

## Voluntary Green Pricing

### 1. What is renewable energy?

Renewable energy is defined as power generated by a resource that is **replenished within a human timeframe**. In Michigan, renewable energy is primarily generated from wind, solar, water (hydroelectric), woody biomass, municipal waste and landfill gas.

### 2. What is green pricing?

Traditionally, customers receive their power from the local utility and the power is generated by a range of different sources such as coal, natural gas, nuclear, and renewable energy. Green Pricing allows a customer to **voluntarily specify a certain amount of electricity purchases to be from renewable energy resources**. This is also known as Voluntary Green Pricing (VGP) programs. The costs of the programs are billed to participating customers.

### 3. What are the statutory requirements for a VGP program?

Public Act 342 Section 61 requires electric utilities to:

- Offer customers the **opportunity to participate** in a VGP program
- Provide VGP **options** to customers
- Receive Michigan Public Service Commission (MPSC) **approval** for VGP programs

### 4. Are all utilities in Michigan required to offer customers a VGP program?

Yes. Section 61 requires **utilities regulated by the MPSC, municipal utilities, cooperative utilities and alternative electric suppliers** to offer VGP programs to customers. The MPSC reviews and approves VGP programs for utilities regulated by the MPSC, not municipal utilities, cooperative utilities or alternative electric suppliers.

### 5. What criteria does the MPSC use to review utilities' VGP programs? Are there restrictions on what utilities can offer in their VGP programs?

In Case No. U-18349, the MPSC issued an order providing guidance to utilities as to what to include in their VGP proposals and specified the criteria by which the MPSC would evaluate the proposed programs. Criteria included programs be **cost-based, transparent, have verifiable costs, and in addition to the state's 15% renewable requirement**. All MPSC regulated utilities were required to submit their VGP program proposals to the MPSC following new energy laws going into effect in 2017. The MPSC evaluated the proposals based on its criteria and the evidence presented by the utility, MPSC staff, and other parties such as environmental groups and renewable energy companies.

### 6. What decisions has the MPSC made regarding VGP programs?

The MPSC approved programs for Upper Peninsula Power Company, Upper Michigan Energy Resources Company, Indiana Michigan Power Company, Northern States Power, and Alpena Power in early 2018.

#### *DTE Electric*

- DTE Electric's MIGreenPower has **not been approved as a VGP program**. At this time, the MPSC has ordered DTE Electric to file a revised application for the MIGreenPower program or a replacement within 120 days from the date of the order. DTE Electric may continue to operate the MIGreenPower **pilot program** which was previously approved in Case No. U-17793.
- DTE Electric's GreenCurrents program will cease enrolling new customers within 60 days from the date of the order and **completely phase out the program within 12 months** from the date of the order.

## **Consumers Energy**

- Consumers Energy's Solar Gardens program is **approved** as a VGP program.
- Options A and B of the Large Customer Renewable Energy Program are **conditionally approved** contingent on the Company filing a conforming tariff addressing the concerns described in the order.
- The Green Generation program is **approved to continue operation until December 2028**, with enrollment ceasing within six months of the order.
- Consumers Energy is **ordered to file a plan** to dedicate additional renewable energy resources to both Solar Gardens and Option A of its Large Customer Renewable Energy Program.

## **7. Where can I find information about utilities' VGP programs?**

For regulated utilities, information may be found on the [MPSC website](#) under the "[Green Pricing Programs](#)" page or in each utility's filed request in the case docket. Information for non-regulated electric providers' programs can be obtained by contacting each electric provider.

## **8. Are customers required to participate in VGP programs?**

No, VGP programs are **voluntary**. A customer who wishes to participate enters into an agreement with the utility.

## **9. Will VGP programs result in new renewable energy resources being built?**

Utilities must **designate specific renewable energy projects or credits to match customer participation** in the programs. In anticipation of customer demand, utilities have already arranged to dedicate a certain amount of renewable energy to the VGP programs. The amount of additional renewable energy resources resulting from the VGP programs in the future will ultimately depend on the size of the VGP programs and customer interest. **A growing and successful VGP program with increasing customer demand could potentially result in additional renewable energy resources being built.**

## **10. Who can participate in VGP programs?**

Nearly all customers can participate in VGP programs whether it is a residential customer renting an apartment or owning a home or a large industrial customer. However, participation **criteria will depend on each individual utility's VGP program offerings**. Generally, customers that are served by an alternative electric supplier cannot participate in the local utility's VGP program and instead would need to work with their supplier.

## **11. Who pays for VGP programs?**

Since VGP programs are voluntary, **only program participants will be charged using a cost of service formula**, which means **non-participants will not subsidize VGP programs**. Participating customers are responsible for increased costs of the programs, but also realize savings if costs of the program decrease.

## **12. Public Act 342 requires Michigan electric utilities to obtain 15% of their electricity from renewable resources by 2021. Do VGP programs count towards a utility's 15% requirement?**

They do not. The MPSC's order in Case No. U-18349 determined that Section 61 of Public Act 342 makes clear the intent that renewable energy is **in addition to the 15% renewable energy mandate**.

For more information, visit:

[MPSC Website](#)  
[Green Pricing Programs](#)

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