



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: February 23, 2018
Subject: Voluntary Green Pricing Program

Public Act 342, Section 61, requires utilities to provide customers the option to participate in a voluntary green pricing program where customers can specify the amount of electricity provided to the customer that will be generated from renewable energy. The Michigan Public Service Commission ("MPSC") is requiring the programs be implemented by utilities within the State of Michigan by April 20, 2018.

Staff, with consultation from Michigan Public Power Agency ("MPPA") and Utility Financial Solutions, LLC, mutually agreed the best method to calculate the renewable energy rider tariff was based on marginal cost (the cost of adding one more unit of product). For Traverse City Light & Power ("TCL&P") this is the next renewable energy project to come online (Pegasus Wind Project) energy cost. The rate calculated as a rider tariff rate is \$.0085 per kWh and the tariff sheet is included in the board packet for your review.

In accordance with recommendations from the MPSC this rate will be reviewed biennially unless the utility's purchase power portfolio changes, with new renewable energy projects this will automatically require a new calculation of the rider tariff rate.

Any customer who wishes to enroll in the renewable energy rider will have the tariff rate added to their rate class and, at least on a quarterly basis, the utility's renewable energy credits (utility receives one credit for one MWh of renewable energy generated) will be retired by MPPA on their behalf, demonstrating their energy was provided by renewable energy. More information prepared by MPPA on this program has been included in this packet for your review.

Currently, the utility has a long position with their renewable energy credits, however, if the demand of the volunteer green pricing program exceeds this position, renewable energy credits can be purchased off the market.

Staff is proposing to take this one step further by proposing a grant program with the revenues generated from this rider tariff rate. The revenues would be awarded to community programs for renewable energy or energy waste reduction programs with the intention it will reduce government operations costs and lead to cost savings in taxes or through other rates and fees charged to the public. Finite details have yet to be developed and will be brought before the board for future consideration.

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 13, 2018

If the Board concurs with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD SET A PUBLIC HEARING FOR PROPOSED ADOPTION OF THE RENEWABLE ENERGY RATE RIDER TARRIFF RATE ON APRIL 10, 2018 IN ACCORDANCE WITH PUBLIC ACT 342 OF 2016; AND FURTHER THAT A NOTICE OF THE PUBLIC HEARING BE POSTED ON THE UTILITY'S WEBSITE AND PLACED IN THE TRAVERSE CITY RECORD EAGLE.

City of Traverse City
Light and Power Department
Effective:

RENEWABLE ELECTRIC ENERGY RIDER

Availability:

The rider is available to customers making use of a TCL&P metered electric rate schedule(s).

Nature of Service:

TCL&P will provide green power to system or if needed, purchase renewable energy credits per the participant enrollment. However, TCL&P does not guarantee that the actual electricity delivered to each participant's facility at any specific time will be produced from a green supply resource.

Monthly Rate:

Customer's electing this premium service option will receive an additional charge per kWh in the amount of \$.0085 for the specified amount of electricity attributable to the customer. The customer may elect to have 25%, 50%, 75% or 100% of their consumption that will be renewable energy. The customer will only be charged this rate for the amount elected less the percentage of the utility's prior calendar year renewable energy portfolio. The rate will be modified when new renewable resources are executed by a purchase power agreement or on a biennial basis. The amount of kWh's will be based on the availability of resources including renewable energy credits TCL&P is able to secure.

Term:

All participants electing to sign up for this rider will be enrolled until notification is received from the customer requesting termination of the rider.