



Eastpointe legislator is energy point man

Opponents say Accavitti's bill kills choice that keeps rates stable

By Chad Selweski
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In the high-powered political battle in Lansing over electricity rates and future energy supplies, Frank Accavitti is the man on the hot seat.

The Democratic state representative from Eastpointe pushed through a sweeping legislative package that would increase the rates Michigan homeowners and businesses pay for electric power. The main bill, approved by Accavitti's House committee after 16 months of legislative work, is designed to provide a steady stream of power from the state's utilities for decades to come.

With billions of dollars at stake, the tug of war ended in bipartisan House approval of the energy plan on April 17. But the outcome brought howls of protest from critics who said that Accavitti had emerged as a shill for DTE Energy and Consumers Energy.

"What the House did was to essentially eliminate competition and they did that by limiting electric choice to 10 percent of the market," said Barry Cargill, director of the far-flung opposition group known as the Customer Choice Coalition. "It kills electric choice which has kept rates stable since 2000."

Businesses and schools have been free to shop around for cheap rates but the bill would limit competition faced by the two big utilities from alternative power suppliers. The legislation would also allow DTE and Consumers to charge their customers for some financing expenses incurred during construction of multibillion-dollar power plants.

Both utilities, which supply 86 percent of Michigan's power, have spent lavishly lobbying the Legislature and have launched TV ads to make their case.

Accavitti said his critics fail to acknowledge the flaws in the state's "hybrid" system of regulation that has prevailed over the past eight years. That unorthodox approach has stymied the utilities' plans for new power plants while also failing to push Michigan's electricity rates below those of other Midwestern states.

"This is the hardest job I've ever done but, because it will change Michigan and give us a more viable energy plan for the next 20 years, it's also been the most rewarding job of my life," said the chairman of the House Energy and Technology Committee.

Foes line up

The lawmaker concedes that higher electricity rates are on the horizon, but the increases will be less than if the Legislature allows the status quo to prevail.

As the legislation heads to the Senate, opponents predict the new system will make it easy for DTE and Consumers to secure rate increases of between 20 and 40 percent. Attorney General Mike Cox has denounced the bill, saying it will allow for a \$2 billion increase in electricity costs.

In addition, \$350 million would be shifted from companies, universities and others to residential customers over five years. Accavitti said that change ends the state's traditional "skewed" system but will only cost the average homeowner another 80 cents a month.

The legislation would provide power companies with a reliable stream of revenue that allows them to invest in new plants to meet rising electric demand. At the same time, Accavitti said, strict state oversight of the utilities' plant-construction decisions will promote efficiency and deter cost overruns.

"They have so many hoops to jump through that we had to put \$1 million extra into the PSC (Public Service Commission) budget to handle all of this," said the former Eastpointe mayor.

Accavitti's dogged foes include the AARP, the Michigan Catholic Conference and the coalition led by Cargill that includes a long list of business and education groups. But the lawmaker benefited from an eclectic group of supporters comprised of the Michigan Chamber of Commerce, labor unions and environmentalists.

The environmental community praised the provision that requires the state to derive 10 percent of its electricity from renewable energy sources, such as solar and wind power, by 2015. That could create more than 10,000 "green collar" jobs in Michigan over the next decade. The legislative package also mandates that the utilities provide energy efficiency programs for their customers.

But the debate over Accavitti's energy plan in the Senate will focus most intently on the proposed restrictions to competition and whether they're necessary to encourage power plant construction.

No new plants have been built in Michigan in about two decades and the process of design and construction of a facility takes seven to eight years. The PSC has said that Michigan will need another plant by 2015 and, if no action is taken by the Legislature, the state could spend \$4 billion over the next 20 years buying out-of-state power.

Independents shut out

Opponents say independent power companies have demonstrated they're ready to compete with DTE and Consumers by putting three proposed plants on the drawing board. Those firms could go toe-to-toe if given the opportunity to compete in a bidding process with the big utilities.

But those construction plans would go by the wayside if the Legislature restricts competition. In addition, small start-up companies seeking innovative ways of generating renewable energy would have to do business with the two major utilities.

"That's a huge obstacle because that little company is at the total mercy of Consumers and DTE," Cargill said.

In contrast, Accavitti said he believes the small green-energy companies will prosper. At the same time, the committee chairman maintains that the independent power companies cannot be counted upon to build future electric plants.

"In my opinion, you give that authority to the people who have been serving us for 100 years, not to the company that can sell their power out of state to the highest bidder," he said.

Accavitti plans to testify on behalf of his bill in the Senate and lobby for its passage. But one of his House colleagues from Macomb County may be at his elbow, urging senators to reject the plan. For Rep. Jack Brandenburg, his status as a longtime small business owner trumps his standing as the owner of 1,000 shares of DTE stock.

"As a businessman, I'd love to be able to eliminate my competition. This is a horrible bill. It re-monopolizes the whole energy market" said the Harrison Township Republican.

Another Macomb County lawmaker with an intense interest in this "very complicated" issue takes a different stance. Sen. Dennis Olshove spent more than a year working on the electric deregulation issue in the House in 1998, setting the early stages for the existing 2000 law.

"It was an experiment that didn't quite work out the way people thought it would," said the Warren Democrat. "We don't want to come up short on electric power. I'm concerned about the reliability of service."

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