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CHOICE COALITION COUNTERS ENERGY PLAN

Public Service Commission Chair Peter Lark, when he was an assistant attorney general, was a fixture at press conferences hosted by members of the Customer Choice Coalition. Now he, or at least his energy plan, is the target of disparaging remarks from that coalition as the group fears his plan would mean an end to choice programs.

The coalition sponsored a luncheon Tuesday hoping to convince legislators that, while Mr. Lark's projections on energy need cannot be disputed, his proposals for finding that power can.

Mr. Lark's 21st Century Energy Plan, released last month (See [Gongwer Michigan Report, January 31, 2007](#)), is predicated on the idea that the state will need at least one new base load generating plant by 2015 and that the utilities are having difficulty finding financing for such a plant. But competitors and customers argued Tuesday that was bunk.

Eric Schneidewind with Energy Michigan, a group representing independent power suppliers, said members of his group have built \$2 billion worth of generating plants in the state since 2000, all financed and all without guarantees of customers or profits.

"Throughout the country you're seeing plants being built in choice states," said Robert Nelson, a former PSC member.

And he argued that Consumers Energy and Detroit Edison should theoretically face the same financing difficulties for the emissions and other improvements they are making to existing plants that they argue they would face building a new plant.

Mr. Schneidewind said Consumers and Edison together have some 20,000 megawatts of load. "What they're saying is they cannot go out and finance a 500 megawatt plant," he said. "The claim that they can't is another way of asking the Legislature to kill the choice program."

The utilities have argued they need the guarantee of payment to secure financing for the plant and that they must plan more power than they need because they are required to be provider of last resort to all customers.

But the coalition argued both issues could be addressed through competition. Members have proposed that, rather than allowing the utilities to build and own any new power plant, that the state take bids and allow the lowest bidder to build the plant with the requirement that the utilities be provided the power they need.

Mr. Schneidewind said the plan is essentially the major utilities renegeing on deals that were made during the passage of PA 141, 2000. Through securitization, the act ensured that all power customers in the state would help the utilities pay off essentially their nuclear power plants, in exchange for allowing them to find cheaper power outside the utilities.

He said Mr. Lark's plan would have those leaving for competition also pay for any new plants the utilities build. The plan would require any individual or business who was a customer of the utility at the time a new plant is approved to pay a charge to cover the cost of that construction even if they later leave for a competitive power provider.

"If you're already paying for the plant, why would you leave?" Mr. Nelson said.

Mr. Lark's plan would also require those who leave the utility for competitor to provide two years notice before returning to regulated service. "Today we have a lot of two-year power purchase agreements," Mr. Nelson said. "You would have to say you're going to come back on day one (of the contract)."

The coalition released a **report** Tuesday showing rate trends and other data that they argued showed all customers, not just those leaving for a competitor, have benefited from having a choice of power providers.

AARP spokesperson Bill Knox said legislation would be coming shortly that would allow residential customers to aggregate their loads to seek competitors as commercial and industrial customers already can. And coalition Executive Director Barry Cargill said legislation would be coming in the spring to implement the group's proposals for meeting the state's electric needs.