

Comment by the Alliance to Halt Fermi 3

on

DTE's Proposed Integrated Resource Plan MPSC Case Number U-20471

August 5, 2019

The Alliance to Halt Fermi 3 (ATHF3) respectfully submits these comments to the Michigan Public Service Commission on DTE's proposed Integrated Resource Plan (IRP), which was submitted to the Commission on March 29, 2019.

We wish to emphasize, at the outset, that nearly all ATHF3 members are also DTE customers. We trust that this means that our comments will be seriously considered by the Commission.

ATHF3 strongly objects to DTE's proposed IRP for reasons described below and suggests that the Commission send DTE back to the drawing board to re-propose a new IRP that is more consistent with IRP guidelines and current energy, economic, and environmental realities. In short, DTE has proposed an obsolete 20th Century "business as usual" plan that is wholly insufficient to meet the needs of a 21st Century electricity grid with respect to reliability, economics, and global climate change.

Phenomenal innovation and cost reduction in energy efficiency, solar, wind, and energy storage in the past decade means that they are now the optimal approaches for maximizing electricity reliability and minimizing both costs to electricity users and greenhouse gas emissions. Accordingly, the traditional and exclusive reliance on capital intensive and inflexible "base load" fossil fuel and nuclear plants is now obsolete. Many utilities, including Consumers Energy, are transforming their business models to reflect these new realities. Unfortunately, the proposed IRP clearly shows that DTE is not willing to do so.

The critical weakness in DTE's proposed IRP is its heavy reliance on fossil fuels and nuclear, with only token inclusion of renewables such as wind and solar. DTE proposes to continue to rely on fossil fuels and nuclear for decades to come, while committing to only 11 megawatts of solar and 693 megawatts of wind over the next 5 years, with only marginal increases in renewables in most of its post-2024 scenarios.

This extreme bias towards fossil fuels and nuclear, and bias against renewables, is clear when you compare DTE's proposed IRP to Consumers Energy's IRP. Under a March 2019 settlement agreement with key stakeholders, Consumers Energy now plans to eliminate coal by 2023, include no new natural gas or nuclear plants either currently under construction or in the future, install 5,000 megawatts of solar capacity by 2030, and ramp up energy storage capacity.

In announcing the settlement agreement, Consumers Energy President and CEO Patti Pope stated: "The settlement enables our Clean Energy Plan and puts us on a path to zero coal

substituted by increased renewable energy—most notably solar—all done in an affordable way through a competitive marketplace. Michigan will have one of the cleanest and most affordable energy systems in the country through this standard-setting plan.”

The fundamental question before the Commission: if Consumers Energy is able to transform its business model to end coal use, forego new natural gas and nuclear plants, and make a massive commitment to solar and storage, thereby providing economic savings to its customers and massive greenhouse gas emission reductions for the planet, why can't DTE? Is DTE not as smart or not as creative as Consumers Energy?

A second, glaring weakness is that the proposed IRP appears to be completely silent on whether DTE will continue to consider building Fermi 3, a new nuclear power plant, in the future. While DTE's years-old estimate for building Fermi 3 is \$10 billion, a similar nuclear plant design being considered by Dominion Virginia Power now has an estimate of \$19 billion, and rising. If DTE were to ever decide to build Fermi 3, the \$19 billion (or likely even more, given that every single nuclear plant in US history has gone over budget) would be, by far, the largest economic investment in Michigan history, would cost every DTE household many thousands of dollars, and would drain so much investment capital that there would be none left over for more productive investments in energy efficiency, solar, wind, and energy storage.

It is impossible to carry out a long-term IRP planning process while leaving the Fermi 3 “gorilla in the closet” unaddressed. DTE is the only utility in the entire Midwest to be charging its ratepayers for nuclear plant licensing and planning, and it is time for the Commission to put an end to this wasteful spending and force DTE to design a 21st Century strategy similar to that of Consumers Energy.

A third major issue is that there appears to be almost no mention of Fermi 2 in the proposed IRP, even though every day, DTE ratepayers are charged for the massive cost overruns associated with the construction of Fermi 2. A central feature of a rational IRP planning process would be for DTE to tell the Commission and the public how much ratepayers are paying for electricity from Fermi 2, and to compare the cost of that electricity with alternative approaches for generating the same electricity in the future. But, instead of such transparency, DTE appears to assume that they are under no obligation to tell its ratepayers or the Commission anything whatsoever about Fermi 2, and that they can continue to profit off of the massive cost overruns associated with its past mistakes, even if there are alternatives that could save its ratepayers money in the future. The Commission must force DTE to be transparent with its ratepayers about the cost of Fermi 2 electricity and to include a robust assessment of Fermi 2 and alternative approaches in a revised IRP.

In conclusion, DTE's proposed IRP is clearly deficient and must be remedied. Rather than transforming its business model to maximize electricity reliability and minimize cost and greenhouse gas emissions, DTE simply rubber stamps an obsolete strategy based on capital intensive and inflexible fossil fuel and nuclear plants. This may well be best for DTE shareholders—as a regulated monopoly, more investment means more expenses and more profits—but it is not best for the people of southeastern Michigan or for the planet. If DTE is not

willing to change and spend its ratepayers' monies in the public interest, then it is the Commission's duty to intervene and force DTE to do so.

Submitted by the Alliance to Halt Fermi 3 Board of Directors

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