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Debate starts on energy bills

House committee will tackle issues of costs, jobs and choice of providers.

Mark Hornbeck / Detroit News Lansing Bureau

LANSING -- The battle begins today over a state energy package that backers say would stabilize Michigan's electricity market into the future, but critics contend it would kill competition and drive up monthly electric bills.

Hearings on the five-bill package are scheduled for today, Wednesday and Thursday in the House Energy and Technology Committee and possible passage to the floor for late this week or next week, said committee Chairman Frank Accavitti Jr., D-Eastpointe.

"These bills will bring certainty to electric distribution and jobs to the state," Accavitti said Monday.

But the Customer Choice Coalition -- which includes alternative electric providers, the AARP, an electric cooperative that serves more than 100 school districts, and businesses that have opted for alternative power companies -- says the legislation puts giant utilities DTE and Consumers Energy back into a monopoly position and wipes out choices and lower prices. "This package is a Christmas present for the utilities and a lump of coal for consumers," said Barry Cargill, executive director of the coalition.

Detractors take issue with measures that would set up a brief, one-time window for choosing a power provider other than one of the major utilities and would allow DTE and Consumers Energy to receive up-front funding to build power plants to replace obsolete facilities and meet increasing demand. This legislation would drive alternative electricity providers out of the state, they said.

"It's the most consumer-unfriendly package I've seen in 35 years," said Bob Nelson, former Public Service Commission member who now works for the coalition. "It will kill competition and allows only utilities to build new generation."

There are plenty of alternative power companies willing to build plants without forcing customers to foot the bill before they're in operation, Nelson said.

Mary Dechow, an executive with Spartan Stores, said her company has saved hundreds of thousands of dollars at 80 grocery stores across the state since electric competition was launched in Michigan in 2000.

Energy Information Administration figures show that while Michigan's electric rates remain high, the rate of increase has lagged regional and national averages over the past seven years. Coalition members said that's evidence competition is keeping a lid on electricity prices.

About 6 percent of customers in the DTE and Consumers Energy markets use alternative electric providers, according to the Public Service Commission, down from 12 percent two years ago. But they're all business customers.

Accavitti said his plan doesn't eliminate electric choice, but puts restrictions on it. He said he's

redrafting the legislation to cap the choice market at 5 percent of the utilities' customer base, but that could ratchet up 1 percent each year to a high of 10 percent if the utilities don't meet efficiency standards set by the Public Service Commission, the agency that regulates utilities. "Choice will continue in a smaller venue," Accavitti said.

He also contends that nothing in the package restricts the building of power plants to the two major utilities. He added that the bills also call for increasing use of renewable energy sources and energy conservation measures.

Lorie Kessler, spokeswoman for DTE, said the utility is reviewing the legislation.

"It appears to be a comprehensive energy package," she said, adding that DTE supports some of its principles, including a provision that would allow electricity providers to receive some funding for new power plants during construction if they can make a case to the Public Service Commission.

She said DTE would prefer to see electric choice repealed, but said the one-time choice provision "could be an option."

"We still find ourselves with a regulatory structure that does not give us the level of certainty we need to invest in a new plant," Kessler said.

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