

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the request of)	
DTE GAS COMPANY seeking authority)	
to amend its voluntary BioGreenGas)	Case No. U-20839
program and implement a new voluntary renewable)	
gas program pilot.)	
_____)	

At the October 29, 2020 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Sally A. Talberg, Commissioner
Hon. Tremaine L. Phillips, Commissioner

ORDER

On June 15, 2020, DTE Gas Company (DTE Gas) filed an application, with supporting testimony and exhibits, seeking *ex parte* approval to amend its voluntary BioGreenGas program and to implement a new voluntary renewable gas (VRG) pilot program.

On August 7, 2020, the Retail Energy Supply Association (RESA) filed comments regarding the VRG program.

On August 20, 2020, the Commission issued an order in Case No. U-20839 (August 20 order) requiring DTE Gas to file, within 45 days, an updated program description and tariff to augment its application and address issues with the proposed program. The August 20 order, the Commission directed DTE Gas to rename the program, to provide to the Commission Staff (Staff)

with detailed cost breakdowns for expected marketing materials and media advertisements, and to file an annual report about the program on DTE Gas's website and in the docket.

On October 2, 2020, DTE Gas filed updated testimony and exhibits, seeking *ex parte* approval to amend its voluntary BioGreenGas program and to implement a new voluntary emissions offset program (VEOP) pilot, pursuant to the August 20 order.

In its April 23, 2015 order in Case No. U-17628, the Commission granted DTE Gas approval to convert its pilot BioGreenGas program to a permanent program. The goal of that voluntary program was to raise awareness and support for renewable natural gas (RNG). The BioGreenGas program charges participating customers a flat rate of \$2.50 per month to offset the premium price of RNG. In its application, DTE Gas indicates that market research conducted by the company has shown that customers want an affordable renewable gas program that also offsets emissions from their own natural gas usage.

DTE Gas's application, as revised proposes a VEOP pilot that will allow customers to offset a portion of their emission profile. DTE Gas explains that the VEOP pilot will offer customers a four-block program at \$4 per block. Each block will offset emissions associated with customer usage by 25% based on average residential customer usage. The VEOP pilot is designed such that each block used to offset emissions includes a combination of both carbon offsets and RNG. Carbon offsets will account for approximately 95% of planned emissions reductions, with the remaining 5% from RNG usage. The carbon offset used for the VEOP pilot will be associated with managing forests through improved forestry management projects. DTE Gas states that it intends to first pursue Michigan-based projects and then expand to a focus on Midwest projects if needed. The RNG for the VEOP pilot will be sourced from eligible biomass feedstocks, such as landfill gas, or anaerobic digestion from wastewater treatment facilities or farm operations. DTE

Gas explains that it will attempt to utilize suppliers connected to the company's distribution system with a focus on Midwest-based resources.

DTE Gas proposes to transfer current BioGreenGas participants to the new VEOP pilot, and grandfathering those customers in at their current rate of \$2.50 per month. Any existing attributes from the BioGreenGas program will also be transferred to the VEOP pilot. DTE Gas explains that any costs associated with the supply of carbon offsets and RNG will be treated as asset purchases that are amortized as they are used throughout the program life based on the number of enrollments and enrollment size. DTE Gas further states that any program income will be held in a separate account that will be a cumulative excess account which will roll over from year to year for the life of the program. Any shortfall will not be included as part of gas cost recovery (GCR) or base rates and will be considered a non-recoverable expense for the company. Administrative and marketing costs, along with supply costs, make up the total program expenses. The company has developed the program price points to match these expenses.

DTE Gas states it is expecting approximately 20,000 enrollments in the VEOP pilot over the 36-month timeframe of the pilot. If enrollment is at or near this goal, the program will be deemed favorable. DTE Gas would then file to make the pilot a permanent program. If the VEOP pilot is undersubscribed at 18 months, the pilot program will be capped at 37 months. An undersubscribed program would consist of 6,000 or fewer enrollments in the 18-month period. Eligible customers include all residential and small commercial customers who are not in arrears with bill payment. DTE Gas plans to evaluate the VEOP program through an annual report. The report will cover customer enrollment levels and selected block levels, information about projects used to source carbon reduction supply, and a quantity of total emissions negated.

DTE Gas provided the Staff with marketing and administrative costs, RNG and carbon offset costs, and forecasted premium collections for the time period of 2020 through 2023. The company does not expect the program to be cost neutral until after 2023. However, DTE Gas stated that the shortfalls to program income will not be included as part of GCR or base rates and will be considered a non-recoverable cost for the company. DTE Gas agrees with the Commission's directive related to providing the Staff an opportunity to review content for marketing materials and media advertisements. Furthermore, DTE Gas describes that the annual report will cover customer enrollment levels and selected block levels, information about projects used to source carbon reduction supply, and a quantity of total emissions negated. The annual report will be available on the company's website and in this docket, and the company will offer a place for customers to submit questions or concerns related to the program. DTE Gas will also meet annually with the Staff to review the report and results of the program, as well as discuss the company's future plans.

The Staff reviewed the application from DTE Gas, the supporting testimony, and exhibits. The Staff agrees that this pilot program has been designed to meet the preferences of current customers regarding an affordable renewable gas program that also offsets emissions from their own natural gas usage. The Staff recommends *ex parte* approval of the application as the program is voluntary and would have no effect on existing customers' rates. MCL 460.6a(3).

After reviewing the application and the Staff's recommendation, the Commission concludes that the proposed program is reasonable and in the public interest and should be approved. Further, because the voluntary emissions offset program will not result in a rate increase for non-participating customers, *ex parte* approval is appropriate. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that:

- A. DTE Gas Company's application, as revised is approved.
- B. DTE Gas Company shall file, within 30 days of the date of this order, a tariff sheet substantially similar to that attached to this order as Exhibit A.

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 mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@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

Sally A. Talberg, Commissioner

Tremaine L. Phillips, Commissioner

By its action of October 29, 2020.

Lisa Felice, Executive Secretary

Case No.: U-20839
 Exhibit: A-2 -2nd Revised
 Witness: H. J. Decker
 Page: 1 of 1

M.P.S.C. No. 1 – Gas

DTE Gas Company

(To Establish New Pilot Voluntary Emissions Offset Pilot Program)
~~*(To Establish Permanent Program)*~~

Third Revised Sheet No. D-21.00
 Replaces Second Revised Sheet No. D-21.00

STANDARD CONTRACT RIDER NO. 1 ***Voluntary Emissions Offset Program (VEOP) Pilot Program***

Availability:

Participation in the **VEOP** Pilot ~~BioGreenGas~~ is voluntary. Rider No. 1 is available to GCR *and GCC* customers taking service under Rates A, AS, GS-1, and GS-2. Customers who elect Rider No. 1 will pay a monthly premium to *offset their natural gas emissions* ~~promote the consumption of landfill gas that might otherwise be vented to the atmosphere~~. Participation in this *pilot* program will be available from the effective date of this sheet. Customers must make an active election to participate in Rider No. 1. Individual Rider No. 1 customers will be able to terminate their participation at any time, effective with their next customer bill, if notification is made more than fifteen days prior to the beginning of the next month.

Rate:

Rider Surcharge Block 1: \$4 per Customer per month for an annual carbon abatement of 1.375 MT CO_{2e}*

Rider Surcharge Block 2: \$8 per Customer per month for an annual carbon abatement of 2.75 MT CO_{2e}*

Rider Surcharge Block 3: \$12 per Customer per month for an annual carbon abatement of 4.125 MT CO_{2e}*

Rider Surcharge Block 4: \$16 per Customer per month for an annual carbon abatement of 5.5 MT CO_{2e}*

Rider Surcharge Block Legacy: \$2.50 per Customer per month (Only applicable to existing BioGreenGas participants when VEOP launches and are ported to the new pilot program, as BGG program will be closed)

~~Rider Surcharge~~ _____ ~~\$2.50 per Meter or Contiguous Facility per Month~~

Minimum Term:

The minimum term available to customers is one complete billing month extending thereafter from month to month until terminated by the customer or termination of the ~~BioGreenGas~~ **VEOP** pilot program, whichever occurs earlier.

** Please note: Carbon abatement is achieved through a combination of both carbon offsets and renewable natural gas.*

Issued _____, 2020

C. Serna

Vice President

Regulatory Affairs

Detroit, Michigan

Effective for service rendered on
and after _____, 2021

Issued under authority of the
Michigan Public Service Commission
dated April 23, 2015 in Case No. U-17628
and dated _____, 2020 in Case No. U-20839


PROOF OF SERVICE

STATE OF MICHIGAN)

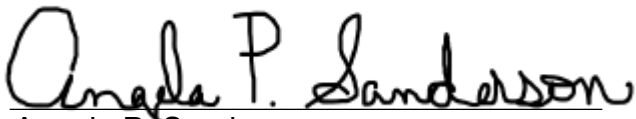
Case No. U-20839

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on October 29, 2020 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 29th day of October 2020.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-20839

Name	Email Address
DTE Gas Company Paula Johnson-Bacon	mpscfilings@dteenergy.com paula.bacon@dteenergy.com