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BROWN TO PROPOSE HIGHER POWER COMPETITION CAP

The market for competitive electric generators would be larger under legislation coming soon from [Sen. Cameron Brown](#).

Consumers Energy already has reached the 10 percent cap on choice customers in its territory and Mr. Brown (R-Fawn River Twp.) and members of the Customer Choice Coalition said that cap on competition, enacted a year ago this month, has meant increased utility bills across the state.

While Mr. Brown indicated he would prefer to eliminate the cap, he said he would work with members of his chamber and others to find a larger proportion of competition that will be acceptable.

But he said the argument for imposing the cap on competitors, that utilities needed certainty in their customer base to obtain financing for new power plants, has proven false given declining demand and Public Service Commission findings that new power plants are not needed.

"It's clear that lawmakers were sold a bill of goods," Mr. Brown said of the need for the current cap.

But utility officials said the need for the stable market has not gone away.

Jeff Holyfield with Consumers Energy said the utility is trying to build plants. "They haven't seen any power plants because we're still waiting for an air permit after two years," he said. "We've done everything in our power to move forward."

Lorie Kessler with Detroit Edison said there are still 18 power plants in the state that are going to need to be replaced in the coming years and the utilities will need to be able to finance that construction.

[Sen. Wayne Kuipers](#) (R-Holland) said the cap on customer choice means a greater increase in power costs for a business in his district than it would have faced had it been able to seek power from a competitor.

And Mr. Kuipers said he voted against the legislation last year because he had anticipated what the competition cap would do. "Michigan had been one of the leaders in electric choice," he said. "We are now not in that category and our rates are climbing rapidly."

Barry Cargill, executive director of the Customer Choice Coalition, said the recent rate increases by both Consumers Energy and Detroit Edison were particularly questionable given that wholesale electric rates have fallen in recent months.

Ms. Kessler said utility rate increases were expected before the legislation was enacted. "Utilities and others had been extremely clear throughout the debate that prices would increase with or without reform," she said.

Mr. Holyfield said those prices will rise as the economy recovers. "It's the worst economic conditions since the depression," he said. "That pushed power prices down."

He also said utility rates include more than just the cost of producing power and so do not necessarily track wholesale rates.

Ms. Kessler said that the current law allows the utilities to better manage cost increases. "The volatility of the energy market is what we need to safeguard against for our customers," she said.

Former PSC member Robert Nelson acknowledged that part of the power cost increases are the surcharges for energy optimization and alternative energy programs, but he said those were a small part of the increases and questioned implementing them now.

"Customers are now paying for energy efficiency and alternative energy programs, the full benefit of which will not be felt until well into the future," he said.

Mr. Cargill also said that the rate increases by the two utilities under prior statute would not have taken effect for several months while the PSC reviewed the proposals.

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