

Demand Response Tariffs and Programs

June 5, 2024



Agenda

- Program Offerings
- Program structures
- Customer compensation
- Feed in Tariff

What programs are available today?

- Consumers Energy DR Programs:
 - Residential – Device cycling, Dynamic peak pricing, Smart thermostat
 - Customers paid through various methods (Tariff (bill) credits/rates & direct payments)
 - C&I programs –
 - Interruptible rate (GI & GI2) – monthly per kW enrolled capacity credit
 - Contractual – Summer capacity and energy credits

DR Program & Customer Compensation

Program Design

- Company offers both controlled and behavioral DR programs
- Controlled programs are registered with MISO and **directly** reduce Planning Reserve Margin Requirements “PRMR”
- Behavioral programs reduce peak-time usage and **indirectly** reduce PRMR over time through lower forecasts

Customer Compensation

- Based on avoided MISO capacity costs
- Company targets total compensation below 75% of MISO CONE
- Company does not compensate customers based on avoided distribution or transmission costs (retail costs)
- Company uses various payment methods

Feed in Tariff (FIT)

- The Company is willing to work with all interested parties, but:
 - Concerned about cost for customers and protections against double counting.
 - Need to ensure reliability of all DR resources for the Company's load planning.
 - The Company should not be forced to buy capacity if we do not need it.
 - Prefer a competitive process or negotiated agreements.

The Company is committed to working with all collaborators to develop best practices

- Striving for cost-effectiveness – e.g., below the avoided cost of capacity.
- Currently working with aggregators and will continue to do so if it is cost-effective and aligned with approved IRP.
- Open to restructuring DR contracts.
- Seeking feedback from aggregators to create the best practices that benefit all customers and Michigan as a whole.