



ENVIRONMENTAL LAW & POLICY CENTER

December 23, 2025

Ms. Lisa Felice
Michigan Public Service Commission
7109 W. Saginaw Hwy.
P. O. Box 30221
Lansing, MI 48909

RE: MPSC Case No. U-21870

Dear Ms. Felice:

Attached for paperless electronic filing please find the Reply Brief of The Ecology Center, The Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar (collectively, the Clean Energy Organizations (“CEO”). Proof of Service is also attached.

Sincerely,

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cc: Service List, Case No. U-21870

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**STATE OF MICHIGAN
MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter of the application of)
CONSUMERS ENERGY COMPANY for)
authority to increase its rates for the generation)
and distribution of electricity and for other)
relief.)

Case No. U-21870

**REPLY BRIEF OF
THE ECOLOGY CENTER, THE ENVIRONMENTAL
LAW & POLICY CENTER, UNION OF CONCERNED SCIENTISTS, AND
VOTE SOLAR**

December 23, 2025

TABLE OF CONTENTS

I.	Introduction.....	1
II.	The Company’s Reluctance Toward Virtual Power Plants is Unfounded.....	1
III.	The Commission Should Order Consumers to Institute a Disconnection Moratorium	4
IV.	Conclusion and Recommendations.....	5

The Ecology Center, the Environmental Law & Policy Center, the Union of Concerned Scientists, and Vote Solar (collectively, the Clean Energy Organizations (“CEO”)), hereby file their Reply Brief in the above-captioned Consumers Energy Company (“Consumers” or the “Company”) contested rate case. The CEO limit their responses in this Reply Brief to the following issues: (1) the Company’s opposition to the CEO’s Virtual Power Plants (“VPP”) proposal and (2) the Company’s opposition to the CEO and Urban Core Collective’s calls for a shutoff moratorium.

I. Introduction

In its Opening Brief, Consumers objected to two key recommendations made by the CEO: to develop a virtual power plant program and to pause disconnections pending review of the Company’s current policies. For the reasons explained below, the Commission should adopt the CEO’s recommendations and order Consumers to embrace VPP and to pause disconnections pending comprehensive review.

II. The Company’s Reluctance Toward Virtual Power Plants is Unfounded

In this proceeding, the CEO introduced testimony and evidence outlining how the Company could implement a virtual power plant (“VPP”) program to deliver further value to its customers at a low cost over a shorter timeframe than comparable resources. CEO Opening Br. at 5-10; Kenworthy Direct, 4 TR 3206-14; Ex. CEO-3; Ex. CEO-4; Ex. CEO-5. Specifically, CEO Witness Kenworthy discussed how the Company could build off its existing residential demand response (“DR”) program, incorporating other elements, to create a virtual power plant program that could shave peak demand and reduce congestion on the distribution grid. Kenworthy Direct, 4 TR 3209. In their opening brief, the CEO recommended that “the Commission require [Consumers to submit] a VPP filing within six months, complete with a comprehensive business case.” CEO Opening Br. at 10.

In its opening brief, the Company opposed the CEO's evidence on VPPs in several regards. The Company questioned the Commission's authority to order the Company to propose a program, as well as the near-term viability of virtual power plants. As explained below, Consumers is wrong on the law, and wrong on the readiness of virtual power plants. Further, the Company entirely neglected to address the CEO's arguments about the suitability of the Company's existing demand response platform to serve as the foundation for future virtual power plant programs.

First, the Company erroneously questioned the Commission's authority to require Consumers to create a virtual power plant program. Specifically, the Company states that "[a]t a fundamental level, the Commission has no authority to require the Company to purchase or otherwise exercise the managerial discretion to use VPPs." Consumers Opening Br. at 451. However, the Company fails to acknowledge that the Commission has broad authority to regulate rates under Chapter 460 of the Michigan Compiled Laws. *In re Consumers Energy Co.*, 913 N.W.2d 406, 413 (Mich. Ct. App., Dec. 28, 2017). Further, the Company ignores the fact that the Commission already required the Company to investigate virtual power plants when it develops a business case for future DERMS spending. Case No. U-21585, Final Order at 118 (Mar. 21, 2025). The Commission's authority to approve prudent investments also allows the Commission some authority to guide Consumers towards a VPP program. Put differently, the Commission has conditioned approval of the Company's DERMS on an analysis of the value that VPPs can provide.

Ultimately, Consumers' brief takes on more than the CEO even recommend. The CEO's brief requests that the Commission "[o]rder Consumers to create a VPP plan which builds on its Demand Response program and the Whole Home Optimization Pilot," CEO Opening Br. at 26, not to deploy a virtual power plant immediately. The Commission undoubtedly has authority to require a utility to provide the Commission with reports, information, or analysis. *See* MCL

460.55; *DTE Electric Co.*, Case No. U-18014, Order at 40 (Jan. 31, 2017). As the CEO explained in our opening brief, the Company’s upcoming distribution system plan and integrated resource plan both present excellent opportunities for the Company to model and analyze VPPs. *See* CEO Opening Br. at 10.

Second, the Company also took aim at the near-term viability of virtual power plants. The Company argued in its brief that it “does not agree that the technology is mature enough to support immediately implementing such a program.” Consumers Opening Br. at 452. In doing so, the Company attempts to refute the CEO’s evidence on virtual power plants but fails to do so. The Company argues that the Department of Energy Liffoff Report, Ex. CEO-3, actually shows that VPP are not ready to meet the moment. *Id.* at 452-53. However, that reading cherry-picks a narrow point about ongoing standardization efforts and ignores the Liffoff Report’s central conclusion that basic peak-shaving VPPs can be stood up quickly and begin operating within about six months. CEO Opening Br. at 6 (citing Ex. CEO-3). The Liffoff Report also finds that VPP peaking capacity can be a lower-net-cost option than traditional alternatives, further undercutting Consumers’ claim that VPPs are not ready for near-term deployment. *Id.*

The Company also argued that the results of a CAISO VPP test do not demonstrate that VPP can work in Michigan. Consumers Opening Br. at 452. However, the record evidence was not offered to claim Michigan is identical to California; it was offered to demonstrate that VPPs can deliver large, dispatchable peak capacity at scale—which is the core operational attribute Consumers claims is not feasible in the near term. CEO Opening Br. at 7 (citing Ex. CEO-4). Moreover, Consumers provides no record evidence that a peak-shaving VPP—built on its existing DR platform—cannot reduce Consumers’ own system peak and capacity needs in Michigan simply because it operates in MISO rather than CAISO. *See id.* at 6–7.

Third, neither in its opening brief nor in its rebuttal testimony did the Company address the CEO's recommendation to build a VPP program on the foundation of the Company's existing demand response portfolio. As CEO Witness Kenworthy explained, the Company has all the tools and processes in place to successfully implement a VPP program based on its existing residential DR platform. Kenworthy Direct, 4 TR 3211; *see also* CEO Opening Br. at 10.

Finally, the Company also argues that it lacks the system controls to effectively manage VPPs. The Company states that absent the control provided by a DERMS system it could not possibly implement a VPP program. Consumers Opening Br. at 451. On this point, the CEO agree with Consumers, however, we differ on the solution. The CEO expect the Company to convene the promised DERMS stakeholder group as soon as possible and then move efficiently to propose a DERMS in its next rate case that captures the various value streams that DERMS can harness. The longer the Company delays implementation of both DERMS and VPPs, the longer the Company's customers will be deprived of the significant grid and capacity benefits associated with this new technology.

III. The Commission Should Order Consumers to Institute a Disconnection Moratorium

Following regression analysis produced by CEO Witness Tan in the last rate case, Consumers enlisted Exponent to conduct a regression analysis on reliability and disconnections in this case. *See* Ex. A-138. The firm's regression on disconnections produced similar results to Witness Tan. Both analyses demonstrated that the Company's current disconnection practices disproportionately impact people of color communities even when holding other factors constant. *See* Ex. A-138 at 42; Tan Direct, 4 TR 3237. Based on these results, Witness Tan recommended that the Company "reevaluate its disconnection policies." Tan Direct, 4 TR 3238. Witness Tan also recommended that "[u]ntil Consumers proposes a solution to mitigate this disparity, [the CEO]

request that the Commission issue a moratorium on residential disconnection.” Tan Direct, 4 TR 3238; CEO Opening Br. at 25. UCC also called for a shutoff moratorium in its opening brief. UCC Opening Br. at 70.

In testimony and its opening brief, the Company pushed back on the CEO’s recommended shutoff moratorium. Byrom Rebuttal, 3 TR 967.79; Consumers Opening Br. at 448. The Company argued that a moratorium “would not have the desired effect” because it “would not stop customers from accruing bills and could put customers in a position for their energy bills to become unaffordable due to past due balances. It could also prevent some customers from receiving funding assistance to help make their bills more affordable.” Consumers Opening Br. at 448.

As explained in the CEO’s opening brief, the Company’s “concerns are outweighed by the potential that the Company, even inadvertently, is applying its disconnection policies in a disparate manner.” CEO Opening Br. at 25. The Company also failed to develop its argument about detrimental impacts to ratepayers’ access to assistance programs despite ample opportunity in rebuttal testimony. Ultimately, if the Company is concerned about the downstream effects of pausing shutoffs pending a thorough investigation, it has the ability to implement mitigation measures to protect customers and itself from those impacts. *See* UCC Opening Br. at 71.

IV. Conclusion and Recommendations

The CEO renew the arguments and requests for relief made in their opening brief and respectfully assert that none of the arguments made by the Company change the CEO’s positions or recommendations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dan Abrams', is written over a horizontal line.

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Dated: December 23, 2025

**STATE OF MICHIGAN
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In the matter of the application of) CONSUMERS ENERGY COMPANY for) authority to increase its rates for the) generation and distribution of electricity and) for other relief.)))	Case No. U-21870
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PROOF OF SERVICE

I hereby certify that a true copy of the foregoing *Reply Brief of The Ecology Center, Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar* was served by electronic mail upon the following Parties of Record, Tuesday, December 23, 2025.

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