



## Electric rates could jolt state

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Michigan businesses and residents are using more energy and will be paying more for it in the years to come.

Just how much more is the focus of a complicated debate in Lansing over Michigan's energy future.

A package of bills in the state House could increase customer cost by as much as 28 percent in two years, according to the Association of Businesses Advocating Tariff

Equity.

Members of the group, who represent industrial and other large-volume energy customers, testified Thursday in Lansing.

"Up until this point, there were no numbers out there. That's not the proper way to formulate public policy," said Robert Strong, an attorney representing the group.

Strong said the Legislature should call upon the utilities to provide accurate numbers so there can be an open debate.

"We thought it was strange no one had put a number to this," he said.

Jackson-based Consumers Energy does not think the 28 percent figure is accurate.

"We will maintain competitive rates," Consumers Energy spokesman Dan Bishop said.

Consumers has not offered its own projection, saying only that it would be lower than 28 percent.

"There's a lot of moving parts," Bishop said.

Consumers and DTE Energy

are lobbying state lawmakers for a rewrite of energy rules before they will agree to build multibillion-dollar power plants to be paid for by customers.

Gov. Jennifer Granholm is pushing for new laws this month requiring the utilities to supply more renewable energy, a move she says would bring new jobs to a hurting economy and let Michigan produce more of its own energy. Environmentalists are arguing for more energy conservation and trying to stop Michigan from joining a nationwide construction boom in coal-fired power plants.

State Rep. Mike Nofs, R- Battle Creek, is vice chairman of the energy and technology committee and has been working on this legislation for 16 months.

"Yes, it's going to cost a little bit in the beginning, but in the end, we'll be better off for it," Nofs said. "Long term, it's the right thing to do."

Politicians and utilities make the point that by doing nothing, it will cost customers more for future energy. They say that's because if demand rises and more energy isn't created, utilities will have to purchase it from expensive, out-of-state markets.

David Waymire, spokesman for the Customer Choice Coalition, says that is a false argument, because

while the coalition is one of the biggest opponents to the measure -- especially the return to a monopoly for Consumers and DTE -- it is not advocating "doing nothing."

Waymire said the group simply wants state regulators to determine how much energy will be needed, and then have companies competitively bid on who can provide it to the state the cheapest.

"Why would you just go to one company? If we need more energy, everyone should have an opportunity to bid," Waymire said. "You wouldn't do that when you build your house. We think markets are the best way to ensure we have adequate power at the lowest possible price."

Utilities would like to repeal the 2000 law so customers no longer could turn to alternative providers. They realize lawmakers are unlikely to do that, so they now want them to limit choice and make other major legislative changes.

Bishop said the market has proved that choice is not working because only 3 percent of Consumers' customers use an alternative provider.

One bill in the package would allow up to 10 percent of the utilities' customers to move to a choice provider within 90 days of the bill being enacted on a first-come, first-serve basis.

Bishop said Consumers is in favor of this, even though it could triple the amount of customers that would leave for other providers.

"This is precisely why the electric choice coalition should support this bill package," Bishop said.

But Waymire says this bill is a "disaster" and would be unfair to the 90 percent forced to stay with their utility.

Consumers argues that in order to get financing for a multibillion-dollar coal plant it has to show Wall Street it has a guaranteed customer base.

Michigan will need new power plants to meet demand, although there is disagreement over how soon a lot more power will be needed.

No major power plants have been built in the state in 20 years, and Consumers has the second-oldest generating fleet in the country.

Another feature of the House energy package would charge "true costs" for providing energy to residents and businesses.

"In Michigan we charge businesses more to bring electricity to them than it actually costs to bring it to their front door," Nofs said.

This system of overcharging businesses keeps residential rates lower, he said.

-- The Associated Press contributed to this report.

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