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Program Overview

Emmett Romine

Manager, Energy Optimization

September 29, 2009

Key Energy Optimization (EO) Elements of Michigan Legislation

Targets

- Targets for Detroit Edison and MichCon begin in 2009
- Requires Detroit Edison programs to ramp to 1% annual savings by 2012
- Requires MichCon programs to ramp to 0.75% savings by 2012

Compliance Options

- Includes energy efficiency, conservation, and demand response (electric)
- Providers (utilities) can operate compliance programs or fund a state program
- Large electric customers may self-administer

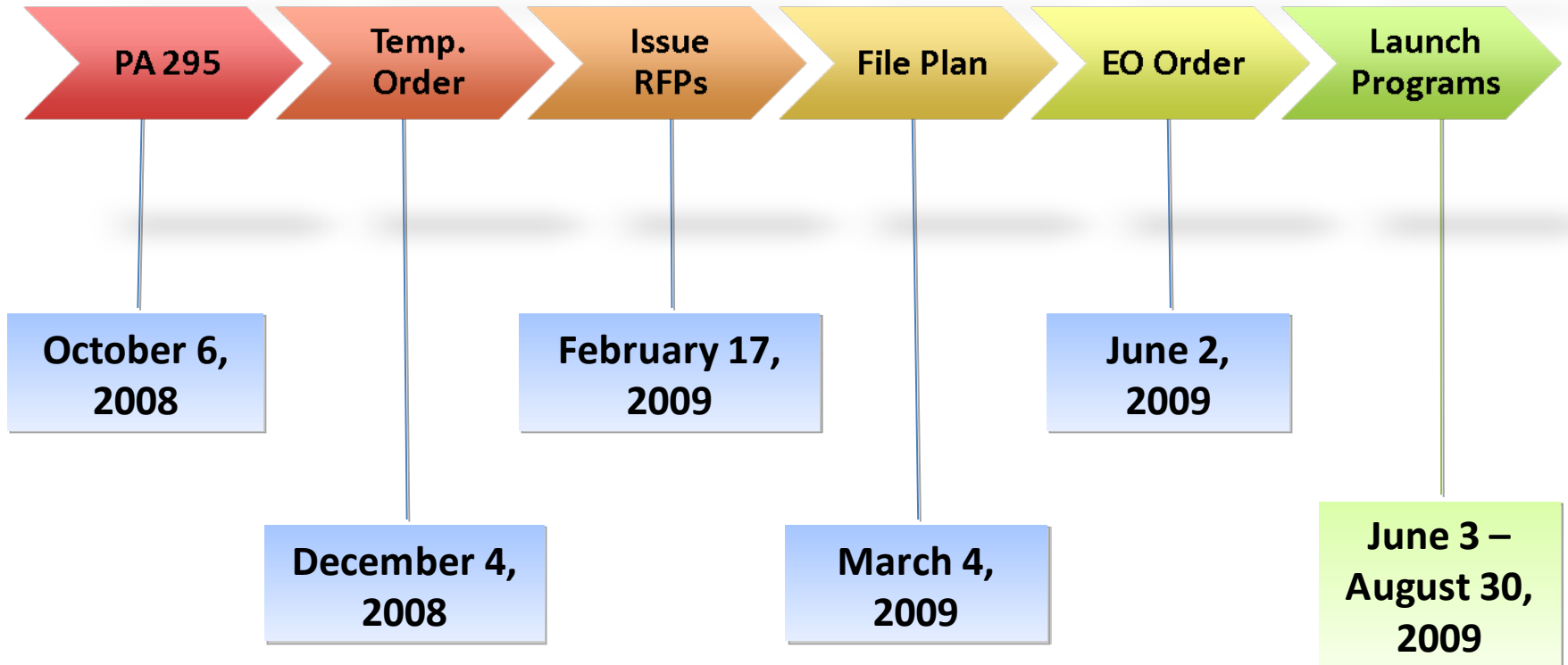
Funding

- Legislation limits annual spending for Energy Optimization (“EO”) via a customer surcharge
- Funds received from a customer class must be spent on that class
- All classes will contribute toward low income residential programs

How does it work?

- Michigan utilities, including Detroit Edison and MichCon, will run programs to help customers save energy
 - Education and awareness
 - Rebates and incentives to use more efficient products
- The programs will be operated by expert firms, and will use local labor and products as much as possible
- The cost of these programs will be paid through a utility bill surcharge dedicated to these programs

The timeline to launch has been short



Energy Optimization filing summary

	2009		2010		2011	
	Target	Plan	Target	Plan	Target	Plan
Detroit Edison						
Spending – % Retail Rev.	0.75%	0.63%	1.00%	0.86%	1.50%	1.23%
Spending (\$M)	\$31.7	\$26.7	\$42.9	\$36.8	\$64.7	\$53.0
Electric Savings - % Sales	0.30%	0.33%	0.50%	0.55%	0.75%	0.82%
Electric Savings - GWh	146	160	225	251	334	372
MichCon						
Spending – % Retail Rev.	0.75%	0.49%	1.00%	0.72%	1.50%	1.24%
Spending (\$M)	\$13.7	\$9.0	\$21.8	\$15.7	\$27.7	\$22.9
Gas Savings - % Sales	0.10%	0.12%	0.25%	0.28%	0.50%	0.55%
Gas Savings - BCF	0.176	0.207	0.427	0.475	0.830	0.908

- Filed a 31 month plan on March 4th, received approval on June 2nd
- Filed plan spends under the caps and exceeds targets each year for both utilities
- Surcharge began on June 3rd, programs begin to roll out starting in June through September

The benefits of the EO program

	Detroit Edison	MichCon
Program Avoided Cost - \$	\$489 M – 4 x cost	\$109M – 2 x cost
Program Savings - Energy	6,633 GWh	20.7 BCF
Program Cost/unit energy	\$0.0172 per KWh	\$0.22 per ccf

- **EO benefits the residents and businesses in the State of Michigan**
 - EO program will help customers control their energy bills
 - Improve environment by controlling energy consumption
 - Delay the need for a base load power plant
 - Create jobs throughout the State (consulting service, home improvement services, etc)
 - Attract new business to Michigan (products and new technologies)



Your Energy Savings Program Offerings

**YOUR
ENERGY
SAVINGS**

YourEnergySavings.com

DTE Energy



Commercial & Industrial Programs

Prescriptive Incentives

Custom Energy Efficiency Projects

New Construction Program

Residential Programs

ENERGY STAR[®]

Appliance Recycling

Heating, Cooling and Water Heating

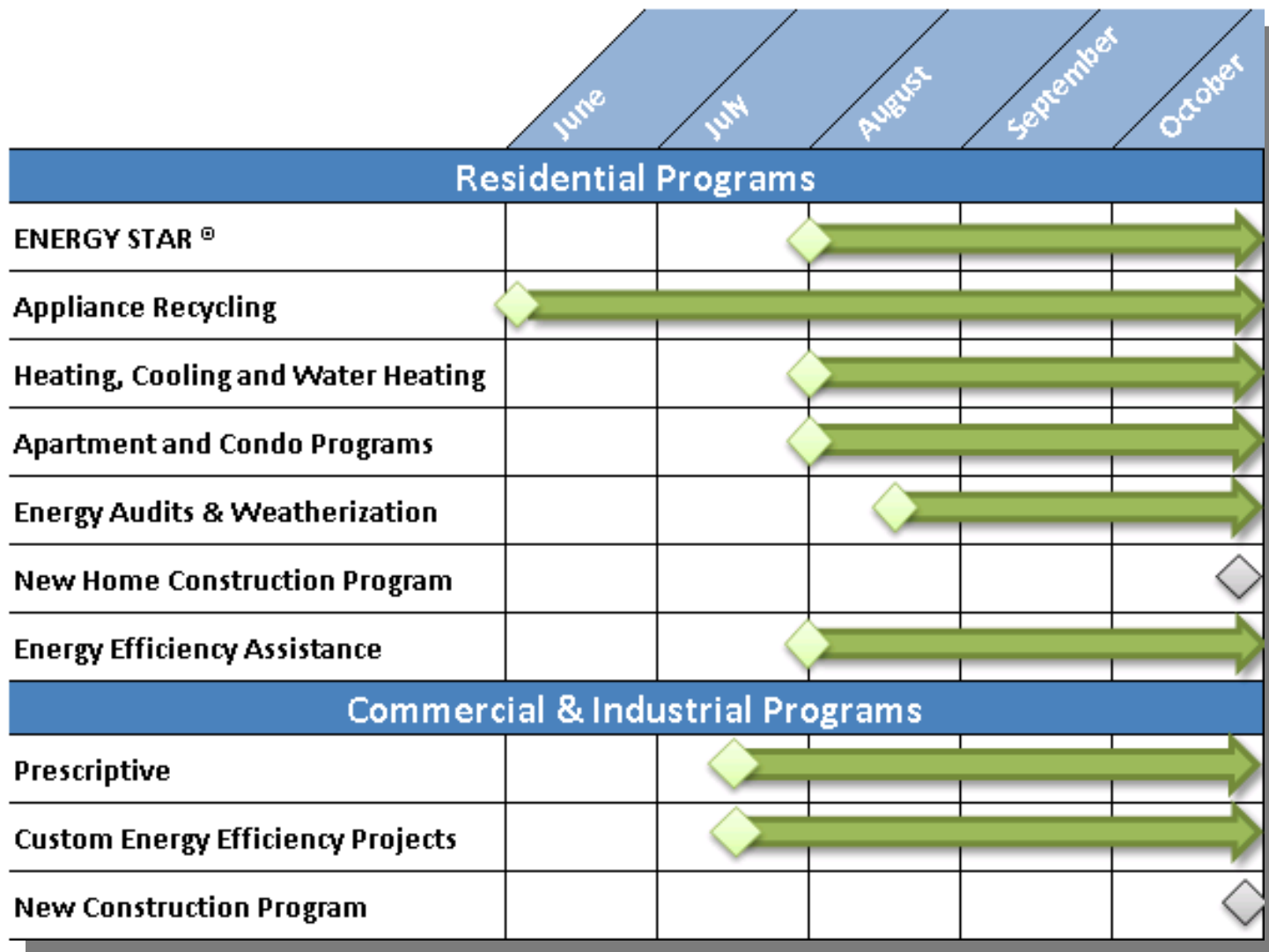
Apartment and Condo Programs

Energy Audits & Weatherization

New Construction Programs

Energy Efficiency Assistance

Program launch timeline



◆ Tentatively plan for 4th quarter 2009

Consumers Energy Saving Solutions

Everyone has the power to save.

Implementing Michigan's New EE Resource Standard

***Teri VanSumeren
Manager, Energy Efficient Solutions
September 29, 2009***

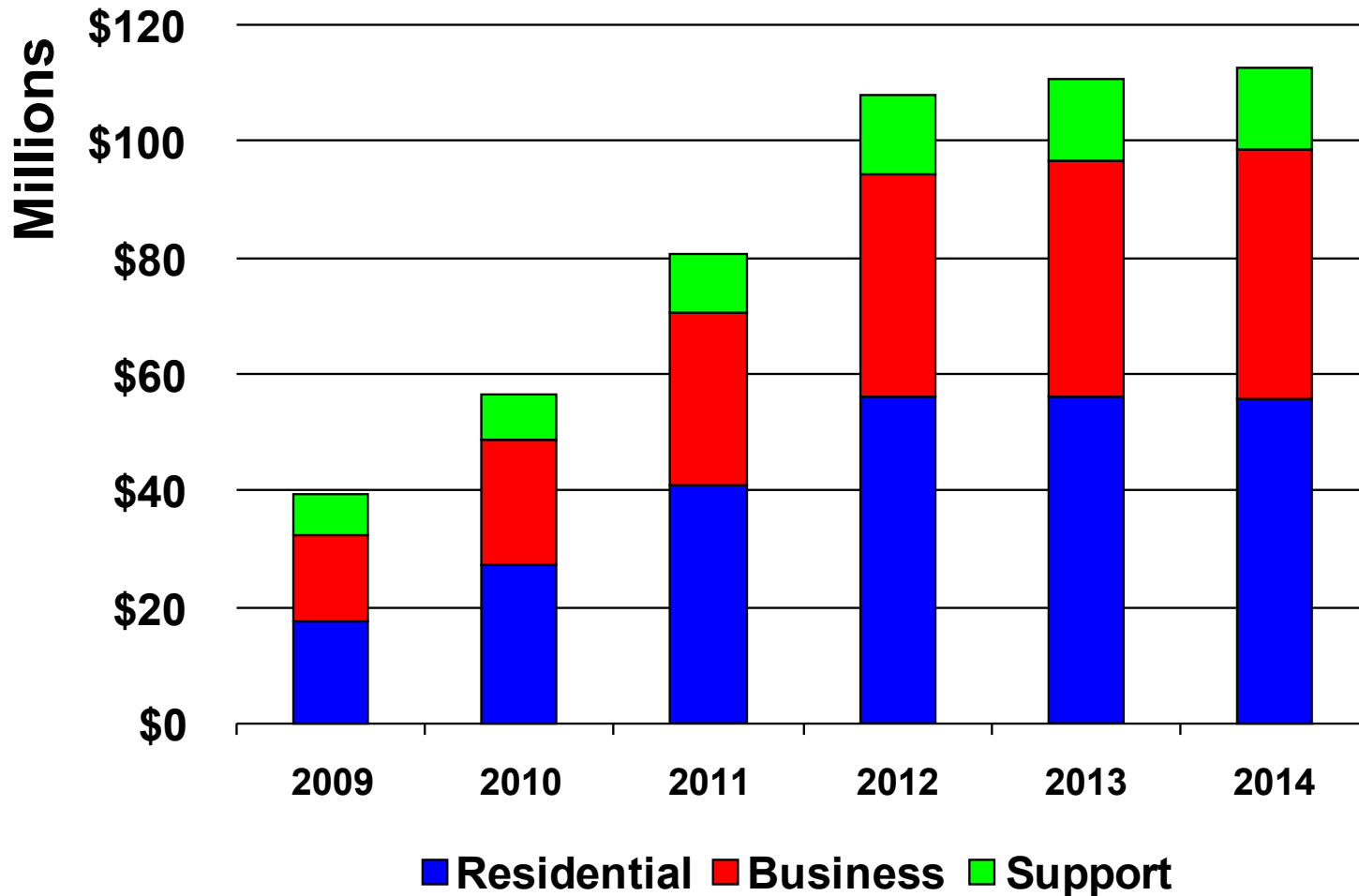
Energy Optimization Plan Objectives

- Meet savings goals, within investment caps while laying the groundwork for long term market transformation
- Design and implement a diverse group of “tried and true” programs providing participation opportunities for all customers
- Maximize program coordination with other Michigan efficiency programs to yield maximum benefits for the State
- Maximize program savings at minimum cost by striving to achieve comprehensive cost-effective savings opportunities
- Expand the energy efficiency infrastructure in Michigan by investing and supporting Michigan based trade allies and businesses
- Provide customers a single website and toll-free number to maximize program participation and minimize transaction costs
- Inform and educate customers on how to use energy more efficiently

Plan Overview

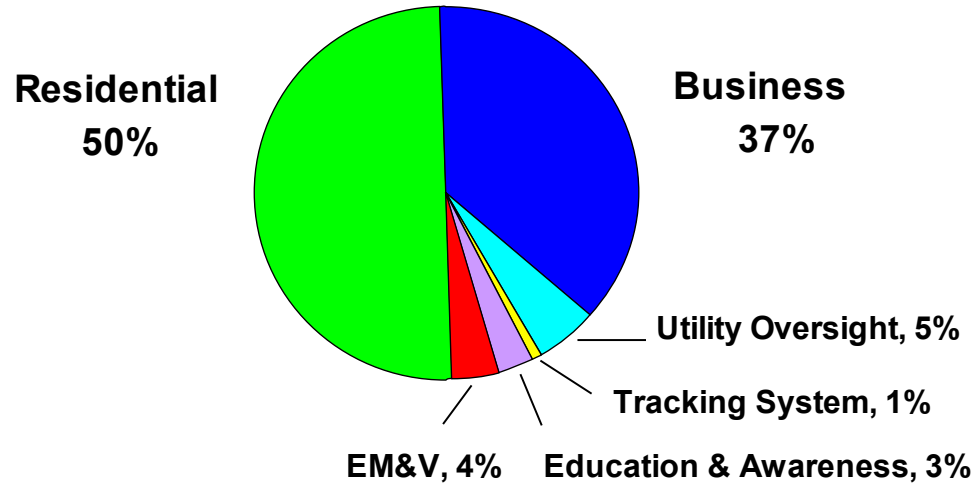
- **Six year plan beginning in 2009 and running through 2014**
- **2009 Quick Start Programs**
 - Residential Energy Star Products (Lighting, Appliances)
 - Residential Heating, Cooling & WH
 - Residential Appliance Recycling
 - Income Qualified Energy Assistance
 - Multifamily Direct Install
 - Comprehensive Business Solutions
 - Small Business Direct Install
- **Designed to meet the savings goals, providing 1,612 GWh, 286MW and 8,871 MMcf of first year savings over the 6 years**
- **Investment of \$508 million dollars, using 89% of funding**

Annual EO Program Investment

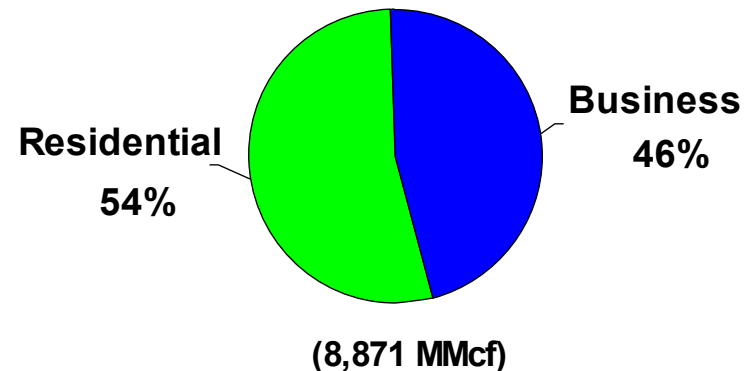
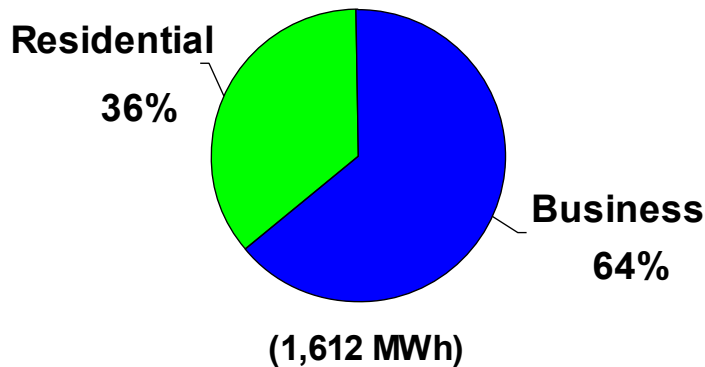


Sector Investment & Savings

Total Program Investment (2009-2014)
(\$508M)



Total First Year Savings (2009-2014)



Energy Efficiency Timeline

Q4 08			Q1 09			Q2 09			Q3 09		
O	N	D	J	F	M	A	M	J	J	A	S

★ Legislation Passed

● MPSC "Temp" Rules

● CE Plan Filed

● MPSC Plan Approval

Program Design

Program Implementation (PI) RFP's

PI RFP Evaluation

Program Development

Program Launch

Lessons Learned

- **Planning is Key – Even with a tight timeframe “It is what it is.”**
 - Regulatory Plan
 - Program Design & Implementation Plan
 - Communications Plans
 - Customers, Employees, Regulators, Legislators

- **Leverage experience**

- **Maintain a consistent program “Look & Feel”**

- **Communicate early and often**
 - Internal EO Council representing all major department heads
 - EO Weekly sent to the EO Council and other major departments
 - Met with all major departments and key employees
 - Articles in line

*“Don’t let perfect
become the enemy of
good.”*