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Mich. power: Institute renewable power rule; stand back from big utilities

A Lansing State Journal editorial

Gird yourself, Michigan - the push is on for big energy reform. The promises are flying, the details are dizzying, the lobbyists are scurrying.

Amid the chaos, it's best to focus on a few key points, such as:

Michigan needs a renewable portfolio standard, or RPS, to propel utilities to acquire power from renewable sources.

Michigan will benefit from investments in alternative energy research and development.

Michigan benefits when industry and consumers have more choice, not less.

The Legislature and Gov. Jennifer Granholm can produce changes to advance those goals. Unfortunately, what has the attention of Granholm and the Michigan House are ideas that bode ill for the state.

Horse-trading unwise

The first is that Michigan has to do this in one swipe. As Granholm spokeswoman Liz Boyd put it last week, "We're looking for a comprehensive energy package."

What Granholm and others mean by comprehensive, though, is that the pursuit of alternative energy gains are tied to the desires of the state's two big electric utilities: Consumers Energy of Jackson and DTE of Detroit.

What they want - what they have long sought - is a rewrite of Public Act 141, the law deregulating Michigan's electric market.

Deregulation, goes this argument, has failed consumers. Worse, it has created uncertainties in utility financing. Both Consumers and DTE say that their investments in new power generation are predicated on certainties, such as a law to ensure their customers cover the bills for such investments.

To put a finer point on it: If DTE and Consumers get their way, they would have the authority to start charging their customers for the costs of a new power plant even before the plant came online.

The utilities also would gain the power to increase rates, even if the state regulators - the Public Service Commission - had not yet approved them. And the utilities would be allowed new ways to calculate rates, methods that backers of deregulation claim would cost consumers \$350 million.

For these advantages, the utilities would smile on Granholm's RPS plans, which call for a requirement that utilities get 10 percent of their power from renewable sources by 2015, and 25 percent by 2025.

The governor sees an RPS as a necessity to compete with other states in the business of encouraging the alternative energy industry. She points to pledges from the big providers for \$6 billion in investments that include wind power.

The Granholm administration, though, is working off the presumption Michigan needs an increase in baseload generation; that it needs DTE and Consumers on board right away.

That's an assumption, though, not a given. In fact, there are business and environmental interests which argue persuasively that Michigan's slowed economy and the potential for conservation alleviate the need for big new power plants.

Focus on alternative power

To be clear, Michigan has potential for far more in alternative energy, from building and siting wind turbines to basic research conducted at places like Michigan State University, which is part of a \$125 million federal grant for bioenergy.

Then there's this impolitic fact: There's no technical reason barring adoption of an RPS on its own.

The utilities and their Lansing allies have linked the RPS to other issues for political reasons. It's a trade-off: Pledges for clean power and job creation vs. private financial gains ordered under state law.

Again, to put a finer point on it: Do you, as a consumer, trust that Consumers Energy and DTE are pushing policies that help you?

Michigan should set an RPS right away.

Michigan should invest in energy research and create incentives, open to any firm, to produce renewable power and its infrastructure.

Michigan should push incentives for conservation to give citizens greater control over their electric bills.

What Michigan cannot - and should not - do is put the interests of big utilities ahead of prudent energy policies.

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