

April 8, 2025

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

RE: Case No. U-21816 – In the matter of Consumers Energy Company’s application for the regulatory reviews, revisions, determinations, and/or approvals necessary to fully comply with Public Act 295 of 2008, as amended by Public Act 235 of 2023.

Dear Ms. Felice:

Enclosed for electronic filing in the above-captioned case, please find the **Rebuttal Testimony and Exhibits of Consumers Energy Company witnesses Marc R. Bleckman, Thomas P. Clark, Zachary S. Cole, Kenneth D. Johnston, and Chibuzo C. Obikwelu**. Confidential Exhibit A-46 (KDJ-6) is being filed under seal with the Michigan Public Service Commission.

This is a paperless filing and is therefore being filed only in PDF. Also included is a Proof of Service.

Sincerely,

Anne M. Uitvlugt
Phone: 517-788-2112
Email: anne.uitvlugt@cmsenergy.com

cc: Parties to Attachment 1 to Proof of Service

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

REBUTTAL TESTIMONY

OF

MARC R. BLECKMAN

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

MARC R. BLECKMAN
U-21816 REBUTTAL TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Marc R. Bleckman, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

4 **Q. Are you the same Marc R. Bleckman who previously filed direct testimony in this**
5 **Renewable Plan (“RE Plan”) case on behalf of Consumers Energy Company**
6 **(“Consumers Energy” or the “Company”)?**

7 A. Yes, I am.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. The purpose of my rebuttal testimony is to provide rebuttal to certain aspects of the direct
10 testimonies of: (i) Attorney General (“AG”) witness Michael W. Deupree and (ii) Great
11 Lakes Renewable Energy Association (“GLREA”) witness Robert Rafson.

12 **Q. How is your rebuttal testimony organized?**

13 A. In Section I, I will provide rebuttal to portions of the direct testimony of AG witness
14 Deupree. In Section II, I will provide rebuttal to portions of the direct testimony of GLREA
15 witness Rafson.

16 **Q. Are you sponsoring any exhibits in connection with your rebuttal testimony?**

17 A. Yes. I am sponsoring the following exhibit:

18 Exhibit A-39 (MRB-3) Supplemental Responses to Consumers Energy
19 Company’s Second Discovery Request by Attorney
20 General Dana Nessel.

21 **I. REBUTTAL TO AG WITNESS DEUPREE**

22 **Q. Could you please summarize your rebuttal testimony to AG witness Deupree?**

23 A. I will rebut the following positions taken by Mr. Deupree:

24 1) That the Company should exclude the costs associated with the Mustang Mile
25 and Washtenaw projects from the proposed RE Plan.

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U-21816 REBUTTAL TESTIMONY

1 With regard to this position, I will demonstrate that Mr. Deupree does not appear to have
2 a clear understanding of how cost recovery works in RE Plan filings. I will also show that
3 adopting his position would leave the Company unable to comply with a fundamental
4 requirement of Public Act 235 of 2023 (“Act 235”), which is to include a forecast of all the
5 renewable energy resources needed to comply with the renewable energy credit standard.

- 6 2) That the Company should exclude the costs associated with the Financial
7 Compensation Mechanism (“FCM”) for any new Power Purchase Agreements
8 (“PPAs”) attached to future renewable energy projects required to meet its
9 voluntary green pricing (“VGP”) and RE Plan requirements.

10 With regards to this position, I will show that Mr. Deupree’s proposes to ignore the
11 language in Act 235 which mandates the Michigan Public Service Commission (“MPSC”
12 or the “Commission”) to authorize an annual financial incentive, as put forth in the statute,
13 on all third-party contracts for renewable energy systems with an entity that is not an
14 affiliate. This position is also rebutted by Company witness Kenneth D. Johnston.

15 **Q. On page 13 of his testimony, Mr. Deupree recommends that costs associated with the**
16 **Mustang Mile and Washtenaw Solar Projects be excluded from the Company’s RE**
17 **Plan due to “project uncertainties”. What would be the impact if the Company only**
18 **included projects with great certainty into its RE Plan?**

19 A. The Company would be unable to provide any meaningful cost of compliance and cost
20 recovery projections to the MPSC. The Company’s RE Plan includes over 11,000 MW of
21 new renewable energy facilities in order to achieve compliance with Act 235. The vast
22 majority of these projects have great uncertainty, much more so than Mustang Mile and
23 Washtenaw, as they are not yet in development. Therefore, Mr. Deupree’s argument that
24 Mustang Mile and Washtenaw, projects now in development, should be excluded has no
25 validity.

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1 **Q. What would be the impact to the RE Plan if the Company excluded projected costs**
2 **associated with just Mustang Mile and Washtenaw?**

3 A. The Company's cost of compliance and cost recovery projections would be incomplete and
4 would not provide a meaningful projection to the MPSC.

5 **Q. What would be the impact to the projection of the regulatory balance if just Mustang**
6 **Mile and Washtenaw were excluded?**

7 A. The Company's regulatory balance projections would be incomplete and would not provide
8 a meaningful projection of said balance to the MPSC.

9 **Q. Were the Mustang Mile and Washtenaw projects previously approved by the**
10 **Commission?**

11 A. Yes. The Mustang Mile project was approved on April 8, 2021 in Case No. U-20165. The
12 Washtenaw project was approved on November 28, 2021 in Case No. U-20165.

13 **Q. Does Act 235 require utilities to include a forecast of the renewable energy resources**
14 **needed to comply with the renewable energy credit standard and projected costs?**

15 A. Yes, it does.

16 **Q. Would the Company be in compliance with this statute if it excluded Mustang Mile**
17 **or Washtenaw from its projections?**

18 A. No, the Company's RE Plan would be insufficient to achieve compliance with this element
19 of Michigan's renewable portfolio standard ("RPS") statute.

20 **Q. Was Mr. Deupree asked about this in discovery? If so, how did he respond?**

21 A. Yes, Mr. Deupree was asked how his position could be in compliance with Act 235. As
22 shown in Exhibit A-39 (MRB-3), Mr. Deupree at first declined to provide a response,
23 objecting to the question and only pointed to his direct testimony. He then provided a

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1 supplemental response indicating that removing the Mustang Mile and Washtenaw projects
2 would improve the accuracy of the RE Plan.

3 **Q. Does this supplemental response, with regard to the RE Plan's accuracy address the**
4 **question of how his proposal is consistent with Act 235?**

5 A. No, the question was not about the RE Plan's accuracy. The question was how the RE Plan
6 would be compliant with Act 235 if projects that are needed to achieve RPS are excluded
7 from the filing. This question is not addressed.

8 **Q. Do you agree that the overall accuracy of the Company's RE Plan would be improved**
9 **as a result of excluding Mustang Mile and Washtenaw projects, as Mr. Deupree**
10 **proposes?**

11 A. No, the RE Plan's accuracy would be significantly worsened. Both the costs of compliance
12 and PSCR transfer costs would be dramatically under-projected as a result of excluding
13 these in-development projects. Therefore, Mr. Deupree's position that the Mustang Mile
14 and Washtenaw projects should be excluded in order to improve the accuracy of the
15 Company's RE Plan has no basis and should be rejected by the Commission.

16 **Q. Based on his testimony and discovery responses, Mr. Deupree seems to desire to**
17 **exclude the projects in development out of concern for the accuracy of customer rates.**
18 **Does the inclusion of the Mustang Mile and Washtenaw projects have a direct impact**
19 **on customer rates?**

20 A. There is no present customer rate or cost from the Company including Mustang Mile,
21 Washtenaw, or any projected renewable facilities in its RE Plan filings.

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1 **Q. How will customer rates be affected as a result of this RE Plan?**

2 A. When approved projects reach commercial operation, the power supply cost recovery
3 (“PSCR”) transfer rates approved for each project will be multiplied against the actual
4 generation and that total PSCR transfer cost will be moved out of the RE Plan and collected
5 in PSCR. Any incremental costs that are needed to be collected from customers above and
6 beyond the PSCR transfer costs would require a surcharge to be implemented. However,
7 the Company does not propose the need for a surcharge to be implemented with this filing.
8 In absence of a surcharge (or sur-credit) all incremental costs go the regulatory balance
9 rather than affecting present customer rates. My direct testimony and exhibits make clear
10 the costs of compliance as well as the cost recovery elements of the Company’s RE Plan.

11 **Q. Was Mr. Deupree asked about his understanding of cost recovery of projects in
12 discovery? If so, how did he respond?**

13 A. Yes, Mr. Deupree was asked to explain his understanding of how cost recovery is
14 accomplished in the RE Plan. As shown in Exhibit A-39 (MRB-3), subject to counsel’s
15 objections, Mr. Deupree responded that whether or not the Company’s near-term
16 projections for expenses and cost recovery are accurate will impact the overall accuracy or
17 inaccuracy of its RE Plan. He then provided a supplemental response addressing the fact
18 that PSCR transfer costs are approved in RE Plan reconciliation cases.

19 **Q. Is this supplemental response a complete explanation of cost recovery?**

20 A. No. Mr. Deupree fails to address the RE Plan regulatory balance, which is also approved
21 in RE Plan annual reconciliations. It is important to understand that the RE Plan cost
22 recovery mechanism enables the Company to provide the MPSC with its complete plan to
23 achieve RPS compliance while leveraging the regulatory balance as a mechanism to

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1 manage volatility in both cost and generation as the plan develops, without impacting
2 present customer rates. This includes the development costs of projects such as Mustang
3 Mile and Washtenaw. Simply eliminating these projects from the Company's RE Plan, as
4 Mr. Deupree proposes, would create significant inaccuracies and variances between the
5 Company's RE Plan amendment and the annual reconciliations as all the development
6 costs of these projects would be missing from the amendment filing.

7 **Q. Would you please summarize Mr. Deupree's position with regard to the FCM?**

8 A. Mr. Deupree recommends that the Commission direct the Company to not include an FCM
9 for any new PPAs in the RE Plan. He recommends this because of language in the
10 settlement of the Company's 2021 Integrated Resource Plan ("IRP") Case No. U-21090,
11 which restricted the Company from applying a FCM to new PPAs in the RE Plan.
12 Mr. Deupree also challenges the FCM rate that the Company is applying in this RE Plan,
13 citing a lower rate that was approved in the 2021 IRP. Finally, Mr. Deupree also provides
14 testimony challenging the credit impact that PPAs have on the Company.

15 **Q. Do you agree with any of these positions that Mr. Deupree takes with regard to the**
16 **FCM?**

17 A. I do not. Company witness Johnston will rebut the positions with regard to the fact that
18 they are not in compliance with Act 235 while I will address the cost projection
19 implications of his position as well as his arguments against the validity of the FCM.

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1 **Q. What would be the impact of excluding the FCM from the cost of compliance and cost**
2 **recovery projections?**

3 A. Similar to excluding Mustang Mile and Washtenaw projects, the cost recovery and
4 regulatory balance projections would be incomplete, failing to provide the Commission
5 with a comprehensive outlook. Again, this would be uncompliant with Act 235.

6 **Q. Is any of Mr. Deupree's testimony on pages 18 through 24, with regard to the need**
7 **for an FCM, relevant to this RE Plan amendment?**

8 A. No. The Company is neither arguing for an FCM nor the applicable rate in this instant case.
9 With regard to the FCM, the Company is simply ensuring its RE Plan is compliant with
10 Act 235, as discussed by Company witness Johnston. Mr. Deupree's attempt to re-litigate
11 the FCM should be ignored by the Commission.

12 **Q. Would you please summarize your rebuttal testimony with regard to Mr. Deupree?**

13 A. I have shown that Mr. Deupree's positions that a) the Company should exclude certain
14 projects currently in development and b) the Company should not apply an FCM to
15 renewable energy contracts are plainly not in compliance with Act 235 and would make
16 the cost recovery projection obligation, which the Company is required to perform as part
17 of this filing, impossible to fulfill. Mr. Deupree's position on excluding projects with
18 "uncertainty" also makes clear his lack of understanding of the cost recovery provisions of
19 the RE Plan.

20 **II. REBUTTAL OF GLREA WITNESS RAFSON**

21 **Q. Could you please summarize your rebuttal testimony for GLREA witness Rafson?**

22 A. I am rebutting Mr. Rafson's recommendation that no federal tax credits should be assumed
23 for projects that reach commercial operation beyond 2032.

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1 **Q. Could you please summarize Mr. Rafson’s position?**

2 A. Mr. Rafson states that, under the Inflation Reduction Act (“IRA”), renewable energy tax
3 credits will “tail off” to zero starting in 2032 and, thus, no tax credits should be assumed
4 for projects that are projected to reach commercial operation after 2032.

5 **Q. Is this position in alignment with the tax credit sunset provision of the IRA?**

6 A. No. While Mr. Rafson’s position is that the Company should assume zero tax credits for
7 projects projected to reach commercial operation after 2032, the IRA establishes a phase
8 out for the credits, by 25% annually from 100% to 0% in the latter of 2032 or the year in
9 which Treasury determines that annual greenhouse gas emissions from the production of
10 electricity in the US are equal to or less than 25% of the annual greenhouse gas emissions
11 for 2022.

12 **Q. Are you aware of any published forecasted data predicting that date?**

13 A. No.

14 **Q. Does the Federal government have a history of extending sunset provisions for
15 renewable energy tax credits?**

16 A. Yes. For instance, the Energy Policy Act of 1992 established IRC Section 45, “Electricity
17 Produced from Certain Renewable Resources” which has been amended and extended
18 numerous times, including the most recent amendment by the IRA that established the
19 clean energy production tax credits referenced in this case.

20 **Q. Could you please summarize the Company’s reasoning for not reducing or
21 eliminating tax credit assumptions after 2032?**

22 A. There were several considerations that went into this assumption. First of all, as stated
23 above, the Company knows of no published forecast of when annual greenhouse gas

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1 emissions from the production of electricity in the US will be equal to or less than 25% of
2 the annual greenhouse gas emissions for 2022. Therefore, it is reasonable to assume at this
3 point that tax credits will continue at 100% beyond 2032. Additionally, customer
4 affordability of renewable energy facilities is an important element of this filing and,
5 therefore, the Company wanted to set aggressive targets on project economics. The
6 Company finds this to be the best approach for this filing and should continue to monitor
7 the tax credit environment, as it does with all assumptions that affect project economics, in
8 each future RE Plan amendment.

9 **Q. What impact would it have if Mr. Rafson's position was adopted in this instant case?**

10 A. Levelized cost of energy ("LCOE") targets for ex parte approval would be significantly
11 higher for projects beyond 2032.

12 **Q. Does this complete your rebuttal testimony?**

13 A. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

EXHIBIT

OF

MARC R. BLECKMAN

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of Consumers Energy Company's application for the regulatory reviews, revisions, determinations, and/or approvals necessary to fully comply with Public Act 295 of 2008, as amended by Public Act 235 of 2023.

MPSC No. U-21816

**SUPPLEMENTAL RESPONSES TO CONSUMERS
ENERGY COMPANY'S SECOND DISCOVERY REQUEST
BY ATTORNEY GENERAL DANA NESSEL**

GENERAL OBJECTIONS

The Attorney General objects to each and every one of the following discovery requests on the basis that they are argumentative, and further on the bases that they are in various instances overly vague, call for legal conclusions and seek legal opinions from a non-attorney expert, are not relevant to the present proceeding, and seek information within the Company's own knowledge. The Attorney General further objects to these requests to the extent they might seek information protected by the attorney-client privilege.

MPSC Case No.:	U-21816
Responding Party:	Attorney General
Respondent:	Michael Deupree and Counsel
Requestor:	Consumers Energy
Question No.:	21816-CE-AG-0004.a

Question 21816-CE-AG-0004.a:

On page 13 of his direct testimony, Mr. Deupree recommends that the “costs associated with Mustang Mile and Washtenaw solar projects be excluded from the Company’s proposed RE Plan” based on his contention that it is “unknown at the current time when or even if these projects will ultimately be commercially operational providing service to Company ratepayers.”

a. Please explain your understanding of how cost recovery for these solar projects is accomplished under the Renewable Energy Plan.

Response:

Objections of counsel: the Attorney General objects to this question to the extent that it calls for a legal conclusion and seeks a legal opinion from a non-attorney expert, and further objects on the bases that the question is overly vague and argumentative. Subject to and without waiving these objections, the Attorney General’s witness Michael Deupree responds as follows:

While I am not a lawyer and this response does not present a legal opinion, it is my understanding that the relevant statutory language describes a standard contested proceeding for the Company’s renewable energy plan, which may include potential mechanisms for cost recovery of projected compliance costs. It is my opinion that whether or not the Company’s near-term projections for expenses and cost recovery are accurate will impact the overall accuracy or inaccuracy of its plan, as discussed in my Direct Testimony.

Date: March 24, 2025

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections raised in the initial response to this request, the Attorney General’s witness Michael Deupree responds with the following supplemental response:

The current Commission practice involves annual RE Plan reconciliation filings which involve a contested proceeding before the Commission. In these proceedings, appropriate Transfer Price and related Transfer Cost are determined for the preceding 12 month period. This approved Transfer Cost, incremental of non-renewable energy costs derived from examination of average Locational Marginal Prices (“LMPs”), is then transferred to and recovered as part of the Company’s Power Supply Cost Recovery (“PSCR”) clause, as shown in the Illustrative Customer Credit presented in Exhibit A-2 of the Company’s filing.

Date: April 7, 2025

MPSC Case No.: U-21816
Responding Party: Attorney General
Respondent: Michael Deupree and Counsel
Requestor: Consumers Energy
Question No.: 21816-CE-AG-0004.b

Question 21816-CE-AG-0004.b:

b. Please explain your understanding of the impact of including the costs associated with the Mustang Mile and Washtenaw projects in the Renewable Energy Plan.

Response:

Objections of counsel: the Attorney General objects to this question to the extent that it calls for a legal conclusion and seeks a legal opinion from a non-attorney expert, and further objects to this question on the bases that the question is overly vague and argumentative. Subject to and without waiving these objections, the Attorney General responds as follows:

Refer to the Attorney General's response to question 21816-CE-AG-0004.a and to the Direct Testimony of Michael Deupree.

Date: March 24, 2025

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections raised in the initial response to this request, the Attorney General's witness Michael Deupree responds with the following supplemental response:

It is my opinion that whether or not the Company's near-term projections for expenses and cost recovery are accurate will impact the overall accuracy or inaccuracy of its plan, as discussed in my Direct Testimony. This ensures the Company is on track to meet its renewable energy credit standards outlined in section 28(1) of Act No. 235 of 2024, while limiting variances between estimated costs outlined in the current proceeding and future reconciliation proceedings.

Date: April 7, 2025

MPSC Case No.:	U-21816
Responding Party:	Attorney General
Respondent:	Michael Deupree and Counsel
Requestor:	Consumers Energy
Question No.:	21816-CE-AG-0004.c

Question 21816-CE-AG-0004.c:

c. Is there an annual cost reconciliation performed in connection with the Renewable Energy Plan?

Response:

Objections of counsel: The Attorney General objects to this question on the bases that it is not relevant to the present renewable energy plan case and is argumentative.

Date: March 24, 2025

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections raised in the initial response to this request, the Attorney General's witness Michael Deupree responds with the following supplemental response:

It is my understanding that the Company files an annual RE Plan Reconciliation filing with the Commission each year, and that this proceeding is handled as a standard contested proceeding before the Commission.

Date: April 7, 2025

MPSC Case No.: U-21816
Responding Party: Attorney General
Respondent: Michael Deupree and Counsel
Requestor: Consumers Energy
Question No.: 21816-CE-AG-0004.d

Question 21816-CE-AG-0004.d:

d. If the answer to subpart c is yes, please describe your understanding of the MPSC review that occurs during the annual reconciliation.

Response:

Objections of counsel: The Attorney General objects to this question on the basis that it is not relevant to the present renewable energy plan case, and further objects on the bases that the question is argumentative and overly vague.

Date: March 24, 2025

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections raised in the initial response to this request, the Attorney General's witness Michael Deupree responds with the following supplemental response:

See supplemental response to 21816-CE-AG-0004.a.

Date: April 7, 2025

MPSC Case No.: U-21816
Responding Party: Attorney General
Respondent: Michael Deupree and Counsel
Requestor: Consumers Energy
Question No.: 21816-CE-AG-0004.e

Question 21816-CE-AG-0004.e:

e. MCL 460.1022 requires the Renewable Energy Plan to include a forecast of the renewable energy resources needed to comply with the renewable energy credit standard and projected costs. Please explain how Mr. Deupree's proposal to remove costs associated with the Mustang Mile and Washtenaw solar projects is consistent with this requirement.

Response:

Objections of counsel: the Attorney General objects to this question on the basis that it calls for a legal conclusion and seeks a legal opinion from a non-attorney expert, and further on the bases that the question is argumentative and is overly vague. Subject to and without waiving these objections, the Attorney General responds as follows:

Refer to the Attorney General's response to question 21816-CE-AG-0004.a and to the Direct Testimony of Michael Deupree at pages 10-13.

Date: March 24, 2025

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections raised in the initial response to this request, the Attorney General's witness Michael Deupree responds with the following supplemental response:

While I am not a lawyer and this response does not present a legal opinion, it is my opinion that whether or not the Company's near-term projections for expenses and cost recovery are accurate will impact the overall accuracy or inaccuracy of its plan, as discussed in my Direct Testimony. This ensures the Company is on track to meet its renewable energy credit standards outlined in section 28(1) of Act No. 235 of 2024, while limiting variances between estimated costs outlined in the current proceeding

and future reconciliation proceedings. Removal of costs associated with solar projects that are heavily delayed and to which it is unclear when or even if they will be completed ensures the accuracy of the Company's RE Plan.

Date: April 7, 2025

MPSC Case No.:	U-21816
Responding Party:	Attorney General
Respondent:	Michael Deupree and Counsel
Requestor:	Consumers Energy
Question No.:	21816-CE-AG-0004.f

Question 21816-CE-AG-0004.f:

f. MCL 460.1022 requires the Renewable Energy Plan to include a forecast of the renewable energy resources needed to comply with the renewable energy credit standard. Please explain how Consumers Energy can meet this requirement if projects that are part of the Company's plan for compliance are removed from the Renewable Energy Plan.

Response:

Objections of counsel: the Attorney General objects to this question on the bases that it is argumentative and overly vague, and further objects on the basis that the request seeks information within the Company's own knowledge.

Date: March 24, 2025

MPSC Case No.: U-21816
Responding Party: Attorney General
Respondent: Michael Deupree and Counsel
Requestor: Consumers Energy
Question No.: 21816-CE-AG-0004.g

Question 21816-CE-AG-0004.g:

g. MCL 460.1045 requires the incremental cost of compliance to be “calculated for a 20-year period beginning with approval of the amended renewable energy plan and may be recovered on a levelized basis.” Please explain how Mr. Deupree’s proposal to remove costs associated with the Mustang Mile and Washtenaw solar projects is consistent with this requirement.

Response:

Objections of counsel: the Attorney General objects to this question on the basis that it calls for a legal conclusion and seeks a legal opinion from a non-attorney expert, and further on the bases that the question is argumentative and is overly vague. Subject to and without waiving these objections, the Attorney General responds as follows:

Refer to the Attorney General’s response to question 21816-CE-AG-0004.a and to the Direct Testimony of Michael Deupree at pages 10-13.

Date: March 24, 2025

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections raised in the initial response to this request, the Attorney General’s witness Michael Deupree responds with the following supplemental response:

While I am not a lawyer and this response does not present a legal opinion, it is my understanding that the Company is not requesting approval of a levelized cost recovery mechanism in the proceeding. See Direct Testimony of Kenneth D. Johnston at 21:4-9, where the witness states that a 20-year levelized revenue recovery mechanism is unnecessary in the Company’s opinion.

Date: April 7, 2025

MPSC Case No.: U-21816
Responding Party: Attorney General
Respondent: Michael Deupree and Counsel
Requestor: Consumers Energy
Question No.: 21816-CE-AG-0004.h

Question 21816-CE-AG-0004.h:

h. Consumers Energy's Renewable Plan includes projected costs for renewable energy projects that will be added throughout the 20-year period. For example, see the direct testimony of Zachary S. Cole, page 5, indicating that the Renewable Energy Plan includes 6,910 MW of unnamed proxy solar projects. Is it Mr. Deupree's position that these 6,910 MW of future unnamed proxy solar projects should remain in the Renewable Energy Plan because they are more certain than the Mustang Mile and Washtenaw solar projects? If not, please explain.

Response:

Objections of counsel: the Attorney General objects to this request on the basis that it is not relevant and is argumentative. Subject to and without waiving these objections, the Attorney General responds as follows:

Refer to the Direct Testimony of Michael Deupree.

Date: March 24, 2025

SUPPLEMENTAL RESPONSE:

Subject to and without waiving the objections raised in the initial response to this request, the Attorney General's witness Michael Deupree responds with the following supplemental response:

It is my opinion that whether or not the Company's near-term projections for expenses and cost recovery are accurate will impact the overall accuracy or inaccuracy of its plan, as discussed in my Direct Testimony. Placeholder assets associated with long-term planned procurements are distinct from these near-term projections as they will presumably be refined in future RE Plan filings.

Date: April 7, 2025

MPSC Case No.:	U-21816
Responding Party:	Attorney General
Respondent:	Michael Deupree and Counsel
Requestor:	Consumers Energy
Question No.:	21816-CE-AG-0005

Question 21816-CE-AG-0005:

MCL 460.1028(8) states: “If an electric provider whose rates are regulated by the commission enters into a purchase power agreement for renewable energy resources or a third-party contract for an energy storage system or clean energy system with an entity that is not an affiliate, the commission shall authorize an annual financial incentive for the electric provider.” MCL 460.1028(8) also indicates how the incentive must be calculated and states that the “subsection applies to any contract entered after June 30, 2024.” Please explain how Mr. Deupree’s proposal stated at page 26 of his direct testimony that “the Company not include an FCM for any new PPA contract attached to future renewable energy projects required to meet its VGP and RE Plan requirements” is consistent with MCL 460.1028(8).

Response:

Objections of counsel: the Attorney General objects to this question on the basis that it calls for a legal conclusion and seeks a legal opinion from a non-attorney expert, and further on the basis that the question is argumentative. Subject to and without waiving these objections, the Attorney General responds as follows:

Refer to the Direct Testimony of Michael Deupree at pages 18-26.

Date: March 24, 2025

PROOF OF SERVICE - U-21816

The undersigned certifies that a copy of the *Attorney General's Supplemental Response to Consumers Energy Company's Second Discovery Request* was served upon the parties listed below by e-mailing the same to them at their respective e-mail addresses on the 7th day of April 2025.

Lucas
Wollenzien
Lucas Wollenzien

Digitally signed by Lucas Wollenzien
Date: 2025.04.07 13:51:29 -04'00'

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

REBUTTAL TESTIMONY

OF

THOMAS P. CLARK

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

THOMAS P. CLARK
U-21816 REBUTTAL TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Thomas P. Clark, and my business address is 1945 W. Parnall Road, Jackson,
3 MI 49201.

4 **Q. Are you the same Thomas P. Clark who previously submitted direct testimony in this**
5 **proceeding on behalf of Consumers Energy Company (“Consumers Energy” or the**
6 **“Company”)?**

7 A. Yes.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. The purpose of my rebuttal testimony is to address or rebut the direct testimony of
10 Michigan Public Service Commission (“MPSC” or the “Commission”) Staff (“Staff”)
11 witness Jesse J. Harlow; Attorney General witness Michael W. Deupree; Great Lakes
12 Renewable Energy Association (“GLREA”) witnesses Robert Rafson and John Richter;
13 Michigan Environmental Council and Natural Resources Defense Council (collectively,
14 “MEC”) witness Eli K. Gold; and Michigan Energy Innovation Business Council, Institute
15 for Energy Innovation, and Advanced Energy United (collectively, “MEIU”) witness
16 Matthew McDonnell regarding the suggested treatment of certain solar projects and battery
17 energy storage system (“BESS”) projects within the Company’s Amended Renewable
18 Energy Plan (“RE Plan”).

THOMAS P. CLARK
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1 **Q. On page 7, line 5, through page 8, line 2, of his direct testimony, Staff witness Harlow**
2 **presents his opinion that a co-located storage facility with a traditional renewable**
3 **energy resource could result in inefficient operation of the storage assets. Do you**
4 **agree with this opinion?**

5 A. The Company does not agree because energy storage will not see a material impact in
6 operation and will only have limitations during full output of the traditional renewable
7 asset. Staff witness Harlow states that solar generation operates approximately 15-25% of
8 the time and wind approximately 30-45% of the time over the course of a year. The
9 Company agrees, and this demonstrates why energy storage will not be materially impacted
10 under normal operation. An energy storage asset is typically designed to discharge over
11 4 hours and charge over the same period. This would allow, under normal operations, the
12 energy storage asset to charge and discharge once a day without impact to a solar asset and
13 only minor impact from full production of a wind asset (a co-located energy storage asset
14 with wind will not be able to charge/discharge every day due to the nature of wind
15 generation).

16 As stated in my direct testimony on page 10, lines 19 through 23, the energy storage
17 assets are optimized to best utilize the interconnection facilities and to best utilize the
18 traditional renewable energy asset. This is done by optimizing the sizing of the energy
19 storage to maximize energy, capacity, and renewable energy credit values for a given
20 project. Co-located, hybrid, and surplus BESS projects are not sized by simply assuming
21 the maximum allowable given the interconnection power limit; however, that value does
22 represent a maximum sizing threshold. Through optimization, the energy storage asset will
23 act as an enabler, as presented on page 7, lines 6 through 17, of my direct testimony. The

THOMAS P. CLARK
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1 ability to act as an enabler will improve the functionality of the traditional renewable
2 generation asset and will not hinder the efficiency of the energy storage facility. Well
3 designed and optimized energy storage co-located with traditional renewable energy assets
4 will not result in inefficient operation of the energy storage.

5 **Q. On page 13, lines 3 through 12, of his direct testimony, Attorney General witness**
6 **Deupree recommends excluding costs for Mustang Mile and Washtenaw solar**
7 **projects from the Company’s proposed RE Plan due to uncertainty about their**
8 **commercial operation dates (“CODs”). Do you agree with this recommendation?**

9 A. No. While some uncertainty does exist regarding when the Mustang Mile and Washtenaw
10 Solar projects will achieve commercial operation, both projects are the result of
11 competitive solicitations that were conducted pursuant to a Commission-approved
12 Integrated Resource Plan (“IRP”). Mustang Mile solar was an awarded project within the
13 2019 IRP Competitive Solicitation and the Washtenaw solar project was awarded in the
14 2020 IRP Competitive Solicitation. The inclusion of these projects in the Company’s RE
15 Plan is an acknowledgment that these projects will serve as resources utilized to meet the
16 Renewable Portfolio Standard (“RPS”) and therefore costs associated with them should
17 flow through the RE Plan process, including the RE Plan Reconciliation. The uncertainty
18 of the COD has no bearing on the appropriateness of including the projects within this RE
19 Plan. All renewable energy projects face schedule risk, and these two specific projects
20 have realized that risk.

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1 **Q. On page 5, lines 2 through 5 of his direct testimony, GLREA witness Rafson testifies**
2 **that Consumers Energy needs to work with the Midcontinent Independent System**
3 **Operator, Inc. (“MISO”) to determine whether transmission lines will support the**
4 **proposed generation assets and provide results of that investigation to provide**
5 **capacity and location on the existing transmission lines as well as any MISO upgrades.**
6 **How do you respond to this recommendation?**

7 A. Transmission connected generation is required to be submitted to and studied by MISO
8 through the MISO Generator Interconnection Process (“GIP”). Through the GIP, MISO
9 determines the Interconnection Facilities and Transmission Network Upgrades required to
10 support the proposed generation asset at the requested level of interconnection service. The
11 GIP culminates in an executed Generator Interconnection Agreement (“GIA”) which
12 outlines the requirements and obligations for the proposed generation asset to interconnect
13 to the Transmission System including the upgrades necessary to facilitate the
14 interconnection. The Company actively works with MISO through the MISO GIP.

15 **Q. On page 38, lines 15 and 16, of his direct testimony, GLREA witness Richter**
16 **recommends that the Commission reject the Company’s proposal for ex parte**
17 **approval for BESS with a Levelized Cost of Energy (“LCOE”) of up to 140% of the**
18 **Company’s target cost. How do you respond to this recommendation?**

19 A. There are two specific reasons that it is appropriate to allow for ex parte approval for BESS
20 projects with an LCOE of up to 140% of the Company’s target cost.

21 First, although projections as recent as 2024 indicate the costs of BESS projects are
22 expected to decline over time, there is significant uncertainty regarding BESS project costs,
23 particularly in the current international geopolitical environment. BESS projects rely

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1 heavily on imported components, including but not limited to the battery cells, modules,
2 inverters, and transformers. The heavy reliance on imported components, many of which
3 currently come from China and/or southeast Asia, presents an unknown risk on pricing and
4 availability due to tariff exposure and other import risks. Tariff percentages, components
5 subject to tariffs, and countries receiving tariffs are unknown at present and subject to
6 change, resulting in significant uncertainty in pricing. Import risks and tariffs are possible
7 on energy storage due to Antidumping/Countervailing Duties (“AD/CVD”), Uyghur
8 Forced Labor Prevention Act (“UFLPA”), and Section 301. With the potential tariff and
9 import risks, lack of domestic supply, and the continued delay in development of domestic
10 supply of energy storage, it is prudent to maintain the 140% value above modeled LCOE
11 for ex parte approval.

12 Second, BESS projects currently qualify for the Investment Tax Credit (“ITC”).
13 The ITC provides up to a 50% tax credit based on the initial capital investment required to
14 deliver a project. This tax credit is reflected in the LCOE presented in this case and is
15 extremely important in delivering the proposed LCOE. A typical 200 MW/800 MWh BESS
16 project consistent with what was presented in this case (which assumes a 30% ITC) would
17 see the LCOE increase by approximately 20% if the tax credit were to be lost entirely.
18 Ex parte approval for a BESS project with an LCOE up to 140% of the filed LCOE
19 addresses the uncertainty around tax law.

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1 **Q. On page 38, lines 17 through 20, of his direct testimony, GLREA witness Richter**
2 **recommends mitigating the risk of non-compliance by front-loading the renewables**
3 **build and requiring the Company to propose the approval of projects for more than**
4 **500 MW per year, if the pricing is attractive and the project is expected to be**
5 **in-service prior to the next increase in the RPS compliance percentage. Do you agree**
6 **with this recommendation?**

7 A. Although the Company does not agree there should be a mandate to pursue more than
8 500 MW of new projects per year, the Company agrees that “front-loading” the
9 development of additional renewable projects is a possible viable option to comply with the
10 RPS requirements, if cost and execution warrants exercise of the option. The Company
11 currently completes competitive solicitations where it receives project proposals without
12 any limit on the number of projects or total capacity it accepts into the solicitation or award.
13 The Company currently makes awards to all projects that are competitively priced and
14 viable (limited risk). The Company selects said projects through due diligence review of
15 risks, assessment of cost competitiveness, schedule, and scope. This is shown in Company
16 witness Kenneth D. Johnston’s Confidential Exhibit A-46 (KDJ-6).

17 **Q. On page 39, lines 1 through 6, of his direct testimony, GLREA witness Richter**
18 **recommends that the Commission require the Company to either expand its**
19 **solicitations to include distribution connected generation, conduct separate**
20 **solicitations for distribution connected generation, or create a standard contract for**
21 **small solar facilities. How do you respond to this recommendation?**

22 A. The Company currently allows within its solicitations distribution interconnected resources.
23 See Company witness Zachery S. Cole’s rebuttal testimony for additional discussion.

THOMAS P. CLARK
U-21816 REBUTTAL TESTIMONY

1 **Q. On page 22, lines 4 through 6, of his direct testimony, MEC witness Gold recommends**
2 **that the Company accelerate the acquisition of wind generation resources and spread**
3 **them more evenly between COD years 2028-2038. How do you respond to this**
4 **recommendation?**

5 A. Acceleration of the acquisition of wind generation resources is dependent on cost
6 competitive and viable projects being available that are in relatively late stages of
7 development. The availability of those projects is scarce as indicated by recent solicitations
8 conducted by the Company. That said, the passage of the 2023 energy legislation, including
9 the option of siting renewable energy projects through the MPSC, has encouraged new wind
10 development in Michigan. These projects will take several years to advance through
11 development. The Company believes that many of these projects will be able to achieve
12 commercial operation in the early 2030's and has therefore reflected a large increase in wind
13 acquisition in those years. Ultimately, the Company will continue to seek wind projects
14 through the competitive solicitation process, including within and outside of MISO Zone 7,
15 and will acquire wind resources (through Company ownership or power purchase
16 agreements ("PPAs")) that are price competitive.

17 **Q. On page 9, lines 6 through 15, of his direct testimony, MEIU witness McDonnell**
18 **recommends that ex parte contract approval of energy storage resources be**
19 **conditioned on competitive bidding, 50/50 ownership split, and an update and**
20 **reconsideration of the LCOE for energy storage resources. How do respond?**

21 A The Company does not agree with these recommendations.

22 First, in accordance with MCL 460.1028(6), the Company already competitively
23 bids contracts under the RE Plan. The Company is not required to utilize an Independent

THOMAS P. CLARK
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1 Administrator (“IA”) for procurement of BESS components or engineering, procurement,
2 or construction (“EPC”) services nor would it be necessary to do so. An IA is appropriate
3 in situations where the Company needs to fairly compare products or services it is
4 proposing to provide with similar products or services that can be procured from a third
5 party. The Company does not manufacture BESS components and does not perform
6 construction activities with its direct workforce; therefore, it is not offering these services
7 into a competitive solicitation and an IA would result in needless expense while providing
8 no value to customers.

9 The Company also does not agree with the proposed 50/50 split for energy storage
10 proposed to be included within this RE Plan because all of the energy storage proposed is
11 co-located, hybrid, or surplus energy storage. Co-located, hybrid, and surplus energy
12 storage is installed at existing interconnections owned by the Company. It is the
13 Company’s understanding of MISO’s rules that the surplus interconnection agreement can
14 only be entered into with the Interconnection Customer from the primary Interconnection
15 Agreement. It is the understanding of the Company that MISO does not allow multiple
16 interconnection customer parties to a single Interconnection Agreement, so a third-party
17 interconnection customer could not interconnect under the Company’s Interconnection
18 Agreement. Furthermore, surplus interconnections are unique and are forfeited when the
19 existing Interconnection Agreement is terminated. The dependency of the surplus
20 interconnection agreement on the existing renewable energy interconnection agreements
21 creates many complexities, making it infeasible for third parties to own and operate BESS
22 facilities that rely on Company-owned interconnections as proposed in this RE Plan. As
23 discussed in Company witness Johnston’s rebuttal testimony, the inherent challenges of

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1 third-party BESS assets at Company-owned facilities would make it ineffective and could
2 prove costly.

3 Finally, the use of LCOE is the Company's standard for comparing projects against
4 one another. While another standard may be effective as well, so long as assumptions are
5 consistent, the Company would not expect a different metric to result in a materially
6 different recommendation of one or another project. That said, the Company is not
7 opposed to presenting other metrics for consideration in future proceedings.

8 **Q. Does this conclude your rebuttal testimony?**

9 **A. Yes.**

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

REBUTTAL TESTIMONY

OF

ZACHERY S. COLE

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Zachery S. Cole, and my business address is 1945 West Parnall Road, Jackson,
3 Michigan 49201.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”)
6 as a Renewables Engineer on the Electric Supply Regulatory Strategies team within the
7 Electric Supply Strategy section of the Electric Supply Department.

8 **Q. Are you the same Zachery S. Cole who submitted direct testimony in this case?**

9 A. Yes.

10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of my rebuttal testimony is to rebut: (1) the direct testimony of Biomass
12 Merchant Plants (“BMPs”) witness Richard A. Polich regarding the solar capacity factors
13 used in this case for future solar projects, the solar levelized cost of energy (“LCOE”)
14 model included by the Company in this case, the supposed customer savings by including
15 the BMPs in the amended renewable energy plan, and the modeling performed for this
16 case; (2) the direct testimony of Great Lakes Renewable Energy Association (“GLREA”)
17 witness Robert Rafson regarding the Company’s Transfer Prices; (3) the direct testimony
18 of GLREA witness John Richter regarding the Company’s solicitations for renewable
19 energy resources; (4) the direct testimony of Michigan Environmental Council (“MEC”)
20 and Natural Resources Defense Council (“NRDC”) (collectively referred to as “MEC”)
21 witness Douglas B. Jester regarding Mr. Jester’s proposed modification to the transfer price
22 methodology and the recommendation that the Company adopt standing offer contracts to
23 acquire Renewable Energy Plan resources; and (5) the direct testimony of Michigan Energy

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U-21816 REBUTTAL TESTIMONY

1 Innovation Business Council (“Michigan EIBC”), Institute for Energy Innovation (“IEI”),
2 and Advanced Energy United (“United”) (collectively referred to as “MEIU”) witness
3 Matthew McDonnell regarding his second recommendation to the Michigan Public Service
4 Commission (“MPSC” or the “Commission”) to:

5 Condition approval of the Company’s proposal for ex parte
6 contract approval of resources above and beyond the
7 resources identified in the Amended RE Plan on the use of a
8 fair and transparent bidding framework ... including:

- 9 a) A competitive procurement process to include use of
10 an IA to oversee all future competitive procurements;
- 11 b) An ownership split reflecting the 50/50 proportion
12 for third-party- and Company- owned resources;
- 13 c) A procurement carveout of up to 10% for mid-size
14 (1-5 MW) solar resources;
- 15 and
- 16 (d) A process to regularly update the Company’s LCOE
17 targets for wind and solar energy resources.

18 **Q. Are you sponsoring exhibits with your rebuttal testimony?**

19 **A.** Yes, I am sponsoring the following exhibits:

- | | | |
|----|-----------------------|---|
| 20 | Exhibit A-40 (ZSC-10) | 2024 Company Owned/Contracted Solar Production |
| 21 | | for Projects Online for All of 2024 and Larger than |
| 22 | | 5 MW; |
| 23 | Exhibit A-41 (ZSC-11) | U21816-CE-BMP-001 Attachment 2; |
| 24 | Exhibit A-42 (ZSC-12) | Historic (PSCR Reconciliation) BMP Costs & |
| 25 | | Generation; and |
| 26 | Exhibit A-43 (ZSC-13) | Comparison of Solar & Wind to BMP cost to |
| 27 | | supply BMP equivalent RECs. |

1 **REBUTTAL OF BMPs WITNESS POLICH**

2 **Q. Are you familiar with the testimony and exhibits provided by Mr. Polich on behalf of**
3 **the BMPs?**

4 A. Yes, I have reviewed the testimony and exhibits filed by Mr. Polich on behalf of the BMPs.

5 **Q. Do you agree with the assessment that Mr. Polich makes on page 8, lines 1 and 2, that**
6 **states: “...Consumers has assumed a solar capacity factor in this Amended REP**
7 **proceeding of 23%, which is not realistic”?**

8 A. No. The Company does not have enough utility-scale solar projects in its portfolio to state
9 that the assumed 23% capacity factor is not realistic. The Company utilized the same solar
10 capacity factor that was utilized in its 2021 Integrated Resource Plan (“IRP”), Case No.
11 U-21090, due to the fact that the Company has not developed/acquired a substantial amount
12 of utility-scale solar that is online and producing enough data to change this value.

13 **Q. Do you agree with the assessment that Mr. Polich makes on page 8, lines 2 through 3,**
14 **that states: “Consumers own generation data shows that the historic capacity factors**
15 **of its existing solar projects, range between 17.4% and 19.4%...”?**

16 A. No. Mr. Polich provided Exhibit BMP-5 (RAP-5) to support the claim that the Company’s
17 generation data shows that historic capacity factors of its existing solar projects range
18 between 17.4% and 19.4%. Exhibit BMP-5 (RAP-5), page 1, provides 2023 solar
19 generation data but only includes one solar facility larger than 2.35 MW (Calhoun – 140
20 MW). Heritage Garden Windfarm I (solar) is incorrectly listed as 8.35 MW (whereas it is
21 2.35 MW), Circuit West Solar is only 0.5 MW, and the remaining projects represent
22 aggregated capacities. Additionally, the only project above 2.35 MW, Calhoun, did not
23 meet its commercial operation date (“COD”) for the full nameplate capacity until part way

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 through the year, on April 28, 2023. Therefore, the data presented on Exhibit BMP-5
2 (RAP-5), page 1, should not be relied upon to make recommendations regarding
3 utility-scale capacity factor assumptions.

4 Additionally, Exhibit BMP-5 (RAP-5), page 2, provides what is labeled as
5 “Existing Solar Project Capacity Factors.” However, Exhibit BMP-5 (RAP-5), page 2,
6 does not appear to provide historic generation data but rather a forecast, which is evident
7 from the heading on column d “Estimated Annual MWh”. Exhibit BMP-5 (RAP-5),
8 page 2, also states that the data is from the Company’s proposed course of action (“PCA”)
9 Aurora model runs for calendar year 2020. There are 14 solar resources listed in Exhibit
10 BMP-5 (RAP-5), page 2. Seven of these resources came online in December 2020 and the
11 remainder came online after 2020. Therefore, the capacity factor data presented in Exhibit
12 BMP-5 (RAP-5), page 2, cannot be actual 2020 generation data for these projects and thus
13 Exhibit BMP-5 (RAP-5), page 2, should not be used as a basis to alter the Company’s solar
14 capacity factor assumptions used in this proceeding.

15 **Q. Do you have any additional data to rebut the claim that Mr. Polich makes regarding**
16 **the Company’s existing solar generation data pointing to capacity factors between**
17 **17.4% and 19.4%?**

18 A. Yes. Exhibit A-40 (ZSC-10) provides Company owned/contracted generation data for
19 solar facilities 5 MW and larger which were in operation for the full 2024 calendar year.
20 Exhibit A-40 (ZSC-10) shows that most of the Company’s owned/contracted solar facilities
21 that were online for all of calendar year 2024, and had nameplate capacities 5 MW or
22 greater, had capacity factors above the 19.4% that Mr. Polich recommends as the upper

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1 bound. In fact, only one of these facilities had a capacity factor that was below 19.4% in
2 2024 (Willford Solar – 19.34%, 20 MW).

3 **Q. Does Exhibit A-40 (ZSC-10) provide enough information to make changes to the**
4 **Company’s long-term solar capacity factor assumption?**

5 A. No. Exhibit A-40 (ZSC-10) does not provide enough data to make changes to the
6 Company’s long-term solar capacity factor assumption. Exhibit A-40 (ZSC-10) provides
7 solar generation data for a single year. Long-term forecasting should not be based on a
8 single year’s generation values since solar production can vary year to year. Additionally,
9 the dataset is relatively small, containing only 530 MW, in comparison to the total amount
10 of solar included in this amended Renewable Energy Plan.

11 **Q. Given the facts stated above, should the Company be required to adjust its assumed**
12 **solar capacity factor for this case?**

13 A. No. Mr. Polich has not provided valid data to support his claims that the Company’s
14 assumed capacity factor of 23% is not realistic and that the Company’s own historic
15 generation produces solar capacity values ranging from 17.4%-19.4%. As explained
16 previously, the Company does not yet have sufficient utility-scale solar capacity in its
17 portfolio to utilize historic generation data to inform its long-term solar capacity factor
18 assumptions.

19 **Q. Is the Company’s amended Renewable Energy Plan immutable for the duration of**
20 **the plan?**

21 A. No. The Company intends to file a new plan in a maximum of 2 years and 10 months from
22 the date of the Company’s original application in this case. This means that the Company’s

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 long-term plan for renewable portfolio standard (“RPS”) compliance will be reevaluated
2 as will its utility-scale solar capacity factor assumptions.

3 **Q. Do you agree with Mr. Polich’s statement on page 10, lines 17 to 18, that states:**
4 **“Consumers’ LCOE calculation has two errors which result in the incorrect**
5 **calculation of the stated solar LCOE of \$70.31/MWh. The first error is the LCOE**
6 **was calculated over a 35-year life cycle when the real life of solar projects, as stated**
7 **in Consumers’ testimony is only 30 years. The second error is the use of an unrealistic**
8 **solar capacity factor.”?**

9 A. No. The first stated error, regarding the useful life of solar, is remedied by the fact that
10 Mr. Polich appears to be referencing Company witness Kenneth D. Johnston’s direct
11 testimony in this case (page 23, line 21). Mr. Johnston’s statement on page 23, line 21, is
12 in error. The Company intended to file this amended Renewable Energy Plan assuming a
13 solar useful life of 35 years. The 35-year useful life of solar aligns with assumptions used
14 in recent Company request for proposals (“RFPs”) for solar resources. The second error
15 regarding the unrealistic solar capacity factors is addressed above. Mr. Polich does not
16 provide any valid data to support his claim that the 23% solar capacity factor is not realistic.

17 **Q. Do you agree with Mr. Polich’s statement on page 30, lines 19 to 21, that asserts:**
18 **“Assuming Consumers \$70.31/MWh solar LCOE is correct, Consumers could reduce**
19 **ratepayer’s cost of the Amended REP by \$100.7 million annual or \$3.02 billion over**
20 **the solar projects’ life, by replacing 692 MW of solar with the BMP’s generation.”?**

21 A. No. Mr. Polich’s ratepayer cost savings claims are supported by an Attachment 2 provided
22 in response to discovery question U21816-CE-BMP-001. I have included this as Exhibit
23 A-41 (ZSC-11) but added line references and a formula column to assist in referencing and

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 visualizing the calculations being performed. I did not otherwise edit any of the values.
2 The \$100.7 million annual and \$3.02 billion over the solar projects' lives can be seen in
3 Exhibit A-41 (ZSC-11), lines 10 and 11, respectively. These values should not be taken as
4 potential cost savings by including the BMPs in this amended Renewable Energy Plan.
5 These values simply represent the cost of solar needed to produce the aggregated BMPs
6 equivalent amount of renewable energy credits ("RECs"). That is to say that the annual
7 economic benefit was calculated using the BMPs stated amount of annual BMP RECs
8 (1,394,193) multiplied by the corrected solar LCOE of \$72.23/MWh. The Life Cycle value
9 on line 11 was calculated as the annual value (line 10) multiplied by the BMPs' assumed
10 30-yr life of solar energy resources. Additionally, the solar LCOE used in these
11 calculations does not align with the Company's solar LCOE assumption of \$70.31/MWh.
12 Regardless of which solar LCOE was used in these calculations, the calculation logic is
13 flawed because these calculations fail to consider any costs associated with the BMPs'
14 contracts. These calculations provide an estimated cost of the 1,394,193 RECs if they were
15 produced by solar facilities but do not provide the equivalent estimated cost of these RECs
16 if they were produced by the BMPs.

17 **Q. Do you agree with Mr. Polich's statement that begins on page 30, line 21, and**
18 **continues to page 31, line 3, that asserts: "Applying the correct solar LCOE of**
19 **\$90.68/MWh, the cost reduction in the Amended REP to Consumers' ratepayers by**
20 **replacing solar with BMP RECs, would be reduced by \$126.4 million annual or \$3.79**
21 **billion over the solar projects' life."?**

22 **A.** No. The \$126.4 million annual amount and \$3.79 billion amount over the solar projects'
23 life values contain the same flaw in logic as described above. These values were obtained

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 by estimating the costs associated with acquiring BMP equivalent RECs (1,394,193
2 annually) via solar resources, however, they do not consider the costs to acquire this
3 quantity of RECs from the BMPs. Additionally, these cost reductions were calculated
4 using a “correct” solar LCOE of \$90.68/MWh, however, as addressed above, the
5 Company’s solar LCOE models did not contain errors.

6 **Q. Do you agree with Mr. Polich’s statement on page 31, lines 3 to 6, that asserts:**
7 **“Assuming Consumers’ figures for wind LCOE of \$55.44/MWh are correct, the cost**
8 **of the Amended REP would be reduced by \$77.3 million annual or \$2.3 billion over**
9 **the wind projects’ life, by replacing wind capacity with the BMP’s MWh.”?**

10 A. No. The \$77.3 million annual or \$2.3 billion over the wind projects’ life values contain
11 the same flaw in logic as described above. These values were obtained by estimating the
12 cost associated with acquiring BMP equivalent RECs (1,394,193 annually) via wind
13 resources, however, they do not consider the cost to acquire this quantity of RECs from the
14 BMPs.

15 **Q. What would be your estimate of the impact to ratepayers of inclusion of the BMPs in**
16 **Consumers Energy’s amended renewable energy plan?**

17 A. It is difficult to assess the potential impact to ratepayers by including the BMPs in
18 Consumers Energy’s amended Renewable Energy Plan since the impact to ratepayers is
19 dependent upon a BMP \$/MWh price assumption. Using Mr. Polich’s methodology, and
20 his value for BMP equivalent RECs of 1,394,193 annually, and if it is assumed that the
21 BMPs’ future \$/MWh price is roughly equivalent to the BMPs’ 3-year historic average cost
22 of \$108.47/MWh¹, as shown in Exhibit A-42 (ZSC-12), then there are no cost savings by

¹ \$108.47/MWh does not take into account the BMPs’ capped and uncapped BMP payments.

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 including the BMPs in the Company's amended Renewable Energy Plan. In fact, as shown
2 in Exhibit A-43 (ZSC-13), comparing the costs of the BMPs to the cost of solar results in
3 an estimated \$53.2 million higher cost per year by including the BMPs or an estimated
4 \$1.86 billion higher cost over the 35-year solar useful life. Similarly, as shown in Exhibit
5 A-43 (ZSC-13), comparing the costs of the BMPs to the cost of wind results in an estimated
6 \$73.9 million higher cost per year by including the BMPs or an estimated \$2.97 billion
7 higher cost over the 30-year useful life of wind.

8 **Q. Mr. Polich's testimony includes discussion and analysis on the following topics:**
9 **requirements for sufficient and reliable generation, availability, time of production,**
10 **and hourly load. Did the Company consider these factors when developing this**
11 **amended Renewable Energy Plan?**

12 A. No. The Company did not perform this level of in-depth modeling for this amended
13 Renewable Energy Plan case. These types of factors would be more appropriately
14 addressed in the Company's next IRP filing.

15 **REBUTTAL OF GLREA WITNESS RAFSON**

16 **Q. Are you familiar with the testimony and exhibits provided by Mr. Rafson on behalf**
17 **of GLREA?**

18 A. Yes, I have reviewed the testimony and exhibits filed by Mr. Rafson on behalf of GLREA.

19 **Q. Is the Company proposing a completely different transfer price methodology for**
20 **existing assets?**

21 A. No. The Company is proposing to simplify the existing transfer price schedules for some
22 existing assets. The underlying methodology used to create the original transfer price
23 schedules to which these assets are assigned remains intact since the Company used the

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 existing transfer price schedules as a basis to develop the new simplified schedules. The
2 existing transfer price schedules were created based on the cost of a new natural gas facility,
3 using monthly on/off peak locational marginal prices (“LMPs”) and monthly capacity
4 values. The Company is proposing to simplify these monthly on/off peak energy transfer
5 rates and monthly capacity rates for the assets that are already assigned to these transfer
6 price schedules. The Company designed the newly proposed simplified transfer price
7 schedules (only for units assigned to schedules approved in Case Nos. U-15805 and
8 U-16581) such that the total transfer cost impact of the new schedule is negligible. The
9 newly proposed simplified transfer price schedules were created by modeling the transfer
10 costs of the affected units under the existing schedules and setting the new \$/MWh transfer
11 rate for each year such that the impact would be zero (or minimal due to rounding).

12 **Q. When would these changes take effect?**

13 A. If the Company’s proposal is approved in a final order, the Company anticipates these
14 changes would take effect for transfer costs for calendar year 2025.

15 **Q. Which units are assigned to the transfer price schedules approved in Case Nos.
16 U-15805 and U-16581 (i.e. which units are affected by this proposed change)?**

17 A. The newly proposed transfer price schedules would only impact the recovery of the
18 following units:

- 19 • Beebe Renewable Energy
- 20 • Fremont Community Digester
- 21 • Harvest II Windfarm
- 22 • Heritage Garden Windfarm I (Wind)
- 23 • Heritage Garden Windfarm I (Solar)

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

- 1 • Heritage Stoney Corners Windfarm I (HSC Phase 2)
- 2 • Heritage Stoney Corners Windfarm I (HSC Phase 3)
- 3 • Michigan Wind 2
- 4 • North American Natural Resources (Lennon)
- 5 • WM Renewable Energy (Northern Oaks)
- 6 • WM Renewable Energy (Pine Tree Acres)
- 7 • EARP Aggregate 5
- 8 • Lake Winds Energy Park
- 9 • Lake Winds Energy Park Repowered
- 10 • Hardy Unit 3 Upgrade

11 **Q. Is the Company proposing changes to the transfer price schedule methodology of new**
12 **resources?**

13 A. No. The new transfer price schedules proposed by the Company in its original filing in
14 U-21816, Exhibit A-30 (ZSC-7), only impact those resources identified in the previous
15 question.

16 **Q. Why is the Company proposing changes to existing resources transfer price**
17 **schedules?**

18 A. The Company is proposing the new simplified transfer price schedules to better align with
19 the format of more recent MPSC Staff (“Staff”) proposed transfer price schedules. The
20 Company anticipates the new simplified transfer price schedules will reduce errors and
21 improve the efficiency of the auditing process.

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 **Q. Do you agree with Mr. Rafson’s question and answer on page 9 that asks: “Q. Does**
2 **the Company look for alternatives to Build to Transfer Company owned solar?**
3 **A. No.”?**

4 A. No. The Company runs annual solicitations to supply the IRP PCA and voluntary green
5 pricing (“VGP”) demand. IRP solicitations have historically allowed and continue to allow
6 third-party owned power purchase agreements (“PPAs”). Until 2024, VGP solicitations
7 had only allowed proposals in which the Company would eventually own the project (Build
8 Transfer Agreements and Development Acquisition Agreements). The 2024 Clean RFP
9 (formerly VGP RFPs) allowed both Company-owned and third-party owned (PPA) project
10 structures to bid. The Company intends to continue to evaluate third-party owned projects
11 as part of its annual solicitation for VGP resources and select the best projects for
12 customers, as discussed by Company witness Johnston in his rebuttal testimony.

13 **REBUTTAL OF GLREA WITNESS RICHTER**

14 **Q. Are you familiar with the testimony and exhibits provided by Mr. Richter on behalf**
15 **of GLREA?**

16 A. Yes, I have reviewed the testimony and exhibits filed by Mr. Richter on behalf of GLREA.

17 **Q. What topics do you want to address as a result of Mr. Richter’s direct testimony?**

18 A. I would like to address Mr. Richter’s statements on the Company’s Renewable Energy Plan
19 build plan relying on transmission connected facilities, and his request to the Commission
20 to direct the Company to modify their solicitations to allow bids with two prices: one that
21 applies if the project qualifies for tax credits and another (higher) price if the tax credits
22 are not available.

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 **Q. Does the Company’s modeling of the renewable energy build plan rely solely on**
2 **transmission connected facilities?**

3 A. Yes. For future unnamed projects, the Company’s modeling assumes an LCOE based on
4 transmission connected facilities. See Company witness Johnston’s rebuttal testimony, for
5 a more detailed explanation on the Company’s solar LCOE development.

6 **Q. Does this mean that the Company does not intend to acquire any distribution**
7 **connected facilities moving forward?**

8 A. No. The Company intends to continue to allow distribution connected facilities in its
9 annual RFPs and will continue to consider them on the same basis as transmission
10 connected projects. To the extent that distribution connected facilities can provide timely
11 and economic renewable energy resources, they will be considered for selection.

12 **Q. What is the smallest sized project that historically could participate in the Company’s**
13 **RFP?**

14 A. The last 3 Company IRP RFPs (2022 IRP RFP, 2023 IRP RFP, 2024 IRP RFP) have
15 required a minimum offer capacity of 0.15 MWac for Public Utility Regulatory Policies
16 Act of 1978 (“PURPA”) qualified facilities (“QFs”) and a minimum offer capacity of
17 1 MWac for non-PURPA QFs. The 2022 VGP RFP, the 2023 VGP RFP, and the 2024
18 Clean RFP had a minimum offer capacity of 1 MWac.

19 **Q. Does the Company have any avenues for feedback and suggestions regarding the**
20 **RFPs that support the IRP PCA and VGP demand?**

21 A. Yes. As part of its solicitation process, for each RFP, the Company holds stakeholder
22 feedback sessions. The Company could consider feedback resulting from these sessions
23 such as Mr. Richter’s suggestion to “allow bids with two prices: one price that applies if

1 the project qualifies for tax credits, and another (higher) price if the tax credits are not
2 available.”

3 **REBUTTAL OF MEC WITNESS JESTER**

4 **Q. Are you familiar with the testimony and exhibits provided by Mr. Jester on behalf of**
5 **MEC?**

6 A. Yes, I have reviewed the testimony and exhibits filed by Mr. Jester on behalf of MEC.

7 **Q. What topics do you want to address as a result of Mr. Jester’s direct testimony?**

8 A. I would like to clarify the Company’s modeling of transfer prices and address Mr. Jester’s
9 recommendation to modify the transfer price calculations to include the costs associated
10 with carbon capture and storage for a combined cycle gas plant. I would also like to address
11 Mr. Jester’s recommendation that Consumers Energy adopt the use of standing offer
12 contracts to acquire Renewable Energy Plan resources under 5 MW in settled areas, on
13 brownfields, and in agrivoltaic settings.

14 **Q. How was the transfer price of \$72.67/MWh (page 13, line 2, of my direct testimony)**
15 **developed?**

16 A. The \$72.67/MWh represents the total transfer price of the amended Renewable Energy
17 Plan over the plan period 2024-2045. It was calculated as the sum of all the individual
18 units’ transfer costs divided by the sum of all the individual units’ renewable generation
19 over the period (2024-2045). It is based on the entire amended Renewable Energy Plan
20 portfolio’s transfer costs and cannot be attributed to any single transfer price schedule.
21 Each individual unit is assigned to a transfer price schedule in the Company’s Renewable
22 Energy Cost Reconciliation cases. Many of the units included in this amended Renewable
23 Energy Plan are already assigned to transfer price schedules since they have been included

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 in previous renewable energy plans, however units which have not been included in
2 previous renewable energy plans have not been assigned transfer price schedules yet.
3 Therefore, the Company opted to model these ‘new’ units under the latest approved Staff
4 transfer price schedule².

5 **Q. Is the Company proposing to utilize the Staff Transfer Price schedule that was**
6 **modeled in this plan for all future resources?**

7 A. No. The Company modeled all future resources using the Staff transfer price schedule
8 however the Company intends to assign transfer price schedules to these future resources
9 as they come online (in RE Cost Reconciliation cases), utilizing transfer price schedules
10 that would be more recent and applicable to these future resources than those included in
11 this plan.

12 **Q. Do you agree with page 22, lines 7 and 8, of Mr. Jester’s direct testimony**
13 **recommending the Commission to “Modify the calculation of transfer prices to**
14 **include the costs associated with carbon capture and storage for a combined cycle gas**
15 **plant.”?**

16 A. No. As stated in a letter filed in Case No. U-15800, filed on March 28, 2013, “Transfer
17 price schedules should be representative of what a Michigan electric provider would pay
18 had it obtained the energy and capacity (the non-renewable market price component)
19 through a long-term power purchase agreement for traditional fossil fuel electric
20 generation.” Including carbon-capture in the transfer price schedule methodology would
21 translate into transferring the costs associated with clean energy (rather than non-renewable
22 energy) to Power Supply Cost Recovery (“PSCR”). While this might make sense due to

² The Company used Staff’s 2023 Transfer Price Schedule due to an apparent unresolved error in the 2024 Staff Proposed Schedule.

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 the legislation Mr. Jester referenced, it does not align with the current MPSC methodology
2 for transfer price schedules. The current transfer price schedule methodology was
3 developed by a workgroup, as directed by a December 20, 2011 Commission Order in Case
4 No. U-16582, and not in a standalone case. Changes to the transfer price methodology
5 should be accomplished in a similar manner and not in a standalone case for a single utility.

6 **Q. Do you agree with Mr. Jester’s recommendation to the Commission on page 22 that**
7 **states: “Recommend that Consumers Energy adopt use of standing offer contracts to**
8 **acquire REP resources under 5 MW in settled areas, on brownfields, and in**
9 **agrivoltaics settings.”?**

10 A. No. As Mr. Jester identified on pages 20 to 21, the Company already offers an avenue for
11 these resources. The Company has signed multiple PURPA contracts for resources less
12 than 5 MW in each of the last three years.

13 **REBUTTAL OF MEIU WITNESS MCDONNELL**

14 **Q. Are you familiar with the testimony and exhibits provided by Mr. McDonnell on**
15 **behalf of MEIU?**

16 A. Yes, I have reviewed the testimony and exhibits filed by Mr. McDonnell on behalf of
17 MEIU.

18 **Q. What topics do you want to address as a result of Mr. McDonnell’s direct testimony?**

19 A. I would like to address Mr. McDonnell’s second recommendation (page 46, lines 1 through
20 11) to the Commission which states: “Condition approval of the Company’s proposal for
21 ex parte contract approval of resources above and beyond the resources identified in the
22 Amended RE Plan on the use of a fair and transparent bidding framework (see Section IV),
23 including:

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

- 1 a) A competitive procurement process to include use of
2 an IA to oversee all future competitive procurements;
- 3 b) An ownership split reflecting the 50/50 proportion
4 for third-party- and Company-owned resources;
- 5 c) A procurement carveout of up to 10% for mid-size
6 (1-5 MW) solar resources;
- 7 and
- 8 d) A process to regularly update the Company's LCOE
9 targets for wind and solar energy resources;"

10 **Q. Do you agree with part (a) of Mr. McDonnell's second recommendation to the**
11 **Commission which calls for a competitive procurement process to include the use of**
12 **an independent administrator ("IA") to oversee all future competitive procurements?**

13 A. I do. The Company currently utilizes IAs as part of its competitive procurement processes
14 and has no intention of altering this practice.

15 **Q. Do you agree with part (b) of Mr. McDonnell's second recommendation to the**
16 **Commission which calls for an ownership split reflecting the 50/50 proportion for**
17 **third-party and Company-owned resources?**

18 A. No. Please refer to Company witness Johnston's rebuttal testimony section 50/50
19 Renewable Energy Resource Split.

20 **Q. Do you agree with part (c) of Mr. McDonnell's second recommendation to the**
21 **Commission which calls for a procurement carveout of up to 10% for mid-size**
22 **(1-5 MW) solar resources?**

23 A. No. Mr. McDonnell provides five main reasons for his recommendation of a 10% carveout
24 for mid-size (1-5 MW) solar resources:

- 25 1. Mid-size projects are large enough to leverage
26 economies of scale enjoyed by utility-scale systems, so

ZACHERY S. COLE
U-21816 REBUTTAL TESTIMONY

1 they can be developed at costs that are highly
2 competitive. [Page 29, lines 12-14]

3 2. mid-size projects can be flexibly located and can provide
4 distributed benefits including avoided transmission line
5 losses, deferral of distribution infrastructure upgrades,
6 and increased system resilience. [Page 29, lines 15-17]

7 3. Because mid-size projects have an opportunity to
8 interconnect to medium-voltage (MV) distribution
9 systems, the interconnection process also has the
10 potential to be more streamlined and less expensive...
11 [Page 29, lines 17-19]

12 4. Mid-size projects can also take advantage of the
13 expanded federal Investment Tax Credit (“ITC”) for
14 interconnection costs for smaller-output facilities
15 (<5MW), further lowering costs. [Page 30, lines 1-3]

16 5. ... integrating project size diversity into the Company’s
17 procurement portfolio can help to de-risk RPS non-
18 compliance through delays in development timelines for
19 larger projects and provide cost efficiencies in many
20 instances as compared to larger, utility-scale projects...
21 [Page 30, lines 6-9]

22 Claims No. 1, 3, 4, and 5 appear to be arguing the economic benefits of mid-size (1-5 MW)
23 resources. Assuming this to be true, then there would be no need to create a carveout
24 specifically for mid-size (1-5MW) resources in the Company’s RFPs because these
25 resources can participate, and based on this claim, should be economically competitive.

26 Claim No. 2 provides additional non-economic benefits; however, the Company has not
27 done system-wide detailed modeling for this amended Renewable Energy Plan case. The
28 benefits listed under this Claim No. 2 would be better assessed in an IRP filing in which
29 the Company performs more detailed modeling. Additionally, the Company allows
30 distribution connected projects to bid into RFPs and utilizes distribution specific
31 assumptions for modeling the economics of distribution projects in RFPs.

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U-21816 REBUTTAL TESTIMONY

1 Claim No. 5 also provides an argument for a carveout for distribution connected
2 resources based on their potential for reducing risk with RPS non-compliance however the
3 cost of this risk avoidance is not considered. The Company has not performed this RPS
4 non-compliance risk assessment either. The Company's amended Renewable Energy Plan
5 already includes REC purchases as a buffer for potential project delays. In the event that
6 the Company experiences significant delays or changes to its plan which impact its ability
7 to maintain RPS compliance, the Company will assess its options for maintaining RPS
8 compliance at that time, using more recent and relevant data than what might be provided
9 in this case.

10 **Q. Do you agree with part (d) of Mr. McDonnell's second recommendation to the**
11 **Commission to require a process to regularly update the Company's LCOE targets**
12 **for wind and solar energy resources?**

13 A. I do. The Company intends to update the LCOE targets for wind and solar energy resources
14 in each of its subsequent Renewable Energy Plan amendments.

15 **Q. Does this conclude your rebuttal testimony?**

16 A. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

EXHIBITS

OF

ZACHERY S. COLE

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

Company Owned/Contracted Solar Production for Projects Online For All of 2024
5 MW or Larger

Line	(a) Project Name	(b) Nameplate Capacity (MW)	(c) 2024 MWh ¹	(d) 2024 Capacity Factor
1	Bingham Solar	20	40,930	23.30%
2	Temperance Solar	20	39,556	22.52%
3	Lyons Road Solar	20	40,776	23.21%
4	Macbeth Solar	20	39,382	22.42%
5	Letts Creek Solar	15	28,204	21.41%
6	Pullman Solar	20	38,321	21.81%
7	Cement City	20	36,901	21.00%
8	Greenstone Solar	20	37,263	21.21%
9	Midcontinent Solar	20	36,856	20.98%
10	Blue Elk Solar VII	12	22,034	20.34%
11	Byrne Solar	5	9,953	22.66%
12	Lightfoot Solar	10	18,756	21.35%
13	Shipsterns Solar	20	34,551	19.67%
14	Willford Solar	20	33,971	19.34%
15	Blue Elk Solar III	20	35,946	20.46%
16	Blue Elk Solar IV	20	37,095	21.12%
17	Calhoun Solar	140	266,951	21.71%
18	Cereal City	100	202,109	23.01%
19	Total	522.331	999,556	21.79%

Notes:

1 MPSC Case No. U-21424, A-31 (RTS-4)

BMP Attachment 2 Provided in Response to Discovery Question U21816-CE-BMP-001

BMP Equivalent Cost

Line	BMP	METRICS Annual	COST 30 years Formula
1	Capacity	183.17 MW	NA
2	REC Accreditation	171.2	row 1 - (0.2 x 60)
3	Capacity Factor	93.0%	NA
4	Daily RECS (MWh)	4,108	row 2 x 24
5	Annual RECs	1,394,193 MWh	row 2 x row 3 x 8,760
CECo SOLAR			
6	Full Replaced Capacity	692.0	row 5 / (row 7 x 8,760)
7	Capacity Factor	23%	NA
8	Mwh	1,394,193	row 6 x row 7 x 8,760
BMP Solar Replacement Economic Benefit			
9	LCOE	\$72.23	NA
10	ANNUAL	\$100.7 Million	(row 9 * row 8) / 1,000,000
11	LIFE CYCLE	\$3.0 Billion	(row 10 x 30) / 1,000
REALISTIC SOLAR PERFORMANCE			
12	Capacity Factor	19.4%	NA
13	REC Replacement Capacity	820.4	(row 6 x row 7) / row 12
14	Mwh	1,394,193	row 12 x row 13 x 8,760
BMP Solar Replacement Economic Benefit			
15	LCOE	\$90.68	NA
16	ANNUAL	\$126.4 Million	row 14 x row 15 / 1,000,000
17	LIFE CYCLE	\$3.8 Billion	(row 16 x 30) / 1,000
WIND			
18	Replaced Capacity	548.8	(row 2 x row 3) / row 19
19	Capacity Factor	29%	NA
20	Mwh	1,394,193	row 18 x row 19 x 8,760
BMP Solar Replacement Economic Benefit			
21	LCOE	\$55.44	NA
22	ANNUAL	\$77.3 Million	(row 20 x row 21) / 1,000,000
23	LIFE CYCLE	\$2.3 Billion	(row 22 x 30) / 1,000
BMP Benefits with CECO 140%			
Solar			
24	ANNUAL	\$177.0	row 16 x 140%
25	LIFE CYCLE	\$5.3	row 17 x 140%
Wind			
26	ANNUAL	\$108.2	row 22 x 140%
27	LIFE CYCLE	\$3.2	row 23 x 140%

Notes: Items in red font were added to the original file

MICHIGAN PUBLIC SERVICE COMMISSION
Consumers Energy Company

Case No.: U-21816
Exhibit No.: A-42 (ZSC-12)
Page: 1 of 1
Witness: ZSCole
Date: April 2025

Historic (PSCR Reconciliation) BMP¹ contract costs & generation

Line	(a) Year	(b) Generation MWh	(c) Cost ² \$	(d) Rate \$/MWh
1	2022 ³	1,153,726	\$ 96,723,837	\$ 83.84
2	2023 ⁴	831,017	\$ 99,590,182	\$ 119.84
3	2024 ⁵	745,182	\$ 99,798,845	\$ 133.93
4	Total	2,729,926	\$ 296,112,864	\$ 108.47

Notes:

- 1 Includes Cadillac Renewable, Filer City, Genesse Power Station, Grayling, and Viking McBain
- 2 Excludes the Capped and Uncapped BMP payments
- 3 Case No. U-21049
- 4 Case No. U-21258
- 5 Case No. U-21424

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company

Case No.: U-21816
 Exhibit No.: A-43 (ZSC-13)
 Page: 1 of 1
 Witness: ZSCole
 Date: April 2025

Comparison of Solar & Wind to BMP cost to supply BMP equivalent RECs

Line	(a)	(b)	(c)	Formula
1	Annual RECs ¹	1,394,193	MWH	
SOLAR COST TO PRODUCE RECS				
2	Solar LCOE	\$ 70.31	\$/MWh	
3	Annual	\$ 98.0	Million	row 1 x row 2
4	Life Cycle ²	\$ 3.4	Billion	row 3 x 35 / 1,000
BMP COST TO PRODUCE RECS				
5	BMP LCOE ³	\$ 108.47	\$/MWh	
6	Annual	\$ 151.2	Million	row 1 x row 5
7	Life Cycle ²	\$ 5.3	Billion	row 5 x 35 / 1,000
COST SAVINGS BY UTILIZING SOLAR VS BMPS				
8	Annual	\$ 53.20	Million	row 6 - row 3
9	Life Cycle ²	\$ 1.86	Billion	row 7 - row 4
WIND COST TO PRODUCE RECS				
10	Solar LCOE	\$ 55.44	\$/MWh	
11	Annual	\$ 77.3	Million	row 1 x row 10
12	Life Cycle ⁴	\$ 2.3	Billion	row 10 x 30 / 1,000
BMP COST TO PRODUCE RECS				
13	BMP LCOE ³	\$ 108.47	\$/MWh	
14	Annual	\$ 151.2	Million	row 1 x row 13
15	Life Cycle ⁴	\$ 5.3	Billion	row 14 x 30 / 1,000
COST SAVINGS BY UTILIZING WIND VS BMPS				
16	Annual	\$ 73.90	Million	row 14 - row 11
17	Life Cycle ⁴	\$ 2.97	Billion	row 15 - row 12

Notes:

- 1 Taken from BMP Attachment 2 provided in response to discovery request U21816-CE-BMP-001 (Exhibit ZSC-11, line 5)
- 2 35-year useful life of solar
- 3 A-42 (ZSC-12) line 4, column d
- 4 30-year useful life of wind

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

REBUTTAL TESTIMONY

OF

KENNETH D. JOHNSTON

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

KENNETH D. JOHNSTON
U-21816 REBUTTAL TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Kenneth D. Johnston, and my business address is 1945 West Parnall Rd.,
3 Jackson, Michigan 49201.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”)
6 as Director, Regulatory Operations, Electric Supply Regulatory Strategy.

7 **Q. Are you the same Kenneth D. Johnston who submitted direct testimony in this case?**

8 A. Yes.

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my rebuttal testimony is to rebut and/or otherwise address the direct
11 testimony of the following witnesses:

12 1) Michigan Public Service Commission (“MPSC” or the “Commission”) Staff
13 (“Staff”) witness Jesse J. Harlow regarding the recovery of co-located energy
14 storage resources in the renewable energy plan (or “RE Plan”);

15 2) The Ecology Center, The Environmental Law & Policy Center (“ELPC”),
16 Union of Concerned Scientists (“UCS”), and Vote Solar (collectively referred
17 to as “CEO”) witness Lee Shaver regarding future renewable energy resource
18 curtailment risk, recommended Integrated Resource Plan (“IRP”) modeling,
19 and future renewable energy credit compliance;

20 3) Attorney General (“AG”) witness Michael W. Deupree regarding ex parte
21 approval of renewable energy resource projects up to 140% of the levelized cost
22 of energy (“LCOE”), disallowance of the financial compensation mechanism
23 (“FCM”), the renewable energy credit compliance associated with load growth,
24 and the 50/50 split for new renewable energy resources;

25 4) Great Lakes Renewable Energy Association (“GLREA”) witness Robert
26 Rafson regarding exparte approval of renewable energy resource projects up to
27 140% of the LCOE, expansion of voluntary green pricing (“VGP”) resources,
28 implementation of community solar, purchases of renewable energy credits
29 (“RECs”) from distributed generation (“DG”) and the Public Utility Regulatory
30 Policies Act (“PURPA”) projects, a proposed credit for electric vehicle (“EV”)
31 storage, and refileing of the amended renewable energy plan in 1-2 years;

KENNETH D. JOHNSTON
U-21816 REBUTTAL TESTIMONY

- 1 5) GLREA witness John Richter regarding ex parte approval of renewable energy
2 resource and battery storage projects up to 140% of the LCOE, proposed
3 solicitation capacity changes, project types, and standard contracts, VGP energy
4 and capacity credits, and establishment of a workgroup to consider new pricing
5 for VGP programs;
- 6 6) Association of Businesses Advocating Tariff Equity (“ABATE”) witness
7 Jessica A. York regarding her proposals for recovery of the FCM and continued
8 allocation of renewable energy contract costs to capacity;
- 9 7) Michigan Environmental Council (“MEC”) & Natural Resources Defense
10 Council (“NRDC”) (collectively referred to as “MEC”) witness Eli K. Gold
11 regarding his proposal for sourcing of wind energy assets outside of
12 Midcontinent Independent System Operator, Inc. (“MISO”) Zone 7, the
13 calculation of incentive renewable energy credits, and consideration of
14 renewable energy wind purchased power agreements (“PPA”);
- 15 8) MEC witness Douglas B. Jester regarding ex parte approval of renewable
16 energy resource projects up to 140% of the LCOE; and
- 17 9) Michigan Energy Innovation Business Council (“Michigan EIBC”), the
18 Institute for Energy Innovation (“IEI”), and Advanced Energy United of the
19 Michigan (“United”) (collectively referred to as “MEIU”) witness Matthew
20 McDonnell for establishment of a 50/50 split for new renewable energy
21 resources.

22 **Q. How is your rebuttal testimony organized?**

23 A. I have organized my rebuttal by topic rather than by witness given the multiple
24 recommendations for several of the proposals in the Company’s amended Renewable
25 Energy Plan (“RE Plan”).

26 **Q. Are you sponsoring any exhibits in support of your rebuttal testimony in this case?**

27 A. Yes. I am providing the following rebuttal exhibits:

- | | |
|------------------------------|--|
| 28 A-44 (KDJ-4) | Solar LCOE without tax credit; |
| 29 A-45 (KDJ-5) | Wind LCOE without tax credit; and |
| 30 Confidential A-46 (KDJ-6) | 2023 IRP solicitation project results. |

FINANCIAL COMPENSATION MECHANISM RECOVERY

1
2 **Q. Beginning at page 25, line 1, of his direct testimony, AG witness Deupree states “I**
3 **recommend that the Commission direct the Company to not include an FCM for any**
4 **new PPA contract attached to future renewable energy projects required to meet its**
5 **VGP and RE Plan requirements.” Do you agree with this recommendation?**

6 A. I do not. Mr. Deupree supports his recommendation with a lengthy discussion of the
7 history of the FCM that was enabled through the 2016 energy legislation and approved in
8 the Company’s 2018 and 2021 IRPs. However, that history precedes the enactment of
9 Public Act (“PA”) 235 of 2023 (“Act 235”) which was approved by Governor Whitmer on
10 November 28, 2023 and effective February 27, 2024.

11 **Q. Why is the enactment of Act 235 of 2023 important?**

12 A. The enactment of Act 235 of 2023 is important because it established revised Michigan
13 laws under which the Company shall operate. Amongst other changes, the revised
14 Michigan laws established language in MCL 460.1028 which authorizes an annual
15 financial incentive for an electric provider, such as Consumers Energy, whose rates are
16 regulated by the Commission. Specifically, MCL 460.1028(8) states:

17 If an electric provider whose rates are regulated by the
18 commission enters into a purchase power agreement for
19 renewable energy resources or a third-party contract for an
20 energy storage system or clean energy system with an entity
21 that is not an affiliate, **the commission shall authorize an**
22 **annual financial incentive for the electric provider.** The
23 financial incentive shall be calculated as the product of
24 contract payments in that year multiplied by the electric
25 provider’s pre-tax weighted average cost of permanent
26 capital comprised of long-term debt obligations and equity
27 of the electric provider’s total capital structure as determined
28 by the commission’s final order in the electric provider’s
29 most recent general rate case. The pre-tax weighted average
30 cost of permanent capital used to calculate the financial

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1 incentive shall not be fixed throughout the entire term of the
2 contract at the pre-tax weighted average cost of capital
3 applicable in the first year but shall be updated based on the
4 commission's final order in each succeeding general rate
5 case for the electric provider. The financial incentive shall
6 apply to each contract described in this subsection from the
7 date the contract is executed for the entire term of the
8 contract. This subsection applies to any contract entered into
9 after June 30, 2024.

10 **Q. Please share your understanding of Section 28?**

11 A. While not being an attorney, based on my understanding, the language leads me to
12 conclude that the Commission must authorize a financial incentive for the Company for
13 renewable energy resource, PPAs which are executed with non-affiliated companies after
14 June 30, 2024.

15 **Q. Was Mr. Deupree asked how his FCM position could be in compliance with Act 235?**
16 **If so, how did he respond?**

17 A. Yes. In discovery, Mr. Deupree was asked to explain his understanding of how not
18 applying an FCM to renewable energy contracts could be in compliance with Act 235. As
19 shown in Exhibit A-39 (MRB-3), counsel objected to the questions and Mr. Deupree then
20 simply referred to his direct testimony on the matter, however, his testimony failed to
21 explain how ignoring parts of Act 235 would be lawful.

22 **Q. Beginning at page 2, line 16, of her direct testimony, ABATE witness York states**
23 **“[t]he Company’s proposal to collect the FCM for PPAs executed after June 30, 2024**
24 **through the PSCR rather than the existing FCM surcharge should be rejected.” Do**
25 **you agree with this recommendation?**

26 A. I do not. The Company reviewed several options for recovery of the FCM in its RE Plan;
27 recovery through the cost of compliance, direct recovery through the Power Supply Cost

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1 Recovery (“PSCR”) mechanism, or collection through the FCM surcharge established
2 pursuant to IRP laws. Because one of the Company’s stated goals of its amended RE Plan
3 was to avoid the implementation of a revenue recovery mechanism, the Company elected
4 to recover the renewable energy contract FCM amount directly from the PSCR. The
5 Company believes that the FCM is a cost of the renewable energy contract and, as such,
6 felt it was most appropriate to recover it from the PSCR directly.

7 **Q. What is your understanding of the basis for Ms. York’s recommendation to reject the**
8 **recovery of the FCM through the PSCR?**

9 A. Ms. York’s recommendation appears to be entirely based upon the intended cost allocation
10 of the FCM between capacity and energy in electric rate. As such, Ms. York is
11 recommending the FCM that is authorized pursuant to MCL 460.1028(8) be recovered
12 through the methodology established for the prior FCM mechanism resulting from the 2016
13 energy laws.

14 **Q. Beginning at page 3, line 10, of her direct testimony, ABATE witness York discusses**
15 **the FCM surcharge that was previously established pursuant to prior MPSC Orders.**
16 **Do you believe that the newly established FCM should be recovered in a similar**
17 **manner?**

18 A. No. As I mentioned, the Company considered trying to combine the two different FCMs
19 for administrative ease but ultimately felt that the previously established methodology was
20 not appropriate for the newly established FCM and would lead to a significant increase in
21 the surcharge based upon uncertain projections and carrying charges for both
22 over-collections and under-collections.

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1 **Q. What other concerns does the Company have with combining the two FCMs?**

2 A. The calculation methodology and resource type applicability for each of the FCMs are
3 different. The existing FCM surcharge, established in Public Act 341 of 2016, was
4 generally applicable to contracts established pursuant to the Company's IRPs and was
5 capped at the Company's weighted average cost of capital ("WACC"). Specifically, MCL
6 460.6t(15) allowed the Commission to **consider** and authorize a FCM which could not
7 exceed the Company's WACC. Further, it was not limited to renewable energy resources,
8 it was applicable to all PPAs with non-affiliated companies.

9 **Q. How does this compare to the FCM authorized by Act 235 of 2023?**

10 A. The eligibility of the FCM established in Act 235 of 2023 is limited to PPAs for renewable
11 energy resources or a third-party contract for an energy storage system or clean energy
12 system with non-affiliated companies. For purposes of the Company's proposal, the
13 Company will focus on renewable energy resource PPAs. Further, the FCM calculation is
14 not limited to the Company's prevailing WACC, and the Company's eligibility is not
15 subject to Commission discretion.

16 **Q. Beginning at page 5, line 3, of her direct testimony, ABATE witness York states "As
17 such, the Company's proposal should be rejected or, at the very least, if it is approved
18 by the Commission, should require that the allocation of the capacity-related portion
19 of the FCM should continue to follow the allocation of the capacity-related PPA
20 costs." Do you agree with allocating a portion of the FCM to capacity?**

21 A. Yes. The Company will allocate the FCM in the same manner that the underlying
22 purchased power contract costs are allocated to energy and capacity. Currently 17% of
23 purchased power costs are allocated to capacity.

RENEWABLE ENERGY RESOURCE PPA COST ALLOCATION

1
2 **Q. Beginning at page 5, line 11, of her direct testimony, ABATE witness York discusses**
3 **the Company’s newly proposed transfer price schedules and generally indicates that**
4 **the capacity allocation from these newly proposed schedules should align with that of**
5 **the previous schedules. How will the Company allocate costs under the newly**
6 **proposed transfer price schedules to capacity and energy?**

7 A. The Company will allocate the costs for the contracts which utilize the simplified transfer
8 price in the same manner that costs are allocated to energy and capacity for all other
9 purchased power contracts. As was previously discussed in this rebuttal testimony, 17%
10 of purchased power costs are allocated to capacity.

11 **50/50 RENEWABLE ENERGY RESOURCE SPLIT**

12 **Q. Beginning at page 16, line 16, of his direct testimony, AG witness Deupree stated that**
13 **“...the Company agreed that future competitive solicitations would follow existing**
14 **agreements restricting Company ownership to only 50 percent of future assets.” Do**
15 **you agree that this limitation is applicable to all the new renewable energy resources**
16 **proposed in this renewable energy plan?**

17 A. No. The June 23, 2022 settlement agreement in the Company’s 2021 IRP stated as follows:

18 “The parties agree that the new capacity that the Company
19 intends to procure through the PCA, in each Annual
20 Solicitation, shall be: (i) acquired through a competitive
21 bidding process; and (ii) approximately 50% will be from
22 PPAs and other third-party agreements that do not result in
23 Company ownership and approximately 50% will be owned
24 by the Company, as acquired through a competitive bidding
25 process. The new capacity acquired from PPAs or other
26 third-party agreements that do not result in Company
27 ownership will not compete against the new capacity which
28 will be owned by the Company. The Company will use
29 commercially reasonable efforts to maintain the 50%/50%

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1 proportion for new IRP resources from 2022 through the
2 Company's next IRP proceeding, and in no event shall any
3 given annual solicitation result in the Company owning more
4 than 60% of the new capacity acquired in such solicitation.
5 The Company, in its sole discretion, may also choose to
6 acquire more than 50% of its new capacity from third parties.
7 The parties further agree that the Company's affiliates will
8 be prohibited from bidding on the portion of the Company's
9 new capacity acquired from third parties.

10 The Company has continued to strive for a 50/50 split in its addition of renewable energy
11 resources procured pursuant to its Proposed Course of Action ("PCA"). Only solar assets
12 were reflected in the Company's PCA, neither wind energy resources nor VGP resources
13 were included in the PCA.

14 **Q. Does the Company's amended renewable energy plan comply with the IRP settlement**
15 **agreement's 50/50 ownership split?**

16 A. Yes. The Company's amended renewable energy plan clearly reflects a 50/50 split for up
17 to 8,000 MW of solar energy resources that are being added in alignment with the
18 settlement agreement in its 2021 IRP Case No. U-21090. A review of Exhibit A-24
19 (ZSC-1) presents the future addition of an equal amount of solar assets through 2040.

20 **Q. Beginning at page 17, line 14, of his direct testimony, AG witness Deupree states that**
21 **"[t]he Company states that, for modeling purposes in the current proceeding, the**
22 **Company assumes that "roughly" 50 percent of all future VGP and RE Plan**
23 **solicitations will be supplied by purchase power agreements ("PPA") from third**
24 **parties, with the remaining 50 percent being supplied by Company-owned facilities."**
25 **Do you agree with this assertion?**

26 A. No. Company witness Zachery S. Cole stated that this provision was applicable to all
27 future VGP and RE Plan solicitations. The data used to develop Confidential Exhibit
28 AG-1.2 reflects previously run solicitations for VGP resources. In total, 730.92 MW of

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1 Company-owned VGP solar projects are included in these totals from prior solicitations.
2 This total includes Sunfish, Karn, and the two 2027 VGP projects. The Company's
3 amended renewable energy plan currently reflects a 50/50 split for future VGP additions
4 beginning in 2029. Prior solicitations for VGP renewable energy assets were restricted to
5 Company-owned assets which was consistent with the settlement agreement in the
6 Company's 2021 renewable energy plan amendment in Case No. U-20984.

7 **Q. Does the Company agree to add future VGP solar resources based upon a 50/50**
8 **ownership split?**

9 A. No. The Company does not agree that it should necessarily strive to add renewable energy
10 resources to support its VGP (Renewable Energy Program) strictly based upon an
11 ownership split. Instead, the Company proposes to select the lowest cost renewable energy
12 resources, either Company-owned or PPAs to support its Renewable Energy Program. To
13 the extent that a Company-owned project's LCOE is lower than that of a PPA + FCM, the
14 Company should choose the Company-owned project. Conversely, if the cost of a PPA +
15 FCM was lower than that of a Company-owned project, the Company should select the
16 PPA.

17 **Q. Has the Commission recently weighed in on a strict ownership split between**
18 **Company-owned projects and PPAs?**

19 A. Yes. The following language was included in the Commission's August 22, 2024 Order
20 in the Company's VGP Biennial/Renewable Energy Plan, Case No. U-21374, beginning at
21 page 11:

22the Commission does not support MEIU's proposal to
23 require Consumers to achieve a certain ratio between third-
24 party projects and company-owned projects in its solicitation
25 of renewable energy for the REP. The Commission finds

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1 compelling the Staff’s position that requiring a concrete ratio
2 might result in inferior projects being selected just to satisfy
3 a predetermined ratio. The Commission also notes that the
4 goal of the competitive procurement guidelines is to find the
5 best ratio for customers, which is not always a PPA or a
6 company-owned project. Thus, the Commission finds that,
7 particularly given the new FCM effective for PPAs for
8 renewable energy sources entered into after June 30, 2024,
9 Consumers should seriously consider PPAs in its solicitation
10 process for the REP and the Commission will continue to
11 evaluate whether the project selections made by Consumers
12 are reasonable and prudent.

13 To be clear, the reference to REP in the above text refers to the Company’s Renewable
14 Energy Program, a VGP program.

15 **Q. Beginning at page 14, line 9, of his direct testimony, MEC witness Gold states**
16 **“[f]urthermore, Consumers unnecessarily plans to restrict its wind generation**
17 **portfolio to company-owned resources instead of resources contracted through PPAs.**
18 **This both reduces Consumers’ customers’ access to the diversity of market**
19 **opportunities for wind generation in Michigan and, given their stated intention to not**
20 **own generation outside of the state, limits their access to wind opportunities in other**
21 **states. While Consumers will need to account for the nuance of contracting for out-**
22 **of-state generation, the Commission should order Consumers to actively solicit PPAs**
23 **for wind generation inside and outside of MISO Zone 7.” Do you agree with this**
24 **Mr. Gold’s positions?**

25 **A.** Generally, yes. As I will discuss in more detail later in this rebuttal testimony, the
26 Company modeled all wind resource additions as owned. However, the Company is not
27 witted to this position, and it was generally based upon recent VGP solicitation results as
28 well as a worst-case scenario for the incremental costs of compliance. To the extent that
29 the Company can contract for economic wind assets, its incremental cost of compliance

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1 will be reduced, all other things being equal. It is still the Company's position that it will
2 not own wind resources outside of the state of Michigan.

3 **Q. Please discuss the Company's current position with respect to a specific split between**
4 **Company-owned and PPAs for wind energy resources.**

5 A. The Company's amended RE Plan reflects 100% ownership for future renewable energy
6 wind resources. However, like Renewable Energy Program resources, the Company
7 believes that it should source new wind energy resources which provide the most economic
8 value. It does not agree that it should strive to support the renewable energy credit
9 compliance targets with an equivalent capacity level of PPAs and Company-owned assets.
10 Again, it would select the lowest cost renewable energy resources, either Company-owned
11 or PPAs. To the extent that a Company-owned project's LCOE was lower than that of a
12 PPA + FCM, the Company should choose the Company-owned project. Conversely, if the
13 cost of a PPA + FCM was lower than that of a Company-owned project, the Company
14 should select the PPA.

15 **Q. Is there a reason that the Company did not model any renewable energy wind**
16 **resources as being sourced through a PPA?**

17 A. Yes. The Company has issued several recent solicitations for both wind and solar resources
18 and received zero bids for renewable energy wind resource PPAs. As discussed above, the
19 Company intends to select the most economically viable project for its customers to keep
20 the renewable energy plan as inexpensive as possible.

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1 **Q. Does the Company believe that selecting the lowest cost option is always the best**
2 **option?**

3 A. No. In addition to considering the lowest cost renewable energy resource, the Company
4 also believes that there can be inherent advantages to utilizing Company-owned assets.
5 These advantages include the terminal value of a Company-owned asset, the ability to
6 re-power a Company-owned asset, and the economies of scale associated with Company
7 operation of multiple renewable energy resources with standard designs.

8 **Q. Please explain what you mean by terminal value.**

9 A. Terminal value refers to the Company's ability to obtain additional value from owned
10 assets beyond the term of a PPA, which is 30 years or less. Upon expiration of a PPA, the
11 Company will no longer receive value from the PPA asset. However, it is possible for the
12 Company to obtain additional energy and capacity value from an owned asset beyond the
13 30-year life of the asset. In addition to terminal value, the Company believes that
14 Company-owned assets provide other advantages such as the use of technical specifications
15 for design and equipment that the Company has established for all Company-owned assets.

16 **Q. Beginning at page 11, line 21, of his direct testimony, MEIU witness McDonnell stated**
17 **that “[t]he Company’s Amended RE Plan reflects a departure from the 2021 IRP**
18 **Settlement’s approach to resource ownership. The settlement continued the annual**
19 **solicitation process approved in Case No. U-20165 and maintained an approximately**
20 **50/50 ownership structure with added flexibility around the Company-owned portion**
21 **while soliciting competitive PPAs for the remainder of the resources.” Do you agree**
22 **that the Company’s Amended RE Plan reflects a departure from the 2021 IRP**
23 **Settlement’s approach to resource ownership?**

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1 A. No. The PCA in the Company's 2021 IRP reflected the addition of 8,000 MW of solar
2 renewable energy with a 50/50 ownership split. The Company's addition of 2,800 MW of
3 wind renewable energy was not limited in the Company's 2021 IRP. However, as
4 previously discussed, the Company is intent on achieving the lowest possible REC
5 compliance cost for its amended RE Plan and, as such, will select the lowest cost wind
6 renewable energy projects submitted in its solicitations. The Company presented all 2,800
7 MW of wind renewable energy as owned because it has not received any proposals for
8 wind renewable energy PPAs in its recent VGP solicitations.

9 **Q. Beginning at page 23, line 12, of his direct testimony, MEIU witness McDonnell states**
10 **“I recommend that the Commission condition approval upon the extension of a 50/50**
11 **split between Company and third-party ownership of the proposed 2,800 MW of wind**
12 **resource additions.” Do you agree that the Commission should require a strict**
13 **ownership split for new renewable energy wind resources?**

14 A. No. Imposing a strict ownership split requirement will not likely lead to the least cost
15 renewable energy plan. As Mr. McDonnell indicated in his direct testimony, the Company
16 is agnostic as to whether the renewable energy wind resources are self-developed or
17 third-party PPAs. However, imposing a strict ownership split will artificially limit the
18 Company's ability to select the lowest cost renewable energy wind resources.

50/50 BATTERY ENERGY STORAGE SYSTEM RESOURCE SPLIT

1
2 **Q. Beginning at page 9, line 21, of his direct testimony, MEIU witness McDonnell states**
3 **“I recommend expanding energy storage additions to include opportunities for**
4 **procurement of third-party-owned storage projects. This recommendation is aligned**
5 **with previous Commission direction for resource procurement and will help the**
6 **Company unlock lower cost resources while also mitigating risks for ratepayers, as**
7 **already explained in Section III.” Do you agree?**

8 A. Generally, yes. As I will discuss in more detail later in this direct testimony, the Company
9 has already contracted for 400 MW of battery energy storage systems (“BESS”) with third
10 parties. In addition, the Company will be considering hybrid projects as part of its
11 Independent Auditor (“IA”) led solicitations. Given the Company’s ability to earn a FCM
12 on a third-party energy storage system and similar to both wind and solar renewable energy
13 resource systems previously discussed in this rebuttal testimony, the Company is willing
14 to contract for or own BESS depending on the economics.

15 **Q. Does the Company have any limitations on third-party PPAs or ownership?**

16 A. Yes. The Company feels very strongly about not contracting for third-party BESS at a
17 Company-owned renewable energy resource site or owning BESS at a third-party
18 renewable energy resource site. The Company believes that for co-located sites, all
19 resources should either be owned or via contract. The ability to manage and control
20 third-party BESS with Company-owned renewable energy resources or Company-owned
21 BESS with third-party renewable energy resources would be ineffective at best and not
22 allow for optimal outcomes. Finally, the imposition of a strict ownership split would

1 artificially limit the Company's ability to select the lowest cost renewable energy wind
2 resources.

3 **RECOVERY OF CO-LOCATED STORAGE**

4 **Q. Beginning at page 5, line 21, of his direct testimony, Staff witness Harlow begins his**
5 **discussion of the Company's proposal for recovery of co-located storage through the**
6 **renewable energy plan's cost of compliance. Please summarize your understanding**
7 **of Mr. Harlow's position regarding this proposal.**

8 A. Based upon my review of Mr. Harlow's testimony, it is my understanding that it is
9 Mr. Harlow's position that all Company-owned storage assets, regardless of whether they
10 are stand-alone or co-located with renewable energy resources, should be recovered
11 through base electric rates. Mr. Harlow discussed the fact that storage assets are not
12 defined as renewable energy resources and that the section of the law (MCL 460.1101(1))
13 that discusses the establishment of 2,500 MW of storage does not define storage as a
14 renewable energy resource and identify it as a cost to be recovered through the revenue
15 recovery mechanism.

16 **Q. Does MCL 460.1011 establish how Company-owned statewide stand-alone storage is**
17 **to be recovered?**

18 A. Yes. MCL 460.1011(4) states:

19 An electric provider whose rates are regulated by the
20 commission shall submit to the commission for review and
21 approval eligible energy storage contracts entered into to
22 meet its share of the statewide storage target under
23 subsection (1). **If the commission approves an eligible**
24 **energy storage contract, the commission shall authorize**
25 **the electric provider to recover the costs of the contract**
26 **in the electric provider's base rates.** An electric provider
27 whose rates are regulated by the commission shall conduct a
28 competitive bidding process before entering an eligible

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1 energy storage contract to meet its share of the statewide
2 target under subsection (1).

3 **Q. Does the Company believe that there is a difference between co-located storage and**
4 **its share of the 2,500 MW statewide energy storage target?**

5 A. Yes. As Mr. Harlow discussed, co-located storage assets provide the opportunity for
6 generation of incentive renewable energy credits. In addition, co-located storage assets
7 contribute to both the quality and the reliability of renewable energy necessary to meet the
8 renewable energy standards. More specifically, co-located storage can be used to reduce
9 renewable energy curtailment and avoid energy waste while supporting the creation of
10 additional RECs and incentive RECs to support REC compliance.

11 **Q. How would the provision of increased quality and reliability translate into cost**
12 **recovery through the RE Plan?**

13 A. MCL 460.1047(2)(a)(vii) states:

14 “Any additional electric provider costs determined by the
15 commission to be necessarily incurred to ensure the quality
16 and reliability of renewable energy used to meet the
17 renewable energy standards.

18 As such, the Commission should consider the cost of co-located storage in the renewable
19 energy plan’s costs of compliance.

20 **Q. Does the Company plan to meet its share of the statewide energy storage target**
21 **excluding co-located storage?**

22 A. Yes. As I will discuss later in this rebuttal testimony, the Company has already contracted
23 for 400 MW of standalone energy storage and has an additional 75 MW of
24 Company-owned standalone energy storage in progress, putting it more than halfway to its
25 share of the storage target.

1 **Q. Do you have any other thoughts on recovery of co-located storage through the RE**
2 **Plan’s costs of compliance?**

3 A. Yes. As discussed in more detail later in this rebuttal testimony, the Company has executed
4 multiple third-party contracts for standalone BESS and the costs of those third-party
5 systems will be recovered through the PSCR mechanism. Because these BESS projects
6 will provide needed capacity and energy arbitrage, it makes complete sense to recover them
7 as a cost of power supply. Similarly, it also makes sense to recover the costs of co-located
8 storage through the costs of compliance and, ultimately, through the PSCR. While the
9 Company is not proposing to recover the co-located BESS projects directly from the PSCR
10 through a transfer price schedule, the costs of compliance will ultimately be recovered from
11 the PSCR through the transfer costs from other Company-owned renewable energy
12 projects.

13 Finally, the Company utilizes solar-battery technicians and renewable energy
14 specialists to perform maintenance of its renewable energy and storage assets. In my
15 opinion, it would be both more efficient and more transparent to recover the costs of these
16 co-workers through a single cost recovery methodology rather than allocating and
17 reconciling their costs in separate regulatory proceedings.

18 **IRP MODELING & SALES FORECAST**

19 **Q. Beginning at page 28, line 7, of his direct testimony, AG witness Deupree states: “I**
20 **recommend the Commission remove the increased REC requirement associated with**
21 **incremental growth in the Company’s LED rate after the year 2028. Growth in AI**
22 **and the associated energy needs to support new data centers is a topic that many**
23 **electric utilities throughout the country are currently addressing. Doubtless some of**

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1 **this growth will also occur in the Company’s service territory. However, it is**
2 **premature at the current time to include these loads when the Company cannot**
3 **clarify how much of its additional load growth is associated with publicly announced**
4 **projects versus private inquiries that are subject to change or outright cancellation.**
5 **Section 22(3) of the Clean and Renewable Energy and Energy Waste Reduction Act**
6 **requires that electric utilities file amended RE Plans with the Commission every two**
7 **years, so these load additions can be included in future filings as the projects enter**
8 **the public record.” Do you agree with Mr. Deupree’s recommendation?**

9 A. No. The Company prepared its delivery forecast based upon the best information that it
10 had available at the time of filing this amended RE Plan. To arbitrarily reduce the delivery
11 forecast and assume that it can simply be added in the next amended RE Plan is negligent.
12 Act 235 established a significant step change in the REC compliance target in 2030 and a
13 failure to plan for that accordingly will likely result in failure to comply. The Company
14 will file another amended RE Plan within two years of a final order in this proceeding and
15 it can certainly adjust its delivery forecast downward at that time. Further, the Company
16 will be filing its next IRP in June 2026 and will assess its REC compliance requirement at
17 that time as well. Finally, the Company continuously monitors its electric supply
18 requirements, and both can and will make electric supply adjustments as necessary.

19 **Q. Do you expect that the Company’s delivery forecast could result in an over-build of**
20 **renewable energy resources?**

21 A. No. Much of the Company’s amended RE Plan is premised on its IRP glidepath for the
22 addition of 8,000 MW of solar energy resources. The proposed glidepath for the addition
23 of wind energy resources provides a significant amount of flexibility should the projected

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1 deliveries not materialize. Under no circumstances is the Company concerned about over-
2 building, rather it continues to be concerned about achieving REC compliance given all the
3 potential risks with renewable energy resource asset growth. However, to the extent that
4 the Company's projected load does not materialize, it can easily pull back on its projected
5 build plan which extends beyond 2035.

6 **Q. Beginning at page 14, line 14, of his direct testimony, CEO witness Shaver states: “[i]n**
7 **its next IRP, the Company should develop modeling to estimate the impact of**
8 **curtailment. This should include looking at the impact on specific renewable energy**
9 **resources, as well as the fleet-wide impact. Such modeling should account for the**
10 **change over time as renewable penetration increases in order to ensure that the**
11 **Company is preparing to meet its RPS requirements.” Do you agree with**
12 **Mr. Shaver's recommendation?**

13 A. The Company agrees that it should model and will model curtailment in its next IRP.
14 Ideally the IRP would have been filed prior to filing this first amended RE Plan to optimize
15 the renewable energy resources to be brought on line to meet REC compliance but the
16 statutory requirements of Act 235 did not allow for that. While the Company agrees that
17 curtailment should be modeled in its next IRP, the Company does not agree that this
18 proceeding is the appropriate proceeding in which to define IRP modeling requirements.

19 **Q. What concerns does the Company have with establishing IRP modeling requirements**
20 **in its amended RE Plan?**

21 A. The Company's biggest concern is that decisions made in this proceeding regarding IRP
22 modeling could have an impact on parties that are not participating in this case. The

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1 Company intentionally avoided performing modeling in the development of this amended
2 RE Plan that is more appropriately determined in other proceedings.

3 **Q. What venues does the Company recommend for addressing IRP modeling concerns?**

4 A. The Company has several recommendations for providing input for the Company’s IRP
5 modeling. First, Public Act 231 of 2023 provided several changes to the IRP statute
6 including plan filing requirements and planning parameters. After passage of Act 231, the
7 MPSC issued an order in Case No. U-21570, which provided direction to Staff to establish
8 a process through which Staff would consider updates to the IRP filing and planning
9 requirements. The most recent session was held on March 4, 2025.

10 In addition to the MPSC efforts discussed above, the Company is also undertaking
11 a robust customer outreach plan to not only share details about its IRP planning but to also
12 obtain feedback that it can consider and incorporate into its IRP planning and modeling.
13 The Company most recently held a technical conference on March 12, 2025 to which CEO
14 was invited.

15 **Q. Beginning at page 18, line 10, of his direct testimony, CEO witness Shaver states:**
16 **“[r]elated to my earlier recommendation regarding modeling of renewable energy**
17 **curtailment, the Company should begin planning now for the construction of energy**
18 **storage projects and identifying potential sites in coordination with that curtailment**
19 **analysis. The next opportunity for Consumers to discuss these plans would be the**
20 **upcoming IRP. I recommend that the Commission direct the Company to include**
21 **specific plans in its forthcoming IRP for how it plans to meet its storage requirements**
22 **prior to the deadline, along with an analysis of how these plans specifically address**
23 **the risk of curtailment.” Do you agree with Mr. Shaver’s recommendation?**

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1 A. The Company agrees that it should model and will model the addition of storage assets,
2 both co-located and standalone, in its next IRP. While the Company agrees that the
3 addition of storage assets should be modeled in its next IRP, the Company does not agree
4 that this proceeding is the appropriate proceeding in which to define IRP modeling
5 requirements, as I have previously discussed.

6 **Q. What progress has the Company made with respect to storage additions?**

7 A. The Company has executed contracts for the addition of 400 MW of BESS projects, all of
8 which have been approved by the Commission. These projects include (1) Tibbits Energy
9 Storage, LLC PPA, a 100-MW battery storage project, with deliveries expected to
10 commence by May 31, 2025; (2) Century Oaks Energy Storage LLC PPA, a 200-MW
11 battery storage energy project, with deliveries expected to commence by May 31, 2026;
12 and (3) Voyager Energy Storage LLC PPA, a 100-MW battery storage project, with
13 deliveries expected to commence by May 31, 2027. In addition, the Company's
14 self-development of the Iosco and Weadock BESS totaling 75 MW are projected to be
15 on-line by December 2026.

16 **Q. Beginning at page 22, line 18, of his direct testimony, CEO witness Shaver begins to**
17 **share his thoughts about the Company's load growth projections and suggests the**
18 **development of a range of forecast scenarios. What are your thoughts on**
19 **Mr. Shaver's recommendation?**

20 A. I do not disagree that the Company should evaluate different load growth scenarios in the
21 setting of an IRP. Once again, I would respond that this amended RE Plan proceeding is
22 not the proper venue in which IRP modeling requirements should be discussed and/or
23 established. The Company filed an amended RE Plan that reflects compliance with the

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1 REC standard through 2045. To develop this Plan, the Company relied upon currently
2 available delivery forecast to model compliance; the Company essentially relied upon the
3 same sales forecast which was filed in the Company's 2025 PSCR Plan through 2029.

4 Amongst other tools, the Company plans to employ the use of REC purchases to
5 help it achieve compliance and will continue to track and model its compliance between
6 amended RE Plans to adjust course as necessary.

7 **Q. Please summarize your thoughts regarding CEO witness Shaver's recommendations.**

8 A. Mr. Shaver's recommendations are valid and should be considered in the Company's next
9 IRP. That said, I disagree that the Commission should adopt any proposals in this
10 proceeding that would create IRP modeling requirements. Those proposals can be
11 addressed in various activities pursuant to Case No. U-21570 and/or through the
12 Company's planned IRP stakeholder outreach.

13 **EX PARTE APPROVAL FOR 140% LCOE ADDITIONS**

14 **Q. Beginning at page 16, line 16, of his direct testimony, MEC witness Jester**
15 **recommends that the Commission deny Consumers Energy's request to receive ex**
16 **parte approval of projects that are priced up to 140% of the Company's projected**
17 **LCOE. What is your understanding of the basis for Mr. Jester's recommendation?**

18 A. My understanding of Mr. Jester's support for this recommendation is that the Company did
19 not provide any rate impact or other analysis to identify that the implementation of the
20 proposal will not increase rates or charges. In addition, Mr. Jester identified the fact that
21 record support for the 140% LCOE threshold was not introduced into evidence nor
22 included in my workpapers.

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1 **Q. Were the supporting materials requested through discovery?**

2 A. Yes. MEC submitted discovery requests for supporting evidence of the 140% threshold on
3 March 11, 2025, one day before testimony was due to be filed and more than two months
4 after the hearing schedule was established. Further, these materials were previously issued
5 to all parties pursuant to a discovery request from MEIU on January 30, 2025. I have
6 attached the supporting documents for the Company's 140% threshold as rebuttal exhibits.

7 **Q. Please discuss Exhibit A-44 (KDJ-4).**

8 A. Exhibit A-44 (KDJ-4) is a modified version of my workpaper WP-KDJ-1. WP-KDJ-1
9 reflected the development of the LCOE for solar energy resource additions. The only
10 modification to WP-KDJ-1 was the removal of tax credits. The removal of the tax credits
11 results in a 37% increase in the LCOE.

12 **Q. Please discuss Exhibit A-45 (KDJ-5).**

13 A. Exhibit A-45 (KDJ-5) is a modified version of my workpaper WP-KDJ-2. WP-KDJ-2
14 reflected the development of the LCOE for wind energy resource additions. The only
15 modification to WP-KDJ-2 was the removal of tax credits. The removal of the tax credits
16 results in a 48% increase in the LCOE.

17 **Q. Please discuss Confidential Exhibit A-46 (KDJ-6).**

18 A. Confidential Exhibit A-46 (KDJ-6) presents and ranks the results of the Company's 2023
19 IRP solicitation based upon the solicitation criteria. This exhibit highlights the projects
20 which would need to be selected to achieve the 500 MW target of the solicitation. The
21 marginal project required to achieve the 500 MW target of the solicitation came in at a
22 threshold multiplier of 139%.

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1 **Q. How would Commission rejection of the Company's 140% threshold impact the**
2 **Company's renewable energy plan implementation?**

3 A. As Mr. Jester stated on page 16, line 13, of his direct testimony, rejection of the Company's
4 proposed threshold would require the Company to seek approval of renewable energy
5 projects in a contested case. This methodology would unnecessarily hamper the
6 Company's ability to achieve its REC compliance due to the delay in project approval and,
7 as a result, project implementation.

8 **Q. How does Mr. Jester's recommendation for rejection of the 140% threshold align**
9 **with MEC's other recommendations?**

10 A. There does not appear to be good alignment of this recommendation with MEC's other
11 recommendations. In addition to rejection of the 140% threshold LCOE, Mr. Jester also
12 proposes to revise the transfer price calculation which would allow for an increase in the
13 amount of cost transferred to the PSCR. This proposal appears to request an increase in
14 the level of costs transferred to the PSCR, an issue that is being argued against in the
15 proposed rejection of the 140% threshold. Company witness Cole addresses the transfer
16 price proposal in more detail in his rebuttal testimony.

17 In addition, MEC witness Gold has proposed that the Company accelerate its
18 buildout of wind energy renewable energy resources. The proposal to reject the 140%
19 threshold would accomplish just the opposite result, it could decelerate the Company's
20 buildout of wind energy renewable energy resources due to the need to conduct a contested
21 case prior to being able to move forward with project construction. Company witness
22 Thomas P. Clark addresses the Company's ability to accelerate the buildout of wind energy
23 renewable energy resources in more detail in his rebuttal testimony.

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1 Finally, MEC witness Gold supports two proposals which would further inhibit the
2 Company's ability to achieve renewable energy credit compliance: (1) proposed
3 disallowance of REC-only contracts, and (2) modification of the incentive REC criteria
4 with respect to peak time. Company witness Chibuzo C. Obikwelu addresses the proposed
5 disallowance of REC-only contracts in more detail in his rebuttal testimony, and I will
6 address MEC witness Gold's proposed modification of the incentive REC criteria later in
7 this rebuttal testimony.

8 **Q. Beginning at page 15, line 11, of his direct testimony, AG witness Deupree discusses**
9 **his recommendation regarding the Company's proposed ex parte approval of**
10 **renewable energy additions up to 140% of the baseline LCOE and states: "[t]he**
11 **Company proposes to shift development risks from developers onto ratepayers.**
12 **Specifically, the Company's proposal has the possibility of adding an additional \$373**
13 **million to the already significant cost of the proposed RE Plan. Ratepayers will also**
14 **receive no benefits for shouldering these additional development risks." Do you agree**
15 **that the Company's proposal is simply shifting the development risks from developers**
16 **to ratepayers?**

17 **A.** No. The Company's proposal is not intended to avoid the rigid due diligence that is
18 performed as part of each and every solicitation and simply execute contracts at almost any
19 cost. Rather it is intended to expedite the delivery of new renewable energy resources and
20 the associated attainment of renewable energy credit compliance pursuant to Act 235.
21 Company witness Mr. Cole further discusses the efforts that the Company undertakes to
22 execute economic contracts for its customers.

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1 **Q. Mr. Deupree calculates the impact of adding every renewable energy resource at the**
2 **140% threshold LCOE, is this realistic?**

3 A. No. The Company’s proposal is not to simply execute every new contract at 140% of the
4 threshold baseline LCOE, rather it is to provide flexibility in the regulatory approval
5 process so as to not further exacerbate the already slow onboarding of new renewable
6 energy resources. The Company is fully aware of the potential affordability impact of its
7 amended RE Plan on its customers and believes that its amended RE Plan helps to balance
8 those potential impacts by not imposing a revenue recovery mechanism.

9 **Q. Beginning at page 15, line 18, of his direct testimony, AG witness Deupree discusses**
10 **his opinion that the Company’s baseline LCOE estimates are already higher than**
11 **expected, do you agree?**

12 A. No. The Company’s solicitations are run by an independent administrator and the
13 Company has not received any proposals which are in the vicinity of the LCOEs discussed
14 by Mr. Deupree, and the results of its solicitations are consistent with its projected LCOEs.
15 Mr. Deupree’s reference point is Energy Information Administration (“EIA”) Region 5
16 which covers Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin. And while
17 some of the available capacity factors for these states are similar, the siting availability,
18 underlying construction costs, and interconnection requirements may vary. The
19 Company’s proposed LCOEs for solar and wind renewable energy resources with a 2028
20 commercial operation date (“COD”) are based upon the following logic.

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1 **Q. How did the Company develop its baseline LCOE for renewable energy solar**
2 **resources?**

3 A. The Company began with recent solicitation results for renewable energy solar resources
4 (i.e. Muskegon, Karn, Spring Creek, etc.) and calculated an average capital cost of
5 \$1,655/kW. Subsequently, the Company used NREL's 2023 ATB Conservative outlook
6 to calculate a capital cost escalation rate to convert to 2028 dollars (\$1,712/kW). Finally,
7 the Company added a network transmission upgrade cost of \$54 to arrive at a total capital
8 cost of \$1,766/kW. The renewable energy solar resource LCOE of \$70/MWh was then
9 calculated using the Company's LCOE model (See Exhibit A-44 (KDJ-4)). The capacity
10 factor of 23% used in the LCOE model was established in the Company's 2021 IRP.

11 **Q. How did the Company develop its baseline LCOE for renewable energy wind**
12 **resources?**

13 A. The Company began with recent solicitation results for renewable energy wind resources
14 (i.e. Gratiot, Crescent, and Heartland) and calculated an average capital cost of \$1,679/kW.
15 Subsequently, the Company used NREL's 2023 ATB Conservative outlook to calculate a
16 capital cost escalation rate to convert to 2028 dollars (\$1,789/kW). Finally, the Company
17 added a network transmission upgrade cost of \$54 to arrive at a total capital cost of
18 \$1,843/kW. The renewable energy solar resource LCOE of \$55/MWh was then calculated
19 using the Company's LCOE model (See Exhibit A-45 (KDJ-5)). The capacity factor of
20 29% used in the LCOE model was established in the Company's 2021 IRP.

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1 **Q. Beginning at page 9, line 14, of his direct testimony, GLREA witness Rafson appears**
2 **to be discussing build transfer agreements (“BTAs”) and states: “[t]he company**
3 **proposes only Build to Transfer solar which is not the lowest cost option. Year after**
4 **year experience has shown that third-party owned PPAs are lower cost than company**
5 **owned assets. The company’s proposed case has taken this to an extreme with the**
6 **request to allow up to 140% of an already high transfer price.” Do you agree that the**
7 **Company’s LCOEs are already high?**

8 **A.** No. As I discussed previously, the Company’s LCOEs for both wind and solar are based
9 upon recent solicitations. The proposal to receive ex parte approval for projects up to 140%
10 of the transfer price is a strategy to allow the Company to achieve renewable energy credit
11 compliance in the midst of potential changes to the renewable energy landscape including
12 elimination of tax credits and tariffs on equipment. Further, the Company’s relatively
13 recent 2023 solicitation reflected the need to award projects up to 140% of the LCOE to
14 achieve the targeted resources for its amended renewable energy plan.

15 **Q. Mr. Rafson indicated that the Company is only considering BTAs for renewable**
16 **energy solar resources, do you agree?**

17 **A.** No. The Company is continuing to target the 50% ownership split that was established in
18 the Company’s 2021 IRP for 8,000 MW of renewable energy solar resources. With respect
19 to renewable energy solar resources for its Renewable Energy Program, the Company is
20 open to both self-developed and contracted resources, as discussed earlier in this rebuttal
21 testimony. The Company will select the most economic project for its customers, the
22 LCOE for a self-developed project or the contract price plus FCM for a third-party contract.
23 Finally, with respect to renewable energy wind resources, the Company agrees to also

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1 select the most economic project for its customers, the LCOE for a self-developed project
2 or the contract price plus FCM for a third-party contract.

3 **Q. Beginning at page 10, line 4, of his direct testimony, GLREA witness Rafson discusses**
4 **national averages for solar LCOEs, do you believe national averages for solar LCOEs**
5 **are relevant to the development of solar LCOEs in Michigan?**

6 A. Not at all. Renewable energy solar resources have the lowest LCOEs in areas with both
7 abundant and consistent sunlight. In general, renewable energy solar resources with the
8 highest capacity factors are located in the Southwest, not Michigan. As such, comparing
9 renewable energy solar resource LCOEs in Michigan to LCOEs for renewable energy solar
10 resources on a national level is comparing apples to oranges. The Company's LCOEs are
11 based upon sound logic and recent experience.

12 **Q. Beginning at page 11, line 13, of his direct testimony, GLREA witness Rafson**
13 **indicates that it would be both unreasonable and imprudent to simply approve a 40%**
14 **increase in contract costs, and goes on to state that if the IRA is repealed or unfunded,**
15 **then those circumstances can be addressed as they occur. Do you agree?**

16 A. No. Contrary to the beliefs of Mr. Rafson, the Company has presented a reasonable and
17 prudent amended RE Plan which allows the Company to achieve the increasing REC
18 compliance targets established in Act 235. The Company has a statutory requirement to
19 file another amended renewable energy plan within two years after receiving an order in
20 this proceeding. The failure to plan for various risks is both unreasonable and imprudent,
21 especially if the outcome is the Company's failure to achieve REC compliance.

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1 **Q. Beginning at page 7, line 1, of his direct testimony, GLREA witness Richter suggests**
2 **that the Company does not believe that the LCOE calculations for wind and solar are**
3 **accurate, as represented by its request for ex parte approval of contracts up to 140%**
4 **of the LCOEs. Do you agree?**

5 A. Absolutely not. The Company's LCOE models were well founded and reflect current
6 reality, that tax credits are still available, and tariffs have not significantly impacted the
7 cost of renewable energy equipment.

8 **Q. Beginning at page 7, line 6, of his direct testimony, GLREA witness Richter indicates**
9 **that the Company has not indicated the time horizon for the 140% LCOE multiplier.**
10 **What are your thoughts on this indication?**

11 A. I believe that both the Company and Act 235 have laid out the statutory timeline for the
12 filing of amended RE Plans. As previously stated, the Company is statutorily required to
13 file its next amended RE Plan within two years of an order in the instant proceeding. As
14 such, the LCOE targets will be reconsidered in that next amended RE Plan proceeding.

15 **Q. Beginning at page 8, line 11, of his direct testimony, GLREA witness Richter**
16 **recommends: "The Commission should reject the Company's proposal to allow ex**
17 **parte approval of new renewable facilities with an LCOE of up to 140% of the**
18 **Company's modeled cost. If the Commission approves ex parte approval for any**
19 **projects with a cost greater than the modeled cost (perhaps by a smaller percentage),**
20 **it should make it explicit that such authorization extends only until the order in the**
21 **Company's next REP case." What are your thoughts on this proposal?**

22 A. The Company supports the proposal to only extend the authorization until the order in the
23 Company's next amended RE Plan. Throughout his discussion on the Company's

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1 proposed 140% LCOE threshold, Mr. Richter makes sound observations regarding the
2 necessity of the multiplier and the likely response by developers to the multiplier within
3 competitive solicitations. As previously discussed, the Company does not intend to
4 execute all future renewable energy resource projects at the 140% LCOE threshold.

5 **INCENTIVE RENEWABLE ENERGY CREDIT CALCULATION**

6 **Q. Beginning at page 16, line 1, of his direct testimony, MEC witness Gold discussed his**
7 **position that the Company's calculation of incentive RECs for electricity generated**
8 **during peak demand hours is inappropriate. Do you agree?**

9 A. No. The Company has no choice but to follow the Commission direction provided in its
10 December 4, 2008 temporary order in Case No. U-15800. The Company has calculated
11 and presented its incentive RECS in each of its renewable cost reconciliations since 2009
12 in accordance with the Commission direction.

13 **Q. MEC witness Gold goes on to discuss his opinion the Company's Ludington Pumped**
14 **Storage facility's electric power used for pumping is served by the marginal MISO**
15 **resource and if that resource is not renewables, renewables are not serving the**
16 **pumping load. Do you agree?**

17 A. No. Regardless of whether the marginal resource is renewables, power flows in the path
18 of least resistance and unless the marginal resource is located adjacent to the Ludington
19 Pumped Storage Facility, it is unlikely that it is serving the electric load instead of
20 renewables. The fact of the matter is that the Company's Lake Winds Energy Park is in
21 Ludington and, when it generates and the reservoir is being filled, it is likely the source of
22 that electric power.

1 **Q. Beginning at page 20, line 21, of his direct testimony, MEC witness Gold states “I**
2 **recommend that the Commission authorize incentive RECs pursuant to MCL**
3 **460.1039(2)(c) only when renewable generation is marginal and then only to the extent**
4 **that stored renewable energy is discharged during peak periods, as determined by the**
5 **Commission.” Do you agree?**

6 A. No. As I have previously stated, the actual electric energy that serves the pumping load at
7 the Ludington Pumped Storage facility is not tracked and, as such, no determination can
8 be made that it is not being charged by renewable energy sources. Further, I do not believe
9 it is fair to assume that the pumping load at the Ludington Pumped Storage facility is only
10 served with marginal market resources. The Company can bid the pumping load at the
11 Ludington Pumped Storage facility in its day ahead submittal and essentially gets the same
12 LMP that all other load resources receive.

13 **RENEWABLE ENERGY RESOURCE ACCELERATION**

14 **Q. Beginning at page 25, line 16, of his direct testimony, GLREA witness Richter**
15 **discusses the acceleration of the Company’s amended RE Plan by front-loading the**
16 **schedule. What are your thoughts on this proposal?**

17 A. While the front-loading of the schedule is a possible strategy to help ensure REC
18 compliance, one of the Company’s recent solicitations (See Confidential Exhibit A-46
19 (KDJ-6)) has shown that it would be incredibly difficult to accomplish an acceleration
20 without the 140% LCOE threshold. As previously mentioned, the Company is concerned
21 about customer affordability and in no circumstances would it propose to go beyond the
22 proposed 140% LCOE threshold.

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1 **Q. Has the Company limited the capacity it acquires from its recent solicitations?**

2 A. No. Given the Company's experience with proposals resulting in projects, it is not limiting
3 the consideration of renewable energy projects to 500 MW. The only limitation is an ability
4 to acquire sufficient projects which are economic.

5 **VGP PROGRAM MODIFICATIONS**

6 **Q. Beginning at page 6, line 14, of his direct testimony, GLREA witness Rafson discusses**
7 **his concern with the non-industrial part of the VGP program and discusses perceived**
8 **inequities for residential and small customers. Do you agree with his concerns?**

9 A. No. All customer types (residential, small business, commercial and industrial)
10 participating in the Renewable Energy Program are served by a single resource pool of
11 renewable energy facilities. Therefore, the 75% subscription level for new assets will be
12 achieved through subscriptions from residential, small business, and commercial and
13 industrial customers. As such Mr. Rafson's concerns are unwarranted.

14 **Q. Please describe the 75% subscription requirement for VGP asset additions.**

15 A. The 75% subscription requirement for VGP assets additions was first established in the
16 December 9, 2021 Order approving settlement agreement in the Company's 2021
17 renewable energy plan Case No. U-20984. The intent of the subscription limit was to
18 ensure that VGP asset additions did not outpace subscriptions to minimize the cost impact
19 on PSCR customers. The Commission's August 22, 2024 Order in the Company's 2023
20 renewable energy plan Case No. U-21374 continued this policy.

1 **Q. Beginning at page 7, line 3, of his direct testimony, GLREA witness Rafson states his**
2 **concerns with the “industrial part of the VGP program” and indicates his beliefs**
3 **regarding the construction of renewable energy assets specifically for industrial**
4 **customers and his beliefs regarding the imposition of costs on non-subscribing**
5 **customers as a result of the “industrial VGP program.” Do you agree with his**
6 **concerns?**

7 A. Not at all. The Company’s Renewable Energy Program is open to all customers, regardless
8 of their size. It is incorrect to state that the Renewable Energy Program for any customer
9 class offers them an advantage in price. Only the Company’s Pilot Solar Gardens Program
10 and Renewable Energy Credit Program, which are separate and distinct from the
11 Renewable Energy Program, have different pricing.

12 **Q. Do you agree that non-subscribers are harmed by participants in the Renewable**
13 **Energy Program?**

14 A. Absolutely not. VGP customers are required to pay for all costs associated with VGP
15 programs. No subsidy exists between subscribing and non-subscribing customers.
16 Mr. Rafson’s unfounded theory that VGP customers avoid potentially higher fuel prices is
17 simply not true because all VGP customers pay PSCR unless they are on a special rate.

18 **Q. Beginning at page 30, line 8, of his direct testimony, GLREA witness Richter states:**
19 **“[f]or consistency, VGP customers should get a capacity credit valuing capacity at the**
20 **same value as the State Reliability Mechanism (SRM).” Do you agree?**

21 A. No. The State Reliability Mechanism (“SRM”) calculation, albeit flawed, theoretically
22 represents the Company’s total capacity cost per installed MW of capacity, regardless of
23 its MISO accredited value. It does not directly represent the capacity value of renewable

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1 energy wind or solar resources; it reflects the average capacity cost for all of the Company's
2 generation sources.

3 **Q. What is the purpose of the SRM capacity charge?**

4 A. The SRM capacity charge is a rate that would ultimately be charged to customers of an
5 alternative electric supplier ("AES") if an AES failed to secure sufficient capacity for its
6 customers. To date, the SRM capacity charge has never been assigned to an AES's
7 customers. As such, using the SRM capacity charge value, which is generally re-calculated
8 on an annual basis in the Company's general electric rate cases, does not represent the
9 value of the renewable energy wind or solar resources, rather it represents the theoretical
10 average capacity value for all its capacity resources.

11 **Q. What flaws exist with the SRM capacity demonstration calculation?**

12 A. There are several significant flaws with the calculation methodology but the most
13 significant flaw with respect to use of the SRM capacity charge for VGP is that the
14 calculation is based on installed MW rather than zonal resource credits ("ZRCs"). The
15 Company must comply with MISO Resource Adequacy requirements using ZRCs, not
16 MW. Accredited value for all the Company's generation units averages approximately
17 75% for the summer season and less than 70% for the winter season, meaning that for every
18 MW of installed capacity, the ZRC value is 75% or less. Renewable resources provide far
19 less than 50% accredited value. Therefore, providing ZRCs to AESs at a per MW rate
20 harms full-service customers. Similarly, providing credit to VGP customers at a per MW
21 rate for all resources when renewable resources get far less value at MISO also would
22 create harm to non-subscribing customers.

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1 **Q. Why would this not be an appropriate capacity credit for renewable energy wind or**
2 **solar resources?**

3 A. As cited on page 30 of Mr. Richter’s direct testimony, MCL 460.1061 states that the
4 participating customer shall accrue any additional savings realized by the electric provider
5 due to their participation in the program. MCL 460.1061 states in full:

6 An electric provider shall offer to its customers the
7 opportunity to participate in a voluntary green pricing
8 program under which the customer may specify, from the
9 options made available by the electric provider, the amount
10 of electricity attributable to the customer that will be
11 renewable energy. If the electric provider's rates are
12 regulated by the commission, the program, including the
13 rates paid for renewable energy, must be approved by the
14 commission. The customer is responsible for any additional
15 costs incurred and shall accrue any additional savings
16 realized by the electric provider as a result of the customer's
17 participation in the program. If an electric provider has not
18 yet fully recovered the incremental costs of compliance, both
19 of the following apply:

20 (a) A customer that receives at least 50% of the customer's
21 average monthly electricity consumption through the
22 program is exempt from paying surcharges for incremental
23 costs of compliance.

24 (b) Before entering into an agreement to participate in a
25 commission-approved voluntary green pricing program with
26 a customer that will not receive at least 50% of the
27 customer's average monthly electricity consumption through
28 the program, the electric provider shall notify the customer
29 that the customer will be responsible for the full applicable
30 charges for the incremental costs of compliance and for
31 participation in the voluntary renewable energy program as
32 provided under this section.

33 As previously stated, the SRM charge is a rate that the Company would charge customers
34 of AESs but does not reflect the actual savings that the Company realizes from offering the
35 accredited renewable energy capacity into the MISO annual planning resource auction
36 (“PRA”).

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1 **Q. Please explain the receipt of capacity value from the PRA.**

2 A. The Company receives capacity value from MISO based upon the settled amounts for
3 capacity as established for each season in a planning year in the annual PRA. The capacity
4 value is based upon the MISO accredited value for each individual renewable energy
5 resource, which is how the Company compensates VGP customers for this savings.

6 **Q. What is your recommendation regarding Mr. Richter's proposal to change the**
7 **capacity credit methodology for VGP customers?**

8 A. The Commission should reject Mr. Richter's proposal. The SRM capacity charge does not
9 reflect the savings realized by the Company because of the customer's participation, rather
10 it reflects the theoretical average cost of installed capacity for the Company for use by the
11 Company in its role as provider of last resort. The existing capacity credit methodology
12 accurately reflects the savings that are realized by the Company, and it should not be
13 modified.

14 **Q. Beginning at page 31, line 20, of his direct testimony, GLREA witness Richter states:**
15 **"[t]he VGP customers should be compensated for every savings that accrues to the**
16 **Company as a result of VGP program. Reducing the number of RECs required is**
17 **now a savings to the Company, and that savings should be included in the VGP**
18 **credit." Do you agree?**

19 A. I agree that the Company is required to compensate VGP customers for savings realized
20 by the Company. I do not agree that the Company is currently realizing additional savings
21 as a result of the Act 235 changes to the calculation of REC compliance reflected in MCL
22 460.1028.

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1 **Q. Please explain your position that the Company is not yet realizing any additional**
2 **savings due to VGP participation.**

3 A. The current 15% REC compliance target was established in the 2016 energy legislation
4 with a compliance date of 2021. The Company successfully implemented plans to achieve
5 that compliance target, and it has maintained its REC compliance to this date. Therefore,
6 the modification to MCL 460.1028 has not allowed the Company to currently realize any
7 savings.

8 **Q. Do you agree that reducing the number of RECs required for REC compliance is a**
9 **savings to the Company, and that savings should be included in the VGP credit?**

10 A. No. The Company has not evaluated this proposal and, as such, cannot agree that savings
11 exist. I would add that Mr. Richter did not provide a proposal or any valid evidence that
12 there is a savings to the Company in his direct testimony.

13 **Q. Beginning at page 32, line 6, of his direct testimony, GLREA witness Richter states:**
14 **“[t]he Commission should also direct the Company, in its next REP or VGP related**
15 **case, to propose a credit for VGP customers that reflects the value that VGP provides**
16 **by reducing the number of RECs the Company requires for compliance with the**
17 **RPS.” Do you agree?**

18 A. No. As I previously indicated, there has been no evidence presented that supports the
19 proposition that the reduction of RECs will provide incremental value to non-subscribing
20 customers. The Company’s 2021 IRP had already established the Company’s goal of net
21 zero carbon emissions by 2040 and its PCA established an aggressive solar renewable
22 energy framework.

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1 **Q. Does each MWh of VGP generation result in a 1:1 reduction in the REC standard?**

2 A. No. Currently a MWh of VGP generation results in a 0.15 REC reduction. This grows to
3 0.50 RECs in 2030 and 0.60 RECs in 2035. However, given the Company's PCA from its
4 2021 IRP, there is no evidence that VGP participation provides additional savings other
5 than potentially achieving compliance sooner.

6 **Q. Do you have any final thoughts on the propriety of additional VGP credits?**

7 A. Yes. To the extent that the propriety of a credit is considered in a future proceeding, the
8 potential VGP avoidance of a surcharge for recovery of incremental costs of compliance
9 must be considered to ensure that VGP customers are not overly compensated.
10 Specifically, MCL 460.1061(a) addresses the avoidance of a surcharge based upon VGP
11 participation level.

12 **Q. Beginning at page 32, line 14, and extending through page 36, line 16, of his direct**
13 **testimony, GLREA witness Richter discusses his various positions regarding VGP**
14 **pricing and discusses his beliefs that current VGP implementation creates outcomes**
15 **that contradict the statute, discriminates against smaller customers, and VGP pricing**
16 **volatility is discriminatory, amongst other things. Mr. Richter goes on to propose**
17 **various pricing schemes and recommends that the Commission direct Staff to**
18 **establish a workgroup to discuss and evaluate various options for the structure of**
19 **VGP pricing in the future. What are your thoughts on this recommendation?**

20 A. First, the topic of VGP pricing is not relevant to this amended RE Plan. The Commission
21 has established dedicated proceedings in which topics such as VGP pricing are intended to
22 be addressed. Second, I do not support this recommendation. Each electric provider's
23 VGP program(s) are unique to that electric provider and should be addressed in their

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1 dedicated VGP proceedings. The Company will be filing its next VGP case later this fall
2 and each of Mr. Richter's discussion topics are most appropriately addressed in that
3 proceeding.

4 **Q. Has the Company addressed Mr. Richter's concern of price volatility within VGP**
5 **programs?**

6 A. Yes. In Case No. U-21347 the Company received approval to enhance the Renewable
7 Energy Program (legacy LC-REP) billing design to address monthly bill volatility. By
8 using forecasted energy and capacity credits, with an annual true up to reflect actual credit
9 values received, participating customers benefit from stable and predictable monthly
10 billing. This billing design maintains the requirements of MCL 460.1061 while delivering
11 an enhanced customer experience. It's important to note, that this methodology applies to
12 all participating customers; residential, small business, and large businesses.

13 **Q. Do you have any other thoughts on this topic?**

14 A. Yes. While the Company truly supports its VGP programs and applauds the customers'
15 participation and their success, the VGP pricing must recover all costs of the program from
16 the voluntary participants so as to not cause non-subscribing customers to subsidize VGP
17 operations. Further, the Company's amended RE Plan is not the proper forum to address
18 perceived inequities with VGP, the Company's biennial VGP filing is the more appropriate
19 forum.

1 **COMMUNITY SOLAR**

2 **Q. Beginning at page 12, line 4, of his direct testimony, GLREA witness Rafson states:**
3 **“[t]he company seemingly continues to offer a far worse deal for residential customers**
4 **than the company does for industrial customers. The Commission should not approve**
5 **5.5 MW of expansion of Solar Gardens because the capital cost is not prudent. The**
6 **LCOE of this program is nearly double that of the other proposed solar**
7 **developments. Instead of expanding the Solar Gardens program, the company should**
8 **implement community solar projects to allow customers to enjoy pricing similar to**
9 **the VGP customers.” Do you agree?**

10 **A.** Absolutely not. First of all, the Company is not seeking a 5.5 MW expansion of Solar
11 Gardens, the Company has existing renewable energy assets of 4.5 MW currently in
12 operation under the Pilot Solar Gardens Program which has a cap of 10 MW. Section
13 C10.5 of the Company’s electric rate books states as follows:

14 The Pilot Solar Gardens Program is a voluntary program
15 intended to further the deployment of community solar
16 energy in Michigan and meet customer demand. **The Solar**
17 **Gardens Program will consist of up to 10 MW of large**
18 **scale solar facilities. The Solar Gardens Program will**
19 **remain open until a future date to be announced by the**
20 **Company.** The Company will own and maintain all
21 facilities under this program and/or contract with
22 Independent Power Producers for the solar energy output of
23 facilities located within Consumers Energy's electric
24 distribution service area.

25 Eligible customers will support the use and development of
26 shared community solar resources and have an opportunity
27 to subscribe to the Solar Gardens Program in SolarBlocks
28 and/or MicroBlocks. A SolarBlock subscription is equal to
29 0.5 kW of solar energy. A MicroBlock is a pro rata
30 subscription of less than 0.5 kW of solar energy, as defined
31 by the Company. Customers may subscribe to more than one
32 subscription; however, a customer's total subscriptions shall

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1 not exceed the customer's Annual Net Usage. A subscribed
2 customer will receive a Solar Energy Credit for the
3 subscription's percentage of the solar energy generated in the
4 Solar Gardens Program. This Solar Energy Credit includes
5 the energy and capacity value of the program production as
6 defined herein, and avoided line losses.

7 As such, Mr. Rafson's proposal should be rejected. The Solar Gardens program is a
8 voluntary program for interested subscribers. The Company has an alternative program if
9 the only consideration is lower cost subscriptions.

10 **Q. Has the Commission previously approved the LCOE threshold for Solar Gardens'**
11 **projects?**

12 A. Yes. The Commission approved the Company's 2023 Renewable Energy Plan in Case No.
13 U-21374 on August 22, 2024. The Company modeled a LCOE of \$113.91/MWh for Solar
14 Gardens projects and is moving forward with satisfying the future demand for the Pilot
15 Solar Gardens Program with the filing of its Blackman Solar Project in Case No. U-15805
16 on March 14, 2025. As of December 31, 2024, the Pilot Solar Gardens Program was 99.8%
17 subscribed.

18 **Q. Do you agree that residential customers get a far worse deal than do industrial**
19 **customers?**

20 A. No. The Company's Renewable Energy Program, formerly the Large Customer
21 Renewable Energy Program ("LC-REP) is open to all customers, not just industrial
22 customers; residential customers have a choice of participating in the Pilot Solar Gardens
23 Program or the Renewable Energy Program. Customers that do subscribe to the Pilot Solar
24 Gardens Program are able to support the development of shared community solar
25 resources; the newest facility is located in Jackson County and will add up to 2.5 MW of
26 community solar to support approximately 5,000 additional customers.

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1 **Q. Do you agree with Mr. Rafson that the Company should implement community solar**
2 **projects to enjoy pricing similar to VGP customers?**

3 A. I do not agree. The Company is implementing its Pilot Solar Gardens Program in
4 accordance with its Commission-approved electric tariffs and the Pilot Solar Gardens
5 Program does include a credit for energy and capacity. The Company offered its Pilot
6 Solar Gardens Program as its community solar program in Case No. U-21374, and at
7 page 16 of the August 22, 2024 Order stated:

8 The Commission finds that Consumers’ proposed Solar
9 Gardens program satisfies the terms of the January 19
10 settlement and is accepted as the company’s community
11 solar program.

12 The Commission went on to state that the Company should address concerns raised by
13 Staff and MEIU in the Company’s next filing. As such, Mr. Rafson’s recommendations
14 regarding community solar should be tabled for this proceeding and addressed in the
15 Company’s next VGP filing in the fall of this year.

16 **RENEWABLE ENERGY PLAN STATUTORY TIMELINE**

17 **Q. Beginning at page 4, line 1, of his direct testimony, GLREA witness Rafson states:**
18 **“[i]t is our recommendation that the Commission look at only 1 or two years of the**
19 **plan and decide if the first year or two is appropriate and ask for the REP to be**
20 **reworked for submittal next year or the following year, by then some of the important**
21 **federal budget issues and other department changes should be clarified by then. The**
22 **re-worked REP would be much more realistic and could incorporate the other**
23 **recommendations provided in this testimony and likely other interveners testimony.”**
24 **Do you agree?**

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1 A. Absolutely not. The Company is required, pursuant to statute, to calculate the incremental
2 cost of compliance for a 20-year period. This amended RE Plan carefully and thoughtfully
3 lays out the Company's current plan to achieve the REC standard through 2045. MCL
4 460.1022(3) requires the Commission to then approve, the amended RE Plan with any
5 changes consented to by the Company or reject the amended RE Plan. Reviewing and
6 approving only one or two years of the Company's amended RE Plan is not a viable option.

7 **Q. Will the Company be filing an updated amended RE Plan in the next several years?**

8 A. Yes. MCL 460.1028(3) requires the Company to file another amended RE Plan to
9 demonstrate its compliance with the renewable energy credit standard within 2 years of an
10 order in the instant proceeding. As such, this statutory requirement may satisfy Mr.
11 Rafson's intentions.

12 **AMENDED RENEWABLE ENERGY PLAN COST RECOVERY**

13 **Q. Beginning at page 4, line 19, of his direct testimony, GLREA witness Rafson states:**
14 **“[c]ost recovery should be made in rate cases as it always as been done. Plan cases**
15 **should only reflect the plans and determine if the plans are reasonable and prudent**
16 **but are not a place for cost recovery, especially for very long-term investments like**
17 **those proposed in this REP, especially during very volatile economic times.” Do you**
18 **agree?**

19 A. No. Contrary to Mr. Rafson's beliefs regarding how cost recovery for renewable energy
20 plans has occurred in the past, the costs for complying with the REC standard have been
21 and will continue to be presented in renewable energy plans and have been and will
22 continue to be reconciled annually in renewable cost reconciliation cases. While Act 235

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1 has added an option for recovery of the incremental cost of compliance in base electric
2 rates, the Company has chosen not to pursue this option.

3 **Q. Beginning at page 6, line 1, of his direct testimony, GLREA witness Rafson states:**
4 **“[i]f the Commission approved cost recovery in the REP the Commission effectively**
5 **approves the prices presented as recoverable cost. Plans should not be construction**
6 **approved bids. Ratepayers should not be burdened by cost recovery based upon**
7 **estimates but rather should cover actual costs.” Do you agree with Mr. Rafson?**

8 **A.** No. The Commission’s approval of this amended renewable energy plan is not explicitly
9 approving cost recovery of projected costs, it is approving the Company’s plans for the
10 addition of renewable energy resources and the projected costs associated with the
11 Company’s plan. Projects that are developed and whose levelized costs are below the
12 LCOE thresholds will still require Commission approval, but that approval can be provided
13 on an ex parte basis. Projects whose levelized costs are not below the LCOE thresholds
14 are required to be filed for approval but will require a contested case proceeding prior to
15 Commission approval.

16 After costs are incurred, and on an annual basis, the Company files a renewable
17 cost reconciliation in which the Company must present its actual costs for review and
18 approval. The renewable cost reconciliation is also a contested case proceeding. The
19 Company has been filing renewable cost reconciliation proceedings since 2009 in this
20 manner.

PROCUREMENT OF RECS FROM DG AND PURPA PROJECTS

1
2 **Q. Beginning at page 12, line 11, of his direct testimony, GLREA witness Rafson states:**

3 “[t]he Commission should obligate Consumers to purchase RECs from DG and
4 PURPA projects before they purchase RECs out of state, as long as the cost is equal
5 or less than out of state RECs.” Do you agree with Mr. Rafson?

6 A. Not entirely. I agree that when the Company purchases RECs to meet its REC compliance,
7 it should strive to purchase those RECs at the lowest possible cost for its customers. The
8 Company already has contracts in place to purchase certain PURPA RECs.

9 **Q. Do you agree that the Company should buy DG RECs?**

10 A. No. As a result of the passage of Act 235, purchase of these RECs could provide no value
11 to the Company or its customers in its efforts to achieve the new REC portfolio standard
12 (“RPS”) of 15% through 2029, 50% from 2030 through 2034, and 60% in 2035 and
13 beyond.

14 **Q. Please explain why the purchase of DG RECs could not support REC compliance.**

15 A. MCL 460.1028(2)(b)(i)-(ii) provide that the sales upon which the Company must achieve
16 the new RPS excludes the generation from DG customers, including the outflow.
17 460.1028(2)(b)(i) and (ii) state:

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

26 (ii) The average number of megawatt hours of
27 electricity sold by the electric provider annually during the
28 previous 3 years to retail customers in this state, less the
29 amount of sales attributable to customers participating in an

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1 electric provider's voluntary green pricing program under
2 section 61 and the outflow from customers participating in
3 the distributed generation program under section 173 for that
4 year.

5 Because the average number of megawatt hours of electricity sold by the electric provider
6 reflects the distributed generation that is utilized by the customer and the distributed
7 generation outflow further reduces the sales upon which the Company must comply, the
8 RECs provide no additional value to the Company in achieving RPS compliance as the
9 DG, and the associated RECs, should not be double counted.

10 **Q. Does the Company have a need for the DG RECs?**

11 A. No. The only potential use for the DG RECs would be in support of the Company's REC
12 program, and the potential volume of DG RECs far exceeds the demand. The Company's
13 REC program was launched in January 2021 and the annual sales for the Michigan REC
14 Program for the years 2021 through 2023 were 296; 1,665; and 2,958, respectively. To the
15 extent that the Company did have a need for the DG RECs, they would have to be priced
16 competitively to be able to use them.

17 **Q. Is Mr. Rafson's proposal to purchase DG RECs an appropriate issue to address in
18 this proceeding?**

19 A. No. In its August 22, 2024 Order in Case No. U-21374, the Commission ordered the
20 following:

21 Consumers Energy Company shall include a new proposal
22 for the purchase of renewable energy credits from distributed
23 generation customers that comports with Public Act 235 of
24 2023, in its next voluntary green pricing program case.

25 As such, the issue is not ripe for consideration in this proceeding and will be addressed in
26 the Company's VGP filing in the fall of 2025.

1 **EV STORAGE CREDITS**

2 **Q. Beginning at page 14, line 17, of his direct testimony, GLREA witness Rafson states:**
3 **“[t]he company should also be developing V2G compensation now to support**
4 **adoption of bi-directional EV charging as the proliferation of EV adoption. This is**
5 **relevant for the case as it could increase the capacity factor of the renewable energy**
6 **installed. This is true of both DERs and co-located storage with utility scale systems.”**
7 **Do you agree with Mr. Rafson?**

8 **A.** No. As discussed in the Company’s direct filing in this case as well as in its rebuttal
9 testimony, the Company is already pursuing energy storage in two separate ways: (1) to
10 meet its share of the standalone statewide target of 2,500 MW and (2) the addition of
11 co-located storage at existing renewable energy sites. The Company will have the ability
12 to monitor and control these utility scale storage assets and potentially use them to generate
13 incentive RECs. To the extent that it is even appropriate to compensate EVs for their
14 storage value, the amended renewable energy plan is not the appropriate proceeding in
15 which this proposal should be presented. Cost recovery of EV storage from the amended
16 RE Plan is completely inappropriate.

17 **CONCLUSION**

18 **Q. Please summarize your recommendations.**

19 **A.** My recommendations are as follows:

- 20 1. The Commission should approve the recovery of Company-owned co-located
21 storage through the costs of compliance. The operation and maintenance of
22 Company-owned co-located storage and renewable energy assets are inextricably
23 linked with achievement of the renewable energy credit targets and, as such, the
24 Commission should recognize co-located storage’s contribution to the quality and
25 reliability of renewable energy.
- 26 2. The Commission should authorize the recovery of the FCM through the PSCR
27 pursuant to MCL 460.1028(8). The FCM is clearly authorized by law and the

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1 Company has chosen to recover it through the PSCR rather than through a revenue
2 recovery mechanism or base electric rates.

3 3. The Commission should continue the 50/50 ownership split for new non-VGP solar
4 renewable energy resources as established in the Company's 2021 IRP and should
5 continue its support to select the most economic ownership split for new wind
6 energy and VGP projects to select the best ratio for customers.

7 4. The Commission should approve the Company's proposed 140% LCOE threshold
8 to provide the Company the best opportunity to achieve its REC targets. The
9 Company does not intend to add all its future renewable energy resources at the
10 140% LCOE threshold but it needs flexibility to comply with the elevated REC
11 targets.

12 5. The Commission should approve the Company's amended renewable energy plan,
13 including its planned resources and delivery forecast. The details of the Company's
14 amended renewable energy plan reflect the best available information at the time
15 of its preparation and the Company will file an amended renewable energy plan
16 within two years of a final order in the proceeding to update its projections. No
17 party has provided any basis on which to dispute the Company's delivery forecast
18 or renewable energy resource additions.

19 6. The Commission should reject certain proposals made by parties to this case to
20 establish requirements for IRP planning and VGP biennial filing requirements.
21 Those issues are more appropriately addressed in other regulatory proceedings
22 and/or Staff-led workgroups.

23 **Q. Does this conclude your direct testimony?**

24 **A.** Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

PUBLIC EXHIBITS

OF

KENNETH D. JOHNSTON

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

Simple Solar LCDE Model
Solar

Farm Assumptions

MW	100
\$/kw installed	\$ 1,766
Capex	\$ 377
COR pct of capex	10.0%
NCF	23.0%
ETR	25.7%
WACC	7.25%
Degradation	0.48%
O&M 2028 (\$/kw-year)	\$ 22.68

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062		
Revenue Req.	\$ 0.3	\$ 2.7	\$ 7.3	\$ 11.3	\$ 12.6	\$ 12.1	\$ 11.6	\$ 11.2	\$ 10.7	\$ 10.2	\$ 9.8	\$ 9.3	\$ 8.8	\$ 8.4	\$ 7.9	\$ 7.4	\$ 6.9	\$ 6.5	\$ 6.0	\$ 5.5	\$ 5.1	\$ 4.6	\$ 4.1	\$ 3.7	\$ 3.2	\$ 2.7	\$ 2.3	\$ 1.8	\$ 1.3	\$ 0.8	\$ 0.4	\$ (0.1)	\$ (0.6)	\$ (1.0)	\$ (1.3)	\$ (1.3)	\$ (1.3)	\$ (1.3)	\$ (1.3)		
Cost of Capital	-	-	-	-	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5		
Depreciation	-	-	-	-	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.7	2.7	2.8	2.9	2.9	3.0	3.1	3.1	3.2	3.3	3.3	3.4	3.4	3.5	3.5	3.6	3.7	3.8	3.9	3.9	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7		
O&M	-	-	-	-	(8.8)	(8.8)	(8.7)	(8.7)	(9.3)	(9.3)	(9.3)	(9.3)	(9.8)	(9.8)	(9.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	\$ 0.3	\$ 2.7	\$ 7.3	\$ 11.3	\$ 12.5	\$ 12.1	\$ 11.7	\$ 11.4	\$ 10.3	\$ 10.0	\$ 9.6	\$ 9.6	\$ 9.2	\$ 8.8	\$ 8.2	\$ 7.8	\$ 7.2	\$ 6.7	\$ 6.3	\$ 5.9	\$ 5.5	\$ 5.1	\$ 4.7	\$ 4.3	\$ 3.9	\$ 3.5	\$ 3.1	\$ 2.7	\$ 2.3	\$ 1.8	\$ 1.3	\$ 0.8	\$ 0.4	\$ (0.1)	\$ (0.6)	\$ (1.0)	\$ (1.3)	\$ (1.3)	\$ (1.3)	\$ (1.3)	
MWh	-	-	-	-	201,480	200,513	199,550	198,593	197,639	196,691	195,747	194,807	193,872	192,941	192,015	191,094	190,176	189,263	188,355	187,451	186,551	185,656	184,765	183,878	182,995	182,117	181,242	180,373	179,507	178,645	177,788	176,934	176,085	175,240	174,399	173,561	172,728	171,899	171,074		
\$/MWh	\$ -	\$ -	\$ -	\$ -	\$ 62.01	\$ 60.42	\$ 58.82	\$ 57.21	\$ 52.22	\$ 50.59	\$ 48.94	\$ 43.91	\$ 42.24	\$ 40.56	\$ 39.36	\$ 37.65	\$ 35.93	\$ 34.20	\$ 32.46	\$ 30.71	\$ 28.94	\$ 27.16	\$ 25.38	\$ 23.58	\$ 21.77	\$ 19.95	\$ 18.12	\$ 16.28	\$ 14.43	\$ 12.58	\$ 10.71	\$ 8.83	\$ 6.94	\$ 5.05	\$ 3.19	\$ 1.31	\$ (0.57)	\$ (2.46)	\$ (5.34)	\$ (8.21)	\$ (11.07)

Levelized \$/MWh	\$70.31
30 Year Through PTC Period	\$69.02

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	
Rate Base	5%	32%	40%	23%	176.6	170.1	163.7	157.2	150.7	144.3	137.8	131.3	124.8	118.4	111.9	105.4	99.0	92.5	86.0	79.6	73.1	66.6	60.2	53.7	47.2	40.8	34.3	27.8	21.3	14.9	8.4	1.9	(4.5)	(11.0)	(17.5)	(17.5)	(17.5)	(17.5)	(17.5)	
BOY	\$ -	\$ 8.8	\$ 65.3	\$ 136.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	8.8	56.5	70.6	40.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reductions	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)	
EOP	\$ 8.8	\$ 65.3	\$ 136.0	\$ 176.6	\$ 170.1	\$ 163.7	\$ 157.2	\$ 150.7	\$ 144.3	\$ 137.8	\$ 131.3	\$ 124.8	\$ 118.4	\$ 111.9	\$ 105.4	\$ 99.0	\$ 92.5	\$ 86.0	\$ 79.6	\$ 73.1	\$ 66.6	\$ 60.2	\$ 53.7	\$ 47.2	\$ 40.8	\$ 34.3	\$ 27.8	\$ 21.3	\$ 14.9	\$ 8.4	\$ 1.9	\$ (4.5)	\$ (11.0)	\$ (17.5)	\$ (17.5)	\$ (17.5)	\$ (17.5)	\$ (17.5)		
Avg	\$ 4.4	\$ 37.1	\$ 100.7	\$ 156.3	\$ 173.4	\$ 166.9	\$ 160.4	\$ 154.0	\$ 147.5	\$ 141.0	\$ 134.6	\$ 128.1	\$ 121.6	\$ 115.1	\$ 108.7	\$ 102.2	\$ 95.7	\$ 89.3	\$ 82.8	\$ 76.3	\$ 69.9	\$ 63.4	\$ 56.9	\$ 50.5	\$ 44.0	\$ 37.5	\$ 31.1	\$ 24.6	\$ 18.1	\$ 11.6	\$ 5.2	\$ (1.3)	\$ (7.8)	\$ (14.2)	\$ (17.5)	\$ (17.5)	\$ (17.5)	\$ (17.5)		
WACC	7.25%	\$ 0.3	\$ 2.7	\$ 7.3	\$ 11.3	\$ 12.6	\$ 12.1	\$ 11.6	\$ 11.2	\$ 10.7	\$ 10.2	\$ 9.8	\$ 9.3	\$ 8.8	\$ 8.4	\$ 7.9	\$ 7.4	\$ 6.9	\$ 6.5	\$ 6.0	\$ 5.5	\$ 5.1	\$ 4.6	\$ 4.1	\$ 3.7	\$ 3.2	\$ 2.7	\$ 2.3	\$ 1.8	\$ 1.3	\$ 0.8	\$ 0.4	\$ (0.1)	\$ (0.6)	\$ (1.0)	\$ (1.3)	\$ (1.3)	\$ (1.3)	\$ (1.3)	
Depreciation	3.33%	\$ -	\$ -	\$ -	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	
O&M	2%	\$ -	\$ -	\$ -	\$ 2.3	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.5	\$ 2.5	\$ 2.6	\$ 2.6	\$ 2.7	\$ 2.7	\$ 2.8	\$ 2.9	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.3	\$ 3.4	\$ 3.5	\$ 3.5	\$ 3.6	\$ 3.7	\$ 3.8	\$ 3.9	\$ 3.9	\$ 4.0	\$ 4.1	\$ 4.2	\$ 4.3	\$ 4.4	\$ 4.5	\$ 4.6	\$ 4.7	
Tax credits		\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 31.50	\$ 31.50	\$ 32.50	\$ 32.50	\$ 35.00	\$ 35.00	\$ 35.00	\$ 37.50	\$ 37.50	\$ 37.50	\$ 40.00	\$ 40.00	\$ 40.00	\$ 42.50	\$ 42.50	\$ 42.50	\$ 45.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate, rounded		\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 31.50	\$ 31.50	\$ 32.50	\$ 32.50	\$ 35.00	\$ 35.00	\$ 35.00	\$ 37.50	\$ 37.50	\$ 37.50	\$ 40.00	\$ 40.00	\$ 40.00	\$ 42.50	\$ 42.50	\$ 42.50	\$ 45.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MWh		201,480	200,513	199,550	198,593	197,639	196,691	195,747	194,807	193,872	192,941	192,015	191,094	190,176	189,263	188,355	187,451	186,551	185,656	184,765	183,878	182,995	182,117	181,242	180,373	179,507	178,645	177,788	176,934	176,085	175,240	174,399	173,561	172,728	171,899	171,074	170,241	169,402		
PTC credits		\$ -	\$ -	\$ -	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.9	\$ 6.9	\$ 6.9	\$ 7.3	\$ 7.3	\$ 7.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Gross Up For Taxes		\$ -	\$ -	\$ -	\$ 2.3	\$ 2.3	\$ 2.2	\$ 2.2	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.5	\$ 2.5	\$ 2.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
PTC, Rev Req offset		\$ -	\$ -	\$ -	\$ 8.8	\$ 8.8	\$ 8.7	\$ 8.7	\$ 9.3	\$ 9.3	\$ 9.2	\$ 9.8	\$ 9.8	\$ 9.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
O&M/MW		22.68	23.17	23.67	24.18	24.70	25.23	25.78	26.33	26.90	27.48	28.07	28.68	29.29	29.93	30.57	31.23	31.90	32.59	33.29	34.01	34.74	35.49	36.26	37.04	37.84	38.65	39.49	40.34	41.21	42.10	43.00	43.93	44.88	45.84	46.83	47.84			
LCDE By Year of CO2	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045																		
	\$64.56	\$65.95	\$67.38	\$68.83	\$70.31	\$71.83	\$73.38	\$74.96	\$76.57	\$78.22	\$79.91	\$81.63	\$83.39	\$85.19	\$87.03	\$88.90	\$90.82	\$92.78	\$94.78	\$96.82	\$98.91	\$101.04																		

Simple Wind LCOE Model
Wind

Farm Assumptions

MW	100
\$/kw installed	\$ 1,843
Capex	\$ 184
CCR pct of capex	10.0%
NCF	29.0%
ETR	25.7%
WACC	7.25%
O&M 2028 (\$/kw-year)	\$ 30.45

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	
Revenue Req.																																			
Cost of Capital	\$ 0.3	\$ 2.8	\$ 7.6	\$ 11.8	\$ 13.1	\$ 12.6	\$ 12.1	\$ 11.7	\$ 11.2	\$ 10.7	\$ 10.2	\$ 9.7	\$ 9.2	\$ 8.7	\$ 8.2	\$ 7.7	\$ 7.2	\$ 6.8	\$ 6.3	\$ 5.8	\$ 5.3	\$ 4.8	\$ 4.3	\$ 3.8	\$ 3.3	\$ 2.8	\$ 2.4	\$ 1.9	\$ 1.4	\$ 0.9	\$ 0.4	\$ (0.1)	\$ (0.6)	\$ (1.1)	
Depreciation	-	-	-	-	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	
O&M	-	-	-	-	3.0	3.1	3.2	3.2	3.3	3.4	3.5	3.5	3.6	3.7	3.8	3.9	3.9	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.7	
Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	\$ 0.3	\$ 2.8	\$ 7.6	\$ 11.8	\$ 22.9	\$ 22.5	\$ 22.1	\$ 21.7	\$ 21.2	\$ 20.8	\$ 20.4	\$ 20.0	\$ 19.6	\$ 19.2	\$ 18.7	\$ 18.3	\$ 17.9	\$ 17.5	\$ 17.1	\$ 16.7	\$ 16.3	\$ 15.9	\$ 15.5	\$ 15.1	\$ 14.7	\$ 14.4	\$ 14.0	\$ 13.6	\$ 13.2	\$ 12.8	\$ 12.4	\$ 12.1	\$ 11.7	\$ 11.3	
MWh	-	-	-	-	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	
\$/MWh	\$ -	\$ -	\$ -	\$ -	\$ 90.22	\$ 88.55	\$ 86.88	\$ 85.23	\$ 83.57	\$ 81.93	\$ 80.29	\$ 78.65	\$ 77.03	\$ 75.41	\$ 73.79	\$ 72.18	\$ 70.58	\$ 68.99	\$ 67.40	\$ 65.82	\$ 64.25	\$ 62.69	\$ 61.13	\$ 59.58	\$ 58.04	\$ 56.51	\$ 54.99	\$ 53.47	\$ 51.97	\$ 50.47	\$ 48.98	\$ 47.51	\$ 46.04	\$ 44.58	

Levelized \$/MWh	
30 Year	\$81.99
Thru PTC Period	\$96.53

	5%	32%	40%	23%	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057		
Rate Base																																				
BOY	\$ -	\$ 9.2	\$ 68.2	\$ 141.9	\$ 184.3	\$ 177.5	\$ 170.8	\$ 164.0	\$ 157.3	\$ 150.5	\$ 143.8	\$ 137.0	\$ 130.3	\$ 123.5	\$ 116.8	\$ 110.0	\$ 103.3	\$ 96.5	\$ 89.8	\$ 83.0	\$ 76.3	\$ 69.5	\$ 62.8	\$ 56.0	\$ 49.3	\$ 42.5	\$ 35.8	\$ 29.0	\$ 22.3	\$ 15.5	\$ 8.8	\$ 2.0	\$ (4.7)	\$ (11.5)		
Additions	9.2	59.0	73.7	42.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reductions	-	-	-	-	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)		
EOY	\$ 9.2	\$ 68.2	\$ 141.9	\$ 184.3	\$ 177.5	\$ 170.8	\$ 164.0	\$ 157.3	\$ 150.5	\$ 143.8	\$ 137.0	\$ 130.3	\$ 123.5	\$ 116.8	\$ 110.0	\$ 103.3	\$ 96.5	\$ 89.8	\$ 83.0	\$ 76.3	\$ 69.5	\$ 62.8	\$ 56.0	\$ 49.3	\$ 42.5	\$ 35.8	\$ 29.0	\$ 22.3	\$ 15.5	\$ 8.8	\$ 2.0	\$ (4.7)	\$ (11.5)	\$ (18.2)		
Avg	\$ 4.6	\$ 38.7	\$ 105.1	\$ 163.1	\$ 180.9	\$ 174.2	\$ 167.4	\$ 160.7	\$ 153.9	\$ 147.2	\$ 140.4	\$ 133.7	\$ 126.9	\$ 120.2	\$ 113.4	\$ 106.7	\$ 99.9	\$ 93.2	\$ 86.4	\$ 79.7	\$ 72.9	\$ 66.2	\$ 59.4	\$ 52.7	\$ 45.9	\$ 39.2	\$ 32.4	\$ 25.7	\$ 18.9	\$ 12.2	\$ 5.4	\$ (1.3)	\$ (8.1)	\$ (14.9)		
WACC	7.25%																																			
Depreciation	3.33%																																			
O&M	2%																																			
Tax credits																																				
Rate, rounded	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ 35.00	\$ 35.00	\$ 35.00	\$ 37.50	\$ 37.50	\$ 37.50	\$ 37.50	\$ 40.00	\$ 40.00	\$ 40.00	\$ 42.50	\$ 42.50	\$ 42.50	\$ 45.00	\$ 32.00	\$ 33.00	\$ 33.00	\$ 34.00	\$ 34.00	\$ 35.00	\$ 35.00	\$ 36.00	\$ 36.00	\$ 37.00	\$ 38.00	\$ 38.00		
MWh	-	-	-	-	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	254,040	
PTC credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Up for Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PTC, Rev Req offset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

LCOE By Year of COD	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
	\$75.29	\$76.91	\$78.57	\$80.26	\$81.99	\$ 83.76	\$ 85.57	\$ 87.41	\$ 89.29	\$ 91.22	\$ 93.19	\$ 95.19	\$ 97.25	\$ 99.34	\$ 101.48	\$ 103.67	\$ 105.91	\$ 108.19	\$ 110.52	\$ 112.90	\$ 115.34	\$ 117.82

Confidential Exhibit A-46 (KDJ-6)

Filed Under Seal with the MPSC

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

REBUTTAL TESTIMONY

OF

CHIBUZO C. OBIKWELU

ON BEHALF OF

CONSUMERS ENERGY COMPANY

April 2025

CHIBUZO C. OBIKWELU
U-21816 REBUTTAL TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Chibuzo C. Obikwelu, and my business address is 1945 W. Parnall Rd,
3 Jackson, Michigan 49201.

4 **Q. Are you the same Chibuzo C. Obikwelu who previously prepared and filed direct**
5 **testimony in this case on behalf of Consumers Energy Company (“Consumers**
6 **Energy” or the “Company”)?**

7 A. Yes.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. I will rebut the assertions and recommendations from Michigan Environmental Council
10 (“MEC”) and National Resource Defense Council (“NRDC”) (collectively referred to as
11 “MEC”) witness Eli K. Gold regarding his proposal for the limitation on the use of
12 Renewable Energy Credit (“REC”) only contracts, inclusion of Green-e ® in REC
13 certification, and a change in the calculation of incentive “RECs, and MEC witness
14 Douglas B. Jester regarding his proposal for landfill gas generation RECs.

15 **Q. Are you sponsoring any exhibits related to your rebuttal testimony?**

16 A. No.

17 **Rebuttal of MEC witness Gold**

18 **Q. Beginning at page 3, line 3, of his direct testimony, MEC witness Gold compares the**
19 **projected price of \$2 per REC for RECs purchased from the market with “an average**
20 **REC cost from Consumers-owned or PPA-purchased RECs of \$.35.” How do you**
21 **respond?**

22 A. While it is not clear how Mr. Gold arrived at the average REC cost of \$0.35 per REC for
23 power purchase agreements (“PPAs”) and Company-owned resources, it appears that he
24 referenced Exhibit A-38 (CCO-6). It is important to note that the Company does not

CHIBUZO C. OBIKWELU
U-21816 REBUTTAL TESTIMONY

1 allocate any expense for RECs generated from Company-owned renewable energy
2 resources or a cost for incentive RECs as part of the Average REC Cost calculation in
3 Exhibit A-38 (CCO-6). In addition, the option to obtain RECs from the market provides
4 valuable flexibility for the Company's REC portfolio.

5 **Q. On page 4 of his direct testimony, Mr. Gold suggests that Green-e ® certification**
6 **should be required for any purchased RECs. Has double counting in RECs**
7 **management been avoided without Green-e ® certification?**

8 A. Yes. The Company uses the Michigan Renewable Energy Certification System
9 ("MIRECS") to support its REC issuance, tracking, reporting, and retirements. MIRECS
10 employs several measures to protect the integrity of the RECs as well as prevent any double
11 counting. These measures include the following:

12 **Unique Serial Numbers:** Each MWh of qualifying energy generated is assigned a
13 unique, traceable serial number.

14 **Transaction-Based Data Structure:** This structure ensures that each credit is
15 tracked through its lifecycle, from issuance to retirement, preventing any
16 duplication.

17 **Full Audit Trails:** MIRECS provides detailed audit trails and public reports,
18 ensuring transparency and accountability.

19 **Exclusive Tracking:** Generating units registered with MIRECS must have 100%
20 of their output tracked by the system, ensuring no overlap with other tracking
21 systems.

22 For the purpose of RECs purchased from the market to be directly used for the
23 Company's renewable energy compliance, there is no need for Green-e ® certification with
24 an existing sophisticated tracking system like MIRECS.

CHIBUZO C. OBIKWELU
U-21816 REBUTTAL TESTIMONY

1 **Q. Beginning at page 5, line 10, of his direct testimony, MEC witness Gold recommends**
2 **that REC purchases should only be permitted in response to a short-term risk of**
3 **non-compliance with the REC portfolio standard. Does the Company agree with**
4 **Mr. Gold’s recommendation?**

5 A. No. There are multiple risks reflected in the Company’s RE Plan such as siting, tariffs,
6 interconnection, sales uncertainty, price uncertainty, and tax credits. The Company is
7 planning for these REC-only purchases as a cost-effective way to ensure REC compliance
8 is achieved. While it is possible that the Company will adjust its REC purchase plans in
9 the future, depending on when renewable projects become operational and the actual cost
10 of market RECs, waiting to purchase these RECs until there is a potential shortfall reduces
11 the Company’s flexibility to build the larger REC bank identified in the RE Plan. A larger
12 REC bank helps to ensure that the Company is able to comply with the REC portfolio
13 requirement by mitigating against the risks that the Company has identified.

14 Accordingly, the Company has determined to take advantage of the opportunity
15 provided for under Public Act 235 of 2023 to comply with the law through the purchase of
16 a limited percentage of RECs through 2035.

17 **Q. Does the Company agree with Mr. Gold’s recommendation at pages 16 and 17 of his**
18 **direct testimony for a change in peak demand time for calculating incentive RECs?**

19 A. The Company does not agree that a change to the peak demand time established in Case
20 No. U-15800 should be made in this case. Rather, any such change should involve other
21 Michigan utilities. Therefore, the Company recommends that if the Michigan Public
22 Service Commission (“MPSC” or the “Commission”) determines such a change should be
23 considered, it should be part of an industry workgroup to thoroughly review the
24 recommendation and obtain input from affected utilities.

CHIBUZO C. OBIKWELU
U-21816 REBUTTAL TESTIMONY

Rebuttal of MEC witness Jester

1
2 **Q. Does the Company agree with Mr. Jester’s recommendation on page 10, lines 3 to 8,**
3 **of his direct testimony that the Commission adopt practices to ensure that all landfill**
4 **gas generation RECs registered in MIRECS have a documented certification by the**
5 **Department of Environment, Great Lakes, and Energy that the landfill source follows**
6 **best practices?**

7 A. The Company will endeavor to collaborate with landfill site owners to address the statutory
8 requirement. However, the Company notes that it has already entered contracts for landfill
9 generation prior to the effective date of the 2023 energy law. See the table below indicating
10 the contract dates. The Company agrees that any new/future landfill generation should
11 provide the determination of best practices but would have concern with applying this
12 requirement to existing contracts for previously approved renewable energy resources
13 without a consideration of the options available under those contracts.

LANDFILL GENERATING ASSET	CONTRACT DATE
Adrian Energy Plant	1992
Gas Recovery Systems, LLC (C&C Electric 1 Plant)	1993
North American Natural Resources (Rathbun), Inc	2018
North American Natural Resources (Lennon)	2009
North American Natural Resources, Inc. (Peoples Genera	1993
WM Renewable Energy (Northern Oaks)	2009
WM Renewable Energy (Pine Tree Acres)	2010
WM Renewable Energy, L.L.C. (Venice Park Plant)	1993

14 **Q. How would the invalidation of RECs from the above resources impact the Company’s**
15 **achievement of the REC standard?**

16 A. The above resources generate RECs which support approximately 3% of the Company’s
17 renewable portfolio compliance target. The disallowance of RECs from these resources

CHIBUZO C. OBIKWELU
U-21816 REBUTTAL TESTIMONY

1 would disqualify a portion of the Company's renewable portfolio compliance target,
2 thereby placing its ability of meeting REC compliance at greater risk.

3 **Q. Does this conclude your rebuttal testimony?**

4 **A. Yes.**

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of **CONSUMERS ENERGY**)
COMPANY's application for the regulatory)
reviews, revisions, determinations, and/or)
approvals necessary to fully comply with)
Public Act 295 of 2008, as amended by)
Public Act 235 of 2023.)
_____)

Case No. U-21816

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Melissa K. Harris, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on April 8, 2025 she served an electronic copy of the **Rebuttal Testimony and Exhibits of Consumers Energy Company** witnesses **Marc R. Bleckman, Thomas P. Clark, Zachary S. Cole, Kenneth D. Johnston, and Chibuzo C. Obikwelu** upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.



Melissa K. Harris

Subscribed and sworn to before me this 8th day of April, 2025.



Crystal L. Chacon, Notary Public
State of Michigan, County of Eaton
My Commission Expires: 05/25/30
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-21816

Party	Mailing Address	Email Address
Administrative Law Judge		
Hon. Jonathan Thoits	7109 West Saginaw Highway Lansing, MI 48909	thoitsj@michigan.gov
Counsel for Consumers Energy Company		
Anne M. Uitvlugt, Esq. Gary A. Gensch, Jr., Esq.	One Energy Plaza Jackson, MI 49201	anne.uitvlugt@cmsenergy.com gary.genschjr@cmsenergy.com mpsc.filings@cmsenergy.com
Counsel for the Michigan Public Service Commission Staff*		
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