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Mike Cox: Energy proposals would raise rates

By [Amy Lane](#)

Michigan Attorney General Mike Cox on Tuesday weighed in against legislation being considered to restructure Michigan utility regulation and narrow the ability of utility customers to choose alternate electricity suppliers.

Cox said proposals, which include requiring a percentage of Michigan's power to come from renewable sources, would raise electricity rates by some \$2.5 billion.

Objections raised by Cox include renewable energy mandates and cost caps that he sees as too high, a 10 percent limit on customer choice, reduced rate-setting oversight by the **Michigan Public Service Commission**, and the end to a system in which business customers pay higher rates to subsidize residential customers.

Cox called the proposals "anti-consumer and anti-competition" and said they will raise rates for both residential and business customers.

"Cleaner energy is a laudable goal," Cox said in a news release. "But this proposal tie-bars that benefit to greater utility company profits, more mandates, less choice, and much higher rates for all residential customers. It's a bad bargain, and it should be defeated."

He said the use of credits and renewable energy from other states may be cost-effective ways to meet any new state renewable mandate. Cox also wants establishment of a renewable standard to be considered separately from changes to Michigan's electric choice law, instead of the two issues being legislatively linked as they are in the current state House proposal.

Jeff Holyfield, director of news and information at **CMS Energy Corp.**, said the legislation at issue provides a comprehensive energy policy that Michigan needs to put in place now "to make sure that Michigan's families and businesses have the power they need in the future."

He said that if nothing is done, Michigan customers would pay \$4 billion more because utilities would have to buy power on the wholesale market, where prices are higher and more volatile.

As for Michigan's electric-choice law, the utilities have said they need repeal or reform that system to give them the customer certainty they need to build new sources of generation, including traditional plants and renewable projects.

Holyfield said that the approach of allowing 10 percent of each utility's electric load to participate in choice is a compromise that "would preserve choice for those who want it and give (CMS subsidiary) Consumers Energy and other utilities the certainty they need to make major new investments to serve customers."

Lorie Kessler, director of external communications at **DTE Energy Co.**, said that initiatives that Cox mentions as being costly, like a new nuclear plant at DTE's **Detroit Edison Co.** and a new coal plant for **Consumers Energy Co.**, would be spread out over 15 years.

She said DTE is "committed to minimizing future rate increases, and with the appropriate legislation we anticipate controlled increases spread over decades" as opposed to sharp increases that could otherwise occur.

"We really believe that a comprehensive package that includes energy efficiency, renewable initiatives and electric choice reform assures affordable, reliable and clean energy and lawmakers can ill-afford to wait much longer to develop a comprehensive energy plan for the state," Kessler said.

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