

The logo for Consumers Energy, featuring the company name in a bold, italicized sans-serif font. The text is enclosed within a thick, black, horizontal oval shape that tapers at both ends, resembling a stylized swoosh or a lens.

Consumers Energy

Count on Us

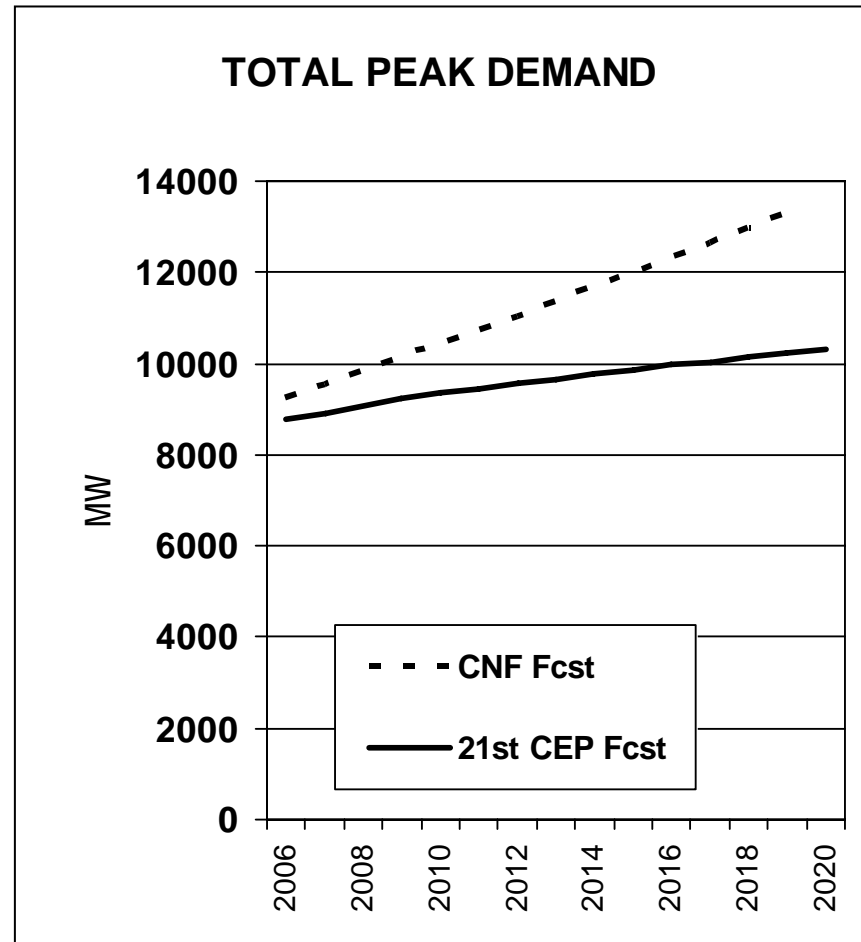
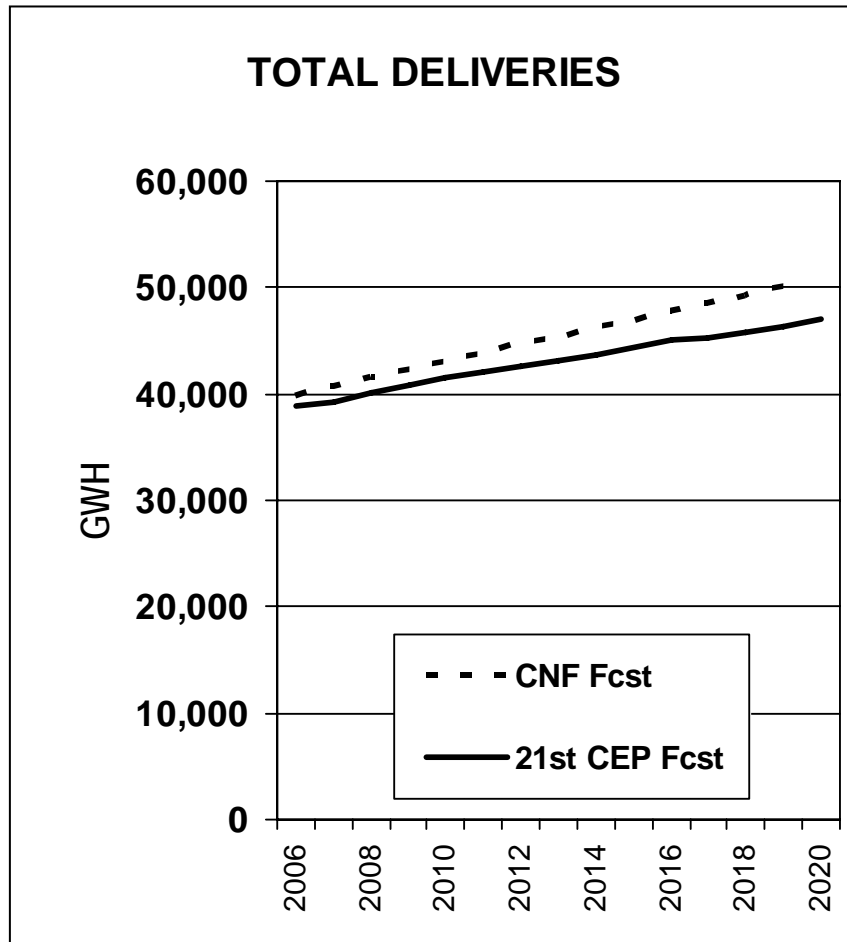
Electric Demand Forecast Comparison

21st Century Energy Plan Meeting

June 22, 2006

Lincoln D. Warriner

Comparison of Consumers Energy's Forecasts



Reasons for Differences in Forecast

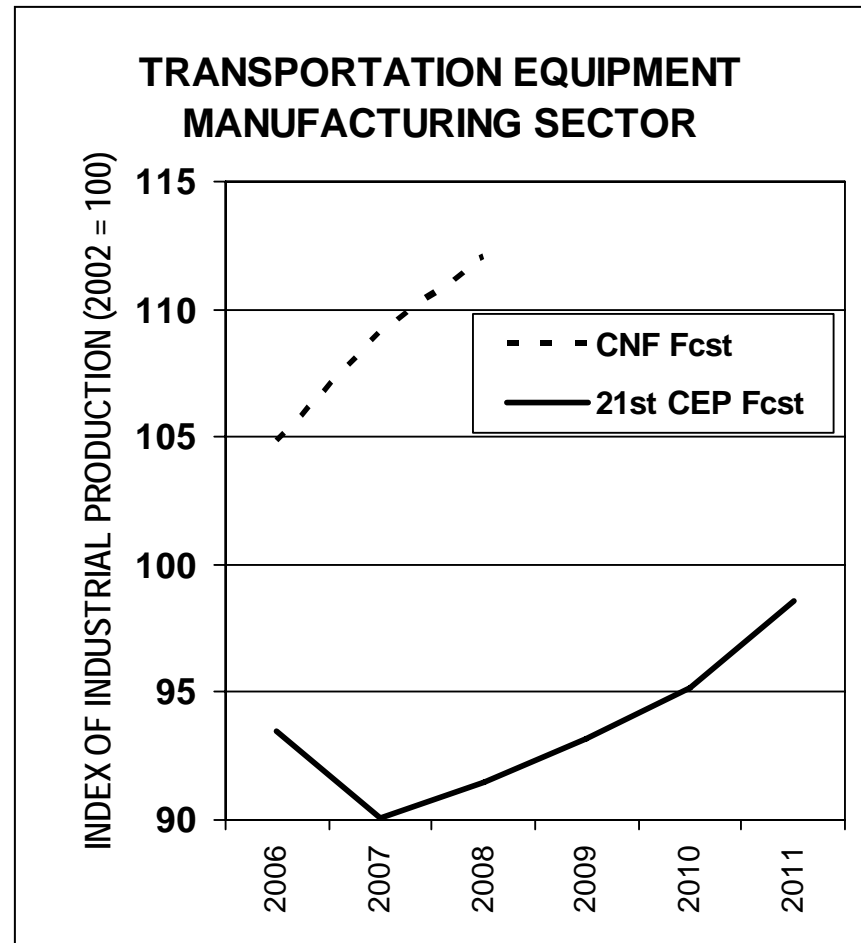
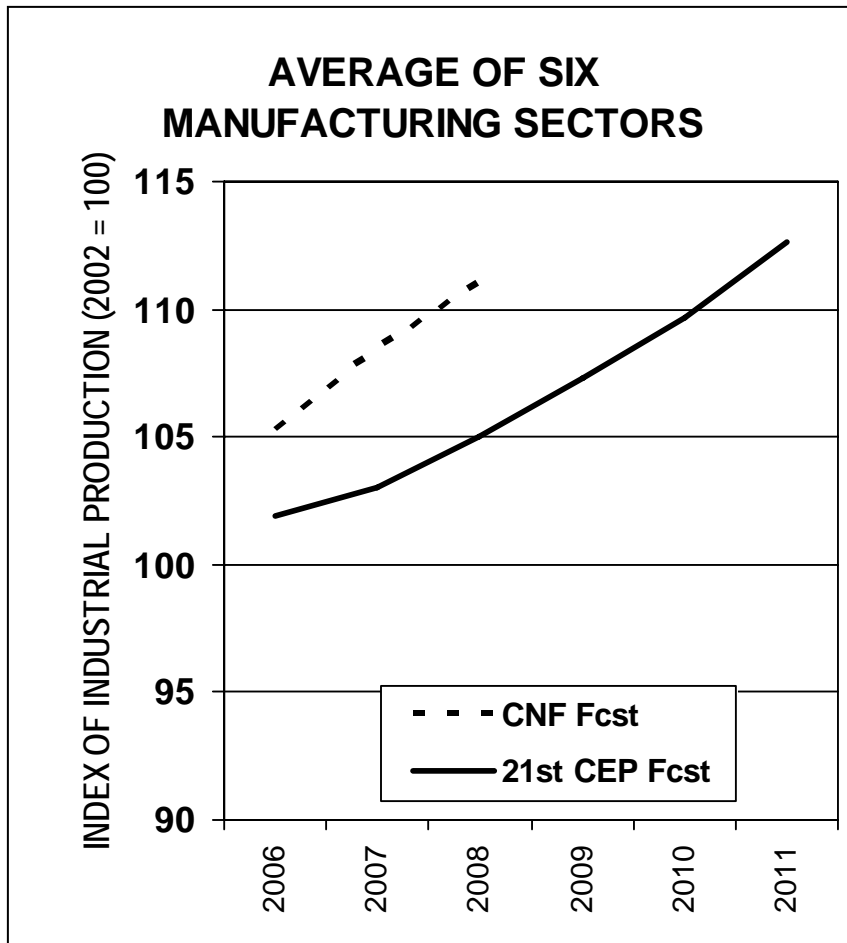
Declines in the Consumers Energy Forecasts are due to:

- Michigan Economic Outlook
 - Lower Expectations for State Industrial Production & Employment
 - Lower Expectations for New Housing Starts
- Central Air Conditioning Saturation nearing reasonable limits
- Slowing Growth in Commercial Sector Usage
- Continuing Efficiency in Electric Use
 - Large Customer Usage in relation to Industrial Production output
 - Central Air Conditioning SEER rating standards implemented in 2006

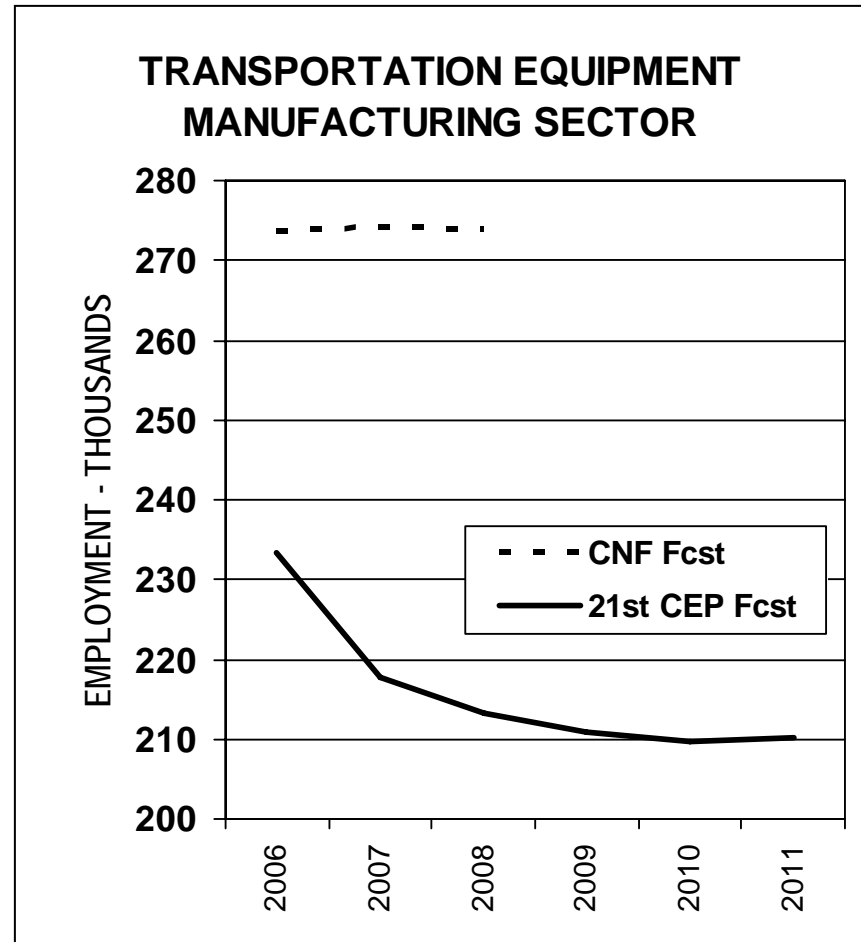
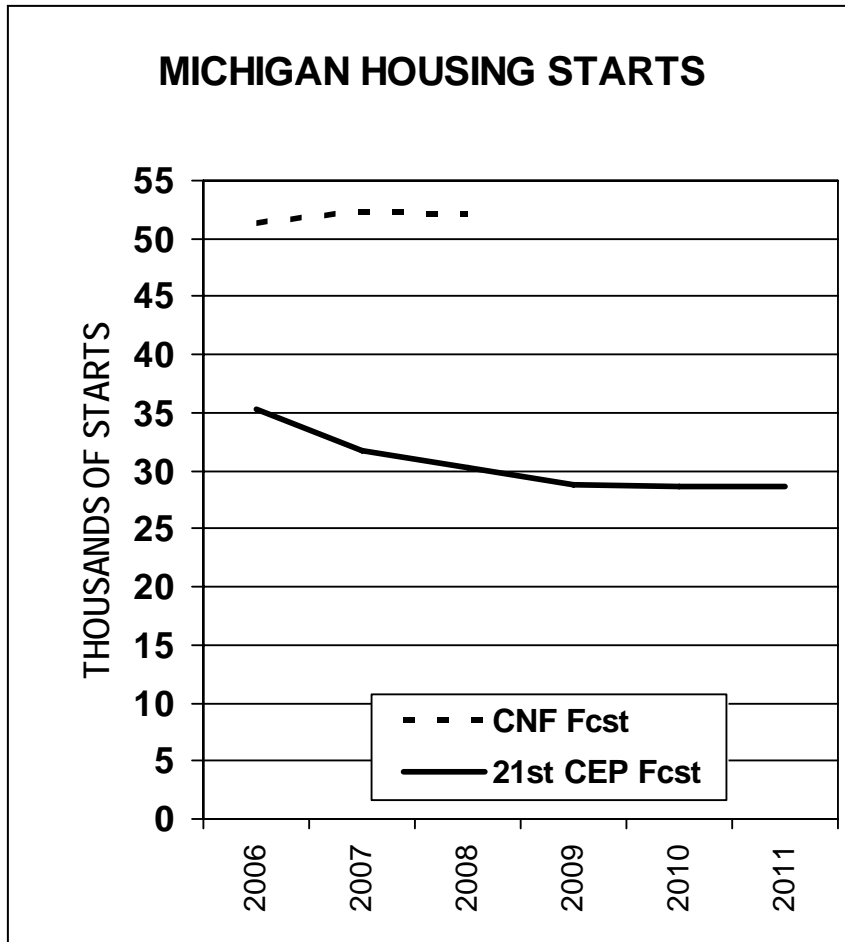
Declines in the Consumers Energy Forecast are partially offset by:

- Late 2005 announcements of specific major expansions and construction activity supporting growth in polycrystalline silicon and ethanol production

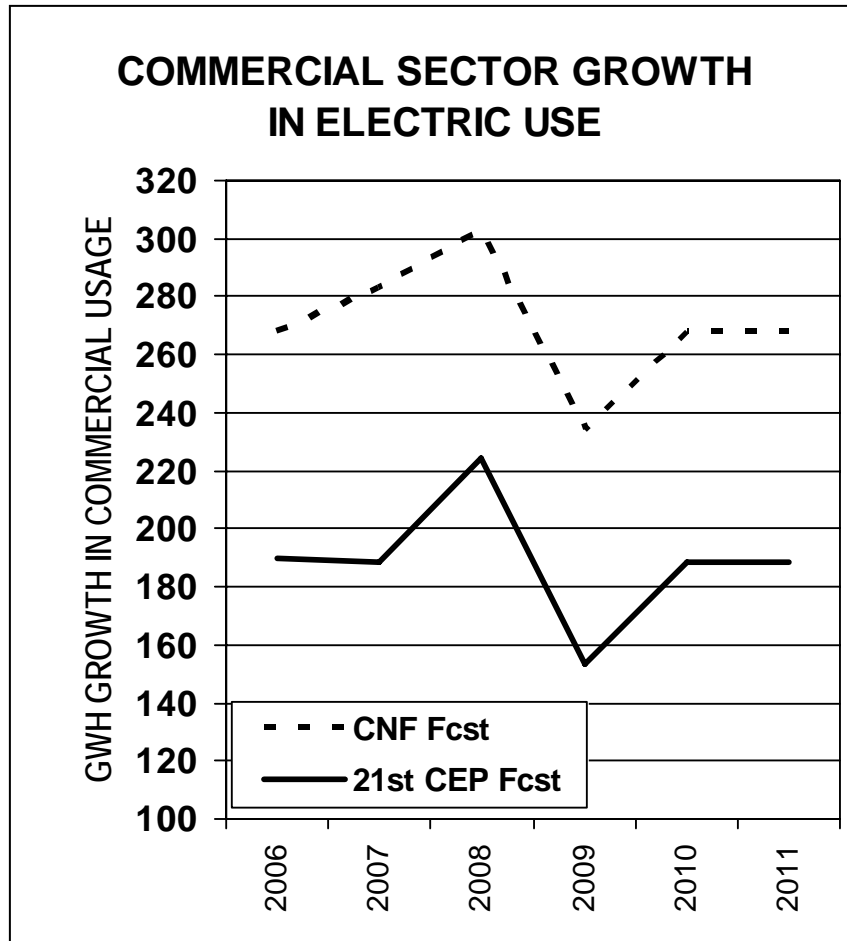
Michigan Economic Outlook



Michigan Economic Outlook



Slowing Commercial Sector Use Growth

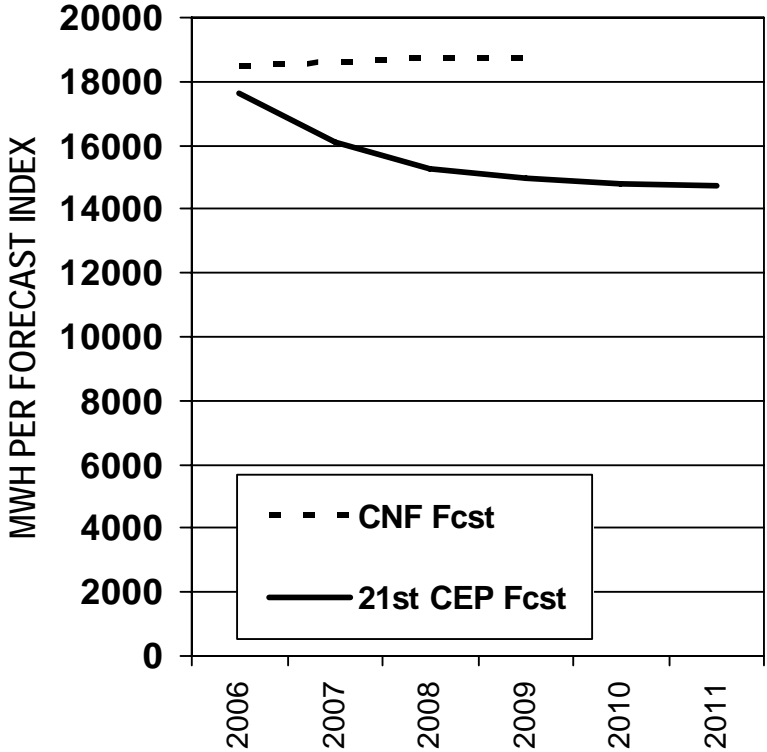


1990 – 2003 Average Growth in Usage = 279
GWH/Yr

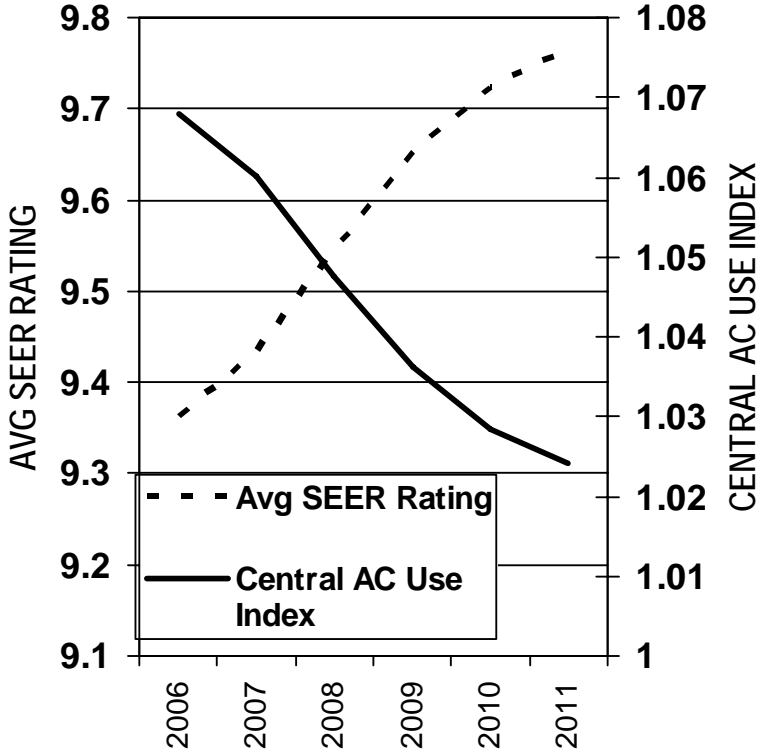
2003 – 2005 Average Growth In Usage = 187
GWH/Yr

Continuing Efficiency Improvements

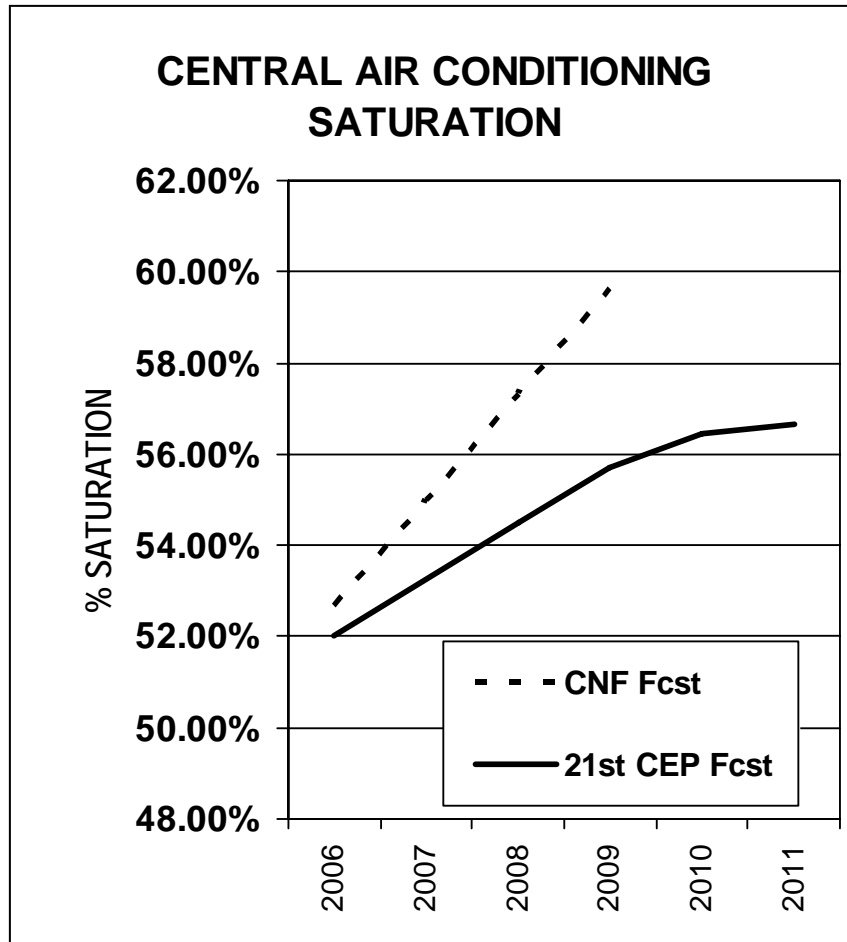
LARGE AUTO SECTOR CUSTOMER EFFICIENCY



CENTRAL AIR CONDITIONING UNIT EFFICIENCY



Central Air Conditioning Saturation



CNF: 60% central air saturation in 2009 – Peak Forecast extended as if saturation continues to grow 2.3% per year

21st CEP: Houses built before 1990 max out at 50% central air saturation in 2010. Saturation for houses built after 1990 set at 80%. Overall saturation reaches 60% central/20% window/room in 2030.

Conclusion

- Reductions in the forecast of Total Electric Deliveries are due primarily to lagging industrial sector growth in Michigan resulting from Auto Sector restructuring. This lag was not anticipated at the time the original CNF forecast was prepared. Other changes in the forecast offset each other over the next 3 – 4 years.
- Approximately one-half of the reduction in the peak demand forecast is the result of the Company's revised outlook for residential saturation of central air conditioning. The remaining reduction reflects the general Michigan economic outlook and 2006 national efficiency standards for new installations of air conditioning.
- Consumers Energy will continue to evaluate the impacts of Michigan economic conditions, central air conditioning, and other appliance or usage trends that could affect the outlook for electric demand in our service area.