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June 29, 2018

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

Re: MPSC Case No. U-18351

Dear Ms. Kale:

Attached for electronic filing in the above-referenced matter, please find the Initial Brief of Energy Michigan, Inc. Thank you for your assistance in this matter.

Sincerely yours,

VARNUM

Timothy J. Lundgren

TJL/daf
Enclosures
c. All parties of record.

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

INITIAL BRIEF OF ENERGY MICHIGAN, INC.

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INITIAL BRIEF OF ENERGY MICHIGAN, INC.

I. INTRODUCTION

This Initial Brief is filed on behalf of Energy Michigan, Inc. ("Energy Michigan") by its attorneys, Varnum LLP. Failure to address any issues or positions raised by other parties should not be taken as agreement with those issues or positions.

II. ARGUMENT

A. Background

Energy Michigan is appreciative of the open and thorough process that the Michigan Public Service Commission ("Commission") has provided for implementing the requirements of Section 61 of PA 342 of 2016 ("Section 61"). As the Commission has noted, while the statutory language in Section 61 provided helpful guidance for implementation of voluntary green pricing ("VGP") programs, it was incomplete in the sense that the Legislature "did not provide any detail concerning the elements these green pricing programs should include or how the Commission

should evaluate green pricing proposals." Order No. U-18351, dated March 28, 2018 ("March 28 Order"), pp. 1-2. The Commission, through its March 28 Order, provided an opportunity for interested parties to submit comments regarding the voluntary green pricing programs that regulated electric providers would be offering. The level of interest in this topic could be seen by the numerous companies, organizations, and other commenters who provided input via this public comment process initiated by the Commission. The Commission's July 12, 2017 Order ("July 12 Order," or "Order") consolidated the Commission's views on those comments and what the Commission intended for the utilities to include in their filings.

Section 61 requires that Consumers Energy "offer its customers the opportunity to participate" in a voluntary green pricing program; that the "the customer may specify . . . the amount of electricity attributable to the customer that will be renewable energy"; and that "[t]he customer is responsible for any additional costs incurred and shall accrue any additional savings realized by the electric provider." MCL 460.1061. In addition to these requirements, the Commission's July 12 Order added several other criteria that utilities should meet in their filings, including making offers available to different customers with different preferences and objectives (Order, p. 13), and ensuring that programs are cost effective by showing that their costs are reasonable and transparent, that the fees for marketing and administration are reasonable, and that the accounting is clear and based on cost of service principles (Order, p. 14.). In addition to these criteria, the Commission noted that the utility's filing should "innovate and experiment in order to meet customer needs" (Order p. 3), should provide location options (Order, p. 5), should not establish pre-set limits on the amount of renewable energy to be obtained under the Act 61 program (Order, p. 8), should explore opportunities for collaboration with interested commercial and industrial customers who may be interested in independently

contracting with third-party renewable energy providers (Order, p. 12), and should provide the ability for large customers to aggregate load from multiple locations (Order p. 12).

Consumers Energy's proposed program certainly moves in the directions indicated by the Commission's July 12 Order, but Energy Michigan recommends that the Commission increase the availability of the VGP programs offered to Consumers' customers, as discussed below.

B. Option B of LC-REP Should Be Made Available to All Customers with 1 MW of Load.

As Mr. John Domagalski testified, Energy Michigan believes that Option B of the LC-REP program would be very attractive to Consumers Energy's commercial and industrial customers who have corporate sustainability goals and who are sophisticated in procurement of renewable energy resources. 2 Tr 12-153. Unfortunately, Consumers Energy's program, as proposed, would restrict the availability of that program to new or expanding load exceeding 3 MW that is not previously served by the Company. See Direct Testimony of Consumers witness Ms. Teri L. Vansumeren, 2 Tr 37. This restriction on participation effectively bars nearly all Consumers Energy's current customers from participating in what might otherwise be a very valuable VGP program for meeting corporate renewable energy, sustainability or local sourcing goals.

Energy Michigan recommends that rather than imposing the above restrictions on the LC-REP Option B program, that Consumers Energy open the program to all customers of 1 MW or above in load. 2 Tr 153. In her Rebuttal Testimony, Ms. Vansumeren responded to this recommendation from Mr. Domagalski and expressed concern that such an expansion of the program's potential scope could "have unintended consequences or result in additional administrative costs that have not been fully considered." 2 Tr. 56. Energy Michigan admits that this is, in fact, possible. However, if it appears that program costs turn out to be

significantly higher, or if other unintended consequences develop, Consumers Energy always has recourse by way of filing an amendment to its program, or even seeking an emergency stay on implementation in the unlikely event that consequences appear severe.

While Energy Michigan appreciates the utility's desire for a cautious approach, we would also note that there is pent-up customer demand for these valuable VGP programs in the state, as reflected in part by the level of comments filed in the U-18349 comment proceeding that preceded this contested case. As Mr. Domagalski stated:

(Energy Michigan's) proposal would allow Consumers' larger customers, many of whom have corporate sustainability goals to meet and who are sophisticated in procurement of renewable energy resources, to enter into contracts with counter-parties of their choosing, and to have their renewable energy needs satisfied by their preferred type of renewable energy resource, or perhaps a specific renewable resource of their choosing. From a policy perspective, this modification of Consumers' proposal would allow more customers to participate in, and enjoy the benefits of, the voluntary green pricing programs. It would therefore be a vehicle for renewable energy resources to serve a greater amount of the energy needs of electric users in Consumers' service territory.

2 Tr 153.

Therefore, Energy Michigan requests that the Commission encourage the utility to take a bolder approach to rolling out its Option B program, and accelerate the timeline for making it available to a larger group of customers.

III. CONCLUSIONS AND PRAYER FOR RELIEF

WHEREFORE, Energy Michigan hereby respectfully requests that the Commission approve the Voluntary Green Pricing Program proposed by Consumers as compliant with Section 61 of PA 342 of 2016, but require that Consumers accelerate making the Option B LC-

REP program available to a greater number of its customers by opening it up to all customers with a load of 1 MW or greater within 6 months.

Respectfully submitted,

Varnum LLP
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June 29, 2018

By: _____

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PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)

Deliah A. Fowler, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 29th day of June, 2018, she served a copy of the Initial Brief of Energy Michigan, Inc., upon those individuals listed on the attached Service List via email at their last known addresses.

Deliah A. Fowler

SERVICE LIST
MPSC CASE NO. U-18351

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