ENVIRONMENTAL LAW & POLICY CENTER

August 3, 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 Reply 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 Sarnachi 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

REPLY 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

August 3, 2026

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I. Introduction

The Michigan Energy Innovation Business Council, Institute for Energy Innovation, Ecology Center, Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar (collectively, "MEI/CEO") file this Reply Brief, which primarily addresses DTE Electric Company's ("DTE" or the "Company") opposition to MEI/CEO's recommendations related to: 1) the estimated Affordability Benefit and evaluation of no-cost-shifting to other customers; 2) the proposed ownership structure for the Clean Capacity Acceleration Agreement ("CCAA") renewable energy resources; 3) alternatives for Google's procurement of Zonal Resource Credits ("ZRCs"); 4) the extension of the ZRCs and/or demand response beyond 2033; and 4) DTE's proposed financial adder and accounting treatment.

II. Commission Authority and Review of Special Contracts

The Commission's evaluation of whether a contract is in the public interest involves "weigh[ing] the effect of the special contract on all interested persons, including the utility, the special contract customer, the utility's other customers … and the general public." *In the matter of the application of Consumers Energy Co for approval of special contracts with Bronson Healthcare Group, Inc et al.*, Case No. U-14144, July 22, 2004, Order at p. 5. Yet according to DTE, the Commission only has authority to approve the special contracts as proposed or to condition approval on terms "voluntar[ily] accept[ed]" by DTE, like "certain reporting obligations." DTE Initial Br. at 6. This is inconsistent with the Commission's statutory authority, its mandate to protect the public interest, and prior special contract evaluations, and the Commission should reject these arguments.

Contrary to DTE's assertions, the Commission has broad authority to impose conditions on the contracts as necessary to protect the public interest. MEI/CEO Initial Br. at 12–15. The Commission can approve the Special Contracts as proposed; approve them with additional conditions; reject them wholesale; or can provide the Company with directions as to what terms are unreasonable or not in the public interest such that DTE and its customer have the opportunity to modify them and obtain approval. *See, e.g.*, *In re Consumers Energy Co for ex parte approval of a special contract*, Case No. U-13989, Jan. 29, 2004, Order at p. 14 (rejecting a specific provision in the proposed contract and "giv[ing] the parties to the special contract five days to submit a revised contract consistent with the findings and conclusions set forth in this order"); *In re Great Lakes Energy Co-op for approval of special contract with Lexamar Corp*, Case No. U-14141, Sept. 21, 2004, Order at p. 5 (rejecting a special contract's proposed term length and approving the contract "[s]ubject to this modification limiting the contract term"); *In re Consumers Power Co*, Case No. U-12379, Oct. 6, 2000, Order (rejecting special contract as "not in the public interest"). The Michigan Court of Appeals has upheld the Commission's authority to "impos[e] an unsolicited condition upon its approval" of a special contract. *Consumers Power Co v Mich Pub Service Comm*, 226 Mich App 12, 22; 572 NW2d 222 (1997). The Commission's authority to reject a special contract for specific reasons or to impose conditions on its approval does not run afoul of *Union Carbide*, which held that the Commission's general ratemaking authority "does not carry with it" the power to "exercise general management powers." *Union Carbide Corp v Pub Service Comm*, 431 Mich 135, 148, 151; 428 NW2d 322 (1988).

Thus, DTE's assertion that the Commission cannot direct the Company to modify the contracts is wrong. Indeed, the CCAA and PSA both explicitly contemplate that the Commisision may do just that by setting forth DTE and Google's rights and obligations in the event that the Commission "grants conditional approval, or attempts to modify any term" of the agreements. Ex. A-18 at 3; Ex. A-16 at 7–8. Specifically, the parties will meet and confer to "negotiate in good faith any amendments" necessary to implement the Commission's conditions. *Id.*

Further, many Intervenor recommendations—including several of MEI/CEO—do not involve any "rewriting" of the Special Contracts as DTE asserts, but rather impose additional obligations *on* DTE as necessary to ensure other ratepayers are protected from cost-shifts, implement the proposed Affordability Backstop, or otherwise ensure that the contracts are reasonable and protect the public interest. The Commission has broad authority to impose those kinds of conditions. MEI/CEO Initial Br. at 11–14; *see also Consumers Power Co*, 226 Mich App at 231 (affirming that the Commission "has authority to condition allowance of special discount rates upon the utility bearing some of the risks and responsibilities of resulting under-recovery").

III. DTE Has Not Established That Other Customers Will be "Held Harmless" Nor That the Affordability Benefit Will Materialize As Expected

DTE asserts "that the Special Contracts hold other customers harmless and are projected to produce a substantial benefit of approximately $1.7 billion." DTE Initial Br. at 105. These assertions are contradicted by the record and DTE's own arguments. First, when it suits the Company, such as in defending its choice to include the costs of a "proxy" CCGT in the Affordability Benefit, it acknowledges that the actual costs of serving Google will be determined by decisions made later. DTE Initial Br. at 110. This directly undermines the Company's contention that at this point the record can establish a "substantial benefit of approximately $1.7 billion." DTE Initial Br. at 1-5.[1] Rather, as multiple parties demonstrate, the Affordability Benefit is an *estimate* and 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. MEI/CEO

[1] While DTE asserts that it "not ask[ing] the Commission to guarantee any specific benefit figure," it nonetheless uses the specific $1.7 billion estimate as evidence that other customers are "held harmless." DTE Initial Br. at 22, 107. The Commission should be clear that the Affordability Benefit is only an estimate and that the actual benefit (or loss) will be significantly influenced by factors determined in the future.

Initial Br. at 15–25; *see also* MNS Initial Br. 5–19; Staff Initial Br. at 17; ABATE Initial Br. at 6–7.

The Company tries to dismiss specific uncertainties related to the Affordability Benefit by asserting that MEI/CEO and other intervenors merely "contest[] the magnitude of a benefit that every quantitative analysis in the record confirms is positive." DTE Initial Br at 113. But DTE's argument misses the key point of this evidence—which is to demonstrate how the estimated Affordability Benefit and the "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." Kenworthy Direct, 3 TR 696 (emphasis added); MEI/CEO Initial Br. at 15–21. *See also* MNS Initial Br. at 14–19; Attorney General Initial Br. at 24–29; ABATE Initial Br. at 3–7.

DTE also conflates its estimated Affordability Benefit with a determination that no costs are shifted to other customers. DTE Initial Br. at 112–113. As explained in MEI/CEO's Initial Brief, the distinction between these two determinations (i.e., net benefits/net costs and cost-shifting) is key because the bulk of DTE's 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. Whether other customers pay costs caused by Google's load depends entirely on how the Commission allocates costs in future rate and PSCR proceedings—not on this record. Kenworthy Direct, 3 TR 671–72; MEI/CEO Initial Br. at 19–21; *see also* Staff Initial Br. at 3–5, 13–16; MNS Initial Br. at 14–19. Neither the existence nor "magnitude" of an Affordability Benefit that DTE estimates today can demonstrate that no costs caused by serving Google's load will be shifted to other DTE ratepayers in these future proceedings.

Lastly, DTE has not justified its proposal that "the no cost-shift test is properly applied over the full 20-year life of the Special Contracts—consistent with the aggregate standard the Affordability Backstop embodies." DTE Initial Br. at 42. DTE asserts that "[t]he customer benefit analysis and the Affordability Backstop both operate over the life of the Contracts because this proceeding approves 20-year contracts and any assessment of costs and benefits must match the same period." DTE Initial Br. at 40. But as the Company acknowledges, any benefits or costs associated with the Special Contracts will be passed through to other ratepayers via the Company's PCSR and rate cases. DTE's customers in 20 years will be different than its customers today. It is unreasonable to rely on a single true-up payment to DTE's future customers at the end of 20 years when DTE's existing customers pay their bills on a month-to-month basis.

Similarly, the Commission should also reject DTE's interpretation of the PSA's Affordability Backstop as a single true-up at the end of 20 years and instead confirm that it remains an *ongoing* obligation. Contrary to DTE's assertion, the Commission does not need to modify the PSA, because the plain language of the PSA's Affordability Backstop makes clear that it can be triggered "at any time" the Commission makes a determination that the costs exceed the benefits of serving Google. DTE Initial Br. at 39; MEI/CEO Initial Br. at 24–25.

In sum, DTE has not established that other customers will be "held harmless" over the life of the Special Contracts nor that the Affordability Benefit will materialize as expected. The Commission should adopt MEI/CEO's recommendations regarding the Affordability Benefit and the evaluation of no-cost-shifting for the reasons explained here and in MEI/CEO's Initial Brief:

- 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; and
- Clarify that the Affordability Backstop can be triggered prior to the end of the 20-year contract duration.

IV. DTE's Proposal to Own 100% of the CCAA Renewable Energy Resources Is Neither Reasonable Nor in the Public Interest

DTE defends its proposal to own 100% of the 1.6 GW of renewable energy projects by first asserting that the CCAA's portfolio is "precisely the type of arrangement" intended for the Customer Requested Offering ("CRO") program, which only includes utility-owned projects and allows for no ownership split. DTE Initial Br. at 55. But as MEI/CEO witness Dr. Sherman testified, the case establishing the CRO "suggested that the vast majority of the customer-requested projects would be relatively smaller projects with public institutions (e.g., municipalities and higher education institutions)"—not a 1.6 GW portfolio for a corporate customer. Sherman Direct, 3 TR 776.

Second, DTE argues that no ownership split is needed because Google "bears the full cost" for the renewable energy resources. DTE Initial Br. at 55. But as explained in MEI/CEO's Initial Brief, allowing the Company to own 100% of the 1.6 GW of CCAA renewable energy resources is neither reasonable nor in the public interest for reasons beyond the specific cost and timing impacts for the CCAA procurement here. Rather, DTE's proposed ownership structure has significant implications for costs and the maintenance of a competitive market, made more significant due to the size of CCAA's portfolio. MEI/CEO Initial Br. at 28, 31. 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—benefits that are particularly important now, as Michigan utilities face increasing obligations under the state's renewable energy laws at the same time as significant load growth. Additionally, Staff disagrees with DTE's position that there are no cost risks to other ratepayers, concluding that "these resources are ultimately backstopped by other ratepayers and protection against risk is an important consideration." Staff Initial Br. at 30. For these reasons, even where a specific customer is fully funding the projects, the Commission must ensure that "the lowest cost, highest quality projects are selected." Sherman Direct, 3 TR 783. It is unreasonable for DTE to preclude third-party owned projects from its proposed 1.6 GW renewable energy portfolio because of the potential adverse impact on prices and competitive markets for renewable projects in the state.

Further, DTE fails to rebut MEI/CEO's evidence that third party projects can be cheaper than Company-owned projects and that the existence of a "strong third-party market" works to ensure competitive prices. MEI/CEO Initial Br. at 28–30; Sherman Direct, 3 TR 786. In its Initial Brief, DTE misrepresents the cost evidence presented by MEI/CEO by asserting that witness Dr. Sherman only testified to the prices in a single solicitation "from a different utility." DTE Initial Br. at 56. In addition to the 2019 RFP that witness Dr. Sherman discussed, her testimony described prices in recent solicitations and IRPs of other vertically integrated, investor-owned utilities. Sherman Direct, 3 TR 784–85. Dr. Sherman also cited to a Michigan Public Service Commission report, which concluded that since 2009:

> for each year in which there were both company-owned projects and purchased power agreements, the weighted average cost of the purchased power agreements was lower than the company-owned projects in that respective year.

3 TR 783. DTE's reliance on the project costs for a single RFP (with only three unique third-party projects) to come to the opposite conclusion is unpersuasive in light of this broader evidence introduced by MEI/CEO, particularly in light of the flaws in how DTE arrived at the $92 per MWh value for third-party ownership. *See* MEI/CEO Initial Br. at 28–30.

DTE next asserts that it must own 100% of the CCAA renewable energy projects so that it "can maintain sufficient control over the development, procurement, timing, and integration of" the projects. DTE Initial Br. at 56. But DTE would hold the contracts with third-party developers and would be the market participant for power purchase agreements, giving it sufficient control over the integration of such projects—like it will presumably do for the third-party owned CCAA storage resources and consistent with normal practice for third-party renewable energy PPAs.[2] The Company's use of this structure in other contexts demonstrates that DTE views market participation as compatible with third-party ownership and does not consider utility ownership necessary to preserve operational control. Additionally, some of the aspects DTE asserts it needs control over—like "schedule control"—are not fully in DTE's hands either. DTE Initial Br. at 57. Successful project development requires a myriad of steps and approvals, including "acquiring sufficient land, obtaining interconnection rights, [and] receiving permitting approvals," and DTE is not immune from potential supply chain shortages, permitting constraints, and MISO queue restraints. Ex. MEC-8; Woods Direct, 3 TR 638, 640–42.

The Commission should also reject DTE's argument that an ownership split "would harm, not promote, competition." DTE Initial Br. at 57. Contrary to DTE's assertions, it is the Company's proposed 100% ownership structure that would "reduce procurement flexibility and [] diminish competitive pressure," because it precludes any third-party owned projects from consideration. *Id.* (quoting Bilyeu Rebuttal, 3 TR 309). The only way that a 50/50 ownership split could "reduce procurement flexibility" is that it reduces DTE's ability to choose only Company-owned projects. Further, DTE cites to Staff's recommendation that "the most economic projects should be selected," while ignoring that its 100% ownership proposal would preclude the consideration of economical, third-party owned projects.

[2] *See, e.g.*, Case No. U-21193, Sept. 30, 2025, Commission Order (approving Eagle Creek Solar and Freshwater Creek PPAs); Case No. U-21193, March 27, 2026, Commission Order (approving Big Mitten Energy Center Tolling Agreement).

The same is true for the concern expressed in Staff's Initial Brief that "a mandatory ownership allocation would effectively create separate procurement tracks, limiting competition among proposed resources and potentially resulting in higher-cost projects being selected over lower-cost alternatives." Staff Initial Br. at 25. By precluding any third-party owned options, DTE's proposal to own 100% of the projects limits competition and takes potentially lower-cost alternatives off the table. As explained in more detail below, it also creates separate procurement tracks, because the Google procurement would be subject to a different ownership split than the Company's VGP and IRP procurements. In sum, the only way for "all projects to compete on equal footing to ensure the lowest-cost portfolio," as Staff recommends, is to reject DTE's 100% ownership proposal and to allow for third-party projects to be considered. *See* Staff Initial Br. at 25.

Similarly, MEI/CEO's recommendation for an ownership split could mitigate Staff's concerns about a "drastically different RFP process [for the Google procurement] that significantly deviates" from the Company's RFPs for IRP and VGP projects. Staff Initial Br. at 29–30. As proposed, DTE's 100% ownership of Google VGP projects means that the procurement for that portfolio *will* "significantly deviate" from the Company's other RFPs, which are subject to the IRP settlement ownership split. The Commission should impose MEI/CEO's proposed ownership split to narrow this divergence between procurements (so that third party-owned projects are eligible for all procurements) and thus reduce the risk that "certain Company owned or build transfer agreement projects [are] bid into only one RFP process." Staff Initial Br. at 29.

Lastly, for the reasons set forth in Section II above, the Commission does indeed have authority to mandate a different ownership structure than the one proposed by DTE to ensure the Special Contracts are reasonable and in the public interest. 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.

V. The Commission Should Adopt MEI/CEO's Recommendations to Allow for Distributed Energy Resources and Other Innovative Options for Procuring the ZRCs

The Commission should reject DTE's unreasonable effort to limit Google's ZRC procurement options and require the Company to allow Google to evaluate and pursue distributed and customer-sited resources that could deliver additional grid and ratepayer benefits. Contrary to DTE's assertion, MEI/CEO's recommendations do not misunderstand the ZRC product or "the negotiated contract terms regarding the same." DTE Initial Br. at 69. As explained in DTE's application and testimony, the CCAA requires that Google "obtain and transfer 300 MW" of Zone 7 ZRCs for each Midcontinent Independent System Operator ("MISO") season beginning June 1, 2028 until May 31, 2033 at no cost to DTE "[t]o further assist with the Company's resource adequacy needs." Application at 3; Foley Direct, 3 TR 107. MEI/CEO's recommendations are fully consistent with the purpose of the ZRC transfer obligation—which is to provide additional capacity funded by Google so that DTE can reliably serve Google's load—and do not require rewriting the "negotiated contract terms" regarding the ZRCs. MEI/CEO's recommendations are simply additional options for Google to procure those ZRCs.

DTE next argues that "substituting Company-administered programs for a portion of the ZRC obligation would introduce reliability risk to other customers." DTE Initial Br. at 70. But MEI/CEO are not arguing to reduce Google's obligation to provide ZRCs—only that DTE cannot unreasonably limit Google's options for procuring the ZRCs and that customer-sited options for ZRCs could provide additional benefits to the grid and other ratepayers. MEI/CEO Initial Br. at 33–34. As explained in MEI/CEO's Initial Brief, 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. MEI/CEO's recommendations are meant to correct DTE's unreasonable limitation and to ensure Google has the *option* to pursue customer-sited options—while not reducing Google's *obligation* to procure the ZRCs under the CCAA.

Similarly, MEI/CEO's recommendations for ZRC procurement do not "disrupt the no-cost nature of the ZRC transfer." DTE Initial Br. at 70. Allowing Google to procure ZRCs through the expansion or creation of DER, DR, and VPP programs would not impose additional costs on DTE or its customers. Rather, these costs (for example, the costs of up-front incentives for a VPP program) would be paid by Google as a way of procuring ZRCs. Staff similarly points out that these alternatives would require "utility administration, coordination, and operational infrastructure." Staff Initial Br. at 22–23. MEI/CEO agree but note that the Company is already investing in advancements, such as DERMS capabilities, that will enable the proposals from MEI/CEO.[3] To the extent that there are investments the Company is not already making to enable MEI/CEO's proposals, MEI/CEO reiterates that Google would cover the rest.

For the reasons described here and in MEI/CEO's Initial Brief, MEI/CEO recommend that the Commission reject DTE's unreasonable limitation of Google's options for procuring the ZRCs to solely utility-owned resources and find that Google's procurement of ZRCs through the expansion or creation of DER, DR, and VPP programs would be in the public interest by providing new, clean capacity to the grid, along with other reliability and affordability benefits. As the Public Service Commission of Wisconsin recently ordered, this Commission should affirm the value of a technology-neutral approach to serving data centers and allow for clean, flexible, and low-cost

[3] *See, e.g.*, Case No. U-22046, Direct Testimony of Stephen P. Radamacher on behalf of DTE Electric Co. at 147–48 (April 23, 2026).

options (not just utility-scale projects) to be on the table. *See* 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 (explicitly "allow[ing] VPPs, demand response, bilateral contract agreements, and PPA resources" for large load customers, over the objection of utility We Energies). The Commission should direct DTE to work with Google to procure a portion of its ZRC obligation through these types of resources, which could be accomplished by the alternatives proposed by MEI/CEO.

VI. DTE Should Pursue an Agreement with Google that Would Allow for the Extension of the ZRCs and/or Demand Response Beyond 2033

DTE argues that the Commission cannot "unilaterally extend" the ZRC transfer obligation or Google's implementation of demand response ("DR") because these are "voluntary, negotiated term[s]" between DTE and Google. DTE Initial Br. at 72, 96. But DTE again conflates "unilaterally" rewriting the contracts with the Commission's authority to condition its approval on modifications necessary to ensure the Special Contracts are reasonable and in the public interest. *See supra* Section II. Similarly, DTE is incorrect that the DR obligation is shielded from the Commission's evaluation of the Special Contracts merely because the form of the Rider 12 DR Agreement is part of an approved DTE tariff. DTE Initial Br. at 95. DTE cannot simultaneously rely on the DR obligation to establish that the Company can reliably serve Google's load and insulate the terms of the DR obligation from Commission approval.

While DTE is correct that capacity need in 2033 is a "resource adequacy question that the Company will address in its 2026 IRP," this ignores the core of the issue raised by MEI/CEO and ABATE. DTE Initial Br. at 72, 96. It is unreasonable to allow these resources to sunset at the same time, creating a resource adequacy shortfall that the Company will address by procuring resources "recovered from all of DTE's full-service customers rather than just Google, whose load created the need." ABATE Initial Br. at 10; *see also* Hotaling Direct, 3 TR 718–19. The Commission should not approve the Special Contracts here that make it more likely for expensive, significant fossil fuel build-out to be selected in the 2026 IRP. MEI/CEO Initial Br. at 39. Instead, the Commission should require DTE to be proactive and flexible in how it addresses that upcoming need rather than foreclosing the alternatives (such as extending Google's ZRC transfer obligation or continuing to implement DR) that are less costly and risky to DTE and other ratepayers.

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

DTE asserts it is entitled to a financial adder and its proposed accounting treatment of the adder because rejecting these terms "would establish an unfair and inequitable sharing of risks and benefits." DTE Initial Br. at 68. But DTE's insistence that the Special Contracts without the financial adder force DTE to accept the "downside risk of serving" Google without fair benefits is unpersuasive for two key reasons. First, DTE simultaneously asserts throughout its testimony and brief that it is Google—not DTE or its customers—that bears "the risk of any Commission-determined cost-benefit shortfall" and that the Special Contracts fully protect other customers. DTE Initial Br. at 35; *see also id.* at 7–8, 59, 62 63. Either the Special Contracts are not as protective as DTE maintains, or the Company's "downside risk of serving" Google is small. Second, as Staff explains, DTE "is expected to invest significantly to build resources that will fulfill the special contract to serve this customer's load …. It gleans the benefit of [and] return on[]all of those investments." Staff Initial Br. at 31. The "modest" financial adder is hardly necessary to provide the Company with a "benefit" from serving Google's load.

Further, DTE has no "right to negotiate contract terms" that are unreasonable or not in the public interest. DTE Initial Br. at 68. The financial adder here is "simply meant to provide the Company with additional revenue," and recording those 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 810–11. It is not in the public interest to "create an incentive for the Company to seek customers willing to pay an increased rate and ultimately charge large customers excessive rates for the sole benefit of its shareholders." Simpson Direct, 3 TR 844. The financial adder and the recording of those earnings as nonrefundable income are unreasonable, and the Commission should reject them. If the Commission allows DTE to collect the adder, it should be treated as a cost offset and be used to lower revenue requirements for all ratepayers rather than as nonrefundable income. MEI/CEO Initial Br. at 41.

VIII. DTE is Incorrect in Claiming that Google is Paying for Renewable Energy Equivalent to "140 Percent" of Its Data Center Load

In its Initial Brief, DTE asserts that Google is "effectively [paying] for 140 percent of renewables," because it is "contribut[ing] to the Company's system renewable costs through the PSCR" in addition to the VGP enrollment. DTE Initial Br. at 74. But as MEI/CEO witness Shaver explained, Google's VGP enrollment is meant to "offset the non-renewable portion of the energy it receives from DTE," because the portion of energy that Google is receiving from DTE's grid is not 100% renewable (in 2035, it is only 60% renewable). Shaver Direct, 3 TR 741. Accordingly, even if Google is "funding 100% of its load through the PSCR," DTE Initial Br. at 74, then Google can claim *at most* 60% of that load as renewable and has to use the VGP enrollment to offset the rest. Shaver Direct, 3 TR 741. For these reasons, it cannot be said that Google is funding renewable energy equivalent to "140 percent" of its data center's load.

IX. Conclusion

For the reasons stated above and in MEI/CEO's Initial Brief, MEI/CEO respectfully request that the Commission adopt the following recommendations:

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.

Dated: August 3, 2026

Respectfully submitted,

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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 *Reply 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, August 3, 2026.

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