

August 11, 2008

Lower electricity sales cited in energy-reform debate

By Amy Lane

With action potentially looming on Michigan energy reforms, a coalition calling for more legislative review is pointing to Michigan electricity companies' second-quarter sales declines as another indication why neither legislation nor new plants should be rushed.

DTE Energy Co. and CMS Energy Corp. reported electricity sales down about 4 percent from the same quarter a year ago, reflecting the slower economy, the effects of the American Axle and Manufacturing Holdings Inc. strike, and other factors in addition to weather.

Dave Waymire, spokesman for the Customer Choice Coalition, a collection of business groups, consumer interests and alternative-electricity suppliers, said that beyond the second-quarter results, "growth rates have not been extremely high in Michigan." He said the state overall, through the most recent data year of 2006, "is using less electricity than we were in 2000, when our needs were being met adequately.

"There doesn't seem to be a huge increase in demand going on today, and it's important for the Legislature to stop, look and analyze these bills and listen to what people other than utilities are saying."

But energy company officials said analysis and projections remain valid. Lorie Kessler, DTE director of external relations, said a combination of factors propels the need to build new sources of power generation, including the replacement of aging generating plants and expected growth in demand.

Jeff Holyfield, CMS director of news and information, said "that there are extremely long lead times to build new power plants, and the issue is not 2008 or 2009 but the issue is whether Michigan will have the power it needs in 2015 and beyond."

He said quarterly results are not a sound basis for deciding long-term energy policy. Kessler said that also applies to projecting long-term demand.

© 2007 Crain Communications Inc.