

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	)	Case No. U-21090
MCL 460.6t, certain account approvals, and for	)	
other relief.	)	
_____	)	

At the February 19, 2026 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

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

ORDER

On November 21, 2025, Consumers Energy Company (Consumers) filed an application (November 21 application) in this case, with supporting testimony and exhibits, requesting *ex parte* approval of a power purchase agreement (PPA) between Consumers and Watertown Solar, LLC (Watertown Solar). On December 3, 2025, Consumers also filed an application (December 3 application) in this case, with supporting testimony and exhibits, requesting *ex parte* approval of a PPA between Consumers and Voyager II Energy Storage LLC (Voyager II). Both applications were filed pursuant to MCL 460.6t and the terms of a settlement agreement approved in the June 23, 2022 order in Case No. U-21090 (June 23 order), the company's 2021 integrated resource plan (IRP) case. This order addresses both applications.

In the November 21 and December 3 applications, Consumers provides a brief background regarding the IRP proceeding in this docket and the settlement agreement approved by the June 23 order. *See*, November 21 application, p. 2; December 3 application, p. 2. In the November 21 application, Consumers explains that, as part of the approved settlement agreement, the parties agreed that Consumers would continue to utilize an annual competitive solicitation process to acquire the technology or technologies specified in the company's proposed course of action (PCA) (i.e., solar resources). The company implemented a competitive solicitation in 2024 utilizing an independent administrator, Enel X North America, Inc. (Enel X), and issued the request for proposal (RFP) on October 30, 2024 (2024 RFP). The 2024 RFP sought to acquire additional aggregate nameplate capacity for projects with commercial operation dates (CODs) as follows: 290 megawatts (MW) on or before June 1, 2027; 500 MW on or before June 1, 2028; 500 MW on or before June 1, 2029; and up to 500 MW on or before June 1, 2030, all located in the state of Michigan's Lower Peninsula. November 21 application, pp. 2-3; *see also, id.*, direct testimony of Justin S. Elliot, p. 5. Of the target capacity amounts solicited across the multiple COD tranches, which reflected the company's 2021 IRP PCA as approved by the settlement agreement in Case No. U-21090, Consumers sought to acquire at least 250 MW through long-term PPAs and 250 MW through utility-owned proposals, which consist of build-transfer agreements, development asset acquisitions, or purchase and sale agreements. November 21 application, p. 3.

Consumers states that a total of 48 unique projects representing nearly 2,396 MW of nameplate capacity, were submitted on a confidential basis in the 2024 RFP. Of those, 17 proposals were for utility-owned projects and 31 projects were for long-term PPAs (inclusive of qualified facilities pursuant to the Public Utility Regulatory Policies Act of 1978, PL 95-617; 92 Stat 3117). After receiving the final blind evaluation results from Enel X on February 25,

2025, the company notified Enel X of provisionally selected bids within the various PY tranches, conducted due diligence reviews of the provisionally selected bids, and conducted PPA negotiations with the provisionally selected bidders. The proposal for the Watertown Solar project passed due diligence review, and the company fully executed a PPA with Watertown Solar on September 30, 2025. November 21 application, p. 4.

The Watertown Solar project is a 150-MW solar plant located in Sanilac County, Michigan, with a target COD of June 1, 2027. The Watertown Solar PPA provides for the purchase of capacity based on Midcontinent Independent System Operator, Inc. zonal resource credits (ZRCs) through a combined energy and capacity purchase pricing structure. The Watertown Solar PPA also provides for the purchase of energy at a fixed rate of \$73.75 per megawatt-hour (MWh). *Id.*; *see also, id.*, Exhibits A-1 and A-2. Consumers estimates the total lifetime cost of the PPA to be approximately \$466.7 million and the total lifetime market value of the Watertown PPA's energy and capacity to be \$477.2 million. November 21 application, p. 5; *see also, id.*, Exhibit A-3.

Turning to the December 3 application seeking approval of the PPA between Consumers and Voyager II, the company states that it utilized Enel X for a Clean RFP issued on July 3, 2024, to acquire up to 1,500 MW of additional aggregate nameplate capacity for projects with CODs on or before May 31, 2029. On November 6, 2024, Enel X delivered the final blind evaluation results to the company. The company proceeded to conduct due diligence reviews and PPA negotiations with the provisionally selected bidders. The result was the selection of the Voyager II Energy Storage project, a 150-MW energy storage facility located in Saline, Michigan with a target COD of May 31, 2028. The Voyager II PPA is for a term of 20 years and provides Consumers with energy, capacity, and incentive storage renewable energy credits (RECs). The total lifetime cost of the PPA is \$577 million, including the financial compensation mechanism (FCM), and the fixed

energy payment is \$14.50 per MWh. Per Consumers, the levelized net cost of capacity (LNCC) is \$117,712 per ZRC, which is more economic than the 2021 IRP battery proxy which had an LNCC of \$146,345.50 per ZRC; the purported levelized cost of capacity (LCOC) is \$199,190 per ZRC; and the levelized cost of energy (LCOE) is \$129.26 per MWh, which the company asserts are lower than the 2021 battery proxy costs from the previously approved IRP. December 3 application, direct testimony of Effie M. Williams, pp. 17-18. Consumers explains that the FCM applicable to the Voyager II PPA is not fixed but based on final commission orders in each succeeding general rate case. *Id.*, p. 14. The company shows the total PPA costs including the FCM in Exhibit A-2, with a note stating that the included FCM is based on an 8.75% weighted average cost of capital approved in Case No. U-21585 (Consumers' most recent completed electric rate case). December 3 application, Exhibit A-2. Consumers estimates the value of the Voyager II PPA to be \$610 million. December 3 application, pp. 3-4; *see also, id.*, Exhibit A-2.

Discussion

MCL 460.6t provides the following, in relevant part:

Except as otherwise provided in subsection (13), for a new electric generation facility approved in an integrated resource plan that is to be owned by the electric utility and that is commenced within 3 years after the commission's order approving the plan, the commission shall finalize the approved costs for the facility only after the utility has done all of the following and filed the results, analysis, and recommendations with the commission:

- (a) Implemented a competitive bidding process for all major engineering, procurement, and construction contracts associated with the construction of the facility.
- (b) Implemented a competitive bidding process that allows third parties to submit firm and binding bids for the construction of an electric generation facility on behalf of the utility that would meet all of the technical, commercial, and other specifications required by the utility for the generation facility, such that ownership of the electric generation facility vests with the utility no later than the date the electric generation facility becomes commercially available.

(c) Demonstrated to the commission that the finalized costs for the new electric generation facility are not significantly higher than the initially approved costs under subsection (11). If the finalized costs are found to be significantly higher than the initially approved costs, the commission shall review and approve the proposed costs if the commission determines those costs are reasonable and prudent.

MCL 460.6t(12).

The Commission has reviewed Consumers' November 21 and December 3 applications, the supporting testimony and exhibits to each application, the settlement agreement approved by the June 23 order, and the language in MCL 460.6t, and finds that the Watertown PPA should be approved.

The Commission further finds that the Voyager II PPA should be approved on the condition that the FCM is applied only to the fixed energy payment. As shown in Exhibit A-2 to the December 3 application, Consumers has proposed for the FCM to be calculated upon the total of the fixed energy payment based on the storage facility's availability plus the total storage charging costs. While the Commission concedes that this methodology was approved for different energy storage facilities in the August 7, 2025 order in this docket, the Commission finds that consistent with the statute, this methodology should be revised and that the FCM should apply only to the fixed energy payment. As noted by Ms. Williams, "[t]he PPA provides energy, capacity, and Incentive Storage RECs to the Company in exchange for a Fixed Energy Payment of \$14.50/MWh based on availability." December 3 application, direct testimony of Effie M. Williams, p. 18. While charging costs are inherent in any energy storage project, it is the energy ultimately delivered that is the source of value for the company and its customers, and as reflected in Consumers' testimony, it is the energy, capacity, and RECs delivered that form the basis of compensation under the contract. This FCM methodology change results in a total project cost of \$564 million; an LCOC of \$194,875 per ZRC; an LCOE of \$126.46 per MWh; and an LNCC of

\$113,482 per ZRC. In light of the Commission's condition for approval, Consumers shall make a filing in this docket within 10 days from the date of this order, confirming its agreement to this condition. If Consumers does not agree to this condition, the Commission declines to approve the Voyager II PPA.

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 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 PPAs beyond their consistency with the settlement agreement approved by the June 23 order.

THEREFORE, IT IS ORDERED that:

A. The power purchase agreement between Consumers Energy Company and Watertown Solar, LLC, is approved.

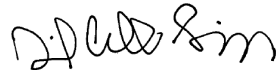
B. The power purchase agreement between Consumers Energy Company and Voyager II Energy Storage, LLC, is approved conditioned on Consumers Energy Company's agreement to apply the financial compensation mechanism to the fixed energy payment, which is based on the availability of the energy storage facility, as described in this order. Within 10 days from the date of this order, Consumers Energy Company shall make a filing in this docket confirming its agreement to the Commission's condition, as described in this order.

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

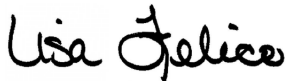


Katherine L. Peretick, Commissioner



Shaquila Myers, Commissioner

By its action of February 19, 2026.



Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

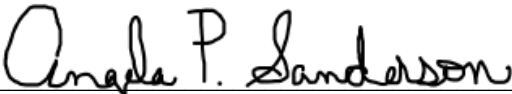
Case No. U-21090

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on February 19, 2026 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 19th day of February 2026.


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

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