

# electricchoice

## Market Priced Power Charge



### What Is the Market Priced Power Charge?

The Market Priced Power Charge (MPP Charge) is a Michigan Public Service Commission (MPSC)-approved customer charge designed to accommodate Electric Choice customers who want to return to Detroit Edison Full Service temporarily, without adequate notice, or before completing the Electric Choice minimum term of two years.

The MPP Charge represents Detroit Edison's incremental cost to serve these returning customers. Specifically, it is the difference between the market price of power and the power supply portion of Detroit Edison's regulated rates. The market price of power may be either higher or lower than Detroit Edison regulated rates; the MPP Charge is only applied if the market price of power is higher than the regulated rate.

### What Is the Reason for the MPP Charge?

An unanticipated need for power is created when a large number of Electric Choice customers (or a few large customers) return to Detroit Edison Full Service thereby leaving Detroit Edison without adequate time to plan for securing power to serve them.

The MPP Charge fairly and effectively accommodates those customers who return to Full Service, temporarily, without adequate notice, or before completion of their minimum term in Electric Choice. This policy ensures that a customer's return to Full Service does not unduly affect customer costs and/or reliability by placing excessive demands on the Detroit Edison system.

### How Is the MPP Charge Applied?

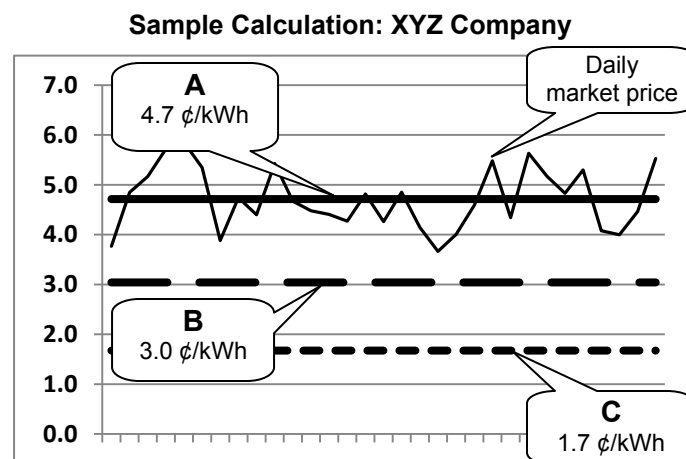
Application of the MPP Charge is based on how and when a customer returns to Full Service. Below are a few examples:

- If a customer does not meet the Electric Choice minimum term of 2 years, the MPP Charge is applied monthly beginning with the first Full Service bill. For example, if XYZ Company returned to Full Service on May 15<sup>th</sup> after only 16 months of Electric Choice service, they will pay 8 months of standard MPP Charges beginning on May 15<sup>th</sup>.
- If a customer returns to Full Service without adequate notice\* of their intent to return to Full Service during the following summer, the summer premium MPP Charge will be applied during the June through September billing periods.
- If XYZ Company did not meet the Electric Choice minimum term of 2 years AND did not provide adequate notice of their intent to return to Full Service, they will pay 4 months of summer premium MPP Charges and 4 months of standard MPP Charges beginning May 15<sup>th</sup>.

\*For more information about the Notice Provision regarding customer Intent to Return to Full Service you can refer to the Retail Access Service Rider (Section E5. Term, Commencement of Service and Return to Full Service), by visiting the MPSC Web site at [michigan.gov/mpsc](http://michigan.gov/mpsc).

### How Is the MPP Charge Calculated?

The MPP Charge is calculated on an after-the-fact basis, using published market prices, which vary hourly and by season. For any MPP-eligible bill period where the average market price of power (in ¢/kWh) is greater than the power supply portion of the Full Service rates, the customer pays the difference, for all kWh used in that period. The example below depicts the calculation of the standard MPP Charge for one billing period.



A = Average market price  
B = Detroit Edison power supply cost  
C = MPP Charge

$$A - B = C$$
$$\text{MPP Charge} = 1.7 \text{ ¢/kWh}$$

If XYZ Company used 2000 kWh, then the total MPP Charge for the billing period equals:

$$2000 \text{ kWh} \times 1.7 \text{ ¢/kWh} = \$34.00$$

If you have additional questions about the MPP Charge, call Electric Choice Customer Support at 1.888.235.3535.