



DTE Energy[®]

**Michigan's Projected Capacity Shortfall
House Energy Committee**

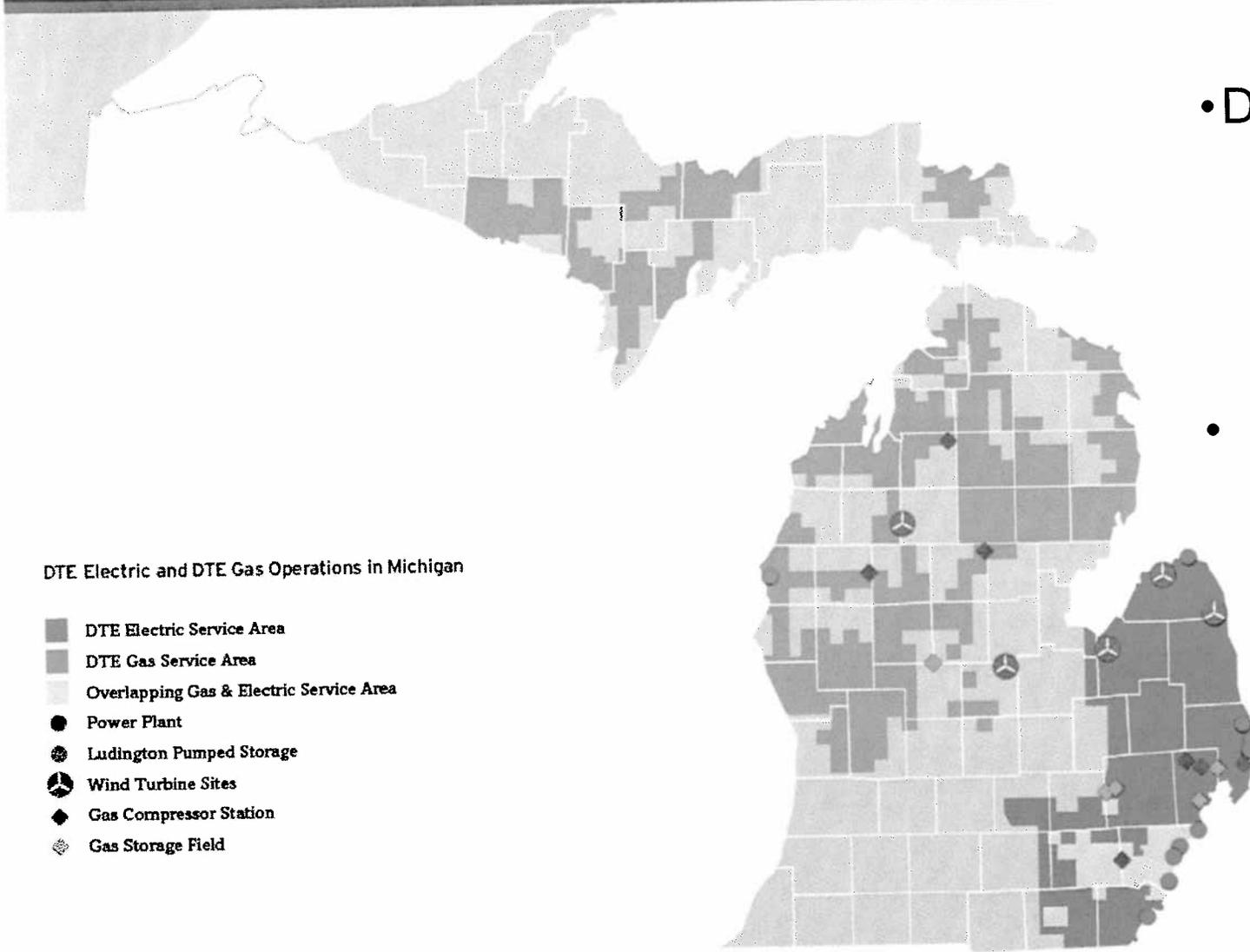
Irene Dimitry

Vice President, Business Planning & Development

February 25, 2015



DTE Energy has been providing Michigan's families and businesses with electric service and generation for over 100 years



DTE Electric and DTE Gas Operations in Michigan

- DTE Electric Service Area
- DTE Gas Service Area
- Overlapping Gas & Electric Service Area
- Power Plant
- ⊙ Ludington Pumped Storage
- ⊙ Wind Turbine Sites
- ◆ Gas Compressor Station
- ⊙ Gas Storage Field

- DTE Energy Electric
 - ✓ Founded in 1903
 - ✓ 2.1 million electric customers
- DTE Energy Gas
 - ✓ Founded in 1849
 - ✓ 1.2 million gas customers

MISO sets reserve margins required to ensure electric system reliability, but states are responsible for generation planning



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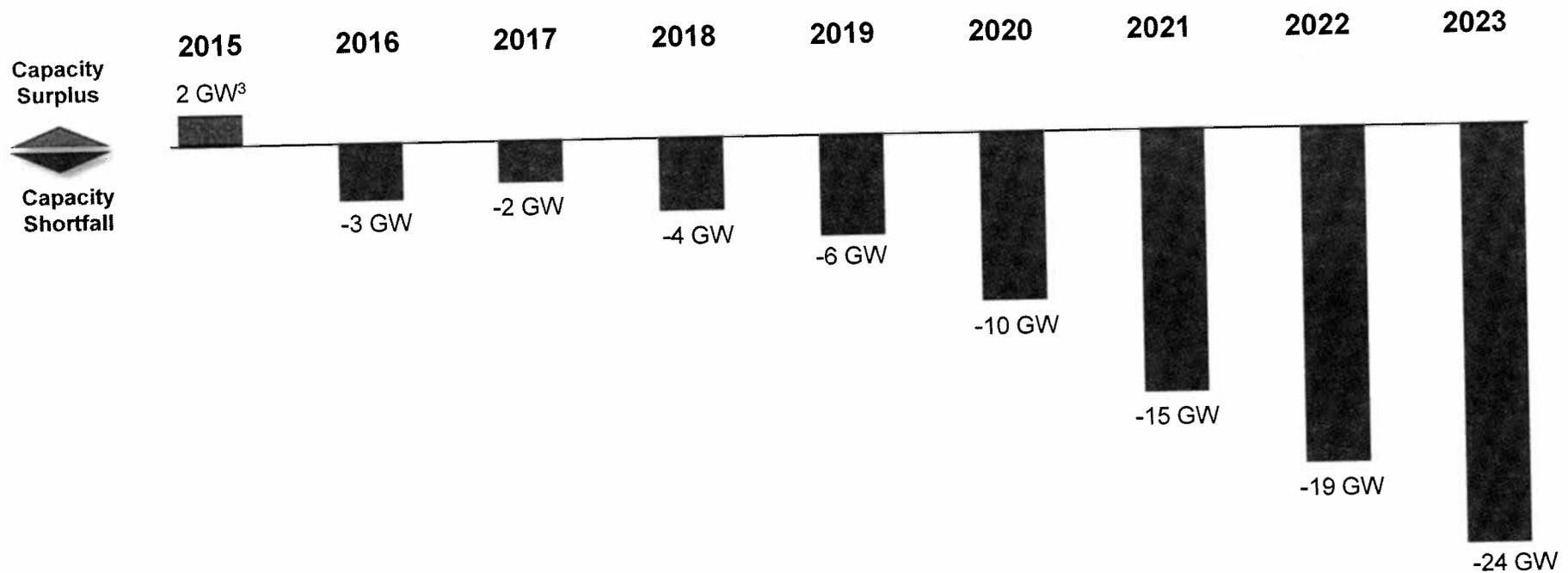


A 14-15 percent reserve margin is necessary to ensure system reliability, but excess supplies are disappearing

The Midwest is facing capacity shortfalls as early as 2016



Capacity Shortages¹ Projected by the Midcontinent System Operator (MISO)²



1. MISO North and Central Regions

2. MISO Long Term Resource Adequacy Update, October, 2014

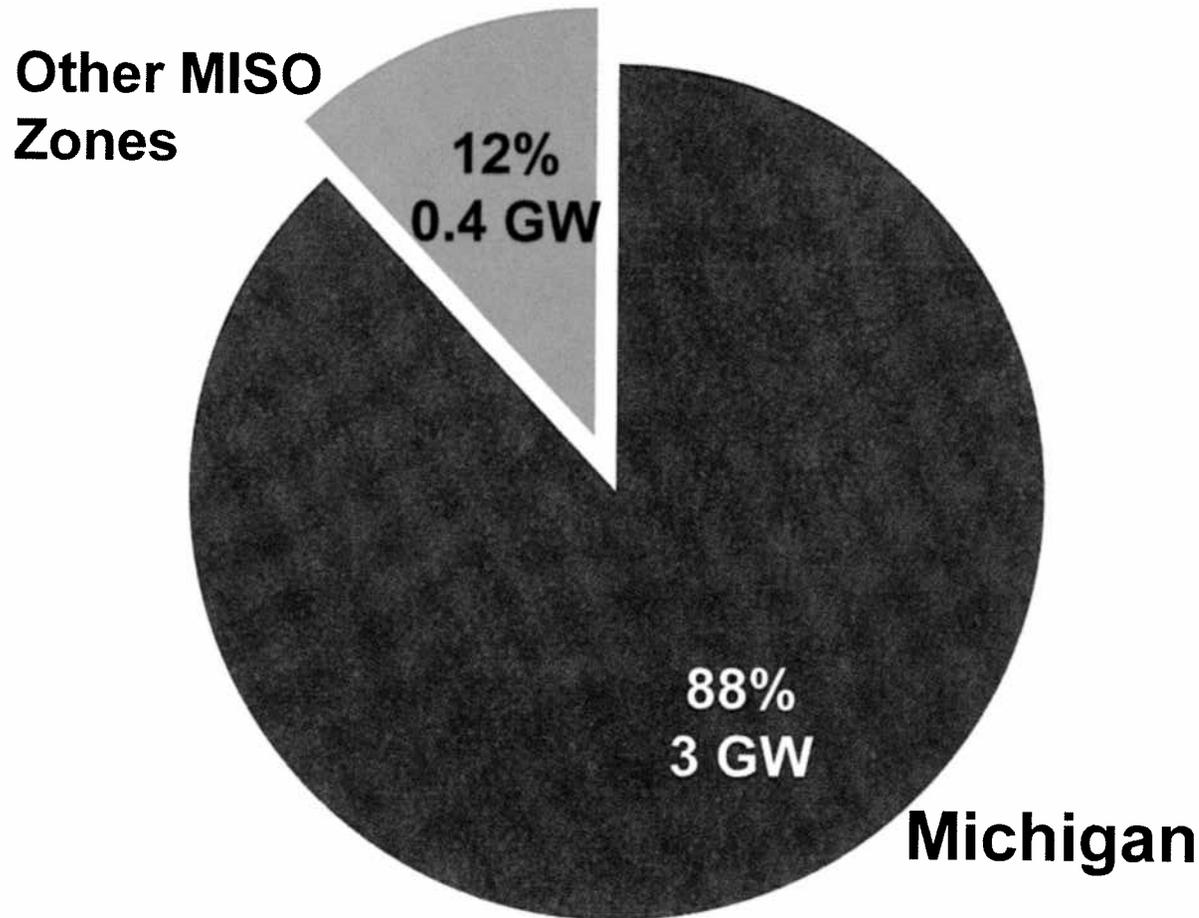
3. Gigawatt (GW) is a measure of plant capacity and 1 GW equals 1,000 megawatt (MW)

4. This forecast highlights the need to build new generation and does not include plans to build new power plants

Michigan has the largest share of the projected 2016 capacity shortfall, placing the reliability of electric supply across the state at risk



2016 MISO Capacity Shortfall



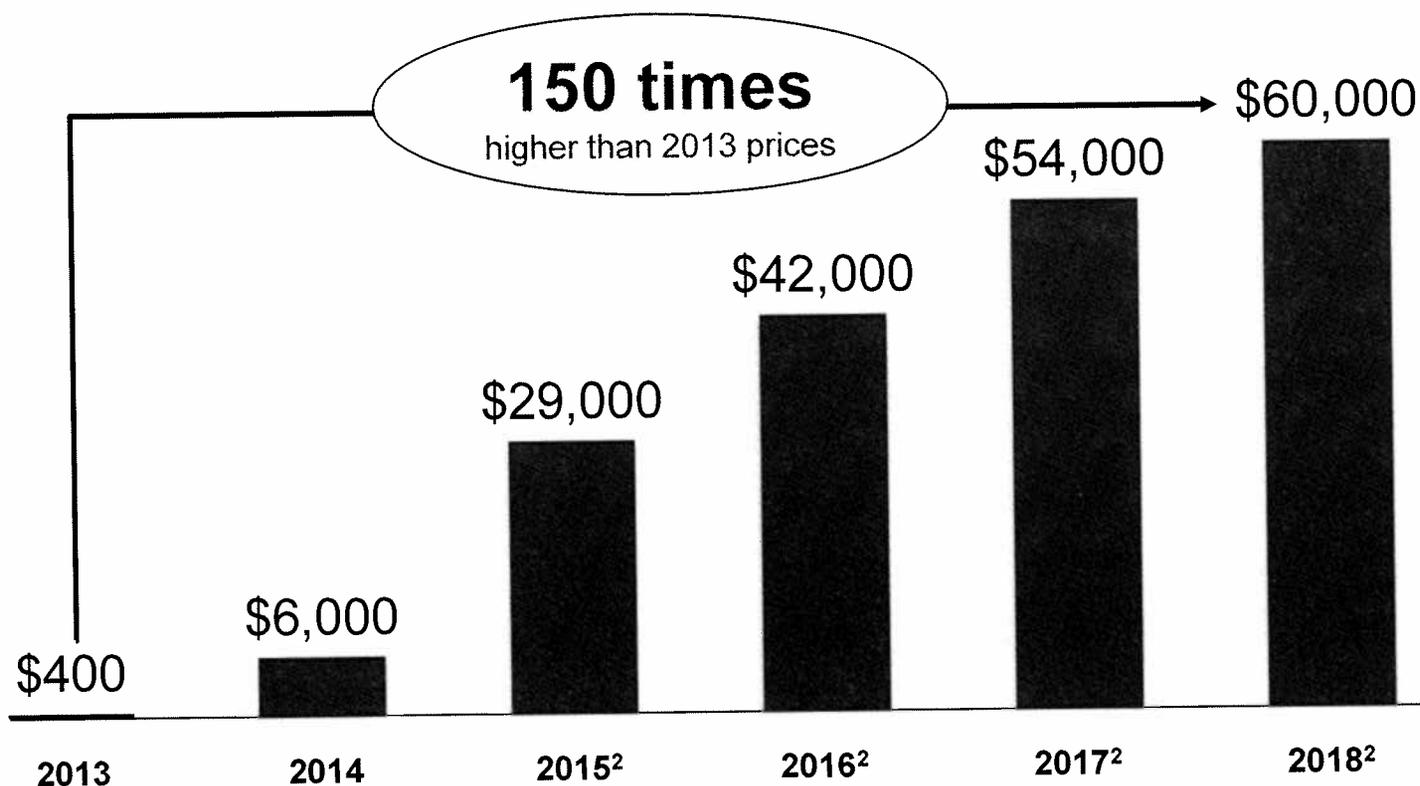
1. 1 Gigawatt (GW) is a measure of plant capacity and 1 GW equals 1,000 megawatt (MW)

Capacity market prices have increased substantially in anticipation of shrinking reserves as coal plants are retired



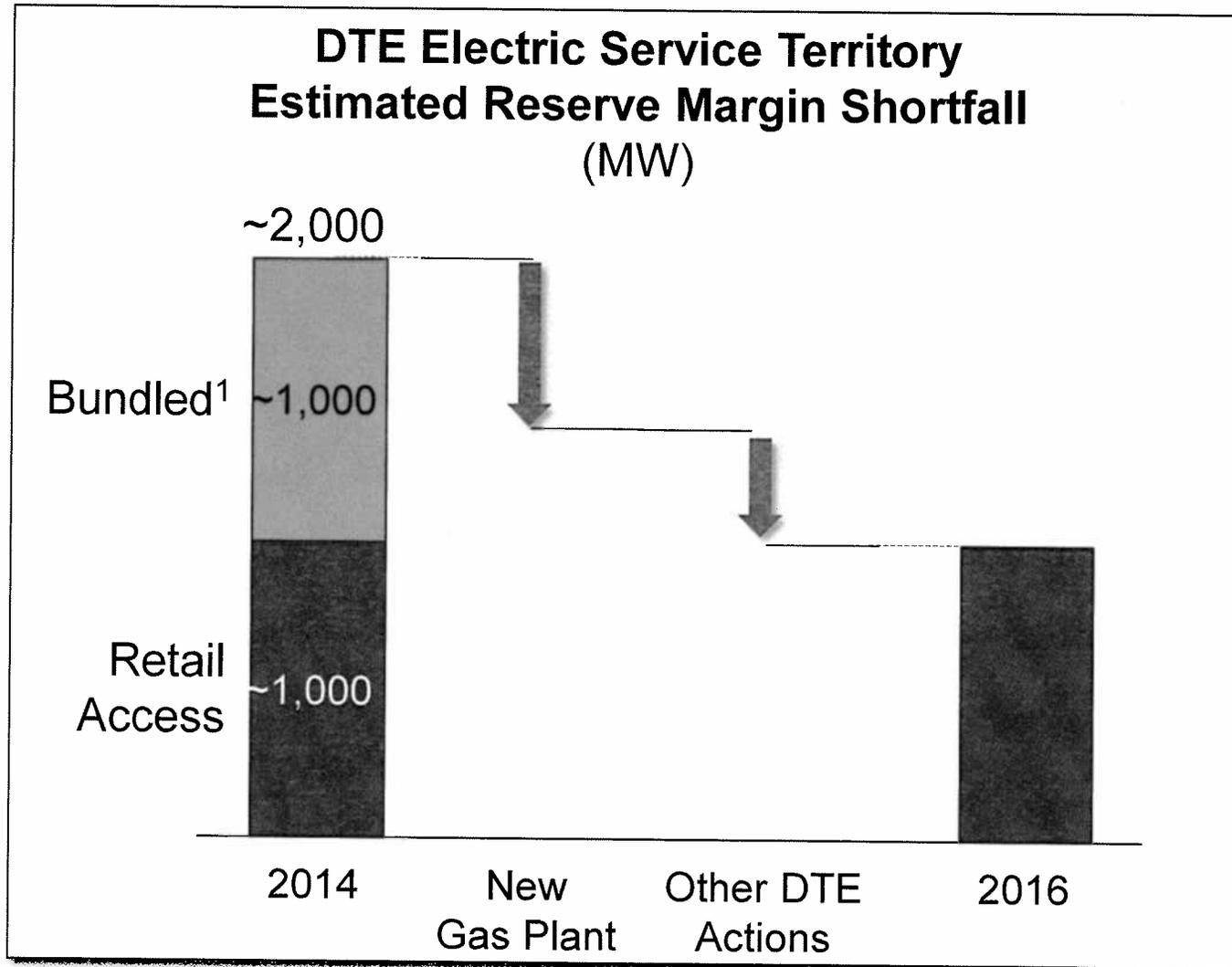
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Michigan Capacity Market Prices¹ (\$/MW-yr)



1. Capacity prices for the Midcontinent Independent System Operator (MISO) Zone 7 which covers Michigan's Lower Peninsula
2. Prices for years 2015-2018 are approximations based on recent broker surveys, data as of September 2014

DTE Electric is acquiring additional generation capacity to ensure electric supply security for its full-service, bundled customers



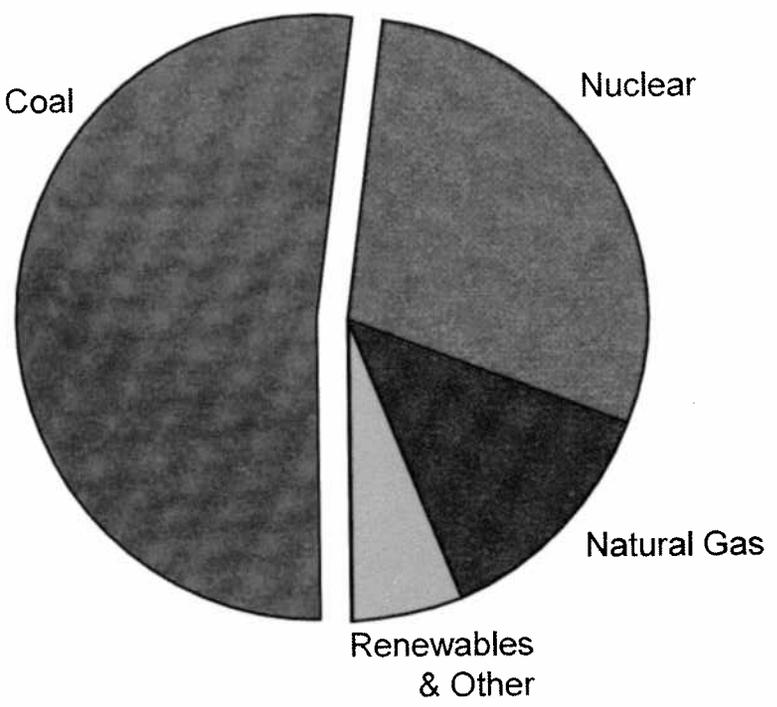
1. Full service, regulated utility customers

New generation for Michigan is certainly needed. Transforming the state's power generation portfolio will require significant investment

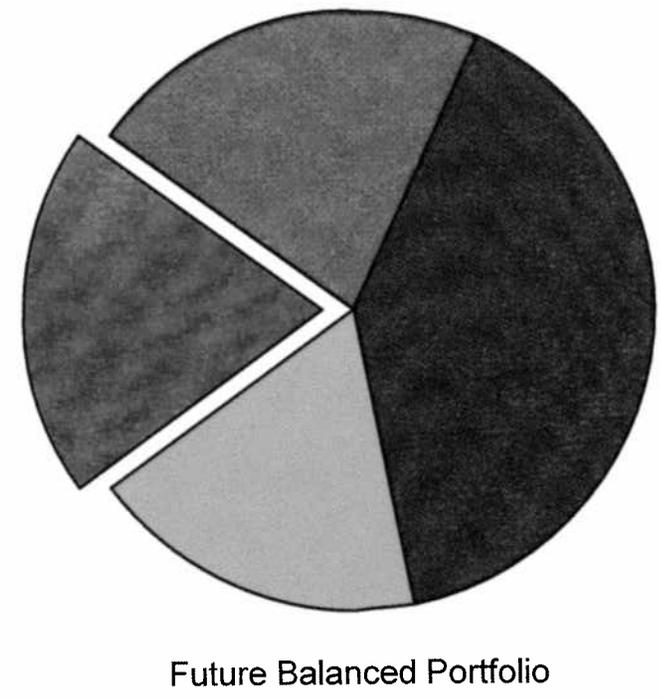


Michigan Generation Portfolio

Today's
Generation Mix
(% of MWh)



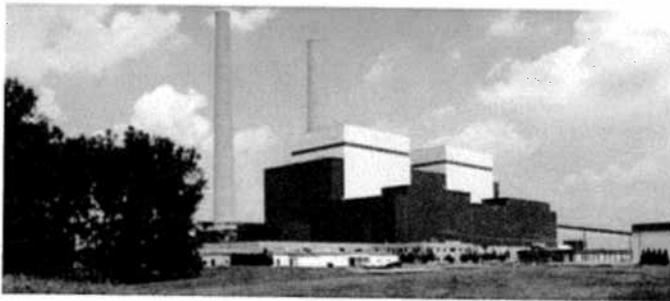
2030
Potential Generation Mix
(% of MWh)



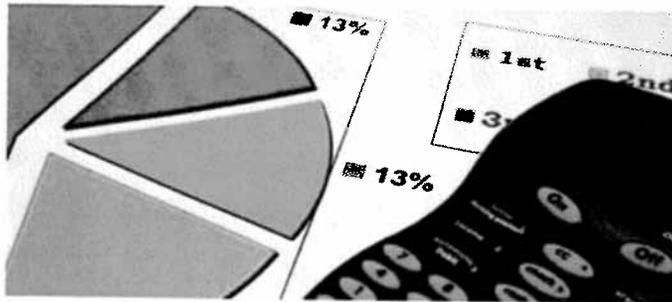
Gaps in our current regulatory structure must be addressed to ensure that Michigan's energy future is affordable, reliable and fair



Controlling costs and managing bills for families and businesses



Ensuring reliability for Michigan



Cost allocation for new generation

We believe Michigan can address the electric capacity shortfall and define its own energy future



- Fundamentally address issues with the partial deregulation of the electric market
- Adopt an agile and transparent generation planning process



Thank you for your commitment to Michigan and
examining the issues facing our state's energy
future



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