

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )	
<b>DTE ELECTRIC COMPANY</b> for approval of )	
contracts for the development of the Trenton Channel )	Case No. U-21566
Energy Center. )	
_____ )	

At the March 15, 2024 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**

On January 26, 2024, DTE Electric Company (DTE Electric) filed an application (January 26 application), with a supporting affidavit and exhibits, requesting *ex parte* approval of contracts associated with the Trenton Channel Energy Center Project (Project). With its January 26 application, DTE Electric filed the affidavit of Terri L. Schroeder, which included redacted copies of agreements between DTE Electric and Powin, LLC (Powin), Motor City Electric Utilities Co. (Motor City), and Pennsylvania Transformer Technology Inc. (PTTI). Specifically, DTE Electric included redacted copies of an Energy Supply Agreement (ESA) between the company and Powin; an Engineering, Procurement, and Construction Agreement (EPCA) between the company and Motor City; and a Transformer Agreement (TA) between the company and PTTI (collectively referred to as the Contracts).

As a brief background, on November 3, 2022, DTE Electric filed an application in Case No. U-21193, requesting approval of an integrated resource plan (IRP). On July 12, 2023, DTE Electric reached a settlement agreement with the intervening parties in that matter that resolved all outstanding issues related to the company's IRP. In the July 26, 2023 order in Case No. U-21193 (July 26 order), the Commission approved the settlement agreement. According to the terms of the settlement agreement, DTE Electric agreed, among other things, to accelerate the building of storage capacity for the Project, totaling 220 megawatts (MW), with a commercial operation date in 2025. *See*, July 26 order, p. 7. In its January 26 application, DTE Electric states that it is seeking the Commission's approval of the Contracts to support the Project and to enable procurement of the Project's longest lead-items. January 26 application, pp. 2-4. DTE Electric is not seeking rate recovery related to the Project with this application. *Id.*, p. 4.

According to DTE Electric, “[t]he Project includes the design, procurement, and construction of a 220MW / 880 MWh [megawatt-hour] Lithium Iron-Phosphate (LFP) battery energy storage system (BESS) at the site of the former Trenton Channel Power Plant located in the City of Trenton, Wayne County Michigan.” *Id.*, p. 3. With a capacity of 880 MWh, the Project can operate at 220 MW for a four-hour duration or at lower capacity for longer duration depending on system needs. *Id.* DTE Electric estimates that the Project will cost between \$423 million and \$460 million, which is consistent with cost estimates provided in Case No. U-21193. *Id.* The company anticipates that the Project will qualify for the 30% federal Investment Tax Credit (ITC), for a value of approximately \$110 million, as well as an incremental 10% bonus ITC with a value of approximately \$37 million due to the Project's location within an “energy community,” as defined in the federal Inflation Reduction Act of 2022, PL 117-169. *Id.*, p. 4; *see also*, 26 USC 45(b)(11)(B). DTE Electric also states that, in addition to the costs associated with the Contracts,

any incremental costs related to the Project's development will be presented through the company's general electric rate case for approval. Affidavit of Terri L. Schroeder, p. 7.

With respect to the Contracts presented for approval in the January 26 application, DTE Electric states that the procurement process "involved leveraging bids that were originally received from the Company's Slocum Peaker Replacement Project (Slocum) and the issuance of a Request for Proposal (RFP) for an EPCA and a Developer Services Agreement (DSA)." *Id.*, p. 5; *see also*, January 26 application, p. 2. The original RFP processes for Slocum evaluated both an ESA and a TA. Affidavit of Terri L. Schroeder, p. 5. The executed ESA with Powin and executed TA with PTTI presented in the January 26 application are the result of negotiations following the company's solicitation in February 2023 for updated pricing and equipment availability for the original Slocum RFPs. *Id.*, p. 6.

The EPCA and DSA involved two separate RFPs issued by the company on February 13, 2023, and March 29, 2023, respectively. *Id.*, p. 7. The executed EPCA with Motor City presented in the January 26 application is the result of negotiations following the issuance of the RFP. *Id.* DTE Electric chose to forego negotiations with any developer for the DSA due to economic and non-economic factors that included non-conformance, concerns regarding the proposed Project footprint, construction timeline, proposed storage technology, and safety qualifications. *Id.* DTE Electric states that the RFPs completed for the Project "conformed to the Company's guidelines for RFPs and incorporated bid evaluation processes including an assessment of both price and non-price factors." *Id.*, p. 5.

The Commission Staff has reviewed the bids and supporting documentation as well as the bid scoring and recommends approval of the application.

The Commission has reviewed the January 26 application with supporting affidavit and exhibits and finds that the Contracts supporting the Project should be approved. The Commission reminds DTE Electric that, consistent with the December 1, 2023 order in Case No. U-21297 (December 1 order), for future recovery requests, “costs subject to approval must be determined specific to this [Project] build rather than based on generalized national cost estimates such as those proposed using 2022 National Renewable Energy Laboratory (NREL) cost estimates.” December 1 order, p. 47. The Commission further finds that *ex parte* review and approval are appropriate as approval of the Contracts will not result in an increase in rates or rate schedules and will not increase the cost of service to customers. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that the application filed by DTE Electric Company seeking *ex parte* approval of the Energy Supply Agreement with Powin, LLC; the Engineering, Procurement, and Construction Agreement with Motor City Electric Utilities Co.; and the Transformer Agreement with Pennsylvania Transformer Technology Inc. supporting the Trenton Channel Energy Center Project is approved.

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](mailto:mpscedockets@michigan.gov) and to the Michigan Department of Attorney General - Public Service Division at [pungpl@michigan.gov](mailto: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

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Daniel C. Scripps, Chair

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Katherine L. Peretick, Commissioner

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Alessandra R. Carreon, Commissioner

By its action of March 15, 2024.

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Lisa Felice, Executive Secretary


# PROOF OF SERVICE

STATE OF MICHIGAN )

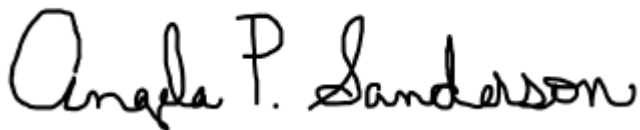
Case No. U-21566

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on March 15, 2024 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 March day of 15<sup>th</sup> 2024.



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

**Service List for Case: U-21566**

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<b>Name</b>	<b>On Behalf Of</b>	<b>Email Address</b>
DTE Electric Company	DTE Electric Company	mpscfilings@dteenergy.com
Mark W. Madden	DTE Electric Company	mark.madden@dteenergy.com