

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for approval of a power purchase contract.	)	Case No. U-21827
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At the March 21, 2025 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair  
Hon. Katherine L. Peretick, Commissioner  
Hon. Alessandra R. Carreon, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On December 16, 2024, Consumers Energy Company (Consumers) filed an application, with supporting testimony and exhibits, requesting approval of an agreement between Consumers and Midland Cogeneration Venture Limited Partnership for the purchase of zonal resource credits in planning years 2025 and 2026, as reflected in the Master Power Purchase and Sale Agreement Transaction Confirmation, and approval of the recovery by Consumers of all payments under the agreement for the purposes of Section 6j of Public Act 304 of 1982, MCL 460.6j, and other applicable law.

A prehearing conference was held on January 21, 2025, before Administrative Law Judge Lesley C. Fairrow. Consumers and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that the settlement agreement, attached as Exhibit A, is approved.

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](mailto:LARA-MPSC-Edockets@michigan.gov) and to the Michigan Department of Attorney General - Public Service Division at [sheacl@michigan.gov](mailto: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

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Daniel C. Scripps, Chair

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Katherine L. Peretick, Commissioner

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Alessandra R. Carreon, Commissioner

By its action of March 21, 2025.

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Lisa Felice, Executive Secretary

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**CONSUMERS ENERGY COMPANY** )  
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Case No. U-21827

**SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), R 792.10431, the undersigned parties agree as follows:

1. On December 16, 2024, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application with supporting testimony and exhibits requesting approval of the agreement between Consumers Energy and Midland Cogeneration Venture Limited Partnership (“MCV”) for the purchase of Zonal Resource Credits (“ZRCs”) in Planning Years 2025 and 2026 (the “Agreement”), as reflected in the Master Power Purchase and Sale Agreement Transaction Confirmation (“Transaction Confirmation”), and approval of the recovery by Consumers Energy of all payments under the Agreement for the purposes of Section 6j of 1982 PA 304 (“Act 304”), MCL 460.6j, and all other applicable law.

2. The initial prehearing conference in this proceeding was held on January 21, 2025. The parties to the case are Consumers Energy and the Commission Staff (“Staff”).

3. According to the Company’s Application, Consumers Energy implemented a one-time competitive solicitation (“One-Time Request for Proposal (“RFP”)”) in 2022 pursuant to the terms of the Settlement Agreement in Case No. U-21090. The Company used Charles River Associates as the independent administrator for the One-Time RFP. Tranche 1 of the One-Time

RFP sought generators that were dispatchable, non-intermittent, and capable of providing MISO Zone 7 capacity.

4. The proposals received in Tranche 1 of the One-Time RFP were not economic either as a resource primarily procured for capacity or long-term solution for both energy and capacity needs. The projects were also above MISO's Cost of New Entry ("CONE"). As a result, no PPAs were executed through Tranche 1 of the One-Time RFP.

5. Since the Company was not able to pursue cost-effective PPAs in Tranche 1 of the One-Time RFP, and the Company's forecast indicated a need for capacity, Consumers Energy issued an RFP through Enel for the acquisition of up to 400 ZRCs for Planning Years 2025-2029. On July 18, 2024, Enel conducted a reverse capacity auction in accordance with the RFP. A total of six bidders participated in the auction. At the end of the auction, Enel transmitted the best offers to Consumers Energy on an anonymous basis, and Consumers Energy selected the MCV bids.

6. The Company entered into the Agreement with MCV to purchase 175 ZRCs for each of Planning Years 2025 and 2026. The Transaction Confirmation, filed as Exhibit A-1 (BAS-1), indicates the terms and conditions of the Agreement, and was provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement dated April 21, 2003 between Consumers Energy and MCV.

7. Consumers Energy filed under seal a confidential version of its Application, testimony, and exhibits that contained competitive pricing information. According to the Company's filed Application and supporting testimony and exhibits, Consumers Energy demonstrated that the Transaction Confirmation reflects a cost-competitive option for the Company to procure a portion of the needed capacity that had been sought in Tranche 1 of the

One-Time RFP, and provides short-term capacity supply and certainty to mitigate potential price volatility compared to reliance on MISO's Planning Resource Auction.

8. The parties agree that the Company reasonably obtained the capacity under the Agreement in order to assure continued availability of capacity. The parties agree that the Agreement is reasonable and prudent and should be approved by the Commission, including recovery of payments under the Agreement, for purposes of Section 6j of Act 304.

9. The parties agree that Consumers Energy will not apply a Financial Compensation Mechanism to this Agreement.

10. This settlement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other Commission case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

11. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-21827. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. The parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings or appeals related thereto.


12. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

13. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

14. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.


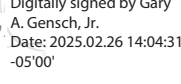
WHEREFORE, the undersigned parties respectfully request the Michigan Public Service Commission approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF**

By:  Monica M. Stephens  
2025.03.04 15:31:57 -05'00' Date: March 4, 2025  
\_\_\_\_\_  
Monica M. Stephens (P73782)  
Assistant Attorneys General  
Public Service Division  
7109 West Saginaw Highway  
Post Office Box 30221  
Lansing, MI 48909

[Consumers Energy Company's signature can be found on next page]

**CONSUMERS ENERGY COMPANY**

By:   Digitally signed by Gary  
A. Gensch, Jr.  
Date: 2025.02.26 14:04:31  
-05'00'

Date: February 26, 2025

Gary A. Gensch, Jr. (P66912)  
Bret A. Totoraitis (P72654)  
Attorneys for Consumers Energy Company  
One Energy Plaza  
Jackson, MI 49201




# PROOF OF SERVICE

STATE OF MICHIGAN )

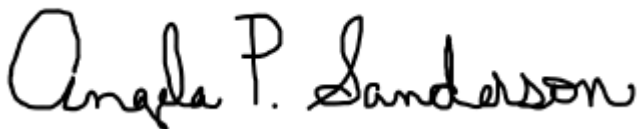
Case No. U-21827

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on March 21, 2025 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 21<sup>st</sup> day of March 2025.



Angela P. Sanderson  
Notary Public, Shiawassee County, Michigan  
As acting in Eaton County  
My Commission Expires: May 21, 2030

**Service List for Case: U-21827**

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<b>Name</b>	<b>On Behalf Of</b>	<b>Email Address</b>
Bret A. Totoraitis	Consumers Energy Company	bret.totoraitis@cmsenergy.com
Consumers Energy Company (1 of 2)	Consumers Energy Company	mpsc.filings@cmsenergy.com
Consumers Energy Company (2 of 2)	Consumers Energy Company	kelly.hall@cmsenergy.com
Gary A. Gensch Jr.	Consumers Energy Company	gary.genschjr@cmsenergy.com
Lesley C. Fairrow	ALJs - MPSC	fairrowl1@michigan.gov
Monica M. Stephens	MPSC Staff	stephensm11@michigan.gov