STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.
_____/

Case No. **U-21534**

INITIAL BRIEF OF THE GREAT LAKES RENEWABLE ENERGY ASSOCIATION

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The Great Lakes Renewable Energy Association (GLREA) files this Initial Brief in accordance with the schedule established by the presiding Administrative Law Judge (ALJ).

I. TEST YEAR

GLREA provided no testimony regarding the test year to be utilized in this case.

II. RATE BASE

GLREA provided no testimony to advocate a specific downward adjustment to rate base, but defers to presentations made by Staff and Intervenors on this issue. However, GLREA notes the longer-term relationship between the size of rate base required and regulatory decisions regarding rate design, as further discussed in this brief.

III. CAPITAL STRUCTURE AND RATE OF RETURN

GLREA did not present testimony concerning the recommended capital structure and rate of return to be determined for ratemaking purposes, but defers to the testimony presented by the Staff and other Intervenors in this case.

IV. ADJUSTED OPERATING INCOME

GLREA did not present testimony to recommend specific adjustments to operating income of the utility, but defers to the testimony presented by Staff and Intervenors in this case.

V. COST OF SERVICE

While GLREA did not present testimony to recommend a specific adjustment concerning cost of service, GLREA notes that regulatory decisions regarding rate design and tariffs do have impacts on the cost of service over time, as discussed *infra*.

VI. RATE DESIGN AND TARIFFS

A. Regulatory Environment

1. Profits, Capital Investment, and Peak Load

(Richter, 6 Tr 4799-4805, discovery GLREADE-3.36 and 3.36b. Rebuttal: none)

As a background to GLREA's motivation for our recommendations on demand response (DR), time-of-use rate structures (TOU), geo-targeted EWR/DR/and customer solar incentives, witness Richter discussed how rate regulation based on return on capital invested gives DTE Energy (DTEE) a clear financial incentive to invest capital in equipment. DTEE's profit is computed from their rate base, which is increased through any capital investment approved by the Commission. Both generation and shared distribution assets are sized to meet the peak load projected by the Company (plus reserve margin), so a high peak load justifies capital investment which increases profits. The Company's filing in the instant case acknowledges that 18% of 2024 distribution capital requested and 30% of distribution capital requested for 2025 is driven by capacity needs, which we compute to a total of $307M;[1] the Company did not refute that figure in rebuttal. Conversely, capital investment increases the rate base and hence both rates, and Company profit. The customer's interests and the Company's financial incentives are at odds with one another. The Company did not dispute this in rebuttal. Therefore, the Commission should not expect the Company to voluntarily initiate actions that reduce their peak demand, but in the interest of affordability, the Commission should push the Company to do so. GLREA Witness Richter also lists past cases where the Commission has done so.

2. Capacity Adequacy

(Richter 6 Tr 4812 – 4820. Rebuttal: none)

[1] Direct testimony of John Richter, 6 Tr, 4802, lines 7 - 10

While acknowledging that capacity adequacy is the focus of Integrated Resource Plan (IRP) cases, GLREA witness Richter discusses resource adequacy concerns to buttress our recommendations for more effective demand response (DR) programs and more effective battery storage deployment. He cited multiple industry reports on capacity adequacy:

1, NERC reported concern about high "weighted equivalent forced-outage rates WEFOR) for both coal and natural gas units, in its June, 2024 State of Reliability report.

2. MISO warned of "immediate and serious challenges to reliability" in their Reliability Imperative report this year.

3. The OMS-MISO annual survey released in June expressed concerns about near-term resource adequacy.

4. MISO reported that their "existing accreditation methods can overstate a resource's capacity value during the highest risk periods." GLREA agrees, and included testimony on this issue in DTE's last IRP.

5. NERC's final report on winter storm Elliot (which occurred in December of 2022) reported 3,565 unplanned outages, derates, or failures to start, totaling 90,500 MW of coincident unplanned generating unit outages, derates, and failures to start. This amounted to 18% of anticipated capacity in the region. NERC's map included numerous such events in Michigan, impacting wind, coal, and gas-fired plants.

6. In a prior case, DTEE's witness, referencing a consulting Company with expertise in resource adequacy, stated that UCAP accreditation process overestimates the Monroe plant's contribution to ELCC (Effective Load Carrying Capacity).

7. In the instant case, DTEE witness Sharma testified that there is the potential for more frequent circumstances where available generation is unable to meet load.

8. In prior recent cases, multiple DTEE witnesses have testified about the challenges the Company has experienced when trying to complete new generation capacity in a timely manner, for multiple reasons.

9. Construction of new nuclear power plants is a very long process, which cannot fill the immediate potential capacity gap.

In rebuttal, the Company did not refute, nor even address any of these capacity-related assertions by the GLREA.

GLREA in this case recommends more effective TOU rates, DR programs, geo-targeted load-relief incentives, and battery deployments in the interest of both affordability and reliability.

B. Commercial Time-of-Use (TOU) Rates and Peak Load Reduction

(Willis, 6 Tr 2599-2603, 2609-2613. Richter 6 Tr 4805-4811. Exhibit GLREA-6 A. Willis in GLREADE-7.89b. Rebuttal: Willis 6 Tr 2640 – 2643)

In compliance with an MPSC order in U-21297, DTEE has proposed two optional time of use rates for commercial customers; one for secondary service, and one for primary service (rate schedules D3.11 and D14). Rate D3.11 was designed to be revenue neutral to rate schedule D3, assuming projected shifts in customer usage from peak to off-peak periods. At issue here: the Company set the price differentials between time periods and seasons based on the difference in LMP pricing, as was done in residential TOU rate schedule D.11.

GLREA witness Richter discussed why TOU rates should be broadly implemented, citing federal statute (PURPA), TOU rates' more accurate reflection of cost-of-service, the benefit to ratepayers of improved affordability if they are willing to shift their usage, and basic fairness to customers with differing load profiles. He then recommended that the 75% of generation plant costs allocated to capacity should be recovered from the peak time period to accurately reflect

the cost of service. In support, he cites Professor James Bonbright, a recognized expert on utility regulation reproduced here:

> The last margin of capacity is used only at peak, and so the total costs of installing, depreciating, and maintain it year-round are focused on just a few units of use. This cost properly falls on peak-load use, which is responsible for requiring the capacity… *At off-peak times, fixed (capacity) costs are zero*. (emphasis added)

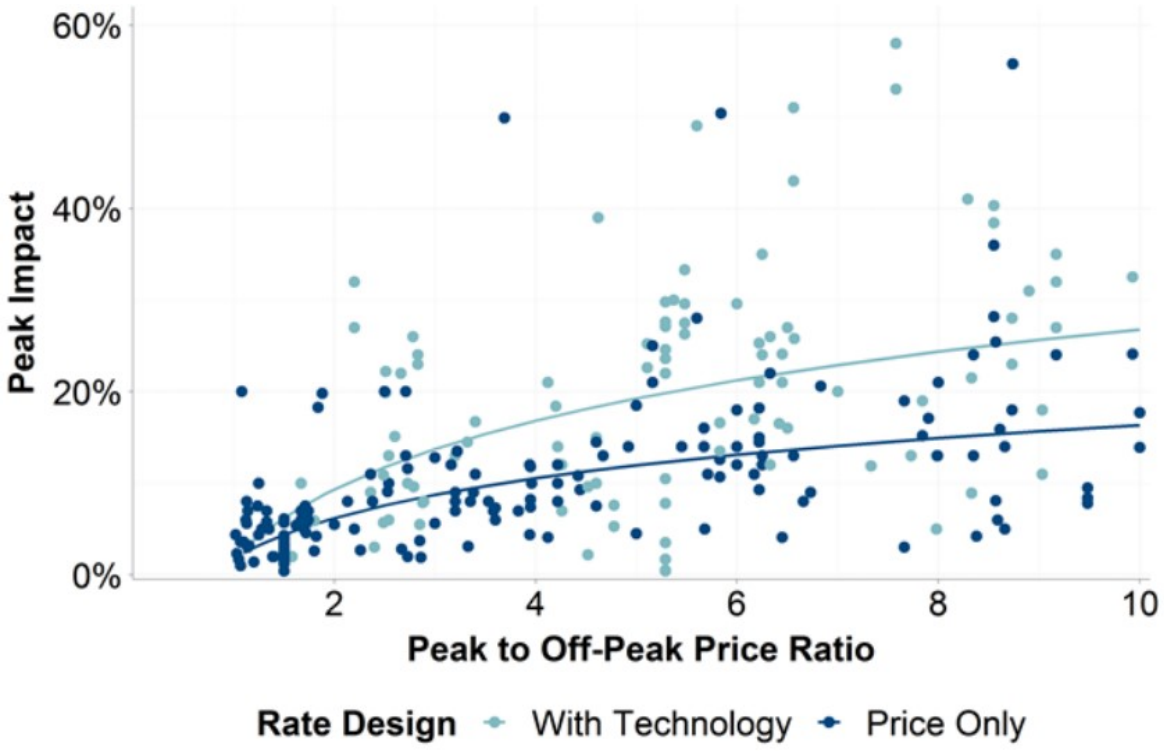
And Professor Bonbright recommends a recovery method:

> Time of use tariffs are efficient because they are put on cost causers. While it is true that large power users can and will alter their loads in response to time of use tariffs, this is irrelevant to the cost-tracking purpose of the tariffs. Economic efficiency simply dictates that consumers should be faced with prices reflecting the true costs they impose on society regardless of how they choose to react to these tariffs.
>
> The generation, transmission, and distribution systems have been built to serve peak demand. During off-peak periods much of this capacity is idle… Off-peak demand usage usually does not press against the system capacity, *so only the operating costs need be considered*. (emphasis added)

GLREA Witness Richter testified that this approach was not taken when DTE's D1.11 residential TOU rate was designed. In a prior case, U-18248, Staff had proposed a tariff with a larger peak/off-peak differential, which the Commission order indicated could be revisited in a future case.[2] This case offers that opportunity for commercial customers.

GLREA Witness Richter presented a graph from a Brattle Group study of nearly 400 TOU pilots from around the world, showing that TOU rates with higher peak to off-peak ratios cause a subsequent decline in peak demand. The graph is reproduced here for convenience:

[2] U-18248, Order dated November 21, 2017, page 70



Because both generation and distribution systems must be sized to peak demand, lower peak demand reduces rate increase pressures. Witness Richter then proposed that the Commission direct the Company to redesign their commercial voluntary TOU rates to recover all of the capacity costs during peak time periods, in the interest of ratepayers.

In rebuttal, the Company disagrees with GLREA Witness Richter's proposal on Commercial TOU rates. The Company's rebuttal asserts that "Richter's central arguments are 1) that economic efficiency is the only important consideration in rate design and 2) this proposal is supportable because it is a voluntary and not mandatory rate."

The first point inaccurately describes Richter's testimony. No where in the record has Richter (nor any other GLREA witness) asserted that economic efficiency is the *only* important consideration in rate design, nor do we believe that to be true. On the contrary, Richter's testimony listed benefits of TOU rates in addition to economic efficiency; both affordability and fairness. Nor are these the only important considerations in rate design; in his testimony in

another case, Witness Richter explicitly listed *ten* other important considerations in rate design, again citing Bonbright.[3] In discovery, GLREA asked DTEE what other considerations of rate design they believe their proposed Commercial TOU rate design serves:

> 89) Regarding the rebuttal testimony of DTEE witness A. Willis (AW-24-rebuttal thru AW-27-rebuttal):
>
> b) Witness Willis states that "economic efficiency of rate design… is not the only consideration". What other considerations in rate design are better served by the Company's proposed commercial TOU rates, than the commercial TOU rates recommended by GLREA witness Richter?
>
> **Answer**: Rate design may also consider, for example, understandability, simplicity, and optionality.

GLREA agrees that the three considerations mentioned in the answer above are important considerations in rate design. But the Company's answer failed to explain, or even to assert, that the Company's proposal would accomplish those three things any better or more effectively than our proposal. GLREA asserts that the Company's proposal is no more effective at any of those three goals of rate design than GLREA's proposal. First, the two proposals are equally understandable; they both use exactly the same cost structure and presentation. The fact that some numbers will be higher or lower than in the Company's proposal does not make their proposed rates any more understandable. Second, neither proposal is simpler than the other, because they both use the same structure; the difference is just in where costs are recovered. Third, both proposals are for an optional rate schedule. It is possible (and in our view desirable) that a commercial TOU rate schedule become the standard schedule in the future, but that is an issue for another case. If our proposed TOU rate design did become the standard Commercial rate schedule at some time in the future, that would still not preclude customer selection of a

[3] U-20836 (DTE rate case), 8 Tr 3142

different, optional rate schedule. Both the Company's proposal and our proposal support optionality.

In rebuttal, the Company also asserts that "As a conceptual point, the Company does not agree that its capacity only exists to serve the 4CP (or the on-peak periods more generally). The Company has load at all hours of the day and must have capacity to serve that load."[4] Of course, the Company has load during all hours, which must be served. But not all of the Company's capacity is required during all hours. Consider the following illustration (the specific numbers are fictitious): if the Company's service-area peak load is 10 GW, but it's off-peak, baseload is only 2 GW, then only 2 GW of generation is serving the load during all hours. An additional 8 GW of generation is serving load during high usage periods. GLREA did *not* recommend that 100% of generation plant costs be recovered during the peak load period; we proposed that the 75% of generation plant costs allocated to capacity be recovered during the TOU on-peak time periods. The Company's blanket claim that "capacity" serves loads in all hours obscures the fact that very little of their total capacity is serving load in all hours.

In rebuttal, the Company claims that "the natural conclusion of Witness Richter's citation of Bonbright focused on rates reflecting "true costs" and idle capacity in the off-peak would be to have demand rates for all customers." We emphatically disagree. As witness Richter testified at length in another case (and citing multiple experts, including Bonbright),[5] we asserted that non-coincident peak demand charges fail to accurately reflect cost of service, are difficult for customers to understand, and should be replaced by time-of-use rates. In the quote from Bonbright above, the Professor specifically recommends time-of-use tariffs, not demand charges.

[4] Willis 6 Tr part 1, 2642, lines 1 - 4

[5] U-20836 (DTE rate case), 8 Tr 3216-23

The Company's assertion that demand charges would naturally follow from Bonbright's assertions on rate design contradicts the quotation from Bonbright and is therefore specious.

In rebuttal, the Company also asserts that, "In addition, this recommendation would suggest all capacity costs be recovered in only the 4CP on-peak periods to maintain consistency with the basic approach of production plant allocation."[6] We suggested no such thing. We recommended that the 75% of generation plant costs allocated to capacity be recovered during the time-of-use on-peak periods. The Company selected the definition of on-peak hours in their proposed TOU rates, and we did not challenge that selection nor recommend changing the definition of on-peak periods in the TOU rates. Cost allocation and rate design are two different processes, and we did not conflate the two, as the Company appears to suggest.

Further in rebuttal, the Company asserts that our proposal would "create extraordinarily high summer on-peak rates", and in a footnote states:

> Witness Richter refers to the dynamic peak pricing rate schedule D1.8 as having a punishingly high" rate during CP-events. While the Company has not calculated the impacts of Richter's proposal, it would invariably lead to much higher on peak or summer on-peak rates compared to the status quo, which could similarly be described as "punishing"[7]

We agree in part and disagree in part. We agree that our proposal would lead to higher on-peak rates and lower off-peak rates than the Company's proposal; that is intentional. But there is no status quo Commercial on-peak or summer peak rate to compare our proposal to; DTEE does not currently offer Commercial customers TOU rates. The Company did not define their meaning "extradentary high" in this context

In discovery, we inquired about how the Company reached this conclusion…

[6] Ibid, 6 Tr 2642, lines 11-13

[7] Ibid, 6 Tr 2642 line 14 and footnote 38

Witness Willis states that GLREA witness Richter's recommendation "would 1) create extraordinarily high summer on-peak rates". Has DTEE done a study to determine the summer on-peak rates that would result from the implementation of this recommendation? If so, please provide that study. If not, how high is "extraordinarily high"?

Answer: The Company has not performed any such study. However, Mr. Richter's proposal would, for D3.11, result in a capacity revenue requirement in the summer on peak approximately 7.6x larger than the Company's proposal.

The Company's answer to this question warrants scrutiny. If The Company didn't perform a study, how did they arrive at the figure that the summer peak rate would be 7.6x larger under our proposal than under their proposal? Did they assume the recovery would be solely from summer peak hours, or peak hours year-round? Did they assume recovery during only the 4CP periods, which they claimed would be consistent with our recommendation? We cannot tell because they provided a numerical result without showing the calculation used to determine it. We cannot provide counter-evidence to a calculation which the Company failed to provide. The Company asserted that the result of our proposal would be extraordinarily high summer on-peak rates that are 7.6 times higher than in their proposal; the Company failed to prove these assertions. In *Kar v Hogan*, 399 Mich 529, 539; 251 NW2d 77 (1976), our Supreme Court explained: "The party alleging a fact to be true should suffer the consequences of a failure to prove the truth of that allegation." The Company's assertions regarding the effect of our proposal on on-peak summer rates should be disregarded.

The Company asserts that GLREA's proposed commercial TOU rate design is "non-standard",[8] without defining the term, and also implies that it is "inappropriately designed".[9] We disagree with both of these characterizations of our proposal. While there are multiple objectives in rate design, the Company agrees that economic efficiency is one of them, and the Company

[8] Ibid, 6 Tr 2643, lines 9 – 10

[9] Ibid, 6 Tr 2642, lines 20 -2

points out that the Commission has recently supported economic efficiency in TOU rates.[10] In its rebuttal, the Company *made no assertion*, nor provided any evidence, that our proposed TOU rate design would not provide greater economic efficiency that their proposal. Nor did the Company attempt to impeach the credibility of Professor Bonbright. Nor did they show that their proposal would fulfill any *other* goal of rate design more effectively than our proposal. We stand by our proposal.

Finally, in rebuttal the Company asserted that: "These are, and should remain, optional (non-pilot) rates. It would be exceptionally premature to begin any discussion of requiring these rates when the Commission has yet to approve their basic structure and there are currently no customers enrolled on them." We disagree with the Company's assertion that Commercial TOU rates should remain optional rates (forever). But *we concede the point* that it is premature to immediately require them, that discussion should wait for a future rate case.

GLREA requests the Commission to direct the Company to redesign their proposed Commercial TOU rates to recover all of the capacity cost during the on-peak hours. The Company made a number of inaccurate claims about what we proposed, and a number of unsupported claims about the proposal itself. We stand by our proposal. However, if the Commission agrees with the direction of our proposal (a higher peak to on-peak ratio), but desires a more incremental implementation, that would also be reasonable and prudent. The revised Commercial TOU rates should be submitted and approved expeditiously, and not be delayed to a future rate case.

C. Demand Response (DR)

(Farrell 6 Tr 2662 – 2686. Richter 6 Tr 4821 – 4830)

[10] Ibid, 6 Tr 2642, lines 16 -18

GLREA witness Richter reviewed what DR is, and how it relates to the term non-wires alternatives (NWA) and to the concept of Virtual Power Plants (VPPs), citing two examples of VPPs that provided significant peak capacity quickly, in other jurisdictions, consistent with our concern for near-term capacity adequacy. He then discussed DTEE's view of DR, which does not appear to include any recognition that DR reduces not only generation costs, but distribution costs as well. He then illustrated a contradiction – that DTEE claims to be "committed to continued growth of the [DR] portfolio," but that its forecasted DR portfolio will shrink by a calculated 9.4% from 2022 to the 2025/2026PY.[11] In rebuttal, the Company did not challenge, nor even comment on this observation. GLREA Witness Richter also explained that the forecast reduction in DTEE's DR capability is a direct result of the widespread failures associated with the Company's load control devices (LCDs) and Radio Control Units (RCUs) used in their CoolCurrents program, in interrupt air conditioning systems. In discovery, the Company admits that approximately 40% of the units are failing to function when called upon.[12] In rebuttal, the Company did not deny nor comment on this observation. Witness Richter recommended two additions to the Company's DR program: a critical peak rebate (CPR) program, and a grid interactive water heater (GIWH) program.

D. Critical Peak Rebate (CPR) Programs and Grid Interactive Water Heaters (GIWH)

(Richter 6 Tr 4830 – 4841. Rebuttal: Farrell 3 Tr 2717 – 2718, Isakson, 6 Tr 4904-5.

Witness Richter explained that in a CPR program, the Company announces to participating customers that a critical peak period is coming, with specific hours. Customers are then left to reduce their demand during that period by any means they choose, for which they

[11] Richter 6 Tr 4826, lines 3-8

[12] Ibid, 6 Tr 4828, lines 14-21

receive a bill credit. The credit is based on a projection of how much energy that customer would normally use during that period, minus the amount they actually used; i.e., the amount by which they reduced their usage. Witness Richter lists advantages: the Company does not need to maintain equipment at the customer site (which is the source of so many failures in the Company's current CoolCurrents program). The customer can use any means they have available, or multiple means (Richter lists several), to reduce their usage and earn a rebate. He goes on to cite eight utilities around the country running CPR programs, including Consumers Energy in Michigan. He shows actual data from PGE of Portland, which on July 8, 2024, achieved a rapid load reduction of 109 MW, 2.5% of total system load, using their CPR program.[13] Witness Richter recommended that the Commission direct the Company to propose a CPR similar to those described in his testimony, in their next demand response case or next rate case. He also suggests that if the Company resists such a Commission directive, they should open the opportunity for a third-party aggregator to do so.

Witness Richter explains that GIWHs allow the utility to change the thermostatic set point (the temperature the water heater heats the water up to) and also to change the rate at which the water is heated (i.e., the power draw of the electric water heater). This is in contrast to the existing interruption systems that can only turn the water heater off. The advantage is that the Company, forecasting a critical peak demand period, can over-heat the water in advance of the peak demand, allowing the water heater to coast through the critical peak period without the need to heat the water. In this way, the peak demand is reduced *without inconveniencing the customer*. An anti-scalding mixer prevents the over-heated water from burning the customers. Witness Richter also cites numerous jurisdictions that have operated GIWH programs and been

[13] Ibid, 6 Tr 4838, lines 5-10

successful at gaining significant customer enrollment and DR capacity. In discovery, the Company admits that they have not explored such a program.[14]

In rebuttal, the Company states:

> The Company appreciates the testimony of Witness Richter. Witness Richter discusses the benefits of DR and thoroughly explains his proposed CP-rebate pilot program and GIWH pilot program. The Company will keep these suggestions in mind for potential future pilot opportunities.[15]

The Company's response fails to address GLREA's recommendation that the Commission *direct* the Company to propose these programs. Similar programs have been employed to reduce peak demand in other jurisdictions for many years; thus, the Company has had many opportunities to initiate such programs on their own initiative. As pointed out in the first section of this brief titled "Regulatory Environment," reducing peak load may not be in the Company's financial interest, yet the risk of a capacity shortfall is real. GLREA's recommendations can reduce costs, providing ratepayers with affordability. GLREA stands by its recommendation that the Commission *direct* the Company to propose these programs.

DTE disagrees with GLREA Witness Richter's recommendation that the Commission allow an aggregator to create these programs if DTEE resists a Commission directive to propose them. DTE states that it would "violate" the Commission's order in U-21099, which only lifted the ban on third-party aggregators for customer loads of at least 1 MW.[16] We disagree with the Company's terminology; the Commission is free to alter a previous order in any subsequent order; the Commission is not bound by its past decisions. The Company points out that the Commission's order in 21099 allowed time for stakeholders to develop customer protection

[14] Ibid, 6 Tr 4836, line 13
[15] Rebuttal testimony of K. O. Farrell 6 Tr 2718, lines 2-5
[16] Ibid, 2718, lines 15-25

polices for the aggregation of residential customers. We do not see our recommendation as contradicting this approach, since our recommendation would only occur in a future case, after the Commission has made a directive to the Company in the instant case, and the Company fails to comply in the sequent case – putting any such scenario out into the future far enough for such policies to have been established.

In rebuttal, Staff witness Isakson discusses Staff concerns with GLREA Witness Richter's proposal. Isakson states that CPR rates typically produce less customer demand reduction than dynamic peak pricing (DPP) rates, such as DTEE's D1.8 rate. He goes on to explain that a DPP rate is revenue neutral, because the high rate during peak periods is offset by lower rates during off-peak periods, *for the same customers*. In contrast, the cost of CPR rebates are recovered from the entire rate base. Staff does not recommend rejection of Witness Richter's proposal, but adds context. Staff recommends that, "Should the Commission approve GLREA witness Richter's proposal for the Company to propose a CPR rate then the Commission should also carefully consider its cost effectiveness."[17]

GLREA agrees in part, and disagrees in part with Staff's rebuttal. We assert that is unclear if CPR rates produce less customer demand reduction than DPP rates; it would depend on the design. Staff provided no citations or other evidence for that assertion, other than their broad knowledge base. In contrast, Witness Richter cited multiple implementations in other jurisdictions, including counts of customers that participated and the effective demand reduction, where this data was available. GLREA is not asking the Commission to *replace* DTEE's DPP rate with a CPR rate, but to offer both options to customers. Effectiveness can then be determined with hard data. We concede Staff's main point – that any CPR rate proposal must have carefully considered cost effectiveness. While our research and testimony showed that

[17] Isakson, 6 Tr 4905, lines 18 -20

CPR rates can be effective at reducing load during critical times, we did not find data comparing the cost of CPR rate implementations to their cost savings. But we must bear in mind that a critical peak rebate is paid only when the Company has declared a critical peak period. Presumably this is done to prevent a load-shedding event, which is very expensive (for the affected customers).

GLREA stands by its recommendation, and requests that the Commission direct the Company to submit a proposal for a CPR rate, in either their next DR or rate case.

E. Rejection of DTE's Tariff filed in *Ex Parte* case U-21798

(Legal issue – no testimony presented by DTE or any party)

The Commission should reject DTE's *ex parte* filing of tariff D-114-00, attached as Brief Appendix A, purporting to exempt securitization charges from the billing credit applicable to DG customer outflow. [18] DTE has made this *ex parte* tariff filing in MPSC Docket U-21798, which was not a contested rate case, and which was a response to the Commission's statutory interpretation contained in the Commission's July 23, 2024 Order in an informal comment case, U-21569/U-21767. [19]

1. DTE's *Ex Parte* Tariff D-114-00 Violates The Plain Language Of Section 177(2)

GLREA asserts that DTE's tariff filed in *ex parte* Case U-21798, violates the plain language of Section 177(2) of 2023 PA 235, MCL 460.1177(2), which states as follows:

> A distributed generation customer shall be credited by the customer's supplier of electric generation service for the outflow during the billing period. The credit

[18] DTE's *ex parte* filed tariff in U-21798 includes language specifically exempting securitization charges from the billing credits for DG customer outflow stating that the outflow billing credit "shall be used to offset company electric charges on the bill, excluding securitization charges."

[19] GLREA has filed a rehearing petition of the Commission's July 23, 2024 Order in this dual docket, which is pending Commission action.

> must appear on the bill for the following billing period and be limited to the total charges on that bill. Any excess bill credits not used to offset inflow charges in the next billing period will be carried forward to subsequent billing periods.

There exists no language in Section 177(2) that provides for any exception or exemption from the billing credit which is to incorporate "the total charges," on the DG customer bill. The Commission's largely unexplained theory of adopting such an exemption for securitization charges from the billing credits, and providing for the filing of tariffs based upon that conclusion in the *ex parte* dockets U-21569/U-21767 is erroneous. Neither the Commission nor DTE Electric have explained how the exemption of securitization charges from the DG customer outflow billing credit complies in any way with the plain language of Section 177(2).

Any Commission action to approve DTE's *ex parte* filed tariff D-114-00 in violation of the plain language of Section 177(2) would be unlawful and unreasonable, as it would fail to comply with judicial authority applicable to statutory construction. The Michigan Court of Appeals in *Vermilya v Delta College Board of Trustees*, 325 Mich App 416, 418-419; 925 NW2d 897 (2018) reiterated the standards for statutory construction as follows:

> The foundational principles of statutory interpretation are well established:
>
> > When interpreting a statute, we follow the established rules of statutory construction, the foremost of which is to discern and give effect to the intent of the Legislature. To do so, we begin by examining the most reliable evidence of that intent, the language of the statute itself. If the language of a statute is clear and unambiguous, the statute must be enforced as written and no further judicial construction is permitted. Effect should be given to every phrase, clause, and word in the statute and, whenever possible, no word should be treated as surplusage or rendered nugatory. Only when an ambiguity exists in the language of the statute is it proper for a court to go beyond the statutory text to ascertain legislative intent. [*Whitman v. City of Burton* , 493 Mich. 303, 311-312, 831 N.W.2d 223 (2013) (citations omitted).]

DTE's proposed tariff D-114-00 must therefore be rejected. The Commission should clarify in its Order in this rate case that securitization charges are NOT exempt from the billing credit for DG customer outflow.

2. The Commission unlawfully and unreasonably adopted the securitization charges exemption in a wholly *ex parte* process and not in a contested rate case.

GLREA asserts that the Commission's practice of exempting the securitization surcharges from the DG customer outflow billing credit by way of *ex parte* dockets U-21569/U-21767 and U-21798 was also unlawful and unreasonable. The issues concerning the calculation of the billing credit applicable to DG customers, and the respective cost of service impacts associated therewith, should have been determined in a contested rate case, such as this rate case, and not by way of *ex parte* dockets. The Administrative Procedures Act, Chapter 4, MCL 24.271, *et seq*, requires that utility rate cases be conducted as contested rate cases. Moreover, Michigan judicial precedent establishes that the Commission can make binding decisions in only two ways, by formal rulemaking, or by way of contested cases. In *Northern Michigan Exploration Co* v *Public Service Comm*, 153 Mich App 635; 396 NW2d 487, 493 (1986), the Court stated:

> Finally plaintiffs' contention must be rejected because it is settled that an agency has the option of setting standards either pursuant to the rule-making provisions of the APA or case-by-case through adjudication. [cites omitted].

The Commission's order in U-21569/U-21767 also appeared to recognize that the determination of the billing credit applicable to DG customer outflows should be determined in a contested rate case, stating (p 21):

> The Commission finds that changes to the outflow rate and inflow/outflow rate structure should be determined in a contested proceeding and not in this comment docket.

Inexplicably, and despite the above finding, the Commission process so far has allowed DTE in *ex parte* case U-21798 to unlawfully file, outside of this ongoing contested electric rate case, Tariff D-114-00, which directly violates the applicable provisions of Section 177(2).

3. No unavoidable conflict exists with respect to the interpretation and application of Section 177(2) and Michigan's securitization statutes

GLREA asserts that there exists no unavoidable conflict with respect to the interpretation and application of Section 177(2) and Michigan's securitization statutes, MCL 460.10h, *et seq*. The reality is that the securitization surcharges can apply to all customer bills, while at the same time, the separate and more limited billing credit for DG customer outflow can also be recognized and implemented. In other words, both of these statutes can be interpreted and applied in a consistent and harmonious manner. This would be in accordance with judicial precedent that statutes must be interpreted in a consistent and harmonious basis if at all possible and that Legislative intent should be determined first by the plain language of a statutory provision. The Commission Order (pp 19-20) in comment case U-21569/U-21767 seemed to adopt this principle, by stating:

> Regarding the principles of statutory construction, the Michigan Supreme Court has held that:
>
> > The words used in the statute are the most reliable indicator of the Legislature's intent and should be interpreted on the basis of their ordinary meaning and the context within which they are used in the statute. In interpreting a statute, this Court avoids a construction that would render any part of the statute surplusage or nugatory. . . . Moreover, the statutory language must be read and understood in its grammatical context.
>
> *Dep't of Environmental Quality v Worth Twp*, 491 Mich 227, 237-238; 814 NW2d 646 (2012) (internal citations omitted).

Even if the Commission were to ultimately find that there is an unavoidable conflict between Section 177(2) and the securitization statutes, then the Commission must logically give deference to the more specific and more recently enacted provisions of Section 177(2).

4. The comments filed in *ex parte* docket U-21569/U-21767 do not support the conclusion that securitization charges are to be exempt from the DG customer outflow billing credit

The only utility that apparently filed any comments suggesting that securitization surcharges should be exempt from the DG customer outflow billing credit was Consumers Energy, who suggested with inadequate explanation that such an exemption is required by the language of Michigan's securitization statutes, MCL 460.10h, *et seq*. CECO's comments seem to suggest, without either adequate explanation or evidence, that the inclusion of securitization charges in the DG billing credits would somehow violate the securitization statutes defining the securitization property interest. As noted, there exists no demonstrable conflict as both statutory provisions can operate, i.e. the securitization charges may be collected on customer bills while at the same time the securitization charges can be recognized in the billing credit for DG customers' outflow.

Moreover, the securitization statute cannot predetermine or dictate *carte blanche* the Commission's ratemaking discretion to be exercised in contested rate cases. In this regard, the Commission in each rate case reviews evidence and determines specific rate schedules for various classes of customers, and redetermines not only the rate levels to be authorized for each service category, but also determines senior citizen discounts, low income customer billing credits, among other rate discounts, credits, or adjustments. Does CECO, or DTE in this case, take the position that the Commission cannot maintain or alter the senior citizen discount, or increase the low income customer billing credit (as DTE has requested in this case) on the basis

that any such revenue changes would be prohibited by the existing securitization statute and the obligations arising from the previous issuance of securitization bonds? Is the Commission prohibited from reducing overall rates, or reducing specific rates applicable to a service classification, based upon the securitization statute? None of this is explained as to how the securitization statute hog ties or limits the Commission's determination of rate changes in contested rate cases based on the evidence submitted in each contested case.

5. No evidence has been presented to support the precipitous conclusion that securitization charges must be exempted from the total DG customer outflow credit

There has been presented no evidence by CECO, DTE Electric, or any other utility that would support the precipitous conclusion that securitization charges must be exempted from the total DG customer outflow credit in order to avoid a direct conflict between the subject statutes, or to establish that the exemption of the security charges from the billing credit is necessary to preserve adequate securitization revenues to fully fund and repay the total amount of issued securitization bonds.

There certainly was no evidence presented by any utility in the *ex parte* dockets such as U-21569/U-21767 and DTE Electric Docket U-21798, that would support the theory that there exists an unavoidable conflict between Section 177(2) and the securitization statute, or to establish that the securitization charge exemption from the DG billing credit is necessary to ensure adequate revenues to cover all of the securitization bond obligations. Also, no such evidence was presented by DTE or any other party in this case. Notably, DTE's original filing, as revised, <u>in this case</u>, has presented no tariff and no evidence to authorize the exemption of securitization charges from the total DG customer outflow billing credit.

The reality is that there is no question that the securitization surcharge as applied to all customer bills provides the requisite revenues to ensure full payment of all securitization bond obligations. In contrast, the much smaller billing credits for DG customer outflows cannot possibly threaten or impair the payments on securitization bonds. Moreover, even if there were any possibility that DG billing credits including securitization charges could impair payments on the securitization bonds, the remedy should not be the disregard of the plain language of Section 177(2), but rather a change in rate schedules, including but not limited to an adjustment of senior citizen discounts, low-income billing credits, or any number of other rate determinations to ensure adequate revenues to cover all securitization bonds. The solution is not for the Commission to write into Section 177(2) an exemption that does not exist in the plain language of Section 177(2).

For all of the above reasons, the Commission should determine that the *ex parte* tariff D-114-00, filed by DTE in the Commission's *ex parte* docket U-21798 should be rejected, and should not be approved in this rate case.

VII. OTHER ISSUES

A. Outage Credit Recovery

(Crozier adopted by Foley, 2 Tr 96 – 99, Evans 6 Tr 5229-5232, Watts 6 Tr 4670 – 4676, Orr 6 Tr 4703 – 4706, Koeppel 6 4395 – 4397, Jester 6 Tr 3792 - 3794, Stults 6 Tr 4256 - 4259, Richter 6 Tr 4858 – 4862. Rebuttal: Foley, 2 Tr 145-151.)

According to the Company, in Case U-20836, DTEE proposed deferred recovery of outage credits paid to customers for outages "caused by events outside DTE Electric's control." The Commission ordered the Company to work with Staff to develop Staff's proposal for limited recovery of outage credits. The Company states that such meetings were held, but says nothing about any agreement (or lack thereof) with Staff. The Company then proposes to recover credits

for very limited outage causes that exceed the duration limit, and include a much broader range of causes for outages exceeding the frequency limits – including ice, lightening, wind, and "other weather."

Staff witness Evans' direct testimony states that while Staff agrees with deferring the costs related to credits eligible for recovery, the recovery should be much more limited than the Company's proposal. Staff proposes that recovery only be allowed:

1. For outage credits for exceeding the duration limit, only if caused by a transmission operator or another utility.

2. For outage credits for exceeding the frequency limit, only if caused by the transmission operator, another utility, or public interference.

Staff provides their rationale for this: "Staff's position is that the Company recover from ratepayers only those outage credits that are paid out due to outages that are completely outside the control of the Company to prevent."

DAAO witness Watt testified that outage credits "should be more frequent and in higher dollar amounts", as they do not cover the cost of spoiled food.[20] She recommended that credits begin sooner than the current 48-hour trigger, and that there should be an hourly credit. She also supported the continued current policy; that outage credits are not recoverable in rates. Regarding the Company's proposal to recover credits for outages caused by weather, Watt stated that "it does not seem far-fetched to think DTE will try to claim nearly all outages are outside of its 'control'…"[21]

[20] Direct testimony of Toyia Watts 6 Tr 4672, lines 20 - 22
[21] Ibid, 4674 lines 13-14

DAAO witness Orr reversed the Company's logic, stating that the Company's proposal was unreasonable, because extreme weather events are 100% out of the customers' control. DAAO witness Koeppel recommends the rejection of deferred account treatment of outage credits, rejection of the Company proposal for expansion to include weather and animal interference, and recommends the Commission "reconsider the establishment of hourly, progressive, automatic credits…"[22]

MNSC witness Jester opposes the Company's proposal and recommends outage cost recovery only in the case of an outage caused by a transmission operator. He states that the Company's proposal "would completely undermine any accountability for ensuring that their distribution system is robust enough to provide satisfactory service."[23]

Ann Arbor witness Stults states that the Company's proposal is not reasonable. She points out that the Company has spent significant ratepayer money on grid improvement, and is proposing to spend billions more on it; and that it makes a return on these investments. In return, ratepayers should get a more reliable and resilient grid. She points out that it is unreasonable for the Company to request recovery to claw back credits from ratepayers, when these credits do not come close to making whole the customers that qualify for the credits. She states "It is insulting that DTE has even spent time on this issue." [24] GLREA agrees with that statement. Witness Stults recommends that the Commission reject the Company's proposal.

GLREA also supports an increase in the amount of the outage credit, as recommended by DAAO and Ann Arbor. The current credit does not make the customer whole.

[22] Direct testimony of Jackson Koeppel 6 Tr 4397 lines 20-22
[23] Direct testimony of Douglas Jester 6 Tr 3794 lines 1-3
[24] Direct testimony of Dr. Melissa Stults, 6 r 4258, line 13

GLREA witness Richter reviewed the Company's proposal and the Company's justifications for its proposal. He testified that the Company's assertion that all outages with weather-related cause codes are unavoidable is incorrect, and that the weather-related cause-code is overly vague. He testified that tree trimming and grid hardening programs have been shown to reduce weather related outages. He then quotes multiple Company witnesses that testified, in the instant case, that tree trimming and various kinds of grid hardening efforts by the Company reduces the frequency and duration of outages. He recommended that the Commission reject the Company's proposal and implement outage credit recovery only for the reasons the Commission listed in its order in U-20836: customer negligence or the transmission operator.

In rebuttal, DTEE witness Foley reviewed the objections of Staff, MNSC, DAAO, Ann Arbor, and GLREA. He then asserted that the Staff recommendation by Evans is "reasonable." He noted that the Staff recommendation does not seem to conflict with either the GLREA or MNSC's positions. He then opposed the recommendations of DAAO and Ann Arbor.

The GLREA herein *slightly* revises and clarifies its original recommendation, to instead recommend that the Commission order outage credit recovery exactly as described in Staff's proposal. It is clear that Staff has given a great deal of thought to this, and their rationale is sound. The Company has already accepted Staff's approach as reasonable.

B. DTEE's Proposed Geo-Target EWR and DR Pilot (Fisher)

(Hartwick, 4 V 677 – 680 and 685 – 687, Richter 6 Tr 4847 – 4849. Rebuttal: Kryscynski 3 Tr 467 – 468)

DTEE presented nine non-wires alternative (NWA) pilots, including six previously approved by the Commission. However, the GLREA addressed only one of these – the proposed Fisher pilot, which uses geo-targeted energy waste reduction (EWR) and geo-targeted demand response (DR) to relieve a stressed substation.

Company witness Hartwick describes the Company's objectives of NWA pilots generally as, "to incorporate NWA solutions into the distribution planning process to be considered along with traditional options to best meet the customer needs… [with] the potential to become economic alternatives compared to traditional infrastructure upgrades."[25] Witness Hartwick explains that the Fisher substation is over its firm capacity rating, and that one of the two circuits it serves is expected to be over the design standard, which poses a risk of outrages. The NWA pilot is an alternative to a substation upgrade. The Company's target for the pilot is a 300 peak-kW reduction over 3 years. The pilot will use geo-targeted bonus incentives to deliver relief. These local incentives are getting customers to enroll in Smart Savers and CoolCurrents.

The GLREA *endorses* this approach to reducing load vs. upgrading equipment. We have, in past cases, pointed out that the value of energy and capacity vary not only with seasons and time-of-day, but with location. We recommend expanding the concept of NWA, geo-targeted incentives to include customer-owned, behind the meter solar installations. We presented the findings of a study on the potential of rooftop solar on a national basis, and a customer-aggregation VPP in Texas to show that the potential for load reduction and capacity augment is significant. GLREA requests that the Commission direct DTEE to include a proposal for a pilot of geo-targeted incentives for customer solar installations (including batteries) in their next rate case or demand response case.

In rebuttal, the Company does not directly address the merits of our proposal. They state that the Company is "committed to completing the NWA pilots underway and communicating lessons learned… Engineering has developed a screening process to determine which load relief projects might be good candidates for NWA… Although the Company doesn't have current

[25] Direct testimony of S. M. Hartwick, 4 V 678, lines 21-23 and 679, lines 5-6

plans to expand the set of NWA pilots, it will continue to evaluate promising new technologies, and use the Commissions recently developed expedited pilots process…"[26]

The Company's rebuttal in no way contradicts the value of our proposal. GLREA stands by its request for the Commission to direct the Company to include customer solar and battery installations in future geo-targeted load relief efforts.

C. Battery Energy Storage System (BESS) Deployment

(Guillaumin 6 T 1590 – 1592 and 1630 – 1633, Richter 6 Tr 4850 – 4858. Rebuttal: Guilluamin 6 T 1745 – 1746. Company exhibit A-12 B5.4.1, page 1, row a)

In the context of explaining generation facility changes presented on Company Exhibit A-6, schedule F1, Company witness Guillaumin discusses the Company's battery deployments, including Slocum (14 MW), Trenton Channel (220 MW), and a future battery energy storage system of 275 MW for 2028. Slocum is being developed, with a projected startup of commercial operation in November of 2024. Trenton Channel was approved in the Company's 2022 IRP, has internal Company approval, and forecasted expenditures of $291.9M in 2025 for commercial operation in March, 2026.

At issue is the Company's plan for a future 275 MW BESS. GLREA witness Richter reviewed the Trenton Channel system and then noted that the Company described the new system in the singular – suggesting that the entire 275 MW of capacity would be installed as a single system, presumably at a single site. Witness Richter expressed concern that the Trenton Channel project could set a precedent that BESSs are installed in large, transmission-connected units. He explains that in discovery, the Company asserts that "no determination has been made as to whether the storage will be installed at one location or multiple locations."[27] He then

[26] Rebuttal testimony of A. J. Kryscynski, 467 lines 16-7, lines 20-21, and 468 lines 1-3

[27] Richter 6 Tr 4853 lines 8 – 12

explains how deploying the battery capacity across multiple, stressed DTEE substations and connected to the distribution system would have benefits not available in a single, large installation, citing an NREL study. He points out that a company other than the utility could install a large, transmission connected BESS and do price arbitrage, as is being done in Texas. But the utility is in a unique position to provide local benefits to customers connected to their substations. Witness Richter simply requested a directive to the Company that they "carefully consider the benefits of installing future BESS capacity in smaller, distribution connected units, and that any future BESS proposal should include an analysis of opportunities for distribution-connected BESS and why that option was, or was not, selected by the Company."[28]

In rebuttal, witness Guillaumin quotes our recommendation, and discusses the Company's compliance with the MPSC's Competitive Procurement Guidelines for Rate-Regulated Electric Utilities. He asserts that these guidelines "already require open and transparent consideration and evaluation of distribution-connected resources…"[29]

The Company's rebuttal seems to ignore their unique knowledge, available only to the Company and not to bidders on an RFP. The Company knows which of their sub-stations are under stress, or are projected to be under stress in the near future. Only the Company is in a position to quickly estimate the cost of an upgrade to a stressed substation – which represents potential cost savings from a BESS deployment. This is not public knowledge available to the bidders in a BESS RPF, unless the Company *provides* that information. It is difficult to imagine how a bidder on a BESS RFP could determine that a given substation is under stress, and where a massively expensive sub-station equipment upgrade could be deferred or avoided by installing a BESS system there. Likewise, the bidders are unlikely to be aware that a particular substation

[28] Ibid, 4857-8, lines 21-23 and 1-2

[29] Rebuttal testimony of M. E. Guillaumin, 1746, lines 12-13

is experiencing voltage regulation issues, which could be remedied with a BESS deployment (as is being done in O'Shea Energy Storage Pilot).[30] The Company did not do a generic BESS RFP and some bidder got the idea that they could fix voltage issues at O'Shea; the Company spelled out the problem that the bid should remedy. Our concern is that if the Company proceeds with a generic BESS RFP that does not include specific data about locations that would gain special benefits from a BESS, then the bidders will offer generic solutions that do not provide those benefits. By the time the Company files for recovery of the costs in a future rate case, it will be too late to consider the deployment design or how the RFP could be written to invite proposals that would capture the full potential of BESS deployment. Ensuring that the RFP is designed to allow bidders to capture the full benefit of the capital investment in a BESS is only reasonable and prudent. GLREA stands by its request to the Commission.

D. DTE'S OUTAGES AND DEVELOPMENT OF MICROGRIDS

1. The Commission needs to address DTE's deficient outages record

(GLREA Witness Rafson, T 4869-T4879; DAAO Witness Makhijani 6 Tr 4599 - 4623, DTE Witness Kryscynskik 3 Tr 367; Hartwick 3 Tr 687 – 688; Exhibit A-12 B5.4.9 Revised. Rebuttal: Kryscynski 3 Tr 454, Willis 6 Tr 2639 - 2640)

GLREA asserts that there exists a dire need for the Commission to address DTE's deficient outages record. GLREA Witness Rafson (T 4869-4872) referenced the several recent reports that have documented that DTE has one of the worst outage records in the nation, and that DTE's outages last longer and appear to adversely impact low-income communities the most. The delay in addressing service outages in older communities (where more low-income customers may live) does not appear to be disputed by DTE. For example, in rebuttal, DTE Witness Kryscynskik (3 Tr 454) testified:

[30] Company exhibit A-12 B5.4.1, page 1, row a

Finally, the Company would note that the article referenced by Witness Rafson went on to provide hypotheses for the longer restoration times, including that the communities they referenced may be in predominantly older neighborhoods where power infrastructure may require more significant repairs. This is consistent with the testimony of Company Witness Deol and Elliot Andahazy when they describe the need for Conversion and Hardening to support improved reliability for t he Company's oldest 4.8kV infrastructure.

GLREA Witness Rafson (T 4870-4871) also testified as to regulatory actions that can be undertaken to address electric service outages, by encouraging the development of backup generators, battery backups, and by-directional 6V (V2H) options.

2. The Commission should encourage the development of microgrids to increase the reliability and resilience of DTE's system

(GLREA Witness Rafson, T 4872-4879; DTE Witness Andahazy, T 920; DTE Witness Hartwick, T 699 - T 704; DTE Witness Hartwick Revised Testimony, T 681, 687-688, 699-703; DAAO Witness Kinkhabwala at T 4541; DAAO Witness Makhijani at T 4602-4630; Staff Witness Krause T 5197-5202; Staff Witness Volkmann, T 3235, T 3258)

GLREA Witness Rafson (T 4872-4879) testified that the Commission should encourage the development of nanogrids (generally applicable to a specific property) and microgrids (which can serve multiple customers and locations). Witness Rafson summarized the several advantages that can be obtained from the expansion of nanogrids and microgrids, such as:

(1) enhancing localized generation which can decrease demand on distribution system, resulting in lower costs;

(2) expanding energy storage resources, which can mitigate impacts resulting from service outages, can reduce demand on the distribution system, resulting in cost savings, and which can better match generation resources with loads on the distribution systems;

(3) creating independent "island" type generation, which can reduce peak loads, and provide backup resources during outages;

(4) improving energy management and control by optimizing diversified sources of generation, energy storage, and by better matching ever changing loads;

(5) by improving grid interaction and flexibility by utilizing microgrids to contribute to addressing peak loads, outages, and exchanging power by using two-way communication and real-time smart grid technologies;

(6) by enhancing the resilience, reliability and diversification of the grid, and by reducing the dependencies on centralized power plants, and distribution systems;

(7) by strengthening energy efficiency and sustainability by better addressing energy needs and reducing transmission and distribution line losses; and

(8) by developing energy resources obtainable from integration of electric vehicles as a contributing component beneficial to the grid.

GLREA Witness Rafson (T 4878-4879) recommended that the Commission should allow, and encourage, the development of nanogrids and microgrids to obtain the many benefits that result for the grid and DTE's customers from such action.

VIII. CONCLUSION AND REQUEST FOR RELIEF

GLREA testimony was focused on how to reduce the cost of service for ratepayers, with only a single recommendation for a recovery disallowance. GLREA requests:

1. That the Commission reject the Company's proposal for recovery of outage credits paid to customers, implementing instead the much more limited recovery recommended by Staff.

2. That the Commission reject the Company's proposal for two new, optional Commercial time-of-use (TOU) rates and instead direct the Company to refile their proposals with a rate design that recovers all (or, at the Commission's discretion, much more) of the capacity costs from the on-peak time periods expeditiously (not waiting for the Company's next rate case).

3. The Commission direct the Company, in their next demand-response or rate case, to propose two new DR programs for both residential and commercial as proposed in GLREA Witness Richter's testimony, including:

a. A critical peak rebate program;

b. A grid interactive water heater program.

Further, the Commission should caution the Company that offering specious proposals which could delay implementation may invite the Commission to open residential and small commercial demand response programs to third party aggregators.

4. The Commission direct the Company that any future geo-targeted incentive localized load relief programs should include incentives for customer solar and battery installations.

5. The Commission direct the Company to design future battery energy storage systems (BESS) RFPs with information about specific Company substations that would gain critical load relief, voltage stabilization, or other benefits in a manner to encourage bids that would capture those potential benefits.

6. The Commission should reject DTE's *ex parte* tariff filing in U-21798, comprising tariff D-114-00, and find in this case that securitization charges should be included in customer outflow billing credits in accordance with Section 177(2).

7. The Commission undertake meaningful action to address DTE's deficient service outages record and undertake steps to allow and encourage the development of nanogrids and microgrids.

8. The Commission grant such further and consistent relief in favor of GLREA positions and recommendations as is lawful and reasonable.

Respectfully submitted,

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Dated: October 3, 2024

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.

Case No. **U-21534**

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APPENDIX A

TO

INITIAL BRIEF OF THE
GREAT LAKES RENEWABLE ENERGY ASSOCIATION

October 3, 2024

(Continued from Sheet D-113.00)

STANDARD CONTRACT RIDER NO. 18 (contd.) **DISTRIBUTED GENERATION PROGRAM**

CUSTOMER ELIGIBILITY

In order to be eligible to participate in the Distributed Generation Program, customers must generate a portion or all of their own retail electricity requirements with an Eligible Electric Generator which utilizes a Renewable Energy Resource, as defined above.

A customer's eligibility to participate in the Distributed Generation Program is conditioned on the full satisfaction of any payment term or condition imposed on the customer by pre-existing contracts or tariffs with the Company, including those imposed by participation in the Distributed Generation Program, or those required by the interconnection of the customer's Eligible Electric Generator to the Company's distribution system.

CUSTOMER BILLING – CATEGORY 1, 2 AND 3 CUSTOMERS
Inflow

(a) Full Service Customers

The customer will be billed according to their retail rate schedule, plus surcharges, and Power Supply Cost Recovery (PSCR) Factor on metered Inflow for the billing period or time-based pricing period.

(b) Retail Open Access Customers

The customer will be billed as stated on the customer's Retail Open Access Rate Schedule on metered Inflow for the billing period or time based pricing period.

Outflow

The customer will be credited on Outflow for the billing period or time-based pricing period. The credit shall be applied to the current billing month and shall be used to offset ***Company electric charges on the bill, excluding securitization charges***~~power supply and PSCR charges on that bill. The credit shall not offset any delivery charges or other surcharges.~~ Any excess credit not used will be carried forward to subsequent billing periods. Unused Outflow Credit from previous months will be applied to the current billing month, if applicable, to offset~~the~~ ***Company electric charges excluding securitization charges***~~power supply component and PSCR components~~ on the customer's bill. Outflow Credit is nontransferrable.

(1) Full Service Customers
Power Supply Credit for Outflow:

Customers will be credited for each kWh of Outflow according to the power supply rates shown below, plus the PSCR factor. For the demand-based outflow credits shown below, outflow demand will be determined by the average of on-peak demand (kW) during the billing period.

(Continued on Sheet No. D-115.00)

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.

Case No. **U-21534**

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PROOF OF SERVICE

On **October 3, 2024** an electronic copy of the **Initial Brief of the Great Lakes Renewable Energy Association with Appendix A** was served on the following:

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The statements above are true to the best of my knowledge, information and belief.

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Dated: October 3, 2024