

MIRS Newsletter

June 12, 2008

Patterson Moves House Energy Bills

After a Senate panel today unexpectedly kicked out the House energy bills -- including Public Act 141 reform -- one stunned audience member declared, "I'm buying Consumers stock."

Energy Policy Committee Chair Bruce [PATTERSON](#) (R-Canton) this afternoon moved Renewable Portfolio Standards (RPS) reforms ([HB 5548](#) and [HB 5549](#)) and controversial [HB 5524](#), which turns Michigan's electric industry into more of a regulated market, which Consumers Energy and DTE have pushed.

However, an amendment by Sens. Cameron [BROWN](#) (R-Fawn River Twp.) breaks the legislative link between the two bills, which potentially sets up some interesting floor action. It's thought that P.A. 141 reform is dead without being linked to RPS standards. The energy package passed the House in April ([See House Passes Energy Package](#), 4/17/08).

Bill opponent David **WAYMIRE**, spokesman for the Customer Choice Coalition (CCC), said he had no idea the P.A. 141 reform would move today.

"We're just dumfounded by this," he said. "The current system is working very well. . . . I don't understand the purpose of these bills."

A GOP source told *MIRS* Patterson decided to move [HB 5524](#) because Senate Majority Leader Mike [BISHOP](#) (R-Rochester) hadn't taken up his annexation bill involving an old Northville Township prison, a long source of frustration and a hot-button issue in his district.

Pressure also has been mounting from interest groups, including the growing Michigan Jobs and Energy Coalition, who wants the Senate to take action before summer break.

When asked how momentous moving the bills was, Patterson simply said, "It's just another step in the process."

Patterson said he expected senators to "take the summer" to review the "complex and demanding" legislation. The caucus is expected to discuss energy on Tuesday. The Chair said he "hasn't gotten to the point" of assessing if he has votes for passage on the floor.

But he acknowledged there are "diametrically opposed perspectives," but echoed the Michigan Public Service Commission (MPSC) position that "the most expensive option is doing nothing. Although Patterson believes in the free market, he said he's concerned about the volatility of complete deregulation, so he was open to P.A. 141 reform.

He said the bills "may very well be changed on the floor," adding that he will offer some amendments.

As for a timeline, Bishop Spokesman Matt [MARSDEN](#) said there's not much time before summer break and the Senate is busy with budgets.

Marsden said his boss supported Patterson "moving the ball down the field" but he didn't say if he supported the package. The Chair said he had spoken with both DTE CEO Tony **EARLEY** and Consumers CEO David **JOOS**, who both told him Bishop supports the bills.

When asked why he hadn't talked with Bishop about his support, Patterson said he expected to have conversations with him in the future.

The bills moved without the support of three Republicans on the committee -- Brown, Sen. Patty [BIRKHOLZ](#) (R-Saugatuck) and Sen. Wayne [KUIPERS](#) (R-Holland) -- who Waymire called the "three most informed members of the committee." Many GOP caucus members share their concerns that HB 5524 will significantly weaken energy competition.

But Patterson and Sen. Randy [RICHARDVILLE](#) (R-Monroe) formed a voting block with the Democrats -- Sens. Mike [PRUSI](#) (D-Ishpeming), Dennis [OLSHOVE](#) (D-Warren) and Buzz [THOMAS](#) (D-Detroit).

"I'd like to watch Democrats defend raising residential rates by 20 to 30 percent in exchange for nothing," Waymire said.

But proponents, like the Michigan Chamber of Commerce, were elated.

"The complexity of reforming Michigan's energy plan cannot be overstated, and we applaud Chairman Bruce Patterson for leading this bipartisan effort," said Jim **HOLCOMB**, vice president and associate general counsel for the Chamber. "This is precisely the kind of across-the-aisle leadership Michigan so desperately needs to address crucial issues such as energy production."

[HB 5524](#) passed with Democratic amendments, but Birkholz failed to get passed her amendment that would have taken out the cap for customer choice, not allowed the addition of 25 FTEs to the MPSC and would have given eight years, not five, for deskewing. It's expected for these elements to pop back up in floor amendments.

The Senate also moved [SB 0007](#), sponsored by Sen. Liz [BRATER](#) (D-Ann Arbor). It's not as sweeping as the energy efficiency reforms in [HB 5525](#), but it requires the MPSC to set guidelines for energy efficiency standards and prohibits the sale of appliances that don't meet standards in 2010. Brater said she'd talked with Patterson and offered a substitute and was optimistic of its chances on the floor.