

For Michigan consumers, will navigating utilities' complex energy savings plans be a win or waste?

Posted by Chris Knappe | The Grand Rapids Press August 30, 2009 05:00AM

Consumers hit by new "energy optimization" surcharges now have a chance to get back some of the money they are paying to utilities -- and cut their monthly bills in the process.

Consumers Energy and DTE Energy and its MichCon unit recently began rolling out rebate, recycling and discount programs to be financed by the surcharge that began appearing on bills in June.

Offers range from 99-cent energy-saving light bulbs to a \$350 rebate for installing a high-efficiency furnace.

Coupled with federal tax credits, running up to \$1,500 on high-efficiency windows, air conditioners, furnaces and other items, the savings can cover more than 30 percent of a homeowner's investment.

Opinions on the programs vary.

"We think that they are very meaningful programs," said James Clift, policy director for the Lansing-based Michigan Environmental Council. "Not only will they have the intended consequence if the utilities do it right, we'll even get a bigger bang for our buck out of these programs."

Michael Holcomb, owner of Byron Township-based Home Inspector General and a certified energy auditor, said he is not a fan of the programs or fees customers are forced to pay -- even though the program could mean more work for his business.

Holcomb said the fees will have few direct benefits for many, since the most lucrative rebates require spending thousands of dollars on systems such as furnaces and air conditioning.

"I think everybody ought to optimize their energy," he said. "I don't think they ought to allow the utilities to tax consumers to their profit."

"I don't feel good about the program," he added. "I don't think it was well thought out when it was passed."

The most straightforward of the incentives are 99-cent compact fluorescent lightbulbs sold at stores such as Meijer, Menard's and Home Depot.

But most of the rebates and discounts won't come without some leg work.

The programs are run independently by the utilities, potentially leading to confusing, overlapping rebates and paperwork.

Customers also will need to understand some incentives may come from their electricity provider while another may come from their heating fuel company, each of which require separate rebate forms.

"You'll need to read each bill insert individually and understand the gas program is separate from the electric," said Judy Palnau, a spokeswoman for the Michigan Public Service Commission.

Clearing up confusion

Officials from DTE Energy and Consumers, which provide gas and/or electricity to much of the state, said they are working on streamlining the programs to help alleviate confusion.

The utilities also said they are working with contractors so they can help customers complete paperwork when they install something such as a furnace or air conditioner.

"We've been trying to work together to make things as similar as we can for our customers, make it easier for customers and our allies," said Terry Mierzwa, Consumers manager of marketing, energy efficiency and research.

TIP SHEET

Get rebate forms and details about energy optimization programs online or by phone:

Consumers Energy: consumersenergy.com/eeprograms (866) 234-0445

DTE Energy/MichCon: yourenergysavings.com (866)796-0512

Inconsistencies between utilities are a result of ramping up the programs quickly, they said.

"We did work with Consumers to compare notes when we were designing the program," said Emmett Romine, DTE manager of energy optimization.

"They're taking a different approach with how they're rolling things out because of their demographics and geographic service area."

Utilities from around the state will gather Tuesday in Lansing to go over their programs and explore what is working and what needs improvement.

DTE Energy and Consumers Energy began rolling out their programs in July as part of a state-mandated program to encourage more efficiency. It was included among a slew of reforms passed last year.

The state authorized Consumers Energy to implement monthly surcharges averaging 71 cents for electric

customers and \$1.72 for gas customers. DTE expects gas customers to pay \$1.20 a month with electric customers paying an average of 85 cents per month.

Avoiding construction

The idea behind energy optimization is to delay the need to construct new power-generation facilities, which saves customers from bearing the building costs.

Certain pieces of the programs still are being developed.

Consumers Energy, for example, expects to offer rebates on items such as replacement windows and insulation, but not until the spring. DTE's rebate program for such products is in place.

Consumers' program that pays electric customers \$30 and offers to pick up old energy-sucking refrigerators and freezers is available in Flint, Saginaw, Jackson, Battle Creek and Kalamazoo, but won't be in Grand Rapids or many rural areas until 2010.

"We're right now just getting our program rolling," Mierzwa said. "So we're starting smaller. We expect to offer appliance recycling in the Grand Rapids area in early spring of 2010."

DTE's Detroit Edison offers electric customers a \$50 payment for old refrigerators and free pickup, but its electric service area is concentrated in the Detroit area.

DTE's program offers higher rebates when combined with a thorough energy audit. Consumers' energy audit program is in development.

A comprehensive energy audit from Holcomb's company may cost \$600, he said. DTE will rebate up to \$300 of the cost, but only if a customer also implements what could be very expensive recommended energy savings measures within a year.

"We expect there's going to be some bumps to begin with -- some small inequities -- but we're hoping, after we get this first year under our belt, we'll see what works best," said Clift, of the Michigan Environmental Council.

Palnau and the utilities said there has not been much feedback from customers yet, though the MPSC said it has been receiving a steady flow of calls from customers questioning the purpose of the surcharge.

The state reforms that brought the energy optimization charges included allowing a separate "Renewable Energy Plan" fee beginning in September not tied to the rebate programs.

Beginning in September, DTE residential electric customers will be charged an additional \$3 per month. Consumers electric customers will see a \$2.50 per month fee.

That fee provides a separate stream of funding to help utilities pay to improve efficiency at power generation plants and make investments in new clean energy projects such as wind farms.

Clift said groups such as the Michigan Environmental Council will be watching closely to see whether the energy optimization programs are meeting their goals.

"The worst case scenario is you're spending the money but you're not realizing a reduction in your use of energy," he said.

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