
Lawmakers should give energy providers a chance to vie for new business

It's time for lawmakers to seriously consider relaxing Michigan's anti-competitive energy policies, unless they're willing to let electricity rates become an obstacle to recovery from one of the worst recessions in history. Most Michigan residents and businesses have seen double-digit rate hikes, but can't shop around for lower prices under state rules adopted in 2008.

That year, lawmakers and Gov. Jennifer Granholm ended an eight-year experiment with energy competition by returning Michigan to a regulated system that guarantees DTE and Consumers Energy 90 percent of the state's power business.

This 10 percent cap on competition was part of a deal in which Granholm got the two utility giants to agree that 10 percent of the energy portfolio of each will come from renewable sources -- mostly wind generation -- by 2015.

The competition cap was reached within a year. Customers wanting to shop elsewhere for cheaper power now are put on steadily growing waiting lists.

Critics predicted, correctly, the monopoly-for-renewable-energy swap would cause Michigan to lose the momentum it was gaining from energy competition between 2000 and 2008.

Over that eight-year period, state energy rates increased 20.8 percent a year compared to 34.2 percent for the nation as a whole, according to a Mackinac Center for Public Policy report.

In the two years since 2008's reversal of the competitive model, Michigan Public Service Commission stats indicate, power costs have gone up more sharply -- 27 percent for DTE residential customers and 18 to 33 percent for Consumers commercial and industrial customers, for example.

Further, the average 9.82 cents-per-kilowatt hour retail price of electricity for all sectors in Michigan this year is higher than that of its five surrounding states, according to U.S. Energy Information Administration charts.

There are bills in the Michigan House and Senate to lift the state's 10 percent cap on competition and allow 25 percent of Michigan's energy load to come from alternative energy suppliers.

That seems reasonable when the key argument buttressing Michigan's energy monopoly -- it provides a reliable customer base so the big utilities can confidently spend to increase capacity -- has lost a lot of its clout amid moderating energy demand. It also seems reasonable as hundreds of Michigan businesses, wanting to lower their energy costs, are held captive by an arbitrary 10 per cent competition limit. Higher power costs for them mean fewer new jobs for Michigan.