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April 25, 2018

Ms. Kavita Kale
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Highway
P.O. Box 30221
Lansing, MI 48909

Re: MPSC Case No. U-18351

Dear Ms. Kale:

Attached for electronic filing in the above-referenced matter, please find the Direct Testimony and Exhibits of Caitlin Marquis on behalf of the Michigan Energy Innovation Business Council, the Institute for Energy Innovation, and Advanced Energy Economy. Thank you for your assistance in this matter.

Sincerely yours,

VARNUM

Timothy J. Lundgren

TJL/kc
Enclosures
c. All parties of record.

**STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

* * * * *

In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	Case No. U-18351
determination and/or approvals necessary for)	
Consumers Electric Company to comply)	
with Section 61 of 2016 PA 342)	
_____)	

**DIRECT TESTIMONY OF
CAITLIN MARQUIS ON BEHALF OF
MICHIGAN ENERGY INNOVATION BUSINESS COUNCIL,
INSTITUTE FOR ENERGY INNOVATION,
AND ADVANCED ENERGY ECONOMY**

DIRECT TESTIMONY OF CAITLIN MARQUIS

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1 **Q. Please state your name and business address.**

2 A. My name is Caitlin Marquis, and my business address is 133 Federal Street, 12th Floor,
3 Boston, MA 02110.

4

5 **Q. What is your position?**

6 A. I am Manager of Federal and State Policy at Advanced Energy Economy.

7

8 **Q. On whose behalf are you testifying in this proceeding?**

9 A. I am testifying on behalf of the Michigan Energy Innovation Business Council
10 ("Michigan EIBC"), the Institute for Energy Innovation ("IEI"), and Advanced Energy
11 Economy ("AEE").

12

13 **Q. Please summarize your education and professional backgrounds.**

14 A. I have worked for AEE for three and a half years. I facilitate AEE's "Advanced Energy
15 Buyers Group," a business-led coalition of large energy users who have come together to
16 engage on energy policy issues that will help them achieve their ambitious clean energy
17 targets. I also lead AEE's parallel "Access to Advanced Energy" initiative, which brings
18 together both corporate purchasers and renewable energy suppliers to develop and
19 advocate for solutions to meet customers' renewable energy needs.¹ In this capacity, I
20 have worked extensively with both corporate purchasers and renewable energy
21 developers on the topic of renewable energy procurement solutions. Prior to my

¹ Learn more about both initiatives at AEE, *Corporate Access to Advanced Energy*, <https://www.aee.net/initiatives/corporate-access-to-advanced-energy.html>, accessed April 25, 2018.

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1 employment with AEE, I worked at Altenex LLC (now part of Edison Energy), an energy
2 management network that assists leading companies with their renewable energy
3 procurement decisions. I hold a B.A. from Harvard University and a Master of Science in
4 Environmental Change and Management from the University of Oxford.

5
6 **Q. Have you testified as an expert witness in prior proceedings?**

7 A. Yes, I have testified before the State Corporation Commission in Virginia in Case No.
8 PUR-2017-00060, and also have testimony before the Michigan Public Service
9 Commission in Case No. U-18352.

10
11 **Q. Are you sponsoring any exhibits?**

12 A. Yes, I am sponsoring the following exhibit:

- 13 • Exhibit EIB-1 (CM-1) - Response to Environmental Law and Policy Center
14 (ELPC) question 27; and
- 15 • Exhibit EIB-2 (CM-2) - Response to ELPC question 29.

16
17 **Q. What is the purpose of your testimony?**

18 A. The purpose of my testimony is to assess the suitability of the application of Consumers
19 Energy Company (hereafter "Consumers Energy" or "Company") to meet customers'
20 needs under Section 61 of Public Act 342 of 2016 (hereafter "Section 61").² My role at
21 AEE is focused on expanding opportunities for large customers to procure renewable

² Consumers Energy Company Application and the Testimony and Exhibits of Company witnesses Teri L. VanSumeren and Karen J. Miles, filed on October 18, 2017 in Case No. U-18351 (hereafter "Application").

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1 energy and other advanced energy resources to serve their energy needs. I evaluated the
2 application with these goals in mind, although many of my conclusions and
3 recommendations would apply equally to the needs of smaller customers. My testimony
4 is primarily focused on the Large Customer Renewable Energy Program (LC-REP,
5 Option A and Option B), and briefly discusses the Solar Gardens program. My testimony
6 does not include discussion of the Green Generation Tariff.

7
8 **Q. Do the assessments and recommendations in your testimony regarding customer**
9 **needs and preferences represent the views of a range of corporate purchasers?**

10 A. The needs and preferences of corporate purchasers and renewable energy developers vary
11 across sectors and between companies, and my testimony attempts to reflect this range of
12 needs and preferences. However, my testimony should not be interpreted as representing
13 the views of any individual company within AEE's membership or Michigan EIBC's
14 membership.

15
16 **Q. Please describe your overall assessment of Consumers Energy's Section 61**
17 **application.**

18 A. My testimony concludes that Consumers Energy has taken meaningful steps to address
19 the varied needs of its customers and offers some small but important recommendations
20 to improve the programs to better suit customer preferences and requirements. However,
21 my testimony also notes that both Solar Gardens and LC-REP Option A are either fully
22 or nearly fully subscribed, and cannot be considered as meaningful customer options
23 under Section 61 unless and until the Company provides a clear path to enroll additional

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1 interested customers. Because the LC-REP Option B program as proposed is only
2 available to customers with new or expanding load of at least 3 MW, the availability of
3 this program does not lessen these concerns around the availability of the other Section
4 61 filings. Should the Commission direct Consumers Energy to expand the Solar Gardens
5 and LC-REP Option A programs, my testimony strongly recommends a competitive
6 solicitation and project selection process to ensure customers have access to
7 competitively-priced renewable energy.

8
9 **Q. Please provide an outline of your testimony in this case.**

10 A. My testimony is structured as follows:

11 I. Customer renewable energy demand and preferences;

12 II. Evaluation of Consumers Energy's Section 61 application, including suggested
13 improvements to each program:

14 A. LC-REP Option A;

15 B. LC-REP Option B; and

16 C. Solar Gardens Program;

17 III. Conclusion.

18
19 **I. CUSTOMER RENEWABLE ENERGY DEMAND AND PREFERENCES.**

20 **Q. Please discuss trends in customer demand for renewable energy across the country.**

21 A. Customers across the country have made their commitment to purchase renewable energy
22 very clear, with a growing number of companies setting renewable energy and energy-
23 related sustainability targets. Seventy one of the Fortune 100 companies are now

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1 committed to reducing their energy-related impacts, including all three Fortune 100
2 companies headquartered in Michigan. Over 43% of the Fortune 500 companies have
3 similar commitments, and nearly 60% (10 out of 17) of Michigan-headquartered Fortune
4 500 companies have set some form of renewable energy or energy-related sustainability
5 target.³ Many more companies on these lists not headquartered in Michigan have a
6 facilities or operations in Michigan.

7
8 Companies are not only making commitments on paper, but are following through with
9 them in reality. Since 2013, U.S. corporations have purchased over 11 gigawatts of
10 renewable energy from offsite projects.⁴

11
12 **Q. Have companies coalesced around any common goals or principles regarding their**
13 **renewable energy needs?**

14 **A.** Yes. In 2014, a group of companies came together to develop the Renewable Energy
15 Buyers' Principles.⁵ As of February 2018, a total of 73 companies representing 67 million
16 MWh of electricity use—including many companies with a Michigan presence—have
17 agreed to these principles, which are:

- 18 1. Greater choice in procurement options;

³ Advanced Energy Economy, 2016 Corporate Advanced Energy Commitments (Dec. 2016), available at <http://info.aee.net/growth-in-corporate-advanced-energy-demand-market-benefits-report>, accessed April 25, 2018.

⁴ Business Renewables Center, BRC Deal Tracker, available at <http://businessrenewables.org/corporate-transactions/>, accessed April 25, 2018.

⁵ Corporate renewable energy buyers' principles, "About Us," <http://buyersprinciples.org/about-us/>, accessed April 25, 2018.

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- 1 2. More access to cost competitive options;
- 2 3. Longer- and variable-term contracts;
- 3 4. Access to new projects that reduce emissions beyond business as
- 4 usual;
- 5 5. Increased access to third-party financing vehicles as well as
- 6 standardized and simplified processes, contracts, and financing for
- 7 renewable energy projects; and
- 8 6. Opportunities to work with utilities and regulators to expand
- 9 choices for buying renewable energy.⁶

10 These principles are intended to apply in both traditionally regulated and restructured

11 markets, and to represent the needs of a range of customers of different sizes and across

12 different industries and market sectors.

13

14 **Q. In addition to general principles, are there any common needs and preferences**

15 **among corporate purchasers that specifically pertain to utility renewable energy**

16 **offerings?**

17 A. Yes. AEE worked with member companies, including both energy users and renewable

18 energy suppliers, to develop a set of principles or best practices for renewable energy

19 tariffs, summarized in a policy brief published by AEE in 2017.⁷ That brief finds that, to

⁶ Corporate Renewable Energy Buyers’ Principles, “The Principles,” <http://buyersprinciples.org/principles/>, accessed April 25, 2018.

⁷ See Making Corporate Renewable Energy Purchasing Work for All Utility Customers, available at <http://info.aee.net/making-corporate-renewable-energy-purchasing-work-for-all-utility-customers>, accessed April 25, 2018.

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1 be effective, a renewable energy tariff should:

- 2 • Avoid impacts on nonparticipating customers;
- 3 • Include program pricing that reflects actual market pricing and program
- 4 costs;
- 5 • Allow for competitive project selection;
- 6 • Enable development of new renewable energy, beyond business-as-usual;
- 7 • Allow a range of customers to participate; and
- 8 • Include varied or flexible offerings to meet the needs of different
- 9 customers.

10 These elements are derived from customer and developer experience under existing
11 renewable energy tariffs and provide a set of benchmarks against which to assess
12 Consumers Energy's Section 61 programs.

13
14 **Q. Are these needs and preferences reflected in Docket U-18349 regarding utility**
15 **Section 61 filings, and consistent with the Commission's July 2017 order in that**
16 **docket?**

17 A. Yes, the points above are all reflected in comments submitted in Docket U-18349 and
18 also in the Commission's July 2017 order providing guidelines for utility Section 61
19 filings.⁸ In particular, the Commission's Order included the following requirements and
20 recommendations, which are all consistent with the principles outlined above:

⁸ Michigan Public Service Commission, Order on July 2017 in Case No. U-18349, U-18350, U-18351, U-18352, U-18353, U-18354, U-18355, U-18356, U-18357 (hereafter "Commission Order" or "Commission July Order").

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- 1 • Emphasis on innovation and experimentation;
- 2 • Endorsement of a competitive bidding processes for resource selection;
- 3 • Rejection of programs that rely on a set price premium, in favor of cost-of-
- 4 service offerings;
- 5 • Concern with high administrative and marketing costs;
- 6 • Acknowledgement that program caps are unnecessary at this stage;
- 7 • Encouragement of load aggregation for customers with multiple metered
- 8 locations; and
- 9 • Interest in exploring direct negotiation between customers and suppliers.

10 Programs that successfully deliver on these recommendations are likely to be successful
11 in meeting the needs of a range of customers.

12

13 **II. EVALUATION OF CONSUMERS ENERGY'S SECTION 61**
14 **APPLICATION**

15 **Q. Please summarize your overall feedback on Consumers Energy's Section 61**
16 **programs.**

17 A. Based on my experience working with large energy customers and suppliers across a
18 number of different states, and consistent with the principles outlined above, I see both
19 positive aspects and shortcomings of each program included in the Company's Section
20 61 filing.

21

22 Overall, the Company's application aligns with the final recommendation from AEE's
23 *Essential Elements* by providing a range of offerings to meet the needs of different

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1 customers. The four program offerings included in the filing are all tailored to customers
2 with different needs and preferences, and together this suite of offerings holds promise
3 to satisfy a broad range of customers.

4
5 With respect to the individual program proposals, the proposed LC-REP Option A
6 program has many design elements that make it well suited to meet customers' needs,
7 most importantly:

- 8 1. Access to bundled renewable energy certificates (RECs) and
9 energy from specific, local projects, and customer flexibility with
10 respect to renewable energy quantity;
- 11 2. A market-based pricing structure derived from actual project costs,
12 with credits that are market-based and no administrative fees; and
- 13 3. A market index pricing option for the customer's underlying rate.

14 However, Option A also suffers from several shortcomings, which could be amended to
15 ensure that the program will continue to meet customers' needs. Specifically:

- 16 1. The program lacks a competitive solicitation process to secure
17 projects for customers;
- 18 2. Customers only have access to subscription term options of 3 or 20
19 years;
- 20 3. The program lacks clarity as to whether customers with multiple
21 locations can aggregate their load in order to qualify for the
22 program; and

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1 4. The program is either nearly or fully subscribed, and lacks a clear
2 process for expansion.

3 Consumers Energy's LC-REP Option B program shares the positive attributes of Option
4 A, and in addition provides customers with much-desired control and flexibility.
5 However, the program is only available to customers with new or expanding load of at
6 least 3 MW, significantly limiting its applicability to Michigan customers.

7
8 The Solar Gardens program, while very different from either Option A or Option B,
9 offers some similar benefits and suffers from similar shortcomings, which I will discuss
10 briefly.

11
12 More generally, I also recommend a clear process for regular evaluation of Section 61
13 offerings to ensure that customer needs are being met. My testimony will expand upon
14 each of these points in turn.

15 **A. LC-REP Option A**

16 **Q. Please describe the positive aspects of LC-REP Option A in more detail, starting**
17 **with access to bundled RECs and flexibility regarding subscription amount.**

18 A. The LC-REP Option A program is structured to provide customers with bundled RECs
19 and energy from specific, local projects, and allows customers flexibility with respect to
20 renewable energy quantity.

21
22 Access to bundled RECs and energy is an increasingly important consideration for
23 customers. The Buyers Principles summarized above specify that the signatories, "are

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1 increasingly interested in access to bundled energy and REC products." This is because
2 "[u]nbundled RECs do not deliver the same value and impact as directly procured
3 renewable energy from a specific project or facility."
4

5 The program also provides customers with flexibility to sign up for renewable energy in
6 5% increments (starting at 20%) and allows customers to procure up to 100% of their
7 electricity needs through the program. This enables those customers with 100%
8 renewable energy goals to meet their reporting requirements.⁹ At the same time, the
9 program allows customers with lower targets (or lower near-term targets) to subscribe at
10 an amount that meets their specific needs.
11

12 **Q. Please describe the program pricing structure under Option A.**

13 A. Based on my understanding of the program, participating customers will remain on their
14 standard service bill, and will be charged for renewable energy and credited for the value
15 of the energy output and capacity of the renewable energy resource. Specifically, the
16 renewable energy price per kWh is based on the levelized cost of the renewable energy
17 project, with credits calculated on the basis of market energy prices (based on MISO real-
18 time LMP) and capacity prices (based on MISO Annual Planning Resource Auction
19 Clearing Price). The program does not include administrative or marketing fees because
20 the Company anticipates that these will be minimal.¹⁰ Customers that elect to meet 85%
21 of their electricity use through the program and that are Rate GPD customers also have an

⁹ Due to reporting requirements, customers with strict 100% renewable energy consumption targets do not count the utility's renewable energy portfolio toward this target.

¹⁰ See Direct Testimony of Teri L. VanSumeren, p. 11.

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1 option to switch to a Market Index Provision, which replaces the average variable energy
2 component of their standard rate with a real time LMP set at the CONS.CETR
3 commercial node.

4
5 **Q. You mentioned that this pricing structure is consistent with customer needs. Please**
6 **explain.**

7 A. The overall structure of the program pricing is consistent with the needs of many
8 customers. Importantly, the renewable energy charge is cost-based and the credits are
9 market-based. This structure is consistent with the requirement in AEE's *Essential*
10 *Elements* that pricing should reflect "actual market pricing and program costs," whether
11 that results in a net cost or net savings to customers. However, as I will discuss below, a
12 fair pricing structure does not necessarily equate to a fair cost if renewable energy
13 projects that serve customer needs under the program are not competitively priced.

14
15 **Q. Is the Market Index Provision option also consistent with customer needs?**

16 A. Yes, many other successful renewable energy tariffs allow customers to switch to a
17 market-based rate, which enables customers to correlate their renewable energy
18 purchases with their retail electricity costs. Other programs that are make use of market-
19 based rates include Dominion Energy's Schedule Market Based Rate and Omaha Public
20 Power District's Schedule No. 261 M. Both programs were developed in collaboration
21 with customers and have successfully subscribed customers (Amazon and Facebook,

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1 respectively).¹¹ For some customers, the availability of a market-based rate is one of the
2 most important elements of a renewable energy offering.

3
4 **Q. Do you have any concerns regarding the pricing of this program or customer costs?**

5 A. Yes. A fair pricing structure does not necessarily equate to a fair cost if renewable energy
6 projects to serve customer needs under the program are not competitively priced. Under
7 Option A, the project was developed by Consumers, and it is unclear what steps the
8 Company took, if any, to ensure that the project is competitive with similar projects.
9 Customers therefore cannot be assured that the price they are paying for renewable
10 energy per kWh is the best available price to meet the program needs. I will offer
11 solutions to this concern when I discuss the program size.

12
13 **Q. You note that customers can only subscribe for either 3 or 20 years. Please explain**
14 **why you view this as a shortcoming.**

15 A. The Company correctly notes that different customers are seeking different term options.
16 Company witness Teri VanSumeren testifies that among the "various factors" that large
17 customers consider, one "major factor is the duration of their commitment." However,
18 the term options included under Option A offer very little flexibility for customers. Some
19 customers are unable to make a 20-year commitment, but are comfortable with long-term
20 contracts of 10 or 15 years. For example, Walmart has publicly stated, "for corporate
21 governance reasons, we don't sign contracts over 15 years... we can't look at a program

¹¹ See World Resources Institute, Letha Tawney, Priya Barua, and Celina Bonugli, *Emerging Green Tariffs in U.S. Regulated Electricity Markets* (February 2018), available at <http://www.wri.org/publication/emerging-green-tariffs-us-regulated-electricity-markets>, accessed April 25, 2018.

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1 that's 20 years because we couldn't sign it."¹² Other similar programs do offer customers
2 more flexibility. For example, Xcel's RE*Connect program in Minnesota and Colorado
3 allows customers to sign up for month-to-month, five-year, or 10-year terms, and both
4 Georgia Power's Commercial and Industrial Renewable Energy Development Initiative
5 Program and Puget Sound Energy's Green Direct set a 10-year minimum subscription
6 term but give customers flexibility beyond that. In both cases, as with the LC-REP
7 Option A program, the utility signs a long-term contract with the renewable energy
8 developer, and customers receive a price benefit if they commit for a longer term.¹³
9

10 **Q. You express concern that the program lacks clarity as to whether customers with**
11 **multiple locations can aggregate their load to qualify for the program. Please**
12 **explain.**

13 A. Customers with dispersed load, such as retail stores, municipalities, or some institutional
14 customers, may have significant load across the state, yet not meet the 1,000 kW annual
15 maximum demand threshold for eligibility at all or many of their individual locations.
16 Furthermore, these customers may wish to enroll multiple locations in the program under
17 a single contract agreement. Allowing aggregation of dispersed load for both eligibility
18 and participation will ensure that all interested customers are able to participate while
19 minimizing the administrative costs to both the Company and the customer.
20

¹² See Joel Makower, "How Google and Walmart work with utilities to procure clean power," Greentech Media (April 9, 2018), <https://www.greenbiz.com/article/how-google-and-walmart-work-utilities-procure-clean-power>, accessed April 25, 2018.

¹³ See World Resources Institute, Letha Tawney, Priya Barua, and Celina Bonugli, *Emerging Green Tariffs in U.S. Regulated Electricity Markets* (February 2018), available at <http://www.wri.org/publication/emerging-green-tariffs-us-regulated-electricity-markets>, accessed April 25, 2018.

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1 **Q The final concern that you have identified is that the program is either nearly or**
2 **fully subscribed.**

3 A. Consumers Energy initially proposed a 115,000 MWh annual cap for the program, which
4 was already fully subscribed when the Company filed its Section 61 application.¹⁴ In the
5 application, Consumers Energy increased the program by 40,000 MWh annually for a
6 new program cap of 155,000 MWh annually.¹⁵ Since filing for approval of the program
7 under Section 61, it was announced that General Motors would also participate in the
8 program.¹⁶ As such, it is reasonable to assume that the program is either mostly or fully
9 subscribed.

10
11 **Q. Why is it an issue that the program is fully subscribed?**

12 A. In one sense, it is good that the program is fully subscribed, because the program is
13 clearly meeting the needs of some Michigan customers. However, this also means that
14 the program is no longer available for additional customers. As such, it does not offer
15 Michigan customers a pathway to purchase renewable energy, as required under Section
16 61.

17
18 **Q. Has Consumers Energy proposed to expand the program?**

19 A. No. In fact, the Company has indicated in response to discovery requests that "at this time

¹⁴ Direct Testimony of Teri L. VanSumeren, p. 15.

¹⁵ Application, p. 5.

¹⁶ Consumers Energy, "Consumers Energy's New Renewable Energy Program Helps General Motors and Switch in Michigan" (March 8, 2018), <https://www.prnewswire.com/news-releases/consumers-energys-new-renewable-energy-program-helps-general-motors-and-switch-in-michigan-300610715.html>, accessed April 25, 2018.

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1 the Company is not considering a second phase of the pilot."¹⁷ The Company has also
2 indicated that it expects an expansion would be more costly than the initial program,
3 "based on the projected increase in cost to locate additional wind in the state."¹⁸
4 However, prices for renewable energy across the country and in Michigan have fallen
5 consistently year over year. A 2016 report by the Commission indicates that the weighted
6 average price for utility-owned renewable energy projects dropped by 52% from 2010 to
7 2015, while third-party owned projects dropped 54% during the same time period (and
8 were consistently lower in cost).¹⁹ This data is inconsistent with the Company's
9 presumption that incremental renewable energy would come at a higher cost.

10
11 **Q. Do you have any suggestions to address concerns around program size?**

12 A. Yes. I recommend that the Company provide a clear process for customers to subscribe to
13 future tranches through a limited open enrollment period (e.g., three months), followed
14 by a competitive solicitation process to identify additional resources, open to both third-
15 party projects and Company-developed and owned resources. This approach would
16 provide a clear option for additional customers to participate while also ensuring that
17 project prices are competitive and market-based. This is similar to the approach taken by
18 programs in other states, e.g., Dominion's proposed Schedule Renewable Generation.²⁰

¹⁷ Response to ELPC question 27 (ELPC-27), included as Exhibit EIB-1 CM-1).

¹⁸ *Ibid.*

¹⁹ Michigan Public Service Commission, *Report on the Implementation of the P.A. 295 Renewable Energy Standard and the Cost-Effectiveness of the Energy Standards* (Feb. 12, 2016), https://www.michigan.gov/documents/mpsc/PA_295_Renewable_Energy_Report_2-12-16_514511_7.pdf, at 21.

²⁰ Virginia State Corporation Commission, Case No. PUR-2017-00163.

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1 **B. LC-REP Option B**

2 **Q. Turning to LC-REP Option B, you note that it shares many of the positive attributes**
3 **of Option A. Please explain briefly.**

4 A. Yes, Option B offers customers access to bundled RECs and energy from specific
5 projects, and customer flexibility with respect to renewable energy quantity; it also offers
6 a market-based pricing structure derived from actual project costs, with credits that are
7 market-based and no administrative fees; and a market index pricing option for the
8 customer's underlying rate.

9
10 **Q. You also noted that Option B has some additional advantages. How might Option B**
11 **serve customer needs in ways that Option A does not?**

12 A. Option B offers a customer the flexibility to source a renewable project that meets its
13 own specific needs, and to negotiate a contract directly. Many customers have the
14 demonstrated sophistication and capacity to negotiate power purchase agreements
15 (PPAs). Such a customer may be best served by a contract that is consistent with its
16 specific preferences around term, location, resource, and other characteristics.

17
18 **Q. Does Option B have any shortcomings or limitations?**

19 A. Yes. One significant limitation is that Option B is only available to customers with new
20 or expanding load of at least 3 MW.²¹ The Company should clarify that this new load can
21 be at a single location or across multiple locations of the same customer, and lower the

²¹ Application at 6.

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1 threshold for new and expanding load to 1 MW. The only rationale provided for the 3
2 MW threshold is that "the Company is proposing to limit the size of Option B so that it
3 can test the effectiveness and customer preference for the service."²² Lowering the
4 threshold of the program to 1 MW of new or expanding load will not make the pilot a less
5 valuable test of customer preference, and in fact will give the Company additional data
6 points.

7
8 In addition, the Commission should consider opportunities to expand the program to
9 existing customers. While it may be justified to provide additional flexibility to
10 customers that are bringing new load, it is important in the context of Section 61 to keep
11 the limited eligibility of this program in mind. As such, as proposed Option B should not
12 be considered as a viable option for most Michigan customers.

13 **C. Solar Gardens**

14 **Q. With respect to the Solar Gardens Program, please note briefly those elements of**
15 **the program that you see as consistent with customer needs.**

16 A. The Solar Gardens program is intended to meet the needs of residential customers and
17 small to medium-sized businesses, and offers several attractive elements, including:
18 access to bundled RECs and energy from specific, local projects; customer flexibility
19 with respect to renewable energy quantity; and customer credits that are market-based.

²² Response to ELPC question 29 (ELPC-29), included as Exhibit EIB-2.

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1 **Q. Does the Solar Gardens program have any shortcomings?**

2 A. Yes, the program has three key limitations: it offers limited flexibility with regard to
3 term, with no medium-term subscription options (i.e., between 7 and 25 years); does not
4 include a competitive solicitation process to secure projects for customers; and is
5 currently 81% subscribed, meaning that there are limited remaining opportunities for
6 interested customers to participate.

7

8 **Q. Do you have any suggestions to address these concerns?**

9 A. Yes, similar to my recommendations for the LC-REP Option A program, I recommend
10 that the Commission require that the Company initiate a competitive solicitation process
11 to meet customer needs when the program is fully subscribed. I also recommend that the
12 program offer a 12-year or 15-year option for customers.

13

14 **Q. You also recommend a regular process for evaluation of Section 61 offerings. Please**
15 **explain.**

16 A. If a program or suite of programs is *not* meeting customer needs, it is important to
17 uncover its failings and take corrective measures as soon as possible to ensure that
18 customers have access to renewable energy as required under Section 61. Accordingly, I
19 recommend annual reports to the Commission that include enrollment figures for the
20 prior year. I also recommend that the Commission include an opportunity during this
21 annual review for both participating and prospective customers to provide feedback on
22 Section 61 offerings.

23

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1 **III. CONCLUSION**

2 **Q. Please summarize your recommendations in this case.**

3 A. I recommend that the Commission conditionally approve Consumers Energy's Section 61
4 filing, with the following stipulations:

- 5 1. The LC-REP Option A program should have a clear pathway for future
6 enrollment, with a competitive solicitation and project selection process;
- 7 2. The LC-REP Option A program should provide opportunities for
8 customers to sign medium-term contracts in the range of 10-15 years;
- 9 3. The LC-REP Option A program should clearly allow customers to
10 aggregate load to meet the 1,000 kW demand requirement and for
11 participation in the program;
- 12 4. The Company should explore opportunities to expand eligibility for the
13 LC-REP Option B program;
- 14 5. The Company should provide a clear pathway to expand the Solar
15 Gardens program when it becomes fully subscribed, and this process
16 should rely on a competitive solicitation and project selection process and
17 should allow customers to enroll for medium-term subscriptions in the
18 range of 10-15 years; and
- 19 6. All Section 61 programs should be subject to an annual review process
20 that includes information about enrollment and also provides both
21 participating and nonparticipating customers an opportunity to provide
22 input.

CAITLIN MARQUIS
DIRECT TESTIMONY

1 Consumers Energy has taken meaningful steps to address the varied needs of its
2 customers, but without these changes its progress to date is not sufficient to ensure that its
3 customers will continue to have opportunities to voluntarily pursue renewable energy as
4 required by Section 61.

5

6 **Q. Does this conclude your testimony?**

7 A. Yes.

8

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**STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

* * * * *

In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	Case No. U-18351
determination and/or approvals necessary for)	
Consumers Electric Company to comply)	
with Section 61 of 2016 PA 342)	
_____)	

**EXHIBIT OF
CAITLIN MARQUIS ON BEHALF OF
MICHIGAN ENERGY INNOVATION BUSINESS COUNCIL,
INSTITUTE FOR ENERGY INNOVATION,
AND ADVANCED ENERGY ECONOMY**

18351-ELPC-CE-27

Question:

With respect to Consumers' proposal to use a "phased pricing design" for LC-REP Option A, please answer the following questions:

- a. What is the basis for Consumers' expectation that customers in the second phase would pay a subscription fee between \$0.046 and \$0.06 per kWh?
- b. Why does Consumers expect that renewable energy provided in the second phase of the program would cost more than renewable energy provided in the first phase?
- c. What criteria is Consumers using in identifying renewable energy resources to be used for the second phase?
- d. Does Consumers plan to use renewable energy resources from the Company's RE Plan for the second phase of the LC-REP?

Response:

- a. The estimated subscription fee range of \$0.046 to \$0.06 per kWh is based on the projected increase in cost to locate additional wind in the state.
- b. Please see my response to part (a) above.
- c. At this time the Company is not considering a second phase of the pilot.
- d. Depending on the outcome of this pilot the Company may or may not propose to use wind resources from the Renewable Energy Plan for Option A.



Teri VanSumeren
February 20, 2018

Energy Efficiency & Renewable Resources

18351-ELPC-CE-29

Question:

What is the basis for the requirement that participants in the LC-REP Option B have a new or increased load of 3 MW?

Response:

Similar to Option A, the Company is proposing to limit the size of Option B so that it can test the effectiveness and customer preference for the service.



Teri VanSumeren
February 20, 2018

Energy Efficiency & Renewable Resources

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
regarding the regulatory reviews, revisions,)
determination and/or approvals necessary for)
CONSUMERS ENERGY COMPANY to comply)
with Section 61 of 2016 PA 342)
_____)

Case No. U-18351

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Kimberly Champagne, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 25th day of April, 2018, she served a copy of the Direct Testimony and Exhibits of Caitlin Marquis on behalf of the Michigan Energy Innovation Business Council, the Institute for Energy Innovation, and Advanced Energy Economy upon those individuals listed on the attached Service List via email at their last known addresses.

Kimberly Champagne

SERVICE LIST
MPSC CASE NO. U-18351

Administrative Law Judge

Honorable Martin D. Snider
Michigan Public Service Commission
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sniderm@michigan.gov

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