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CAPITOL BRIEFINGS: Alternate-energy cap back in spotlight

By [Amy Lane](#)

LANSING — Less than a year after Michigan energy legislation passed, the battle is warming again over the ability of businesses to purchase from alternate electricity suppliers.

Word that **Consumers Energy Co.** has reached the 10 percent limit on the amount of its customer load that can go to alternate suppliers sent press releases flying last week and choice advocates calling for raising or eliminating the cap that was established under 2008 energy laws.

One argument: That businesses now precluded from going to alternate suppliers will be at a competitive disadvantage to those that got in under the cap.

"By creating this artificial barrier ... we have said sorry, company XYZ, you didn't make it in time," said Sen. Wayne Kuipers, R-Holland. It's not good public policy, he said.

Kuipers, who voted against the 2008 legislation in part because he saw it as limiting competition, said he would like to eliminate the cap entirely but did not know if that would be the proposal to emerge in the Capitol.

He said he has talked with a Senate colleague, whom he declined to name, who would likely be the lead sponsor on a bill.

But utility officials say the cap should be preserved and they oppose any efforts to change or eliminate it.

"The topic's been debated ... thoroughly for several years. We recognize that a degree of choice should be maintained for Michigan, but also that it is critical to maintain a level of certainty and stability that we, the utilities, need to invest in Michigan," said Lorie Kessler, director of external communications at the **Detroit Edison Co.**

"We can't afford at this time to negatively affect that balance."

Edison, which had about 3 percent of its load served by alternate suppliers when the cap passed last fall, has seen that level increase only a small amount, to about 3.5 percent.

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But an executive with **Constellation Energy**, which according to a state report as of 2008 served the largest number of customers in both Edison and Consumers territories, said he thinks the Edison numbers will climb as word spreads of the cap being reached in Consumers territory.

"I would imagine that as this word becomes more public about what happened in Consumers' (territory), I think you'll see businesses start to consider their options more rigorously," said David Fein, Constellation's vice president of energy policy in the Midwest.

Fein said Constellation is still developing its approach to changes in the cap, but would prefer to see it eliminated and "return to the market principles that were put in place when Michigan first went to a competitive marketplace."

The **Customer Choice Coalition**, a group that includes businesses, associations, individuals and others, says the cap should be eliminated.

"If you don't eliminate it, you keep running into this situation," said coalition spokesman Dave Waymire.

And, he said, allowing for competition among electricity suppliers and providing businesses the opportunity to shop providers "is important in holding (utility) rates down."

Jeff Holyfield, director of news and information at Consumers Energy, said the recession caused decreased power demand and in turn lower wholesale prices.

But "short-term market conditions shouldn't be used as an excuse to tinker with public policy designed to safeguard Michigan's energy future over the long run," he said.

"Everyone knew how it would work, and that customers would be enrolled on a first-come, first-served basis until the cap was reached. So there should be no surprise here for anyone," Holyfield said.

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