

CONTRACT FOR PARTICIPATION IN THE VOLUNTARY LARGE CUSTOMER RENEWABLE ENERGY PROGRAM – OPTION A



PART I – PROGRAM ENROLLMENT DETAIL

(Customer Name) _____

Subscription Information:

Contract Account Number: _____

If enrolling more than one facility, utilize Attachment A

Subscription Level: _____ % (see Part II, Section 4)

Annual Contract Quantity (kWh) for all facilities: _____

Subscription Term: ☐ 10 Years ☐ 15 Years ☐ 20 Years ☐ Renewal

Subscription Charge: \$0.064 per kWh (see Part II, Section 8)

Optional – Renewable Energy Credit (REC) Subscription:

As a "Bridge" solution, you can elect to purchase RECs in accordance with the Company's REC program tariff prior to new renewable energy resource(s) coming online. Once capacity is available, your LC-REP subscription will begin.

REC Subscription Level: _____ %

REC Source: ☐ National ☐ Michigan

REC Price: National = \$0.005/kWh Michigan = \$0.014/kWh

Procurement Option: ☐ One-time ☐ Monthly

Effective Start Date: _____

Effective End Date: ☐ _____ or ☐ Bill month prior to LC-REP subscription commencing

REC Fuel and Age (optional):

REC Fuel Type: ☐ Solar ☐ Wind

REC Vintage (Year/s Generated): _____

Other: _____

Billing Information:

Electric Rate Option: ☐ Standard Rate ☐ Market Index Provision
(see Part II, Section 11)

Renewable Energy Credit (REC) Treatment: ☐ Retire RECs on subscriber's behalf ☐ Transfer RECs to subscriber
(see Part II, Section 12)

Contact Information:

Energy Contact to be contacted regarding program updates and enrollment inquiries. Accounting Contact to be contacted regarding billing or payment inquiries.

Energy Contact

Name: _____

Title: _____

Phone Number: _____

Email: _____

Address: _____

Accounting Contact

Name: _____

Title: _____

Phone Number: _____

Email: _____

Address: _____

Part II, Terms and Conditions are a part of this Agreement. CUSTOMER ACKNOWLEDGES HAVING READ SAID TERMS AND CONDITIONS.

CONSUMERS ENERGY COMPANY

(Customer Name)

By: _____
(Signature)

By: _____
(Signature)

(Print or Type Name)

(Print or Type Name)

Title: _____

Title: _____

Date: _____

Date: _____

PART II TERMS AND CONDITIONS

1. **Request for Service:** Consumers Energy Company ("Company") agrees to supply, and the Customer agrees to purchase hereunder, all energy usage identified in Part I in accordance with the Company's Voluntary Large Customer Renewable Energy Program (LC-REP) [Tariff](#), a copy of which is attached hereto and made a part hereof, and in accordance with such tariff amendments thereto as may be filed with and approved by the Michigan Public Service Commission (MPSC) during the term of this Agreement.
2. **Rate Schedule for Electric Service:** This Agreement does not include the providing of electric service. Electric service will be provided at an available rate in accordance with the appropriate Rate Schedule in Section D of the [Electric Rate Book](#).
3. **Application of Rate Schedule:** Such service shall be governed by the Company's Electric Rate Book and such future revisions and amendments thereof, supplements thereto or substitutions therefore as may be filed with and approved by the MPSC during the term of this Agreement.
4. **Subscription Level:** The Subscription Level is the percentage of the Customer's participating account(s) energy use to be matched with renewable energy and associated RECs. The minimum participation match is 1% of energy use for each enrolled Customer account. The Customer may select participation levels in 1% whole number increments up to 100% of their total energy use.
5. **Energy Use Above Annual Contract Quantity:** The annual contract quantity is the amount of energy (kWh) on a calendar year basis the customer is enrolling in the LC-REP. If Customer's annual energy use exceeds the Annual Contract Quantity, the Company will match the additional energy use with renewable energy based on the Subscription Level (to the extent renewable energy is available in LC-REP) at the Subscription Charge. If renewable energy is only available at a cost greater than the Subscription Charge, Customer will have the option to match the additional energy use in that year at the increased cost. If renewable energy is not available the Company will provide, at Customer's option and cost, RECs in an amount that satisfies Customer's additional annual energy use above the Annual Contract Quantity.
6. **Subscription Term:** The subscription term is the applicable ten (10) year, fifteen (15) year, or twenty (20) year Service Agreement option, as selected in Part I. The Agreement will become effective the date the Agreement is signed. Customer's program participation will begin on the date the designated facility or facilities supporting this Agreement are available to LC-REP and in operation (which may be after the effective date if such facility or facilities are in development when this Agreement is signed) and will continue for the duration of the selected Subscription Term.
7. **Re-enrollment:** Customers with contracts that terminate prior to the end of the useful life of the resource(s) to which they subscribe shall have priority to re-subscribe to that resource(s) up to the end of the useful life at the same rate with the exception of Customers that enroll at a 10-year term. If Customer is on a 10-year Subscription Term and elects to re-enroll after that term for an additional 10-year Subscription Term, then they will pay their current Subscription Charge plus a 2% increase for the subsequent Subscription Term. The 2% increase will be limited to 10-year reenrollments, after which it is subject to increase at the Company's discretion. A customer may elect to re-enroll from a 10-year Service Agreement to a 15-year or 20-year Service Agreement at the same Subscription Charge, subject to availability.
8. **Subscription Charge:** In accordance with Act 342 of 2016, Section 61, Voluntary Green Pricing (VGP) subscribers are responsible for the full applicable charges for the incremental costs of participation in LC-REP. The subscription charge will be a fixed, flat fee, based on the weighted average levelized cost of service for the unsubscribed generation at the time of contracting from the Program's corresponding designated renewable energy facilities approved within the Program.
 - 8.1. **Subscription Charge Reconciliation:** The renewable energy facility or facilities that will ultimately support this Agreement have not yet been added to the program and therefore the final subscription charge is yet to be established. The Company shall develop the facility or facilities with all reasonable dispatch. The Company will reconcile the Subscription Charge noted in Part I to represent actual project costs at time of commercial operation. If the final subscription charge is less than or equal to 110% of the Subscription Charge noted in Part I, this Agreement will remain in full force and effect and the final subscription charge will become the Subscription Charge. If the final subscription charge is greater than 110% of the Subscription Charge noted in Part I of this Agreement, within ten (10) days from the date of notification, Customer will have the option to (1) agree to contract at the updated final subscription charge, or (2) terminate this Agreement and without penalty upon written notification to the Company. An amendment to this Agreement will be executed to confirm the final subscription charge if it differs from the Subscription Charge noted in Part I.
 - 8.2. **Subscription Pre-payments:** Participating customers have the option of paying a lump sum to the Company

to reduce their Subscription Charge at any time. The lump sum shall reduce the customer's monthly Subscription Charge for the remaining term of the Service Agreement.

- 9. Renewable Energy Resource Credits:** Customer will receive energy and capacity monetary bill credits based on the customer's renewable energy subscription under this Program and value of energy and capacity payments received from MISO on behalf of the Company's designated renewable facilities for the given program year.
- 9.1. Capacity Credit:** Customer will be provided a monthly dollar per kWh capacity credit based on Customer's renewable energy subscription under this program and the value of the auction clearing price in the annual Midcontinent Independent System Operator Inc.'s (MISO) capacity auction for the planning period. The annual MISO planning resource auction currently takes place in March with the revenue from system capacity being updated for the next twelve (12) months beginning June 1st of each year.
- 9.2. Energy Credit:** Customer will be provided a monthly dollar per kWh energy credit based on the MISO settled Day Ahead and Real Time Locational Marginal Price (RT-LMP) related payments for the renewable energy at the assigned Commercial Load Nodes for the generated output of the designated renewable facilities. The credit will be based on Customer's pro rata share of the energy produced from the designated renewable facilities based on Customer's Subscription Level and usage of energy on Customer's account(s) participating in LC-REP.
- 10. Monthly Billing:** Customer will be charged or credited a dollar per kWh monthly value applied to the Customer's renewable energy subscription under this program. This charge or credit shall be the net difference between the Subscription Charge identified in Part II, section 8 of this agreement less a forecasted energy and capacity credit for the program year.
- 10.1. Forecast Adjustments:** The Company may adjust its forecasted capacity credits or energy credits at any time throughout the subscription year to minimize the annual true-up adjustment.
- 10.2. Annual Reconciliation:** An annual reconciliation of the forecasted energy and capacity credit provided to the customer against actual energy and capacity payments received on behalf of the Company's designated renewable facilities will be completed in the first quarter of each year for each preceding Program year. Customers will be charged or credited for any underage or overage in actual subscription payments made to the Company no later than the customer's April bill month.
- 10.3. Annual Generation Shortfall:** Subject to Section 5, if a customer's Subscription Level exceeds the Annual Contract Quantity (kWh) stated in Part 1 of this agreement or upon an annual review the Program's designated renewable facilities have a shortfall of generation from what is required to fully satisfy Customer's Subscription Level, then the Company will provide, at Customer's option and cost, RECs in an amount that satisfies Customer's share of the shortfall.
- 10.4. Monthly Generation Shortfall:** If on a monthly basis the Program's designated renewable facilities have a shortfall of generation from what is required to fully satisfy Customer's Subscription Level, then the Company will record the shortfall and attempt to satisfy the shortfall with renewable generation in excess of customer subscriptions from past or future months of the same year of the Program.
- 11. Electric Rate Option:** Customer must select one full-service electric rate option as described below as part of enrollment in LC-REP:
- 1) Standard Rate:** Customer will pay all applicable Full-Service monthly standard tariff charges for their Full-Service rate, plus the LC-REP Subscription Charge based on Customer's selected Subscription Level, monthly usage, program supplied generation and Subscription Term. Customer will be billed on a calendar-month basis.
- 2) Market Index Provision:** If Customer is a Full-Service customer served on Rate GPD, and elects a Subscription Level at a minimum of 85%, Customer may substitute the Real Time Locational Marginal Price (RT-LMP) at Company's Zonal Load Node plus a Market Settlement Fee of \$0.002 per kWh for the standard-rate power supply energy charges. If Customer selects the Market Index Provision they shall be responsible for all capacity and non-capacity Power Supply charges included in the standard, Full-Service GPD Rate. Customer may select the Market Index Provision on an annual basis for the program after providing Company a 60-day advance notice.
- 12. Renewable Energy Credit (REC) Treatment:** Customer must select one REC treatment option as described below to facilitate enrollment:
- 1) Retire RECs:** Company will track and retire the RECs in the Customer's name via the MIRECS system associated with the Customer's subscription.
- 2) Transfer RECs:** Company will transfer the RECs via the MIRECS system associated with the Customer's subscription to the Customer.

REC transfers and/or retirement will take place by March 31 of the following year, annually. An attestation will be provided by March 31 to Customer indicating the volume and serial numbers of RECs transferred and/or retired.

- 13. Early Termination of Contract:** If Customer ceases to be a Full-Service customer or elects to terminate their subscription (except as expressly permitted under this Agreement), they will be subject to an early termination fee. The early termination fee will be calculated based on the terms of the Agreement, remaining Subscription Term and Subscription Charge, not to exceed the remaining value of the Agreement, as explained further below (Termination Payment).

If Customer chooses to terminate or transfer their LC-REP subscription Customer will be required to give Company a sixty (60) day prior written notice. If Customer would like to re-enroll in LC-REP after termination, they will be eligible, subject to LC-REP availability.

The Termination Payment will be equal to the sum of the present value of the remaining Monthly Payment(s) anticipated under the Agreement, assuming a discount rate equal to the annual 10-year United States (US) treasury rate at the time of termination as published in the Wall Street Journal (or other equivalent source if the Wall Street Journal is no longer published). The Monthly Payment is defined as the average monthly usage in kilowatt hours (kWh) for the prior 12-months for all Customer accounts enrolled in LC-REP, multiplied by the Subscription Charge. The Future Time Period of Payment is defined as the month into the future that the payment is expected to be made from the date of termination, for example a payment expected to be made 4 months into the future from the date of termination would be Future Time Period four (4).

$$\text{Monthly Payment} = \text{Prior 12-month average monthly usage (kWh)} \times \text{Subscription Charge (\$/kWh)}$$

$$\text{Present Value of Monthly Payment} = \frac{\text{Monthly Payment}}{\left(1 + (\text{Annual 10-Year US Treasury Rate})/12 \right)^{\text{Future Time Period of Payment}}}$$

$$\text{Termination Payment} = \sum \text{Present Value of Monthly Payments for all Future Time Periods remaining during the Subscription Term}$$

If Company is able to transfer the level of Customer's subscription (based on the Annual Contract Quantity stated in Part I) to another customer that meets LC-REP eligibility requirements and is outside the existing program queue (or as otherwise acceptable at the Company's discretion), the Termination Payment may be waived.

- 14. Entire Agreement:** This Agreement inures to and binds the heirs, administrators, successors and assigns of the respective parties hereto. There are no understandings or agreements between the parties to this Agreement in relation to electric service at Customer's sites except as contained herein. This Agreement supersedes all previous representations, negotiations, understandings or agreements, either written or oral, between the parties hereto or their representatives pertaining to the subject matter hereof and constitutes the entire agreement of the parties. This Agreement shall not be transferred by Customer or otherwise alienated without Company's written consent; any such attempted transfer without Company's written consent shall be void.
- 15. Limitation of Liability:** The Company's maximum liability to Customer arising from Customer's enrollment and participation in LC-REP will be limited to the refund of any pre-payments the Customer pays to the Company under this contract.
- 16. Dispute Resolution:** The parties to this Agreement agree the service provided hereunder is subject to the exclusive jurisdiction of the MPSC. The parties agree to attempt to resolve any dispute arising out of this Agreement in good faith. The parties agree, in the event they are unable to resolve any dispute arising out of this Agreement, any claim arising out of this Agreement and service provided hereunder shall be made exclusively at the MPSC.
- 17. Counterparts and Electronic Documents:** This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceedings as if original business records. Neither party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

Optional Renewable Energy Credit (REC) Subscription

The terms and conditions noted below are specific to the optional REC bridge solution subscription, if selected in Part I. This purchase of RECs will be pursuant to the Company's REC Program [Tariff](#), and in accordance with such tariff amendments thereto as may be filed with and approved by the MPSC during the term of this Agreement.

- 18. Subscription Payments and RECs:** Customer will pay the full cost of RECs procured on their behalf on a per kilowatt-hour (kWh) basis on their Company utility bill.
- 18.1. Michigan RECs:** Initial subscription fees will be based on a REC value for the most current year (using the most recent available information at the time of REC Program enrollment as published quarterly) in the Midwest Market Notes by Clear Energy Brokerage and Consulting LLC, or a successor publication, plus a \$0.004 per kWh administrative fee to support program administration, REC procurement and marketing. Subscription fees shall be adjusted on an annual basis using the most recent available values at that time. Should REC prices as referenced above increase 25% or more above current program subscription costs for the REC component of the charge during the year, the subscription fee will be adjusted quarterly. The Company shall retire the RECs on the Customer's behalf.
- 18.2. National RECs:** Initial subscription fees will be based on a REC value for the most current year (using the most recent available information at the time of REC Program enrollment as published quarterly) in the Midwest Market Notes by Clear Energy Brokerage and Consulting, LLC, or a successor publication, plus a \$0.002 per kWh administrative fee to support program administration and REC procurement. Subscription fees shall be adjusted on an annual basis using the most recent available values at that time. Should REC prices, referenced above, increase 25% or more above current program subscription costs for the REC component of the charge during the year, then the subscription fee will be adjusted quarterly. An annual reconciliation will be completed by March 31 for each preceding REC Program year, and Customer will be charged or credited any underage or overage in actual REC procurement costs. Participating customers have the option of an annual subscription to procure a full year of RECs by the first quarter of the following year of participation and pay the actual cost of subscribed RECs and the same \$0.002 per kWh administrative fee to support REC Program administration and REC procurement. The Company shall retire the RECs on the Customer's behalf, or the Company will transfer RECs to the Customer based on the Customer's selection should that option be available.
- 19. Resource Specification:** If Customer has aggregate REC demand greater than 1,000 kW, Customer may specify a renewable fuel type, age of REC, or other requested specification and will pay any premium costs associated with such REC procurement under this Agreement. This premium will be applied and may be recalculated annually.
- 20. Term:** Customer is entering into this Agreement as a REC procurement contract with a minimum term of 12 months. Effective start and end dates for this Agreement are noted in Part I, Subscription Information.
- 21. Early Termination of Contract:** If Customer chooses to terminate this optional REC contract early, Customer will pay an early termination fee in the amount of the subscribed RECs to which the Company has purchased or is contracted to purchase for the Customer (and that Customer has not previously paid for), unless the terminating Customer's optional REC subscription level is adopted by another eligible customer. Customer may select varying annual percentages of participation, including 0%, should REC procurement only be needed in certain periods. This termination fee is separate from any Termination Payment that would apply under Part II, Section 13 if Customer also terminates their LC-REP subscription.
- 22. Limitation of Liability:** The Company's maximum liability to Customer arising from Customer's enrollment and participation in the REC Program will be limited to the refund of any payments the Customer pays to the Company under this contract.

ATTACHMENT A – ACCOUNT LIST TO ENROLL

	Facility Name	Contract Account #	Total Estimated Annual Consumption (kWh)	Subscription Level (%)	Annual Contract Quantity (kWh)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

If you are enrolling more accounts than this form allows, request an excel copy of this form by emailing: largecustomerrenewab@cmsenergy.com.