

MIRS Capitol Capsule **May 8, 2007**

Senate Bills Counter Dillon Energy Plan

Senate Republicans introduced three bills today that counter House Speaker Andy **DILLON**'s (D-Redford Twp.) plan to repeal the state's electric choice law, P.A. 141, and return the energy market back to the energy monopolies. Rather, the package is designed to make it more enticing for private companies to invest in new power plants.

The three bills ([SB 0426](#), [SB 0427](#) and [SB 0428](#)) would require competitive bidding, allow customers to choose their energy supplier and make sure that customers who pay for a new energy plant actually use the energy they pay for. If they don't, for example if they move before the plant's built, they would get some kind of monetary rebate.

"This legislation will give the Michigan Public Service Commission (MPSC) the direction and the tools it needs to make sure Michigan families and businesses will have the power they need at a price they can afford," said Sen. Wayne **KUIPERS** (R-Holland). "We need to use the power of competitive bidding to let everyone who can meet our state's future electric needs — the major utilities, independent power producers, renewable energy and anyone else — have an opportunity to provide power at the lowest possible cost."

Those in favor of the bills argue that reinforcing the competitive nature of PA 141 will lower customer's rates.

"We need to ensure we expand choice in Michigan, not limit them," Kuipers said.

Jeff **HOLYFIELD** with Consumers Energy, said the market already is competitive and customers can change providers when they feel like it, which is the problem. Because customers can so easily change providers, companies like Consumers Energy can't guarantee investors that they'll have the customer base to pay back a \$1 billion loan.

"That, in our opinion, makes it impossible to open a new plan," Holyfield said. "They're trying to do a backdoor way for their own self interest."

Kuipers said P.A. 141 has worked well for the state because since its passage in 2000, the state's electric rates have decreased though they are still too high.

"Prior to passage of P.A. 141 and 142, Michigan was running short on electric power," Kuipers said. "Since then, we have seen construction of 4,000 megawatts of new power generation, mostly by independent power producers. The Legislature was right to pass these bills in 2000. Now let's build on their success."

Holyfield disagrees.

"This legislation is not about competitive bidding, this legislation is about shifting the risk of building a power plant from independent power producers to utilities," Holyfield said.

DTE Spokesman Len **SINGER** said many states have realized the mistakes they've made opening up the market to competition and have replaced, delayed, suspended

or limited their deregulated systems.

"Michigan should join the long list of states that are moving away from electric choice systems," he said. "In deregulated state after deregulated state customers are experiencing spiraling rates and an inability to get needed new construction of power plants financed. In addition, deregulated states have experienced rate increases that are twice as high as regulated states."

Kuipers didn't deny that Dillon's decision to set the precedent on this issue by "advocating for monopolies" played some role in the decision to introduce these bills.

"We don't like the scenario of where they (rates) will be if we eliminate choice," Kuipers said.

The bills were referred to the Senate Energy Policy and Public Utilities Committee.