

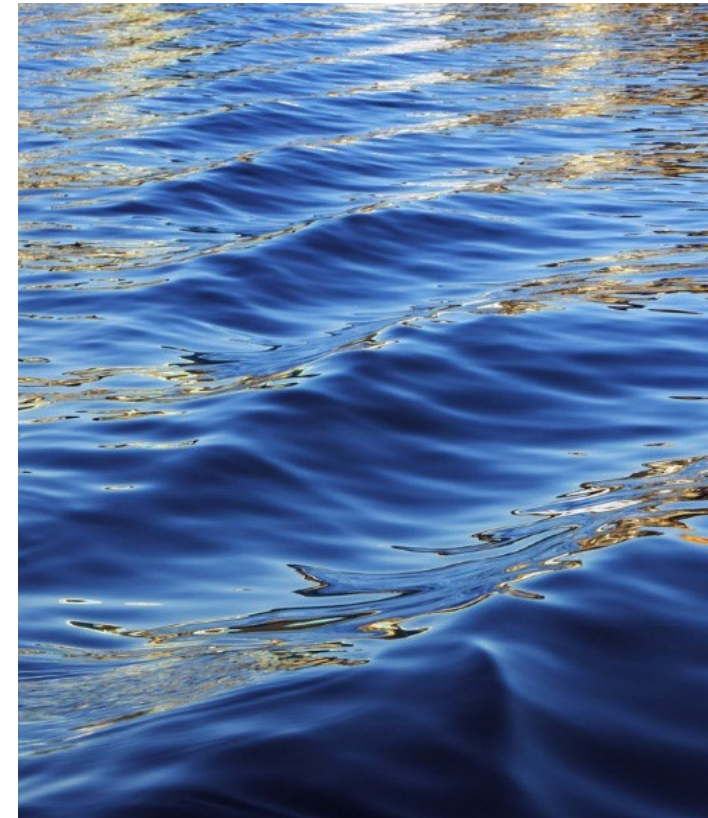
Voluntary Green Pricing

Where Traverse City Light and Power Started
&
Where Do We Go Now?

July 12, 2022



TRAVERSE CITY
LIGHT & POWER

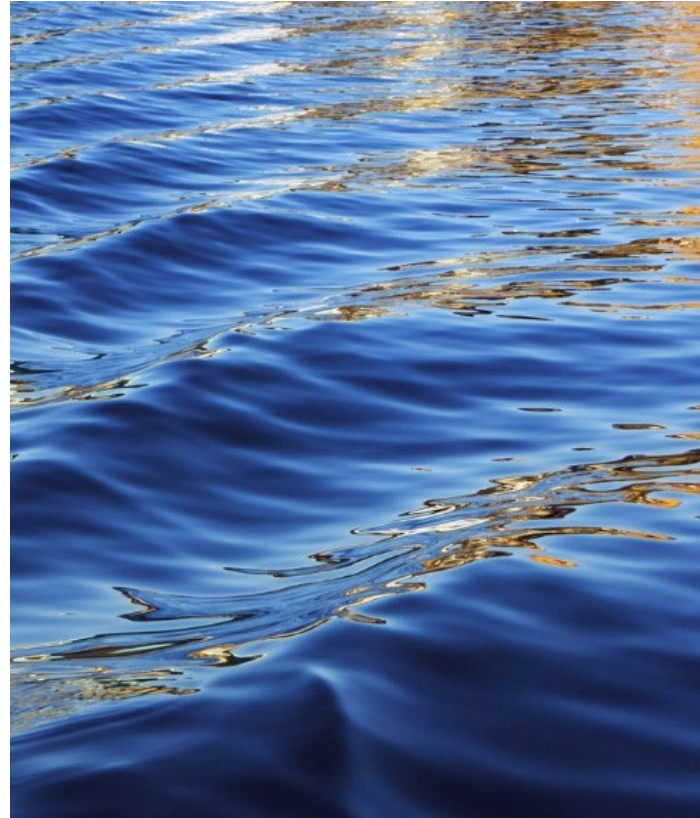




Overview

- Objectives
 - Background & Explanation
 - Current City Grant Program
 - M-72 Solar 1 & Assembly Solar 2
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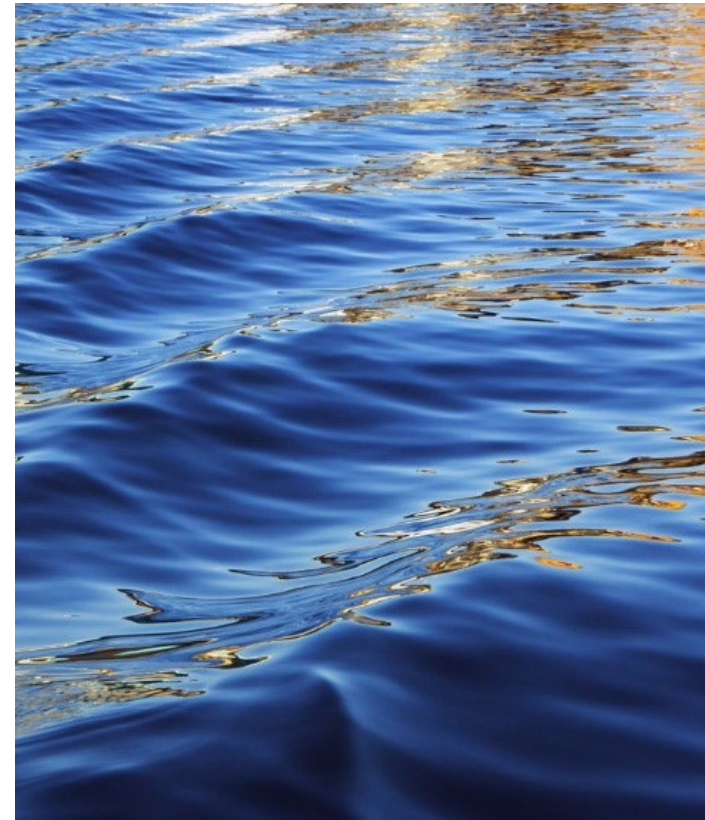
Objective



Objectives

- Review
 - Inception and requirements of the VGP program
 - Renewable Energy Credit (REC) process
 - Current VGP program
 - City of Traverse City Demand Response Policy
- Explain
 - VGP City of Traverse City Demand Response Policy
 - M-72 Solar 1 & Assembly Solar #2
 - Options for future VGP program
- Discuss
 - What is best for TCLP and its rate payers going forward

Background & Explanation



Background

- Public Act 342, Section 61 requires utilities to provide rate payers an option to participate in a voluntary green pricing program
- Voluntary green pricing allows rate payers to invest in clean energy options
 - Renewables and Energy Efficiency
- The MPSC (Michigan Public Service Commission) required the programs to be implemented by April 20th, 2018
- Staff consulted with Michigan Public Power Agency (MPPA) and Utility Financial Solutions (UFS) to establish a rate
- The initial rate calculated as a rider tariff was \$.0085
- The renewable investment does not count towards TCLPs 100% Renewable goals

Renewable Energy Credit 101

REC = "Renewable Energy Credit" or
"Renewable Energy Certificate"

RECs track the source of
renewable energy

1 REC = 1 MWh
(megawatt-Hour) of
renewable energy

Can be separated, or
unbundled, from the
electric output and sold



RECs are the environmental attribute of renewable energy

A certificate is symbolic of REC
retirement

RECs can only be retired once

Where TCLP RECs Come From

- TCLP has accumulated RECs in excess of compliance requirements (long on RECs)
- Current REC Investments
 - DTE Stoney Corners
 - Pegasus Wind Farm
 - M-72 Solar 2
 - Assembly Solar 1
 - Landfill Projects

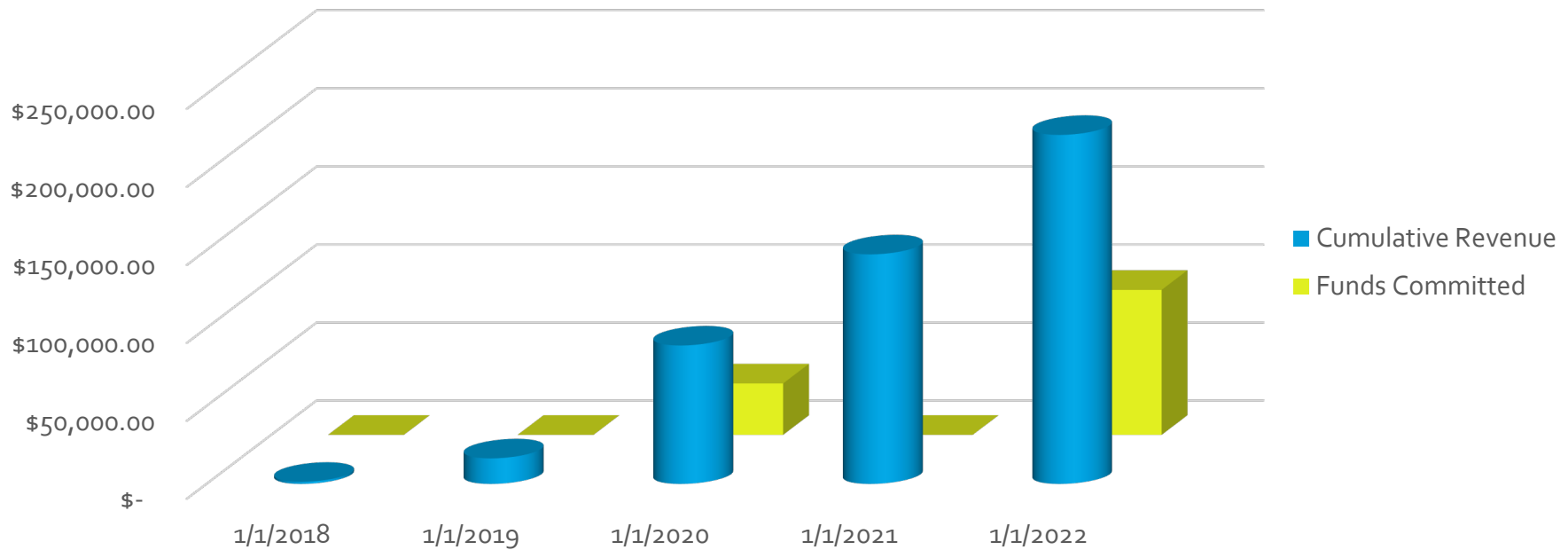
How VGP Works Today

- Rate payers signup through TCLP's website
 - Have the option of 25%, 50%, 75%, or 100% of consumption for the account
 - The rate payers can cancel at any time
 - A tree is donated to the account holder or they can choose to donate the tree for the city to plant in a public space
- TCLP RECs are currently being used
- Revenue is set aside for City of Traverse City internal energy efficiency projects

VGP City of Traverse City Demand Response Policy

- Money is set aside for internal City of Traverse City energy efficiency projects
 - Includes gas and electric savings
- The city has 3 years to use funds
- If the funds are not used in 3 years they are dispersed back into TCLP general fund

VGP Revenue and Funds Committed



| | 6/30/2018 | 6/30/2019 | 6/30/2020 | 6/30/2021 | 6/30/2022 |
|----------------------|------------|-------------|-------------|--------------|--------------|
| ■ Cumulative Revenue | \$1,375.00 | \$16,412.00 | \$88,845.00 | \$147,334.00 | \$223,820.00 |
| ■ Funds Committed | \$0.00 | \$0.00 | \$32,975.00 | \$0.00 | \$93,000.00 |

* The \$93,000 in 2022 has not been funded yet and therefore is not reflected in the cumulative revenue for 2022

VGP Pricing and Options

- Current
 - \$.009 per kWh consumed above the normal rate
 - RECs are expired using what TCLP currently has
- Proposed
 - \$.0042 per kWh consumed above the normal rate
 - RECs are expired using what TCLP currently has



M-72 Solar 1 & Assembly Solar 2



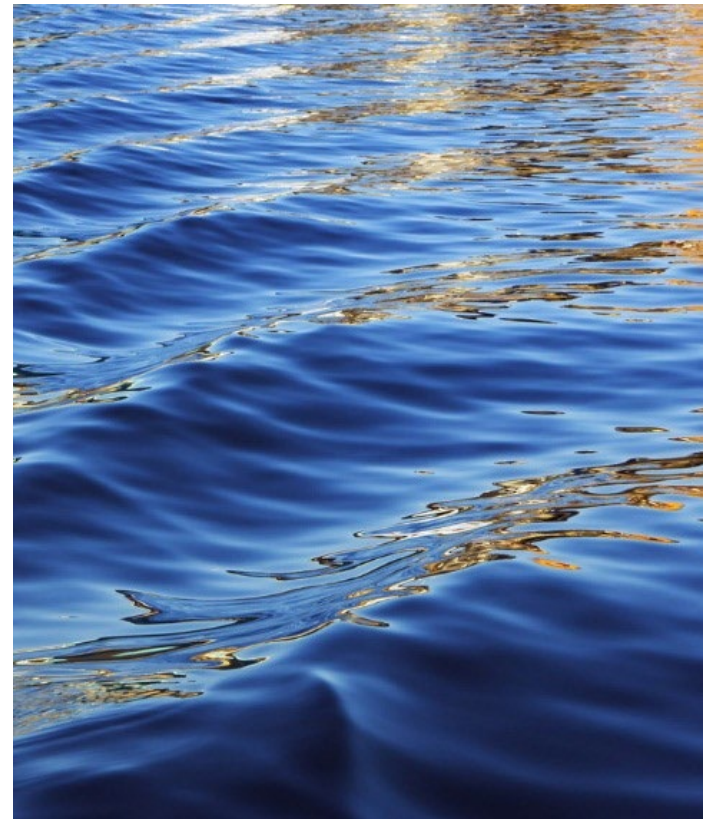
M-72 Solar 1 & Assembly Solar 2

- **1** MW of Solar (M-72 Solar 1) & **7.6** MW of Solar (Assembly Solar 2)
 - Reserved for city operations
 - RECs do not count towards TCLPs renewable portfolio
 - Cost is not passed along to the general rate base through the PCR
 - Renewable Energy cost is recovered through the SPCR

** The city has met their 100% renewable goals through these projects and is no longer a part of the VGP program.



Whats Next?



Climate Action Plan Recommendations

- Enhancements to the VGP program
 - Broadening the scope of VGP revenue
 - Working in accordance with TCLP's goals

Questions ?

