

CCC POSITION ON MICHIGAN'S FUTURE ENERGY POLICIES

Our state is today examining how best move ahead to meet Michigan's future energy requirements. Gov. Jennifer Granholm's 21st Century Energy Plan is a laudable attempt to address future electric requirements of Michigan. Legislative leaders are examining various aspects of this issue.

Past state policies that have had the effect of forcing customers to pay high prices for electricity compared to other states in our region have long hindered Michigan's economic growth. It is vital that policymakers addressing future electric needs seek the lowest-cost alternatives to meet those needs.

The Customer Choice Coalition believes that a key consideration in developing Michigan's future energy policy is the use of competitive forces and equal treatment of all options to meet the state's energy requirements, to ensure the lowest-cost option is provided to Michigan's businesses and homes. CCC encourages all policymakers to consider five key elements in moving forward:

1. To provide additional energy for Michigan at the least cost, allow all potential sources of power to compete equally

- All legitimate options to meet Michigan's power needs should be encouraged to provide information on their cost and reliability, and evaluated against each other using standardized evaluation criteria. Both "supply side" and "demand side" options should be considered on a par with one another.
- Demand side options include retail rates that promote the efficient use of electricity, along with energy conservation.
- Supply side options include new or existing power plants in and out of Michigan, utilizing a variety of fuels – including renewable fuels – or transmission upgrades allowing Michigan to tap distant sources of electricity.
- There should be a bias toward renewable fuels sources, so that in the case of equal cost proposals the renewable option should be adopted.

2. Treat all suppliers and customers equally

There is no justification for giving any supplier of power a unique advantage over other providers, such as customer rate subsidies, guaranteed contracts, up-front financing and taxpayer or customer-financed financing. Any special treatment made to one supplier should be made available to all.

In addition, there is no justification for treating power customers differently. Customers should pay for the power, transmission and distribution they use, and not be required to subsidize other customers for any reason.

3. Responsibly encourage renewable energy

The state should encourage renewable energy by making it easier for renewable companies to bring their power to the marketplace. Limits put on renewable providers by electric distribution or transmission companies should be struck down. Taxpayer subsidies should be considered.

Electric ratepayer subsidies will be unnecessary if renewable power is competitively procured by utility companies.

4. Residential aggregation programs should be encouraged

To ensure that residential customers have access to low-cost suppliers of power, the Legislature should allow and provide incentives for aggregation programs that allow all suppliers to provide electricity to groups of customers on any basis – geographic, affiliation or the like.

5. Low-income assistance programs

It is vital that Michigan provide low-income assistance to ensure adequate power for needy families. However, the Legislature should consider the disproportionate burden current low-income assistance mechanisms place on users of large amounts of electricity, regardless of their profitability.