

Michigan lawmakers approve sweeping energy plan

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LANSING, Mich. -- Lawmakers on Thursday approved a plan that requires more electricity to come from renewable sources, raises residential rates, restricts competition among power companies and aims to make homes and businesses more energy-efficient.

The result: Residential electric bills will go up by 8 percent to 20 percent over five years -- but not by as much if the Legislature had done nothing, according to backers who said Michigan now is assured of reliable, cleaner power and not needing to build as many coal-fired plants.

House Energy and Technology Chairman Frank Accavitti said the three-bill package will be "a wash" for customers if they take advantage of new energy-efficiency programs. They might get rebates to buy compact fluorescent light bulbs and efficient appliances. Home energy audits could be re-instituted.

"They'll be paying more per kilowatt hour, but we're going to help them use less of those kilowatt hours," the Eastpointe Democrat said.

Opponents were skeptical.

"This will result in massive rate hikes at a time we can least afford it," said Sen. Wayne Kuipers, a Holland Republican.

Democratic Gov. Jennifer Granholm will sign the legislation, which she predicted will spark investment in alternative energy, create jobs and diversify Michigan's economy.

The GOP-led Senate voted 26-10 and 25-11 for two main bills; the Democratic-led House voted 83-24 and 78-29. The Legislature also unanimously passed income tax credits for people who install Energy Star-rated appliances, windows and insulation.

The state's largest utility, DTE Energy, estimated a typical resident could pay an extra \$12 to \$15 a month for electricity within five years. Consumers Energy, the second-biggest utility, estimated an average residents may pay \$6 to \$7.50 more.

Kuipers questioned adding a small monthly fee -- 50 cents to \$1 -- to residential bills so utilities can help the state use 1 percent less energy a year. He said customers are voluntarily acting on their own.

Supporters responded that energy efficiency and green power ultimately will save customers money, because there won't be a need to build two or three multibillion-dollar power plants in coming years.

"This is a good deal for customers. There's no doubt about it," said Martin Kushler, a former Michigan Public Service Commission staffer who's with the nonprofit American Council for an Energy-Efficient Economy. "Energy efficiency is the only piece (in this legislation) that will provide a way for customers to lower their

bills immediately."

The legislation gradually raises DTE's and Consumers Energy's residential rates by between 5 percent and 15 percent over 10 years. Businesses and schools that historically have subsidized residents' costs will see their rates drop.

It requires that 10 percent of Michigan's power come from renewable sources by the end of 2015. More than half of U.S. states have such requirements or goals, causing concerns that the state was falling behind.

The legislation caps extra costs associated with requiring green power at \$3 a month for residents.

State regulators estimate Michigan spends \$26 billion a year to import fossil fuels such as coal, the price of which is skyrocketing.

Granholm said the renewable portfolio standard, RPS, will boost the economy by creating a market for in-state companies making wind turbines. Environmentalists hailed the requirement. The wind industry called it the worst in the country because it allows utilities to collect fees in advance and won't create jobs for at least four years.

Others disagreed.

"I've talked to job providers who are ready to go, literally within a month or so," said Sen. Patricia Birkholz, a Saugatuck Republican.

The legislation guarantees DTE Consumers Energy 90 percent of the electric market. The utilities said they need certainty to get financing for new, expensive power plants to meet demand and replace an aging fleet of plants. Critics said limiting choice will lead to higher rates.

"This is certainly a good deal if you're a shareholder of one of these companies. But if you're not, you should be prepared for fewer choices and much higher rates," said Sen. Cameron Brown, a Sturgis Republican.

Supporters of the plan, though, said Michigan would have had to obtain more expensive power on the open market if it didn't change the regulatory structure. Baseload plants haven't been built here in years.

"The Michigan Legislature has taken comprehensive action to assure clean, affordable and reliable energy for Michigan's future," said DTE Energy Chairman and CEO Anthony Earley Jr.

One bill also creates integrated resource planning. Before giving the OK to new electric generation, regulators will decide if more power is needed; compare the price tag of traditional power vs. renewable power; and explore ways to conserve energy.

The package also requires utilities to pay a fair price to farmers and others who have windmills that produce surplus power.