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## State must act to meet energy needs

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By Peter Luke

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LANSING -- Michigan will need a new coal-fired power plant, hundreds of wind generators and unprecedented conservation efforts to meet the state's future energy needs, a Granholm administration report finds.

Doing nothing to address those needs would cost Michigan consumers \$4 billion more over the next two decades to purchase power on an open market that's only going up in price, said Peter Lark, Michigan Public Service Commission chairman.

"Michigan is going to need more power going forward in the 21st century," Lark said Wednesday, during the unveiling of the PSC-compiled report. "We're going to have to buy more and more power at higher and higher prices."

The state can mitigate prices by generating more power here and reducing usage, Lark said.

Critics responded, however, that the proposal would end customer choice by making it more inconvenient and less economical to select a power provider who would be competing with either Consumers Energy or DTE Energy.

Demand for electricity is expected to grow 10 percent, or 2,400 megawatts, by 2015. Lark would require all electric providers -- investor-owned, cooperative and municipal utilities -- to obtain 10 percent of their power from renewable sources by 2015. That's more than triple what renewable energy provides now.

Given Michigan's notable lack of sunshine, but abundance of wind, he said the logical source of that renewable power would come through wind generation. If the Legislature agreed, that 10-percent requirement would provide an automatic market for wind generation that could lead to the construction and installation of hundreds of wind generators along lakes Michigan and Huron.

Environmental groups say that doesn't go far enough, arguing that if the state can set a 10-percent goal, it can do 13 percent in seven years and 20 percent by 2020. Absent a higher standard in Michigan, wind generation investment will flow to states where the market is seen as more viable.

"The (wind) capacity is here and the interest is here," said Mike Shriberg, director of Environment

Michigan. "The higher the standard, the more capacity that is going to be developed."

Utility officials say such requirements should be voluntary. Jeff Holyfield, a spokesman for Consumers Energy, said 5 percent of the utility's total energy supply already comes through environmentally friendly but voluntary efforts. Seven thousand Michigan customers pay a monthly surcharge to ensure that all of the electricity they consume is produced through renewable sources.

Lark said his energy recommendations include new coal-fired power generation of at least 500 megawatts. Holyfield said multiple power plants would be needed. But he said Consumers has announced no plans to expand capacity in the communities where it has coal-fired plants: Port Sheldon, Muskegon, Bay City and Monroe.

"Customers in Michigan are using more electricity every year and if we don't act now, the state won't have enough power to meet its needs," he said.

The report also suggests that a 2000 law allowing electric customer choice would make it difficult for Michigan to "secure a sound electric future" because an uncertain customer base in a competitive market complicates a utility's ability to secure financing for new power plants, the report said.

Barry Cargill, executive director for the Customer Choice Coalition, said the proposal would gut 2000 legislation that partially deregulated electric service in the state. Customers who took advantage of that law would have to pay for a new Consumers or DTE power plant anyway.

Financing for a plant could be assessed on ratepayers during construction, a change from current law that states costs can be collected only after a new plant is running. Critics say that could leave ratepayers on the hook for a plant that isn't even completed.

"This proposal from one member of the PSC ensures we will continue to have the highest rates in the region for years to come, discouraging economic development and hurting families," Cargill said.

Lark said half of the new power needed in Michigan could be secured through conservation.

His report recommends a 50-cent monthly surcharge on electric bills to fund an information and subsidy effort to encourage the use of more energy-efficient appliances and lighting fixtures.

Another recommendation endorses a new practice, "smart metering," that allows customers to plan their energy usage for lower-priced, non-peak periods, such as running the clothes dryer on Saturday evening instead of Wednesday afternoon.

Shriberg said energy conservation should receive triple the funding that Lark proposed. "This plan is very conservative," he said. "Consumers don't do energy efficient measures even if it's in their own best interest."

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