



3:01 am, January 14, 2008

OTHER VOICES

## Democrats' energy plans will hurt state

By Richard Haworth



*Richard Haworth is chairman of Haworth Inc.*

In medicine, the first rule is "do no harm." It covers instances when being half-right can be all wrong, when a diagnosis is correct but the prescribed remedy may kill the patient.

Gov. Jennifer Granholm and House Speaker Andy Dillon are making that mistake regarding Michigan's electricity industry. The proposals they've unveiled have the potential to do real long-term harm to our energy future.

Granholm has called on the Legislature to pass a renewable portfolio standard that would require Michigan utilities and alternative-energy suppliers to obtain a certain percentage of their power from renewable sources. The governor was right when she said companies involved in this type of investment will not make a commitment unless they can establish that there truly is a market opportunity.

Unfortunately, her remedy is all wrong. She suggests the best way to increase renewable energy and alternative-energy companies is through mandated standards, not the marketplace.

Similarly, House Democrats argue that the elimination of competition and a return to utility monopolies is the only way for renewable energy and new large power plants to be developed.

Absent a competitive market model, Michigan will be forced to rely upon monopoly utilities for developing cost-effective renewable resources: the same companies that saddled customers with cost overruns and inefficiencies associated with power plant construction in the 1980s and 1990s.

---

Advertisement

MAKE YOUR CHOICE  
IN MIDTOWN OR ON THE RIVER.

Click here for more information  
on these two prestigious ownership  
opportunities and to be added to our VIP list  
for special incentives and upcoming events.

CLICK HERE 

---

DTE Energy's Fermi 2 plant in Monroe had cost overruns exceeding \$4 billion. Costs for Consumers Energy's Midland nuclear plant exceeded initial estimates by more than \$5 billion. The Midland project was eventually abandoned and the utility instead opened a natural-gas co-generation facility there. Have our leaders forgotten these ratepayer-financed bailouts?

In a competitive market, suppliers and shareholders bear the costs related to renewable projects, such as the purchase of wind turbines and land for wind farms. In the model recommended by the governor and House Democrats, those costs, and the financial risk, would shift to captive ratepayers.

Studies confirm competitive suppliers are leaders in the development of renewable sources of electricity. According to the U.S. Department of Energy, independent power producers built 71 percent of new wind capacity in 2006. In addition, competitive suppliers own 85 percent of wind capacity

To achieve the goals articulated by the governor, Michigan must adopt legislation that establishes a well-functioning competitive market. Michigan could become an economic powerhouse if the Legislature and governor were simply to improve the overall business climate by minimizing regulation.

Giving in to DTE Energy and Consumers Energy's demands is a prescription for disaster. It would set back any attempts to develop a true renewable energy market in our state for years to come.

*Richard Haworth is chairman of Haworth Inc.*

© 2007 Crain Communications Inc.