

## **MIRS Capitol Capsule**

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### **Accavitti: P.A. 141 Changes Needed**

Key lawmakers said today that Michigan's electric choice law has benefited some of the state's largest electric users, but has done nothing to lower rates for residential customers and needs to be changed.

House Energy and Technology Committee Chair Frank **ACCAVITTI** (D-Eastpointe) said today he doesn't envision a total repeal of P.A. 141 during this legislative session. But he said some changes do need to be made and not in the direction of increased deregulation, which has "failed horribly" in states such as California.

The chair said he plans to take about another two weeks of testimony on the future of P.A. 141, but in the meantime he said he plans to move some legislation dealing with energy efficiency, energy credits and potentially a "certificate of need" (CON) program for electric generation.

Like the CON program for hospital bed planning, the general concept is that new electric generation plants could only be placed in areas where there's a proven need.

Accavitti stated his positions today as another voice entered the growing debate over the future of the electric choice law, with another opponent to P.A. 141 telling Accavitti's committee that Michigan's choice system is unmanageable and will collapse into higher electric rate for consumers.

The interest in revisiting the seven-year-old law comes after House Speaker Andy **DILLON** (D-Redford Twp.) suggested repealing P.A. 141 in exchange for higher taxes on the incumbent utilities. While Dillon has since stepped back from the idea, DTE Energy, for one, has put on the full-court press to gin up legislative excitement on follow through sans the tax increase.

Today, the union-based organization "Protect Michigan" took their turn at the plate and swung for the seats in their opposition to P.A. 141 by trumpeting a self-funded "independent study" by Public Sector Consultants (PSC) that found the electric choice law was a "flawed attempt at restructuring Michigan's electric industry."

"We were promised lower rates, more choices, more jobs and less pollution," said Todd **TENNIS** of Capitol Services, working for Protect Michigan. "None of those promises has come to fruition."

Tennis said that from a consumer standpoint, the electric choice law has

not generated much benefit. Most, if not all, alternative energy providers based outside of Michigan do not offer service to residential and small business customers because the profit margin is too small to bother with. As a result, large commercial customers are seeing some benefit at the expense of the individual electric bill.

Protect Michigan also held up a PSC report that concluded Michigan would need a new power plant by 2011 and another one by 2017 to continue its ability to provide Michigan-based service to all residents, something both DTE and the Michigan Public Service Commission (MPSC) have also suggested but not necessarily with the same timeline.

Michigan could always import its energy, which it's doing now, but shifting more generation out of state means more energy being made absent the oversight of Michigan regulators.

"Michigan is heading toward an energy crisis if we do not begin building a new plant very soon," said Jim **BEAUBIEN**, International Brotherhood of Electrical Workers Local 17 president. "Michigan has a proud history of being electric energy independent. If we lose that independence, we'll be calling on companies from other states to bail us out."

Meanwhile, the Customer Choice Coalition (CCC) said the state's two major utilities want an electric choice repeal at a time they're asking for \$344 million a year in rate hikes, according to a filing at the MSPC.

"These huge rate hike requests, coming at a time when state families and businesses are tightening their belts, are a blow to our state's economy," said CCC Executive Director Barry **CARGILL**. "It is hard to understand how lawmakers would even consider handing these two companies a monopoly while they are asking for huge increases in mandated charges to customers."

Detroit Edison's request for another \$201 million annually over current rates was filed days after DTE CEO and Chairman Tony **EARLEY** testified before the House Energy and Technology committee that P.A. 141 had discouraged investment in electric generation and should be repealed. Earley didn't tell House members he was preparing to ask their constituents to pay rate increases of up to 6.38 percent for residential electric customers.

Meanwhile, Consumers Energy has asked for a \$143 million rate hike. Since 2004, Michigan's major utilities have sought and received almost \$2 billion in rate hikes while seeking regulatory and legal restrictions on choice, Cargill said.

"Michigan's electric rates are already a major disincentive for businesses in Michigan and a burden on families. It's time for the Legislature to push for even more competition to give them an incentive to keep rates as low as possible," Cargill said.