



Everything Michigan

Legislation aims to give residents choice of electricity

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LANSING, Mich. (AP) — Legislation outlined Tuesday aims to give Michigan residents more than one option when buying their electricity, though achieving true residential choice will be tough.

Bills sponsored by Republican senators would eliminate what they call "double billing," where customers who leave the state's regulated utilities for alternative electric suppliers pay twice for administrative costs such as billing and collection.

"This legislation puts us in line with what we've done in the natural gas area," said Sen. Jason Allen, R- Traverse City, arguing the change could encourage alternative providers to get into the residential electricity market, which they have done for gas customers.

Michigan's 2000 law that deregulated the electricity market lets customers choose their power provider, though so far alternative suppliers have competed only for business customers and not residents. That's partly because state regulators have "skewed" utilities' rates so residential rates are below the actual cost of providing service while business rates are above cost.

"It's a bit of a red herring for them to talk about offering choice to residential customers," said Jeff Holyfield, a spokesman for Consumers Energy, who added that gas and electric markets are different. "Their focus has been on high-end (business) customers."

Just 6 percent of electricity sales in the markets of Jackson-based Consumers and Detroit Edison last year were supplied by alternative suppliers.

Supporters of the GOP legislation acknowledged that skewing would continue to be a barrier to choice for residents, but noted that Consumers is seeking to gradually phase out the discrepancy between residential and commercial rates — which could boost competition from alternative suppliers for residential business.

Backers said the legislation would build upon the electric choice law, which is supported by the Customer Choice Coalition, a group including the AARP, schools, businesses and alternative electric providers. Utilities, however, oppose the legislation and the existing law.

They essentially want to re-regulate the electricity market — arguing that utilities need the certainty of knowing they will have customers if they're going to get financial loans to build needed but expensive power plants in Michigan.

The Customer Choice Coalition said at least four independent companies would consider building new power plants if competition remains in law.

Democratic House Speaker Andy Dillon has floated the idea of taxing utilities, possibly in exchange for eliminating the law that opened electricity markets to competition. Dillon has said creating more certainty for the utilities would help them borrow money for new plants.

One bill in the package outlined Tuesday would set up competitive bidding to build a power plant and provide all sources of power. Sen. Wayne Kuipers, R-Holland, said competitive bidding would let everyone who can meet the state's electric needs have a chance to provide power at the lowest possible cost.

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