

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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

At the August 7, 2025 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Meyers, Commissioner

ORDER

On July 3, 2025, Consumers Energy Company (Consumers) filed an application in this docket (July 3 application), pursuant to Public Act 304 of 1982 (Act 304), MCL 460.6j, with supporting testimony and exhibits, requesting *ex parte* approval of power purchase agreements (PPAs) between Consumers and Grand Basin Energy Storage LLC (Grand Basin), Hackett Energy Storage LLC (Hackett), and Lakeside Energy Storage LLC (Lakeside) for the capacity, energy, renewable energy credits (RECs), and environmental attributes produced by the Grand Basin, Hackett, and Lakeside projects, which are each 100-megawatt (MW) battery energy storage systems. July 3 application, pp. 2-3; Exhibits A-1, A-2, and A-3. On June 30, 2021, Consumers filed its integrated resource plan (IRP) under MCL 460.6t in this docket. Subsequently, Consumers entered into a settlement agreement with a number of parties that was approved by the Commission in the June 23, 2022 order in this docket (June 23 order) that resolved all issues in the case.

In the July 3 application, Consumers explains that, in accordance with the new clean energy standards for public utilities established by Public Act 235 of 2023 (Act 235), MCL 460.1001 *et seq.*, the company implemented a competitive solicitation using an independent administrator, Enel X North America, Inc. (Enel X). Enel X issued a request for proposals (RFP) for clean energy projects on July 3, 2024, for additional aggregate nameplate capacity with commercial operation dates (CODs) on or before May 31, 2029. July 3 application, pp. 2-3; *see also*, July 3 application, direct testimony of Effie M. Williams, p. 5. Consumers explains further that, after the enactment of Act 235, the scope of the RFP expanded to include clean energy technologies to uniquely position Consumers to fulfill the requirements of Act 235 while also securing 300 zonal resource credits of long-term capacity needs not fulfilled by the one-time RFP, which the company agreed to perform as part of the 2021 IRP settlement agreement in this docket. July 3 application, direct testimony of Effie M. Williams, pp. 3, 19.

According to Consumers, Enel X performed an initial eligibility screening of the submitted bids and developed a ranked shortlist of utility-owned proposals and each eligible PPA. After receiving the final blind evaluation results from Enel X on November 6, 2024, Consumers notified Enel X of provisionally selected bids within the various planning year tranches from the final blind evaluation results, conducted due diligence reviews of the provisionally selected bids, and conducted PPA negotiations with the provisionally selected bidders. This process resulted in the selection of the three 100-MW Grand Basin, Hackett, and Lakeside projects. *Id.*, p. 3.

Consumers explains that the Grand Basin, Hackett, and Lakeside PPAs are based on the company's proposed template tolling PPA with some modifications agreed to between the parties. The Grand Basin, Hackett, and Lakeside PPAs will provide energy, capacity, and incentive storage RECs to Consumers in exchange for a fixed energy payment of \$14.50 per megawatt-hour based

on availability, as contained in Exhibit E of the PPAs. Consumers adds that the terms of the PPAs are 20 years, with deliveries expected to commence by May 31, 2027 (for Grand Basin) and May 31, 2028 (for Hackett and Lakeside), and to terminate on May 31, 2047 (for Grand Basin) and May 31, 2048 (for Hackett and Lakeside). July 3 application, pp. 3-4. Consumers further states that the PPAs include a regulatory disallowance clause, replacement project provision and exhibit, and purchase option; and, while not a term of the PPAs, the PPAs are subject to the financial compensation mechanism (FCM) pursuant to Section 28 of Act 235.¹

For the Grand Basin PPA, Consumers estimates a cost of \$351 million in PPA supplier payments and \$31 million in costs attributable to the FCM for the 20-year term of the Grand Basin PPA, resulting in a total forecasted cost of \$382 million. Consumers estimates the total value of the Grand Basin PPA to be \$395 million. Consumers notes that Exhibit A-7 to the July 3 application shows the revenue requirement and value of the 37 MW 2021 IRP battery resource proxy with a 95% capacity credit and 2027 COD and that the Grand Basin PPA is more economic than the 2021 IRP battery proxy. July 3 application, p. 4; *see also, id.*, Exhibit A-4; July 3 application, direct testimony of Effie M. Williams, p. 17.

For the Hackett and Lakeside PPAs, Consumers estimates a cost of \$354 million each in PPA supplier payments and \$31 million each in costs attributable to the FCM for the 20-year terms of the Hackett and Lakeside PPAs, resulting in a total cost of \$384 million each. Consumers estimates the value of the Hackett and Lakeside PPAs to be \$405 million each. Consumers notes that Exhibit A-8 to the July 3 application shows the revenue requirement and value of the 37 MW

¹ Section 28 of Act 235, provides in relevant part: “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 [(i.e., FCM)] for the electric provider.” MCL 460.1028(8).

2021 IRP battery resource proxy with a 95% capacity credit and 2028 COD and that the Hackett and Lakeside PPAs are more economic than the 2021 IRP battery proxy. July 3 application, p. 4; *see also, id.*, Exhibits A-5 and A-6; July 3 application, direct testimony of Effie M. Williams, pp. 17-18.

Consumers contends that the Grand Basin, Hackett, and Lakeside PPAs are expected to deliver the following benefits: (1) the PPAs support desired additional capacity needed in accordance with Consumers' IRP; (2) the PPAs were competitively bid ensuring low cost, economic pricing in accordance with the settlement agreement approved in the June 23 order; (3) the PPAs' prices are fixed; (4) the company is entitled to the storage incentive RECs produced by the facilities to support Consumers' Clean Energy Plan, as applicable; (5) the PPAs effectively address the long-term outstanding capacity needs not fully procured through the one-time RFP initiative; and (6) the PPAs uniquely fulfill the statutory capacity requirements imposed by Act 235. July 3 application, pp. 4-5.

The Commission has reviewed Consumers' July 3 application, the supporting testimony and exhibits, the language in Section 6j of Public Act 304, the clean energy requirements of Act 235, and the settlement agreement approved in the June 23 order and finds that the Grand Basin, Hackett, and Lakeside PPAs should be approved. The Commission finds that the proposed PPAs are consistent with the pricing and terms of the settlement agreement approved in the June 23 order. The Commission further finds that *ex parte* review and approval are appropriate because approval of the PPAs will not result in an increase in costs to customers. *See*, MCL 460.6a(3). Commission approval of the instant application, however, does not grant approval or pre-approval to increase any rates or charges, or for cost recovery in connection with the PPAs. Further, this order does not make a determination regarding the reasonableness or prudence of the costs

associated with the Grand Basin, Hackett, and Lakeside PPAs beyond their consistency with the company's approved IRP in the June 23 order.

THEREFORE, IT IS ORDERED that the power purchase agreements between Consumers Energy Company and Grand Basin Energy Storage LLC, Hackett Energy Storage LLC, and Lakeside Energy Storage LLC, respectively, are approved.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheacl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

I abstain.

Shaquila Myers, Commissioner

By its action of August 7, 2025.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

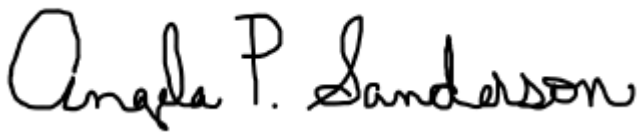
Case No. U-21090

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on August 7, 2025 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 7th day of August 2025.



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

Service List for Case: U-21090

Name	On Behalf Of	Email Address
Abigail Hawley	Citizens Utility Board of Michigan	abbie@envlaw.com
Amit T. Singh	MPSC Staff	singha9@michigan.gov
Andrew Bashi	Urban Core Collective	andrew.bashi@glelc.org
Anne M. Uitvlugt	Consumers Energy Company	anne.uitvlugt@cmsenergy.com
Bret A. Totoraitis	Consumers Energy Company	bret.totoraitis@cmsenergy.com
Brian W. Coyer	Great Lakes Renewable Energy Association	bwcoyer@publiclawresourcecenter.com
Brian W. Coyer	Residential Customer Group	bwcoyer@publiclawresourcecenter.com
Celeste R. Gill	Department of Attorney General	gillcl@michigan.gov
Christopher M. Bzdok	Michigan Environmental Council	chris@tropospherelegal.com
Christopher M. Bzdok	Sierra Club	chris@tropospherelegal.com
Christopher M. Bzdok	Natural Resources Defense Council	chris@tropospherelegal.com
Consumers Energy Company (1 of 2)	Consumers Energy Company	mpsc.filings@cmsenergy.com
Consumers Energy Company (2 of 2)	Consumers Energy Company	kelly.hall@cmsenergy.com
Derk A. Wilcox	Mackinac Center for Public Policy	wilcox@mackinac.org
Don L. Keskey	Great Lakes Renewable Energy Association	donkeskey@publiclawresourcecenter.com
Evan B. Keimach	Consumers Energy Company	evan.keimach@cmsenergy.com
Gary A. Gensch Jr.	Consumers Energy Company	gary.genschjr@cmsenergy.com
Ian F. Burgess	Consumers Energy Company	ian.burgess@cmsenergy.com
James J. Fleming	Association of Businesses Advocating Tariff Equity	jffleming@clarkhill.com
Jason T. Hanselman	Wolverine Power Supply Cooperative, Inc.	jhanselman@dykema.com
Jennifer U. Heston	Hemlock Semiconductor Operations, LLC	jheston@fraserlawfirm.com
John A. Janiszewski	Midland Cogeneration Venture Limited Partnership	john.janiszewski@dteenergy.com
Joseph J. Baumann	Wolverine Power Supply Cooperative, Inc.	jbaumann@wpsci.com
Justin K. Ooms	Michigan Energy Innovation Business Council	jkooms@varnumlaw.com
Justin K. Ooms	Clean Grid Alliance	jkooms@varnumlaw.com
Justin K. Ooms	Energy Michigan, Inc.	jkooms@varnumlaw.com
Justin K. Ooms	Institute for Energy Innovation	jkooms@varnumlaw.com
Laura A. Chappelle	Clean Grid Alliance	lachappelle@varnumlaw.com
Laura A. Chappelle	Institute for Energy Innovation	lachappelle@varnumlaw.com
Laura A. Chappelle	Michigan Energy Innovation Business Council	lachappelle@varnumlaw.com
Laura A. Chappelle	Energy Michigan, Inc.	lachappelle@varnumlaw.com
Lisa M. Agrimonti	Michigan Electric Transmission Company, LLC	lagrimonti@fredlaw.com

Margrethe Kearney	Vote Solar	mkearney@elpc.org
Margrethe Kearney	Environmental Law & Policy Center	mkearney@elpc.org
Margrethe Kearney	The Ecology Center	mkearney@elpc.org
Margrethe Kearney	Union of Concerned Scientists, Inc.	mkearney@elpc.org
Mark N. Templeton	Urban Core Collective	templeton@uchicago.edu
Michael C. Rampe	Consumers Energy Company	mike@mibroadband.org
Michael C. Soules	Sierra Club	msoules@earthjustice.org
Michael J. Pattwell	Association of Businesses Advocating Tariff Equity	mpattwell@clarkhill.com
Nicholas Leonard	Urban Core Collective	nicholas.leonard@glelc.org
Nicholas Q. Taylor	MPSC Staff	taylor10@michigan.gov
Nolan J. Moody	Michigan Public Power Agency	nmoody@dickinsonwright.com
Olivia R.C.A. Flower	Michigan Electric Transmission Company, LLC	oflower@dykema.com
Peter H. Ellsworth	Michigan Public Power Agency	pellsworth@dickinson-wright.com
Richard J. Aaron	Michigan Electric Transmission Company, LLC	raaron@dykema.com
Robert A. Weinstock	Urban Core Collective	robert.weinstock@law.northwestern.edu
Robert W. Beach	Consumers Energy Company	robert.beach@cmsenergy.com
Sally L. Wallace	ALJs - MPSC	wallaces2@michigan.gov
Shaun M. Johnson	Consumers Energy Company	shaun.m.johnson@cmsenergy.com
Stephen A. Campbell	Association of Businesses Advocating Tariff Equity	scampbell@clarkhill.com
Theresa A.G. Staley	Consumers Energy Company	tastaley@dykema.com
Thomas J. Waters	Genesee Power Partners Limited Partnership	tjw@runningwise.com
Thomas J. Waters	National Energy of Lincoln, Inc. f/k/a Viking Energy of Lincoln, LLC	tjw@runningwise.com
Thomas J. Waters	Hillman Power Company, LLC	tjw@runningwise.com
Thomas J. Waters	Tondu Corporation	tjw@runningwise.com
Thomas J. Waters	Cadillac Renewable Energy, LLC	tjw@runningwise.com
Thomas J. Waters	National Energy of McBain, Inc. f/k/a Viking Energy of McBain, LLC	tjw@runningwise.com
Thomas J. Waters	Decker Energy - Grayling, LLC	tjw@runningwise.com
Timothy J. Lundgren	Michigan Energy Innovation Business Council	tjlundgren@varnumlaw.com
Timothy J. Lundgren	Energy Michigan, Inc.	tjlundgren@varnumlaw.com
Timothy J. Lundgren	Institute for Energy Innovation	tjlundgren@varnumlaw.com
Timothy J. Lundgren	Clean Grid Alliance	tjlundgren@varnumlaw.com
Tracy Jane Andrews	Department of Attorney General	tjandrews@tropospherelegal.com