

OVERARCHING COMMENTS

The Company appreciates Staff's efforts leading this workgroup and found the collaborative discussion in the June 16 summary meeting very valuable. The Company thanks Staff for providing the draft technology outlines a week in advance of the final workgroup meeting to allow for time for review in advance of the meeting.

It is our understanding that the identified barriers are a complete listing of the different concerns various stakeholders raised during the workgroup sessions. With many of the identified barriers, it is unclear what problem is being addressed and whether it is appropriate to address the potential barriers when holistically considering the costs, benefits, and utility policy implications of potential courses of action. Many of the potential barriers identified in the workgroups are not focused on achieving deployment and full utilization of clean, distributed energy resources in Michigan, but instead on creating new markets for non-utility entities. **The Company suggests that the final workgroup report clearly indicate which barriers and solutions Staff is endorsing versus simply including as a complete report of various stakeholder positions and that Staff provide a thorough commentary on any rationale for endorsing any barriers and solutions.**

Staff's outlines include several legislative recommendations that are outside the Michigan Public Service Commission's (MPSC) jurisdiction, and **the Company suggests focusing the final workgroup report on issues addressable by the Commission in its regulation of safe, reliable, affordable, and increasingly clean utility service.**

ELECTRIC VEHICLES

The Company supports a permanent EV program framework and development of a sustainable EV business model for utilities, which may include components such as "make ready" plant assets and utility incentives for EV load shifting to off-peak charging. The Company supports further exploration of line extension policies, given that businesses may desire to meter their EV fleet load at a different rate than their business.

HEAT PUMPS

Several items in the outline appear to identify a potential or perceived problem or solution without analyzing decarbonization options for Michigan across a range of potential future scenarios. Projected electric and natural gas prices remain uncertain, as do various other planning assumptions that could impact Michigan's energy future. We will need a diversity of supply options to decarbonize state-wide. After a holistic decarbonization approach has been considered and developed and, depending on the level of projected heat pump deployment in that plan, the MPSC could then

explore incentivizing and deploying heat pumps and electrification more broadly than the existing EWR framework.

COMMUNITY AND BTM SOLAR

Community Solar: The Company disagrees with the inclusion of any legislative recommendations related to third-party community solar. Legislation is not necessary to deliver community solar to customers. Third-party community solar entities are clearly able to solicit and subscribe customers without any involvement from utilities, and they have a clear opportunity to sell community solar generation in the established wholesale electric market. Furthermore, legislation requiring utilities to offer bill credits for third party community solar would create serious consumer protection risks for Michigan homes and businesses, as it amounts to an expansion of the ill-advised path of electricity deregulation. This policy has proven to be a failure for reliability, affordability, and fairness to all customers – as most recently evidenced by the experience in Texas last winter. Cost-based bill credits are reasonable for utility community solar programs; utility customers should not subsidize non-regulated, third-party community solar projects that do not bring value to all utility customers.

BTM Solar: The Company believes that the option for utilities to own behind-the-meter solar assets should remain open. Additional pilots and other assessments, such as siting solar with other resources behind-the-meter like storage, EV charging, etc. and evaluating the various use cases, are needed before establishing the appropriate roles of utilities and third parties. There are various permutations and business models that should be tested. Additionally, the Company believes that any proposed BTM solar solutions should not provide preferential treatment - via higher compensation or other mechanisms - to third party, behind-the-meter solutions over utility solar offerings.

STORAGE

Additional clarification on storage problem statements and potential solutions may be helpful. Further discussion is warranted to determine how to model, evaluate, and plan for storage technologies in Michigan. The Company strongly supports the use of a flexible, repeatable pilot framework that allows utilities and stakeholders to test the various use cases of storage, both utility-scale and customer-sited. Additionally, the Company believes that any proposed BTM storage solutions should not provide preferential treatment - via higher compensation or other mechanisms - to third party, behind-the-meter solutions over utility storage offerings.

CHP AND WHP

As discussed in the heat pumps section above, after a holistic decarbonization approach is developed, and, depending on the level of projected CHP/WHP in those plans, the MPSC could then explore incentivizing and deploying CHP/WHP in the most effective way possible.

The Company strongly opposes the use of third-party CHP systems for multiple industrial customers. This proposed solution is an expansion of the ill-advised path of electricity deregulation, a policy that has proven to be a failure for reliability, affordability, and fairness to all customers.

MICROGRIDS

The Company believes that further clarification on problem statements is needed to clearly identify customer problems to be solved with different microgrid use cases and applications.

The Company strongly opposes the use of third-party microgrid systems built for multiple customers. This proposed solution is an expansion of the ill-advised path of electricity deregulation, a policy that has proven to be a failure for reliability, affordability, and fairness to all customers.

CONCLUSION

Consumers Energy thanks the MPSC Staff for organizing this forum and facilitating the Company's participation in this important conversation. Consumers Energy is committed to delivering Triple Bottom Line solutions that meet the needs of the people of Michigan, protect the environment, and allow Michigan to prosper as a whole, and acknowledges that leveraging new technologies and emerging business models will be an important step to achieving these goals.

The Company reiterates that additional testing through pilots and programs is highly advisable for many of these technologies before the adoption of permanent policy determinations. A thorough understanding of technology use cases, constraints, benefits, and consequences is the most appropriate starting point for any broadly applied administrative framework. Consumers Energy looks forward to continuing to explore new and emerging technologies in partnership with MPSC Staff, Michigan customers and stakeholders.