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Michigan's new pro-monopoly energy law claims another victim; LS Energy chooses to invest elsewhere other than in Michigan plant

LS Energy today announced it is scrapping plans to build a major new electric plant in the Midland area, citing as its first reason "last year's energy legislation in Michigan restricting the available customers for the project."

Michigan's new energy policy limits competitors to just 10 percent of the electric market. The Customer Choice Coalition warned that passage of the bill would signal energy companies from around the world that it would be very difficult to serve Michigan families and businesses.

Today's announcement comes as Consumers Energy and Detroit Edison plan dramatic electric rates hikes in the state, despite the fact that Michigan's rates are already highest in the Midwest and use is declining. According to a variety of independent sources, the utilities held down rate hikes during the first part of this decade, knowing that the double-digit rate hikes now being proposed for residential customers would have led to a loss of market share.

"So far the dire predictions of opponents to the remonopolization of Michigan's electric law are coming to pass," said Barry Cargill, executive director of the Customer Choice Coalition. "Less investment by private companies. Higher rates for customers. Rate hikes coming without approval by the MPSC. And the utilities moving ahead toward building new plants by eliminating their risk and shoving that risk onto the backs of Michigan customers."

Cargill noted that from 2000 to 2008, under competition, the state added 4,000 megawatts of new power without forcing customers to pay for the construction, while seeing the lowest electric rate hikes in the Midwest.

"LS Energy was prepared to put up its own capital, not force customers to pay for a new plant before it was completed. It is unfortunate that our new energy law was a major factor in killing a major economic development opportunity for Michigan," Cargill said.

The Customer Choice Coalition is the only group that brings together customers of all sizes with competitive energy companies to support energy competition and choice. For more information visit www.stopthemonopoly.com or www.customerchoicecoalition.org.