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Michigan group defends restructuring law

While utilities are advocating repeal or significant changes to Michigan's retail choice law, a customer choice group released a report late Tuesday saying consumers have saved millions of dollars as a result of the restructured market.

"The evidence is clear – competition and choice work. Policymakers should be encouraged to increase competition to meet Michigan's future electric needs," said Barry Cargill, executive director of the Customer Choice Coalition. The group is a collection of merchant generators and large and small industrial customers, formed a few years ago when Detroit Edison parent DTE Energy started pushing for changes in the restructuring law.

Similar advocacy for legislative reform is coming from Consumers Energy. David Joos, president and CEO of utility parent CMS Energy, said in order for the utility to build any new baseload generation, Michigan's restructuring law would have to be repealed or seriously amended.

But the consumer group disputed such calls, saying that retail choice has allowed more than 4,000 MW of additional generation from competitive suppliers to be built in the state and saved consumers millions of dollars compared with utility rates. That additional generation was built after the utilities declined to build new plants, which caused service quality problems in the 1990s, according to the report.

In addition, retail choice customers have paid securitization charges for expensive nuclear power plants and the restructuring law was passed to address concerns about stranded costs, the report said. In order to protect utilities from the loss of revenue due to retail competition, retail choice customers have made more than \$120 million in stranded cost payments to Consumers Energy and Detroit Edison, the Customer Choice Coalition said.

Michigan lawmakers should increase, not eliminate, competition in the state, Cargill said in a statement. Adhering to utility requests for repeal of the restructuring law would allow utilities "to keep the billions of dollars of securitized financing and more than \$120 million of stranded costs, while depriving customers and competitors of the competitive market that is improving reliability and lowering costs," he said.