

STATE OF MICHIGAN  
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES  
FOR THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter, on the Commission's own motion )  
regarding the regulatory reviews, revisions, )  
determination and/or approvals necessary for )  
DTE ELECTRIC COMPANY to comply with )  
Section 61 of 2016 PA 342. )

Case No. U-21172

**NOTICE OF PROPOSAL FOR DECISION**

The attached Proposal for Decision is being issued and served on all parties of record in the above matter on November 8, 2023.

Exceptions, if any, must be filed with the Michigan Public Service Commission, 7109 West Saginaw, Lansing, Michigan 48917, and served on all other parties of record on or before November 29, 2023, or within such further period as may be authorized for filing exceptions. If exceptions are filed, replies thereto may be filed on or before December 13, 2023.

At the expiration of the period for filing exceptions, an Order of the Commission will be issued in conformity with the attached Proposal for Decision and will become effective unless exceptions are filed seasonably or unless the Proposal for Decision is reviewed by action of the Commission. To be seasonably filed, exceptions must reach the Commission on or before the date they are due.

MICHIGAN OFFICE OF ADMINISTRATIVE  
HEARINGS AND RULES  
For the Michigan Public Service Commission

**Lesley C.  
Fairrow**

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November 8, 2023  
Lansing, Michigan

Lesley C. Fairrow  
Administrative Law Judge

STATE OF MICHIGAN  
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Case No. U-21172

**PROPOSAL FOR DECISION**

**I.**

**PROCEDURAL HISTORY**

In 2016, DTE Electric Company (DTE or DTE Electric) requested authority to amend its renewable energy plan (REP) by adding a voluntary renewable energy pilot program to address its customers who do not self-generate renewable energy but desire to increase the amount of renewable energy they consume. DTE's then pilot program, MIGreenPower, and the accompanying Standard Contract Rider No. 17 were approved by the Commission on October 11, 2016 in Case No. U-18076.

In Case No. U-18352, DTE filed a revised application seeking approval of its MIGreenPower program and the accompanying Standard Contract Rider 17 on January 16, 2018. Following a contested proceeding, among other things, this Commission modified DTE's quarterly reporting requirement to a semi-annual reporting

requirement, instructing that reports be filed on April 1 and October 1 of each year.<sup>1</sup> The Commission noted that the reports assist with its biennial review of the voluntary green pricing (VGP) programs by including information on the number of enrollments and enrollment size in each program, cost of renewable energy for each program (incremental and total), cost of marketing and administration (incremental and total), marketing methods, and the quantity, source, and costs of any renewable energy or renewable energy credits (RECs) purchased for the program.

The Commission approved the revised MIGreenPower program on February 21, 2019, as a VGP program compliant with MCL 460.1061 (Section 61).<sup>2</sup>

The last review of DTE Electric's VGP programs occurred in August 2020 in Case No. U-20713. At about the same time, DTE Electric filed an amended REP in Case No. U-20851. In a consolidated order on June 9, 2021, the Commission approved the settlement of Case No. U-20851 and partial settlement of Case No. U-20713.<sup>3</sup>

On December 9, 2021, the Commission ordered DTE to file its next VGP program review in this docket.<sup>4</sup> Accordingly, DTE Electric filed an Application for Approval of its VGP plan and review of its program which included proposed amendments and revisions on August 31, 2022.

Michigan Energy Innovation Business Council, The Institute for Energy Innovation, and Advanced Energy Economy (collectively EIB), The City of Ann Arbor (Ann Arbor), Great Lakes Renewable Energy Association (GLREA), and The Ecology Center, The

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<sup>1</sup> See October 5, 2018 order in Case No. U-18352.

<sup>2</sup> February 21, 2019 order in Case No. U-18352.

<sup>3</sup> June 21, 2021 order in Case Nos. U-20713 and U-20851.

<sup>4</sup> December 9, 2021 order in Case No. U-21172.

Environmental Law & Policy Center, and Vote Solar, collectively known as the Clean Energy Organizations (CEO), filed petitions to intervene.

A properly noticed prehearing occurred on October 25, 2022 and Administrative Law Judge (ALJ) Katherine E. Talbot granted the unopposed petitions to intervene and adopted the mutually agreed upon schedule. A revised schedule was issued at the parties' request on December 14, 2022.

Soulardarity and We Want Green Too (collectively DAO) filed petitions to intervene in the matter on December 13, 2022, and the ALJ granted the petitions on December 22, 2022, noting that the parties in the case did not object to the late intervention and that the schedule issued on December 14, 2022 remained in effect.

In an order issued in DTE Electric's last rate case, the Commission directed DTE Electric to supplement its VGP application with a proposal for amendments to Riders 17 and 18 to accommodate the purchase of RECs from its distributed generation (DG) customers, to be applied to the VGP program.<sup>5</sup> Finding a need for the parties to understand and discuss the utility's community solar pilot proposal, the Commission also ordered DTE Electric to file a straw proposal of a Rider 17 community solar project.<sup>6</sup> DTE Electric filed supplemental testimony and an exhibit in this case on February 16, 2023 in response to the Commission's order.

Administrative Law Judge Lesley C. Fairrow replaced Administrative Law Judge Katherine E. Talbot on March 27, 2023, and presided over the matter thereafter.

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<sup>5</sup> November 18, 2022 order in Case No. U-20836, pp 445, 484.

<sup>6</sup> November 18, 2022 order in Case No. U-20836, pp 456, 485.

Consistent with the schedule, Staff, Ann Arbor, DAO, EIB, GLREA, and CEO filed direct testimony with exhibits on April 21, 2023. With the exception of CEO and EIB, the parties filed rebuttal testimony with exhibits on May 25, 2023. An evidentiary hearing was held on June 16, 2023, during which DTE Electric Witness Knox Cameron, DAO Witness Jackson Koeppel, and Staff Witness Cody Matthews were cross-examined, and the testimony of the remaining witnesses was bound into the record. The parties filed initial briefs on July 17, 2023 and reply briefs on July 31, 2023.

The record in this case is comprised of 440 pages of transcript and 71 exhibits admitted into the record. Pertinent aspects of the evidentiary record are discussed in greater detail below.

## II.

### **OVERVIEW OF THE RECORD**

#### **A. DTE Electric**

##### **1. Knox Cameron**

Knox Cameron, DTE's Director of Renewable Energy Solutions, testified and sponsored Exhibits A-1, A-2, and A-3.<sup>7</sup>

Witness Cameron has end-to-end responsibility for DTE's VGP program, MIGreenPower, including customer research, regulatory filings, product development, marketing, sales, billing, and customer relationship activities.<sup>8</sup> He provided a summary of the VGP program's history and the Commission's prior approvals.<sup>9</sup>

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<sup>7</sup> 2 Tr 31-32, 56, 124.

<sup>8</sup> 2 Tr 29-33, 86-88.

<sup>9</sup> 2 Tr 32.

Witness Cameron described the current MIGreenPower Rider 17 program and contended it remains compliant with Section 61.<sup>10</sup> He said the program is available to full-service customers of all classes – residential, commercial, and industrial.<sup>11</sup> He testified that customers participating in the program can enroll up to 85% of their electric usage, in 5% increments, to be sourced from MIGreenPower renewable energy resources in addition to the 15% they already receive from the Renewable Portfolio Standard (RPS).<sup>12</sup> He said that in accordance with the MPSC's prior approval, customers pay a levelized, cost of-service-based subscription fee, and receive locational marginal price (LMP)-based energy and capacity credits.<sup>13</sup> Witness Cameron explained that customers who enroll for less than 2,500 MWh receive a monthly credit based on the Midcontinent Independent System Operator (MISO) Real Time Locational Marginal Price (RT-LMP), measured at the Company Renewable Resources' nodes, over the most recent 12-month period of May-April, and customers who enroll for 2,500 MWh or more receive a monthly credit based on the monthly weighted average RT-LMP for the Generation Node(s) of the Company Renewable Resources.<sup>14</sup> He said that RECs are retired on behalf of the subscribed customers (or could be transferred to customers enrolling 2,500 MWh or more, at their request) and are not used for DTE's compliance with the 15% RPS requirement under MCL 460.1028.<sup>15</sup>

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<sup>10</sup> 2 Tr 31-33; See MCL 460.1061.

<sup>11</sup> 2 Tr 34.

<sup>12</sup> 2 Tr 34.

<sup>13</sup> 2 Tr 34.

<sup>14</sup> 2 Tr 34.

<sup>15</sup> 2 Tr 34.

Witness Cameron testified that as of August 20, 2022, 63,949 customers representing 1,101,319 MWh are subscribed to the program, and 14 of those customers are enrolled at more than 2500 MWh (approximately 87% of the MWh's subscribed).<sup>16</sup> He identified the solar parks supporting the current MIGreenPower enrollments.<sup>17</sup> And he said the costs of administering the billing system are paid by all DTE customers.<sup>18</sup>

Witness Cameron testified that the MIGreenPower program has been a significant success and additional projects are needed because the contracted demand exceeds the output of currently-approved resources for customer subscriptions.<sup>19</sup> He reported that if generation from the additional projects exceeds subscription levels, excess RECs would be carried over for MIGreenPower purposes in the following year and retired through a first-in-first-out process.<sup>20</sup> He said that if the generation exceeds subscription levels and there are no pending new MIGreenPower program customers, then the unsubscribed generation would be used for other Public Act 342 compliant programs.<sup>21</sup>

Witness Cameron described MIGreenPower Community Support as a program created to encourage DTE customers to voluntarily contribute money to subsidize MIGreenPower subscriptions for low-income customers.<sup>22</sup> He said that DTE Electric updated its IT system and has been able to accept contributions through the website since August 2022.<sup>23</sup>

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<sup>16</sup> 2 Tr 34-35.

<sup>17</sup> 2 Tr 35.

<sup>18</sup> 2 Tr 104.

<sup>19</sup> 2 Tr 35.

<sup>20</sup> 2 Tr 35.

<sup>21</sup> 2 Tr 35.

<sup>22</sup> 2 Tr 37.

<sup>23</sup> 2 Tr 37; See <https://solutions.dteenergy.com/dte/en/Products/MIGreenPower-Community-Support/p/MIGPALL> accessed on 11/6/2023.

According to Witness Cameron, DTE Electric created the MIGreenPower Community Impact program to develop community solar projects in low-income communities as required by the April 2021 Memorandum of Understanding entered into under the partial settlement agreement approved in Case No. U-20713.<sup>24</sup> He said the agreement included establishing a Low-Income Solar Council (LISC), and DTE Electric committed in 2022 to pay the members of the LISC for their participation.<sup>25</sup> DTE Electric also developed the minimum requirements document that the LISC will use to evaluate potential projects.<sup>26</sup> A public website identifies the members of the LISC and meeting minutes are posted.<sup>27</sup> Witness Cameron also said that DTE Electric developed the IT system for the LISC to be able to accept contributions for potential projects, but it has not received any contributions.<sup>28</sup>

Witness Cameron explained that the U.S. Department of Energy defines community solar as a program or project within a geographic area where the benefits flow to multiple customers.<sup>29</sup> He concluded that based on that definition, the MIGreenPower program is a community solar program since it provides access to renewable energy at a lower cost to customers with a broad range of income levels.<sup>30</sup> He said that the program is not for low-income customers specifically, but customers at all income levels have shown an interest and participated.<sup>31</sup> He said that the MIGreenPower Community Support

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<sup>24</sup> 2 Tr 37-38; also see June 9, 2021 order, Case Nos. U-20713 and U-20851.

<sup>25</sup> 2 Tr 38.

<sup>26</sup> 2 Tr 38.

<sup>27</sup> 2 Tr 38; See <https://empoweringmichigan.com/migreenpower-community-impact-pilot/> accessed on 11/6/2023.

<sup>28</sup> 2 Tr 38.

<sup>29</sup> 2 Tr 57.

<sup>30</sup> 2 Tr 57.

<sup>31</sup> 2 Tr 57.



program allows customers to voluntarily contribute to provide clean energy to customers who are at or below the federal poverty level.<sup>32</sup> He also said that although the MIGreenPower Community Impact pilot has not yet executed any projects, it is focused on developing solar projects to benefit the low-income communities within Detroit, River Rouge, and Highland Park.<sup>33</sup>

Witness Cameron also described DTE Electric's straw proposal for the community solar project, MIGreenPower Community Connection, where third-party developers would own solar projects and bill subscribers for program costs, DTE Electric would purchase all of the energy outflow from the projects, and subscribers would pay DTE Electric separately for the power they receive.<sup>34</sup> He explained that if DTE Electric were responsible for billing under the proposed community solar project, customers who do not participate in the program would have to pay for these billing costs.<sup>35</sup> He also said that DTE Electric did not calculate the cost of handling the billing.<sup>36</sup>

Witness Cameron testified that DTE Electric considered proposals by MPSC Staff and stakeholders to develop MIGreenPower Community Connection.<sup>37</sup> He said the utility reviewed the Rider 5 tariff in developing the proposal and the program highlights the process that exists under Rider 5 whereby developers are free to develop projects as they see fit.<sup>38</sup> He said that no community solar projects had ever been developed under the Rider 5 tariff and thus, there are no examples of subscriber organizations implementing

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<sup>32</sup> 2 Tr 59-60.

<sup>33</sup> 2 Tr 60.

<sup>34</sup> 2 Tr 60, 62-63.

<sup>35</sup> 2 Tr 60, 101.

<sup>36</sup> 2 Tr 100.

<sup>37</sup> 2 Tr 90.

<sup>38</sup> 2 Tr 92, 115.

the billing and crediting of community solar in Michigan.<sup>39</sup> He testified that the credits for outflowed power under DTE Electric's community solar proposal are based on the credits offered under the Rider 5 tariff.<sup>40</sup> DTE Electric also reviewed Case No. U-20836 in developing the proposal, including testimony from Staff Witness Julie Baldwin, DAO Witnesses Jackson Koeppel and Brian Donovan, GLREA Witness Robert Rafson, and DTE Electric Witness Adella Crozier.<sup>41</sup> He said that Staff proposed that the community solar program be administered through subscriber organizations and that customers subscribe with and receive credits from DTE on their DTE bills for their portion of the subscribed power.<sup>42</sup> He said that DTE Electric could have calculated the cost of implementing the program Staff proposed, but did not.<sup>43</sup>

DTE Electric issued an RFP in August 2021 for small scale solar projects with pending interconnection applications, but of the 200 projects across 16 developers that were pending, only one proposal was submitted in response to the RFP.<sup>44</sup> And that project was not selected because it did not meet the minimum requirements.<sup>45</sup> Witness Cameron testified that DTE Electric paused its April 2022 RFP for resources for the MIGreenPower portfolio due to the uncertainty in the solar industry but resumed in July 2022 after the U.S. Department of Commerce announced that tariffs would be waived for two years.<sup>46</sup>

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<sup>39</sup> 2 Tr 101-102.

<sup>40</sup> 2 Tr 107.

<sup>41</sup> 2 Tr 91.

<sup>42</sup> 2 Tr 94-95.

<sup>43</sup> 2 Tr 95, 98, 100.

<sup>44</sup> 2 Tr 39.

<sup>45</sup> 2 Tr 39.

<sup>46</sup> 2 Tr 39.

According to Witness Cameron, DTE Electric forecasts that sales for the MIGreenPower program will double by 2027.<sup>47</sup> He said sales in 2023 are forecasted at 177,015 MWh for residential, commercial and industrial customers who use less than 2,500 MWh and approximately 2.9 million MWh for customers who use 2,500 MWh or more, and sales at 384,900 and 6.2 million MWh respectively are predicted for 2027.<sup>48</sup> DTE Electric based its estimations on current enrollments, customer-requested projects, new leads, past growth patterns, and an expected acceleration in growth due to potentially favorable future net premiums.<sup>49</sup> Witness Cameron explained DTE Electric could continue offering the programs even if demand exceeds supply by establishing a waitlist to track interest and maintain communication with the prospective customers.<sup>50</sup>

Witness Cameron identified the following as DTE Electric's proposed changes for the MIGreenPower program, all of which he says will meet Section 61 requirements:<sup>51</sup>

1. Raise the MIGreenPower renewable energy subscription limit from 85% to 100% for contracted and non-contracted customers.<sup>52</sup> Witness Cameron testified that existing and prospective customers have asked DTE Electric to provide MIGreenPower subscriptions that cover 100% of their usage.<sup>53</sup> He said that DTE Electric would ensure that RECs are not double counted and that the MPSC will monitor their activity through the annual REP reconciliation case process.<sup>54</sup>

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<sup>47</sup> 2 Tr 40.

<sup>48</sup> 2 Tr 40.

<sup>49</sup> 2 Tr 40-41.

<sup>50</sup> 2 Tr 41, 49.

<sup>51</sup> 2 Tr 42-43.

<sup>52</sup> 2 Tr 42-44.

<sup>53</sup> 2 Tr 44.

<sup>54</sup> 2 Tr 44.

2. Postpone the previously approved fixed price offering for non-contracted customers because the 2022-2023 pricing is at a negative net premium and net premium values are forecasted to also be negative for 2023-2024.<sup>55</sup> He reported that under the current Rider, the fixed price subscription option is only open to customers enrolled with less than 2,500 MWh/year and enrollees are limited to the last 12 months' energy usage.<sup>56</sup> He said that subscribers' net premium is the cost of the renewable energy source less the energy and capacity provided by the renewable energy, and when capacity and/or energy credits are high, the net premium for the next program year could be very small or negative but \$1 is the lowest enrollment level permitted under the program.<sup>57</sup> He said that DTE Electric would like to add language to Rider 17 clarifying that the fixed price product will not be available when the net premium value is negative or not large enough to support a monthly enrollment premium cost of at least \$1.<sup>58</sup>
3. Begin offering a REC-only subscription to its customers enrolling more than 2,500 MWh during the period between when the contract is signed and when MIGreenPower renewable generation becomes available.<sup>59</sup> Witness Cameron testified that DTE Electric will act as an intermediary in providing RECs to the customer, passing through the costs of the RECs and associated transaction costs.<sup>60</sup> He said that this market-based REC-only offering will meet customer demand for renewable energy when generation in the MIGreenPower portfolio is unavailable and keep the customers engaged while the program obtains new Michigan-based renewable energy projects.<sup>61</sup>
4. Begin a new Sponsored MIGreenPower pilot program where a third-party who is a contracted customer enrolling more than 2,500 MWh annually may elect to

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<sup>55</sup> 2 Tr 42, 45-46.

<sup>56</sup> 2 Tr 45.

<sup>57</sup> 2 Tr 45-46.

<sup>58</sup> 2 Tr 49.

<sup>59</sup> 2 Tr 42, 46.

<sup>60</sup> 2 Tr 46.

<sup>61</sup> 2 Tr 46.

sponsor MIGreenPower subscriptions of less than 2,500 MWh on behalf of non-contracted residential customers at a pre-specified enrollment percentage for five, ten, 15, or 20 years.<sup>62</sup> Witness Cameron testified that DTE Electric has received multiple requests from customers who would like to sponsor a subscription for their employees.<sup>63</sup> He identified three to four interested employer-sponsors and said participation would be limited to ten sponsors of up to 500 sponsored-customers each.<sup>64</sup> He said the pilot would expand at DTE Electric's discretion.<sup>65</sup> He said that the IT needed for the program could be ready by 2024.<sup>66</sup>

Witness Cameron also presented DTE Electric's proposed updates to the Rider 17 language, processes, and policies for contracted customers:<sup>67</sup>

- a. Increase the period that MIGreenPower contracted customers must give notice of their intent to renew from 60 days to one year.<sup>68</sup> He said that this change is necessary to allow for adequate time to ensure that resources are available.<sup>69</sup>
- b. Add language specifying a termination fee of one year's subscription cost based on the last year of the current approved build plan or at the highest subscription level when the contract ends prior to the end of the approved build plan for contracted customers with the escalating volumetric subscription option.<sup>70</sup>
- c. Update the language regarding termination and default for customers with annual enrollments of 80,000 MWh or more by defining default conditions, DTE Electric's rights to terminate an agreement if a default occurs, and customer liabilities for damages.<sup>71</sup>

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<sup>62</sup> 2 Tr 42, 47-48; Exhibit A-2.

<sup>63</sup> 2 Tr 48.

<sup>64</sup> 2 Tr 48.

<sup>65</sup> 2 Tr 48.

<sup>66</sup> 2 Tr 49.

<sup>67</sup> 2 Tr 49; Exhibit A-1.

<sup>68</sup> 2 Tr 49-50.

<sup>69</sup> 2 Tr 50.

<sup>70</sup> 2 Tr 50.

<sup>71</sup> 2 Tr 50.

- d. Change the language for all traditional MIGreenPower customers whereby DTE Electric may add a higher cost project when the net premium for currently enrolled customers is forecasted to be negative for the next five years.<sup>72</sup>
- e. Update the language describing the capacity credit calculation which references the MISO Zone 7 Effective Load Carrying Capability to also address projects in MISO Zone 2.<sup>73</sup>

Addressing DTE Electric's reporting requirements for the MIGreenPower program, Witness Cameron explained that reports are currently required on April 1 and October 1 of each year with information including the number of enrollments and size of the program, the cost of renewable energy, the program marketing and administration costs, and marketing methods used, the quantity, sources, and cost of renewable energy or RECs purchased, a forecast of customer participation, and any completed market studies.<sup>74</sup> He added that the MPSC also requires DTE Electric to submit a Section 61 report every two years with information, including current and forecasted enrollments and MWh, existing program contracts, sources of renewable energy, program marketing, administration expenditures, and other program information.<sup>75</sup>

Witness Cameron said that DTE Electric is asking to combine the semi-annual reports into a single report filed annually on August 31, and that the VGP report would be included as part of the Section 61 report in the years that DTE Electric is required to file it.<sup>76</sup> Describing the current filings as duplicative, he said the modified report would include

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<sup>72</sup> 2 Tr 50-51.

<sup>73</sup> 2 Tr 51.

<sup>74</sup> 2 Tr 51-52.

<sup>75</sup> 2 Tr 52.

<sup>76</sup> 2 Tr 51-52.

the same material that is currently covered in the semi-annual reports and would better reflect the state of the program.<sup>77</sup>

Witness Cameron also testified about DTE Electric's ability to purchase RECs from participating DG program customers under Rider 18.<sup>78</sup> He said that Rider 18 currently specifies that all RECs are owned by the customer but if the customer is willing to sell and has a generation meter to measure and verify generator output, the customer and DTE Electric may arrange a separate agreement for purchasing/selling the RECs with the customer setting the purchase price.<sup>79</sup>

Witness Cameron said that DTE Electric is proposing an amendment to Rider 18 to allow customers without a generation meter but with a bi-directional meter to also be permitted to sell RECs.<sup>80</sup> He also said that DTE Electric should be responsible for the costs associated with certification of the RECs, which it would recover through rates.<sup>81</sup> He recommended the purchase price of the RECs be based on the market value at the time of the purchase.<sup>82</sup> Witness Cameron testified that the agreement would include the price DTE Electric will pay for the RECs, the term length of the agreement, how DTE Electric will determine the generation provided by the customer's system, and any customer responsibilities for the maintenance of the system.<sup>83</sup>

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<sup>77</sup> 2 Tr 52.

<sup>78</sup> 2 Tr 56.

<sup>79</sup> 2 Tr 56.

<sup>80</sup> 2 Tr 57.

<sup>81</sup> 2 Tr 57.

<sup>82</sup> 2 Tr 57.

<sup>83</sup> 2 Tr 58.

## **B. Soulardarity and We Want Green, Too (DAO)**

### **1. Jackson Koeppel**

Jackson Koeppel, an independent consultant specializing in energy democracy issues testified on behalf of DAO and sponsored Exhibits DAO-1 through DAO-21 inclusive.<sup>84</sup>

According to Witness Koeppel, DTE Electric has no viable form of community solar.<sup>85</sup> He said MIGreenPower Community Impact is close to a community solar program, but is inadequate because it only allowed for utility-owned solar infrastructure, failed to compensate participants fairly, and did not allow participants to realize the benefits of DG.<sup>86</sup> He disagreed with the characterization of DTE's straw proposal as a community solar program and noted that DTE Electric called the program "low-income solar" not "community solar."<sup>87</sup> He testified that the program does not meet the U.S. Department of Energy's definition of community solar.<sup>88</sup>

Witness Koeppel testified that DTE Electric erred when it did not engage in community outreach such as focus groups with residents and local elected officials before implementing the pilots.<sup>89</sup> He offered the fact that Highland Park will not give DTE Electric land for DTE-owned solar arrays as an example.<sup>90</sup> He said difficulty securing philanthropic funding has also hindered the programs.<sup>91</sup>

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<sup>84</sup> 2 Tr 124-125, 131, 139-140, 165.

<sup>85</sup> 2 Tr 136.

<sup>86</sup> 2 Tr 136-137.

<sup>87</sup> 2 Tr 137, 165.

<sup>88</sup> 2 Tr 166.

<sup>89</sup> 2 Tr 138.

<sup>90</sup> 2 Tr 138.

<sup>91</sup> 2 Tr 138.



Witness Koeppel also testified that the Low-Income Solar Council is narrowly constructed, offers no opportunity for the members to be engaged in the pilot design, and has no real decision-making authority to improve the inequities that currently exist.<sup>92</sup>

According to Witness Koeppel, renewable energy benefits the economy, the environment, national security, and human health.<sup>93</sup> He opined that low-income communities do not participate in traditional clean energy programs because they lack the required capital, do not own property, live in buildings that are not suitable for rooftop installations, or move too frequently to benefit from investing in the systems.<sup>94</sup> He especially noted that owners of rental properties are unwilling to invest in the programs since they will not reap the direct benefits.<sup>95</sup> Because of this, he said, most low- and middle-income households are excluded from participating in DG programs and therefore unable to access the financial and other benefits that the programs produce.<sup>96</sup> He asserted that community solar programs would allow low-income communities to obtain these benefits.<sup>97</sup>

Witness Koeppel was critical of DTE Electric's history and said DTE Electric has failed to meet low-income customer needs in past projects and exhibits little to no effort toward positive change in the current proposal.<sup>98</sup> He asserted that DTE's DG programs

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<sup>92</sup> 2 Tr 138.

<sup>93</sup> 2 Tr 141-142.

<sup>94</sup> 2 Tr 144-145, 148-149.

<sup>95</sup> 2 Tr 148.

<sup>96</sup> 2 Tr 148.

<sup>97</sup> 2 Tr 145, 150.

<sup>98</sup> 2 Tr 145-147.

benefit customers who can afford to participate.<sup>99</sup> He opined that a community solar program should deliver comparable benefits to low- and middle-income customers.<sup>100</sup>

Witness Koeppel testified that DTE Electric's proposal does not comply with the MPSC's order in Case No. U-20836 because it does not remedy the deficiencies identified by Staff and DAO.<sup>101</sup> He said that the primary deficiency that Staff and DAO raised in Case No. U-20836 was the inequity between customers who can access traditional DG and those who cannot, yet DTE's straw proposal does not equalize access.<sup>102</sup> He said that DTE Electric's straw proposal leaves out suggestions made by Staff and stakeholders including community ownership, consolidating billing, fair compensation for subscribed energy, and fair compensation for outflow.<sup>103</sup>

Witness Koeppel compared DTE's DG program to its straw proposal, observing that DTE Electric makes no reference to "low-income" customers.<sup>104</sup> He noted that credits appear on a customer's DTE bill in the DG program and if the outflow credits exceed the inflow charges for the billing period, the excess credits are carried over to the next billing period.<sup>105</sup> But, he said that DTE asserts that it could not assume responsibility for the billing of subscribers for community solar projects and would not consolidate credits onto a customer's DTE bill.<sup>106</sup> Witness Koeppel testified that DTE Electric inconsistently and inequitably decided when customers who did not participate in programs paid for the

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<sup>99</sup> 2 Tr 150-151.

<sup>100</sup> 2 Tr 150-151.

<sup>101</sup> November 18, 2022 order in Case No. U-20836, p. 453.

<sup>102</sup> 2 Tr 147, 168-169.

<sup>103</sup> 2 Tr 158, 167.

<sup>104</sup> 2 Tr 147.

<sup>105</sup> 2 Tr 151-152.

<sup>106</sup> 2 Tr 147-148, 151-152.

administration of those programs, noting that low and moderate income customers paid the administrative costs of the DG programs that benefit more well-off households.<sup>107</sup> He also opined that DTE Electric is best situated to provide the administrative support since it already sends bills to customers, processes payments, possesses the metering equipment and energy flow data, and will have to process credits at some level regardless of the billing arrangement.<sup>108</sup>

Witness Koeppel described on-bill crediting as an essential component for a viable community solar program and critiqued DTE Electric's recommendation for the customer to pay their entire bill to DTE and receive credit from a third party in a separate transaction.<sup>109</sup> He predicted that this process would result in serious confusion.<sup>110</sup> He also presumed that without consolidated billing, it would be more difficult for community solar projects to get started and deliver financial benefits to customers.<sup>111</sup>

According to Witness Koeppel, straw proposal subscribers would not benefit financially like DG program subscribers since they would pay the full retail rate for the energy they consume but not receive credits for the services they forego.<sup>112</sup> He opined that DTE Electric's refuses to bear even the slightest cost of consolidating billing for straw proposal subscribers based on the reasoning that customers who do not participate in that program would be burdened contradicts its straw proposal proposition for participants to deliver a benefit to all customers, including those not participating in the program, but

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<sup>107</sup> 2 Tr 152-153.

<sup>108</sup> 2 Tr 152, 159-160.

<sup>109</sup> 2 Tr 152-153, 158.

<sup>110</sup> 2 Tr 153, 174.

<sup>111</sup> 2 Tr 160.

<sup>112</sup> 2 Tr 155, 160.

not receive comparable compensation.<sup>113</sup> He noted that DTE Electric does not charge DG customers for the cost of distribution and transmission services they forego when they consume power produced on-site.<sup>114</sup> Witness Koeppel testified that the straw proposal purports to pay subscribers less for outflow than it does in the DG program even though outflow from each program offers similar benefits to the grid.<sup>115</sup> He said that straw proposal subscribers should be paid the power supply rate plus the avoided transmissions costs which is the same rate as DG customers.<sup>116</sup>

Witness Koeppel testified that a community solar program must allow for and encourage community ownership, but instead, the developers own the projects in DTE Electric's straw proposal.<sup>117</sup> He did not agree that the straw proposal will allow developers an opportunity to develop the community solar market.<sup>118</sup> He said that the funds to construct and develop the projects should come from "all the general sources" that develop such projects in other areas of the country and that the owners should be responsible for maintaining the projects.<sup>119</sup> He said that without subscriber ownership and proper oversight from a board that includes low-income customers, the arrangement DTE Electric proposes does not guarantee that benefits will flow to the community.<sup>120</sup>

Witness Koeppel declared that DTE Electric intentionally limits opportunities for communities suffering from a lack of affordable, reliable, and clean energy access to own

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<sup>113</sup> 2 Tr 155-156.

<sup>114</sup> 2 Tr 160.

<sup>115</sup> 2 Tr 153-154.

<sup>116</sup> 2 Tr 160-161, 174-175.

<sup>117</sup> 2 Tr 158, 175.

<sup>118</sup> 2 Tr 170.

<sup>119</sup> 2 Tr 177.

<sup>120</sup> 2 Tr 158-159, 171-172.

their energy.<sup>121</sup> He said DTE Electric's proposal was too small to deliver value to potential customers and developers.<sup>122</sup> He noted that similar pilots have run into fundamental roadblocks due to the uncertainty created by the temporary nature.<sup>123</sup> He said that the issues that have prohibited the prior pilots to begin were predictable.<sup>124</sup> And he opined that given the past pilot program history, DTE Electric was unwilling to support communities in securing equitable renewable energy and is not able to foster community solar.<sup>125</sup> He asked the MPSC to reject the straw proposal.<sup>126</sup>

**C. MPSC Staff**

**1. Cody S. Matthews**

Cody S. Matthews, Public Utilities Engineer Specialist with the MPSC, testified on behalf of Staff and sponsored Exhibits S-2.0 and S-2.1.<sup>127</sup> Exhibits DAO-30 and DAO-32 were also admitted during his testimony.<sup>128</sup>

Witness Matthews testified about DTE Electric's proposal to purchase RECs from DG customers and noted that because DG customers are under no contract to produce energy and may leave the program for any reason, the penalty for early termination is not necessary.<sup>129</sup> He opined that customers may participate because the program uses RECs that have historically gone unused and unvalued, and therefore should not be

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<sup>121</sup> 2 Tr 157, 159.

<sup>122</sup> 2 Tr 161.

<sup>123</sup> 2 Tr 161.

<sup>124</sup> 2 Tr 138.

<sup>125</sup> 2 Tr 138-139.

<sup>126</sup> 2 Tr 162, 172.

<sup>127</sup> 2 Tr 183, 186-188.

<sup>128</sup> 2 Tr 194-195, 222.

<sup>129</sup> 2 Tr 189.

penalized for terminating early.<sup>130</sup> He recommended pricing the RECs based on the average REC price currently allowed under Rider 17.<sup>131</sup>

Witness Matthews testified that there are grants available for developers to apply for funding outside of the monetary compensation provided under Rider 5.<sup>132</sup>

Witness Matthews explained that it was not reasonable to use the DG rate for non-DG programs.<sup>133</sup> He noted that the solar installation size and eligibility requirements may not be the same as the DG program.<sup>134</sup> He also stated that the DG rate is based on the development requirements set by legislation.<sup>135</sup> He opined that the DG rate could be the base rate for the solar program and then be modified.<sup>136</sup>

Witness Matthews testified that DTE Electric's straw proposal offers a structure that may develop a market for third-party owned solar projects where one does not yet exist, and that customers may also benefit.<sup>137</sup> He noted, however, that there is generally no oversight for program management with third-party owned programs and customers would not have the protection options that are available with utility-owned programs, like dispute resolution through the MPSC.<sup>138</sup> To address this, he recommended third-party owners be required to do the following:

- a. Set aside funding in the form of an escrow or bond to cover the costs of decommissioning the project and returning the site to its original condition at the end of the project life.

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<sup>130</sup> 2 Tr 189.

<sup>131</sup> 2 Tr 190.

<sup>132</sup> 2 Tr 221.

<sup>133</sup> 2 Tr 212.

<sup>134</sup> 2 Tr 210-211.

<sup>135</sup> 2 Tr 212.

<sup>136</sup> 2 Tr 212.

<sup>137</sup> 2 Tr 190, 199.

<sup>138</sup> 2 Tr 190-191.

- b. Provide an affidavit that details the third-party's agreement to participate in an informal customer dispute resolution process with MPSC Staff.
- c. Submit marketing materials and customer contract templates to the Staff for review prior to presenting to customer participants and provide an affidavit that details agreement to address Staff concerns.
- d. Agree to the terms of the power purchase contract and subscription activities with the utility.<sup>139</sup>

Witness Matthews testified that under the Rider 18 DG program, credits for outflow from the program appear on the customer's bill.<sup>140</sup> He said that the costs for the IT and the on-bill crediting is included in the rates for every DTE customer, whether they are in the DG program or not.<sup>141</sup> He testified that in the past, the MPSC has found it reasonable for the rate base to pay for IT expenditures associated with implementing a pilot program for reasons including that the learnings from the pilot benefit all customers.<sup>142</sup>

## **2. Marceline A. Champion**

Marceline Champion, a Public Utilities Engineer, testified and sponsored Exhibits S-1.0, S-1.1, S-1.2, S-1.3, S-1.4, S-1.5, S-1.6, and S-1.7 on behalf of the MPSC.<sup>143</sup> She said that her job duties include reviewing RFP and VGP materials to evaluate regulated utilities' integrated resource plans and supply and demand side resource investment.<sup>144</sup>

Witness Champion testified about DTE Electric's proposed changes to its various VGP offerings.<sup>145</sup> She recommended approving the request to consolidate Rider 17 and Rider 19 since the resource pools were combined as part of the partial settlement

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<sup>139</sup> 2 Tr 191.

<sup>140</sup> 2 Tr 195.

<sup>141</sup> 2 Tr 196.

<sup>142</sup> 2 Tr 196-197.

<sup>143</sup> 2 Tr 227.

<sup>144</sup> 2 Tr 226.

<sup>145</sup> 2 Tr 228.

agreements in Case Nos. U-20713 and U-20851 and because there is no material impact to subscribed customers.<sup>146</sup> She agreed with increasing the volumetric subscription limit from 85% to 100% of energy usage for contracted and non-contracted customers, finding it probable that some of the current customers desired an opportunity to increase their subscription.<sup>147</sup> She was also in favor of the postponement of DTE Electric's fixed price subscription option.<sup>148</sup> She said that when the net premium is negative or very low, even customers with the highest usage would be oversubscribed at a \$1 enrollment, the lowest amount.<sup>149</sup> According to her reading of the tariff, the program could not be offered in years when the net premium is very low or negative.<sup>150</sup> And the premiums were forecasted to be negative for four of the next five years.<sup>151</sup> She said that DTE Electric is proposing to add language to Rider 17 consistent with this understanding and planning to re-evaluate offering the product in 2024.<sup>152</sup>

Witness Champion also said that Staff recommends allowing DTE Electric to cost-average projects with higher costs into customers' subscription fee when negative net premiums are forecasted for five years.<sup>153</sup> She said that the costs of prospective projects would not be unreasonably high because they would still be subject to existing RFP and vetting processes.<sup>154</sup> She said that a project would not be cost-averaged into the

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<sup>146</sup> 2 Tr 229.

<sup>147</sup> 2 Tr 229-230.

<sup>148</sup> 2 Tr 230.

<sup>149</sup> 2 Tr 230.

<sup>150</sup> 2 Tr 230-231.

<sup>151</sup> 2 Tr 231.

<sup>152</sup> 2 Tr 230-231.

<sup>153</sup> 2 Tr 233-234.

<sup>154</sup> 2 Tr 233-234.



subscription fee when it would result in positive net premiums.<sup>155</sup> But when it did apply, more projects could be available without substantially raising net premiums.<sup>156</sup>

According to Witness Champion, Staff recommends approving DTE Electric's REC-only program for customers on the waitlist.<sup>157</sup>

Witness Champion also supported approving DTE Electric's proposed Sponsor Pilot.<sup>158</sup> She referenced four DTE Electric customers interested in sponsoring their employees to address scope 3 emissions.<sup>159</sup> She noted that the pilot would be limited to ten contracted customers, conducted for two years, and VGP reports would be filed with the MPSC.<sup>160</sup> Non-contracted customers would also be included as part of the agreement for the sponsoring contracted customer.<sup>161</sup> The sponsor would be responsible for accounting for the RECs retired as a result of their sponsorship, and the sponsor would be entitled to all credits from the sponsored enrollments.<sup>162</sup> Witness Champion opined that the pilot would determine whether the sponsor approach is more cost effective than marketing and individually enrolling non-contracted customers.<sup>163</sup>

Staff recommended approving the proposed renewal notice change from 60 days to one year to allow greater lead time to ensure resources are available for contracted customers.<sup>164</sup> Staff also recommended approving the change to the tariff language

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<sup>155</sup> 2 Tr 233.

<sup>156</sup> 2 Tr 233.

<sup>157</sup> 2 Tr 231.

<sup>158</sup> 2 Tr 231, 233.

<sup>159</sup> 2 Tr 232.

<sup>160</sup> 2 Tr 232-233.

<sup>161</sup> 2 Tr 232.

<sup>162</sup> 2 Tr 232.

<sup>163</sup> 2 Tr 233.

<sup>164</sup> 2 Tr 233.

regarding capacity credit calculation to include Mid-Continent Independent System Operator (MISO) Zones 2 and 7.<sup>165</sup>

Staff also agreed with changing the VGP reporting terms. Witness Champion said the schedule should change from semi-annually to annually since the VGP program has reached maturity.<sup>166</sup> She said that the VGP pilot status, metrics and spending should be included in the annual reports and that DTE Electric should engage in semi-annual meetings with Staff to review the VGP pilot progress.<sup>167</sup>

Witness Champion also recommended that DTE Electric be required to consider Power Purchase Agreements (PPA) when assessing VGP RFPs and said that this would provide a competitive market and promote cost effectiveness.<sup>168</sup> Referencing the testimony from Staff witnesses in Case No. U-21193, she said that Staff remains opposed to PPA incentives for VGP projects because the VGP program is statutorily mandated.<sup>169</sup>

Witness Champion noted Staff is concerned about future VGP projects and programs in general given the recent complex and volatile market for renewable energy resources that has led to delays and price increases.<sup>170</sup> She said that if prices continue to rise, DTE Electric will have to create different price tranches for new customers.<sup>171</sup> Staff therefore recommends against allowing DTE Electric to hand pick VGP projects that it can cost average into the program but selecting more costly projects to fulfill the resource needs associated with the most recently approved or future integrated resource plans,

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<sup>165</sup> 2 Tr 234.

<sup>166</sup> 2 Tr 234.

<sup>167</sup> 2 Tr 235.

<sup>168</sup> 2 Tr 235-236.

<sup>169</sup> 2 Tr 236.

<sup>170</sup> 2 Tr 136.

<sup>171</sup> 2 Tr 136.

and Staff will be monitoring to ensure new VGP projects have the same or similar costs as equivalent new renewable generation projects.<sup>172</sup>

### **3. Karsten D. Szajner**

Karsten Szajner, a Departmental Analyst at the MPSC testified about DTE Electric's resource procurement process and sponsored Exhibit S-1.8.<sup>173</sup> He said that using either an independent administrator or an independent monitor brings costs and benefits to the RFP process.<sup>174</sup> Referencing Exhibit S-1.3, he noted that independent administrators offer a more optically transparent approach, but at the cost of the utility's ability to engage in contract modifications that are necessary because of the volatility of the renewable energy market.<sup>175</sup> On the other hand, he said that independent monitors focus on ensuring fairness and consistency, but not transparency.<sup>176</sup> He opined that when independent monitors are used, utilities are involved throughout the entire RFP selection process, have insight into the bidders involved, and may consider contract options that mitigate risk, but the utility may be motivated to select a project it owns rather than entering a PPA.<sup>177</sup> Witness Szajner testified that Staff prefers for an independent administrator to conduct all aspects of the procurement process as outlined in the Competitive Procurement Recommendations and suggests that a utility investigate the possibility of independent oversight that is transparent and allows the utility to be involved in the negotiations.<sup>178</sup>

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<sup>172</sup> 2 Tr 136.

<sup>173</sup> 2 Tr 240-241, 244.

<sup>174</sup> 2 Tr 241-242.

<sup>175</sup> 2 Tr 242.

<sup>176</sup> 2 Tr 242.

<sup>177</sup> 2 Tr 242-243.

<sup>178</sup> 2 Tr 243.

**D. Environmental Law & Policy Center, the Ecology Center, and Vote Solar (CEO)**

**1. Laurel Passera**

Senior Policy Director for the Coalition for Community Solar Access, Laurel Passera, testified and sponsored Exhibits CEO-1, CEO-2, CEO-3, and CEO-4, on behalf CEO.<sup>179</sup>

Witness Passera noted that in a prior case, a CEO Witness identified 600,000 DTE customers paying over 6% of their income to energy bills resulting in a heavy burden that she said could be reduced by community solar.<sup>180</sup> She opined, however, that DTE Electric's current proposal would not result in any meaningful community solar development and would not provide economic benefits to any participant.<sup>181</sup> Referencing testimony from DTE Witness Cameron and the utility's website, Witness Passera called the MIGreenPower program a "premium green tariff program," not a community solar program, because there is a cost for customers to participate but not a direct savings benefit.<sup>182</sup> She said that third-party community solar projects usually result in a 10% to 20% bill savings for customers, and some programs have higher savings results for low-income households.<sup>183</sup> She also said that the MIGreenPower program does not address the needs of low- and moderate-income participants by charging for the service and relying on voluntary donations to pay for subscriptions for low-income customers.<sup>184</sup>

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<sup>179</sup> 2 Tr 244-245, 248.

<sup>180</sup> 2 Tr 252.

<sup>181</sup> 2 Tr 249-250.

<sup>182</sup> 2 Tr 250-252.

<sup>183</sup> 2 Tr 251.

<sup>184</sup> 2 Tr 252.

Witness Passera found that the MIGreenPower Community Impact program was not community solar either and it was not actually progressing.<sup>185</sup> She also said that the MIGreenPower Community Connection proposal is unworkable and unlikely to result in development due to the plan for billing and resource valuation.<sup>186</sup>

Witness Passera described third-party ownership as an important component of successful community solar developments.<sup>187</sup> She said third-party programs allow for equitable access to clean energy and economic benefits and the savings that occurs for community members of all economic levels, which is not available with utility-led projects.<sup>188</sup> She said also said that third-party-owned projects encourage competition, which increases cost-effectiveness and long-term value for customers, while utility-owned projects are more focused on the guaranteed return on investment for the utility.<sup>189</sup> And she found third-party-owned developments necessary to meet the Governor's goal for the State to achieve 100% economy-wide carbon neutrality by midcentury, generate 60% of the state's electricity from renewable resources, and phase out the remaining coal-fired power plants by 2030.<sup>190</sup>

Witness Passera testified that other states, including New York and Massachusetts, have successfully implemented community solar programs using a retail rate compensation structure.<sup>191</sup> She recommended that a community solar program that included credits to subscriber accounts, clear program application rules, requirements for

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<sup>185</sup> 2 Tr 252.

<sup>186</sup> 2 Tr 253-257.

<sup>187</sup> 2 Tr 250.

<sup>188</sup> 2 Tr 257-258.

<sup>189</sup> 2 Tr 257-258.

<sup>190</sup> 2 Tr 259.

<sup>191</sup> 2 Tr 259-260.

low-income participation consistent with Michigan's clean energy equity goals, and consumer protection measures be used.

## **2. William D. Kenworthy**

William D. Kenworthy, a Senior Regulatory Director at Vote Solar, testified and sponsored Exhibits CEO-5 and CEO-6 on behalf of CEO.<sup>192</sup>

Witness Kenworthy testified about the Low-Income Solar Council (LISC) that was created as part of the partial settlement agreement in Case Nos. U-20713 and U-20851, which was intended to advise DTE Electric during the pilot program.<sup>193</sup> Vote Solar was selected as the non-profit representative on the LISC; and Witness Kenworthy participated in the meetings.<sup>194</sup> He said that the LISC has not achieved its goals of identifying potential low-income community solar projects or creating a model for a fiduciary that will serve as a recipient of grant or philanthropic contributions to support subscriptions to the arrays.<sup>195</sup>

Witness Kenworthy said the LISC has been involved with DTE Electric's MIGreenPower Community Impact program but has progressed slowly through the tasks it was called to complete.<sup>196</sup> He said the lack of progress was because the DTE representative on the Council has changed four times since July 2021, resulting in delays in decision-making, the process for identifying community representatives for the LISC

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<sup>192</sup> 2 Tr 278.

<sup>193</sup> 2 Tr 269.

<sup>194</sup> 2 Tr 269-270.

<sup>195</sup> 2 Tr 270.

<sup>196</sup> 2 Tr 270-271.

took longer than anticipated, and identifying build sites and establishing fundraising partners still needs to be done.<sup>197</sup>

Witness Kenworthy described the LISC as a community advisory committee, not a community solar program, that met twice a month since August 2021.<sup>198</sup> DTE Electric pays community representatives who participate in the LISC.<sup>199</sup> According to Witness Kenworthy, DTE Electric's staff has contributed time and expertise to the LISC, but it has not communicated its vision for the project or consistently obtained guidance from its senior management or legal team.<sup>200</sup> Witness Kenworthy opined that the LISC would not develop the three projects in three years as originally planned and he recommended that the program be extended.<sup>201</sup> He testified that there is still significant potential for expanding access to clean energy for low-income communities.<sup>202</sup>

## **E. City of Ann Arbor (Ann Arbor)**

### **1. Dr. Melissa Stults**

Dr. Melissa Stults, the Sustainability and Innovations Director for the City of Ann Arbor, testified and sponsored Exhibit AA-1<sup>203</sup>. She found it problematic that DTE Electric recommends customers with greater than 800,000 MWh annual enrollment who default or cancel before the contract term ends be charged for the entire contract, but do not earn a credit for the energy sold regardless of whether another customer takes their place.<sup>204</sup>

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<sup>197</sup> 2 Tr 272.

<sup>198</sup> 2 Tr 272, 275.

<sup>199</sup> 2 Tr 273.

<sup>200</sup> 2 Tr 273.

<sup>201</sup> 2 Tr 274.

<sup>202</sup> 2 Tr 274.

<sup>203</sup> 2 Tr 282, 292.

<sup>204</sup> 2 Tr 281, 283.

She said that this would allow DTE Electric to retain all rights and interest, collect double the costs of the project, and avoid financing costs that it would have incurred under the contract.<sup>205</sup> She opined that the proposed termination terms would discourage participation because the liability to subscribe is unnecessarily high and recommended designing the termination provisions to protect other customers and DTE Electric, but not make the utility significantly better off than if the contract was completed.<sup>206</sup>

Similarly, Witness Stults found it problematic that customers who default or cancel and have enrollment of between 2,500 and 800,000 MWh would be charged an early termination fee of one year's subscription even if there is a waiting list of other customers seeking to enroll.<sup>207</sup> She noted that these mid-level customers could avoid the early termination fee if the subscription was transferred to another customer within 120 days of notifying DTE Electric of its intention to cancel; and she opined DTE Electric was in the better position to know about potential replacement customers.<sup>208</sup> She said the proposed termination provision could allow DTE Electric to receive a windfall.<sup>209</sup> She also said the provision may discourage participation because of the balance-sheet implications for entering into the contract.<sup>210</sup>

Witness Stults recommended changing the termination penalty fee to either the total amount collected in the prior year or a projection of the costs for the coming year.<sup>211</sup> She also recommended customers receive refunds of early termination fees when new

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<sup>205</sup> 2 Tr 283-284.

<sup>206</sup> 2 Tr 283.

<sup>207</sup> 2 Tr 281-282, 285.

<sup>208</sup> 2 Tr 285, 287.

<sup>209</sup> 2 Tr 286-287

<sup>210</sup> 2 Tr 287.

<sup>211</sup> 2 Tr 288.



subscribers join to encourage the search for a successor customer for the subscription.<sup>212</sup> She opined that many organizations would be discouraged from participating if the terms were changed as DTE Electric proposed because a full year is too far in advance for customers to adequately predict their needs, and instead recommended increasing the notice period from 60 to 90 days.<sup>213</sup>

According to Witness Stults, DTE Electric was essentially phasing out the fixed-price option by only offering it during times of a positive net premium large enough to support at least a \$1 monthly enrollment.<sup>214</sup> She said some customers need the stability of a consistent monthly price before agreeing to participate and suggested lowering the monthly enrollment to \$0.25, if necessary.<sup>215</sup>

Witness Stults testified that DTE Electric's proposal to cap the number of employees for which an employer can sponsor a MIGreenPower subscription would prevent larger employers, like Ann Arbor, from participating.<sup>216</sup> She suggested increasing the cap from 500 employees to 1000, or removing it altogether.<sup>217</sup>

## **F. Great Lakes Renewable Energy Association**

### **1. John Richter**

John Richter, a member of the Board of Directors and Senior Policy Analyst for GLREA, testified and sponsored Exhibits GLREA-1, GLREA-2, GLREA-3, and GLREA-6.<sup>218</sup> He described the cost to participate in DTE Electric's VGP program as essentially

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<sup>212</sup> 2 Tr 288.

<sup>213</sup> 2 Tr 289.

<sup>214</sup> 2 Tr 282, 290.

<sup>215</sup> 2 Tr 290.

<sup>216</sup> 2 Tr 282.

<sup>217</sup> 2 Tr 291.

<sup>218</sup> 2 Tr 296, 303, 336.

free for non-contracted customers due to the energy credits and capacity credits being greater than the subscription fee, which is a change from the last VGP case.<sup>219</sup> Noting that the \$1 monthly subscription enrollment fee is not required under the statute, Rider 17, or as a part of the partial settlement reached in Case No. U-20173, Witness Richter opined that the \$1 monthly minimum is a restriction imposed by DTE Electric without justification.<sup>220</sup> He opined that the statute-required VGP program has been popular given the growing number of non-contracted customers.<sup>221</sup> He said that the statute does not address a negative net premium directly but allows the customer, not the utility, to accrue any additional savings from the program.<sup>222</sup> He concluded that DTE Electric fails to show the problem caused by a negative net premium.<sup>223</sup>

According to Witness Richter, the statute does not provide DTE Electric the option to create a waitlist as it proposes if the supply of green energy is less than the demand from customers.<sup>224</sup> He recommended the MPSC order DTE Electric to purchase and retire RECs from third parties to meet customer demand.<sup>225</sup> He said the waitlist should be used only as a last resort.<sup>226</sup>

Witness Richter also recommended that the contract terms for Rider 18 customers who sell RECs to DTE Electric be standardized to ensure that the terms are consistent, easily accessible, and reasonable.<sup>227</sup> He said that the customer and utility should use a

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<sup>219</sup> 2 Tr 304, 323.

<sup>220</sup> 2 Tr 306-307.

<sup>221</sup> 2 Tr 308-309.

<sup>222</sup> 2 Tr 307-308.

<sup>223</sup> 2 Tr 307.

<sup>224</sup> 2 Tr 310.

<sup>225</sup> 2 Tr 310-311, 324.

<sup>226</sup> 2 Tr 311.

<sup>227</sup> 2 Tr 315-316, 330.

month-to-month purchase agreement, not a long-term contract.<sup>228</sup> He also said that an early termination penalty was not necessary either.<sup>229</sup> He found it unclear whether the REC market could be manipulated and recommended the REC purchase price be the same as the MIGreenPower premium when there are sufficient RECs and a higher price when there is a shortage of RECs.<sup>230</sup> And since there is a shortage of RECs, he was opposed to the large customer RECs-only product because he believed it would reduce REC availability for smaller non-contracted customers.<sup>231</sup>

Witness Richter was in favor of DTE Electric's proposal to allow an employer to purchase subscriptions for employees, but recommended that the employees be added to the waitlist if there is one, so that they do not skip ahead of other non-contracted customers seeking to subscribe.<sup>232</sup> He also said that in part because of the proposed employee enrollment program, the reporting frequency should not change.<sup>233</sup> He recommended DTE Electric include additional information in the report such as the number of customers on the waitlist, the average wait time, and the longest wait time.<sup>234</sup>

## **2. Robert Rafson**

Robert Rafson, a member of GLREA's Regulatory Affairs Committee and the owner of a renewable energy development company, testified and sponsored Exhibits

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<sup>228</sup> 2 Tr 316.

<sup>229</sup> 2 Tr 331.

<sup>230</sup> 2 Tr 320, 335.

<sup>231</sup> 2 Tr 320-321, 325.

<sup>232</sup> 2 Tr 321.

<sup>233</sup> 2 Tr 323.

<sup>234</sup> 2 Tr 323.

GLREA-4 and GLREA-5.<sup>235</sup> He also referred to testimony from Staff Witness Julie Baldwin in Case No. U-21224.<sup>236</sup>

Witness Rafson testified that community solar programs are intended to provide access and equality to all energy consumers.<sup>237</sup> Noting that participation in a community solar program is valuable even though it may be less expensive for the subscriber than traditional solar, Witness Rafson recommended that a subscriber pay toward a specific project and be allowed to transfer their subscription or sell their shares.<sup>238</sup> He found DTE Electric's proposal inconsistent with community solar policies in other states where the customer earns a 10-20% savings, nearly the same credit as if they had solar panels directly on their property.<sup>239</sup> He said that under the MIGreenPower program, DTE Electric could collect windfall profits because it owns the asset.<sup>240</sup> He preferred a solar program originated, developed, and owned by the community.<sup>241</sup>

**G. Michigan Energy Innovation Business Council, Institute for Energy Innovation and Advanced Energy United (EIB)**

**1. Dr. Laura S. Sherman**

Dr. Laura S. Sherman, President of the Michigan Energy Innovation Business Council, testified on behalf of EIB and sponsored Exhibits EIB-1 through EIB-16, inclusive.<sup>242</sup>

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<sup>235</sup> 2 Tr 297, 340, 369.

<sup>236</sup> 2 Tr 341.

<sup>237</sup> 2 Tr 361-362.

<sup>238</sup> 2 Tr 351-352, 358, 368.

<sup>239</sup> 2 Tr 346, 351.

<sup>240</sup> 2 Tr 345.

<sup>241</sup> 2 Tr 353, 355-356, 358, 362-363, 366-368.

<sup>242</sup> 2 Tr 378-379.

Witness Sherman supported DTE Electric's proposal to raise the MIGreenPower subscription limit from 85% to 100% and the Employer Sponsored pilot.<sup>243</sup>

Witness Sherman testified that there are options in the competitive market for customers to purchase RECs on a temporary basis. Still, she was not opposed to a REC-only subscription for contracted customers during the period between when their contract is signed and when MIGreenPower renewable generation is available.<sup>244</sup> She suggested that DTE Electric facilitate a similar option for non-contracted customers when REC demand exceeds supply.<sup>245</sup>

Regarding DTE Electric's proposal to purchase RECs from DG customers, Witness Sherman testified that the decision to buy or sell should be at the discretion of the DG customer, not DTE Electric.<sup>246</sup> She recommended that the purchase price be the 5-year average of the net premiums paid by MIGreenPower Program customers.<sup>247</sup> Concerned that customer interests may not be protected otherwise, Witness Sherman opined that the sales contract should be a standard form approved by the MPSC and created with stakeholder and community input.<sup>248</sup> She agreed that DTE Electric should be allowed to install a bi-directional meter instead of requiring an additional generation meter.<sup>249</sup> She also said that many customers have inverters with integrated meters that are sufficiently accurate for recording RECs.<sup>250</sup> She recommended that the utility be

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<sup>243</sup> 2 Tr 380.

<sup>244</sup> 2 Tr 380.

<sup>245</sup> 2 Tr 419, 421, 432.

<sup>246</sup> 2 Tr 414-415, 421, 432.

<sup>247</sup> 2 Tr 415, 417, 421, 432.

<sup>248</sup> 2 Tr 420, 432.

<sup>249</sup> 2 Tr 413.

<sup>250</sup> 2 Tr 413.

required to either accept the readings from those meters or pay to install a generation meter.<sup>251</sup> She also noted the need for the utility to clearly advise customers without a generation meter or an inverter that they will only receive value for RECs associated with energy exported to the grid.<sup>252</sup>

Witness Sherman also found it problematic that DTE Electric used an evaluator instead of an administrator to oversee its past competitive solicitation process and proposed to do so in the future.<sup>253</sup> She was concerned that the process appeared biased, with the utility having full access to all the bidder information, conducting the scoring, assessing the bids, and making the final selections.<sup>254</sup> Witness Sherman testified that the solicitation process should be overseen by an independent administrator so that anonymity is maintained until the utility negotiates with the winning bidders.<sup>255</sup> She said this would allow for both the appearance of impartiality and actual impartiality.<sup>256</sup> She found the independent evaluation process in the 2022 RFP process to be highly subjective with inconsistent results.<sup>257</sup> She opined that DTE Electric intended to build and own all of the new generation resources.<sup>258</sup> She noted that only projects that were built by DTE achieved the highest scores during the evaluation process.<sup>259</sup>

Referencing past practices that were both self-imposed and statutorily required, Witness Sherman also recommended that DTE Electric procure renewable energy from

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<sup>251</sup> 2 Tr 413.

<sup>252</sup> 2 Tr 413.

<sup>253</sup> 2 Tr 392, 398.

<sup>254</sup> 2 Tr 392.

<sup>255</sup> 2 Tr 392, 398, 431.

<sup>256</sup> 2 Tr 392.

<sup>257</sup> 2 Tr 395.

<sup>258</sup> 2 Tr 409-410.

<sup>259</sup> 2 Tr 396.

PPAs and self-builds at equivalent levels to ensure that customer costs are at the lowest reasonable amount.<sup>260</sup>

Deeming DTE Electric's community solar proposal inadequate, Witness Sherman testified that she did not support it.<sup>261</sup> She said subscribers will not receive an economic benefit reflective of the full value of the electricity generated by their share of the community solar system under DTE Electric's program.<sup>262</sup> She defined community solar as including the ability for third-parties to own the solar system, fair and transparent competition to allow developers to build and operate projects, locally sited projects, and virtual metering for subscriber bill credits.<sup>263</sup> She did not find DTE Electric's program met this definition and she did not think the program would allow developers to create a community solar market like DTE Electric predicted.<sup>264</sup> She said that community solar programs proposed by Staff, Detroit Area Action Organizations, Great Lakes Renewable Energy Association, and Clean Energy Organization in past MPSC Case Nos. U-20836, U-21224, and U-21193 were more appropriate.<sup>265</sup> She recommended the MPSC order the utility to establish a community solar program that allows for third-party ownership, allows for customers to lease or own solar panels, provides bill credits for the energy produced by the solar panels, and provides economic benefits to all participants.<sup>266</sup>

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<sup>260</sup> 2 Tr 401-402, 410.

<sup>261</sup> 2 Tr 382, 442.

<sup>262</sup> 2 Tr 427-428.

<sup>263</sup> 2 Tr 404, 425-426, 437-438.

<sup>264</sup> 2 Tr 438.

<sup>265</sup> 2 Tr 428-431, 439, 442.

<sup>266</sup> 2 Tr 431, 437.

## 2. Caitlin Marquis

Caitlin Marquis, Managing Director at Advanced Energy United, testified about DTE Electric's revised Rider 17 program on behalf of EIB. She said that she and Advanced Energy United have developed criteria to evaluate whether a utility's renewable energy program is successful that include: evaluation of the program pricing compared to actual market pricing and program costs; development of new renewable energy; range of customers who participate; and adverse impact on non-participating customers.<sup>267</sup> Based on these criteria, she found Rider 17 to be a reasonable renewable energy program for large customers.

Witness Marquis testified that she was in favor of DTE Electric's proposals to allow customers to subscribe 100% of their usage through Rider 17, freeze the fixed-price subscription option, increase the notice period to one-year, and add termination and default language.<sup>268</sup> She also supported the sponsorship pilot as long as sponsored customers were made aware of the option to subscribe directly to MIGreenPower and that their RECs are not double counted.<sup>269</sup> And she testified that allowing projects with a higher net premium to be folded into the program when a negative net premium is forecasted is reasonable as long as the project procurement process is competitive and fair to the utility, third-party developers, and customers.<sup>270</sup>

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<sup>267</sup> 2 Tr 447.

<sup>268</sup> 2 Tr 449-452.

<sup>269</sup> 2 Tr 449, 452-455, 457-458.

<sup>270</sup> 2 Tr 449-450, 455-458.



### III.

#### **DISCUSSION**

##### **A. Legal Standards**

The clean and renewable energy and energy waste reduction act promotes the development and use of clean and renewable energy resources and reduction of energy waste through programs that diversify the resources used to reliably meet the energy needs of consumers, provide greater energy security through the use of indigenous energy resources, encourage private investment in renewable energy and energy waste reduction, provide improved air quality and other benefits, and remove unnecessary burdens on the appropriate use of solid waste as a clean energy source.<sup>271</sup>

MCL 460.1061 (Section 61) requires an electric utility to offer its customers the opportunity to participate in a VGP program under which the customer may specify, from the options made available by the electric provider, the amount of electricity attributable to the customer that will be renewable energy. The customer is responsible for the cost of the program and receives the benefit of any savings realized by the utility as a result of the customer's participation.<sup>272</sup> This Commission requires semi-annual VGP reports.<sup>273</sup>

This Commission has provided guidance regarding what to include in a Section 61 proposal and the criteria by which the Commission evaluates the merits of proposed programs, emphasizing that: (1) the programs should be cost-of-service based to avoid subsidization by non-participants; (2) the program terms, renewable energy technologies used, location of renewable energy sources, and costs and savings incurred by a

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<sup>271</sup> MCL 460.1001.

<sup>272</sup> See February 21, 2019 order in Case No. U-18352, p 8.

<sup>273</sup> October 5, 2018 order in Case No. U-18352.

customer should be transparent and clearly explained; (3) the program should contain accurate price signals with costs clearly broken-down, especially with respect to marketing and administrative costs; and (4) renewable energy generation under the program must be additional to the 15% requirement under the clean and renewable energy and energy waste reduction act and separate from the provider's REPs, which will require accurate accounting and verification of RECs to avoid overlap.<sup>274</sup>

A utility must file proposed amendments to its renewable energy plan with the Commission.<sup>275</sup> The Commission shall approve the plan or amendments if it determines that the plan is reasonable and prudent considering projected costs and historical accuracy with projected costs and is consistent with the purpose and goal set forth in the clean and renewable energy and energy waste reduction act and meets the renewable energy credit standard.<sup>276</sup> If the commission rejects a proposed amendment under this section, the commission shall explain in writing the reasons for its determination.<sup>277</sup>

DTE Electric seeks approval of its MIGreenPower Voluntary Renewable Energy Program with several amendments to the program and Rider 17 language and also proposes to change the Section 61 and VGP reporting requirements.<sup>278</sup> Staff proposes approving the changes or approving with modifications.<sup>279</sup> The intervenors recommend the Commission reject or modify most of the proposed changes.<sup>280</sup>

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<sup>274</sup> July 7, 2022 order in Case No. U-18356, p 1, citing Case No. U-18349 and MCL 460.1001.

<sup>275</sup> MCL 460.1022(4).

<sup>276</sup> MCL 460.1022(5).

<sup>277</sup> MCL 460.1022(6).

<sup>278</sup> DTE Electric's Initial Brief, pp 6-7.

<sup>279</sup> Staff's Initial Brief.

<sup>280</sup> Ann Arbor's Initial Brief, p 1; GLREA's Initial Brief, EIB's Initial Brief, DAO's Initial Brief; CEO's Initial Brief.

## **B. Rider 17 Tariff Changes**

### **1. Consolidating Rider 17 and Rider 19**

DTE Electric seeks to have Rider 17 and Rider 19 consolidated. Staff Witness Champion testified that consolidation was appropriate since the resource pools of the Riders were combined as part of the partial settlement agreements in Case Nos. U-20713 and U-20851 and because there is no material impact to subscribed customers.<sup>281</sup> No other party presented a position on this issue.

This PFD finds the request reasonable and efficient and recommends the Commission approve the change.

### **2. 100% Subscription Limit**

DTE Electric proposes to change its program to increase the limit contracted or non-contracted customers may subscribe from 85% to 100% of their energy usage from VGP renewable energy supplies.<sup>282</sup> DTE Electric says that the program is popular and there is a great deal of customer interest, including with the particular request that 100% of their electricity come from renewable energy.<sup>283</sup> DTE Electric asserts that it will not double count RECs because it will procure and retire MIGreenPower RECs equivalent to a customer's subscription level, and the RECs will be audited as part of the regularly held renewable energy plan reconciliation proceedings.<sup>284</sup>

This request is uncontested. Indeed, Staff Witness Champion and EIB Witnesses Sherman and Marquis testified that they concurred with the recommendation.<sup>285</sup> And

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<sup>281</sup> 2 Tr 229.

<sup>282</sup> DTE Electric's Application, pp 3-4; DTE Electric's Initial Brief, p 15; 2 Tr 42-44.

<sup>283</sup> DTE Electric's Initial Brief, p 15.

<sup>284</sup> DTE Electric's Initial Brief, p 16; 2 Tr 44.

<sup>285</sup> 2 Tr 229-230, 380, 449-452; EIB Initial Brief, p 6.

given that the change appears consistent with the goal to promote the development and use of clean and renewable energy resources, this PFD recommends that the Commission increase the volumetric subscription limit from 85% to 100% of energy usage for contracted and non-contracted customers and hold the utility to its commitment to include an accurate accounting and verification of RECs as part of future renewable energy plan reconciliation cases to avoid overlap.

### **3. Fixed Price Subscription**

DTE Electric seeks to postpone the Fixed Price subscription option.<sup>286</sup> EIB Witness Marquis also agreed with the postponement.<sup>287</sup> Ann Arbor opposed the change and suggested lowering the monthly enrollment amount from \$1 to \$0.25 and/or issuing a credit for any oversubscription.<sup>288</sup> Staff agreed with the postponement but had no opinion on whether the subscription amount should be lowered.<sup>289</sup>

This PFD finds that the fixed price subscription option should not be postponed. It is consistent with the purpose and goal set forth in the clean and renewable energy and energy waste reduction act to support programs that diversify the resources used to reliably meet the energy needs of consumers.

### **4. Renewal Notice Period**

DTE Electric proposes to change the notice period for MIGreenPower contracted customers intending to renew their subscription from 60 days to one year to allow for sufficient time to ensure the resources are available.<sup>290</sup> Staff agrees that this change is

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<sup>286</sup> DTE Electric's Initial Brief, p 6.

<sup>287</sup> 2 Tr 449-452

<sup>288</sup> 2 Tr 294-295; Ann Arbor's Initial Brief, pp 1, 9-11.

<sup>289</sup> 2 Tr 230; Staff's Initial Brief, p 6.

<sup>290</sup> DTE Electric's Initial Brief, p 19; DTE Electric's Reply Brief, p 9; 2 Tr 49-50.

necessary and also argues that because contracts range in length from 5 to 20 years, it is reasonable for a customer to decide a year in advance whether or not to renew.<sup>291</sup> Ann Arbor opposes the change and recommends the 60-day notice period remain unchanged or be increased to 90 days at most, because customers are unable to adequately predict their needs a year in advance and may be persuaded against participating in the program.<sup>292</sup>

This PFD agrees with Staff and finds DTE Electric's proposal for customers to give notice one year prior to contract renewal reasonable and prudent given that standard contract terms are five, ten, fifteen or twenty years in length and thus require forecasting well in advance.<sup>293</sup>

## **5. Higher Cost Projects**

DTE Electric proposes that in times when the MIGreenPower net premium is forecast to be negative, it be permitted to add a higher cost project, so long as the net premium is forecast to stay negative for five years.<sup>294</sup> DTE Electric says that it will add more expensive projects when necessary to meet demand and establish new pricing tranches to support the growth of the program but will be careful to keep the costs of MIGreenPower low and not unfairly penalize enrolled subscribers.<sup>295</sup> Staff recommends approving this change.<sup>296</sup> EIB argues that higher net premium projects should only be implemented when DTE Electric uses the best practices for competitive procurements.<sup>297</sup>

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<sup>291</sup> 2 Tr 233; Staff's Initial Brief, p 8.

<sup>292</sup> 2 Tr 282, 289; Ann Arbor's Initial Brief, p 1.

<sup>293</sup> See Rider No. 17 Sheet No. D-111.00.

<sup>294</sup> DTE Electric's Initial Brief, p 20.

<sup>295</sup> DTE Electric's Reply Brief, p 5.

<sup>296</sup> Staff's Initial Brief, p 10.

<sup>297</sup> EIB's Initial Brief, pp 14-15.

GLREA argued in its initial brief that such higher cost projects be allowed but only when there is a VGP waitlist, or a forecasted waitlist.<sup>298</sup> In its reply brief, however, GLREA takes the same position as EIB that DTE Electric's proposal to accept more expensive projects should be rejected unless an independent administrator oversees the bidding process to ensure the most efficient and cost effective projects are chosen.<sup>299</sup>

This PFD recommends approving DTE Electric's proposal to add a higher cost project, in times when the MIGreenPower net premium is forecast to be negative, so long as the net premium is forecast to stay negative for five years. This PFD notes that DTE Electric is required to follow the Competitive Procurement Guidelines for Rate Regulated Electric Utilities (Not for PURPA Compliance) adopted by this Commission in Case No. U-20852.

## **6. VGP Waitlist for Non-contracted Customers**

DTE Electric proposes to create a waitlist for non-contracted customers interested in subscribing to MIGreenPower when demand exceeds generation to maintain communication with potential customers about the timing of their enrollment.<sup>300</sup> Staff recommends approval of this change.<sup>301</sup> GLREA is opposed and maintains that the statute requires the utility to offer customers an opportunity to participate in a VGP program and does not mention waitlists.<sup>302</sup> GLREA argues that the utility should purchase RECs from DG customers when it does not have sufficient supply to meet customer

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<sup>298</sup> GLREA's Initial Brief, p 11.

<sup>299</sup> GLREA's Reply Brief, p 8.

<sup>300</sup> DTE Electric's Application, p 3; DTE Electric's Initial Brief, pp 14-15.

<sup>301</sup> Staff's Initial Brief, p 3.

<sup>302</sup> 2 Tr 310-311, 324; GLREA Initial Brief, pp 2-3.

demand, and only use a waitlist when there is a state-wide shortage.<sup>303</sup> And GLREA suggests that monthly or quarterly reporting be required if a waitlist is implemented.<sup>304</sup> EIB says DTE Electric should facilitate the buying and selling of RECs from Rider 18 customers to non-contracted customers instead of creating a waitlist.<sup>305</sup>

This PFD finds it reasonable to begin a waitlist for non-contracted customers when demand for the MIGreenPower program exceeds generation. This PFD notes that a waitlist does not violate the requirements of the statute since it will be for those who are not yet customers. Because a waitlist would be a new endeavor, the Commission should require DTE Electric to include the number of customers on the waitlist, the average wait time, and the longest wait time as part of future reporting; and such reports be filed twice a year.

## **7. REC-only Subscription**

DTE Electric proposes to offer a REC-only subscription to customers enrolling more than 2,500 MWh when the contract has been signed but MIGreenPower renewable generation is not immediately available.<sup>306</sup> Staff agrees with the request and describes this change as a “stop-gap measure” intended to allow customers to meet their goals for carbon emission off-set when VGP resources are not available.<sup>307</sup> GLREA supports this proposal so long as there is not a waitlist due to insufficient supply.<sup>308</sup> EIB notes that

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<sup>303</sup> GLREA Initial Brief, pp 3-4; GLREA's Reply Brief, p 2.

<sup>304</sup> GLREA's Reply Brief, pp 3-4.

<sup>305</sup> EIB Initial Brief, p 13.

<sup>306</sup> DTE Electric's Application, p 4; DTE Electric's Brief, p 17; 2 Tr 42, 46.

<sup>307</sup> Staff's Brief, p 6.

<sup>308</sup> GLREA's Initial Brief, p 10.

there are already options for customers to procure RECs on a temporary basis, but is not opposed if DTE Electric uses RECs purchased from Rider 18 customers.<sup>309</sup>

This PFD recommends approving the change DTE Electric proposes. Staff opines that this program will not delay the enrollment of non-sponsored non-contracted customers,<sup>310</sup> and as discussed in other sections of this PFD, the Commission could monitor wait time for those customers with the implementation of bi-annual reporting.

## **8. Termination and Default Terms**

DTE Electric seeks to change the termination fee for contracted customers with the escalating volumetric subscription option to one year's subscription cost, arguing that the current termination language in Rider 17 does not address this group of customers.<sup>311</sup> It also proposes to change the termination and default terms for customers with annual enrollments of 80,000 MWh or more by defining default conditions, DTE Electric's rights to terminate an agreement if a default occurs, and customer responsibilities for damages.<sup>312</sup> Staff and GLREA are in favor of the changes, adopting DTE Electric's argument that the utility's non-defaulting and non-terminating customers will ultimately benefit.<sup>313</sup> Ann Arbor disagrees with the proposed provisions arguing that DTE Electric would inappropriately collect two to three times the costs associated with such a default or termination penalties even where another customer takes over the subscription.<sup>314</sup>

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<sup>309</sup> 2 Tr 380; EIB's Initial Brief, pp 11-12.

<sup>310</sup> Staff's Reply Brief, p 6.

<sup>311</sup> 2 Tr 50; DTE Electric's Initial Brief, p 19.

<sup>312</sup> 2 Tr 50; DTE Electric's Initial Brief, p 20.

<sup>313</sup> 2 Tr 449-452; Staff's Initial Brief, p 9.

<sup>314</sup> 2 Tr 281-283, 285-287; Ann Arbor's Initial Brief, pp 2-3.



This PFD finds Ann Arbor's concerns reasonable. DTE Electric's proposed changes to the termination and default terms go further than to protect other customers and DTE Electric. Instead, the terms could make DTE Electric significantly better off than if the contract was completed. Further, customers who desire to terminate their contract early should be incentivized to do so if there is a list of waiting customers to participate in the program. DTE Electric's claim that it would be unfairly burdensome and result in additional costs for it to monitor whether a subsequent customer takes over the subscription of a defaulting or terminating customer is unsupported by the record.<sup>315</sup> DTE Electric presented no evidence of the additional burden or expense it would cause. This PFD recommends that the terms be modified such that early termination fees are not imposed if, within 120 days of the notice to cancel, the subscription is transferred to another customer, whether because they were on the waitlist or were recruited. And penalties should be capped at one year's subscription fee given that the utility has asserted that one year is sufficient lead time as indicated by DTE Electric's request for a one year renewal notice provision.

**C. Purchase of RECs from Distributed Generation (DG) Customers**

DTE Electric proposes to purchase, at its discretion, RECs from DG customers with purchases retired on behalf of DTE Electric's compliance with Michigan's Renewable Portfolio Standards or to support the MIGreenPower Program.<sup>316</sup> It wants to pay market rate for the RECs or a rate based on the prior year's average price for Michigan RECs, with the figure specified in a customer's contract.<sup>317</sup> Its plan also gives customers the

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<sup>315</sup> DTE Electric's Reply Brief, pp 11-12.

<sup>316</sup> DTE Electric's Initial Brief, pp 23-24.

<sup>317</sup> DTE Electric's Initial Brief, p 23; DTE Electric's Reply Brief, p 12.

option to install a generation meter or use a bi-directional meter for recording outflow.<sup>318</sup> Staff recommends that the utility pay DG customers the same amount for RECs that Rider 17 customers pay for them.<sup>319</sup> EIB argues that DG customer's should have the discretion whether to sell RECs and the price should be the five-year rolling average of the net premium for the MIGreenPower program.<sup>320</sup> GLREA and EIB recommend that the REC purchase contract be a standardized form, include input from stakeholders, and be filed with the Commission.<sup>321</sup> And GLREA and EIB recommend requiring that DTE Electric purchase RECs from DG customers when there is a waitlist of VGP customers or when the supply of RECs is predicted to be less than demand for the VGP program.<sup>322</sup>

Based on the evidence, DTE Electric has not yet complied with the Commission's order to propose a mechanism to purchase RECs from its DG customers that would be applied to the VGP program.<sup>323</sup> This PFD recommends DTE Electric buy RECs from DG customers at the DG customer's discretion, without penalty for terminating an agreement, and at the same rate that Rider 17 customers pays for them. The sales contracts between the utility and customers should be standardized so that the terms, costs, and savings are transparent and clearly explained.<sup>324</sup> And the parties appear to agree with DTE Electric's proposal for metering, which this PFD also recommends the Commission adopt.<sup>325</sup> While this PFD recommends that DTE Electric have discretion as to when it

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<sup>318</sup> DTE Electric's Initial Brief, p 23; DTE Electric's Reply Brief, p 12.

<sup>319</sup> Staff's Initial Brief, p 11.

<sup>320</sup> EIB's Initial Brief, p 12.

<sup>321</sup> 2 Tr 315-316, 330; EIB's Initial Brief, pp 13-14.

<sup>322</sup> GLREA's Initial Brief, pp 4-5.

<sup>323</sup> November 18, 2022 order in Case No. U-20836, pp 445, 484.

<sup>324</sup> See July 7, 2022 order in Case No. U-18356, p 1, citing Case No. U-18349 and MCL 460.1001.

<sup>325</sup> 2 Tr 57, 152, 159-160, 188-189, 413.

buys RECs, it should facilitate a waitlist for DG customers who are willing to sell RECs but are not yet under a sales contract that includes the length of wait time, the average wait time, and the longest wait time for this Commission to use in future decision-making.

**D. Sponsorship Pilot Program**

DTE Electric proposes to begin a pilot program whereby up to ten MIGreenPower customers who are enrolling more than 2,500 MWh annually may elect to purchase (or sponsor) a subscription of less than 2,500 MWh annually on behalf of up to 500 non-contracted residential customers.<sup>326</sup> Staff recommends approving the pilot.<sup>327</sup> EIB is also supportive of the pilot but suggests that the utility be required to show that RECs have not been double counted as well as allow sponsored customers the option to subscribe directly in MIGreenPower.<sup>328</sup> Ann Arbor supports the pilot but disagrees with capping the number of potential enrollees because large employers could be discouraged from participating altogether since they could only sponsor enrollment for a portion of their staff.<sup>329</sup> And GLREA is in favor of the pilot but says that the sponsored customers should be added to the waitlist, if there is one.<sup>330</sup>

This PFD recommends approving the MIGreenPower sponsorship pilot program as it seems to comport with the clean and renewable energy and energy waste reduction act's goal to encourage private investment in renewable energy. Staff opines that this program will not delay the enrollment of non-sponsored, non-contracted customers,<sup>331</sup>

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<sup>326</sup> 2 Tr 48; DTE Electric's Application, p 4; DTE Electric's Initial Brief, pp 18-19.

<sup>327</sup> 2 Tr 231, 233.

<sup>328</sup> 2 Tr 380, 449, 452-455, 457-458; EIB's Initial Brief, pp 7-10.

<sup>329</sup> 2 Tr 291; Ann Arbor Initial Brief, pp 12-13.

<sup>330</sup> 2 Tr 323.

<sup>331</sup> Staff's Reply Brief, p 7.

and as discussed in other sections of this PFD, the Commission could monitor wait time for those customers with the implementation of bi-annual reporting.

**E. Straw Proposal of a Rider 17 Community Solar Project**

DTE Electric offers its MIGreenPower Community Connection program as a straw proposal of a community solar project where the project developers would own the projects and be responsible for all aspects of the development and interconnection process.<sup>332</sup> Staff accepts DTE Electric's program as a community solar project but suggests several requirements that should be implemented for organizations that wish to participate, in order to ensure customers have a method to address concerns, to provide enrollment data to the utility, and to ensure a level of customer protection.<sup>333</sup> Staff also argues that customer ownership is important but should not come at a cost to non-participating customers.<sup>334</sup> DAO argues that DTE Electric's proposal is not a community solar project and should be rejected.<sup>335</sup> In the alternative, DAO recommends the Commission require DTE Electric to follow the pilot program provisions recommended by Staff in Case No. U-20836.<sup>336</sup> CEO and GLREA argue that because DTE Electric's solar program does not include on-bill crediting or customer ownership, it is flawed and a new program should be developed.<sup>337</sup>

This PFD finds that DTE Electric's proposal complies with the Commission's order in Case No. U-20836 and serves as a starting point for a community solar pilot. This PFD

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<sup>332</sup> DTE's Initial Brief, p 23.

<sup>333</sup> Staff's Initial Brief, pp 12-13; 2 Tr 191.

<sup>334</sup> Staff's Reply Brief, pp 2-3.

<sup>335</sup> DAO's Initial Brief.

<sup>336</sup> DAO's Initial Brief, p 21.

<sup>337</sup> CEO's Initial Brief, pp 7-8; GLREA's Initial Brief, pp 13-14.

recommends the Commission require DTE Electric to include on-bill crediting for the program. Further, this PFD recommends that the Commission order subscriber organizations to do the following as set forth by Staff:

- a. Set aside funding in the form of an escrow or bond to cover the costs of decommissioning the project and returning the site to its original condition at the end of the project life.
- b. Provide an affidavit that details the third-party's agreement to participate in an informal customer dispute resolution process with MPSC Staff.
- c. Submit marketing materials and customer contract templates to the Staff for review prior to presenting to customer participants and provide an affidavit that details agreement to address Staff concerns.
- d. Agree to the terms of the power purchase contract and subscription activities with the utility.

And this PFD recommends DTE Electric be required to conduct a focus group with residents, including low-income customers, and local elected officials after the program has been in place for six months.

#### **F. Report Filing**

DTE Electric requests that one VGP program report be filed each year on August 31 with the VGP program report incorporated into the Section 61 filing when it is required, modifying this Commission's January 16, 2018 order in Case No. U-18352 which required the filing of VGP reports on April 1 and October 1 every year.<sup>338</sup> Staff contends that the program has matured and supports reducing the frequency of the reports.<sup>339</sup> GLREA does not object to a reduction in reporting frequency when there is no waitlist of

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<sup>338</sup> DTE Electric's Application, p 6; January 16, 2018 order in Case No. 18352, p 11.

<sup>339</sup> Staff's Initial Brief, p 7.

MIGreenPower customers but argues that if a waitlist is permitted, the utility should provide monthly or quarterly updates that include the number of customers on the waitlist and the length of time they have been waiting.<sup>340</sup>

This PFD recommends reducing the frequency of the VGP reports to once per year so long as there is no waitlist for non-contracted VGP customers. When there is a VGP waitlist, this PFD recommends twice-a-year filings be required to monitor what will be a new process under that circumstance. Similarly, when customers are willing to sell RECs but DTE Electric has not purchased them, a waitlist should include the number of waiting sellers, the average wait time, and the longest wait time experienced by customers as discussed above.

#### IV.

#### **CONCLUSION**

In considering the whole record and based on the foregoing discussion, this PFD recommends that the Commission adopt the findings, conclusions, and recommendations set forth above.

MICHIGAN OFFICE OF ADMINISTRATIVE  
HEARINGS AND RULES  
For the Michigan Public Service Commission

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