

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
DTE ELECTRIC COMPANY for)
approval of its integrated resource plan)
pursuant to MCL 460.6t and for other relief.)
_____)

Case No. U-21193

At the March 27, 2026 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Myers, Commissioner

ORDER

On February 11, 2026, DTE Electric Company (DTE Electric) filed an application in this docket (February 11 application), with a supporting affidavit and exhibits, requesting *ex parte* approval of the Big Mitten Energy Center Tolling Agreement¹ (TA) (Big Mitten TA), as well as the equipment supply agreements (ESAs) for battery modules (battery ESAs) and master service agreements (MSAs) for engineering, procurement, and construction (EPC) (EPC MSAs) for the Fermi Energy Center Project (Fermi project) and Monroe I Energy Center Project (Monroe I project), (collectively, the Projects).

¹ Per DTE Electric, a TA is synonymous with a power purchase agreement. February 11 application, p. 3, n. 1.

As background, on November 3, 2022, the company filed an application for its integrated resource plan (IRP) under MCL 460.6t in this case. On July 12, 2023, the company filed a settlement agreement resolving all issues in the case that was approved by the Commission in the July 26, 2023 order in this docket (July 26 order). The July 26 order approving the settlement agreement required DTE Electric to acquire the target amounts of renewable and storage capacity as outlined in the company's proposed course of action (PCA) and as modified in Paragraphs 12 and 13 of the settlement agreement. The settlement agreement stipulated that projects can be deemed consistent with the IRP if they are priced at or below fair market value by the independent monitor (IM). *See*, July 26 order, Exhibit A, p. 11.

In the February 11 application, DTE Electric explained that in accordance with the settlement agreement approved by the July 26 order, the company implemented a competitive solicitation in 2025, utilizing Guidehouse Inc. (Guidehouse) as the independent monitor (IM). Guidehouse issued the 2025 energy storage request for proposals (RFP) on May 9, 2025, to procure 850 megawatts (MW) of energy storage capacity to meet the IRP requirements by December 31, 2028, when considering anticipated impacts to updated capacity accreditation.² Guidehouse oversaw the scoring and shortlist selection process, resulting in the selection of the Big Mitten TA and two company-owned projects, the Fermi project and Monroe I project. The company explains that the TA and the Projects total 1,000 MW, which will contribute directly to the company's IRP needs and compliance with its 2025 Statewide Energy Storage goal of 1,131.2 MW pursuant to Public Act 235 of 2023. February 11 application, p. 4 (citing July 26 order, Exhibit A, pp. 10-12).

² DTE Electric states that this includes an additional 300 MW of incremental capacity need due to preliminary IRP modeling related to the Midcontinent Independent System Operator, Inc.'s, (MISO's) Direct Loss of Load (DLOL) methodology to achieve the equivalent capacity identified in the settlement agreement approved by the July 26 order. February 11 application, p. 3, n. 2.

DTE Electric notes that the IRP settlement agreement approved by the July 26 order allows the company to exceed the targeted storage build, depending on certain factors. February 11 application, p. 3, n. 2; *see also*, July 26 order, Exhibit A, pp. 10-11.

DTE Electric states that the Big Mitten TA is an energy storage facility located in Huron County, Michigan, that will provide 450 MW of capacity for a four-hour duration. The Big Mitten TA has a target commercial operation date (COD) in the fourth quarter of 2028, and a 20-year contract term. Under the Big Mitten TA, Big Mitten Energy Center LLC shall design, engineer, construct, install, start-up, test, and maintain the Big Mitten Energy Center Project (Big Mitten Project), and DTE Electric shall be authorized to utilize the Big Mitten Project's capacity, energy, ancillary services, and renewable energy credits. February 11 application, Exhibit 1, p. 3. The levelized cost of storage (LCOS), including the financial compensation mechanism (FCM), pursuant to MCL 460.6t(15), and tariff risk cap, is \$12.30 per kilowatt (kW)-month. The FCM is to be calculated based upon the fixed energy payment only, which is equal to the TA cost. The Big Mitten TA cost would also include any applicable tariff adder up to the tariff risk cap. The company explains that the tariff risk cap is designed to limit the risk of tariff exposure to ratepayers by sharing potential tariff risks between the developer and the company. *Id.*, p. 7.

The Fermi project will be located in Monroe County, Michigan, with a COD in the third quarter of 2028, and will provide 200 MW of energy storage capacity for a duration of four hours. DTE Electric states that it entered into a battery ESA with LG Energy Solution Vertech, Inc. (LG) and an EPC MSA with Barton Malow Company (Barton Malow) for both the Fermi and Monroe I projects. Under the ESA and EPC MSA, LG and Barton Malow shall design, engineer, construct, install, start-up, and test the Projects. DTE Electric adds that additional contracts for other facility components have been negotiated and are included in the total cost of the Fermi project and that

any tariff impacts for the Projects have been identified and included in Exhibit 1, Attachment C to the February 11 application. Per the company, any tariff impacts for the Projects will be reconciled in the applicable electric rate case. The installed cost is \$1,663 per kW and the LCOS is \$13.60 per kW-month. February 11 application, pp. 5-7; *see also, id.*, Exhibit 1, p. 9.

The Monroe I project is sited in Monroe County, Michigan and has a COD in the fourth quarter of 2028, and will provide 350 MW of storage capacity for a four-hour duration with an installed cost of \$1,681 per kW and an LCOS of \$13.70 per kW-month. February 11 application, pp. 6-7; *see also, id.*, Exhibit 1, p. 9. Additionally, the company states that the Projects will be eligible for the 30% federal Investment Tax Credit (ITC) and are expected to qualify for an additional 10% ITC value for both the Energy Community bonus and the Domestic Content bonus, for a total 50% ITC. DTE Electric estimates the nominal ITC values for the Fermi and Monroe I projects to be \$123 million and \$215 million, respectively. February 11 application, p. 6, n. 4.

DTE Electric attests that the blended LCOS of all three projects is \$13.10 per kW-month, which includes the FCM and tariff price caps. The blended cost is below the fair market value of \$16.10 per kW-month as determined by the IM. According to the company, the pricing and procurement of the TA and the Projects are consistent with the IRP settlement agreement approved by the July 26 order pricing requirements. The company further states that *ex parte* review and approval are appropriate under MCL 460.6a(3). February 11 application, p. 7.

On December 18, 2025, the Commission Staff (Staff) conducted an audit of the company's 2025 RFP, which included a review of the bids received and the evaluation process that led to the shortlisting of the viable bids, which included the TA and the Projects. The Staff also conducted a review of the Big Mitten TA and the Projects, found them to be consistent with the settlement agreement approved by the July 26 order, and recommended Commission approval.

Discussion

Section 6t of Public Act 341 of 2016, as amended, provides the following:

Except as otherwise provided in subsection (13), for a new electric generation facility approved in an integrated resource plan that is to be owned by the electric utility and that is commenced within 3 years after the commission's order approving the plan, the commission shall finalize the approved costs for the facility only after the utility has done all of the following and filed the results, analysis, and recommendations with the commission:

- (a) Implemented a competitive bidding process for all major engineering, procurement, and construction contracts associated with the construction of the facility.
- (b) Implemented a competitive bidding process that allows third parties to submit firm and binding bids for the construction of an electric generation facility on behalf of the utility that would meet all of the technical, commercial, and other specifications required by the utility for the generation facility, such that ownership of the electric generation facility vests with the utility no later than the date the electric generation facility becomes commercially available.
- (c) Demonstrated to the commission that the finalized costs for the new electric generation facility are not significantly higher than the initially approved costs under subsection (11). If the finalized costs are found to be significantly higher than the initially approved costs, the commission shall review and approve the proposed costs if the commission determines those costs are reasonable and prudent.

MCL 460.6t(12).

Additionally, Paragraph 13 of the settlement agreement approved by the July 26 order provides the following:

Allocation of Storage. DTE Electric will accelerate the storage build timeline in its PCA as follows and as shown in Table 3 below: 160 MW of storage will be accelerated from 2026 and 2027 to facilitate the Company's Trenton Channel storage project (totaling 220 MW), with a target COD in 2025; 120 MW will be accelerated to 2027 from 2032, 300 MW will be accelerated from 2032 to be built in 2028, 2029, or 2030. The Company will target the following capacity allocation for storage projects:

Table 3 Target Storage Timeline and Capacity Allocation								
Storage	2024	2025	2026	2027	2028	2029	2030	Total
PCA Build	0	230	0	120	430	0	0	780
Company Owned	0	230	0	0	275	0	0	505
Third Party Owned	0	0	0	120	155	0	0	275

July 26 order, Exhibit A, p. 10.

Paragraph 14 of the settlement agreement adds as follows:

Additional Renewables and Storage. The Company will seek to acquire the target amount of renewable and storage capacity identified in the PCA, as modified in paragraphs 12 and 13, for each annual solicitation period and may exceed that target amount depending on the amount of bids, the size of projects, cost and value, and variations in project commercial operation dates. Other than the 220 MW of storage designated for the Trenton Channel project and the 120 MW of storage designated for third parties, in any other solicitation any increase in capacity will be allocated proportionately between Company owned and third party owned projects in an amount similar to the combined build plan totals in Table 1 and 2 for renewables and the overall total in Table 3 for storage provided that the Company will have the discretion, but not the obligation, to acquire additional capacity from third parties without proportionally increasing capacity allocated to Company-owned projects.

Id., p. 10.

As stated in the February 11 application, DTE Electric solicited 850 MW of nameplate storage capacity, inclusive of 300 MW of incremental capacity due to the anticipated impacts of MISO's DLOL capacity accreditation. The company's selection of the Big Mitten TA and the Projects total 1,000 MW of nameplate energy storage capacity and exceeds the company's IRP target by 150 MW. *See*, February 11 application, p. 3, n. 2; *see also, id.*, p. 4.

The Commission has reviewed the February 11 application, supporting affidavits and exhibits, and both the language in MCL 460.6t and the settlement agreement approved in the July 26 order and finds that the February 11 application should be approved. The Commission finds that the blended LCOS for the Projects is below the fair market value, and is, therefore, consistent with the

IRP settlement agreement. With approval of the Projects, the company's storage capacity allocation for third-party projects would exceed what was proposed in the settlement agreement, as permitted by the settlement agreement. The Commission finds that the process utilized by the company in acquiring these Projects was reasonable, prudent, and conducted in a manner consistent with DTE Electric's IRP settlement agreement approved by the July 26 order and the Commission's Competitive Procurement Guidelines.

The Commission finds that the company's proposal to add an additional 150 MW of capacity, beyond what is identified in Table 3 on page 10 of the settlement agreement approved by the July 26 order and after accounting for anticipated impacts from updates to MISO's capacity accreditation, is consistent with the paragraphs of the settlement agreement recited above. However, the Commission also notes that it recently approved an energy storage contract in Case No. U-21990, under which DTE Electric will procure 1.383 gigawatts (GW) of incremental energy storage resources to be paid for by the large-load customer under that contract. *See*, December 18, 2025 order in Case No. U-21990 (December 18 order). In addition, DTE Electric recently filed an application in Case No. U-22058 for approval of contracts that include an additional 400 MW of four-hour energy storage resources, which is currently pending before the Commission. As a result, the company's anticipated energy storage portfolio is already substantially larger than what was anticipated at the time the July 26 order was approved in 2023, with the potential to be larger still.

As such, the Commission encourages DTE Electric to assign the last, highest-cost 150 MW of storage in these contract approvals to another storage need. As this *ex parte* contract approval does not approve any costs, if DTE Electric chooses not to assign the excess 150 MW to another need and instead chooses to seek cost recovery for these projects in a future rate case, the company

must show that the cost for the extra 150 MW that is above and beyond the storage need contemplated in the IRP settlement agreement is reasonable and prudent to be able to obtain approval for cost recovery, particularly in light of the company's additional energy storage build out.

As noted above, the company is also seeking to acquire 1.383 GW of energy storage capacity to satisfy its most recent special contract approved in Case No. U-21990. *See*, December 18 order, pp. 1, 43-45. On January 16, 2026, DTE Electric filed an application in Case No. U-21990 (January 16 application) seeking *ex parte* approval of battery ESAs and EPC MSAs for the first 332 MW of battery energy storage to supply the special contract approved by the December 18 order. *See*, January 16 application, pp. 1-2. The projects included in the January 16 application were selected from the same 2025 RFP that was used for the Big Mitten TA and the Projects in this case. Per DTE Electric, the company first selected the highest scoring bids, Big Mitten TA and the Projects, to meet its IRP settlement agreement needs and Statewide Energy Storage goal, as noted above. January 16 application, p. 3. Thus, the projects selected for the company's special contract scored lower than the Projects selected by the company in the instant February 11 application. The Big Mitten TA and the Projects were the highest scoring of all projects reviewed in the company's most recent competitive solicitation.

Accounting for the company's Trenton Channel Storage Project, with approval of the Projects in the instant case, the company's capacity allocation for storage would be 770 MW company-owned, and 450 MW third-party owned. This exceeds the proposed allocation percentage for third-party owned projects proposed in Table 3 of the settlement agreement, which is permitted by Paragraph 14 of the settlement agreement approved by the July 26 order, as quoted above.

Lastly, the Commission finds that *ex parte* review and approval of the February 11 application is appropriate as approval will not affect rate schedules or result in an increase in costs to ratepayers. *See*, MCL 460.6a(3).

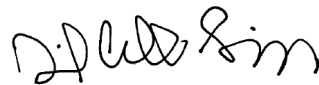
THEREFORE, IT IS ORDERED that the Big Mitten Energy Center Tolling Agreement, as well as the associated equipment supply agreements for battery modules and master service agreements for engineering, procurement, and construction for the Fermi Energy Center Project and Monroe I Energy Center Project are consistent with DTE Electric Company's integrated resource plan and are approved.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheacl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

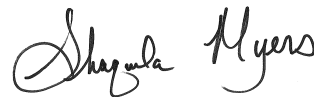
MICHIGAN PUBLIC SERVICE COMMISSION



Daniel C. Scripps, Chair



Katherine L. Peretick, Commissioner



Shaquila Myers, Commissioner

By its action of March 27, 2026.



Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

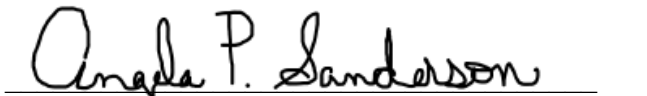
Case No. U-21193

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on March 27, 2026 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 27th day of March 2026.


Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

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