

CRAIN'S DETROIT BUSINESS

Electric choice needed - October 4, 2010

Editor:

In 2008, under great pressure from Michigan's major utilities, the Legislature voted to cap competition in the electric market, in effect returning Consumers Energy and Detroit Edison to monopoly status.

As Rich Studley of the Michigan Chamber of Commerce pointed out in his Aug. 30 letter, "Not time to change energy law," the legislative package was crafted to "improve the state's business climate and ability to retain and create jobs." Nearly two years have passed and this has not happened.

Since the interference in the free market, Michigan's electric rates have skyrocketed and are the highest in the Midwest. Since implementation in October 2008, Consumers Energy rates have increased 18 percent to 40 percent for residential customers, 23 percent to 30 percent for commercial customers and 33 percent to 36 percent for industrial customers — all while wholesale rates fell 15 percent to 20 percent.

The current statutory 10 percent cap on electric choice means 90 percent of Michigan businesses face a cost disadvantage — before any other factor is considered. There is a long list of customers of both major utilities looking for a chance to shop for power.

Senate Bill 1317 and House Bill 6127, now pending, would raise that cap to 25 percent and would give more businesses the ability to use the competitive energy market to save money.

Raising the cap on electric choice will not harm customers. The DTE figures cited by Mr. Studley are overstated by about 50 percent to 100 percent. Further, the MPSC has ruled DTE has already recovered all of its costs for excess high-cost generation.

It is apparent the 2008 remonopolization law has been a failure; it hampers the ability of Michigan's businesses to compete and prevents others from locating here.

What better time than now is there to revisit this issue? The longer we wait, the more we all pay for electricity while losing opportunities for investment in Michigan. It's hard to understand how any business group could be against SB 1317 and HB 6127, which would let the competitive energy market bring down electric rates for Michigan businesses.

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