

To: Traverse City Light and Power Board
From: Karla Myers Beman - Controller
Meeting: Regular Board - May 12 2020
Subject: Voluntary Green Program

Public Act 342, Section 61 (“Act”), 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. Part of this Act requires the rate to be reviewed biennially.

It has been two years since this rate was first calculated. Initially, 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). At that time, TCL&P only had legacy renewable projects. Using the legacy costs would have made the tariff rate expensive and deter from participation in the program.

Since the inception of the voluntary green program, the Pegasus Wind Project and the M-72 Solar II Farm have become operational and providing renewable energy to the utility purchase portfolio. The purchase power contract and operation information for these projects was used as the basis for reevaluating the renewable energy electric rider. The new rate calculated out to \$.009 per kWh a very slight increase above the current tariff rate of \$.0085 per kWh.

An average residential customer who currently participates 100% in the program will see less than \$.25 increase to their monthly bill.

Staff recommends the Board tentatively approve the new renewable energy electric rider tariff rate and set a public hearing for proposed adoption of the rate on June 9, 2020 in accordance with Public Act 342 of 2016.

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

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD TENTATIVELY APPROVES THE NEW RENEWABLE ENERGY ELECTRIC RIDER TARIFF RATE (“RATE”), AND SET A PUBLIC HEARING FOR PROPOSED ADOPTION OF THE RATE ON JUNE 9, 2020 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: April 20, 2018

Amended:

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~~009 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 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 to terminate the rider.