

Solar Working Group

Renewable Energy Cost Recovery

Jesse J. Harlow

Michigan Public Service Commission

March 18, 2014



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Statutory Construct – Public Act 295 of 2008

- Existing renewables, already in rate base or PSCR, continue traditional cost recovery
- Cost recovery for new renewables is attained in two ways according to Section 47 and 49 of the Act
 - Surcharge Revenue
 - RECs
 - Transfer Cost
 - Energy/Capacity



Surcharges

- Surcharges used to recover Incremental Cost of Compliance
- Non-volumetric
- Surcharges Capped:
 - \$3.00 per month per residential meter
 - \$16.58 per month per commercial meter
 - \$187.50 per month per industrial meter



Surcharges

- Surcharges determined by taking total renewable costs then subtracting transfer costs, tax credits and interest
 - Levelized through the renewable planning period ending 2029
 - Cost recovery beyond the 2029 period shall be considered cost of service and the Commission will determine recovery mechanism



Consumers Energy Proposed Surcharges

- \$0.00/meter for residential customers
- \$0.00/meter for commercial secondary customers
- \$0.00/meter for commercial primary and industrial customers



DTE Electric Surcharges

(effective January 2014)

- \$0.43/meter for residential customers
- \$1.51/meter for commercial secondary customers
- \$26.24/meter for commercial primary and industrial customers



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Transfer Price

- Recovered via Power Supply Cost Recovery that is generally reserved for fuel, PPA, and environmental compliance costs
- Volumetric (MWh) basis
- Represents the non-renewable long term energy and capacity market value of the renewable generation



Transfer Price

- Long term schedule
- Applied to projects through 2029
- Schedules updated each year and applied in vintages

		2013 Staff Transfer Price Schedule
2013		\$63.03
2014		\$66.76
2015		\$67.39
2016		\$66.23
2017		\$66.39
2018		\$67.55
2019		\$68.94
2020		\$70.29
2021		\$71.18
2022		\$73.14
2023		\$74.45
2024		\$75.59
2025		\$76.81
2026		\$78.05
2027		\$79.39
2028		\$80.68
2029		\$82.19



Renewable Energy Cost Recovery

	Consumers Energy U-17301 (MM)	DTE Electric U-17302 (MM)
Transfer Cost (20 Year)	\$2,452.9	\$3,523.9
Incremental (20 Year)	\$502.5	\$653.9
Total (20 Year)	\$2,955.4	\$4,177.8



Questions?

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