

## **MIRS Capitol Capsule** **January 31, 2008**

### **Coalition: Choice Will Make Renewables Cheaper**

A group aimed at keeping Michigan's utility deregulation intact presented its vision for alternative energy to the Senate Energy Policy Committee today.

Former Michigan Public Service Commission Chair Eric **SCHNEIDEWIND** testified on behalf of the Customer Choice Coalition (CCC), which includes several utilities, the Small Business Association of Michigan, Big Three and Michigan Association of School Boards.

"It is a pleasure to be here before *this* committee," Schneidewind said at the start of his testimony, after finding a less hospitable audience in the House Energy and Technology Committee.

Alternative energy has been the watchword this year and was heavily touted by Gov. Jennifer **GRANHOLM** in Tuesday's State of the State address as a way to bring thousands of jobs to Michigan and a \$6 billion investment. (See "[Tonight's \\$6 Billion Question](#)," 1/29/07).

Both chambers have competing packages, with Senate Republicans recently introducing new Green Michigan bills.

The CCC would like to see Renewable Portfolio Standards (RPS) split off from other bills that would reform Public Act 141, so as to make it easier to defeat them. P.A. 141 partially deregulated utilities, paving the way for new utilities to move into a market dominated by DTE and Consumers Energy.

Both of the big utilities want RPS linked to changes to P.A. 141, claiming they need market certainty before building new baseload power plants to meet Michigan's growing energy needs.

Schneidewind detailed the CCC's long-range electricity plan. He promised it was a win-win for utilities and their customers.

"We believe competition is best for energy policy," he said. "This will provide the lowest possible costs for customers."

Competition gets at the heart of the problem, he said.

Schneidewind said the plan backed by DTE and Consumers in the House would hurt consumers with automatic rate increases and increased industry regulation. He said it would give them monopoly control of new power sources.

No one knows what form of reliable energy will turn out to be the cheapest — renewables, coal, nuclear, energy efficiency or demand management. He said competition and price benchmarks are the best way to determine that.

Chair Bruce **PATTERSON** (R-Canton) wanted to know if wind met the definition of "renewable energy." Schneidewind said yes, but said it wasn't always a reliable power source.

"The wind doesn't always blow," he said.

"Only in Lansing," Patterson quipped.

Schneidewind said he didn't consider gas and nuclear to be renewables. But Sen. Wayne **KUIPERS** (R-Holland) said with new technology available, nuclear should be included in the definition.

"We get to write the definition," Kuipers grinned.

Schneidewind said he would "respectfully disagree" with the definition, but added: "You're the one with the vote. I'm not."

The CCC proposed the following RPS mandates: 6 percent by 2010, 8 percent by 2012 and 10 percent by 2015. All RPS would be selected through competitive bidding. The 20-year cost of renewables would have to be equal to or less than 103 percent of a new baseload coal plant during the same timeframe.

Schneidewind said those provisions would protect consumers. He took issue with the methodology used in the 21st Century Energy Plan penned by former MPSC Chair Peter **LARK**, because he said it didn't allow for competition.

He estimated that currently the state used less than 6 percent renewable energy, with DTE providing less than 2 percent and Consumers' producing 4 percent.

He said he supported **SB 0427** introduced by Kuipers, which was discharged from committee last week and seen as giving more deference to the electric choice providers (See "**Senate Discharges Renewables Bills**," 1/24/08).

Schneidewind said he could support **SB 1000** proposed by Sen. Patty **BIRKHOLZ** (R-Saugatuck), which also was discharged. That bill would institute an RPS without a government mandate or a surcharge on consumers. It doesn't go as far as the House's legislation, which does have a mandate.

He proposed adding a competitive bid requirement and ensuring that renewables can't exceed 103 percent of a new coal plant. **SB 1000** is "better than the House bills," Schneidewind said.

Next week, utilities are slated to testify before the committee on whether RPS mandates are necessary to guarantee investment by alternative energy companies.