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## NEWS RELEASE

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### **MPSC approves terms of service between Consumers Energy and data centers, other very large customers; adds protections for existing customers**

The Michigan Public Service Commission today approved Consumers Energy's application to amend the terms and conditions under which it serves data centers and other similarly energy-intensive very large electric customers, with provisions meant to protect residential and other ratepayers from subsidizing data centers or otherwise bearing additional costs ([Case No. U-21859](#)).

The Commission said its aim in the proceeding was to harness potential benefits to the electric grid while ensuring that these new large load customers fully pay for the costs needed to serve them, and that there are adequate guardrails in place to avoid both cross-subsidization from other customers and the risk of stranded costs that would be paid by other customers should the anticipated load fail to fully materialize.

While noting that the additional demand represented by data centers and other customers could potentially benefit all customers by spreading out the fixed costs of the utility's electric grid over a larger amount of grid usage, the Commission found that additional protections were necessary to leverage these potential benefits in a way that was good for all customers and the state as a whole.

Consumers filed an application in February for approval to amend the utility's Rate GPD, or general primary demand rate, to establish a data center provision meant to prevent financial risks to the utility or its other customers.

Under tariff provisions the Commission approved today, Consumers Energy's tariff for data centers and other similar large-load users would apply to any customer with a minimum service threshold of 100 megawatts (MW) , or aggregated loads of 100 MW with individual sites within Consumers Energy's service territory having loads of 20 MW or more with the same common owner. For comparison, Consumers Energy currently has only one customer larger than 100 MW, which it serves under a special rate established by the Legislature. The largest customer currently taking service under Rate GPD is 28 MW.

The Commission approved requiring a minimum contract term of 15 years; a minimum billing demand of 80% that must be paid regardless of use; a ramp-up period of up to 5 years to reach full service levels; and automatic contract extensions of 5 years with a required 4 years' notice for contract termination. The order also requires prospective customers to pay an administrative fee for studies and plans required to develop a project, similar to the process used for large generators seeking to interconnect with the company's system, with the fee ultimately reconciled to actual costs. These requirements are meant to ensure large load customers remain in service long enough that they will contribute significantly to new and embedded costs while also giving Consumers time to plan for unprecedented changes to its overall load.

The Commission also approved an exit fee a large-load customer must pay for ending service before the end of a contract. The fee is equal to the minimum monthly bill multiplied by the number of months remaining on the customer's contract. Consumers will be required to try to minimize the exit fee by, for example, reassigning leftover capacity to other customers.

The Commission approved allowing a large-load customer to seek a one-time capacity reduction of no more than 10%, with a 4-year written notice. Requests to reduce capacity by more than 10% will require Commission approval.

Consumers also would be permitted to suspend service to the customer if its usage exceeds its contracted capacity.

The Commission required a default collateral requirement that's equal to half of a large-load customer's exit fee, to ensure that the customer can and will pay the exit fee. The collateral requirement will be reduced over the course of the large-load user's contract.

The Commission did not establish specific cost allocation or rate design, leaving these issues to be considered in general rate cases. The Commission directed Consumers to file six distinct cost of service study and rate design proposals meant to analyze large load customers' impact on rates and their contribution to interconnection costs, which will be used to set the rate for these customers going forward. These proposals include studies with direct assignment of costs, large load customers as a separate rate class, and using different cost allocators.

The Commission directed Consumers to file ex parte cases before the Commission for each large load customer taking the company's service, showing that costs caused by the new user are not being subsidized by any other residential, commercial, or industrial electric customers. Such filings should include details on how Consumers plans to provide service without subsidy from these other customers, including detail on the generation and other resources (potentially including batteries and demand-side resources) used to serve these new customers, and how the customer is contributing to

the costs of these resources. These provisions, as well as any proposed changes to the default collateral provisions or other provisions, may be incorporated into special contracts between Consumers Energy and large load customers pursuant to this tariff, with the Commission stating that it would endeavor to review such applications within 90 days of the filing date. In addition, Consumers will file annual reports on data including aggregated large load provision, demand and energy use, changes in capacity requirements, and exit fees.

The Commission determined that the impact of large load customers on integrated resource planning, renewable and clean energy standards, and interconnection standards are matters best addressed in relevant, ongoing proceedings before the Commission. Similarly, the Commission did not include requirements related to state [sales and use tax exemptions](#), finding the statute delegates responsibility for compliance to the Michigan Strategic Fund.

Intervenors in the case included the Michigan Department of Attorney General; Data Center Coalition; Association of Businesses Advocating Tariff Equity; Michigan Environmental Council; Natural Resources Defense Council; Sierra Club; Citizens Utility Board of Michigan; Ecology Center; Environmental Law & Policy Center; Union of Concerned Scientists; Vote Solar; Switch LTD; Michigan Energy Innovation Business Council; Institute for Energy Innovation, and Advanced Energy United. MPSC Staff also participated in the case.

### **MPSC ISSUES CEASE AND DESIST NOTICE TO UNLICENSED TELECOMMUNICATIONS PROVIDER, ASSESSES FINES, ORDERS REFUNDS**

The MPSC issued an order directing CMC Telecom and Internet Inc. to cease and desist providing basic local exchange phone service or holding itself out as a provider of the service without a license issued by the Commission, and to stop providing non-licensed voice service without registering as required under state law. The Commission found the company in violation of the Michigan Telecommunications Act (MTA), determining the company violated section 301(1) of the act ([Case No. U-21904](#)). Further, the Commission ordered CMC Telecom and Internet to pay \$60,100 in fines — \$500 per day over the period of April 1, 2024, to May 31, 2024 — and directed the company to issue refunds to two customers who filed complaints with the MPSC in summer and fall of 2024. The Commission's order is a result of a history of ongoing concerns that included the denial of CMC Telecom and Internet's original 2018 application to provide basic local exchange service in Michigan. As a result, CMC Telecom and Internet does not and has never had a license to provide basic local exchange service in Michigan. In addition, CMC Telecom and Internet is also not registered in the Commission's Intrastate Telecommunications Service provider database as required under section 211a of the MTA. An affiliate of CMC Telecom and Internet had previously been licensed to provide basic local exchange service in Michigan, but that license was revoked by the Commission in March 2021 for other violations of the MTA.

## **COMMISSION APPROVES CONSUMERS ENERGY SOLAR POWER CONTRACTS**

The Commission approved Consumers' application for approval of a build transfer agreement (BTA) between the utility and 45<sup>th</sup> Parallel Solar LLC to acquire the 45<sup>th</sup> Parallel Solar Project in Otsego County ([Case No. U-21816](#)). The 45<sup>th</sup> Parallel project will be 200 MW with an estimated installed capital cost of \$436 million and a levelized cost of energy of \$76 per megawatt hour over 35 years. The target date for commercial operation is Dec. 31, 2027. In addition, the Commission also approved applications for approval of Consumers Energy Co. power purchase agreements (PPAs) for the output of two solar plants ([Case No. U-20604](#)). The Commission approved a 15-year Consumers PPA with Pivot Energy MI 10 for the 3 MW output of the Pivot Energy MI 10 Solar Plant in Calhoun County, from July 31, 2027, to July 31, 2042, with an approximate cost of \$3,541,005, and a 15-year Consumers PPA with Pivot Energy Michigan 19 LLC for the 2 MW output of the Pivot Energy MI 19 Solar Plant in Mecosta County from July 31, 2028, to July 31, 2043, with an approximate cost of \$2,546,511.

## **MPSC SEEKS ADDITIONAL COMMENT ON REPORT ON POWER SUPPLY COST RECOVERY TRANSFER PRICES, DEFINITION OF ON-PEAK HOURS FOR INCENTIVE RENEWABLE ENERGY CREDITS**

The MPSC today announced it is seeking additional comment on a final report from MPSC Staff, including Staff's recommendations, on the calculation of power supply cost recovery transfer prices and revision of the definition of on-peak hours for the determination of incentive renewable energy credits from storage ([Case No. U-15800](#)). The Commission directed Staff to [examine the issues](#) in [Case No. U-21662](#). Interested persons may file comments by 5 p.m. Dec. 8, 2025. Comments may be mailed to Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909, submitted via the Commission's E-Docket website, or emailed to [LARA-MPSC-Edockets@michigan.gov](mailto:LARA-MPSC-Edockets@michigan.gov). Comments must reference Case No. U-15800.

## **MPSC APPROVES PERMANENT BASIC LOCAL EXCHANGE SERVICE LICENSE TO ACCELERATE BROADBAND DEPLOYMENT IN THE UP**

The MPSC today granted a permanent license for UP Fiber Inc. to provide basic local exchange phone service in the 42 exchanges served by AT&T Michigan in the Upper Peninsula and the exchange served by AT&T Michigan in Mackinaw City in the Lower Peninsula ([Case No. U-21913](#)). In its [application](#), UP Fiber said its goal is to accelerate development of high-speed broadband across the UP.

## **COMMISSION GRANTS LICENSES TO TWO ALTERNATIVE GAS SUPPLIERS**

The Commission has approved licenses for two alternative gas suppliers (AGS) in Michigan. The MPSC approved an AGS license for Sprague Operating Resources LLC, with the company's ability to market service contingent on it establishing an office in the state and providing notice to MPSC Staff ([Case No. U-21960](#)). Sprague provides natural gas to about 33,000 customers in Ohio, Pennsylvania, 12 other states and Washington, D.C. The Commission also approved an AGS license for Wave Energy Michigan LLC ([Case No. U-21965](#)). The company, which provides natural gas to about 20,000 customers in California, Virginia and Indiana, will have a Michigan office in Plymouth.

## **MPSC APPROVES REGULATORY ASSET TREATMENT FOR DTE ELECTRIC**

The Commission approved DTE Electric Co.'s application for approval to record a regulatory asset for \$19 million in deposits the utility made to a supplier of equipment for its battery energy storage system at the Trenton Channel Energy Center in Wayne County Case ([No. U-21977](#)). DTE Electric made the deposits to Powin LLC to supply materials for the project through an equipment supply agreement (ESA) [approved by the MPSC](#) in 2024, but the company missed its guaranteed delivery date and later filed for bankruptcy. Subsequently, DTE Electric entered into a new ESA with a different supplier, which the company asserts will provide an additional \$30 million value to customers. The Commission conditioned the approval on DTE Electric providing details of its efforts to receive its claimed debts against Powin through the company's bankruptcy proceedings in the utility's next electric rate case when it seeks recovery of any of the \$19 million. The Commission also noted its expectation that DTE Electric will file an application for approval of a new ESA for the project.

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*To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).*

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