

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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

At the August 22, 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 May 13, 2024, Consumers Energy Company (Consumers) filed an application (May 13 application), with supporting testimony, an affidavit, and exhibits, pursuant to Section 6j of Public Act 304 of 1982 (Act 304), requesting *ex parte* approval of a power purchase agreement (PPA) between Consumers and Century Oaks Energy Storage, LLC (Century Oaks).

In the May 13 application, Consumers explains that 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 multiple parties that resolved all issues in the case and was approved by the Commission in the June 23, 2022 order in this docket (June 23 order). In accordance with the settlement agreement approved in the June 23 order, the company states that it implemented a competitive solicitation in 2022 utilizing an independent administrator,

Charles Rivers Associates, Inc. (CRA). CRA issued a request for proposals on September 29, 2022, for additional aggregate nameplate capacity of up to 700 zonal resource credits (ZRCs) with commercial operation dates (CODs) on or before June 1, 2025, in two tranches. Tranche 1 sought dispatchable, non-intermittent generators capable of providing Midcontinent Independent System Operator, Inc. (MISO) Zone 7 capacity, while Tranche 2 sought clean generators capable of providing MISO Zone 7 capacity. May 13 application, p. 2.

On March 14, 2023, Consumers states that CRA delivered a recommendation for the final award for Tranche 2 to Consumers. The company then notified the respondents selected by CRA, conducted due diligence reviews, and initiated PPA negotiations with the provisionally selected bidders. This process ultimately resulted in the selection of the Century Oaks PPA. The company executed a PPA effective on April 15, 2024, between the company and Century Oaks. According to Consumers, the Century Oaks Storage Project is a 200 megawatt (800 megawatt-hour (MWh)) battery energy storage facility located in Huron County, Michigan, with a target COD of May 31, 2026. *Id.*, p. 3; Exhibit A-1, p. 2; Exhibit A-2. The PPA provides 190 ZRCs, which the company explains will exceed the Tranche 2 target of 200 ZRCs in combination with the Tibbits Energy Storage Project (Tibbits Project) of 95 ZRCs<sup>1</sup> approved in the April 11, 2024 order in Case No. U-21090 (April 11 order). *Id.*, direct testimony of Beth A. Skowronski, filing #U-21090-0928, pp. 9-10; *see also*, April 11 order, pp. 2-3.

Consumers estimates that the total lifetime cost of the PPA is approximately \$769 million for a 20-year contract term and the fixed energy payment is \$14.36 per MWh. May 13 application,

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<sup>1</sup> The Commission notes that Consumers' witness states that the Tibbits Project provides 90 ZRCs in error. According to the January 12, 2024 application in Case No. U-21090 (January 12 application) and testimony supporting the Tibbits Project, the correct amount of ZRCs is 95. *See*, January 12 application, direct testimony of Beth A. Skowronski, p. 8; *see also, id.*, Exhibit A-2, p. 1.

pp. 3-4. The company also notes that the PPA will be subject to the financial compensation mechanism approved in the IRP settlement agreement in the instant docket. Direct testimony of Beth A. Skowronski, filing #U-21090-0928, p. 11. Consumers contends that the PPA has a projected energy and capacity market value of \$669 million, an ancillary service market value of \$90 million, or a total value of \$759 million. *Id.*, p. 4; *see also*, Exhibit A-2. Consumers also asserts that the Century Oaks PPA’s levelized net capacity cost (LNCC) of \$134,317 per ZRC-year for the 20-year asset life and a capacity credit of 95% compares favorably with the battery storage proxy included in the 2021 IRP that assumed an LNCC of \$150,845 per ZRC. Direct testimony of Beth A. Skowronski, filing #U-21090-0928, p. 14. Providing further detail, the company states that the PPA has: “an LCOC [levelized cost of capacity] of \$198,538/ZRC and an LCOE [levelized cost of energy] of \$143.54/MWh, demonstrating that it is a lower cost on a capacity and energy basis than the 2021 IRP battery proxy included in the Company’s approved IRP.” *Id.*, p. 15.

Further, the company lists the following as benefits to Consumers and its customers as a result of the Century Oaks PPA:

- (i) the PPA supports desired additional capacity needed in accordance with the Company’s IRP; (ii) the PPA was competitively bid ensuring low cost, economic pricing in accordance with the Settlement Agreement; (iii) the PPA price is fixed; and (iv) the Company is entitled to the storage incentive renewable energy credits produced by the facilities to support its Clean Energy Plan, as applicable.

May 13 application, p. 4.

The Commission has reviewed Consumers’ application, the supporting testimony and exhibits, and the language in Section 6j of Act 304 and finds that the Century Oak 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 such, 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, with this order the Commission does not make a determination regarding the reasonableness or prudence of the costs associated with the Century Oaks PPA beyond its consistency with the approved IRP in the June 23 order.

THEREFORE, IT IS ORDERED that the power purchase agreement between Consumers Energy Company and Century Oaks 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 [LARA-MPSC-Edockets@michigan.gov](mailto:LARA-MPSC-Edockets@michigan.gov) and to the Michigan Department of Attorney General - Public Service Division at [sheacl@michigan.gov](mailto:sheacl@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

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Daniel C. Scripps, Chair

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Katherine L. Peretick, Commissioner

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Alessandra R. Carreon, Commissioner

By its action of August 22, 2024.

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Lisa Felice, Executive Secretary

# PROOF OF SERVICE

STATE OF MICHIGAN )

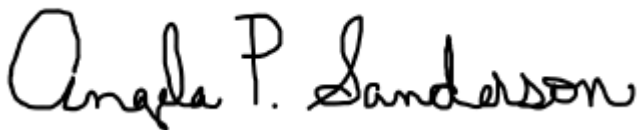
Case No. U-21090

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on August 22, 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 22<sup>nd</sup> day of August 2024.



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

**Service List for Case: U-21090**

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