

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 April 11, 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 Tibbits Energy Storage 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. The contested settlement agreement stipulated that Consumers would issue a one-time competitive solicitation

seeking projects that would provide the company with capacity credit in the Midcontinent Independent System Operator, Inc. (MISO) Zone 7 starting in the 2025 planning year.

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, Charles Rivers Associates, Inc. (CRA). CRA issued the request for proposal (RFP) on September 29, 2022, for additional aggregate nameplate capacity of up to 700 Zonal Resource Credits with Commercial Operation Dates (COD) on or before June 1, 2025, in two tranches. Tranche 1 sought dispatchable, non-intermittent generators capable of providing MISO Zone 7 capacity, while Tranche 2 sought clean generators capable of providing MISO Zone 7 capacity. On March 14, 2023, CRA delivered a recommendation for final award for Tranche 2 to Consumers. The company then notified respondents, conducted due diligence reviews, and initiated PPA negotiations with the provisionally selected bidders. This ultimately resulted in the selection of the Tibbits Energy Storage PPA. The company executed a PPA effective on December 19, 2023, between the company and Tibbits Energy Storage LLC. Application, pp. 2-3.

The Tibbits Energy Storage Project is a 100-megawatt, 876,000-megawatt-hour battery energy storage facility located in Branch County, Michigan, with a scheduled COD of May 31, 2025. The total lifetime cost of the PPA is approximately \$387 million and the fixed energy payment is \$14.54 per megawatt-hour. *Id.*, p. 3.

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.

At the request of the Commission Staff, the company filed revised testimony and exhibits on March 28, 2024 that includes calculations for levelized cost of energy and levelized cost of capacity, in addition to the new metric of levelized net cost of capacity, and indicates that all three values compare favorably to the 2021 IRP battery energy storage proxy. *See*, Revised testimony of Beth A. Skowronski and Revised Exhibit A-2.

The Commission has reviewed Consumers' application, the supporting testimony and exhibits, the joint stipulation, the revised testimony and exhibits, and the language in Section 6t of Act 304 and finds that the Tibbits Energy Storage 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 Tibbits Energy Storage 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 Tibbits Energy Storage, 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 April 11, 2024.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

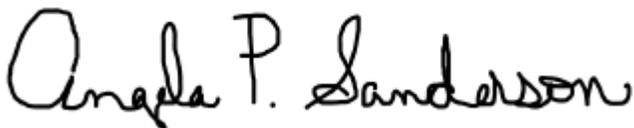
Case No. U-21090

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on April 11, 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 11th day of April 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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