S T A T E   O F   M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of **CONSUMERS ENERGY COMPANY** for the regulatory reviews, revisions, determinations, and/or approvals necessary to fully comply with Public Act 295 of 2008, as amended by Public Act 235 of 2023.	)))))))	Case No. U-21816

At the June 11, 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 March 6, 2026, Consumers Energy Company (Consumers) filed an application in this case (March 6 application),[1] with supporting testimony and exhibits,[2] requesting *ex parte* approval of a power purchase agreement (PPA) between the company and Moonshine Solar Park LLC

[1] The cover letter of Consumers' March 6 application erroneously includes the date of February 6, 2026, as the filing date, but otherwise includes the correct filing date of March 6, 2026, elsewhere in the application.

[2] On April 21, 2026, Consumers filed the revised testimony and exhibits of Justin S. Elliot. *See*, Case No. U-21816, filing #U-21816-0228. All citations to Mr. Elliot's testimony and sponsored exhibits refer to the revised versions.

(Moonshine Solar), for the full output of the Moonshine Solar Project.[3] Consumers requests approval pursuant to Section 6j of Public Act 304 of 1982 (Act 304), MCL 460.6j, Public Act 295 of 2008 (Act 295), as amended by Public Act 235 of 2023 (Act 235), and other applicable law and contends that the PPA is consistent with the company's amended renewable energy plan (REP) approved in the September 11, 2025 order in this docket (September 11 order).

In the March 6 application, Consumers explains that it regularly conducts annual competitive solicitations to meet its renewable energy compliance and its energy and capacity needs. The company states that following its most recently concluded solicitation, the 2024 integrated resource plan (IRP) request for proposals (RFP), the company received a bi-lateral offer for the Moonshine Solar Project at a competitive rate compared to recent solicitations and initiated further evaluation of this project. Per Consumers, as discussions advanced on the project, the company identified a strategic opportunity to deliver cost efficiencies for its customers that is consistent with the objectives outlined in the company's approved amended REP and provided enhanced value to customers through lower costs than recently received through competitive solicitations. March 6 application, p. 2. Thus, the company states that it negotiated the PPA outside of the typical practice of using a competitive solicitation process and, citing MCL 460.1028(6), asserts that the PPA was more economic than alternatives available through the solicitation process. *Id.*, revised direct testimony of Justin S. Elliot, p. 3.

Consumers states that it executed a PPA with Moonshine Solar, attached to the March 6 application as Exhibit A-1, on January 6, 2026, for the full output of the 150-megawatt Moonshine Solar Project and that the PPA was based on Consumers' proposed template PPA, as presented to

[3] Consumers filed a redacted and confidential version of the March 6 application. All citations to the March 6 application in this order refer to the redacted version available for public viewing in this docket. *See*, Case No. U-21816, filing #U-21816-0222.

potential respondents in the 2024 IRP RFP, with modifications agreed to between the parties through a series of negotiations. *Id*., p. 3; *id*., revised direct testimony of Justin S. Elliot, p. 3. Consumers explains that the PPA provides for a fixed energy rate that is subject to potential reductions pursuant to the Pricing Adjustment Mechanism as described in Exhibit E of the PPA. March 6 application, p. 3. Citing the risk that tariffs may have on the supplier, Consumers adds that the PPA includes a pricing adjustment mechanism that allows the energy price to adjust based on the actual tariff imposed on the project, which reduces cost by sharing the risk and also capping the tariff exposure for Consumers' customers. *Id*., revised direct testimony of Justin S. Elliot, p. 6. Consumers also explains that because the Moonshine Solar Project is located in Illinois rather than the Midcontinent Independent System Operator, Inc.'s (MISO's) local resource zone (Zone) 7 in Michigan, there is greater risk in price separation between the energy and capacity revenues received by the company from the PPA than what Consumers experiences for its typical Zone 7 supply resources. To account for these basis risks, the company states that it reduced the energy and capacity values in Confidential Exhibit A-2. *Id*.

Per Consumers, the PPA is for a term of 30 years with deliveries expected to commence by June 1, 2028, and with an expected PPA termination date of June 1, 2058. Consumers notes that the PPA includes a regulatory disallowance clause and a purchase option, and, while not a provision of the PPA, the PPA is subject to the financial compensation mechanism as established in Act 235. March 6 application, p. 3. Referencing Exhibit A-2 to the March 6 application, Consumers states that the PPA with Moonshine Solar has a projected total value of $694 million and further notes that the levelized cost of energy (LCOE) for the Moonshine Solar Project is a lower dollar per megawatt-hour (MWh) cost than the proxy solar unit modeled in the company's approved amended REP in this case, which had an LCOE of $70.31 per MWh. *Id*. Consumers adds that with the application of the 140% LCOE threshold multiplier approved in this case, the solar LCOE threshold for a project with commercial operation in 2028 increased to over $98 per MWh, which is also higher than the LCOE for the Moonshine Solar Project. *Id*., pp. 3-4. Consumers seeks full recovery of the actual costs of the PPA with Moonshine Solar through the combined application of the transfer price mechanism, the revenue recovery mechanism, and any other mechanisms as determined by the Commission. The company also proposes using the Commission Staff's 2025 transfer price schedule provided in Case No. U-15800 for the Moonshine Solar PPA. *Id*., revised direct testimony of Justin S. Elliot, p. 10 (citing Confidential Exhibit A-3).

Consumers contends that the PPA with Moonshine Solar will benefit the company's customers in the following ways:

> 1. The PPAs [sic] support desired additional capacity needed in accordance with the Company's IRP [proposed course of action];
> 2. The PPA is at a lower cost than projects acquired through the Company's 2024 IRP RFP, ensuring that it is economic compared to other market alternatives;
> 3. The energy and capacity prices in the PPAs [sic] are fixed for the term of the agreements [sic]; and
> 4. The Company will receive the [renewable energy] credits produced by the facilities to support its Clean Energy Plan.

Id., revised direct testimony of Justin S. Elliot, p. 9.

Lastly, citing MCL 460.6a(3), Consumers attests that *ex parte* review and approval of the March 6 application are appropriate because approval will not result in an alteration or amendment in rates or rate schedules and will not increase the cost of service to the company's customers. *Id*., p. 4.

<u>Discussion</u>

Section 28(6) of Act 235 reads, in relevant part:

> For an electric provider whose rates are regulated by the commission, the electric provider shall submit a contract entered into for the purposes of subsection (5) to the commission for review and approval. If the commission approves the contract, it is considered consistent with the electric provider's renewable energy plan. The commission shall not approve a contract based on an unsolicited proposal unless the commission determines that the unsolicited proposal provides opportunities that may not otherwise be available or commercially practical through a competitive bid process.

MCL 460.1028(6).

Having reviewed the March 6 application, testimony, and exhibits as well as the September 11 order, the Commission finds that the PPA is consistent with the company's amended REP approved in this case and should be approved. However, the Commission comments on a few aspects of this application.

First, the Commission notes that Act 235 amended Section 28 of Act 295, to include a provision permitting electric providers to source renewable generation for renewable portfolio standard (RPS) compliance from out-of-state resources. The Moonshine Solar Project is notably among the first out-of-state PPAs approved by the Commission for Consumers' RPS compliance. The Commission also notes that Act 295, as amended by Act 235, includes Section 28(6), which allows the Commission to consider and approve contracts that are not the result of a competitive solicitation if the contract presents an opportunity that would not otherwise be available through a competitive process.

As presented in the March 6 application, the Moonshine Solar Project provides an economically advantageous opportunity for Consumers to meet its RPS requirements at a cost consistent with its amended REP approved in the September 11 order. Per the company's revised direct testimony attached to the March 6 application:

> [t]he Company received an offer for Moonshine Solar at a competitive rate compared to recent solicitations and initiated further evaluation of this project. As discussions advanced on the project, the Company identified a strategic opportunity

> to deliver cost efficiencies for customers. This is consistent with the objectives outlined in the Company's approved [REP] and provided enhanced value to customers through lower costs than recently received through competitive solicitations.

March 6 application, revised direct testimony of Justin S. Elliot, pp. 4-5.

The procurement of resources through competitive solicitation processes remain an obligation not only through statute but also through the terms of the settlement agreement in Case No. U-21090, Consumers' 2021 IRP case. *See*, MCL 460.6t(12); June 23, 2022 order in Case No. U-21090, Exhibit A, pp. 6-9. In other words, competitive solicitations remain the rule; unsolicited proposals are the exception. Therefore, the Commission cautions that, for any application in which Consumers requests approval of a contract based on an unsolicited proposal, the company must explain in thorough detail how the contract presents an economically advantageous opportunity to the company and its ratepayers, why the project(s) supporting the contract was not bid through a competitive solicitation, and how the contract will comply with the terms of the company's most recently approved amended REP and IRP, as applicable. The Commission notes that, while the instant application is appropriate for *ex parte* review and approval, the Commission retains its discretion to consider future contract applications in a contested proceeding such as an amended REP or an IRP, should it find doing so to be appropriate.

The Commission also notes Consumers' explanation that the location of the Moonshine Solar Project in Illinois, outside of MISO Zone 7, creates a greater risk of price separation between the energy and capacity revenues received by Consumers from this PPA than what the company experiences for Zone 7. Consumers states that it accounted for these risks with the reduced energy and capacity values included in Exhibit A-2 to the March 6 application. March 6 application, revised direct testimony of Justin S. Elliot, p. 6. The Commission finds that Consumers' accounting for this negative risk in the reduced energy and capacity values is reasonable. While there is a negative risk in the possibility that MISO's locational marginal price (LMP) for energy clears lower in Illinois and higher in Michigan's MISO Zone 7, which would cause Consumers to pay MISO the difference, the opposite result is also possible and Consumers would gain the difference between a higher LMP in Illinois and a lower LMP in MISO Zone 7. Because future clearing prices for energy cannot be predicted with any certainty, the Commission will continue to monitor the clearing LMPs between Michigan Zone 7 and other MISO zones to assess the risk and cost of future out-of-state contracts.

In summary, the Commission finds the March 6 application to be reasonable, prudent, and consistent with Consumers' approved amended REP in this case. The Commission further finds that *ex parte* review and approval are appropriate as approval of the application will not increase rates or alter rate schedules and will not increase the cost of service to customers. *See*, MCL 460.6a(3).

THEREFORE, IT IS ORDERED that:

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

B. Consumers Energy Company is authorized to apply the Commission Staff's 2025 transfer price schedule provided in Case No. U-15800 to the power purchase agreement between Consumers Energy Company and Moonshine Solar Park LLC.

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 sheac1@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 June 11, 2026.

Lisa Felice, Executive Secretary

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-21816

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on June 11, 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 J. Brown

Brianna Brown

Subscribed and sworn to before me
this 11th day of June 2026.

Angela P. Sanderson

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

Service List for Case: U-21816

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