

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
CONSUMERS ENERGY COMPANY for)
approval of its integrated resource plan under) Case No. U-21090
MCL 460.6t, certain account approvals, and)
for other relief.)
_____)

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 12, 2024, Consumers Energy Company (Consumers) filed an application, with supporting testimony, affidavit, and exhibits, requesting *ex parte* approval of a power purchase agreement (PPA) between Consumers and Freshwater Solar, LLC.

On June 30, 2021, the company filed its Integrated Resource Plan (IRP) under MCL 460.6t in Case No. U-21090. Subsequently, Consumers entered into a settlement agreement with a number of parties that would resolve all issues in the case. This settlement agreement was contested by certain other parties, and in an April 25, 2022 order, the Commission set a schedule to adjudicate the contested settlement agreement. On June 23, 2022, the Commission issued an order in Case No. U-21090 (June 23 order), approving the contested settlement agreement. In its IRP Proposed Course of Action (PCA), the company sought to procure approximately 6,000 megawatts (MW) of

new solar resources by 2040. The contested settlement agreement expanded that goal to approximately 8,000 MW of solar generation by 2040 and stipulated that Consumers would continue to utilize an annual competitive solicitation process to acquire the technologies specified in the company's PCA. *See*, June 23 order.

In accordance with the contested settlement agreement approved in the June 23 order, the company implemented a competitive solicitation in 2022 utilizing an Independent Administrator, Enel X North America, Inc. (Enel X). Enel X issued the 2022 IRP request for proposal (RFP) on December 8, 2022. This RFP sought to acquire additional aggregate nameplate capacity located in Michigan's Lower Peninsula in three tranches based on the following Commercial Operation Dates (COD): (1) 500 MW on or before June 1, 2025; (2) 204 MW on or before June 1, 2026; and (3) 500 MW on or before June 1, 2027. Enel X evaluated a total of 30 unique projects representing nearly 1665 MW of nameplate capacity and screened and developed a ranked blind shortlist, which was given to Consumers. The company then provisionally selected bids within the various tranches, conducted due diligence reviews, and conducted PPA negotiations with the provisionally selected bidders. This ultimately resulted in the selection of three solar facility PPAs, including the Freshwater Solar PPA, the subject of the underlying application. Application, pp. 3-4.

The Freshwater Solar Project is a 300 MW solar facility located in Montcalm County, Michigan, with a scheduled COD of June 1, 2027. Per the application, the total lifetime cost of the PPA is approximately \$715.7 million, with an expected levelized cost of electricity (LCOE) of \$63.29 per megawatt-hour. *Id.*, p. 5.

On February 6, 2024, the Association of Businesses Advocating Tariff Equity (ABATE) filed an objection to the application and motion for a contested case proceeding. ABATE requested the

Commission reject the company's requests for *ex parte* approval for the Freshwater Solar Project PPA and Tibbits Energy Storage PPA and instead initiate a contested case proceeding pursuant to Mich Admin Code, R 792.10415 *et seq.*; MCL 24.201 *et seq.*; and Mich Admin Code, R 792.10432. Alternatively, ABATE requested clarification that the Commission is not approving recovery by Consumers of all payments under the PPAs for the purposes of Section 6j of Public Act 304 of 1982, MCL 460.6j, nor is it determining such recovery is reasonable or prudent in this proceeding. Motion, pp. 2-5.

On February 21, 2024, Consumers and ABATE filed a joint stipulation clarifying the company's application and seeking to withdraw ABATE's motion. The joint stipulation states:

the Applications do not seek Commission approval or pre-approval to increase any rates or charges, or for cost recovery in connection with the PPAs, nor does the Company seek any Commission determination in the January 12, 2024 Applications regarding the reasonableness or prudence of the costs associated with the PPAs beyond their consistency with the approved plan reflected in the Settlement Agreement in the Company's last IRP, or the allocation of costs associated with the PPAs in this proceeding to the extent that the costs of the PPAs may be included in a future rate proceeding.

Joint stipulation, pp. 1-2.

The Commission has reviewed Consumers' application, supporting testimony and exhibits, and the language in Section 6t of Act 304 and finds that the Freshwater Solar Project PPA should be approved. The Commission further finds that *ex parte* review and approval are appropriate because approval of the PPA will not result in an increase in costs to customers. *See*, MCL 460.6a(3). As stated in the joint stipulation, Commission approval of the instant application does not grant approval or pre-approval to increase any rates or charges, or for cost recovery in connection with the PPA. Further, this order does not make a determination regarding the reasonableness or prudence of the costs associated with the Freshwater Solar PPA beyond its consistency with the approved plan in the June 23 order. *See*, Joint stipulation, pp. 1-2.

THEREFORE, IT IS ORDERED that the power purchase agreement between Consumers Energy Company and Freshwater Solar, LLC, 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 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

Alessandra R. Carreon, Commissioner

By its action of March 15, 2024.

Lisa Felice, Executive Secretary


PROOF OF SERVICE

STATE OF MICHIGAN)

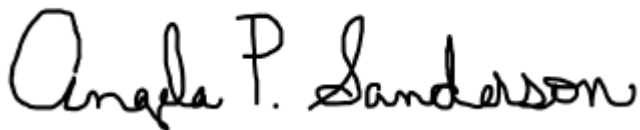
Case No. U-21090

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 15th 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-21090

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