

December 22, 2023

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

RE: MPSC Case U-21227 – In the matter, on the Commission's own motion, to seek comments from rate-regulated electric, steam, and natural gas utilities regarding potential utility infrastructure improvements in the state of Michigan from federal funding available under the Infrastructure Investment and Jobs Act of 2021.

Dear Ms. Felice:

Enclosed for electronic filing in the above-captioned proceeding, please find **Consumers Energy Company's Report on Activity Related to the Infrastructure Investment and Jobs Act of 2021**.

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

Sincerely,

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Commission’s own motion,)
to seek comments from rate-regulated electric,)
steam, and natural gas utilities regarding)
potential utility infrastructure improvements)
in the state of Michigan from the federal)
funding available under the Infrastructure)
Investment and Jobs Act of 2021)

Case No. U-21227

**CONSUMERS ENERGY’S REPORT ON ACTIVITY RELATED
TO THE INFRASTRUCTURE INVESTMENT AND JOBS ACT OF 2021**

I. INTRODUCTION

On August 23, 2022, the Michigan Public Service Commission (“MPSC” or “Commission”) issued an Order in Case No. U-21227 directing each rate-regulated utility to file in this docket on a biannual basis an update of its efforts relating to actions taken to obtain funding or assistance opportunities pursuant to the federal Infrastructure Investment and Jobs Act of 2021 (“IIJA”), with the first update to be filed no later than December 31, 2022, and the second update to be filed no later than June 30, 2023. Biannual update reports filed by rate-regulated utilities shall include a narrative summary of which opportunities were applied for, which were approved and awarded funding, and others which may be in process. The MPSC further required that biannual updates shall be filed on December 31 and June 30 of every year thereafter until further order by the Commission or until all applicable funding opportunities under the IIJA are closed to applications. (Commission Order U-21227, p. 24).

Consumers Energy Company (“Consumers Energy” or the “Company”) filed its first report to the Commission on December 16, 2022, and filed its second update on June 29, 2023. This is the Company’s third update and is being filed by December 31, 2023.

II. IJJA BACKGROUND

The IJJA was signed into law on November 15, 2021 and, among other things, provides approximately \$550 billion in federal funding for infrastructure improvements. On June 2, 2022, Consumers Energy filed comments with the Commission in response to the May 12, 2022 Order in this case ordering rate-regulated electric, steam, and natural gas utilities to respond with potential utility infrastructure improvement in the state of Michigan based on IJJA funding opportunities.

Consumers Energy convened a cross-functional team to examine and evaluate the potential opportunities in the IJJA. After this review, Consumers Energy prioritized funding in the areas of hydroelectric improvements, system reliability and resiliency, and electric vehicles.

Consumers Energy issued a request for proposal (“RFP”) in May of 2022 seeking external consultant support to assist the Company in the assessment and further prioritization of IJJA opportunities. In August 2022, Consumers Energy selected WSP/Golder (“WSP”) as its consultant for all activities related to hydroelectricity, and Accenture to consult on all remaining IJJA funding areas. The external consultants supported the Company in navigating and prioritizing the massive IJJA landscape, as well as preparing and submitting grant applications on behalf of the Company for chosen projects.

Consumers Energy has carefully analyzed funding opportunities that will bring benefits to both the Company and its customers. The grant funding awards will bring money to Michigan and allow Consumers Energy to improve its assets on behalf of customers. These asset improvements will take place without the need for the Company to rely exclusively on rate increases for capital investments. As grant funding awards are announced, Consumers Energy will closely monitor the administrative costs necessary to meet the requirements of any funding awarded.

Consumers Energy continues to prioritize IJJA funding and partnership opportunities. Sections III – VII, below, briefly summarize the Company’s efforts in five different areas of impact. The Inflation Reduction Act of 2022 is covered separately in Section IX, below.

III. GRID RELIABILITY AND RESILIENCY

Table 1: IIJA Grid Reliability and Resiliency Opportunities

IIJA Opportunity	Type of Grant	Status as of Report
Smart Grid Grants (40107)	Direct (Federal)	Not Selected
Grid Resilience Grants (40101 c)	Direct (Federal)	Received award notification 10/17/2023
Grid Innovation Program (40103 b)	Partner Support (Federal)	Not selected
Rural and Remote Areas (40103 c)	Direct (Federal)	Applied 8/2/2023 Selected 11/8/2023 for a pre-selection interview on 11/17/2023
Grid Resilience Grants (40101 d)	Direct (State)	Applied 11/17/2023
Energy Improvement in Rural or Remote Areas (ERA) Fixed Award Grant Program (40103 c 3)	Direct (Federal)	Submitted pre-application on 7/13/2023; received a “not invited” decision on 9/1/2023

GRID RELIABILITY AND RESILIENCY PROGRAM UPDATES

IIJA Program 40107 – Smart Grid Grants

Project Title: DER Optimization Platform

- Consumers Energy submitted its concept paper in December of 2022. The United States Department of Energy (“DOE”) encouraged the Company to apply for the grant based on the concept paper. The Company submitted an application on March 17, 2023, requesting \$20.6 million in grant funding (with 100% matching). Consumers Energy received notification that it was not selected for this grant award.

IIJA Program 40101(c) – Grid Resilience Grants

Project Title: Sectionalization & Circuit Improvements to Mitigate Outage Impacts for DACs¹

¹ DAC is an acronym for disadvantaged communities

- Consumers Energy submitted a concept paper in December of 2022. DOE encouraged the Company to apply for the grant based on the concept paper. The Company submitted an application on April 6, 2023, requesting \$100 million in grant funding (with 100% matching). Consumers Energy received notification that it was selected for this grant award on October 17, 2023. Negotiations with the DOE for this grant are underway. The Company has retained Accenture to aid in these negotiations.

IIJA Program 40103(b) – Grid Innovation Program

Project Title: Public-Private Partnership for Combined Remote Sensing

- Consumers Energy partnered with the State of Michigan, (MPSC and the Department of Environment, Great Lakes, and Energy (“EGLE”)) to submit a concept paper on January 12, 2023. DOE review of the concept paper resulted in encouragement to apply for the grant. The Company coordinated development with the State of Michigan and an application was submitted on May 19, 2023. The grant application requested \$36 million with 100% matching. The State of Michigan and Consumers Energy received notification that their application was not selected for this grant award.

IIJA Program 40103(c) – Rural & Remote Areas

Project Title: Microgrids to Mitigate Outage Impacts for Rural Areas

- Consumers Energy submitted a concept paper on April 14, 2023 and received encouragement to apply from DOE on June 2, 2023. The Company submitted a full grant application by the revised due date of August 2, 2023. Consumers Energy was contacted on November 8, 2023 for a pre-selection interview with DOE. This interview took place on November 17, 2023. An award decision is pending.

IIJA Program 40101(d) – Grid Resilience Grants

Project Title: Investment in Disadvantaged Communities for Reliability and Readiness for Electrification

- This opportunity differs from the direct federal grant opportunity submitted for IIJA Program 40101(c) in that Program 40101(d) is a direct state level grant. According to EGLE, Michigan will receive a total of roughly \$38 million in Preventing Outages and Enhancing the Resilience of the of the Electric Grid Formula Grants of the funding provided to States and Indian Tribes through 5 years. A minimum of \$16 million in funding is expected to be available for the first two years of the project; 50 percent of the funding will be available for large operators and the other 50 percent will be available for small operators. The Company submitted an application on November 17, 2023.

IIJA Program 40103(c)(3) – Energy Improvement in Rural or Remote Areas (ERA) Fixed Award Grant Program

Project Title: Resiliency Improvements for Disadvantaged Energy Regions

- Consumers Energy submitted a pre-application on July 13, 2023, summarizing a project intended to pilot battery storage. The Company received a “not invited” decision on September 1, 2023 and did not submit an application on the due date of October 10, 2023.

On November 14, 2023, the DOE announced the second round of funding for the Grid Resilience and Innovation Partnerships (GRIP) Program stating, “Administered by the Grid

Deployment Office and funded by the Bipartisan Infrastructure Law, the GRIP program enhances grid flexibility and resilience against growing threats of extreme weather and climate change while supporting meaningful community and labor engagement, investing in the American workforce, and advancing diversity, equity, inclusion, and accessibility. This funding opportunity, the second under the GRIP program, focuses on projects that will improve electric transmission by increasing funding and advancing interconnection processes for faster build out of energy projects, create comprehensive solutions that link grid communications systems and operations to increase resilience and reduce power outages and threats, and deploy advanced technologies such as distributed energy resources and battery systems to provide essential grid services to ensure American communities across the country have access to affordable, reliable, clean electricity.”² Up to \$3.9 billion is available through this round of funding. Concept papers are due on January 12, 2024. The DOE plans to issue responses to concept papers by February 2024. Full applications are due April 17, 2024 and May 22, 2024 depending on topic area. Consumers Energy is currently exploring options for this next round of funding opportunities.

² [Biden-Harris Administration Announces Up to \\$3.9 Billion to Modernize and Expand America's Power Grid | Department of Energy](#)

IV. RENEWABLE ENERGY & ZERO CARBON GENERATION

Table 2: IIJA Renewable Energy & Zero Carbon Generation Opportunities

IIJA Opportunity	Type of Grant	Status as of Report
Long-Duration Energy Storage Demonstrations (41001)	Direct (Federal)	Decided not to pursue at this time
Clean Energy Demonstration on Mine Land (40342)	Direct (Federal)	Decided not to file letter of intent
Renewable Energy Projects (41007 b, c)	Co-applicant (Federal)	Applied 11/18/2022
Challenges for Offshore, Land-Based, and Distributed Wind (41007 b 1)	Co-applicant (Federal)	EPRI received award notification October 2023 and is in negotiations with DOE
Advancing Equity Through Workforce Partnerships (41007 c)	Co-applicant (Federal)	Awaiting application announcement
CarbonSAFE Phase II: Storage Complex Feasibility (40305)	Co-applicant (Federal)	Received award notification 11/14/2023

RENEWABLE ENERGY & ZERO CARBON GENERATION PROGRAM UPDATES

IIJA Program 41001 – Long-Duration Energy Storage Demonstrations

Project Title: Compressed Air Energy Storage

- Consumers Energy submitted a letter of intent in December of 2022. The Company decided not to pursue this grant opportunity due to project economics.

IIJA Program 40342 – Clean Energy Demonstration on Mine Land

Project Title: Mine-based Pumped Hydro Storage

- Consumers Energy analyzed this grant opportunity when the funding opportunity announcement (“FOA”) was released on April 4, 2023. The Company’s original plan was to apply for this grant in 2024; however, the DOE requested letters of intent by May 11, 2023. The application due date was set for August 31, 2023. Consumers Energy made

the decision not to file a letter of intent for this grant opportunity after no viable sites were secured.

IIJA Program 41007(b, c) – Renewable Energy Projects – Wind, Solar

Project Title: EPRI Bulk System Ancillary Services Partnership

- Consumers Energy partnered with Electric Power Research Institute (“EPRI”) to work on new bulk system ancillary services research projects. The Company partnered with EPRI to submit an application on November 18, 2022, for the partnership grant opportunity of \$150K. EPRI was awarded grant funding and is in the negotiation phase with the DOE.

IIJA Program 41007(b)(1) – Challenges for Offshore, Land-Based, and Distributed Wind

Project Title: Wind Turbine Bat Deterrent Technology EPRI Partnership

- Consumers Energy submitted a letter of support on behalf of a partnership with EPRI. Two concept papers were submitted on January 20, 2023. The Company partnered with EPRI to submit an application on March 10, 2023, for a grant opportunity of \$2.75 million. EPRI was selected for this grant award in October 2023 and is in negotiations with the DOE. Consumers Energy will continue to support EPRI during the negotiation phase.

IIJA Program 41007(c) – Advancing Equity Through Workforce Partnerships

Project Title: P4A Renewables Training Partnership

- Consumers Energy worked with Power for America (“P4A”) to determine that P4A would be the appropriate primary applicant for this project. The Company will continue to engage with P4A for this \$1 million grant opportunity.

IIJA Program 40305 – CarbonSAFE Phase II: Storage Complex Feasibility

Project Title: Midwest Carbon Sequestration Corridor “Crossroads”

- Consumers Energy is partnering with BP Corporation North America, Inc. (“BP”) on a joint application for Phase III of the CarbonSAFE program under the “Carbon storage validation and testing” section of the IIJA. BP was awarded \$33 million in a previous FOA issue for this program. Phase III affords an opportunity for up to \$110.5 million in funding for a project targeting the third phase of development of commercial-scale geological storage facilities for CO₂. An application was submitted on July 6, 2023. Consumers Energy received notification on November 14, 2023 that this project was selected for a grant award. The Company will be working closely to support BP for the duration of this project.

V. CLEAN TRANSPORTATION

Table 3: IIJA Clean Transportation Opportunities

IIJA Opportunity	Type of Grant	Status as of Report
Grants for Charging and Fueling Infrastructure (Corridor) (11401 a)	Partner Support (Federal)	Supported application submitted 6/13/2023
Grants for Charging and Fueling Infrastructure (Community) (11401 b)	Partner Support (Federal)	Supported application submitted 5/30/2023
No or Low Emissions Buses (30018)	Partner Support (Federal)	Supported application submitted 4/13/2023
Clean School Bus Program (71101)	Partner Support (Federal)	Supported applications submitted May 2023
Electric or Low Emitting Ferry Pilot Program (71102)	Partner Support (Federal)	MDOT received \$6.6 million in funding
National Electric Vehicle Infrastructure Formula Program	Partner Support (State)	Issued 60 letters of support for NEVI funds

CLEAN TRANSPORTATION PROGRAM UPDATES

IIJA Program 11401(a) – Grants for Charging and Fueling Infrastructure (Corridor)

Project Title: State Coordination on AFC Charging Buildout to Address NEVI Gaps

- Consumers Energy provided a letter of support to the State of Michigan for its application. The Company offered a commitment to continue a partnership in a collaborative approach with no specific funding commitments provided. The grant funding opportunity is \$15 million for this partnership project. The State of Michigan submitted an application by the revised due date of June 13, 2023. An award decision is pending.

IIJA Program 11401(b) – Grants for Charging and Fueling Infrastructure (Community)

Project Title: Public Community Charging Hub

- Consumers Energy provided letters of support for Mundy Township and the City of Grand Rapids for their respective applications. The partnership grant opportunity is for \$15 million. Applications were submitted May 30, 2023. An award decision is pending.

IIJA Program 30018 – No or Low Emission Buses

Project Title: Transit Bus Electrification Partnerships Serving DACs

- Consumers Energy partnered with selected fleets in the PowerMIFleet program. The Company submitted a letter of commitment on behalf of the Michigan Department of Transportation (“MDOT”) for Low or No Emission and Grants for Buses and Bus Facilities Competitive programs. An application was submitted on April 13, 2023 for the \$20 million partner opportunity. An award decision is pending.

IIJA Program 71101 – Clean School Bus Program

Project Title: PowerMIFleet Partnership for Clean School Bus Program

- Consumers Energy and PowerMIFleet are actively partnering with the school districts that were selected for EPA Clean School Bus Program funding in 2022 to provide technical and financial support on the installation of charging stations at each location. The Company intends to do the same thing for 2023 awardees. Fleet electrification assessments were provided to school districts that were intending to apply for the May 2023 deadline, which enables them to include a comprehensive electrification plan to show they are serious about moving forward. Applications were due in May of 2023 for the \$20 million partner opportunity. An award decision is pending.
- The rebate application period for the Clean School Bus Program is open through January 31, 2024. Consumers Energy provided letters of support for the rebate program for four

school districts in Michigan: Bridgeport, Saginaw, Beecher, and Oscoda. The letters were provided on December 5, 2023. The rebate selection process will utilize a random lottery to select rebate recipients.

IIJA Program 71102 – Electric or Low Emitting Ferry Pilot Program

Project Title: MEA / Star Lines Ferry Pilot

- On January 26, 2023, the Federal Transit Administration (FTA) announced \$384.4 million in grant awards to 23 projects in 11 states and the U.S. Virgin Islands to expand and improve the nation’s ferry service, as well as accelerate the transition to zero emission transportation. MDOT received \$6.6 million in funding from this grant. In May of 2023, the FTA issued a notice of funding opportunity (“NOFO”) for approximately \$220 million in funding available for Fiscal Year 2023 to improve and expand ferry service in communities across the country to help people connect to jobs and opportunity. Consumers Energy provided an electric capacity assessment for Mackinac Economic Alliance/Star Lines Ferry to confirm the ability to power an electric ferry. Once the project commences, the Company will continue in a supporting role through such actions as rebating the nautical charging installation and ensuring a dedicated transformer for the charger.

National Electric Vehicle Infrastructure (NEVI)

Project Title: NEVI Partnership with EGLE

- The National Electric Vehicle Infrastructure Formula Program was created “to provide funding to states to deploy EV charging infrastructure and establish an interconnected network to facilitate data collection, access, and reliability.” Consumers Energy was

working with EGLE to identify site host locations for the PowerMIDrive rebate program. In May 2023, the State of Michigan announced the transition of executive authority from EGLE to MDOT for NEVI. MDOT declined to collaboratively partner with Consumers Energy on project selection and will be approaching the NEVI funds as a contract-based program with site hosts. Timeline and inflexible requirements for commitment to timeline and funding amounts poses a risk to PowerMIDrive DCFC rebate program. Thus, Consumers Energy will not be actively seeking site host partnerships for sites in NEVI locations for PowerMIDrive. Consumers Energy will continue as a utility partner for any NEVI applicants in its electric service territory, but will no longer be able to pursue approval of PowerMIDrive program rebate sites as part of NEVI. Consumers Energy issued 60 letters of support for applicants for this grant in November 2023.

VI. ENERGY EFFICIENCY

Table 4: IJJA Energy Efficiency Opportunities

IIJA Opportunity	Type of Grant	Status as of Report
EE and Renewable Energy Improvements at Public Schools (40541)	Co-applicant (Federal)	Supported application submitted 1/26/2023
Energy Auditor Training Grant Program (40503)	Partner Support (Federal)	Awaiting application announcement
Energy Efficiency and Conservation Block Grant (40552)	Partner Support (Federal)	State applications submitted 7/31/2023 Local governments and tribes extended to 4/30/2024
Weatherization Assistance Program (40551)	Partner Support (Federal)	Will support application due 1/5/2024

ENERGY EFFICIENCY PROGRAM UPDATES

IIJA Program 40541 – EE and Renewable Energy Improvements at Public Schools

Project Title: Partnership with Schools for EE Upgrades

- Consumers Energy submitted a letter of support on behalf of Jackson Public Schools. A concept paper was submitted on January 26, 2023. Jackson Public Schools submitted its application on April 21, 2023, with Consumers Energy’s support as a co-applicant. This grant offers a partnership opportunity of \$11 million. An award decision is pending. The Company plans to continue working with Flint to identify opportunities for the next award cycle.

IIJA Program 40503 – Energy Auditor Training Grant Program

Project Title: Workforce Pilot with Walker Miller

- Consumers Energy has partnered with EGLE in further discussions on a Walker Miller partnership opportunity. A workforce pilot is currently in progress and partners are evaluating the potential for expansion. This partnership opportunity is for grant funding of \$250K and will be used to train Black, Indigenous, and People of Color (“BIPOC”) citizens of DACs for typical energy efficiency (“EE”) entry level roles. The Company and its partners are awaiting the announcement of concept paper and application due dates.

IIJA Program 40552 – Energy Efficiency and Conservation Block Grant

Project Title: Partner with Community Action Agencies to Expand Health & Safety and EE Low/Moderate Income Programs

- Consumers Energy’s implementation contractor partner has been individually reaching out to cities and counties that were previously awarded funding; currently working through 50 cities. This grant is a partnership opportunity for \$5 million of funding. The deadline for states and territories to submit applications was July 31, 2023. The application deadline for local governments and Tribes has been extended from January 31, 2024 to April 30, 2024. Consumers Energy will continue to seek out partnership opportunities for this funding.

IIJA Program 40551 – Weatherization Assistance Program

Project Title: Weatherization Program Expansion

- Consumers Energy is coordinating with the Michigan Department of Health and Human Services (“DHHS”) to obtain funding for EE upgrades, weatherization, and furnace replacements. The goal is to identify ways to (1) grow the contractor base by two-to-three times and (2) increase customer enrollment. The goal of the Company’s

partnership with the State of Michigan is to expand/maximize the weatherization assistance program. The partnership grant opportunity is for \$90 million. This program is ongoing, and Consumers Energy will continue to monitor and support state efforts. Concept papers were submitted August 31, 2023 and full applications are due January 5, 2024.

VII. HYDRO

Table 5: IJJA Hydro Opportunities

IJJA Opportunity	Type of Grant	Status as of Report
Hydroelectric Production Incentives (40331 and EPA 242)	Direct (Federal)	No projects qualified
Hydroelectric Efficiency Improvement Incentives (40332 and EPA 243)	Direct (Federal)	Applied 6/20/2023 Received letters 11/6/2023 stating qualification Award decision pending
Maintaining and Enhancing Hydroelectricity Incentives (40333 and EPA 247)	Direct (Federal)	Applied 10/6/2023 Awards to be announced February 2024.

HYDRO PROGRAM UPDATES

IJJA Program 40331 and EPA 242 - Hydroelectric Production Incentives

- This grant funding opportunity will provide \$125 million in incentive payments to qualified hydroelectric facilities for electricity generated and sold. Consumers Energy worked with WSP and determined that Consumers Energy projects did not qualify. The Company will continue to monitor opportunities as they are offered in the next year.

IJJA Program 40332 and EPA 243 - Hydroelectric Efficiency Improvement Incentives

- This grant funding opportunity will provide \$75 million in incentive payments to enable implementation of capital improvements to improve efficiency by at least 3%.

Consumers Energy worked with WSP to submit applications for 9 projects by the application due date of June 20, 2023. The total grant opportunity for the nine projects submitted is \$16.4 million. Consumers Energy received 9 letters on November 6, 2023 stating that all projects submitted by the Company qualified for the grant funding. An award decision is pending.

IIJA Program 40333 and EPA 247 - Maintaining and Enhancing Hydroelectricity Incentives

- This grant funding opportunity will provide an investment of \$554 million to enhance existing hydropower facilities for capital improvements directly related to grid resiliency, dam safety, and environmental improvements. Letters of intent for this opportunity were submitted on June 22, 2023. Consumers Energy worked with WSP to submit eleven project applications on October 6, 2023. Ten of the projects were submitted for dam safety incentives and one project was submitted for environmental incentives. The total grant opportunity for the eleven projects is \$23.2 million. Awards will be announced in February 2024.

VIII. REGULATORY ACCOUNTING

In its August 23, 2022 order in the instant case, the Commission stated:

As is currently permitted under the Commission’s regulatory framework, rate-regulated utilities may file requests for regulatory accounting treatment, including *ex parte* requests for regulatory assets and deferral authorization, as well as pilot program approvals of IIJA-related projects in newly opened individual dockets. The Commission will use best efforts to make a determination on such requests within 90 days from the date of filing. Approval of any regulatory accounting treatment request or pilot program, however, does not bind the Commission to a particular course of action in a future proceeding, and cost recovery determinations subject to a review for reasonableness and prudence will be reserved for a contested proceeding such as a future general rate case.

The time sensitivity of IIJA funding awards and negotiations with the DOE creates the potential of a disconnect between amounts included in rates and actual expense experienced. Consumers Energy has proposed the use of a regulatory asset or liability consistent with the Commission’s desire to allow for DOE negotiations while preventing a disconnect between applicable amounts in rates and the actual amounts in rates. This disconnect could be caused by the receipt of IIJA funding for amounts that are currently included in rates or by necessary matching funds expended by the Company that have not been included in rates.

Table 6, below, summarizes all of the regulatory accounting applications filed by Consumers Energy thus far. The following narrative highlights activity since the last report filed on June 29, 2023. Consumers Energy filed an *ex parte* application with the Commission for regulatory treatment of grant funding for a project entitled “Public-Private Partnership to Drive Grid and Climate Resiliency Through Combined Remote Sensing Technologies” on June 29, 2023. On August 30, 2023, the Commission approved this application. The Company was not

selected for this grant award. On September 19, 2023, Consumers Energy filed two *ex parte* applications with the Commission for regulatory treatment of grant funding for its hydro projects and its CarbonSAFE partnership project. On November 9, 2023, both applications were approved by the Commission. An additional application was filed on November 14, 2023 for the “Microgrids to Mitigate Outage Impacts for Rural Areas” project. Consumers Energy will meet with Commission Staff to support this filing and will continue to work with Staff on future submissions.

Table 6: Regulatory Accounting Applications Filed

Case Number	Project Title	File Date	Status
U-21402	DER Optimization Platform	4/3/2023	Approved 6/22/2023
U-21416	Sectionalization and Circuit Improvements to Mitigate Outage Impacts for DACs	5/5/2023	Approved 6/22/2023
U-21460	Public-Private Partnership for Combined Remote Sensing	6/29/2023	Approved 8/30/2023
U-21493	Midwest Carbon Sequestration Corridor “Crossroads”	9/19/2023	Approved 11/9/2023
U-21494	Hydroelectric Incentives	9/19/2023	Approved 11/9/2023
U-21524	Microgrids to Mitigate Outage Impacts for Rural Areas	11/14/2023	Pending

IX. IRA ACTIVITY

The Inflation Reduction Act of 2022 (“IRA”) is a significant climate law that builds on the foundational climate and clean energy actions of the IIJA. The IRA offers funding, programs,

and incentives to accelerate the transition to a clean energy economy. IRA incentives reduce renewable energy costs for organizations like Green Power Partners – businesses, nonprofits, educational institutions, and state, local, and tribal organizations. The United States Environmental Protection Agency (“EPA”) stresses that taking advantage of IRA incentives, such as tax credits, is vital to lowering greenhouse gas emission footprints and accelerating the clean energy transition.

Among the energy and tax related provisions, the IRA introduced and expanded tax credits to incentivize investments in clean energy technologies aimed at combating climate change, created a 15% minimum tax on corporations with at least \$1 billion in income, and boost R&D and commercialization of leading-edge technologies. The most notable customer benefit arising from the IRA is related to the expansion of production tax credits for solar facilities. Section 45 of the Internal Revenue Code allows owners of certain renewable energy facilities, including solar facilities, to claim a federal income tax credit on every kilowatt-hour of electricity generated and sold for a period of ten years after a facility is placed into service. Consumers Energy continues to review the IRA for tax credit opportunities that will help the Company reach its climate and emission goals, as well as benefit its customers.

The IRA appropriated \$11.7 billion for the Loan Programs Office (LPO) to support issuing new loans. This provision increases the existing loan program authority by approximately \$100 billion. The Title 17 Innovative Clean Energy Loan Guarantee (“ICE”) Program provides an additional \$40 billion of loan authority for projects eligible for loan guarantees under the Energy Policy Act of 2005. The IRA also created a new program under Title 17 called the Energy Infrastructure Reinvestment (“EIR”) Program. The EIR was appropriated \$5 billion to support

providing up to \$250 billion in loans to help retool, repower, repurpose, or replace energy infrastructure that has ceased operations or to improve the efficiency of infrastructure that is currently operating. Consumers Energy has identified multiple projects in the four qualifying categories: 1) IRP Projects; 2) River Hydros; 3) Methane Reduction; and 4) Virtual Power Plant. The Company has been working with the DOE to complete Part I of the application process in order to advance to Part II where applications are actually submitted. Part I includes regular communication with the DOE to solidify projects and finalize applications. Consumers Energy is aiming for a multi-billion dollar ask from the LPO program with a 50/50 split between loan funding and equity.

On February 14, 2023, the EPA released initial guidance on the Greenhouse Gas Reduction Fund (“GGRF”) program created by the IRA. The GGRF consists of two parts: the General and Low-Income Assistance Competition; and the Zero-Emissions Technology Fund Competition. The General and Low-Income Assistance Competition will award nearly \$20 billion in competitive grants to eligible nonprofit entities that will collaborate with community financing institutions like green banks, community development financial institutions, credit unions, housing finance agencies and others. These entities will leverage public dollars with private capital to invest in projects that reduce pollution and lower energy costs for families, particularly those in the low-income and disadvantaged communities that have had unequal access to private capital for far too long. EPA expects to make between 2 and 15 grants under this competition. The Zero-Emissions Technology Fund Competition (also called “Solar for All” competition) will award \$7 billion in competitive grants to states, Tribal governments, municipalities, and eligible nonprofit entities to enable the deployment of residential rooftop

solar, community solar and associated storage and upgrades in low-income and disadvantaged communities. The stated purpose of the Solar for All competition is to ensure all families benefit from clean, affordable energy options. EPA expects to award up to 60 grants under this competition.

Consumers Energy developed approaches to help the State of Michigan leverage federal funding opportunities and private capital to make the advantages of solar, including bill support through subscriptions, more beneficial for low-income and moderate-income customers. The Company continues to support and encourage federal funding for programs that benefit all of its customers. Consumers Energy will continue to oppose programs that benefit some customers while shifting costs to others through burdensome subsidies. This funding provides an opportunity to uphold the Company's position while also extending the benefits of solar to a larger customer group.

EGLE submitted a Notice of Intent to apply for the Solar for All funding on July 31, 2023. The original application due date for the Solar for All grant funding opportunity was September 26, 2023. The application date was extended to October 12, 2023, due to an expansion of the program related to the amount of interest expressed by the large volume of Notice of Intent submissions. EGLE submitted its application on October 12, 2023. Consumers Energy will continue to work with EGLE through the grant process in order to maximize the impact of this funding for low-income and disadvantaged communities throughout Michigan.

X. CONCLUSION

Consumers Energy has worked diligently to identify opportunities from the federal Infrastructure Investment and Jobs Act of 2021 that will support safe, reliable, clean, and affordable energy for its customers. The Company has worked to ensure that the IJJA strategy employed continues to be efficient and impactful. Consumers Energy has applied for several grant opportunities, and assessment of IJJA opportunities will continue as the program moves into Phase II. The Company is also monitoring the federal Inflation Reduction Act of 2022 for additional funding and loan opportunities that will aid Consumers Energy in meeting its climate goals. As more information is released and funding opportunities become available through the IRA, the Company will continue to pursue grants that align with Company goals.

Respectfully submitted,

CONSUMERS ENERGY COMPANY