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# GRAND RAPIDS BUSINESS JOURNAL EXPRESS

BECAUSE BUSINESS CAN'T WAIT

## Energy Legislation Debated

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GRAND RAPIDS — Many Michigan commercial and industrial electrical energy customers, along with some nonprofit organizations, are gearing up to battle a package of proposed legislation in Lansing. That package includes the Renewable Portfolio Standard — not because business opposes "green" electricity but because another part of the package would repeal PA 141: the Electric Choice and Reliability Act passed in 2000.

The Renewable Portfolio Standard would require 10 percent of the state's energy supply to come from renewable sources by 2015. Twenty-five other states have already passed similar legislation.

The so-called "Customer Choice" law passed in 2000 deregulated the sale of electricity in Michigan, allowing customers the option of buying their electricity from an alternative generating company, even if their electrical service is provided by Consumers Energy or DTE.

The new package of proposals includes one that would re-regulate the electrical industry, limiting the amount of alternative electrical supply to no more than 10 percent of total electricity used.

The package of proposals "would eliminate the Customer Choice program that's in place right now" and "replace it with a much smaller Customer Choice program," said Mary Dechow, director of Government & Regulatory Affairs at Spartan Stores.

"Basically, what that would do is eliminate competition" against Consumers Energy and DTE in the commercial generation of electricity, said Dechow, who spoke recently at a Customer Choice Coalition news conference.

"Those alternative (electricity) suppliers that ... are marketing in the state of Michigan won't be around" if they are limited to offering only a "very low percent" of the electricity that can be purchased in Michigan, she added.

The coalition includes businesses, business organizations such as the Small Business Association of Michigan, and nonprofit organizations such as the Michigan Association of School Boards.



Bryan Harrison of Alticor, who also testified at the Customer Choice Coalition event, said PA 141 allows companies in Michigan "to seek the best price for what is one of our most important manufacturing inputs."

The Grand Rapids Area Chamber of Commerce and the Muskegon Area Chamber of Commerce have both rallied their members to oppose the repeal of PA 141.

The Muskegon Chamber released a statement late last week that said it endorses a Michigan Energy Policy that promotes renewable energy and provides "the opportunity for businesses to generate and sell energy into a 'grid.'" But it is opposing "efforts to eliminate or restrict the current electric choice program which has benefited many of its members and has helped make Michigan more competitive with neighboring states."

Both of Michigan's major electrical utility companies, DTE Energy Co. and Consumers Energy, want to build new generation plants to meet a predicted shortfall in Michigan's electrical supply by 2015. DTE is proposing a nuclear plant and Consumers is proposing a coal-fired plant. But both companies have maintained they cannot build those plants unless they are guaranteed enough customers to pay for them via electrical rates over the years to come.

The proposed legislation is "a complete energy package for the state, to make sure that we have ... sustainable electrical power for the next 20 years," said state Rep. Frank Accavitti Jr., D-Eastpointe, chairman of the House Energy and Technology Committee.

Part of the package of bills, Accavitti said, is energy efficiency, so that fewer generation plants are needed in the future.

"Part of that is a Renewable Portfolio Standard, which we believe is the right thing to do: Make Michigan more green. And part of it is giving the incumbent utilities certainty in their market, so that when they go out to build anything they need to build ... when they go to Wall Street, they can get the money, the bonds, that they need to build these facilities," he said.

Accavitti noted that the 21st Century Energy Plan issued one year ago by the former chairman of the Michigan Public Service Commission, J. Peter Lark, concluded that Michigan needs to start planning now to meet the increased electrical demand facing the state by 2015.

"If we do nothing, we're going to end up relying on imported electricity from other states," at rates "that can be the highest you can actually ever pay for electricity," said Accavitti.

Both DTE and Consumers built power plants in the 1980s and 1990s that involved major cost overruns. Michigan Attorney General Mike Cox said he is opposed to the proposed electric energy bills, in part because ratepayers would be "forced to bear risk of new power plant costs and/or overruns."

When asked by the Business Journal if ratepayers would be forced to pay cost overruns, Accavitti said, "In the past that may have been true. ... I can tell you that in the future, this won't be true ... because we have put in the legislation a great deal of protection for consumers in that regard."

He also said the legislation includes incentives for the utility companies "to operate their companies efficiently, and we will be giving them disincentives if they operate the company inefficiently. And these incentives go right to their bottom line, right to the rate of return that they are allowed to pass on to their shareholders." **BJX**

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