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COMMISSIONER

February 1, 2018

Honorable Rick Snyder
Governor of Michigan

Honorable Members of the Senate
Secretary of the Senate

Honorable Members of the House of Representatives
Clerk of the House of Representatives

The enclosed annual report for 2017, *Status of Electric Competition in Michigan*, is submitted on behalf of the Michigan Public Service Commission in accordance with Section 10u of 2000 PA 141, MCL 460.10u, and represents the 16th year of electric choice in Michigan. The report is available on the Commission's website.

As of December 2017, there were approximately 5,929 customers participating in the electric choice program (compared to 6,060 in 2016). This represents approximately 1,962 MW of electric demand, which is a decrease of about 16 MW from 2016. While there was a minimal decrease in the total electric choice load in 2017, electric choice participation remained slightly above 10% for each utility. The electric choice programs for Consumers Energy Company, DTE Electric Company, Upper Peninsula Power Company, Upper Michigan Energy Resource Corporation, and Cloverland Electric Cooperative were fully subscribed at the 10 percent cap throughout the year and there continues to be approximately 7,000 customers statewide in the queue to participate in the choice program if space becomes available.

To date, Michigan remains one of 20 states that had full or limited restructuring of the competitive electric market. Benchmark information comparing Michigan's electric retail rates to the 20 restructured states, 10 largest states, Midwest states and the national average can be found in Section I (D) of this report.

In 2017, the Commission issued multiple orders that adhere to the established framework for Michigan's electric customer choice programs and support the provisions of Public Act 141 of 2000, Public Acts 286 and 295 of 2008 and Public Act 341 of 2016.

Highlights of the report include:

- Choice Participation Data in Michigan
- Utility Specific 10 percent Cap Data
- Benchmark Data for Michigan's Rates

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Statutory changes and policy decisions with respect to electric customer choice can have complex ramifications for the citizens and economy of Michigan. The Commission remains committed to working with legislative members and staff to ensure that Michigan's laws are implemented in a manner consistent with its policy objectives.

Sincerely,

Sally A. Talberg, Chairman
Michigan Public Service Commission

Norman J. Saari, Commissioner
Michigan Public Service Commission

Rachael A. Eubanks, Commissioner
Michigan Public Service Commission

Enclosure

STATUS OF ELECTRIC COMPETITION IN MICHIGAN

Report for Calendar Year 2017

Sally A. Talberg, Chairman
Norman J. Saari, Commissioner
Rachael A. Eubanks, Commissioner

MICHIGAN PUBLIC SERVICE COMMISSION
Department of Licensing and Regulatory Affairs

February 1, 2018



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Introduction

The Customer Choice and Electricity Reliability Act (Public Act 141 of 2000, referred to throughout as Act 141) requires the Michigan Public Service Commission (Commission or MPSC) to file a report with the Governor and the Legislature by February 1 each year. The report is to include a discussion of the following topics, pursuant to MCL 460.10u:

- a) The status of competition for the supplying of electricity in Michigan.
- b) Recommendations for legislation, if any.
- c) Actions taken by the Commission to implement measures necessary to protect consumers from unfair or deceptive business practices by utilities, alternative electric suppliers, and other market participants.
- d) Information regarding consumer education programs approved by the Commission to inform consumers of all relevant information regarding the purchase of electricity and related services from alternative electric suppliers.

An important goal of Act 141 is to have competition within the electric industry by offering Michigan customers the opportunity to purchase electric generation services from their incumbent utility or an Alternative Electric Supplier (AES). The Commission does not regulate the prices charged by an AES for its services. Customers may choose between an unregulated AES rate or a regulated utility rate.

Public Act 286 of 2008 (Act 286) was enacted on October 6, 2008 and amended Act 141. Section 10a(1)(a) of Act 286, MCL 460.10a, provides that no more than 10 percent of an electric utility's average weather-adjusted retail sales for the preceding calendar year may take service from an alternative electric supplier at any time.¹ On December 21, 2016, Public Act 341 (Act 341) of 2016 was signed and became effective on April 20, 2017. Act 341 amended Act 286. The Commission outlined the specific procedures pertaining to the implementation of the 10 percent cap and established a cap tracking system that utilities are required to make available online.²

¹ With the exception of Section 10a(1)(d) of Act 286 which excludes iron ore mining or processing facilities.

² Order dated April 28, 2018 in Case No. U-15801

I. Status of Competition for Electric Supply

A. Overview

Retail Open Access (referred to throughout as “ROA”, “electric customer choice” or “electric choice”) for all customers of Michigan investor-owned electric utilities took effect on January 1, 2002. AESs currently serve electric choice customers in the Consumers Energy Company (Consumers Energy), DTE Electric Company (DTE Electric), Upper Peninsula Power Company (UPPCo), Upper Michigan Energy Resources Corporation (UMERC), and Cloverland Electric Cooperative (Cloverland) territories. Indiana Michigan Power Company (I&M) has not had customers participating in electric choice since April 2013.

Michigan is one of 20 jurisdictions that had full or limited restructuring of retail electric markets in 2017.³ In Michigan, Act 286 caps electric choice participation at 10 percent of an electric utility’s average weather-adjusted retail sales for the preceding year. The 10 percent cap is reset annually to reflect the average weather-adjusted retail sales for the preceding year.

Specific information pertaining to the status of electric choice participation for each utility can be found at their respective websites.⁴

On December 9, 2016, the Commission approved a settlement agreement in Case No. U-18061 that permitted the creation of a new Michigan-only jurisdictional utility in the Upper Peninsula. UMERC became effective on January 1, 2017. As a result of the settlement agreement, Wisconsin Electric Power Company (WEPCO) and Wisconsin Public Service Corporation (WPSC) were authorized to transfer WEPCO’s Michigan electric distribution assets and WPSC’s electric and natural gas distribution assets to UMERC. Additionally, all ROA customers of WEPCO and WPSC were transferred to UMERC as ROA customers.

³ Chart 1 (Appendix 1, p. 23)

⁴ http://www.michigan.gov/mpsc/0,4639,7-159-16377_17111-229733--,00.html

1. Michigan's Electric Customer Choice Program

Electric customer choice is available to all customers of regulated electric utilities, excluding members of electric cooperatives with loads of less than one megawatt (MW).⁵ Michigan's current retail electric market maintains regulation of most utility generation and distribution while allowing for competitive energy supply.

As of December 2017, there were approximately 5,929 customers participating in the electric choice programs (compared to 6,060 in 2016). This represents approximately 1,962 MW of electric demand, which is a decrease of about 16 MW from 2016. As of December 2017, approximately 7,039 customers remain in the queue. While there was a minimal decrease in the total electric choice load in 2017, electric choice participation remained above 10% for each utility.

2. New Energy Legislation

Public Acts 341 and 342 were passed on December 15, 2016, and signed by Governor Rick Snyder on December 21, 2016. Act 341 updates Michigan's energy laws relating to utility rate cases, electric customer choice, certificate of necessity, and electric capacity resource adequacy, and establishes an integrated resource planning process. Act 341 amended Public Act 3 of 1939 and Public Act 286 of 2008. On September 29, 2009, pursuant to Public Act 286, the Commission adopted procedures, regarding the allocation of the amount of load to be served by AESs. The Commission approved changes to these procedures pursuant to Act 341, which are attached as Appendix A to the April 28, 2017 order in Case No. U-15801.⁶

⁵ MCL 460.10x and MCL 460.10y outline different requirements for implementation of customer choice for cooperatively owned and municipal electric utilities. MCL 460.10x allows any retail customer of a rural electric cooperative with a peak of 1 megawatt or above to select an alternative electric supplier. MCL 460.10y provides that the governing body of a municipally owned utility determines whether it will permit choice programs in its service territory.

⁶ Order dated April 28, 2018 in Case No. U-15801

Additionally, every Michigan licensed AES will be subject to the capacity demonstration and state reliability mechanism (SRM) provisions outlined in Section 6w of Act 341. Section 6w requires all electric providers, including AESs, to demonstrate to the MPSC that they have enough resources to serve the anticipated needs of their customers four years forward. If an AES cannot or chooses not to arrange generating capacity to meet the new requirement, all or a portion of its load would be subject to an SRM capacity charge. The SRM capacity charge is set by the MPSC and is paid to the utility in exchange for the utility serving as the provider of last resort for capacity service.

3. Michigan Renewable Energy Programs

In accordance with Public Act 295 of 2008 (Act 295), the Commission is required to review electric provider renewable energy plans every two years. Public Act 342 (Act 342) of 2016 amended Act 295 and became effective April 20, 2017. Section 22 requires the Commission to review each electric provider's plan within one year after the effective date of Act 342. In an order dated March 28, 2017 in Case No. U-15825 *et al.*, the Commission terminated the requirement for the biennial review and established new REP filing dates pursuant to Section 22. All AESs were required to file Renewable Energy Plans or letters to their assigned dockets for review by December 15, 2017.

B. Alternative Electric Suppliers

There were 25 licensed AESs with 12 of those actively serving customers as of December 2017.⁷ The Commission did not issue any new AES licenses during 2017 and no AESs requested voluntary relinquishment of their licenses or had their license revoked.

⁷ See Appendix 1: Chart 2 (p. 24), Chart 4 (p. 26), Chart 6 (p. 28), Chart 8 (p. 30), Chart 10 (p. 32)

C. Load Served through Electric Customer Choice Programs

Commercial and industrial customers accounted for almost all of the participation in the electric choice programs during 2017. Typical choice participants are large industrial manufacturers and mid-size commercial customers including retailers, restaurants, healthcare facilities, school systems and other service providers. The number of residential choice customers participating in the electric choice program is negligible.

1. Consumers Energy Electric Customer Choice Program

The number of customers and the electric demand served by each AES in the Consumers Energy service territory at the end of each year is shown in Chart 2 (Appendix 1, p. 24). The electric choice load served in the Consumers Energy service territory at year-end 2017 totaled 738 MW. This compares to 749 MW in 2016. There were 1,000 customers served by AESs at year-end 2017 compared to 1,010 in 2016.⁸

Additional information depicting trends in the Consumers Energy electric customer choice program is included in Appendix 1. Chart 3 (Appendix 1, p. 25) shows the number of customers participating and the load served on a monthly basis from July 2016 through December 2017.

Below is a summary of cap related data for Consumers Energy for 2015 – 2017. To date, Consumers Energy is fully subscribed at the 10 percent cap.

Consumers Energy			
	2015	2016	2017
Weather-Adjusted Retail Sales	37,248,655 MWh	36,912,944 MWh	37,015,009 MWh
Participation Level	3,944,526 MWh	3,939,197 MWh	3,875,345 MWh
Participation Percent	10.59%	10.67%	10.47%
Customers in Service	1,030	1,010	1,000
Customers in Queue	5,683	4,147	3,967
Total Load in Queue	5,434,588 MWh	6,348,324 MWh	6,333,019 MWh
<i>Participation Percent w/o Cap</i>	<i>25.18%</i>	<i>27.87%</i>	<i>27.57%</i>

⁸ Chart 2 (Appendix 1, p. 24)

Consumers Energy experienced a decrease in the number of customers in the queue as well as the load from 2016 to 2017. Hypothetically, if the cap did not exist, choice participation would be approximately 28 percent.

2. DTE Electric Company Electric Customer Choice Program

The number of customers and the electric demand served by each AES in the DTE Electric service territory at the end of the year is shown in Chart 4 (Appendix 1, p. 26). The electric choice load served in the DTE Electric service territory at year-end 2017 totaled 1,134 MW compared to 1,148 MW in 2016. The number of customers served by AESs totaled 4,779 at year-end 2016 compared to 4,906 in 2016.⁹

Additional information depicting trends in the DTE Electric’s electric customer choice program is included in Appendix 1. Chart 5 (Appendix 1, p. 27) shows the number of customers participating and the load served on a monthly basis from July 2016 through December 2017.

Below is a summary of cap related data for DTE Electric for 2015 – 2017. To date, DTE Electric is fully subscribed at the 10 percent cap.

DTE Electric Company			
	2015	2016	2017
Weather-Adjusted Retail Sales	47,491,217 MWh	46,962,447 MWh	47,551,179 MWh
Participation Level	4,966,522 MWh	4,822,056 MWh	4,897,193 MWh
Participation Percent	10.46%	10.27%	10.30%
Customers in Service	4,986	4,906	4,779
Customers in Queue	5,181	3,574	3,008
Total Load in Queue	5,301,777 MWh	4,203,835 MWh	4,027,772MWh
<i>Participation Percent w/o Cap</i>	<i>21.62%</i>	<i>19.22%</i>	<i>18.77%</i>

DTE Electric experienced a decrease in both the number of customers and load in the queue from 2016 to 2017. Hypothetically, if the cap did not exist, choice participation would be approximately 19 percent.

⁹ Chart 4 (Appendix 1, p. 26)

3. Upper Peninsula Power Company Electric Customer Choice Program (UPPCo)

The number of customers and the electric demand served by each AES at the end of the year is shown in Chart 6 (Appendix 1, p. 28). The electric choice load served in the UPPCo service territory at year-end 2017 totaled 14.19 MW compared to 14.23 MW in 2016. The number of customers served at year-end 2017 remained the same as 2016 at 62 at year end 2016.¹⁰

Additional information depicting trends in the UPPCo electric customer choice program is included in Appendix 1. Chart 7 (Appendix 1, p. 29) shows the number of customers participating and the load served on a monthly basis from July 2016 through December 2017.

Below is a summary of cap related data for UPPCo for 2015 – 2017. The current level of choice participation is approximately 10.73 percent. Hypothetically, if the cap did not exist, choice participation would be approximately 16 percent.

Upper Peninsula Power Company			
	2015	2016	2017
Weather-Adjusted Retail Sales	856,851 MWh	867,410 MWh	813,443 MWh
Participation Level	86,724 MWh	80,299 MWh	87,261 MWh
Participation Percent	10.12%	9.26%	10.73%
Customers in Service	60	62	62
Customers in Queue	66	63	63
Total Load in Queue	42,713 MWh	41,472 MWh	41,472 MWh
<i>Participation Percent w/o Cap</i>	<i>15.11%</i>	<i>14.04%</i>	<i>15.83%</i>

4. Upper Michigan Energy Resources Corporation Electric Customer Choice Program (UMERC)

On December 9, 2016, the Commission approved a settlement agreement in Case No. U-18061¹¹ that permitted the creation of a new Michigan-only jurisdictional utility in the Upper Peninsula. UMERC was established on January 1, 2017 as a new Michigan-only jurisdictional utility in the Upper Peninsula. Former WEPCo and WPSC customers are now being served by UMERC.

¹⁰ Chart 6 (Appendix 1, p. 28)

¹¹ See Case No. U-

The number of customers and the electric demand served by each AES at the end of the year is shown in Chart 8 (Appendix 1, p. 30). The combined electric choice load served in the WEPCo and WPSC service territory at year-end 2016 totaled 67.1 MW. This compares to the 2017 year-end total of 67.7 MW for the UMERC service territory. The number of customers in the WEPCo and WPSC service territories combined at year-end 2016 was 86. This compares to the 2017 year-end total of 87 customers for the UMERC service territory.¹²

Additional information depicting trends in the UMERC electric customer choice program is included in Appendix 1. Chart 9 in Appendix 1 (p. 31) shows the number of customers participating and the load served on a monthly basis from January 2017 through December 2017.

Below is a summary of cap related data for UMERC for 2015 – 2017. The current level of choice participation is approximately 29.82 percent. Currently, the Tilden Mining Company (Tilden) load is still being served by WEPCo until it is planned to be transferred to UMERC beginning with Planning Year 2019-20. Until the Tilden load is transferred to UMERC, UMERC's ROA load will continue to exceed the ten percent cap. After the Tilden load is transferred to UMERC, UMERC's ROA load will be more aligned with the ten percent cap.

Upper Michigan Energy Resources Corporation			
	2015*	2016*	2017
Weather-Adjusted Retail Sales	3,107,412 MWh	2,844,247 MWh	883,112 MWh
Participation Level	248,358 MWh	263,434 MWh	263,302 MWh
Participation Percent	7.99%	9.26%	29.82%
Customers in Service	67	86	87
Customers in Queue	0	0	1
Total Load in Queue	0 MWh	0 MWh	119,144 MWh
<i>Participation Percent w/o Cap</i>	N/A	N/A	43.30%

*The numbers for 2015 and 2016 are the total of WEPCo and WPSC. All ROA customers of WEPCO and WPSC were transferred to UMERC as ROA customers on January 1, 2017. See Case No. U-[18061](#)

¹² Chart 8 (Appendix 1, p. 30)

5. Cloverland Electric Cooperative Electric Customer Choice Program

During 2014, one customer began taking electric choice service in the Cloverland service territory. By September 2015, that customer was no longer taking electric choice. Beginning in December 2016, Cloverland again had one customer taking electric choice. Cloverland's Electric Choice Program is fully subscribed with participation at 10.13%. The electric choice load served in the Cloverland service territory at year-end 2017 totaled 8 MW, as shown in Appendix 1, Chart 10 (p. 32).

Cloverland Electric Cooperative	
	2017
Weather-Adjusted Retail Sales	691,989 MWh
Participation Level	70,128 MWh
Participation Percent	10.13%
Customers in Service	1
Customers in Queue	0
Total Load in Queue	0 MWh
Participation Percent w/o Cap	N/A

6. Indiana Michigan Power Company Electric Customer Choice Program (I&M)

In February 2012, Case No. U-17032 was initiated by the Commission to establish a state compensation mechanism for AES capacity in I&M's Michigan service territory. In May 2012, customers began taking choice service in I&M's service territory and by June 2012, I&M's choice program was fully subscribed at the 10 percent cap. In September 2012, the Commission approved the creation of a state compensation mechanism for AES capacity in I&M's Michigan service territory in Case No. U-17032. Since April 2013, there has been no choice participation in I&M's territory.

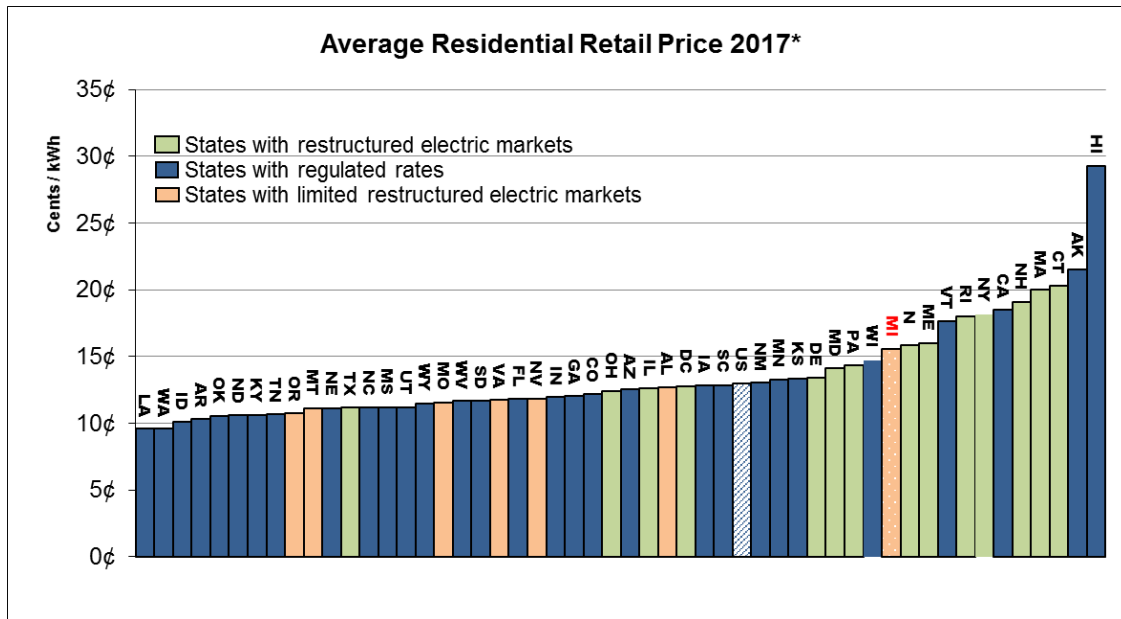
D. Benchmarking Michigan's Electric Prices¹³

This report provides benchmark data that compares Michigan's electric prices to those of other jurisdictions based on customer class. The data shown in the following charts for 2017 reflects January through August 2017.

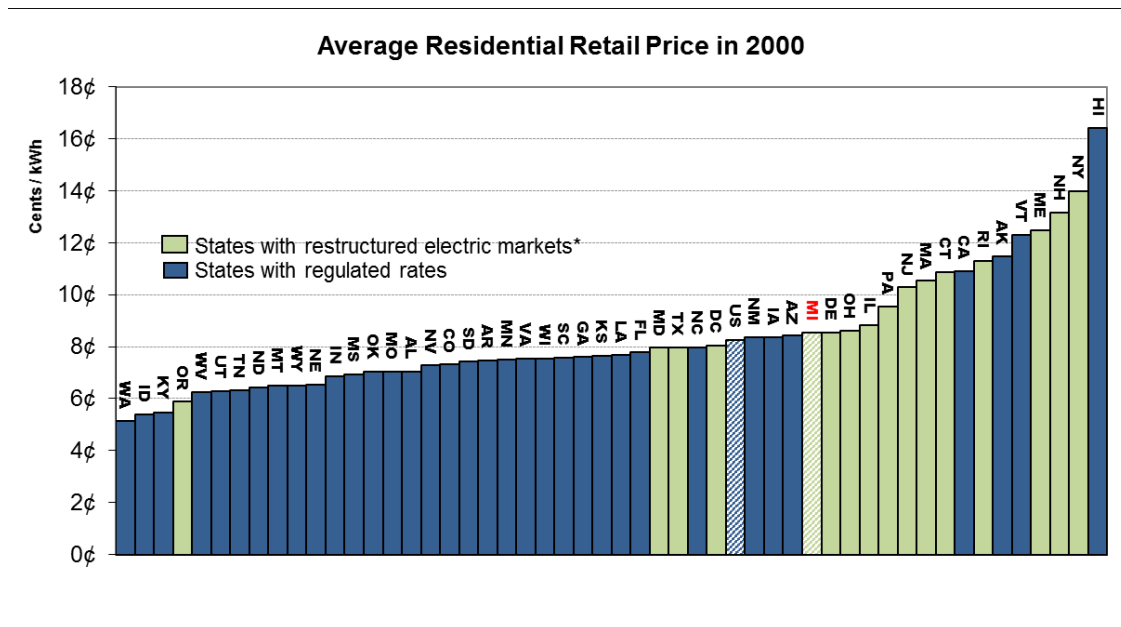
¹³ Benchmarking data is sourced from the U.S. Energy Information Administration (EIA). EIA's data may include some minor inconsistencies and is subject to change retroactively.

1. Residential Rates

The charts below reflect the 2017 and 2000 average residential retail rates. In 2017, Michigan's average residential retail rates ranked eighth highest among the 20 jurisdictions with some type of restructured market at \$0.1555/kWh. Michigan ranked fifth lowest in 2000.

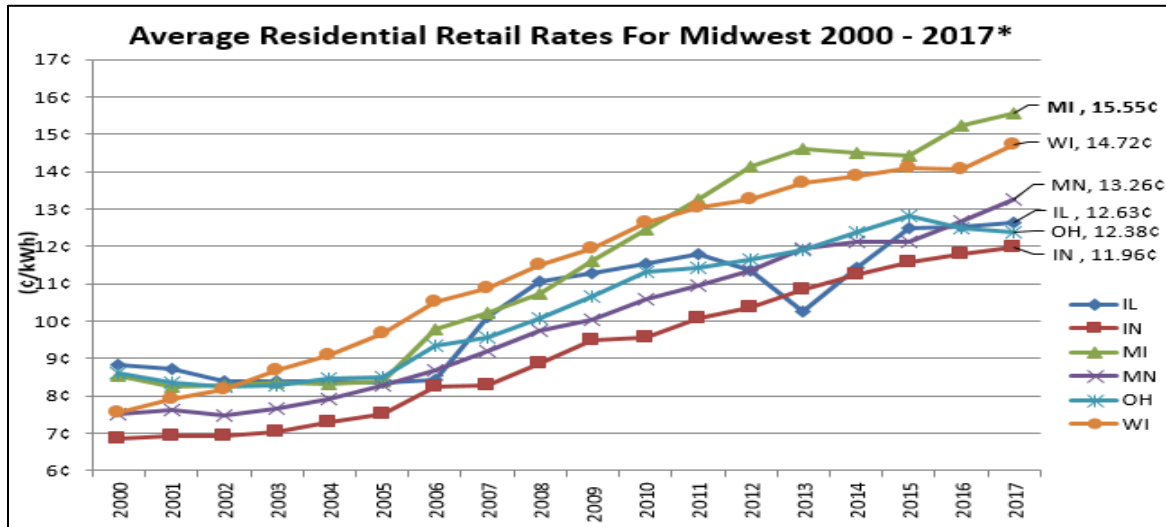


Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, Average Retail Price by State and By Sector (Form EIA-826). 2017*, 2017 data is only through August and will change.



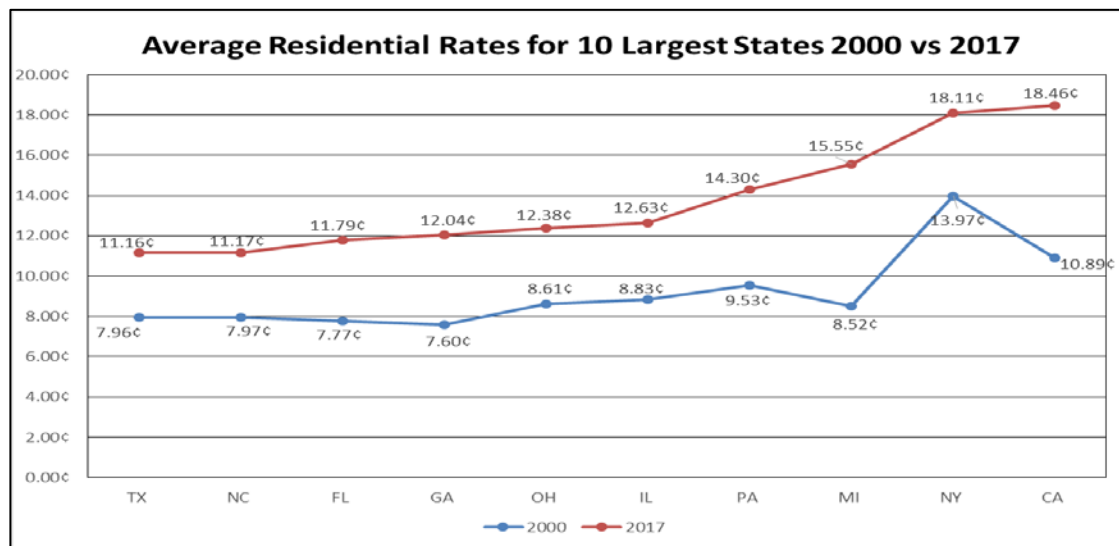
Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, Average Retail Price by State and By Sector (Form EIA-826). *Based on 2010 market structure.

The chart below reflects the average residential retail rates for neighboring Midwest states from 2000 through 2017. In 2017, Michigan's average residential retail rates ranked the highest among six Midwest states at \$0.1555/kWh. Michigan ranked third highest in 2000.



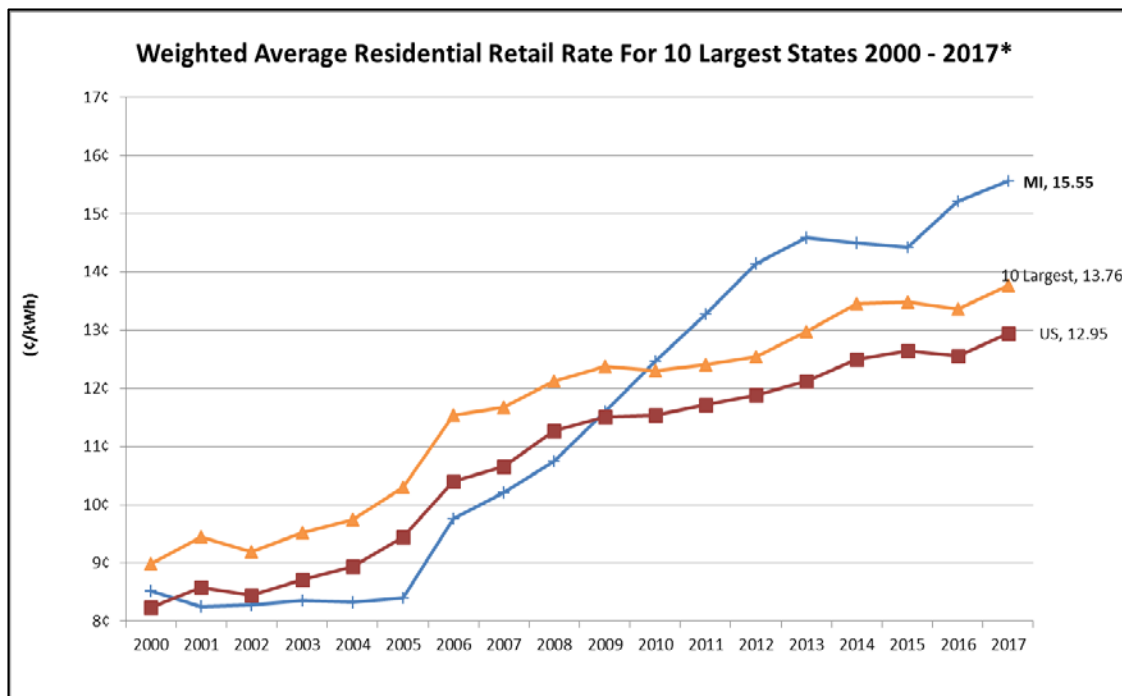
Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and By Sector (Form EIA-826). 2017*, 2017 data is only through August and will change.

The chart below compares the average residential retail rates for the 10 largest states by population for 2000 and 2017. Michigan's rates were third highest among these states in 2017 at \$0.1555/kWh. Michigan ranked fifth lowest in 2000.



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and By Sector (Form EIA-826). *2017 data is through August.

The chart below reflects the weighted average residential retail rates for the 10 largest states, as well as the national average, from 2000 to 2017.¹⁴ Michigan's weighted average residential retail rate was below the national average from 2001 to 2008 and has been above the national average since 2009. Similarly, Michigan was below the 10 largest state average from 2000 to 2009 and has been above the 10 largest state average since 2010.

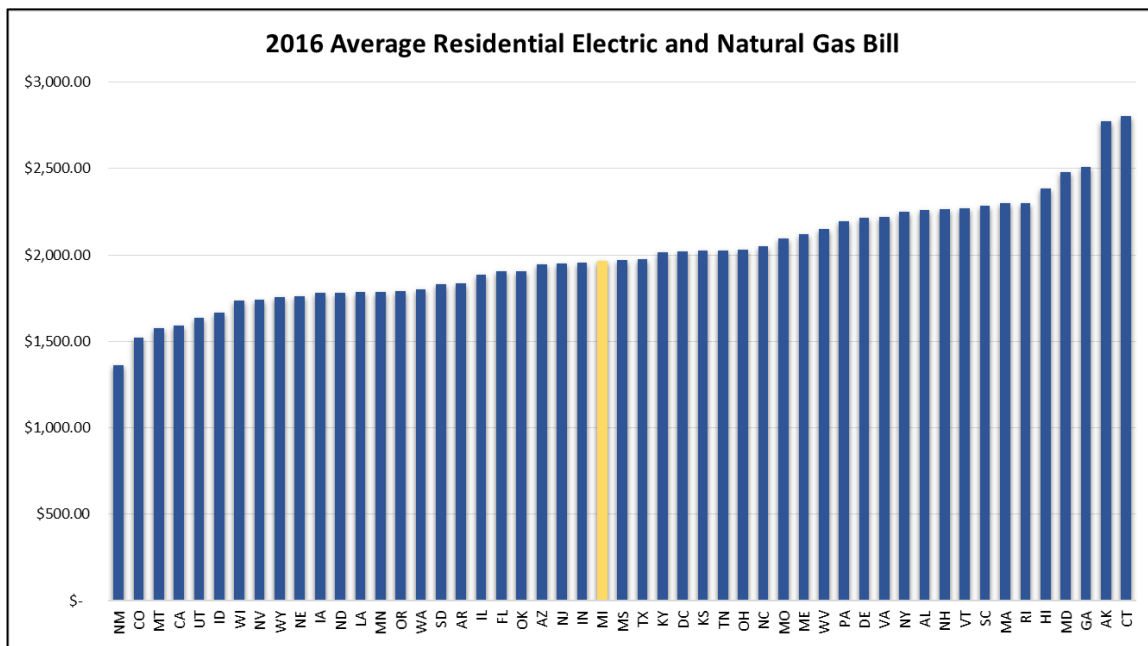


Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and by Sector (form EIA-826). 2017*, the 2017 data is only through August and will change.

The chart below reflects combined average residential electric and natural gas bills. While average rates are important, the actual amount paid by residential customers in bills for electric and natural gas service provides a sense of the impact of energy costs on Michigan residents relative to customers in other states. Utility services are typically billed based on usage per unit (e.g., one kilowatt-hour of electricity), so states with higher energy usage have more unit sales over which to recover energy costs, and may end up with lower average rates (total revenues divided by total sales)

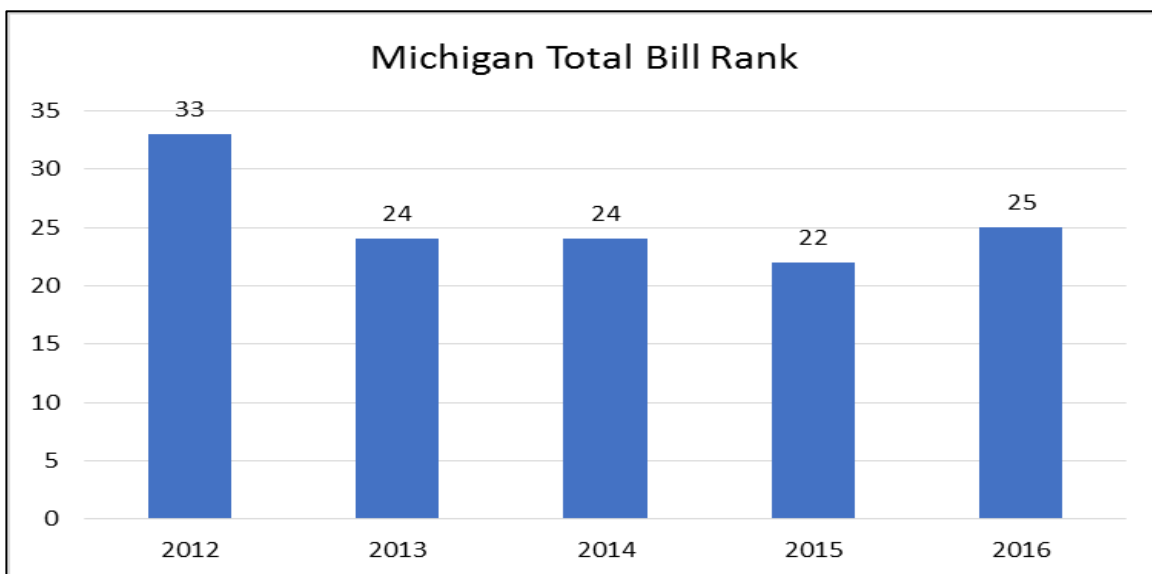
¹⁴ Weighted average is determined by taking total revenue divided by total sales.

as a result. Overall average bills (total revenues divided by total customers) may actually be higher when compared to other states.



Source, <https://www.eia.gov/> - Data through 2016

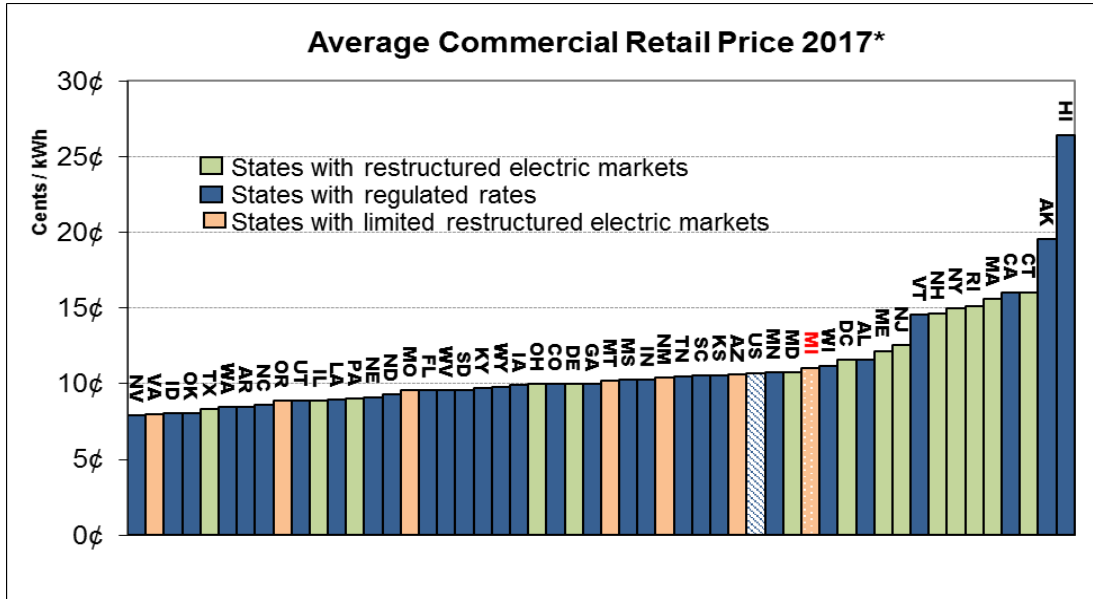
The chart below reflects Michigan's combined average residential electric and natural gas bill rankings from 2012 through 2016 compared to all other states.



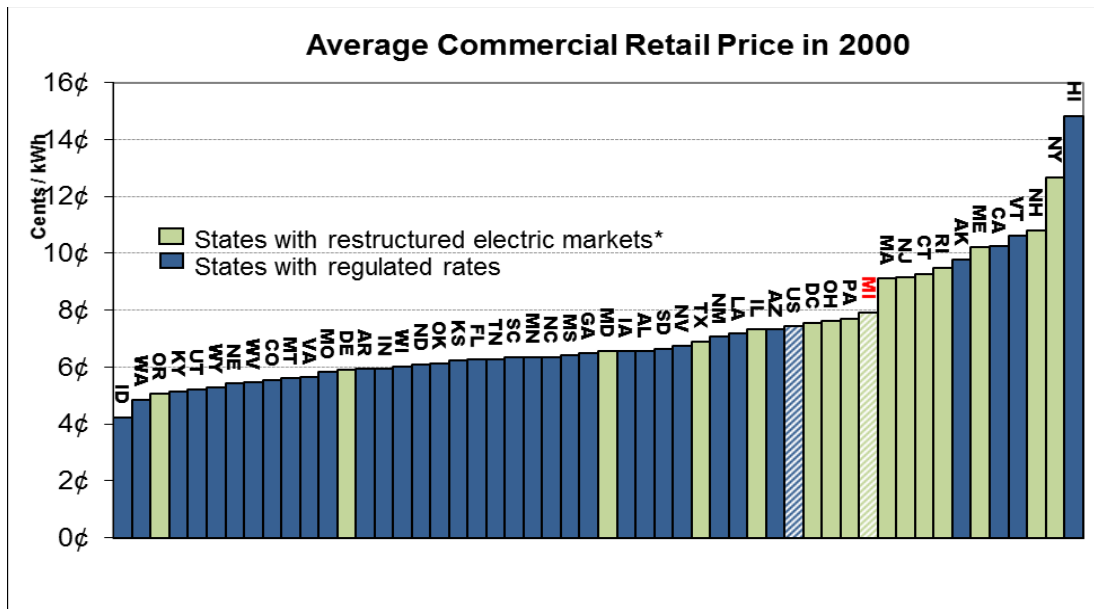
Source, <https://www.eia.gov/> - Data through 2016

2. Commercial Rates

The charts below reflect the 2017 and 2000 average commercial retail rates. In 2017, Michigan's commercial average retail rates ranked ninth highest of the jurisdictions with some type of restructured market at \$0.1104/kWh. Michigan ranked eighth highest in 2000.

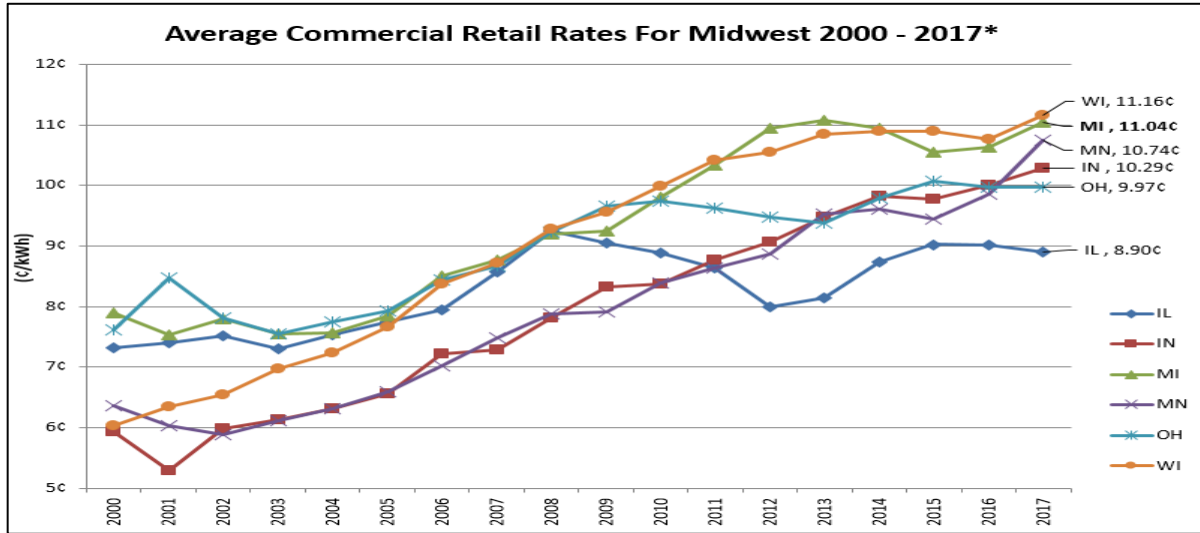


Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, Average Retail Price by State and By Sector (Form EIA-826). 2017*, 2017 data is only through August and will change.



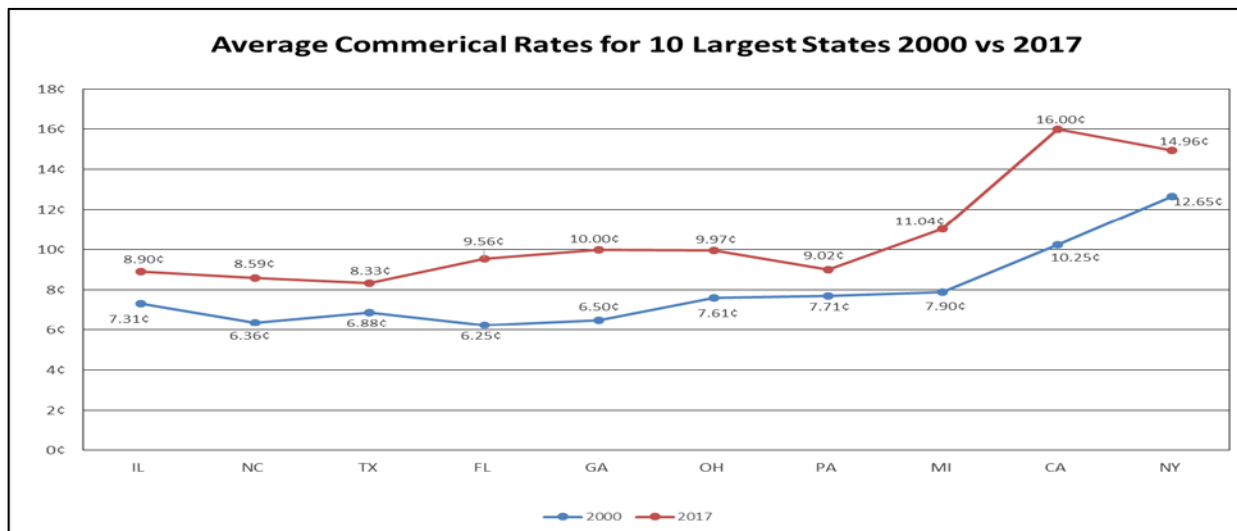
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The chart below reflects the average commercial retail rates for neighboring Midwest states from 2000 through 2017. In 2017, Michigan's average commercial retail rates ranked the second highest among six Midwest states at \$0.1104/kWh. Michigan ranked the highest in 2000.



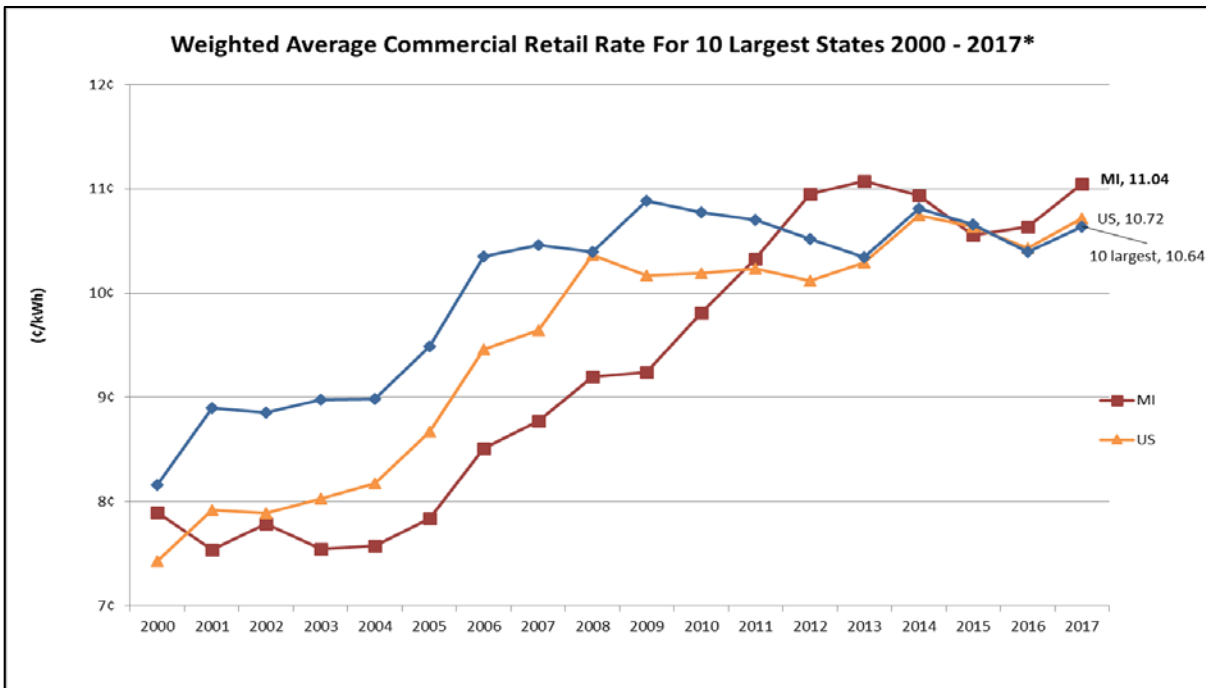
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The chart below compares the average commercial retail rates for the 10 largest states by population for 2000 and 2017. Michigan's rates were third highest among these states in 2016 at \$0.1104/kWh. Michigan also ranked third highest in 2000.



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and By Sector (Form EIA-826). *2017 data is through August.

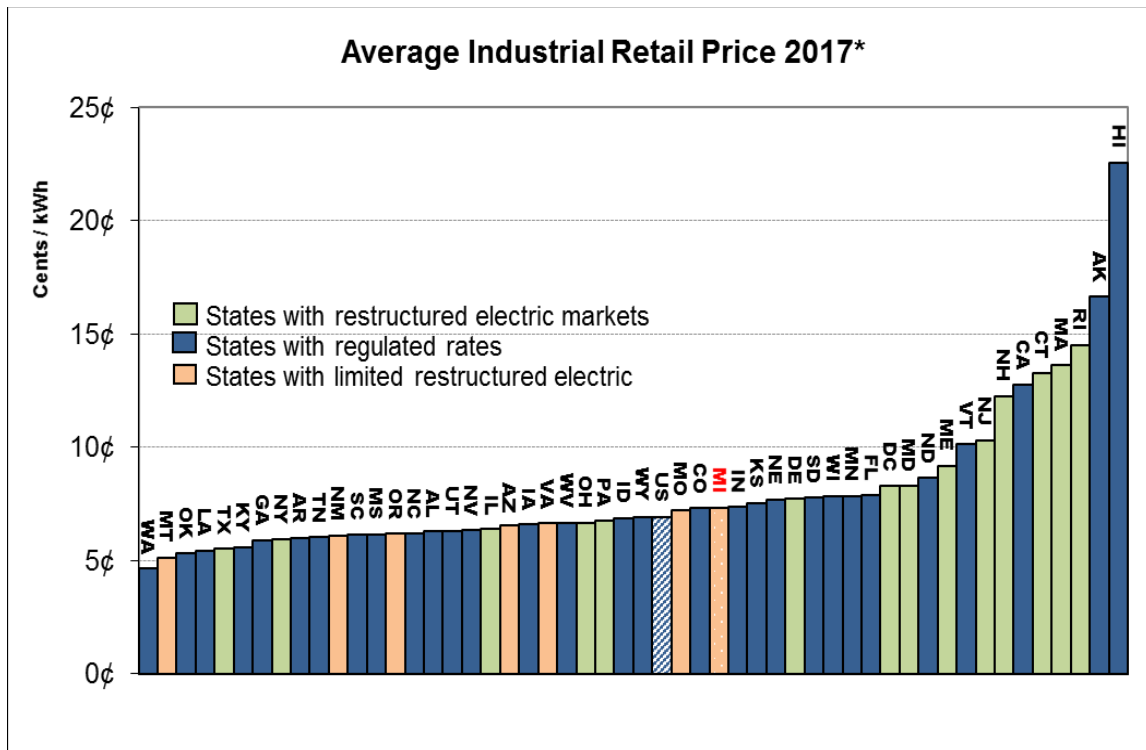
The chart below reflects the weighted average commercial retail rates for the 10 largest states, as well as the national average, from 2000 to 2017. Michigan's weighted average commercial retail rates were below the national average from 2001 to 2010 and surpassed the national average in 2011 and remains above in 2017 at \$0.1104/kWh. Michigan was below the 10 largest state average from 2000 to 2011 and surpassed the 10 largest state average in 2012 and remained above in 2017.



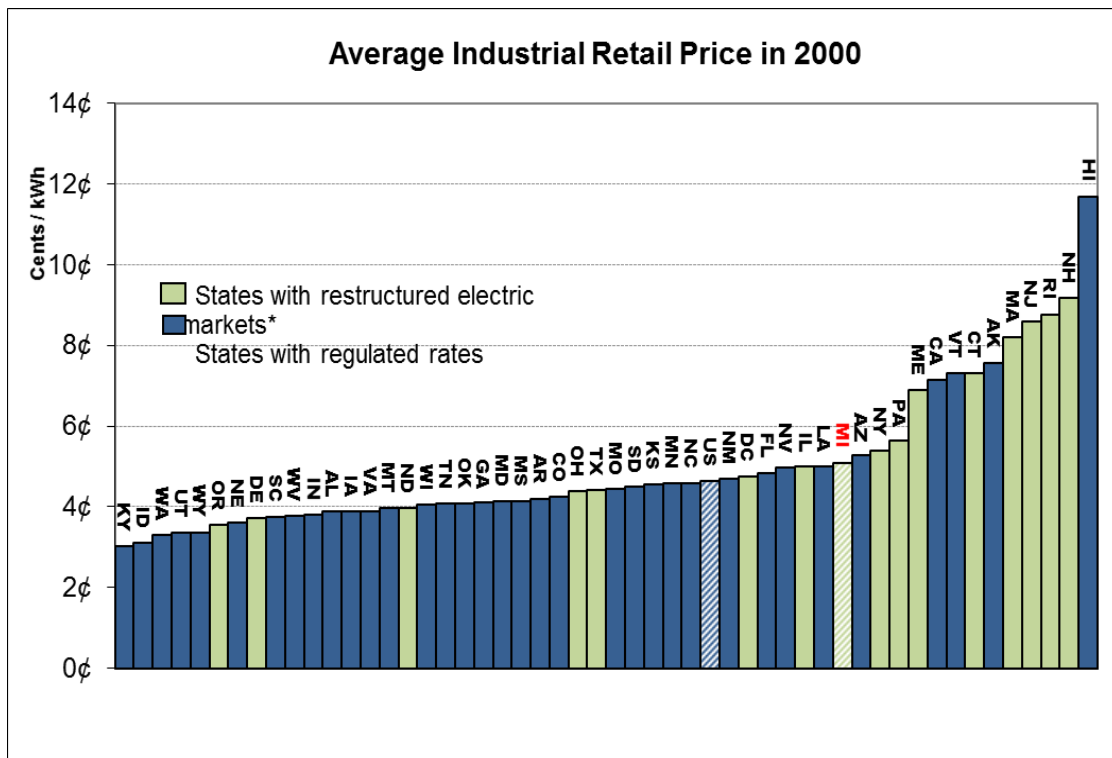
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3. Industrial Rates

The charts below reflect the 2000 and 2017 average industrial retail rates. In 2017, Michigan's industrial retail rates ranked tenth highest amongst jurisdictions with some type of restructured market at \$0.0735/kWh. Michigan ranked eighth lowest in 2000.

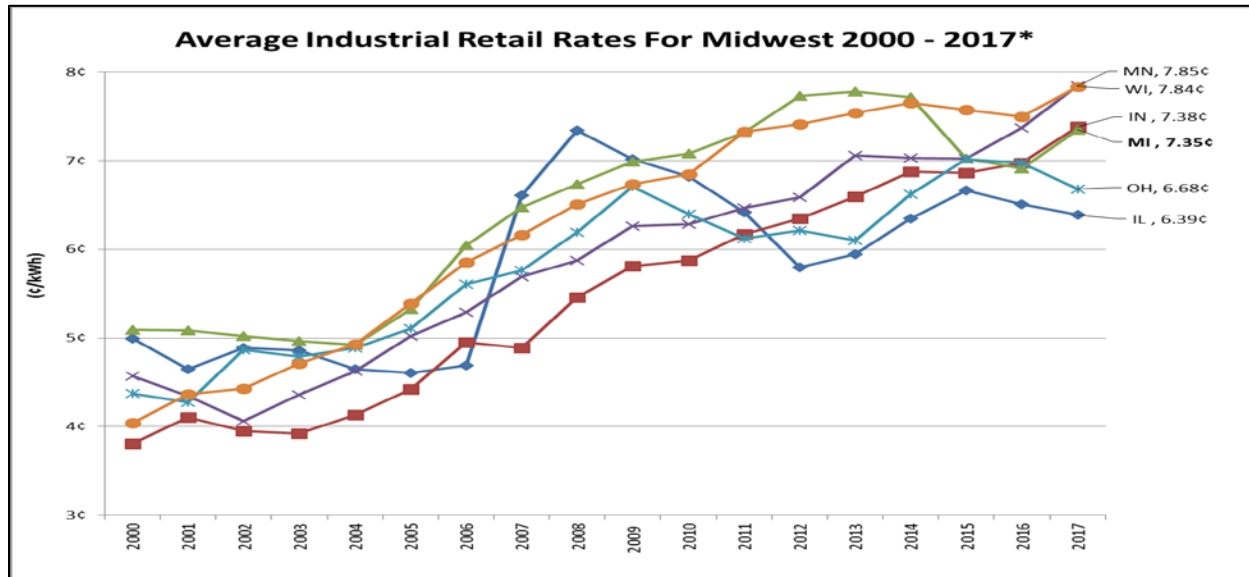


Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, Average Retail Price by State and By Sector (Form EIA-826). 2017*, 2017 data is only through August and will change.



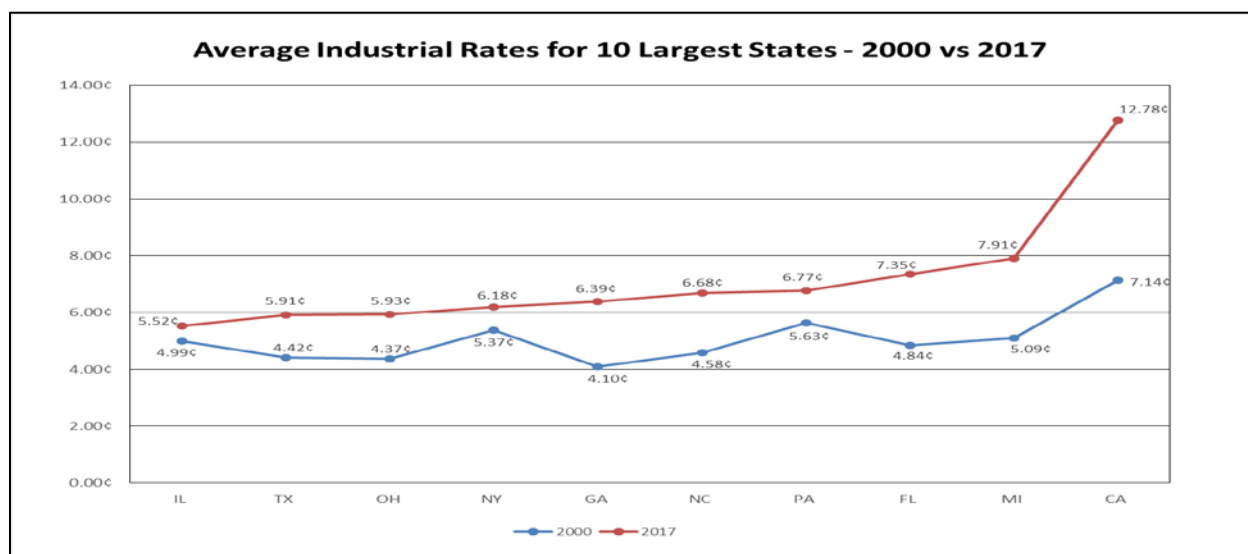
Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, Average Retail Price by State and By Sector (Form EIA-826). *Based on 2010 market structure.

The chart below reflects the average industrial retail rates for the neighboring Midwest states from 2000 through 2017. In 2017, Michigan's average industrial retail rates ranked the fourth highest among the six Midwest states at \$0.0735/kWh. Michigan ranked the highest in 2000.



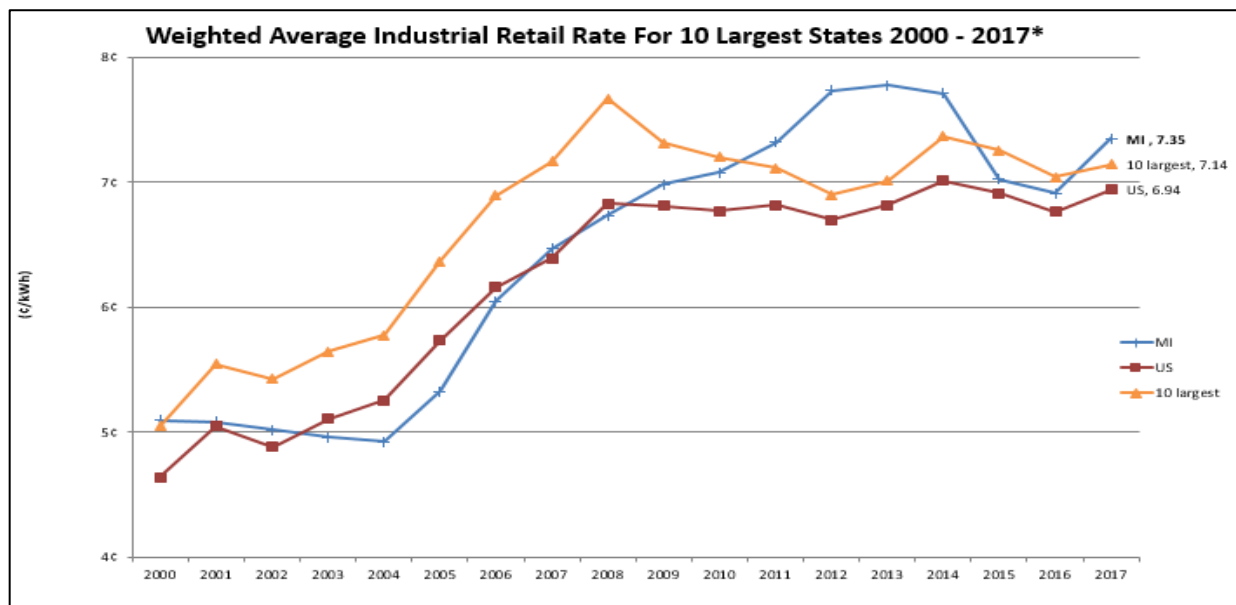
Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and By Sector (Form EIA-826). 2017*, 2017 data is only through August and will change.

The chart below compares the average industrial retail rates for the 10 largest states by population for 2000 and 2017. Michigan's rates were third highest among these states in 2017 at \$0.0735/kWh. Michigan ranked fourth highest in 2000.



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and By Sector (Form EIA-826). *2017 data is through August.

The chart below reflects the weighted average industrial retail rates for the 10 largest states, as well as the national average, from 2000 to 2017. Michigan's weighted average industrial retail rate has been above the national average since 2009 and has straddled the 10 largest state average since 2011.



Source, http://www.eia.doe.gov/cneaf/electricity/page/sales_revenue.xls, Current and Historical Monthly Retail Sales, Revenues, and Average Retail Price by State and by Sector (form EIA-826). 2017*, the 2017 data is only through August and will change.

II. Commission Action Related to Electric Customer Choice and Consumer Protections

The following orders further supported and implemented the framework for Michigan's electric customer choice programs, the provisions of Act 141 and the amendments of Act 286, Act 295 and Act 341.¹⁵ Throughout 2017, the Commission issued the following orders in relation to Electric Customer Choice:

- One order updating the approved electric choice procedures to implement Act 341
- Three orders relating to capacity demonstration requirements provided for in Act 341;
- Five orders setting state reliability mechanism capacity rates that may be applicable to ROA load if AES capacity demonstration requirements are not met by AESs serving in Michigan.

See Appendix 2 for a complete list and further detail on these orders.

¹⁵ Commission orders are available on the Commission website at http://www.michigan.gov/mpsc/0,4639,7-159-16370_80234_80235---,00.html. Documents and orders associated with many cases are available in the MPSC Electronic Case Filing system at <http://efile.mpsc.state.mi.us/efile/>.

III. Commission Action on Customer Education

During 2017 the Michigan Public Service Commission (MPSC) Staff, in conjunction with the Michigan Agency for Energy (MAE) Staff, continued disseminating utility-related consumer resource materials as part of its External Affairs Strategic Plan. The plan consisted of significant constituent outreach that adopted new partnerships and continued to promote established relationships with utility stakeholders and target citizen groups. Staff exhibited at 143 events and engaged with an estimated 15,452 residents. At the request of several organizations, Staff presented information to meeting attendees concerning a range of utility topics that included retail choice for natural gas and electricity in Michigan. These activities allowed staff to supply Michigan residential citizens and small business owners with consumer tips and answer questions related to electric, natural gas, telecom and cable issues. In addition, dispute resolution with regulated utilities and alternative energy suppliers was offered. Consumer Tips are posted on the MPSC website.¹⁶

IV. Recommendations for Legislation

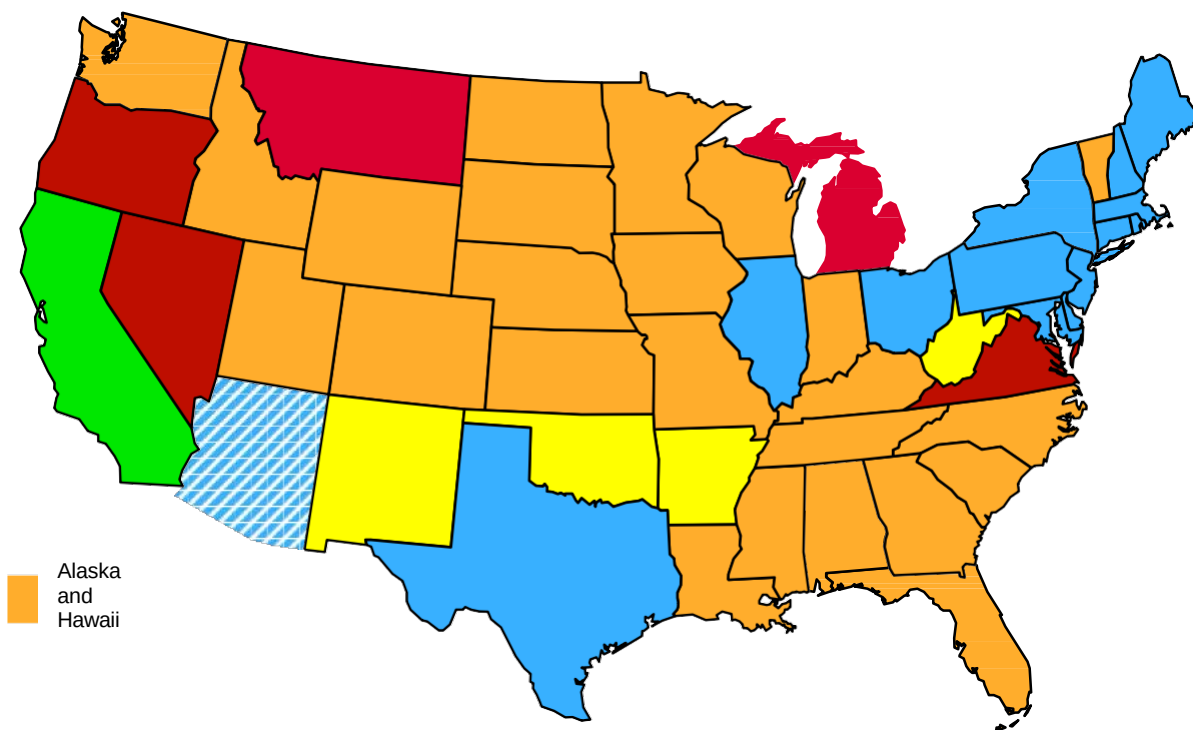
The Commission is actively working towards implementing the provisions outlined in PA 341 and has no further recommendations for legislation at this time. Throughout 2017, the Commission engaged with stakeholders regarding the resource adequacy and state reliability mechanism provisions within the new law.¹⁷ The Commission will continue to closely monitor the impact of the implementation of the new law on energy providers and customers in Michigan. Although the Commission does not recommend any legislative changes at this time, the Commission stands ready to assist the legislature in its future endeavors.

¹⁶ http://www.michigan.gov/mpsc/0,1607,7-159-16368_42136_42137---,00.html

¹⁷ See http://www.michigan.gov/mpsc/0,4639,7-159-80741_80743-406252--,00.html; and http://www.michigan.gov/mpsc/0,4639,7-159-80741_80743-411741--,00.html.

APPENDIX 1

Chart 1



- Allow retail access (13+DC)
- Limited access (5) -- see summary below;
- Not considering restructuring at this time (26)
- Retail access suspended (CA)
- Restructuring law repealed or delayed (4)
- Retail access with generation price control (AZ)

MI: alternative suppliers limited to maximum of 10% of electric utility's retail sales

MT: Retail access repealed for customers < 5 MW and for all customers that choose utility service

NV: retail access limited to large customers > or = 1 MW, with permission of the PUC

OR: nonresidential consumers of PGE and Pacific Power have option to buy electricity from an alternative provider

VA: Retail access ended for most customers -- except those >5 MW (w/conditions for return)

Source: Ken Rose, August 2017 58th IPU Annual Regulatory Studies Program

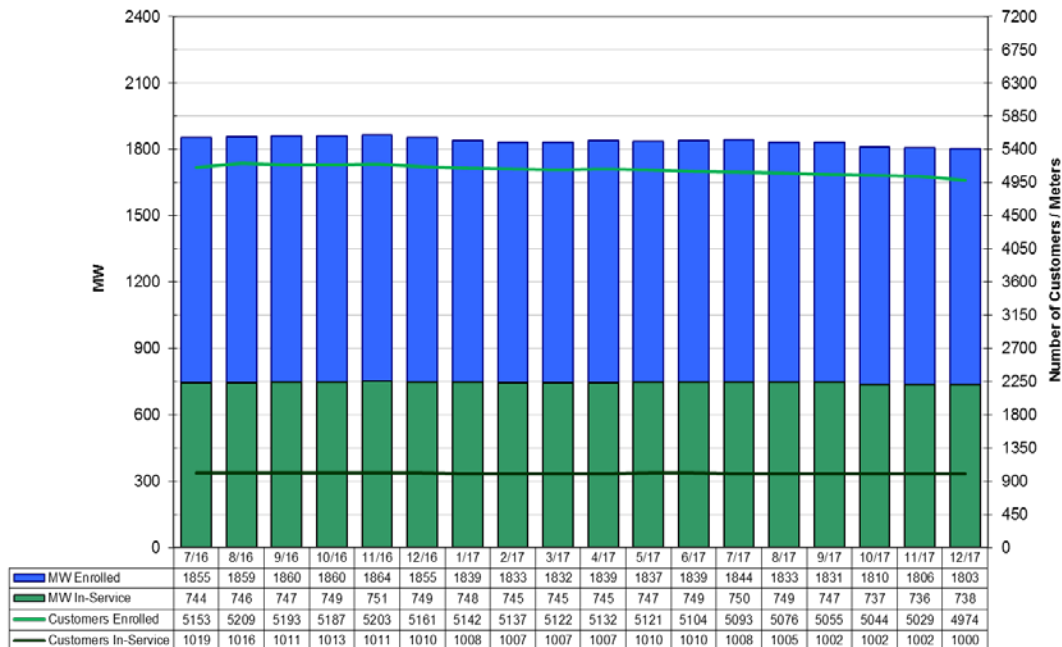
Chart 2

AES Customers in Consumers Energy Service Territory, Year End

AES Name	Number of Customers						MW Served					
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
Constellation NewEnergy Inc.	549	551	541	535	558	819	223	231	216	200	225	376
Direct Energy Business ¹	54	57	72	87	79	71	5	7	17	52	51	15
FirstEnergy Solutions	29	89	36	27	12	15	101	124	122	98	119	127
Constellation Energy Services fka Integrys ²	233	245	280	277	263	0	167	173	171	172	131	0
Calpine Energy Solutions, LLC fka Noble ³	178	101	95	76	71	71	128	102	91	72	71	70
Spartan Renewable Energy	1	1	1	1	2	2	10	10	10	11	13	14
Wolverine Power Marketing	20	21	25	27	25	22	142	140	144	146	139	136
Totals	1,064	1,065	1,050	1030	1,010	1,000	776	787	771	751	749	738
Note: ¹On September 1, 2008, Strategic Energy, LLC, changed its name to Direct Energy Business, LLC. ²On November 3, 2014, Integrys Energy Services, Inc., merged with Constellation, a subsidiary of Exelon Corporation. A legal name change from Integrys Energy Services, Inc. to Constellation Energy Services, Inc. became effective on April 1, 2015. Customers enrolled with Constellation Energy Services fka Integrys were transferred to Constellation NewEnergy Inc. during 2017. ³On November 1, 2010, Sempra Energy Solutions, LLC, changed its name to Noble Americas Energy Solutions, LLC. On December 1, 2016, Noble Americas Energy Solutions, LLC changed its name to Calpine Energy Solutions, LLC.												

Chart 3

Consumers Energy Electric Customer Choice Program Activity
(Cumulative Numbers of Customers & MW, Enrolled and In-Service, by Month)
July 2016 - December 2017



Source: Consumers Energy Company, December 2017.

Notes:

MW Enrolled – Total megawatts actively being served by an AES plus the total megawatts held by the queued customers
MW In Service – Total megawatts actively being served by an AES

Customers Enrolled – Total number of customers actively being served by an AES plus the total number of queued customers

Customers In Service – Total customers actively being served by an AES

Chart 4

AES Customers in DTE Electric Company Service Territory, Year End

AES Name	Number of Customers						MW Served					
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
CMS ERM MI	4	4	4	6	12	12	53	53	53	54	35	35
Just Energy Solutions fka Commerce ¹	265	228	205	174	159	130	6	5	5	4	4	3
Constellation NewEnergy	1,393	1,289	1,357	1,325	1,305	2,014	306	284	283	282	280	470
Direct Energy Business ²	666	733	953	1,465	1,587	1,476	104	115	160	228	288	399
Eligo Energy, MI LLC	0	0	0	0	11	18	0	0	0	0	1	2
FirstEnergy Solution	683	775	504	283	115	55	374	396	298	221	193	30
Constellation Energy Services fka Integrys ³	672	764	810	792	661	16	127	150	213	217	152	6
MidAmerican ⁴	58	98	37	24	25	40	21	22	8	7	5	5
Calpine Energy Solutions, LLC fka Noble ⁵	1,049	970	942	915	912	899	137	123	115	111	110	105
Wolverine Power Marketing	2	2	2	2	119	119	13	13	13	13	80	79
Totals ⁶	5,672	5,491	5,285	4,986	4,906	4,779	1,199 ⁶	1,191 ⁶	1,168 ⁶	1,137	1,148	1,134

Note: ¹ On April 5, 2017, Commerce Energy Inc. changed its name to Just Energy Solutions, Inc.

² On September 1, 2008, Strategic Energy, LLC, changed its name to Direct Energy Business, LLC.

³ On November 3, 2014, Integrys Energy Services, Inc., merged with Constellation, a subsidiary of Exelon Corporation. A legal name change from Integrys Energy Services, Inc. to Constellation Energy Services, Inc. became effective on April 1, 2015.

⁴ During 2016, MidAmerican Energy Company transferred their customers to MidAmerican Energy Services and voluntarily rescinded its AES license. MidAmerican now refers to MidAmerican Energy Services.

⁵ On November 1, 2010, Sempra Energy Solutions, LLC, changed its name to Noble Americas Energy Solutions, LLC. On December 1, 2016, Noble Americas Energy Solutions, LLC changed its name to Calpine Energy Solutions, LLC.

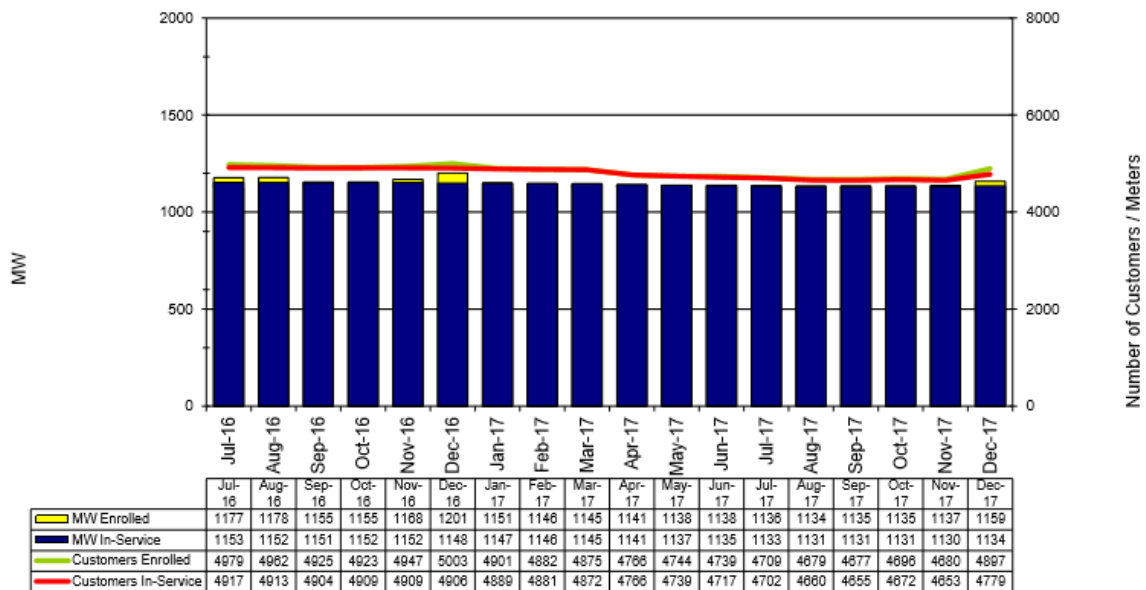
⁶ Total does not add correctly due to rounding.

Chart 5

Electric Choice Customer Participation July 2016 to Present



DTE Electric Customer Choice Program Activity, as of 01/11/2018
(Cumulative Numbers of Customers & MW, Enrolled and In-Service, by Month)



Source: DTE Electric Company, December 2017.

Notes:

MW Enrolled – Megawatts that have requested to switch to another AES

MW In Service – Total megawatts actively being served by an AES

Customers Enrolled – Customers who have requested to switch to another AES

Customers In Service – Total customers actively being served by an AES

Chart 6

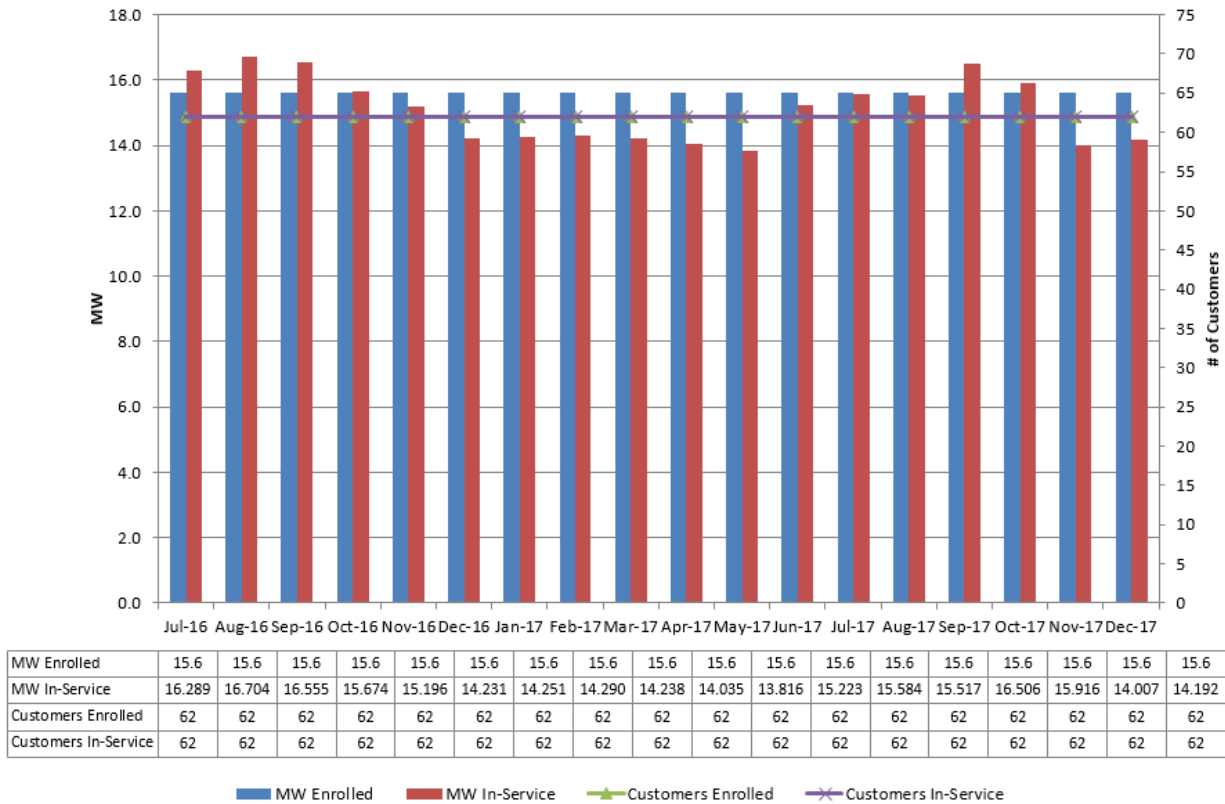
AES Customers in the UPPCo Service Territory, Year End

AES Name	Number of Customers						MW Served					
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
Constellation Energy Services fka Integrys ¹	0	17	30	30	32	31	0	5.88	3.69	4.74	4.75	4.54
UP Power Marketing	4	21	29	29	29	30	2.52	3.88	4.88	3.74	3.83	4.17
Wolverine Power Marketing	0	1	1	1	1	1	0	5.62	5.67	5.62	5.65	5.48
Totals	4	39	60	60	62	62	2.52	15.38	14.24	14.10	14.23	14.19
Note: ¹ On November 3, 2014, Integrys Energy Services, Inc., merged with Constellation, a subsidiary of Exelon Corporation. A legal name change from Integrys Energy Services, Inc. to Constellation Energy Services, Inc. became effective on April 1, 2015.												

Chart 7



**Upper Peninsula Power Company Customer Choice Program Activity
(Cumulative Numbers of Customers & MW, Enrolled and In-Service, by Month)**



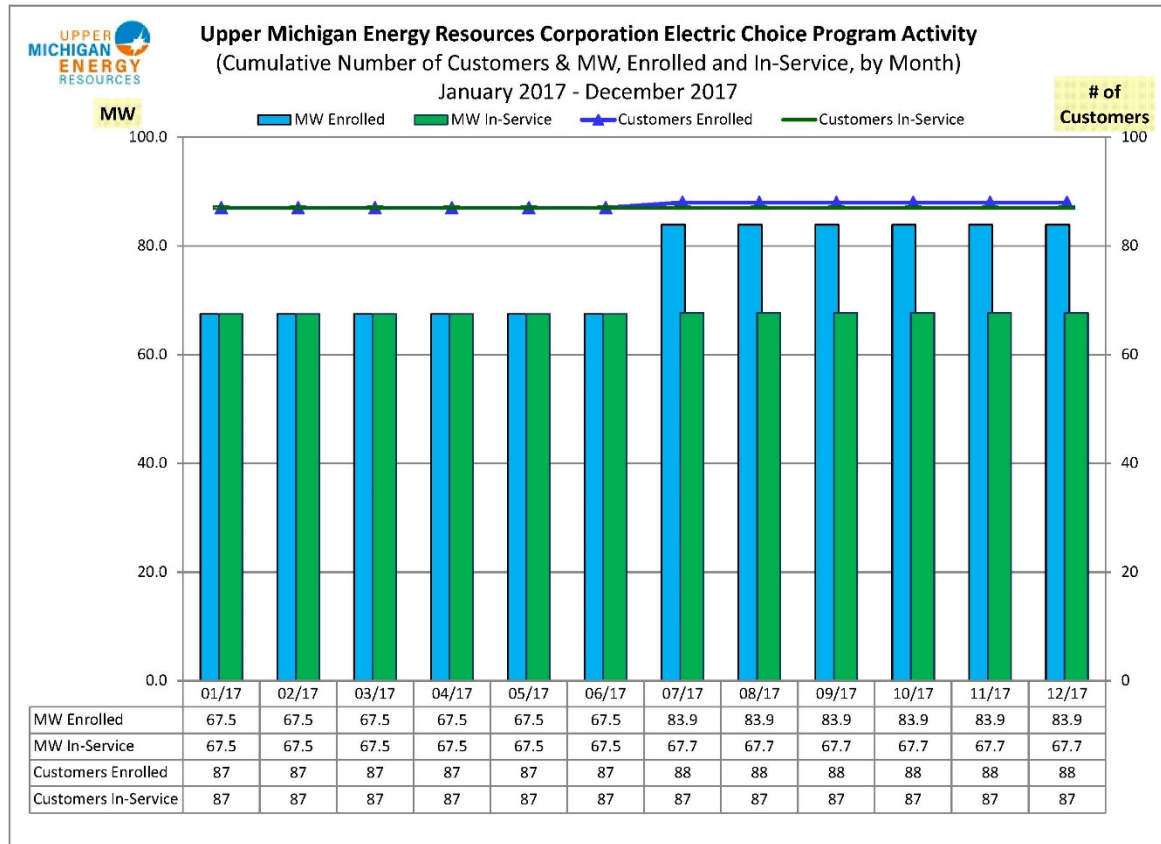
Source: Upper Peninsula Power Company, December 2017.

Chart 8

AES Customers in the UMERC Service Territory, Year End

AES Name	Number of Customers	MW Served
	2017	2017
Constellation Energy Services fka Integrys ¹	87	67.7
Totals	87	67.7
Note: ¹ On November 3, 2014, Integrys Energy Services, Inc., merged with Constellation, a subsidiary of Exelon Corporation. A legal name change from Integrys Energy Services, Inc. to Constellation Energy Services, Inc. became effective on April 1, 2015.		

Chart 9



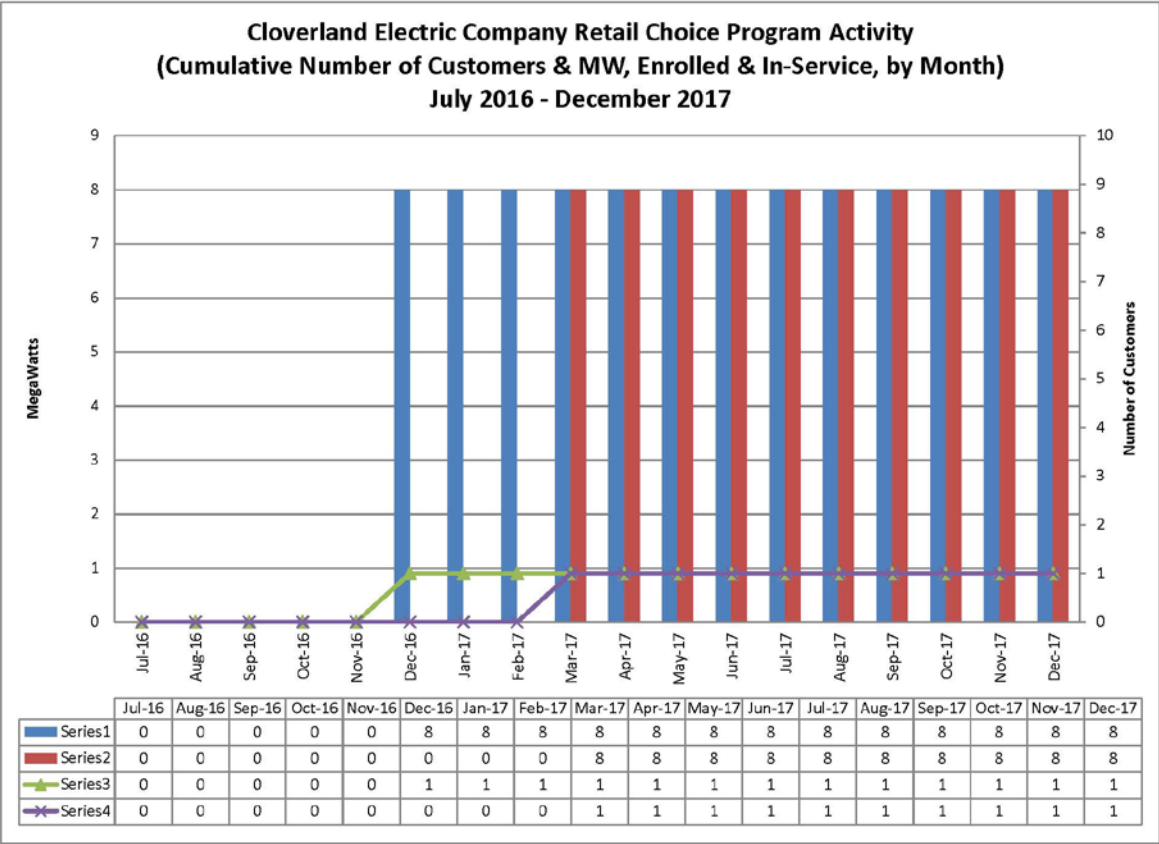
*Source: Upper Michigan Energy Resources Corporations, December 2017.

Chart 10

AES Customers in the Cloverland Service Territory, Year End

AES Name	Number of Customers						MW Served					
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
Duke Energy ¹	0	0	1	0	0	0	0	0	9.4	0	0	0
Spartan Renewable	0	0	0	0	0	1	0	0	0	0	0	8
Totals	0	0	1	0	0	1	0	0	9.4	0	0	8
Note: ¹ On May 3, 2016, Duke Energy voluntarily surrendered their AES license												

Chart 11



Source: Cloverland Electric Cooperative, December 2017.

Chart 12

AES Customers in the WEPCo Service Territory, Year End¹⁸

AES Name	Number of Customers						MW Served					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Constellation Energy Services fka Integrys ¹	0	0	51	51	51	70	0	0	412	386	56.2	61.9
Totals	0	0	51	51	51	70	0	0	412	386	56.2	61.9
Note: ¹ On November 3, 2014, Integrys Energy Services, Inc., merged with Constellation, a subsidiary of Exelon Corporation. A legal name change from Integrys Energy Services, Inc. to Constellation Energy Services, Inc. became effective on April 1, 2015.												

¹⁸ Included for historical information. WEPCo customers are now being served by UMER.

Chart 13

AES Customers in the WPSC Service Territory, Year End¹⁹

AES Name	Number of Customers						MW Served					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Constellation Energy Services fka Integrys ¹	0	0	13	13	16	16	0	0	5.0	4.5	5.35	5.25
Totals	0	0	13	13	16	16	0	0	5.0	4.5	5.35	5.25
Note: ¹ On November 3, 2014, Integrys Energy Services, Inc., merged with Constellation, a subsidiary of Exelon Corporation. A legal name change from Integrys Energy Services, Inc. to Constellation Energy Services, Inc. became effective on April 1, 2015.												

¹⁹ Included for historical information. WPSC customers are now being served by UMER.

APPENDIX 2

Michigan Public Service Commission Orders in 2017 Related to Implementation of 2000 Act 141

New Energy Legislation

Provisions in 2016 Act 341 Sec. 6w require all electric providers, including AESs to demonstrate to the MPSC that they have enough resources to serve the anticipated needs of their customers four years forward. If an AES cannot or choose not to arrange generating capacity to meet the new requirement, they would be subject to the SRM Charge. The SRM Charge is set by the MPSC and would be paid to the utility. The following are SRM cases that impact AESs:

- Upper Peninsula Power Company – U-18254
- DTE Electric Company – U-18248
- Consumers Energy Company – U-18239
- Upper Michigan Energy Resources Corporation – U-18253
- Cloverland Electric Cooperative – U-18258

➤ **U-18441 - In the matter on the Commission's Own Motion regarding the implementation of MCL 460.6w.** On September 15, 2017, the Commission opened this docket for all electric providers, including AESs to file their capacity demonstrations.

➤ **U-18444 - In the matter on the Commission's own motion to open a contested case proceeding for determining the process and requirements for a forward locational requirement under MCL 460.6w.**

On October 11, 2017, the Commission opened a contested case proceeding for determining the process and requirement for a forward locational requirement for generation resources used to meet electric capacity obligations under Section 6w of Act 341.

➤ **U-15801 - In the matter on the Commission's own motion to implement the provisions of Section 10a(1) of 2008 Act 286.**

On April 28, 2017, the Commission adopted updated procedures, attached to this order as Appendix A and Appendix B, are adopted pursuant to Section 10a(1) of 2016 Act 341 and shall govern all matters regarding allocation of the amount of an electric utility's load to be served by an alternative electric supplier.

➤ **U-18197 - In the matter on the Commission's Own Motion to investigate Electric supply reliability plans of Michigan's electric utilities for the years 2017-2021.**

On January 12, 2017, the Commission opened this docket to have electric utilities regulated by the Commission, alternative electric suppliers, utility affiliates, and certain power supply cooperatives and associations to submit a self-assessment of their ability to meet their customers' expected electric requirements and associated reserves during the five-year period of 2017 through 2021.

APPENDIX 3

Michigan Licensed Alternative Electric Suppliers

Company Name, Address, Contact Information	Case Number	Authorization Date
AEP Energy, Inc. 2723 South State Street, Suite 150, Ann Arbor, MI 48104 Phone: 866-258-3782 Fax: 734-794-4701 Email: care@AEPenergy.com URL: www.AEPenergy.com	U-14764	2/9/2006
Calpine Energy Solutions f/k/a Noble Americas Energy Solutions, LLC 2000 Town Center, Suite 1900, Southfield, MI 48075 Phone: 877-273-6772 Fax: 619-684-8355 Email: customerservice@CalpineSolutions.com URL: www.CalpineSolutions.com	U-13361	4/16/2002
CMS ERM Michigan LLC One Energy Plaza, Suite 1060, Jackson, MI 49201-2277 Serving Dearborn Industrial Generation Phone: 517-788-0493 Fax: 517-787-4606	U-12567	8/17/2000
Constellation Energy Services, Inc. f/k/a Integrys Energy Services, Inc. 1010 W. Washington St., Suite 2, Marquette, MI 49855 Phone: 800-544-9551 Fax: 888-672-7139 Email: support@superiorcontact.net URL: www.constellation.com	U-13245	1/18/2002
Constellation NewEnergy, Inc. 2211 Old Earhart Road, Suite 175, Ann Arbor, MI 48105 Phone: 877-547-4355 Email: customercare@constellation.com URL: www.constellation.com	U-13660	12/20/2002
Dillon Power, LLC 23409 Jefferson Ave., Suite 110, St. Clair Shores, MI 48080 Phone: 866-919-2679 Email: info@dillonpower.com URL: www.dillonpower.com	U-17723	1/13/2015
Direct Energy Business, LLC 110 W Michigan Ave., Suite 500, Lansing, MI 48933 Phone: 866-348-4193 Email: DEBSales@directenergy.com URL: www.business.directenergy.com	U-13609	11/7/2002
Direct Energy Services, LLC 110 W Michigan Ave., Suite 500, Lansing, MI 48933 Phone: 866-326-8559 Email: csdirectenergy@directenergy.com URL: www.directenergy.com	U-14724	12/20/2005
EDF Energy Services, LLC 5627 Settlement Court, Parma, MI 49269 Phone: 877-432-4530 Fax: 281-653-1436 Email: Grp_Hou_SupportTX@edfenergyservices.com URL: www.edfenergyservices.com	U-17937	2/23/2016
Eligo Energy MI, LLC 2000 Town Center, Suite 1900, Southfield, MI, 48075 Phone: 888-744-8125 Email: customerservice@eligoenergy.com URL: www.eligoenergy.com	U-17697	6/15/2015
Energy Services Providers, Inc. d/b/a Michigan Gas & Electric 1030 State Rd., Suite 10H, Harbor Springs, MI 49740 Phone: 866-705-3610 Fax: 888-829-5797 Email: CustomerRelations@MIGandE.com URL: www.MIGandE.com	U-16912	4/6/2012
FirstEnergy Solutions 30600 Telegraph Rd. #2345, Bingham Farms, MI 48025 Phone: 888-254-6359 Fax: 888-820-1416 Email: firstchoice@fes.com URL: www.fes.com	U-13244	1/08/2002

Company Name, Address, Contact Information	Case Number	Authorization Date
Interstate Gas Supply, Inc. d/b/a IGS Energy 306 East Main Street, Suite 230, Niles, MI 49120 Phone: 888-993-0997 Email: choice@igsenergy.com URL: www.igsenergy.com	U-17243	6/28/2013
Just Energy Solutions, Inc. f/k/a Commerce Energy Inc. 30300 Telegraph Rd. Suite 350, Bingham Farms, MI 48025 Phone: 866-587-8674 Fax: 888-548-7690 Email: cswest@justenergy.com URL: www.justenergy.com	U-13203	11/20/2001
Liberty Power Delaware, LLC. <i>Company has received a license.</i> <i>A Michigan office must be established before the company can begin marketing</i>	U-15140	4/24/2007
Liberty Power Holdings, LLC. <i>Company has received a license.</i> <i>A Michigan office must be established before the company can begin marketing</i>	U-15139	4/24/2007
MidAmerican Energy Services, LLC 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 Phone: 800-432-8574 Fax: 563-333-8563 Email: support@midamericanenergyservices.com URL: www.midamericanenergyservices.com	U-17888	9/10/2015
Nordic Energy Services, LLC 2723 South State Street, Suite 150, Ann Arbor, MI 48104 Phone: 877-808-1022 Fax: 888-370-2027 Email: customerservice@nordicenergy-us.com URL: www.nordicenergy-us.com	U-17968	4/14/2016
Plymouth Rock Energy, LLC 25900 Greenfield Road, Suite 245, Oak Park, MI 48237 Phone: 855-327-6937 Fax: 516-295-1417 Email: customercare@plymouthenergy.com URL: www.plymouthenergy.com	U-17492	1/23/2014
PowerOne Corporation 6840 N. Haggerty Road, Canton, MI 48187 Phone: 734-354-2000 Fax: 734-354-4225 Email: Rami.Fawaz@poweronecorp.com URL: www.poweronecorp.com	U-13280	2/1/2002
Premier Energy Marketing, L.L.C. 446 Hunters Ridge, Saline, MI 48176 Phone: 734-769-0675 Fax: 888-805-4979 Email: bschlansker@premierenergyllc.com URL: www.premierenergyonline.com	U-13620	11/7/2002
Spartan Renewable Energy, LLC 10125 W. Watergate Rd., PO Box 189, Cadillac, MI 49601 Phone: 877-288-WIND Fax: 231-775-0172 Email: cgeiger@spartanrenewable.com URL: www.spartanrenewable.com	U-15309	9/18/2007
Texas Retail Energy, LLC 208 N Capitol Ave., 3 rd Floor, Lansing, MI 48933 Phone: 866-532-0761 Fax: 479-204-0936 Email: chris.hendrix@texasretailenergy.com	U-17076	12/6/2012
U.P. Power Marketing LLC 29639 Willow Rd., White Pine, MI 49971 Phone: 906-885-7100 Fax: 906-885-7400 Email: zach.halkola@traxys.com URL: www.traxys.com	U-14594	10/25/2007
Wolverine Power Marketing Cooperative, Inc. 10125 W. Watergate Road, P. O. Box 100, Cadillac, MI 49601 Phone: 877-907-WPMC Fax: 231-775-0172 Email: sfrederick@wpmc.coop URL: www.wpmc.coop	U-12723	11/20/2000

*This list is current as of December 2017. An up-to-date AES directory is kept on the MPSC Website, at http://www.michigan.gov/mpsc/0,4639,7-159-16377_17111_17114-413939--,00.html#tab=License