

The logo for Consumers Energy features the company name in a bold, blue, italicized sans-serif font. The text is positioned inside a bright green, swoosh-shaped graphic that curves around the right side of the words.

Consumers Energy

Count on Us

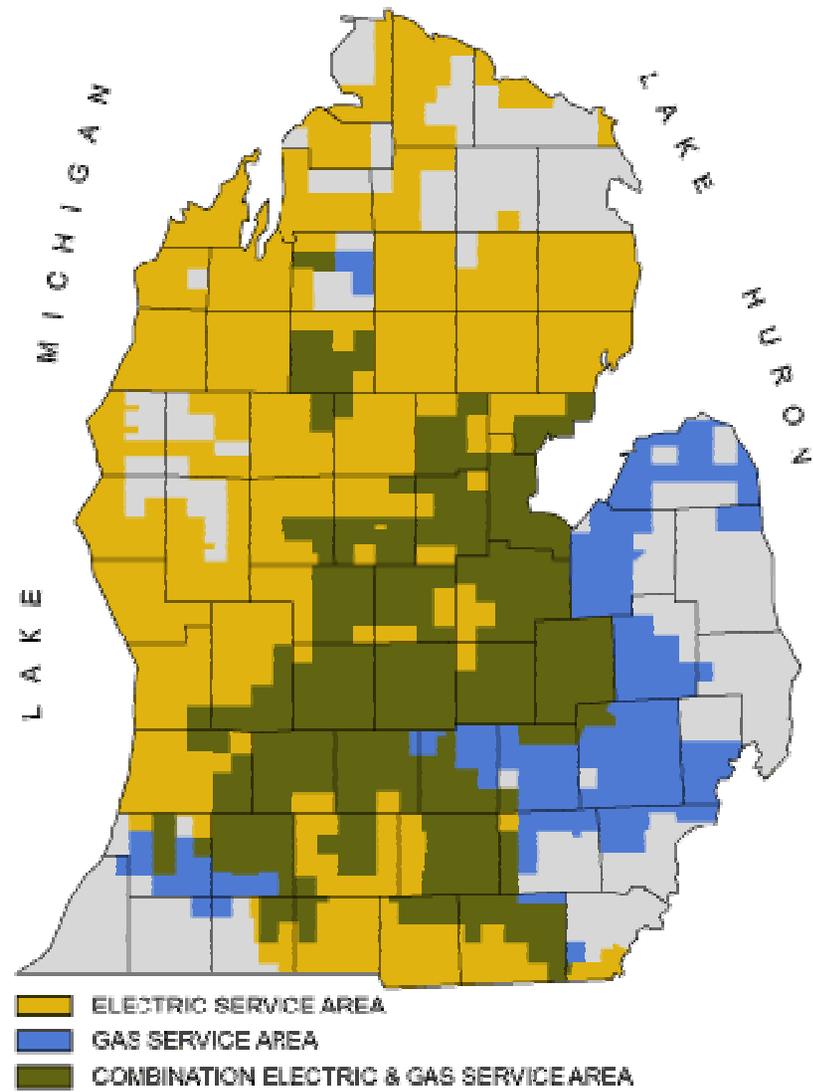
Renewable Resources Program

April 28, 2005

Who We Are

- Nation's 6th largest natural gas utility and the 13th largest electric utility
- Provide natural gas and electricity to more than 6 million of the state's 10 million residents in all 68 Lower Peninsula counties
- Supply about one-third of Michigan's electricity
- Peak demand in 2004 was 6,958 MW

Service Area



GREEN POWER PILOT PROGRAM

- Green Power Pilot Program began 2001
- Electricity from zero-emission wind generation
- About 450 customers participate in the program (fully subscribed)
 - 95 percent residential
 - Consume 74 percent of green power supplies
 - Customers could select to purchase 10 percent, 50 percent or 100 percent of their electricity from renewable resources at a 3 cents per kWh premium

MPSC Case No. U-13843

- May 2004 Order directed Consumers Energy to offer new renewable resource program
- Consumers developed set of guiding principles
 - Renewable energy should be part of the energy portfolio that balances cost, reliability, safety and environmental protection
 - Develops viable renewables industry in Michigan
 - Guarantees recovery of costs of acquiring renewable energy
 - Doesn't negatively affect utility's competitive position

New Renewable Resource Program

- Consumers Energy submitted a Renewable Resources Program (RRP) proposal, that was approved by the MPSC on Jan. 25, 2005
- Per MPSC, program will be implemented later this year
- Issued RFP on March 14, 2005 seeking 265,000 MWhs of renewable energy annually
- RRP Tariffs were filed March 31, 2005

New Renewable Resource Program

- Consumers' RRP directly purchases renewable supply (not Green Tags)
- RRP allowable technologies include wind, solar, hydro, biomass, including landfill gas and other waste-to-energy sources
- Renewable technologies must meet the Green-e certification standards
- Promotes development of renewable technologies in Michigan

Funding the Program

- Up to \$5 million a year provided to Renewable Resources Fund from savings associated with the Resource Conservation Plan, approved by the MPSC
- Additional funds provided by a 5 cents per meter, per month, distribution fee, which will generate about \$1 million per year, assessed as follows:
 - Large commercial and industrial customers beginning in June 2004
 - Small commercial and industrial customers beginning in January 2005
 - Residential customers beginning in January 2006
- Premiums paid by participating customers will also offset program supply and administration costs

Who Can Participate

- All Consumers Energy's full-service customers may voluntarily sign up to participate in renewable energy program
- Premium is initially set at 1.667 cents per kWh
- Customers may select participation certificates that represent 150 kWh blocks for \$2.50 per month or may apply premium to 100% of their monthly energy consumption
- Customers who purchase 100 blocks or more for a single billing account qualify for discounted price of \$2.00 per block
- Consumers Energy will internally manage marketing, and will actively promote this new service option to all of our customers
- Customer research is underway to provide information that will assist with marketing

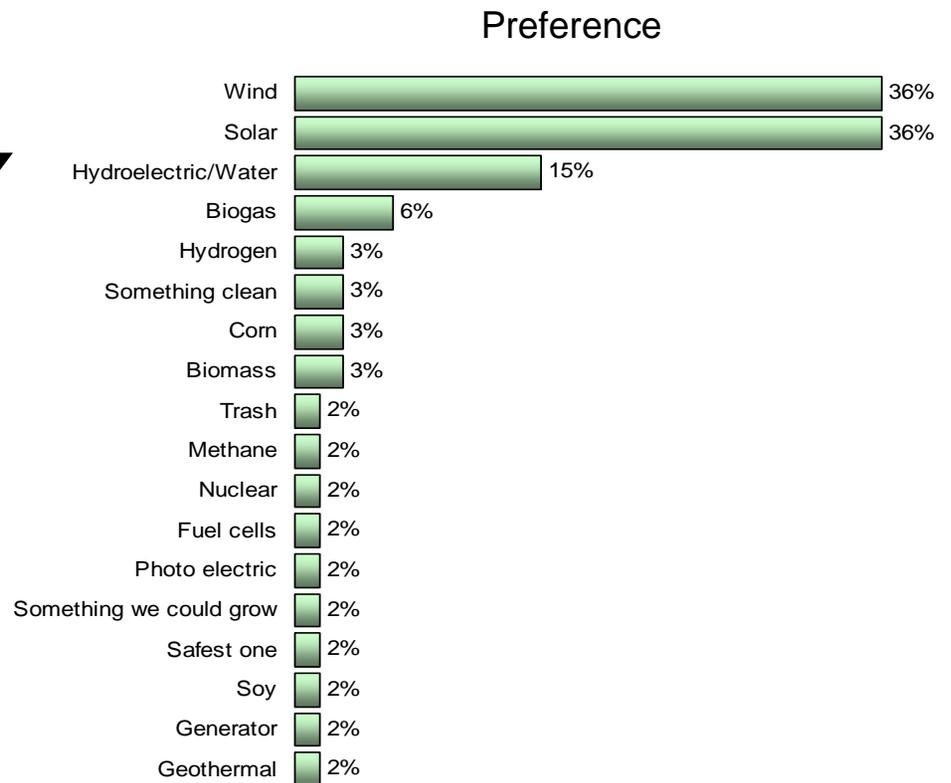
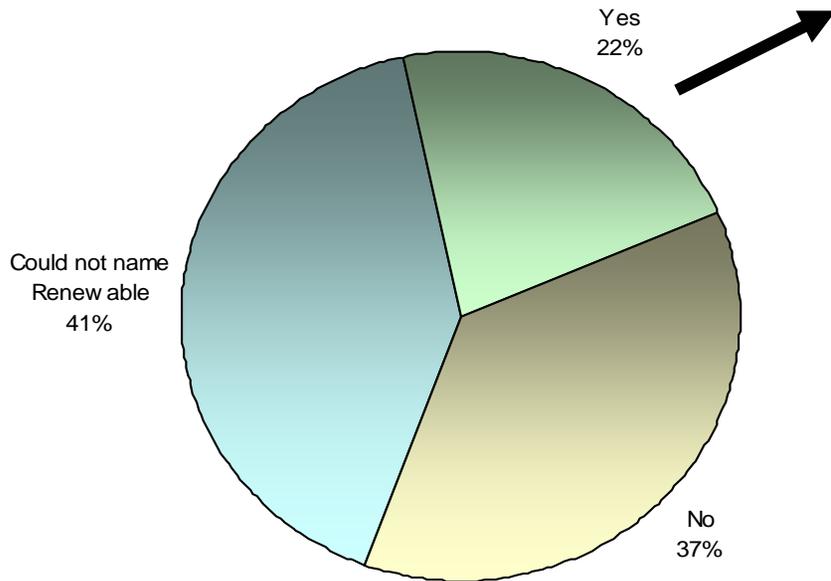
Program Goals

- Enroll 1 percent of our residential customers during the first year
 - About 17,000 customers
- Enroll 2 percent of our residential customers within three years
 - About 34,000 customers
- Fully subscribe the renewable energy purchased for the RRP

Renewable Energy Pilot Study Results

Wind and solar are the renewable energy sources of choice for the 22% of our residential electric customers that had a preference for a type of renewable energy.*

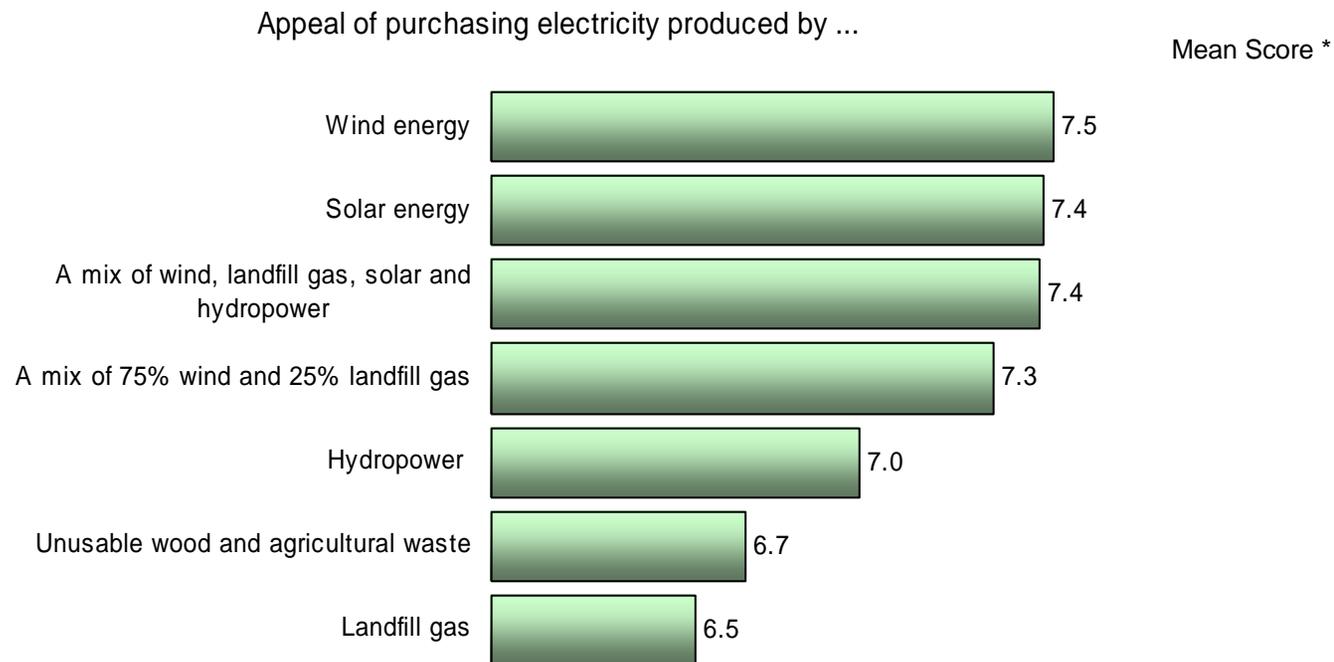
“Do you have a preference for a type of renewable energy used to produce electricity?”



* The pilot study only included customers that thought it was important to develop and use renewable resources. Interestingly, just 5% of the customers were disqualified from the survey for not agreeing.

Renewable Energy Pilot Study Results

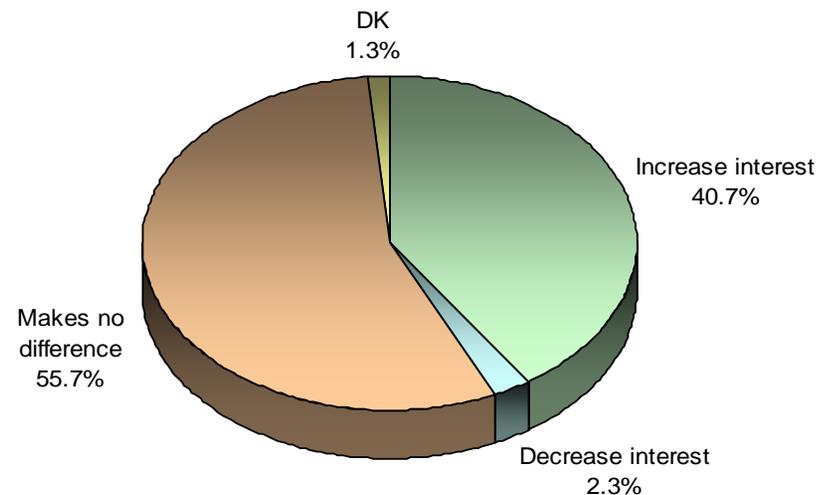
A renewable energy program which included wind, solar or a mix of resources would be equally acceptable to most residential electric customers.



* Based on a 1 to 10 scale, where 1 means not at all appealing and 10 means very appealing.

Renewable Energy Pilot Study Results

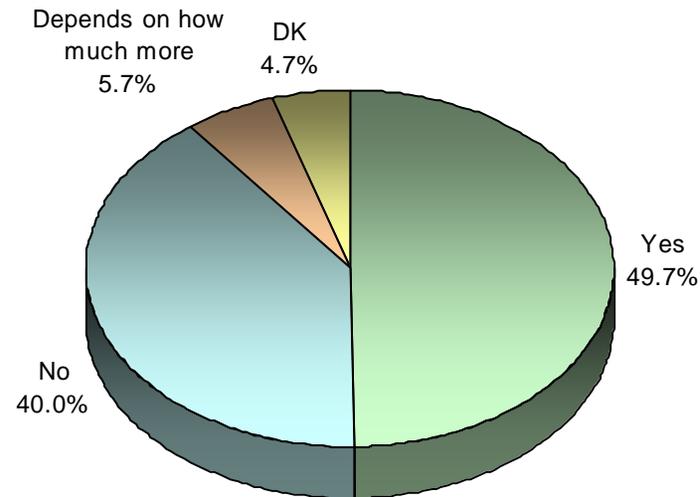
Endorsements by the state of Michigan or local environmental groups would increase customer interest levels in a renewable energy program.



“If this kind of program was endorsed by the state of Michigan or local environmental groups, would this increase or decrease your interest in the program, or wouldn’t it make any difference?”

Renewable Energy Pilot Study Results

50% of the respondents say they would prefer to buy electricity from renewable energy sources in Michigan, even if the cost was higher.



“Would you prefer to buy electricity from renewable sources located in Michigan even if you could buy it for less from other states?”