

S T A T E   O F   M I C H I G A N  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>DTE ELECTRIC COMPANY</b>	)	
for approval of an amended renewable energy plan.	)	Case No. U-18076
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At the June 9, 2016 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner

**ORDER REQUESTING COMMENTS**

On April 15, 2016, DTE Electric Company (DTE Electric) filed an application, along with the affidavit of Harry O. Stansell, Jr., Manager of Business Development, Renewable Energy for DTE Electric, requesting authority to amend its renewable energy plan (REP) by adding a voluntary renewable energy pilot program. According to the application, a number of DTE Electric customers have expressed an interest in increasing the amount of renewable energy they consume, but due to various obstacles, these customers are unable, or choose not, to self-generate renewable energy. DTE Electric therefore proposes a voluntary program for full-service customers to allow program participants to obtain a larger amount of renewable energy than the 10% mandated by 2008 PA 295 (Act 295).

DTE Electric intends that the pilot program be limited to 150,000 megawatt-hours (MWh) of generation from company-owned solar and wind facilities. Through the initial phase, ending December 31, 2017, the program will be comprised of 33% residential customers and 67% non-

residential customers. After 2017, the remaining generation will be available to any full-service customer. Customers wishing to enroll in the program may elect an amount starting at 15% of their electric usage and increasing in 5% increments up to 100% of usage.<sup>1</sup>

As described in Mr. Stansell's affidavit and the tariff attached to the application, participants in the renewable energy pilot will remain on their current tariffed rate and pay an additional subscription fee, fixed for the life of the program, of \$.072 per kilowatt-hour (kWh) of usage subscribed for the billing period. Participants would also receive an energy and capacity credit calculated based on their usage and subscription level for the same period. "The energy portion of the credit will be equal to the Company's Fuel and Purchase Power (FPP) expense per kWh, including DTEE's Power Supply Cost Recovery surcharge (PSCR), collectively known as Unit Cost of Power Supply (UCPS), minus the cost of transmission included in the UCPS." Affidavit, p. 5, ¶ 8. This portion of the credit will be updated annually, and all RECs generated under the program will be retired on behalf of the participant by DTE Electric.

According to Mr. Stansell, "[t]he capacity portion of the credit will be equal to the product of the Zonal Resource Credits for the Program Renewable Resources, as determined by the Mid-Continent Independent System Operator (MISO), and 75% of the applicable MISO published Cost of New Entry for the resource zone the Company is in[.]" adding that DTE Electric's calculation of the capacity portion of the credit is consistent with the method Consumers Energy Company uses in its Solar Gardens Program. Mr. Stansell provided an example of the calculation of the

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<sup>1</sup> DTE Electric explained that a customer who uses 450 kilowatt-hours (kWh) per month and who wanted to subscribe at the 50% usage level, would only be charged for 200 kWh of additional renewables because 10% of the company's generation is already comprised of renewable energy in accordance with 2008 PA 295.

energy credit using current values, which showed an energy credit of \$0.026 per kWh and a capacity credit of \$0.014 per kWh, for a total of \$0.04 per kWh generated.

On May 2, 2016, Environmental Law and Policy Center, 5 Lakes Energy, Michigan Environmental Council, and the Ecology Center (Joint Commenters) filed comments on DTE Electric's request. The Joint Commenters indicated that although they support the company's proposal to provide customers with more access to renewable energy, they do not support *ex parte* approval of the program. According to the Joint Commenters, customers in the program will be required to pay a higher rate for renewable energy without a transparent means to determine whether the price is reasonable, therefore a contested proceeding is required. Moreover, the Joint Commenters contend that DTE Electric's application does not make clear whether or not the renewable resources subscribed and paid for under the program are resources that have already been approved by the Commission, with costs that have been already covered by renewable surcharges paid by all ratepayers.

The Joint Commenters further assert that the company's use of a value of solar (VoS)-based calculation of renewable credits provides an additional reason to require a contested proceeding. According to the Joint Commenters, DTE Electric's calculation of the credit is controversial; it results in renewable energy costs that far exceed the benefits, and therefore sends a message that renewable energy is simply not worth the cost.

Finally, the Joint Commenters suggest that the Commission consider reconvening the Solar Working Group to further discuss best practices for making renewable energy more available to interested customers. The Joint Commenters point out that the Commission recognizes the value of stakeholder input and working group discussions that help lead to better programs and policies.

## Discussion

The Commission is encouraged by DTE Electric's effort to develop new, voluntary, clean energy pricing and product offerings for its customers. However, the Commission agrees with the Joint Commenters that DTE Electric's application is not clear with respect to whether or not ratepayer funds that were previously paid in the form of surcharges will be covering the costs of the program in part. The Commission therefore directs DTE Electric to provide more information on how program costs will be (or have been) recovered and how these costs will be accounted for.

In addition, while the company indicates that there is interest in this type of program, the Commission would like to hear from customers, particularly those in the commercial and industrial sectors (on whom the program is predominately focused) on their reactions to the proposal. Specifically, while the Commission recognizes that the renewable credit DTE Electric has calculated may increase in the future, thereby providing a hedge against rising fossil fuel prices, the Commission requests comments by interested parties on the following:

- (1) Is the overall proposal a reasonable method to provide customers greater access to renewable energy while avoiding cost shifts between participating and non-participating customers?
- (2) Are the bases DTE Electric used in calculating the credit reasonable and appropriate or should there be any modifications to the calculation? (e.g., the use of locational marginal price, rather than the UCPS minus transmission, in calculating the energy portion of the credit? Is transmission treated appropriately in DTE Electric's proposal?)
- (3) As an alternative, should the avoided cost method being addressed in Case No. U-18089 *et al.*, be used to calculate the credit?
- (4) Are there other models or approaches for providing additional renewable energy to interested customers that might also be reasonable under cost and renewable production assumptions in Michigan?

Any person may submit written comments regarding DTE Electric's proposed renewable energy pilot. The comments shall reference Case No. U-18076, and must be received no later than

5:00 p.m. on July 5, 2016. Responsive comments must be received no later than 5:00 p.m. on July 19, 2016. Address mailed comments to: Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909. Electronic comments may be e-mailed to [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov). If you require assistance prior to filing, contact Commission staff at (517) 284-8090 or by e-mail at [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov). All information submitted to the Commission in this matter will become public information available on the Commission's website and subject to disclosure.

THEREFORE, IT IS ORDERED that interested persons are invited to file comments on DTE Electric Company's proposed renewable energy program no later than July 5, 2016. Persons wishing to file responsive comments may do so no later than July 19, 2016.

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

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under 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 [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov) and to the Michigan Department of the Attorney General - Public Service Division at [pungpl@michigan.gov](mailto: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

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

By its action of June 9, 2016.

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Sally L. Wallace, acting Executive Secretary

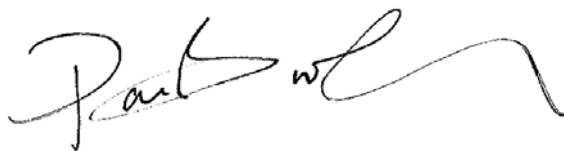
# PROOF OF SERVICE

STATE OF MICHIGAN )

Case No. U-18076

County of Ingham )

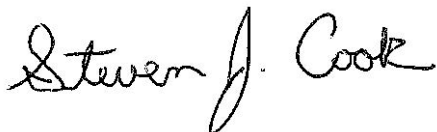
Paige Bialke being duly sworn, deposes and says that on June 9, 2016 A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.



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Paige Bialke

Subscribed and sworn to before me  
This 9th day of June 2016



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Steven J. Cook  
Notary Public, Ingham County, Michigan  
As acting in Eaton County  
My Commission Expires: April 30, 2018

Service List U-18076

DTE Energy Company  
One Energy Plaza, 2459 WCB  
Detroit MI 48226

Mr. Richard P. Middleton  
DTE Electric Company  
DTE Gas Company  
2000 Second Avenue  
Detroit MI 48226-1279