Palisades Decommissioning Public Meeting Notes – September 22, 2022

- The NRC hosted the meeting and fielded questions from the public.
  - Public comments due by December 27, 2022.
- No elected officials or Tribal officials were in attendance.
- Public Comments fell in four categories:
  - **Meeting Itself as Waste of Time**
    - Holtec has applied for grant money to keep plant open, so many felt that the NRC was disingenuous for holding the meeting.
      - The NRC noted that Holtec had NOT filed anything with them regarding keeping the plant open so they are obligated to hold meeting.
  - **Pro-Decommissioning**
    - Age; Maintenance concerns—The Embrittled Reactor Pressure vessel. People wanted the coupons[1] pulled. Deferred maintenance not done.
    - Environmentalists want to reduce any other leaks into the environment; spent fuel concerns.
    - They also called for a new environmental impact statement since the one on file is 14 years old.
    - Concerns over leaving nuclear waste for future generations
  - **Pro-Nuclear**
    - Nuclear is cleaner than coal plants—air quality; lower environmental risk
    - Economical concerns—keeping money in community; jobs
    - Energy concerns—with plant closed there is a heavier reliance on coal and purchasing power wholesale to cover gap Palisades leaves behind.
  - **Decommissioning Trust Fund Concerns**
    - The PSC was mentioned in regard to our approval of the sale to Entergy in 2007. The commenter indicated that the PSC ordered maintenance that was never completed. However, we have never had maintenance authority, only the NRC.
    - Many felt that the fund was underfunded from start and expecting the money to mature on the stock market is unreasonable—inflation and the inherent risk of investing. Want new cost estimate.
    - There's no contingency funds available to fund unforeseen repairs in decommissioning and/or restarting the plant
    - Holtec already dipped into these funds, yet applied to keep plant open.

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[1] Another way of testing the embrittlement of a reactor vessel is to pull the "coupons," metal tags that were placed inside surveillance capsules lining the inside perimeter of U.S. reactors before they came online. Those samples, are comprised of the same metal used when constructing the reactor. Because they are closer to the fuel, they age faster than the walls of the reactor, offering regulators a sense of how quickly the vessel will become embrittled.

From:	Kirkland, Charyl (LARA)
To:	Scripps, Daniel (LARA); Peretick, Katherine (LARA); Phillips, Tremaine (LARA)
Cc:	Cole, Cathy (LARA); Holley, Reka (LARA); Jones, Shatina (LARA); Rusnak, Jill (LARA); Krause, Kevin (LARA)
Subject:	Palisades Public Meeting Notes
Date:	Friday, September 23, 2022 1:38:42 PM
Attachments:	Palisades Public Meeting Notes 9.22.22.docx

Good Afternoon,

I hope this email finds you well this Friday. Attached, you will find my notes from last night's public Palisades meeting regarding the decommissioning. The NRC had a court reporter transcribe the meeting so the formal meeting notes are forthcoming.

Overall, it was an interesting meeting. I did not hear any new arguments voiced beyond what is already available in the media. However, one commenter incorrectly commented that the MPSC ordered maintenance that was never completed. The NRC has always held authority over Palisades maintenance. We only approved the sale to Entergy in 2007 and the subsequent securitization of decommissioning funds.

Please reach out with any questions and have a great weekend.

Thanks,

Charyl L. Kirkland
(She, Her, Hers)
Energy Operations Division
Michigan Public Service Commission
517-582-3290 (**NEW)**
kirklandc@michigan.gov

From: Foster, Tricia
To: Smith, Tammy; Tooman, Diane; Kudelko, Karen; Scripps, Daniel (LARA); Peretick, Katherine (LARA); Cook, Kara
Subject: Palisades
Date: Tuesday, July 5, 2022 11:42:21 AM

Fyi. Holtec is submitting DOE application now.

From: Holley, Reka (LARA)
To: Peretick, Katherine (LARA); Scripps, Daniel (LARA)
Subject: Palisades?
Date: Tuesday, July 5, 2022 12:06:00 PM
Attachments: image001.png

Hey Katherine and Dan!

I've got a palisades recovery team meeting on Wednesday and one of the agenda items is an update on State efforts to reverse the closure.

What I'm aware of at this point is that the transfer to Holtec is complete and they have committed to not doing anything irreversible. Also, work continues to find a potential operator/buyer.

Is that about it? I know I've heard about Holtec possibly submitting an application to DOE but wouldn't want to mention that unless it's confirmed.

With Best Regards,
Reka Holley Voelker

Reka Holley Voelker, JD, MA
Communications Section Manager
Legislative and Tribal Liaison
Michigan Public Service Commission
Cell: 517 [redacted]
E-mail: HolleyR@Michigan.gov

MPSC
MICHIGAN PUBLIC SERVICE COMMISSION

From: Palisades
Cc: gladneyg@vanburencountymi.gov; dorohk@vanburencountymi.gov; chappellm@vanburencountymi.gov; supervisor@coverttwp.com; steins1983@gmail.com; khosier@southhavenmi.gov; Jennifer Kanine, PhD, AWB; parmanj@vanburencountymi.gov; brunty@covertps.org; dmanson@vbisd.org; dpersky@vbcassdhd.org; skinnert@vanburencountymi.gov; radams1@berriencounty.org; mlarsen@allegancounty.org; Gothard, Greg (EGLE); Whalen, Patrick (DNR); Holley, Reka (LARA); gstiebe@entergy.com; cbrevis@entergy.com; Washington, Arlandar; m.mlynarek@holtec.com; n.culp@holtec.com; terlouw@swmlc.org; John Egelhaaf; director@southhavenmi.com; barbarajames612@gmail.com; gmrose5419@gmail.com; mike@degrandchamps.com; r.burr2@frontier.com; aaroncobbs@yahoo.com; tpm@redoxsolutions.com; gstock@nexcerpt.com
Subject: PCAP Update | November 2022
Date: Wednesday, November 23, 2022 5:29:38 PM
Attachments: image001.png
image002.png
image003.png

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Good afternoon, PCAP members –

I hope this email finds you well!

As you have likely seen, the application for Palisades to receive the Civil Nuclear Credit was denied, which means that the Palisades plant will continue the decomissioning process as originally planned.

The PCAP next meeting will be called in the new year. In the meantime, I want to share a few resources with you to keep you in the plant closure:

1. **NRC Mailing List:** You can receive official updates regarding the Palisades decomissioning process by joining the NRC's mailing list. Directions on how to join can be found here.
2. **Economic Impact Study:** The Economic Growth Institute is scheduling a meeting before the end of the year to share the findings of the economic impact study that was recently completed. Keep an eye on your inbox for an official invitation to the virtual meeting.
3. **Questions:** As a reminder, if you or others in the community have questions about the Palisades plant, please reach out to me. I am collecting questions to share with the PCAP, and I will work to find answers to the questions we receive.

Thank you for your continued service as a member of the PCAP. If there is anything else I can provide you ahead of your next meeting, please let me know.

Hope you have a wonderful Thanksgiving –

Sarah

Sarah Snoeyink | Programs & Projects Manager | She/Her/Hers
32849 Red Arrow Hwy #100, Paw Paw, MI 49079
Mobile: (269) [redacted]
Market Van Buren | MarketVanBuren.org

> *Creating an environment for economic growth in Cass and Van Buren Counties.*

27-Oct-2022

CMS Energy Corp. (CMS)

Q3 2022 Earnings Call

CORPORATE PARTICIPANTS

Srikanth Maddipati
Treasurer & Vice President-Finance and Investor Relations, CMS Energy Corp.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

OTHER PARTICIPANTS

Insoo Kim
Analyst, Goldman Sachs & Co. LLC

Shahriar Pourreza
Analyst, Guggenheim Securities LLC

Jeremy Tonet
Analyst, JPMorgan Securities LLC

Julien Dumoulin-Smith
Analyst, BofA Securities, Inc.

David Arcaro
Analyst, Morgan Stanley & Co. LLC

Travis Miller
Analyst, Morningstar, Inc.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC

Michael P. Sullivan
Analyst, Wolfe Research LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone, and welcome to the CMS Energy 2022 Third Quarter Results. The earnings news release issued earlier today and the presentation used in this webcast are available on CMS Energy's website in the Investor Relations section. This call is being recorded.

After the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time. [Operator Instructions] Just as a reminder, that there will be a rebroadcast of this conference call today beginning at 12 PM Eastern Time, running through November 3. This presentation is also being webcast and it's available on CMS Energy's website in the Investor Relations section.

At this time, I would like to turn the call over to Mr. Sri Maddipati, Treasurer and Vice President of Finance and Investor Relations.

Srikanth Maddipati
Treasurer & Vice President-Finance and Investor Relations, CMS Energy Corp.

Thank you, Maxine. Good morning, everyone, and thank you for joining us today. With me are Garrick Rochow, President and Chief Executive Officer ; and Rejji Hayes, Executive Vice President and Chief Financial Officer. This presentation contains forward-looking statements, which are subject to risks and uncertainties. Please refer to our SEC filings for more information regarding the risks and other factors that could cause our actual results to differ materially. This presentation also includes non-GAAP measures. Reconciliations of these measures to the most directly comparable GAAP measures are included in the appendix and posted on our website.

Now, I'll turn the call over to Garrick.

Garrick J. Rochow

President, Chief Executive Officer & Director, CMS Energy Corp.

Thanks, Sri; and thank you, everyone, for joining us today. I'm pleased with the results for the quarter and the path to year end. But before I get into specifics, I want to start with our simple investment thesis, which continues to stand the test of time. You've seen this in our calls and meetings, and you've seen the results. It works. This is where we put our words into action. We remain firmly committed to leading the clean energy transformation.

As I mentioned on the Q2 call, the approval of our IRP was a proof point; evidence that we have a clear pathway supported by the regulatory construct to deliver on our leading clean energy commitment. Our investment thesis is fueled by our commitment to eliminate waste, driven by the CE Way. I'd put us up against anyone in our ability to take cost out. This year, we are on track to take $50 million of O&M waste out of the business. The CE Way is critical to delivering our operational and financial performance and keeping our service affordable for our customers. Another critical element is our top-tier regulatory backdrop in Michigan. In Q2, we not only delivered our IRP, but we settled our gas rate case. And in this quarter, we received constructive feedback on our pending electric rate case, further evidence of the health of the Michigan regulatory environment.

A key part of our investment thesis, which we don't talk about enough, is our diverse and attractive service territory. I'm excited about both the pace and impact of new growth in Michigan. Just this month, our governor announced that Gotion, a global electric vehicle battery manufacturer, selected Michigan for its US expansion over many other states, highlighting another example of onshoring manufacturing within the state. This project is expected to add over 2,000 jobs and provide $2.4 billion of investment.

In August, President Biden joined Governor Whitmer at Hemlock Semiconductor, headquartered here in the heart of our service territory. Together, they announced an executive directive to guide the implementation of the CHIPS Act, which will boost domestic chip production and bolster Michigan's leadership in the semiconductor industry.

Let me put that into perspective. Hemlock is one of the largest polysilicon manufacturers in the world. Nearly one-third of the world's chips are made from polysilicon produced at that facility right here in Michigan. In September, Hemlock announced plans to grow its operation. The project is expected to add 170 jobs and $375 million of investment in the state. Ground has already been broken on the expansion. Also, the expansion of SK Siltron, now in operation, a semiconductor wafer manufacturer bringing 150 jobs and over $300 million of investment to the state. These are highlights over the quarter.

From the map on the slide, you can see we've secured over 80 agreements year-to-date, which translates to roughly 200 megawatts of new or expanding load in our service territory. This growth is bolstered by collaborative and innovative economic development efforts, supported by competitive rates for energy-intensive customers and robust policy, which are working and continue to drive growth.

Our work with the governor's office, the legislature, the Michigan Economic Development Corporation, and the Commission has made it possible for Michigan to not only compete but win investment and new jobs. These economic tailwinds are just a few of many we've seen and continue to see across Michigan that will help attract more business; grow industrial, commercial and residential load; and ultimately provide long-term bill relief for all our customers.

Our strong commitment to decarbonize both our gas and electric systems is a key differentiator for CMS Energy. The recently passed Inflation Reduction Act is another catalyst for our clean energy transformation, supporting deployment of renewables and lowering costs for our customers. We see a lot of benefit in this new legislation.

The extension of tax credits for both wind and solar provide economic certainty and lowers costs for our robust renewable backlog within our IRP, which includes 8 gigawatts of solar, as well as the remaining 200 megawatts of wind we are constructing to meet Michigan's renewable portfolio standard. Production tax credits for solar projects will drive cost-competitiveness for utility-owned projects versus PPAs. As we build scale, this cost-competitiveness should enable us to own and rate base a greater portion of future IRP solar investments.

The investment tax credit for storage will lower costs and provide greater flexibility as we're able to site storage strategically across the grid. Our IRP includes 75 megawatts of battery storage beginning in 2024 and could accelerate or increase the 550 megawatts of battery storage through 2040. These tax advantages reduce the cost of new solar roughly 15%, providing annual cost savings of $60 million versus our plan.

Also, with the use of tax deductions and credits, we do not expect a material impact in the alternative minimum tax for the remainder of the decade. All of this helps our customers with more savings. It supports our commitment to grow Michigan. It drives the transformation to clean energy and our growing voluntary green pricing program. Bottom line, this legislation is a great tailwind across the board.

Now, let's get into the numbers. Year-to-date, we've delivered $2.29 of adjusted earnings per share and remain ahead of plan. With confidence in this year, we're raising the bottom end of our guidance to $2.87 to $2.89 per share from $2.85 to $2.89 per share. For 2023, we are initiating our full-year preliminary guidance of $3.05 to $3.11 per share, which reflects 6% to 8% growth off the midpoint of our revised 2022 guidance. And we expect to be toward the high end of that range. And remember, we always rebase our guidance of actuals, compounding our growth. This brings you a higher quality of earnings and differentiates us from others in the sector.

Our long-term dividend growth remains at 6% to 8%, with a targeted payout ratio of about 60% over time. We'll provide you with an update on our guidance, as well as a refresh of our five-year capital plan on the Q4 call early next year. Lastly, we are confident in both our outlook and our ability to deliver our financial and operational targets for the remainder of the year, which brings me to my last slide.

In a few weeks, Michigan will have elections across the state. New people will join the legislature. We'll also see the results of the race for governor. Whatever the outcome, we will work effectively as we have for decades, with whoever holds office. You've heard us say it before. We deliver regardless of conditions, nearly two decades of industry-leading financial performance. You can count on CMS Energy for that.

Now, I'll turn the call over to Rejji to offer additional detail.

Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Thank you, Garrick; and good morning, everyone. As Garrick noted, our third quarter results are a continuation of the strong performance we have delivered throughout the year, keeping us ahead of plan and positioning us well to achieve our financial objectives in 2022. To elaborate, year-to-date, we have delivered adjusted net income of $662 million or $2.29 per share, up $0.11 per share versus the comparable period in 2021, largely driven by favorable weather, including more normalized storm activity in our service territory and healthy economic conditions in the state.

The waterfall chart on slide 8 provides more details on the key year-to-date drivers of our financial performance versus 2021. As Garrick mentioned, our solid year-to-date performance has driven our revised 2022 adjusted EPS guidance, which reflects an increase in the lower end of the range to $2.87 from $2.85. So, our 2022 adjusted EPS guidance has now been raised and narrowed to $2.87 to $2.89.

As noted, favorable sales continue to be the primary driver of our positive year-over-year variance, largely driven by weather, equating to $0.13 per share of positive variance. Our strong sales were partially offset by planned increases in operating and maintenance (or "O&M") expense, largely driven by customer initiatives which are embedded in rates to improve safety, reliability and our rate of decarbonization to the tune of $0.03 per share of negative variance versus the first nine months of 2021. It's worth noting that the aforementioned year-over-year increase in O&M expense was partially offset by lower service restoration expense versus the comparable period in 2021 as anticipated.

Lastly, the $0.01 per share of positive variance in the final year-to-date bucket reflects higher non-weather sales at the Utility, attributable to continued strong commercial and industrial load in our electric business, slightly offset by drag at the Parent from our preferred stock dividends and select regulatory items.

As we look to the fourth quarter, we feel quite good about the glide path to achieve our revised full-year EPS guidance range. As always, we plan for normal weather, which we estimate will have a positive impact of about $0.08 per share versus the comparable period in 2021. We are also assuming $0.11 per share of positive variance versus the fourth quarter of 2021 attributable to rate relief associated with the October 1st implementation of new rates from our constructive gas rate case settlement earlier this year. And these estimates are stated net of investment-related costs, such as depreciation, property taxes and interest expense.

In addition to said costs, our plan assumes increased O&M expense in the fourth quarter versus 2021 for key customer programs, such as vegetation management, one of the most effective measures to reduce system outages. And I'll note that we're on course for a record level of vegetation management spend in 2022, given our focus on improving the reliability of our grid. We also expect to continue to benefit from normalized storm activity, which nets to $0.11 per share of positive variance versus the comparable period in 2021.

To close out our assumptions for the remainder of 2022, we assume the usual conservative assumptions for our non-utility business and weather normalized load at the Utility. We have also maintained a healthy level of contingency, given our strong year-to-date performance, which when coupled with our non-utility and load assumptions, equates to $0.17 to $0.19 per share of negative variance highlighted in the penultimate bar of the chart. As such, we have substantial financial flexibility heading into the final three months of the year, which increases our confidence in delivering for customers and investors in 2022 and beyond.

Turning to our 2022 financing plan on slide 9, I'm pleased to report that we have successfully completed our planned financings for the year with $800 million of debt issuances at the Utility priced at a weighted average coupon of 3.9%, which is well below indicative levels in the current environment. And while our plan did not call for any financings at the Parent this year, we opportunistically priced approximately $440 million of equity-forward contracts during the quarter at a weighted average price of $68 per share. Our timely execution of the equity forwards locks in attractive terms for the Parent financing needs of the pending acquisition of the new Covert natural gas generation facility. The settlement of the equity forwards will largely occur in the first half of 2023, concurrent with the acquisition timing and in accordance with our recently approved Integrated Resource Plan.

Staying on the balance sheet, as we move into the winter heating season, we have preserved a strong liquidity position, which supplements our use of commercial paper. And needless to say, we'll continue to monitor market conditions to try to lock in attractive terms for future financing opportunities at the Utility. Lastly, it's important to highlight that we have no debt maturities or planned financings at the Parent in 2023 and virtually no floating rate exposure outside of the Utility, which largely insulates our income statement from future interest rate volatility. Our opportunistic, yet prudent financing strategy reduces costs while limiting uncertainty in our cost structure, enabling us to fund our capital plan in a cost-efficient manner to the benefit of customers and investors.

And with that, I'll turn the call back over to Maxine to open the lines for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you very much, Rejji. The question-and-answer session will be conducted electronically. [Operator Instructions] Our first question comes from Insoo Kim from Goldman Sachs. Please go ahead. Your line is now open.

Insoo Kim
Analyst, Goldman Sachs & Co. LLC

Q

Yeah, thank you. Thanks for the updates. Just first question, I think there's just been a lot of conversation about the recent opening of the docket for the Michigan storm audit process. Can you just give us an indication of the conversations you've had with the Commission, kind of where their heads are at and what the potential range of outcomes could be here?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Yeah. Thanks, Insoo, for your question. A couple of things on this. And I think it's important to understand, particularly in August, here we had some storms. We performed well during the storms, but again, it's catching a little media attention. And I think one of the things that's really important to recognize here in Michigan is the impacts of the Great Lakes and what Lake Michigan does to the weather and storms.

And then, also, just the longer-term trend we see is increasing wind speeds across Michigan, in part due to climate change. And the bottom line is we see a real investment opportunity in resiliency. The Commission has been supportive for many of the reliability and resiliency efforts in our electric rate case, but there's more to do. There's more to do in this space. And so, I really view this as a collaboration where we can work to – again, I think we're both the Commission and the company are well aligned here, in what we need to do in terms of reliability and resiliency. So, I really view it as an opportunity, where those opportunities are and create the path to improve that for our customers.

Insoo Kim
Analyst, Goldman Sachs & Co. LLC

Q

Is there any set timeline on when we should have more clarity on the outcome from all of this?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

There's a first effort that's due here November 4th. I would imagine the audit takes place over much of the fiscal year of 2023. And again, I see it as a collaborative effort. We want the same thing. We have the same goal. And it's really aligned to make sure we have all the right measures and investments in place to achieve that goal. And they're at the right speed and pacing.

Insoo Kim Q
Analyst, Goldman Sachs & Co. LLC

Got it. My last question, just thank you for the preliminary guidance on 2023 and pointing to that upper end, should we think of. If the Covert acquisition and the financing all embedded in that upper end. And I guess what potential items could deviate from that range, even if it could be potential upside from there? Thanks.

Garrick J. Rochow A
President, Chief Executive Officer & Director, CMS Energy Corp.

Yeah, the short answer is, yes, on Covert and the financing is in that piece. But I'm going to just step back and think of the bigger picture here, and so, how I think about this and how we think about this as a company. So, this guidance here, 6% to 8%, and we expect it toward the high end. We really think that offers a premium across the sector. And we've been doing this for 20 years of industry-leading financial performance.

And then, I think, what's unique about us and again differentiates us and is a strength, and frankly, a premium is that we rebase off actuals. So, we do this time and time again. And so, we're not into sugar highs. It's the long-term play, where we're going to continue to deliver 6% to 8% toward the high end. So, I feel good. We feel good about the guidance we've offered here today at $3.05 to $3.11.

And one more thing on this, I want to make sure everyone understands, too, that this is important balance, a balance of our customers, other stakeholders like regulators and legislators, as well as you, our investors.

Insoo Kim Q
Analyst, Goldman Sachs & Co. LLC

Got it. Thank you so much.

Operator: Our next question comes from Shar Pourreza from Guggenheim Partners. Please go ahead. Your line is now open.

Shahriar Pourreza Q
Analyst, Guggenheim Securities LLC

Hey, guys. Good morning.

Garrick J. Rochow A
President, Chief Executive Officer & Director, CMS Energy Corp.

Hey. Good morning, Shar.

Rejji P. Hayes A
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Good morning, Shar.

Shahriar Pourreza Q
Analyst, Guggenheim Securities LLC

Morning, morning. So, just the question on IRA, and I guess, how that impacted your thoughts around the IRP. I mean, clearly, you guys highlighted the customer benefits and lower cost of solar. But does it or can it trigger, I guess, any sort of revision to the plan as it currently stands? Garrick, I think you may have alluded to a little bit of that in the prepared. And in particular, do you have any sort of tax equity embedded in renewable spending? And do you have any opportunity to avoid tax equity where we could see potential increase in rate base?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

I'll tag team this with Rejji here. This IRA is really beneficial for our industry and beneficial for our customers. And so, as you know, we've laid out our IRP, the 8 gigawatts, the storage build. It's a nice plan and we go in every three to five years to revise that. And so, in the short term, I really see the benefit of the IRA in this production tax credit, flowing right to our customers. That's the $60 million per year versus plan. So, that's – again, keeps our customers' cost low, frankly. And remember this IRP had $600 million of savings already baked in over that, and this is incremental to that. So, again, feel good about that.

In respect to my other comments, we'll file, or refile our IRP in three years to five years. And with this, with the IRA, there's upside opportunities in terms of – or tailwind opportunities in terms of pulling renewables forward, potentially pulling storage forward. We'll have to take a look at that. Again, I see this as a real advantage to utility-owned solar and storage versus PPAs.

I know, Rejji, you may have additional commentary.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Yeah, Shar, I would only add a couple of comments here. The other benefit, too, is just with the continuation of the tax credit for electric vehicles, while, that certainly could be a catalyst in accelerating the tipping point of electric vehicle proliferation in Michigan. And obviously, that would bring rate benefits as well, because you're growing the denominator in that rate calculation and bringing kilowatt hours into Michigan, which we would welcome. So, there's a benefit there that should be, at some point, incorporated into our financials longer term.

With respect to your question around financing, we're not presupposing any tax equity in our funding strategy. So, the IRA, there's been a lot of talk about the transferability of credits. I still think there's more guidance required from the IRS, and we'll see what type of market develops as a result of transferability of credits. We certainly do have credits that we can monetize at some point, but at the moment, we're not presupposing any tax equity in our financing assumptions.

Shahriar Pourreza
Analyst, Guggenheim Securities LLC

Q

Okay. Sorry, Garrick, just a quick follow-up. It's just, I guess, you guys have never had a shortage of capital growth opportunities, right? It's always been a function of bills and rates being that kind of governor customer rates. I guess, the $60 million incremental in customer savings, does that allow a pull-forward of some of that spend because you have that incremental headroom, or do we have to wait for the additional IRP filing? I guess, I'm just trying to figure out how that plays in.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Yeah. I don't think you have to wait to the IRP filing for that. It's really a function of how we build out our capital plan. I mean, as we've shared historically we look at what the customer can afford. We look at how can we execute work. We look at the business cases. We look at the mix; where we put in dollar strategically, so the bottom-up build-up for that capital plan.

And so, as we're able to create more headroom or as we have, in the case of affordable bills, we look at how do we put those important capital investments into the system that ultimately provide value for our customers. And so, that's the balance we'll strike, and you'll see it as it plays out here in our Q4 call in the five-year capital plan.

Shahriar Pourreza
Analyst, Guggenheim Securities LLC

Q

Okay, perfect. And then maybe just a quick one for Rejji. Just, I guess, beyond the Covert purchase, as you guys are looking at your five-year plan and rolling in more IRP spending into plan, including renewables, do you anticipate any associated financing need, or the issuance last quarter took care of those needs as we're thinking about the current plan and slightly beyond the current plan, I guess.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Yeah. Yeah. So appreciate the question, Shar. And just for semantics, we haven't issued the equity yet, we just put in place forward contracts.

Shahriar Pourreza
Analyst, Guggenheim Securities LLC

Q

Yes, yeah.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

And so, we've locked in the price, we'll issue obviously over the course of 2023, in the first half of the year. But the forwards we've put in place really provide for the funding for the Parent financing needs at Covert. We have yet to roll out, obviously, a new five-year plan, but the current plan of $14.3 billion that we're executing on, as you may recall, we've been very consistent in our comments about the equity funding needs being limited to 2025 and 2026. So, about $250 million per year in those outer years.

And because of the sale of the bank last year, there's no equity needs prior to that. And so, we'll see what happens when we start to update the capital plan. And in addition to comments Garrick offered on how we think about the capital plan, affordability is a constraint we're mindful of; the other one is financing. And we don't want to over-lever or over-equitize the balance sheet, so we'll be mindful ofx that. And then, obviously just execution, feasibility of the capital plan – of executing on the capital plan is the other thing we'll think through.

Shahriar Pourreza
Analyst, Guggenheim Securities LLC

Q

Okay, perfect. The last point was I was trying to get at. Thank you so much, guys. Appreciate it. See you soon.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Thanks, Shar.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Thank you, Shar. See you at the EEI.

Operator: Thank you. Our next question comes from Jeremy Tonet from JPMorgan. Please go ahead. Your line is now open.

Jeremy Tonet
Analyst, JPMorgan Securities LLC

Q

Hi. Good morning.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Hey. Good morning, Jeremy. How are you?

Jeremy Tonet
Analyst, JPMorgan Securities LLC

Q

Good, good. Thanks. Just want to talk a bit more on 2023 EPS guide here, if you could, the drivers. And just wondering if you could flesh out for us the contributions, Covert in 2023. And when you're thinking about sales trends, what do you anticipate for sales trends for 2023? How does that compare to kind of current trends? Just kind of trying to get a feel for upside versus downside drivers within the guidance range.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Sure. I'll start, and I know Rejji will offer some context around it as well. So, again, I want to remind everybody, as I stated earlier here, that it's 6% to 8% toward the high end, and we're pleased with that. And that includes Covert. As we've said, the Covert strengthens and lengthens our plan here.

And so, when I think about this, this is – again, we're playing a long-term game here where we have this consistency and repeatability of delivering industry-leading financial performance. And so, that's how we're thinking about it as we move in 2023, and then even in the outer years. But, Rejji, walk through some of the specifics, please.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Yeah, sure. So, Jeremy, again, appreciate the question. The Covert acquisition, as we discussed, I think in Q2 of this year, we anticipate that being about $0.03 to $0.04 of EPS upside versus plan. And then, the financing for the equity should offer $0.01 or $0.02 on top of that. And so, that's all incorporated into the guide, as Garrick mentioned. And so, we could spend more time on the details of that, but that's what's embedded in that $3.05 to $3.11 guide.

With respect to sales, as you know, we plan conservatively, and so we're assuming, as it pertains to weather that clearly, this year so far has been quite good. And so, we would anticipate a little bit of a headwind just planning for normal weather versus what is a strong 2022 comp. On the non-weather side, we've been surprised to the upside really starting with the pandemic.

And so, we've just seen a nice bit of upside in terms of favorable mix with residential load outperforming expectations the last couple years. We'll plan conservatively and still assume that you see that pre-pandemic level of residential load. And again, I think, we're seeing very good momentum on the commercial and industrial side, and we would expect that to carry on into 2023.

And so, those were the puts and takes with respect to Covert and sales, the only thing I would add just to just finish out on the drivers for 2023 is that clearly we had a constructive gas rate case settlement earlier this year. And so, we should expect to see the benefit of that increase in rates, which went effective October 1st of this year start to flow into the heating season in Q1 of next year, so for the first three or four months of 2023. And then, we've got a pending electric rate case and anticipate a constructive outcome there as well. So, those are kind of the primary drivers. You got Covert. You've got conservatism on sales. You've got then the rate relief that we anticipate from constructive outcomes. Is that helpful?

Jeremy Tonet
Analyst, JPMorgan Securities LLC

Q

Yes. No, that's very helpful. And just want to pivot a little bit to battery storage, if I could. And just wondering if you could provide some more thoughts on how you think the system need could potentially change over this decade, especially if renewable penetration ticks higher than planned from IRA benefits? And is there anything else you're watching out for on this front?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Thanks, Jeremy. That's a great question. So, in our IRP, we have 75 megawatts and that has to take place in 2024 to 2027. And we've already issued the RFP for that work, and so that's well underway. And so, you'll see inclusion of that in our five-year capital plan.

But clearly, what is nice about this ITC and the flexibility that's offered within the IRA is you can have standalone solar. So, typically it's been coupled with solar and so the ability to move storage around and have it be not just a supply asset, but have it be a grid asset, provides a greater amount of flexibility in how we use, and so, you can see like the value stacking of a storage of lithium ion and other storage technologies. And so, we look forward to that. We're going to continue to look in our five year plan, but also in the longer-term strategy on how we might accelerate or how we might think about differently the deployment of lithium ion and other storage technologies.

And I know Rejji has some comments on this as well.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Hey, Jeremy. The only thing I would add is it's important to remember that the IRP is iterative in nature, and so we'll be filing one per the statute, at a minimum, every five years, but our bias will likely be to file sooner than that. And so, the importance of that and the benefit of it is that as we see a potential descent in the cost curve, whether to Garrick's point, it's lithium ion or any other storage technology, we can incorporate new assumptions in upcoming IRPs.

And so, we're assuming in the full plan over the next 15 to 20 years, about 550 megawatts, as Garrick noted, the 75 megawatts in the short term. but it's a larger portfolio longer term. And again, if the cost curve permits it, we'll look to pull some of that forward and potentially expand it, particularly with the optionality provided with the ITC, using it for standalone storage as well as opting out of normalization, which is helpful too.

Jeremy Tonet
Analyst, JPMorgan Securities LLC

Q

Got it. That's helpful. And just a real quick last one, if I could. Just wondering what the potential impacts for rate payers could be, should Palisades successfully reopen? And does this change how you think about future customer savings should this transpire?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Let me offer a couple of comments on Palisades. So, if we get into technical questions like – we don't own and operate – own the plant. We don't operate the plant anymore. And we no longer have a purchase power agreement, which was a significant savings for our customers and power supply costs over the course of the year. So, technical questions and related questions that should be really directed to Holtec or maybe the Department of Energy and the like.

But bottom line, here's what we've shared with the governor's office and with the Michigan Public Service Commission. We'll be open to a purchase power agreement. It has to be a much more competitive and much more market-based than it has been historically. And we would expect a financial compensation mechanism on that PPA as a new purchase power agreement. So, that's really what I'd offer on Palisades at this point.

Jeremy Tonet
Analyst, JPMorgan Securities LLC

Q

Got it. Makes sense. I'll leave it there. Thank you.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Thanks, Jeremy. See you at the EEI.

Operator: Our next question comes from Julien Dumoulin-Smith from Bank of America. Please go ahead. Your line is now open.

Julien Dumoulin-Smith
Analyst, BofA Securities, Inc.

Q

Hey. Good morning, team. Thanks for the time. Appreciate it.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Hey, Julien.

Julien Dumoulin-Smith
Analyst, BofA Securities, Inc.

Q

Hey, listen, maybe just starting – Hey, thank you. Just starting with preliminary, right. I want to focus on that word. Can you emphasize – or can you please support, why you used the word preliminary at the outset? What are the moving pieces in your mind if we can go back to that quickly in terms of when you pivot to a more finalized guidance and what you're watching here in the next few months, just want to clarify that?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Yeah. Preliminary because we rebase off actuals, and that's the short of it. And so, as we wrap up Q4, which again, year-end I feel good about, we'll deliver within that guidance range we've provided, and then we'll rebase off actuals. And so, when I think about this year and this guidance – of course, we've tightened the guidance, raise the bottom end, which should be an indicator of confidence – I'm really thinking about the midpoint of that guidance, and again managing the work. So, imagine the storms and other things that come our way that we typically deal with. And then, we'll look for reinvestment opportunities also as we go through the remainder of the year. And those reinvestment opportunities de-risk 2023 and ensure a path of success for 2023.

And so, that's how it'll play out through the remainder of the year. I don't know, if Rejji, you want to add to that?

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Julien, the only thing I would add, in addition to just it's Q3 and we'll rebase off of actuals in Q4 and take into account any contingency deployment over the next couple of months, but the other variables is obviously we have a pending electric rate case, and so we'll have a little bit – a couple months more of visibility into how that's trending. We're certainly in the process of evaluating potential settlement, so we'll see how things go there.

And then, at that point, we will have filed the gas rate case. And so, we're still thinking through the size and implications of that and we'll assume a constructive outcome there, but still some variables in play. So, that's the other bit of information we'd look for as we establish our 2023 final guidance on our Q4 call early next year.

Julien Dumoulin-Smith
Analyst, BofA Securities, Inc.

Q

Got it. Okay. All right. Fair enough. Thank you. And then, if I can, just going back to the last question little bit. Can you talk about how any revisit of a contract with Holtec and/or Palisades could actually feasibly play itself out vis-à-vis your IRP and/or RFP processes? Obviously, it's a little bit less than traditional. I get that DOE's involvement is also less than traditional, but I just want to rehash a little bit like how that would fit into your ongoing processes that are continually in flight and admittedly of late have somewhat been crystallized at least in the near term?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

So, just for context – and I know you know this, Julien, but for context for others on the call. There's 700 megawatts within this IRP, that's 500 megawatts is dispatchable, 200 megawatts of clean energy. That RFP has been issued. It was issued at the end of September. That's going to play out. It's done through a third-party because of the potential for an affiliate transaction with DIG, so that plays out. We anticipate those proposals to be submitted in the December timeframe. Those will be evaluated again by the third-party, that will take just February. And then we anticipate we'll have some direction in that in the May timeframe, or likely share it at the May earnings call timeline. So, that's how it's going to play out.

I do not know who will participate in that. Again, it's by a third-party. Should Holtec choose to participate with the Palisades plant, and if it comes in at a competitive price, it may be an option out there. And again, because it's not an affiliate, we would earn a financial compensation mechanism or a return on that. So, that's the approach that would play out here over the course of the next eight months.

Julien Dumoulin-Smith
Analyst, BofA Securities, Inc.
Q

Got it. I know you can't – I can't comment too much on it, but I appreciate it. Thank you guys very much. Good luck speak to you soon.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.
A

Thanks.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.
A

Thanks, Julien.

Operator: Our next question comes from David Arcaro from Morgan Stanley. Please go ahead. Your line is now open.

David Arcaro
Analyst, Morgan Stanley & Co. LLC
Q

Hey, good morning. Thanks for taking my question.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.
A

Hey, David.

David Arcaro
Analyst, Morgan Stanley & Co. LLC
Q

You alluded to it, but just any latest thinking on the electric rate case and potential for settlement? And then, I was just curious what timing you would be contemplating for the next electric rate case filing at this point in terms of the gap between the rate cases here?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.
A

Well, just a little background, too. And so, I was really pleased with the team. And we did a lot of work on this electric rate case to improve the quality of the case. And I believe and see it's evident in Staff's position on that. It's a constructive starting point that they provided in August.

And so, as Rejji shared, we're looking at the potential for electric rate case settlement, and so that'll continue until the case is final. We anticipate PFD in December and then a final order in February. So, that's the current status. And then, just a longer – we have the opportunity – we're on a 10-month cycle, and so to be really in 2023, would we consider another filing, another electric rate case. And that's a little far out for us in terms of we're going to want to see how this one plays out and make sure we're making the right investments for our customers.

David Arcaro
Analyst, Morgan Stanley & Co. LLC
Q

Yes. That makes sense. Thanks. And was just wondering if you could give the latest in terms of what you're seeing in terms of cost pressures from inflation, whether it be labor, materials, components; and just how that's impacting the O&M outlook here?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

That's a great question. And I appreciate you started with our customers because that's a key piece. And so just let me give you a little fact here to this. And so, in 2021, we have $75 million of state, federal and some company funds that went to our customers. In 2022, that number was $79 million. And again, just for context, October to October is the fiscal year for state. And so, I'm really pleased that we've been able to get money in the hands of our customers. And you'll see from a quarter – our customers have a lower debt balance or bad debt balance on their bills. They're not carrying a big balance. And in fact, from uncollectibles perspective, we're in a quartile one position. So, I feel good because our customers are starting out in a better position.

Now, I'm certainly empathetic and sympathetic to their needs. And so, what we know about our customers when we look at their bill. About 80% of a gas bill is consumption. It's about 90% on electric bill. We can influence that. We can influence that through our energy waste reduction, energy efficiency programs. And we are doing that, and that's great for our customers. In addition, we're handing out 30,000 thermostats, free thermostats for those that are most in need, vulnerable customers to help them again control the use. We're pushing again with nonprofits and other state and federal funds. And so, our focus is clearly on our most vulnerable customers here in this time.

And then broadly as a company, and you asked the question, really, have we seen material prices increase? Absolutely, 7% year-over-year. But there's a lot of things we're doing to mitigate that particularly in the CE Way, $50 million of O&M waste reduction, $90 million – approaching $90 million on a capital perspective. Our plants ran just – again, they ran phenomenally over the summer months. They've got a low heat rate, gas and coal. MISO was bouncing all around, the volatility of the market. Ours were steady state. We saved our customers $500 million year-to-date. Looks like $700 million by year-end. Again, we used our gas assets, all these storage fields to help manage gas cost impact. So, those are the here and now.

And then we have a whole host of episodic cost savings, $200 million. The Palisades for PPA – the Palisades PPA fell off. Karn retires, Karn 1 &2 retires, $30 million of O&M there. So, IRA in that PTC, again, I can go on and on. But you can see we're squarely focused on cost reduction for our customers, creating the necessary headroom, so we're making the right investments to improve the system again for our customers to manage that.

And I know Rejji has even more to offer.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Yeah. Garrick, I think you've covered all the key points on the cost side. The only thing I'll remind you, David, is that we're still looking at load opportunities as well. The announcement of Gotion from an economic development perspective, the global electric vehicle battery manufacturer out of China, that, as we see it is the beginning of what is going to be likely a fruitful period of good economic development opportunities as a result of the good legislation passed over the past several months. The CHIPS Act and the IRA have really created a once-in-a-generation opportunity to bring really good load opportunities to Michigan. And that helps the equation as well.

And I mentioned earlier some of the benefits of the IRA if it accelerates. The tipping point for EV growth proliferation in Michigan, that helps the load equation as well. And so, we're looking at all the cost opportunities as Garrick enumerated, but we're also looking at top line as well to reduce rates.

David Arcaro
Analyst, Morgan Stanley & Co. LLC

Q

Okay, great. Lot of helpful points there. Thanks so much, and see you soon.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Yeah.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Yeah. Thanks, David.

Operator: Our next question comes from Travis Miller from Morningstar. Please go ahead. Your line is now open.

Travis Miller
Analyst, Morningstar, Inc.

Q

Good morning. Thank you.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Morning, Travis.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Hi, Travis.

Travis Miller
Analyst, Morningstar, Inc.

Q

I was wondering, you highlighted, obviously, the business load that you see coming in the industrial load. What does that mean in terms of mix of capital investment need or any kind of other need when we're thinking about distribution versus generation? Is that type of load something where you're looking at more distribution investment to serve it or more generation-type investment to serve it?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

It's a little bit of both. But the immediate piece is really in the space of distribution. So, these companies are located here like – if you take HSC as an example, or Hemlock Semiconductor, they're building out that load right now. And so, we're looking at the existing substation and how do we offer additional redundancy and buildout.

In the case of Gotion, again, they're constructing their facility, so a little further behind from a start point, but again, you're going to be running electric line and build a substation dedicated to that facility. And so, the first steps really show up in the distribution space for investment. And you'll see those as part of our five-year capital plan to be able to begin building and construct those.

And then really, a beautiful part of the Integrated Resource Plan, we continue to look out 20 years and balance the demand needs and supply needs. And right now, we look long on capacity, really through 2031, so we have room to grow and add these investments. But as Michigan continues to grow and we continue to add load, we'll make adjustments as we move forward in our subsequent IRPs from a supply side. Is that helpful, Travis?

Travis Miller
Analyst, Morningstar, Inc.

Q

Yeah. Yeah, that helps. That's exactly what I was asking. You answered everything else that I had asked, so I appreciate it. And see you in a couple of weeks.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Yes. Take care.

Operator: Our next question comes from Anthony Crowdell from Mizuho. Your line is now open. Please go ahead.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC

Q

Hey. Good morning, Garrick. Good morning, Rejji. Congratulations on the great quarter.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Hey. Good morning.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Thanks Anthony.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

Thank you.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC

Q

And I apologize, this is real semantics. I understand if you just want to ignore the question, but if I think about it, you talk about the IRP maybe strengthens and lengthens the CMS plan, and then when I fold over to earnings guidance of 6% to 8% towards the high end, if I look at 2023 where it's kind of preliminary – it's right now at 7% more the midpoint – I guess, I'm trying to reconcile 6% to 8% towards the high end, is that just take 6% out of our planning assumptions or is 6% to 8% towards the high end, 8%?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.

A

I love your question, and I'm not going to ignore it. So, let's answer it. Just go back in history a little bit. Even pre-EnerBank, we guided at 6% to 8%. And we always said we had a bias toward the midpoint. That's how we approached it. And now, our language is definitely different. And it's 6% to 8%, and we expect to be toward the high end. And so, that's the approach going forward.

And we look for repeatability into that. And so, as you saw in our 2023 preliminary guidance, it's off that midpoint of 2022. But again, we're saying 6% to 8%, expect to be toward the high end. We'll rebase off actuals, as we always do. But you can expect year-after-year, we're going to be – that consistency of industry-leading financial performance that we're going to we're going to continue to guide in that 6% to 8% range, again, toward the high end. That's what I'd offer. Is that helpful?

Anthony Crowdell
Analyst, Mizuho Securities USA LLC
Q

Okay. Last shot at it, and then I'm finished. If I look back in the last 18 years, you guys delivered very consistent 7%. You view the performance, when I look back 18, that you hit the high end of that 6% to 8% range?

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.
A

I don't know what data you have in front of you, but I can only talk about what we have or in the context of the call here in our 2023 guidance. So, we've said $3.05 to $3.11, and I would expect that we would be to the high end of that range. Does that clear it up?

Anthony Crowdell
Analyst, Mizuho Securities USA LLC
Q

Perfect.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.
A

I wouldn't anticipate to miss that. I would expect the upper half of that range.

Anthony Crowdell
Analyst, Mizuho Securities USA LLC
Q

Perfect. Thanks so much and looking forward to seeing you in Hollywood.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.
A

See you there.

Operator: Thank you. Our final question today comes from Michael Sullivan from Wolfe Research. Please go ahead. Your line is now open.

Michael P. Sullivan
Analyst, Wolfe Research LLC
Q

Hey. Everyone, good morning.

Garrick J. Rochow
President, Chief Executive Officer & Director, CMS Energy Corp.
A

Morning, Michael.

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Morning, Michael.

Michael P. Sullivan
Analyst, Wolfe Research LLC

Q

Hey. Just wanted to ask on, just with your own renewables becoming more competitive post-IRA, I think, the current plan has 50% ownership in there. What is the CapEx associated with that and if you were to be cost-competitive across the board and go to 100%, what would that look like theoretically?

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Yeah. Michael, our – I assume you're asking about the full portfolio of 8 gigawatts, is that fair?

Michael P. Sullivan
Analyst, Wolfe Research LLC

Q

In the current, yeah. Yeah. Either way, whatever is easiest for you; the current five-year plan, the IRP that just got approved?

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

Yeah. So, for the 8 gigawatts, we've roughly quantified in the past that 50% ownership of that could be around $4 billion. But again, with cost curves reducing the way they are, and that was a pre-IRA assumption, so presumably it could be a lower amount of CapEx. But we would expect to own, as Garrick highlighted, greater than 50%, over time, if we continue to see the cost of owning continue to be more and more competitive with the cost of contracting. And so, we'll revise those estimates over time.

In the five-year plan. Currently, we've got about $1 billion of solar in the plan. And obviously, we'll refresh the capital plan in the first quarter as we have our fourth quarter earnings call next year. So, we'll give an update then, but the current plan at about roughly $1 billion in it.

Michael P. Sullivan
Analyst, Wolfe Research LLC

Q

Okay, that's super helpful. And then just kind of following along that. Again, this is kind of theoretical, but if you start finding that you are more cost-competitive, more regularly here, do you limit that at all, if that introduces more equity needs into the plan?

Rejji P. Hayes
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

A

So, the current construct per the settlement agreement has a natural cap of 60%, and so it's effectively collar from 50% to 60% for ownership. And so, we wouldn't be able, contractually, to go above that now, but in subsequent IRPs, we could potentially earn more than that, and so we'll revisit it. And particularly, if we're cost-competitive, with contracted solutions, we'd like to think, you know, that ceiling could potentially come off.

But I would say, you know, Garrick highlighted this earlier. I emphasized it as well. When we think through the capital plan, the constraining factors are three things. It's affordability, so making sure that the rate increases are relatively modest as we execute on the capital plan. We also think about the feasibility of executing. We do not want to significantly grow our workforce to execute on the capital plan because that has, structural cost implications. And so, there's the operational feasibility aspect we take into it.

Then, there's a balance sheet. And we'd rather not over-equitize or over-lever the balance sheet in order to fund a capital plan. And so, that's generally how we think about building out the capital plan and we'll take that into account as we construct this latest capital plan that will provide in the first quarter next year and obviously subsequent capital plans after that.

Michael P. Sullivan

Analyst, Wolfe Research LLC

Q

Thanks, Rejji. Super helpful.

Operator: That concludes our Q&A session for today. I will now turn the call over to Mr. Garrick Rochow for closing remarks.

Garrick J. Rochow

President, Chief Executive Officer & Director, CMS Energy Corp.

Thanks, Maxine; and thank you, everyone, for joining us today. Look forward to seeing you at EEI in a few weeks. Take care and stay safe.

Operator: This concludes today's conference. We thank you for your participation.

Felice, Lisa (LARA)

From: Baldwin, Julie (LARA)
Sent: Tuesday, September 13, 2022 8:40 AM
To: Krause, Kevin (LARA)
Subject: RE: Palisades - you won't believe this.....

Thanks Kevin – It would be incredibly helpful to Michigan if Palisades could keep operating until 2031. I see from going through email that there are almost insurmountable hurdles to clear in order for this to happen. Thanks for sending this info.

Julie Baldwin, Director
Energy Operations Division
Michigan Public Service Commission
Baldwinj2@michigan.gov
517.388.5413

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Friday, September 9, 2022 5:35 PM
To: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
Cc: Revere, Nicholas (LARA) <志RevereN@michigan.gov>; Duell, Jessica (LARA) <DuellJ@michigan.gov>; Harlow, Jesse (LARA) <HarlowJ@michigan.gov>; Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>; Kindschy, Lisa (LARA) <kindschyl@michigan.gov>
Subject: Palisades - you won't believe this.....

So, Palisades is in the news this afternoon.

Holtec, the Company that took over the license in order to decommission the plant, filed with the DOE for grant money to keep it operational. The Governor also put out a press release in support of the application.

I talked to a few people this afternoon, and we are in uncharted territory. It is not even clear that keeping the plant open is possible from a licensing perspective.

I just wanted to make sure you heard about the buzz and will keep you posted best I can.

Kevin Krause

From: Krause, Kevin (LARA)
To: Peretick, Katherine (LARA)
Subject: RE: Article
Date: Monday, September 26, 2022 3:04:43 PM
Attachments: 9-23-22-Demand-letter-re-Palisades-Demand-letter-Pal-FINAL-2.pdf
image007.png

Actual letter as signed by Beyond Nuclear, et al.....

Not much beyond the article. The unsafe claims are claims these organizations have been claiming for a long time and the NRC has looked at them before.

Kevin

From: Peretick, Katherine (LARA) <PeretickK@michigan.gov>
Sent: Monday, September 26, 2022 10:01 AM
To: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Subject: Article

Environment groups slam plan to reopen Michigan nuclear plant

Carol Thompson
The Detroit News

Dozens of environmental groups submitted a letter to federal energy officials Friday imploring them to deny funding to a New Jersey company seeking to reopen a west Michigan nuclear plant.

Palisades Power Plant should not be eligible for the Civil Nuclear Credit Program, a $6 billion fund created through the bipartisan infrastructure law, the groups argued in a Friday letter addressed to U.S. Energy Secretary Jennifer Granholm and Department of Energy officials.

That's because Palisades shut down permanently in May, according to its new owner Holtec International and former owner Entergy Nuclear. The federal program states nuclear power reactors must be projected to cease operations because of economic factors — which the environment groups argue doesn't include Palisades because it is no longer producing or selling electricity.

"It is unequivocally clear that the (program envisions) subsidizing only operating reactors under the Civil Nuclear Credit Program," the letter from environmental groups states. "The program simply does not contemplate funding a closed reactor that has terminated operations."

The Michigan Sierra Club, Michigan Wildlife Conservancy, Northern Michigan Environmental Action Council and anti-nuclear groups across Michigan and the United States signed on to the letter.

Returning Palisades to the grid "would be a major success story" for Michigan and the U.S. because it would supply carbon-free power, said Nick Culp, Holtec senior manager of governmental affairs.

"We remain committed to working with our federal, state, and community partners throughout this process," Culp said in an email. "For the time being, our employees at Palisades remain focused on the safe and timely decommissioning of the site, allowing for potential reuse."

The Civil Nuclear Credit Program was designed to help existing nuclear plants with subsidies that help them overcome the economic challenges nuclear power has faced since the price of natural gas dropped. To qualify for credits, plant owners must demonstrate their plants are closing because of economic factors, that the closures will result in increased air pollution and the Nuclear Regulatory Commission must be able to provide "reasonable assurance" that the reactor can be operated with its current license and pose no significant safety hazards.

AThe prospect of returning Palisades to the power grid gained traction early this month after Gov. Gretchen Whitmer's office announced Holtec had applied for Civil Nuclear Credit program funding in July. The company warned it also would need state funding to restart operations, which Whitmer said she is prepared to support.

Whitmer, a Democrat running for reelection, normally is on the same side as environmentalists on many issues. But they have diverged on Palisades.

There are hurdles to reopening. Palisades shut down more than a week early in May as a "a conservative decision based on equipment performance," U.S. Nuclear Regulatory Commission Public Affairs Officer Prema Chandrathil said at the time. The control rod drive mechanism had a degrading seal.

The Nuclear Regulatory Commission transferred Palisades' license from Entergy to Holtec "for the purpose of decommissioning Palisades" on June 28, the NRC said. All fuel was removed from the reactor on June 13.

The NRC has never received a request to return a nuclear plant to the grid after it was permanently defueled, so it is unclear what is in store for Holtec should it pursue a reopening of Palisades, NRC Senior Public Affairs Officer Viktoria Mitlyng said.

"If the NRC receives such a formal request for reauthorizing operation of a nuclear power plant after the operator has formally notified the NRC of permanent cessation of operations and permanent removal of fuel – as is the case with Palisades – the agency will determine a path forward accordingly, based on whatever facts and rationale are provided, to ensure the highest standards of safety," Mitlyng said in an email.

People gathered virtually and in South Haven on Thursday evening for a public hearing about Holtec's original plan for Palisades, which was to decommission the plant. Although the meeting agenda was supposed to be tailored to a decommissioning plan the company filed in 2020, many attendees voiced their support or disdain for the company's recent effort to reopen.

Lynne Goodman, who introduced herself during the hearing as a southeast Michigan resident and nuclear decommissioning consultant, said reopening Palisades would reduce carbon emissions and other pollution that comes from coal- and natural gas-powered plants.

"My health is being impacted by that," Goodman said. "I really think that the plant should be considered for restart so we are putting less polluted air into the state of Michigan."

Kevin Kamps, a radioactive waste specialist with the anti-nuclear group Beyond Nuclear, said regulators and the public had been swindled by Holtec, which took over Palisades with the promise to decommission it.

"It's too bad we had to find out on Sept. 9 that Holtec had made application on July 5 for this federal bailout and is demanding a state bailout," Kamps said. "We're going to challenge all of this. We're going to challenge the bailouts. We're going to challenge the license."

ckthompson@detroitnews.com

Katherine L. Peretick, Commissioner
Michigan Public Service Commission
7109 W. Saginaw
Lansing, MI 48917

PeretickK@michigan.gov

From: Kudelko, Karen
To: Steckelberg, Larry (TREASURY); Cook, Kara; Holley, Reka (LARA); Peretick, Katherine (LARA)
Subject: Re: DOE application for Palisades
Date: Wednesday, November 2, 2022 2:44:47 PM
Attachments: image001.png
image002.png
image003.png
image004.png
image005.png
image006.png
image007.png
image008.png
image009.png

Kara summarized it well, thanks.

From: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Sent: Wednesday, November 2, 2022 2:36:15 PM
To: Cook, Kara <CookK14@michigan.gov>; Holley, Reka (LARA) <HolleyR@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>; Kudelko, Karen <KudelkoK@michigan.gov>
Subject: RE: DOE application for Palisades

Kara,
This is helpful. The next gateway would be the CNC award as an indication of forward momentum which is a milestone everyone can look for.

Larry

From: Cook, Kara <CookK14@michigan.gov>
Sent: Wednesday, November 2, 2022 2:33 PM
To: Holley, Reka (LARA) <HolleyR@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>; Kudelko, Karen <KudelkoK@michigan.gov>
Cc: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: Re: DOE application for Palisades

+ Karen for awareness and any input as well.

Answers below.

Kara Cook (she/her)
Senior Advisor | Energy and Environment
Executive Office of Governor Whitmer

Michigan.gov/Whitmer

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Sent: Wednesday, November 2, 2022 2:20 PM
To: Cook, Kara <CookK14@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>
Cc: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
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Larry, I know I didn't get all of the questions that John asked – please feel free to add the questions I missed!

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Legislative & Tribal liaison

517[redacted]
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7109 W. Saginaw Highway
PO Box 30221
Lansing, MI 48917

MPSC
MICHIGAN PUBLIC SERVICE COMMISSION

From:	Steckelberg, Larry (TREASURY)
To:	Cook, Kara; Holley, Reka (LARA); Peretick, Katherine (LARA); Kudelko, Karen
Subject:	RE: DOE application for Palisades
Date:	Wednesday, November 2, 2022 2:36:18 PM
Attachments:	image001.png image002.png image003.png image004.png image005.png image006.png image007.png image008.png image009.png

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To: Holley, Reka (LARA) <HolleyR@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>; Kudelko, Karen <KudelkoK@michigan.gov>
Cc: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: Re: DOE application for Palisades

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Senior Advisor | Energy and Environment
Executive Office of Governor Whitmer

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Larry, I know I didn't get all of the questions that John asked – please feel free to add the questions I missed!

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MICHIGAN PUBLIC SERVICE COMMISSION

517-[redacted]
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7109 W. Saginaw Highway
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Lansing, MI 48917

From:	Holley, Reka (LARA)
To:	Steckelberg, Larry (TREASURY)
Subject:	RE: DOE application for Palisades
Date:	Wednesday, November 2, 2022 2:48:00 PM
Attachments:	image001.png image006.png image007.png image008.png image009.png image010.png image011.png image012.png image013.png image014.png image015.png image016.png image017.png

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Do you want to let the team know about the award/permit timing?

And I'm happy to reach out to Kara, Karen, and Com. Peretick prior to our next meeting for any updates if that sounds like a plan.

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From: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Sent: Wednesday, November 2, 2022 2:39 PM
To: Holley, Reka (LARA) <HolleyR@michigan.gov>
Subject: FW: DOE application for Palisades

Reka,
Did you want to communicate this:

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Sent: Wednesday, November 2, 2022 2:33 PM
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Cc: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>

Subject: Re: DOE application for Palisades

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From: Steckelberg, Larry (TREASURY)
To: Holley, Reka (LARA)
Subject: RE: DOE application for Palisades
Date: Wednesday, November 2, 2022 2:50:35 PM
Attachments: image001.png
image002.png
image003.png
image004.png
image005.png
image006.png
image007.png
image008.png
image009.png
image010.png
image011.png

Will do.

From: Holley, Reka (LARA) <HolleyR@michigan.gov>
Sent: Wednesday, November 2, 2022 2:49 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: RE: DOE application for Palisades

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Subject: Re: DOE application for Palisades

+ Karen for awareness and any input as well.

Answers below.

Kara Cook (she/her)
Senior Advisor | Energy and Environment
Executive Office of Governor Whitmer

Michigan.gov/Whitmer

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Sent: Wednesday, November 2, 2022 2:20 PM
To: Cook, Kara <CookK14@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>
Cc: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
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From:	Steckelberg, Larry (TREASURY)
To:	Holley, Reka (LARA); Cook, Kara; Peretick, Katherine (LARA)
Subject:	RE: DOE application for Palisades
Date:	Wednesday, November 2, 2022 2:34:01 PM
Attachments:	image001.png image002.png image003.png image004.png image005.png image006.png image007.png image008.png image009.png

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Reka,
I think this is the core of the ask.

From: Holley, Reka (LARA) <HolleyR@michigan.gov>
Sent: Wednesday, November 2, 2022 2:21 PM
To: Cook, Kara <CookK14@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>
Cc: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
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From:	Cook, Kara
To:	Holley, Reka (LARA); Peretick, Katherine (LARA); Kudelko, Karen
Cc:	Steckelberg, Larry (TREASURY)
Subject:	Re: DOE application for Palisades
Date:	Wednesday, November 2, 2022 2:33:09 PM
Attachments:	image001.png image010.png image011.png image012.png image013.png image014.png image015.png image016.png image017.png

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From:	Baldwin, Julie (LARA)
To:	Krause, Kevin (LARA)
Subject:	RE: DOE rejects Palisades application for funds to restart
Date:	Friday, November 18, 2022 3:49:33 PM

Yup. That's why I wish Palisades could have been open for the next 10 years or so. It would be a great bridge to whatever turns out to be the best low carbon source of energy.

Julie Baldwin, Director
Energy Operations Division
Michigan Public Service Commission
Baldwinj2@michigan.gov
517.388.5413

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Friday, November 18, 2022 3:47 PM
To: Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
Subject: RE: DOE rejects Palisades application for funds to restart

Yes, many parts of the supply chain issues are experiencing inflation too.

I have also heard of renewable developers halting construction due to inflation until either prices come down, or their PPAs get renegotiated.

Kevin

From: Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
Sent: Friday, November 18, 2022 3:45 PM
To: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Subject: RE: DOE rejects Palisades application for funds to restart

So disappointing, but the article lays out the significant difficulties. I didn't understand how much of an uphill battle reopening Palisades would have been. Maybe it will be a good site for a SMR like the article mentions. Saw yesterday that the SMR in Utah is experiencing cost increases due to supply chain issues and the LCOE is expected to be about $100/MWh.

Julie Baldwin, Director
Energy Operations Division
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517.388.5413

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Friday, November 18, 2022 3:40 PM
To: Revere, Nicholas (LARA) <RevereN@michigan.gov>; Baldwin, Julie (LARA)

<baldwinj2@michigan.gov>; Proudfoot, Paul (LARA) <proudfootp@michigan.gov>
Cc: Duell, Jessica (LARA) <DuellJ@michigan.gov>; Schiller, Anna (LARA) <SchillerA3@michigan.gov>; Kindschy, Lisa (LARA) <kindschyl@michigan.gov>; Ginevan, Julie (LARA) <GinevanJ@michigan.gov>; Byrne, Michael (LARA) <ByrneM@michigan.gov>; Beck, Lynn (LARA) <BeckL12@michigan.gov>
Subject: DOE rejects Palisades application for funds to restart

DOE rejects Palisades application for funds to restart

https://www.heraldpalladium.com/communities/covert/doe-rejects-palisades-application-for-funds-to-restart/article_7cc0faf7-2e79-5ea1-8a82-89fc2c8039af.html

Kevin

From: Kindschy, Lisa (LARA)
To: Krause, Kevin (LARA)
Subject: RE: DOE rejects Palisades application for funds to restart
Date: Friday, November 18, 2022 3:44:11 PM

That is not surprising to me at all. I thought it was a long shot, at best. But that is not to say that there couldn't be a different nuclear plant on that same site someday…

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Friday, November 18, 2022 3:40 PM
To: Revere, Nicholas (LARA) <RevereN@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>; Proudfoot, Paul (LARA) <proudfootp@michigan.gov>
Cc: Duell, Jessica (LARA) <DuellJ@michigan.gov>; Schiller, Anna (LARA) <SchillerA3@michigan.gov>; Kindschy, Lisa (LARA) <kindschyl@michigan.gov>; Ginevan, Julie (LARA) <GinevanJ@michigan.gov>; Byrne, Michael (LARA) <ByrneM@michigan.gov>; Beck, Lynn (LARA) <BeckL12@michigan.gov>
Subject: DOE rejects Palisades application for funds to restart

DOE rejects Palisades application for funds to restart

https://www.heraldpalladium.com/communities/covert/doe-rejects-palisades-application-for-funds-to-restart/article_7cc0faf7-2e79-5ea1-8a82-89fc2c8039af.html

Kevin

From:	Steckelberg, Larry (TREASURY)
To:	Holley, Reka (LARA); Carmen Wells Quigg; Snoeyink, Sarah; John Egelhaaf
Subject:	RE: DOE rejects Palisades application for funds to restart
Date:	Friday, November 18, 2022 4:25:46 PM
Attachments:	image001.png image002.png image003.png image004.png image005.png image006.png image007.png image008.png image009.png

---

Reka,
If you get access to the formal record from DOE, that would be helpful.

From: Holley, Reka (LARA) <HolleyR@michigan.gov>
Sent: Friday, November 18, 2022 4:16 PM
To: Carmen Wells Quigg <carmenw@umich.edu>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Snoeyink, Sarah <snoeyinks@marketvanburen.org>; John Egelhaaf <egelhaafj@swmpc.org>
Subject: FW: DOE rejects Palisades application for funds to restart

Hey all,

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Reka Holley Voelker
Communications Section Manager
Legislative & Tribal liaison
MPSC
MICHIGAN PUBLIC SERVICE COMMISSION

517-202-4672
HolleyR@Michigan.gov
Michigan.gov/MPSC
7109 W. Saginaw Highway
PO Box 30221
Lansing, MI 48917

DOE rejects Palisades

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From:	John Egelhaaf
To:	Holley, Reka (LARA); Carmen Wells Quigg; Steckelberg, Larry (TREASURY); Snoeyink, Sarah
Subject:	RE: DOE rejects Palisades application for funds to restart
Date:	Friday, November 18, 2022 4:46:58 PM
Attachments:	image002.png image003.png image004.png image005.png image006.png image007.png image008.png image009.png image010.png image011.png

Reka,

Thanks for sending the notice. Not interested in faulting the messenger.

John

K. John Egelhaaf, AICP
Executive Director
Southwest Michigan Planning Commission
376 W. Main Street, Suite 130
Benton Harbor, MI 49022
269-925-1137 x 1512
www.swmpc.org

egelhaafj@swmpc.org

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From: Holley, Reka (LARA)
To: Byrne, Michael (LARA)
Subject: RE: DOE rejects Palisades application for funds to restart
Date: Friday, November 18, 2022 4:11:00 PM
Attachments: image001.png
image006.png
image007.png
image008.png
image009.png
image010.png
image011.png
image012.png
image013.png

Oh. . . crap.

Reka Holley Voelker
Communications Section Manager
Legislative & Tribal liaison
MICHIGAN PUBLIC SERVICE COMMISSION

517-202-4672
HolleyR@Michigan.gov
Michigan.gov/MPSC
7109 W. Saginaw Highway
PO Box 30221
Lansing, MI 48917

From: Byrne, Michael (LARA) <ByrneM@michigan.gov>
Sent: Friday, November 18, 2022 4:07 PM
To: Scripps, Daniel (LARA) <ScrippsD1@michigan.gov>; Phillips, Tremaine (LARA) <PhillipsT8@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>
Cc: Cole, Cathy (LARA) <colec1@michigan.gov>; Holley, Reka (LARA) <HolleyR@michigan.gov>; Helms, Matt (LARA) <HelmsM@michigan.gov>
Subject: FW: DOE rejects Palisades application for funds to restart

FYI

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Kevin

From: Carmen Wells Quigg
To: John Egelhaaf
Cc: Holley, Reka (LARA); Steckelberg, Larry (TREASURY); Snoeyink, Sarah
Subject: Re: DOE rejects Palisades application for funds to restart
Date: Friday, November 18, 2022 5:00:30 PM
Attachments: image002.png
image003.png
image004.png
image005.png
image006.png
image007.png
image008.png
image009.png
image010.png
image011.png
image005.png

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

This is unfortunate. Thank you for sharing, Reka.

Kind regards,
Carmen

On Fri, Nov 18, 2022, 4:47 PM John Egelhaaf <egelhaafj@swmpc.org> wrote:

> Reka,
>
> Thanks for sending the notice. Not interested in faulting the messenger.
>
> John
>
> K. John Egelhaaf, AICP
>
> Executive Director
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> Southwest Michigan Planning Commission
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From: Krause, Kevin (LARA)
To: Peretick, Katherine (LARA)
Subject: RE: NRC to Hold Decommissioning Plan Public Meeting for Palisades Nuclear Power Plant in Michigan
Date: Friday, September 9, 2022 5:11:00 PM
Attachments: image004.png

Does someone else from the Commission go to these? Charyl perhaps?

From: Peretick, Katherine (LARA) <PeretickK@michigan.gov>
Sent: Friday, September 9, 2022 4:57 PM
To: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Subject: FW: NRC to Hold Decommissioning Plan Public Meeting for Palisades Nuclear Power Plant in Michigan

This one too…

Katherine L. Peretick, Commissioner
Michigan Public Service Commission
7109 W. Saginaw
Lansing, MI 48917

PeretickK@michigan.gov

From: Katrina@theNWSC.org <Katrina@theNWSC.org>
Sent: Friday, September 9, 2022 4:48 PM
To: katrina@cciforum.com
Subject: NRC to Hold Decommissioning Plan Public Meeting for Palisades Nuclear Power Plant in Michigan

Especially given recent news concerning Palisades, this is interesting. . . .

Nuclear Regulatory Commission - News Release

No: 22-037 September 9, 2022

CONTACT: David McIntyre, 301-415-8200

NRC to Hold Decommissioning Plan Public Meeting for Palisades Nuclear Power Plant in Michigan

The Nuclear Regulatory Commission will hold a public meeting Sept. 22 in South Haven, Michigan, to discuss and receive public comment on Holtec Decommissioning International's plans for decommissioning the Palisades nuclear power plant.

The meeting will be held from 6-8 p.m. Eastern time, at the South Haven campus of Lake Michigan College, located at 125 Veterans Blvd., in South Haven. This will be a hybrid meeting, also available online. Information for accessing the meeting online will be posted on the NRC's public meeting webpage at least 10 calendar days before the meeting.

The NRC staff will accept public comments on Holtec's plan, called the Post-Shutdown Decommissioning Activities Report, through Dec. 27. Details on how to submit comments were published Aug. 26 in the Federal Register. The report includes a site-specific decommissioning cost estimate and an overview of Holtec's planned activities, schedule, projected costs, and environmental impacts for decommissioning the Palisades plant.

The Palisades Nuclear Plant is a single pressurized water reactor, located in Covert, Michigan. It operated from Dec. 31, 1971, to May 20, 2022. The plant operator, Entergy Nuclear Operations Inc., sold the plant to Holtec, effective June 28, for the purposes of decommissioning.

From: Baldwin, Julie (LARA)
To: Krause, Kevin (LARA)
Subject: RE: Palisades - you won"t believe this.....
Date: Tuesday, September 13, 2022 8:39:53 AM

Thanks Kevin – It would be incredibly helpful to Michigan if Palisades could keep operating until 2031. I see from going through email that there are almost insurmountable hurdles to clear in order for this to happen. Thanks for sending this info.

Julie Baldwin, Director
Energy Operations Division
Michigan Public Service Commission
Baldwinj2@michigan.gov
517.388.5413

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Friday, September 9, 2022 5:35 PM
To: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
Cc: Revere, Nicholas (LARA) <RevereN@michigan.gov>; Duell, Jessica (LARA) <DuellJ@michigan.gov>; Harlow, Jesse (LARA) <HarlowJ@michigan.gov>; Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>; Kindschy, Lisa (LARA) <kindschyl@michigan.gov>
Subject: Palisades - you won't believe this.....

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I talked to a few people this afternoon, and we are in uncharted territory. It is not even clear that keeping the plant open is possible from a licensing perspective.

I just wanted to make sure you heard about the buzz and will keep you posted best I can.

Kevin Krause

From:	Baldwin, Julie (LARA)
To:	Krause, Kevin (LARA)
Subject:	RE: Palisades - you won"t believe this.....
Date:	Tuesday, September 13, 2022 8:39:53 AM

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Sent: Friday, September 9, 2022 5:35 PM
To: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
Cc: Revere, Nicholas (LARA) <at>ReverN</at>
Subject: Palisades - you won't believe this.....

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From:	Krause, Kevin (LARA)
To:	Proudfoot, Paul (LARA)
Cc:	Revere, Nicholas (LARA)
Subject:	RE: Palisades - you won"t believe this.....
Date:	Monday, September 12, 2022 10:52:00 AM

I agree with all that. Although I appreciate the toughness of the nuclear regulatory environment, I do think it should apply more to operation and maybe less to design approval and possibly construction. Some operational aspects, such as radiation exposure for workers, also seem a bit heavy handed, but the science is debatable.

From: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>
Sent: Monday, September 12, 2022 10:47 AM
To: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Cc: Revere, Nicholas (LARA) <RevereN@michigan.gov>
Subject: RE: Palisades - you won't believe this.....

My point was considering the irony of the Federal government creating the problem trough FERC whole sale market policy, DHS rules and NRC requirements. Not to mention a DOE failure to take control of the high level waste as promised, which has increased capital investment for nuclear facilities. They now want to correct the problem by just throwing money at the problem.

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Monday, September 12, 2022 10:09 AM
To: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>
Cc: Revere, Nicholas (LARA) <RevereN@michigan.gov>
Subject: RE: Palisades - you won't believe this.....

Maybe not a popular opinion..... I think the markets are fine for determining least cost dispatch, but I don't think markets are actually capable of making sure the appropriate infrastructure is in place AND appropriately compensated. There is just too much intervention required.

From: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>
Sent: Monday, September 12, 2022 10:00 AM
To: Kindschy, Lisa (LARA) <kindschyl@michigan.gov>; Harlow, Jesse (LARA) <HarlowJ@michigan.gov>; Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>; Krause, Kevin (LARA) <KrauseK@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
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Allso no contract for energy sales. The RFP for capacity associated with the IRP settlement for dispatchable facilities is underway, let's see if they bid. It's kind of sad that DOE/FERC action regarding energy markets a few years back could have protected nuclear facilities with high fixed

O&M costs (largely driven by Federal regulation)from a market (operated under Federal rules) driven by low natural gas prices.. Short term low natural gas prices may not have been our friend in the long run. Just part of our crazy Federal energy policy.

From: Kindschy, Lisa (LARA) <kindschyl@michigan.gov>
Sent: Monday, September 12, 2022 9:44 AM
To: Harlow, Jesse (LARA) <HarlowJ@michigan.gov>; Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>; Krause, Kevin (LARA) <KrauseK@michigan.gov>; Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
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Lisa

From: Harlow, Jesse (LARA) <HarlowJ@michigan.gov>
Sent: Monday, September 12, 2022 8:27 AM
To: Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>; Krause, Kevin (LARA) <KrauseK@michigan.gov>; Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
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Subject: RE: Palisades - you won't believe this.....

So there is still hope! That would be amazing.

From: Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>
Sent: Monday, September 12, 2022 8:18 AM
To: Krause, Kevin (LARA) <KrauseK@michigan.gov>; Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
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Subject: RE: Palisades - you won't believe this.....

Thx Kevin!

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Monday, September 12, 2022 8:06 AM
To: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
Cc: Revere, Nicholas (LARA) <RevereN@michigan.gov>; Duell, Jessica (LARA) <DuellJ@michigan.gov>; Harlow, Jesse (LARA) <HarlowJ@michigan.gov>; Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>; Kindschy, Lisa (LARA) <kindschyl@michigan.gov>
Subject: RE: Palisades - you won't believe this.....

As a follow up, here is the link to the Governor's press release…

https://www.michigan.gov/whitmer/news/press-releases/2022/09/09/whitmer-announces-plan-with-holtec-to-reopen-palisades-plant

Also, attached is the letter of support to DOE Secretary Granholm.

Kevin

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To: Proudfoot, Paul (LARA)
Cc: Revere, Nicholas (LARA)
Subject: RE: Palisades - you won"t believe this.....
Date: Monday, September 12, 2022 10:09:00 AM

Maybe not a popular opinion..... I think the markets are fine for determining least cost dispatch, but I don't think markets are actually capable of making sure the appropriate infrastructure is in place AND appropriately compensated. There is just too much intervention required.

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Subject:	RE: Palisades - you won"t believe this.....
Date:	Monday, September 12, 2022 10:01:00 AM

A lot of this is conjecture, but here goes.....

Relicensing would be a difficult road for Palisades. The standards the plant was built to in the 70s, even including the retrofits after Three Mile Island, are not near the standards of the current day. Most nuclear experts I have read presume that getting this reactor relicensed under today's standards would be nearly impossible.

The path that many are assuming is that the Nuclear Regulatory Commission could find that the license was in some kind of "limbo". Not licensed to operate, but not officially retired either. The license that Entergy was operating under was valid until 2031, if that license were somehow considered to be still valid would be the easiest, although controversial, path forward.

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I talked to a few people this afternoon, and we are in uncharted territory. It is not even clear that keeping the plant open is possible from a licensing perspective.

I just wanted to make sure you heard about the buzz and will keep you posted best I can.

Kevin Krause

From:	Krause, Kevin (LARA)
To:	Proudfoot, Paul (LARA); Baldwin, Julie (LARA)
Cc:	Revere, Nicholas (LARA); Duell, Jessica (LARA); Harlow, Jesse (LARA); Simpson, Naomi (LARA); Kindschy, Lisa (LARA)
Subject:	RE: Palisades - you won"t believe this.....
Date:	Monday, September 12, 2022 8:05:00 AM
Attachments:	Whitmer Letter to Granholm re Palisades Sept 2022 FINAL.pdf

As a follow up, here is the link to the Governor's press release…

https://www.michigan.gov/whitmer/news/press-releases/2022/09/09/whitmer-announces-plan-with-holtec-to-reopen-palisades-plant

Also, attached is the letter of support to DOE Secretary Granholm.

Kevin

From: Krause, Kevin (LARA)
Sent: Friday, September 9, 2022 5:35 PM
To: Proudfoot, Paul (LARA) <proudfootp@michigan.gov>; Baldwin, Julie (LARA) <baldwinj2@michigan.gov>
Cc: Revere, Nicholas (LARA) <RevereN@michigan.gov>; Duell, Jessica (LARA) <DuellJ@michigan.gov>; Harlow, Jesse (LARA) <HarlowJ@michigan.gov>; Simpson, Naomi (LARA) <SimpsonN3@michigan.gov>; Kindschy, Lisa (LARA) <kindschyl@michigan.gov>
Subject: Palisades - you won't believe this.....

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Kevin Krause

From:	Peretick, Katherine (LARA)
To:	Helms, Matt (LARA)
Subject:	RE: Palisades and nuclear study
Date:	Friday, September 30, 2022 10:17:00 AM
Attachments:	image004.png

Sure, would be happy to do an interview with Kelly. I can call her at 11:30 if that works?

Katherine L. Peretick, Commissioner
Michigan Public Service Commission
7109 W. Saginaw
Lansing, MI 48917

PeretickK@michigan.gov

From: Helms, Matt (LARA) <HelmsM@michigan.gov>
Sent: Friday, September 30, 2022 9:57 AM
To: Peretick, Katherine (LARA) <PeretickK@michigan.gov>
Subject: FW: Palisades and nuclear study

Hi, Katherine,

Got these questions from Kelly House at Bridge Michigan. Would you want to do an interview with her today on this?

From: Kelly House <khouse@bridgemi.com>
Sent: Friday, September 30, 2022 9:51 AM
To: Helms, Matt (LARA) <HelmsM@michigan.gov>
Subject: Palisades and nuclear study

Hi Matt,

I'll follow up with a phone call, but I'm doing a short update on Palisades and the forthcoming nuclear study and just wanted to touch base with MPSC about it. A couple of questions:

- What is MPSC's timeline for hiring a contractor for the study?
- Is the study something MPSC supported? Something MPSC finds useful and/or necessary?
- What is the status of the Palisades conversation? I know it's mostly in Department of Energy's hands right now, but Michigan would also need to take some steps in order to make reopening possible. Is the state in any talks with Holtec or others about finding a third-party operator for the plant, finding state-level funding to aid in reopening, or taking other steps in

preparation for a possible reopening?

- Some environmental groups have pushed back against the concept of reopening Palisades, citing safety concerns and technicalities about Palisades' eligibility for funds. Does MPSC have any doubt that the plant qualifies for the federal credit program? Does MPSC have any concerns about whether Palisades could safely reopen?

Thanks so much, Matt! Will call you shortly. I'm on a daily deadline, so any comments you can give me by 3:30 would be great (though as always, sooner is even more helpful).

Best,

Kelly House
Environment Reporter | Bridge Michigan
600 W. St. Joseph St., Suite #200, Lansing, MI 48933
Cell: 989-387-3507
Email: khouse@bridgemi.com
Twitter: @Kelly_M_House

From:	Snoeyink, Sarah
To:	Holley, Reka (LARA)
Cc:	John Egelhaaf
Subject:	RE: Palisades Recovery Initiative Team Meeting
Date:	Wednesday, September 7, 2022 2:24:09 PM
Attachments:	image001.png image002.png image003.png

Hi Reka –

I'm sorry to hear that you're out sick today – no fun!

John was out of the office today, so I shared this information with those on the PERI call. The general questions were as follows:

- So where does this leave us? What are the next steps?
- What does the timeline look like? When will funding be awarded (if it is awarded)?
- Can we know what Holtec has proposed to do with the site or use these funds for?

I think folks are just generally curious what the possible outcomes of Holtec's application for the credit could be.

Hope you feel better soon –

Sarah

Sarah Snoeyink | Programs & Projects Manager | She/Her/Hers
32849 Red Arrow Hwy #100, Paw Paw, MI 49079
Mobile: (269) 215-4931
Market Van Buren | MarketVanBuren.org
> *Creating an environment for economic growth in Cass and Van Buren Counties.*

From: Holley, Reka (LARA) <HolleyR@michigan.gov>
Sent: Wednesday, September 7, 2022 12:31 PM
To: John Egelhaaf <egelhaafj@swmpc.org>
Cc: Snoeyink, Sarah <snoeyinks@marketvanburen.org>
Subject: Fwd: Palisades Recovery Initiative Team Meeting

From: Holley, Reka (LARA) <HolleyR@michigan.gov>
Sent: Wednesday, September 7, 2022 12:29 PM
To: SWMPC Calendar <calendar@swmpc.org>
Subject: Declined: Palisades Recovery Initiative Team Meeting

Hey John,

I'm out on sick leave today so will miss our call.

However, I wanted to let you know that Holtec did submit an application for the Civil Nuclear Credit. Please let me know what questions the groups has and I will do my best to get answers for you all.

Thanks!

Reka

From: Scripps, Daniel (LARA)
To: Foster, Tricia; Smith, Tammy; Tooman, Diane; Kudelko, Karen; Peretick, Katherine (LARA); Cook, Kara
Subject: RE: Palisades
Date: Tuesday, July 5, 2022 11:53:36 AM

Very exciting! Do you know whether they're able to share a copy with us?

From: Foster, Tricia <FosterT13@michigan.gov>
Sent: Tuesday, July 5, 2022 11:42 AM
To: Smith, Tammy <SmithT89@michigan.gov>; Tooman, Diane <ToomanD@michigan.gov>; Kudelko, Karen <KudelkoK@michigan.gov>; Scripps, Daniel (LARA) <ScrippsD1@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>; Cook, Kara <CookK14@michigan.gov>
Subject: Palisades

Fyi. Holtec is submitting DOE application now.

From: Foster, Tricia
To: Scripps, Daniel (LARA); Smith, Tammy; Tooman, Diane; Kudelko, Karen; Peretick, Katherine (LARA); Cook, Kara
Subject: Re: Palisades
Date: Tuesday, July 5, 2022 1:23:31 PM

Working on a call this week to glean such

From: Scripps, Daniel (LARA) <ScrippsD1@michigan.gov>
Sent: Tuesday, July 5, 2022 11:53:34 AM
To: Foster, Tricia <FosterT13@michigan.gov>; Smith, Tammy <SmithT89@michigan.gov>; Tooman, Diane <ToomanD@michigan.gov>; Kudelko, Karen <KudelkoK@michigan.gov>; Peretick, Katherine (LARA) <PeretickK@michigan.gov>; Cook, Kara <CookK14@michigan.gov>
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Subject: Palisades

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From:	Snoeyink, Sarah
To:	Holley, Reka (LARA)
Cc:	John Egelhaaf
Subject:	RE: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan
Date:	Monday, September 12, 2022 9:15:18 AM
Attachments:	image002.png image003.png image004.png image005.png image010.png image011.png image012.png image013.png image014.png image015.png image016.png image017.png

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Good morning, Holley –

I'd be happy to help with that – thank you for working on answers to the questions.

Have a great start to your week!

Sarah

Sarah Snoeyink | Programs & Projects Manager | She/Her/Hers
32849 Red Arrow Hwy #100, Paw Paw, MI 49079
Mobile: (269) 215-4931
Market Van Buren | MarketVanBuren.org
> *Creating an environment for economic growth in Cass and Van Buren Counties.*

From: Holley, Reka (LARA) <HolleyR@michigan.gov>
Sent: Friday, September 9, 2022 2:58 PM
To: Snoeyink, Sarah <snoeyinks@marketvanburen.org>
Cc: John Egelhaaf <egelhaafj@swmpc.org>
Subject: FW: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan
Importance: High

Hey Sarah,

Would you mind forwarding to the team? I think this may be of interest

And I will work on getting answers to those questions you sent over to me.

Reka Holley Voelker
Communications Section Manager
517-202-4672
HolleyR@Michigan.gov

Legislative & Tribal liaison
MPSC
MICHIGAN PUBLIC SERVICE COMMISSION

Michigan.gov/MPSC
7109 W. Saginaw Highway
PO Box 30221
Lansing, MI 48917

From: Michigan Executive Office of the Governor <mieog@govsubscriptions.michigan.gov>
Sent: Friday, September 9, 2022 2:54 PM
To: Holley, Reka (LARA) <HolleyR@michigan.gov>
Subject: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan

Governor Whitmer Header

FOR IMMEDIATE RELEASE
September 9, 2022
Contact: press@michigan.gov

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Governor sends letter to Department of Energy voicing support for Holtec International's application for federal funding to save plant in southwest Michigan

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The full letter can be found here.

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###

From: Katrina@theNWSC.org
To: Krause, Kevin (LARA)
Subject: RE: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan
Date: Friday, September 9, 2022 3:35:08 PM

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Commr. Peretick was on our call this morning, and I think she had to drop off before I said something about how it was a shame that "some plants, including recently" weren't saved like Diablo Canyon now seems to have been. I had the impression that Michigan tried hard to avoid the shutdown, so it was a big letdown when I saw that news. I assumed that was it for Palisades, but to suddenly get this update surely must give hope to a lot of people in your great state!

From: Krause, Kevin (LARA) <KrauseK@michigan.gov>
Sent: Friday, September 9, 2022 2:26 PM
To: Katrina@theNWSC.org
Subject: RE: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan

You are telling me it is surprising. I had no wind of this whatsoever.

Kevin

From: Katrina@theNWSC.org <Katrina@theNWSC.org>
Sent: Friday, September 9, 2022 3:18 PM
To: katrina@theNWSC.org
Subject: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan

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Surprising development out of Michigan!!

Image removed by sender. Governor Whitmer Header

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Subject:	RE: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan
Date:	Friday, September 9, 2022 3:25:00 PM

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Sent: Friday, September 9, 2022 3:18 PM
To: katrina@theNWSC.org
Subject: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan

Surprising development out of Michigan!!

Governor Whitmer Header

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September 9, 2022
Contact: press@michigan.gov

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To: katrina@theNWSC.org
Subject: RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan
Date: Friday, September 9, 2022 3:19:42 PM

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From:	Michigan Executive Office of the Governor
To:	Scripps, Daniel (LARA)
Subject:	RELEASE: Gov. Whitmer Announces Plan with Holtec to Reopen Palisades Plant, Protect 600 Jobs, Shore up Clean, Reliable Energy Production in Michigan
Date:	Friday, September 9, 2022 2:55:04 PM

Governor Whitmer Header

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Contact: press@michigan.gov

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From:	Katrina@theNWSC.org
To:	Katrina@theNWSC.org
Subject:	Reminder & Agenda: today"s NWSC-NARUC-NEI Call at 10:15 AM Eastern
Date:	Friday, September 9, 2022 7:30:53 AM
Attachments:	220909 NWSC-NARUC-NEI Regular Meeting Agenda.pdf

*Reminder about today's **NWSC-NARUC-NEI regular meeting @ 10:15-11:30 AM Eastern (9:15-10:30 AM Central)**. Please see the Agenda (attached and inserted in text below) and connection options below. I hope you can join us! Katrina*

NWSC-NARUC-NEI Conference Call

***Friday, September 9, 2022 @ 10:15-11:30 AM Eastern** (9:15-10:30 AM Central)*

AGENDA

- **Takeaways/Highlights from Recent Events, Reports, etc.**
  - 2022 NARUC Summer Policy Summit: July 17-20 in San Diego, CA
  - Western Governors Association Policy Resolution 2022-09 - Radioactive Materials Management, July 29
  - ECA Forum: Hosting New Nuclear Development, Aug 3-5 in Salt Lake City, UT: Agenda
  - ANS Utility Working Conference and Vendor Technology Expo, Aug 7-10 in Marco Island, FL: Program
  - SONGS Community Engagement Panel Regular Meeting, Aug 11: Info; Draft Presentation
  - NARUC NEP: *Nuclear Energy as a Keystone Clean Energy Resource*, Aug 2022: Report; Related Webinar Recording
  - DOE-NE Transportation Core Group Meeting: Aug 30-31
  - CA Gov signed law (Sept 2) allowing Diablo Canyon to stay open until 2030 at latest
  - Applications, Bids for DOE Civil Nuclear Credit Program due Sept 6: Info
  - Ukraine's Zaporizhzhia Nuclear Power Plant updates?
- **Litigation/NRC Updates**
  - State of Nevada shenanigans re NRC license proceeding on heels of full NRC complement
  - Texas v NRC re CIS using major questions doctrine from Supreme Court WV v EPA ruling
  - Michigan AG re Palisades/Holtec license transfer before NRC
  - NRC Proposed Rule re Decommissioning: NRC information page; Fed Register Notice, Comments due Aug 30
- **Congress Updates & Next Steps**
  - Proposed Joint Letter to Congress re EPA Repository Standards drafted by Dr. Matt Bowen, Columbia University
  - SNF Solutions Caucus

- Authorization Legislation
  - Manchin NWAA bill (not yet introduced)
  - Nuclear Waste Administration Act "Gang of 4" bill (S.1234) last introduced in 2019
  - Upton bill (HR 5979) and identical Voinovich bill (S.3322) last introduced in 2010 (fed corp, NWF)
  - Heinrich/Cruz bill (S.3741) and identical House companion (HR 6901)
- FY 2023 Energy & Water Appropriations Bills – House EWD bill passed US House July 20 (part of minibus) & Senate EWD bill introduced July 28 (Explanatory Statement—see p. 95-97)
  - Both incl. NW Disposal provision ($10.205 M from NWF for DOE disposal activities) & NWTRB funds
  - Senate version only: Section 310 (pilot CIS; consent requirements) – NWSC concerns

- **Upcoming Notable Events, Reports, etc.**
  - Atlantic Council session: *Nuclear waste policy and progress: The state of play,* Sept 13 in Washington, DC
  - NWTRB Summer 2022 Board Meeting (hybrid) public meeting, Sept 13-14 in Washington, DC area: Info
  - NARUC NEP Webinar: Nuclear Energy Provisions in the Inflation Reduction Act, Sep 16 @ 2:00pm ET: Register
  - 2022 National Cleanup Workshop, Sept 21-23 in Arlington, VA: Info
  - Vermont NDCAP Federal NW Policy Committee Meeting, POSTPONED from Aug 22: Date TBD
  - DOE-NE Site Visit to Palisades, Oct 3-6 in Van Buren County, MI
  - MW Radioactive Materials Transportation Committee Fall 2022 Meeting, Oct 12-13 in Rapid City, SD: Register
  - NE HLRW Transportation Task Force Fall 2022 Meeting, Oct 26-27 in New Brunswick, NJ:
  - NARUC Annual Meeting & Education Conference & NASUSA Annual Meeting, Nov 13-16 in New Orleans, LA
  - International HLRW Management Conference (part of ANS Winter Meeting) – Nov 13-17 in Phoenix, AZ
  - Deep Isolation Nuclear Waste Podcast Series
- **Next NWSC-NARUC-NEI call** – tentatively Friday, Sept 23?

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CONNECTION OPTIONS

Join Zoom Meeting

One tap mobile:	US: +16469313860,,85724262532#,,,,*477916# or +19294362866,,85724262532#,,,,*477916#
Meeting URL:	https://us02web.zoom.us/j/85724262532?pwd=OVhXYkErZWRBQXpTR2xOa2QyOFYwUT09

Meeting ID: 857 2426 2532
Passcode: 477916

Join by Telephone

For higher quality, dial a number based on your current location.
Dial:

US: +1 646 931 3860 or +1 929 436 2866 or +1 301 715 8592 or +1 309 205 3325 or +1 312 626 6799 or +1 346 248 7799 or +1 386 347 5053 or +1 564 217 2000 or +1 669 444 9171 or +1 669 900 6833 or +1 719 359 4580 or +1 253 215 8782

Meeting ID: 857 2426 2532

Passcode: 477916

Skype for Business (Lync)

https://us02web.zoom.us/skype/85724262532

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From: Abraham, Nick (LARA)
To: Scripps, Daniel (LARA); Phillips, Tremaine (LARA); Peretick, Katherine (LARA); Adams, Christine (LARA); Ausum, Paul (LARA); Baldwin, Julie (LARA); Becker, Tayler (LARA); Brooks, Jennifer (LARA); Brunette, Angie (LARA); Burnand, Nathan (LARA); Byrne, Michael (LARA); Cadwell, Wendy (LARA); Callahan, Jennifer (LARA); Cole, Cathy (LARA); DeCooman, Jon (LARA); Doherty, Roger (LARA); Evans, Nicholas (LARA); Freeman, Al (LARA); Gibbs, Kayla (LARA); Haney, Stephanie (LARA); Hanser, Erik (LARA); Harlow, Jesse (LARA); Heidemann, Zachary (LARA); Helms, Matt (LARA); Holley, Reka (LARA); Hudson, Patrick (LARA); Kirkland, Charyl (LARA); Koepplinger, Allie (LARA); Kolioupoulos, Megan (LARA); Kuras, Jamie (LARA); McAnany, Ryan (LARA); Morese, Alexander (LARA); Mullkoff, Sarah (LARA); Proudfoot, Paul (LARA); Rittenhouse, Amy (LARA); Schiller, Anna (LARA); Simpson, Naomi (LARA); Smith, Katie (LARA); Stirling, Anna (LARA); Szajner, Karsten (LARA); Yeoman, Ryan (LARA); Wilson, Ryan (LARA)
Subject: RTO Insider/NetZero Insider 9/15/22
Date: Thursday, September 15, 2022 8:59:44 AM
Attachments: 2022-09-13-RTO-Insider.pdf
image001.png
image002.png

Good morning,

It's the latest editions of RTO Insider and NetZero Insider.

For internal use only.

National/Federal

Energy-short Europe Importing More US Shale Gas

US Power Plant CO2 Emissions Rose 7% in 2021, Ceres Finds

DOE Roadmap Tackles Tough Industrial Carbon Emissions

Midwest

Whitmer Backs Palisades Reopening Plan

Northeast

Acoustic Study to Protect Whales Extended at Empire Wind Site

NY Funds Long-duration Energy Storage Projects

Report Updates NY OSW Cable Routing Study

Hochul Insurance Investment Helps Shore Up CLCPA Targets

Midwest

NJ BPU Backs Utility Benchmarking for 30,000 Buildings

West

Calif. Lays Groundwork for NEVI Solicitations

Nick Abraham
Manager, Energy Markets Section
Michigan Pulblic Service Commission

Follow us!

November 18

11/18 2:08 PM

Rumor on twitter that DOE is going to reject the Palisades funding request. Say it is mostly tied to Holtec being unable to operate and no agreement with an operator.

-based on someone who had a conversation with Sec Granholm at COP 27.

Peretick, Katherine (LARA) 11/18 3:11 PM

Interesting

11/18 3:11 PM 👍 1

That's the first I've heard about it

11/18 3:13 PM

One of my first thoughts was, maybe it is an attempt to get Holtec to bring someone on board to the application.

Peretick, Katherine (LARA) 11/18 3:15 PM

That would certainly make it stronger

SECTION G: BID CERTIFICATION

(i) (I/We), Kelly Trice, certify that the amounts submitted on the enclosed bid sheet have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other Applicant or competitor relating to (i) those amounts, (ii) the intention to submit a bid sheet, or (iii) the methods or factors used to calculate the amounts submitted; (ii) The amounts submitted in the enclosed bid sheet have not been and will not be knowingly disclosed by the Applicant(s), directly or indirectly, to any other Applicant or competitor before bid opening unless otherwise required by law; and (iii) No attempt has been made or will be made by the Applicant(s) to induce any other entity to submit or not to submit a bid for the purpose of restricting competition. As the authorized representative(s) of the Applicant(s), (I/we) hereby certify, to the best of (our/my) knowledge and belief, the truth and accuracy of these statements and information provided above.

Kelly Trice (Signature of Authorized Officer for Applicant Company)

Kelly Trice (Name)

President Holtec Decommissioning International (Title)

5 July 2022 (Date)

SECTION H: APPLICATION CERTIFICATION

By signing this Certification Application, (I/We), Kelly Trice certify the statements contained in the Certification Application and any attachments herein are true, complete, and accurate to the best of (my/our) knowledge. (I/We) further certify that the submitted forecasts are consistent with market analysis, operations cost assessments, risk monetization and analyses, and other standards used in the standard business processes associated with the Nuclear Reactor. (I/We) (am/are) aware that any false, fictitious, or fraudulent statements or claims may subject the signatories of this document to criminal, civil, or administrative penalties per 18 U.S.C. § 1001. As the duly authorized representative(s) of the Applicant(s), (I/we) hereby certify, to the best of (our/my) knowledge and belief, the truth and accuracy of the statements provided above.

Kelly Trice (Signature of Authorized Officer for Applicant Company)

Kelly Trice (Name)

President, Holtec Decommissioning International (Title)

5 July 2022 (Date)

From: Rejji P. Hayes
To: Scripps, Daniel (LARA); Phillips, Tremaine (LARA); Peretick, Katherine (LARA); Byrne, Michael (LARA)
Cc: Brandon J. Hofmeister; Michael A. Torrey; Srikanth Maddipati
Subject: September 2022 Equity Research Reports
Date: Friday, October 7, 2022 11:36:06 AM
Attachments: September Reports.pdf

Dan, Tremaine, Katherine and Mike,

I hope this note finds you well. Attached you'll find the sell-side equity research reports for September.

As always, please don't hesitate to reach out if you have any questions.

Enjoy the weekend!

Rejji P. Hayes
Executive Vice President & Chief Financial Officer
CMS Energy Corporation | Consumers Energy Company
One Energy Plaza
Jackson, MI 49201
He/His/Him
M: 312.399.3403

September 26, 2022

THE WEEKLY MARK

Power supply feedback and fleet findings by fuel

Feedback to annual supply outlook
We published our Wolfe supply study last week (link). As expected, a lot of investor focus remained on opportunities in the renewables buildout, balanced by any reliability risks. Like us, some were surprised at how slowly the storage ramp is progressing, given it is a key component to addressing renewables intermittence. The shrink in baseload also stood out, as despite several near-term coal shutdown delays, the pace continues and has visibility through the end of the decade; while gas additions are beginning to slow.

Several questions on how the U.S. is running by fuel type
Power generation has bounced around the past few years, as COVID and the subsequent demand rebound, coupled with a recently volatile commodities environment, has resulted in renewed focus on fuel mix. In 2020, we saw demand decline amidst COVID, which particularly weighed on coal. Then there was a rebound in 2021, where coal burn inflected positively and plants ran at higher capacity factors. Thus far in 2022, we've seen average capacity factors of the U.S. coal fleet slightly below last year, and overall burn/consumption is down as more plants have shut. Meanwhile gas generation is up. Despite rising commodities and fuel costs, it's clear to us that baseload plants are running very hard. Further, on average renewables capacity factors have been relatively stable (though vary across the country) – wind at ~35% and solar at ~25%. For reference, EIA has some data on this – fossil (link) and renewables cap factors (link), and generation (link). One concern has been on coal availability. As usual our colleague Scott Group published a report in conjunction with us, where he highlights coal stockpiles are at historic lows into the winter – see Exhibit 25 (link).

Seeing it in person – CMS plant visit
We visited CMS' Zeeland gas plant (0.9 GW) and Campbell coal plant (1.5 GW) a week ago. We heard from the operators and can see from SNL data that these plants are running hard, consistent with what EIA is showing at the U.S. fleet level. Particularly with elevated commodity prices, these plants are in the money and being called on by the MISO grid frequently. At Zeeland the breakeven is ~$50/MWh at the CCGT and $80-90 at the CT. Specifically, we can see Zeeland has had a monthly average capacity factor of 76% YTD, compared with 44% in 2021. While Campbell Unit 3 has had a monthly average capacity factor of 63% YTD, compared with 55% in 2021.

The nuclear inflection – could Palisades be saved?
Another takeaway from our report was the end of the nuclear shutdown trend. Palisades was hopefully the last back in May and even that could be saved. Michigan Governor Whitmer is making a hard push to save it with DoE support. When we met with CMS, they acknowledged it's a heavily lift but they will ultimately work with the state and do whatever is cost effective for customers. Uniquely, CMS can benefit on a PPA via their financial compensation mechanism, and moreso given nuclear's high capacity factor. But there are a few gating issues. The plant is owned by Holtec and would need an operator. It also needs fuel, which sounds like it could take 2 years. Significant maintenance capex may be required as well. Bottom line, this would be unprecedented (no nuke has ever come back), and at this point still seems like a long shot. But when there is a will, there is often a way.

Sentiment meter
We lower our power sentiment meter to "7" from "9". The market was hit hard and went risk-off last week. Spot nat gas has actually fallen back below $7 for the first time in 2 months. We're watching for any hurricanes impacting the production in the Gulf region.

Wolfe/MTM/Cons Estimates

Ticker	2022	2023	2024
IPPs			
CEG			
Wolfe	$2,603	$3,174	$3,408
MTM	$2,735	$3,398	$3,836
Cons	*$2,648*	*$3,137*	*$3,397*
NRG			
Wolfe	$1,960	$2,275	$2,265
MTM	$1,960	$2,275	$2,265
Cons	*$1,982*	*$2,297*	*$2,382*
VST			
Wolfe	$3,126	$3,556	$3,405
MTM	$3,013	$3,772	$3,882
Cons	*$3,174*	*$3,600*	*$3,608*
Integrated Utilities			
PEG			
Wolfe	$3.48	$3.57	$3.76
MTM	$3.50	$3.59	$3.90
Cons	*$3.47*	*$3.58*	*$3.95*

Source: Wolfe Utilities & Power Research

Steve Fleishman
(646) 582-9241
SFleishman@WolfeResearch.com

Keith Stanley, CFA
(646) 582-9243
KStanley@WolfeResearch.com

Michael P. Sullivan, CFA
(646) 582-9245
MSullivan@WolfeResearch.com

David Paz
(646) 582-9242
DPaz@WolfeResearch.com

Alex Kania
(646) 582-9244
AKania@WolfeResearch.com

David Peters
(646) 582-9246
DPeters@WolfeResearch.com

Aditya Gandhi
(646) 582-9240
AGandhi@WolfeResearch.com

CMS Energy Corporation

Notes From the Virtual Road

Summary

Mizuho hosted several meetings with CMS CFO Rejji Hayes. The company began 2022 with three large regulatory filings and have significantly "derisked" the story by reaching a settlement in both the IRP and gas rate filing, and more recently received a constructive Staff recommendation in their electric rate filing. We believe headed into EEI/year-end, investors will focus on financing for the Covert acquisition ($815M) and a final order in the electric case (expected February 2023). We maintain our Buy rating and our $73 PT.

Key Points

Staff recommendations in electric case present a constructive starting point. Last week the Michigan PSC Staff issued its recommendation in Consumers' electric rate case with a 9.7% ROE and a 50.7% equity ratio. The initial recommendation was based on a $170M rate increase which was revised down to $148M and a further edit to $161M. Management highlighted every 10 bps of ROE amounts to $7M of revenue. The utility's original request was based on a 10.25% ROE and 53% equity ratio.

ROEs will be stable. Although interest rates have risen, CMS does not believe you will see a significant move in ROEs off of the current 9.9% ROE. Since 2007, the Michigan PSC was very patient and issued ROEs in a narrow 80bps range (9.9%-10.7%) and CMS believes you will continue to see this stability and patience as rates rise.

Financing for Covert. The company expects to complete the $815M Covert power plant acquisition in May 2023 and continues to believe common equity, most likely through an ATM (currently $440M is authorized), is the most cost-effective way to finance the plant. Other than the Covert financing, the company has no other equity needs in their 5-year plan. Previously. management had quantified the benefit from the IRP, which includes the Covert acquisition, dilution, and a lower ROE on retired coal plants, to be $0.03-$0.04.

Attorney General and Gubernatorial elections in November are expected to have minimal impact in the state's regulatory environment. The Michigan AG and governor are up for reelection and the company highlighted how they have been able to work with both parties on adding much needed infrastructure while minimizing the impact to customer bills.

Strong operational performance with recent storms. Management highlighted the severe storms that hit the company's service territory last month that knocked out ~150k customers with all restorations occurring within 5 days and avoiding a bill credit penalty.

Rating	**Buy**
Previous Rating	No Change
Price (9/6)	**$67.37**
Price Target	**$73.00**
Previous Price Target	No Change

Key Data

Symbol	CMS(NYSE)
52-Week Range	$73.76 - $58.51
Market Cap ($mm)	$19,550
Shares Outstanding (mm)	290.2
Float	288.9
Average Daily Volume	1,816,577
Dividend/Yield	$1.74/2.6%

Fiscal Year-End: Dec 31

	2022E	2023E		2024E	
		Prior	Curr	Prior	Curr
Earnings per Share ($) Non-GAAP					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.87E**	**–**	**3.17E**	**–**	**3.47E**

Anthony Crowdell
Managing Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Paul Fremont
Managing Director
+1 212 205 7854
Paul.Fremont@mizuhogroup.com

Brandon Lee, CFA
Senior Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

Valuation

Base Case

We value Consumers Electric Utility based on 2024 regulated electric operating earnings of $2.63 per share and applying a P/E multiple of 21.7 times, a premium of 18.0% to the electric utilities group due to earnings stability and Michigan regulation, resulting in a valuation of $57.00 per share.

We value Consumers gas utility based on 2024 operating earnings of $1.36 per share using a P/E multiple of 19.6 times, an 18% premium to the gas utility average multiple due to earnings stability and Michigan regulation, resulting in a valuation of $27.00 per share.

We value 2024 Enterprises EBITDA of $74 million, using an 8.8 times EV/EBITDA multiple, resulting in a valuation of $2.00 per share.

In 2024, we forecast CMS will have approximately $3.6 billion of unallocated debt out of roughly $15.7 billion (net of cash) and therefore we adjust our valuation downward by $13.00.

Bull Case

We estimate upside of $1.50 to our price target for $500 million of incremental capex the company is able to invest at its regulated electric and gas utility.

Bear Case

The ROE can continue to decline in the electric segment. The company currently has an electric rate case pending with the Michigan Public Service Commission. With 2022 rate base expected to be $21 billion, a 50 bps decline in ROE (for combined electric and gas) could negatively impact our valuation by $3.00.

Company Model

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet 2019 to 2024. To derive the consolidated results, we modeled full financials for each operating subsidiary. To see the full models please reach out to us through our contact information on the front page.