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## Flexible rules needed for new energy sources

Of course Michigan should develop alternative and renewable energy sources. The question is whether it will do so in a cost-effective way that doesn't damage its economic competitiveness.

Michigan is already an expensive state in which to do business. And electricity costs are part of that higher-than-average cost. With the loss of more than 400,000 jobs in the last few years and an unemployment rate that is the highest in the nation, the state can't afford to further hurt its economic climate.

State lawmakers are now wrangling over legislation that would restructure state utility regulations. Part of the debate is whether state law should impose renewable energy mandates, in which a set percentage of the state's electric power would have to be provided by such renewable energy sources as wind, solar power and other nontraditional methods.

About 3 percent of the state's power comes from such sources.

It's worth noting, however, that the cost for electricity for industry here is already the highest among the Midwest states and higher than the national average. The most current figures available from the U.S. Energy Department indicate that the industrial cost for electricity in Michigan is more than 10 percent higher than the Midwest average.

Yet the debate in Lansing is whether the state will impose a mandate by which 10 percent of the state's electricity must be produced by renewable resources by 2015 or 7 percent. Either way, the mandates would drive up electricity costs for all users. Senate Republicans are reportedly holding out for the lower percentage plus additional tax credits for business.

But the availability of renewable resources at prices competitive with coal or natural gas is not guaranteed. Wind is variable and must be backed up by more reliable power sources. Solar power in a state like Michigan is also variable, as are other alternative sources. Businesses of every kind, including the high technology and bio-medical research on which this administration is placing its bets, need consistent, reliable energy sources.

The Granholm administration is arguing that the renewable energy mandate is a source of new jobs, as the technology needed to provide alternative power will be produced here. But such jobs, created as a result of a government mandate, will only be purchased as a result of higher utility rates for all classes of consumers.

The state should have firm goals for the production of energy from renewable sources. But any mandate for new energy sources should include an "off-ramp" if it becomes cost-prohibitive or

hinders efforts at making the state economically viable.

Given its current condition, Michigan can't afford to make itself more costly than it needs to be to retain and attract jobs.

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