



Industrial Rate Competitiveness

April 4th, 2022

Executive Summary

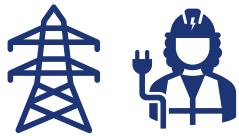
- Utility rates are constructed to recover the cost to serve its customers. Rates are determined by dividing the cost to serve by the total usage.
- Average industrial rates that companies see when analyzing publicly available data often misconstrue the effective rate DTE can offer.
- Compared to average industrial rates, effective rates rely on many factors such as a business' usage profile and the selection of our rate options. For very large users, our new XL high load factor rate option makes our already competitive rates even more competitive.
- Companies are encouraged to reach out to DTE to understand our different rate options and how the customer can package different products together to meet their needs.

Agenda

- **What are rates and how are they established?**
- Average rates do not accurately illustrate DTE's competitive rates.

Electric rates are tailored to meet the needs of our customers

Key steps in the ratemaking process



Revenue requirement

The total amount a utility needs to collect in order to provide reliable service to its customers is determined. This amount is approved by the State utility regulator, the Michigan Public Service Commission (MPSC).



Cost of service

The total revenue requirement is allocated to different groups of customers (known as classes) based on how they use the system.

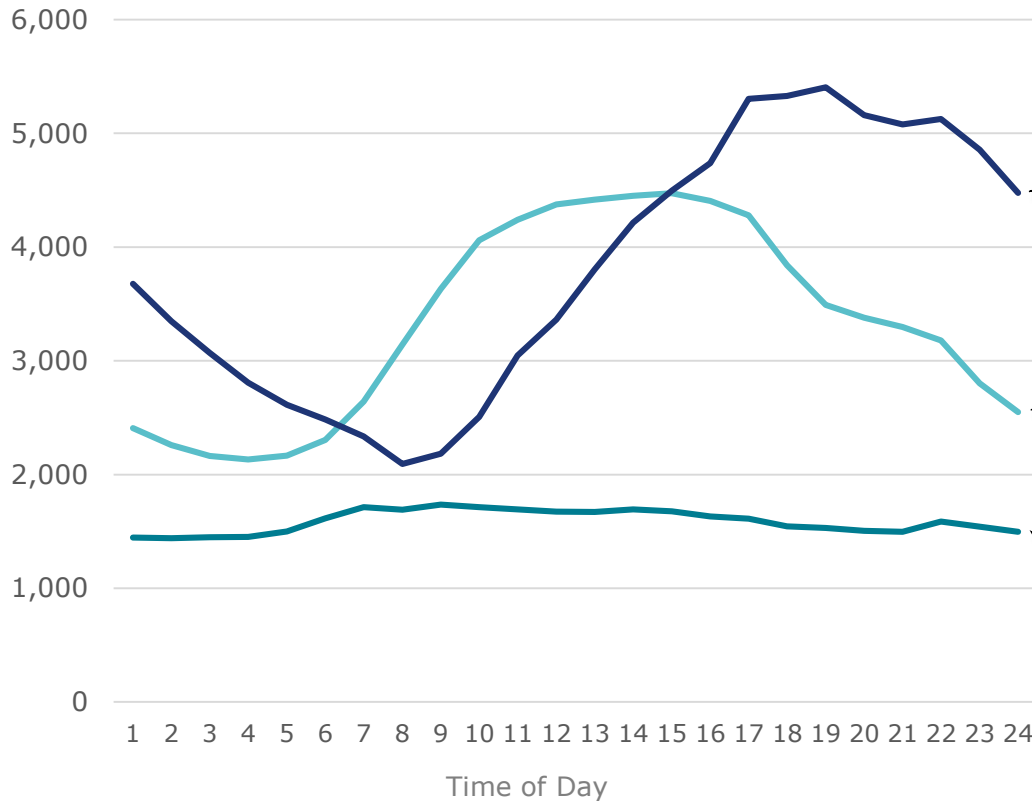


Rate design and pricing

Rates are designed to collect the total amount of revenue requirement allocated to each customer class based on the expected usage of the class.

The total revenue requirement is fairly allocated to each customer segment based on how they use the system, and under cost-of-service principles rates are designed to reflect the distinct usage profiles

Demand on Peak Summer Day¹
(MWh)



Residential Customer Segment

- “Peaky” demand profile is more costly to serve as assets are sized to serve the peak
- **High level of distribution system investments**

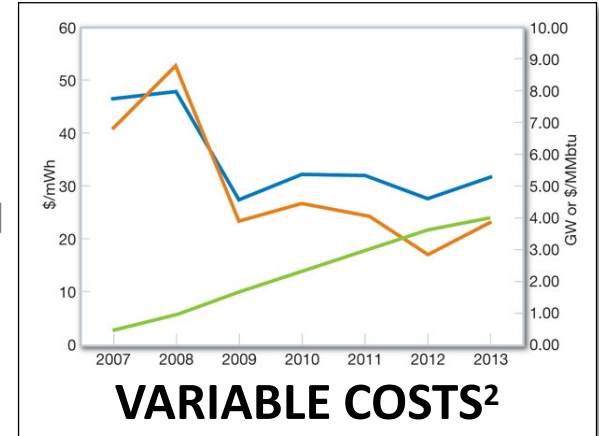
Commercial Customer Segment

- Demand profile is more efficient than residential but still relatively inefficient
- **High distribution costs, but lower overall than residential customer segment**

Industrial Customer Segment

- Demand profile is “flat” and efficient to serve, driving down the cost to serve
- **Overall lower distribution costs than the residential customer segment**

Customer rates are designed using “cost of service” principles, which divide total costs by the load served



Regulated Rates =

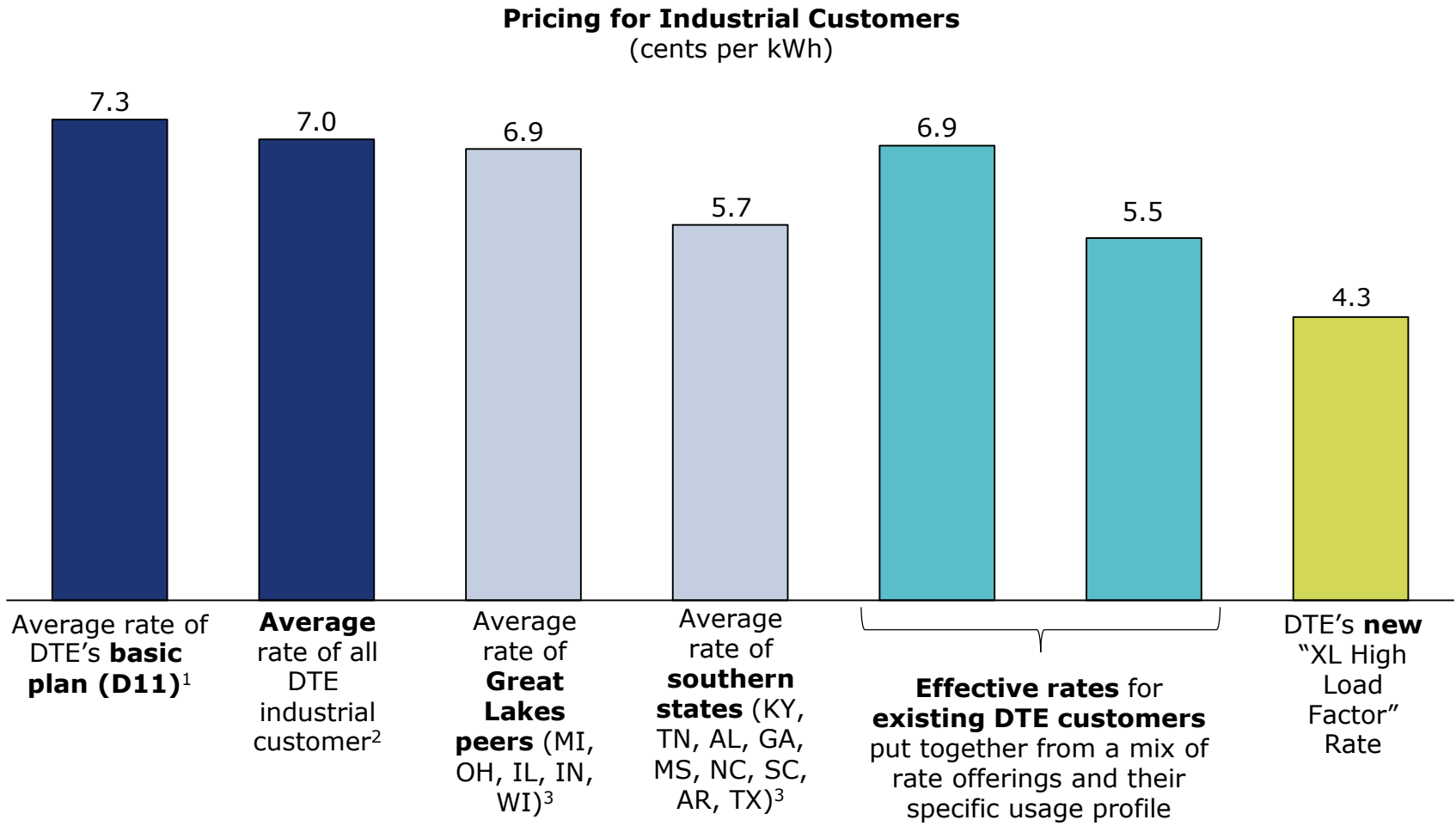


1. Includes: generation infrastructure, transmission and distribution poles and wires, and administrative costs
2. Includes: market price, fuel costs, and other variable operational costs
3. Also known as customer demand or usage

Agenda

- What are rates and how are they established?
- **Average rates do not accurately illustrate DTE's competitive rates.**

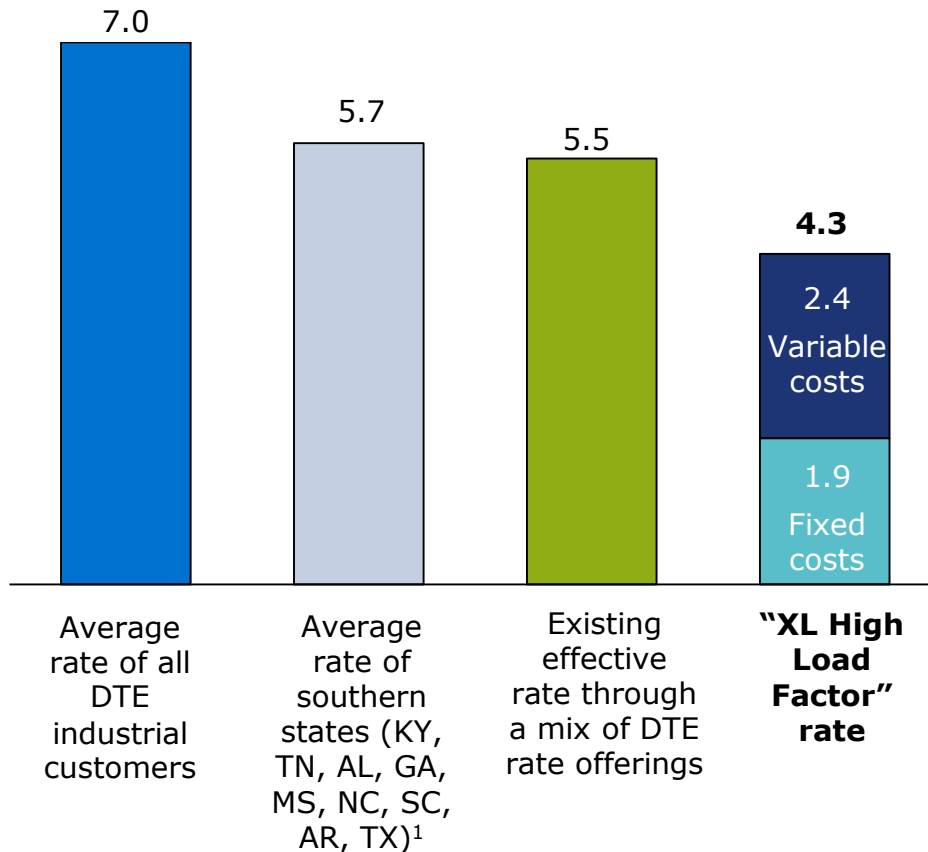
Average industrial rates are not representative of what an individual customer might pay, especially for our largest customers



1. Average rate paid on DTE's D11 Primary Supply Rate
2. The average rate reflects what companies see when analyzing publicly available data.
3. Source: EIA form 861M; 2020 Industrial Electric Rates

Our new XL industrial rate makes DTE even more competitive, providing very large and efficient users a new tool to advance investments in Michigan

Industrial Rate Comparison
(cents per kWh)



- Our new **XL High Load Factor rate** provides extremely competitive pricing for industrial customers meeting certain eligibility requirements, including:
 - New/expanded load
 - Very large (50+ MW)
 - Very efficient (75% load factor)
 - Long-term commitment (15 yrs.)
 - Non-interruptible
- This rate puts DTE on a **level playing field** with southern states when pursuing new large industrial facilities and data centers

DTE offers several base rates and optional riders under which industrial customers can take service

Current DTE industrial rate offerings *(key offerings shown; not exhaustive)*

Primary Supply Rate (D11)

Firm, non-interruptible service for greater than 50 kW at a single location

Interruptible Supply Rate (D8)

Interruptible service (partial or all) for greater than 50 kW at a single location giving customers discounts on power supply capacity

Low Peak Demand Supply Rate (D12)

Non-interruptible service for greater than 10 kW at a single location with high on-peak demand during winter months and low on-peak demand during summer months

Interruptible Supply Rider (Rider 10)

Elect to contract interruptible service at rates that fluctuate with the market

MIGreenPower Program (Rider 19)

Support load with DTE renewable energy assets

Demand Response Type 1 (Rider 20)

For customers with greater than 10MW on D8 or R10 seeking to indirectly participate in the MISO market

Key base service rates

Select Riders

(options to better tailor rates to your needs)

Large customers have levers to reduce their effective rates



Improve load factor



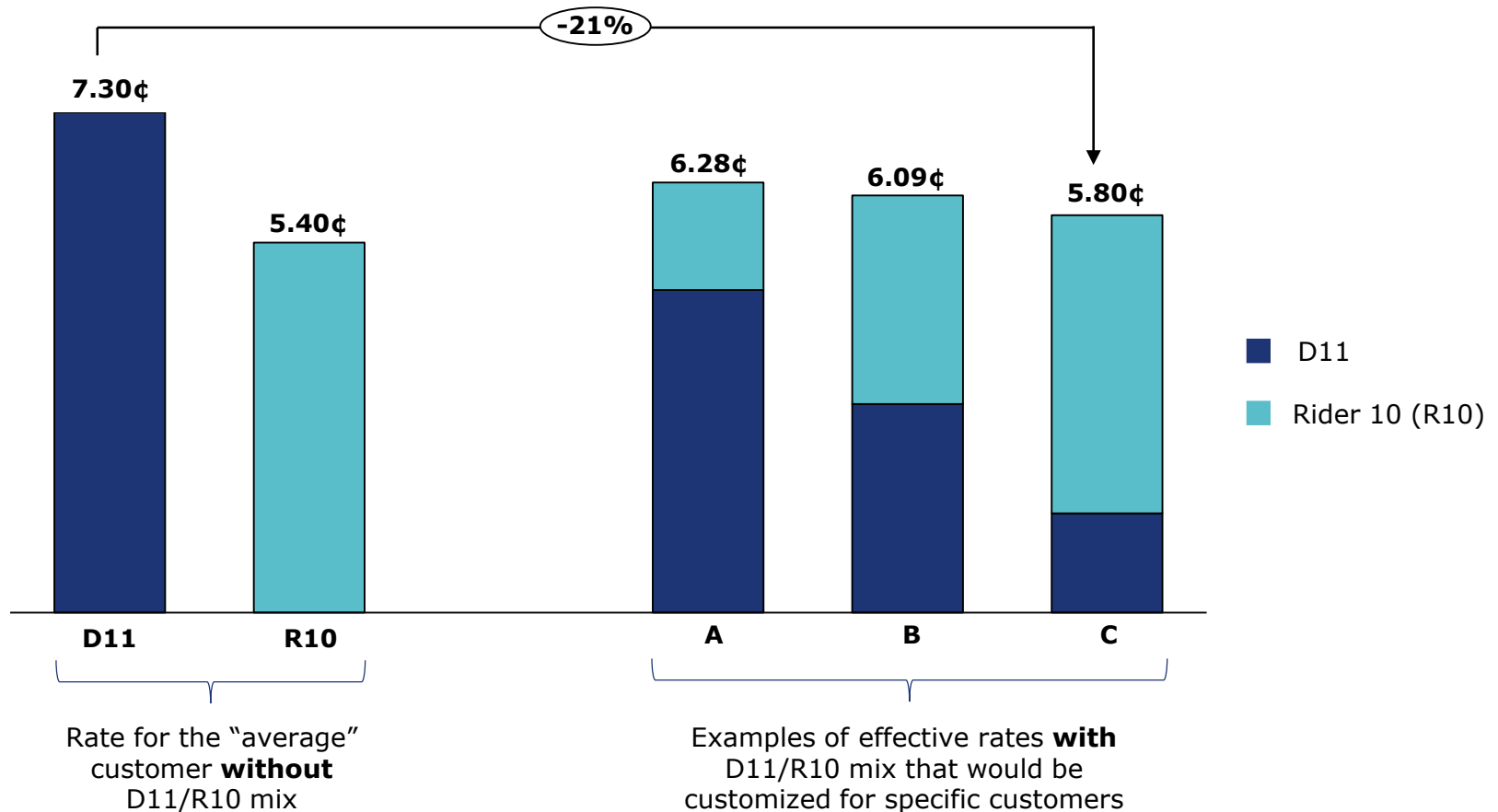
Utilize interruptible rate products



Take advantage of DTE riders

Any industrial customer can receive a more competitive rate that is customized to meet their usage pattern and ability/willingness to interrupt

Illustrative pricing for a 60MW customer with D11 base service and Rider 10 interruptible service
(cents per kWh)



Rate for the "average" customer **without** D11/R10 mix

Examples of effective rates **with** D11/R10 mix that would be customized for specific customers

DTE's competitive rate offerings have supported significant investments in our service territory



\$70 million
development
bringing 300+
jobs



\$48 million
project
creating
hundreds of
jobs



\$4.6 million
investment
creating 100+
jobs

Partners can help DTE provide the most suitable rate options to the client by getting DTE involved early and providing as much information upfront as possible

- Type of operation (e.g., Data Center, EV battery manufacturer)
- Weekday hours of operation (e.g., Mon — Fri, 8 A.M. — 5 P.M.)
- Weekend hours of operation (e.g., 8 A.M. — Noon Sat, closed Sun)
- Energy consumption in Kilowatt Hours (kWh)
- Special equipment (e.g., 100 HP motors or larger)
- Maximum electrical demand including power factor (kVA or kW)
- Load factor
- Average monthly electrical demand (kVA or kW)
- Percent of on peak usage. (Total hours of weekly usage during on peak hours (11 A.M. — 7 P.M., Mon - Fri) as a percent of your total hours of weekly operation)

Our Commitment

DTE

“We can tailor the product to be as competitive as any other electric company in North America. We’re prepared to compete. We can compete. We’ve got the tools to compete.”

-Jerry Norcia, DTE Energy President & CEO

To follow-up with DTE please contact:

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Consumers Energy

Industrial Rate Competitiveness

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Consumers Energy

Count on Us®

CMS ENERGY

Electric Rates are one factor among many in business site location decisions

Evaluation Criteria

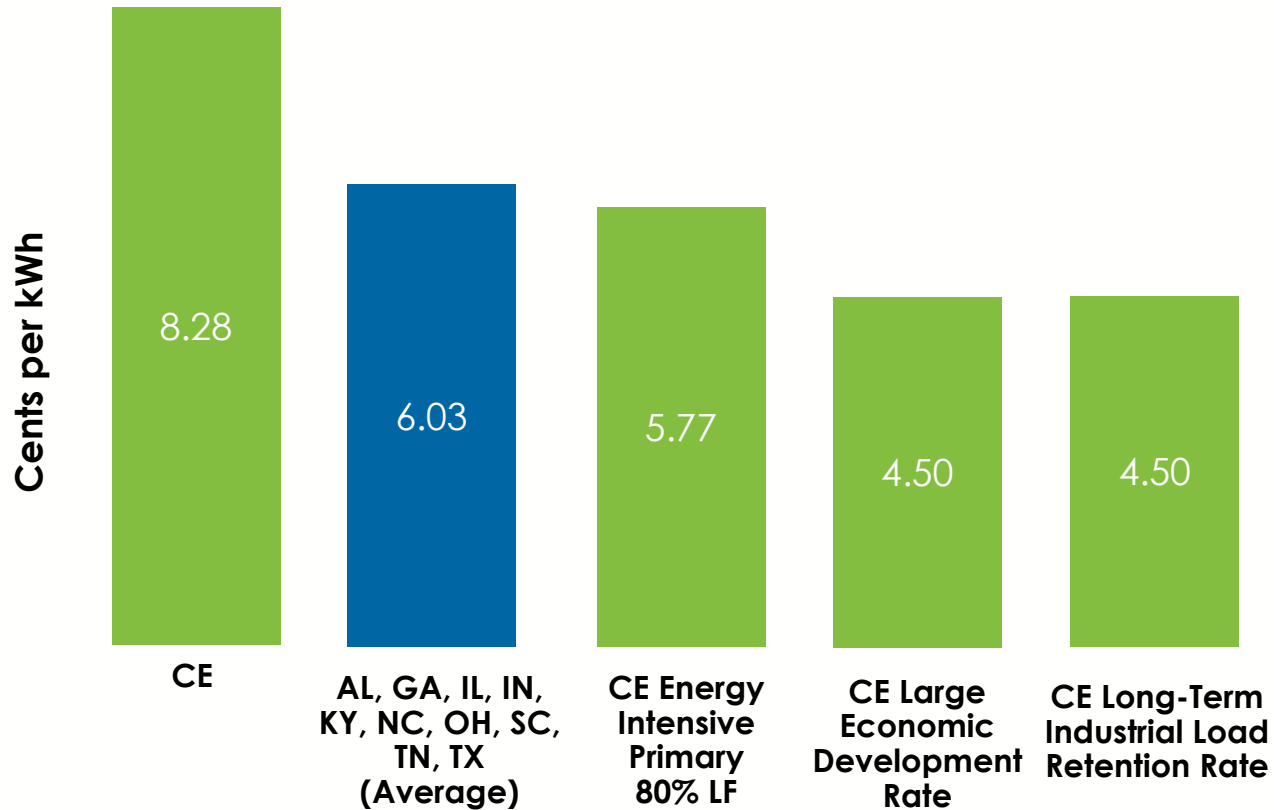
- Shovel-ready Sites
- Industrial Average Electric Rates
- Talent
- Incentives

Michigan Providing Certainty

- Consumers Energy – Energy Ready Sites
 - Available 24-7
online: [ConsumersEnergy.com/EnergyReadySites](https://www.consumersenergy.com/EnergyReadySites)
- Large Economic Development Rate (LEDR) – Approved
- Michigan Strategic Site Readiness program
- Critical Industry Investment program

Michigan offers competitive options for large energy users

Industrial Average Rate
Previous 12 Months



While Consumers Energy's average industrial rate is above that of more Southern economic development "competitor" states...

...we have competitive electric rate solutions to attract large energy users.

Consumers Energy's Large Economic Development Rate offers competitive 4-5 cent/kWh pricing

Size Threshold and Eligibility	35 MW+ of incremental load at a single site.
Term	15 year Minimum
Production Capacity	Expected marginal cost of capacity. Production Capacity Cost is fixed for the term of the contract.
Energy	Wholesale Market Pricing.
Transmission	The incremental transmission charges incurred as a result of the new load served under the tariff. This charge shall be adjusted and reconciled on an annual basis in the Company's Power Supply Cost Recovery proceedings.
Distribution	Equivalent to the distribution charges for the Large General Service Primary Demand Rate (GPD).
Overall Pricing	4-5 cents/kWh. Varies based on customer load factor.

We are planning to propose another cost-based economic development option with a lower load threshold

General Economic Development Provision

(PRELIMINARY THINKING – SUBJECT TO CHANGE)

- 2 MW+
 - New full service primary electric customers locating permanent operations within Consumers Energy's service territory
 - Existing full-service primary customers expanding their permanent operations to add new electric load
- Supports transformation of the automotive supply chain
- Up to 10-year contract term, step up to embedded production capacity cost rates years 6-10
- 5-7 cents per kilowatt/hour (depending on customer load factor)



Engaging your utility partner early is key

- Early engagement with specific energy information
- Which utility serves a site?
 - [Michigan Service Areas of Electric and Gas Utilities](#)
- Electricity
 - Diversified peak demand in megawatts (MW)
 - Estimated annual electricity use in kilowatt hours (kWh)
 - Hours of operation
- Natural Gas
 - Estimated hourly natural gas use in thousand cubic feet per hour (MCFH)
 - Estimated annual natural gas use in thousand cubic feet (MCF)
 - Required natural gas delivery pressure in pounds per square inch gage (psig)



Contact Us



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Questions?

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