



It's a matter of choice

Lawmakers debate measures regulating state's energy future

By GLENN GILBERT
Of The Oakland Press

Sharp debate over energy policy in Michigan is likely in the coming weeks and months.

The stakes are high, revolving around levels of electric utility competition, customer choice, electric rates, long-term supply and alternative energy sources.

Proponents say that three measures pending in the state House of Representatives will provide the stability that the major utilities need in order to build new generating plants while still exploring so-called renewable energy sources like wind and solar power.

But critics worry that these goals will come with the price tag of higher rates and elimination of customer choice for electric service.

House Bill 5524 would amend Michigan's Act 141, which partially deregulated the electric industry and introduced competition. The proposal would cap competition at 10 percent of the market. The big utilities say this will give them the predictable customer base they need to build new plants.

Detroit Edison envisions a new nuclear plant near Monroe, and Jackson-based Consumers Energy wants to build a coal-fired plant near Bay City.

David Waymire, a spokesman for the Lansing-based Customer Choice Coalition, says House Bill 5524 amounts to "the biggest no-bid contract ever contemplated in the state." He says that if new power plants are to be built, bids should be taken.

CCC says House Bill 5524 would destroy competition and give the big utilities a monopoly.

"We have a system that works. Let's keep competition and let's take bids," Waymire says.

Proponents of the bill, like former Senate Majority Leader Ken Sikkema, say House Bill 5524 actually allows a tripling of customer choice because only 3 percent of the market has chosen an alternate supplier. However, Waymire

feels this only illustrates the value of competition and argues for keeping Act 141 as it is.

"Not long ago, 20 percent of load was on choice because customers could find a good deal," Waymire said. "And now, Consumers and DTE rates are a little better than most other electric companies, so people are deciding to buy electricity from Consumers and DTE."

In spite of what critics of deregulation say, there is little question that the competition it has fostered has worked to control rates.

Meanwhile, there appears to be broad support -- at least in the House -- for House Bill 5548, which deals with renewable energy, and House Bill 5525, dealing with energy efficiency.

House Bill 5548 would set a goal of obtaining 10 percent of Michigan's energy supply from renewable sources by 2015. Renewables currently constitute 4 percent of Michigan's supply.

"It all has to go together," says Sikkema concerning the three bills. Sikkema is co-author of a study done on Michigan's energy needs by Public Sector Consultants Inc., of Lansing, for the Michigan Municipal Electric Association.

Michigan's 21st Century Electric Energy Plan, released last year by the Michigan Public Service Commission, concluded that the state needs additional electric supply.

Gov. Jennifer Granholm is pushing strongly for what is called the renewable portfolio standard and has indicated support for the three-pronged approach of the House legislation. She believes the utilities need the predictable stability to build new plants and pursue renewable sources.

"We really are surprised at Granholm's position," Waymire said. "We hope she reconsiders."

Waymire argues for breaking the tie bar that links the three measures. It stipulates that all three bills must be approved for any to take effect.

For one thing, competitors ought to be able to bid on renewables as well as new plants. Waymire says.

"If a tie-bar break vote was allowed by the leadership, it would pass," Waymire said.

While Sikkema praises the bipartisan nature of the support for the three House bills, Minority Leader Craig DeRoche, R-Noví, suggests that the few Republicans who have signed on to support the legislation have done so due to benefits their districts would receive from the measures.

"I wouldn't consider it bipartisan with fewer than 10 supporters," DeRoche said. "I don't oppose the concept. I want to see choice retained and customers protected."

DeRoche also said he is "concerned about any costs to the consumers of Michigan" that might increase as a result of the legislation.

Observers expect the measures to pass in the House, but to face more debate in the Republican-controlled Senate.

CCC Executive Director Barry Cargill said "there certainly is an opportunity for compromise," but that those suggestions "that have been put on the table have been rejected."

Taxpayers -- and ratepayers -- are certainly entitled to a full, open and candid discussion of the issues, as well as factual analysis.

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