STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of **DTE ELECTRIC COMPANY** to commence a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2024.	)))))	Case No. U-21830

At the May 14, 2026 meeting of the Michigan Public Service Commission in Lansing, Michigan.

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

ORDER

Procedural History

On November 28, 2023, Governor Gretchen Whitmer signed into law Public Act 235 of 2023 (Act 235), which, among other things, amended Public Act 295 of 2008 (Act 295), as amended by Public Act 342 of 2016 (Act 342), and imposed new renewable portfolio standards (RPS) for electric utilities. In the February 8, 2024 order in Case No. U-21568 (February 8 order), the Commission noted Act 235's effective date of February 27, 2024, and directed DTE Electric Company (DTE Electric) to file its amended renewable energy plan (REP) pursuant to Act 235 no later than July 19, 2024. February 8 order, p. 4. In compliance with the Commission's directive, DTE Electric filed its amended REP in Case No. U-21662. That proceeding was ultimately resolved by a settlement agreement approved by the Commission in the May 15, 2025 order in Case No. U-21662 (May 15 order).

On July 1, 2025, in accordance with the Commission's January 23, 2025 order in Case Nos. U-21828 *et al*. (January 23 order), which established this docket among others, DTE Electric filed an application (July 1 application) to reconcile its renewable energy costs and revenues for the 12-month period ended December 31, 2024 under the amended REP approved in Case No. U-21662.

A prehearing conference was held in this matter on August 7, 2025, before Administrative Law Judge Lesley C. Fairrow (ALJ), at which the ALJ granted intervention to the Michigan Environmental Council (MEC) and the Association of Businesses Advocating Tariff Equity (ABATE). DTE Electric and the Commission Staff (Staff) also participated in the proceeding. MEC filed direct testimony and exhibits on October 21, 2025, and the Staff filed direct testimony on October 22, 2025.[1] On November 10, 2025, DTE Electric, the Staff, and ABATE filed rebuttal testimony. On November 14, 2025, DTE Electric filed a motion to strike the direct testimony and exhibits of MEC witness Eli Gold and portions of the direct testimony and exhibits of MEC witness Douglas Jester. On November 17, 2025, MEC filed a motion to compel discovery from DTE Electric. MEC filed a response opposing DTE Electric's motion to strike on November 18, 2025, and DTE Electric filed a response opposing MEC's motion to compel discovery on November 19, 2025. Oral argument on the motions was held immediately prior to the cross-examination hearing on November 20, 2025.

At the November 20, 2025 hearing, DTE Electric witness Lucas Gosser, ABATE witness Jessica York, and Staff witness Christopher Wentworth were cross-examined. The testimony and exhibits of all other witnesses were bound into the record. The record in this matter consists of

[1] On November 20, 2025, the Staff filed revised direct testimony and exhibits for Staff witness April Stow. *See*, Case No. U-21830, filing #U-21830-0053.

321 pages of transcript and 42 exhibits admitted into evidence. Also at the November 20, 2025 hearing, the ALJ issued a ruling from the bench to deny DTE Electric's motion to strike. 2 Tr 44-45. On December 1, 2025, the ALJ issued a ruling partially granting MEC's motion to compel discovery in part.

DTE Electric, the Staff, ABATE, and MEC filed initial briefs on December 11, 2025, and reply briefs on January 6, 2026. On February 17, 2026, the ALJ issued a Proposal for Decision (PFD) in this matter. The Staff[2] and MEC filed exceptions to the PFD on February 23, 2026, and on March 2, 2026, the Staff, DTE Electric, and ABATE filed replies to exceptions.

Discussion

The ALJ provided a thorough overview of the record on pages 3 to 25 of the PFD and summarized the parties' briefing on contested issues throughout the PFD, which will not be extensively repeated in this order. The ALJ also recited the legal standards applicable to this case before noting that a large portion of DTE Electric's application in this case was uncontested. *Id*., pp. 25-28. As such, the ALJ recommended that the Commission approve the uncontested portions of the company's application. *Id*., p. 28. Finding the ALJ's recommendation to be well-reasoned and supported by the record and noting that no party filed exceptions to the PFD regarding the uncontested portions of this case, the Commission adopts the ALJ's recommendation and approves the uncontested portions of DTE Electric's application. *See*, *id*.

[2] The Staff's exceptions were limited to correcting a typographical error in its testimony at 2 Tr 208, which was incorporated into the PFD. Namely, the Staff explains that on page 18 of the PFD, the ALJ stated that the audit period for this case ended December 31, 2023, as testified to by the Staff. However, the 2023 date in the Staff's testimony was in error and should have read 2024, which, as the rest of the record clearly demonstrates, is the correct audit year relevant to the reconciliation period ending December 31, 2024, in this case. Staff's exception's p. 2. The Commission notes the correction and finds no need to address the Staff's exception further as the error did not impact any of the decisions in this case.

The ALJ identified the following issues as contested: (1) the applicable renewable energy credit (REC) requirement, (2) the calculation of incentive renewable energy credits (RECs), (3) RECs from landfill gas generating facilities, (4) the company's REC balance trajectory, and (5) the transfer price schedule. This order addresses these issues in the same order as the PFD.

1. Applicable Renewable Energy Credit Requirement

DTE Electric argues that, although the amended REP approved in the May 18, 2023 order in Case No. U-21361 was in effect during 2024, in this reconciliation case it used the amended REP filed in Case No. U-21662, which was filed on July 19, 2024, and approved in the May 15 order (approving a settlement agreement). DTE Electric's initial brief, p. 7. The company calculated its REC requirement to be 5,858,100 RECs based on Act 235 and reasoned that because Act 235 was effective February 27, 2024, it applies to the instant reconciliation. *See*, 2 Tr 60; Exhibit A-8. Additionally, DTE Electric argued that Act 235 applies because its amended REP in Case No. U-21662 was approved in the May 15 order, and its instant application was filed on July 1, 2025. The company also noted the Commission's directive in the January 23 order establishing this docket that the company was to file its application pursuant to Act 295, as amended by Act 342 and Act 235. *See*, DTE Electric's initial brief, pp. 7-9.

The Staff disagreed and argued that Act 342, which governed the amended REP associated with this reconciliation, is controlling and that DTE Electric is required to retire 6,047,203 RECs. 2 Tr 314-315. The Staff explained that the company did not have an amended REP approved under Act 235 in 2024, and because the statute provided for previously approved REPs to remain in effect until an amended REP under Act 235 was approved, Act 342 governs the amended REP associated with the instant reconciliation. 2 Tr 315; Staff's initial brief, pp. 6-7. The Staff also noted that in the April 25, 2024 order in Case No. U-21568 (April 25 order) establishing filing

dates for amended REPs under Act 235, the Commission stated that the compliance period will be specific to each electric provider and will begin at the time the amended REP is approved. Staff's initial brief, pp. 14-15 (citing April 25 order, p. 24).

The ALJ agreed with the Staff that DTE Electric must comply with the REC requirements of Act 295, as amended by Act 342, for the calendar year 2024. The ALJ pointed out that DTE Electric acknowledged that the dispositive question before the Commission in an REP reconciliation proceeding is whether a utility acquired and retired sufficient RECs or generated renewable energy to meet its statutory requirements, with the company contending that its actions conform to its approved amended REP. However, the ALJ stated that, even though Act 235 became effective on February 27, 2024, the statute is clear that an amended REP in effect on that effective date remains in effect until it is amended under the statute. PFD, p. 30 (citing MCL 460.1022(1)). The ALJ explained that the Commission must assess whether the company's actions conform to the amended REP approved in the May 18, 2023 order in Case No. U-21361 because it was in effect in 2024. Thus, the ALJ found that DTE Electric must retire 6,047,203 RECs for its RECs pursuant to the requirements of Act 342. PFD, p. 30.

No exceptions were filed on this issue.

Finding the ALJ's recommendation to be well-reasoned and supported by the record and noting that no party took exception to the PFD on this issue, the Commission adopts the ALJ recommendation. *See*, *id*.

2. Calculation of Incentive Renewable Energy Credits

DTE Electric explained that it calculates incentive RECs during peak demand times and for storage assets consistent with Act 295, as amended by Act 235, and the Commission's guidelines

established in the December 4, 2008 order in Case No. U-15800. MEC disputed the company's incentive REC calculation, arguing that it is based on the Midcontinent Independent System Operator, Inc.'s (MISO's) outdated definition of peak demand hours that was adopted by the Commission. MEC proposed a revised definition of peak demand hours, which is based on the times when non-wind renewable resources provide capacity value as accredited by MISO, and asked the Commission to adopt it for the purpose of calculating incentive RECs. MEC's initial brief, pp. 9-17. MEC pointed out that the ALJ in DTE Electric's amended REP case, Case No. U-21662, found that the current approach to peak demand hours could stand to be revised. MEC's initial brief, p. 21. For storage RECs, MEC argued that DTE Electric should calculate incentive RECs based on the proportional share of renewable generation to total company generation during off-peak hours when energy storage systems are being charged or hydroelectric pumped storage facilities are pumping. *Id*., p. 22. MEC also argued that the Staff did not comply with the Commission's directive in the May 15 order to convene a workgroup. *Id*., pp. 17-18.

The Staff did not agree with MEC's proposed definition changes and argued that any revisions to the incentive RECs calculation should be addressed through the symposium in Case No. U-15800 or an REP case, not here. 2 Tr 259-261.

The ALJ noted that the parties in this case litigated the incentive REC calculation methodology in Case No. U-21662 and took similar positions that are being argued here with the Staff in Case No. U-21662 contending that a change in the peak demand definition was premature and better addressed in a workgroup. PFD, p. 32 (citing the PFD in Case No. U-21662, pp. 61-67). The ALJ recalled that the administrative law judge in Case No. U-21662 agreed that the peak demand definition could be revised but did not agree with how MEC proposed to revise the definition. The administrative law judge in that case recommended that such a revision to the peak

demand time definition for RECs and the incentive RECs calculation for energy storage be addressed in a workgroup. PFD, pp. 32-33 (citing the PFD in Case No. U-21662, pp. 68-69).

The ALJ then recalled that Case No. U-21662 was resolved by a settlement agreement that contained provisions requesting that: (1) the Commission convene a workgroup to revise the definition of on-peak hours for the determination of incentive RECs, and (2) the Commission consider revising the determination of incentive RECs related to energy storage systems (and hydroelectric pumped storage facilities) such that generation eligible for such incentive RECs would be limited to the proportional share of renewable generation to total DTE Electric generation during off-peak hours when energy storage systems are being charged or hydroelectric pumped storage facilities are pumping. PFD, p. 33 (citing May 15 order, Exhibit A, p. 6).

The Commission approved the settlement agreement, and in accordance with the May 15 order, the Staff conducted a symposium on June 5, 2025 (June 5 symposium), with the participation of DTE Electric, MEC, and ABATE. PFD, pp. 33-34. The ALJ recalled that as part of the symposium, the Staff issued a draft report on August 1, 2025, pertaining to the incentive RECs calculations; took comments from participants; and issued a final report on August 29, 2025 that included summarized comments and recommendations, which was then the subject of further comment as allowed by the Commission in the November 6, 2025 order in Case No. U-15800 (November 6 order). *Id*., p. 34 (citing November 6 order, p. 2). The ALJ noted that MEC and ABATE filed comments in response to the November 6 order.

In this case, while acknowledging that revisions may be warranted, the ALJ disagreed with MEC's recommendation for DTE Electric to revise its incentive RECs calculation. The ALJ reasoned that it would be premature for the Commission to update any incentive REC-related definition of methodology now, citing MISO's expected transition to a new capacity accreditation

methodology that would adjust the peak demand time definition beginning with the 2028-2029 planning year. PFD, p. 35. The ALJ stated that it would be more appropriate for the Commission to update its definition at that time. As recounted above, the ALJ added that this issue was addressed in Case No. U-21662 and the final result of the June 5 symposium is not yet known. *Id*., pp. 35-36.

The ALJ also disagreed with MEC that the Staff's compliance with the May 15 order was deficient because the Staff convened a symposium, not a workgroup and explained that she reads the November 6 order as a determination that the Staff's symposium was held pursuant to the Commission's directive in the May 15 order. Further, the ALJ stated that MEC's objection to a symposium as opposed to a workgroup was not properly raised here and should have been raised in either Case No. U-15800 or Case No. U-21662. *Id*., p. 36.

In its exceptions, MEC recalls the parties' positions in this case, the provisions of the settlement agreement approved in Case No. U-21662 pertaining to the definition of on-peak hours for determining incentive RECs and the determination of incentive RECs for energy storage systems, and the June 5 symposium held pursuant to the settlement agreement. MEC's exceptions, pp. 1-4. MEC then disagrees with the ALJ's rejection of MEC's position in this case on the basis that altering the incentive REC definition or methodology would be premature. *Id*., p. 4. MEC contends that the Commission's adoption of an agreement to address the incentive REC calculation issue in Case No. U-21662 should not mean ignoring the issue in this case and would allow an outdated and flawed methodology to continue. MEC argues that the ALJ failed to address the merits of MEC's argument as to why this issue should be addressed in this case and missed MEC's point that the outcome of the symposium is not yet known. Per MEC, "it is precisely because the symposium process has not resolved the incentive REC issues that they

remain ripe for decision here" because the current definition of peak demand time and the storage incentive REC methodology do not reflect reality. *Id*., pp. 4-5.

As to the ALJ's reasoning that MISO is expected to transition to a new capacity accreditation methodology, MEC argues again that it does not bar resolving the issue in this case. Further, MEC states that this does not prevent the Commission from addressing the peak demand time definition again later, if necessary, under its clear authority to do so under MCL 460.1039(2). *Id*., p. 5. Lastly, MEC responds to the ALJ's criticism of its timing in challenging the implementation of the settlement agreement in Case No. U-21662 and that MEC should have filed an objection in Case No. U-15800 or Case No. U-21662 on or about June 7, 2025. MEC states that it could not have done so because the symposium's flaws were not known until August 1, 2025, when the Staff issued its draft report followed by its final report where it was then apparent that the Staff intended to do nothing further with the peak demand time workgroup. *Id*., pp. 5-6. Further, MEC notes that it filed comments in Case No. U-15800 indicating its concerns. Regardless of MEC's participation in the other dockets, MEC argues that the peak demand time issue is ripe for decision in this case. Thus, MEC asks the Commission to revise the definition of "peak demand time" to reflect times when non-wind renewable resources have capacity value, revise the storage incentive REC calculation methodology so that incentive RECs are based on the proportional share of renewable generation to total DTE Electric generation during off-peak hours when energy storage systems are being charged or hydroelectric pumped storage facilities are pumping, and direct DTE Electric to recalculate its incentive REC balance accordingly. *Id*., p. 6.

DTE Electric responds to MEC's exceptions, reciting and defending the ALJ's recommendation. DTE Electric's replies to exceptions, pp. 8-9. The company maintains its position that the symposium in Case No. U-15800 remains pending and that it is the proper venue

to address this issue as described in its testimony. DTE Electric states that this reconciliation case is not the place for MEC to relitigate or disagree with prior orders. *Id*., pp. 9-10.

In its replies to exceptions, the Staff disagrees with MEC's assertion that the Staff's recommendation did not reflect the settlement agreement recommendation from Case No. U-21662 that the workgroup revise the definition of peak demand time to reflect times when non-wind renewable resources have capacity value. Staff's replies to exceptions, p. 2. The Staff then quotes the terms of the settlement agreement in Case No. U-21662 and asserts that it did not presuppose the outcome of the workgroup by agreeing to the settlement agreement. The Staff states that the symposium properly considered times when non-wind resources have capacity value and that the Commission will make a decision on the symposium's recommendations in Case No. U-15800. Thus, the Staff maintains that the Case No. U-15800 docket remains the proper venue to address the definition of on-peak hours. Staff's replies to exceptions, p. 3.

Finding the ALJ's recommendation to be well-reasoned and supported by the record in this case, the Commission adopts the PFD on this issue. PFD, pp. 35-36. It is clear from the settlement agreement approved by the Commission in the May 15 order and the Commission's deferral of the decision regarding the definition of peak demand hours in the September 11, 2025 order in Case No. U-21816 (September 11 order), that the Commission intended for the Staff and participating persons in the symposium to address potential changes to the peak demand definition in Case No. U-15800. *See*, May 15 order, Exhibit A, p. 6; September 11 order, pp. 20-21. This docket has not concluded with final guidance from the Commission and, therefore, the Commission finds that it would be premature to now shift a decision impacting multiple utilities to this docket, in contradiction to the Commission's previous orders and the reasonable expectations of the parties in Case Nos. U-21662, U-15800, and U-21816. Additionally, the Commission

disagrees with MEC's characterization of the June 5 symposium and subsequent draft and final reports as not complying with the May 15 order. The Commission finds that the symposium held by the Staff followed the Commission's directive to receive input from interested persons regarding the assigned topics, allowed ample opportunity for comment, and provided the Commission with thorough and informative draft and final reports for consideration.

3. Renewable Energy Credits from Landfill Gas Generating Facilities

MEC argued that DTE Electric should be prohibited from retiring the RECs from two landfill gas generating facilities because, per MEC, they do not meet the renewable energy standards under Act 235. In support, MEC cited the September 11 order where the Commission encouraged the parties in that case to work with the Michigan Department of Environment, Great Lakes, and Energy (EGLE) to determine best practices for landfill gas generating facilities. MEC's initial brief, pp. 23-25 (citing September 11 order, pp. 16-17). MEC argued that Act 235 substantively changed the previous requirements for landfill gas and therefore, from the effective date of Act 235 onward, Section 11(*i*)(i) of Act 295, as amended, which defines a renewable energy system and the requirements for landfill gas to qualify as such, is controlling. MEC's initial brief, pp. 23, 25-26; *see also*, MCL 460.1011(*i*)(i).

DTE Electric disagreed and argued that its previously approved power purchase agreements (PPAs) for landfill gas generating facilities were approved prior to the enactment of Act 235 and are therefore not required to meet Act 235's renewable energy standards. The company added that because EGLE did not adopt best landfill gas generating practices during the appliable reconciliation period, the company could not determine whether the landfill gas generating facilities were compliant in 2024. As to the September 11 order, the company also pointed out that the Commission stated in that order its expectation that any new or renewed landfill gas PPAs

must be with a facility that employs best practices as defined by EGLE. DTE Electric defended its use of landfill gas as a renewable resource and argued that where EGLE and the Commission have not provided guidance, it should not be assumed that its landfill gas use is non-compliant. 2 Tr 74-76; DTE Electric's initial brief, pp. 15-17; DTE Electric's reply brief, pp. 9-10.

The ALJ found that the standards of Act 235 do not apply to the period covered in this reconciliation and that DTE Electric is not required to prove that the RECs it seeks to retire from landfill gas generating facilities were sourced from facilities that employed best practices certified by EGLE. The ALJ recommended that the Commission approve DTE Electric's request to retire RECs from the landfill gas facilities. The ALJ further noted that the Commission determined that, for cases where Act 235 applies, REC eligibility in an REP for landfill-gas-fueled generation does not affect the recovery of energy and capacity costs paid by the utility under the landfill gas PPA—the determination of the reasonableness and prudence of those energy and capacity costs for the landfill gas PPA would occur in a power supply cost recovery proceeding. PFD, p. 38 (citing September 11 order, p. 17).

No exceptions were filed on this issue.

Finding the ALJ's recommendation to be well-reasoned and supported by the record and noting that no party took exception to the PFD on this issue, the Commission adopts the ALJ's recommendation. *See*, PFD, p. 38.

4. Renewable Energy Credit Balance Trajectory

MEC testified that DTE Electric has unreasonably drawn down its REC balance since 2016 and contended that the company is not producing or acquiring enough renewable energy to keep up with the increasing RPS and load growth. MEC asked the Commission to evaluate DTE Electric's REC balance, negative trends, and ability to meet RPS standards and to require the

company to prevent and explain any anticipated REC shortfalls. 2 Tr 231-235; *see also*, MEC's initial brief, pp. 27-31, 49-50.

DTE Electric argued that MEC's recommendation goes beyond the Commission's statutory obligation in a reconciliation case and should be rejected. DTE Electric's initial brief, pp. 14-15.

The ALJ agreed with DTE Electric that MEC's request for a forward-looking REC balance analysis is not within the scope of this proceeding and that it would be more reasonable for the Commission to direct the company to model various load forecasts and engage in REC balance forecasting as part of an REP or integrated resource plan (IRP) proceeding. PFD, p. 39.

MEC takes exception, recalling its evidence that the company's 2024 REC balance was in a deficit and that the company similarly ran a REC deficit numerous times over the previous seven years. MEC's exceptions, pp. 6-7. MEC contends that it provided an extensive analysis as to why DTE Electric's deficit pattern is not reasonable and prudent but that the ALJ dismissed this evidence as not being properly before the Commission in a reconciliation case. MEC insists that this issue is appropriate for the Commission to address in this case, arguing that the ALJ improperly narrowed the scope of this case. MEC relies on MCL 460.1049(3), which states: "The commission shall consider any issue regarding the reasonableness and prudence of expenses for which customers were charged in the relevant reconciliation period." MEC's exceptions, p. 7 (quoting MCL 460.1049(3)). MEC explains that, in 2024, customers were charged for the RECs retired for RPS compliance and that:

> [t]he evidence MEC presented calls into question the reasonableness and prudence of those charges because it shows that the Company "did not generate or acquire enough RECs to meet *current* renewable energy standards." Rather, the evidence shows that the Company simply exhausted its REC balance, which is meant to help ease the utility's transition into stricter renewable energy standards. The evidence suggests that a utility's REC balance is *not* meant to be relied on to meet renewable energy standards during stable years, especially with a stricter, 50-percent renewable energy standard not far on the horizon. Michigan law not only allows

> testimony and evidence to that effect, but if presented, Michigan law requires the Commission to consider and address it during the relevant reconciliation case.

MEC's exceptions, pp. 7-8 (footnotes omitted) (emphasis in original).

Despite the ALJ's adoption of the company's argument, MEC argues that MCL 460.1049 not only allows the Commission to examine whether DTE Electric met the RPS requirements, but also how the company met the requirements and whether its actions were reasonable and prudent. Citing the statute's purpose of promoting the development and use of clean and renewable energy, MEC argues that the Commission should determine whether the company is developing or acquiring enough renewable energy to meet the RPS requirements. MEC's exceptions, p. 8.

MEC also argues that even if the Commission agrees with the ALJ that a forward-looking REC balance is not properly before the Commission in a reconciliation case, this issue is not forward-looking. MEC states that it presented historical data, including data for 2024, and that the primary goal of its testimony was to demonstrate the unreasonableness of the company's REC drawdowns. MEC insists that its descriptions of forward-looking trends help inform the backward-looking analysis of the 2024 reconciliation period. *Id*., pp. 8-9. Lastly, MEC cautions that adopting the ALJ's recommendation would allow the company's choice to draw down its REC balance in 2024 to escape meaningful review; and, therefore, asserts that the Commission should evaluate the impacts of DTE Electric's REC drawdown on the company's ability to comply with future RPS requirements. *Id*., p. 9.

In its replies to exceptions, DTE Electric defends the ALJ's conclusion that the trajectory of the company's REC balance is a forward-looking issue suitable for consideration in an IRP or amended REP. The company contends that the ALJ's recommendation is consistent with the scope of a reconciliation proceeding, explaining that:

> [t]o the extent that Section 49(3)(a) of Act 235, MCL 460.1049(3)(a), requires the Commission to issue an order determining an electric provider's compliance with the renewable energy standards, the dispositive question before the Commission in a renewable energy cost reconciliation proceeding under this provision is whether the Company acquired and retired sufficient RECs or generated renewable energy to meet the statutory percentage requirements set forth in MCL 460.1027 and the Company's actions conform to the applicable REP.

DTE Electric's replies to exceptions, p. 3.

The company argues that MEC's request that the Commission evaluate "*prospective load growth*" and "*anticipated* REC shortfalls" reveals the forward-looking nature of its request that is outside the scope of a backward-looking reconciliation case. *Id*., pp. 3-4 (emphasis in original). While MEC argues in its exceptions that it testified to forward-looking trends to inform the backward look at the 2024 reconciliation period, DTE Electric contends that this argument shift is inconsistent with MEC's ultimate request. *Id*., p. 4. DTE Electric also disputes MEC's claim that not evaluating anticipated REC shortfalls will allow the company to evade a review for reasonableness and prudence. The company repeats the purpose of a reconciliation under Section 49(3) of Act 295, as amended, for the applicable 2024 period and states that MEC is conflating the purpose of a reconciliation and renewable energy planning processes. The company points to the record in this case to contend that it has acquired and retired sufficient RECs or generated enough renewable energy to meet the RPS requirements and to conform to its amended REP. *Id*., pp. 4-5. Lastly, DTE Electric adds that, to the extent that MEC's proposal is admittedly driven by the updated RPS requirements under Act 235, the PFD found that Act 235's standards do not apply in this 2024 Renewable Energy Cost Reconciliation. *Id*., p. 5.

Finding the ALJ's recommendation to be well-reasoned and supported by the record in this case, the Commission adopts the PFD on this issue. *See*, PFD, p. 39. Section 49(3) of Act 295, as amended, requires the Commission to make a determination as to the reasonableness and prudence

of the electric provider's actions to comply with the RPS requirements through its REP in the applicable reconciliation period. The ALJ and DTE Electric are correct that this is a backward-looking determination and that MEC's request for an examination of DTE Electric's anticipated REC shortfall and trajectory of its REC balance is a forward-looking analysis that is properly addressed in an amended REP or an IRP proceeding.

5. Transfer Price Schedule

DTE Electric proposed a transfer price schedule, presented in its Exhibit A-5, Schedule A1, based on the levelized cost of a combined cycle gas turbine (CCGT) unit for the base year 2029 with a levelized natural gas price calculated from the U.S. Energy Information Administration's projection of natural gas prices at the Henry Hub. 2 Tr 160, 163-164; *see also*, DTE Electric's initial brief, pp. 18-20. MEC opposed the company's proposed transfer price schedule and advocated for the adoption of a transfer price schedule derived from a method that includes the cost of carbon capture storage (CCS) for a natural gas combined cycle (NGCC) plant. 2 Tr 222-223; MEC's initial brief, pp. 39-41. The Staff supported approval of the company's transfer price schedule set out in Exhibit A-5, Schedule A1 to be used until such time that a new transfer price methodology is established via the symposium conducted pursuant to the May 15 order. 2 Tr 243-252, 254-261; *see also*, Staff's initial brief, p. 20. ABATE asked the Commission to reject MEC's recommended methodology, arguing that any change to the transfer price schedule should take place in the symposium. ABATE's initial brief, pp. 2-6.

The ALJ recommended that the Commission approve the Staff-prepared and company-proposed transfer price schedule set forth in Exhibit A-5, Schedule A1. PFD, p. 41. The ALJ recalled that the parties in this case litigated the transfer price methodology in Case No. U-21662 and found that MEC's position in that case is the same as in this case. The ALJ noted that the

Staff held the June 5 symposium to address the transfer price schedule (in addition to the incentive RECs calculation) in accordance with the May 15 order. Because the Commission has not yet issued its findings on the recommendations resulting from the symposium and the parties presented the same positions in this case, the ALJ recommended that the current methodology for creating the transfer price schedule remain in effect. *Id*., pp. 41-42. Relying on the Staff's testimony, the ALJ added that the Staff will re-evaluate the transfer price schedule inputs in the first quarter of every year and will develop and propose a new transfer price schedule if there are significant changes to the energy, capacity, or ancillary markets or if the Staff receives updated information that would materially impact the transfer price schedule. *Id*., p. 42 (citing 2 Tr 247-248).

In its exceptions, MEC provides an explanation of the transfer price mechanism under MCL 460.1047, DTE Electric's proposed transfer price, and Act 235's requirement for NGCC plants to utilize CCS technology to be considered a clean energy resource. MEC notes that the current transfer price method does not account for Act 235's CCS requirement for NGCC plants and how an additional $22.66 per megawatt-hour (MWh) should be applied to the cost of operating an NGCC plant to account for this requirement. MEC's exceptions, pp. 11-13.

MEC asks the Commission to reject each of the ALJ's stated reasons supporting her recommendation. First, MEC argues that the fact that its position in this case is similar to the position it took in Case No. U-21662 is immaterial because the material issue in Case No. U-21662 remains unresolved and the settlement agreement specifically allowed for parties to file transfer price proposals in this 2024 reconciliation case. MEC's exceptions, pp. 13-14. Second, while expressing an understanding that the ALJ declined to decide this issue before the Commission issued its findings on the symposium, MEC argues that the Commission itself does

not have this constraint and can resolve this issue now in a reconciliation proceeding based on substantial evidence. *Id*., pp. 14-15. Third, MEC claims that the ALJ's reliance on the Staff's ability to re-evaluate the transfer price schedule is flawed for the same reasons as the ALJ's second reason—a decision on the transfer price must be based on substantial evidence. *Id*., p. 15. MEC states that the materials from the symposium indicate the Staff's intent to maintain the status quo and that "[t]here is no evidence in this record on which to base a finding that any updated information that will lead Staff to reconsider – and plenty of contrary evidence." *Id*., p. 16.

MEC also includes in its exceptions replies to what it anticipates DTE Electric, the Staff, and ABATE will assert.[3] *Id*., pp. 19-20.

In its replies to exceptions, ABATE argues that the Commission clearly directed that the transfer price methodology issue be addressed in a symposium or workgroup in both Case No. U-21662 and Case No. U-21816. ABATE's replies to exceptions, p. 2 (citing the May 15 order, p. 4; September 11 order, p. 85). ABATE states that the ALJ properly acknowledged this directive, but MEC continues to ignore it. Further, ABATE finds MEC's characterization of the June 5 symposium docket as informative to be perplexing given that the purpose of the symposium

[3] Mich Admin Code, R 791.10435 (Rule 435) provides a party with the opportunity to file exceptions and replies to exceptions to a PFD and sets forth the requirements for such filings. Namely, exceptions shall clearly and concisely recite the specific findings of fact and conclusions of law, or the omission thereof, to which the party excepts. Rule 435 provides parties with the opportunity to except *to the PFD*. MEC's portion of its exceptions responding to anticipated arguments from other parties is not a proper exception to the PFD under Rule 435 and, therefore, is not considered by the Commission. Further, the Commission notes that, while MEC seems to base its descriptions of the other parties' anticipated arguments on the parties' testimony and positions presented in this case, the entirety of MEC's argument in this section is a response to hypothetical arguments, as clearly evidenced by MEC's repeated use of the phrase "*may* argue that." MEC's exceptions, pp. 16, 17, 18 (emphasis added). MEC is indeed free to respond to arguments and record evidence actually submitted by other parties, and the Commission will consider those arguments, as they are based on substantial evidence admitted to the record. The Commission will not consider arguments based on speculation as to what may or may not be stated in replies to exception. Lastly, Rule 435 does not provide for responses to replies to exceptions.

is to re-examine and potentially adjust the calculation for the transfer price going forward, including a potential inclusion of a CCS adder. ABATE's replies to exceptions, pp. 2-3. ABATE also responds to MEC's arguments in response to anticipated claims from the parties to this case. ABATE contends that MEC's arguments are an improper attempt to have the last word, violate Rule 435, and should be ignored. ABATE's exceptions, p. 3. ABATE also disputes each of the claims MEC makes in its anticipated arguments section of exceptions. *Id*., pp. 3-5. Lastly, ABATE argues that MEC's exceptions fail to consider the burden MEC's proposal would put on ratepayers. ABATE explains as follows:

> MEC claims that increasing the transfer price would substantially reduce the incremental cost of compliance and lead to lower regulatory asset or higher regulatory liability balances. (York 2 Tr 178.) MEC did not, however, quantify the impact of its proposal on the Company's actual regulatory balance. (*Id*.) This issue requires further review and consideration and therefore is appropriate for a symposium setting. MEC's proposal would add $22.66/MWh to the existing transfer price. (Jester 2 Tr 224). For reference, compared to the Company's forecasted transfer price of $74.08/MWh for the [renewable energy] Plan period, an adder of $22.66/MWh would represent roughly a 31% increase. This amount could further increase over time as updated and localized CCS cost estimates are incorporated in future cases. (*Id*.; see also Lievense 2 Tr 131; Wentworth 4 Tr 252.) This increase in costs, especially at a time when ratepayers are most concerned with energy affordability, is totally unjustified.

ABATE's replies to exceptions, p. 5. In conclusion, ABATE asks the Commission to adopt the PFD with respect to the transfer price.

In its replies to exceptions, DTE Electric contends that the ALJ was correct in her recommendation to maintain the current transfer price methodology in light of the pending symposium in Case No. U-15800. In response to MEC's arguments, DTE Electrics contends, first, that the litigation history surrounding the transfer price issue and posture of this reconciliation in relation to Act 235 make this issue appropriate for the symposium. The company then states that Act 235 is not applicable to this 2024 reconciliation case, making MEC's reliance on

MCL 460.1051(1)(a)-(b) improper. DTE Electric's replies to exceptions, pp. 5-6. Next, while DTE Electric states that MEC is correct that transfer prices are established in reconciliation proceedings, making changes to the methodology in this case would be duplicative and inconsistent with the commitments made in the Case No. U-21662 settlement agreement and the Case No. U-15800 symposium. DTE Electric's replies to exceptions, p. 6.

The company also responds to the merits of MEC's transfer price position as follows:

> DTE Electric reasonably stated in its comments filed in the [Case No.] U-15800 docket on June 20, 2025 that it found potential merit in MEC's proposal but that the Transfer Price calculation should be reevaluated after the conclusion of the next series of IRPs filed by the state's utilities, expected to conclude in 2028. In upcoming IRP filings, the Commission and stakeholders are likely to receive more detailed information from utilities regarding the feasibility of CCGT with CCS as an option and its associated LCOE [levelized cost of energy], which will inform whether adjustments to the current transfer price are warranted. (Gosser, 2T 81). The Company maintains this position because waiting until the feasibility of CCGT with CCS is adequately vetted in the next round of IRPs is realistic and consistent with what the transfer price represents. Contrary to MEC's assertion that the record lacks substantial evidence to maintain NGCC as the basis for establishing the transfer price, it is clear that MEC is the party that has failed to offer substantial evidence in support of prematurely switching to CCGT with CCS.

DTE Electric's replies to exceptions, pp. 6-7.

DTE Electric also argues that MEC's criticism of the Staff's first draft report in Case No. U-15800 should be disregarded because MEC mischaracterized aspects of the Staff's work. The company contends that:

> the Commission should reject MEC's attempt at obtaining Staff work product concerning a draft report in a different, pending case in a way that mischaracterizes the development of that work product. This type of litigation tactic should be discouraged, as it arguably crosses a line from zealous advocacy into mere subterfuge. In any event, Staff has thoroughly clarified its positions and work product during the evidentiary hearing and briefing to show that MEC's arguments have no merit.

Id., p. 7.

In its replies to exceptions, the Staff disagrees with MEC's statement that transfer prices must be decided in this case, not the symposium docket, and that transfer prices using the pre-Act 235 methodology are not reasonable. The Staff counters that this 2024 reconciliation period is based on a plan that was in place prior to the enactment of Act 235. The Staff also maintains that the symposium in Case No. U-15800 remains the best place to address the transfer price methodology and that the current methodology is supported by the record in this case and still appropriate to use at this time until the Commission issues a decision in Case No. U-15800. Staff's replies to exceptions, p. 4.

Next, the Staff responds to MEC's statement that "'[t]he cursory recommendation to make no changes in a methodology that the first draft of the report acknowledged to be in apparent conflict with [Act] 235 is not a reasonable outcome.'" *Id*. (quoting MEC's exceptions, p. 19). According to the Staff:

> Staff witness Wentworth, however, stated upon questioning that in that early draft he was merely quoting witness Jester, and his statement regarding an "apparent conflict" did not reflect Staff's opinion at the time. Staff should not be bound by MEC's council's interpretation of its rough draft when Staff witness Wentworth has testified that that is not the case, nor was it the final draft. MEC continues to ignore Staff witness Wentworth's testimony as quoted in Staff's reply brief, at page 8, in this case:
>
> > Q.: O.K. What was the apparent conflict between Staff's current transfer price methodology and the CEP [clean energy plan] requirements included in the statute that you were referring to there?
> >
> > A. I used the word apparent in that sentence to refer to Witness Jester's assertion that there is a conflict, as in the current transfer price does not include the cost of CCS and Witness Jester believes that[is] incorrect. [Wentworth, 2 TR 267, emphasis added.]
>
> Further, Staff has repeatedly refuted such aspersions unfairly attempted to be cast on the Staff by MEC, in pages 7-9 of its reply brief in the instant case. The Staff's August 29, 2025 report in Case No. U-15800 was carefully undertaken and thoughtfully crafted; it speaks for itself, along with the entire record regarding updating the transfer price in Case No. U-15800, including any comments

subsequently filed.

Staff's replies to exceptions, pp. 4-5 (footnote omitted) (third alteration in Staff's replies to exceptions). The Staff argues that the symposium has satisfied the terms of the settlement agreement and that it remains the proper venue to address the transfer price methodology. *Id*., p. 5.

For similar reasons explained above in reference to the incentive REC calculation issue, the Commission agrees with the ALJ that the issue of the transfer price methodology should be resolved in Case No. U-15800, where the Commission has indicated that it would render a decision. *See*, PFD, pp. 41-42. In the meantime, the Commission finds that the transfer price schedule developed by the Staff in this case and proposed for adoption by the company is reasonable and prudent and should be adopted.

THEREFORE, IT IS ORDERED that:

A. DTE Electric Company's application for the reconciliation of its renewable energy plan costs and revenues for the 12-month period ended December 31, 2024, is approved, as described in this order.

B. The 2025 transfer price schedule set forth in Exhibit A-5, Schedule A1 in this case, and attached to this order as Exhibit A, is approved.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Shaquila Myers, Commissioner

By its action of May 14, 2026.

Lisa Felice, Executive Secretary

Michigan Public Service Commission
DTE Electric Company
2024 Renewable Cost Reconciliation
2025 MPSC Staff Transfer Prices

Case No.: U-21830
Exhibit: A-5
Schedule: A1
Witness: E. R. Bidlingmaier
Page: 1 of 1

	(a)	(b)	(c)	(d)
Line No.	**Year**	**MPSC Staff 2025 Transfer Price - Fixed Cost ($/MWh)**	**MPSC Staff 2025 Transfer Price - Variable Cost ($/MWh)**	**DTE Electric Proposed / 2025 MPSC Staff Transfer Price ($/MWh)**
1	2025	35.77	28.45	64.22
2	2026	36.25	31.28	67.53
3	2027	36.62	32.19	68.81
4	2028	36.86	31.98	68.83
5	2029	37.52	32.17	69.69
6	2030	38.17	32.36	70.53
7	2031	38.83	32.99	71.83
8	2032	39.50	33.78	73.27
9	2033	40.13	34.56	74.69
10	2034	40.75	35.71	76.46
11	2035	41.31	36.53	77.84
12	2036	41.92	37.23	79.15
13	2037	42.71	37.98	80.69
14	2038	43.56	38.76	82.32
15	2039	44.38	39.51	83.88
16	2040	45.20	40.57	85.78
17	2041	46.06	41.58	87.64
18	2042	46.93	42.38	89.31
19	2043	47.79	43.26	91.05
20	2044	48.63	44.52	93.14
21	2045	49.49	45.73	95.22

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-21830

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on May 14, 2026 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

Brianna Brown

Subscribed and sworn to before me
this 14th day of May 2026.

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

Service List for Case: U-21830

Name	On Behalf Of	Email Address
Benjamin J. Holwerda	Association of Businesses Advocating Tariff Equity	bholwerda@clarkhill.com
Christopher M. Bzdok	Michigan Environmental Council	chris@tropospherelegal.com
DTE Electric Company	DTE Electric Company	mpscfilings_account@dteenergy.com
Heather M.S. Durian	MPSC Staff	durianh@michigan.gov
Holly L. Hillyer	Michigan Environmental Council	holly@tropospherelegal.com
John A. Janiszewski	DTE Electric Company	john.janiszewski@dteenergy.com
Lesley C. Fairrow	ALJs - MPSC	fairrowl1@michigan.gov
Michael J. Pattwell	Association of Businesses Advocating Tariff Equity	mpattwell@clarkhill.com
Monica M. Stephens	MPSC Staff	stephensm11@michigan.gov
Stephen A. Campbell	Association of Businesses Advocating Tariff Equity	scampbell@clarkhill.com