

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion,)	
regarding the regulatory reviews, revisions,)	
determination and/or approvals necessary for)	Case No. U-18352
DTE ENERGY COMPANY to comply)	
with Section 61 of 2016 PA 342.)	
_____)	

At the October 5, 2018 meeting of the Michigan Public Service Commission in Lansing, Michigan.

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

ORDER

History of Proceedings

On December 21, 2016, Governor Rick Snyder signed Public Act 342 of 2016 (Act 342) into law, which became effective on April 20, 2017. Among other things, Act 342 amends 2008 PA 295, MCL 460.1001 *et seq.* (Act 295), by adding Section 61, MCL 460.1061 (Section 61), which requires electric providers to offer voluntary green pricing (VGP) programs to their customers.

Section 61 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.

Procedural History

On March 28, 2017, the Commission issued an order in Case Nos. U-18349 *et al.* (March 28 order) that among other things, directed electric providers and other interested parties to provide input to the Commission on what the VGP programs should contain. March 28 order, p. 2.

Comments were due by April 28, 2017, and reply comments were due by May 30, 2017.

Comments on the minimum requirements were filed by eight electric providers, and a number of other interested parties provided suggestions as to how the VGP programs should be structured and evaluated by the Commission.

The Commission issued a subsequent order in these matters on July 12, 2017 (July 12 order), providing guidance to the utilities as to what to include in their Section 61 proposals and the criteria by which the Commission would evaluate the merits of the proposed programs. Following the Commission's July 12 order, the Commission Staff (Staff) filed a motion for clarification requesting that the Commission answer the following questions raised by the order:

1. Did the Commission intend for electric providers to refile all of their existing green pricing programs regardless of when they were approved—before or after Act 342 took effect?

2. Do existing programs need to be changed if an electric provider does not intend to open the program to new customers, or can these existing programs be exempted from (grandfathered into) the new requirements?
3. If existing programs are allowed to be grandfathered in, should providers be required to eliminate the programs from their tariffs by a certain date?

Staff's motion, p. 4.

On October 18, 2017, DTE Energy Company (DTE Electric) filed its initial VGP program application with supporting testimony and exhibits in this docket requesting approval of its VGP program, MIGreenPower, and the accompanying Standard Contract Rider No. 17. Subsequently, Energy Michigan, the Michigan Environmental Council (MEC), and the Environmental Law & Policy Center (ELPC) filed petitions to intervene and requested a contested case. DTE Electric filed responses to the petitions to intervene on November 15, 2017, and December 13, 2017. Thereafter, the Michigan Energy Innovation Business Council (MEIBC) filed a joint petition to intervene with the Institute for Energy Innovation (IEI) and Advanced Energy Economy (AEE) (collectively referred to hereinafter as MEIBC).

On December 20, 2017, the Commission issued an order in these matters (December 20 order) responding to the Staff's motion for clarification; directing DTE Electric to file its GreenCurrents program, which it had omitted from its initial application; and opening a contested case in this docket. The Commission also stated in the December 20 order that it would read the record in this matter. Accordingly, DTE Electric filed a revised application on January 16, 2018, with supporting testimony and exhibits, again seeking approval of MIGreenPower and the accompanying Standard Contract Rider No. 17 and providing details about DTE Electric's GreenCurrents program as directed by the Commission.

A prehearing conference was held before Administrative Law Judge Martin D. Snider (ALJ) on January 30, 2018, at which the ALJ granted intervenor status to Energy Michigan, MEC,

ELPC, and MEIBC. 1 Tr 3-5. On April 23, 2018, the Staff, MEC, ELPC, Energy Michigan, and MEIBC filed testimony and exhibits. DTE Electric filed rebuttal testimony on May 16, 2018. On June 7, 2018, a hearing was held during which there was cross-examination of one DTE Electric witness, and the remaining testimony and exhibits were bound into the record. 2 Tr 18. On June 8, 11, and 12, 2018, DTE Electric, the Staff, MEIBC, ELPC, and MEC filed their respective official exhibits. Initial briefs in this matter were filed on June 29, 2018, and reply briefs were filed on July 20, 2018. The record in this matter consists of 233 pages of transcript and 62 exhibits.

Proposed Voluntary Green Pricing Programs

Pursuant to Section 61 of Act 342 and the Commission's July 12 order, DTE Electric proposed one VGP program for Commission approval. In response to the December 20 order directing DTE Electric and Consumers Energy Company (Consumers) to file their VGP programs that were omitted in their original applications (namely, DTE Electric's GreenCurrents and Consumers' Green Generation), DTE Electric states that it plans to phase out its GreenCurrents program. DTE Electric's initial brief, p. 6. The company explained that it "plans to phase out the GreenCurrents program, as it is an outdated [renewable energy certificate] REC-only program" and "customer interest has shifted to bundled energy and REC products with assets located in the region . . ." DTE Electric's initial brief, p. 6, citing 2 Tr 35-36.

The GreenCurrents program, as described by DTE Electric, was approved by the Commission on April 3, 2007, in Case No. U-14569 and provided an opportunity for customers to increase their energy consumption attributed to renewable energy (RE) through the purchase of RECs. 2 Tr 34. The company testified that at the end of 2016, the program had 22,827 participating customers and

a total of 54,060 megawatt-hours (MWh) for the year. *Id.* DTE Electric further testifies that for 2016, the revenue for the program was \$1,218,815; the REC cost of goods sold was \$834,238 reflecting the consumption of 54,060 RECs; and the 2016 expenses for the program totaled \$208,491. 2 Tr 35. DTE Electric states that it is no longer marketing to or enrolling customers in GreenCurrents. The company intends to phase out the program over the next 18 months because it is an outdated REC-only program in which the RECs purchased are not necessarily generated locally or within the same time frame as the energy they are offsetting. 2 Tr 35-36.

DTE Electric is proposing the MIGreenPower program as a Section 61 compliant program. 2 Tr 22-48. The company briefly summarized the program as a subscription program in which customers may choose to subscribe up to 100% of their energy usage attributable to RE in 5% increments with a minimum enrollment of 15%. 2 Tr 31. Participating customers would remain on their current tariff, according to DTE Electric, and would pay a per-kilowatt-hour (kWh) subscription fee of \$0.072 and receive a per kWh energy and capacity credit that will be updated annually and corresponds to the customer's subscription level. *Id.* The company explains that the subscription fee is broken down into \$0.070 per kWh for program assets and \$0.002 for marketing and administrative costs. 2 Tr 32.

Elaborating on the marketing and administration costs, DTE Electric explains that the \$3 million budget for IT/marketing/administration is "front loaded during the enrollment period, but is divided over the expected kilo-watt hours enrolled over the life of the program to compute the per kWh charge." *Id.* The revenue from the subscription fees will be accounted for in the company's renewable energy plan (REP) and REP reconciliation pursuant to MCL 460.1047(2)(b)(vi) and will reduce the costs included in the REP. *Id.* The company also explains the program's impact on the power supply cost recovery (PSCR) proceeding, noting that the

subscribed portion of the program will not have the PSCR transfer price applied to it and that the credits paid to subscribing customers would be treated as an expense in the company's PSCR.¹ *Id.*

DTE Electric stresses that the credits passed on to participating customers reflecting savings incurred by the company are calculated annually "based on the Company's fuel and purchase power expense, minus the cost of transmission for energy, and the product of the Zonal Resource Credits for the renewable resources used for this program, as determined by [the Midcontinent Independent System Operator] MISO, and 75% of the applicable MISO published Cost of New Entry [CONE] for the Company's resource zone for capacity. In 2018 that credit will be \$0.037/kWh." 2 Tr 30, citing Exhibit A-3.

As to the generation assets supporting the program, DTE Electric testifies that:

The renewable energy allocated to the program is from DTE owned solar and wind facilities approved in the Company's Renewable Energy Plan (REP) by the Commission's Order in Case No. U-17793, issued December 11, 2015 (the Program Renewable Resources). This includes sourcing up to 75,000 MWh per year from Pinnebog Wind Park, and up to 75,000 MWh per year from the Turill and Demille Solar Parks in Lapeer, and O'Shea Solar Park in Detroit, for a total program capacity of 150,000 MWh.

2 Tr 31. The company states that any RECs from the above-listed assets, which are subscribed through MIGreenPower, would not be used for renewable portfolio standards (RPS) compliance under Act 295, as amended by Act 342, MCL 460.1001 *et seq.*, and that the program RECs would be retired on behalf of the participating customers. 2 Tr 31. DTE Electric also notes that the program's enrollment period runs through December 31, 2019, the program does not require a minimum enrollment period, and customers may terminate their participation at any time at no

¹ The Commission notes that the actual costs associated with the RE contracts and company-owned projects flow through DTE Electric's PSCR costs, as opposed to the transfer price in instances in which the actual costs are below the transfer price. However, this has no impact on the point DTE Electric is making with its testimony, which is that the subscribed portion of the MIGreenPower is financed entirely by participating customers.

charge. DTE Electric's application pp. 2-5; 2 Tr 29-30, 34.

Positions of the Parties

DTE Electric, the Staff, ELPC, MEC, MEIBC, IEI, AEE, and Energy Michigan provided testimony on the record in this matter.

The Staff's testimony focused on its concern that DTE Electric is not offering a significantly larger VGP program, the reasonableness and transparency of the costs associated with the program, the extent to which the program subscription fees are used for marketing and administrative costs, and whether the program costs are clear and based on cost-of-service principles. 2 Tr 131-134. Overall, the Staff recommended that the Commission approve DTE Electric's MIGreenPower program, conditioned on the company's agreement to expand the program with a greater amount of capacity and purchase options in the next biennial filing or sooner. 2 Tr 134. The Staff also recommended that the company be required to revise its marketing and administrative costs. *Id.*

ELPC provided testimony through two witnesses. ELPC centered its testimony on the statutory and Commission requirements for VGP programs, followed by an overview of DTE Electric's proposed MIGreenPower. 2 Tr 139-146. ELPC then pointed out several issues with the MIGreenPower program including: (1) the lack of clear relationship between program participation and "any real world benefit," including environmental benefits or local economic development; (2) the program's credit does not represent the full savings realized by the company; (3) the company has not offered a plan to tailor program offerings to specific customer types; (4) the size of the program offered demonstrates a lack of current effort by the company to match demand and a lack of planning to meet demand; (5) the lack of competitive bidding to ensure the

cost-effectiveness of the program; and (6) the program does not provide additional RE. 2 Tr 146-156. ELPC concluded its testimony with the following recommendations: (1) credit participating customers using the Public Utility Regulatory Policies Act of 1978, 16 USC 2601 *et seq.* (PURPA) avoided cost methodology, (2) ensure all programs achieve additionality, (3) plan for generation resources to be added to the company's VGP offerings "to allow for residential participation at a level that represents 1 percent of [DTE Electric's] current residential demands," (4) conduct additional market research to assess customer demand, (5) allow residential customer groups to request a voluntary renewable resource to serve their communities and collaborate with DTE Electric in its design, (6) design different programs to meet varying customer objectives, and (7) accommodate low-income and non-profit customers. 2 Tr 156-157. ELPC further recommended that the Commission perform oversight of the company's program marketing to ensure proper spending. 2 Tr 157. As to GreenCurrents, ELPC testified that the program is not compliant with Section 61 and DTE Electric should cease enrollment of new customers in the program. 2 Tr 160.

MEC, MEIBC, IEI, and AEE jointly provided testimony in this case and will hereinafter be referred to collectively as MEC. MEC recounted the requirements set out by Section 61 and the Commission for VGP programs followed by a description of the VGP program offered by DTE Electric. 2 Tr 170-177. MEC testified that the costs associated with MIGreenPower are unreasonable, particularly the marketing and administrative costs, and the credits undervalue RE resources. 2 Tr 175, 188. MEC then set out its recommendations for how credits should be calculated for VGP programs, explaining that the method differs for programs using unbundled or bundled RECs. 2 Tr 177-180. MEC stated that the same transfer price used in REPs or PURPA avoided costs could be used for the MIGreenPower customer credit. 2 Tr 179-188. MEC went on to testify that the current 150,000 MWh cap on the program is improper, DTE Electric failed to

heed customer feedback and as such, designed an unpopular VGP program, and the company should utilize market analyses to assess customer demand for RE. 2 Tr 188-196.

Energy Michigan's testimony focused on two concerns regarding DTE Electric's MIGreenPower program: (1) MIGreenPower was approved as a pilot prior to the enactment of Section 61 and is thus, presumably inadequate; otherwise, the Legislature would not have developed the VGP program requirement in Act 342; and (2) MIGreenPower is too restrictive in terms of the 150,000 MWh cap and its sources of RE generation. 2 Tr 202-203. Energy Michigan recommended that DTE Electric "have an additional voluntary green offering, allowing all customers of 1 MW and above to either build or purchase all or a portion of their RE requirements from any certified RE source located within the Midcontinent Independent System Operator, Inc. (MISO) footprint." 2 Tr 203.

MEIBC provided additional testimony through another witness in conjunction with IEI and AEE, hereinafter collectively referred to as MEIBC. MEIBC began by describing the demand by electric customers, particularly large customers, for RE and then continued with an evaluation of DTE Electric's MIGreenPower VGP program. 2 Tr 210-226. As part of its evaluation, MEIBC listed some positive attributes of the program but focused most of its testimony on the program's shortcomings. 2 Tr 214-226. Those shortcomings include the following: (1) it is unclear whether the company took steps to procure generation resources to supply the program that were the most cost-effective (i.e., through a competitive solicitation), (2) the administrative and marketing fees embedded in the program are unreasonable and not justified, (3) participating customers are not given the opportunity to enter into long-term contracts, (4) the 150,000 MWh program cap is likely to deter large customers, and (5) there is no flexibility in the program to meet the range of large customer needs. 2 Tr 215-226. MEIBC also suggested that there should be an annual review

process required by the Commission to determine whether the utility's VGP program is meeting customer needs. 2 Tr 226. With each identified deficiency, MEIBC also made a recommendation to improve the company's VGP program. 2 Tr 226-230. Those recommendations are summarized as follows:

1. Reduce the administrative and marketing costs and fees associated with the program;
2. Provide customers with the *option* to lock in prices through long-term contract[s] while preserving flexibility for customers to participate month-to-month;
3. Include a clear process for program expansion that relies on a competitive selection process for renewable energy resources, including opportunities for third-party participation.

2 Tr 230.

DTE Electric's one witness provided direct testimony and testimony during cross-examination. The witness' direct testimony focused on an overview of the requirements of Section 61, the applicable customer-requested RE programs currently offered by DTE Electric, and the MIGreenPower and GreenCurrents programs. 2 Tr 25-38. In rebuttal testimony, DTE Electric responded to the Staff's and intervenors' claimed deficiencies within the MIGreenPower program. 2 Tr 39-48. DTE Electric maintained that MIGreenPower complies with Section 61 and further argued that: (1) the company plans to expand its VGP program offerings; (2) the company will include a simplified fee calculation into marketing materials given to customers; (3) MIGreenPower's marketing and administrative fee is reasonable and duly supported; (4) MIGreenPower does not have a cap, but rather, currently relies on 150,000 MWh of annual generation that can be expanded if necessary; (5) MIGreenPower achieves additionality because the RE supplying the program goes beyond the RPS requirements; (6) the marketing materials for the VGP program are not misleading; (7) the fixed subscription fee for the life of the program (until December 31, 2041) constitutes a long-term offer option; (8) MEIBC's recommended annual

review would be duplicative of existing processes; (9) it is not necessary to provide a VGP option to allow customers with one MW load and above to build or purchase all or a portion of their RE requirements because customers are already permitted to self-generate; (10) the company's crediting methodology is reasonable and duly supported; (11) the generation supply for the MIGreenPower program was a result of a competitive request for proposal process; (12) Section 61 does not require the company to offer a "suite" of options as MEIBC suggests, and (13) forecasting is better suited to an integrated resource plan (IRP) proceeding rather than a VGP docket. *Id.*

DTE Electric's cross-examination focused on the company's 2014 and 2016 customer focus groups and its efforts to utilize the feedback from those groups as well as other RE demand reports. 2 Tr 53-67. The company also rebutted arguments by ELPC and MEC regarding the program fees and credits and their impact on MIGreenPower's attractiveness to customers, as well as the program's 150,000 MWh cap. 2 Tr 68-111, 112-115. Further, DTE Electric testified in response to questions about customer demand and enrollment in MIGreenPower and plans to expand the company's VGP offerings. 2 Tr 115-123.

Discussion

The Staff, MEIBC, ELPC, MEC, and Energy Michigan raised issues with DTE Electric's proposed MIGreenPower program, which are addressed below. The Commission first addresses DTE Electric's GreenCurrents program.

A. GreenCurrents

As discussed above, DTE Electric is proposing to phase out its GreenCurrents program over the next 18 months because the program is not compliant with Section 61, however, that decision

is not yet final according to the company. 2 Tr 116. ELPC agrees with the company that GreenCurrents is not Section 61 compliant and should be phased out but added that the Commission should require DTE Electric to close the program to new customer enrollment. 2 Tr 160.

The Commission agrees with both DTE Electric and ELPC that GreenCurrents fails to meet the requirements of Section 61 and should be terminated. The Commission finds it reasonable to phase out this program over a 12-month period allowing the company to provide notice to current customers and to develop plans to accommodate GreenCurrents customers in other VGP programs. The Commission further agrees with ELPC that GreenCurrents should be closed to new customer enrollment; thus, the Commission directs DTE Electric to cease enrollment of new customers in the GreenCurrents program within 60 days from the date of this order.

B. MIGreenPower Program Costs and Transparency

The Staff, MEIBC, ELPC, and MEC found certain aspects of the overall costs of the VGP program to be problematic in light of the statutory direction of Section 61 and the Commission's guidance. To begin, the Staff argues that the company failed to provide a transparent calculation of the program costs and that the marketing and administrative component of the subscription fee is excessive. 2 Tr 132-133. The Staff explains that it is unclear from the revised application, Exhibit A-2, how the company arrived at the subscription fee of \$0.072 per kWh. However, the Staff notes that the company did provide additional support, shown in Staff's Exhibit S-1, in which the company explained how it arrived at the \$0.070 portion of the subscription fee:

The wind assets assume \$0.05 per kWh cost and the solar assets assume \$0.09 per kWh cost based on the costs outlined in A-2. The subscription fee of \$0.07 per kWh was calculated by taking the average of the subscription charges for wind and solar generation.

Exhibit S-1, p. 1.

DTE Electric responds that it has satisfied the transparency requirements set out in the July 12 order by making the MIGreenPower pricing available in the company's rate book, creating a calculator on the company website that allows prospective customers to calculate the impact on their electric bills, and convening a focus group to help inform customers how the company markets and communicates the program's pricing. 2 Tr 89-93; DTE Electric's initial brief, pp. 16-17. However, the company acknowledges the importance of transparency, and accepts the Staff's recommendation to provide a simplified version of the subscription cost calculation, and will work to include the cost calculations into the program's marketing materials. 2 Tr 41.

The Staff also drew attention to the marketing and administrative portion of the subscription fee, stating that the \$0.002 per kWh is unreasonable given the company's explanation of the cost.

The Staff explains that:

Even if the marketing and administration budget is a true \$3 million and not net of the \$838,807 expensed in 2017 as per Company Exhibit A-2, and for 24 remaining years rather than the total life of the MIGreenPower [25 years], the amount Staff calculates as the marketing and administration fee would be half the amount requested by the Company. . . . Given the parameters stated above, the conservative calculation is as follows: the program is capped at 150,000 MWh each year for 24 years as a product of 3,600,000 MWh or 3,600,000,000 kWh. \$3 million of marketing and administration expense divided by these kWh equates to \$.0008, which is less than half of the Company's requested fee of \$.002 per kWh.

2 Tr 133.

MEC finds the MIGreenPower costs to be problematic, testifying that in comparing DTE Electric's VGP program net costs of 3.5 cents with other rate-regulated utilities in Michigan, DTE Electric's net costs were the highest in the state: "The projected net costs of the programs other than DTE's range from 0.755 cents per kWh to 3.02 cents per kWh." 2 Tr 175. MEC also finds this to be unreasonable given the next highest net cost in the Lower Peninsula was Indiana Michigan Power Company's VGP net program cost at 2.47 cents per kWh. *Id.* MEC also takes

issue with the MIGreenPower's credit, arguing that the company undervalues the renewable resources supplying the program:

DTE based its calculation of capacity credit on the cost of new entry of a combustion turbine and has implicitly used the greater fuel efficiency of more expensive power plants with a greater cost of capacity in calculating its energy credit; the Company has thereby significantly shortchanged the credits for the voluntary renewable energy program.

2 Tr 176. MEC supported its claim by pointing out that a higher capacity charge is shown in DTE Electric's Residential D1 rate schedule. MEC's initial brief, pp. 20-21. MEC recommends that the credit for a bundled renewable program like MIGreenPower should be set at the utility's avoided cost:

Allocation of capacity value to kWh of energy is an appropriate method to establish a kWh credit in a Voluntary Green Pricing program even though the Commission's practice in PURPA contracts is for capacity payments to be made on the basis of capacity per unit time . . . The Commission's PURPA avoided cost method allocates a portion of the capital carrying cost of a natural gas combined cycle plant to capacity and the balance, labeled as investment attributable to energy, is allocated to avoided energy cost. DTE's proposed energy credit clearly does not give credit for the investment attributable to energy. Since DTE based its calculation of capacity cost on the cost of new entry of a combustion turbine and has implicitly used the greater fuel efficiency of more expensive power plants with a greater cost of capacity, the Company has significantly shortchanged the credits for the voluntary renewable energy program. The Commission's method to calculate investment attributable to energy is the most appropriate correction to the Company's method.

2 Tr 183-184.

ELPC agrees with MEC regarding the value of the MIGreenPower credit and MEC's recommendation that the credit should reflect avoided costs. ELPC's initial brief, pp. 5-8. ELPC also comments on the high cost of DTE Electric's proposed program, noting that the Lawrence Berkeley National Laboratory found the average levelized power purchase agreement (PPA) prices for solar were \$35 per MWh and \$19 per MWh for wind nationally, but that the company's

proposed costs are double the price of solar and 3.5 times the price of wind at \$70 per MWh. 2 Tr 216.

MEIBC echoes the arguments made by MEC regarding the unreasonably high cost of DTE Electric's MIGreenPower program as compared to other Michigan utilities and supported the use of avoided costs as a credit to participating VGP customers. MEIBC's initial brief, pp. 7-8, relying on 2 Tr 175-177, 183-187. MEIBC also agrees with the Staff that the marketing and administrative costs embedded in the company's subscription charge were excessive and that the company failed to properly justify or explain those costs in response to MEIBC's inquiry:

DTE . . . breaks down the annual budget into administrative fees ranging from a "low" estimate of \$460,000 to a "high" estimate of \$680,000 per year for the first three years, and marketing costs ranging from a "low" of \$190,000 to a "high" estimate of \$320,000 per year for the first three years, for total estimated marketing and administrative costs of between \$650,000 and \$1,000,000 per year for the first three years. The total \$3 million administrative and marketing cost is based on DTE's "high" estimate of its annual costs during the enrollment period.

2 Tr 218. Given the lack of clear justification and the Staff's calculation, MEIBC recommends that the Staff audit MIGreenPower's marketing and administrative expenses. MEIBC's initial brief, p. 9. MEIBC also argues that the company's lack of a transparent, competitive solicitation for renewable resources to support MIGreenPower reduces the potential cost effectiveness. *Id.*, p. 6. According to MEIBC, the lack of transparency in the company's proposed costs make it difficult to ascertain that the program is based on cost-of-service principles, and thus, MEIBC recommended that the Commission find the company failed to make this showing. *Id.*, p. 11.

DTE Electric rebuts the arguments made regarding MIGreenPower's costs and pricing, stating that MEC failed to provide any facts other than a per kWh cost on which to compare MIGreenPower to the VGP programs of other Michigan utilities, and thus MEC's accusations of excessive costs are baseless. DTE Electric's reply brief, p. 3. The company argued that the

renewable resources supplying MIGreenPower were procured through a competitive process “consistent with competitive bidding procedures described in Case No. U-15806 and approved by the Commission in its August, 2009 Order in that case.” 2 Tr 46. Thus, the company claims the programs are priced based on cost-of-service principles, and the company points out that the Staff agreed the program’s costs reflect the cost of service. DTE Electric’s reply brief, p. 3, citing 2 Tr 134 and Staff’s initial brief, p. 7.

As to the credit, DTE Electric contends that MEC failed to provide any evidence to support its claim that the energy portion of the credit was improperly calculated by the company, and that the Commission already approved the method for the capacity portion of the credit for Consumers’ VGP program, Solar Gardens, in Case No. U-17752. DTE Electric’s reply brief, pp. 4-5.

According to the company, even though Solar Gardens was approved as a pilot program prior to the effective date of Section 61, it is not a three-year pilot as ELPC claims; it is a 25-year program with a three-year enrollment period similar to DTE Electric’s MIGreenPower structure. *Id.*, p. 5. Thus, the company argues its methodology for the MIGreenPower credit is appropriate. The company contests MEC’s suggestion to use the PSCR transfer price as the credit because transfer prices serve as a proxy for RE costs. *Id.*, p. 6, citing 2 Tr 70.

Utilizing these values for the credit would result in a credit that exceeds the subscription fee, and thus customer[s] essentially being paid for participating in VGP. There is no need to utilize proxy numbers when actual numbers for savings exist.

Id., p. 6.

The company also rejects MEC’s comparison of capacity charges in the Residential DI rate schedule to the MIGreenPower credit because the rate schedule capacity charges do not reflect the savings incurred by the utility and the VGP customers still use the company’s base infrastructure, which is deducted from the credit. *Id.*, p. 7, citing 2 Tr 81. Finally, the company objects to the

intervenors' arguments regarding the use of avoided costs to credit VGP customers. DTE Electric argues that PURPA avoided costs are applicable to qualifying facilities, not VGP customers; PURPA avoided costs are proxy costs, not the actual value of savings the company has proposed as the credit; and the company's avoided costs are still pending in Case No. U-18091. *Id.*, pp. 7-8, citing 2 Tr 45.

As to the credit to participating customers proposed by DTE Electric, the Commission finds the company's proposal to be reasonable. The Commission approved a similar credit methodology for Consumers in Case No. U-17752 and while that approval was prior to the effective date of Section 61, the Commission finds the company's proposal to be reasonable and compliant with Section 61. The Commission also notes that as the VGP programs evolve and the company gathers additional data regarding the value of solar and other renewable sources and their contribution during peak hours, the credits to customers should be adjusted to reflect any change in the savings realized by the company.

In examining the overall costs of the program, the comparison of the costs of MIGreenPower with the proposed programs of other electric providers in Michigan is a cause of concern for the Commission. While DTE Electric explained that the \$0.070 portion of the subscription fee was tied to the RE generation assets supplying the program, the company did little to acknowledge that its program's costs are high in comparison to other utilities and how that may impact customer participation. Additionally, the Commission is not convinced that DTE Electric has justified the costs associated with the marketing and administration of the program. The company's response to MEIBC's inquiry as to how the company arrived at the \$3 million figure is vague and does not explain how this money will be spent. *See*, 2 Tr 218. The Commission also finds that the Staff's calculation of the marketing and administrative costs constitutes substantial evidence on the record

that DTE Electric's proposed \$0.002 portion of the subscription fee is excessive and not adequately supported by the record.

Section 61 requires that participating customers be responsible for the additional costs incurred by the company for providing the VGP program. MCL 460.1061. In light of the concerns raised by the Staff and intervenors and evidence provided by DTE Electric in this matter, the Commission finds that it has inadequate information to determine that MIGreenPower costs are reasonable. The Commission therefore cannot approve MIGreenPower as a Section 61 VGP program at this time and directs the Staff to conduct a review of MIGreenPower's overall costs, with particular attention to the marketing and administrative portion of the costs. The Staff shall conduct its review and file a report on its findings and recommendations with the Commission in this docket within 90 days from the date of this order. DTE Electric may continue to operate MIGreenPower as a pilot program approved by the Commission in Case No. U-17793. Because the program will continue to be available to customers as a pilot, the Commission finds it prudent to take the time now to review MIGreenPower's costs in more detail. The company may file a revised application for approval of MIGreenPower, which addresses the Commission's concerns discussed in this order. Alternatively, the company may file an alternative VGP program to replace MIGreenPower. DTE Electric must file an application for a revised MIGreenPower or an application for a VGP program to replace MIGreenPower in this docket within 120 days from the date of this order.

Additionally, the Commission takes this opportunity to stress the importance of ensuring cost competitiveness in securing RE resources. The Commission takes note of the evidence presented in this proceeding regarding competitive bidding and potential cost savings from third-party entrepreneurs. 2 Tr 154, 210-231. Moreover, as the VGP programs continue to evolve and

utilities expand supply to meet growing RE demand, the Commission envisions opportunities for utilities to partner directly with communities and third-party suppliers on projects that meet customer preferences for RE. These potential new projects could be competitively priced and supported by local communities because of their economic development potential and success in meeting environmental goals and standards. Accordingly, the Commission directs the Staff to engage with stakeholders in examining potential opportunities and barriers to third-party community RE projects that could be integrated into utility planning and procurement processes.

C. Program Size and Enrollment Limitations

The Staff, MEIBC, ELPC, and Energy Michigan are concerned that the 150,000 MWh that DTE Electric is offering to supply the MIGreenPower program is insufficient to meet the needs of the company's customers. Energy Michigan referred to MIGreenPower's capacity of 150,000 MWh as "scant." 2 Tr 202. The Staff points out that DTE Electric is the largest electric service provider in Michigan, and yet it proposed to cap MIGreenPower at 150,000 MWh, which equates to less than half of one tenth of a percent of its total retail sales. 2 Tr 132. The Staff states that the company's decision to phase out GreenCurrents further exacerbates the already minimal capacity of the program. *Id.* As such, the Staff recommends that DTE Electric file a plan to expand the capacity for MIGreenPower by its next biennial filing or sooner. 2 Tr 134.

ELPC maintains that the company's decision to set the program capacity at 150,000 MWh was arbitrary and based on the renewable resources available to DTE Electric, rather than based on customer demand. 2 Tr 154-155. According to ELPC, this runs contrary to Section 61, which requires that customers have the opportunity to participate in a VGP program. *Id.* Further, ELPC alleges that DTE Electric did not make a "comprehensive effort" to assess customer demand by limiting the size and scope of the 2014 and 2016 focus groups, did not clearly communicate the

program's impact on customer bills, and reached the unsupported assumption that only 1-2% of a small market segment of customers would subscribe to MIGreenPower when the 2016 market research study showed that "63% of respondents expressed that they would 'definitely' or 'probably' consider enrollment." 2 Tr 155. ELPC recommends that DTE Electric file plans to expand its VGP program to meet at least 1% of customer demand by mid-2019. 2 Tr 156.

MEC and MEIBC attest that the 150,000 MWh cap to the MIGreenPower program runs directly contrary to the Commission's guidance on page 8 of the July 12 order and that the company provided no justification for the cap. 2 Tr 188-189. Further, as MEC and MEIBC testified, the company seems to have acknowledged the need to expand its program because in its REP case, Case No. U-18232, DTE Electric indicated that it plans to allocate 893,520 MWh per year for VGP programs starting in 2020. 2 Tr 189. MEIBC also explains that the 150,000 MWh cap deters large customers as follows:

The MIGreenPower program is limited to 150,000 MWh annually, equivalent to the annual output from approximately 57 [megawatt] MW of renewable energy [assuming an average capacity factor of 30%]. With the average PPA signed by individual corporate off-takers over each of the past three years from 2014 to 2016 exceeding 90 MW, a total program cap for all customers below 60 MW is very restrictive. DTE explains in its application that the program size is driven by the selected resources; however, some large customers, knowing that the program is insufficient to meet their needs, will be deterred by the small program size.

2 Tr 222. The intervenors further argue that DTE Electric's proposed enrollment period only through December 2019, further limits the program in violation of Section 61. 2 Tr 189. While DTE Electric stated it would extend enrollment or propose a different program for enrollment through 2020, MEC and MEIBC recommend that the Commission require the program to remain open to enrollment until the Commission approves a replacement program or a Section 61 compliant program. *Id.*

DTE Electric responds that the 150,000 MWh “cap” is in place only because the program is supplied from specific renewable assets, the company “does not intend to limit VGP participants to 150,000 MWh, and DTE Electric intends to expand to meet customer demand, if necessary.” DTE Electric’s reply brief, p. 9; 2 Tr 42. Specifically, the company states that if the program reaches a subscription level over 100,000 MWh per year, it would begin planning to add renewable generation to supply the program. 2 Tr 105.

Similar to the Commission’s concerns regarding the costs of MIGreenPower, the Commission is equally concerned about the current capacity that DTE Electric is proposing for the program. While DTE Electric explained that only 11,000 MWh of the program’s 150,000 MWh capacity have been subscribed to, the Commission takes note that the GreenCurrents program will be phased out and those who wish to continue participating in a VGP program will have to be accommodated in the MIGreenPower program. The Commission is concerned that without defined plans to dedicate additional resources to these programs, there will be a lag between customer demand and available resources, which would effectively violate Section 61.

Additionally, as pointed out by the intervenors, a typical large customer’s subscription could potentially take up a large portion of the 150,000 MWh currently available. *See*, 2 Tr 222. Considering the evidence before the Commission showing that multiple large DTE Electric customers have made commitments to RE resources, the Commission is eager to evaluate a program tailored to large customers in this docket or a stand-alone docket. Given that DTE Electric has acknowledged the need to expand the program and has proposed an additional 300 MW to supply a VGP program for a large customer in its REP case, Case No. U-18232, the Commission directs DTE Electric to file, in this docket, a detailed plan to dedicate additional resources to the revised MIGreenPower program or an additional VGP program geared toward

larger commercial and industrial customers. DTE Electric shall file the plans to expand with the revised MIGreenPower application within 120 days from the date of this order. This will alleviate some concern and confusion over the space available in the MIGreenPower program.

D. Program Does Not Meet Customer Preferences

Apart from pointing out that DTE Electric's MIGreenPower program failed to meet customer preferences due to its high costs, which is discussed at length *supra*, MEC also alleges that the company disregarded customer feedback in designing its VGP program. MEC explains that according to DTE Electric's 2014 and 2016 market studies, only 1-2% of the electric provider's customers expressed interest in participating in DTE Electric's proposed program, and yet the company insists on moving forward with a program that 98-99% of its customers are uninterested in. MEC's initial brief, p. 10, citing Exhibit MEC-3, pp. 14-15. Further, MEC asserts that DTE Electric customers expressed interest in a VGP program design in which customers could purchase 100 kWh blocks of wind energy at a flat rate and responded positively to the program's stable and predictable pricing. *Id.*, pp. 10-11, citing Exhibit MEC-3, pp. 27-28. Instead, DTE Electric proposed MIGreenPower, which is similar in structure to the less popular option among customers. *Id.*

As part of explaining its concerns that DTE Electric's proposed program is too limited in size, the Staff notes that the MIGreenPower program offers only a single option with varying degrees of participation. 2 Tr 132. ELPC elaborates on this point stating that DTE Electric's single option only serves the objectives of some customers, while leaving most customers out:

[MIGreenPower] does not offer customers the opportunity to offset their use of default supply either to manage their bills or reduce emissions. Nor does it offer customers the opportunity to spur new renewable energy development in their own communities, in order to create jobs, tax revenues, resiliency or energy independence . . . [I]t does not offer tailored options to ensure, for example, that low income customers are able to participate in the benefits of clean energy, and

that it does not give customers access to the renewable energy markets to source clean energy at lower costs. It does not offer any programs targeted to schools, churches, non-profits or other customer types who have specific needs and objectives.

2 Tr 152-153. ELPC suggests other program design options such as community solar projects funded wholly by volunteer subscribers within the community or DTE Electric could provide a community solar project and charge participating community members for distribution and balancing services. 2 Tr 153.

Because of its dissatisfaction with the single option DTE Electric proposed, Energy Michigan suggests an option that would meet large customer preferences. Energy Michigan proposes that DTE Electric provide an additional VGP program that allows all customers with one MW load and above to “either build or purchase all or a portion of their RE requirements from any certified RE source located within the Midcontinent Independent System Operator, Inc., (MISO) footprint.” 2 Tr 203.

In its overall assessment of MIGreenPower, MEIBC states that it “is costly and lacks transparency and flexibility around resource cost and selection, does not offer long-term contract options, and is overall unlikely to meet the needs of many large commercial and industrial customers.” 2 Tr 209. MEIBC conveys that 43% of the Fortune 500 companies, 10 of which are headquartered in Michigan, have set RE or energy-related sustainability targets. One of the goals for RE options expressed by these companies is to have long-term contract options to lock in participation and pricing with an opportunity for long-term savings, which MIGreenPower does not offer. 2 Tr 214, 221-222.

MEIBC points out that DTE Electric recognizes the benefits of long-term commitments by including in the program’s marketing material information about locked-in prices that “allow customers to lock in a portion of their power supply rate for 25 years.” 2 Tr 221-222, quoting

Exhibit EIB-2. However, according to MEIBC, this is not equivalent to program participation that is contractually fixed, and the fixed power supply rate is not guaranteed. 2 Tr 222. MEIBC continues that the single option offered by DTE Electric cannot meet the needs of large commercial and industrial customers who themselves have a varying range of RE preferences and needs. 2 Tr 223.

As a month-by-month program served by a 50-50 mix of a pre-selected wind project and a pre-selected solar project, the MIGreenPower program cannot accommodate the range of different customer needs. While some customers will likely be satisfied with a utility provided mix (assuming that other shortcomings noted previously are resolved), many larger customers will want more tailored renewable energy offerings.

2 Tr 224. While MEIBC acknowledges that tailoring VGP programs to every customer is not feasible, MEIBC suggests that DTE Electric offer VGP options similar to Consumers' Large Customer Renewable Energy Program Option B or options where "the specific project to meet the needs of an individual customer or group of customers is unknown at the time of the program approval (and selected either by the customer or by the utility through a competitive bidding process), but the billing structure and certain terms of participation are standardized." 2 Tr 225.

In response to the intervenors' arguments that MIGreenPower does not respond to customer feedback or satisfy customer preferences, particularly large commercial and industrial customers, DTE Electric argues that it assessed customer interest with its 2014 and 2016 focus groups; conducted a 2016 survey to gauge customer interest in VGP programs; and utilized information from conferences, benchmarking interviews nationwide, and an in-depth consulting project to design MIGreenPower. DTE Electric's reply brief, p. 2, citing 2 Tr 36. DTE Electric states that MEC's claim that the focus group results showed that the company's customers overwhelmingly do not want MIGreenPower is baseless and asserts that even if MEC's projection that 1-2% of customers would participate is accurate, that projection does not demonstrate that MIGreenPower

is unappealing. *Id.* The company relied on its enrollment figures as of June 7, 2018 (1,500 customers subscribing approximately 11,000 MWh of RE) to contradict MEC’s claims that customers do not want the program. *Id.*, citing 2 Tr 59. As to the lack of large customer interest that MEIBC raised, DTE Electric stated that it is currently evaluating new VGP programs specifically designed to suit large customers, that it has proposed an additional 300 MW wind project for a large customer VGP program in its REP case, Case No. U-18232, and that it plans to expand its VGP offerings by its next biennial filing. *Id.*, p. 3, citing 2 Tr 37, 40-41, and 121.

In its December 20 order, the Commission highlighted several components that a VGP program should optimally contain, including “a menu of *options for customers with varying RE needs* to choose from.” December 20 order, p. 5 (emphasis added). The Commission agrees with the intervenors that DTE Electric’s MIGreenPower as proposed does not constitute a menu of options, but rather is a single option with varying levels of participation. While the Commission indicated in its previous orders in this docket that it would exercise flexibility in reviewing the VGP programs, the Commission also indicated that it would balance the novelty of Section 61 implementation with the size and ability of the utility to provide compliant VGP programs. The Commission finds that DTE Electric, as Michigan’s largest electric provider, should be able to comply with the Commission’s directive to provide a menu of options beyond the single option offered through MIGreenPower. DTE Electric appears to be cognizant of the shortcomings of MIGreenPower as a single option because the company testified that it is currently working on expanding its VGP offerings. *See*, 2 Tr 227.

Therefore, the Commission directs DTE Electric to include in its revised MIGreenPower application or in an application for a replacement VGP program, a plan for a second VGP program to satisfy the “menu of options” guideline the Commission set out in the December 20 order. The

Commission notes that this directive to file a second VGP plan is distinct from and in addition to the Commission's previously-stated directive for the company to file a plan to dedicate additional RE resources to its VGP program. The Commission encourages the company to utilize customer feedback, market studies, or similar measures in designing the additional VGP program.

E. Additionality and Real-World Benefits of the Program

ELPC explains that it is important for VGP program participation to drive new RE development; to have "real world environmental benefits, such as reduction of air pollution;" and to achieve additionality, meaning that customers do not receive benefits they would have received even without participation. 2 Tr 147. ELPC claims that MIGreenPower does not meet additionality and that the real-world benefits of program participation are not evident. The reason for this, according to ELPC, is that the RE assets supplying MIGreenPower were not constructed for and dedicated strictly to the program. 2 Tr 148. ELPC states that it is unclear if the program will lead to new RE development because the rider accompanying MIGreenPower explains that any shortfall of RE in the program will be covered by RE from the company's REP portfolio. Further, while it is possible that RE development dedicated to the VGP program would require the company to procure additional RE resources to satisfy its RPS compliance, the company has not clearly stated when that would happen. 2 Tr 149.

ELPC also addresses DTE Electric's marketing materials, which promise customers that program participation will reduce their carbon footprint and that local wind and solar generation will be used for the program, and which compares MIGreenPower to customer distributed

generation (DG) (i.e., rooftop solar) in terms of having the same benefits. 2 Tr 150-152.² ELPC provided an excerpt from DTE Electric's MIGreenPower webpage for examination:

MIGreenPower is a simple and affordable program that empowers you to increase the amount of renewable energy DTE Energy sources from local wind and solar projects. Whether you are a business owner, homeowner or a renter, joining MIGreenPower can help you go green easily and affordably, without installing special equipment or making exterior alterations. Beyond lowering your carbon footprint, participating helps to protect the environment for future generations.

2 Tr 150, citing Exhibit ELPC-1. ELPC explains that the company's description of the program is misleading in the sense that participation does not increase the amount of RE because DTE Electric is using RE from existing sources; the program's RE is not local to customers who do not live near the assets; and distributed generation projects have benefits not included with MIGreenPower such as additionality, direct participation in a green energy economy, and direct replacement of a traditional energy source that reduces the customer's exposure to rate impacts. 2 Tr 151-152.

DTE Electric disagrees with ELPC's characterization that the company's marketing materials are misleading and that the program does not achieve additionality. As to additionality, the company argues that the assets for the program were approved within months of filing the application for MIGreenPower and that the RE generated from the program goes above and beyond the RPS compliance and is not double counted for RPS compliance; thus, the program achieves additionality in line with the Commission's interpretation of Section 61. 2 Tr 42-43. DTE Electric further disputes ELPC's claims that its marketing materials are misleading. The company contends:

² ELPC relies on a study, *Energy Smarts Spring 2017*, provided as an attachment to its Exhibit ELPCDE-2.1 in support of its claims.

DTE's projects are local to DTE's service territory. Furthermore, all of the energy subscribed is incremental to what is required by the RPS. Additionally, as the assets in the program are subscribed, additional assets will be developed to serve this need. [ELPC] cites the Energy Smarts Spring 2017 article claiming DTE was misleading about the benefits of MIGreenPower. Reading the article in context, shows that the claim is about getting the renewable energy benefits, and the article further notes many of the differences between customer-sited generation and the subscription program.

2 Tr 43.

In its July 12 order in this case, the Commission addressed the need for VGP programs to be additional:

Although Section 61 is not explicit on this point, the language in this section referring to a customer's option to obtain more than 50% of total energy requirements from renewable sources through the program, and thus exempting the customer from surcharges for incremental costs of compliance, makes clear the intent that Section 61 renewable energy is in addition to the 15% renewable mandate under Section 28 [of Act 342].

July 12 order, p. 7. Thus, the Commission's intent was to ensure that the RE dedicated to VGP programs was not also counted for RPS compliance. As indicated in the record, DTE Electric explained that the RE dedicated to its proposed VGP programs would not be used for RPS compliance, but that unsubscribed portions of the program would. 2 Tr 42-43. The Commission has stated that unsubscribed portions of the VGP programs could be counted towards RPS compliance as long as the RECs associated with the programs are properly tracked and not double counted. July 12 order, pp. 7-8. Thus, the Commission finds that DTE Electric's MIGreenPower has satisfied the additionality requirement.

As to the claims that DTE Electric's marketing materials are misleading, the Commission does not find ELPC's arguments convincing. DTE Electric conveys to customers that participation can increase the company's RE sources, which, given the Commission's findings regarding additionality and DTE Electric's intentions to expand the program to meet growing demand over

time, is not misleading. The reference to “local wind and solar projects” is not misleading, as local is a relative term that can be interpreted as regional or within Michigan with corresponding environmental benefits. 2 Tr 150-152. As to the comparison of benefits between distributed generation and VGP participation, the company has not made any specific claims within its marketing materials that are inaccurate. The Commission does not see how the suggestion that customers could enroll in a VGP program instead of distributed generation could be interpreted as a side-by-side comparison of benefits. Therefore, the Commission rejects ELPC’s claims that DTE Electric’s marketing materials are misleading and notes that the company is taking steps to improve the transparency of its marketing materials by including cost calculations, as discussed *supra*.

F. Forecasting, Marketing Analysis, and Program Evaluation

Related to its concern that the size of MIGreenPower is too small to accommodate all customer demand for RE, MEIBC insists that DTE Electric must “undertake deliberate and systematic forecasts of demand for these programs.” 2 Tr 194. MEIBC underscores the importance of these forecasts in developing not only VGP programs, but also in the company’s overall system planning. *Id.* MEIBC recommends the following:

When preparing such forecasts, DTE must perform quantitative econometric forecasts or market analyses. During early years of these programs, such forecasts must be based on analogies to other utilities or on market surveys, but as the programs develop track records, the forecasts can increasingly be made by the same econometric methods that DTE uses to make other demand and sales forecasts in its rate cases and integrated resource planning.

Id. MEIBC also notes the need for systematic evaluation of Section 61 programs to identify deficiencies and direct improvements. 2 Tr 226. MEIBC recommends an annual report to the Commission with the prior year’s enrollment figures and an opportunity for stakeholder participation in that review. *Id.*

DTE Electric disagrees as to the need for forecasting, responding that “[t]he purpose of this proceeding is to establish if DTE’s offering complies with the law. Forecasting requirements for rate cases and IRPs should be addressed in those proceedings.” 2 Tr 47.

In its July 12 order, the Commission directed electric providers to file, in their assigned docket, quarterly VGP program reports. July 12 order, p. 14. However, the Commission later revised the quarterly reporting requirement to a semi-annual requirement in its April 18, 2018 order in Case Nos. U-18349, U-18350, U-18353, U-18354, U-18355, U-18356, and U-18357 (April 18 order) approving the VGP programs of Alpena Power Company, Indiana Michigan Power Company, Northern States Power Company-Wisconsin, Upper Peninsula Power Company, Upper Michigan Energy Resources Corporation, and Wisconsin Electric Power Company. April 18 order, p. 6. The Commission instructed that the reports should include information on the number of enrollments and enrollment size in each of the programs; cost of RE for each program (incremental and total); cost of marketing and administration (incremental and total); marketing methods; and the quantity, source, and costs of any RE or RECs purchased for the program. *Id.*

The Commission finds it reasonable to modify the quarterly reporting requirement to a semi-annual reporting requirement for DTE Electric as well. Because this order shall issue after the deadline for submitting the first report (October 1, 2018, per the April 18 order), DTE Electric shall file its first VGP report in this docket on April 1, 2019, and the second report on October 1, 2019. The semi-annual reports will then be due on October 1 and April 1 of every year thereafter. These reports will assist the Commission in its biennial review of the VGP programs, the first of which will begin in October 2019.

Regarding MEIBC’s recommendation for the company to include forecasting, the Commission finds this reasonable. As the Commission noted in previous orders in this docket,

Section 61 implementation is a novel endeavor that will require continuing information and data gathering by electric providers to allow for proper evaluation and to ensure that VGP programs keep pace with customer demand, accommodate customers' preferences and needs for RE, and align with the Commission's guidance for VGP programs. To match these programs to customer demand and goals, the company must utilize sufficient forecasting and market studies that gauge customer interest and preferences. This can be accomplished through survey, studies, or other means developed by the utility. Proper forecasting for customer participation and market studies go hand in hand with the marketing costs included in the program and the goal to refine and improve VGP programs. Therefore, DTE Electric shall include in its semi-annual reports customer participation forecasts as well as market studies.

THEREFORE, IT IS ORDERED that:

A. DTE Energy Company's proposed MIGreenPower is rejected as a voluntary green pricing program compliant with 2016 PA 342, Section 61, MCL 460.1061 for the reasons discussed in this order.

B. The Commission Staff shall conduct a review of the overall costs of the MIGreenPower program, with particular attention to the marketing and administrative costs and file a report on its findings and recommendations in this docket within 90 days from the date of this order.

C. DTE Energy Company shall submit a revised MIGreenPower application or an application for a replacement voluntary green pricing program in this docket within 120 days from the date of this order that includes a plan to dedicate additional renewable energy resources to a revised MIGreenPower program or any other voluntary green pricing program. The company

shall also include in the filing at least one additional voluntary green pricing program such that the company has multiple voluntary green pricing options to offer customers.

D. DTE Energy Company shall file in this docket a semi-annual report on the voluntary green pricing programs including the details discussed in this order. The first report shall be filed on April 1, 2019, and the second report shall be filed on October 1, 2019. DTE Energy Company shall file the semi-annual voluntary green pricing program report in this docket on April 1 and October 1 every thereafter. The Commission shall review these programs in its biennial review beginning in October 2019.

E. DTE Energy Company shall cease new customer enrollment in the GreenCurrents program within 60 days from the date of this order and shall phase out the program within 12 months from the date of this order.

F. The Commission Staff shall engage with stakeholders in examining potential opportunities and barriers to third-party community energy projects that could be integrated into utility planning and procurement processes.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@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

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of October 5, 2018.

Kavita Kale, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-18352

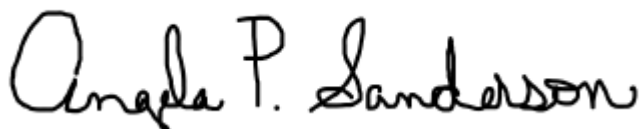
County of Ingham)

Lisa Felice being duly sworn, deposes and says that on October 5, 2018 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).



Lisa Felice

Subscribed and sworn to before me
this 5th day of October 2018



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

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