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## House energy hearings near Bills plan new rules for rates, renewable energy

By [Amy Lane](#)

LANSING — A battle over Michigan's energy future may be about to heat up in the Capitol.

House Energy & Technology Committee Chair Frank Accavitti, D-Eastpointe, plans to start hearings, possibly this week, on a package of bills that would set new standards for renewable sources of energy and energy efficiency, alter utility-rate structures, establish a new approval process for power plants and other electricity generation, and narrow the Michigan law that lets customers choose alternative-electricity suppliers.

Accavitti's hope: To have an energy package through the House and to the Senate by the time the Legislature breaks for the holidays.

"Is that possible? I think so," he said.

But the prospect of fast action on a complex set of bills, legislatively linked so that all must pass for each to take effect, alarms the **Customer Choice Coalition**, a group of consumer interests, business groups and alternative-electricity suppliers.

The group supports continuation of Michigan's electric-choice law, as envisioned under a competing Senate package of energy bills.

"We think this is an issue that deserves lengthy, serious consideration by the Legislature. We can't see any reason why there should be any hurry to make these kind of changes in a hasty way," said Dave Waymire, spokesman for the coalition and partner in Lansing public-relations firm **Martin Waymire Advocacy Communications Inc.**

However, other forces are pushing for action.

**DTE Energy Co.** and **CMS Energy Corp.** say they still need repeal or reform of Michigan's partially competitive, partially regulated system that allows utility customers to move to alternate suppliers.

Jeff Holyfield, CMS director of news and information, said preparatory work on CMS' new 800-megawatt coal-fired plant had to start for the more than \$2 billion plant to begin operating in 2015.

"We have to start now ... with optimism and hope that the Legislature will act," Holyfield said.

DTE Energy is working on a federal license application to construct and operate what could be a \$3 billion, 1,500-megawatt nuclear plant. Lorie Kessler, director of external communications, said the company hopes to file the application with the **Nuclear Regulatory Commission** in the fourth quarter of 2008.

Gov. Jennifer Granholm wants the Legislature to pass a standard by year's end that would require Michigan utilities and alternate suppliers to obtain a certain percentage of their power from renewable sources.

Granholm, who is working to build the alternative-energy industry in Michigan, sees a renewable portfolio standard, or RPS, as an essential first step to attracting that industry's jobs and investment.

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"Companies that are involved in this type of investment are going to want to see a commitment from states that there truly is a market," said Liz Boyd, Granholm's press secretary. "Setting an aggressive RPS sends a signal to those who are making investments and creating jobs that there will be a market in this state, and that we as a state are committed to renewable energy."

"We think it's doable to have this done by the end of the year. Certainly that would be our goal, because time is of the essence."

A renewable portfolio standard is among the bills Accavitti plans to address. The RPS bill is expected to call for electricity providers to obtain at least 10 percent of their electricity from renewable sources by 2016. Providers unable to meet the standard could purchase renewable energy credits from other Michigan electricity providers or renewable energy suppliers.

More than two dozen states have enacted an RPS, and in Michigan there's support among business and environmental communities for a renewable standard. But there's disagreement over the amount that should be required and if other energy measures, like changes to Michigan's 2000 electric-choice law, should accompany an RPS.

Terry Harvill, vice president and director of retail energy policy for **Constellation Energy Resources Inc.**, is among those urging the continuation of electric choice. Constellation Energy Resources is a unit of Baltimore-based **Constellation Energy Group Inc.**, whose business lines include alternative-electricity supply.

In a letter sent last week to Granholm, Harvill said it would be more difficult for Michigan to meet renewable and alternative-energy goals if the state retreated from competition fostered by the electric-choice law.

He said suppliers that compete with the incumbent utilities are leading forces in the development of renewable-energy resources. Constellation has a number of agreements with developers of renewable-energy operations across the country, including wind, solar, biomass, geothermal and landfill gas, Harvill said.

"However, there is one common attribute associated with all of these agreements: They are with facilities that are sited in locations that rely on a competitive market model," he said.

But Boyd said that "renewable portfolio standards have proven to work around the nation, in every kind of regulated and deregulated environment. The governor's objective is to assure that Michigan's energy producers provide the most reliable, cost-effective and sustainable power that provides long-term energy security."

Accavitti said changes to the choice law, Public Act 141, are needed not just to give utilities the customer certainty they need to build power plants, but also to build renewable projects, such as wind farms.

"That's why the 141 changes go hand-in-hand with the renewable portfolio standard," he said.

DTE Energy, for example, also is laying groundwork for a 30,000-plus acre wind development that could provide power to its Southeast Michigan customers and cost an estimated \$1.2 billion to \$1.5 billion.

Accavitti and others say electric choice is a failed experiment that benefits few business customers and no residential customers. Choice advocates argue that the 2000 law has helped hold down electricity rates, spurred independent power producers to develop new plants and saved customers millions of dollars.

The Customer Choice Coalition is seeking passage of Senate Bills 426-428, which are designed to encourage more residential participation and set up a process for bidding on new power plants and other sources of supply.

The coalition's Waymire said new renewable power should be compared to the cost of a new coal-fired plant, as Michigan moves ahead with power sources.

"Let's let competition decide who fulfills Michigan's future electric needs," he said.

Some, though, say coal plants shouldn't be any immediate part of Michigan's energy solution. A coalition of environmental interests, called **Clean Energy Now**, last week launched a campaign to halt new coal-fired power plants.

The coalition said the state should issue no permits for coal plants until Michigan puts in place programs to reduce statewide energy consumption by at least 1 percent a year, enacts an RPS requiring 20 percent of renewables by 2020, and takes other environmentally friendly steps.

Michigan utilities agree that renewable resources, energy-efficiency improvements and new technologies are important parts of a comprehensive energy plan, but say there will still be a need for additional plants.

Accavitti said the energy-bill package is likely to include measures dealing with efficiency, changes in customer choice,

a review process to establish the need for each new power source, and changes in Michigan's utility-rate structure in which commercial and industrial customers pay higher rates to subsidize residential customers.

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