same EE rider calculation method as previously approved in CEPR-AP-2015-0001:

$$EEC = \frac{(Total\ Cost\ of\ EE\ Programs + Prior\ Period\ Reconcillation)}{Applicable\ Retail\ kWh\ Sales}$$

- Full FY2024 budget to be funded by EE rider
 - LUMA states there will be no unspent FY2023 funds to carryover into 2024
 - LUMA continues to seek external funds, although none have yet been secured
- LUMA proposes submitting future EE rider filings in Permanent Rate Case No. NEPR-MI-2020-002



Summary of LUMA Filing

- FY2024 EE Rider Calculation
 - EE program cost: \$20,538,083
 - Sales forecast: 15,465.7 GWh
 - EE Factor for July 2023-June 2024: \$0.00133/kWh
- Future filings to account for over/under collection from prior period

Proposed Filing Schedule

| | | |
|-----------------------------------|-------------------------|---------------------|
| April 11, 2023 Filing (FY2024) | True up Factor Period | Jul 2022 - Apr 2023 |
| | Projected Factor Period | Jul 2023 - Jun 2024 |
| May 31, 2024 Filing (FY2025) | True up Factor Period | May 2023 - Apr 2024 |
| | Projected Factor Period | Jul 2024 - Jun 2025 |
| May 31, 2025 Filing (FY2026) | True up Factor Period | May 2024 - Apr 2025 |
| | Projected Factor Period | Jul 2025 - Jun 2026 |



Questions and Discussion



- LUMA states it has no carryover FY23 funds
 - In the TPP, LUMA proposed spending \$4.6M of internal FY23 funds on program planning, administration and start-up costs.
 - Will LUMA spend all the planned year 1 budget (\$4.6M) in FY23?
- Will the Q4 Quarterly report (due 8/29/23) and/or FY23 Annual Report (due 10/28/23) document LUMA's FY23 activities and spending?



Filing Process

- How does LUMA's proposed rider filing schedule and reconciliation process align with the quarterly and annual EE reports?

| Report or Filing | Deadline | Reporting Period |
|-----------------------------|-------------------|-------------------------------------|
| FY2023 Q4 Report | August 29, 2023 | TPP Launch - June 30, 2023 |
| FY2023 Annual Report | October 28, 2023 | July 1, 2022 - June 30, 2023 |
| FY2024 Q1 Report | November 29, 2023 | July 1, 2023 - September 30, 2023 |
| FY2024 Q2 Report | March 29, 2024 | October 1, 2023 - December 30, 2023 |
| FY2024 Q3 Report | May 29, 2024 | January 1, 2024 - March 30, 2024 |
| FY2024 Q4 Report | August 29, 2024 | April 1, 2024 - June 30, 2024 |
| FY2024 Annual Report | October 28, 2024 | July 1, 2023 - June 30, 2024 |

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Filing Process

- Where will LUMA report planned spending and EE Rider revenue versus actuals?
 - Quarterly and annual EE&DR reports?
 - Annual budget filings?



FY2024 Program Budget

- LUMA is proposing the same budget for FY24 as originally proposed in the TPP (\$20.5M)
 - Confirm LUMA does not expect aggregate spending to be different from originally planned, despite slower than anticipated launch
 - Does FY24 budget reflect required program changes per Feb. 16th order (e.g., changes to battery DR programs)?
 - Does LUMA expect budget will be shifted between programs to reflect changes required in Feb. 16th order?
 - Does LUMA anticipate possible budget shifts due to implementation practicalities or lessons learned?



Customer Impacts

- FY2024 rider would be \$0.00133/kWh
- What are the cost impacts on a typical household?
 - \$/month increase
 - % increase in bills



Filing Updates

- LUMA's updated program description for the economic DR program states that customers can shift load to back-up generation
 - Existing regulation does not allow for this
- OIPC requested LUMA submit Exhibit 1 of filing in Spanish



Next Steps

- Revised or supplemental filings may be required (depending on discussion today)
- Energy Bureau anticipates moving with due haste to consider the proposed the EE Rider, given the need to launch EE programs promptly