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**For immediate release  
August 17, 2009**

## **Electricity prices plummet around the U.S. – but rise in Michigan**

*2008 electric law proving a very bad deal for customers, Michigan economy*

As electric rates around the Midwest and nation drop dramatically in response to lower demand, Michigan businesses and families are paying record high rates due to the Legislature's passage of electric remonopolization legislation last year. Now a key lawmaker says it's time to raise the cap on electric competition, to help Michigan businesses survive the current recession.

Supporters of that legislation said competition would continue because they allowed 10 percent of each major utility's load to move to competitive companies. But last week, Consumers Energy notified Michigan businesses that the 10 percent cap had been reached, and that additional companies seeking to flee the high rates in Consumers Power territory are out of luck for 2009.

"I feared this would happen last year when legislation was passed putting a cap on electric competition," said Sen. Wayne Kuipers, R-Holland. "At a time when many Michigan businesses are on the brink, it is wrong of state government to limit their ability to shop for electricity. My colleagues and I must move quickly to raise the cap from its current 10 percent to ensure more businesses can survive in Michigan," Kuipers said.

Peak electric prices in the Midwest dropped by 53 percent from July 2008 to July 2009, according to data from the Midwest ISO, which monitors prices and reliability. During the same period, the Michigan Public Service Commission has approved more than \$600 million in rate hikes for Consumers Energy and Detroit Edison, and Michigan rates today are the highest in the Midwest – and additional rate increase requests are pending. Residential electric rates in Detroit Edison's territory today are 10 to 27 percent higher than they were a year ago due to the new law.

In states such as Ohio and Illinois, where customers are allowed to shop around for lower prices, some businesses are seeing major reductions in electric bills, and utilities are reluctant to raise rates. But in Michigan, which remonopolized the electric system last year after eight years of effective competition, manufacturers and large commercial users are extremely limited in their ability to shop and today are paying far higher bills than otherwise. The end of competition also ended a string of years when Michigan electric rate increases were among the region's lowest.

"As we predicted, Michigan's remonopolization law is a millstone around economic development in our state," said Barry Cargill, executive director of the Customer Choice Coalition, the state's voice for electric competition. "It's time for lawmakers to recognize that high electric rates are as bad for our state as high taxes, and to open the door to additional competition to help hold down rates and grow our economy. We cannot afford to subsidize the high-cost electricity that our two major utilities want to force Michigan to purchase."

Today, only 10 percent of the customer load is allowed to move away from the high-charging utilities, a provision demanded by the two utilities, which were unwilling to compete against lower priced power providers. As rates have increased, particularly in Consumers territory, customers began fleeing. This week, that 10 percent cap on competition was reached in Consumers territory. The company has said no other customers will be allowed to leave to obtain lower-cost power this year.

As a result, an auto supplier or big-box retailer that shifted to a low-price electric supplier earlier this year will have a significant cost advantage over in-state competitors who may have been planning to move to another electric provider.

The Customer Choice Coalition is the only group that brings together customers of all sizes with competitive electric companies to support electric competition and choice. For more information visit [www.stopthemonopoly.com](http://www.stopthemonopoly.com) or [www.customerchoicecoalition.org](http://www.customerchoicecoalition.org).