

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter of the application of |) | |
| CONSUMERS ENERGY COMPANY |) | |
| for <i>ex parte</i> approval of economic development |) | Case No. U-21160 |
| tariff Rate LED. |) | |
| _____ |) | |

At the December 22, 2021 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER

On November 4, 2021, Consumers Energy Company (Consumers) filed an application (application) seeking *ex parte* approval of its proposed Large Economic Development tariff (Rate LED). Consumers states that it actively works with partners such as the Michigan Economic Development Corporation (MEDC) to bring high-quality businesses and jobs to Michigan. Consumers states that Rate LED will be a competitive electric rate for large energy users similar to its approved Long Term Industrial Load Retention Rate (LTILRR) and Energy Intensive Primary Rate. Application, p. 2. Exhibit A to the application is a map of energy-ready sites in the company's service territory where it hopes to attract energy-intensive users.

On November 29, 2021, the Association of Businesses Advocating Tariff Equity filed a petition to intervene. On November 30, 2021, Great Lakes Renewable Energy Association, Inc., filed a letter opposing *ex parte* treatment. On December 1, 2021, Energy Michigan filed a petition

to intervene. On December 6, 2021, Consumers filed a response to the petitions and the letter. On December 17, 2021, Dow Inc. filed a letter in support of Consumers' application, and the Citizens Utility Board and the Michigan Environmental Council filed joint comments. Also, on December 17, 2021, Consumers filed an amended application (amended application). On December 21, 2021, the Commission received two public comments.

Consumers states that rapid development, growth, and implementation of electrified, connected, and autonomous vehicles is transforming the entire automotive industry. The company points out that when developers are searching for locations for new plants, energy costs are one of several significant factors in the selection of sites to locate new manufacturing facilities for the electric vehicle supply chain. Application, p. 3. Consumers states that numerous new, energy-intensive manufacturing projects are currently searching for sites, and Michigan is one potential location. These projects involve the electric vehicle, battery storage, semiconductor/chip, and other high-tech and energy-intensive industries. Consumers avers that it is aware of 10 active electric vehicle supply chain and other high-tech projects currently considering Michigan and other states for the siting of new, large facilities, which total approximately \$64.8 billion in future investment and approximately 21,000 new jobs. Application, p. 5. Consumers asserts that a study recently performed by Boston Consulting Group for MEDC cited an economic development electric rate as being the highest impact, lowest effort action that Michigan can take to improve the state's attractiveness to these large, unique, and energy-intensive facilities. *See*, Application, Exhibit C. Consumers explains that it has found that special contracts with these energy-intensive users are not a sustainable economic development tool, and argues that a tariff has the advantage of offering an established framework for agreements and an assurance of cost recovery. Application, p. 6.

In the amended application, Consumers states that it “believes that certain modifications to the Company’s proposed economic development Rate LED are appropriate to make the Company’s proposal more consistent with DTE’s [DTE Electric Company’s] proposed XL High Load Factor Rate, and to clarify the Company’s proposed Rate LED tariff.” Amended application, p. 1.¹ In the amended application, Consumers describes Rate LED as follows:

Availability: Consumers Energy will only offer Rate LED if it expects the marginal contract revenues will exceed the expected marginal costs of serving the incremental load. The Company proposes to increase the minimum load which qualifies for Rate LED from 10 MW [megawatts] to 35 MW. Upon mutual agreement between the customer and the Company, the customer can have up to 60 months from the effective date of the Rate LED contract to meet the minimum load requirement.

Minimum Term of Contract: The minimum term of contract under Rate LED should be 15 years.

Transmission Charges: The proposed Rate LED Transmission Charges are set forth in the proposed Rate LED tariff and are based on the incremental transmission charges from Consumers Energy’s transmission provider which are applicable to the load served under Rate LED. The Rate LED Transmission Charges will be adjusted and reconciled on an annual basis in the Company’s Power Supply Cost Recovery [PSCR] proceedings.

Distribution Charges: The proposed Rate LED distribution charges will be the same as the Distribution Charges in the Company’s Large General Service Primary Demand Rate GPD, and will be adjusted if Rate GPD is adjusted during the term of the Rate LED contracts. The Rate LED Distribution Charges may also be adjusted for investments made by the Company for incremental distribution facilities required to serve the Rate LED customer.

Substation Ownership Credit: Proposed Rate LED provides for a Substation Ownership Credit.

Interruptible Service Provision: Consumers Energy’s proposed Rate LED includes clarifying language to be consistent with the requirements of the Midcontinent Independent System Operator, Inc. for interruptible loads.

Securitization Surcharges and Associated Production Charge Credits: Consumers Energy proposes to modify Rate LED so that securitization charges apply under the

¹ See, December 22, 2021 order in Case No. U-21163.

rate, but associated production charge credits will not apply for service provided under Rate LED.

Amended application, pp. 1-3. Consumers states that all other aspects of the application remain applicable to Rate LED.

Consumers proposes that the ratemaking treatment for Rate LED be similar to that applied to the LTILRR. *See*, Application, Exhibit E. The company states that the costs of serving participating customers will be directly assigned to those customers. Application, p. 11. Consumers explains that capacity, energy, and transmission revenues will be included in the company's PSCR revenues, and distribution revenues will be included as miscellaneous revenues in general rate cases. *Id.*

Consumers seeks *ex parte* approval of the application because the approval of Rate LED will not alter any existing rates or the cost of service for any customer. Consumers seeks expeditious approval, as it is aware of at least two, and up to ten, large, unique, and energy-intensive potential customers currently prospecting locations in Michigan.

The Commission has reviewed the application, amended application, and exhibits and finds that Consumers' proposed Rate LED should be approved, and that approval of the new rate will assist in attracting large, unique, and energy-intensive facilities with incremental load that are seeking competitive energy prices. The Commission further finds that the proposed Rate LED complies with Michigan law, and is reasonable and in the public interest. Because approval of Consumers' amended application will not result in an increase in the cost of service for any customer, the Commission finds *ex parte* review and approval to be appropriate. *See*, MCL 460.6a(3). Because the Commission finds *ex parte* treatment of Consumers' amended application appropriate, the petitions to intervene and request for a contested case are moot.

THEREFORE, IT IS ORDERED that:

A. Consumers Energy Company's amended application for authority to implement the Large Economic Development tariff is approved.

B. Within 30 days of this order, Consumers Energy Company shall file with the Commission tariff sheets substantially similar to those set forth in Exhibit 1 to Consumers Energy Company's amended application.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of December 22, 2021.

Lisa Felice, Executive Secretary


PROOF OF SERVICE

STATE OF MICHIGAN)

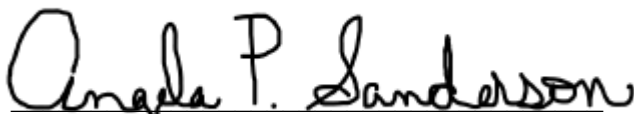
Case No. U-21160

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on December 22, 2021 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 22nd day of December 2021.


Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-21160

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|---------------------------------|------------------------------|
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