



Everything Michigan



State energy plan: Progress or regress?

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The Michigan 21st Century Energy Plan, presented last month by Public Service Commission Chairman J. Peter Lark, is a good first step toward setting the state's energy policy for the future. It calls for building new power plants, conserving energy and using renewal resources for power.

We would add one more goal -- to rethink whether deregulation of utilities is working.

Lark's report has gotten mixed reviews so far. Utilities see much good in it but they have their own ideas to add. Environmentalists call it a mere baby step toward energy efficiency.

We believe the Lark report is a starting point for discussion of how deregulation has worked and how we need to go about guaranteeing a reliable, efficient, affordable energy supply for the future.

Too often, environmentalists take the idealistic view, setting lofty goals for conservation and clean air without taking cost into consideration. The truth is that Americans are free to use energy as they see fit and it is not the role of government to compel people to quit buying plasma television sets and other gadgets that require extra wattage to operate.

It is the role of government to provide for energy adequate to public demand, keep costs reasonable and do what is possible to encourage conservation and use of alternate energy sources.

In that sense, Lark's plan is an excellent starting point. It proposes three major policy initiatives: 1) development of a new electricity-generating plant (or plants) under one of two regulatory approaches; 2) a mandatory renewable-energy portfolio that would require utilities to reach 10 percent of their energy sales from renewable energy options by 2015; and 3) creation of a Michigan Energy Efficiency Program with the goal of reducing electric peak demand by 660 megawatts after 10 years.

We have our doubts that utilities can reach a 10 percent renewable-energy goal by 2015 -- at least without substantial expense to ratepayers. But Consumers Energy has made much progress powered by its own reading of the future. The company is enthusiastic about its "green" program and believes use will increase.

Clearly, diversity in energy sources is in the public interest.

Wind, hydroelectric, nuclear, gas, coal, other options -- Michigan needs to have variety in the mix of its energy sources.

Setting specific goals on energy efficiency will give utilities and other organizations boundaries and certainties. Lark's report focuses mostly on what utilities, construction companies and appliance manufacturers should be compelled to do in achieving efficiency. It also advocates pilot programs to "assist customers in managing their electric load and reducing their costs." That has enormous potential. Consumers Energy has plans to invest in advanced metering that could help all of us conserve energy and reduce costs.

The real "live wire" in Lark's report is his assertion that new power-plant construction is needed. To us, that's a no-brainer. Michigan's power plants are old.

Electric demand continues rising, even in this poor economy. Environmentalists may argue that renewable energy and conservation can take care of this, but reality dictates otherwise.

State and utility planners must come up with reliable options.

Assuming the need for new baseload capacity, how is Michigan to go about building for the future?

The problem is that by deregulating utilities, Michigan deprived them of regulatory certainties needed in getting huge power-plant projects financed. What utility is going to take the risk of building a new plant when the customers to support it may not be there by the time it is completed?

Public Act 141, approved in 2000, brought choice in electric providers to Michigan.

Unfortunately, the experiment with utility deregulation and customer choice hasn't worked well. Nationwide, the tide is turning back toward regulation.

Why? Because the evidence shows that energy costs are higher in deregulated states than in regulated states.

This bears directly on how Michigan approaches the need for new baseload-generating capacity.

Lawmakers must rethink P.A. 141 in order to guarantee reliable power in the future. The law needs to be changed or replaced.

These complex issues are a tall order for a Legislature whose expertise is weakened by term limits and the election cycle. Yet it is an issue that should be on the front burner along with a state energy plan.

-- Jackson Citizen Patriot

Monday: Rest rooms, good and bad

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