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## DTE moving ahead with Fermi 3 plan

Though Michigan's economy is sputtering, DTE Energy is continuing to plan for a new nuclear power plant near its existing Fermi 2 reactor near Newport, encouraged by federal energy policy and persuaded that electricity demand will grow.

"We are still on target to submit an application by the end of this year," said John J. Austerberry, a DTE spokesman. "Work is continuing to prepare the application, but we cannot commit to moving ahead until the regulatory issues are addressed at the state."

DTE and other utilities are lobbying the state Legislature to change Michigan's so-called "Customer Choice" laws that have allowed some larger electrical users to shop around for the cheapest electricity.

Meanwhile, federal policy continues to encourage the development of nuclear power plants, seen by some as a cleaner alternative to coal-burning power plants.

Mr. Austerberry said DTE anticipates applying for a federal license to build a plant of about 1,500 megawatts. The Fermi 2 plant is about 1,100 megawatts.

He said the utility hasn't decided yet which of several advanced reactor designs it might prefer.

When the company announced it would consider building a new plant about a year ago, it was said to be contingent on regulatory reform that would change Public Act 141's Customer Choice provisions and eliminate some uncertainty involving investment in a new generating plant.

Several pieces of reform legislation that would alter the state law were introduced last year and are in legislative committee. They've generated considerable controversy, with opposition being voiced from those who represent interests ranging from senior citizens to big power-gobbling industries.

The Customer Choice Coalition (CCC), a conglomeration of big and little customers alike, isn't convinced, suggesting that power demand is declining and Michigan's utilities merely want to return to the days when they had a complete monopoly on the state's energy market.

DTE is welcome to build any kind of plant they want, said David Waymire of the CCC, "but they shouldn't be able to force every customer in the state to automatically buy power from that plant and to pay for it upfront. We don't do that with any other business decision out there. They're supposed to be a free enterprise company that takes risks on its own and gets rewards for it. They shouldn't be allowed to shove those risks on the backs of all the customers whether they want to take those risks or not."

DTE suggests there's urgency to reform because real increases in electrical demand lie ahead.

Mr. Austerberry said the utility has not concluded yet that building a new plant is feasible, "but if we don't submit the application promptly, with the time it takes for review and approval and construction, the plant may not be able to be built and in operation when the capacity is needed by the state."

Besides, he said, some of the federal incentives meant to induce utilities to build new nuclear plants are contingent on license applications being filed by the end of 2008.

Yet, the U.S. Department of Energy's 2009 budget request submitted recently has a 79 percent increase in funding for nuclear power development and extends by two years - through fiscal 2011 - the period during which companies planning nuclear plants could take advantage of a federal loan guarantee program set up by the Energy Policy Act of 2005.

DTE Energy Chairman Anthony Earley told a state legislative committee late last year that Customer Choice needs to be changed if utilities are to be ensured of the stable customer base needed to get financing for a new power plant.

The company has budgeted \$30 million for studying the feasibility of a new plant and the application process. Mr. Austerberry said work is done daily on the plan, but construction wouldn't start until 2014 and the earliest the plant could start operating would be in 2017.

"To move to the construction phase, however, PA 141 must be fixed," Mr. Earley told legislators. "The package of bills under your consideration will open the door to investment of billions of dollars over the next decade that will create thousands of new, skilled labor jobs, add needed new permanent tax base and ensure an independent energy future with clean, affordable, and reliable energy for several generations of Michigianians to come."

Mr. Austerberry said there are other issues that might impact a plant construction timetable, such as the number of plants already on the drawing board nationally and availability of equipment and skilled trades workers to build it.

"We clearly need to see some resolution to these regulatory issues," he said. "That's not the only thing that needs to fall into place, but certainly one of the major things that needs to be done."

However, some of DTE's largest electricity users have been using smaller amounts of power recently. Usage by industrial customers during the third quarter of 2007 was down 11 percent from the same quarter a year ago and revenue from those customers was down 10 percent. The company will report fourth quarter and end of year figures soon.

But Mr. Earley notes that his company is looking to the future.

"Why does Michigan need all of this new power even when its economy is struggling? The answer is simple," Mr. Earley said. "Americans love energy-powered devices. iPods, plasma TVs, cell phones, smart homes ... the list is endless."

He noted federal estimates that by 2030, electricity sales will increase by 50 percent. "In order to be ready for increased demand in Michigan, however, the construction of power plants must begin very soon," he said. "A new nuclear power plant, at a minimum, is a decade long project."

Fermi 3 would be among about 35 reactor projects in the discussion or planning stages nationally.

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