

BRINKS HOFER GILSON & LIONE®

Intellectual Property Law Worldwide

3:01 am, June 2, 2008

EDITORIALS

Utilities shouldn't have a monopoly

Lansing lawmakers face a critical decision: Should Michigan restore the monopoly that the state's dominant energy companies — Consumers Energy and Detroit Edison Co. — had before customer-choice reform in 2000?

Consumers and Edison argue that they cannot make investments in new power-generating plants without some type of guarantee that their investment will be paid for through a strong customer base. Customer choice removes that guarantee. They want lawmakers to guarantee 90 percent of the market will be divided between them. The two companies have contributed nearly all of the \$1.9 million spent so far on advertising in support of their plan by the Michigan Jobs and Energy Coalition. (*See story, Page M8.*)

The issue has divided the business community. The Detroit Regional Chamber and the Michigan Chamber of Commerce support Consumers and Detroit Edison because they want to ensure investment in new power-generation infrastructure.

But major West Michigan companies, from office furniture-maker Herman Miller Inc. to Meijer Inc. and the Grand Rapids Area Chamber of Commerce, oppose limiting a company's ability to buy energy from the cheapest source.

There are striking parallels between these energy bills and attempts by Blue Cross Blue Shield of Michigan to transform the way individuals purchase health insurance. In both cases, companies helped craft proposed legislation that enhances their ability to dominate their sectors.

Consumers and Detroit Edison must find ways to be competitive. Other former monopolies — phone and cable companies, for example — have done just that as the regulatory environment changed automatically. AT&T now competes with Comcast to provide everything from traditional phone service to television programming and Internet access.

We need renewable-energy goal

A big piece of Michigan's energy strategy must include setting a "renewable portfolio standard" for the percentage of energy that comes from renewable sources.

So far, setting this standard has been tied to the legislation described above as a way to bolster support for anti-competitive bills. The two issues should be separated, and the RPS standard set as quickly as possible.

A strong RPS will encourage investment by alternative-energy companies. One European company already crossed Michigan off its list for a new wind-turbine facility because it had no RPS, even though the state scored high marks for its skilled workforce.

Michigan needs to invest in its future by setting an aggressive and measurable goal for alternative energy.

© 2007 Crain Communications Inc.

Advertisement



Turnaround Management Consulting • Litigation Support Services
 Operations Consulting & Interim Executive Management
 Investment Banking Services • Business Valuations
 Economic Damage Claim Quantification
 Performance Improvement • Bankruptcy/Fiduciary Services
 Mergers & Acquisitions • Due Diligence Services
 Debt Restructuring • Capital Raising Services
 Forensic Accounting & Fraud Investigations • Low-Cost Country Sourcing

Detroit • Chicago • Shanghai • Dayton • Grand Rapids