

June 30, 2025

Ms. Lisa Felice  
Executive Secretary  
Michigan Public Service Commission  
7109 West Saginaw Highway  
Post Office Box 30221  
Lansing, MI 48909

**RE: MPSC Case U-21227 – In the matter, on the Commission's own motion, to seek comments from rate-regulated electric, steam, and natural gas utilities regarding potential utility infrastructure improvements in the state of Michigan from federal funding available under the Infrastructure Investment and Jobs Act of 2021.**

Dear Ms. Felice:

Enclosed for electronic filing in the above-captioned proceeding, please find **Consumers Energy Company's Report on Activity Related to the Infrastructure Investment and Jobs Act of 2021**.

This is a paperless filing and is therefore being filed only in PDF.

Sincerely,

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STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Commission's own motion, )	
to seek comments from rate-regulated electric, )	
steam, and natural gas utilities regarding )	Case No. U-21227
potential utility infrastructure improvements )	
in the state of Michigan from the federal )	
funding available under the Infrastructure )	
Investment and Jobs Act of 2021 )	
_____ )	

**CONSUMERS ENERGY'S REPORT ON ACTIVITY RELATED  
TO THE INFRASTRUCTURE INVESTMENT AND JOBS ACT OF 2021**

**I. INTRODUCTION**

On August 23, 2022, the Michigan Public Service Commission ("MPSC" or "Commission") issued an Order in Case No. U-21227 directing each rate-regulated utility to file in this docket on a biannual basis an update of its efforts relating to actions taken to obtain funding or assistance opportunities pursuant to the federal Infrastructure Investment and Jobs Act of 2021 ("IIJA"), with the first update to be filed no later than December 31, 2022. Biannual update reports filed by rate-regulated utilities shall include a narrative summary of which opportunities were applied for, which were approved and awarded funding, and others which may be in process. The MPSC further required that biannual updates shall be filed on December 31 and June 30 of every year thereafter until further order by the Commission or until all applicable funding opportunities under the IIJA are closed to applications. MPSC Case No. U-21227, August 23, 2022 Order, page 24. The Commission issued an Order on February 23, 2023 requesting additional information to be included in the next report. This is Consumers Energy Company's ("Consumers Energy" or the "Company") sixth update and is being filed by June 30, 2025.

## **II. IJA BACKGROUND**

The IJA was signed into law on November 15, 2021 and, among other things, provides approximately \$550 billion in federal funding for infrastructure improvements. On June 2, 2022, Consumers Energy filed comments with the Commission in response to the May 12, 2022 Order in this case ordering rate-regulated electric, steam, and natural gas utilities to respond with potential utility infrastructure improvement in the state of Michigan based on IJA funding opportunities.

Consumers Energy has carefully analyzed funding opportunities that could bring benefits to both the Company and its customers. The grant funding awards may bring money to Michigan and help Consumers Energy to improve its assets on behalf of customers. As grant funding awards are announced, Consumers Energy will closely monitor the administrative costs and other obligations necessary to meet the requirements of any funding awarded.

The time sensitivity of IJA funding awards and negotiations with the Department of Energy (“DOE”) creates the potential for a disconnect between amounts included in rates and actual expense experienced. Consumers Energy has proposed the use of a regulatory asset or liability consistent with the Commission’s desire to allow for DOE negotiations while preventing a disconnect between applicable amounts in rates and the actual amounts in rates. This disconnect could be caused by the receipt of IJA funding for amounts that are currently included in rates or by necessary matching funds expended by the Company that have not been included in rates.

## **III. IRA BACKGROUND**

The Inflation Reduction Act of 2022 (“IRA”) builds on the actions of the IJA. The IRA appropriated \$11.7 billion for the Loan Programs Office (“LPO”) to support issuing new loans. The Title 17 Innovative Clean Energy Loan Guarantee (“ICE”) Program provides an additional

\$40 billion of loan authority for projects eligible for loan guarantees under the Energy Policy Act of 2005. The IRA also created a new program under Title 17 called the Energy Infrastructure Reinvestment (“EIR”) Program. The EIR was appropriated \$5 billion to provide up to \$250 billion in loans to help retool, repower, repurpose, or replace energy infrastructure that has ceased operations or to improve the efficiency of infrastructure that is currently operating. Consumers Energy has identified multiple potential projects in the four qualifying categories: 1) Integrated Resource Plan (“IRP”) Projects; 2) River Hydros; 3) Methane Reduction; and 4) Virtual Power Plant.

#### **IV. PRESIDENT DONALD TRUMP ADMINISTRATION ACTIONS**

On January 20, 2025, President Donald Trump issued an Executive Order titled “Unleashing American Energy,” which outlined the administration’s policy goals and directives for energy and infrastructure development, and which also directed an immediate pause of funding allocated to infrastructure projects under the IIJA and IRA. Section 7 of the Executive Order directed all agencies to pause the disbursement of IIJA and IRA funding until a 90-day review of the programs was completed. During the 90-day review, agencies are tasked with conducting a full review of “processes, policies, and programs for issuing grants, loans, contracts, or any other financial disbursement of such appropriated funds.”<sup>1</sup> Reports are to be submitted after the 90-day review period detailing findings and recommendations. No funding will be disbursed until these recommendations are reviewed and approved by the Director of the National Economic Council (“NEC”) and the Office of Management and Budget (“OMB”). As of the filing of this report, no updates have been made as to the findings of the 90-day review period.

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<sup>1</sup> [https://www.crowell.com/en/insights/client-alerts/navigating-the-trump-administrations-pause-on-iija-and-ira-funding-key-implications-for-infrastructure-stakeholders#\\_ftn6](https://www.crowell.com/en/insights/client-alerts/navigating-the-trump-administrations-pause-on-iija-and-ira-funding-key-implications-for-infrastructure-stakeholders#_ftn6)

**V. ACTIVE APPLICATIONS AND OPPORTUNITIES**

Attachment A shows the active applications and opportunities for Consumers Energy. The Company currently has seven active grants with funding totals of \$154 million. Two loan applications have been submitted for a total of \$5.2 billion.

**VI. CONCLUSION**

Consumers Energy has worked diligently to identify opportunities from the IIJA that will support safe, reliable, clean, and affordable energy for its customers. The Company has worked to ensure that the IIJA strategy employed was efficient and impactful. However, the Company has discovered that certain structural constraints may bar the Company from being eligible to receive certain DOE financial assistance awards. For example, federal regulations prohibit existing encumbrances. Given the existence of the Company's first mortgage bond indenture, the Company would need a waiver of this regulation. The Company first raised this issue with the DOE on September 27, 2024. Because neither administration has been able to resolve this issue to date, it is possible that there is no legal or regulatory mechanism to provide such a waiver.

The Company has continued to be responsive and remains in contact with the DOE and other government agencies. Consumers Energy has maintained due dates for submitting information requests related to grant funding and opportunities. The Company will adjust its strategy as necessary as the federal policy landscape evolves.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

**I. GRANT OPPORTUNITIES - ACTIVE APPLICATIONS**

**Grid Reliability & Resiliency**

Grid Resilience Grants, (40101(c))

Sectionalization & Circuit Improvements to Mitigate Outage Impacts for Disadvantaged Communities (“DACs”)

Current Status: Awarded

Consumers Energy submitted a concept paper in December of 2022. The DOE encouraged the Company to apply for the grant based on the concept paper. The Company submitted an application on April 6, 2023, requesting \$100 million in grant funding (with 100% matching). Consumers Energy received notification that it was selected for this grant award on October 17, 2023. Negotiations with the DOE are ongoing. The Company has been meeting regularly with the DOE since April 30, 2024 and has been providing documentation as requested. Consumers Energy applied for regulatory accounting treatment for this project on May 5, 2023 in Case No. U-21416. The application was approved by the Commission in an Order dated June 22, 2023. A portion of the cost to Consumers Energy was included in the Company’s electric rate case proceeding in Case No. U-21585 and the current electric rate case proceeding in Case No. U-21870.

Grid Resilience Grants, (40101(d))

Investment in DACs for Reliability and Readiness for Electrification

Current Status: Selected – In negotiations

This opportunity differs from the direct federal grant opportunity submitted for IJIA Program 40101(c) in that Program 40101(d) is a direct state level grant. According to the Michigan Department of Environment, Great Lakes, and Energy (“EGLE”), Michigan will receive a total of roughly \$38 million in Preventing Outages and Enhancing the Resilience of the Electric Grid Formula Grants of the funding provided to States and Indian Tribes over five years. A minimum of \$16,353,094 in funding is expected to be available for the first two years of the project; 50 percent of the funding will be available for large operators and the other 50 percent will be available for small operators. The Company submitted an application on November 17, 2023. The total cost for the project is \$8.1 million with \$4.05 million in grant funding opportunity. In March of 2024, Consumers Energy was selected by EGLE to receive a portion of this funding. The project is subject to DOE approval and is currently under review. The award has not been distributed as of the date of this report. Consumers Energy applied for regulatory accounting treatment for this project on July 26, 2024 in Case No. U-21774. The application was approved by the Commission in an Order dated September 5, 2024. The cost to Consumers Energy was included in the Company’s electric rate case proceeding in Case No. U-21870.

## ATTACHMENT A

Grid Resilience Grants, Formula Grants to States and Tribes for Preventing Outages and Enhancing Resilience of the Electric Grid (40101(d))

Circuit Investments to Improve Reliability for the Nottawaseppi Huron Tribe

Current Status: Selected – In negotiations

Consumers Energy is a partner in this application with the Nottawaseppi Huron Tribe as the primary applicant. The total cost for the project is \$1.1 million with \$574,135 in grant funding opportunity. The Nottawaseppi Huron Tribe submitted the concept paper and full application for this grant opportunity. The project was selected by the DOE for a grant award and negotiations are currently taking place. No regulatory treatment application was filed for this project; The cost to Consumers Energy was included in the Company's electric rate case proceeding in Case No. U-21870.

Grid Resilience and Innovative Partnerships, Topic Area 2, Smart Grid Grants (40107)

AI Grid-Enabled Transportation Electrification in America's Automotive Heartland

Current Status: Selected – In negotiations

Consumers Energy submitted a concept paper on January 12, 2024 as a primary applicant for this grant opportunity. The Company is also partnering with Utilidata, Electric Power Research Institute ("EPRI"), GM Energy, and the University of Michigan. The total project cost is \$39.8 million with a grant opportunity of \$19.9 million. The full application was submitted on May 24, 2024. Consumers Energy was selected for this grant on October 10, 2024. The Company has been engaged with the DOE and has submitted deliverables in a timely manner. Consumers Energy applied for regulatory accounting treatment for this project on July 25, 2024 in Case No. U-21773. The application was approved by the Commission in an Order dated September 5, 2024.

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### **Hydroelectric**

#### Maintaining and Enhancing Hydroelectricity Incentives (40333 and EPA 247)

Current Status: Selected – In negotiations

This grant funding opportunity could provide an investment of \$554 million to enhance existing hydropower facilities for capital improvements directly related to grid resiliency, dam safety, and environmental improvements. Letters of intent for this opportunity were submitted on June 22, 2023. Consumers Energy worked with a consultant to submit eleven project applications on October 6, 2023. Ten of the projects were submitted for dam safety incentives and one project was submitted for environmental incentives. The total grant opportunity for the eleven projects is \$23.2 million. On March 11, 2024, Consumers Energy received notification from the DOE stating that 10 of the 11 projects submitted by the Company qualified for the grant opportunity. Consumers Energy has submitted requested documents to the DOE in a timely manner and will continue negotiations when contacted. Consumers Energy applied for regulatory accounting treatment for this project on September 19, 2023 in Case No. U-21494. The application was approved by the Commission in an Order dated November 9, 2023.

### **Renewables & Zero Carbon Generation**

#### Renewable Energy Projects – Wind, Solar (41007(b, c))

##### EPRI Bulk System Ancillary Services Partnership

Current Status: Selected – In negotiations

Consumers Energy partnered with EPRI to work on new bulk system ancillary services research projects. An application for the project was submitted on November 18, 2022, with EPRI as the primary applicant. The partnership grant opportunity is for \$150,000. EPRI was awarded grant funding and, after negotiations, has reached agreement with the DOE. Consumers Energy will submit an application for regulatory treatment for this project.

#### CarbonSAFE Phase III: Storage Complex Feasibility (40305)

##### Midwest Carbon Sequestration Corridor “Crossroads”

Current Status: Selected – In negotiations

Consumers Energy partnered with BP Corporation North America, Inc. (“BP”) on a joint application for Phase III of the CarbonSAFE Program under the “Carbon storage validation and testing” section of the IJJA. BP was awarded \$33 million in a previous phase of funding for this



## ATTACHMENT A

program. Phase III affords an opportunity for up to \$110.5 million in funding for a project targeting the third phase of development of commercial-scale geological storage facilities for CO<sub>2</sub>. An application was submitted on July 6, 2023. Consumers Energy received notification on November 14, 2023 that this project was selected for a grant award. Negotiations have progressed between BP and the DOE, and an agreement was reached between the two entities on September 30, 2024. The Company will be working closely to support BP for the duration of this project. Consumers Energy applied for regulatory accounting treatment for this project on September 19, 2023 in Case No. U-21493. The application was approved by the Commission in an Order dated November 9, 2023.

## **II. LOAN OPPORTUNITIES – ACTIVE APPLICATIONS**

### **Loan Program Office**

Energy Infrastructure Reinvestment Program (Section 1706)

Current Status: Working with LPO Staff

The Company has been working with the DOE and completed Part I of the application process (necessary in order to advance to Part II where applications are submitted). Part I included regular communication with the DOE to solidify projects and finalize applications. The Company was invited to Part II of the application process in March 2024. Consumers Energy submitted its Part II application on April 30, 2024 with a focus on RE/IRP as the anchor projects. Weekly meetings were held to address questions regarding the Part II application. Consumers Energy received an official invitation to the “due diligence” phase on October 1, 2024. On January 16, 2025, the DOE announced it had entered into a conditional commitment with the Company for a loan guarantee of up to \$5.2 billion. Financial close and any disbursement of funds is subject to the completion of due diligence, multiple federal agency approvals (including the Treasury Secretary, DOE and the Director of the Office of Management and Budget) and evolving compliance requirements. The DOE is scrutinizing conditional commitments made by the Biden administration to determine whether they are consistent with the policy goals of the current administration. Given the uncertainty around timing and availability of funds as well as compliance costs, the Company has paused its pursuit of this loan. The conditional commitment will expire on January 16, 2026.

Corps Water Infrastructure Financing Program (“CWIFP”)

Army Corps Water Infrastructure Financing Program

Current Status: Received invitation to Full Application Stage

The CWIFP enables local investment in infrastructure projects that enhance community resilience to flooding, promote economic prosperity, and improve environmental quality. Through CWIFP, the U.S. Army Corps of Engineers (“USACE”) will accelerate non-federal investments in water resources infrastructure by providing long-term, low-cost loans to creditworthy borrowers.

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\$81 million is available through this opportunity. Consumers Energy submitted a pre-application on December 17, 2023. USACE reviewed pre-applications and on September 10, 2024, the Company was invited to the full application stage of CWIFP. Consumers Energy has confirmed that accepting a federal IIJA grant for hydroelectric projects does not disqualify the Company from the CWIFP loan program. Consumers Energy accepted the invitation to the full application stage on October 30, 2024.