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Consumers Energy plans 2 new plants, more efficiency

By Amy Lane

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LANSING — **Consumers Energy Co.** is laying out a 20-year energy plan that includes a potential \$1.5 billion to \$2.5 billion investment in new plants and increased use of renewable energy, greater energy efficiency and controlling electricity demand. Advertisement

The plan, called the balanced energy initiative, is scheduled to be filed with the **Michigan Public Service Commission** this week and is the Jackson-based utility's blueprint to meet a growing need for electricity.

"Michigan does have a need for new generation," said John Russell, Consumers Energy president and COO. "We continue to have load growth in Michigan; we're estimating about 1 percent per year for Consumers, about half of what we've traditionally had."

"It's a reasonable, if not conservative, approach for what we need in the future."

The plan calls for two plants. By 2011, there would be a 500-megawatt natural gas-fired operation that Consumers would either construct at a 160-acre Genesee County site currently housing some Consumers power-generating units, or purchase from an independent power producer in Michigan.

A second addition to Consumers' power supply, to begin operating in 2015, would be a 750-megawatt coal-fired plant, the location of which is yet to be determined. Russell said Consumers is considering using pulverized coal, as it does in current plants, and installing "the most advanced environmental equipment possible" to achieve emissions levels 10 percent to 15 percent lower than existing coal plants.

Consumers would use about 500 megawatts of the plant's output, while municipal entities and other interested parties, likely part-owners in the project, would use about 250 megawatts.

Russell said the coal-fired plant could cost between \$1 billion and \$2 billion while building a gas plant could cost \$500 million, but he said those figures are broad estimates and price will depend on plant size, technology, material and labor costs, and other factors.

Like fellow Michigan utility **Detroit Edison Co.**, which is considering building a nuclear plant, Consumers wants changes in the state's electric-choice law that allows utility customers to move to alternate suppliers before it moves forward with new plants.

Consumers' 20-year outlook also calls for boosting, from a current 5 percent to 10 percent, the amount of electricity in its portfolio that it obtains from renewable sources. The plan assumes a 10 percent renewable portfolio standard for Michigan, consistent with recommendations in the state's 21st Century Energy Plan released in January by PSC Chairman Peter Lark.

Russell said the utility hasn't decided how it will achieve the increase, but said it could do so both through purchases of renewable energy and construction of new sources.

The plan also calls for the utility to enact a program to control residential and commercial customers' peak air-conditioning use. The company would hook up meters to air conditioners that would allow Consumers to shut off compressors a few minutes an hour, although fans would remain running.

About half of Consumers' 1.8 million electricity customers have air conditioning, and the idea is to stagger cycles so that customers' air-conditioning use doesn't peak at the same time. Customers participating in the voluntary program would get a discount.

Russell said air conditioning and increased use of consumer electronics are factors that help to drive projected electricity demand.

But David Gard, energy program director for the **Michigan Environmental Council**, said that while the air-conditioning management program is one example of controlling demand, Michigan needs to go much further with widespread efforts to manage demand, before it even considers new power plants.

"Any long-term comprehensive energy plan has to be grounded in saving what we're wasting now," Gard said. "It potentially ... could offset new power plants."

He cited concerns about emissions from a coal plant, as well as rising costs of both natural gas and coal, the latter of which he said would become more expensive because of potential federal restrictions on carbon emissions, as well as supply constraints.

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