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May 12, 2017

Ms. Kavita Kale
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
P.O. Box 30221
Lansing, MI 48909

RE: MPSC Case No. U-18393 – In the matter of the application of CONSUMERS ENERGY COMPANY for approval to amend its Renewable Energy Plan to include a Voluntary Large Customer Renewable Pilot Program.

Dear Ms. Kale:

Enclosed for electronic filing in the above-captioned case please find **Consumers Energy Company's Application for Ex Parte Approval of an Amendment to its Renewable Energy Plan**. This is a paperless filing and is therefore being filed only in PDF. I have enclosed a Proof of Service showing electronic service upon the parties to MPSC Case Nos. U-18081, U-17792, and U-17301.

Sincerely,

Anne M. Uitvlugt

cc: Parties to MPSC Case Nos. U-18081, U-17792, and U-17301

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for approval to amend its Renewable Energy)
Plan to include a Voluntary Large Customer)
Renewable Energy Pilot Program.)
_____)

Case No. U-18393

**CONSUMERS ENERGY COMPANY’S APPLICATION FOR EX PARTE APPROVAL
OF AN AMENDMENT TO ITS RENEWABLE ENERGY PLAN**

Consumers Energy Company (“Consumers Energy” or the “Company”), pursuant to 2008 Public Act (“PA”) 295 (“Act 295”), as amended by 2016 PA 342 (“Act 342”), MCL 460.1022(4), applies to the Michigan Public Service Commission (“MPSC” or the “Commission”) for *ex parte* approval of an amendment to the Company’s Renewable Energy Plan (“RE Plan”) to include a Voluntary Large Customer Renewable Energy Pilot Program (“Program”). This Program is discussed in detail in the affidavit of Ms. Teri L. VanSumeren and its accompanying attachments. In support of this Application, the Company states as follows:

1. Consumers Energy is, among other things, engaged as a public utility in the business of generating, purchasing, distributing, and selling electric energy to approximately 1.8 million retail customers in the State of Michigan. The retail electric system of Consumers Energy is operated as a single utility system, within which uniform rates are charged.

2. Consumers Energy’s retail electric business is subject to the jurisdiction of the Commission pursuant to various provisions of 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1, *et seq.*; and 2008 PA 295, as amended, MCL 460.1001 *et seq.* Pursuant to these statutory provisions, the Commission has the power and jurisdiction to regulate Consumers Energy’s retail electric rates.

3. On October 6, 2008, the State of Michigan enacted Act 295, MCL 460.1001 *et seq.*, which was originally entitled the “Clean, Renewable, and Efficient Energy Act.” Under Act 295, Consumers Energy was required to file a proposed RE Plan with the Commission for its review and approval. Consistent with the requirements of Act 295, Consumers Energy submitted its 2009 RE Plan on February 17, 2009 in MPSC Case No. U-15805, which was approved in an Order issued May 26, 2009. The Company’s RE Plan reflects certain amendments that were previously approved by the Commission in Orders issued in MPSC Case No. U-16543 on May 10, 2011, May 26, 2011, and July 26, 2011; in MPSC Case No. U-16581 on May 1, 2012; in MPSC Case No. U-17301 on June 14, 2014 and February 12, 2015; and in MPSC Case No. U-17752 on May 14, 2015.

4. In May 2015, Consumers Energy filed its most recent biennial RE Plan amendment which was approved by the Commission. See MPSC Case No. U-17792, March 29, 2016 Opinion and Order; and MPSC Case No. U-17792, June 9, 2016 Order on Rehearing. Additional amendments have been made to this RE Plan in MPSC Case No. U-15805, which the Commission approved on December 20, 2016, and in MPSC Case No. U-18345, which is pending before the Commission. Consumers Energy has chosen to make this limited amended RE Plan filing before its next RE Plan review filing in order to precipitate the implementation of the Program.

5. On December 20, 2016, the Governor of Michigan signed Act 342, which amended Act 295. This amendment continued the Company’s RE Plan and increased the Company’s renewable energy credit requirements in the years 2019 and 2021. Additionally, Section 61 of Act 342 requires electric providers, like Consumers Energy, to offer its customers the ability to participate in voluntary green pricing programs. Under a Commission-approved

voluntary green pricing program, a customer may specify the amount of its electricity that is attributable to renewable energy and incur any additional costs or savings that accrue due to participation in the program. Consumers Energy believes that this Program would provide large customers an option to participate in a voluntary green pricing program.

6. In 2016, Consumers Energy reviewed its renewable energy program offerings to gauge how well it was meeting the renewable energy needs of its customers. In doing so, the Company identified an opportunity to help its large business customers, who require large levels of energy for extended periods of time, achieve their renewable energy objectives. In response to growing interest from its large business customers, Consumers Energy conducted a survey using the Corporate Renewable Energy Buyer's Principles, reported by the World Wildlife Fund and World Resources Institute, as the framework. More than half of the large business customers who responded to the survey expressed the importance of having access to new renewable energy projects, an opportunity to work with utilities and regulators to expand choices for buying renewable energy, a greater choice in renewable energy options, and access to longer-term fixed-price renewable energy.

To address its customers' needs, Consumers Energy has developed this Program, as a three year pilot, in order to offer a voluntary renewable energy option to new and existing Full Service electric large business customers, with at least one MW of demand, who want to advance the development of renewable energy resources in Michigan and want to have a greater portion of their electric usage attributed to renewable resources. Under the Company's proposed Program, participants have the ability to choose the amount of utility involvement in helping the customer achieve its renewable energy goals. To accomplish this, the Program includes two service options: Option A and Option B. The details of this Program are discussed in the

affidavit of Ms. Teri L. VanSumeren and its accompanying attachments, which includes the Company's proposed Voluntary Large Customer Renewable Energy Pilot Program tariff.

7. The Program's Option A provides for a more traditional utility renewable energy offering. Customers who choose to participate in the Program will remain on their current full service tariff, and in addition, pay a per-kWh subscription fee and receive a per-kWh energy and capacity credit based upon their respective subscription level and electric usage for that billing period. Participants in the Program may elect a subscription level between 20% and 100% of their load, in 5% increments. The Program's renewable energy is planned to be generated from a Company-owned wind facility, as approved by the Company's RE Plan. The renewable energy credits attributable to the energy generated through the Program will be retired on the customer's behalf or transferred to the customer.

8. Participants in Program Option A will pay a \$0.045 per kWh renewable energy subscription charge for the level of load they intend to match with renewable energy. The subscribed generation amount for each enrolled customer will be calculated each billing period and will be based on the customer's energy usage for that billing period and the customer's elected renewable energy percentage. Additionally, customers will receive a wind energy and capacity credit each month associated with the renewable energy generated. The Company will offer the designated wind facility into the Midcontinent Independent System Operator, Inc. ("MISO") energy and capacity markets at the generator commercial pricing node. The Company will then calculate each customer's share of the energy and capacity market revenues based on their subscription level and monthly energy usage. The monthly energy and capacity revenues will be based on the MISO Real Time Locational Marginal Price ("LMP") and MISO Annual Capacity Auction Clearing Price for that MISO Planning Year. On an annual basis, the

Company will review and reconcile any over- or under-recovery of energy and capacity revenues credited to customers participating in the Program.

9. The Program subscription fees and credits are designed so that customers who elect to participate are paying for the Program's costs incurred and receiving any savings obtained. Thus, the Company proposes to account for the energy and capacity credits issued to participants similar to the process used in the Company's Solar Garden pilot approved in MPSC Case No. U-17752. That is, the revenues from selling the renewable energy and capacity into the MISO markets, and booked in the Power Supply Cost Recovery ("PSCR"), will be offset by the credits paid to participating customers.

10. The Company's Program is designed in such a way that the customers who voluntarily enroll in the program are paying for the costs of the renewable energy subscribed. As the cost for the Program's renewable energy facility being utilized for this pilot has already been approved for recovery in the RE Plan, the subscription fees collected will be treated as revenue, offsetting the costs included in the RE Plan, and the PSCR transfer price will not be applied to the subscribed portion of the renewable energy facility. To the extent a portion of the Program is unsubscribed, then that portion of energy and capacity will be transferred to the PSCR from the RE Plan through the normal transfer price mechanism.

11. Program Option B provides a renewable energy offering for customers who want to actively participate in fulfilling their renewable energy objectives. Option B is available to Full Service electric customers, with new or expanding load exceeding 3 MW that is not previously served by the Company, without a minimum or maximum annual subscription level. This option provides customers with the opportunity to either build or purchase their renewable energy requirements from a 100% certified renewable energy source located within the MISO

footprint. This option is primarily intended for large business customers experienced in contracting with independent renewable energy developers but who prefer: (i) the Company, for a fee, to administer the sale of renewable energy associated with the customer's contract into the MISO energy and capacity markets; and/or (ii) would like to take advantage of the market index billing provision of the Program.

12. As discussed above, the approvals requested in this Application will not result in “an alteration or amendment in rates or rate schedules” and “will not result in an increase in the cost of service to customers.” Additionally, as the Commission recently noted in MPSC Case No. U-18076, “[p]ursuant to Section 21(9) of Act 295, the Commission is only required to conduct a contested case on an amendment to an REP in the event that the amendment would change the surcharge.” MPSC Case No. U-18076, October 11, 2016 Order, page 8. The approval of the Program, as proposed in this Application and supported by the attached Affidavit, demonstrates that there will be no increase in the cost of service to customers. The approvals sought in this Application therefore “may be authorized and approved *without notice or hearing*.” MCL 460.6a(1). (Emphasis added.) Thus, approval of this Application without notice or hearing is lawful and appropriate. See also MPSC Case No. U-15806, April 30, 2009 Order, pages 9-10 and MPSC Case No. U-15805, July 27, 2010 Order, pages 5-6.

13. Further details of Consumers Energy's proposed implementation of the Program are provided in the affidavit and attachments that accompany this Application, which are incorporated herein by reference. The relief described in the affidavit should be considered as if specifically requested in this Application.

WHEREFORE, Consumers Energy Company respectfully requests the Michigan Public Service Commission to issue an *ex parte* order:

A. Determining that Consumers Energy Company's amended Renewable Energy Plan is reasonable and prudent, and that it meets all applicable requirements of 2008 Public Act 295, as amended;

B. Approving Consumers Energy's proposed Voluntary Large Customer Renewable Energy Pilot Program in its entirety;

C. Approving Consumers Energy's proposed Voluntary Large Customer Renewable Energy Pilot Program Tariff;

D. Determining that the Voluntary Large Customer Renewable Energy Pilot Program and related approvals will not result in an alteration or amendment in Consumers Energy's rates or rate schedules, and will not result in an increase in the cost of service to Consumers Energy's customers, and therefore may be authorized and approved without notice or hearing; and

E. Granting such other and further relief that the Commission finds just and reasonable.

Respectfully submitted,

Dated: May 12, 2017

By: _____
Timothy J. Sparks
Vice President of Energy Supply Operations
Consumers Energy Company

By: _____
Anne M. Uitvlugt (P71641)
Gary A. Gensch, Jr. (P66912)
One Energy Plaza
Jackson, Michigan 49201
Attorneys for Consumers Energy Company
(517) 788-2112

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for approval to amend its Renewable Energy)
Plan to include a Voluntary Large Customer)
Renewable Energy Pilot Program.)
_____)

Case No. U-18393

VERIFICATION

STATE OF MICHIGAN)
)ss
COUNTY OF JACKSON)

Timothy J. Sparks, being first duly sworn, deposes and says that he is the Vice President of Energy Supply Operations of Consumers Energy Company; that he has executed the foregoing Application for and on behalf of Consumers Energy Company; that he has read the foregoing Application and is familiar with the contents thereof; that the facts contained therein are true, to the best of his knowledge and belief and that he is duly authorized to execute such Application on behalf of Consumers Energy Company.

Dated: May 12, 2017

By: _____
Timothy J. Sparks
Vice President of Energy Supply Operations
Consumers Energy Company

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for approval to amend its Renewable Energy)
Plan to include a Voluntary Large Customer)
Renewable Energy Pilot Program.)
_____)

Case No. U-18393

AFFIDAVIT OF TERI L. VANSUMEREN

Teri L. VanSumeren, being first duly sworn, deposes and says as follows:

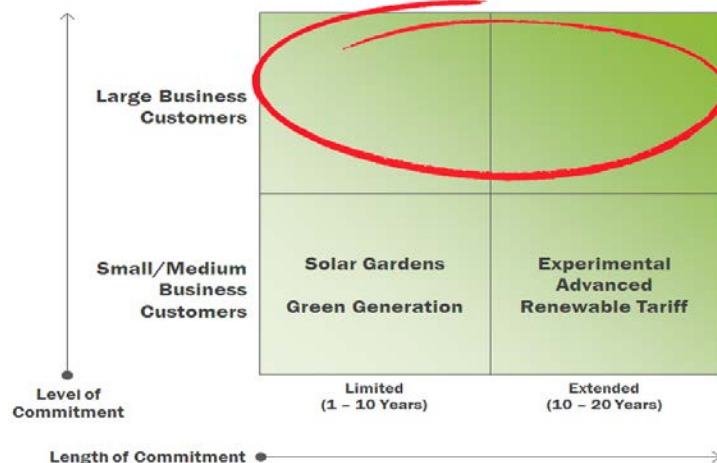
1. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”) as Executive Director of Energy Efficiency & Renewable Resources.

2. I earned a bachelor’s degree in Engineering Science from Michigan State University. In 1983, I accepted the position of Graduate Load Research Analyst in the Marketing Research & Pricing Department with Consumers Power Company (later Consumers Energy). In 1990, I was promoted to Supervisor of Load Monitoring & Analysis in the Research & Rate Administration Department, which included supervising the Company’s load research. In 1991, I was promoted to Energy Research & Evaluation Supervisor in the Customer Program Services Department, which included supervising the evaluation of the Company’s demand-side management and energy conservation programs. In 1997, I was promoted to Director of Customer Research in which I was responsible for the Company’s residential and business customer marketing research. In 2009, I was asked to oversee the Company’s Energy Optimization Plan as Manager of Energy Efficiency Solutions. My responsibilities increased in 2013 to include the Company’s Residential Demand Response programs, and my title was revised to Director of Smart Energy Efficiency Solutions. In 2016, I was promoted to my current

position, and my responsibilities increased to include overseeing the Company’s Renewable Energy Plan (“RE Plan”).

3. With this filing, Consumers Energy is seeking the Michigan Public Service Commission’s (the “Commission”) *ex parte* approval of the Voluntary Large Customer Renewable Energy Pilot Program (“Program”) and the accompanying tariff provided as Attachment A. The Company has designed this Program as a three year pilot, which will be open for enrollment following the Commission’s approval. Except for the initial year the Program is approved, the Program will be open for enrollment from June 1 through September 30 each year.

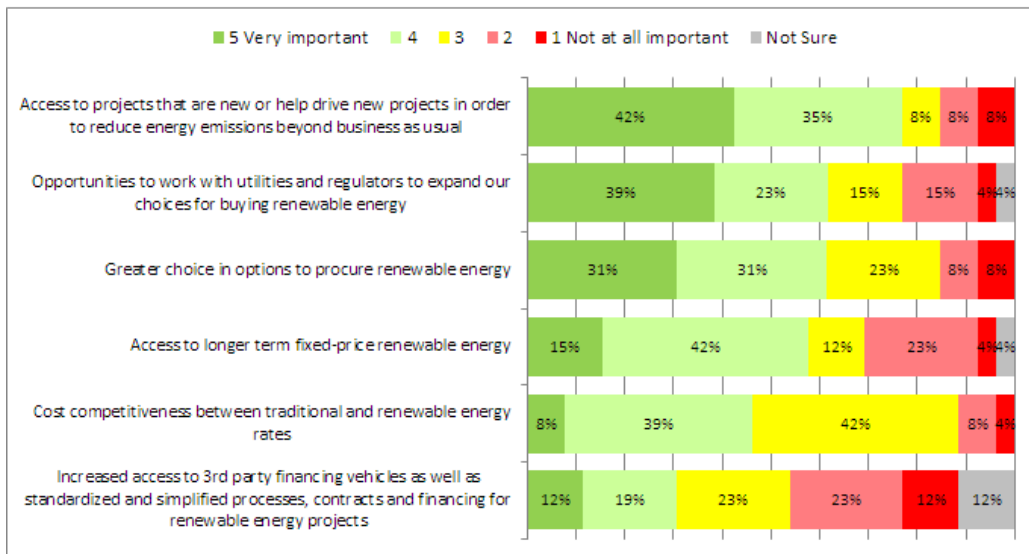
4. Recently, the Company has observed that an increasing number of large businesses in the United States are seeking to develop renewable energy strategies that: reduce their long-term energy costs, reduce their exposure to energy price volatility, and expand the availability of new renewable energy resources. While monitoring this trend, the Company re-examined its portfolio of renewable energy offerings in late 2016 to gauge how well it was meeting the renewable energy needs of these customers. In doing so, the Company identified an opportunity to help its large business customers – those desiring large levels of energy for extended periods of time – achieve their renewable energy objectives.



5. In January 2017, the Company conducted a survey of its large electric business customers to better understand their renewable energy priorities. The Company used the Corporate Renewable Energy Buyer’s Principles, reported by the World Wildlife Fund and World Resources Institute, as the framework for its survey. The Buyer’s Principles identify the top six priorities and needs most large businesses are facing as purchasers of renewable energy. By understanding how customers ranked these principles, the Company hoped to gain better insight into the renewable energy objectives of its customers and how best to structure its pilot to satisfy these goals. As indicated in Figure 1 below, more than half of the large business customers who responded to the survey indicated that it was important – as measured by a score of 4 and above – that they have: (i) access to new renewable energy projects; (ii) an opportunity to work with utilities and regulators to expand choices for buying renewable energy; (iii) a greater choice in renewable energy options; and (iv) access to longer term fixed-price renewable energy.

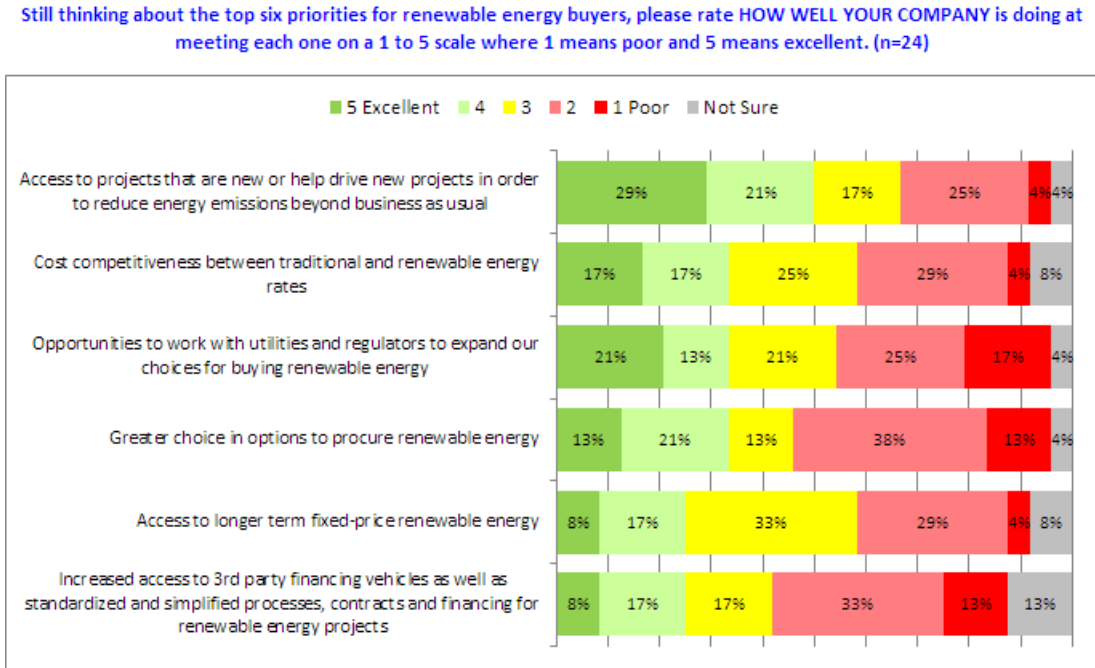
Figure 1

The Corporate Renewable Energy Buyers Principles’ framework identifies the top six priorities and needs most large corporations are facing as renewable energy buyers. Our next few questions ask about these priorities and needs. Here are the top six priorities that most corporations face as renewable energy buyers. Please rate HOW IMPORTANT each one is to your Company on a 1 to 5 scale where 1 means not at all important and 5 means extremely important. (n=26)



However, more than half of the customers who responded to the survey also indicated that there was room to improve when asked how well they were doing at meeting each principle. See Figure 2. The Company used the results of this survey when designing the Program proposed in this case.

Figure 2



6. Based on customer feedback, in order to better address its customers’ needs, the Company has developed this Program in order to offer a voluntary renewable energy option to new and existing Full Service electric large business customers – those with at least one MW of demand – who want to advance the development of renewable energy resources and have a greater portion of their electric usage attributed to renewable resources. Under the Company’s proposed Program, participating customers have the ability to choose the amount of utility involvement in helping them meet their renewable energy goals. To accomplish this, the Program includes two service options: Option A and Option B.

Option A: Consumers Energy Sponsored Renewable Energy

7. The Program's Option A provides for a more traditional utility renewable energy offering. Customers who choose to participate in the Program will remain on their current full service tariff, and in addition, pay a per-kWh subscription fee and receive a per-kWh energy and capacity credit based upon their respective subscription level and electric usage for that billing period.

8. Under the Program, customers voluntarily enroll and elect the amount of their electrical usage to be attributed to renewable energy generated. Once enrolled, customers elect a subscription level between 20% and 100% of their load, in 5% increments, to be attributed to a renewable energy resource, and can adjust the level of energy matched annually to align with their individual corporate renewable energy goals. This design gives customers the ability to customize their experience, while remaining administratively manageable for the Company. The Program's renewable energy will be limited to 115,000 megawatt-hours annually and is planned to be generated from a Company-owned wind facility, as approved by the Company's RE Plan. The renewable energy generated and attributed to participating customers, as well as the renewable energy credits obtained, will not be used for compliance by the Company for its renewable energy credit portfolio. Customers who select Option A can participate in the Program for a minimum of three years, after which they can renew their subscription in three year increments, up to a maximum of 20 years.

9. The subscribed generation amount for each enrolled customer will be calculated each billing period and will be based on the customer's energy usage for that billing period and the customer's elected renewable energy percentage. Customers will pay a \$0.045 per kWh renewable energy subscription charge for the level of load they intend to match with renewable

energy. The subscription charge covers the cost of construction, operation and maintenance, return on equity, financing, property taxes, insurance, and substation costs.

10. In exchange for paying the subscription charge, customers will receive a wind energy and capacity credit each month associated with the renewable energy generated. The Company will offer the designated wind facility into the Midcontinent Independent System Operator, Inc. (“MISO”) energy and capacity markets at the generator commercial pricing node. The Company will then calculate each customer’s share of the energy and capacity market revenues based on their subscription level and monthly energy usage. The monthly wind energy and capacity revenues will be based on the MISO Real Time Locational Marginal Price (“LMP”) and MISO Annual Capacity Auction Clearing Price for that planning year.¹ The energy portion of the credit will be calculated monthly based on the amount of renewable energy generated under the Program, the monthly Real Time LMP revenue assigned - expressed as the average Real Time LMP - at that facility, and the level of energy subscribed in the Program. The capacity portion of the credit will be calculated monthly based on the MISO Capacity Auction Clearing Price, the MW capacity calculated by the Company, and the level of energy subscribed in the Program. On an annual basis, the Company will review and reconcile any over- or under-recovery of the wind energy and capacity revenues credited to customers participating in the Program with the actual settled Day Ahead and Real Time LMP revenue assigned to the designated facility by MISO. An example of how the Program’s wind energy and capacity credits are calculated is attached as Attachment B.

11. At the end of each Program year, the Company will also review and reconcile the amount of energy subscribed with the amount of energy generated by the renewable energy

¹ The MISO planning year is the period June 1 through May 31.

facility. In the unlikely event there is a shortfall between the energy generated and amount of energy subscribed, the active participants may request the Company provide them with Renewable Energy Credits (“RECs”) to cover the shortfall. The Company will refund the corresponding portion of the customer subscription payment, less the cost to the Company of obtaining the RECs.

12. The Program subscription fees and credits are designed so that customers who elect to participate are paying for the entirety of the Program’s costs incurred and receiving any savings obtained. Thus, the Company proposes to account for the energy and capacity credits issued to participants similar to the process used in the Company’s Solar Garden pilot approved in Case No. U-17752. That is, the revenues from selling the renewable energy and capacity into the MISO markets, and booked in the Power Supply Cost Recovery (“PSCR”), will be offset by the credits paid to participating customers.

13. Customers participating in the Program will retain their subscribed portion of the renewable energy and environmental attributes while active in the Program. The Company will transfer, or retire, RECs associated with customer participation. To the extent portions of the Program are unsubscribed, the Company will use any unsubscribed RECs and environmental attributes that are produced by the renewable facility toward the Company’s statutory compliance.

14. Participants in the Program must be Full Service customers of Consumers Energy and are required to continue paying all applicable power supply, delivery, transmission, and surcharges for their entire load – unsubscribed and subscribed portions – in this Program. As previously explained, some large business customers have expressed an interest in a leveled price of energy option in order to reduce their exposure to energy price volatility. The Company

believes customers can accomplish this goal by using the market index provision under this Program in conjunction with the wind energy credits from their subscription. The market index provision will allow large customers familiar with hourly energy pricing to exchange the average variable energy component of their standard rates with the real time energy price at the CONS.CETR commercial pricing node. Netting the real time energy prices against the wind energy credits will lock a customer's energy rate near the subscription charge of \$0.045 per kWh. This is primarily achievable because both the wind energy credits and market index provision are based on the real time energy prices in the Company's service territory. For example, if the real time energy price at both the renewable energy facility node and CONS.CETR node averaged \$0.035 per kWh for the month, then the customer would receive a wind energy credit near \$0.035 per kWh and would pay for energy at something near \$0.035 per kWh. The net energy price being equal to the subscription charge since the real time energy price paid under the market index provision equals the wind energy credit received. By locating the renewable facility within the Company's service territory, any deviations between the wind energy credit and market index provision price should be minimal.

15. For administrative purposes the Company proposes to limit the market index provision to customers subscribing to match 100% of their energy usage and that are taking service under the Company's General Primary Demand Rate Schedule GPD.

16. The Company's Program is designed in such a way that the customers who voluntarily enroll in the Program are paying for the costs of the renewable energy subscribed. As the cost for the Program's renewable energy facility being utilized for this pilot has already been approved for recovery in the RE Plan, the subscription fees collected will be treated as revenue, offsetting the costs included in the RE Plan, and the PSCR transfer price will not be

applied to the subscribed portion of the renewable energy facility. To the extent portions of the Program are unsubscribed, then that portion of energy and capacity will be transferred to the PSCR from the RE Plan through the normal transfer price mechanism.

Option B: Customer Sponsored Renewable Energy

17. Program Option B provides for a renewable energy offering for customers who want to actively participate in fulfilling their renewable energy objectives. Option B is available to Full Service electric customers, with new or expanding load exceeding 3 MW that is not previously served by the Company, without a minimum or maximum annual subscription level. This option provides customers with the opportunity to either build or purchase their renewable energy requirements from a 100% certified renewable energy source located within the MISO footprint. This option is primarily intended for large business customers experienced in contracting with independent renewable energy developers but who prefer: (i) the Company administer the sale of renewable energy associated with the customer's contract into the MISO energy and capacity markets; and/or (ii) would like to take advantage of the market index billing provision of the Program.

18. Like Option A, customers remain Full Service electric customers of Consumers Energy and are required to continue paying all applicable power supply, delivery, transmission, and surcharges for their entire load – unsubscribed and subscribed portions – in this Program. Similarly, customers taking service under the Company's General Primary Demand Rate Schedule GPD can elect to exchange the variable energy component of the on-peak and off-peak portion of their rates with the real time energy price measured at the CONS.CETR commercial pricing node.

19. As Executive Director of Energy Efficiency & Renewables, I support the Company filing the Voluntary Large Customer Renewable Energy Pilot Program Application to help meet the needs and priorities of its Full Service electric customers. Based on my experience and the discussion above, I believe that Commission approval of the Program and accompanying tariff will not impact Consumers Energy's rates, nor will Commission approval of this Program increase the cost of service to Consumers Energy's customers compared to what was assumed in the Company's RE Plan. As such, the Company is seeking the Commission's *ex parte* review and approval to amend its RE Plan to include the Voluntary Large Customer Pilot Program.

If sworn as a witness, I would testify as set forth above.

Teri L. VanSumeren

Subscribed and sworn to before me this 12th day of May, 2017.

Samantha O'Rourke, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 10/30/21
Acting in the County of Jackson

ATTACHMENT A

(Continued from Sheet No. C-48.66)

C10. RENEWABLE ENERGY PLAN (REP) (Contd)

C10.6 Voluntary Large Customer Renewable Energy Pilot (LC-REP) Program

The LC-REP Program provides Full Service customers with the opportunity to advance the development of renewable energy by offering customers the ability to match up to 100% of their total annual energy use with renewable energy generated from wind resources. Customers have the opportunity to choose Option A or Option B.

Under Option A, Consumers Energy supplies the Renewable Energy Resource from designated renewable facilities. Renewable Energy supplied under this option will be limited to 115,000 MWh annually, which is equivalent to 35 MW of wind nameplate capacity. Renewable energy designated for use in the LC-REP Program shall not be used by the Company for compliance with the state's statutory renewable energy portfolio requirements.

Under Option B, the customer provides their own Renewable Energy Resource. The Renewable Energy Resource must be sourced from any 100% certified renewable wind resource physically located within the Midcontinent Independent System Operator, Inc. (MISO) footprint.

Renewable Energy under Option A and B shall be provided from wind facilities placed into commercial operation after December 2017.

The LC-REP program will remain open for enrollment for three years following approval by the Michigan Public Service Commission.

Customers that receive at least 50% of their average monthly energy through this program will be exempt from paying the Company's Renewable Energy surcharge. Customers that receive less than 50% of their average monthly energy through this program will be responsible for the full applicable Renewable Energy surcharge.

Option A – Company Provided Renewable Resource

A. Customer Eligibility

Participation is limited to Full Service customers with an annual Maximum Demand of at least 1,000 kW. Participants shall be enrolled on a first-in, first-served basis and matching energy shall not exceed the limits of the amount of renewable energy available for the Program. Customers may increase their subscription level annually during the enrollment period for the remainder of their contract, based on the availability of renewable energy as determined by the Company.

The Company shall transfer to the customer or retire the Renewable Energy Credits (RECs), as defined in Public Act 342 of 2016 and in compliance with that Act. If a customer's subscribed energy is in excess of the monthly output from the Program's designated renewable facilities, then the Company will record the shortfall and attempt to satisfy the shortfall with renewable generation in excess of customer subscriptions in future months of each program year. The Company will conduct an annual review of each program year to reconcile the energy generated by the Program's designated renewable facilities against the amount of renewable energy subscribed by program participants. If the annual review demonstrates that the renewable facilities has a shortfall in output versus total subscription for the program year, then the Company will provide, at the customer's option, RECs in an amount that satisfies the customer's share of the shortfall. The Company will refund participating customers their subscription charge for the shortfall, less any cost of the RECs provided to the customer.

The customer subscription level is expressed as a percentage of their monthly energy use. Minimum participation match is 20% of monthly energy use for each enrolled customer account and customers may select participation levels in 5% increments, up to 100% of their total energy use. The customer's subscription charge is a dollar per kWh monthly charge applied to the portion of energy of the customer's account designated to participate in the LC-REP Program and is designed to fully recover the costs of the Program.

(Continued on Sheet No. C-48.68)

C10. RENEWABLE ENERGY PLAN (REP) (Contd)

C10.6 Voluntary Large Customer Renewable Energy Pilot Program (LC-REP) (Contd)

B. Monthly Rate

(1) Billing and Credits

- (a) Standard Rate: The customer will pay all applicable Full Service monthly standard tariff charges for their Full Service rate, plus the LC-REP Program subscription charge based on the customer's selected participation level and service agreement term. The customer will be billed on a calendar month basis.
- (b) Market Index Provision: Full Service customers served on Rate GPD, who elect to match 100% of their total annual energy use with renewable energy under this Program, will also have the option to substitute the Real Time Locational Marginal Price (RT-LMP) at Consumers Energy's Zonal Load Node, plus a Market Settlement Fee of \$0.002 per kWh, for the Standard Rate power supply energy charges. Customers selecting the Market Index Provision shall be responsible for all embedded capacity and transmission charges included in the standard Full Service GPD Rate. Customers may select the Market Index Provision on an annual basis for each program year, after providing a 60 day advance notice.
- (c) Subscription Charge:

3 Year Service Agreement

Initial Enrollment: \$0.0450 per kWh for all kWh subscribed

Reenrollment: If the customer elects to reenroll in the Program after their initial, or subsequent, Service Agreement term ends, then they will pay their current subscription charge plus a 2% increase for the subsequent enrollment term. The 2% increase will be limited to 4 reenrollments, after which it is subject to increase at the Company's discretion. If the customer elects to reenroll under the 20 Year Service Agreement option after their Service Agreement term ends, then there shall be no increase to the customer's current subscription charge for the subsequent enrollment term.

20 Year Service Agreement

\$0.0450 per kWh for all kWh subscribed

- (d) Renewable Energy Resource Credits:

Wind Energy Credit

The customer will be provided a monthly dollar per kWh energy credit based on the RT-LMP at the MISO assigned Load Node for the generated output of the designated renewable facilities. The credit will be based on the customer's pro rata share of the energy produced from the designated renewable facilities and the customer's subscription level. Credits will be reconciled annually based on MISO settled Day Ahead and Real Time LMP related payments for the renewable energy. The annual reconciliation will be completed by the end of March for each preceding program year.

Wind Capacity Credit

The customer will be provided a monthly dollar per kWh capacity credit based on the customer's annual renewable energy subscription under this program and the value of the auction clearing price in the annual MISO capacity auction for the planning period, as determined by the Company. The annual MISO capacity auction takes place in March with the revenue from system capacity being updated for the next twelve months beginning June 1st of each year.

The Wind Energy and Capacity Credits may be paid to the customer via bill credit or direct payment, at the Company's discretion.

(Continued on Sheet No. C-48.69)

C10.6 Voluntary Large Customer Renewable Energy Pilot Program (LC-REP) (Contd)

C. Term and Form of Contract

The LC-REP Program shall require a written contract with a minimum term of three years, with three year minimum re-enrollment terms. Except for the initial year in which this tariff is approved, the enrollment period is open from June through September 30th each year and the program year runs from January to December. Governmental and Education institutions will be provided the option to prepay for their stated participation term.

D. Early Termination of Contract

Customers who choose to terminate their service agreement under Option A of the LC-REP Program early will be required to take service under the existing rate schedule for the remainder of their contract year and will be assessed a negotiated early termination fee, unless the terminating customer's subscription level is adopted by another eligible customer.

Option B – External Power Purchase Agreement (PPA) for the Renewable Energy Resource

A. Customer Eligibility

This option is available to Full Service Customers adding new Primary Voltage load not previously served by the Company prior to their enrollment in the LC-REP Program. New Primary Voltage load for existing customers is considered incremental load served by the Company at 2,400 volts or higher, which was not previously served by the Company, as measured by the customer's average Maximum Demand for the 24 months preceding January 1, 2017.

The customer's aggregated new Maximum Demand must be in excess of 3,000 Kilowatts with a minimum of a 70% load factor. Customers participating under this option may provide the renewable energy from their owned renewable facilities or obtain renewable energy from a third party provider selected by the participating customer.

There is no minimum or maximum generation requirement for the customer's selected source of renewable energy. The customer's renewable energy must be generated from a facility physically located within MISO and certified as 100% renewable energy. The Company may act as the administrator for the customer's renewable PPA under a separate energy management contract.

B. Monthly Rate

(1) Billing and Credits

- (a) Standard Rate: The customer will pay all applicable Full Service standard tariff charges.
- (b) Market Index Provision: Full Service customers served on Rate GPD, who elect to match 100% of their total annual energy use with renewable energy under this Program, will also have the option to substitute the Real Time Locational Marginal Price (RT-LMP) at Consumers Energy's Zonal Load Node, plus a Market Settlement Fee of \$0.002 per kWh, for the Standard Rate power supply energy charges. Customers selecting the Market Index Provision shall be responsible for all embedded capacity and transmission charges included in the standard Full Service GPD Rate. Customers may select the Market Index Provision on an annual basis, after providing a 60 day advance notice.
- (c) Administrative Charge: The customer or the customer's third party renewable energy provider is responsible for delivery and sale of renewable energy to MISO. As mutually agreed, the Company may act as the administrator of the customer's renewable energy and the customer will compensate the Company through a negotiated service contract. If the Company acts as the customer's administrator for renewable energy deliveries, then the Company will bid the customer's renewable energy into the MISO energy market at the generator node and bid the generator capacity into the MISO annual capacity auction on the customer's behalf.

C. Term and Form of Contract

The LC-REP Program shall require a written negotiated service contract. Except for the initial year in which this tariff is approved, the enrollment period is open from June through September 30th each year and the program year runs from January to December.

D. Early Termination of Contract

Customers who choose to terminate their service under Option B of the LC-REP Program early will be required to take service under the existing rate schedule for the remainder of their contract year. Customers who opted for the Company to manage their renewable energy will also be responsible for any costs to the Company not yet recovered under their negotiated service contract.

(Continued on Sheet No. C-48.70)

ATTACHMENT B

VOLUNTARY LARGE CUSTOMER RENEWABLE PILOT

Example Customer Bill ^{a]}

	<u>20% Renewable</u>	<u>100% Renewable</u>
Standard Rate ^{b]}		
Power Supply	\$4,093	\$4,093
Delivery	205	205
Surcharges	53	53
Total Standard Rate	\$4,350	\$4,350
(Average Rate \$/kWh)	\$0.0819	\$0.0819
+ Renewable Pilot		
Subscription Charge ^{c]} (<i>\$45 per MWh for 115 GWh per year</i>)	\$450	\$2,250
Renewable Credits ^{d]} (<i>Avg. LMP of \$33 per MWh</i>)	(332)	(1,661)
Net Renewable Rate	\$118	\$589
= Total w/ RE Pilot	\$4,468	\$4,940
(Average Rate \$/kWh)	\$0.0894	\$0.0988

(a) Based on 2016 load of 50,000,000 kWh with 70% Load Factor.

(b) Rate GPD Voltage Level 2.

(c) \$45/MWh subscription price locked-in for duration of the contract.

(d) Renewable Credits will vary based on MISO LMP and Capacity Auction Clearing Prices.

Voluntary Large Customer Renewable Pilot

Example Customer 1

20% Renewable

	Units	Rate	Bill (\$000)
Rate GPD VL 2			
Power Supply			
Summer			
On Peak Demand	32,616 kW	21.24	\$ 693
On Peak Energy	4,166,667 kWh	0.053966	225
Off Peak Energy	12,500,000 kWh	0.036098	451
Winter			
On Peak Demand	65,232 kW	20.24	1,320
On Peak Energy	8,333,333 kWh	0.044207	368
Off Peak Energy	25,000,000 kWh	0.038935	973
PSCR	50,000,000 kWh	0.001240	62
Subtotal			4,093
Delivery			
System Access	12 mth	200.00	2
Maximum Demand	97,847 kW	2.07	203
Subtotal			205
Surcharges			
Energy Efficiency	12 mth	662.40	8
Low Income	12 mth	0.98	0
Power Plant Securitization	50,000,000 kWh	0.000892	45
Subtotal			53
Total Rate GPD VL 2			<u>\$ 4,350</u>
Renewable Pilot			
Subscription Charge	10,000,000 kWh	0.045000	\$ 450
Wind Capacity Credit	10,000,000 kWh	(0.000530)	(5)
Wind Energy Credit	10,000,000 kWh	(0.032683)	(327)
Net Renewable Rate			<u>\$ 118</u>
Total w/ Renewable Pilot			<u>\$ 4,468</u>

Voluntary Large Customer Renewable Pilot

Example Customer 2

100% Renewable

	Units		Rate	Bill (\$000)
Rate GPD VL 2				
Power Supply				
Summer				
On Peak Demand	32,616 kW		21.24	\$ 693
On Peak Energy	4,166,667 kWh		0.053966	225
Off Peak Energy	12,500,000 kWh		0.036098	451
Winter				
On Peak Demand	65,232 kW		20.24	1,320
On Peak Energy	8,333,333 kWh		0.044207	368
Off Peak Energy	25,000,000 kWh		0.038935	973
PSCR	50,000,000 kWh		0.001240	62
Subtotal				4,093
Delivery				
System Access	12 mth		200.00	2
Maximum Demand	97,847 kW		2.07	203
Subtotal				205
Surcharges				
Energy Efficiency	12 mth		662.40	8
Low Income	12 mth		0.98	0
Power Plant Securitization	50,000,000 kWh		0.000892	45
Subtotal				53
Total Rate GPD VL 2				\$ 4,350
Renewable Pilot				
Subscription Charge	50,000,000 kWh		0.045000	\$ 2,250
Wind Capacity Credit	50,000,000 kWh		(0.000530)	(26)
Wind Energy Credit	50,000,000 kWh		(0.032683)	(1,634)
Net Renewable Rate				\$ 589
Total w/ Renewable Pilot				\$ 4,940

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for approval to amend its Renewable Energy)
Plan to include a Voluntary Large Customer)
Renewable Energy Pilot Program.)
_____)

Case No. U-18393

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Samantha J. O'Rourke, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on May 12, 2017, she served an electronic copy of **Consumers Energy Company's Application for Ex Parte Approval of an Amendment to its Renewable Energy Plan** upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.

Samantha J. O'Rourke

Subscribed and sworn to before me this 12th day of May, 2017.

Melissa K. Harris, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 06/11/20
Acting in the County of Jackson

**Attachment 1 to Case No.U-18393 - E-Mail Service List
(Parties to Case Nos. U-18081, U-17792, and U-17301,)**

Party	Name	E-mail Address
Counsel for the Michigan Public Service Commission Staff	Meredith R. Beidler, Esq. Spencer A. Sattler, Esq.	beidlerm@michigan.gov sattlers@michigan.gov
Counsel for Cadillac Renewable Energy, LLC, Genesee Power Station, LP, Grayling Generating Station Limited Partnership, Hillman Power Company, LLC, TES Filer City Station, LP, Viking Energy of Lincoln, Inc., and Viking Energy of McBain, Inc. – Biomass Merchant Plants (“BMPs”)	Thomas J. Waters, Esq.	twaters@fraserlawfirm.com
Counsel for the Great Lakes Renewable Energy Association (“GLREA”)	Don L. Keskey, Esq.	donkeskey@publiclawresourcecenter.com
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