Ms. Kavita Kale  
Executive Secretary  
Michigan Public Service Commission  
7109 West Saginaw Highway  
P.O. Box 30221  
Lansing, MI 48909

Re: Case No. U-18351 - In the matter, on the Commissions own motion, regarding the regulatory reviews, revisions, determination and/or approvals necessary for Consumers Energy Company to comply with Section 61 of 2016 PA 342

Dear Ms. Kale:

Included for electronic filing in the above-captioned case, please find Consumers Energy Company’s Application and the Testimony and Exhibits of Company witnesses Teri L. VanSumeren and Karen J. Miles.

This is a paperless filing and is therefore being filed only in PDF.

Sincerely,

[Signature]

Digitally signed by Gary A. Gensch, Jr.
Date: 2017.10.18 15:32:04 -04'00'

Gary A. Gensch, Jr.
CONSUMERS ENERGY COMPANY’S APPLICATION FOR EX PARTE APPROVAL
OF VOLUNTARY GREEN PRICING PROGRAMS

Consumers Energy Company (“Consumers Energy” or the “Company”), pursuant to 2008 PA 295 (“Act 295”), as amended by 2016 PA 342 (“Act 342”), MCL 460.1061, applies to the Michigan Public Service Commission (“MPSC” or the “Commission”) for certain approvals related to the Company’s proposed Voluntary Green Pricing (“VGP”) programs. Specifically, the Company requests the Commission to (i) designate its previously-approved Solar Gardens Pilot Program as a VGP program under Section 61 of amended Act 295 (“Section 61”), and (ii) approve and designate the proposed Voluntary Large Customer Renewable Energy Pilot (“LC-REP”) Program as a Section 61 program. In support of this Application, Consumers Energy states as follows:

1. Consumers Energy is, among other things, engaged as a public utility in the business of generating, purchasing, distributing, and selling electric energy to approximately 1.8 million retail customers in the State of Michigan. The retail electric system of Consumers Energy is operated as a single utility system, within which uniform rates are charged.

2. Consumers Energy’s retail electric business is subject to the jurisdiction of the Commission pursuant to various provisions of 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; and
2008 PA 295, as amended, MCL 460.1001 et seq. Pursuant to these statutory provisions, the Commission has the power and jurisdiction to regulate Consumers Energy’s retail electric rates.

3. On December 20, 2016, the Governor of Michigan signed Act 342, which amended Act 295. Act 342 added Section 61, which states:

“An electric provider shall offer to its customers the opportunity to participate in a voluntary green pricing program under which the customer may specify, from the options made available by the electric provider, the amount of electricity attributable to the customer that will be renewable energy. If the electric provider’s rates are regulated by the commission, the program, including the rates paid for renewable energy, must be approved by the commission. The customer is responsible for any additional costs incurred and shall accrue any additional savings realized by the electric provider as a result of the customer’s participation in the program. If an electric provider has not yet fully recovered the incremental costs of compliance, both of the following apply:

“(a) A customer that receives at least 50% of the customer’s average monthly electricity consumption through the program is exempt from paying surcharges for incremental costs of compliance.

“(b) Before entering into an agreement to participate in a commission-approved voluntary green pricing program with a customer that will not receive at least 50% of the customer’s average monthly electricity consumption through the program, the electric provider shall notify the customer that the customer will be responsible for the full applicable charges for the incremental costs of compliance and for participation in the voluntary renewable energy program as provided under this section.”

4. In Case No. U-18349, the Commission sought comments on: (i) what Section 61 programs and tariffs should contain; (ii) how the rates for Section 61 programs should be calculated; (iii) what factors to consider in evaluating the merits of proposed Section 61 programs; (iv) how often Section 61 programs and rates should be updated; and (v) whether previously approved green pricing programs comply with Section 61. After receiving comments from interested stakeholders, the Commission issued an Order on July 12, 2017 in Case No. U-
providing guidance on Section 61 programs and requiring Consumers Energy (among others) to file proposed Section 61 programs by October 18, 2017.

5. In response to the Commission’s Order, Consumers Energy requests that the Commission (i) designate its Solar Gardens Pilot Program as a Section 61 program and (ii) approve the Company’s LC-REP Program and designate it as a Section 61 program.

6. In the Commission’s May 14, 2015 Order in Case No. U-17752, the Commission approved the Company’s Solar Gardens Pilot Program as part of the Company’s Renewable Energy Plan (“RE Plan”). The intent of the Solar Gardens Pilot Program is to provide interested customers, who may not have the ability or willingness to invest in their own systems, an opportunity to participate in solar energy. The Company currently has a solar facility located at Grand Valley State University (“GVSU”) and a second facility located at Western Michigan University (“WMU”). The GVSU facility was constructed in the spring of 2016 and includes approximately 11,000 solar panels, generating up to 3 MW of electricity. The WMU facility was constructed in the summer of 2016 and includes approximately 3,900 solar panels, generating up to 1 MW of electricity. As of June 30, 2017, the Company had enrolled 1,844 customers and subscribed 81% (6,506 Solar Blocks out of 8,000 Solar Blocks) of the electricity from these facilities.

7. The Solar Gardens Pilot Program is open to all residential and business full-service electric customers in the Company’s service territory. Customers that enroll in the program will pay the costs to develop, construct, operate, and maintain the Solar Gardens facilities, as well as the costs to market and administer the program. The subscription fees collected are treated as revenue, offsetting the costs in the Company’s RE Plan. For the unsubscribed portion of the program, that portion of the energy and capacity is transferred to the
Power Supply Cost Recovery ("PSCR") from the RE Plan through the normal transfer price mechanism. Customers currently receive a Commission-approved monthly fixed solar capacity and energy credit of 7.5¢ per kWh, which is recovered through the transfer price in the PSCR and was based on the Company’s October 2014 forecast of the Locational Marginal Price ("LMP") and capacity value. The Company implemented this fixed credit amount to provide customers with certainty related to their bill credits in the early years of the program and encourage customer enrollment. Beginning in 2020, the fixed capacity and energy credits will be replaced with the market value produced from the solar facilities at the GVSU and WMU facilities based on solar production times, hourly LMPs, and capacity value.

8. Consumers Energy originally proposed the LC-REP Program in Case No. U-18393. As originally proposed, the LC-REP Program included two options: (i) Option A, which provided a $0.045 per kWh renewable energy subscription charge to apply to the subscribed amount of renewable energy, and (ii) Option B, which permitted customers to either build or purchase their renewable energy requirements from a 100% certified renewable energy source located within the Midcontinent Independent System Operator, Inc. ("MISO") footprint. In its August 23, 2017 Order in Case No. U-18393, the Commission conditionally approved Option A through October 18, 2018, deferred consideration of Option B, and required the Company to refile an application for approval of both Options A and B in this proceeding.

9. Pursuant to the MPSC’s direction, Consumers Energy requests approval of Options A and B of the LC-REP Program in this proceeding, which include proposed revisions from the program originally filed in Case No. U-18393. Customers who choose to participate in Option A will remain on their current full-service tariff, will pay a per-kWh subscription fee, and will receive a per-kWh energy and capacity credit based upon their respective subscription level
and electric usage for that billing period. Customers voluntarily enroll and elect the amount of their usage to be attributed to renewable energy generated. Customers can subscribe up to 155,000 MWh of total renewable energy annually, which is an increase to the 115,000 MWh conditionally approved in Case No. U-18393.

10. The subscription fees and credits under Option A are designed so that customers who elect to participate are paying for the program’s costs incurred and receiving any savings obtained. As the cost for the renewable energy facility being utilized for this pilot has already been approved for recovery in the RE Plan, the subscription fees collected will be treated as revenue, offsetting the costs included in the RE Plan, and the PSCR transfer price will not be applied to the subscribed portion of the renewable energy facility. To the extent portions of the LC-REP Program are unsubscribed, then that portion of energy and capacity will be transferred to the PSCR from the RE Plan through the normal transfer price mechanism.

11. The subscribed generation amount for each enrolled customer will be calculated each billing period and will be based on the customer’s energy usage for that billing period and the customer’s elected renewable energy percentage. Customers will pay a $0.045 per kWh renewable energy subscription charge for the level of load they intend to match with renewable energy, which covers the cost of construction, operation and maintenance, return on equity, financing, property taxes, insurance, and substation costs.

12. Customers will receive a wind energy and capacity credit each month associated with the renewable energy generated. The monthly wind energy and capacity credits will be based on the MISO Real Time LMP and MISO Annual Planning Resource Auction Clearing Price for that planning year. On an annual basis, the Company will review and reconcile any over- or under-recovery of the wind energy and capacity revenues credited to customers.
participating in the program with the actual settled Day Ahead and Real Time LMP revenue assigned to the designated facility by MISO. The Company will account for the energy and capacity credits issued to participants similar to the process used in the Solar Gardens Pilot Program. That is, the revenues from selling the renewable energy and capacity into the MISO markets, and booked in the PSCR, will be offset by the credits paid to participating customers.

13. Option A also includes the ability to choose a Market Index Provision that allows large customers familiar with hourly energy pricing to exchange the average variable energy component of their standard rates with the Real Time LMP at the CONS.CETR commercial pricing node. For administrative purposes, the Company is limiting the Market Index Provision to customers subscribing to match at least 85% of their energy usage and that are taking service under the Company’s GPD Rate Schedule.

14. Option B of the LC-REP Program is available to full-service electric customers, with new or expanding load exceeding 3 MW that is not previously served by the Company, without a minimum or maximum annual subscription level. This option provides customers with the opportunity to either build or purchase their renewable energy requirements from a 100% certified renewable energy source located within the MISO footprint. Like Option A, customers remain full-service electric customers of the Company and are required to continue paying all applicable power supply, delivery, transmission, and surcharges for their entire load in the LC-REP Program, and the Market Index Provision is similarly available to Rate GPD customers. Option B is primarily intended for large business customers experienced in contracting with independent renewable energy developers but who prefer: (i) the Company administer the sale of renewable energy associated with the customer’s contract into the MISO energy and capacity
markets; and/or (ii) would like to take advantage of the Market Index Billing Provision of the program.

15. Consumers Energy is, concurrently with this Application, filing written direct testimony and exhibits in support of the relief the Company is seeking in this case. Reference to this material will provide additional details on the relief being sought. The relief described in the testimony and exhibits should be considered as if specifically requested in this Application.

16. The approvals requested in this Application will not result in “an alteration or amendment in rates or rate schedules” and “will not result in an increase in the cost of service to customers,” and thus the approvals sought in this Application “may be authorized and approved without notice or hearing.” MCL 460.6a(1). The Solar Gardens Pilot Program has already been approved by the Commission, and designation of the Solar Gardens Pilot Program as a Section 61 program does not increase the cost of service to customers. As indicated in the direct testimony of Company witness Teri L. VanSumeren in this proceeding, the LC-REP Program subscription fees and credits are designed so that customers who elect to participate in the program are paying for the program’s costs incurred and receiving any savings obtained and, as such, the LC-REP Program also does not increase the cost of service to customers. The approval and designation of these programs as complying with Section 61 does not increase the cost of service to customers. Thus, approval of this Application without notice or hearing is lawful and appropriate. See also, MPSC Case No. U-15806, April 30, 2009 Order, pages 9 and 10, and MPSC Case No. U-15805, July 27, 2010 Order, pages 5 and 6.
REQUEST FOR RELIEF

WHEREFORE, Consumers Energy Company requests that the Michigan Public Service Commission:

A. Approve and designate the proposed Large Customer Renewable Energy Pilot Program as a Section 61 program;

B. Designate the previously approved Solar Gardens Pilot Program as a Section 61 program;

C. Determine that the relief requested herein should be granted *ex parte* without the time and expense of a public hearing; and

D. Grant Consumers Energy such other and further relief as is just and reasonable.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Dated: October 18, 2017

By: __________________________________
Lauren E. Youngdahl
Vice President Customer Experience

Digitally signed by
Lauren Youngdahl
Date: 2017.10.18
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Digitally signed by
Gary A. Gensch, Jr.
Date: 2017.10.18
15:13:20 -04'00'

Gary A. Gensch, Jr. (P66912)
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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion, regarding the regulatory reviews, revisions, determination and/or approvals necessary for CONSUMERS ENERGY COMPANY to comply with Section 61 of 2016 PA 342

VERIFICATION

STATE OF MICHIGAN

COUNTY OF JACKSON

Lauren E. Youngdahl, being first duly sworn, deposes and says that she is the Vice President of Customer Experience of Consumers Energy Company; that she has executed the foregoing Application for and on behalf of Consumers Energy Company; that she has read the foregoing Application and is familiar with the contents thereof; that the facts contained therein are true, to the best of her knowledge and belief and that she is duly authorized to execute such Application on behalf of Consumers Energy Company.

Dated: October 18, 2017

By:

Lauren E. Youngdahl
Vice President of Customer Experience
Consumers Energy Company

Digitally signed by Lauren Youngdahl
Date: 2017.10.18 15:14:15 -04'00'
STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion, regarding the regulatory reviews, revisions, determination and/or approvals necessary for CONSUMERS ENERGY COMPANY to comply with Section 61 of 2016 PA 342

Case No. U-18351

DIRECT TESTIMONY
OF
TERI L. VANSUMEREN
ON BEHALF OF
CONSUMERS ENERGY COMPANY

October 2017
Q. Please state your name and business address.
A. My name is Teri L. VanSumeren, and my business address is One Energy Plaza, Jackson, Michigan 49201.

QUALIFICATIONS

Q. By whom are you employed and in what capacity?

Q. Please describe your education and professional experience.
A. I earned a bachelor’s degree in engineering science from Michigan State University. In 1983, I accepted the position of Graduate Load Research Analyst in the Marketing Research and Pricing Department with Consumers Power Company (later Consumers Energy). In 1990, I was promoted to Supervisor of Load Monitoring and Analysis in the Research and Rate Administration Department, which included supervising the Company’s load research. In 1991, I was promoted to Energy Research and Evaluation Supervisor in the Customer Program Services Department, which included supervising the evaluation of the Company’s Demand-Side Management and Energy Conservation programs. In 1997, I was promoted to Director of Customer Research in which I was responsible for the Company’s residential and business customer marketing research. In 2009, I was asked to oversee the Company’s Energy Optimization ("EO") Plan as Manager of Energy Efficiency Solutions. My responsibilities increased in 2013 to
include the Company’s Residential Demand Response programs, and my title was revised
to Director of Smart Energy Efficiency Solutions. In 2016, I was promoted to my current
position, and my responsibilities increased to include overseeing the Company’s
customer-facing renewable energy programs.

Q. Have you previously testified before the Michigan Public Service Commission (“MPSC”
or the “Commission”)?
A. Yes, I have sponsored testimony in the following Commission cases:

U-10544 Demand-Side Management Reconciliation case;
U-10755 System-Wide Gas Load Study;
U-15290 Approval of Consumers Energy’s Balanced Energy Initiative and Other Relief;
U-16566 Reconciliation of the Electric Pilot Revenue Decoupling Mechanism;
U-16736 2011 EO Plan Reconciliation;
U-16988 Reconciliation of the Electric Pilot Revenue Decoupling Mechanism;
U-17138 2012 – 2015 Biennial EO Plan;
U-17351 2014 – 2017 Biennial EO Plan;
U-17429 Certification of Necessity for the Thetford Generating Plant;
U-17771 2016 – 2017 Biennial EO Plan;
U-18231 2017 Renewable Energy Plan; and
U-18250 Palisades Securitization.

PURPOSE OF DIRECT TESTIMONY

Q. What is the purpose of your direct testimony in this case?
A. The purpose of my direct testimony is to describe the Company’s current renewable
energy programs that comply with the Voluntary Green Pricing (“VGP”) program
requirements set forth in Public Act 342 of 2016 ("Act 342"), Section 61 ("Section 61").

In addition, I will describe the Company’s proposal to modify its LC-REP Program along with its plan to conduct customer research to identify the market potential and desirable attributes of future VGP programs targeting residential and small- to medium-sized business customers.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring:

   Exhibit A-2 (TLV-1) Solar Gardens Pilot Program Costs.

Q. Was this exhibit prepared by you or under your direction or supervision?

A. Yes, it was.

**VGP PROGRAM REQUIREMENTS UNDER SECTION 61**

Q. Please describe your understanding of the VGP program that the Company must offer under Section 61.

A. I have identified six VGP program requirements. The first requirement is that electric providers in Michigan must offer their customers the opportunity to participate in a VGP program. The second is that electric providers may choose to offer various options within a VGP program to address the different preferences and objectives of their customers. The third is that customers participating in a VGP program can select the amount of their monthly electric usage to be matched by renewable energy. The fourth requirement is that rate-regulated electric providers must submit their VGP program tariffs, including the rates paid for renewable energy, to the Commission for approval. The fifth is that participating customers are responsible for any additional costs incurred and shall accrue any additional savings realized from participating in a VGP program.
The sixth, and final, requirement is that customers electing to match at least 50% of their average monthly usage with renewable energy will be exempt from paying the renewable energy surcharges associated with recovering the electric provider’s incremental cost of compliance. Electric providers are required to notify customers entering into a VGP program but not matching at least 50% of their average monthly usage with renewable energy that they will be responsible for the full applicable charges for the incremental cost of compliance.

Q. Which of the Company’s existing customer-facing renewable energy programs satisfy the six requirements contained in Section 61?

A. As described in more detail below, the Company believes that both its Solar Gardens Pilot Program and LC-REP Program satisfy the requirements of Section 61.

Q. Does the Company offer any programs involving renewable resources that do not comply with Section 61?

A. Yes, the Company’s Renewable Resource Program, which is commonly referred to as Green Generation, does not qualify as a Section 61 program. Under the Green Generation Program, the Company contracts to purchase energy generated by renewable technologies and then allocates the cost of that energy between power supply costs recoverable from Power Supply Cost Recovery (“PSCR”) customers and renewable energy costs to be recovered from either voluntary contributions from customers or the Renewable Resource Fund. The Renewable Resource Fund is funded in part by a contribution from Midland Cogeneration Venture Limited Partnership in accordance with a Settlement Agreement filed and approved by the Commission in Case No. U-15320.
Q. Please explain why you do not believe the Company’s Green Generation Program complies with Section 61.

A. The Company understands Section 61 to require that customers participating in a VGP program should be credited for their share of the value of renewable energy entered into the market. The Company’s existing Green Generation Program does provide such a credit. The Green Generation Program was designed as a premium product for those customers interested in promoting renewable energy in Michigan and sharing the value of renewable energy with all other participating and non-participating customers. The Green Generation Program is also not designed in a way that makes customers responsible for all additional costs incurred.

SOLAR GARDENS PILOT PROGRAM

Q. Please describe the Company’s existing Solar Gardens Pilot Program.

A. On May 14, 2015 in Case No. U-17752, the Commission approved the Company’s request to install up to 10 MW of community solar energy under a three-year pilot. The intent of the pilot was to provide interested customers, who may not have the ability or willingness to invest in their own systems, an opportunity to participate in and benefit from solar energy. Since being approved, the Commission has granted the Company’s request to modify the pilot in order to incorporate new learnings gained during implementation. To date, the Company has 4 MW of community solar energy installed and is in the beginning phase of conducting marketing and customer research to identify complementary program designs – such as urban community solar – and advance its understanding of customer interests.
Q. Please describe the solar facilities used in the Solar Gardens Pilot Program.

A. The Company currently has a solar facility located at Grand Valley State University ("GVSU") and a second facility located at Western Michigan University ("WMU"). The GVSU facility was constructed in the spring of 2016 and includes approximately 11,000 solar panels, generating up to 3 MW of electricity. The WMU facility was constructed in the summer of 2016 and includes approximately 3,900 solar panels, generating up to 1 MW of electricity. As of June 30, 2017, the Company had enrolled 1,844 customers and subscribed 81% (6,506 Solar Blocks out of 8,000 Solar Blocks) of the electricity from these facilities.

Q. Who is eligible to participate in the Solar Gardens Pilot Program?

A. The program is open to all residential and business full-service electric customers in the Company’s service territory.

Q. Please explain the various pricing options under the Solar Gardens Pilot Program used to reflect differences in customer preferences.

A. When a customer enrolls in the program, they can choose to pay either a single upfront subscription charge, a 3-year subscription charge, a 7-year subscription charge, or a 25-year subscription charge. As shown in the following histogram, the majority of customers have opted for the 25-year option to minimize the upfront expense of promoting renewable energy. One of the benefits of providing various pricing options is that it makes the program available to all interested participants. In particular, these various options are made possible by leveraging the Renewable Energy Plan ("RE Plan") to finance the upfront construction and amortizing the recovery of the costs over more manageable time periods for customers.
Q. Please identify the costs of the Solar Gardens Pilot Program, including the marketing and administration costs.

A. Exhibit A-2 (TLV-1) indicates the costs of the Solar Gardens Pilot Program.

Q. Will subscribers to the Solar Gardens Pilot Program be responsible for additional costs incurred as a result of their participation in the program?

A. Yes. Customers that enroll in the program will pay the costs to develop, construct, operate, and maintain the facilities, as well as the costs to market and administer the program. The subscription fees collected are treated as revenue, offsetting the costs in the Company’s RE Plan. For the unsubscribed portion of the Solar Gardens Pilot Program, that portion of the energy and capacity is transferred to the PSCR from the RE Plan through the normal transfer price mechanism.
Q. Please describe the customer benefits from participating in the Solar Gardens Pilot Program.

A. In exchange for enrolling in the program, customers currently receive a Commission-approved monthly fixed solar capacity and energy credit of 7.5¢ per kWh, which is recovered through the transfer price in the PSCR and was based on the Company’s October 2014 forecast of the Locational Marginal Price (“LMP”) and capacity value. The Company implemented this fixed credit amount to provide customers with certainty related to their bill credits in the early years of the program and encourage customer enrollment. Beginning June 2020, the fixed capacity and energy credits will be replaced with the market value produced from the solar facilities at the GVSU and WMU facilities based on solar production times, hourly LMPs, and capacity value.

Q. Does the Company provide customers with additional insights into the amount of electricity generated from these solar facilities?

A. Yes. The Company provides daily, weekly, monthly, and yearly solar production information online at [www.consumersenergy.com/solargardens](http://www.consumersenergy.com/solargardens) for both facilities separately and in aggregate. The purpose of providing this information online is to provide a platform to engage and educate customers about the production characteristics of solar energy. For instance, customers can actively interact with the website to compare and contrast the amount of solar energy produced during various periods since the facilities became operational. The chart below provides an example of the daily information made available to customers on the Company’s Solar Gardens website.
Q. What are some of the additional customer benefits from participating in the Solar Gardens Pilot Program?

A. Apart from receiving the solar energy credits, customers who participate in the program are also helping improve the Michigan environment. In particular, the environmental benefits from the Company’s Solar Gardens Pilot Program are equivalent to:

- 19,400,792 Miles Driven
- 2,918 Tons of Landfill Waste Eliminated
- 59 Acres of Trees Planted

Q. Has the Company proposed any changes to its Solar Gardens Pilot Program in another proceeding?

A. Yes. In Case No. U-18231, Consumers Energy’s ongoing RE Plan, the Company has requested that the Commission approve extending the life of the pilot program an
additional three years beyond the current expiration date of May 14, 2018. In addition, the Company has proposed to replace the 90-day Solar Gardens Pilot Program reporting with an alternative reporting cadence to align with any reporting requirements established by the Commission in this proceeding.

**LC-REP PROGRAM**

Q. Please describe the Company’s LC-REP Program.

A. On August 23, 2017, the Commission provisionally approved Option A of the Company’s LC-REP Program in Case No. U-18393. Customers who choose to participate in Option A will remain on their current full-service tariff and, in addition, pay a per-kWh subscription fee and receive a per-kWh energy and capacity credit based upon their respective subscription level and electric usage for that billing period. Under this option, customers voluntarily enroll and elect the amount of their electrical usage to be matched with renewable energy generated. Once enrolled, customers elect a subscription level between 20% and 100% of their load, in 5% increments, to be attributed to a renewable energy resource, and can adjust the level of energy matched annually to align with their individual corporate renewable energy goals. This design gives customers the ability to customize their experience, while remaining administratively manageable for the Company. Customers can subscribe up to 155,000 MWh of renewable energy annually, which is an increase to the 115,000 MWh conditionally approved in Case No. U-18393.

Q. Please describe how a customer’s subscription payment is determined.

A. The subscribed generation amount for each enrolled customer will be calculated each billing period and will be based on the customer’s energy usage for that billing period
and the customer’s elected renewable energy percentage. Customers will pay a $0.045 per kWh renewable energy subscription charge for the level of load they intend to match with renewable energy. The subscription charge covers the cost of construction, operation and maintenance, return on equity, financing, property taxes, insurance, and substation costs. The Company has not included marketing and administration costs within the $0.045 per kWh, which are not anticipated to represent a significant amount of costs for the LC-REP Program.

Q. Please describe how the wind energy and capacity credits are determined.

A. Customers will receive a wind energy and capacity credit each month associated with the renewable energy generated. The Company will offer the designated wind facility into the Midcontinent Independent System Operator, Inc. (“MISO”) energy and capacity markets at the generator commercial pricing node. The Company will then calculate each customer’s share of the energy and capacity market revenues based on the customer’s subscription level and monthly energy usage.

The monthly wind energy and capacity credits will be based on the MISO Real Time LMP and MISO Annual Planning Reserve Auction Clearing Price for that planning year. The energy portion of the credit will be calculated monthly based on the amount of renewable energy generated under the program, the monthly Real Time LMP revenue assigned – expressed as the average Real Time LMP – at that facility, and the level of energy subscribed in the program. The capacity portion of the credit will be calculated monthly based on the MISO Annual Planning Reserve Auction Clearing Price, the MW capacity calculated by the Company, and the level of energy subscribed in the program. On an annual basis, the Company will review and reconcile any over- or under-recovery
of the wind energy and capacity revenues credited to customers participating in the
program with the actual settled Day Ahead and Real Time LMP revenue assigned to the
designated facility by MISO. At the end of each program year, the Company will also
review and reconcile the amount of energy subscribed with the amount of energy
generated by the renewable energy facility. In the event there is a shortfall between the
energy generated and amount of energy subscribed, the active participants may request
the Company provide them with Renewable Energy Credits ("RECs") to cover the
shortfall, with the customer paying the cost of obtaining the RECs. The program
subscription fees and credits are designed so that customers who elect to participate are
paying for the program’s costs incurred and receiving any savings obtained. The
Company accounts for the energy and capacity credits issued to participants similar to the
process used in the Solar Gardens Pilot Program. That is, the revenues from selling the
renewable energy and capacity into the MISO markets, and booked in the PSCR, will be
offset by the credits paid to participating customers.

Q. Will customers retain the environmental attributes associated with their subscriptions?

A. Yes. Customers participating in the program will retain their subscribed portion of the
renewable energy and environmental attributes while active in the program. The
Company will transfer, or retire, RECs associated with customer participation. To the
extent portions of the program are unsubscribed, the Company will use any unsubscribed
RECs and environmental attributes that are produced by the renewable facility toward
meeting the REC portfolio standard under the Company’s RE Plan.
Q. Please explain the Market Index Provision in the LC-REP.

A. The Market Index Provision will allow large customers familiar with hourly energy pricing to exchange the average variable energy component of their standard rate with the Real Time LMP at the CONS.CETR commercial pricing node. The participating customer will continue to be responsible for the fixed costs included in power supply energy charges, including any capacity and transmission. Netting the hourly Real Time LMPs against the wind energy credits will lock a customer’s energy rate near the subscription charge of $0.045 per kWh. This is primarily achievable because both the wind energy credits and Market Index Provision are based on the hourly Real Time LMPs in the Company’s service territory. For example, if the Real Time LMP at both the renewable energy facility node and CONS.CETR node averaged $0.035 per kWh for the month, then the customer would receive a wind energy credit near $0.035 per kWh and would pay for energy at something near $0.035 per kWh. The net energy price would be equal to the subscription charge since the Real Time LMP paid under the Market Index Provision equals the wind energy credit received. By locating the renewable facility within the Company’s service territory, any deviations between the wind energy credit and Market Index Provision price should be minimal.

For administrative purposes, the Company is limiting the Market Index Provision to customers subscribing to match 85% of their energy usage and that are taking service under the Company’s GPD Rate Schedule. The Company’s program is designed in such a way that the customers who voluntarily enroll in the program are paying for the costs of the renewable energy subscribed. As the cost for the program’s renewable energy facility being utilized for this pilot has already been approved for recovery in the RE Plan, the
subscription fees collected will be treated as revenue, offsetting the costs included in the RE Plan, and the PSCR transfer price will not be applied to the subscribed portion of the renewable energy facility. To the extent portions of the program are unsubscribed, then that portion of energy and capacity will be transferred to the PSCR from the RE Plan through the normal transfer price mechanism.

Q. Are you proposing any changes to the LC-REP Program in this case from the program as approved in Case No. U-18393?

A. Yes. I am proposing four main changes to the Company’s provisionally approved LC-REP Program in this case. The first change is to include an Option B in which customers contract for renewable energy through an external power purchase agreement. The second change is to reduce the percent subscription required to qualify for the Market Index Provision from 100% to 85%. The third change is to increase the level of renewable energy available under Option A to up to 155,000 MWh annually. The fourth change is to require either 3-year or 20-year service agreements.

Q. Please describe the structure of Option B under the Company’s proposed LC-REP Program.

A. Option B is primarily intended for large business customers experienced in contracting with independent renewable energy developers but who prefer: (i) the Company administer the sale of renewable energy associated with the customer’s contract into the MISO energy and capacity markets; and/or (ii) would like to take advantage of the market index billing provision of the program. Option B is available to full-service electric customers, with new or expanding load exceeding 3 MW that was not previously served by the Company, without a minimum or maximum annual subscription level.
This option provides customers with the opportunity to either build or purchase their renewable energy requirements from a 100% certified renewable energy source located within the MISO footprint. Like Option A, customers remain full-service electric customers of the Company and are required to continue paying all applicable power supply, delivery, transmission, and surcharges for their entire load – unsubscribed and subscribed portions – in the LC-REP Program. Similarly, customers taking service under the Company’s GPD Rate Schedule can elect to exchange the variable energy component of the On-Peak and Off-Peak Energy Charge of their rate with the hourly Real Time LMP at the CONS.CETR commercial pricing node.

Q. Please explain why the Company is proposing to increase the amount of renewable energy available under Option A in this proceeding.

A. As indicated above, there is a strong interest from large business customers for utilities to provide this type of service. Within the first day of enrollment, the Company had received applications that would fully subscribe the 115,000 MWh currently approved under Option A of the Company’s LC-REP.

Q. Does the Company anticipate further expanding the LC-REP Program in the future?

A. Yes, the Company anticipates it will require additional renewable energy resources to satisfy customer interest in this program. To best reflect the cost of these additional resources, the Company anticipates using a phased pricing design similar to that used in the Company’s Experimental Advanced Renewable Program. Customers subscribed under the first phase of the LC-REP Program would pay the subscription charge of 4.5 cents per kWh based on the cost of the underlying renewable facility. The Company expects that customers placed in the second phase would pay a subscription charge of
between 4.6 and 6.0 cents per kWh based on the cost of delivering the second part of the program.

Q. Please explain how the Company intends to secure the renewable resources for each phase of the LC-REP.

A. The Company proposes to use 155,000 MWh of wind generation that the Company has placed into commercial operation after December 2017 to match the first phase of the program. The Company is currently in the process of identifying renewable energy resources to be used for the second phase, and will subsequently seek to amend the LC-REP Program to specify the exact subscription price and level of available renewable energy. The additional RECs associated with each phase of the LC-REP Program will be removed from the Company’s RE Plan and retired or transferred on behalf of the participants in the LC-REP Program.

Q. Why is the Company proposing to allow customers to subscribe to renewable energy under Option A for between 3 and 20 years?

A. There are various factors these large business customers consider when electing to subscribe or not subscribe in a consumer-facing renewable energy program. A major factor is the duration of their commitment. As such, the Company is proposing a short-to long-term range in which customers can select their length of commitment to better reflect the various preferences.
Q. Please explain the factors the Company considered when designing the LC-REP Program.

A. There are an increasing number of large businesses in the United States interested in developing renewable energy strategies that: (i) reduce their long-term energy costs; (ii) reduce their exposure to energy price volatility; and (iii) expand the availability of new renewable energy resources. In monitoring this trend, the Company decided to re-examine its portfolio of renewable energy offerings to gauge how well it was meeting the renewable energy needs of these customers. In doing so, the Company identified an opportunity to help its large business customers – those desiring large levels of energy for extended periods of time – achieve their renewable energy objectives.

Q. Did the Company reach out to its customers when designing the LC-REP?

A. Yes. In January 2017, the Company conducted a survey of its large electric business customers to better understand their renewable energy priorities. The Company used the Corporate Renewable Energy Buyer’s Principles, reported by the World Wildlife Fund
TERI L. VANSUMEREN
DIRECT TESTIMONY

and World Resources Institute, as the framework for its survey. The Corporate
Renewable Energy Buyer’s Principles identify the top six priorities and needs most large
businesses are facing as purchasers of renewable energy. By understanding how
customers ranked these principles, the Company hoped to gain better insight into the
renewable energy objectives of its customers and how best to structure its pilot to satisfy
these goals. As indicated in Figure 1 below, more than half of the large business
customers who responded to the survey indicated that it was important – as measured by
a score of 4 and above – that they have: (i) access to new renewable energy projects;
(ii) an opportunity to work with utilities and regulators to expand choices for buying
renewable energy; (iii) a greater choice in renewable energy options; and (iv) access to
longer-term, fixed-price renewable energy.

Figure 1

![Bar chart showing responses to Corporate Renewable Energy Buyer's Principles](image)

However, more than half of the customers who responded to the survey also indicated
that there was room to improve when asked how well they were doing at meeting each
principle. See Figure 2 below. The Company used the results of this survey to inform
the design of its LC-REP Program.

Figure 2

Q. Please explain how the Company accounts for the subscription payments it receives from
its proposed VGP programs.

A. As discussed, the Company uses the subscription payments from these programs to offset
the annual revenue requirements of its RE Plan. These payments are identified in the
Company’s RE Plan filing. See Case No. U-18231, pre-filed Exhibit A-1 (MRB-1),
line 12.

Q. Will subscribers to Option B be responsible for additional costs incurred as a result of
their participation in the program?

A. Yes. Subscribers to Option B must be full-service customers of Consumers Energy.
Participants are required to pay all applicable power supply, delivery, transmission, and
surcharges for their entire load. The customer will also compensate the Company
through a negotiated service contract if the parties agree for the Company to act as the customer’s administrator for renewable energy deliveries. The use of the Market Index Provision under Option B differs in application from Option A. The participant that chooses the Market Index Provision under Option B is still assessed the Real Time LMP for energy, but is responsible for securing their own renewable energy power purchase agreement and offering the energy from that renewable resource into the MISO market for payment.

**FUTURE VGP PROGRAM RESEARCH**

Q. What are the Company’s plans for further addressing the renewable energy desires of its residential and small- to medium-sized business customers?

A. The Company is currently conducting a residential and small- to medium-sized business customer market study to identify the types of consumer-facing renewable energy products customers prefer, the size of programs appropriate for each market, and future trends and opportunities to promote renewable energy in Michigan. This research is expected to be complete by the middle of 2018.

**RE PLAN RESOURCES**

Q. Should the Company be permitted to use resources approved as part of the Company’s RE Plan for the Company’s Section 61 programs?

A. Yes. Being able to use the RE Plan allows the Company to design a portfolio of utility-scale renewable energy solutions for customers by experimenting with new renewable energy programs through pilots and to cost-effectively implement various forms of renewable energy programs once proven desirable by customers. In particular, it provides Michigan with a solution in overcoming the upfront investment barriers often
experienced when developing and building utility-scale renewable resources. Absent this
ability to use the RE Plan, utility-scale projects would be much smaller and have longer
lead times.

Q. Does the passage of Act 342 alter or restrict the Company from continuing to use the RE
Plan for its customer-facing renewable energy programs, including Section 61 programs?

A. No. While the Company is required to offer to its customers the opportunity to
participate in a VGP program under Section 61, the Company is not prevented from
continuing to use the RE Plan as an effective method for piloting and implementing
existing or future customer-facing renewable energy programs. In addition, as long as
customers enrolling in a Section 61 program are paying the additional costs of the
program and obtaining the additional savings, and the renewable energy from a
Section 61 program is not counted toward the REC portfolio requirement, the Company
should be permitted to use RE Plan projects (or portions of those projects) as the
renewable energy resource in a Section 61 program.

Q. Does this conclude your direct testimony?

A. Yes.
STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion, regarding the regulatory reviews, revisions, determination and/or approvals necessary for CONSUMERS ENERGY COMPANY to comply with Section 61 of 2016 PA 342

Case No. U-18351

AFFIDAVIT OF TERI L. VANSUMEREN

Teri L. VanSumeren, being first duly sworn, deposes and says as follows:

1. I am the Executive Director of Energy Efficiency and Renewable Resources for Consumers Energy Company.

2. I am the witness who sponsors the accompanying testimony entitled Direct Testimony of Teri L. VanSumeren (the “Testimony”).

3. The Testimony was prepared by me and under my direction and supervision.

4. If inquiries were made as to the facts in the Testimony I would respond as set forth therein.

5. The Testimony is true and correct to the best of my knowledge, information, and belief.

Teri L. VanSumeren

Subscribed and sworn to before me this 18th day of October, 2017.

Samantha O’Rourke, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 10/30/21
Acting in the County of Jackson
STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion, regarding the regulatory reviews, revisions, determination and/or approvals necessary for CONSUMERS ENERGY COMPANY to comply with Section 61 of 2016 PA 342

Case No. U-18351

EXHIBIT
OF
TERI L. VANSUMEREN
ON BEHALF OF
CONSUMERS ENERGY COMPANY

October 2017
### Capital and O&M Expense

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### Enrollments

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### Notes:

Actuals through September 2017.
STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion, regarding the regulatory reviews, revisions, determination and/or approvals necessary for CONSUMERS ENERGY COMPANY to comply with Section 61 of 2016 PA 342

Case No. U-18351

DIRECT TESTIMONY

OF

KAREN J. MILES

ON BEHALF OF

CONSUMERS ENERGY COMPANY

October 2017
Q. Please state your name and business address.
A. My name is Karen J. Miles, and my business address is One Energy Plaza, Jackson, Michigan 49201.

Q. By whom are you employed and in what capacity?
A. I am employed by Consumers Energy Company ("Consumers Energy" or the "Company") as a Senior Rate Analyst I in the Rates and Regulation Department.

Q. Please state your educational background.
A. I graduated from Huntington University at Huntington, Indiana, in May 1984, with a Bachelor of Science degree in Business Management and Accounting. In addition, I have attended a number of courses on utility ratemaking, tax accounting, Microsoft Office software, and business writing.

Q. What is your business experience?
A. I have been employed by Consumers Energy since 1987. From April 1987 through April 1989, I worked in the Internal Audit Department where my duties involved Inventory, Pension, and Electronic Data Processing audits, and business analysis. I joined the Tax Department in April 1989 as an Associate Accountant where my responsibilities included tax compliance, tax research, and tax accounting. In 1993, I was promoted to a Tax Analyst II. In 1997, I was promoted to a General Tax Analyst where my responsibilities included: (i) preparing data and tax footnotes used in Michigan Public Service Commission ("MPSC" or the "Commission") and Federal Energy Regulatory Commission reports; (ii) preparing federal, state, and local tax returns; and (iii) forecasting for quarterly income tax payments. In July 2004, I joined the Rates and Regulation Department as a General Rate Analyst where my primary focus was
preparation of gas cost-of-service studies. I became a General Rate Analyst II in May 2005, and joined the Rate Administration Section within the Rates and Regulation Department in August 2012, and became a Senior Rate Analyst I in August 2017. My primary responsibilities are tariff filings for Gas Cost Recovery and Power Supply Cost Recovery proceedings, developing tariff exhibits, preparing rate and monthly bill comparisons, and successfully implementing tariff changes based on orders from the MPSC.

Q. Have you previously testified or supported witnesses in any proceedings before the MPSC?

A. Yes, I have sponsored proposed tariff changes in Consumers Energy’s general gas rate cases in Case Nos. U-17882 and U-18124. I was also lead support and prepared gas cost-of-service studies in the Company’s general gas rate cases in Case Nos. U-15190, U-15506, U-15986, U-16418, and U-16855 for the cost-of-service witness. In addition, I was lead support for all tariff changes for the pricing witness in the Company’s general gas rate case, Case No. U-17643, and for the tariff witness in the Company’s general electric rate case, Case No. U-17990.

Q. What is the purpose of your direct testimony in this proceeding?

A. In my testimony, I am presenting the Company’s proposed Voluntary Large Customer Renewable Energy Pilot (“LC-REP”) Program Tariff based on revisions presented by Company witness Teri L. VanSumeren and in compliance with the August 23, 2017 MPSC Order in Case No. U-18393.
Q. Are you sponsoring any exhibits?
A. Yes, I am sponsoring the following exhibit:

    Exhibit A-1 (KJM-1)  Voluntary Large Customer Renewable Energy Pilot
    (LC-REP) Program Tariff.

Q. Was this exhibit prepared by you or under your direction or supervision?
A. Yes, it was.

Q. Please describe Exhibit A-1 (KJM-1).
A. Exhibit A-1 (KJM-1) is the redline version of the LC-REP Program Tariff provisionally approved on August 23, 2017. The exhibit shows the revisions and additions of tariff changes sponsored by Company witness VanSumeren.

Q. Does this complete your direct testimony?
A. Yes.
STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion, regarding the regulatory reviews, revisions, determination and/or approvals necessary for CONSUMERS ENERGY COMPANY to comply with Section 61 of 2016 PA 342

Case No. U-18351

EXHIBIT

OF

KAREN J. MILES

ON BEHALF OF

CONSUMERS ENERGY COMPANY

October 2017
C10. RENEWABLE ENERGY PLAN (REP) (Contd)

C10.6 Voluntary Large Customer Renewable Energy Pilot (LC-REP) Program

The LC-REP Program provides Full Service customers with the opportunity to advance the development of renewable energy by offering customers the ability to match up to 100% of their total annual energy use with renewable energy generated from wind resources. Customers have the opportunity to choose Option A or Option B.

Under Option A, Consumers Energy will supply the Renewable Energy Resource from designated renewable facilities. Renewable Energy supplied under this option will be limited to 115,000 MWh annually which is equivalent to 35 MW of wind nameplate capacity. Renewable energy designated for use in the LC-REP Program shall not be used by the Company for compliance with the state’s statutory renewable energy portfolio requirements.

Under Option B, the customer provides their own Renewable Energy Resource. The Renewable Energy Resource must be sourced from any 100% certified renewable wind resource physically located within the Midcontinent Independent System Operator, Inc. (MISO) footprint.

Renewable Energy under Option A and B shall be provided from wind facilities placed into commercial operation after December 2017. The LC-REP Program will, with conditions, remain open for enrollment for three years until October 18, 2018 following approval by the Michigan Public Service Commission.

Customers that receive at least 50% of their average monthly energy through this program will be exempt from paying the Company’s Renewable Energy surcharge. Customers that receive less than 50% of their average monthly energy through this program will be responsible for the full applicable Renewable Energy surcharge.

Option A - Company Provided Renewable Resource

A. Customer Eligibility

Participation is limited to Full Service customers with annual Maximum Demand of at least 1,000 kW. Participants shall be enrolled on a first-in, first-served basis and matching energy shall not exceed the limits of the amount of renewable energy available for the program. Customers may increase their subscription level annually during the enrollment period for the remainder of their contract, based on the availability of renewable energy as determined by the Company.

The Company shall transfer to the customer or retire the Renewable Energy Credits (RECs), as defined in Public Act 342 of 2016 and in compliance with that Act. If a customer’s subscribed energy is in excess of the monthly output from the program’s designated renewable facilities, then the Company will record the shortfall and attempt to satisfy the shortfall with renewable generation in excess of customer subscriptions in future months of the program. The Company will conduct annual quarterly reviews of the program to reconcile the energy generated by the program’s designated renewable facilities against the amount of renewable energy subscribed by program participants. If the annual quarterly review demonstrates that the renewable facilities has a shortfall in output versus subscription for the program, then the Company will provide, at the customer’s option, RECs in an amount that satisfies the customer’s share of the shortfall.

The customer subscription level is expressed as a percentage of their monthly energy use. Minimum participation match is 20% of monthly energy use for each enrolled customer account and customer may select participation levels in 5% increments, up to 100% of their total energy use. The customer’s subscription charge is a dollar per kWh monthly charge applied to the portion of energy of the customer’s account designated to participate in the LC-REP Program and is designed to fully recover the costs of the program.

(Continued on Sheet No. C-48.68)
C10. RENEWABLE ENERGY PLAN (REP) (Contd)

C10.6 Voluntary Large Customer Renewable Energy Pilot (LC-REP) Program (Contd)

B. Monthly Rate

(1) Billing and Credits

(a) Standard Rate: The customer will pay all applicable Full Service monthly standard tariff charges for their Full Service rate, plus the LC-REP Program subscription charge based on the customer’s selected participation level, monthly usage, program supplied generation, and service agreement term. The customer will be billed on a calendar month basis.

(b) Market Index Provision: Full Service customers served on Rate GPD, who elect to match 85% to 100% of their total annual energy use with renewable energy under this program, will also have the option to substitute the Real Time Locational Marginal Price (RT-LMP) at Consumers Energy’s Zonal Load Node, plus a Market Settlement Fee of $0.002 per kWh, for the standard rate power supply energy charges. Customers selecting the Market Index Provision shall be responsible for all embedded capacity and transmission charges included in the standard Full Service GPD Rate. Customers may select the Market Index Provision on an annual basis for the program, after providing a 60 day advance notice.

(c) Subscription Charge:

3 Year and 20 Year Service Agreement options at Initial Enrollment—$0.0450 per monthly kWh for all kWh at the subscribed percentage met with program supplied generation.

Re-enrollment: If the customer elects to re-enroll in the Program after their initial, or subsequent Service Agreement term ends, then they will pay their current subscription charge plus a 2% increase for the subsequent enrollment term, after which it is subject to increase at the Company’s discretion. If the customer elects to re-enroll under the 20 year Service Agreement option after their Service Agreement term ends, then there shall be no increase to the customer’s current subscription charge for the subsequent enrollment term.

(d) Renewable Energy Resource Credits:

Wind Energy Credit
The customer will be provided a monthly dollar per kWh energy credit based on the RT-LMP at the MISO assigned Load Node for the generated output of the designated renewable facilities. The credit will be based on the customer’s pro rata share of the energy produced from the designated renewable facilities and the customer’s subscription level. Credits will be reconciled annually based on MISO settled Day Ahead and Real Time LMP related payments for the renewable energy. The annual reconciliation will be completed by the end of March for each proceeding program year.

Wind Capacity Credit
The customer will be provided a monthly dollar per kWh capacity credit based on the customer’s renewable energy subscription under this program and the value of the auction clearing price in the annual MISO capacity auction for the planning period, as determined by the Company. The annual MISO capacity auction takes place in March with the revenue from system capacity being updated for the next twelve months beginning June 1st of each year.

The Wind Energy and Capacity Credits may be paid to the customer via bill credit or direct payment, at the Company’s discretion.

(Continued on Sheet No. C-48.69)
C10. RENEWABLE ENERGY PLAN (REP) (Contd)

C10.6 Voluntary Large Customer Renewable Energy Pilot (LC-REP) Program (Contd)

C. Term and Form of Contract

The LC-REP Program shall require a written contract with a minimum term of three years, with three year minimum re-enrollment terms. Except for the initial year in which this tariff is approved, the enrollment period is open from June through September 30th each year and the program year runs from January to December. Governmental and Education institutions will be provided the option to prepay for their stated participation term.

D. Early Termination of Contract

Customers who choose to terminate their service agreement under Option A of the LC-REP Program early will be required to take service under the existing Rate Schedule for the remainder of their contract year and will be assessed a negotiated early termination fee, unless the terminating customer’s subscription level is adopted by another eligible customer.

Option B – External Power Purchase Agreement (PPA) for the Renewable Energy Resource

A. Customer Eligibility

This option is available to Full Service Customers adding new Primary Voltage load not previously served by the Company prior to their enrollment in the LC-REP Program. New Primary Voltage load for existing customers is considered incremental load served by the Company at 2,400 volts or higher, which was not previously served by the Company, as measured by the customer’s average Maximum Demand for the 24 months preceding January 1, 2017.

The customer’s aggregated new Maximum Demand must be in excess of 3,000 Kilowatts with a minimum of a 70% load factor. Customers participating under this option may provide the renewable energy from their owned renewable facilities or obtain renewable energy from a third party provider selected by the participating customer.

There is no minimum or maximum generation requirement for the customer’s selected source of renewable energy. The customer’s renewable energy must be generated from a facility physically located within MISO and certified as 100% renewable energy. The Company may act as the administrator for the customer’s renewable PPA under a separate energy management contract.

B. Monthly Rate

(1) Billing and Credits

(a) Standard Rate: The customer will pay all applicable Full Service standard tariff charges.

(b) Market Index Provision: Full Service customers served on Rate GPD, who elect to match 85% of their total annual energy use with renewable energy under this Program, will also have the option to substitute the Real Time Locational Marginal Price (RT-LMP) at Consumers Energy’s Zonal Load Node, plus a Market Settlement Fee of $0.002 per kWh, for the Standard Rate power supply energy charges. Customers selecting the Market Index Provision shall be responsible for all embedded capacity and transmission charges included in the standard Full Service GPD Rate. Customers may select the Market Index Provision on an annual basis, after providing a 60 day advance notice.

(c) Administrative Charge: The customer or the customer’s third party renewable energy provider is responsible for delivery and sale of renewable energy to MISO. As mutually agreed, the Company may act as the administrator of the customer’s renewable energy and the customer will compensate the Company through a negotiated service contract. If the Company acts as the customer’s administrator for renewable energy deliveries, then the Company will bid the customer’s renewable energy into the MISO energy market at the generator node and bid the generator capacity into the MISO annual capacity auction on the customer’s behalf.

C. Term and Form of Contract

The LC-REP Program shall require a written negotiated service contract. Except for the initial year in which this tariff is approved, the enrollment period is open from June through September 30th each year and the program year runs from January to December.
D. Early Termination of Contract

Customers who choose to terminate their service under Option B of the LC-REP Program early will be required to take service under the existing rate schedule for the remainder of their contract year. Customers who opted for the Company to manage their renewable energy will also be responsible for any costs to the Company not yet recovered under their negotiated service contract.