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Granholm signs Mich. energy package into law

Evening update

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EATON RAPIDS - Gov. Jennifer Granholm on Monday signed into law a package that will require more electricity to come from renewable sources, raise residential rates, restrict competition among power companies and encourage energy efficiency.

Granholm held two energy bill-signing ceremonies, one in Detroit and one in Eaton Rapids southwest of Lansing. She said the new measures will create new renewable energy jobs.

Workers at Dowding Industries in Eaton Rapids looked on from the balcony of a new manufacturing plant as she signed the bills. Dowding President Jeff Metts said the factory is poised to build components for wind turbines once orders come in. He said he's already heard from three companies in the two-and-a-half weeks since lawmakers passed the package.

Among other provisions, the package requires that 10 percent of Michigan's power come from renewable sources by the end of 2015. More than half of U.S. states have such requirements or goals, causing concerns that the state was falling behind.

Granholm said she would have liked to see tougher requirements, such as 20 percent of energy from renewable resources by 2020 or 25 percent by 2025. But she said the package is a good first step and that the renewable energy requirement can be strengthened down the road.

"Clearly, we'd like to have a stronger one eventually," she told reporters after the bill signing. She added that many states that started out with lower requirements "have gone back and upped it."

Residential energy rates are expected to rise now that the measures are law. The state's largest utility, DTE Energy, estimated a typical resident could pay an extra \$12 to \$15 a month for electricity within five years. Consumers Energy, the second-biggest utility, estimated an average residents may pay \$6 to \$7.50 more.

Supporters said residential bills would have gone up more if the Legislature had done nothing. They note that Michigan now is assured of reliable, cleaner power and shouldn't need to build as many coal-fired plants.

Businesses and schools that historically have subsidized residents' costs will see their rates drop.

The package guarantees DTE and Consumers Energy 90 percent of the electric market. The utilities said they needed certainty to get financing for new, expensive power plants to meet demand and replace an aging fleet of plants.

But critics said limiting choice will lead to higher rates. A coalition of alternate power suppliers and their customers asked lawmakers Monday to carefully monitor the law's effect.

"We still believe competition and markets work better than monopolies and government regulators," said Barry Cargill, executive director of the Customer Choice Coalition. "It is now incumbent on

supporters of this policy to prove to Michigan that regulation can work better than competition to hold down rates while increasing energy generation in the state."
