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MPSC rejects early termination of two Consumers Energy contracts for output of biomass plants *Plants in Cadillac, Lincoln had been set to close May 31*

The Michigan Public Service Commission today rejected applications by Consumers Energy Co. for early termination of power purchase agreements (PPAs) with biomass plant operators, finding that ending the contracts prematurely was not holistically considered in the state's electric capacity needs, posing a potential risk, and that calculated savings may be overestimated.

Consumers Energy applied in January for a third amendment to its long-running agreement with National Energy of Lincoln in northeast Michigan ([Case No. U-20496](#)). The utility proposed early termination of an earlier amendment that had extended PPA for the plant's 18 megawatts (MW) of electricity to 2027, which would result in closure of the plant on May 31, 2024.

Meanwhile, Consumers applied in June 2023 for a similar early termination of its power purchase agreement with Cogeneration Michigan Associates Limited Partnership's Cadillac Plant, from July 2028 to May 31, 2024 ([Case No. U-21459](#)).

The Commission rejected Consumers application for early termination of the National Energy of Lincoln PPA and a settlement agreement regarding the utility's application for early termination of its PPA for the Cadillac plant.

The Commission's order today raised concerns about the claimed potential savings given that testimony in both cases indicated Consumers would turn to volatile electricity markets to replace some of the energy output and capacity lost with the shutdown of the plants. The Commission found relying on unpredictable markets for replacement supply outside of a comprehensive Integrated Resource Planning process in this manner entailed an unacceptable level of risk.

Consumers proposed to replace the National Energy of Lincoln plant with a 33.6 MW solar facility and the Cadillac Plant with a 67 MW solar facility. But testimony indicated that, on their own, the two solar facilities would not be able to replace all the electric capacity from the biomass plants without supplemental purchases from electricity markets. That's of concern because the regional transmission organization that covers

much of Michigan, the Midwest Independent System Operator, has warned of tightening supplies.

Given those concerns, the Commission said it wasn't persuaded Consumers should abandon energy and capacity commitments locked in via earlier versions of the PPAs absent a more holistic review through an amendment to the company's integrated resource plan, which was last approved in June 2022.

COMMISSION APPROVES CONTRACTS FOR RENEWABLE ENERGY PROJECTS SPELLED OUT IN TWO UTILITIES' INTEGRATED RESOURCE PLANS

The Commission approved several renewable energy projects called for in the long-range integrated resource plans of two Michigan electric utilities, supporting the state's clean energy transition. The Commission approved DTE Electric Co.'s application for approval of contracts associated with its Trenton Channel Storage Project ([U-21566](#)), an authorization that came the same day that the utility demolished two smokestacks at its retired Trenton Channel plant in Wayne County. DTE Electric will construct a 220 megawatt /800 megawatt hour lithium iron-phosphate battery energy storage system at the site of the former Trenton Channel plant, at a cost of up to \$460 million. The Commission approved an energy supply agreement with Powin LLC; an engineering, procurement and construction agreement with Motor City Electric Utilities Co., and a transformer agreement with Pennsylvania Transformer Technology Inc. Separately, the Commission approved Consumers Energy Co.'s application for approval of a PPA between the utility and Freshwater Solar Project, a 300 MW solar facility in Montcalm County, with a total lifetime cost of \$715.7 million ([Case No. U-21090](#)).

MPSC APPROVES VOLUNTARY RENEWABLE NATURAL GAS PROGRAM THAT CONSUMERS ENERGY WILL OFFER TO CUSTOMERS

The MPSC approved Consumers Energy Co.'s application for a voluntary renewable natural gas (RNG) program that will allow customers to opt into having percentages of the gas they use come from renewable sources, such as the methane produced by landfills and biodigesters ([Case No. U-21387](#)). The program will allow residential customers and small-to-medium sized businesses to designate up to 100% of their gas to be RNG. Costs will be paid voluntarily by those who opt in; other ratepayers will not see their rates increase. Consumers must file an annual report on the program as part of its annual report on MI Clean Air Offerings and demonstrate verified emissions reductions associated with the RNG program through the annual filing.

COMMISSION TAKES NEXT STEPS IN EFFORT TO ADDRESS EV ISSUES

The Commission today took a number of steps in its follow-up to a two-day technical conference the MPSC held in January to address new issues, concerns and opportunities with electric vehicles. Today's order in [Case No. U-21492](#) reviews takeaways from the conference, expands the scope of the vehicle-to-grid and energy storage workgroup to incorporate tariff proposals for vehicle-to-grid and energy storage for all regulated electric utilities, and directs MPSC Staff to file a proposed transportation

electrification plan filing process and proposed schedule for filings by July 1, 2024. Interested person may provide comments on the Commission Staff's proposal by July 22, 2024, with reply comments due by Aug. 12, 2024.

MPSC GRANTS ALTERNATIVE GAS SUPPLIER LICENSE TO CLEANSKY ENERGY

The MPSC granted Titan Gas LLC, doing business as CleanSky Energy, a license to operate as an alternative gas supplier in Michigan ([Case No. U-21573](#)). CleanSky Energy provides natural gas and electricity to 1.3 million customers in Maryland, Ohio, Pennsylvania, six other states and the Washington, D.C. Its Michigan office is located at 40600 Ann Arbor Road East, Suite 200, in Plymouth.

MPSC OKs VOLUNTARY RELINQUISHMENT OF ELIGIBLE TELECOMMUNICATIONS CARRIER DESIGNATION AND LICENSE SURRENDER FOR STARLINK SERVICES

The Commission today granted Starlink Services LLC's request for a voluntary relinquishment of its designation as an eligible telecommunications carrier in Michigan, a status that was granted to the satellite-based internet provider in 2021 as it sought federal funding to expand and enhance rural broadband access ([Case No. U-20954](#)). Starlink filed its relinquishment application in February 2024 after failing to be awarded funding through the Federal Communications Commission's Rural Digital Opportunity Fund (RDOF). For the same reason, the Commission also approved the Elon Musk-founded company's request for surrender of its license to provide basic local exchange service in Michigan, a license that also was required in connection with Starlink's pursuit of RDOF funding ([Case No. U-21035](#)).

To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).

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