

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
DTE ELECTRIC COMPANY for	)	
approval of an Expedited Pilot Review	)	Case No. U-21653
Workplan.	)	
_____	)	

At the September 10, 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 October 29, 2020, the Commission issued an order in Case No. U-20898 (October 29 order) launching the New Technologies and Business Models workgroup as part of the MI Power Grid effort. The objective of the workgroup was to prepare for various opportunities and challenges associated with the commercialization of new technologies and business models such as electric vehicles, electric storage, and other technologies still under development, and the October 29 order directed the Commission Staff (Staff) to submit a report in the Case No. U-20898 docket detailing the efforts of the workgroup and providing recommendations for the Commission's consideration. October 29 order, p. 2.

On December 1, 2021, the Staff filed its report in Case No. U-20898 (Staff's report), which recommended implementation of an expedited pilot review process to: (1) explore the applicability of new technologies and business models in Michigan, (2) allow for testing and

refinement of new models through the use of pilots, and (3) provide support for the rapid transformation of the energy system required to meet Michigan’s energy goals. *See*, Staff’s report, p. 112. In the Staff’s report, the Staff cited programs from other states that have adopted expedited review processes for pilots and recommended that the Commission adopt a similar expedited pilot review. After considering the comments filed by interested persons in response to the Staff’s report, the Commission adopted a voluntary expedited pilot review process in the February 23, 2023 order in Case No. U-20898 (February 23 order).

Per the February 23 order, the first step in the expedited pilot review process is the submission of a pilot workplan by a utility choosing to make use of the expedited process in a new docket opened specifically for consideration of the utility’s workplan and later pilot proposals. The Commission directed that the workplan should “attempt to address up to five areas of exploration” and utilities should encourage robust engagement of interested persons in the workplan development process. February 23 order, p. 14. Further, the Commission stated that “[i]nformation regarding the proposed workplan and how [interested persons] may become involved must be made publicly available to interested [persons], via the utility’s webpage or in another accessible manner.” *Id.*, pp. 14-15. Additionally, the workplan must “include metrics that provide a measurement of the current state within each identified workplan area.” *Id.*, p. 15.

On June 14, 2024, DTE Electric Company (DTE Electric) and DTE Gas Company (DTE Gas) (collectively, DTE) filed an application in Case No. U-21653 requesting *ex parte* approval of its Expedited Pilot Review Workplan pursuant to the February 23 order. On August 9, 2024, DTE filed a revised workplan removing DTE Gas from the workplan.

On August 22, 2024, the Commission issued an order in this docket (August 22 order), clarifying that the amounts for expedited pilots approved in the February 23 order apply to DTE

Electric only and finding that DTE Electric's revision removing DTE Gas was appropriate.

August 22 order, pp. 4-5. The Commission also found that approval of DTE Electric's workplan would be premature because the workplan did not include evidence of robust engagement from interested persons in its development, which was a requirement laid out in page 14 in the February 23 order. The Commission found that interested persons should be afforded an opportunity to provide comments in this docket on the proposed revised workplan. August 22 order, p. 5.

On October 9, 2024, DTE Electric filed an application in this case (October 9 application) for approval of a revised expedited pilot process (EPP) workplan (workplan). DTE Electric stated that the development of the workplan "was rooted in a robust ... engagement process, which consisted of directed conversations, electronic feedback opportunities, and public open houses." October 9 application, p. 3. The company stated that it proposed five focus areas related to: (1) grid reliability and resiliency, (2) distributed energy resource (DER) integration, (3) decarbonization, (4) beneficial electrification, and (5) equity, access, and affordability. *Id.*

On April 10, 2026, the Commission issued an order in this case (April 10 order) finding DTE Electric's workplan was appropriate and consistent with the direction provided in the February 23 order. April 10 order, pp. 7-9. The Commission provided that "[t]he purpose of the expedited pilot process is to find topics for pilots that have broad support from interested persons and the utility, thus reducing the time needed for Commission review, making them appropriate for expedited treatment." *Id.*, p. 8. The Commission agreed with DTE Electric that the workplan does not identify specific pilots but will serve to provide a roadmap for the areas pilots may explore and the company will aim to focus expedited pilot proposals on projects that have the potential to create innovative programs and solutions. *Id.* Ultimately, the Commission found the workplan was reasonable and in the public interest and that DTE Electric may file, in this docket,

applications for individual pilot programs that are consistent with the approved workplan and compliant with the pilot application requirements described in the February 23 order for expedited consideration. April 10 order, p. 8.

On June 18, 2026, DTE Electric filed an application in this case (June 18 application) for *ex parte* approval of its proposed Residential Battery Virtual Power Plant (VPP) program under the EPP approved in the Commission’s February 23 order and consistent with the company’s EPP workplan approved in the April 10 order. With its application, DTE Electric filed the affidavit of Keegan O. Farrell, Manager of Demand Response (DR) for DTE Electric, DTE Electric’s VPP Stakeholder Engagement Report, and DTE Electric’s VPP Pilot Objective Criteria for the Commission’s EPP. The company proposes a two-year residential battery VPP pilot program consistent with the company’s second workplan focus area: DER integration. June 18 application, p. 2.¹ According to DTE Electric, the pilot program works with residents of the Veridian at County Farms, which is a net-zero community located in Ann Arbor, Michigan. *Id.* According to DTE Electric’s application, the homes within the Veridian at County Farms community are all new-builds, and each “comes standard with a technology suite of energy efficient infrastructure, including solar and storage.” *Id.*, p. 6. Specific to the proposed battery pilot, DTE Electric states that the batteries are manufactured by sonnen Inc. (sonnen) and provide 4.8 kilowatts (kW) of power along with 20 kilowatt-hours (kWh) of energy storage, and “[t]he residences come standard with one battery, however there are several potential participants, thus far, who have installed additional batteries at their residence.” *Id.* DTE Electric further provides that, in addition to learnings from the batteries themselves, the company is also proposing “to leverage a DERMS

¹ DTE Electric’s June 18 application is unpaginated. Therefore, any reference to the application will follow in natural order.

[DER management system] provided by sonnen to manage the Veridian residents' battery operations throughout the pilot.” *Id.* As a result, the company hopes to gain insight into pilot attributes that include, but are not limited to, customer enrollment rates, customer charging patterns, event participation, and solar and battery optimization. *Id.*, p. 2.

DTE Electric estimates that the overall program costs for the two-year pilot will be \$500,000 and, if approved, requests regulatory asset treatment using account 182.3-Other Regulatory Assets for this purpose. *Id.*, p. 3. As part of the costs, the pilot will compensate Veridian participants with a financial incentive, based on performance, for allowing DTE Electric to schedule participant-owned batteries for daily dispatch. *Id.* The company provides that performance will be evaluated by comparing the number of times a participant allowed its battery to be dispatched against the number of scheduled dispatches, excluding weather or other dispatch issues beyond the participant's control. *Id.* The proposed incentive to be paid to the participant is \$105 per kW-year, with a maximum total incentive value of \$504 (4.8 kW x \$105 kW/year) per year per battery to ensure equal compensation is provided to participating customers. *Id.*

DTE Electric provided additional insight into the pilot programs. *See*, June 18 application, affidavit of Keegan O. Farrell. Mr. Farrell stated that the company will leverage up to 100 Veridian residential batteries to assess three key objective areas: customer experience, operational performance, and cost-effectiveness. *Id.*, p. 5. Mr. Farrell expounds that:

[c]ustomer experience focused objectives such as incentives, bill impacts, and overall satisfaction with the pilot will be evaluated. Operational metrics such as capacity/energy reduction, optimal battery state of charge, battery availability, and customer charging patterns will also be evaluated. Finally, the Company will evaluate cost-effectiveness using the levelized-cost-of-capacity methodology currently used to evaluate demand response programs.

Id., p. 5. Mr. Farrell further asserts that, as agreed to in Case No. U-21044, DTE Electric will employ a levelized-cost-of-capacity (LCOC) to evaluate the cost-effectiveness of the program

within the DR portfolio and that the company's LCOC analysis of this pilot at-scale is \$136.02 per kW-year, which is less than Midcontinent Independent System Operator, Inc.'s planning year 2026/2027 cost of new entry value of \$138 per kW-year. *Id.* Mr. Farrell provides that the pilot is expected to launch late in the fourth quarter of 2026. *Id.*

Mr. Farrell further asserts that the company engaged in extensive community engagements, with the first being an in-person meeting with Veridian residents in January 2026. *Id.*, p. 7. The company also held one-on-one meetings with technical personnel and companies that expressed interest in VPPs in other regulatory filings. *Id.*, pp. 7-8. Mr. Farrell explains that, on February 13, 2026, the company held a virtual technical conference that included a presentation, a question-and-answer session, and solicitation of feedback. *Id.* p. 8. Mr. Farrell further explains that over 150 interested persons attended the virtual conference and that those participants, along with any other interested persons, were invited to provide written feedback for the company's consideration. *Id.* Mr. Farrell states that a review of the community engagement can be found in Attachment B to the June 18 application. *Id.*

In addition to the engagement process outlined by Mr. Farrell, the EPP review outlines a 15-day comment period following the filing of the application for interested persons to provide input on the proposed pilot for the Commission's and the Staff's evaluation. The Commission received comments from the Michigan Energy Innovation Business Council/Advance Energy United (MEIBC); the Ecology Center, Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar (together, the Clean Energy Organizations (CEOs)); and the Great Lakes Renewable Energy Association (GLREA).

MEIBC is supportive of DTE Electric's proposed pilot but recommends several improvements. MEIBC comments that the pilot should be expanded beyond a wealthy community

in Ann Arbor to include low- to middle-income customers. MEIBC's comments, p. 1. MEIBC further comments that approval of the VPP pilot should be conditioned on the company agreeing to investigate and allow for the export of electricity from batteries in a future expansion or subsequent application of the pilot program. *Id.*, p. 2. MEIBC recommends that the Commission seek additional clarity as to the exact grid service use cases that the company plans to test through this pilot proposal, and if those use cases require the export of electricity from the batteries, the Commission should require DTE Electric to adjust the pilot accordingly. *Id.*, pp. 2-3. MEIBC expresses concern regarding the company's unwillingness to commit to no utility ownership of behind-the-meter resources in future expansions of the pilot and recommends that the Commission condition approval of the VPP pilot proposal upon the company limiting any future expansions of the pilot to only non-utility-owned resources. *Id.*, pp. 3-4. Lastly, MEIBC comments that, in future expansions of this VPP pilot or in future VPPs, the company should include multiple DERs, enabling access to a larger diversity of benefits. *Id.*, p. 4.

While the CEOs agree with DTE Electric that the LCOC, which is also used by DTE Electric in its DR programs, is an appropriate starting point to understand the benefits the pilot creates, it does not fully capture all the benefits that a VPP provides to the distribution system. CEOs' comments, p. 2. The CEOs comment that DTE Electric should work towards tracking metrics that include transmission and distribution (T&D) deferral, energy cost savings, reduced line losses, resilience value, and environmental benefits. *Id.* The CEOs suggest that the company should create a broader VPP strategy in parallel with this pilot and that DTE Electric should work with interested persons to explore the advantages and disadvantages of current VPP programs across the country and assess how many VPP-capable devices are already in the company's service territory, in addition to those installed at Veridian. *Id.*, pp. 2-3. The CEOs comment that they

support the VPP pilot but contend that the company is leaving valuable opportunities on the table. *Id.*, p. 4.

GLREA comments that, given the scale of VPPs currently deployed nationally, the scale of this pilot is insufficient to conduct a meaningful assessment of VPP potential or create a scalable model for territory-wide deployment. GLREA's comments, p. 3. GLREA further comments that, with 80% of the \$500,000 budget for the two-year pilot allocated to evaluation, measurement, and verification (EM&V) costs, the proposed pilot cannot be considered cost effective. *Id.*, p. 4. According to GLREA, in order to scale beyond a pilot project, a transparent, replicable, open-sourced methodology for EM&V is required to build trust between all persons participating in VPP transactions. *Id.*

GLREA comments that to ensure that the pilot provides actionable insights for Michigan's grid modernization, the Commission should condition approval upon the company: (1) allowing enrollment of diverse battery assets; (2) expanding customer enrollment to all batteries that are currently able to be dispatched via sonnen's DERMs platform; (3) testing bidirectional flexibility by permitting batteries to export energy back to the grid; (4) developing a transparent tariff that reflects the full value stack of bidirectional VPP capabilities at the grid edge; (5) establishing a transparent, replicable system of measurement and verification able to scale beyond the narrow scope of the pilot based on measured impacts at the meter using the company's existing advanced metering infrastructure; (6) committing to using the Commission's benefit/cost analysis tool collaborative framework to evaluate the pilot from multiple perspectives, including T&D deferral; and (7) providing a roadmap detailing how the company will transition its existing DR assets to VPP operational maturity. *Id.*, p. 7. GLREA also recommends the Commission require DTE Electric to take additional steps either as part of this pilot or otherwise to assess the potential for

VPP deployment and study the value of grid-edge assets to create the foundation for VPP adoption in Michigan. *Id.*, p. 8.

The Commission commends DTE Electric, as well as those who attended the engagement sessions, and those providing feedback on the application for their work and invaluable input into the Commission's first expedited pilot review application. The Commission has reviewed DTE Electric's June 18 application for the company's proposed Residential Battery VPP pilot program and finds that it should be approved. While the Commission acknowledges that DTE Electric's proposal will only be collecting data from a limited pool of customers in a limited geographic area with batteries performing in a very narrow application and therefore represents only an initial start to the company's potential to scale future VPPs across its territory, the ability to leverage the installed battery capacity across a set of newly-constructed homes, each including at least one battery of a standard size, as well as the associated DERMS platform, provides a unique opportunity to better understand the full suite of benefits VPPs can provide and inform opportunities across a broader set of customers.

The Commission further finds that requiring modifications to the company's pilot proposal is unnecessary at this time. The Commission, however, finds that there is value in including a more representative sample of the company's customers participating in distributed generation (DG) programs and encourages the company to make efforts to address ways to expand residential battery VPP outside the Veridian neighborhood during the second year of operation. The Commission further finds that battery exports are an important part of a successful VPP program and DTE Electric is encouraged to work to remove the identified barriers to valuing and dispatching battery exports over the course of the first year of the pilot and to be ready to export during the second year of operation. Additionally, the Commission finds that exports would

potentially allow for an expanded scope of advanced grid services such as peak demand management, frequency stabilization, and greater integration of DG resources, resources which notably already exist at the Veridian site. The Commission also encourages DTE Electric to dispatch the batteries in the pilot program based on grid needs and not rely solely on scheduled dispatch. Finally, the Commission finds that the Staff should establish a workgroup designed to address barriers to VPPs along with avenues to fix those issues. The workgroup should also consider improvements to DTE Electric's pilot program during the second year of operation where some of these recommended fixes can be implemented.

THEREFORE, IT IS ORDERED that:

A. The June 18, 2026 application filed by DTE Electric Company's for approval of its Residential Battery Virtual Power Plant pilot program is consistent with the company's expedited pilot program workplan and is approved.

B. Within 120 days of the launch of DTE Electric Company's Residential Battery Virtual Power Plant pilot program, the Commission Staff shall convene a workgroup to consider improvements to the company's pilot program during the second year of operation.

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 September 10, 2026.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

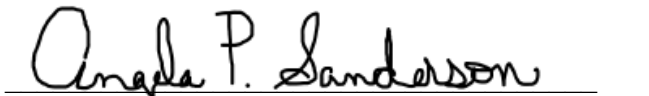
Case No. U-21653

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 10, 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 10th day of September 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-21653

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