

Switch to 'green' energy could hit Michigan hard

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The energy package now briskly moving through the Michigan legislature sounds like an environmentalist's and consumer's dream. They are being billed as the "green energy bills."

They call on power companies to provide more energy from "renewable" sources, which is bound to make many voters think of Gov. Jennifer Granholm's often expressed desire for wind power.

The main bill's title calls it an act to "provide for alternative energy suppliers" and "to reduce rates." How could anyone oppose that? Few in the Michigan House could. The bills had rare bipartisan backing, and sailed through on lopsided votes of 78-30 and 84-21.

Republican State Sen. Randy Richardville, one of the bills' main co-sponsors in the upper house, calls this a good deal for everyone. However, if the bills become law -- and speedy Senate passage is expected -- the average consumer may end up being startled.

Matter of fact, millions may be shocked and angry. The governor wants the state to get 10 per cent of its energy from "renewable sources" -- wind and solar power by 2015.

These bills do indeed require companies to sell more renewable energy -- though the governor's target isn't mandated. Nor is it clear what the penalty would be if they miss their targets, as has happened in other states with "clean energy" mandates.

But what is clear is that the bills also shift energy costs from businesses to homeowners. The package also clearly favours the state's giant energy providers, including DTE Energy and Consumers' Energy and legally limits smaller companies' ability to compete.

What's more, it appears to make it much easier for the big companies to raise their rates. Belatedly, opposition to the bills has started to come together. Barry Cargill, executive director of the Customer Choice Coalition, said from the consumer perspective, the bills would be a disaster.

"We are seeing the utilities trying to come back in and remonopolize," he said. Indeed, one provision of the bills would restrict competition to 10 percent of all the energy business.

He was echoed by Eric Schneidewind, a lawyer who was once chairman of the Michigan Public Service Commission, or MPSC. Today, he represents alternative energy companies. He said the bills would bring back the bad old days when utilities could just sock the consumers with any cost overruns by adding them to the rate base.

That's what happened with Fermi II, the trouble-plagued nuclear power plant near Monroe. "That's been an economic hardship on Michigan for years," he said.

What most concerns many consumer groups is that the bills would make it easier for the utilities to raise their rates. Now, applying for a rate increase is sometimes a long process and requires the approval of the Michigan Public Utilities Commission.

The new bills would abolish that body and turn regulation over to the MPSC. But they wouldn't need to do much then. The new law would allow utility proposed rate increases to automatically go into effect 90 days after they are proposed -- unless the public service commission acts to intervene.

That would enable the utilities to get their way without any politician having to take the blame. That proposal is now being opposed by the AARP, many of whose members are on fixed incomes. But their opposition has not made many waves.

Another part of the package is potentially even more devastating for those on limited budgets.

Historically, energy rates have been calculated so residents pay less than their use actually costs; business have paid more. But these bills would end that.

Over the next five years, about \$350 million in costs would be shifted away from businesses and loaded on to residences.

Some energy users, including school systems who have been buying cheaper power from alternative suppliers, fear that the provisions limiting competition would lead to higher rates.

Yet the utility companies claim that the bills are necessary, in part because freeing them from competition would make it easier for them to finance and build the new power plants that everyone agrees the state will soon need, as demand for energy grows.

Supporters claim the package will save Michigan consumers money in the long run. But Barry Cargill, the consumers' advocate told a reporter "Why kill electric choice in order to guarantee that the utilities have no-bid opportunities to build power plants?"

Gov. Granholm also supports the package. Prior to her emergency surgery Tuesday, she said she likes the bills because she felt they would create thousands of new renewable energy jobs.

Yet there is nothing to prevent any new plants from using the same old coal-fired technology that generates most of Michigan's power. And while some tweaking in the GOP-controlled Senate is expected, unless there is a sudden burst of opposition, the final bills are not expected to be much different -- or more consumer--friendly -- than the package that emerged from the Democratic-led lower house.

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