



Everything Michigan



Electric-powered savings

Sunday, March 25, 2007

Even in Michigan's dim-bulb economy, electricity needs are growing enough to plan an expansion of power supplies. But lawmakers and the Public Service Commission should take care that any such changes don't pull the plug on independent power suppliers.

The independents -- gas-fired, renewable and other alternatives to utility giants Consumers Energy and Detroit Edison -- are essential to maintaining competition and a free market for energy, keys to lowering electricity costs. The state's rates are above regional averages, especially for industrial customers. Michigan's industrial rates top those of Illinois, Indiana, Ohio and Wisconsin.

Tending to that cost factor is crucial if Michigan is to match up with the economic climates of other states. An example of the problem is the struggle now under way in the Saginaw area where a large manufacturer, Hemlock Semiconductor Corp., may take a major expansion and 500 permanent jobs to Kentucky. Electric bills in Michigan, according to a company spokesman, run \$42 to \$52 per 100 megawatts. The projected rate in Kentucky is \$34 to \$38. The difference would mean a savings of \$12 million to \$14 million annually, the company estimates.

The electricity supply issue is before the Legislature and the PSC this spring, based on a report issued by the PSC in January that called for at least one new power plant by 2015. The report proposes that the utilities be permitted to charge ratepayers in advance for new plants.

Opposing that idea is the Cus-

tomers Choice Coalition -- representing alternative suppliers and commercial and industrial and public school organizations. The coalition worries that advance payment would hand a huge competitive edge to the major utilities, especially if rate-paying requirements hamper customers in moving between the utilities and independent alternatives. The utilities, they contend, should bear the same marketplace risks as any other business enterprise.

The utilities have their own very legitimate cases to make in support of advance billing, including that consumer choice and the high cost of building a major power plant justify some way to assure that the money will be recovered.

The energy committees of the House and Senate will have to look carefully at the long-term implications of this issue. Members of the panels include Sens. Patricia Birkholz, R-Saugatuck, and Wayne Kuipers, R-Holland; and Rep. Bill Huizenga, R-Zeeland. Their inquiries should include a look at Byron Center-based Spartan Stores, which has been saving as much as \$10,000 a store annually by using an alternative, Ann Arbor-based energy supplier.

At a minimum, lawmakers and the PSC should do nothing to reduce such savings opportunities. At best, they should try to enhance free market competition. A brighter Michigan economy should result.

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