

February 12, 2020

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Ms. Lisa Felice
Acting Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
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Lansing, MI 48909

Re: Case No. U-20372 – In the matter, on the Commission’s own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for CONSUMERS ENERGY COMPANY to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016

Dear Ms. Felice:

Enclosed for electronic filing in the above-captioned case, please find a **Settlement Agreement** which is intended to resolve all outstanding issues in this proceeding. The Settlement Agreement has been executed by Consumers Energy Company, the Michigan Public Service Commission Staff, Natural Resources Defense Council, The National Housing Trust, and The Ecology Center.

This is a paperless filing and is therefore being filed only in PDF. I have enclosed a Proof of Service showing electronic service upon the parties.

Sincerely,

Gary A. Gensch, Jr.

cc: Hon. Sally Wallace, Administrative Law Judge
Parties per Attachment 1 to Proof of Service

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CONSUMERS ENERGY COMPANY to fully comply)
with Public Act 295 of 2008, as amended by)
Public Act 342 of 2016)
_____)

Case No. U-20372

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Michigan Public Service Commission’s (“MPSC” or the “Commission”) Rules of Practice and Procedure, the undersigned parties agree as follows:

WHEREAS, on August 1, 2019, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application with supporting testimony and exhibits requesting approval of its 2020-2023 Energy Waste Reduction (“EWR”) Plan pursuant to 2008 PA 295, as amended by 2016 PA 342, MCL 460.1001 et seq. (“Act 295”), and as directed by the MPSC.

WHEREAS, the initial prehearing conference in this proceeding was held on October 2, 2019. The parties to the case are Consumers Energy, the Commission Staff, the Natural Resources Defense Council (“NRDC”), National Housing Trust (“NHT”), the Ecology Center, and the Association of Businesses Advocating Tariff Equity (“ABATE”).

NOW THEREFORE, for purposes of settlement of Case No. U-20372, the undersigned parties agree as follows:

1. The parties agree that the Company’s filed 2020-2023 EWR Plan should be approved as modified in this Settlement Agreement.

2. The parties agree that Consumers Energy will recover the electric and natural gas EWR Plan costs via the surcharges set forth on Attachment A to this Settlement Agreement. These EWR surcharges are the levelized surcharges for each customer class. The full surcharges (the sum of the approved plan component plus the approved performance incentive component) are set forth on Attachment A. The surcharges set forth on Attachment A are based on an assumed implementation in March 2020 customer bills. If the surcharges are implemented in April 2020 or later, they would have to be modified accordingly.

3. The parties agree that, per the filed plan, the energy savings targets for the Company will be based on the prior year weather-normalized sales methodology and will include a downward adjustment in gas energy savings targets to remove gas sales to electric generation customers, but will not include the previous downward adjustment to reflect an amount of sales for large gas transportation customers commensurate with their share of revenue contribution. Subject to audit results, the natural gas targets for 2020, 2021, 2022, and 2023 are 2,164,260 Mcf, 2,130,968 Mcf, 2,133,685 Mcf, and 2,138,381 Mcf, respectively, as shown in Attachment D.

4. The parties agree that Consumers Energy should be granted MPSC approval to continue the accounting practices previously authorized by the Commission in its approval of the Company's original Energy Optimization Plan, and the authority to roll-over any unused funds into the next plan year funding. Unused funds are to be rolled over and remain within the class to which they were allocated.

5. Consumers Energy will implement the multifamily low-income program design enhancements set forth on Attachment B to this Settlement Agreement.

6. Consumers Energy will continue its practice of providing an opportunity for non-profit organizations, Michigan-based business enterprises, and minority, women, veteran, service-

disabled veteran, and LGBT-owned diverse business enterprises to compete on an equal basis for materials and services utilized by the Company in connection with implementing its EWR Plan. This practice does not diminish, in any way, the objective of Consumers Energy to acquire materials and services on the most economic basis available, considering factors such as price, quality, service reliability, and timely delivery, and encouraging all qualified suppliers and contractors to compete for the Company's business. Consumers Energy agrees to consider non-profit organizations or businesses that have demonstrated experience serving the affordable Multifamily sector and have responded to a request for proposal related to the Company's Income Qualified Multifamily program. Consumers Energy agrees to track and report to the interested parties in this proceeding on a bi-annual basis the number of such organizations and business enterprises utilized by the Company in connection with implementing its EWR Plan.

7. The parties agree that the metrics associated with the Performance Incentive Mechanism ("PIM") for both the electric and gas programs are provided on Attachment C of this Settlement Agreement. The metrics under the PIM will continue to be based upon both lifetime savings targets and supplemental metrics, and eligibility of the financial incentive is determined first by demonstrating achievement of the annual incremental energy savings thresholds established in Section 75 of Act 295, as amended by Public Act 342 of 2016 ("Act 342"). MCL 460.1075. The parties are not prohibited from proposing changes to the PIM in the Company's 2022-2025 EWR Plan proceeding.

8. The parties agree that energy savings from the Company's residential Home Energy Report Program will not account for more than 18% of the total residential electric savings and 15% of the total residential gas savings in 2020, and 22% of the total residential electric savings and 15% of the total residential gas savings in 2021.

9. The Company agrees to invest up to \$3 million in 2020 and \$4 million in 2021 to support the Income Qualified program performance metric associated with cold climate heat pumps (see Attachment C). This investment is incremental to the Income Qualified program funding included in the Company's EWR Plan as filed. The Company agrees to evaluate cold climate heat pump retrofits in low income programs, including bill impacts, operational issues, comfort or other non-economic benefits, customer and landlord experience feedback, and the limitations of contractor delivery infrastructure in the current market and potential implications of any limitations. The Company also agrees to document results of its evaluation, as well as to identify ways in which any potential performance issues or other concerns could be addressed through future efforts to grow market delivery capability and/or changes in program design and delivery.

10. The Company plans to discontinue the Pay-My-Way pilot program in 2020 and will use EWR funding to close the program in 2020.

11. Consumers Energy will continue the current Non-Wires Alternative pilot and will continue to collaborate with NRDC and Staff on the pilot, at least through 2021.

12. Consumers Energy agrees to begin a new Super-Efficient, All-Electric New Construction Pilot in 2020. The pilot will help identify additional residential electric savings opportunities as savings from this sector are projected to drop over the plan filing period. The number of homes to be included in the pilot will be determined during project planning but will be of sufficient quantity to demonstrate success with multi-unit production at reasonable cost rather than just a limited number of expensive, custom homes. The pilot will include (i) at least net zero ready, but can be net zero if photovoltaic (PV) added; (ii) cold climate heat pumps; (iii) monitoring and evaluation of factors such as energy bill impacts, heat pump performance, customer comfort,

builder barriers, and cost-effectiveness; and (iv) documentation of results through case studies. Consumers Energy agrees to work with NRDC on program design and evaluation.

13. Consumers Energy will develop a new Cold Climate Heat Pump Retrofit Pilot for homes and businesses currently heated with non-MPSC regulated fuels such as propane. The pilot will include (i) 25 to 75 cold climate heat pump units, with the final number of units to be determined during project planning, but no less than what is necessary to obtain 90/15 statistical precision on savings achieved; (ii) full or partial displacement of existing heating (e.g. can keep propane system as back-up), but must displace at least 50% of existing fuel use; and (iii) monitoring and evaluation of results. If installed in low-income, single-family homes or multifamily buildings, the cold climate heat pumps installed through this pilot can count towards low-income heat pump performance metric. Consumers Energy will not install heat pumps in buildings that are currently receiving and consuming natural gas by other Michigan gas utilities as part of this pilot in 2020 and 2021. Consumers Energy will work with NRDC and other interested parties to this proceeding to develop and evaluate the pilot.

14. Consumers Energy will develop a new Low-Income Health and Safety Funds Pilot. The pilot is to enable efficiency investments in otherwise untreatable homes. Single family component annual budget will be \$700,000 to \$750,000 (budget allocated 80% electric and 20% gas), and the multifamily component annual budget will be \$200,000 to \$350,000 (budget allocated 80% electric and 20% gas), both to be funded from the pilot programs budget in 2020 and 2021. The pilot will involve the use of healthy building materials. Pilot evaluation will at a minimum include tracking of deferrals found, deferrals resolved, and health impacts. Consumers Energy will work with the Ecology Center, NRDC, and other interested parties to this proceeding to develop and evaluate the pilot. The health and safety measures included in the pilot will be

delivered in a seamlessly integrated way with the Company's current Income Qualified EWR programs and may be implemented as part of the Company's Flint project and/or other existing Income Qualified single family and multifamily programs.

15. Consumers Energy will develop a new pilot to target low-income customers with higher past-due bills and/or high energy usage, both single family and multifamily, with EWR program offerings. The pilot will test the strategy and design of delivery of offerings and quantify impacts such as reduced past-due bills and collection costs. Consumers Energy has the option to fund this pilot either through the pilot programs budget or as a program extension within the Residential and Multifamily Income Qualified programs. Consumers Energy will work with NRDC and other interested parties to this proceeding to design the pilot, including appropriate ways to include low income multifamily customers.

16. The parties agree that Consumers Energy's pilot spending cap will increase from 5% to 6% to account for the health and safety pilot (as discussed in paragraph 14) and other potential pilot initiatives throughout the year. The health and safety pilot will be accounted for in the pilot budget but administered as part of the income qualified and multifamily income qualified programs.

17. Consumers Energy will remove the EWR itemized surcharge on customer bills no later than 90 days after an order is issued in this proceeding.

18. Municipal customers with Company-owned street lighting will be moved to rate GU-XL upon upgrading to Light Emitting Diodes ("LEDs"). Customers on rate GU-XL will not be charged an EWR surcharge.

19. The parties agree that the Net-to-Gross ("NTG") of 0.90 will apply for most programs and 1.00 will apply for the Income Qualified program. For 2020, the Company will

apply a 0.57 NTG ratio for Standard and 0.71 for Specialty (such as reflector, candelabra, and globe) LEDs. For 2021, the Company will apply a 0.54 NTG for Standard and 0.67 for Specialty LEDs.

20. The Company shall continue to analyze and demonstrate the cost effectiveness level of each individual EWR program in its annual reconciliation proceedings throughout the Plan period.

21. The parties agree the Company can invest in its EWR portfolio up to the levels outlined in Attachment D of this Settlement Agreement and that the Company should be granted authority to continue to reallocate up to 30% of the overall EWR budget by and within each class to ensure program flexibility for the more popular programs. With the exception of the multifamily program administered as part of the business class, which will not have such reallocation flexibility, reallocation will occur within the same service class. This reallocation was approved in Case Nos. U-16412, U-16670, U-17351, and U-17771 and is authorized by Section 71(4)(h) of Act 342. To help ensure continuity of the EWR program portfolio in the market and delivery of the increased energy savings targets, if cost effective, the Company may also increase annual investment above the annual amounts in Attachment D by up to 6% of electric and 10% of gas investment.

22. This settlement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or

making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

23. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-20372. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise set forth herein, the parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings or appeals related thereto.


24. This settlement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

25. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

26. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

WHEREFORE, the undersigned parties respectfully request the Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.


**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

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CONSUMERS ENERGY COMPANY

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Date: February 10, 2020

**NATURAL RESOURCES DEFENSE COUNCIL,
THE NATIONAL HOUSING TRUST, and
THE ECOLOGY CENTER**

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Date: February 11, 2020

ATTACHMENT A

Energy Waste Reduction Plan Surcharges
 Reconciliation Implemented in January 2020. Plan Implemented in March 2020.

		(a)	(b)	(c)	(e)
	Description	EWR Plan Component ⁽¹⁾	Low-income Accounting Adjustment ⁽²⁾	2018 Performance Incentive ⁽³⁾	2020 Monthly Surcharges
	Units				
Electric Service (Consumers Plan)					
1	Residential	\$/kWh	\$ 0.002909	\$ -	\$ 0.003469
2	Small Secondary (0 to 1,250 kWhs per month)	\$/billing meter	15.47	-	16.03
3	Small Medium Secondary (1,251 to 5,000 kWhs per month)	\$/billing meter	61.50	-	64.68
4	Medium Secondary (5,001 to 30,000 kWhs per month)	\$/billing meter	184.05	-	203.55
5	Large Medium Secondary (30,001 to 50,000 kWhs per month)	\$/billing meter	302.97	-	322.47
6	Large Secondary (above 50,000 kWhs per month)	\$/billing meter	504.73	-	524.23
5	Small Primary (0 to 5,000 kWhs per month)	\$/billing meter	18.46	-	19.75
7	Small Medium Primary (5,001 to 10,000 kWhs per month)	\$/billing meter	61.69	-	71.63
8	Medium Primary (10,001 to 30,000 kWhs per month)	\$/billing meter	270.19	-	295.86
9	Large Medium Primary (30,001 to 50,000 kWhs per month)	\$/billing meter	571.12	-	620.18
10	Large Primary (above 50,000 kWhs per month)	\$/billing meter	1,139.00	-	1,387.16
11	Lighting	\$/fixture	0.27	-	0.27
Electric Service (Self-Direct Plan)					
12	Small Secondary (0 to 1,250 kWhs per month)	\$/billing meter	1.03	-	1.03
13	Small Medium Secondary (1,251 to 5,000 kWhs per month)	\$/billing meter	4.18	-	4.18
14	Medium Secondary (5,001 to 30,000 kWhs per month)	\$/billing meter	14.11	-	14.11
15	Large Medium Secondary (30,001 to 50,000 kWhs per month)	\$/billing meter	20.09	-	20.09
16	Large Secondary (above 50,000 kWhs per month)	\$/billing meter	31.63	-	31.63
15	Small Primary (0 to 5,000 kWhs per month)	\$/billing meter	1.21	-	1.21
17	Small Medium Primary (5,001 to 10,000 kWhs per month)	\$/billing meter	4.28	-	4.28
18	Medium Primary (10,001 to 30,000 kWhs per month)	\$/billing meter	19.82	-	19.82
19	Large Medium Primary (30,001 to 50,000 kWhs per month)	\$/billing meter	44.52	-	44.52
20	Large Primary (above 50,000 kWhs per month)	\$/billing meter	79.33	-	79.33
Gas Service (Consumers Plan)					
21	Residential	\$/Mcf	0.2225	-	0.2622
22	Small Business (0 to 100,000 Mcf per year)	\$/Mcf	0.3925	-	0.4365
23	Large Business (above 100,000 Mcf per year)	\$/Mcf	0.0126	-	0.0140
Gas Service (Large Transportation Opt-Out)					
24	Large Business (above 100,000 Mcf per year)	\$/Mcf	0.0031	-	0.0031

(1) As proposed in Case No. U-20372, based on March 2020 implementation
 (2) Four year low-income accounting adjustment as approved in Case U-17771. Expired in December 2019
 (3) As approved in Case No. U-20365

TECHNICAL TERMS AND ABBREVIATIONS (FOR ALL CUSTOMERS)**(Continued From Sheet No. A-26.00)****B. Company (Contd)**

Cycling – Alteration of the operating schedule of a customer's electrical air conditioner, heat pump or other qualifying device.

Energy and Demand Registering Meter – A device that registers customer kilowatt-hour use, peak demand and the on-peak demand.

Energy Efficiency Plan Surcharge (EE) – The EE Surcharge is permitted pursuant to Section 89 of 2008 PA 295 and as amended in 2016 PA 342. Through the application of the EE Surcharge, the rates for distribution service are adjusted to allow for recovery of the cost of the energy waste reduction (EWR) requirements included in 2008 PA 295 and as amended in 2016 PA 342. (Annually, a reconciliation shall be conducted pursuant to Section 97 of 2008 PA 295 and as amended in 2016 PA 342.) The approved EE Surcharges are shown on Sheet *No.* D-2.10.

Energy-Only Registering Meter – A device that registers customer kilowatt-hour use only.

Full Service Customer - A customer taking power supply and delivery service from the Company, even if on an irregular basis. With the exception of Wholesale Customers and Retail Open Access Customers, as defined in Rule E1.4(u) of the Company's Rate Book for Electric Service, customers are deemed to be Full Service Customers.

General Service Usage – Any use of electric energy that does not qualify for residential rates.

Hertz (Hz) – Cycle per second.

Horsepower (hp) – Unit of mechanical power equivalent to 746 watts of electrical power.

Industrial Usage for Emergency Electrical Procedures – Usage for application, other than those defined as residential or commercial, which qualify for a manufacturing industry code under the most current edition of the Standard Industrial Classification Manual and are associated with the manufacture of a product for sale including processing of a product from one form to another. It also includes usage for facilities directly associated with and on the same premises as the manufacturing business such as offices and warehouses.

Interval Data Meter – A device that registers customer kilowatt-hour use, peak demand, on-peak demand, and maximum demand.

Kilo (k) – Prefix meaning one thousand.

Kilowatt (kW) – Unit of electrical power representing rate of usage of energy, equivalent to about 1-1/3 Horsepower.

Kilowatt-hour (kWh) – Unit of electrical energy equivalent to the use of one Kilowatt for one hour.

Kilovolt-ampere (kVA) – Unit of apparent electrical power which at 100% Power Factor is equivalent to one Kilowatt.

Market Settlement Fee (MSF) – An adjustment to capture the resettlement of the Midwest Independent Transmission System Operator Real-Time Locational Market Price for the Company's lode node (designated as "CONS.CETR").

Maximum Demand (kW) – The highest 15-minute demand created during the current month or the previous 11 months.

Metered Voltage – The voltage at which service to the customer is measured.

Month – Unless preceded by the word "calendar," the term "month" will refer to a "billing month."

(Continued on Sheet No. A-28.00)

(Continued From Sheet No. C-64.00)

C12. ENERGY EFFICIENCY (EE)

C12.1 Energy Efficiency Program – Electric

This rule implements the energy waste reduction (EWR) requirements of 2008 PA 295 and as amended in 2016 PA 342 in accordance with Orders issued by the Commission in Case No. U-15805. The monthly Energy Efficiency surcharges to be applied to each Rate Schedule are shown on Sheet No. D-2.10 of this Rate Book.

The customer's consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the surcharge level for their applicable rate for the next billing period based on the customer's average consumption for the previous year. In situations where no historical consumption is available, the monthly surcharge level will be based on the lowest consumption category for the secondary Rate Schedules or the lowest consumption category for primary Rate Schedules. No retroactive adjustment will be made due to the application of the Energy Efficiency Program surcharge associated with increases or decreases in consumption.

A. Opt-In Option

- (1) *Customer-Owned lighting fixture customers served on General Service Unmetered Lighting Rate GUL and customers served on General Service Metered Lighting Rate GML are eligible to participate in the Energy Efficiency Program.*
- (2) *Customers served on General Service Self Generation Rate GSG-2 are eligible to participate in the Energy Efficiency Program. These customers shall be charged the Large General Service Primary Demand Rate GPD Tier 5: > 50,000 kWh/mo. rate per billing meter per month as shown on Sheet No. D-2.10.*

C12.2 Self-Directed Customer Plans

An eligible primary or secondary electric customer is exempt from the mandatory energy efficiency surcharge(s), with the exception of the surcharge funding low-income programs as well as review and evaluation costs, if the customer files and implements a self-directed energy efficiency plan.

A. Eligibility

- (1) Customers must have had an annual peak demand in the preceding year of at least 1 megawatt in the aggregate at all sites to be covered by the self-directed plan.
- (2) The customer and sites covered by an implemented self-directed plan are not eligible to participate in any energy efficiency program of the Company.

B. Requirements

- (1) A customer with a self-directed plan is required to pay the self-directed customer program surcharge.
- (2) In its Order dated December 4, 2008, in Case No. U-15800, the Commission stated "A self-direct energy optimization plan shall be considered complete, and the customer exempt from the Company's energy optimization surcharge in the next billing cycle after the start date for the first action item in the customer's self-direct energy optimization plan. This applies to a customer with a single site or several sites aggregated together. The plan, including the implementation schedule and expected energy savings, must be attested to as true and accurate by a knowledgeable official of the customer. Customers must comply with the statutory self-direct plan reporting requirements to retain the exemption from the surcharge." Additional information on self-directed plans is available to customers in Attachment E of that Order and Attachments A, B & C from the Order dated August 25, 2011 in Case No. U-16563.*
- (3) *The self-directed plan shall provide for aggregate energy savings that for each year meet or exceed the energy waste reduction performance standards based on the electricity purchases in the previous year for the site or sites covered by the self-directed plan.
- (4) Incremental Energy Savings each year through 2021 are equivalent to 1.0% of total annual retail electricity sales in megawatt hours in the preceding year.

(Continued on Sheet No. C-66.00)

SURCHARGES

Rate Schedule	Renewable Energy Plan Surcharge (Case No. U-17301) Effective beginning the July 2014 Billing Month⁽¹⁾⁽²⁾	Energy Efficiency Program Surcharge (Case No. U-20028) Effective beginning the February 2018 Billing Month⁽³⁾	Energy Efficiency Self-Directed Customer Surcharge (Case No. U-20028) Effective beginning the February 2018 Billing Month⁽³⁾
Residential Rates	\$ 0.00/billing meter	\$ 0.003101/kWh	NA
Rate GS, GSTU, and GSD ⁽¹⁾			
Tier 1: 0 – 1,250 kWh/mo.	\$ 0.00/billing meter	\$ 4.47/billing meter	\$ 0.11/billing meter
Tier 2: 1,251 – 5,000 kWh/mo.	0.00/billing meter	25.23/billing meter	0.65/billing meter
Tier 3: 5,001 – 30,000 kWh/mo.	0.00/billing meter	155.30/billing meter	3.87/billing meter
Tier 4: 30,001 – 50,000 kWh/mo.	0.00/billing meter	155.30/billing meter	3.87/billing meter
Tier 5: > 50,000 kWh/mo.	0.00/billing meter	155.30/billing meter	3.87/billing meter
Rate GP, GPD, GPTU and EIP ⁽¹⁾			
Tier 1: 0 – 5,000 kWh/mo.	\$ 0.00/billing meter	\$ 5.97/billing meter	\$ 0.20/billing meter
Tier 2: 5,001 – 10,000 kWh/mo.	0.00/billing meter	45.93/billing meter	1.75/billing meter
Tier 3: 10,001 – 30,000 kWh/mo.	0.00/billing meter	216.51/billing meter	4.52/billing meter
Tier 4: 30,001 – 50,000 kWh/mo.	0.00/billing meter	560.51/billing meter	9.04/billing meter
Tier 5: > 50,000 kWh/mo.	0.00/billing meter	123.89/billing meter	43.62/billing meter
Rate GSG-2	NA	NA ⁽⁴⁾	NA
Rate GML ⁽⁶⁾			
Tier 1: 0 – 1,250 kWh/mo.	\$ 0.00/billing meter	NA	NA
Tier 2: 1,251 – 5,000 kWh/mo.	0.00/billing meter	NA	NA
Tier 3: > 5,000 kWh/mo.	0.00/billing meter	NA	NA
Rate GUL ⁽⁶⁾⁽⁷⁾	0.00/luminaire	\$ 0.27/fixture per month	NA
Rate GU-XL ⁽⁶⁾	0.00/luminaire	NA	NA
Rate GU			
Tier 1: 0 – 1,250 kWh/mo.	0.00/billed account	NA	NA
Tier 2: 1,251 – 5,000 kWh/mo.	0.00/billed account	NA	NA
Tier 3: > 5,000 kWh/mo.	0.00/billed account	NA	NA
Rate PA	NA	NA	NA
Rate ROA-R, ROA-S, ROA-P	NA	As in Delivery Rate Schedule	As in Delivery Rate Schedule

All Surcharges shall be applied on a monthly basis. The customer's consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the Surcharge level for their applicable rate for the next billing period based on the customer's average consumption for the previous year. In situations where no historical consumption is available, the monthly Surcharge level will be based on the lowest consumption category for the secondary rate schedules or the lowest consumption category for primary rate schedules. No retroactive adjustment will be made due to the application of the REP or EE Surcharges associated with increases or decreases in consumption.

⁽¹⁾Municipal Pumping customers shall be excluded from the Renewable Energy Plan Surcharge.

⁽²⁾An eligible customer who files and implements a self-directed plan in compliance with Rule C12 is required to pay the Energy Efficiency Self-Directed Program Surcharge.

⁽³⁾An Energy Efficiency Program Surcharge amount may vary during specific months as authorized by the Michigan Public Service Commission. The Company will file a new tariff sheet to reflect any change in surcharges once the financial incentive recovery period has been completed.

⁽⁴⁾Rate GSG-2 Customers are eligible to opt-in to the Energy Efficiency Electric Program Surcharge. A GSG-2 customer electing to participate in the Energy Efficiency Electric Program will be charged the GPD, Tier 5: > 50,000 kWh/mo rate per billing meter per month.

⁽⁵⁾A Renewable Energy Plan Surcharge will be in effect for the period of the September 2009 Bill Month through the August 2029 Bill Month.

The amount may vary during specific months as authorized by the Michigan Public Service Commission. Applicable cases include Case Nos. U-15805, U-16543, U-16581 and U-17301.

⁽⁶⁾Customer-Owned lighting fixtures served on Rate GML, GUL and Rate GU-XL are eligible to opt-in to the Energy Efficiency Program Surcharge. A GML, GUL or GU-XL customer electing to participate in the Energy Efficiency Electric Program shall pay the Rate GUL Company-Owned Energy Efficiency Program Surcharge per fixture per month as shown above.

⁽⁷⁾Rate Schedule GUL Company-Owned lighting fixtures shall pay the per fixture surcharge monthly as shown above.

SURCHARGES

	<i>Energy Efficiency Program Surcharge (Case No. U-20372) Effective beginning the <u>March 2020 Billing Month</u> ⁽¹⁾</i>
<u>Rate Schedule</u>	
<i>Residential Rates</i>	
<i>Rate GS, GSTU, and GSD</i>	\$ 0.003469/kWh
<i>Tier 1: 0-1,250 kWh/mo.</i>	\$ 16.03/billing meter
<i>Tier 2: 1,251 – 5,000 kWh/mo.</i>	64.68/billing meter
<i>Tier 3: 5,001 – 30,000 kWh/mo.</i>	203.55/billing meter
<i>Tier 4: 30,001 – 50,000 kWh/mo.</i>	322.47/billing meter
<i>Tier 5: >50,000 kWh/mo.</i>	524.23/billing meter
<i>Rate GP, GPD, GPTU, and EIP</i>	
<i>Tier 1: 0-1,250 kWh/mo.</i>	\$ 19.75/billing meter
<i>Tier 2: 1,251 – 5,000 kWh/mo.</i>	71.63/billing meter
<i>Tier 3: 5,001 – 30,000 kWh/mo.</i>	295.86/billing meter
<i>Tier 4: 30,001 – 50,000 kWh/mo.</i>	620.18/billing meter
<i>Tier 5: >50,000 kWh/mo.</i>	1,387.16/billing meter
<i>Rate GSG-2 ⁽³⁾</i>	NA
<i>Rate GML ⁽³⁾⁽⁴⁾</i>	NA
<i>Rate GUL ⁽³⁾⁽⁴⁾</i>	\$ 0.27/fixture per month ⁽²⁾
<i>Rate GU-XL</i>	NA
<i>Rate GU</i>	NA
<i>Rate PA</i>	NA
<i>Rate ROA-R, ROA-S, ROA-P</i>	Same as Full Service Delivery Rate Schedule

⁽¹⁾ This is subject to all general terms and conditions as shown in Rule C12, Energy Efficiency. The Energy Efficiency Program Surcharge amount may vary during specific months as authorized by the Michigan Public Service Commission. The Company will file a new tariff sheet to reflect any change in surcharges once the financial incentive recovery period has been completed.

⁽²⁾ Company-Owned lighting fixture customers served on General Service Unmetered Lighting Rate GUL shall pay this surcharge. Rate codes 1455 and 1460 will not be charged this surcharge.

⁽³⁾ Additional Rate Schedules can opt-in to the Energy Efficiency Program as described in Rule C12., Energy Efficiency.

⁽⁴⁾ Lighting rates that choose to opt-in to the Energy Efficiency Program shall be assessed \$0.27 per fixture per month.

SURCHARGES

<u>Rate Schedule</u>	<i>Energy Efficiency Self-Directed Customer Surcharge (Case No. U-20372) Effective beginning the March 2020 Billing Month ⁽¹⁾</i>
<i>Residential Rates</i>	NA
<i>Rate GS, GSTU, and GSD</i>	
Tier 1: 0-1,250 kWh/mo.	\$ 1.03/billing meter
Tier 2: 1,251 – 5,000 kWh/mo.	4.18/billing meter
Tier 3: 5,001 – 30,000 kWh/mo.	14.11/billing meter
Tier 4: 30,001 – 50,000 kWh/mo.	20.09/billing meter
Tier 5: >50,000 kWh/mo.	31.63/billing meter
<i>Rate GP, GPD, GPTU, and EIP</i>	
Tier 1: 0-1,250 kWh/mo.	\$ 1.21/billing meter
Tier 2: 1,251 – 5,000 kWh/mo.	4.28/billing meter
Tier 3: 5,001 – 30,000 kWh/mo.	19.82/billing meter
Tier 4: 30,001 – 50,000 kWh/mo.	44.52/billing meter
Tier 5: >50,000 kWh/mo.	79.33/billing meter
<i>Rate GSG-2</i>	NA
<i>Rate GML</i>	NA
<i>Rate GUL</i>	NA
<i>Rate GU-XL</i>	NA
<i>Rate GU</i>	NA
<i>Rate PA</i>	NA
<i>Rate ROA-R, ROA-S, ROA-P</i>	Same as Full Service Delivery Rate Schedule

⁽¹⁾ An eligible customer who files and implements a self-directed plan in compliance with Rule C12 is required to pay the Energy Efficiency Self-Directed Program Surcharge.

GENERAL SERVICE UNMETERED LIGHTING RATE GUL
(Continued From Sheet No. D-90.00)

Monthly Rate: (Contd)

Green Generation Program:

Customer contracts for participation in the Green Generation Program shall be available to any eligible customer as described in Rule C10.2, Green Generation Program.

A customer who participates in the Green Generation Program is subject to the provisions contained in Rule C10.2, Green Generation Program.

General Terms, Surcharges, Power Supply Cost Recovery (PSCR) Factor and Power Plant Securitization Charges:

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00, Surcharges shown on Nos. D-2.00 through D-5.00, PSCR Factor shown on Sheet No. D-6.00 and the Power Plant Securitization Charges shown on Sheet No. D-7.00. ~~Customer-Owned Lighting customers who choose to participate in Energy Efficiency Program will have the Rate GUL Company-Owned Energy Efficiency Program Surcharge shown on Sheet No. D-2.10~~

Due Date and Late Payment Charge:

The due date of the customer bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance, net of taxes, shall be assessed to any bill which is not paid on or before the due date shown thereon.

Special Terms and Conditions:

The Company reserves the right to make special contractual arrangements as to term or duration of contract, termination charges, contribution in aid of construction, annual charges or other special considerations when the customer requests service, equipment or facilities not normally provided under this rate.

GENERAL UNMETERED EXPERIMENTAL LIGHTING RATE GU-XL
(Continued From Sheet No. D-93.00)

Facilities Policy (Contd)

Company-Owned Option (Contd)

- D. The Company will determine the type and size of all experimental lighting fixtures to be offered under this rate. The list of approved fixtures is subject to modification at the sole discretion of the Company to accommodate new product development and advances in technology. Upon customer request, the Company shall provide a list of experimental lighting available under this rate.
- E. The Company shall determine all associated equipment necessary to provide service under the Company-Owned Unmetered Experimental Lighting option.
- F. Any charges, deposits or contributions may be required in advance of commencement of construction.
- G. At the Company's discretion, any failed lighting fixtures may be converted to an equivalent LED at no cost to the customer if the customer agrees to the conversion. The replaced fixture will then be moved to General Unmetered Experimental Lighting Rate GU-XL upon completion of the installation.

Customer-Owned Option

If it is necessary for the Company to install distribution facilities to serve a customer-owned system, contributions and/or deposits for such additional facilities shall be calculated in accordance with the Company's general service line extension policy. Any charges, deposits or contributions may be required in advance of commencement of construction.

Monthly Rate

Power Supply Charges

Energy Charge:

Non-Capacity	Capacity	Total	
\$ 0.048281	\$ 0.000000	\$0.048281	per kWh for all kWh

This rate is subject to the Power Supply Cost Recovery (PSCR) Factor shown on Sheet No. D-4.00.

Delivery Charges Customer-Owned Option

Distribution Charge: \$0.042193 per kWh for all kWh

Delivery Charges Company-Owned Option

Distribution Charge: \$0.051752 per kWh for all kWh

Fixture Charge per Luminaire: \$6.00 per month

This rate is subject to the Surcharges shown on Sheet Nos. D-2.00 through D-5.00 and the Power Plant Securitization Charges shown on Sheet No. D-7.00. ~~Previous Rate GUL Company or Customer-Owned Energy Efficiency Program customers shall pay monthly the Rate GUL Company-Owned Energy Efficiency Program Surcharge shown on Sheet No. D-2.10 once they have converted to Rate GU-XL.~~

General Terms

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00.

Due Date and Late Payment Charge

The due date of the customer bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance, net of taxes, shall be assessed to any bill which is not paid on or before the due date shown thereon.

(Continued From Sheet No. C-64.00)

C12. ENERGY EFFICIENCY (EE)

C12.1 Energy Efficiency Program – Electric

This rule implements the energy waste reduction (EWR) requirements of 2008 PA 295 and as amended in 2016 PA 342 in accordance with Orders issued by the Commission in Case No. U-15805. The monthly Energy Efficiency surcharges to be applied to each Rate Schedule are shown on Sheet No. D-2.12 of this Rate Book *and shall be added with an existing fixed or volumetric charge on each eligible Rate Schedule as described below:*

- (1) *For all customers on Residential Rate Schedules, the Energy Efficiency Program Surcharge shall be added to the Distribution Charge for both Full Service and ROA customers each month.*
- (2) *For all eligible Nonresidential customers, the Energy Efficiency Program Surcharge shall be added to the System Access charge for both Full Service and ROA customers each month.*
- (3) *For all Company-Owned lighting fixture customers served on General Service Unmetered Lighting Rate GUL, the Energy Efficiency Program Surcharge shall be added to the Service Charge per Luminaire each month.*

The customer's consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the Surcharge level for their applicable rate for the next billing period based on the customer's average consumption for the previous year. In situations where no historical consumption is available, the monthly Surcharge level will be based on the lowest consumption category for the secondary rate schedules or the lowest consumption category for primary rate schedules. No retroactive adjustment will be made due to the application of the Energy Efficiency Program Surcharge associated with increases or decreases in consumption.

A. Opt-In Option

- (1) Customer-Owned lighting fixture customers served on General Service Unmetered Lighting Rate GUL and customers served on General Service Metered Lighting Rate GML are eligible to participate in the Energy Efficiency Program. *The Energy Efficiency Program Surcharge will be billed monthly as follows:*
 - a. *Customers on Rate GUL shall have the per fixture surcharge multiplied by the number of fixtures for the customer's account added to the Service Charge per Luminaire each month.*
 - b. *Customers on Rate GML shall have the per fixture surcharge multiplied by the number of fixtures for the customer's account added to the System Access Charge per billing meter per month.*
- (2) Customers served on General Service Self Generation Rate GSG-2 are eligible to participate in the Energy Efficiency Program. These customers shall be charged the Large General Service Primary Demand Rate GPD Tier 5: > 50,000 kWh/mo. rate per billing meter per month as shown on Sheet No. D-2.12. *The Energy Efficiency Program Surcharge will be added to the appropriate System Access Charge per billing meter per month.*

C12.2 Self-Directed Customer Plans

An eligible primary or secondary electric customer is exempt from the mandatory energy efficiency surcharge(s), with the exception of the surcharge funding low-income programs as well as review and evaluation costs, if the customer files and implements a self-directed energy efficiency plan.

A. Eligibility

- (1) Customers must have had an annual peak demand in the preceding year of at least 1 megawatt in the aggregate at all sites to be covered by the self-directed plan.
- (2) The customer and sites covered by an implemented self-directed plan are not eligible to participate in any energy efficiency program of the Company.

B. Requirements

- (1) A customer with a self-directed plan is required to pay the self-directed customer program surcharge. *It shall be added to the existing System Access Charge for both Full Service and ROA customers that qualify.*
- (2) In its Order dated December 4, 2008, in Case No. U-15800, the Commission stated "A self-direct energy optimization plan shall be considered complete, and the customer exempt from the Company's energy optimization surcharge in the next billing cycle after the start date for the first action item in the customer's self-direct energy optimization plan. This applies to a customer with a single site or several sites aggregated together. The plan, including the implementation schedule and expected energy savings, must be attested to as true and accurate by a knowledgeable official of the customer. Customers must comply with the statutory self-direct plan reporting requirements to retain the exemption from the surcharge." Additional information on self-directed plans is available to customers in Attachment E of that Order and Attachments A, B & C from the Order dated August 25, 2011 in Case No. U-16563.*
- (3) *The self-directed plan shall provide for aggregate energy savings that for each year meet or exceed the energy waste reduction performance standards based on the electricity purchases in the previous year for the site or sites covered by the self-directed plan.
- (4) Incremental Energy Savings each year through 2021 are equivalent to 1.0% of total annual retail electricity sales in megawatt hours in the preceding year.

(Continued on Sheet No. C-66.00)

SURCHARGES

Rate Schedule	Energy Efficiency Program Surcharge (Case No. U-20372) Effective beginning the March 2020 Billing Month⁽¹⁾		Distribution Charge for all Residential Rate Schedules		Total Distribution Charge⁽⁵⁾
Residential Rates	\$ 0.003469/kWh	+	\$0.047054/kWh	=	\$0.050523/kWh
			System Access Charge for each Non-Residential Rate Schedule	=	Total System Access Charge⁽⁵⁾
Rate GS and GSTU					
Tier 1: 0-1,250 kWh/mo.	\$ 16.03/billing meter	+	\$ 20.00/month	=	\$ 36.03/month
Tier 2: 1,251 – 5,000 kWh/mo.	64.68/billing meter	+	20.00/month	=	84.68/month
Tier 3: 5,001 – 30,000 kWh/mo.	203.55/billing meter	+	20.00/month	=	223.55/Month
Tier 4: 30,001 – 50,000 kWh/mo.	322.47/billing meter	+	20.00/month	=	342.47/Month
Tier 5: >50,000 kWh/mo.	524.23/billing meter	+	20.00/month	=	544.23/Month
Rate GSD					
Tier 1: 0-1,250 kWh/mo.	\$ 16.03/billing meter	+	\$ 30.00/month	=	\$ 46.03/month
Tier 2: 1,251 – 5,000 kWh/mo.	64.68/billing meter	+	30.00/month	=	94.68/month
Tier 3: 5,001 – 30,000 kWh/mo.	203.55/billing meter	+	30.00/month	=	233.55/Month
Tier 4: 30,001 – 50,000 kWh/mo.	322.47/billing meter	+	30.00/month	=	352.47/Month
Tier 5: >50,000 kWh/mo.	524.23/billing meter	+	30.00/month	=	554.23/Month
Rate GP					
Tier 1: 0-1,250 kWh/mo.	\$ 19.75/billing meter	+	\$ 100.00/month	=	\$ 119.75/month
Tier 2: 1,251 – 5,000 kWh/mo.	71.63/billing meter	+	100.00/month	=	171.63/Month
Tier 3: 5,001 – 30,000 kWh/mo.	295.86/billing meter	+	100.00/month	=	395.86/Month
Tier 4: 30,001 – 50,000 kWh/mo.	620.18/billing meter	+	100.00/month	=	720.18/Month
Tier 5: >50,000 kWh/mo.	1,387.16/billing meter	+	100.00/month	=	1,487.16/Month
Rate GPD, GPTU, and EIP					
Tier 1: 0-1,250 kWh/mo.	\$ 19.75/billing meter	+	\$ 200.00/month	=	\$ 219.75/month
Tier 2: 1,251 – 5,000 kWh/mo.	71.63/billing meter	+	200.00/month	=	271.63/Month
Tier 3: 5,001 – 30,000 kWh/mo.	295.86/billing meter	+	200.00/month	=	495.86/Month
Tier 4: 30,001 – 50,000 kWh/mo.	620.18/billing meter	+	200.00/month	=	820.18/Month
Tier 5: >50,000 kWh/mo.	1,387.16/billing meter	+	200.00/month	=	1587.16/Month
Rate GSG-2 ⁽³⁾	NA		NA		NA
Rate GML ⁽³⁾⁽⁴⁾	NA		NA		NA
Rate GUL ⁽³⁾⁽⁴⁾	\$ 0.27/fixture per month ⁽²⁾		NA		NA
Rate GU-XL	NA		NA		NA
Rate GU	NA		NA		NA
Rate PA	NA		NA		NA
Rate ROA-R, ROA-S, ROA-P	Same as Full Service Delivery Rate Schedule		Same as Full Service Delivery Rate Schedule		Same as Full Service Delivery Rate Schedule

⁽¹⁾ This is subject to all general terms and conditions as shown in Rule C12, Energy Efficiency. The Energy Efficiency Program Surcharge amount may vary during specific months as authorized by the Michigan Public Service Commission. The Company will file a new tariff sheet to reflect any change in surcharges once the financial incentive recovery period has been completed.

⁽²⁾ Company-Owned lighting fixture customers served on General Service Unmetered Lighting Rate GUL shall pay this surcharge. Rate codes 1455 and 1460 will not be charged this surcharge.

⁽³⁾ Additional Rate Schedules can opt-in to the Energy Efficiency Program as described in Rule C12., Energy Efficiency.

⁽⁴⁾ Lighting rates that choose to opt-in to the Energy Efficiency Program shall be assessed \$0.27 per fixture per month.

⁽⁵⁾ This charge will be shown on the monthly utility bill using the methodology as described in Rule C12, Energy Efficiency.

SURCHARGES

		Energy Efficiency Self-Directed Customer Surcharge (Case No. U-20372) Effective beginning the March 2020 Billing Month⁽¹⁾				
Rate Schedule		N/A				
Residential Rates						
					<i>System Access Charge for each Non-Residential Rate Schedule</i>	<i>Total System Access Charge ⁽²⁾</i>
Rate GS and GSTU						
Tier 1: 0-1250 kWh/mo.	\$ 1.03/billing meter	+	\$ 20.00/month	=	\$ 21.03/month	
Tier 2: 1,251 – 5000 kWh/mo.	4.18/billing meter	+	20.00/month	=	24.18/month	
Tier 3: 5,001 – 30,000 kWh/mo.	14.11/billing meter	+	20.00/month	=	34.11/month	
Tier 4: 30,001 – 50,000 kWh/mo.	20.09/billing meter	+	20.00/month	=	40.09/month	
Tier 5: >50,000 kWh/mo.	31.63/billing meter	+	20.00/month	=	51.63/month	
Rate GSD						
Tier 1: 0-1250 kWh/mo.	\$ 1.03/billing meter	+	\$ 30.00/month	=	\$ 31.03/month	
Tier 2: 1,251 – 5000 kWh/mo.	4.18/billing meter	+	30.00/month	=	34.18/month	
Tier 3: 5,001 – 30,000 kWh/mo.	14.11/billing meter	+	30.00/month	=	44.11/month	
Tier 4: 30,001 – 50,000 kWh/mo.	20.09/billing meter	+	30.00/month	=	50.09/month	
Tier 5: >50,000 kWh/mo.	31.63/billing meter	+	30.00/month	=	51.63/month	
Rate GP						
Tier 1: 0-1250 kWh/mo.	\$ 1.21/billing meter	+	\$ 100.00/month	=	\$ 101.21/month	
Tier 2: 1,251 – 5000 kWh/mo.	4.28/billing meter	+	100.00/month	=	104.28/month	
Tier 3: 5,001 – 30,000 kWh/mo.	19.82/billing meter	+	100.00/month	=	119.82/month	
Tier 4: 30,001 – 50,000 kWh/mo.	44.52/billing meter	+	100.00/month	=	144.52/month	
Tier 5: >50,000 kWh/mo.	79.33/billing meter	+	100.00/month	=	179.33/month	
Rate GPD, GPTU, and EIP						
Tier 1: 0-1250 kWh/mo.	\$ 1.21/billing meter	+	\$ 200.00/month	=	\$ 201.21/month	
Tier 2: 1,251 – 5000 kWh/mo.	4.28/billing meter	+	200.00/month	=	204.28/month	
Tier 3: 5,001 – 30,000 kWh/mo.	19.82/billing meter	+	200.00/month	=	219.82/month	
Tier 4: 30,001 – 50,000 kWh/mo.	44.52/billing meter	+	200.00/month	=	244.52/month	
Tier 5: >50,000 kWh/mo.	79.33/billing meter	+	200.00/month	=	279.33/month	
Rate GSG-2	N/A		N/A		N/A	
Rate GML	N/A		N/A		N/A	
Rate GUL	N/A		N/A		N/A	
Rate GU-XL	N/A		N/A		N/A	
Rate GU	N/A		N/A		N/A	
Rate PA	N/A		N/A		N/A	
Rate ROA-R, ROA-S, ROA-P	Same as Full Service Delivery Rate Schedule		Same as Full Service Delivery Rate Schedule		Same as Full Service Delivery Rate Schedule	

⁽¹⁾ An eligible customer who files and implements a self-directed plan in compliance with Rule C12 is required to pay the Energy Efficiency Self-Directed Program Surcharge.

⁽²⁾ This charge will be shown on the monthly utility bill using the methodology as described in Rule C12, Energy Efficiency.

SURCHARGE

Each Rate Schedule may be subject to Rule No. C8., Customer Attachment Program.

Rate Schedule	Energy Efficiency⁽¹⁾ Program Surcharge (Case No. U-20028 20372) Effective beginning the⁽²⁾ <u>January 2019</u> <u>March 2020 Billing Month</u>⁽²⁾	Energy Efficiency Large-Gas Transportation Opt-Out Pilot Program Surcharge (Case No. U-16670)⁽³⁾
Rate A	\$0.2367 0.2622/Mcf	NA
Rate A-1	0.2367 0.2622/Mcf	NA
Rate GS-1	0.3496 0.4365/Mcf	NA
Rate GS-2	0.3496 0.4365/Mcf	NA
Rate GS-3		
0 – 100,000 / Year	0.3496 0.4365/Mcf	NA
> 100,000 / Year	0.0117 0.0140/Mcf	NA
Rate GL	NA	NA
Rate ST		
0 – 100,000 / Year	0.3496 0.4365/Mcf	NA
> 100,000 / Year	0.0117 0.0140/Mcf	\$0.0018/Mcf
Rate LT		
0 – 100,000 / Year	0.3496 0.4365/Mcf	NA
> 100,000 / Year	0.0117 0.0140/Mcf	0.0018/Mcf
Rate XLT		
0 – 100,000 / Year	0.3496 0.4365/Mcf	NA
> 100,000 / Year	0.0117 0.0140/Mcf	0.0018/Mcf
Rate XXLT		
0 – 100,000 / Year	NA	NA
> 100,000 / Year	0.0117 0.0140/Mcf	0.0018/Mcf
Rate CC	Per applicable distribution Rate Schedule	NA

(1) All surcharges shall be applied on a monthly basis. The customer's consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the surcharge level for their applicable rate for the next billing period based on the customer's average consumption for the previous year. No retroactive adjustment will be made due to the application of EE surcharges associated with increases or decreases in consumption.

(2) An Energy Efficiency Program Surcharge amount may vary during specific months as authorized by the Michigan Public Service Commission. The Company will file a new tariff sheet to reflect any change in surcharges once the financial incentive recovery period has been completed.

(3) Gas Transportation customers on Rate ST, LT, XLT, or XXLT using more than 100,000 Mcf per year may be eligible to opt-out of the Energy Efficiency program. Eligible customers who elect to opt-out of the Energy Efficiency program will pay the Energy Efficiency Large-Gas Transportation Opt-Out Pilot Program surcharge per Mcf on a monthly basis. Eligibility is determined solely by the Company and is dependent upon terms and conditions of the Energy Efficiency Large-Gas Transportation Customer Opt-Out Pilot Program as authorized in the April 17, 2012 order in Case No. U-16670.

SURCHARGE

Each Rate Schedule may be subject to Rule No. C8., Customer Attachment Program.

<u>Rate Schedule</u>	<u>Energy Efficiency Large Gas Transportation Opt-Out Program Surcharge (Case No. U-20372) Effective Beginning the March 2020 Billing Month ⁽¹⁾</u>
Rate A	NA
Rate A-1	NA
Rate GS-1	NA
Rate GS-2	NA
Rate GS-3	NA
Rate GL	NA
Rate ST	
> 100,000 / Year	\$0.0031/Mcf
Rate LT	
> 100,000 / Year	0.0031/Mcf
Rate XLT	
> 100,000 / Year	0.0031/Mcf
Rate XXL	
> 100,000 / Year	0.0031/Mcf
Rate CC	NA

⁽¹⁾ Gas Transportation customers on Rate ST, LT XLT, or XXL using more than 100,000 Mcf per year may be eligible to opt-out of the Energy Efficiency program. Eligible customers who elect to opt-out of the Energy Efficiency program will pay the Energy Efficiency Large Gas Transportation Opt-Out Program surcharge per Mcf on a monthly basis. Eligibility is determined solely by the Company and is dependent upon terms and conditions of the Energy Efficiency Large Gas Transportation Customer Opt-Out Program as authorized in the April 17, 2012 order in Case No. U-16670.

SURCHARGE

Each Rate Schedule may be subject to Rule No. C8., Customer Attachment Program.

Rate Schedule	Energy Efficiency ⁽¹⁾ Program Surcharge (Case No. U-20372) Effective beginning the March 2020 Billing Month ⁽²⁾		<i>Distribution Charge per Mcf for all Mcf</i>		<i>Total Distribution Charge ⁽³⁾</i>
Rate A	\$0.2622/Mcf	+	\$3.6139/Mcf	=	\$3.8761/Mcf
Rate A-1	0.2622/Mcf	+	3.6139/Mcf	=	3.8761/Mcf
Rate GS-1	0.4365/Mcf	+	3.2637/Mcf	=	3.7002/Mcf
Rate GS-2	0.4365/Mcf	+	2.4491/Mcf	=	2.8856/Mcf
Rate GS-3					
0 – 100,000 / Year	0.4365/Mcf	+	1.9682/Mcf	=	2.4047/Mcf
> 100,000 / Year	0.0140/Mcf	+	1.9682/Mcf	=	1.9822/Mcf
Rate GL	NA				
			<i>Transportation Charge per Mcf for all Mcf</i>		<i>Total Transportation Charge ⁽³⁾</i>
Rate ST					
0 – 100,000 / Year	0.4365/Mcf	+	\$1.1487/Mcf	=	\$1.5852/Mcf
> 100,000 / Year	0.0140/Mcf	+	1.1487/Mcf	=	1.1627/Mcf
Rate LT					
0 – 100,000 / Year	0.4365/Mcf	+	0.9265/Mcf	=	1.3630/Mcf
> 100,000 / Year	0.0140/Mcf	+	0.9265/Mcf	=	0.9405/Mcf
Rate XLT					
0 – 100,000 / Year	0.4365/Mcf	+	0.7719/Mcf	=	1.2084/Mcf
> 100,000 / Year	0.0140/Mcf	+	0.7719/Mcf	=	0.7859/Mcf
Rate XXL					
0 – 100,000 / Year	NA		NA	=	NA
> 100,000 / Year	0.0140/Mcf	+	0.4350/Mcf	=	0.4490/Mcf
Rate CC	Per applicable distribution Rate Schedule				

⁽¹⁾ All surcharges shall be applied on a monthly basis. The customer's consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the surcharge level for their applicable rate for the next billing period based on the customer's average consumption for the previous year. No retroactive adjustment will be made due to the application of EE surcharges associated with increases or decreases in consumption.

⁽²⁾ An Energy Efficiency Program Surcharge amount may vary during specific months as authorized by the Michigan Public Service Commission. The Company will file a new tariff sheet to reflect any change in surcharges once the financial incentive recovery period has been completed.

⁽³⁾ The Energy Efficiency Program Surcharge and either the Distribution or Transportation Charge per Mcf for all Mcf for each rate will be added and shown as above on the monthly utility bill for all customers.

SURCHARGE

Each Rate Schedule may be subject to Rule No. C8., Customer Attachment Program.

Rate Schedule	Energy Efficiency Large Gas Transportation Opt-Out Program Surcharge ⁽¹⁾ (Case No. U-20372) Effective beginning the <u>March 2020 Billing Month</u>		<i>Transportation Charge per Mcf for all Mcf</i>		<i>Total Transportation Charge ⁽²⁾</i>
Rate A	NA		NA		NA
Rate A-1	NA		NA		NA
Rate GS-1	NA		NA		NA
Rate GS-2	NA		NA		NA
Rate GS-3	NA		NA		NA
Rate GL	NA		NA		NA
Rate ST > 100,000 / Year	\$0.0031/Mcf	+	\$1.1487/Mcf	=	\$1.1518/Mcf
Rate LT > 100,000 / Year	0.0031/Mcf	+	0.9265/Mcf	=	0.9296/Mcf
Rate XLT > 100,000 / Year	0.0031/Mcf	+	0.7719/Mcf	=	0.7750/Mcf
Rate XXL > 100,000 / Year	0.0031/Mcf	+	0.4350/Mcf	=	0.4381/Mcf
Rate CC	N/A				

⁽¹⁾ Gas Transportation customers on Rate ST, LT, XLT, or XXL using more than 100,000 Mcf per year may be eligible to opt-out of the Energy Efficiency program. Eligible customers who elect to opt-out of the Energy Efficiency program will pay the Energy Efficiency Large Gas Transportation Opt-Out Program surcharge per Mcf on a monthly basis. *This surcharge will be added to the Transportation charge for each applicable Rate Schedule.* Eligibility is determined solely by the Company and is dependent upon terms and conditions of the Energy Efficiency Large Gas Transportation Customer Opt-Out Program as authorized in the April 17, 2012 order in Case No. U-16670.

⁽²⁾ *The Energy Efficiency Large Gas Transportation Opt-Out Program Surcharge and the Transportation Charge per Mcf for all Mcf will be added and shown as above on the monthly utility bill for all customers.*

ATTACHMENT B

Attachment B - Multifamily Program Enhancements

2020-2023 (U-20372)

Program Description

Historically, the multifamily housing sector has faced numerous challenges to providing a seamless, one contact experience. To address this challenge, beginning in 2016, Consumers Energy extended its Multifamily Program offering to include a one-stop shop for Multifamily property owners. This strategy included adding the affordable housing sector. The affordable housing definition includes public, subsidized, and unsubsidized affordable housing. To keep the focus on a simplified and seamless participation experience, energy efficiency services will continue to be provided through one implementation contractor.

Another internal challenge we plan to address is program investment allocations. While receiving service from Consumers Energy will still be a participation requirement, historically, the multifamily customer's utility rate (residential or business) would determine if funding was being provided by the portion of company's residential or business program budgets within the Multifamily program. To address this issue, we will no longer use the utility rate code to determine eligibility. Instead, multifamily properties with three or more units will be eligible to participate regardless of whether they are on a residential or business rate. The Multifamily Program provides benefits to both residential (tenants) and business customers (property owners) and therefore all program investment should be considered in total to serve customers, not a utility rate.

The program is intended to assist two primary customer segments; 1) market rate and 2) low income multifamily property owners and tenants. The goal is to help these customers understand their buildings energy use, achieve immediate energy savings through no-cost direct install measures, and move beyond initial measures to deliver investment in prescriptive and/or custom measures in order to achieve deeper energy savings. This approach will help to move customers along in their energy efficiency journey and enable easy engagement with the program, depending on what energy efficiency services they are seeking. The program will seek to drive property owners to achieve maximum savings possible by offering seamless access to incentives for energy efficiency upgrades, regardless of the income status, rate class or fuel type. In single-fuel areas, Consumers Energy staff will collaborate with other utility program staff to help provide a comprehensive energy efficiency solution.

Properties will have access to incentives for both in-unit tenant spaces and common area spaces. The allocation of energy savings between these spaces, fuel types and rate classes will occur "behind the scenes" in order to avoid any customer confusion and provide for an exceptional participation experience.

This One-Stop Shop approach will be achieved using existing proven approaches and best practices, as well as new program design features.

Existing Features:

- Whole–building approach to savings through prescriptive & custom measures
- Identification and direct outreach to multifamily properties
- Building Assessment that includes an Energy Savings Report – this will be offered to every property, however, customers can still forgo the assessment if they choose
- Direct install of energy saving electric and natural gas products – will continue to be offered covering 100% of the incentive
- Guidance through the process and paperwork from an assigned energy advisor
- Multiple Measure Bonus of 15% will be offered to properties that complete retrofits within at least two measure categories
- Subsidized and unsubsidized multifamily budgets will be combined and treated as one budget for low income customers, indifferent of the rate or subsidies that the customer may or may not receive. Low income is defined as follows: Properties with 66% or greater of tenants living at or under 200% of the federal poverty level and/or properties participating in affordable housing programs under HUD, USDA, LIHTC, or other entities.
- For low income customers that are commercial master metered or are LIHTC applicants, program staff will provide benchmarking results from ENERGY STAR® Portfolio Manager of the past twelve months of energy usage. Benchmarking results will also be available through the landlord portal for individually-metered properties enrolled in the portal.

New Inclusions for Multifamily Low income – Beginning 2020:

Program Design

1. Expand eligibility to include 80% of Area Median Income, participation in an affordable housing program, and Consumers Energy's pre-approved income-qualified Census tracts.
2. Laundry Measures: In 2020, the Company will evaluate including these measures in the offering as well as providing an assessment, in collaboration with DTE Energy (DTE) if DTE agrees to participate. If measures evaluated prove to be cost effective and provide adequate savings towards the program goals, beginning no later than 2021, the Company will include the following:
 - a. Add residential and commercial laundry equipment rebates.
 - b. Make leased common area laundry room equipment eligible for rebates and add an assessment of common area laundry rooms to the current energy assessment. Beginning in 2020, as part of energy assessment, record end date of current lease.
3. Extend the rebate reservation time period from 18 + 2 months to 24 + 2 months, at a minimum for properties currently applying for LIHTC or currently planning/undergoing a LIHTC-funded rehabilitation. While the time period afforded customers in the current rebate reservation system has not been raised as a barrier to participation, the Company can test whether extending this period encourages participation.

4. Add a checkbox on the application asking whether the property is currently applying for LIHTC or currently planning/undergoing an LIHTC-funded rehabilitation.
5. Include a way to offer weatherization (blown-in insulation, air sealing, weather-stripping, and caulking) as a gas measure throughout the year by offering these with a co-pay.
6. If DTE agrees to do the following for its income-eligible multifamily program starting by January 2021 at the latest, reciprocally, Consumers Energy will agree to do so on the same timeline, and vice versa (applies to each item individually, not all or nothing):
 - a. Collaborative Assessment and Report
 - i. Consumers Energy energy assessment will screen for both potential electric and potential gas improvements when DTE is the provider of one of those fuels; and
 - ii. Consumers Energy energy assessment report will include all recommended available rebates from both fuels when DTE is the provider of one of those fuels.
 - b. Collaborative Application
 - i. Consumers Energy implementers will assist applicants in filling out and submitting the applications for both Consumers Energy's and DTE's income-eligible multifamily programs (rather than referring applicant to DTE); or
 - ii. Consumers Energy will use a combined application agreed to by both Consumers Energy and DTE that enrolls an applicant in both programs via a single application.
 - iii. Consumers Energy agrees to explore additional ways to collaborate with DTE on applications for rebates.
 - c. Continue collaborative direct install
 - i. Deliver both gas and electric direct install items via a single visit (whether by one or more installers).

Program Incentives

- Direct install measures, when installed by program staff, will continue to be provided free of charge, regardless of who pays the utility bill.
- Low income incentive levels for in-unit measures that reduce tenant-paid utility bills (in-unit electric measures, in-unit DHW system improvements, and/or in-unit heating system where tenants are paying for heat), will cover at least 20% of total cost (including both equipment and labor), and will average at least 40- 50% of total project cost.
- Low income incentive levels for envelope measures or for measures that reduce owner-paid utility bills (common area, central building systems, or in unit owner-paid building systems, as well as in-unit measures in master-metered buildings) will cover at least 20% of total cost (including both equipment and labor), and will average 40 - 50% of total project cost.

The level of incentives per building will be flexible depending on the nature of the savings opportunities in the building and the severity of the barriers faced by the building owner in addressing those opportunities but will not be less than stated above.

Energy Savings & Incentive Investment

a) Multifamily Income Qualified Projected Energy Savings

Program Year	MWh		Mcf	
	First Year	Lifetime	First Year	Lifetime
2020	4,850	44,820	56,920	743,338
2021	5,167	49,041	64,909	848,493
2022	5,571	54,535	74,292	972,587
2023	5,102	61,964	85,327	1,118,839

b) Multifamily Income Qualified Projected Investment

	2020	2021	2022	2023
Low Income (includes public, subsidized and unsubsidized housing)	\$8.5M	\$9.6M	\$9.1M	\$9.9M

Property Level Data

- # of properties and units served – for a single property all savings and measures will be reported together
- # of properties that received benchmarking services from the Landlord Portal
- # of properties that received an energy assessment from the program (excluding LIHTC properties that received an ASHRAE Level 2 Audit)
- # of properties that received an ASHRAE Level 2 Audit
- # of properties that installed 2 or more prescriptive or custom measures
- # of Subsidized and Unsubsidized properties participating: In order to have the ability to track subsidized and unsubsidized properties served, a check box will be added to the application where the customer will self-identify property type
- Overall conversion rate aka what % of projects moved from assessment/direct install to prescriptive/custom, and (2) conversion rates by measure (e.g. 3% of furnaces recommended and 10% of common area lighting measures recommended were followed through on within 6 months, 12 months, 18 months, etc.).

Measure Level Data

- # of properties reported above that received incentives in the following categories:
 - HVAC
 - Insulation
 - Lighting
 - Domestic Hot Water
 - Custom

- Total # of installations, in the properties reported above, for each DI measure
- # of properties that participated only in DI
- # of properties that received only prescriptive or custom incentives
- # of properties that received both direct install and prescriptive and/or custom incentives

Investment Data

- Total incentive spending (by fuel)
- Total non-incentive spending (by fuel)
- Incentives as a portion of total actual or estimated project cost (including both materials and labor)
 - For direct install (assume 100% covered)
 - For prescriptive/custom
 - Overall (direct install and prescriptive/custom)
 - Average % of project total cost covered by incentives (exclusive of direct install)

Savings Data

- MWh savings achieved in paid installations
- Mcf savings achieved in paid installations

Outreach Data

- # of phone program inquiries by qualified owners/managers
- # of electronic program inquiries received in general email inbox or Hubspot responses
- # of site visits completed by outreach staff
- # of conversations with MSHDA staff

Other

- Information on Multifamily Low-Income collaboration efforts, presented in coordination with DTE Energy

Reporting for Low income Multifamily on a bi-annual basis:

Reporting timeline – The first bi-annual report will be issued no later than 8/15 of the current program year and include data from 1/1 through 6/30 of the current program year, and the second report will be issued no later than April 1 following the program year end and include data from 7/1 through 12/31 of the reported program year.

Description of Services

Customer Qualification & Acquisition

Energy Advisors from the program team will engage in focused, proactive outreach activities to identify qualifying customers. Energy Advisors will be responsible for:

- Educating property managers about the program and its benefits
- Facilitating the customers participation in the program, beginning with Building Assessment, along with scheduling Direct Install, and identifying and supporting the customer through prescriptive/custom projects

The following sources may be used to identify and target low income participants:

- Low Income Housing Tax Credit Applicant Information (LIHTC)
- Census Tract data
- Low Income housing providers
- Housing Authorities
- HUD and USDA
- MSHDA

Other sources may be used that are not otherwise listed above.

Project Management

The Building Assessment will identify larger energy saving projects requiring customer investment and trade ally participation. Energy Advisors and Engineers will provide project management support through the following methods:

- Support prioritizing projects based on the customer's criteria (payback, cost, incentives) – this information will be available through the Energy Savings Report
- Assistance identifying and connecting owners with local trade allies
- Assistance completing the incentive application
- Post inspection of completed projects*
- Referrals to program partners for available financing options

*Note: Due to the large volume of projects received in a program year post inspections cannot be completed on 100% of projects. Inspections will be conducted according to the guidelines in the Policies and Procedures manual.

Building Assessment and Energy Savings Report

Some customers will receive a Building Assessment of their property with opportunities identified delivered in an Energy Savings Report. The on-site building assessment will include:

- Entry into attics, crawlspaces, and roofs
- Review of construction documents (if available)
- Blower door tests (if applicable)
- Conversations with operations and maintenance staff

Upon completion of the on-site Building Assessment the customer will receive a written and/or electronic copy of the Energy Savings Report. The report will provide specific recommendations for retrofit opportunities and serve as the basis for qualifying and prioritizing projects going forward. The Energy Savings Report will contain the following information:

- Report of current building conditions
- Recommendations for energy efficiency upgrades including,
- Equipment specifications
- Estimated energy savings
- Estimated cost savings
- Estimated project payback
- Available program incentives

A database of existing equipment conditions collected from these assessments will allow program staff to provide follow-up and advice to customers based on the specific recommendations in their report. If the customer is unable to make an immediate investment this database will allow the program team to provide long-term support and engagement with the customer through follow-up on opportunities.

Direct Install

After completion of the Building Assessment, the customer will be scheduled to receive direct installation of no cost energy savings measures at their facility, if they have not already completed these either on their own or through the program. No cost items will be installed by program staff as dictated by program rules in order to provide direct benefits to participants. Measures will be installed in-unit and in common areas to maximize energy savings. Measures include both electric and natural gas as listed here:

- LED lighting
- Low-flow showerheads
- Kitchen and bath aerators
- Pipe wrap
- Thermostats (where applicable)
- In-unit smart 7 plug power strips

- Shower start valves
- In-unit refrigerator replacement

Benchmarking

Qualifying customers who have expressed interest in tracking their energy performance may have their facilities enrolled in ENERGY STAR Portfolio Manager, or other benchmarking software in order to benchmark the performance of their facility pre and post project completion. This will be executed through a referral process to the Consumers Energy Landlord Portal by program staff. Benchmarking will be utilized as a tool to help multifamily property owners and managers better understand the energy use of their buildings and the factors that impact overall performance.

Incentives

In addition to the direct install measures offered, the following incentive types will be available:

Prescriptive Incentives: Incentives are paid on a per measure basis where a standard savings value per measure has been deemed. Measures are offered in the following categories:

- Lighting
- Mechanical
- Building Envelope & Controls

Custom Incentives: Paid on a per measure basis with savings calculated specifically for each project. These incentives are intended to cover all energy saving measures that are not included in the prescriptive measures and are paid on cents per kWh saved and dollars per MCF of natural gas saved.

Multiple Measure Bonus Incentive: Customers are eligible to receive this bonus of 15% when completing measure in two or more measure categories as listed in the application.

Low Income Housing Tax Credits (LIHTC) Properties

Consumers Energy will cover up to 100% of an ASHRAE Level 2 audit, not to exceed \$10,000 per property for properties applying for LIHTC through MSHDA. Consumers Energy will use a vetted group of third party service providers to complete these audits for qualifying properties.

Properties applying for LIHTC will also be eligible to receive an 18 month reservation for their project. Upon submission of the pre-application, the applicant will also be required to provide proof of tax credit approval in order to be eligible for the 18 month reservation timeline.

Consumers Energy will work with MSHDA to get connected with tax credit applicants and to obtain a list of applicants allocated tax credits in the current cycle.

ATTACHMENT C

2020 - 2023 Energy Efficiency Plan Performance Metrics
Electric Service

Line No.	Performance Metric	Description	Weight	Year	Performance Requirements		Financial Incentive ⁽¹⁾⁽²⁾ (% of Investment)	
					Minimum	Maximum	Minimum	Maximum
1	Lifetime Energy Savings	Lifetime MWh savings for exceeding 1.0% annual reduction (based on a sliding scale)	80.00%	2020	3,316,164 MWh	4,974,247 MWh		
				2021	3,517,125 MWh	5,275,688 MWh		
				2022	3,566,304 MWh	5,349,456 MWh	12.00%	16.00%
				2023	3,680,790 MWh	5,521,185 MWh		
2	Low Income Investment ⁽³⁾	Investment in low income programs	12.50%	2020	\$ 3,690,897	\$ 5,536,346		
				2020	\$ 3,339,821	\$ 5,009,732		
				2021	\$ 5,610,274	\$ 8,415,411	1.50%	2.50%
				2021	\$ 3,673,562	\$ 5,510,343		
3	Low Income Cold Climate Heat Pump Installations ⁽⁴⁾⁽⁵⁾	Installations of heat pumps for income qualified customers.	12.50%	2020				
				2021			1.50%	2.50%

150: At least one-third must be installed in multifamily buildings.

500: At least one-third must be installed in multifamily buildings.

The higher of (A) 150 and (B) 2020 installations. At least one-third must be installed in multifamily buildings.

The higher of (A) 500 and (B) 1.5 times 2020 installations. At least one-third must be installed in multifamily buildings.

Notes:

- (1) Eligibility to earn financial incentives is determined first by demonstrating achievement of the annual incremental savings thresholds established in Section 75 of Public Act 342 of 2016.
- (2) Financial incentive based on sliding scale between minimum and maximum caps. Total not to exceed 100% of the financial incentive cap of 20%.
- (3) Low income single and multifamily program budgets must be expended to earn any incentive related to the low income metrics (Lines 2 and 3).
- (4) Low income heat pump installation requirements for 2021 and beyond to be determined by number of installations completed in the previous year.
- (5) For a cold climate heat pump to qualify it must be either a ground source heat pump or an air source heat pump that can produce its full nameplate heating capacity at 5 degrees F with a COP of at least 1.75

Consumers Energy - Energy Waste Reduction Program											
Recommended Financial Incentive Structure for Electric											
Legislative First Year Savings Tiers			Metric 1: Lifetime Savings (MWh)			Metric 2: Low Income Investment (\$1,000)			Metric 3: Low Income Heat Pump Installations		
			Minimum Basis (100%) Year 2020 = 3,316,164 Year 2021 = 3,517,125 Year 2022 = 3,566,304 Year 2023 = 3,680,790			Minimum Basis (100%) Year 2020 = \$7,031 Year 2021 = \$9,284 Year 2022 = TBD Year 2023 = TBD			Minimum Basis (100%) to Max. Year 2020 = 150 to 500 Year 2021 = TBD Year 2022 = TBD Year 2023 = TBD		
			Savings weighted at 80%			Weighted at 12.5%			Weighted at 12.5%		
	% Savings	% Incentive		Weight	% Incentive		Weight	% Incentive		Weight	% Incentive
Tier 1	1.00%	15.00%	Tier 1	100%	12.00%	Tier 1	100%	1.50%	Tier 1	100%	1.50%
	1.01%	15.10%		101%	12.08%		101%	1.52%		101%	1.52%
	1.02%	15.20%		102%	12.16%		102%	1.54%		102%	1.54%
	1.03%	15.30%		103%	12.24%		103%	1.56%		103%	1.56%
	1.04%	15.40%		104%	12.32%		104%	1.58%		104%	1.58%
	1.05%	15.50%		105%	12.40%		105%	1.60%		105%	1.60%
	1.06%	15.60%		106%	12.48%		106%	1.62%		106%	1.62%
	1.07%	15.70%		107%	12.56%		107%	1.64%		107%	1.64%
	1.08%	15.80%		108%	12.64%		108%	1.66%		108%	1.66%
	1.09%	15.90%		109%	12.72%		109%	1.68%		109%	1.68%
	1.10%	16.00%		110%	12.80%		110%	1.70%		110%	1.70%
	1.11%	16.10%		111%	12.88%		111%	1.72%		111%	1.72%
	1.12%	16.20%		112%	12.96%		112%	1.74%		112%	1.74%
	1.13%	16.30%		113%	13.04%		113%	1.76%		113%	1.76%
	1.14%	16.40%		114%	13.12%		114%	1.78%		114%	1.78%
	1.15%	16.50%		115%	13.20%		115%	1.80%		115%	1.80%
	1.16%	16.60%		116%	13.28%		116%	1.82%		116%	1.82%
	1.17%	16.70%		117%	13.36%		117%	1.84%		117%	1.84%
	1.18%	16.80%		118%	13.44%		118%	1.86%		118%	1.86%
	1.19%	16.90%		119%	13.52%		119%	1.88%		119%	1.88%
	1.20%	17.00%		120%	13.60%		120%	1.90%		120%	1.90%
	1.21%	17.10%		121%	13.68%		121%	1.92%		121%	1.92%
	1.22%	17.20%		122%	13.76%		122%	1.94%		122%	1.94%
	1.23%	17.30%		123%	13.84%		123%	1.96%		123%	1.96%
	1.24%	17.40%		124%	13.92%		124%	1.98%		124%	1.98%
Tier 2	1.25%	17.50%	Tier 2	125%	14.00%	Tier 2	125%	2.00%	Tier 2	125%	2.00%
	1.26%	17.60%		126%	14.08%		126%	2.02%		126%	2.02%
	1.27%	17.70%		127%	14.16%		127%	2.04%		127%	2.04%
	1.28%	17.80%		128%	14.24%		128%	2.06%		128%	2.06%
	1.29%	17.90%		129%	14.32%		129%	2.08%		129%	2.08%
	1.30%	18.00%		130%	14.40%		130%	2.10%		130%	2.10%
	1.31%	18.10%		131%	14.48%		131%	2.12%		131%	2.12%
	1.32%	18.20%		132%	14.56%		132%	2.14%		132%	2.14%
	1.33%	18.30%		133%	14.64%		133%	2.16%		133%	2.16%
	1.34%	18.40%		134%	14.72%		134%	2.18%		134%	2.18%
	1.35%	18.50%		135%	14.80%		135%	2.20%		135%	2.20%
	1.36%	18.60%		136%	14.88%		136%	2.22%		136%	2.22%
	1.37%	18.70%		137%	14.96%		137%	2.24%		137%	2.24%
	1.38%	18.80%		138%	15.04%		138%	2.26%		138%	2.26%
	1.39%	18.90%		139%	15.12%		139%	2.28%		139%	2.28%
	1.40%	19.00%		140%	15.20%		140%	2.30%		140%	2.30%
	1.41%	19.10%		141%	15.28%		141%	2.32%		141%	2.32%
	1.42%	19.20%		142%	15.36%		142%	2.34%		142%	2.34%
	1.43%	19.30%		143%	15.44%		143%	2.36%		143%	2.36%
	1.44%	19.40%		144%	15.52%		144%	2.38%		144%	2.38%
	1.45%	19.50%		145%	15.60%		145%	2.40%		145%	2.40%
	1.46%	19.60%		146%	15.68%		146%	2.42%		146%	2.42%
	1.47%	19.70%		147%	15.76%		147%	2.44%		147%	2.44%
	1.48%	19.80%		148%	15.84%		148%	2.46%		148%	2.46%
	1.49%	19.90%		149%	15.92%		149%	2.48%		149%	2.48%
Tier 3	1.50%	20.00%	Tier 3	150%	16.00%	Tier 3	150%	2.50%	Tier 3	150%	2.50%

Note: The financial incentive is the minimum of the first year savings incentive or total metric incentive calculated by adding up the percentages earned in each of the 2 metrics. The total incentive award can not exceed the award based on the Company's 1st year energy savings achieved. (Financial incentive payment can not exceed 20% of program spend, or 30% of net benefits.)

2020 - 2023 Energy Efficiency Plan Performance Metrics
Gas Service

Line No.	Performance Metric	Description	Weight	Year	Performance Requirements		Financial Incentive ^{(1),(2)} (% of Investment)	
					Minimum	Maximum	Minimum	Maximum
1	Lifetime Energy Savings	Lifetime Mcf savings for exceeding 0.75% annual reduction (based on a sliding scale).	80.00%	2020	23,806,860 Mcf	31,742,472 Mcf	12.00%	16.00%
				2021	23,163,622 Mcf	30,884,822 Mcf		
				2022	22,894,440 Mcf	30,525,912 Mcf		
				2023	22,752,374 Mcf	30,336,491 Mcf		
2	Low Income Investment ⁽³⁾	Investment in low income programs.	12.50%	2020	\$ 6,955,000	\$ 9,271,015	1.50%	2.50%
				2020	\$ 2,644,073	\$ 3,524,549		
				2021	\$ 7,440,819	\$ 9,921,089		
				2021	\$ 3,049,361	\$ 4,065,813		
				2022	\$ 8,171,478	\$ 10,895,301		
				2022	\$ 3,532,290	\$ 4,709,719		
				2023	\$ 8,956,543	\$ 11,942,055		
				2023	\$ 4,102,709	\$ 5,470,277		
3	Low Income Premium Measures Installed ^{(4),(5)}	Number of premium measures installed for income qualified.	12.50%	2020	2725	3633	1.50%	2.50%
				2021	2912	3882		
				2022	TBD in 2021			
				2023	TBD in 2021			

Notes:

- (1) Eligibility to earn financial incentives is determined first by demonstrating achievement of the annual incremental savings thresholds established in Section 75 of Public Act 342 of 2016.
- (2) Financial incentive based on sliding scale between minimum and maximum caps. Total not to exceed 100% of the financial incentive cap of 20%.
- (3) Low income single and multifamily program budgets must be expended to earn any incentive related to the low income metrics (Lines 2 and 3).
- (4) Major measures defined as comprehensive whole building air leakage reduction, insulation upgrades for an entire building feature (all basement walls, all exterior walls, all ceiling cavities or attics, etc.), heating system replacement(s), water heating equipment replacement(s), and/or other whole building custom measures (e.g. major ventilation measures for multifamily buildings, central heating distribution system efficiency improvements, etc.). Count number of multifamily housing units affected towards target, e.g. a 20-unit building that gets both central heating system replacement and attic installation counts as 40 measures. At least 40% of measures must be in multifamily buildings.
- (5) 2022 and 2023 low income premium measure installation requirements to be determined in 2021.

Consumers Energy - Energy Waste Reduction Program											
Recommended Financial Incentive Structure for Gas											
Legislative First Year Savings Tiers			Metric 1: Lifetime Savings (MCF)			Metric 2: Low Income Investment - (\$1,000)			Metric 3: Number Low Income Premium Measures Installed		
			Minimum Basis (100%) Year 2020 = 23,806,860 Year 2021 = 23,163,622 Year 2022 = 22,894,440 Year 2023 = 22,752,374			Minimum (100%) Year 2020 = \$9,597 Year 2021 = \$10,490 Year 2022 = \$11,704 Year 2023 = \$13,059			Minimum Basis (100%) to Max. Year 2020 = 2725 to 3633 Year 2021 = 2912 to 3882 Year 2022 = TBD Year 2023 = TBD		
			Savings weighted at 80%			Weighted at 12.5%			Weighted at 12.5%		
	% Savings	Incentive Cap		Weight	Incentive Cap		Weight	Incentive Cap		Weight	Incentive Cap
Tier 1	0.750%	15.00%	Tier 1	100.0%	12.00%	Tier 1	100.0%	1.50%	Tier 1	100.0%	1.50%
	0.755%	15.10%		100.7%	12.08%		100.7%	1.52%		100.7%	1.52%
	0.760%	15.20%		101.3%	12.16%		101.3%	1.54%		101.3%	1.54%
	0.765%	15.30%		102.0%	12.24%		102.0%	1.56%		102.0%	1.56%
	0.770%	15.40%		102.7%	12.32%		102.7%	1.58%		102.7%	1.58%
	0.775%	15.50%		103.3%	12.40%		103.3%	1.60%		103.3%	1.60%
	0.780%	15.60%		104.0%	12.48%		104.0%	1.62%		104.0%	1.62%
	0.785%	15.70%		104.7%	12.56%		104.7%	1.64%		104.7%	1.64%
	0.790%	15.80%		105.3%	12.64%		105.3%	1.66%		105.3%	1.66%
	0.795%	15.90%		106.0%	12.72%		106.0%	1.68%		106.0%	1.68%
	0.800%	16.00%		106.7%	12.80%		106.7%	1.70%		106.7%	1.70%
	0.805%	16.10%		107.3%	12.88%		107.3%	1.72%		107.3%	1.72%
	0.810%	16.20%		108.0%	12.96%		108.0%	1.74%		108.0%	1.74%
	0.815%	16.30%		108.7%	13.04%		108.7%	1.76%		108.7%	1.76%
	0.820%	16.40%		109.3%	13.12%		109.3%	1.78%		109.3%	1.78%
	0.825%	16.50%		110.0%	13.20%		110.0%	1.80%		110.0%	1.80%
	0.830%	16.60%		110.7%	13.28%		110.7%	1.82%		110.7%	1.82%
	0.835%	16.70%		111.3%	13.36%		111.3%	1.84%		111.3%	1.84%
	0.840%	16.80%		112.0%	13.44%		112.0%	1.86%		112.0%	1.86%
	0.845%	16.90%		112.7%	13.52%		112.7%	1.88%		112.7%	1.88%
	0.850%	17.00%		113.3%	13.60%		113.3%	1.90%		113.3%	1.90%
	0.855%	17.10%		114.0%	13.68%		114.0%	1.92%		114.0%	1.92%
	0.860%	17.20%		114.7%	13.76%		114.7%	1.94%		114.7%	1.94%
	0.865%	17.30%		115.3%	13.84%		115.3%	1.96%		115.3%	1.96%
	0.870%	17.40%		116.0%	13.92%		116.0%	1.98%		116.0%	1.98%
Tier 2	0.875%	17.50%	Tier 2	116.7%	14.00%	Tier 2	116.7%	2.00%	Tier 2	116.7%	2.00%
	0.880%	17.60%		117.3%	14.08%		117.3%	2.02%		117.3%	2.02%
	0.885%	17.70%		118.0%	14.16%		118.0%	2.04%		118.0%	2.04%
	0.890%	17.80%		118.7%	14.24%		118.7%	2.06%		118.7%	2.06%
	0.895%	17.90%		119.3%	14.32%		119.3%	2.08%		119.3%	2.08%
	0.900%	18.00%		120.0%	14.40%		120.0%	2.10%		120.0%	2.10%
	0.905%	18.10%		120.7%	14.48%		120.7%	2.12%		120.7%	2.12%
	0.910%	18.20%		121.3%	14.56%		121.3%	2.14%		121.3%	2.14%
	0.915%	18.30%		122.0%	14.64%		122.0%	2.16%		122.0%	2.16%
	0.920%	18.40%		122.7%	14.72%		122.7%	2.18%		122.7%	2.18%
	0.925%	18.50%		123.3%	14.80%		123.3%	2.20%		123.3%	2.20%
	0.930%	18.60%		124.0%	14.88%		124.0%	2.22%		124.0%	2.22%
	0.935%	18.70%		124.7%	14.96%		124.7%	2.24%		124.7%	2.24%
	0.940%	18.80%		125.3%	15.14%		125.3%	2.26%		125.3%	2.26%
	0.945%	18.90%		126.0%	15.12%		126.0%	2.28%		126.0%	2.28%
	0.950%	19.00%		126.7%	15.20%		126.7%	2.30%		126.7%	2.30%
	0.955%	19.10%		127.3%	15.28%		127.3%	2.32%		127.3%	2.32%
	0.960%	19.20%		128.0%	15.36%		128.0%	2.34%		128.0%	2.34%
	0.965%	19.30%		128.7%	15.44%		128.7%	2.36%		128.7%	2.36%
	0.970%	19.40%		129.3%	15.52%		129.3%	2.38%		129.3%	2.38%
	0.975%	19.50%		130.0%	15.60%		130.0%	2.40%		130.0%	2.40%
	0.980%	19.60%		130.7%	15.68%		130.7%	2.42%		130.7%	2.42%
	0.985%	19.70%		131.3%	15.76%		131.3%	2.44%		131.3%	2.44%
	0.990%	19.80%		132.0%	15.84%		132.0%	2.46%		132.0%	2.46%
	0.995%	19.90%		132.7%	15.92%		132.7%	2.48%		132.7%	2.48%
Tier 3	1.000%	20.00%	Tier 3	133.3%	16.00%	Tier 3	133.3%	2.50%	Tier 3	133.3%	2.50%

Note: The financial incentive is the minimum of the first year savings incentive or total metric incentive calculated by adding up the percentages earned in each of the 2 metrics. The total incentive award can not exceed the award based on the Company's 1st year energy savings achieved. (Financial incentive payment can not exceed 20% of program spend, or 30% of net benefits.

ATTACHMENT D

Calculation of Annual Energy Savings Targets
Electric Service (Megawatt-hours)

Line No.	Description	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) 2023
1	Retail Electric Sales	33,222,571	33,228,053	33,274,622	33,082,617	33,041,184	33,021,162
2	Prior Year Weather Normal Sales		33,222,571	33,228,053	33,274,622	33,082,617	33,041,184
3	Electric Statutory Savings Percentage		1.0%	1.0%	1.0%	1.0%	1.0%
4	Electric Statutory Savings Target			332,281	332,746	330,826	330,412

Calculation of Annual Energy Savings Targets
Gas Service (Thousand Cubic Feet)

Line No.	Description	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) 2023
1	Retail Gas Sales(1)	303,340,000	303,085,000	298,492,000	303,489,000	305,424,000	305,978,000
2	Prior Year Weather Normal Sales		303,340,000	303,085,000	298,492,000	303,489,000	305,424,000
3	Prior Year Electric Generation Sales (Natural Gas)			14,516,999	14,362,900	18,997,700	20,306,573
4	Adjusted Prior Year Weather Normal Sales (line 2 minus line 3)			288,568,001	284,129,100	284,491,300	285,117,427
5	Gas Statutory Savings Percentage		0.75%	0.75%	0.75%	0.75%	0.75%
6	Gas Statutory Savings Target (line 4 multiplied by line 5)			2,164,260	2,130,968	2,133,685	2,138,381

Line No.	Description	Investments			First Year Energy Savings			Lifetime Energy Savings				
		2020 (\$)	2021 (\$)	2022 (\$)	2020 (MWh)	2021 (MWh)	2022 (MWh)	2020 (MWh)	2021 (MWh)	2022 (MWh)	2023 (MWh)	
	Residential Class											
1	Appliance Recycling	\$ 5,630,833	\$ 6,596,047	\$ 7,310,374	\$ 7,493,133	31,732	34,634	32,234	208,091	249,924	271,304	257,871
2	ENERGY STAR Appliances	1,141,987	1,150,399	1,041,228	1,070,927	2,483	2,268	2,340	22,899	24,246	22,151	22,801
3	ENERGY STAR Lighting	6,441,073	5,532,725	4,044,608	1,785,851	63,546	48,405	27,114	290,289	172,283	84,557	27,114
4	Home Energy Analysis	3,707,885	5,047,417	4,603,265	3,489,037	7,402	6,112	3,902	32,227	38,480	32,208	27,813
5	Home Energy Report	700,249	693,565	706,300	723,958	19,743	21,611	14,346	24,786	19,743	21,611	14,346
6	Home Performance with ENERGY STAR	977,722	1,009,620	1,039,960	1,067,240	201	224	208	3,182	3,427	3,621	3,369
7	HVAC and Water Heating	1,982,850	2,193,188	2,326,039	1,948,702	3,532	3,752	3,187	38,046	42,421	45,106	36,701
8	Income Qualified Energy Assistance	5,536,346	8,415,411	6,046,018	5,310,769	5,468	8,383	5,859	35,069	49,044	46,681	45,608
9	Insulation and Windows Program	1,018,909	1,108,959	1,202,570	1,243,600	524	590	662	12,731	14,335	15,988	16,076
10	Residential Agriculture	128,252	128,252	128,252	128,252	726	726	726	10,259	10,259	10,259	10,259
11	Residential Multifamily	2,341,100	2,196,700	2,113,148	1,923,171	4,218	3,568	2,242	29,492	24,963	23,049	22,727
12	Residential Multifamily IQ	5,009,732	5,510,343	4,449,721	4,488,591	4,850	5,167	5,102	44,820	49,041	54,535	61,964
13	New Home Construction	441,503	447,149	454,961	460,943	622	622	622	12,447	12,442	12,447	12,442
14	THINK! ENERGY	715,995	719,125	719,125	520,882	1,760	1,760	465	9,465	8,170	6,875	5,579
15	Residential Pilot	2,577,361	2,792,600	2,659,346	2,330,110	8,734	7,516	5,381	8,734	8,169	7,516	5,381
16	Residential Subtotal	\$ 42,956,020	\$ 46,543,340	\$ 44,322,440	\$ 38,844,915	158,479	145,810	104,390	782,538	726,946	657,908	570,051
	Business Class											
17	Business Solutions	\$ 56,322,329	\$ 70,043,243	\$ 76,248,405	\$ 84,202,053	343,607	455,204	505,355	4,810,325	6,224,146	6,405,856	7,152,950
18	Small Business Direct Install	17,539,145	18,299,820	17,849,981	17,929,126	72,321	65,221	57,776	651,484	629,465	613,025	625,728
19	Business Multifamily	544,912	527,114	477,398	342,786	3,307	3,059	2,316	30,382	30,242	29,431	28,058
20	Electric Self-directed	-	-	-	-	-	-	-	-	-	-	-
21	Business Pilots	5,666,195	6,639,848	7,031,629	7,534,634	22,904	28,450	30,731	22,904	28,074	28,450	30,731
22	Business Subtotal	\$ 80,072,581	\$ 95,510,025	\$ 101,607,413	\$ 110,008,599	444,344	551,934	596,178	5,515,095	6,911,927	7,076,762	7,837,467
	Support Services											
23	Utility Oversight	\$ 9,836,678	\$ 10,136,689	\$ 10,442,583	\$ 10,752,770	-	-	-	-	-	-	-
24	Tracking System	3,290,258	1,495,572	1,121,679	1,121,679	-	-	-	-	-	-	-
25	Education & Awareness	4,120,148	4,715,703	4,846,026	4,931,073	18,983	21,746	21,667	18,983	21,746	21,580	21,667
26	EM&V	6,040,717	7,362,685	6,286,752	5,213,921	-	-	-	-	-	-	-
27	Support Services Subtotal	\$ 23,287,801	\$ 23,710,649	\$ 22,697,040	\$ 22,019,443	18,983	21,746	21,667	18,983	21,746	21,580	21,667
28	Total Energy Efficiency Portfolio	\$ 141,712,179	\$ 162,762,175	\$ 163,149,369	\$ 166,013,208	632,767	719,324	722,235	6,316,616	7,660,619	7,756,250	8,429,185

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion,)
regarding the regulatory reviews, revisions,)
determinations, and/or approvals necessary for)
CONSUMERS ENERGY COMPANY to fully comply))
with Public Act 295 of 2008, as amended by)
Public Act 342 of 2016)
_____)

Case No. U-20372

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Jennifer Joy Yocum, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on February 12, 2020, she served an electronic copy of a **Settlement Agreement** upon the persons listed in Attachment 1 hereto, at the email addresses listed therein. She further states that she also served a hard copy of the same document to the Hon. Sally L. Wallace at the address listed in Attachment 1 by depositing the same in the United States mail in the City of Jackson, Michigan, with first-class postage thereon fully paid.

Jennifer Joy Yocum

Subscribed and sworn to before me this 12th day of February, 2020.

Crystal L. Chacon, Notary Public
State of Michigan, County of Ingham
My Commission Expires: 05/25/24
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-20372

Administrative Law Judge

Hon. Sally Wallace
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