NEWS RELEASE

Rick Snyder, Governor
Sally Talberg, Chairman
Norm Saari, Commissioner
Rachael Eubanks, Commissioner

Contact: Nick Assendelft
517-284-8300 (office)
517-388-3135 (cell)
Consumer Contact: 800-292-9555
www.michigan.gov/mpsc

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LANSING, Mich. – The Michigan Public Service Commission (MPSC) today set the state reliability mechanism (SRM) capacity charge that customers of alternative electric suppliers (AES) would have to pay if those suppliers don't have enough power to serve their customers' anticipated needs.

The charge is required in P.A. 341, one of the state's new energy laws, and applies to AESs serving customers under the state's electric choice program. The SRM charge determination and an earliercapacity demonstration ruling by the PSC are intended to improve resource adequacy throughout the state.

If an AES cannot demonstrate it has enough capacity into the future or chooses not to arrange generating capacity to meet the new requirements, the law requires that a capacity charge be assessed by the local utility that also serves the area's customers.

The Commission ruled today that, starting on June 1, 2018, Consumers Energy Co. (Case No. U-18239) can implement a capacity charge of $109,714/MW-year, or $300.59/MW-day, for full service customers, and DTE Electric Co. (Case No. U-18248) can implement a capacity charge of $97,527/MW-year, or $267.20/MW-day. The capacity charges must be evaluated by the Commission at least once per year.

Public notices regarding the capacity charge for each utility service territory can be found here.

In a related case, the Commission granted a rehearing (Case No. U-18197) on some of the issues addressed in its Sept. 15 capacity demonstration ruling. Given the complexity and novelty of the issues involved in ruling, Energy Michigan, Inc.'s petition was partially approved to clarify some of the issues raised.

For an issue brief about the state reliability mechanism, click here. For an issue brief about the state resource adequacy law, click here.

Electric utility integrated resource planning parameters adopted

The Commission today accepted the Michigan Integrated Resource Planning Parameters (Case No. U-18418) as it developsintegrated resource plan (IRP) provisions that rate-regulated utilities must follow under P.A. 341, part of the state's new energy laws passed in April.

Electric utilities will use IRPs to evaluate options for meeting the state's long-term electricity needs. Modeling tools in the parameters will be used to evaluate a utility's resources under different scenarios and assumptions.

The MIRPP has three modeling scenarios for rate-regulated utilities in the Upper Peninsula and three for rate-regulated utilities in the Lower Peninsula. The parameters will test how different future resource plans perform compared to each other based on affordability, reliability, adaptability, and environmental stewardship. The modeling scenarios are business as usual, emerging technologies, environmental policy, and high market price variant. Besides those options, utilities can also run additional modeling scenarios they've identified.

Utilities will file their respective IRPs beginning in 2018 under a schedule to be set by the Commission next month. The MIRPP and utility IRPs will then be reevaluated every five years.

Other MPSC decisions

Alpena electric rate increase: Alpena Power Co. was approved for an annual revenue increase totaling $1,350,000. Under a settlement agreement (Case No. U-18324), electric rates will go up 3.73 percent, effective Jan. 1, 2018. The authorized rate of return on common equity is 10.1 percent and the overall rate of return is 5.81 percent. The increase means a residential customer using 500 kilowatt hours of electricity will pay $3.50 more per month.

Presque Isle gas rate increase: About 600 gas customers of Presque Isle Electric & Gas Co-op will see a rate increase of up to 8 percent under a settlement agreement (Case No. U-18259) approved by the Commission. The Presque Isle customers are in the Village of Hillman and Allis Township. Residential customers who use an average of 10,000 cubic feet of gas per month will see their monthly bills increase $8.95.

Gas pipeline OK'd: Savoy Energy L.P. will be allowed to install the Columbia 36 Pipeline in Jackson County (Case No. U-18200). The 3 ½-inch natural gas pipeline will be about 2 miles long and is expected to transmit 870,000 cubic feet of gas per day. The cost is estimated to be $287,268 and is scheduled to be completed by late spring 2018.

For more information about the MPSC, please visitwww.michigan.gov/mpscor sign up for one of itslistservsto keep up to date on MPSC matters.

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