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MPSC approves Consumers Energy integrated resource plan settlement agreement, takes additional steps to boost electric capacity

The Michigan Public Service Commission took steps today to shore up Michigan's reserves of energy supply, approving orders that accept a settlement agreement governing Consumers Energy Co.'s long-range plans for providing electricity and seeking input from all electricity providers in Michigan and other interested stakeholders on ways to ensure Michigan continues to have the energy resources it needs, including opportunities to quickly bring new energy resources to the grid.

First, the Commission approved the settlement agreement on Consumers Energy's integrated resource plan (IRP), the utility's long-term forecasts for ensuring reliable service over the next 20 years. IRPs [are required](#) for regulated utilities under Michigan's 2016 energy laws.

Highlights of the IRP [settlement agreement](#) ([Case No. U-21090](#)) include:

- Closure of three units at the J.H. Campbell coal-fired power plant in Ottawa County's Port Sheldon Township in 2025, resulting in a reduction in environmental pollutants as the company works to retire coal and replace it with cleaner natural gas and renewable energy resources.
- Consumers' purchase of the Covert Generating Station, a natural gas-fired power plant in Van Buren County's Covert Township, in 2023, which will add 1,114 zonal resource credits (ZRCs) to the Midcontinent Independent System Operator's (MISO) Zone 7 from PJM Interconnection, which serves southwest Michigan. MISO is the regional transmission organization that covers the greater part of Michigan, and Zone 7 covers the Lower Peninsula except for the area served by PJM. Addition of the Covert plant to MISO will boost reliability for Consumers and provide additional capacity to Zone 7 for the next MISO planning year and beyond.
- Not accelerating to 2023 the retirement of Consumers' D.E. Karn Generating Complex's units 3 and 4, which run on natural gas and fuel oil. Instead, the two units would continue operating through May 2031.
- Bringing thousands of new megawatts (MW) of solar energy capacity online in the next several years as part of the company's plans to add about 8,000 MW of

solar generation by 2040, the year by which Consumers pledges to be carbon-neutral.

Under the agreement, Consumers also will speed up deployment of energy storage resources from 2030 to 2024, aiming for 75 MW of storage by 2027 and 550 MW by 2040, and conduct two solicitations for 700 zonal resource credits of capacity from power purchase agreements with terms up to 10 years. The agreement also covers issues including the utility's avoided cost methodology under the federal Public Utility Regulatory Policies Act of 1978, the continuation of a financial compensation mechanism incentive for power purchase agreements, and approval of regulatory asset treatment for the remaining net book value of the company's retiring plants.

The settlement outlines added analysis for the company to include in its next IRP, including total emissions, annual particulate matter health impacts, an environmental justice screening tool, projected low-income energy efficiency participation levels, transmission import capability, and publicly available rooftop solar adoption rates. In addition, the company agrees to donate \$5 million in 2022 to a fund that provides income-based energy bill assistance to Consumers Energy's electric customers, along with \$2 million in continued annual donations. These donations would be made by the company and its shareholders, and will not be recovered in rates paid by their customers.

The Commission directed MPSC Staff to include a requirement for each affected utility to consider the impacts of its proposed course of action on the resource adequacy of its own customers, the MISO LRZ or respective PJM LLC Zone, and neighboring Zones, regions, or regional transmission organizations in updated IRP filing requirements to be filed on June 30, 2022, in Case No. U-18461.

Intervenors in the case were the Association of Businesses Advocating Tariff Equity; Cadillac Renewable Energy; Citizens Utility Board of Michigan; Clean Grid Alliance; Decker Energy-Grayling; Ecology Center; Energy Michigan; Environmental Law and Policy Center of the Midwest; Genesee Power Partner; Great Lakes Renewable Energy Association; Hemlock Semiconductor Operations; Hillman Power Co.; Institute for Energy Innovation; the Michigan Department of Attorney General; Michigan Electric Transmission Co.; Michigan Energy Innovation Business Council; Michigan Environmental Council; Michigan Public Power Agency; Midland Cogeneration Venture; Natural Resources Defense Council; Residential Customer Group; Sierra Club; Tondur Corp.; Union of Concerned Scientists; Urban Core Collective; Viking Energy of Lincoln and Viking Energy of McBain; Vote Solar, and Wolverine Power Supply Cooperative. Permissive intervention was granted to the Mackinac Center for Public Policy. MPSC Staff also participated.

In a second matter, the Commission today accepted the MPSC Staff's report that all but one of Michigan's electric load serving entities (LSE) either owns or has contractual rights for sufficient capacity to meet its obligations four years from now, as required by Michigan law, while also seeking comment on a comprehensive menu of options to

ensure sufficient resources to meet Michigan's energy needs as the electric system continues to evolve ([Case No. U-21099](#)).

The Staff report noted concern about tightening capacity throughout zones of MISO, which covers the majority of Michigan, as well as slimming reserve margins.

The Commission noted that [MISO's 2022-2023 Planning Resource Auction](#) found that all zones within the MISO footprint met their local clearing requirement (LCR), but local resource zones 1-7 cleared at CONE (Cost of New Entry), which for 2022-2023 is set at \$236.66 per megawatt-day.

Given these concerns, the Commission requested comment from LSEs and stakeholders on matters critical to addressing capacity shortfalls and ways to bring additional capacity resources to the market to ensure reliable electricity service. The Commission seeks comment on whether the MPSC's ban on DR aggregation for utility customers should be lifted, whether energy storage resources such as batteries should be allowed to participate simultaneously in wholesale and retail markets, whether the Commission should implement forward capacity obligations that exceed MISO requirements in upcoming capacity demonstrations or a forward LCR applicable to Michigan LSEs. The Commission also requested comments on what actions could be taken at the RTOs to improve transmission connections to neighboring areas as well as improvements to RTO markets to provide better price signals to independent generators, and any other actions the Commission could take to help develop additional in-state capacity resources.

Comments on today's order in Case No. U-21099 et al may be filed by 5 p.m. Aug. 1, 2022. Written comments should be mailed to Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan 48909. Electronic comments may be filed via the MPSC's [E-Dockets website](#) or by email to mpscedockets@michigan.gov. All comments should reference Case Nos. U-21099 et al.

The Commission also took action on the Staff's finding that alternative electric supplier Spartan Renewable Energy Inc. did not demonstrate sufficient capacity to meet its customer's capacity needs in the 2025-2026 planning year, directing the company (Case No. U-21250) to show cause why it should not be found in violation of its statutory capacity demonstration obligations. The proceeding will allow parties to address whether Spartan's capacity demonstration is deficient and whether and how state reliability mechanism capacity charges for its customers should be assessed.

The Commission ordered Spartan to file its response by 5 p.m. July 1, 2022, including direct testimony, exhibits and workpapers supporting its response. Spartan also was ordered to appear for a prehearing conference at 9 a.m. July 14. Parties interested in intervening in the case may file petitions by 5 p.m. July 7; the Commission said it expected incumbent utilities affected by Spartan's capacity demonstration to intervene.

The Commission said it was expediting this matter and expects a final order no later than Nov. 7.

MPSC COMMENCES LICENSE REVOCATION AGAINST ALTERNATIVE GAS SUPPLIER REALGY LLC, DIRECTS COMPANY TO INTERVENE TO RETAIN IT

The MPSC today ordered Realgy LLC, doing business as Realgy Energy Services, to intervene in a case that could revoke its alternative gas supplier (AGS) license to operate under the Commission's Gas Customer Choice program because of persistent complaints about violations of rules governing marketing and business practices (Case No. U-21247). After the Commission [opened a formal investigation](#) in February 2021 into complaints about Realgy's marketing and business practices, the Commission in December 2021 approved a settlement agreement resolving issues in the case. But MPSC Staff has since documented additional violations of the settlement agreement and tariff provisions. The MPSC held discussions since then with Realgy, but the Commission is not confident identified issues have been resolved and is concerned additional violations are still occurring. Today's order directs Realgy to intervene in the case no later than July 14, 2022, if the company wishes to participate and attempt to retain its alternative gas license and appear for a hearing July 26, 2022, at 9 a.m.

MPSC APPROVES DETROIT THERMAL STEAM SALES MATTERS INVOLVING RENAISSANCE CENTER, OTHER BUSINESS IN DETROIT

The MPSC today approved a steam sales agreement amendment between Detroit Thermal LLC and Detroit's Renaissance Center and the extension of a steam sales agreement between the utility and another business in Detroit. The Commission approved an amendment to the 20-year steam sales agreement approved in 2016 between Detroit Thermal and Riverfront Holdings, Inc., for steam service to the Renaissance Center ([Case No. U-18128](#)). The Commission also approved a 5-year agreement between Detroit Thermal and Thermo Fisher, extending an agreement from March 2017 for its facility at 920 Henry Street ([Case No. U-21240](#)). Neither agreement will increase the cost of service to other existing customers or increase any existing steam rates paid by other customers. Detroit Thermal generates steam used primarily for space and hot water heating and absorption cooling of more than 100 buildings in greater downtown Detroit.

COMMISSION APPROVES ALPENA POWER'S VOLUNTARY GREEN PRICING PROGRAM, SEEKS COMMENTS ON NORTHERN STATES POWER'S PROPOSAL

The MPSC today approved one northern Michigan utility's voluntary green pricing (VGP) program and asked for public comment on an Upper Peninsula utility's proposal for the program through which customers voluntarily specify a certain amount of electricity purchases to be from renewable energy resources, with costs of the program billed to participating customers. The Commission approved a continuation of Alpena Power Co.'s existing VGP program unchanged for the 2022 and 2023 calendar years but with additional funds for advertising the program under which customers may match a percentage of their monthly usage or purchase blocks of renewable energy credits ([Case No. U-18350](#)). The Commission encouraged Alpena Power to move toward program designs that lead to deployment of additional renewable energy resources, and

directed the utility to file semiannual reports on enrollments and enrollment size in its program and cost of renewable energy, marketing and administration; marketing methods used, and the quantity, source, and costs of any renewable energy credits purchased for the program. Meanwhile, the Commission urged interested persons to file comments on Northern States Power Co.'s proposed VGP program, Renewable*Connect, in which customers can participate month to month or through five-year contracts designating variable levels of their energy to be from wind or solar sources, as the utility pursues additional solar energy resources ([Case No. U-21173](#)). Written and electronic comments must be received no later than 5 p.m. July 25, 2022, and written and electronic reply comments must be received no later than 5 p.m. Aug. 1, 2022. Comments must reference Case No. U-21173.

MPSC GRANTS CERTIFICATE OF NEED TO PRESQUE ISLE ELECTRIC & GAS FOR NEW NATURAL GAS PIPELINE

Presque Isle Electric & Gas Co-op was granted a certificate of public convenience and necessity to construct a natural gas service line and provide new gas service for approximately 95 potential customers in Wilson Township in Alpena County after the MPSC approved a settlement in the matter ([Case No U-21167](#)). Presque Isle and MPSC Staff reached a settlement agreement resolving all issues in the case, including a determination that any environmental impairment from the pipeline is minor and in compliance with the Michigan Environmental Protection Act. The co-op intends to install 3.1 miles of 4-inch main and 1.1 mile of 2-inch main.

MPSC OKS INDIANA MICHIGAN POWER'S VOLUNTARY CURTAILMENT RIDER

The MPSC gave a thumbs-up to Indiana Michigan Power Co.'s application for approval of its voluntary curtailment service rider ([Case No. U-21178](#)). The rider applies to customers with 1 megawatt or greater usage and operates by voluntarily curtailing energy usage during specified events as determined by I&M for participating customers. The rider spells out credits for voluntary curtailment during periods of high energy market prices, which is expected to provide savings to participating and non-participating customers by reducing energy market purchases when they are most expensive. Approval is not expected to increase current rates for or costs of service to other customers.

To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).

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