ENVIRONMENTAL LAW & POLICY CENTER

July 20, 2026

Ms. Lisa Felice
Michigan Public Service Commission
7109 W. Saginaw Hwy.
P.O. Box 30221
Lansing, MI 48909

RE: MPSC Case No. U-22058

Dear Ms. Felice:

Please find attached for paperless, electronic filing the Opening Brief of Michigan Energy Innovation Business Council ("MEIBC"), Institute for Energy Innovation ("IEI"), the Ecology Center, Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar ("CEO") (collectively "MEICEO"). Proof of service is also attached.

Thank you,

Katie Stahachi Duckworth

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cc: Service List, Case No. U-22058

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the applications of DTE ELECTRIC COMPANY for approval of special contracts and for other relief.	)))))	Docket No. U-22058

OPENING BRIEF OF

THE MICHIGAN ENERGY INNOVATION BUSINESS COUNCIL, INSTITUTE FOR ENERGY INNOVATION, ECOLOGY CENTER, ENVIRONMENTAL LAW & POLICY CENTER, UNION OF CONCERNED SCIENTISTS, AND VOTE SOLAR

("MEI/CEO")

July 20, 2026

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INTRODUCTION

The special contracts at issue in this proceeding will be transformative to DTE's grid and impact all its customers. DTE is seeking approval to serve a new 1 GW data center, to be located in Van Buren Township and built by Google, under contracts with an initial period of 20 years. During the next six years, the contracts call for DTE to build up to 480 MW of energy storage projects to reliably supply the new data center and up to 1,600 MW of renewable energy projects to meet Google's and Michigan's clean energy goals. DTE will also have to build additional capacity by 2033 to reliably serve the Google project and its other customers, although the ultimate resource to fulfill that need will not be determined in this proceeding. According to DTE, the contracts will result in a $1.7 billion benefit to its other customers over the life of the contracts.

The structure and magnitude of the Company's proposed contracts mean that the Commission's decisions here will reverberate far beyond this docket. First, as DTE describes, the actual impact of these contracts on its other customers will not be concretely determined now but in every major case filed by the Company for the foreseeable future—rate cases, Integrated Resource Planning ("IRP") cases, Power Supply Cost Recovery ("PSCR"), and Renewable Energy Plan cases. The impact on other customers will ultimately depend on decisions made in those dockets just as much as this one. It will also be shaped by factors determined outside of any Commission docket, such as energy market prices, capacity accreditation factors, and the Google data center's actual power usage. In the same way, the terms of the contracts will have significant impacts on the Commission's future decisions in other proceedings, including DTE's IRP process.

The Commission therefore is not simply being asked to approve a handful of contracts at a specific moment in time. It must put in place durable yet flexible conditions to ensure that the contracts protect the public interest and such that the Commission can evaluate the impact on other ratepayers throughout the 20-year life of the contracts. It also must ensure the contracts are

reasonably flexible such that DTE can respond to the planning decisions made in future IRP cases, like the one it will file in a few short months.

Further, the Commission's determinations in this proceeding will shape the range of solutions available to the State of Michigan and its regulated utilities as they navigate this period of load growth. DTE has acknowledged that the proposed special contracts do not permit Google to fund customer-side capacity resources such as load flexibility measures and distributed energy resources ("DERs"). Ex. MEICEO-38 at 15. By limiting these contracts to large, utility-owned resources, DTE forecloses opportunities for Google to deploy innovative solutions that could provide capacity and system benefits. That approach may align with DTE's investment incentives, but it does not best serve the public interest. The Commission should instead preserve and encourage the ability of large, financially capable customers such as Google to develop and fund innovative, distributed solutions that can support grid reliability, accommodate load growth, and advance Michigan's clean-energy objectives, including the State's 80% clean-energy standard by 2035 and 100% clean-energy standard by 2040. Addressing today's unprecedented load growth will require a diverse portfolio of resources and cannot depend exclusively on utility-scale generation.

DTE's decision to present these contracts in a contested case has resulted in meaningful transparency, allowing intervenors, including MEI/CEO, to test the assertions made by the Company in its application. In some cases, DTE's positions appear supported by evidence, such as its assertion that the renewable buildout planned under the contracts would allow Google to claim 100% renewable energy for this facility on an annual basis by 2035. In other areas, MEI/CEO witnesses (along with other intervenors) have testified to meaningful uncertainties in the DTE's

case, including the extent of its estimated "Affordability Benefit," and highlighted how the impacts of these contracts depend on decisions made in other, future dockets.

In sum, the contracts negotiated by DTE and Google will have significant, long-lasting impacts on the Company's grid and its other customers. MEI/CEO appreciate the stated intention of DTE and Google not to adversely impact other customers; this intention is evident in certain terms and conditions within the contracts. However, the Commission—as the state regulator with an obligation to protect the public interest—can and should require more transparency, verification, and flexibility before it approves contracts of this magnitude and precedence. For these reasons, MEI/CEO respectfully request that the Commission approve these contracts only if subject to the following recommendations and conditions:

- Find that DTE's Affordability Benefit is an estimate and that it is not sufficient on its own to support a finding that no costs that DTE incurs to serve Google throughout the life of the contracts will be shifted to other ratepayers;
- Impose additional modeling and ongoing reporting requirements to ensure the realization of the Affordability Benefit over the life of the contracts;
- Evaluate whether the no-cost-shift requirement is being met and the status of the Affordability Benefit on the same cadence as the Company's rate cases;
- Clarify that the Affordability Backstop can be triggered prior to the end of the 20-year contract duration;
- Require DTE to procure roughly equivalent amounts of Company-owned and third party owned projects for the 1.6 GW portfolio of renewable energy resources;
- Encourage DTE to procure proportionally greater capacity for third-party owned energy storage projects;
- Reject DTE's unreasonable limitation of Google's options for procuring the ZRCs to solely utility-scale resources; find that the procurement of ZRCs through the expansion or creation of DER and VPP programs would be in the public interest by providing new, clean capacity to grid and other reliability and affordability benefits; and take other steps to require DTE to consider and pursue these options;
- Reject the financial adder for the transfer of ZRCs;
- Require DTE to allow for the extension of the ZRCs and/or demand response beyond 2033; and
- Impose requirements necessary to ensure that the interconnection of Google's data center does not adversely impact grid reliability.

FACTUAL BACKGROUND

I. Overview of Customer and the Proposed Special Contracts

The Company is seeking the Commission's approval of two special contracts that will determine how the Company serves a new, large load customer: a Primary Supply Agreement ("PSA") and a Clean Capacity Accelerator Agreement ("CCAA") (collectively, the "Special Contracts"). In addition to these two contracts, DTE's application presents a Demand Response Rider 12 Agreement and Line Extension Agreement. Foley Direct, 3 TR 90. DTE asserts these latter two contracts "are standard contracts that the Company is not seeking Commission approval of in the instant case." *Id.*

The customer is Google, LLC ("Google" or the "Customer"), a subsidiary of Alphabet, Inc., which is the "third largest company in the United States by market capitalization." Foley Direct, 3 TR 8–9. Google intends to build a data center "engaged in the management, storage, processing, and distribution of data" located in Van Buren Township, within the Company's service territory. *Id.* at 9. Data centers of this size are generally used for artificial intelligence ("AI") computing power. Coppola Direct, 3 TR 481.

Under the Special Contracts, Google's facility has a maximum load of 1,000 MW, or 1 GW. Foley Direct, 3 TR 93. The load is planned to come online beginning in December 2027, with max load achieved by December 2028. *Id.* Aside from the 1.4 GW data center in Saline Township (the "Oracle data center") currently under construction after Commission approval in Case No. U-21990 of DTE's special contracts, Google's facility will be the largest single customer on DTE's grid—dwarfing even the largest of customers on rate D11, the principle electric service rate for the Company's commercial and industrial customers. The Google data center alone would account for "approximately 24% of the total full-service demand and 26% of the total full-service energy in the D11 rate class." Dauphinais Direct, 3 TR 528.

At a high level, the PSA governs the obligations of the Company and Google relating to electric service, requiring Google to take service on rate D11 with the addition of certain financial and ratepayer protection terms. Foley Direct, 3 TR 94. The PSA contract duration is 20 years, beginning at the time Google first receives electric service at its facility. DTE expects the PSA contract to extend through November 2047. Foley Direct, 3 TR 95.

According to DTE, "the PSA ensures that the aggregate benefits of the Contracts, including revenues received from the Customer and avoided costs realized through the Contracts, outweigh the costs of serving the Customer's load." Foley, 3 TR 94. The mechanism for this assurance is Section 5.1.3 of the PSA and is referred to as the "Affordability Backstop." Exhibit A-16 at 8. DTE "expects its other customers to realize a benefit of approximately $1.7 billion" during the 20-year term of the Special Contracts (the "Affordability Benefit"). Foley Direct, 3 TR 92.

"To help support resource adequacy with the addition of the Customer's load," the CCAA allows DTE to "develop a portfolio of up to 480 MW of energy storage projects, including 50 MW of long duration storage." Application at 3. "In order to meet [Google's] renewable energy goals," the CCAA further allows DTE to "develop up to 1,600 MW of renewable energy projects, the renewable energy credits from which will be transferred to the Customer." *Id.* The CCAA provides that DTE will recover from the Customer the full cost of these projects." Foley Direct, 3 TR 88. The 1.6 GW of renewable energy resources included in the CCAA "are considered part of a customer-requested [Voluntary Green Pricing ("VGP")] special contract and treated as such for [Renewable Portfolio Standard ("RPS")] purposes." Bilyeu Direct, 3 TR 279.

"To further assist with the Company's resource adequacy needs," the CCAA requires that Google "obtain and transfer 300 MW" of ZRCs Zone 7 Zonal Resource Credits ("ZRCs") for each Midcontinent Independent System Operator ("MISO") season beginning June 1, 2028 until May

31, 2033 at no cost to DTE. Application at 3; Foley Direct, 3 TR 107. Specifically, this "ZRC Product" is defined in the CCAA as "MISO Zone 7 Zonal Resource Credits in an amount equal to 300MW." Ex. MEICEO-35. According to DTE, it "cannot place additional restrictions on the ZRCs beyond this definition. The Company is not involved in the Customer's procurement of the ZRCs that it will transfer to the Company." *Id.* In discovery, DTE provided additional detail regarding the types of resources it believes Google could procure to satisfy its ZRC transfer obligation, confirming that Google would not be permitted to fund additional load flexibility or distributed energy resources ("DERs") through the creation or expansion of utility programs:

> The expansion or creation of a Company program, even if it were to be funded by the Customer, is not contemplated by the CCAA. Section 7 of the CCAA sets forth the obligations of the Customer with respect to a ZRC transfer and the Company's compensation for the provision of those ZRCs. The expansion or creation of a utility program would include no such transfer since the ZRCs would be generated by the Company and would require entirely different compensation and tracking structures. Accordingly, such an approach would not comply with the terms of the CCAA, and therefore is not an option the Customer can pursue to satisfy the terms of the CCAA.

Ex. MEICEO-38 at 15. DTE states that duration of the ZRC transfer "was a negotiated term agreed to by [Google] and the Company." Ex. MEICEO-5.

The PSA and CCAA each set forth a procedure that would govern if the Commission "considers and grants conditional approval, or attempts to modify any term" of either agreement. *See* Ex. A-18 at 3–4 (CCAA); Ex. A-16 at 7-8 (PSA).

In addition to the PSA and CCAA, the Company and Google have entered into a Rider 12 Demand Response ("DR") Agreement which commits Google "when called to reduce its electrical demand at its facility to 650 MW between June 2027 through May 2033." Foley Direct, 3 TR 90. For the purposes of DTE's resource adequacy evaluation, it modeled Google's DR as "approximately 250 MW." Burgdorf Direct, 3 TR 375. The Company explains that the ZRC

transfer and DR Agreement "are Customer obligations that the Customer has voluntarily agreed to as part of a broader negotiated agreement captured through the special contracts." Foley Rebuttal, 3 TR 164.

II. Google's Clean Energy Commitments and Impact

Google has a clean energy goal of powering its operations "on 24/7 carbon-free energy on every grid where we operate by 2030." Shaver Direct, 3 TR 736 (quoting 2025 Google environmental report). 24/7, or hourly, matching requires Google to "match its electricity use with clean energy generated locally and in real time—matching electricity consumption with clean power generation on the same grid, in the same hour." Shaver Direct, 3 TR 737 (quoting 2025 Google environmental report). Prior to achieving this ambitious goal of hourly matching by 2030, Google has committed to "annual matching, where local energy use provided by fossil fuels is matched with purchases of wind and solar." *Id.* The difference between hourly and annual matching is key from a climate and emissions perspective. With annual matching, there are still times during which a Google facility will run on fossil fuels, because the facility is connected to a grid—like DTE's—that is not 100% clean. *Id.* Under Michigan's current climate laws, DTE's grid will not be powered by 100% clean energy until 2040. MCL 460.1051. Prior to that, DTE must achieve a Renewable Portfolio Standard ("RPS") of 50% by 2030 and 60% by 2035. Bilyeu Direct, 3 TR 276.

The CCAA's 1.6 GW renewable energy portfolio, which DTE considers as "part of a customer-requested VGP Special Contract," forms the basis of Google's renewable energy commitment for this data center. Foley Direct, 3 TR 126. According to DTE, Google "may claim 100% renewable energy usage" for Google's proposed data center in DTE's territory "once the Company hits the 60% RPS target" in 2035. Bilyeu Direct, 3 TR 280. Specifically, DTE presents the following numbers to support the Google's "100% renewable energy claim."

Table 1 Customer Build to Support 100% Renewable Energy Claim

Customer Load	7,884 GWh
Converted to GW	4.0 GW
Renewable Energy from RPS by 2035	60%
Gap from RPS and 100% Renewable Energy Target	40%
VGP GW to achieve 100% Renewable Energy	1.6 GW

Id. The Company is utilizing a common approach for annual matching, whereby Google is purchasing renewable energy credits "to offset the portion of their energy usage from the grid which is not renewable." Shaver Direct, 3 TR at 740. But if the utility's grid is 60% renewable, this approach is only valid if the customer is purchasing 100% of its energy from the utility and then additionally purchasing renewable energy credits equivalent to 40% of its load (*i.e.*, "the non-renewable portion of what it receives" from the utility). Shaver Direct, 3 TR 741. Otherwise, the customer will fall short of 100% renewable energy because it is not fully offsetting the portion of grid-supplied, non-renewable energy. *Id.* In discovery, DTE confirmed that Google "purchasing 100% of its energy needs through the PSA and outside of the VGP Special Contract." Ex. MEICEO-38 at 2.

Despite Google's intention to reach 100% renewable energy for this project, Google's facility will result in increased emissions on DTE's grid. Shaver Direct, 3 TR at 749. Over the first six years of the data center's operations (before DTE's grid reaches 60% renewable and Google's CCAA renewable energy projects are fully online), "the facility's actual renewable share is 73%, and total emissions during this period attributable to the data center are approximately 6.5 million short tons of CO_2." Shaver Direct, 3 TR at 747. Even after the CCAA resources are "fully online and DTE has accomplished its 60% renewable requirement," the CO_2 emissions attributable to the facility still average 800,000 short tons annually," highlighting how 100% annual renewable

energy falls short of 24/7 matching in terms of climate and emissions impact. Shaver Direct, 3 TR 748.

III. Impacts on Resource Adequacy and Grid Reliability

A data center the size of Google's proposed facility impacts grid reliability in two key ways. First, DTE must maintain resource adequacy on its system as a whole to reliably serve Google's new load and its other customers. Second, the unique behavior and scale of the data center facility itself pose the risk of grid disturbances that can "lead to outages and/or damage to grid infrastructure." Shaver Direct, 3 TR 750.

A. Google's load and expiration of Google-provided capacity resources are driving DTE's expected capacity deficiency in 2033.

DTE studied the years 2029 and 2033 to analyze its resource adequacy with Google's new load. According to witness Burgdorf, "[t]he year 2029 was selected because it is the first year after the retirement of Monroe Units 3 and 4. The year 2033 was chosen due to the expiration of both the 300 ZRCs under the CCAA and the approximately 250 MWs of demand response in the Customer R12 contract on May 31, 2033." Burgdorf Direct, 3 TR 375. According to DTE's analysis, "assuming the resources included in the CCAA as well as demand response," the Company will be resource adequate in 2029. Brooks Direct, 3 TR 349. But after the expiration of Google's ZRC transfer and demand response obligations, DTE's system will not be resource adequate in 2033 without additional capacity. Brooks Direct, 3 TR 436–41.

DTE's modeling "identified a need of 677 MW of perfect capacity" to maintain resource adequacy. Brooks Direct, 3 TR 440. DTE then modeled a 727 MW "proxy generic combined cycle gas turbine ('CCGT') and carbon capture and sequestration ('CCS')" to address this need, but "only as a proxy to estimate the cost of an incremental resource in the [Affordability Benefit] analysis." Burgdorf Direct, 3 TR 375. DTE explains that in its upcoming IRP modeling, "it will

evaluate the incremental impact of the [Google's] load on system resource needs by comparing portfolios with and without that load and identifying the additional capacity or energy resources required to reliably serve total system demand." Ex. MEICEO-14.

Additional modeling performed by MEI/CEO witness Hotaling confirmed that it is Google's load *combined with* the expiration of the ZRCs and DR obligation driving the capacity need in 2033. Hotaling Direct, 3 TR 714–16. Witness Hotaling also described how the expiration of the ZRCs and DR obligation, occurring within six months of the Monroe Units 1 and 2 retirements, may impact the "replacement resources needed for Monroe Units and 2." Hotaling Direct, 3 TR 716.

B. Hyperscale data centers like Google's facility pose unique risks to the stability and reliability of the grid.

Large data centers pose unique risks to the grid due to their size, prevalence, load characteristics, lack of transparency, and sensitivity to grid disturbance. Shaver Direct at 19–20. In addition to their unprecedented size, data centers, and especially AI facilities, are "unpredictable." Exhibit MEICEO-28 at 9. According to the North American Electric Reliability Corporation ("NERC"):

> Large loads pose risks in both the planning and operations horizons. Their quick interconnection timelines and large peak demands drive generation and transmission adequacy risks. The fast ramp rates and variability of the loads could exhaust reserves for balancing and contribute voltage and frequency instability.

Ex. MEICEO-29 at 45.

Data center operators often "keep operational and performance details private, limiting visibility into their energy needs, fluctuations, and demand ramps," which prevents "utilities and grid operators from properly planning for their impact." Exhibit MEICEO-28 at 9. Data centers are also highly sensitive to fluctuations in voltage and frequency and utilize uninterruptable power supply systems that allow them to disconnect from the grid quickly once they observe a power

quality issue. *Id.* at 17–18. A sudden loss or drop in load can "pose serious reliability risks to the grid." Exhibit MEICEO-28 at 9; Shaver Direct, 3 TR 750. As one example, approximately 1,500 MW of data center load in Virginia disconnected from the grid within seconds in July 2024. Exhibit MEICEO-28 at 9.

NERC recently determined that "few utilities are appropriately responding to the reliability risks from large loads," noting a general lack of specific procedures for handling large loads and standardized operational requirements." Shaver Direct, 3 TR 754. Accordingly, NERC recommended that federal and state regulators "should consider" these gaps and "coordinate with utilities to assess whether incorporating additional interconnection requirements and/or studies are appropriate to reliably support integration of large loads." Ex. MEICEO-30 at 8.

Adequate interconnection studies and technical operating requirements are crucial for ensuring large data centers like Google's proposed facility do not adversely impact the reliability of the grid. Specifically, operational ramp rates and voltage and frequency ride-through requirements can mitigate the risk that the data center's behavior create grid disturbances and "lead to outages and/or damage to grid infrastructure." Shaver Direct, 3 TR 750.

ARGUMENT

I. Legal Standard

Michigan law has granted the Commission "plenary power and jurisdiction to regulate all public utilities in the state, including all incidental matters." *Attorney Gen v Mich Serv Comm*, 231 Mich App 76, 79; 585 NW2d 310 (1998), citing MCL 460.6. "This broad power includes the power to regulate all rates, fares, fees, charges, services, rules, conditions of service, and all other matters pertaining to the formation, operation, or direction of public utilities." *Id.*

When a utility is seeking approval of special contracts, the Commission has articulated that the contracts must be "reasonable and in the public interest." *See, e.g.*, Case No. U-10995, Dec. 7, 1995 Order, page 2; Case No. U-21371, May 18, 2023 Order, page 2. The Commission has broad discretion in considering what is consistent with the public interest. *GTE North, Inc v Public Service Comm*, 215 Mich App 137, 159; 544 NW2d 678, 689 (1996).

A. The Commission has broad authority to impose conditions on the contracts as necessary to protect the public interest.

In addition to being reasonable, the approval of special contracts for a large load customer "requires an evaluation of the public interest." Case No. U-21990, Dec. 18, 2025 Order, page 32 ("U-21990 Order") (quoting Case No. U-10646, March 23, 1995 Order, page 18 n.8). The Commission's approval in this docket will indicate to the Company and other regulated utilities in the state what the Commission expects to see for customers of this size in special contracts that are in the public interest. Notably, three utilities—DTE, Consumers Energy, and Indiana Michigan Power—have or are in the process of obtaining approval of large load tariffs and have indicated their intent to serve large customers.[1] As in its order approving the Oracle data center contracts in Case No. U-21990, the Commission has the authority here to condition its order upon additional conditions or terms as necessary to protect the public interest.

As applicable to the evaluation of special contracts, the Commission's broad authority to evaluate and protect the public interest requires more than simply asking whether the contracts are

[1] Case No. U-22061 (DTE amendments to Rate D11); Case No. U-21986 (Indiana Michigan Power Company modifications to Large Power Tariff); Case No. U-21859 (Consumers Energy amendments to Rate GPD). While the general, large load tariffs also set the ground rules for service of these customers, their availability does not preclude the possibility that a utility seeks to serve a certain large customer through special contracts like the ones here. Nor should it, as it is possible that for certain customers, such as hyperscale data centers of over 1 GW in load, the use of special contracts may be beneficial as it allows for even stronger cost-shifting protections than those contained in the general large load tariff. Special contracts can also benefit the utility, the large load customer, and other ratepayer by allowing for "additional benefits to the broader electric grid," such as Customer-funded renewable energy, storage, or distributed generation resources. *See* U-21990 Order at 33.

reasonable and prudent. The Commission's mandate to protect the public interest provides the Commission with the authority to require that rate-regulated utilities serve (and profit from) new large load customers in a way that not only fully protects other ratepayers from subsidizing the costs of these large loads *but promotes and ensures significant benefits to ratepayers and the grid*. For example, in Case No. U-21990, the Commission found that the "public interest is served by approval of the special contracts by contribution to the fixed costs that would otherwise be recovered from other ratepayers through both rate base and PSCR surcharges, creating the affordability benefit, as well as through the construction of 1.383 GW of incremental energy storage resources, fully funded by the Customer, that add additional benefits to the broader electrical grid." U-21990 Order at 32–33.

As the Commission faces unprecedented load growth, it should respond by requiring utilities to serve new large load customers with innovative, cost-effective solutions that position the State to meet its statutory clean energy standards and best serve the public interest. Here, the Commission should be explicit in clarifying that its obligation to protect the public interest when evaluating these special contracts between utilities and data centers includes the authority to impose additional, necessary terms and conditions on the deals made between these entities. In the case of special contracts like the ones here, which will last for decades and where impacts will be determined in various future dockets, these terms and conditions can include ongoing reporting obligations by the utility such that the Commission can determine whether the utility is meeting its commitments required to protect the public interest.

As examples, the Commission can impose conditions that: 1) require an affirmative affordability benefit to other customers rather than just a showing of no cost-shifting; 2) ensure the realization of any "affordability benefit" claimed by the Company; 3) require the utility to

consider or utilize the *most* beneficial alternatives (in terms of ratepayer or grid benefits) to serving the customer; and 4) allow for reasonable flexibility within the contracts as necessary to respond to decisions or orders made in the Company's future cases, particularly IRP cases, or to significant changes in circumstances that affect the customer's impact on other ratepayers. Further, as in Case No. U-21990, the Commission will "retain[] jurisdiction" over the special contracts and maintain the "authority to reopen this case at any time and/or issue an order to show cause if DTE Electric's claimed affordability benefit fails to materialize or vanishes or costs associated with serving the Customer are expected to fall upon existing customers." U-21990 Order at 43.

B. The terms and conditions for serving large load customers are only reasonable and in the public interest if they preclude cost-shifting to other customers.

Recent Commission orders in Dockets No. U-21859 (Consumers Energy large load tariff) and No. U-21990 (DTE approval of special contracts) have made clear that utilities must ensure that all costs incurred to serve a new large customer are fully covered by that customer and not shifted to other utility ratepayers. As the Commission explained in Case No. U-21859:

> A core tenet of ratemaking is that customers are responsible for the costs they impose on the system and the costs required to serve them. Residential, commercial, and other industrial customers should not have to pay for investments driven solely by large load additions. [T]hese costs should not be socialized due to their magnitude and unprecedented character, including the high load factor, 24/7/365 demand profile, and the fact that the vast majority of new generation and transmission investments will be driven by such a small number of discrete loads.

Case No. U-21859, Nov. 6, 2025 Order, page 116.

Similarly, in Case No. U-21990, involving the approval of the 1.4 GW Oracle data center special contracts, the Commission determined that "***the approval in the instant case is conditioned upon the assumption …*** that the Customer's obligations under Rate D11 and the special contracts ***will at least cover the costs to serve the Customer*** (including generation, transmission, distribution, or other costs)." U-21990 Order at 40 (emphasis added). This requirement is

applicable to the Commission's approval of the Special Contracts here, and the Commission has authority to impose conditions on the contracts necessary to ensure that no costs incurred to serve the Customer are shifted to other DTE ratepayers.

II. The Company's Affordability Benefit Estimate is Not Sufficient Without Enforceable Verification and True-Up Conditions.

DTE's application and testimony assert that the "Customer's new load will provide a net benefit across all of its customer classes." Application at 5. DTE offers an estimate of approximately $1.7 billion as the net benefit to other customers over the period of 2028 to 2047, referred to as the "Affordability Benefit." Willis Direct, 3 TR 408; Exhibit A-19 at line 14. MEI/CEO agree with the premise that the service of Google's significant new load should work to *benefit* the rest of DTE's customers. The public interest would be served by Google's "contribution to the fixed costs that would otherwise be recovered from other ratepayers through both rate base and PSCR surcharges, creating the affordability benefit." *See* U-21990 Order at 32–33. However, the evidence in this proceeding demonstrates that the realization of DTE's predicted Affordability Benefit depends on various decisions and factors that will be determined outside of this docket over the life of the contract, all of which carry meaningful uncertainties. For these reasons, the Company's estimated Affordability Benefit alone, based on the record that exists today, is not sufficient to support a Commission finding that no cost-shifting to other ratepayers will occur *over the life of the contracts*. The Commission therefore must impose enforceable verification terms, reporting requirements, and true-up conditions to ensure the Affordability Benefit works out as DTE intends and that other ratepayers are not paying costs caused by Google.

A. DTE's estimate of Affordability Benefits includes meaningful uncertainties.

MEI/CEO witness Kenworthy, along with other intervenor witnesses, identified many aspects of DTE's Affordability Benefit calculation that are "subject to significant uncertainty or

hinge on decisions that will be made in the future in other proceedings." Kenworthy Direct, 3 TR at 689. The Company's estimated benefit relies, among other things, on resources that may or may not be selected in a future IRP; the Company's actual resource modeling underlying those IRP resource decisions; the actual capacity accreditation of resources identified as necessary to reliably serve Google's load; the final costs for distribution upgrades and ITC transmission upgrades necessary to serve Google; and Google's actual load factor. Kenworthy Direct, 3 TR 679–80, 687–88, 690–92; Hotaling Direct, 3 TR 718–22; Woods Direct, 3 TR 627, 629–30. There are simply "too many unknowns" for the Commission to predetermine or accept that the Special Contracts will result in an Affordability Benefit—let alone a $1.7 billon one. *See* Woods Direct, 3 TR 623.

1. Key Assumptions Underlying DTE's Predicted Affordability Benefit

Every line of the Company's Affordability Benefit estimate at this point is necessarily based on a number of assumptions that are subject to significant uncertainty and that may or may not turn out to be accurate. For example, the energy storage pull-ahead benefit (which the Company estimates as a $1.16 billion avoided revenue requirement) assumes the Customer-funded energy storage *permanently* avoids additional storage buildout planned by the Company. Kenworthy Direct, 3 TR 682. But as witness Kenworthy testifies, if the storage buildout is not permanently avoided but only deferred beyond the 2047 window, the true benefit will be the value of the deferral and not the full $1.16 billion in avoided revenue requirement as the Company estimates today. *Id.* MEI/CEO witness Hotaling also testified to how the storage pull-ahead benefit relies on assumptions in the Company's modeling related to the expiration of the Investment Tax Credit for energy storage projects. Hotaling Direct, 3 TR 726–27.

Separately, included within the Company's estimated Affordability Benefit is a "hypothetical 727 MW gas-with-carbon-capture plant assumed online in 2033," which "drives

approximately $6.6 billion of cost in the analysis." Kenworthy Direct, 3 TR 679. The hypothetical CCGT with CCS is a "placeholder" used to estimate, for the purposes of the Affordability Benefit, the cost of additional capacity that will be needed to meet resource adequacy requirements. Kenworthy Direct, 3 TR 680. The Company correctly acknowledges that the actual resource to meet future capacity needs will be selected in its 2026 IRP, not in this proceeding. The inclusion of the hypothetical CCGT means that the Company's estimated Affordability Benefit "depends materially on a proxy resource decision" that the Commission will revisit in the 2026 IRP, based on the record developed in that case—not this one. *Id.* As witness Kenworthy concludes, "[t]he Commission is being asked to approve special contracts here on the basis of a resource decision it will make later, in the IRP." *Id.*

Witness Kenworthy identified another key uncertainty in the Company's estimates of the benefits of the proxy CCS's revenue requirement in 2035–2046, related to DTE's assumption that federal tax credits will remain available to the hypothetical CCS project for the 20-year life of the contract. Kenworthy Direct, 3 TR 681–82. If Congress adjusts or repeals the tax credits for CCS, or the Company's future CCS project does not qualify, then the CCS cost to ratepayers rises and the Affordability Benefit shrinks. *Id.*

The proxy CCGT also serves as the basis for the Company's resource-adequacy justification. Kenworthy Direct, 3 TR 680. Yet as explained by MEI/CEO witness Hotaling, the Company's resource adequacy modeling is also dependent on various assumptions that may not turn out to be accurate when tested in the IRP. First, the Company's seasonal accreditation assumptions in its modeling for energy storage "are likely too high for the summer season based on recent indicative estimates published by MISO." Hotaling Direct, 3 TR 720. If the Company's accreditation assumptions in the modeling presented in the case turn out to be inaccurate, more

resources than predicted now will ultimately be needed to reliably serve the Customer. Hotaling Direct, 3 TR 720–21. The result will be an *increase* in the costs of serving the Customer, which would in turn reduce the Affordability Benefit. Next, DTE's current projections "reflect load growth and future resources" in other MISO zones that are not yet certain. Hotaling Direct at 12. DTE could be "overstat[ing] the benefit of" available imports from other zones, resulting in an overestimate of DTE's resource adequacy position. Hotaling Direct, 3 TR 714. Again, if additional capacity is needed to serve Google than expected by DTE at this point, the costs of serving Google rise and the Affordability Benefit shrinks. MEI/CEO do not assert that the Commission needs to determine the Company's resource adequacy here in this docket—that will occur in the IRP. But this undisputed testimony further confirms that DTE's Affordability Benefit is no more than an estimate and depends on contingencies that will be determined in future cases.

2. Additional Concerns with DTE's Predicted Affordability Benefit

In addition to the meaningful uncertainties discussed above, the Company's asserted Affordability Benefit is also calculated as a nominal value, not a present value, which makes the estimated (and uncertain) benefit appear much greater than it is when expressed in today's dollars. Kenworthy Direct, 3 TR 676–78. As witness Kenworthy explains:

> At a 7 percent discount rate to 2028, the present-value equivalent of the Affordability Benefit [] is approximately $984 million—a reduction of roughly 42 percent from the $1.7 billion estimate on the discounting question alone. If the storage pull ahead benefit is also removed[], the present value drops further, to approximately $531 million.
>
> 3 TR 677.

These two adjustments by Witness Kenworthy demonstrate how, at very best, the Company's asserted Affordability Benefit is a directional estimate that may or may not materialize. It is subject

to meaningful uncertainties at this point because the actual impacts and amounts cannot be determined in this proceeding.

Similarly, Staff witness Isakson testified that removing DTE's assumed 1.5% rate escalation over the 20-year period results in a "total net benefit of $860.3 [million]," a significant reduction from DTE's $1.7 billion calculation." Isakson Direct, 3 TR 858. MNS witness Woods identifies that DTE's "distribution cost range estimate leaves just a $5.7 million buffer for potential unforeseen costs or cost escalation." Woods Direct, 3 TR 620. If DTE needs to spend more than estimated on distribution upgrades in order to serve the Google facility, the predicted Affordability Benefit shrinks further. *Id.* Woods emphasizes that the "Affordability Benefit estimate should be considered preliminary and not a final determination that serving the Customer's load will indeed provide that level of benefits to the Company's other ratepayers." Woods Direct, 3 TR 691. Attorney General witness Coppola testified that the Affordability Benefit is "based on certain assumptions about future cost increases and resource additions that will likely vary from actual costs in future years." Coppola Direct, 3 TR 486. And ABATE witness Dauphinais concluded that "DTE's net benefit projection is not sufficient to show DTE's other customers would not ultimately see higher costs from DTE serving Google." Dauphinais Direct, 3 TR 541.

3. The Affordability Benefit Hinges on Cost Re-allocation, not Reduction

The bulk of the asserted Affordability Benefit is not a *reduction* in total system cost but a *reallocation*—a shift of fixed production and transmission costs from other classes to Google through the coincident-peak allocator. Kenworthy Direct, 3 TR 671–72. At the system level, DTE's own comparison shows total revenue requirement rising by approximately $264 million when Google's load is added. Kenworthy Direct, 3 TR 672. Instead of lowering costs, the Company's estimated Affordability Benefit is driven by a reduction in the residential revenue

requirement, caused by a *shift* of fixed production costs *from* residential ratepayers *to Google*, and benefits flowing through the PSCR that will be realized through a lower PSCR factor than would have otherwise been applied. Kenworthy Direct, 3 TR 671–72; *see also* Foley Rebuttal, 3 TR 148. The actual amount of these benefits will be determined in the Company's future rate cases and PSCR cases throughout the term of the contract.[2] The Affordability Benefit depends entirely on the cost allocation being performed correctly, and on it being carried through and verified in the future rate and PSCR proceedings where the allocation is actually determined—not on this record.

Witness Kenworthy's transmission analysis illustrates the point. DTE recovers the Customer's transmission cost responsibility through two separate mechanisms—the base-rate 12CP allocator and the PSCR surcharge—yet the record does not show that the two fit together without gap or overlap, and neither the $308 million ITC upgrade estimate nor the $91 million 2029 transmission increment can be verified here. Kenworthy Direct, 3 TR 685. Other public utility commissions facing the same risk have declined to rely on an *ex ante* estimate (such as DTE's here) and instead built durable, allocation-specific protections into their orders—including Wisconsin (a minimum-billing-demand transmission charge and binding transmission-revenue reporting) and Pennsylvania (a model tariff requiring large loads to pay 100% of "but-for" transmission costs). Kenworthy Direct, 3 TR 686–87.

In sum, the record does not establish that DTE's asserted Affordability Benefit will be realized, given its dependence on multiple future decisions and circumstances outside this docket future. The Company did not rebut most of the uncertainties described in intervenors' testimony. In light of this evidence, the Company's proposal to rely on the Affordability Benefit as a true-up only in 2047 at the end "of the life of the contracts" is neither reasonable nor sufficient to ensure

[2] For example, MEI/CEO witness Hotaling explained how the proxy CCGT "likely impact[ed] the result of any reported MISO market benefits," affecting the Company's estimated PSCR benefit. Hotaling Direct, 3 TR 725.

that Google pays the true costs that DTE incurs to serve the new data center throughout the life of the project.

B. The Commission must impose reporting requirements to ensure that the benefits are realized, and no costs are shifted to other ratepayers.

In order for the Commission, in future rate case and PSCR proceedings, to determine whether other customers have in fact been held harmless from the costs the Customer's load causes, the Commission must condition approval of the Special Contracts on ongoing reporting requirements. Kenworthy Direct, 3 TR 694–95. As witness Kenworthy explains, "[t]he cost impact on other customers cannot be verified once at the front end of a 20-year commitment and then assumed to hold for the life of the contracts; the assumptions underlying [the Affordability Backstop] will need to be revisited as actual experience, load, and resource decisions develop." Kenworthy Direct, 3 TR 696. But as many witnesses testified, the Company's obligations to present information related to the costs and benefits of serving the Customer in rate cases, PSCR cases, IRP dockets, and/or this docket are "unclear." Hotaling Direct, 3 TR 728; Richter, 3 TR 586; *see also* Simpson Direct, 3 TR 844 (recommending additional reporting); Coppola Direct, 3 TR 486 (same).

1. Rate and PSCR Cases

In rebuttal, the Company promised to "present aggregate costs and benefits of serving the Customer such that the Commission could determine if aggregate benefits exceed aggregate costs" in "future rate cases and PSCR proceedings." Foley Rebuttal, 3 TR 153. According to witness Foley, the Company envisions that this information would include:

- The revenue requirement of energy storage projects deployed under the CCAA
- The revenue requirement of renewable energy projects deployed under the CCAA
- The revenue requirement of renewable energy projects deployed to meet the Company's Renewable Portfolio Standard (RPS) obligations not covered by the CCAA

- The revenue requirement of other resources that may be identified in the IRP as being caused by the Customer's load
- Increased fuel and purchased power costs
- Revenue requirement of transmission investments
- Avoided costs realized through the contracts, including any revenue requirement associated with resources that the Company was able to avoid deploying due to serving the Customer's load under the PSA and CCAA

Foley Rebuttal, 3 TR 143–44. MEI/CEO agree that this information should be provided by the Company in future rate and PSCR dockets. In addition to the above information, the Company's presentation of aggregate costs and benefits must include "a properly maintained counterfactual baseline"—essentially a "without-customer" scenario that identifies "what DTE's system, costs, and resource selections would have looked like absent the data center load." Kenworthy Direct, 3 TR 696. "Without a maintained baseline, the actual cost impact on other customers cannot be correctly identified." *Id.*

2. IRP Dockets

As in Case No. U-21990, the Commission should require the Company "in its next IRP application and initial CEP application" to include a "comparison of the resource requirements necessary to serve the company's load with and without the addition of the Customer's load." U-21990 Order at 35. Additionally, in light of witness Hotaling's modeling evidence that the 2033 capacity need is driven by Google's load combined with the expiration of ZRCs and DR obligation, the Company should provide a "modeling run [to] evaluate whether any incremental resources are needed above the ZRCs and [Google] demand response." Hotaling Direct, 3 TR 716.

3. Other Reports

As in Case No. U-21990, the Commission should require the Company to file an annual report in this docket with information related to the realization of the Affordability Benefit. Kenworthy Direct, 3 TR 698–99; Simpson Direct, 3 TR 844; Hotaling Direct, 3 TR 720. The

annual report should also include the Customer's load materialization and accreditation for resources under the CCAA. Hotaling Direct, 3 TR 720.

C. The Affordability Backstop must be tied to the Company's rate case cadence rather than a single analysis at the end of the life of the contracts.

The Company acknowledges that it will present the costs and benefits of serving the Customer "in general rate case filings and PSCR plan and reconciliation filings." Ex. MEC-2; Foley Rebuttal, 3 TR 143. MEI/CEO agree that review of the costs and benefits associated with serving Google should be addressed in rate proceedings. Yet, the Company simultaneously asserts that the Affordability Benefit "must be satisfied ***over the life of*** the special contracts" and similarly that Google's Affordability Backstop "requires a review of the aggregate costs and benefits ***over the life of the contracts.***" Foley Rebuttal, 3 TR 147; Ex. MEICEO-38 at 17. This is unreasonable for several reasons.

First, DTE's Affordability Benefit estimate shows that serving the Customer will impose *costs* to other customers rather than benefits during some years of the contracts. Specifically, these costs total approximately $172 million during the period of 2035 to 2038. Kenworthy Direct, 3 TR 679. Staff witness Isakson similarly testified that "[a]ll else equal, it is more likely that the Company files rate cases at some point during the contract term, particularly for at least some of the years between 2035 and 2038 when the annual net benefit of the customer is *negative*." Isakson Direct, 3 TR 858–59 (emphasis added). As MEI/CEO witness Kenworthy explains, "the existence of positive annual cost years demonstrates that the Commission should address whether its no-cost-shift requirement is satisfied annually, cumulatively, or through some defined true-up period." Kenworthy Direct, 3 TR 679.

As the Company explains, any benefits will be passed through to other ratepayers via the Company's PCSR and rate cases. Foley Rebuttal, 3 TR 148–49; *see also* Kenworthy Direct, 3 TR

675. Costs will be passed through in the same manner. A rate benefit that materializes five or ten years in the future is no assurance to a family struggling to pay higher utility bills every month. Additionally, DTE's customer base is not static; residential and business ratepayers come and go. The customers that DTE serves in 20 years will not be the same customers it serves now, or during the four years that DTE's modeling show net *costs* to other ratepayers. It is unreasonable to ask Google to make a single true-up payment to DTE's future customers at the end of 20 years when DTE's existing customers need to pay their bills and make ends meet on a month-to-month basis. The Commission should reject DTE's interpretation of the PSA's Affordability Backstop to make clear that it remains an *ongoing* obligation and not just a single true-up in 20 years.

Further, the plain language of the PSA's Affordability Backstop conflicts with DTE's interpretation that it requires only a 20-year reconciliation. Section 5.3.1 of the PSA states the following regarding Google's backstop obligations:

> If, ***at any time during the Term***, the Commission (a) issues a ruling or order determining that the costs to serve Customer exceed the combined revenues paid or payable to the Company under this Agreement and the applicable Related Agreements, or (b) disallows Company's recovery of costs to the extent attributable to serving Customer, then, in either case, Customer agrees to comply with any such ruling or order to ensure that Customer pays all costs associated with its service from Company…

(emphasis added). Yet, in rebuttal and discovery, DTE asserts that the no cost-shift requirement "must be satisfied ***over the life of*** the special contracts," and that the PSA's affordability backstop "requires a review of the aggregate costs and benefits ***over the life of the contracts*** and not an annual retroactive reconciliation." Foley Rebuttal, 3 TR 147; Ex. MEICEO-38 at 17 (emphasis added).

The Commission should reject DTE's reading of the PSA's Affordability Backstop because it conflicts with the plain language of the contract and does not sufficiently protect DTE's

customers. Instead, the Commission should: 1) evaluate whether the no-cost-shift requirement is being met and the status of the Affordability Benefit on the same cadence as the Company's rate cases; and 2) should clarify that PSA's Affordability Backstop can be triggered prior to the end of the 20-year contract duration. Because the Company's own Affordability Benefit models years of net costs, it is not a hypothetical risk that for some time period during the contracts, DTE's costs to serve Google will be paid by other ratepayers. The Commission should determine Google's impact on other ratepayers in the Company's rate cases, and if or when the information presented in those dockets demonstrates a cost shift, the Commission should require DTE and Google to correct the problem immediately.

III. The Commission Should Impose Additional Conditions on its Approval of the Special Contracts to Protect the Public Interest.

A. The Commission should require DTE to procure roughly equivalent amounts of Company-owned and third-party owned projects for CCAA renewable energy resources.

Under the CCAA, DTE will procure 1.6 GW renewable energy portfolio under the customer requested offering ("CRO"), which is part of the Company's VGP program. The CRO does not have an established ownership split, but DTE is proposing to own 100 percent of the projects. Sherman Direct, 3 TR 774.[3] The Company's sole-ownership proposal is unreasonable because it would have significant, negative impacts–made more significant due to the size of the portfolio proposed here–on costs and the health of a competitive market for renewable energy projects. Instead, the Commission should require DTE to procure roughly equal amounts of Company-owned and third-party owned projects, as this ownership split is reasonable and in the public interest.

[3] Notably, renewable energy procured to fulfill demand for DTE's VGP Program (Rider 17) follows the same ownership split between Company-owned and third-party owned projects as established in the Company's last IRP case (approximately 65% Company-owned and 35% third-party owned). Sherman Direct, 3 TR 774.

1. Third-party ownership provides important cost and timing benefits.

Third-party competition helps control costs and efficiently allocate risks. As MEI/CEO witness Dr. Sherman testified, "third-party owned renewable energy resources have been shown to be just as economic and, in many cases, more economic than utility-owned resources." Sherman Direct, 3 TR 784. "A strong third-party market will provide competitive prices for the simple reason that cost is a very important, if not the most important, factor in determining the winning bid(s) in an RFP." Sherman Direct, 3 TR 786. Truly competitive markets work to drive down costs, and by virtue of these fundamental market mechanisms, "third party-resources will generally be less costly than Company-owned resources." Sherman Direct, 3 TR 785.[4]

There are also timing benefits related to third-party ownership. As explained by witness Dr. Sherman, "third-party owned resources may be capable of reaching commercial operation more quickly than Company-owned resources, allowing the Customer to achieve its clean energy objectives under the contract sooner." Sherman Direct, 3 TR 780. "Third-party developers with existing project portfolios may have already taken, or may be taking, steps before the [federal tax incentives] deadline to safe harbor projects through qualifying equipment procurement, transformer reservations, or other begin-construction strategies." Sherman Direct, 3 TR 781.

These timing benefits are particularly important in light of the magnitude and speed of the procurement necessary under the CCAA. As witness Dr. Sherman testified, other CRO special contract procurements consisted of portfolios in the hundreds of megawatts, not gigawatts. Sherman Direct, 3 TR 775. MNS witness Woods also raised serious, credible concerns about the

[4] Recent procurements by vertically integrated, investor-owned utilities in other states support this conclusion. In Virginia, Dominion Energy's 2024 IRP indicated that third-party solar was more economic ($67 per MWh) than utility-owned solar ($80/MWh). Similarly, in Avista's 2025 IRP, the utility modeled *all* projected solar, wind, and other renewable options as third party-owned, "demonstrat[ing] that third-party ownership is a viable and cost competitive option for procurement." Sherman Direct, 3 TR 784–85.

ability of the DTE to procure the amount of renewable energy and storage projects that will be required to meet the requirements of these Special Contracts, the Oracle data center approved in Case No. U-22190, and the Company's increasing RPS obligations. Woods Direct, 3 TR 638–40. Specifically, Woods testified how the Company failed to "demonstrat[e] that it can reach the renewable energy and storage goals," considering potential supply chain shortages, permitting constraints, and MISO queue restraints. Woods Direct, 3 TR 638, 640–42. MEI/CEO's proposed ownership split would reduce these risks by allowing DTE to "benefit[] from the experience, existing development pipelines, and execution capabilities of third-party developers," which "may enable projects to come online more quickly and efficiently than utility self-built alternatives." Sherman Direct, 3 TR 787.

While DTE has indicated that it will issue a Request for Proposals for the CCAA resources seeking a minimum of 50 percent Build to Transfer Agreements ("BTA") with third parties, BTA procurement is not a sufficient substitute for third-party owned projects. As witness Dr. Sherman explains, "the extended negotiation timelines typically associated with BTAs" may limit the number of available BTA projects available during the CCAA's timeline. Sherman Direct, 3 TR 782. Notably, the Company "has not successfully procured *any* BTA projects" to fulfill recent Special Contract procurements. Sherman Direct, 3 TR 777 (emphasis added). In fact, it is possible that the Company's proposed procurement schedule for the 1.6 GW CCAA resources, which extends through 2032, is being driven in part by "the limitations of the Company's existing self-development pipeline and the extended negotiation timelines typically associated with BTAs." Sherman Direct, 3 TR 782. Allowing for third-party ownership of some portion of the CCAA renewable energy resources could therefore "increase the availability of resources with near-term

commercial operation dates and may reduce the need to delay procurement into 2032." Sherman Direct, 3 TR 783.

Further, the importance of third-party ownership extends beyond the specific cost and timing impacts for the CCAA procurement here. The long-term, durable benefits of third-party ownership include the promotion of competitive markets and the realization of cost savings driven by those competitive markets. "Opportunities for third-party ownership and third-party competition reduce the risk that customers and ratepayers pay elevated monopoly prices that benefit utilities and their shareholders rather than customers and ratepayers." Sherman Direct, 3 TR 786. On the other hand, "the lack of a robust competitive market for renewable projects in Michigan would likely result in elevated costs." Sherman Direct, 3 TR 786–87.

The potential impact of the Company's proposed ownership split on competitive markets in the state is amplified by the large size of CCAA renewable resource portfolio compared to DTE's recent historical buildout. Even where a customer is fully funding the projects whether through a VGP program or a special contract like the one here, the Commission must ensure that "the lowest cost, highest quality projects are selected." Sherman Direct, 3 TR 783.[5] Because of the potential adverse impact on prices and competitive markets for renewable projects, allowing the Company to own 100% of the 1.6 GWs of CCAA renewable energy resources is neither reasonable nor in the public interest.

2. Company projects are not cheaper than third-party owned projects.

DTE's assertion that Company projects are cheaper is not justified by the evidence in the record. DTE witness Bilyeu specifically bases this assertion "on DTE Electric's 2024 All-Source

[5] Lower-cost projects also mean reduced risks for the Company and its other ratepayers in the event that the Customer terminates the PSA and the Company must rely on the termination payment to ensure the Company will recover at a minimum amount of charges from the Customer.

Renewable RFP," in which "Company-owned projects averaged approximately $75 per MWh, while third-party-owned projects averaged approximately $92 per MWh." Bilyeu Rebuttal, 3 TR 307. DTE's reliance on the project costs for a single RFP does not persuasively establish that third-party projects are generally more expensive than DTE-owned projects. Further, there are flaws in how DTE arrived at the $92 per MWh value for third-party ownership.

In discovery, the Company clarified that this number "reflects the average of the 10 conforming PPA bids in Appendix A of Guidehouse Inc.'s Report on DTE 2024 Renewable Energy Request for Proposals." Ex. MEICEO-38 at 8. DTE's choice to include all 10 conforming bids means that the average includes duplicate, higher-cost bids that do not accurately reflect the final lower cost bids for the third-party projects. *See* Ex. MEICO-38 at 8–10. These duplicate bids are likely to reflect changes made by third-party bidders to cure any deficiencies, as allowed by DTE in the 2024 RFP process. It therefore seems reasonable that the final (lowest) bid prices reflect the actual projects considered, not the initial, second, third, or fourth bids, which reflect revisions made throughout the process.

Further, DTE used bid numbers as adjusted for estimated contractual exception, the financial compensation mechanism ("FCM"), and terminal value in the 2024 All-Source Renewable RFP. *See* Ex. MEICO-38 at 9–10. While MEI/CEO agree that it is necessary to make terminal value adjustments if PPA bids are not the same term length as Company-owned bids (*i.e.*, to enable a fair comparison), it is not possible to assess, without additional information regarding how DTE is assigning monetary value to contractual exceptions, whether the contract exception adjustments included here are appropriate. However, it is clear that the FCM is a direct payment to the utility—and not a cost related to the PPA. As explained by witness Dr. Sherman:

> PPAs should be evaluated on a cost basis without the inclusion of the FCM given that it is not a payment to the third-party and only serves to both incentivize a utility

> with a financial benefit and advantage utility-owned projects from a cost perspective. Evaluating PPAs on a cost basis *with* the inclusion of the FCM undermines the policy behind the FCM—to incentivize utility selection of PPAs—by in fact handicapping them instead.
>
> Sherman Direct, 3 TR 808 n.97.[6]

When the duplicate projects are removed from the table provided in Appendix A of Guidehouse Inc.'s Report on DTE 2024 Renewable Energy RFP, the average for the PPA projects drops to approximately $88 per MWh. *See* Ex. MEICEO-38 at 9. If the FCM is also removed for the reasons discussed above, the average for those non-duplicate projects would drop even further, much closer to witness Bilyeu's estimate of Company-owned projects. In any case, DTE's reliance on prices from a *single* RFP with three unique third-party projects is hardly conclusive evidence that "third-party-owned projects are not *generally* lower cost than Company-owned resources." Bilyeu Rebuttal, 3 TR 308 (emphasis added). Further, the existence of a "strong third-party market" works to *ensure* competitive prices—meaning that the benefits of third-party ownership are broader than merely which project was lowest cost in a single RFP as discussed above. Sherman Direct, 3 TR 786.

3. <u>It is reasonable and in the public interest to require the Company to procure third-party owned projects.</u>

DTE's next response to witness Dr. Sherman's proposed ownership split is to assert that it is not necessary "given that the Customer bears the costs in full." Bilyeu Rebuttal, 3 TR 304. This assertion ignores that the Commission's evaluation of these Special Contracts involves an evaluation of the public interest. As part of this evaluation, the Commission should take into consideration the wider benefits of third-party ownership described by witness Dr. Sherman,

[6] Along similar lines, the Administrative Law Judge's Proposed Final Decision in Consumers Energy's VGP program case explained that "the FCM is *not a cost incurred by the [utility],it is an incentive for the Company* to enter into a PPA for renewable energy." Case No. U-21972, July 14, 2026, ALJ Proposed Final Decision, page 39.

including promoting competitive third-party markets for renewable energy projects in Michigan that result in lower costs for the Company and ratepayers, as well as faster project procurement timelines and lower risk to rate payers. Sherman Direct, 3 TR 782–83, 786–87.

DTE is a regulated investor-owned utility, which earns a significant return on equity for all capital expenditures, and its preference to invest its own capital to develop and own renewable energy projects rather than allow for third-party owned projects is economically rational. *See* Sherman Direct, 3 TR 779–80; *see also* Bilyeu Rebuttal, 3 TR 304–05 (explaining that "the bespoke procurement framework [*i.e.* 100% Company-owned projects] under the Customer's VGP Special Contract was developed collaboratively between DTE Electric and the Customer"). However, in this instance, what may be best for DTE's returns is not what is best for the public interest. Rather, "[o]pportunities for third-party ownership and third-party competition reduce the risk that customers and ratepayers will pay elevated monopoly prices that benefit utilities and their shareholders rather than customers and ratepayers." Sherman Direct, 3 TR 786. For these reasons, the Commission should require DTE to procure roughly equivalent amounts of Company-owned and third-party owned projects for CCAA renewable energy resources as a condition of its approval of these Special Contracts.

B. The Commission should encourage DTE to procure proportionally greater capacity for third-party owned energy storage projects.

The Company is proposing an ownership split of approximately 65% Company-owned and 35% third party-owned for the procurement of energy storage projects under the CCAA, consistent with the ownership split agreed to in the Company's last IRP case (Case No. U-21193). MEI/CEO acknowledge this is the bare minimum split as required by the IRP agreement; however, that agreement gave DTE discretion to procure a *greater* share than 35% of third-party owned projects. Sherman Direct, 3 TR 773.

The CCAA's energy storage resources are being developed to "help support resource adequacy with the addition of the Customer's load," making it important that DTE can develop the projects on its expected timeline. Application at 3. As described above, third-party ownership may enable projects to come online more quickly and efficiently than utility self-built alternatives." Sherman Direct, 3 TR 787. Because the same evidence regarding the benefits of third-party owned renewable energy resources described above applies to the Company's procurement of third-party owned energy storage projects, the Commission should encourage DTE to procure proportionally greater capacity (above the required 35%) for third-party owned energy storage projects, especially to the extent those projects are lower cost than Company-owned projects. *Id.*

C. The Commission should direct DTE to allow for DERs and other innovative options for procuring the ZRCs.

The CCAA requires Google to "deliver" 300 MW of ZRCs to DTE from June 1, 2028 until May 31, 2033. Ex. A-18 at 13. The purpose of Google's ZRC transfer obligation is to help DTE "meet its capacity needs." Foley Direct, 3 TR 107. Yet DTE is unreasonably limiting Google's options for procuring the ZRCs and leaving meaningful benefits unrealized—including the addition of new, clean capacity to the grid and other benefits that could make a crucial difference to other ratepayers in light of the significant uncertainties in DTE's estimated Affordability Benefit described above.

Specifically, DTE is simultaneously asserting that "it is not involved in the Customer's procurement of ZRCs" ***and*** that the customer-sited resources proposed by witness Dr. Sherman, such as the Google-funded expansion of DTE's smart thermostat program, are "not an option the Customer can pursue to satisfy the terms of the CCAA." Ex. MEICEO-28. It is in the public interest for *all* solutions and alternatives for serving a new load of Google's size to be on the table—not

just the ones preferred by DTE. These solutions should include options such as the alternatives proposed by MEI/CEO witness Dr. Sherman as discussed below. The Commission should explicitly reject DTE's unreasonable limitation of Google's options for procuring the ZRCs and take other steps to require DTE to consider and pursue options that could provide additional benefits to the grid and other ratepayers.

1. DTE is unreasonably limiting Google's options for procuring ZRCs.

DTE claims to be agnostic about the source of Google's ZRCs. According DTE, "[t]he 'ZRC Product' is defined in the CCAA as 'MISO Zone 7 Zonal Resource Credits in an amount equal to 300 MW,'" and the "Company cannot place additional restrictions on the ZRCs beyond this definition." Exhibit MEICEO-35. Further, DTE claims to "not [be] involved in the Customer's procurement of the ZRCs." *Id.* However, the record establishes that the Company is not actually agnostic to Google's choice. Instead, DTE interprets the CCAA to prohibit Google from procuring ZRCs from distributed resources and other innovative approaches. Specifically, in discovery, DTE asserted that the ZRC alternatives proposed by witness Dr. Sherman, such as the Google-funded expansion of DTE's smart thermostat program, "would not comply with the terms of the CCAA, and therefore is not an option [Google] can pursue to satisfy the terms of the CCAA." Exhibit MEICEO-35 at 15.

The Commission should reject DTE's attempt to argue that it is "not involved" in Google's sourcing of ZRCs while it simultaneously prohibits Google from sourcing ZRCs through Smart Savers or other DERs. The Public Service Commission of Wisconsin ("PSCW") was recently confronted with a similar attempt by a utility to artificially limit the types of generation resources available to serve large, new data centers. In Wisconsin Electric Power Company's large load tariff docket, the utility proposed that "bespoke resources," which are new generation resources built to

serve the data center customer and paid for by that customer, were limited to traditional, utility-scale generation. The PSCW explicitly rejected the utility's narrow definition and opened the bespoke resource category to the wider range of clean and flexible options, including "VPPs, demand response, bilateral contract agreements, and PPA resources." Public Service Commission of Wisconsin, Docket 6630-TE-113, Final Decision at 38 (June 21, 2026), *available at* https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=591873. The PSCW recognized the value of a technology-neutral approach to serving data centers, which allows for clean, flexible, and low-cost options to be on the table. The same is true here. It is in the public interest for *all* solutions and alternatives for serving hyperscale data centers to be on the table—not just the ones preferred by DTE—and the Commission should not let the Company narrow the range of the available possibilities. The Commission should reject DTE's narrow reading of Google's options for procuring ZRCs and clarify that the ZRCs could come from DERs or DR if Google chooses to procure them.

2. Customer-sited resources can provide meaningful benefits to the grid and other ratepayers.

Customer-sited resources like DERs, DR, and VPPs create additional reliability and affordability benefits while achieving Google's ZRC transfer obligation to help meet DTE's capacity needs. For example, as the Commission has recently recognized, "VPPs can provide a multitude of grid benefits, increase system reliability, and avoid or defer costly capital investments." Case No. U-21870, March 27, 2026 Order, page 493. By procuring ZRCs through the expansion or creation of DER programs, Google could help add new clean capacity to DTE's system, unlike the purchase of ZRCs from existing MISO Zone 7 resources, which would not result in any additional capacity. These options also align with Google's ambitious climate goals and

would mitigate the emissions impact of Google's operations that MEI/CEO witness Shaver demonstrated. Shaver Direct, 3 TR 748.

Leaving these additional benefits unrealized is unreasonable, particularly as multiple witnesses in this proceeding have identified aspects of DTE's Affordability Benefit calculation that are uncertain or hinge on future decisions. *See supra* at pages 15–21; Kenworthy Direct, 3 TR 691–92. Accordingly, the Commission should find that Google's procurement of ZRCs through the expansion or creation of DER, DR, and VPP programs would be in the public interest, and it should therefore direct DTE to work with Google to procure a portion of its ZRC obligation through these types of resources.

As recommended by MEI-CEO witness Dr. Sherman, the Commission could accomplish this by requiring DTE: 1) work with Google to provide at least 100 of the needed 300 ZRCs from expanded participation in DTE's existing Smart Savers program including through an OEM-led pathway and the subsidized installation of new programmable controllable thermostats ("PCTs," *i.e.*, smart thermostats); 2) to establish an initial virtual power plant ("VPP") program with stakeholder input within nine months of the Commission's final order in this case; 3) work with Google to provide enrollment and pay-for-performance incentives to enroll at least 50% of the existing behind-the-meter battery energy storage plus solar customers (approximately 4.5 MW) in the VPP program to provide peak load reduction and ZRCs; and 4) work with Google to provide Google-funded incentives (scaled to income) to install at least 2,000 new customer-owned behind-the-meter battery energy storage plus solar systems. These solutions, as described further below, provide meaningful and near-term grid and affordability benefits.

a. Expansion of Smart Savers Program

According to witness Dr. Sherman, there is "significant room for growth of both enrollment of existing programmable controllable thermostats (PCTs) and deployment of new PCTs in the Company's Smart Savers program." Sherman Direct, 3 TR 792. Given this, witness Dr. Sherman testified that at least 100 of the needed 300 ZRCs could be procured "from expanded participation in the Smart Savers program including through an OEM-led pathway and the subsidized installation of new PCTs" by the Customer. Sherman Direct, 3 TR 793–96. Procuring at least 100 ZRCs by utilizing existing OEM PCTs as well as enrolling new Google-subsidized PCTs is achievable, considering that "the Company already anticipates enrolling an additional 40,000 PCTs in the Smart Savers program to provide nearly 94 MW of demand response by the 2028/29 Planning Year." Sherman Direct, 3 TR 806. This expansion could happen quickly, on a timeline that aligns with the duration of the transfer of ZRCs to the Company. Sherman Direct, 3 TR 806–07.

Expansion of the Smart Saver's program would provide capacity benefits to meet Google's ZRC transfer obligation in two ways. First, "PCTs enrolled in the Smart Savers program through an OEM could be registered with MISO along with the rest of the DR portfolio. If registered, the resource would produce ZRCs that flow to the Company in the same manner as other ZRCs under the CCAA." Sherman Direct, 3 TR at 794. The second way is using enrolled PCTs to reduce the Company's peak demand and thus its resource adequacy obligations. Either option is consistent with the CCAA's ZRC transfer obligation. As Dr. Sherman explains, "[w]hat matters for the purposes of the CCAA is that the Company's capacity position is improved by the amount specified—not the specific MISO accounting mechanism." Sherman Direct, 3 TR 975.

In addition to providing no-cost capacity to DTE, a Google-funded expansion of DTE's Smart Savers program would provide concrete, near-term affordability benefits directly to other ratepayers by "enabling them to better control their energy usage, ultimately reducing their monthly energy bills." Sherman Direct, 3 TR 796. Because "[t]hese savings are especially beneficial to [low and moderate-income (LMI)] customers who often have a higher energy burden," this alternative is a direct solution to mitigate rising energy affordability concerns and would be in the public interest. *Id.*

b. Google-Funded VPP Program with Behind-the-Meter Storage plus Solar

Witness Dr. Sherman describes how the Company should "leverage existing and new customer-owned battery energy storage plus solar systems to provide some portion of the needed 300 ZRCs through a VPP program," established within nine months of the Commission's final order. Sherman Direct, 3 TR 797. Initially, DTE "customers with existing battery energy storage plus solar systems could be provided with a limited enrollment incentive," funded by Google, "to encourage participation." Sherman Direct, 3 TR 800. "Subsequent ratepayers without existing battery energy storage plus solar systems or ratepayers with a solar system but without a battery energy storage system" could be offered a larger incentive "to enable the ratepayers to purchase the system and participate in the VPP"—adding new, clean capacity to the grid. Sherman Direct, 3 TR 801.

Witness Dr. Sherman described how VPPs are cost-effective resources that can scale quickly on timelines consistent with Google's interconnection timeline and the duration of the ZRC transfer. *Id.* The creation of a VPP program, with Google-funded incentives provided to other DTE ratepayers that enroll in the program, would provide the same capacity value at no cost to the Company, combined with even *greater* benefits to the grid and DTE's other ratepayers. Sherman

Direct, 3 TR 797, 805–07. In addition to the enrollment incentive, Dr. Sherman explains how "battery energy storage plus solar systems [enrolled in a] VPP allow customers to use their system for backup power during outages. This is an especially relevant benefit for the state of Michigan and for LMI customers who may be more impacted by the economic and health impacts of a prolonged outage." Sherman Direct, 3 TR 805. The creation of a VPP program funded by Google could provide the same capacity value while also providing DTE ratepayers with tangible affordability and reliability benefits in the near term.

In sum, the Google-funded expansion of the Smart Savers program and creation of a VPP program initially utilizing solar plus storage systems as options for ZRC procurement could provide meaningful, additional benefits to DTE's grid and other ratepayers—including *new*, clean capacity—and are therefore consistent with the public interest, the purpose of Google's ZRC transfer obligation, and the premise of DTE's asserted Affordability Benefit. Accordingly, the Commission should: 1) reject DTE's unreasonable limitation of Google's options for procuring the ZRCs; 2) find that procurement of ZRCs through the expansion/creation of DER, DR, and VPP programs would be in the public interest by providing new, clean capacity to grid and other reliability and affordability benefits; and 3) direct DTE to work with Google to expand DTE's Smart Saver program and establish a VPP program initially utilizing existing and new customer-sited solar plus storage systems as outlined above to meet a portion of Google's ZRC transfer obligation.

D. The Commission should order DTE to allow Google to extend the ZRCs and/or demand response commitments beyond 2033.

The expiration of the ZRC transfer and Google's DR obligation in 2033 results in a resource adequacy deficiency on DTE's system—requiring DTE to build additional capacity resources to serve Google. Hotaling Direct, 3 TR 708–09. As ABATE witness Dauphinais

concluded, the expiration of the ZRCs and DR obligation is "likely the principal contributor to DTE's projected" capacity need, *creating a "resource adequacy cliff" in 2033.* Dauphinais Direct, 3 TR 547 (emphasis added). Yet the additional capacity resources that DTE identifies in the IRP as necessary to meet Google's new load will be neither attributable to Google nor paid for by Google. Hotaling Direct, 3 TR 718; *see also* Foley Rebuttal, 3 TR 144; Dauphinais Direct, 3 TR 547. And the Special Contracts foreclose DTE from selecting certain resources—like continuing the ZRC transfer or DR obligation—to fill that incremental need, even if they might be lower cost and less risky than, for example, building a large gas plant. *See* Hotaling Direct, 3 TR 716–17. This leaves the Commission in the position of approving Special Contracts now, even though the actual cost (and impact on other ratepayers) will not be determined until a later proceeding, while making a significant future fossil fuel buildout more likely. For these reasons, DTE's proposed Special Contracts, which simply allow for the ZRCs and DR to expire (at the same time) with no possibility of extension, are unreasonable.

Specifically, the expiration of these resources, combined with Google's load: 1) creates the "resource adequacy cliff" in 2033 driving the need for additional resources; and 2) forecloses the continuation of Google's ZRC or DR commitments as one pathway to meet DTE's incremental capacity need. While MEI/CEO agree that the IRP is the correct place to identify and select specific resources, the Commission should require DTE to be proactive and flexible in how it addresses that upcoming need rather than foreclosing alternatives at this point. Doing so would protect the public interest, because the alternatives (extending Google's ZRC transfer obligation or continuing to implement DR) may be less costly and risky to DTE and other ratepayers than DTE's current "proxy" of building a new CCGT with CCS.

Accordingly, the Commission should direct DTE to 1) provide a modeling run in its upcoming IRP docket evaluating whether any incremental resources are needed in 2033 above Google's current ZRC and DR commitments; and 2) modify the CCAA (with respect to the ZRC transfer obligation) and/or DR Agreement to allow Google to extend these resources beyond 2033. As an alternative to modifying the expiration date of the ZRC transfer and/or DR, the Commission could direct DTE to work with Google to expand DTE's Smart Saver program and establish a solar plus storage VPP program, as outlined above, as a pathway for meeting the 2033 incremental capacity need driven by Google's load.

IV. The Commission Should Reject the Financial Adder for the Transfer of ZRCs.

The proposed Special Contracts provide that Google will pay DTE a financial adder of "an amount based on the Financial Compensation Mechanism ('FCM')" connected to the transfer of ZRCs to the Company. Foley Direct, 3 TR 116. The Company additionally proposes to "record this amount as nonrefundable income, like it does with the FCM." *Id.* The financial adder and the recording of those earnings as nonrefundable income are unreasonable, and the Commission should reject them.

As explained by MEI/CEO witness Dr. Sherman, the proposed financial adder has no connection to the statutory FCM or its purpose, which is to incentivize a utility into signing PPAs for clean energy rather than relying solely on utility-built or -owned projects. Sherman Direct, 3 TR 808.[7] Instead, the financial adder here is "simply meant to provide the Company with additional revenue." Sherman Direct, 3 TR 810. As Staff witness Naomi Simpson concludes, approving DTE's financial adder would "create an incentive for the Company to seek customers willing to

[7] *See, e.g.*, Case No. U-21972, ALJ Proposed Final Decision at 39 (July 14, 2026) ("[T]he FCM is *not a cost incurred by the [utility], it is an incentive for the Company* to enter into a PPA for renewable energy. The FCM is meant to encourage the Company to enter into PPAs and where there is no choice other than the PPA, the FCM cannot be said to incentive it.").

pay an increased rate and ultimately charge large customers excessive rates for the sole benefit of its shareholders." Simpson Direct, 3 TR 844. The approval of such an incentive is not reasonable, and the Commission should reject it. Sherman Direct, 3 TR 810; *see also* Richter Direct, 3 TR 587; Dauphinais Direct, 3 TR 550.

If the Commission allows the Company to collect the financial adder, it should deny DTE's request to record the amounts as nonrefundable income for the reasons explained by the witnesses for Staff, ABATE, MEI/CEO, and GRLEA. Sherman Direct, 3 TR 810–11; Simpson Direct, 3 TR 843–44; Richter Direct, 3 TR 587. As MEI/CEO witness Dr. Sherman explains, the Company is receiving the ZRCs at no cost and "is not placing incremental capital at risk in exchange for the ZRC transfer." Sherman Direct, 3 TR 810. Recording these amounts as nonrefundable income unreasonably "provides [DTE] shareholders with an additional (duplicative) earnings stream disconnected from incremental utility investment or uncompensated risk." Sherman Direct, 3 TR 811. Instead, "it should be treated as a cost offset and be used to lower revenue requirements for all ratepayers." *Id*. Staff witness Simpson similarly explains that "the FCM related to the 300 MW of ZRCs should be passed through for the benefit of all ratepayers, including those customers on D11." Simpson Direct, 3 TR 844. Recording the amount of the financial adder as a cost offset is therefore consistent with the public interest and the intention of the Special Contracts to ensure that they work to provide benefits to the rest of DTE's ratepayers.

V. The Commission Must Ensure that the Interconnection of Google's Facility Does Not Adversely Impact Grid Reliability.

Large data centers like Google's facility in this proceeding pose unique reliability risks to the grid, such as "the risk of grid disturbances caused by the unique electrical behavior of data centers, which may lead to outages and/or damage to grid infrastructure." Shaver Direct, 3 TR 750; *see also* Ex. MEICEO-29. MEI/CEO witness Shaver testified that "large data centers create

material risks to grid reliability and resource adequacy, and that utilities, system operators, and regulators are still developing the planning tools, modeling practices, and reliability requirements needed to manage those risks effectively." Shaver Direct, 3 TR 756; *see also* MEICEO-30. GLREA witness Richter also testified to the grid reliability risks posed by large load customers. Richter Direct, 3 TR 588–97. According to witness Shaver, a utility's operational parameters (such as operational ramp rate limits and ride-through requirements) and interconnection procedures can meaningfully address and reduce these reliability risks. Shaver Direct, 3 TR 758–59; *see also* Ex. MEICEO-28.

While the NERC has not yet issued specific operational requirements for large loads, it has recently recommended actions that utilities should take to "address the risks posed by existing and new computational loads interacting with the bulk power system." Shaver Direct, 3 TR 753. Meanwhile, MISO, which operates the grid in DTE's service territory, is actively considering ramp rate limits, data sharing, ride-through requirements, and stability assessment requirements. Shaver Direct, 3 TR 755. FERC has also recently recognized the importance of these kinds of technical requirements, noting a recent order that it is "concerned that the [MISO] Tariff does not specify ramp rate or ride-through requirements with which the transmission customer taking transmission service on behalf of the large load must comply." *Midcontinent Independent System Operator, Inc.*, 195 FERC ¶ 61,212 at P 64 (2026).

Here in Michigan, based on evidence of reliability risks posed by the interconnection of data centers without adequate operational requirements, the Administrative Law Judge presiding over Indiana Michigan Power Company's ("I&M") large load tariff docket recently issued a Proposal for Decision that recommends the Commission order I&M update its requirements "to improve its voltage ride-through requirements and add operational ramp rate limits." Case No. U-

21986, May 19, 2026, ALJ Proposal for Decision, page 97. The PFD also recommends that the Commission:

> [E]stablish a large load workgroup […] to address the reliability impacts of large load customers on the grid, review existing data to understand the technical challenges of interconnecting large loads, follow efforts elsewhere, discuss how Michigan's approach should relate to and interact with standards or recommendations from NERC, FERC, MISO, and PJM, identify best practices for large load interconnection, develop a set of 6 proposed technical requirements for the interconnection of large loads, and provide a roadmap for implementation of the requirements."
>
> *Id.* at 99–100.

In this case, the Company did not rebut any of witness Shaver's evidence regarding the impacts of large loads on the stability and reliability of the Company's grid. This evidence—which is similar to the evidence that witness Shaver offered in the I&M case noted above—supports the need for the Company to put into place specific operational requirements consisting of ramp rate limits, data sharing, ride-through capabilities, and stability assessments to address these risks. Shaver Direct, 3 TR 758–59. Indeed, DTE "has indicated it is aware of the importance of establishing such requirements." Shaver Direct, 3 TR 761. Specifically, "[t]o safeguard the electric system, DTE is developing a set of operating parameters which the customer must abide by. This includes but is not limited to ramp-rate, load oscillation limitations, ride-thru requirements and harmonics." Ex. MEICEO-28. However, the Company has not yet finalized specific operating parameters for Google's facility, because it is waiting on the completion of certain studies. Benyard Rebuttal, 3 TR 455–56. Without the finalized parameters, it is impossible for MEI/CEO, other intervenors, and the Commission to determine whether the Company's requirements are sufficient to protect customers from the reliability risks associated with the interconnection of Google's 1 GW data center. Shaver Direct, 3 TR 759.

While DTE appears to be taking the proper steps to ensure the Google facility does not adversely impact grid reliability, its application is coming during a time of active development and uncertainty. If NERC and MISO had already implemented reliability requirements, then the technical details of DTE's interconnection request may not have warranted more scrutiny. However, because the Company is seeking to interconnect such a large load at a time when robust, stakeholder-informed, industry standard reliability requirements have not been finalized, it is imperative that the Commission ensure that the interconnection of Google's 1 GW facility does not adversely impact the stability and reliability of DTE's grid. Doing so in the current context requires transparency, and the Commission cannot make this determination without access to the final operating parameters and requirements that will be applicable to the facility. Accordingly, the Commission should require that DTE: 1) provide all completed studies and finalized operating parameters, when available, to the Commission and parties in this docket; 2) host a public, virtual workshop to provide parties in this docket an overview of the study results and parameters and to take questions; and 3) confirm that DTE can update or modify the operating parameters applicable to the facility at any time up to or after DTE begins providing electric service, if necessary to comply with requirements imposed by the Commission, NERC, FERC, MISO, or ITC.

CONCLUSION

MEI/CEO respectfully request that the Commission:

1) Find that DTE's Affordability Benefit is an estimate and that it is not sufficient on its own to support a finding that no costs that DTE incurs to serve Google throughout the life of the contracts will be shifted to other ratepayers;
2) Impose additional modeling and ongoing reporting requirements to ensure the realization of the Affordability Benefit over the life of the contracts;

3) Evaluate whether the no-cost-shift requirement is being met and the status of the Affordability Benefit on the same cadence as the Company's rate cases;
4) Clarify that the Affordability Backstop can be triggered prior to the end of the 20-year contract duration;
5) Require DTE to procure roughly equivalent amounts of Company-owned and third party owned projects for the 1.6 GW portfolio of renewable energy resources;
6) Encourage DTE to procure proportionally greater capacity for third-party owned energy storage projects;
7) Reject DTE's unreasonable limitation of Google's options for procuring the ZRCs to solely utility-scale resources; find that the procurement of ZRCs through the expansion or creation of DER and VPP programs would be in the public interest by providing new, clean capacity to grid and other reliability and affordability benefits; and take other steps to require DTE to consider and pursue these options;
8) Reject the financial adder for the transfer of ZRCs;
9) Require DTE to allow for the extension of the ZRCs and/or demand response beyond 2033; and
10) Impose requirements necessary to ensure that the interconnection of Google's Facility does not adversely impact grid reliability.

Respectfully submitted,

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Dated: July 20, 2026

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of DTE ELECTRIC COMPANY for approval of special contracts and for other relief.	)))	Case No. U-22058

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing *Opening Brief of the Michigan Energy Innovation Business Council, Institute for Energy Innovation, the Ecology Center, Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar* was served by electronic mail upon the following Parties of Record, this Monday, July 20, 2026.

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