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June 27, 2024

Lisa Felice  
Executive Secretary  
Michigan Public Service Commission  
7109 West Saginaw Highway  
Lansing, MI 48917

RE: In the matter of the application of **DTE Electric Company** to commence a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2023.  
MPSC Case No. U-21550

Dear Ms. Felice:

Attached for electronic filing in the above referenced matter is DTE Electric Company's Application, Renewable Energy Plan Annual Report for 2023, Direct Testimony and Exhibits of Witnesses, Patrick D. Kauffman, Frank M. Kopinski, Karl Lievense, Habeeb J. Maroun, and Sherri L. Wisniewski and Direct Testimony of Witness, Kevin L. Bilyeu. Also attached is the Proof of Service.

Very truly yours,

John A. Janiszewski

JAJ/erb  
Attachments

cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of )  
**DTE Electric Company** to commence )  
a renewable energy cost reconciliation )  
proceeding for the 12-month period ended )  
December 31, 2023. )

Case No. U-21550

**DTE ELECTRIC COMPANY’S RENEWABLE COST**  
**RECONCILIATION APPLICATION**

DTE Electric Company (“DTE Electric” or the “Company”) files this Application pursuant to 2008 PA 295, MCL 460.1001 *et seq.*, as amended by 2016 PA 342, the Rules of Practice and Procedure Before the Michigan Public Service Commission (“Commission”), R 460.17101 *et seq.*, the Michigan Administrative Procedures Act, MCL 24.201 *et seq.*, and all other applicable law. With this Application, DTE Electric requests the Commission’s approval of the Company’s Renewable Cost Reconciliation for 2023 and other related relief. In support of this request, DTE Electric states as follows:

1. DTE Electric is a corporation organized and existing under and by virtue of the laws of the State of Michigan, with its principal office at One Energy Plaza, Detroit, Michigan 48226. DTE Electric is a wholly-owned subsidiary of DTE Energy Company supplying retail electric service to customers located in Southeast Michigan. The Company is a public utility with more than 1,000,000 retail customers in Michigan and is subject to the jurisdiction of the Commission per various statutory provisions, including 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; and 2008 PA 295, MCL 460.1001 *et seq.*, as amended.

2. On October 6, 2008, the “Clean, Renewable, and Efficient Energy Act,” 2008 PA 295 (“Act 295”), MCL 460.1001 *et seq.*, was signed into law. Act 295 was amended by 2016 PA 342 (“Act 342”) effective April 20, 2017 and was renamed the “Clean and Renewable Energy and Energy Waste Reduction Act.”. Act 295, as amended by Act 342, requires Electric Providers<sup>1</sup>, such as DTE Electric, to file a Renewable Energy Plan (“REP”) with the Commission for review and approval.

3. On November 28, 2023, Public Act 235 of 2023 (“Act 235”) was signed into law and became effective on February 27, 2024. Among other things, Act 235 further amended Sections 22 through 49 of Act 295. However, the Commission held in its Order in Case No. U-21568 dated February 8, 2024, that: “Prior to the approval of the amended REPs filed pursuant to Act 235 according to the deadlines listed above, renewable energy compliance and renewable energy reconciliations will be considered pursuant to Act 342.”<sup>2</sup> Therefore, the Company’s Application is being filed pursuant to Act 295, as amended by Act 342.

4. The Company’s Renewable Energy Plan was first approved by Commission orders dated June 2, 2009 and August 25, 2009 in Case No. U-15806-RPS. DTE Electric submitted Amended Renewable Energy Plans on June 2, 2011, June 3, 2013, June 2, 2015, June 30, 2016, March 29, 2018, August 31, 2020, September 30, 2022, and March 9, 2023. Each of the REP amendments were approved consistent with 2008 PA 295.<sup>3</sup> This Application provides a

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<sup>1</sup> Capitalized terms that are not specifically defined in this Application are defined under Act 295. MCL 460.1001 *et seq.* as amended.

<sup>2</sup> Pursuant to the Commission’s Order in Case No. U-21568 dated February 8, 2024, DTE Electric’s amended renewable energy plan under Act 235 must be filed no later than July 19, 2024. MCL 460.1022(3), as amended by Act 235, requires the Commission to issue a final order in amended renewable energy plans within 300 days after the date of filing with the Commission.

<sup>3</sup> Case No. U-16582 Order dated December 20, 2011; Case No. U-17302 Order dated December 19, 2013; Case No. U-17793 Order dated November 5, 2015; Case No. U-18111 Order dated September 23, 2016; Case No. U-18232 Order dated July 9, 2020; Case No. U-20851 Order dated June 9, 2021; Case No. U-21285 Order dated December 21, 2022; Case No. U-21361 Order dated May 18, 2023.

reconciliation to the Company's Amended Renewable Energy Plan approved on May 18, 2023, in Case No. U-21361.

5. DTE Electric's Renewable Energy Plan Annual Report for 2023 is being filed concurrently with this Application.

6. Pursuant to Act 295, as amended by Act 342, MCL 460.1049 provides for the commencement of an annual proceeding for renewable cost reconciliation. In this proceeding, the Commission is to reconcile the pertinent revenues recorded and the allowance for the nonvolumetric revenue recovery mechanism with the amounts actually expensed and projected according to DTE Electric's Amended Renewable Energy Plan, including (i) determining DTE Electric's compliance with the renewable energy standards contained in Section 28 (MCL 460.1028); (ii) ensuring that the retail rate impacts under DTE Electric's renewable cost reconciliation revenue recovery mechanism do not exceed the maximum retail rate impacts specified under Section 45 of 2008 PA 295, MCL 460.1045; (iii) ensuring that the Company's revenue recovery mechanism is projected to maintain a minimum balance of accumulated reserve so that a regulatory asset does not accrue; (iv) adjusting the Company's revenue recovery mechanism and approved surcharge amounts (if necessary, which is not presently the case for DTE Electric) to ensure DTE Electric's recovery of its incremental cost of compliance with the renewable energy standards; (v) establishing the price per megawatt hour ("MWh") for renewable energy capacity and advanced cleaner energy capacity and for renewable energy and advanced cleaner energy to be recovered through the PSCR clause under MCL 460.6j (a/k/a "Transfer Prices"), as outlined in section 47(2)(b)(iv); (vi) adjusting (if necessary, which is not presently the case for DTE Electric) the minimum balance of accumulated reserve funds; and (vii) if an Electric Provider, such as DTE Electric, has recorded a regulatory liability in any given month during the

20-year Renewable Energy Plan period, ensuring the appropriate accrual of interest at the average short-term borrowing rate available to the electric provider during the appropriate period, and use of that interest to fund incremental costs of compliance incurred in subsequent periods within the 20-year Renewable Energy Plan period.

7. Act 295, as amended by Act 342, contains a Renewable Energy Credit Portfolio Standard for Electric Providers such as DTE Electric. (See MCL 460.1028(1)(a)). The Company met the applicable statutory requirements for 2023 by retiring a total of 6,091,443 Renewable Energy Credits (“RECs”).

8. As detailed in DTE Electric’s Witness Bilyeu’s testimony, the Company’s actual renewable energy capacity totaled 2,116.5 MW in 2023.

9. The average Transfer Price for 2023 was approximately \$74.12/MWh. To determine the Transfer Price, the Company calculated the total Transfer Cost and divided the Transfer Cost by the corresponding renewable energy quantity (measured in MWh) obtained in 2023. The Transfer Price is applied to generation from Commission-approved Electric Provider-owned Renewable Energy Systems and purchases of energy, capacity, and RECs through Renewable Energy Contracts. All costs of PURPA/PA2 generation for which recovery in electric rates was approved by the Commission prior to October 6, 2008 (the effective date of 2008 PA 295) are recovered as part of DTE Electric’s Act 304 (MCL 460.6j) PSCR process and general rates. These existing facilities generate RECs for DTE Electric at zero cost.

10. The estimated and actual Amended Renewable Energy Plan surcharge revenue for 2023 was \$0.00 as a result of decreasing the surcharge to \$0.00 across all customer types as of December 2015.

11. In its Amended Renewable Energy Plan in Case No. U-21361, DTE Electric projected an Incremental Cost of Compliance (“ICOC”) of approximately \$(6.6) million. The Company’s actual ICOC in 2023 associated with its Renewable Energy Plan was approximately \$14.1 million. The main drivers for the decrease in the expected ICOC are the unfavorable MIGreenPower Subscription Revenue, favorable Power Purchase Agreement (PPA) charges, and lower-than-expected production tax credits and PSCR cost recovery, which is partially offset by lower-than-expected spend for O&M and depreciation. The unfavorable MIGreenPower subscription revenue is driven by fewer megawatt hours sold than what was forecasted in the plan. The unfavorable production tax credit and PSCR cost recovery expenses are driven by lower-than-expected generation, as described by Witness Bilyeu.

12. In its November 5, 2015 Order in MPSC Case No. U-17793, the Commission approved the Company’s Revenue Recovery Mechanism surcharge of \$0.00/meter for residential customers, commercial secondary customers, and commercial primary and industrial customers, and no additional amounts for unmetered service customers. DTE Electric is not requesting any modification of the Renewable Energy Plan surcharge in this reconciliation case.

13. The Company is also requesting certain regulatory authority and approvals, which includes but is not limited to, approval of the Company’s request that 222,070 Energy Credits (ECs) be substituted for Renewable Energy Credits. This request is consistent with the treatment of ECs approved by the Commission in DTE Electric’s prior Commission-approved Renewable Energy Reconciliation cases starting in 2009.

14. DTE Electric is requesting that the Commission maintain for contracts and projects approved by the Commission: (i) through July 24, 2012, renewable energy and capacity prices (a/k/a Transfer Prices) by renewable energy type for purposes of recovery through its PSCR

process as set forth in DTE Electric's Exhibit No. A-8 (JHB-4) in Case No. U-15806-RPS, consistent with the Commission's March 8, 2012 Order in Case No. U-16582; (ii) from July 25, 2012 through the January 27, 2015 Order Date in Case No. U-17322 transfer prices as set forth in Exhibit S-1 in Case No. U-16656; (iii) from January 28, 2015 through the July 23, 2015 Order Date in Case No. U-17632 transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-17322; (iv) from July 24, 2015 through April 14, 2016 Order Date in Case No. U-17804 the transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-17632; (v) from April 15, 2016 through Order Dated February 28, 2017 in Case No. U-18082 transfer prices as set forth in Exhibit A-4, Schedule A1 of Case No. U-17804; (vi) from February 28, 2017 through the May 17, 2018 Order Date in Case No. U-18242 transfer prices as set forth in Exhibit A-4, Schedule A1 of Case No. U-18802; (vii) from May 18, 2018, through the January 18, 2019 Order Date in Case No. U-20172 transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-18242; (viii) from January 19, 2019 through the February 6, 2020 Order Date in Case No. U-20484 transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-20172; (ix) from February 7, 2020 through the April 8, 2021 Order Date in Case No. U-20723 transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-20484; and (x) from April 8, 2021 through the May 26, 2022 Order Date in Case No. U-21010 transfer prices as set forth in Exhibit A-5, Schedule A1 of Case No. U-20723; and (xi) from May 27, 2022 through the date of an order in this case transfer prices as set forth in Exhibit A-5, Schedule A1 of Case No. U-21010; and (xii) from April 24, 2023 through the date of an order in Case No. U-21353 transfer prices set forth in Exhibit A-5, Schedule A1 of Case No. U-21198; and (xiii) as applicable, transfer prices as set forth in Exhibit A-5 Schedule A1 of Case No. U-21353<sup>4</sup>. DTE Electric is also requesting expeditious approval of and authority to use, effective as of the U-

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<sup>4</sup> On June 10, 2024, a Settlement Agreement was submitted in Case No. U-21353 and is currently pending Commission review and disposition.

21550 Order Date, the new Transfer Price schedule submitted herewith and identified as Exhibit A-5, Schedule A1 for DTE Electric Renewable Energy Contracts and Company-owned Renewable Energy Systems that the Commission approves. In all other respects, DTE Electric requests that these Transfer Prices requested by the Company in this proceeding be applied consistent with the Commission's Order in Case No. U-15806-RPS issued on August 25, 2009, where the Commission adopted the Staff's analysis regarding Transfer Prices:

“...at the time any PPA [Renewable Energy Contract under MCL 460.1033(1)(b)] is approved by the Commission, the schedule of transfer prices most recently approved shall become the floor price for PSCR recovery. For each contract year, if the most recently approved annual transfer price is higher than the schedule of transfer prices for a particular contract, then the most recently approved annual transfer price would be recovered via the PSCR process. However, in the event that the contract price [Renewable Energy Contract under MCL 460.1033(1)(b)] is less than the transfer price, the contract price [Renewable Energy Contract under MCL 460.1033(1)(b)] would be the recoverable PSCR cost. This method would be applicable to renewable engineering, procurement, and construction contracts, or contracts for Renewable Energy Systems that have been developed by third parties for transfer of ownership to an Electric Provider, provider owned projects [all under MCL 460.1033(1)(a)], and third party PPAs[Renewable Energy Contracts under MCL 460.1033(1)(b)].” [August 25, 2009 Order in Case No. U-15806-RPS, p 11 (all statutory references added).]

15. In support of this Application, DTE Electric is filing the Direct Testimony and Exhibits of six (6) witnesses (Mr. Kevin Bilyeu, Mr. Patrick D. Kauffman, Mr. Frank M. Kopinski, Mr. Karl Lievense, Mr. Habeeb J. Maroun, and Ms. Sherri L. Wisniewski), the contents of which are incorporated in this Application by reference. DTE Electric's Direct Testimony and Exhibits evidence reasonable and prudent revenue collection, expenditures and other actions in 2023 in furtherance of the Company's Commission-approved Amended Renewable Energy Plan, the appropriateness of continuing DTE Electric's existing and proposed Transfer Prices for 2008 PA 295 projects approved by the Commission as well as the applicability of those Transfer Prices for Renewable Energy Contracts and Company-owned Renewable Energy Systems approved by the Commission, and the appropriateness of the other relief and proposals requested by the Company.



WHEREFORE, DTE Electric requests that the Commission:

A. Accept this Application for filing pursuant to 2008 PA 295, as amended by 2016 PA 342, and the Commission's Order in Case No. U-21568 dated February 8, 2024;

B. Give such Notice to interested parties as may be required by statute or the Commission's rules;

C. Establish a date, place, and time for a prehearing conference;

D. Take all steps necessary to expedite approval of the Transfer Prices submitted herewith and identified as Exhibit A-5, Schedule A1 for DTE Electric Renewable Energy Contracts and Company-owned Renewable Energy Systems the Commission approves.

E. Determine that DTE Electric's 2023 Renewable Cost Reconciliation and DTE Electric's 2008 PA 295 revenues collected and costs incurred in 2023 are reasonable and prudent and meet all relevant requirements under 2008 PA 295, as amended by 2016 PA 342;

F. Consistent with MCL 460.1049, reconcile the pertinent revenues recorded and the allowance for the nonvolumetric Revenue Recovery Mechanism with the amounts actually expensed and projected according to DTE Electric's proposed Amended Renewable Energy Plan, including: (i) determining that DTE Electric is in compliance with the Renewable Energy Standards of 2008 PA 295, as amended by 2016 PA 342 (ii) ensuring that the retail rate impacts under DTE Electric's Renewable Cost Reconciliation Revenue Recovery Mechanism do not exceed the maximum retail rate impacts specified under Section 45 of 2008 PA 295, as amended by 2016 PA 342 (MCL 460.1045); (iii) ensuring that DTE Electric's Revenue Recovery Mechanism is projected to maintain a minimum balance of accumulated reserve so that a regulatory asset does not accrue; (iv) maintaining DTE Electric's existing Revenue Recovery Mechanism and approved surcharge amounts to ensure DTE Electric's recovery of its Incremental

Cost of Compliance with the Renewable Energy Standards; (v) approve the prices per MWh for renewable energy capacity and advanced cleaner energy capacity and for renewable energy and advanced cleaner energy to be recovered through DTE Electric's PSCR clause under MCL 460.6j; (vi) determine that it is not necessary or appropriate at this time to adjust DTE Electric's minimum balance of accumulated reserve funds; (vii) where DTE Electric has recorded a regulatory liability in any given month, approve DTE Electric's proposed treatment of interest on the regulatory liability balance;

G. Determine that DTE Electric's actions with respect to its Amended Renewable Energy Plan were and are reasonable and prudent; and determine that the Company's proposed Renewable Energy Plan surcharges are just, reasonable and should continue;

H. Enter its Order maintaining existing rates and charges in the manner described in this Application and the Company's Direct Testimony and Exhibits;

I. Grant DTE Electric regulatory authority and approvals as described and requested in the Direct Testimony and Exhibits of Company witnesses, including but not limited to approval of the Company's request that 222,070 Energy Credits be transferred at zero cost from the Company's inventory of Energy Credits to, and used for compliance with its Amended Renewable Energy Plan, in accordance with the Company's Amended Renewable Energy Plan, MCL 460.1028(5) (former Section MCL 460.1027), and the Commission's Order in Case No. U-16357; and

J. Grant DTE Electric such further additional relief, as the Commission may deem suitable and appropriate.

Submitted by:

**DTE ELECTRIC COMPANY**

Dated: June 27, 2024

By: \_\_\_\_\_  
Paula Johnson-Bacon (P55862)  
John A. Janiszewski (P74400)  
Attorneys for DTE Electric Company  
One Energy Plaza, 1635 WCB  
Detroit, MI 48226  
(313) 235-7309

Renewable Energy Annual Report

Revised April 2023

Electric Provider:

Reporting Period: Calendar Year 2023

- The purpose of this annual report is to provide information regarding activities that occurred within calendar year 2023.
- Many of the requested figures are available from MIRECS reports; names of which are noted within this template. If your figures agree with those within MIRECS, you may submit the MIRECS report as an attachment to this annual report. If your figures differ from those within MIRECS, please explain any discrepancies. Staff from the MPSC and MIRECS Administrator, APX, Inc., are available to help reconcile.

**Section 51(2)(f).**

Within this section, list the method and the retail sales in MWh for the reporting period.

List the Method: either average of 2020-2022 retail sales or the 2021 weather normalized retail sales.

2022 weather normalized retail sales

The method chosen should be consistent with the method approved in the initial plan case from 2017. All sales are retail (net of wholesale).

(A) List the sales in MWh based on the method selected above. Please show the calculation of this figure (including listing the sales of each year if the three-year average method is used).

40,609,620

(B) 15% RPS Portfolio: List the energy credits used for the 15% RPS portfolio voluntary retirement in calendar year 2022. This number should agree with the voluntary retirement listed in the 2022 voluntary retirement subaccount in MIRECS. Take into account any energy waste reduction substitutions and limits on their use.

6,091,443

Calculate the renewable energy percentage. Figure above divided by sales in MWh above (B divided by A).

$6,091,443 / 40,609,620 = 15\%$

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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Case No. U-21550

**PROOF OF SERVICE**

STATE OF MICHIGAN     )  
  ) ss.  
COUNTY OF WAYNE     )

ESTELLA R. BRANSON states that on June 27, 2024, she served a copy of DTE Electric Company’s Application, Renewable Energy Plan Annual Report for 2023, Direct Testimony and Exhibits of Witnesses, Patrick D. Kauffman, Frank M. Kopinski, Karl Lievense, Habeeb J. Maroun, and Sherri L. Wisniewski and Direct Testimony of Witness, Kevin L. Bilyeu in the above captioned matter, via electronic mail, upon the persons listed on the attached service list.

\_\_\_\_\_  
ESTELLA R. BRANSON

**SERVICE LIST**  
MPSC Case No. U-21550

**MICHIGAN PUBLIC SERVICE  
COMMISSION STAFF**

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