

MIRS Capitol Capsule
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Cox's Puts \$2.8B Price Tag On Energy Bills

Attorney General Mike **COX** today announced he is opposing the proposed "radical" re-regulation of the state's electric industry, saying the House plan will cost consumers anywhere between \$2 and \$2.8 billion, as much as 40 percent increase on current electric bills.

The legislation sets renewable energy standards and energy efficiency initiatives, but restricts consumer advocate oversight, opening up consumers to foot the bill for any new power plant cost overruns, Cox said.

"This package of bills is anti-consumer and anti-competition," Cox said. "It will hit hardest on the seniors, the poor and those on fixed incomes at a time when Michigan families are already struggling to make ends meet."

Cox's harsh critique of the yet-to-be-released bills comes two weeks after *MIRS* reported that a trade group of large industrial electric customers, the Association of Businesses Advocating Tariff Equity (ABATE), estimated that the House plan would cost customers \$2.7 billion (See "[ABATE Puts Energy Bills Cost At \\$2.7B](#)," 2/21/08).

The criticism comes weeks after Cox also took rhetorical shots at another major legislative package this spring, an attempt by Blue Cross Blue Shield of Michigan to reform the individual health care market creating a risk pool for certain customers that it would manage. It also comes a day after questions arose in Detroit about the existence of a wild party at the Detroit Mayor's mansion, an event that Cox said at the time was an "urban legend" (See "[What Party?](#)" 3/10/08).

Today's press conference drew quick applause from the Customer Choice Coalition (CCC). Its spokesman, Dave **WAYMIRE**, said his group agreed with 90 percent of Cox's comments today, including the assertion that linking the renewable energy piece of the package and the electric choice changes is unnecessary.

"You'll note that he calls P.A. 141, the electric competition law, a 'success' that has helped hold down electric rates in Michigan when compared to surrounding states, and calls the Wisconsin law, which the utilities want to emulate, a massive failure resulting in huge rate hikes," Waymire said.

DTE Energy, the state's largest electric provider and the largest beneficiary of the current House plan, was not as impressed.

Company Spokeswoman Lorie **KESSLER** said that even if Cox's cost estimates are accurate, the rate increases would be spread over 15 years and would be less than the annual rate of inflation. To not pass legislation that encourages DTE and Consumers Energy to build new energy production would force all of the state's electric companies to

rely on other states and their energy prices, something the state's 21st Century Energy Report warned against.

"The most disturbing scenario is to do nothing," Kessler said. "Michigan energy can not be left to volatile market prices. We're committed to minimized future rate increases.

"With the appropriate measures, controlled rate increases spread over several years are a better option than the chaotic rate increases that we've seen in other deregulated states."

Cox used six factors in coming up with his cost estimates, the first being a range of \$250 million to \$1.08 billion for a renewable portfolio standard (RPS), depending on the extent of the program.

He's factoring in \$1.08 billion for DTE's proposed new nuclear power plant, \$270 million for Consumers Energy's proposed coal power plant, \$270 million for a new transmission line, \$365 million that is being shifted from businesses to residential customers because of "deskewing" and \$60 million for Consumer Energy that the Michigan Public Service Commission allegedly disallowed at a past hearing.

Cox then went after how unrealistic meeting a 10 percent alternative energy portfolio in Michigan would be.

"Michigan would need 50 wind parks," he said. "Each wind park creates no more than 10 permanent jobs. At a cost of \$1 billion a year, per wind park, that translates to \$2 million per job."

The Attorney General said any imported renewable energy should be factored into the 10 percent goal. He wants competition among utilities preserved, rates that are not deskewed, new power plant construction projects that are not "fronted" by ratepayers and rules that don't allow utilities to raise rates absent state action.

Gov. Jennifer **GRANHOLM** Spokeswoman Liz **BOYD** said Cox's position runs counter to the Governor's own alternative energy initiative to create jobs and save Michigan consumers money in the long run.

"Clearly, the AG's position is a jobs killer," Boyd said.