S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, to implement the provisions of Sections 22 through 49 and related definitions of Public Act 235 of 2023.	))))	Case No. U-21568

At the May 23, 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 November 28, 2023, Governor Gretchen Whitmer signed into law Public Act 235 of 2023 (Act 235), which, among other things, amends Sections 22 through 49 of Public Act 342 of 2016 (Act 342), to increase the renewable portfolio standards (RPS) for electric providers from 15% through 2029, to 50% in years 2030 through 2034, and 60% in 2035 and thereafter. Act 235 took effect on February 27, 2024.

Section 22(3) of Act 235 requires electric providers to file with the Commission their respective amended renewable energy plans (REPs) within one year of the effective date of Act 235. For rate-regulated electric providers, the amended REP shall include a mechanism for recovering the incremental cost of compliance within their rates and a forecast of the renewable energy resources needed to comply with the new RPS set forth in Section 28(1). For rate-regulated electric providers, the Commission shall conduct a contested case pursuant to the

Administrative Procedures Act of 1969, MCL 24.201 *et seq*., and the Commission shall issue a final order in these matters approving the REP, approving the REP with changes consented to by the provider, or rejecting the REP within 300 days from the date of filing. MCL 460.1022.

On February 8, 2024, the Commission issued an order in this docket (February 8 order) setting a staggered schedule for the amended REP filings pursuant to Section 22 of Act 235 with DTE Electric Company filing no later than July 19, 2024; Consumers Energy Company filing no later than November 15, 2024; Alpena Power Company, Indiana Michigan Power Company, Northern States Power Company, a Wisconsin corporation (NSP-W), Upper Michigan Energy Resources Corporation, and Upper Peninsula Power Company filing their respective amended REPs no later than January 17, 2025; and cooperatives, municipally owned utilities, and alternative electric suppliers filing no later than February 27, 2025. In the February 8 order, the Commission also sought comments on the following topics:

1. What, if any, changes are needed to the Michigan Renewable Energy Certification System [MIRECS] to facilitate compliance with Act 235?

2. What changes to utility procurement practices might be helpful in supporting the accelerated renewable energy development needed to comply with Act 235?

3. Currently, biomass facilities are allowed to perform a calculation in which the effective heat rates of the individual fuel stocks are compared to the total megawatt-hours of the facility to determine the percentage of renewable fuel. Do the changes in how biomass facilities are defined under Act 235, including the change to the definition of a renewable energy system under Section 11(j) of Act 235, require changes to this calculation? Are there other changes relating to the operation of biomass facilities, including the use of railroad ties as a renewable fuel feedstock, that are required as a result of the enactment of Act 235?

4. Section 49(1) of Act 235 states that an electric provider that has recorded a regulatory liability or asset on the incremental cost of compliance for the last 12 months shall be subject to a renewable energy cost reconciliation. If the electric provider utilizes a rate base cost recovery methodology for renewables to comply with Act 235, is this considered a cost of compliance?

5. With respect to electric providers that may not have a renewable portfolio requirement going forward subject to the nuclear provision in Section 28(3)(b) of Act 235, could any regulatory liability balance from compliance with Act 342 be considered something other than a regulatory liability as defined in Act 235? What other considerations should inform how the Commission addresses issues associated with existing regulatory liabilities associated with past RPS deployment?

6. As the amount of renewable energy on the power system increases, certain energy-related attributes may have greater value to the power system as a whole. Some, but not all, renewable energy resources can continue to offer these attributes, which include dispatchability, voltage support, and a hedge against disruptions or price increases in other generation inputs. Consistent with the continuing requirements under MCL 460.6t(8)(a), which require the Commission to consider diversity of generation supply when evaluating a utility's resource mix, what changes, if any, are necessary to appropriately value these attributes and characteristics?

7. Finally, the Commission invites additional comments on any other anticipated issues regarding the requirements of Sections 22 through 49 of Act 235 not specified above.

February 8 order, pp. 2-3. Comments were due no later than 5:00 p.m. (Eastern time (ET)) on March 8, 2024, and reply comments were due no later than 5:00 p.m. (ET) on March 22, 2024. *Id*., p. 3. The Commission received several comments and reply comments in response to the February 8 order. On April 25, 2024, the Commission issued an order (April 25 order) summarizing and responding to these comments and reply comments. Also in the April 25 order, the Commission sought comment on the draft amended REP filing requirements attached to the order as Exhibit A. Comments were due no later than 5:00 p.m. (ET) on May 10, 2024.

The Commission received comments on the draft amended REP filing requirements from the Michigan Municipal Electric Association (MMEA), Michigan Electric and Gas Association (MEGA), NSP-W, and Michigan Energy Innovation Business Council with Advanced Energy United (EIBC/United). With this order, the Commission briefly summarizes and responds to the comments received.

In its comments, MMEA included an attachment of a template with its proposed format with several categories of requested information for the amended REP filing requirements. MMEA's comments, filing #U-21568-0009-CC.

In its comments, MEGA requests that "as necessary" be added to the revenue requirement and cost recovery mechanism request for information, as follows:

> 9. Revenue requirement and cost recovery mechanism
>
> d) Include the forecasted incremental cost of compliance over the plan period. Per (PA 342 of 2016 Section 47) [i]ncremental costs of compliance shall be calculated, **as necessary,** to include the following:

MEGA's comments, p. 1 (emphasis in original showing proposed change). MEGA explains that this addition recognizes that not all utilities are similarly situated. To illustrate, MEGA lists the following examples of types of costs for which it is unclear whether these qualify under the incremental costs of compliance:

> • Costs that are not otherwise recoverable in rates approved by the Federal Energy Regulatory Commission and that are related to the infrastructure required to bring renewable energy systems used to achieve compliance with the renewable energy standards on to the transmission system, including interconnection and substation costs for renewable energy systems used to meet the renewable energy standard.
>
> • Ancillary service costs determined by the commission to be necessarily incurred to ensure the quality and reliability of renewable energy used to meet the renewable energy standards, regardless of the ownership of a renewable energy system.
>
> • Any additional electric provider costs determined by the commission to be necessarily incurred to ensure the quality and reliability of renewable energy used to meet the renewable energy standards.

Id., p. 2. MEGA states that incorporating flexibility into the final amended REP requirements allows utilities to address their unique circumstances. *Id*.

NSP-W makes the following suggestions and comments regarding the draft amended REP filing requirements:

> 1) REP filings should be combined or have filing timings coordinated with inter-related proceedings to the greatest extent possible to minimize administrative burden for both Commission Staff [Staff] and utilities. For example, a REP is highly dependent on Integrated Resource Plans ("IRP") and annual renewable energy reconciliation ("RE reconciliation") filings. NSP-W intends to file its initial amended REP to reflect data from the most recent IRP approved by the Commission in Case No. U-20599 (U-20599-0026);
>
> 2) The extensive list of REP filing requirements proposed by Commission Staff should not be applied to utilities whose approved IRP and most recent RE reconciliation filings demonstrate compliance with the Renewable Energy Credit [REC] Standard;
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> 3) The REP filing requirements should not be required for electric utilities who are part of a larger, multi-state generation and transmission system which are exempt from IRP filing requirements.

NSP-W's comments, p. 1 (applying pagination in natural order).

In their comments, EIBC/United address the draft amended REP filing requirement that asks utilities to specify if RECs from distributed generation (DG) customers' outflow are used for RPS compliance when providing the forecasted megawatt-hour outflow from DG customers through 2045. EIBC/United state that this requirement raises concerns regarding customer ownership of the RECs and the customer's entitlement to the value of the RECs. EIBC/United ask the Commission to clarify that RECs remain the property of the DG customer, argue that Act 235 does not alter this ownership arrangement, and contend that a utility cannot claim RPS compliance using DG RECs without fair compensation to DG owners. EIBC/United's comments, filing #U-21568-0024.[1]

[1] EIBC/United also included in their comments a correction to the April 25 order, which has since been addressed in an erratum issued in this docket. *See*, Case No. U-21568, filing #U-21568-0027.

Discussion

The Commission thanks the commenters for their respective insights regarding the draft amended REP filing requirements. The Commission takes this opportunity to respond to the suggestions and comments provided.

Regarding EIBC/United's comments, the Commission finds that no revisions to the draft amended REP filing requirements are needed based on these comments. The question of ownership of RECs from DG customers is beyond the scope and purpose of the filing requirements; the filing requirements simply exclude the DG outflow for the purpose of calculating the compliance requirements as required by Section 28(2)(b) of Act 235. However, the Commission recognizes that DG customers retain ownership of RECs as contemplated in Section 179 of Act 295, as amended by Act 342, MCL 460.1179 (Section 179).[2]

Speaking to NSP-W's comments, the Commission finds that no revisions to the amended REP filing requirements are needed based on these comments. The Commission has considered and explained how utilities should manage coordination between their IRPs and amended REPs. *See*, April 25 order, pp. 19-20. Each provider is required by Act 235 to file an amended REP and the amended REP filing requirements reflect the information required to determine the provider's plan to meet the new RPS standards and whether its plan will comply with Act 235. No exemption from the amended REP filing requirements is appropriate at this time. However, the Commission notes that the requirements already include flexibility by stating that if any sections of the amended REP filing requirements are not applicable, the utility may state and explain as such in its

[2] Section 179 of Act 235 reads as follows: "A customer shall own any renewable energy credits granted for electricity generated on the customer's site under the distributed generation program created in this part."

filing. The Staff will continue to work with providers to ensure that amended REP filings include the necessary level of detail.

Turning to MEGA's comments, the Commission finds that no revisions to the filing requirements are needed based on these comments. As noted above, the requirements include flexibility and the Staff will continue to work with providers to ensure that amended REPs include the necessary level of detail.

Regarding MMEA's comments, the Commission finds that no revisions to the filing requirements are needed as MMEA's comments consisted of a template for an amended REP filing of a municipally owned electric provider and did not recommend any changes to the filing requirements.

Finding that no revisions to the draft REP filing requirements are needed, the Commission approves the amended REP filing requirements and template, attached to this order as Exhibits A and B, respectively, for the use by electric providers in filing their amended REPs pursuant to Act 235 and the February 8 order.

THEREFORE, IT IS ORDERED that the amended renewable energy plan filing requirements and template, attached to this order as Exhibits A and B, respectively, are 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 LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General – Public Service Division at pungp1@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 May 23, 2024.

Lisa Felice, Executive Secretary

Michigan Public Service Commission
2023 Public Act 235

Filing Requirements and Instructions for Renewable Energy Plans for Michigan Investor-Owned Retail Rate-Regulated Electric Utilities

PA 235 of 2023 Section 22 *Within 1 year after the effective date of the amendatory act that added section 51 and within 2 years after the Commission issues an order approving the electric provider's last amended renewable energy plan, an electric provider shall file an amended renewable energy plan that includes a forecast of the renewable energy resources needed to comply with the renewable energy credit standard pursuant to a filing schedule established by the commission.*

PA 235 of 2023 Section 28 (1) *An electric provider shall achieve a renewable energy credit portfolio of at least the following:*

(a) Through 2029, 15%.
(b) In 2030 through 2034, 50%.
(c) In 2035 and each year thereafter, 60%.

(2) An electric provider's renewable energy credit portfolio shall be calculated as follows:

(a) Determine the number of renewable energy credits used to comply with this subpart during the applicable year.

(b) Divide by 1 of the following at the option of the electric provider as specified in its renewable energy plan:

(i) The number of weather normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(ii) The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(c) Multiply the quotient under subdivision (b) by 100.

(3) Notwithstanding subsection (1) and subject to subsection (4), in any year a cooperative electric provider or a multistate electric provider may calculate its maximum renewable energy credit portfolio requirement as follows:

(a) Determine the number of megawatt hours of electricity sold by the electric provider to retail customers in this state using the option the electric provider selected under subsection (2)(b).

(b) Subtract the number of megawatt hours of nuclear energy that the electric provider obtained from a system located in this state that the electric provider owned or from which the electric provider had contracted to receive nuclear energy on or before January 1, 2024.

(4) An electric provider described in subsection (3) is required to achieve a renewable energy credit portfolio equal only to the electric provider's maximum renewable energy credit portfolio requirement if the electric provider's maximum renewable energy credit portfolio requirement is less than the number of renewable energy credits required to comply with the applicable standard in subsection (1). If the electric provider is a multistate electric provider, and the electric provider's maximum renewable energy credit portfolio requirement is less than the number of renewable energy credits required to comply with the applicable standard in subsection (1), then the electric provider is required to achieve a renewable energy credit portfolio equal only to the electric provider's maximum renewable energy credit portfolio requirement if all of the following requirements are met:

(a) The electric provider's electricity generation systems located within this state produce energy exceeding the electric provider's electricity sales in this state.

(b) All of the electric provider's electricity generation systems located within this state are clean energy systems.

(c) All of the renewable energy credits generated in this state are used by the electric provider toward compliance with the renewable energy credit portfolio as calculated under subsection (2).

(d) Renewable energy and clean energy generated in this state equal to or exceeding the provider's electricity sales in this state are not used by the provider or any other provider to comply with any similar standards.

(5) Each electric provider shall meet the renewable energy credit standard, subject to subsection (3), with renewable energy credits obtained by any of the following means:

(a) Generating electricity from renewable energy systems for sale to retail customers.

(b) Purchasing or otherwise acquiring renewable energy and capacity.

(c) Purchasing or otherwise acquiring renewable energy credits without the associated renewable energy or capacity. Renewable energy credits acquired under this subdivision shall be produced within the territory of the regional transmission organization of which the electric provider is a member, and, except for a municipally owned electric utility, shall not exceed 5% of an electric provider's renewable energy credits annually used to comply with the renewable energy standard. Renewable energy credits acquired under this subdivision are not subject to the requirements of section 29 and shall not be used to comply with the renewable energy standard after 2035.

***PA 235 of 2023 Section 45 (1)** For an electric provider whose rates are regulated by the commission, the commission shall determine a revenue recovery mechanism, subject to section 47, for the electric provider's tariffs that permit recovery of the incremental cost of compliance to implement the amended renewable energy plan.*

(2) An electric provider's incremental cost of compliance shall be recovered through a revenue recovery mechanism that is designed consistent with the production allocation approved in the provider's most recent general rate case under section 6a of 1939 PA 3, MCL 460.6a. An electric provider may propose a revenue recovery mechanism in an amended renewable energy plan to include all or a portion of the electric provider's incremental cost of compliance in base

rates. If an electric provider proposes to include all or a portion of the incremental cost of compliance in base rates, the commission shall review and approve, approve with modifications, or deny the revenue recovery mechanism proposed by the electric provider.

(3) The incremental cost of compliance shall be calculated for a 20-year period beginning with approval of the amended renewable energy plan and may be recovered on a levelized basis.

The following suggests several elements that address the specific items to be included in the amended plan filings. These elements are based on current rate case standard filing requirements, PSCR filing requirements as well as RPS filing requirements of other utilities across the country. These suggestions are intended to be used only as initial guidance. They are not necessarily exhaustive. For any sections that are not applicable, please state as such.

1. Detailed renewable resource plan.

a) Forecast expected compliance levels by year to meet the renewable portfolio targets.
b) Identify key assumptions used in developing these forecasts and the proposed resource portfolio.
c) Identify risks which may drive performance to vary.

2. Sales forecast through 2045 for compliance with the renewable energy standard in PA 235 Section 28.

a) Specify whether megawatt hours of electricity used in the calculation are weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full-service retail customers in the state.

3.) Forecasted megawatt hour outflow from distributed generation customers through 2045.

a) Specify if renewable energy credits from distributed generation outflow are utilized towards compliance with the standard.

4. Forecasted megawatt hours attributable to the voluntary green pricing program through 2045.

5. Forecasted megawatt hours from nuclear energy for electric providers subject to PA 235 Sections (3) and (4) through 2045.

a) Include the energy system type of each electric generating system within the state.

b) Confirm that all renewable energy credits generated within the state are used to comply with the portfolio standard.

6. Forecast of meters by customer class through the end of the plan period if a monthly per meter surcharge is being utilized for recovery of the incremental cost of compliance.

7. Quantity of renewable energy credits

a) Outline the quantity of renewable energy credits the Company forecasts it must obtain each year to meet the renewable standard (PA 235 of 2023 Section 28(1)).
b) Forecast of renewable energy credits subject to the 5% limit as defined by PA 235 Section 28(5)(c) through 2035.
c) Forecast of energy waste reduction credits substituted in each year.
d) Describe the Company's planned renewable portfolio forecasted renewable energy credits obtained via the Michigan incentive renewable energy credits as provided for in PA 235 of 2023 Section 39

8. "Transfer Price" forecast

a) Forecast a price per MWh for each year of the remaining plan period ending in 2045 for renewable energy sold to full service retail customers, which will be used in calculating net incremental cost. (PA 235 Section 47)

9. Revenue requirement and cost recovery mechanism

a) Explain in detail the method to recover incremental cost of compliance.
b) Forecast incremental cost of compliance through the end of the plan period in 2045.
c) If applicable, forecast through the end of the plan period in 2045, the regulatory asset/liability balance.
d) Include the forecasted incremental cost of compliance over the plan period. Per (PA 342 of 2016 Section 47) Incremental costs of compliance shall be calculated to include the following:

- Capital, operating, and maintenance costs of renewable energy systems, including property taxes, insurance, and return on equity associated with an electric provider's renewable energy systems, including the electric provider's renewable energy portfolio established to achieve compliance with the renewable energy standards and any additional renewable energy systems that are built or acquired by the electric provider to maintain compliance with the renewable energy standards.

- Financing costs attributable to capital, operating, and maintenance costs of capital facilities associated with renewable energy systems used to meet the renewable energy standard.
- Costs that are not otherwise recoverable in rates approved by the Federal Energy Regulatory Commission and that are related to the infrastructure required to bring renewable energy systems used to achieve compliance with the renewable energy standards on to the transmission system, including interconnection and substation costs for renewable energy systems used to meet the renewable energy standard.
- Ancillary service costs determined by the commission to be necessarily incurred to ensure the quality and reliability of renewable energy used to meet the renewable energy standards, regardless of the ownership of a renewable energy system.
- Expenses incurred as a result of state or federal governmental actions related to renewable energy systems attributable to the renewable energy standards, including changes in tax or other law.
- Any additional electric provider costs determined by the commission to be necessarily incurred to ensure the quality and reliability of renewable energy used to meet the renewable energy standards.
- Subtract from the sum of costs not already included in electric rates determined under subdivision (a) PA 235 Section 47 2(a)(i-vii) – ex. transfer price, environmental attributes, interest on regulatory liability etc.

e) Recovery to include the authorized rate of return on equity, will remain fixed at the rate of return and debt to equity ratio that was in effect in base rates when the renewable plan was approved for any renewable energy system included in plans prior to February 27, 2024. For all renewable energy systems approved by the commission after amended plans are approved, the electric providers shall use it authorized rate of return to be recovered through base rates. (PA 235 Section 47(1)).

10. Tariff filings reflecting the cost recovery mechanism if applicable.

Michigan Public Service Commission
2023 Public Act 235

Filing Requirements and Instructions
for Renewable Energy Plans
for Alternative Electric Suppliers

PA 235 of 2023 Section 22 *Within 1 year after the effective date of the amendatory act that added section 51 and within 2 years after the Commission issues an order approving the electric provider's last amended renewable energy plan, an electric provider shall file an amended renewable energy plan that includes a forecast of the renewable energy resources needed to comply with the renewable energy credit standard pursuant to a filing schedule established by the commission.*

PA 235 of 2023 Section 28 (1) *An electric provider shall achieve a renewable energy credit portfolio of at least the following:*

(a) Through 2029, 15%.
(b) In 2030 through 2034, 50%.
(c) In 2035 and each year thereafter, 60%.

(2) An electric provider's renewable energy credit portfolio shall be calculated as follows:

(a) Determine the number of renewable energy credits used to comply with this subpart during the applicable year.

(b) Divide by 1 of the following at the option of the electric provider as specified in its renewable energy plan:

(i) The number of weather normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(ii) The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(c) Multiply the quotient under subdivision (b) by 100.

(5) Each electric provider shall meet the renewable energy credit standard, subject to subsection (3), with renewable energy credits obtained by any of the following means:

(a) Generating electricity from renewable energy systems for sale to retail customers.

(b) Purchasing or otherwise acquiring renewable energy and capacity.

(c) Purchasing or otherwise acquiring renewable energy credits without the associated renewable energy or capacity. Renewable energy credits acquired under this subdivision shall be produced within the territory of the regional transmission organization of which the electric provider is a member, and, except for a municipally owned electric utility, shall not exceed 5% of

an electric provider's renewable energy credits annually used to comply with the renewable energy standard. Renewable energy credits acquired under this subdivision are not subject to the requirements of section 29 and shall not be used to comply with the renewable energy standard after 2035.

The following suggests several elements that address the specific items to be included in the amended plan filings. These suggestions are intended to be used only as initial guidance. They are not necessarily exhaustive. For any sections that are not applicable, please state as such.

1. Detailed renewable resource plan.

    a. Forecast expected compliance levels by year to meet the renewable portfolio targets.
    b. Identify key assumptions used in developing these forecasts and the proposed resource portfolio.
    c. Identify risks which may drive performance to vary.

2. Sales forecast through 2045 for compliance with the renewable energy standard in PA 235 Section 28.

    a. Specify whether megawatt hours of electricity used in the calculation are weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full-service retail customers in the state.

3. Forecasted megawatt hour outflow from distributed generation customers through 2045.

    a. Specify if renewable energy credits from distributed generation outflow are utilized towards compliance with the standard.

4. Forecasted megawatt hours attributable to the voluntary green pricing program through 2045.

5. Quantity of renewable energy credits

    a. Outline the quantity of renewable energy credits the Company forecasts it must obtain each year to meet the renewable standard (PA 235 of 2023 Section 28(1)).
    b. Forecast of renewable energy credits subject to the 5% limit as defined by PA 235 Section 28(5)(c) through 2035.

c. Describe the Company’s planned renewable portfolio forecasted renewable energy credits obtained via the Michigan incentive renewable credits as provided for in PA 235 of 2023 Section 39.

Michigan Public Service Commission
2023 Public Act 235

Filing Requirements and Instructions for Renewable Energy Plans for Member-Regulated Electric Cooperatives

PA 235 of 2023 Section 22 *Within 1 year after the effective date of the amendatory act that added section 51 and within 2 years after the Commission issues an order approving the electric provider's last amended renewable energy plan, an electric provider shall file an amended renewable energy plan that includes a forecast of the renewable energy resources needed to comply with the renewable energy credit standard pursuant to a filing schedule established by the commission.*

PA 235 of 2023 Section 28 (1) An electric provider shall achieve a renewable energy credit portfolio of at least the following:

(a) Through 2029, 15%.
(b) In 2030 through 2034, 50%.
(c) In 2035 and each year thereafter, 60%.

(2) An electric provider's renewable energy credit portfolio shall be calculated as follows:

(a) Determine the number of renewable energy credits used to comply with this subpart during the applicable year.

(b) Divide by 1 of the following at the option of the electric provider as specified in its renewable energy plan:

(i) The number of weather normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(ii) The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(c) Multiply the quotient under subdivision (b) by 100.

(3) Notwithstanding subsection (1) and subject to subsection (4), in any year a cooperative electric provider or a multistate electric provider may calculate its maximum renewable energy credit portfolio requirement as follows:

(a) Determine the number of megawatt hours of electricity sold by the electric provider to retail customers in this state using the option the electric provider selected under subsection (2)(b).

(b) Subtract the number of megawatt hours of nuclear energy that the electric provider obtained from a system located in this state that the electric provider owned or from which the electric provider had contracted to receive nuclear energy on or before January 1, 2024.

(4) An electric provider described in subsection (3) is required to achieve a renewable energy credit portfolio equal only to the electric provider's maximum renewable energy credit portfolio requirement if the electric provider's maximum renewable energy credit portfolio requirement is less than the number of renewable energy credits required to comply with the applicable standard in subsection (1).

(5) Each electric provider shall meet the renewable energy credit standard, subject to subsection (3), with renewable energy credits obtained by any of the following means:
(a) Generating electricity from renewable energy systems for sale to retail customers.
(b) Purchasing or otherwise acquiring renewable energy and capacity.
(c) Purchasing or otherwise acquiring renewable energy credits without the associated renewable energy or capacity. Renewable energy credits acquired under this subdivision shall be produced within the territory of the regional transmission organization of which the electric provider is a member, and, except for a municipally owned electric utility, shall not exceed 5% of an electric provider's renewable energy credits annually used to comply with the renewable energy standard. Renewable energy credits acquired under this subdivision are not subject to the requirements of section 29 and shall not be used to comply with the renewable energy standard after 2035.

The following suggests several elements that address the specific items to be included in the amended plan filings. These suggestions are intended to be used only as initial guidance. They are not necessarily exhaustive. For any sections that are not applicable, please state as such.

1. Detailed renewable resource plan.

   a. Forecast expected compliance levels by year to meet the renewable portfolio targets.
   b. Identify key assumptions used in developing these forecasts and the proposed resource portfolio.
   c. Identify risks which may drive performance to vary.

2. Sales forecast through 2045 for compliance with the renewable energy standard in PA 235 Section 28.

   a. Specify whether megawatt hours of electricity used in the calculation are weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full-service retail customers in the state.

3. Forecasted megawatt hour outflow from distributed generation customers through 2045.

a. Specify if renewable energy credits from distributed generation outflow are utilized towards compliance with the standard.

4. Forecasted megawatt hours attributable to the voluntary green pricing program through 2045.

5. Forecasted megawatt hours from nuclear energy for electric providers subject to PA 235 Sections (28)(3) and (4) through 2045.

6. Quantity of RECs

a. Outline the quantity of renewable energy credits (REC) the Company forecasts it must obtain each year to meet the RPS (PA 235 of 2023 Section 28(1)).

b. Forecast of RECs subject to the 5% limit as defined by PA 235 Section 28(5)(c) through 2035.

Michigan Public Service Commission
2023 Public Act 235

Filing Requirements and Instructions
for Renewable Energy Plans
For Municipally-Owned Electric Utilities

PA 235 of 2023 Section 22 *Within 1 year after the effective date of the amendatory act that added section 51 and within 2 years after the Commission issues an order approving the electric provider's last amended renewable energy plan, an electric provider shall file an amended renewable energy plan that includes a forecast of the renewable energy resources needed to comply with the renewable energy credit standard pursuant to a filing schedule established by the commission.*

PA 235 of 2023 Section 28 (1) An electric provider shall achieve a renewable energy credit portfolio of at least the following:

(a) Through 2029, 15%.
(b) In 2030 through 2034, 50%.
(c) In 2035 and each year thereafter, 60%.

(2) An electric provider's renewable energy credit portfolio shall be calculated as follows:

(a) Determine the number of renewable energy credits used to comply with this subpart during the applicable year.

(b) Divide by 1 of the following at the option of the electric provider as specified in its renewable energy plan:

(i) The number of weather normalized megawatt hours of electricity sold by the electric provider during the previous year to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(ii) The average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in this state, less the amount of sales attributable to customers participating in an electric provider's voluntary green pricing program under section 61 and the outflow from customers participating in the distributed generation program under section 173 for that year.

(c) Multiply the quotient under subdivision (b) by 100.

The following suggests several elements that address the specific items to be included in the amended plan filings. These suggestions are intended to be used only as initial guidance. They are not necessarily exhaustive. For any sections that are not applicable, please state as such.

1. Detailed renewable resource plan.

   a. Forecast expected compliance levels by year to meet the renewable portfolio targets.
   b. Identify key assumptions used in developing these forecasts and the proposed resource portfolio.
   c. Identify risks which may drive performance to vary.

2. Sales forecast through 2045 for compliance with the renewable energy standard in PA 235 Section 28.

   a. Specify whether megawatt hours of electricity used in the calculation are weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to full-service retail customers in the state.

3. Forecasted megawatt hour outflow from distributed generation customers through 2045.

   b. Specify if renewable energy credits from distributed generation outflow are utilized towards compliance with the standard.

4. Forecasted megawatt hours attributable to the voluntary green pricing program through 2045.

5. Forecasted megawatt hours from nuclear energy for electric providers subject to PA 235 Sections (28)(3) and (4) through 2045.

6. Quantity of RECs

   a. Outline the quantity of renewable energy credits (REC) the Company forecasts it must obtain each year to meet the RPS (PA 235 of 2023 Section 28(1)).

Row No.		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
1	**Sales and Requirement Calculation**																						
2	**Method: Weather Normalized or 3 Year Average**																						
3	If Selected Weather Normalized:																						
4	Current Year Sales to Retail Customers																						
5	Less Number of Megawatt Hours Sold from Michigan Nuclear Energy																						
6	Current Year Weather Normalization Factor																						
7	Less VGP sales																						
8	Less Outflow from DG Customers																						
9	Current Year Weather Normalized Sales																						
10	If Selected 3 Year Average:																						
11	Current Year Retail Sales to Retail Customers																						
12	Less Number of Megawatt Hours Sold from Michigan Nuclear Energy																						
13	Less VGP sales																						
14	Less outflow from DG customers																						
15	3 Year Average of sales																						
16	RECs Reported to Provider Subject to Section 29(4)																						
17	RPS Required Energy Credits (For 2024 through 2029 15%, 2030 through 2034 50% 2035 and beyond 60%)																						
18	**Energy Credits**																						
19	Energy Credit Beginning Balance																						
20	Plus: Energy Credits Obtained Through Generation/BOT																						
21	Plus: Energy Credits Obtained Through PPA																						
22	Plus: Energy Credits Obtained Through REC Purchases																						
23	Less: Energy Credits Sold																						
24	Available Energy Credits (Rows 18 + 19 + 20 + 21 - 22)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Less: Compliance Requirement (Row 16)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Less: Energy Credit Expired																						
27	Energy Credit Ending Balance (Rows 23 - 24 - 25)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	**Revenue Requirement**																						
29	Cost of Renewable Energy Generation/BOT																						
30	Cost of Renewable Energy PPA																						
31	Cost of Renewable Energy Credit Purchases																						
32	Costs of Administration of Renewable Energy Plan																						
33	Less: Revenue obtained from Renewable Energy Sales (non-retail)																						
34	Renewable Energy Plan Total Revenue Requirement (Rows 28 + 29 + 30 + 31 - 32)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	**Cost Recovery**																						
36	Forecasted Transfer Price per MWH																						
37	MWH of Renewable Energy																						
38	Amount Recovered Through the PSCR (Rows 35 * 36)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Incremental Cost of Compliance (Rows 33 - 37)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	**Non-Volumetric Meter/Customer Charge Forecast**																						
41	Residential																						
42	Secondary																						
43	Primary																						
44	Other																						
45	**Meter/Customer Count**																						
46	Residential																						
47	Secondary																						
48	Primary																						
49	Other																						
50	**Planned Non-Volumetric Revenue**																						
51	Residential (Rows 40 * 45)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52	Secondary (Rows 41 * 46)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53	Primary (Rows 42 * 47)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54	Other (Rows 43 * 48)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55	Total (Rows 50 + 51 + 52 + 53)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56	**Volumetric (kWh) Charge Forecast**																						
57	Residential																						
58	Secondary																						
59	Primary																						
60	Other																						
61	**kWh**																						
62	Residential																						
63	Secondary																						
64	Primary																						
65	Other																						
66	**Planned Volumetric Revenue**																						
67	Residential (Rows 56 * 61)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
68	Secondary (Rows 57 * 62)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
69	Primary (Rows 58 * 63)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70	Other (Rows 59 * 64)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
71	Total (Rows 66 + 67 + 68 + 69)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
72	**Year End Regulatory Liability Balance**																						
73	Forecasted Ending Balance																						
74	Carrying Charges																						
75	Total Cumulative Reg Liability (Rows 72 + 73)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

RENEWABLE ENERGY CREDIT FORECAST

	2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045	
	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent	RECs	Percent
Technology Mix																																												
Wind																																												
Solar																																												
Biomass Prior to 2/27/2024																																												
Biomass After 2/27/2024																																												
Geothermal																																												
Landfill Gas																																												
Hydro (exclude new dams after 10/6/2008)																																												
Methane Digester																																												
Other																																												
Totals																																												
Program Type																																												
PURPA																																												
Net Metering/DG																																												
Feed-in Tariffs																																												
Community Solar																																												
Other																																												
Total																																												

*RECs generated and obtained during the year less RECs sold or expired.

P R O O F   O F   S E R V I C E

STATE OF MICHIGAN)

Case No. U-21568

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on May 23, 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 J. Brown

Brianna Brown

Subscribed and sworn to before me
this 23rd day of May 2024.

Angela P. Sanderson

Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

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