

April 19, 2024

VIA E-MAIL at HarlowJ@Michigan.gov

RE: Consumers Energy Comments to Staff on Vehicle-to-Grid and Battery Workgroup

Dear Mr. Harlow:

The Company appreciates Staff's efforts leading the Vehicle-to-Grid (V2G) and Battery Workgroup on April 1, 2024, and for providing the opportunity for discussion and comment.

The Company requests consideration of the below comments

General Statement

The Company supports customer compensation for V2G and stationary storage applications at the appropriate level. It is important to support continued adoption of electric vehicles and allow customers to manage energy usage. It is also important to do so in a manner that does not shift costs to other customers and create inappropriate incentives that result in higher rates.

1. Response to DTE's proposal (Locational Marginal Price)

If a tariff were to be selected between the three proposed at the April 1, 2024 V2G and Storage Workgroup, Consumers Energy would be most supportive of DTE's proposal to compensate V2G and Storage based on the Locational Marginal Price ("LMP"). LMP represents the actual avoided cost of energy that comes into the system at any given time. As the customer stored energy comes onto the system, it displaces or reduces market purchases at the LMP or sold in the market at LMP.

Without the ability for the utility to control or dispatch the discharge of the stored energy, there is no capacity or transmission related savings. As nascent technology further develops, there may be value realized through a controlled or dispatchable offering like demand response or similar offering. The Company notes that it isn't necessary for a tariff in the initial phases of exploring this nascent technology. There are significant benefits to having the flexibility of a contractual program, rather than a more rigid and inflexible tariff structure.

2. Concern with Compensation of Distribution Costs

During the storage workgroup, MEIU made the assertion that, under a hypothetical V2G and Storage tariff, it would be appropriate to compensate such customers for distribution costs. The Company strongly disagrees with this assertion. Contrary to the presentation by Doug Jester arguing that system costs will actual be decreased by a customer utilizing a storage resource, connecting and supporting this storage resources connection to the distribution system would actually represent an increase in investment that the Company would otherwise not need to make. BTM customer owned batteries would require more investment to ensure the existing distribution system could safely handle the interconnection, as well as a need for additional spend for the required visibility and remote connectivity to their interconnected loads.

Respectfully submitted,

Consumers Energy Company