

ISSUE BRIEF

November 6, 2025

U-21859 Consumers Energy Amendments to General Service Primary Demand Rate (applicable to data centers and other large loads)



The Commission order clarifies the terms and conditions under which data centers and other new very large load customers take service from Consumers Energy and adds protections to help ensure Consumers Energy's existing electric customers do not end up paying for costs related to serving these new large loads (including data centers). Specifically, the Commission order establishes a minimum contract length, a minimum bill amount regardless of the actual usage, and an exit fee for early termination of the contract, as well as requires collection of substantial collateral. The order also requires Consumers Energy to detail the generation and other resources that will be used to serve these new customers and requires the development of a comprehensive cost of service study to set the rate for these customers going forward. These measures are designed to ensure that the utility costs incurred to serve data centers and other large load customers are not passed on to other utility customers - even if the data center's or large load customer's operations cease earlier than anticipated.

What did Consumers Energy propose in this case?

Consumers Energy applied to the Commission for approval to amend its General Service Primary Demand Rate (Rate GPD), which is a rate available to businesses with high-energy uses over extended periods of time. Consumers asked the Commission to approve additional requirements for data center and other very large load customers that are designed to protect other Consumers Energy customers.

This application focuses on ensuring that other Consumers Energy customers (including residential customers) will not be negatively impacted if Consumers makes investments to serve a large load customer and that large load customer ends or reduces operations before the costs of those investments have been recuperated. Consumers asked the Commission for authority to do the following relative to large load customers (including data centers):

- Require longer contract terms.
- Assess penalties for exiting a contract early.
- Collect collateral at the outset of the contract to protect from default.
- Set a minimum monthly billing demand.

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- Limit the ability of large load customers to reduce their contracted capacity.
- Establish annual reporting requirements.

What jurisdiction does the Commission have with respect to data centers?

The Commission's jurisdiction related to data centers is limited to the electricity and natural gas rates that the data center customer is charged and the terms governing the services provided by regulated utilities. The terms of service approved by the Commission may include specific provisions aimed at protecting customers if a large load customer leaves the system. The Commission does not have authority to authorize the construction of data centers, approve the siting of data centers, or issue permits or make determinations related to water use.

Who participated in this case?

The parties in this case included:

- Consumers Energy (the applicant)
- A coalition of Data Center customers
- Michigan Attorney General Dana Nessel
- The Commission's Staff
- Association of Businesses Advocating Tariff Equity
- Citizens Utility Board of Michigan
- National Resources Defense Council
- Sierra Club
- Michigan Environmental Council
- The Ecology Center
- Environmental Law and Policy Center
- Vote Solar
- Union of Concerned Scientists
- Advanced Energy United
- Michigan Energy Innovation Business Council
- Institute for Energy Innovation
- Switch Ltd.

What were the primary issues contested among the parties?

There were many issues raised by the intervening parties and Consumers Energy, including, but are not limited to, the following:

- Should Consumers create a new rate class just for data centers rather than letting new data centers take service on Rate GPD?
- Should the new requirements apply to only data centers or to all large load customers over a certain threshold?
- What load-size threshold should trigger the new requirements?
- How long should the initial contract term be?
- Should there be a minimum billing demand? If so, what should it be?

- How much should the exit fee (penalty) be for customers that terminate their contract early?
- What amount of financial security (collateral) should Consumers require for new data centers or large load customers? What types of collateral are eligible to meet this requirement?
- Should data centers or large load customers be able to reduce or add to their contracted capacity and by how much?
- How should the utility deal with cost allocation, considering these prospective new large load customers have significantly higher load than the existing customers on this rate?
- Do all of these tariff requirements sufficiently protect other electric customers from paying for the costs caused by new large loads?
- How do the provisions of this tariff fit with the renewable energy and clean energy requirements enacted by the Legislature in 2023?
- Do data center customers taking service under the tariff need to demonstrate they meet the requirements to be eligible for sales and use tax exemptions from the Michigan Strategic Fund?

What did the Commission decide?

The Commission approved the following as applicable to Consumers Energy's tariff (Rate GPD) for large load customers:

- While Consumers may create a new rate class for data centers in the future, that type of decision would typically take place in a rate case. To ensure that existing customers are protected, the Commission decided that it is prudent to address Consumers' proposed tariff changes now rather than waiting.
- The tariff changes will apply to all new customers with a load of 100 megawatts (MW) or more, including both data centers and other very large industrial customers. The provisions will also apply to customers with a common owner of multiple sites within Consumers Energy's service territory when their aggregated load is 100 MW or more and their individual loads are 20 MW or more.
- The contract between Consumers and the large load customer will have a minimum initial term of 15 years.
- The Commission approved a minimum billing demand at 80% of the contracted capacity. This means that even if a facility does not use the amount of energy expected for a particular month, they will still have a required minimum payment equal to 80% of what they originally said they would use.

- The exit fee, which is the penalty for exiting a contract before the end of the contract term, will be the minimum billing demand times the number of months left on the contract.
- Regarding financial security, the Commission set the default collateral amount at 50% of the minimum billing demand times the number of months remaining on the contract term, in the form of cash or a letter of credit. However, if Consumers would like to set a collateral amount higher or lower than the default or change the form, the utility can present evidence to the Commission on the prudence of its preferred collateral. The Commission will have authority to approve or reject the proposed collateral amount and form if it differs from the default.
- The Commission provided Consumers discretion to allow a one-time capacity reduction of up to 10% for any given large load customer without Commission approval. Additional reductions, or reductions beyond this amount, would require the payment of a proportional share of the exit fee.
- The Commission requires Consumers to file at least six cost allocation and rate design proposals which are outlined in the order.
- The Commission required Consumers, prior to each large load customer taking service under this tariff, to demonstrate that costs caused by the large load customers on this tariff are not being paid for by other customers who are not on this tariff. As part of this filing, Consumers will also need to detail the additional generation and other resources that will be used to serve the new large load customer and how the customer will cover the costs of those resources.

Who will be impacted by this decision?

New large load customers within Consumers Energy's territory will be impacted by this decision. New customers who meet the eligibility criteria set forth in the order will need to comply with new requirements to take service under the tariff. This decision also protects existing customers from exposure to stranded costs that may arise if the large load customer ceases or reduces operations, as well as guarding against shifting the costs of serving these new large load customers onto existing customers.

What other dockets will be relevant to data centers in Michigan?

Many of the issues raised in this docket will be addressed in other dockets. For example, many intervenors raised questions about the ability of the utility to comply with the renewable and clean energy standards found in [MCL 460.1028](#) and [MCL 460.1051](#) while also serving new data center load. The Commission will review many of these issues in future Consumers Energy cases:

- **Integrated Resource Plans:** Consumers is required to file periodic IRPs that demonstrate to the Commission its long-term resource plan for serving forecasted load for the next 20 years. Upcoming IRPs will likely explore how to meet the load growth expected from new data centers.
- **Renewable Energy Plans:** Consumers is required to file periodic renewable energy plans which include a forecast of resources that will be needed to comply with the renewable energy standards.
- **Rate Cases:** In Consumers' next rate case (after the conclusion of the currently open Case No. U-21870), Consumers will be required to outline cost allocation proposals discussed in this case.

Does this decision apply to other utilities in Michigan?

No. This decision applies to only a specific tariff (Rate GPD) from Consumers Energy. Decisions regarding data center or large load tariffs and provisions of service with other Michigan utilities will be reviewed as part of applications filed by other utilities that come before the Commission.

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