

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE ELECTRIC COMPANY)	
for approval of its integrated resource plan)	Case No. U-21193
pursuant to MCL 460.6t, and for other relief.)	
_____)	

At the July 26, 2023 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
 Hon. Katherine L. Peretick, Commissioner
 Hon. Alessandra R. Carreon, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On November 3, 2022, DTE Electric Company (DTE Electric) filed an application, together with supporting testimony and exhibits, requesting approval of its integrated resource plan (IRP) pursuant to Section 6t of Public Act 341 of 2016, MCL 460.6t; the Commission’s orders in Case Nos. U-20633, U-18461, and U-18418; and all other applicable law to this proceeding.

On December 1, 2022, Administrative Law Judge Sharon L. Feldman (ALJ) conducted a prehearing conference at which the ALJ granted the notice of intervention filed by the Michigan Department of Attorney General (Attorney General) and petitions to intervene filed by Michigan Environmental Council (MEC), Natural Resources Defense Council, Inc. (NRDC), Sierra Club, and Citizens Utility Board of Michigan (CUB) (collectively, MNSC); Energy Michigan; Michigan Energy Innovation Business Council, Institute for Energy Innovation, Advanced Energy Economy,

and Clean Grid Alliance (collectively MIAC); Soulardarity and We Want Green, Too (collectively, the Detroit Area Advocacy Organizations or the DAAOs); Ecology Center, Inc., Environmental Law and Policy Center of the Midwest,¹ Union of Concerned Scientists, and Vote Solar (collectively, the Clean Energy Organizations or the CEOs); Great Lakes Renewable Energy Association, Inc. (GLREA); Michigan Public Power Agency (MPPA); Wolverine Power Supply Cooperative, Inc. (Wolverine); Small Business Association of Michigan (SBAM); International Transmission Company (ITC); Michigan Building & Construction Trades Council, Local 223, Utility Workers Union of America, AFL-CIO (collectively AFL-CIO); Association of Businesses Advocating Tariff Equity (ABATE); and Enerwise Global Technologies, LLC, d/b/a CPower (CPower). DTE Electric and the Commission Staff (Staff) also participated in the proceeding.

On December 12, 2022, the Commission held a virtual public hearing for the purpose of hearing comments directly from the public on this case.

Following motion hearings, the ALJ adopted a protective order for use in the matter on January 6, 2023.

On February 7, 2023, the Michigan Department of Environment, Great Lakes, and Energy filed its advisory opinion pursuant to MCL 460.6t(7).

Evidentiary hearings were held on May 2-5 and 8-9, 2023, wherein testimony and exhibits were bound into the record and cross-examination took place.² Thereafter, the parties filed timely briefs.

¹ Also referred to as the Environmental Law & Policy Center or ELPC.

² The record in this case consists of 3,509 pages of transcript and 431 exhibits admitted into evidence, with a portion of the evidence marked as confidential. The docket also contains a large number of public comments, including those transcribed from the virtual public hearing held on December 12, 2022.

Subsequently, on July 12, 2023, the parties filed a settlement agreement resolving all issues in this case. The settlement agreement was signed by DTE Electric, the Staff, the Attorney General, NRDC, Sierra Club, MIAC, the DAAOs, the CEOs, GLREA, MPPA, SBAM, ITC, AFL-CIO, and CPower. Included with the settlement agreement was a statement of non-objection signed by CUB, MEC, Energy Michigan, Wolverine, and ABATE.

According to the terms of the settlement agreement, the parties agree as follows:

1. DTE Electric's proposed course of action (PCA), as modified by the settlement agreement, should be approved as the most reasonable and prudent means of meeting the company's energy and capacity needs over the five-year, 10-year, and 15-year time horizons. DTE Electric will file its next IRP by December 2026.
2. Belle River Power Plant Conversion. DTE Electric's PCA shall include the company's proposed conversion of the Belle River Power Plant from coal to gas. The company also requested preapproval of \$135 million to complete the gas conversion at Belle River, which included a management reserve of \$10 million. DTE Electric agrees to the removal of the \$10 million management reserve and the parties agree that the remaining \$125 million of Belle River conversion costs are reasonable and prudent and should be preapproved by the Commission.
3. Retirement of the Monroe Power Plant. Monroe Units 3 and 4 will be retired on or before December 31, 2028, and the Monroe Units 1 and 2 will be retired on or before December 31, 2032. The retirement of the Monroe units will proceed absent receipt of an order by a government official, government agency, or other regulatory authority requiring prolonged operations; or designation as a System Support Resource by the Midcontinent Independent System Operator, Inc. (MISO).
4. Treatment of Coal Plant Net Book Value and Future Capital Costs. DTE Electric will securitize³ a total of \$1,045,000,000 consisting of the Belle River coal handling assets (approximately \$200 million in 2026) and a portion of the net book value (NBV) of the company's Monroe Power Plant (approximately \$845 million in 2032). The company will securitize the NBV of the Belle River coal handling assets upon the full retirement of coal at the plant. The company will securitize approximately \$845 million of NBV for the Monroe Power Plant upon the full retirement of the plant. The parties further agree that the remaining NBV of Monroe as of December 31, 2024, will be recovered through a regulatory asset with a return on equity (ROE) that will be set at 9.0% amortized over 15 years beginning upon the issuance of an order in the company's next rate case. The 9.0% ROE will be used to modify the capital structure filed with each rate case and the ROE will be the only modification to the capital structure used to calculate the return on the regulatory asset. Future capital expenditures that are approved in subsequent rate

³ Securitization proceedings are initiated with an application from the electric utility pursuant to Public Act 142 of 2000, MCL 460.10h-10o.

cases will be included in the regulatory asset. The portion of the Monroe Power Plant assets to be securitized at retirement will, prior to retirement, continue to be recovered through property plant and equipment in rate base and depreciation, maintaining the existing depreciation rates for the Monroe Power Plant from the December 6, 2018 order in Case No. U-18150. The parties also agree that the company will defer a decision on the treatment of decommissioning costs for Belle River Power Plant's coal handling assets and Monroe Power Plant to future regulatory filings.

5. Monroe Unit Regulatory Liability. Upon the retirement of each Monroe Unit, DTE Electric shall create a regulatory liability to track, from the date of retirement of the unit to the date the company's base rates are next reset after that retirement date, the costs for the retired unit that are included in base rates but no longer being incurred by the company. Once such tracking is complete for a unit, the amount accumulated in the regulatory liability shall be used to reduce the regulatory asset for the Monroe Unit.

6. State or Federal Funding for Coal Retirements. If state or federal funding becomes available for coal fired power plants that will offset the remaining NBV of the plants or aid in their decommissioning, the company will review all such opportunities in good faith. DTE Electric will apply for any such funding opportunities if: (1) the company qualifies for the funding; (2) there is a net cost savings to customers; and (3) in the event the funding is in the form of a loan, the company will apply for such loans for future capital or decommissioning costs (rather than past costs) at Monroe in lieu of traditional financing and in an amount that conforms with the company's existing capital structure. DTE Electric further agrees that it will pursue funding under Section 1706 of the federal Inflation Reduction Act (IRA) of 2022 for the conversion of Belle River from coal to gas.

7. Energy Waste Reduction. DTE Electric will target a 2.0% energy waste reduction (EWR) savings level from 2023 through 2027. EWR savings levels beyond 2027 will be determined in the company's next IRP.

8. Income-Qualified Energy Waste Reduction.

a. DTE Electric will allocate a minimum of \$43.8 million to income-qualified electric EWR programs in 2024, and a minimum of \$53.8 million in 2025, as proposed in the 2024-2025 EWR plan case in Case No. U-21322, filed June 29, 2023, from the total dollars that would be needed to achieve the EWR savings levels in paragraph 7. DTE Electric will allocate a minimum of \$53.8 million in 2026 and 2027 from the total dollars that would be needed to achieve the EWR savings levels in paragraph 7. The final 2026 and 2027 amounts will be determined in the 2026-2027 EWR Plan Case, to be filed in 2025.

b. The parties reserve their right to seek additional income-qualified budget through DTE Electric's 2024-2025 EWR Plan filed in Case No. U-21322. The parties further reserve their rights to seek to influence income-qualified program design and conditions on spending the budgets in paragraph 8(a), including but not limited to: distribution of budget between income-qualified multifamily and single-family programs, allocations for particular programs or pilots, focus on particular measures for income-qualified programs, and percentage of savings achieved

from income-qualified households.

c. DTE Electric agrees that it will collaborate with state and other partners on the implementation of state and federal funded EWR programs, including the federal Home Owner Managing Energy Savings rebate program, and other federal Infrastructure Investment and Jobs Act (IIJA)/IRA funding.

9. Competitive Procurement Guidelines. In acquiring the renewable energy and storage resources set forth in paragraphs 12 and 13, the company will comply with the Commission's Competitive Procurement Guidelines for Rate-Regulated Electric Utilities (Not for Public Utility Regulatory Policies Act of 1978 (PURPA) compliance) via use of an Independent Monitor (IM), as set forth below:

a. The IM provides oversight and assists with the design and review of the Request for Proposal (RFP) with the company.

b. The IM has full access to all RFP information.

c. The IM participates in all Staff discussions.

d. The IM and DTE Electric will hold stakeholder information/feedback session before final publication of RFP.

e. The IM monitors bidder questions/comments and prepares initial responses with DTE Electric review.

f. The IM reviews bids and process with DTE Electric.

g. The IM and DTE Electric jointly evaluate and score bids.

h. The IM and DTE Electric evaluate and score with IM providing independent quality control and verification of all scores.

i. The IM and DTE Electric shortlist projects.

j. DTE Electric negotiates project(s).

k. The IM will provide a report to the Commission, which will not contain confidential bid/bidder information, and which will explain any scoring differences where the IM and DTE Electric could not reach alignment.

DTE Electric further agrees that it will continue to provide the criteria scorecard utilized for each RFP to potential developers that sign a non-disclosure agreement. The scorecard will be provided prior to the issuance of the RFP with an opportunity for the developers to provide feedback at the company's pre-RFP meeting. The first competitive solicitation subject to these guidelines will be commenced by June 30, 2024. The company will include a reconciliation of all procured capacity

in its annual IRP report, identifying self-build, build transfer, and power purchase agreements separately.

10. Request for Proposals Overview Meeting. Prior to DTE Electric's next competitive solicitation, the company will host a one-time meeting with the parties and interested developers to discuss the RFP, provide a general overview of the solicitation process, and solicit feedback. To the extent possible, the company, in its sole discretion, will incorporate feedback into the RFP and solicitation process.

11. Financial Compensation Mechanism. The parties agree that the financial compensation mechanism (FCM) shall be calculated as proposed by DTE Electric: the after-tax weighted average cost of capital of the company's total capital structure applied to all power purchase agreements (PPAs) payments made under applicable contracts. The FCM will only apply to PPAs for new, non-carbon emitting resources (e.g., solar, wind, batteries). The FCM will not apply to PPAs acquired for the company's voluntary green pricing programs, PURPA, or Public Act 342 of 2016 Renewable Portfolio Standards (MCL 460.1021 *et seq.*) or modified PPAs for existing resources. The parties agree that DTE Electric will earn the FCM on all eligible PPAs for new non-carbon emitting resources approved as part of this settlement if the company procures at least 50% of its capacity additions (in nameplate capacity) through new PPAs as calculated using a three-year rolling average.

12. Allocation of Renewables. DTE Electric will target the capacity allocation for renewable energy projects proposed in the company's PCA through 2030 set out in Table 1 of the settlement agreement. If the PCA build plan for 2029 and 2030 is decreased in the company's next IRP, the capacity allocations in Table 1 will be decreased proportionately. Any additional capacity that is added to the PCA build plan for 2028, 2029, and 2030 in the next IRP will not be subject to this settlement agreement.

The company will also accelerate the development of an additional 400 megawatts (MW) of renewable energy projects to 2026 or 2027 (depending on available capacity) from 2032 as proposed in the PCA and will target the capacity allocation for the accelerated renewable energy projects outlined in Table 2 of the settlement agreement. DTE Electric agrees that it will seek PPAs with a minimum term of 20 years and maximum term of 35 years, at the discretion of the bidder. Company-owned projects (self-build projects or build transfer agreements (BTAs)) will be scored and ranked separately from PPA bids, and the company's affiliates will be prohibited from bidding on the portion of the company's new capacity acquired from third parties.

Notwithstanding the above allocation, the company shall not be required to seek approval of projects, whether company-owned or third-party owned, that exceed the cost thresholds set forth in paragraph 14(b). In addition, if the winning bids from the annual solicitation do not amount to the desired RFP capacity because the balance of the submitted projects did not meet the RFP criteria, the Commission did not approve the project(s), or the projects exceed the cost thresholds in paragraph 14(b), then up to 100 MW or 50% per year of unfulfilled capacity, whichever is higher, in each allocation category (company-owned and third party-owned) will be carried forward and included in the company's next competitive solicitation under the same allocation category. Any remaining capacity that is not carried forward may be filled by projects that meet the project

criteria in that solicitation, regardless of allocation category for these projects. Notwithstanding the above allocation and notwithstanding anything else to the contrary in this paragraph 12, the company will have the discretion, but not the obligation, to acquire a higher proportion of capacity from PPAs in any given solicitation in order to meet the desired RFP capacity in such solicitation. Any such increase in the proportion of capacity acquired from PPAs as part of such solicitation will not affect the capacity allocations in future years.

13. Allocation of Storage. DTE Electric will accelerate the storage build timeline in its PCA as follows and as shown in Table 3 of the settlement agreement: 160 MW of storage will be accelerated from 2026 and 2027 to facilitate the company's Trenton Channel storage project (totaling 220 MW), with a target commercial operation date (COD) in 2025; 120 MW will be accelerated to 2027 from 2032, 300 MW will be accelerated from 2032 to be built in 2028, 2029, or 2030. DTE Electric will target the capacity allocation for storage projects as set out in Table 3 of the settlement agreement.

If the winning bids in any annual solicitation do not amount to the desired RFP capacity in any annual solicitation, the unfulfilled capacity in each allocation category (company owned and third party owned) will be carried forward and included in the company's next competitive solicitation under the same allocation category. The company agrees that it will seek third-party contracts for standalone storage only, with a maximum term of 20 years, at the discretion of the bidder. BTAs and self-build projects will be scored and ranked separately from third party contract bids, and the company's affiliates will be prohibited from bidding on the portion of the company's new capacity acquired from third parties.

Notwithstanding the above allocation and notwithstanding anything else to the contrary in this paragraph 13, the company will have the discretion, but not the obligation, to acquire a higher proportion of capacity from third party contracts in any given solicitation in order to meet the desired RFP capacity in such solicitation. Any such increase in the proportion of capacity acquired from third party contracts as part of such solicitation will not affect the capacity allocations in future years.

14. Additional Renewables and Storage. The company will seek to acquire the target amount of renewable and storage capacity identified in the PCA, as modified in paragraphs 12 and 13, for each annual solicitation period and may exceed that target amount depending on the amount of bids, the size of projects, cost and value, and variations in project CODs. Other than the 220 MW of storage designated for the Trenton Channel project and the 120 MW of storage designated for third parties, in any other solicitation any increase in capacity will be allocated proportionately between company-owned and third-party owned projects in an amount similar to the combined build plan totals in Tables 1 and 2 of the settlement agreement for renewables and the overall total in Table 3 of the settlement agreement for storage provided that the company will have the discretion, but not the obligation, to acquire additional capacity from third parties without proportionally increasing the capacity allocated to company-owned projects.

a. The company will seek approval of contracts selected for development of renewables and storage resources through an *ex parte* application to the Commission.

b. The parties agree that projects are consistent with the company's IRP if they are determined to be priced at or below fair market value by the IM based on the bids submitted in each respective RFP or at or below 150% of the \$52.80 solar levelized cost of energy (LCOE) used in the IRP model on Exhibit A-4.3 (i.e., \$79.20). The LCOE calculation will be used for both wind and solar projects if it is higher than the fair market value determined by the IM based on the bids submitted in each respective RFP. The IM will provide a report detailing the analysis used to determine fair market value which will be submitted with each *ex parte* application. The report will include a summary of all bids received in each respective RFP, similar to DTE Electric's Exhibit A-9.3 as filed in this IRP. The report will not contain confidential bid information.

c. The parties reserve their ability to and are not prohibited from objecting to approval of the contracts referenced in this section or cost recovery related to the same. Nothing in this section establishes or constitutes a presumption or agreement that any project costs or contract selected for development of renewables and storage resources through an *ex parte* application to the Commission are reasonable or prudent.

15. Distributed Generation. DTE Electric agrees to voluntarily increase the distributed generation (DG) cap to 6% of its average in-state peak load for the preceding five calendar years. If the Michigan Legislature raises the cap beyond the 6% threshold or eliminates the cap altogether, this provision will no longer be operative. DTE Electric also agrees to develop DG as a resource model approach that considers stakeholder feedback (at a minimum with the parties to this case) gained through a DTE Electric-held technical workshop. The company agrees to present the model approach for stakeholder review and feedback at a technical stakeholder workshop prior to the next IRP; and DTE Electric will include the model approach, including any incorporated stakeholder feedback, in the company's next IRP.

16. Public Utility Regulatory Policies Act of 1978. The parties agree that DTE Electric has no PURPA capacity need until the issuance of an order in the company's next IRP. In no event, and notwithstanding the order in Case No. U-18091 approving the settlement agreement dated July 7, 2022, will the next proceeding to determine a PURPA capacity need for DTE Electric commence sooner than six months after the receipt of an order in the company's next IRP.

17. Peakers. DTE Electric will retire the River Rouge peakers (11 MW) and St. Clair diesel peaker (5 MW) in 2024.

18. Demand Response.

a. DTE Electric demand response (DR) targets are established as follows: 2023 – 855 MW, 2024 – 873 MW, 2025 – 881 MW, 2026 – 900 MW, 2027 – 906 MW (installed capacity based on summer season). These targets will be used in the financial incentive mechanism calculation agreed upon in Case No. U-20793.

b. DTE Electric will target 150 MW of new DR through a competitive bidding process for MISO-qualified zonal resource credits (ZRCs) for contract terms of three or more years by the 2027/2028 planning year. The company will issue two 25 MW solicitations, one in 2024 and one in 2025, for the 2025/2026 and 2026/2027 planning years respectively, and in 2026 a 100 MW

solicitation for the 2027/2028 planning year. The company will host a meeting with interested bidders prior to issuance of the RFPs. The competitively bid DR will count towards the achievement of the above DR targets. In the event the company is entitled to a financial incentive, the financial incentive will be applied to all non-capital spending, including that associated with the procurement of ZRCs.

c. DTE Electric's proposed preapproval capital costs for DR programs are set forth in the company's Exhibit A-7.3 as filed in this IRP.

19. Transmission. DTE Electric will continue its ongoing collaboration with ITC to facilitate the provision of needed distribution system data to support system planning and operation of ITC's Bulk Electric System. This data will support ITC's efforts and ensure successful integration of current and new technologies on DTE Electric's distribution system and system control processes. DTE Electric agrees to provide distribution system data to ITC, no less frequent than annually or as otherwise agreed upon, necessary to assess the impacts to ITC's transmission system. DTE Electric agrees to work with ITC to determine the specific data no later than six months from an order in this case.

20. Donation. DTE Electric will donate a total of \$38 million as described in paragraphs 20(a) and (b) of the settlement agreement. The donations described in paragraph 20(a) and (b) will not be recovered in utility rates.

a. \$30 million will be donated over the amortization period of the regulatory asset to be established pursuant to paragraph 4 of this settlement agreement. The donation may be provided in varying annual amounts, with a minimum donation of \$1 million each year beginning in 2028 until the last year of the amortization period of the regulatory asset (e.g., year one \$1 million, year two \$5 million, etc.). The donation will be provided to an organization(s) that provides bill assistance to the company's customers as determined through consultation with the Attorney General and the Staff.

b. \$8 million (\$2 million in February 2024, \$2 million in Q1 2025, \$2 million in 2026, and \$2 million in 2027) will be donated to an organization(s) that assist Michigan low-income customers with the installation of energy efficiency improvements, renewable energy, or battery technology, including necessary home repairs to facilitate the installations, as determined through consultation with DAAO, the CEOs, the Attorney General, and the Staff. In the event the parties cannot reach unanimous agreement on the recipient organization(s), the funds shall be donated to an intermediary, determined by majority vote of the five named parties, not affiliated or funded by DTE Energy Company (DTE) or any of its subsidiaries that will disperse the funds for their intended use in consultation with the parties. Nothing in this paragraph prevents the company from accelerating these donation amounts to earlier years.

c. DTE Electric will provide an annual report to the Commission for each year a donation under paragraph 20(a) is made. If known, the report will include the number of households served through assistance, the number of households over 150% of the federal poverty level (FPL), and number under 150% of the FPL. For those households 150% of FPL and under, the report will explain, if known, whether they are receiving the funds because they exhausted other benefits such

as the Michigan Energy Assistance Program or State Emergency Relief.

21. Beginning October 2024 an annual public disclosure will be provided on the DTE website by October 1 for the prior year ending August 31. The report will include contributions made by a DTE entity (parent company, regulated utilities, etc.) to any other entity which total \$5,000 or more in the aggregate (including donations made to organizations that qualify as tax-exempt under Sections 501(c)(3) and 501(c)(4) of the federal Internal Revenue Service code).

22. Stakeholder Engagement. DTE Electric will develop an outreach and engagement plan for its next IRP specific to Overburdened Communities as that term is defined in the October 27, 2022 order in Case No. U-18461. DTE Electric will seek input from community-based organizations on the proposed outreach and engagement plan. The plan will include coordination with community-based organizations when organizing and promoting meetings about the IRP. The company will solicit input regarding the time, place, and manner of the meetings from the community organizations, in addition to any other meetings the company wishes to hold of its own accord. DTE Electric will begin implementation of this plan within two years of the next IRP and will include the outreach and engagement plan, the feedback received, and discussion on how the feedback and learnings were considered by the company in the IRP process.

23. Integrated Resource Plan Modeling/Studies. In the next IRP, DTE Electric will undertake the following actions/studies:

a. Study retirement dates of 2030 and 2032 for Monroe Units 1 and 2.

b. This settlement agreement does not provide a commitment by DTE Electric to a specific technology to replace Monroe Units 1 and 2. The company will contract with a third-party or parties to study a range of possible replacement technologies for Monroe Units 1 and 2, that may include technical feasibility, grid reliability, resource adequacy and energy adequacy studies in preparation for the next IRP. The range of replacement technologies could be bundled so as to meet the above criteria. The parties agree not to contest the cost of these studies in future regulatory proceedings.

c. Model sensitivities for the replacement of Monroe Units 1 and 2 that have a combination of one or more of the following: renewables, storage (including long-duration storage), EWR, DR, DG, and transmission, and without a new small modular reactor, or gas- or hydrogen-fueled “dispatchable” resource. Such sensitivity may include the evaluation of technical feasibility, grid reliability, resource adequacy and energy adequacy.

d. Model MISO’s seasonal construct.

e. Refine storage modeling and continue to incorporate best practices.

f. Include a natural gas conversion study for Monroe.

g. Study a range of levels for EWR (after 2028).

h. Consider the impact on future capacity needs resulting from implementation of the two projects listed in the 2019 Michigan Capacity Import/Export Limit Expansion Study and other similar long-term transmission feasibility studies reviewed by MISO.

i. Provide an updated peaker analysis that includes a study of the potential retirement dates, replacement cost of capacity and other peaker functionality, non-wire alternatives, and the impacts of peakers located near environmental justice communities (i.e., Delray, Northeast, and Superior) on those communities.

j. Conduct a colder winter weather year loss of load profile analysis, including an assessment of expected unserved energy, and consideration of the risk of natural gas supply and renewable power supply issues coincident with the time extreme cold weather occurs.

k. Develop reasonable projections for DR pilot programs that are likely to be adopted as ongoing programs and include those projections in the IRP analysis.

l. Include electric vehicle managed charging and vehicle-grid integration as DR options.

m. Include an environmental justice agenda topic in a technical workshop for feedback, discussion, and recommendations on the approach to the environmental justice analysis, including, but not limited to, the threshold and indicators used and the marginal public health impact assessment.

n. Include the results of an environmental justice analysis for Michigan across various portfolios in the development of criteria for use in the Risk Assessment process (e.g., a portfolio metric evaluation step).

24. Although not part of this IRP, DTE Electric also notes as part of this settlement agreement that it intends to update its Global Prioritization Model to include environmental justice considerations in its next distribution grid plan.

See, Settlement Agreement, filing #U-21193-0524, pp. 3-18.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A to this order, is approved.

B. Unless otherwise provided in the settlement agreement, the terms of the approved settlement agreement shall take effect immediately upon issuance of this order.

C. DTE Electric Company shall file its next integrated resource plan no later than December 2026, consistent with the terms of the settlement agreement.

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

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

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

I abstain.

Alessandra R. Carreon, Commissioner

By its action of July 26, 2023.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of)	
DTE ELECTRIC COMPANY for)	Case No. U-21193
approval of its Integrated Resource Plan)	
pursuant to MCL 460.6t, and for other relief)	
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SETTLEMENT AGREEMENT

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

WHEREAS, on November 3, 2022 DTE Electric Company (“DTE Electric” or the “Company”) filed an Application requesting approval of the Company’s Integrated Resource Plan (“IRP”) pursuant to Section 6t of 2016 PA 341, MCL 460.6t, MCL 460.6t, the Commission’s September 24, 2021 and February 18, 2021 orders in Case No. U-20633, February 18, 2021 and December 20, 2017 orders in Case No. U-18461, November 21, 2017 order in Case No. U-18418, and all other applicable law. The Company filed testimony and exhibits in support of its positions concurrently with its Application.

WHEREAS, the initial prehearing conference was held on December 1, 2022 before Administrative Law Judge (“ALJ”) Sharon Feldman. In addition to the Company, the Parties to this case are: the MPSC Staff (“Staff”); the Attorney General (“AG”); Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and the Citizens Utility Board (collectively “MNSC”); Michigan Energy Innovation Business Council, Institute for Energy Innovation, Advanced Energy United, and the Clean Grid Alliance (collectively “MIAC”); Energy Michigan, Inc. (“Energy Michigan”); Soulardarity and We Want Green Too (collectively the

Detroit Area Advocacy Organizations (“DAAO”); Environmental Law and Policy Center, the Ecology Center, Vote Solar, and the Union of Concerned Scientists (collectively the Clean Energy Organizations (“CEO”)); Great Lakes Renewable Energy Association (“GLREA”); Michigan Public Power Agency (“MPPA”); Wolverine Power Supply Cooperative (“Wolverine”); the Small Business Association of Michigan (“SBAM”); International Transmission Company (“ITC”); Utility Workers Union Local 223 and the Michigan Building & Construction Trades Council; the Association of Businesses Advocating Tariff Equity (“ABATE”); and Enerwise Global Technologies, LLC, d/b/a CPower. 1Tr 10.

WHEREAS, DTE Electric filed testimony and exhibits requesting approval of the Company’s IRP Proposed Course of Action (“PCA”) in its entirety, as the most reasonable and prudent means of meeting the Company’s energy and capacity needs through 2042. The Company specifically requested the Commission to make the following determinations:

- A. Approve DTE Electric’s Integrated Resource Plan by approving the PCA as the most reasonable and prudent means of meeting the Company’s energy and capacity needs;
- B. Find that DTE Electric does not have a material long-term need for generation capacity beginning in any of the next five (5) years;
- C. Pre-approve DTE Electric’s proposed costs for conversion of the Belle River Power Plant, commencing within three years following the Commission’s approval of the Company’s Integrated Resource Plan, as well as DTE Electric’s proposed costs for demand response programs, commencing within three years following the Commission’s approval of the Company’s Integrated Resource Plan;
- D. Approve DTE Electric’s Financial Compensation Mechanism;

E. Approve regulatory asset treatment for the remaining net book values of the Monroe Power Plant and the Belle River Power Plant's coal handling assets, including cost of removal, decommissioning, as well as future capital expenditures incurred at Monroe after the initial regulatory asset reclassification, which future costs will be subject to review in future general rate cases.

NOW THEREFORE, for purposes of settlement of this case, the undersigned Parties agree as follows:

1. The Parties agree that the Company's PCA, as modified in this Settlement Agreement, should be approved as the most reasonable and prudent means of meeting the Company's energy and capacity needs over the five-year, 10-year, and 15-year time horizons. DTE Electric will file its next IRP by December 2026.

2. **Belle River Power Plant Conversion.** The Parties agree that the PCA shall include the Company's proposed conversion of the Belle River Power Plant from coal to gas. The Company also requested preapproval of \$135 million to complete the gas conversion at Belle River, which included a management reserve of \$10 million. DTE Electric agrees to the removal of the \$10 million management reserve and the Parties agree that the remaining \$125 million of Belle River conversion costs are reasonable and prudent and should be preapproved by the Commission.

3. **Retirement of Monroe Power Plant.** The Parties agree that Monroe Units 3 and 4 will be retired on or before December 31, 2028 and the Monroe Units 1 and 2 will be retired on or before December 31, 2032. The retirement of the Monroe units will proceed absent receipt of an order by a government official, government agency, or other regulatory authority requiring

prolonged operations; or designation as a System Support Resource by the Midcontinent Independent System Operator, Inc. (“MISO”).

4. **Treatment of Coal Plant Net Book Value and Future Capital Costs.** The Parties agree that the Company will securitize a total of \$1,045,000,000 consisting of the Belle River coal handling assets (approximately \$200 million in 2026) and a portion of the net book value (“NBV”) of the Company’s Monroe Power Plant (approximately \$845 million in 2032). The Company will securitize the NBV of the Belle River coal handling assets upon the full retirement of coal at the plant. The Company will securitize approximately \$845 million of NBV for the Monroe Power Plant upon the full retirement of the plant. The Parties further agree that the remaining NBV of Monroe as of December 31, 2024 will be recovered through a regulatory asset with a return on equity (“ROE”) that will be set at 9.0% amortized over 15 years beginning upon the issuance of an order in the Company’s next rate case. The 9.0% ROE will be used to modify the capital structure filed with each rate case and the ROE will be the only modification to the capital structure used to calculate the return on the regulatory asset. Future capital expenditures that are approved in subsequent rate cases will be included in the regulatory asset. The portion of the Monroe Power Plant assets to be securitized at retirement will, prior to retirement, continue to be recovered through property plant and equipment in rate base and depreciation, maintaining the existing depreciation rates for the Monroe Power Plant from the Commission’s December 6, 2018 order in Case No. U-18150 Order. The Parties also agree that the Company will defer a decision on the treatment of decommissioning costs for Belle River Power Plant’s coal handling assets and Monroe Power Plant to future regulatory filings.

5. **Monroe Regulatory Liability.** Upon the retirement of each Monroe Unit, DTE Electric shall create a regulatory liability to track, from the date of retirement of the unit to the date

the Company's base rates are next reset after that retirement date, the costs for the retired unit that are included in base rates but no longer being incurred by the Company. Once such tracking is complete for a unit, the amount accumulated in the regulatory liability shall be used to reduce the regulatory asset for the Monroe Unit.

6. **State or Federal Funding for Coal Plant Retirements.** The Company agrees that if state or federal funding becomes available for coal fired power plants that will offset the remaining net book value of the plants or aid in their decommissioning, the Company will review all such opportunities in good faith. DTE Electric will apply for any such funding opportunities if 1) the Company qualifies for the funding; 2) there is a net cost savings to customers; and 3) in the event the funding is in the form of a loan, the Company will apply for such loans for future capital or decommissioning costs (rather than past costs) at Monroe in lieu of traditional financing and in an amount that conforms with the Company's existing capital structure. The Company further agrees that it will pursue funding under Section 1706 of the Inflation Reduction Act ("IRA") of 2022 for the conversion of Belle River from coal to gas.

7. **Energy Waste Reduction ("EWR").** The Company will target a 2.0% EWR savings level from 2023 through 2027. EWR savings levels beyond 2027 will be determined in the Company's next IRP.

8. **Income-Qualified EWR.**

a. DTE Electric will allocate a minimum of \$43.8M to income-qualified electric EWR programs in 2024, and a minimum of \$53.8 million in 2025, as proposed in the 2024-2025 EWR Plan Case No. U-21322, filed June 29th, 2023, from the total dollars that would be needed to achieve the EWR savings levels in paragraph 7. DTE Electric will allocate a minimum of \$53.8 million in 2026 and 2027 from the total dollars that would be

needed to achieve the EWR savings levels in paragraph 7. The final 2026 and 2027 amounts will be determined in the 2026-2027 EWR Plan Case, to be filed in 2025.

b. The Parties reserve their right to seek additional income-qualified budget through DTE Electric's 2024-2025 EWR Plan filed in Case No. U-21322. The Parties further reserve their rights to seek to influence income-qualified program design and conditions on spending the budgets in paragraph (a), including but not limited to: distribution of budget between income-qualified multifamily and single-family programs, allocations for particular programs or pilots, focus on particular measures for income-qualified programs, and percentage of savings achieved from income-qualified households.

c. DTE Electric agrees that it will collaborate with state and other partners on the implementation of state and federal funded EWR programs, including HOMES and other Infrastructure Investment and Jobs Act ("IIJA")/IRA funding.

9. **Competitive Procurement Guidelines.** In acquiring the renewable and storage resources set forth in Paragraphs 12 and 13, the Company will comply with the MPSC's Competitive Procurement Guidelines for Rate-Regulated Electric Utilities (Not for Public Utility Regulatory Policies Act ("PURPA") compliance) via use of an Independent Monitor ("IM"), as set forth below:

a. IM provides oversight and assists with the design and review of the Request for Proposal ("RFP") with the Company.

b. IM has full access to all RFP information.

c. IM participates in all Staff discussions.

d. IM and DTE Electric will hold stakeholder information/feedback session before final publication of RFP.

- e. IM monitors bidder questions/comments and prepares initial responses with DTE Electric review.
- f. IM reviews bids and process with DTE Electric.
- g. IM and DTE Electric jointly evaluate and score bids.
- h. IM and DTE Electric evaluate and score with IM providing independent quality control and verification of all scores.
- i. IM and DTE Electric shortlist projects.
- j. DTE Electric negotiates project(s).
- k. IM will provide a report to the Commission, which will not contain confidential bid/bidder information, and which will explain any scoring differences where the IM and DTE Electric could not reach alignment.

The Company further agrees that it will continue to provide the criteria scorecard utilized for each RFP to potential developers that sign a non-disclosure agreement. The scorecard will be provided prior to the issuance of the RFP with an opportunity for the developers to provide feedback at the Company's pre-RFP meeting. The first competitive solicitation subject to these guidelines will be commenced by June 30, 2024. The Company will include a reconciliation of all procured capacity in its annual IRP report, identifying self-build, build transfer, and power purchase agreements separately.

10. **RFP Overview Meeting.** Prior to the Company's next competitive solicitation, the Company will host a one-time meeting with the Parties and interested developers to discuss the RFP, provide a general overview of the solicitation process, and solicit feedback. To the extent possible, the Company, in its sole discretion, will incorporate feedback into the RFP and solicitation process.

11. **Financial Compensation Mechanism.** The Parties agree that the FCM shall be calculated as proposed by the Company: the after-tax weighted average cost of capital of the Company’s total capital structure applied to all Power Purchase Agreements (“PPAs”) payments made under applicable contracts. The FCM will only apply to PPAs for new, non-carbon emitting resources (e.g., solar, wind, batteries). The FCM will not apply to PPAs acquired for the Company’s Voluntary Green Pricing (“VGP”) programs, PURPA, or 2016 PA 342 Renewable Portfolio Standards (“RPS”) (MCL 460.1021 et seq.) or modified PPA for existing resources. The Parties agree that DTE Electric will earn the FCM on all eligible PPAs for new non-carbon emitting resources approved as part of this settlement if the Company procures at least 50% of its capacity additions (in nameplate capacity) through new PPAs as calculated using a three-year rolling average.

12. **Allocation of Renewables.** DTE Electric will target the following capacity allocation for the renewable energy projects proposed in its PCA through 2030:

Table 1 Target Renewables PCA Build and Capacity Allocation (MW)								
	2024	2025	2026	2027	2028	2029	2030	Total
PCA Build	0	0	400	400	600	1000	1000	3400
Company Owned	0	0	280	280	420	700	700	2380
PPA	0	0	120	120	180	300	300	1020

If the PCA build plan for 2029 and 2030 is decreased in the Company’s next IRP, the capacity allocations in Table 1 will be decreased proportionately. Any additional capacity that is added to the PCA build plan for 2028, 2029 and 2030 in the next IRP will not be subject to this Agreement. The Company will also accelerate the development of an additional 400 MW of renewable energy projects to 2026 or 2027 (depending on available capacity) from 2032 as proposed in the PCA, and will target the following capacity allocation for the accelerated renewable energy projects:

Table 2 Target Renewables Acceleration Build and Capacity Allocation (MW)								
	2024	2025	2026	2027	2028	2029	2030	Total
Acceleration	0	0	200	200	0	0	0	400
BTA	0	0	50	50	0	0	0	100
PPA	0	0	150	150	0	0	0	300

The Company agrees that it will seek PPAs with a minimum term of 20 years and maximum term of 35 years, at the discretion of the bidder. Company-owned projects (self-build projects or Build Transfer Agreements (“BTAs”)) will be scored and ranked separately from PPA bids, and the Company’s affiliates will be prohibited from bidding on the portion of the Company’s new capacity acquired from third parties. Notwithstanding the above allocation, the Company shall not be required to seek approval of projects, whether Company-owned or third-party owned, that exceed the cost thresholds set forth in paragraph 14(b). In addition, if the winning bids from the annual solicitation do not amount to the desired RFP capacity because the balance of the submitted projects did not meet the RFP criteria, the Commission did not approve the project(s), or the projects exceed the cost thresholds in paragraph 14(b), then up to 100 MW or 50% per year of unfulfilled capacity, whichever is higher, in each allocation category (company owned and third party owned) will be carried forward and included in the Company’s next competitive solicitation under the same allocation category. Any remaining capacity that is not carried forward may be filled by projects that meet the project criteria in that solicitation, regardless of allocation category for these projects. Notwithstanding the above allocation and notwithstanding anything else to the contrary in this paragraph 12, the Company will have the discretion, but not the obligation, to acquire a higher proportion of capacity from PPAs in any given solicitation in order to meet the

desired RFP capacity in such solicitation. Any such increase in the proportion of capacity acquired from PPAs as part of such solicitation will not affect the capacity allocations in future years.

13. **Allocation of Storage.** DTE Electric will accelerate the storage build timeline in its PCA as follows and as shown in Table 3 below: 160 MW of storage will be accelerated from 2026 and 2027 to facilitate the Company’s Trenton Channel storage project (totaling 220 MW), with a target COD in 2025; 120 MW will be accelerated to 2027 from 2032, 300 MW will be accelerated from 2032 to be built in 2028, 2029, or 2030. The Company will target the following capacity allocation for storage projects:

Table 3 Target Storage Timeline and Capacity Allocation								
Storage	2024	2025	2026	2027	2028	2029	2030	Total
PCA Build	0	230	0	120	430	0	0	780
Company Owned	0	230	0	0	275	0	0	505
Third Party Owned	0	0	0	120	155	0	0	275

If the winning bids in any annual solicitation do not amount to the desired RFP capacity in any annual solicitation, the unfulfilled capacity in each allocation category (company owned and third party owned) will be carried forward and included in the Company’s next competitive solicitation under the same allocation category. The Company agrees that it will seek third-party contracts for standalone storage only, with a maximum term of 20 years, at the discretion of the bidder. BTAs and self-build projects will be scored and ranked separately from third party contract bids, and the Company’s affiliates will be prohibited from bidding on the portion of the Company’s new capacity acquired from third parties. Notwithstanding the above allocation and notwithstanding anything else to the contrary in this paragraph 13, the Company will have the discretion, but not

the obligation, to acquire a higher proportion of capacity from third party contracts in any given solicitation in order to meet the desired RFP capacity in such solicitation. Any such increase in the proportion of capacity acquired from third party contracts as part of such solicitation will not affect the capacity allocations in future years.

14. **Additional Renewables and Storage.** The Company will seek to acquire the target amount of renewable and storage capacity identified in the PCA, as modified in paragraphs 12 and 13, for each annual solicitation period and may exceed that target amount depending on the amount of bids, the size of projects, cost and value, and variations in project commercial operation dates. Other than the 220 MW of storage designated for the Trenton Channel project and the 120 MW of storage designated for third parties, in any other solicitation any increase in capacity will be allocated proportionately between Company owned and third party owned projects in an amount similar to the combined build plan totals in Table 1 and 2 for renewables and the overall total in Table 3 for storage provided that the Company will have the discretion, but not the obligation, to acquire additional capacity from third parties without proportionally increasing the capacity allocated to Company-owned projects.

a. The Company will seek approval of contracts selected for development of renewables and storage resources through an *ex parte* application to the Commission.

b. The Parties agree that projects are consistent with the Company's IRP if they are determined to be priced at or below fair market value by the IM based on the bids submitted in each respective RFP or at or below 150% of the \$52.80 Solar LCOE used in the IRP model on Exhibit A-4.3 (i.e., \$79.20). The LCOE calculation will be used for both wind and solar projects if it is higher than the fair market value determined by the IM based on the bids submitted in each respective RFP. The IM will provide a report detailing the

analysis used to determine fair market value which will be submitted with each *ex parte* application. The report will include a summary of all bids received in each respective RFP, similar to DTE Exhibit A-9.3 as filed in this IRP. The report will not contain confidential bid information.

c. The Parties reserve their ability to and are not prohibited from objecting to approval of the contracts referenced in this section or cost recovery related to the same. Nothing in this section establishes or constitutes a presumption or agreement that any project costs or contract selected for development of renewables and storage resources through an *ex parte* application to the Commission are reasonable or prudent.

15. **Distributed Generation (“DG”).** DTE Electric agrees to voluntarily increase the DG cap to 6% of its average in-state peak load for the preceding five calendar years. If the Michigan Legislature raises the cap beyond the 6% threshold or eliminates the cap altogether, this provision will no longer be operative. In addition, the Company agrees to develop distributed generation as a resource model approach that considers stakeholder feedback (at a minimum with the parties to this case) gained through a DTE Electric held technical workshop. The Company agrees to present the model approach for stakeholder review and feedback at a technical stakeholder workshop prior to the next IRP; DTE Electric will include the model approach, including any incorporated stakeholder feedback, in the Company’s next IRP.

16. **PURPA.** The Parties agree that the Company has no PURPA capacity need until the issuance of an order in the Company’s next IRP. In no event, and notwithstanding the Case No. U-18091 Order Approving Settlement Agreement dated July 7, 2022, will the next proceeding to determine a PURPA capacity need for DTE Electric commence sooner than six months after the receipt of an order in the Company’s next IRP.

17. **Peakers.** DTE Electric will retire the River Rouge peakers (11 MW) and St. Clair diesel peaker (5 MW) in 2024.

18. **Demand Response (“DR”).**

a. DTE Electric DR targets are established as follows: 2023 – 855 MW, 2024 – 873MW, 2025 – 881 MW, 2026 – 900 MW, 2027 – 906 MW (ICAP based on summer season). These targets will be used in the financial incentive mechanism calculation agreed upon in Case No. U-20793.

b. DTE Electric will target 150 MW of new DR through a competitive bidding process for MISO-qualified Zonal Resource Credits for contract terms of three or more years by the 2027/28 Planning Year. The Company will issue two 25 MW solicitations, one in 2024 and one in 2025, for the 2025/2026 and 2026/2027 Planning Years respectively, and in 2026 a 100 MW solicitation for the 2027/2028 Planning Year. The Company will host a meeting with interested bidders prior to issuance of the RFPs. The competitively bid DR will count towards the achievement of the above DR targets. In the event the Company is entitled to a financial incentive, the financial incentive will be applied to all non-capital spending, including that associated with the procurement of Zonal Resource Credits.

c. DTE Electric’s proposed preapproval capital costs for demand response programs are set forth in the Company’s Exhibit A-7.3 as filed in this IRP.

19. **Transmission.** DTE Electric will continue its ongoing collaboration with ITC to facilitate the provision of needed distribution system data to support system planning and operation of ITC’s Bulk Electric System (BES). This data will support ITC’s efforts and ensure successful integration of current and new technologies on DTE Electric’s distribution system and system

control processes. DTE Electric agrees to provide distribution system data to ITC, no less frequent than annually or as otherwise agreed upon, necessary to assess the impacts to ITC's transmission system. DTE Electric agrees to work with ITC to determine the specific data no later than six months from an order in this case.

20. **Donation.** DTE will donate a total of \$38 million as described below. The donations described in paragraph 20(a) and (b) will not be recovered in utility rates.

a. \$30 million will be donated over the amortization period of the regulatory asset to be established pursuant to paragraph 4 of this Agreement. The donation may be provided in varying annual amounts, with a minimum donation of \$1 million each year beginning in 2028 until the last year of the amortization period of the regulatory asset (e.g., year one \$1 million, year two \$5 million, etc.). The donation will be provided to an organization(s) that provides bill assistance to the Company's customers as determined through consultation with the Attorney General and Staff.

b. \$8 million (\$2 million in February 2024, \$2 million in Q1 2025, \$2 million in 2026, and \$2 million in 2027) will be donated to an organization(s) that assist Michigan low-income customers with the installation of energy efficiency improvements, renewable energy, or battery technology, including necessary home repairs to facilitate the installations, as determined through consultation with DAAO, CEO, the Attorney General, and Staff. In the event the parties cannot reach unanimous agreement on the recipient organization(s), the funds shall be donated to an intermediary, determined by majority vote of the five named parties, not affiliated or funded by DTE Energy or any of its subsidiaries that will disperse the funds for their intended use in consultation with the parties. Nothing

in this paragraph prevents the Company from accelerating these donation amounts to earlier years.

c. The Company will provide an annual report to the Commission for each year a donation under paragraph 20(a) is made. If known, the report will include the number of households served through assistance, the number of households over 150% of the federal poverty level (“FPL”), and number under 150% of the FPL. For those households 150% of FPL and under, the report will explain, if known, whether they are receiving the funds because they exhausted other benefits such as the Michigan Energy Assistance Program or State Emergency Relief.

21. **Political Disclosures.** Beginning October 2024 an annual public disclosure will be provided on the DTE website by October 1st for the prior year ending August 31st. The report will include contributions made by a DTE entity (parent company, regulated utilities, etc.) to any other entity which total \$5,000 or more in the aggregate (including donations made to organizations that qualify as tax-exempt under Sections 501(c)(3) and 501(c)(4) of the Internal Revenue Service code).

22. **Stakeholder Engagement.** DTE Electric will develop an outreach and engagement plan for its next IRP specific to Overburdened Communities as that term is defined in the October 27, 2022 Order in U-18461. DTE Electric will seek input from community-based organizations on the proposed outreach and engagement plan. The plan will include coordination with community-based organizations when organizing and promoting meetings about the IRP. The Company will solicit input regarding the time, place, and manner of the meetings from the community organizations, in addition to any other meetings the Company wishes to hold of its own accord. DTE Electric will begin implementation of this plan within two years of the next IRP and will

include the outreach and engagement plan, the feedback received, and discussion on how the feedback and learnings were considered by the Company in the IRP process.

23. **IRP Modeling/Studies.** In the next IRP, DTE Electric will undertake the following actions/studies:

- a. Study retirement dates of 2030 and 2032 for Monroe Units 1 and 2.
- b. This settlement agreement does not provide a commitment by DTE Electric to a specific technology to replace Monroe Units 1 and 2. The Company will contract with a third party or parties to study a range of possible replacement technologies for Monroe Units 1 and 2, that may include technical feasibility, grid reliability, resource adequacy and energy adequacy studies in preparation for the next IRP. The range of replacement technologies could be bundled so as to meet the above criteria. The Parties agree not to contest the cost of these studies in future regulatory proceedings.
- c. Model sensitivities for the replacement of Monroe Units 1 and 2 that have a combination of one or more of the following: renewables, storage (including long-duration storage), EWR, demand response, distributed generation, and transmission, and without a new SMR, or gas- or hydrogen-fueled “dispatchable” resource. Such sensitivity may include the evaluation of technical feasibility, grid reliability, resource adequacy and energy adequacy.
- d. Model MISO’s seasonal construct.
- e. Refine storage modeling and continue to incorporate best practices.
- f. Include a natural gas conversion study for Monroe.
- g. Study a range of levels for EWR (after 2028).

h. Consider the impact on future capacity needs resulting from implementation of the two projects listed in the 2019 Michigan Capacity Import/Export Limit Expansion Study and other similar long-term transmission feasibility studies reviewed by MISO.

i. Provide an updated peaker analysis that includes a study of the potential retirement dates, replacement cost of capacity and other peaker functionality, non-wire alternatives, and the impacts of peakers located near environmental justice communities (i.e., Delray, Northeast, and Superior) on those communities.

j. Conduct a colder winter weather year Loss of Load Profile (“LOLP”) analysis, including an assessment of Expected Unserved Energy (“EUE”), and consideration of the risk of natural gas supply and renewable power supply issues coincident with the time extreme cold weather occurs.

k. Develop reasonable projections for DR pilot programs that are likely to be adopted as ongoing programs and include those projections in the IRP analysis.

l. Include Electric Vehicle managed charging and vehicle-grid integration as DR options.

m. Include an environmental justice agenda topic in a technical workshop for feedback, discussion, and recommendations on the approach to the environmental justice analysis, including, but not limited to, the threshold and indicators used and the marginal public health impact assessment.

n. Include the results of an environmental justice analysis for Michigan across various portfolios in the development of criteria for use in the Risk Assessment process (e.g., a portfolio metric evaluation step).

24. Although not part of this IRP, the Company also notes that it intends to update its Global Prioritization Model to include environmental justice considerations in its next Distribution Grid Plan.

25. This Settlement Agreement 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 Agreement are considered privileged under MRE 408.

26. If the Commission approves this Settlement Agreement without modification, neither the Parties to this settlement 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 terms of the Settlement Agreement and the order approving it.

27. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement, including the attachments. If the Commission rejects or modifies this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, and shall not constitute any part of the record in this proceeding or be used for any other purpose and shall not operate to prejudice the pre-negotiation positions of any party.

28. The Parties agree that this Settlement Agreement is reasonable and in the public interest and will reduce the time and expense of the Commission, its Staff, and the Parties.

29. The Parties agree to waive Section 81 of 1969 PA 306 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

30. This Settlement Agreement may be executed in any number of counterparts, each considered an original, and all counterparts that are executed shall have the same effect as if they were the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be duly executed by their respective duly authorized officers as of the date first written below.

DTE ELECTRIC COMPANY

By: **Andrea E.
Hayden**  Digitally signed by Andrea
E. Hayden
Date: 2023.07.11 17:07:55
-04'00'

Dated: July 11, 2023

Andrea Hayden (P71976)
Paula Johnson-Bacon (P55862)
Jon P. Christinidis (P47352)
Carlton D. Watson (P77857)
Breanne K. Reitzel (P81107)
David S. Maquera (P66228)
One Energy Plaza, 1635 WCB
Detroit, MI 48226

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By: *Heather M. Durian*

Dated: July 10, 2023

Monica M. Stephens (P73782)
Heather M.S. Durian (P67587)
7109 West Saginaw Hwy, 3rd Fl
Lansing, MI 48917

MICHIGAN ATTORNEY GENERAL

By: **Michael E. Moody**  Digitally signed by Michael E. Moody
Date: 2023.07.10 16:48:37 -04'00'

Dated: _____, 2023

Joel B. King (P81270)
Tracy Jane Andrews (P67467)
Michael E. Moody (P51985)
525 W. Ottawa Street, 6th Floor
Lansing, MI 48909

MICHIGAN ENVIRONMENTAL COUNCIL (NON-OBJECTION)



Digitally signed by Christopher
M. Bzdok
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email=chris@envlaw.com, c=US
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-04'00'

By:

Christopher Bzdok (P53094)
Olson, Bzdok & Howard, P.C.
420 E. Front Street
Traverse City, MI 49686

Dated: July 10th, 2023

Michigan Environmental Counsel signs this Settlement Agreement only to indicate its non-objection.

NATURAL RESOURCES DEFENSE COUNCIL



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By: _____

Christopher Bzdok (P53094)
Olson, Bzdok & Howard, P.C.
420 E. Front Street
Traverse City, MI 49686

Dated: July 10th, 2023

CITIZENS UTILITY BOARD (NON-OBJECTION)



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By:

Christopher Bzdok (P53094)
Olson, Bzdok & Howard, P.C.
420 E. Front Street
Traverse City, MI 49686

Dated: July 10th, 2023

Citizens Utility Board signs this Settlement Agreement only to indicate its non-objection.

SIERRA CLUB



Digitally signed by Shannon Fisk
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email=sfisk@earthjustice.org,
c=US
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By:

Shannon Fisk (IL Bar #6269746)
Hema Lochan (NY Bar #5941018)
Christopher Bzdok (P53094)
48 Wall Street, 15th Floor
New York, NY 10005

Dated: July 10th, 2023

ENERGY MICHIGAN (NON-OBJECTION)

**Timothy J.
Lundgren**

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Lundgren
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-04'00'

By:

Dated: July 10, 2023

Timothy Lundgren (P62807)
Potomac Law Group PLLC
120 N. Washington Square, Suite 300
Lansing, MI 48933

Energy Michigan signs this Settlement Agreement only to indicate its non-objection.

**MICHIGAN ENERGY INNOVATION BUSINESS COUNCIL;
INSTITUTE FOR ENERGY INNOVATION; ADVANCED ENERGY UNITED;
AND THE CLEAN GRID ALLIANCE**

Justin K. Ooms

Digitally signed by Justin K.
Ooms
Date: 2023.07.10 14:27:19
-04'00'

By: _____

Dated: July 10, 2023

Timothy Lundgren (P62807)
Laura A. Chapelle (P42052)
Justin K. Ooms (P82065)
Potomac Law Group PLLC
120 N. Washington Square, Suite 300
Lansing, MI 48933

SOULARDARITY; AND WE WANT GREEN TOO

By:

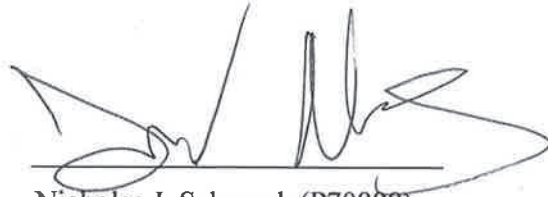


Amanda Urban (P80915)
Mark Templeton PHV (IL 6310308)
University of Chicago Law School
Abrams Environmental Law Clinic
6020 South University Avenue
Chicago, IL 60637

Dated: July 10, 2023

**ENVIRONMENTAL LAW AND POLICY CENTER; THE ECOLOGY CENTER; VOTE
SOLAR; AND THE UNION OF CONCERNED SCIENTISTS**

By:

A handwritten signature in black ink, appearing to be 'D. Abrams', written over a horizontal line.

Nicholas J. Schroeck (P70888)
Daniel H.B. Abrams PHV (6338638)
Environmental Law & Policy Center
35 East Wacker Drive, Suite 1600
Chicago, IL 60601

Dated: July 10, 2023

GREAT LAKES RENEWABLE ENERGY ASSOCIATION

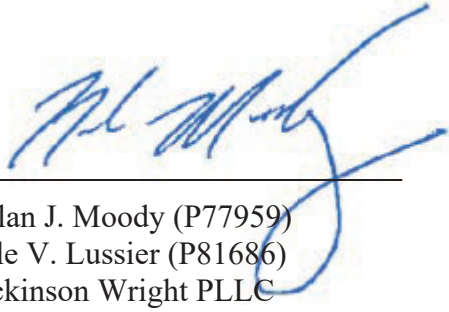
By: Don L. Keskey

Don L. Keskey (P23003)
Brian W. Coyer (P40809)
University Office Place
333 Albert Avenue, Suite 425
East Lansing, MI 48823

Dated: July 10, 2023

MICHIGAN PUBLIC POWER AGENCY

By:




Nolan J. Moody (P77959)
Cole V. Lussier (P81686)
Dickinson Wright PLLC
123 W. Allegan Street, Suite 900
Lansing, MI 48933

Dated: July 11, 2023

WOLVERINE POWER SUPPLY COOPERATIVE (NON-OBJECTION)

By: **Kyle M. Asher**


 Digitally signed by: Kyle M. Asher
DN: CN = Kyle M. Asher email =
kasher@dykema.com C = AD O
= Dykema Gossett PLLC
Date: 2023.07.10 13:42:39 -04'00'

Dated: _____, 2023

Kyle M. Asher (P80359)
Joseph Baumann (P69261)
201 Townsend Street, Suite 900
Lansing, MI 48933

Wolverine Power Supply Cooperative signs this Settlement Agreement only to indicate its non-objection.

SMALL BUSINESS ASSOCIATION OF MICHIGAN

By: **Jason T.
Hanselman**  Digitally signed by Jason T.
Hanselman
DN: CN = Jason T. Hanselman email
/ # Hanselman@dykema.com C = AD
O = Dykema OU = Dykema
Date: 2023.07.10 16:13:36 -0400

John A. Janiszewski (P74400)
Jason T. Hanselman (P61813)
Dykema Gossett PLLC
201 Townsend St. Suite 900
Lansing, MI 48933

Dated: July 10, 2023

INTERNATIONAL TRANSMISSION COMPANY

By: **Richard
Aaron**

Digitally signed by: Richard Aaron
DN: CN = Richard Aaron email =
raaron@dykema.com C = US O =
Dykema
Date: 2023.07.10 12:38:56 -04'00'

Dated: July 10, 2023

Richard J. Aaron (P35605)
Hannah E. Buzolits (P84702)
Courtney F. Kissel (P74179)
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UTILITY WORKERS UNION LOCAL 223; AND MICHIGAN BUILDING & CONSTRUCTION TRADES COUNCIL

By: Benjamin L. King

Digitally signed by Benjamin L. King
Date: 2023.07.10 13:27:20
-04'00'

Dated: July 10, 2023

John R. Canzano (P30417)
Benjamin L. King (P81823)
McKnight, Canzano, Smith Radtke & Brault, P.C.
423 N. Main Street, Suite 200
Royal Oak, MI 48067

ASSOCIATION OF BUSINESS ADVOCATING TARRIF EQUITY (NON-OBJECTION)

By: 

Dated: July 11, 2023

Michael J. Pattwell (P72419)
Stephen A. Campbell (P76684)
Clark Hill PLC
500 Woodward Avenue, Suite 3500
Detroit, MI 48226

The Association of Business Advocating Tariff Equity signs this Settlement Agreement only to indicate its non-objection.

ENERWISE GLOBAL TECHNOLOGIES, LLC

By: **Jennifer Utter Heston**
Digitally signed by Jennifer Utter Heston
Date: 2023.07.10 15:13:52 -04'00'
Attorney for Enerwise Global Technologies, LLC
Jennifer U. Heston (P65202)
Fraser Trebilcock Davis & Dunlap, P.C.
124 W. Allegan, Ste. 1000
Lansing, MI 48933

Dated: July 10, 2023

PROOF OF SERVICE

STATE OF MICHIGAN)

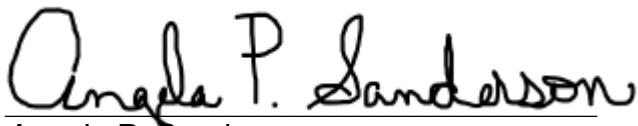
Case No. U-21193

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 26, 2023 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 26th day of July 2023.



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

Service List for Case: U-21193

Name	On Behalf of	Email Address
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Amanda Urban	We Want Green, Too	t-9aurba@lawclinic.uchicago.edu
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Tracy Jane Andrews	Department of Attorney General	tjandrews@envlaw.com