

MIRS Capitol Capsule

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Energy Advocates Spar Again

As the Senate Energy Policy Committee weighs the House Renewable Portfolio (RPS) chunk of the energy package, seven former members of the Michigan Public Service Commission (MPSC) today came out swinging against various parts of the plan.

"The Legislation coming over from the House handcuffs the Public Service Commission, overturns 100 years of decisions and forces customers to pay more," said former MPSC Chair Eric **SCHNEIDEWIND**, who has long opposed House versions.

Schneidewind said that for more than 100 years, consumers haven't had to pay for power sources until they receive power, calling it a "cardinal rule." He said new legislation changes that. While he calls the RPS "a good idea in theory," he said consumers would begin to pay for renewables that wouldn't be delivered until 2015.

Opponents also said consumer rates would soar by 20 percent.

There wasn't a lot of new ground covered today, but as proponents push for the Senate to kick out bills before July 4 — something Senate sources say is unlikely — the heat is on. Committee meetings have been standing room only.

Former MPSC Member Ron **RUSSELL** said restrictions on competition were "regressive, as lower income people spend a disproportionate amount of their income on a commodity — a commodity that's necessary."

The former MPSC chairs also questioned if the state needed new baseload plants from DTE and Consumers Energy. Schneidewind said that independent companies were building plants without guarantees from the state, which would probably suffice for the state.

Doug **ROBERTS** of the Michigan Chamber of Commerce, which backs the bills, points to the MPSC's 21st Century Energy Plan and Public Sector Consultants study that shows a need. Roberts said doing nothing could cost the state \$4 billion over 20 years.

Former MPSC Chair Bill **LONG** said that having the MPSC Director report to the Governor was an "attack on the independence of the commission." Roberts said that House members wanted to improve oversight. He added that if the group feels strongly, they should push for an amendment.

"Somehow, I don't think that will change their opposition to it," he said of the House package.

Members signed a letter with their concerns to Gov. Jennifer **GRANHOLM** and Attorney General Mike

[COX](#). Others who signed on are: Dave **SVANDA**, John **O'DONNELL**, Laura **CHAPELLE**, and Robert **NELSON**.

The former MPSC members also oppose the bills claiming they:

- Restrict competition to 10 percent of electric load while significantly raising residential electric rates.
- File and use rates, which allow utilities to raise rates before final orders are issued is contrary to the will of Michigan voters.
- Limitations on the MPSC's ability to limit cost overruns.
- Provisions that overturn recent MPSC orders with legislative votes. The legislation provides a \$60 million rate hike to Consumers Energy that has previously been denied by the MPSC.

Jeff **HOLYFIELD** of Consumers took issue with that last point, calling it "dead-out wrong." He said a 2004 letter signed by Chapelle and Nelson about net standard recovery costs that approved the increase.

Opponents point to the growing Jobs and Energy Coalition (now up to 260 members) and current MSPC members who support the bills.

"Bringing forth a handful of former PSC members — most serving as consultants to out-of-state energy suppliers (some might refer to them as carpetbaggers) — is a desperate effort to kill important legislation that is destined to boost Michigan's slumping economy," said coalition spokeswoman Kelly **ROSSMAN-McKINNEY**.