

DTE Energy: Building Ahead of a New Load

Internal ID: S&F-STR-200

Topic: Customer Strategy, Capital Allocation, Risk Management

Industry: Multi-Utilities

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

A strategy case for MBA students and working professionals

Classroom decision date: August 4, 2026. This case is based only on information available by August 3, 2026. The August 4 decision meeting described below is hypothetical; it is not represented as an actual DTE meeting.

A new scale of demand

On July 28, DTE Energy reported that it had invested more than \$2.6 billion in its utilities during the first half of 2026. The company said those investments were strengthening its electric and natural-gas infrastructure, improving reliability, and advancing cleaner energy. In the same week, DTE's investor presentation described a five-year capital plan of \$36.5 billion, including \$30 billion at DTE Electric, its regulated Michigan electric utility.

Two large data-center projects had brought new scale-and new uncertainty-to that plan. A 1,383-megawatt project in Saline Township, developed by Green Chile Ventures, an Oracle subsidiary, had received conditional approval from the Michigan Public Service Commission (MPSC) in December 2025. A separate 1-gigawatt Google project in Van Buren Township was under contested review. DTE had filed its proposed Google contracts in March. The company and the other parties filed reply briefs in that case on August 3. The Commission had not ruled by the time DTE's leadership team gathered the following morning.

For DTE, the new customers could spread fixed system costs over more sales, support local development, and help finance new resources. They could also require long-lived generation, storage, and network investments before their full load arrived. If a project ramped more slowly than planned, changed its requirements, or exited, contract terms and the regulatory framework would determine who bore the costs. The Google case also raised questions about how new generation, renewable-energy credits, and financial benefits should be allocated among the customer, DTE, and other ratepayers.

The question for leadership was how to sequence investment in a business that had to prepare for demand while providing safe, reliable, affordable electricity to existing customers.

A regulated utility inside a larger company

DTE Energy was a Michigan-based energy company whose businesses included DTE Electric, DTE Gas, DTE Vantage, and energy trading. DTE Electric served about 2.3 million electric customers in southeastern Michigan. It owned and operated generation and distribution infrastructure, purchased power, and planned for future resource needs under Michigan regulation. The MPSC reviewed DTE Electric's rates, resource plans, and customer-specific service contracts.

This distinction mattered. DTE Energy's consolidated \$36.5 billion capital plan included gas and non-utility investments as well as electric utility spending. The separate DTE Electric plan covered distribution reliability, generation, storage, and renewables. The data-center agreements were between DTE Electric and the respective customers. Financial, regulatory, and operational claims about the utility should not be assumed to apply to every DTE Energy business.

DTE Electric was addressing several demands at once. It was modernizing an aging distribution system, seeking to reduce outages, replacing retiring coal generation, and working toward Michigan's clean-energy requirements. A 2023 settlement of its prior integrated resource plan (IRP) had established a path for new resources, while state law set increasing renewable-energy targets and a clean-energy standard. DTE expected to file its next IRP in 2026. In the meantime, a new very large customer could alter the quantity, timing, and mix of resources needed.

Reliability was a visible customer concern. DTE said outage duration had improved substantially from 2023 through 2025 and reported that smart-grid technology prevented more than 49,000 outages in the first half of 2026. The Q2 presentation also described a \$11 billion five-year distribution investment plan and a goal to reduce power outages by 30% and cut outage time in half by 2029. The company attributed improvement to a combination of investments, process improvements, and more favorable weather; the reported figures were company measures rather than independent causal estimates.

The Oracle agreement: a first template

In October 2025, Oracle, OpenAI, and Related Digital announced plans for a data center in Saline Township. DTE Electric negotiated a special power-supply agreement with Green Chile Ventures, Oracle's project subsidiary. The proposed load was 1,383 MW.

The MPSC approved the contracts conditionally on December 18, 2025. Among the protections, DTE Electric had to bear costs it could not recover from Green Chile Ventures. The supply agreement included a 19-year minimum term, minimum billing demand equal to 80% of contracted use, termination payments of up to ten years of minimum demand charges, credit and collateral protections, and priority curtailment of the data center if an emergency required load shedding. A separate storage agreement required the customer to bear the costs of developing storage facilities over a 15-year period; DTE Electric would own and operate them, and the customer would receive the value of wholesale-market revenues from their operation.

The Commission said the project could benefit other customers by contributing to fixed system costs. In its filing, DTE Electric calculated an approximately \$300 million net benefit to other customers. By July 2026, DTE's investor materials described the Oracle project as approved and in its plan, with load expected to ramp in 2027-28. The presentation estimated about \$300 million in annual affordability benefits once the project was fully ramped. These were projections, not realized savings.

The Oracle agreement offered a precedent, but it did not settle the terms for every future project. Its customer, site, resource package, and approval history were specific to that case. Nor did contract approval establish that every future resource would be prudent, that all costs could always be recovered, or that DTE's projected benefits would materialize exactly as estimated.

Google: more load, more scrutiny

On March 17, 2026, DTE Electric filed two proposed agreements with Google LLC for a planned data center in Van Buren Township. The agreements were a Primary Supply Agreement (PSA), which set electric-service terms, and a Clean Capacity Accelerator Agreement (CCAA), which covered clean-energy resources. The project was described as 1 GW. DTE expected the load to ramp to full demand by the end of 2028.

DTE's July 28 presentation described the proposed resource package as up to 1,600 MW of renewable generation, 480 MW of battery storage, and 350 MW of demand response. It anticipated that about 700 MW of longer-term generation would be identified through the IRP process. DTE estimated that the generation and storage requirements could drive approximately \$5 billion of incremental capital through 2032. The final resource plan had not yet been determined.

DTE described the Google agreement as a 20-year power-supply contract with minimum monthly charges, termination fees, and credit and collateral requirements. The CCAA would support resource development. DTE said Google would cover the full cost of serving its energy needs and estimated that the agreement would provide approximately \$1.7 billion in affordability benefits to other customers over the life of the contract. DTE also said the load could support a delay in its next electric rate case filing. These were DTE's representations about proposed terms and future economics. The public record included redactions, and the full contract cash flows and supporting benefit model were not publicly available for independent reconstruction.

By August 3, the proposal had become a contested regulatory proceeding. DTE, MPSC Staff, the Attorney General, and other intervenors had filed briefs. The parties disagreed over the adequacy of minimum billing, termination and collateral provisions; treatment of a 300-MW transfer of zonal resource credits; renewable-energy-credit retirement; resource procurement priorities; the affordability backstop; and how some future costs should be allocated.

DTE argued that the contracts protected other customers and projected about \$1.7 billion in customer benefit. In its August 3 reply brief, DTE said MPSC Staff had independently replicated that projected amount. Staff, in its own August 3 reply, raised concerns that renewable-energy credits might be double-counted if not retired, disputed DTE's requested accounting treatment for a financial adder, and sought more transparency about how resources would be prioritized between Google and all DTE customers. On collateral and termination payments, Staff sought updated information within three years after the load ramp to assess risk, while stating that the review would not itself change contract terms. DTE said it did not oppose providing information needed to re-examine those amounts, while arguing that the Commission could not unilaterally alter the approved contracts. On a separate cost-allocation question, Staff supported DTE's recommendation to identify load-driven resource changes in the IRP and use a later rate case to inform cost allocation and recovery. DTE also described future rate-case and power-supply cost-recovery filings as venues to present aggregate costs and benefits. Other parties argued for additional safeguards. These were advocacy positions in an open case, not Commission findings.

The proceeding concerned utility-service contracts, not whether or where a data center should be built. In a July 16 letter to the Governor, the MPSC described existing protections and recommended that the Legislature codify a framework requiring large loads to pay their full costs, including transmission upgrades attributable to them. That letter was a policy recommendation, not an order in the Google case.

An expanding plan

DTE's July presentation described \$36.5 billion in consolidated capital investment for 2026-2030: about \$30 billion at DTE Electric, \$4.5 billion at DTE Gas, and \$2 billion at DTE Vantage. DTE Electric's plan had grown from approximately \$24 billion in its prior five-year plan. DTE attributed the increase primarily to the Oracle project and other customer-focused initiatives, cleaner generation, and distribution reliability investments.

The presentation allocated about \$11 billion to distribution infrastructure, \$10 billion to renewables, \$2.5 billion to storage, and \$2.5 billion to combined-cycle gas generation. The gas plant was intended to replace baseload generation as coal units retired by 2032. The presentation said DTE had submitted a competitive bid for the new gas resource in the 2026 IRP all-source request for proposals. Google was treated as upside to the plan, not a fully committed resource plan.

DTE said it invested over \$2.6 billion in its utilities in the first half of 2026. Its Q2 release separately highlighted a \$1.6 billion battery-storage investment and more than \$900 million of first-half electric-reliability investments. Those figures overlap in period and scope and should not be added together. They also did not represent spending solely for Google or Oracle.

The scale of the plan raised financing questions. DTE's presentation targeted \$500 million to \$600 million of annual equity issuance from 2026 through 2028, with similar amounts planned through 2030. It said an approximately \$3.5 billion increase in capital over the next three years supported data-center load growth and generation investments. DTE targeted a funds-from-operations-to-debt ratio of approximately 15% and said it expected to maintain investment-grade credit ratings. These were management targets, not guarantees.

Affordability was also before regulators in ordinary rate cases. On April 28, DTE Electric requested a \$474 million increase in base rates and a return-on-equity increase from 9.9% to 10.25%, based on a projected 12-month period ending February 29, 2028. It said the request primarily reflected capital required for reliability and cleaner energy. The MPSC was expected to decide the request in February 2027. A prior electric rate case had produced a \$242 million annual revenue increase effective March 2026, below DTE's original \$574 million request. The new request remained pending.

The decision

On August 4, DTE's senior leadership team convened a hypothetical strategy review to determine how to manage the utility's resource and capital plan as the Google proceeding advanced. They had to preserve the reliability and clean-energy work already under way, prepare for the approved Oracle load, and decide how to treat Google and other large-load opportunities in planning and procurement.

The team could continue advancing the integrated investment plan, including the resources needed for Google if the contracts were approved. It could hold firm on approved, reliability-critical, and statutory investments while making large-load-specific commitments contingent on contract approval, customer milestones, and stronger security. Or it could emphasize a more modular portfolio-storage, demand response, renewable resources, competitive procurement, and staged generation-while leaving more long-lead capacity for later decisions.

Each approach carried costs. Moving early could provide reliability, execution, and customer-growth benefits, but could commit DTE to more capital before the load ramp was visible. Waiting could preserve flexibility, but might make it harder to meet demand or retire

coal units on schedule. A more flexible portfolio could adapt as information arrived, but might not substitute for dependable generation or transmission when customers needed it.

The leadership team had to determine which investments could move ahead, which needed decision gates, and what evidence would show that data-center growth was benefiting existing customers.

Discussion questions

1. What is the strategic decision DTE faces on August 4? Which parts concern DTE Electric, and which concern consolidated DTE Energy?
2. How should DTE distinguish its reliability, clean-energy, and system-renewal investments from resources specifically required by Oracle or Google?
3. What are the strongest arguments for accelerating investment, staging it behind project milestones, or emphasizing a more flexible resource portfolio?
4. Are the Oracle safeguards a useful template for Google and future customers? Which contract and regulatory risks remain unresolved in the public record?
5. What should DTE measure and disclose to test whether the projected customer benefits materialize as load ramps?
6. What would you recommend, and what conditions would cause you to change course?

Source note

This case uses DTE Energy's 2025 Form 10-K; Q4 2025, Q1 2026, and Q2 2026 releases and presentations; the Q2 2026 Form 10-Q; the MPSC's December 2025 Oracle contract announcement and July 2026 affordability letter; and public filings in MPSC Case U-22058 dated on or before August 3, 2026. Party positions are attributed. The research dossier and its access limitations are in [site/research/dte-energy-co/](https://www.dteenergy.com/research). All dollar and capacity figures retain the scope and status stated in the cited sources.