



Costs, other concerns spark debate over requiring green power

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LANSING, Mich. (AP) — If Michigan is to join 25 states requiring that more electricity come from renewable sources, the Legislature must sort out all kinds of issues — including the price tag.

Compared with existing power from old, already-paid-for coal plants, renewable energy is more expensive. The House is considering capping residents' extra costs at no more than \$3 a month, or \$36 a year over 20 years, which could let power companies off the hook for meeting the renewable energy requirement, known as an RPS.

Under legislation pending in the House, commercial customers would pay no more than \$190 a year more, while the cap for industrial customers would be \$2,250.

Advocates of green power say the cost of producing renewable energy is dropping. It's comparable to plants fueled with coal or nuclear, they say, and even cheaper when weighed against the rising cost of coal and natural gas. They also note that new coal-fired plants are likely to face higher costs to meet greenhouse gas emission standards Congress could pass to deal with global warming.

Gov. Jennifer Granholm says Michigan has the potential to become a regional manufacturer of wind-power components and is well-positioned to capture and produce wind energy, attracting \$6 billion in investment and creating 17,000 jobs.

"Every single day we do not have an energy package, we are losing jobs," Granholm said. "The job-creation component is just so critical. ... If Michigan doesn't get in the game, we're going to miss this."

No matter which fuel is used to generate electricity, costs are going to go up because state regulators say Michigan needs at least one new multibillion-dollar power plant by 2015, and another nine could be needed by 2025 if demand grows as expected.

"You can't look at building out renewables as something extra," said Skip Pruss, Granholm's special adviser on renewable energy. "Renewables are the low-carbon components of our energy portfolio and will become part of our energy infrastructure."

About 3 percent of all electricity sold to Michigan customers is from renewable energy sources. The two dominant utilities, Detroit Edison and Consumers Energy, sell 1 percent and 5 percent respectively.

Granholm wants to require utilities and other power companies to buy or produce 10 percent of their electrical power from renewables by the end of 2015. That's just a step toward her goal of requiring that 25 percent of Michigan's power come from renewable energy by 2025.

Some Republican lawmakers are reluctant to mandate green power. The RPS debate is tied into a fight over whether to rewrite electricity regulations, with independent power companies pushing competition and the state's major utilities arguing they can't get financing for new plants if they have to worry about losing customers to other producers.

"By not having competition, you can pay too much for monopoly-provided renewables and end up with a much lower (renewable) percentage," said Eric Schneidewind, a former Michigan Public Service Commission chairman who lobbies for alternative power suppliers.

But Consumers Energy spokesman Dan Bishop says that to increase its renewable energy supply, the utility will contract with private developers, as well as bid construction of renewable projects that the utility itself will own.

"What doesn't make sense is to require utilities to contract with others, which creates a situation where a utility and its customers are held hostage to any price that unregulated developers want to charge," he said.

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