Revised for the November 2026 Billing Month

Explanation of Unbundled Electricity Charges

Residential Customers

Power Supply Charges **apply only to Consumers Energy's full-service electric customers, who receive both power supply and delivery service from the Company. These MPSC-authorized charges recover electric supply costs, including generation and transmission-related costs.**

Retail Open Access (ROA) customers, also known as Electric Customer Choice customers, receive power supply from an Alternative Electric Supplier while Consumers Energy continues to provide delivery service.

Energy	Energy charges are MPSC-authorized charges based on the electric energy a customer uses each month, measured in kilowatt-hours (kWh). These charges recover costs related to power production and fuel used to generate electricity.
	
	• **Residential Summer On-Peak Basic Rate (RSP)** became the standard residential rate beginning January 1, 2020. This rate has a seasonal component. From October 1 through May 31, all energy usage is billed at the same rate. From June 1 through September 30, energy usage is billed using on-peak and off-peak rates*:
	  ○ On-peak rates apply on weekdays from 2 p.m. to 7 p.m.
	  ○ Off-peak rates apply on weekdays from 7 p.m. to 2 p.m. and during all weekend hours.
	
	• **Residential Smart Hours Rate (RSH)** separates the energy charge into on-peak and off-peak rates, year-round. The same on-peak and off-peak hours apply for this rate, as are shown above*.
	
	• **Residential Nighttime Savers Rate (RPM)** separates the energy charge into summer rates and winter rates, both of which have different sets of on-peak, off-peak, and super off-peak rates. Summer rates are billed from June 1 through September 30. Winter rates are billed from October 1 through May 31. On-peak, off-peak, and super off-peak hours apply to both*:
	  ○ On-peak rates apply on weekdays from 2 p.m. to 7 p.m.
	  ○ Off-peak rates apply on weekdays from 6 a.m. to 2 p.m. and from 7 p.m. to 11 p.m.
	  ○ Super off-peak rates apply on weekdays from 11 p.m. to 6 a.m. and all day Saturday and Sunday.
	
	• **Residential Non-Transmitting Meter Rate (RSM)** energy charges have a seasonal component that may result in a higher per-unit rate during certain times of the year.
	  ○ **Energy First 600 kWh** represents the energy charge for the first 600 kWh used per month during the June through September billing months.
	  ○ **Energy Over 600 kWh** represents the energy charge for all usage over 600 kWh per month during the June through September billing months. The cost to buy and produce electricity increases during this period and is reflected in the higher summer rate to help encourage conservation. Conservation lowers the utility's cost, saves fuel, and benefits all customers.
	
	*Power supply costs are higher during on-peak hours than during off-peak hours.

Power Supply Cost Recovery (PSCR) Factor	Michigan Compiled Laws, 460.6 et seq. provide for the incorporation of a Power Supply Cost Recovery factor in rates. Some power supply costs are recovered through a base amount that is included in the energy charges described above. The costs that exceed the base amount included in energy charges are recovered through a Power Supply Cost Recovery (PSCR) factor that may vary from month to month. Power Supply costs are reconciled every year to recover the cost of fuel the Company uses to generate electricity, the cost of purchased capacity, and the cost of transmission service. Consumers Energy does not make a profit from its Power Supply Cost Recovery.

Delivery Charges **are authorized by the MPSC and apply to both full-service customers and ROA customers, both of whom receive delivery service from Consumers Energy. Delivery service includes the customer-related and distribution services provided by the Company.**

System Access	System Access is an MPSC-authorized flat monthly charge designed to recover the costs of metering, billing, and other customer-related operating costs. It is unrelated to demand or energy consumption.
Distribution	The MPSC-authorized Distribution charge is based on the specific amount of electricity (kWh) a customer uses. This charge helps recover the costs of the equipment and infrastructure used to deliver electricity from the transmission system to a customer's home, including the operation and maintenance of the local distribution plant.

Charge	Description
Renewable Energy Plan	Public Act 295 of 2008 authorizes electric providers to recover approved incremental costs associated with meeting Michigan's renewable energy standards. The MPSC approved a monthly per-meter surcharge in Case No. U-15805 and may periodically modify it to ensure costs are recovered in compliance with statutory requirements. As the surcharge is currently set at $0.00, it does not appear on customer bills. However, it remains in effect through the August 2029 billing month and may be adjusted in the future. Consumers Energy is required to file its renewable energy plan with the MPSC every two years.
Deferral Surcharge	The Deferral Surcharge is an MPSC-authorized charge based on the electric energy (kWh) used by the customer. It is designed to extend recovery of specific distribution investments made during the 12 months ending February 28, 2025. The current surcharge is effective for service rendered May 1, 2026, through April 30, 2027, and was authorized by an MPSC order dated March 27, 2026, in Case No. U-21870.
IRM Surcharge	The IRM Surcharge is an MPSC-authorized charge that recovers investments in critical electric distribution programs that support electric system reliability and infrastructure improvements. The current surcharge is effective for service rendered May 1, 2026, through April 30, 2027, and was authorized by an MPSC order dated March 27, 2026, in Case No. U-21870.
Financial Compensation Mechanism (FCM)	The Financial Compensation Mechanism (FCM) is an MPSC-authorized charge based on the electric energy (kWh) used by the customer. It recovers compensation costs associated with solar power purchase agreements approved in Case No. U-20697. The current surcharge became effective January 1, 2026, and was authorized by an MPSC Order in Case No. U-21258.
Energy Efficiency/ Other Surcharges	Public Act 342 of 2016 allows Consumers Energy to recover approved costs for its Energy Efficiency Plan through an MPSC-approved surcharge. As of the January 2023 billing month, this volumetric surcharge is displayed on customer bills as “Other Surcharges.” More information about energy efficiency programs and rebates is available at www.consumersenergy.com/eeprograms.
Power Plant Securitization Charge	The MPSC issued a financing order under PA 142 on December 6, 2013, in Case No. U-17473 authorizing the Company to issue securitization bonds in an amount equal to the book value of certain Power Plant assets, plus additional qualified costs as defined in the Order. On July 22, 2014, Consumers Energy issued $378 million of securitization bonds used to refinance higher capital costs, reducing rates for our customers. Customer savings began in the August 2014 billing month with the implementation of the Power Plant Securitization Charge and the Power Plant Bill Credit. The securitized plant was removed from the Company’s rate base and the Power Plant Bill Credit terminated in June 2015. On July 16, 2026, the Commission approved the Company’s annual securitization true-up, resulting in an adjustment effective with the August 2026 billing month. ROA customers who have been continuously enrolled in the Choice program from December 6, 2013, to the present are exempt from the Power Plant Securitization Charge.
Karn 1 and 2 Securitization Charge	The MPSC issued a financing order under PA 142 on December 17, 2020, in Case No. U-20889 authorizing the Company to issue securitization bonds in an amount equal to the book value of Karn 1 and 2 Power Plant assets, plus additional qualified costs as defined in the Order. On December 12, 2023, Consumers Energy issued $646 million of securitization bonds used to refinance higher capital costs, reducing costs for our customers. The Karn 1 and 2 Securitization Charge appeared on bills beginning with the January 2024 billing month. On August 27, 2026, the Commission approved the Company’s annual securitization true-up, resulting in an adjustment effective with the October 2026 billing month. ROA customers who have been continuously enrolled in the Choice program from December 17, 2020, to the present are excluded from the Karn 1 and 2 Securitization Charge. This exclusion does not apply to customers who first took ROA service on or after December 17, 2020, or to customers who discontinued ROA service and later returned to ROA service.
Demand Response (DR) Surcharge	The Demand Response (DR) Surcharge is an MPSC-authorized charge based on the electric energy (kWh) used by the customer. It recovers approved demand response-related costs and supports the reconciliation of demand response programs, which help manage electricity use during peak-demand periods. The current surcharge became effective May 1, 2026, and was authorized by an MPSC Order dated March 27, 2026, in Case No. U-21870.
LIEAF (LIA) – Low-Income Energy Assistance Fund	On July 1, 2013, Governor Rick Snyder signed 2013 PA 95 into law, creating the Low-Income Energy Assistance Fund (LIEAF). LIEAF provides funding for energy assistance programs that help eligible low-income Michigan households pay heating costs during the winter season. The MPSC annually approves a low-income energy assistance funding factor by July 31 for the subsequent fiscal year. The factor is collected as a fixed surcharge on each retail billing meter and applies equally across all customer classes. On April 17, 2026, the Commission approved a funding factor of $1.50 per month for the September 2026 through August 2027 billing months.

To view current Consumers Energy rates and tariffs, please visit www.ConsumersEnergy.com/ratesres