

Much uncertainty remains five years after blackout

August 14, 2008

Today is the fifth anniversary of a massive blackout that disrupted life for 50 million people in the United States and Canada, including much of Michigan, and caused economic losses estimated between \$4 billion and \$10 billion. The power grid system that failed is generally said to be in better shape today, but nobody is saying another large scale disaster is impossible.

The anniversary date comes as the Michigan Legislature remains stalled on utility legislation that has provoked controversy on all sides.

Here are excerpts from recent essays on the electric power issues facing the state and nation.

Major utilities hogtie customers

Suppose you are a state legislator and a company comes to you saying that it wishes to expand its operations, but no one will lend it money unless you pass a law that keeps its customers from leaving. And suppose that the last time this company opened up a new facility, it had cost overruns of several billion dollars. Suppose you could say this to the company's lobbyist: "Well, let me be the chief sponsor of that legislation. I would hate for my constituents to be able to leave you if they found a cheaper option."

As silly as that sounds, it is exactly what is going on in Lansing.

When the Legislature returns next month, HB 5524 will likely come to a vote of both the House and Senate.

This bill would make it illegal for more than 10% of the customers of Detroit Edison and Consumers Energy to switch to another utility. The argument in favor of this bill is that these two utilities cannot find anyone to lend them the money to build additional capacity unless they are guaranteed their customer base. And these companies both had several billion-dollar overruns the last time they built plants. You don't need to be a PhD in economics to figure out that this bill cannot be in the best interest of you as a consumer.

It is obvious that other utility companies will leave the state since they cannot get any of the customers of the big two utilities. It is obvious that the innovations in electricity production occurring in other states will not make their way to Michigan since there will be no customer base for companies that might want to introduce them here.

-- Gary Wolfram, chairman of the Michigan Alliance for Competitive Energy and William Simon Professor of Economics at Hillsdale College

Future calls for clean power

"I have set before you life and death, the blessing and the curse. Choose life, then, that you and your descendants may live."

Deuteronomy 30:19

Moses addresses these words to the Hebrew people as they prepare to leave the desert for an unknown future in the Promised Land. Moses knows the people stand at a major crossroads.

So, too, does Michigan, when it comes to energy policy. The state can follow its current path, and remain reliant upon fossil fuels, or it can take steps toward a clean energy future. We can choose the blessing or the curse.

Unfortunately, the Michigan Senate missed its opportunity to promote Michigan-based clean energy, turning its back on a strong, bi-partisan-passed House bill, and instead passed a weak bill that maintains Michigan's reliance on coal-fired power plants to meet electricity demand, with little investment in renewable technologies. This policy ignores the threat of climate change and misses opportunities to create thousands of new jobs in the emerging "green" economy.

By using clean technologies, such as wind and solar, and by reducing our energy consumption, we can meet our state's energy demands while keeping jobs and revenue in-state -- including the \$20 billion that goes out-of-state each year to pay for the coal, natural gas and petroleum imports that fuel our current energy needs.

-- The Rev. Charles Morris, director of public relations/public policy for Michigan Interfaith Power & Light, and Patty Gillis, executive director of Voices for Earth Justice, Southfield

Legislative plan deeply flawed

Free Press columnist Tom Walsh makes many incorrect assertions as he promotes speedier passage of energy legislation (Sunday, Aug. 10, "Will lawmakers' fears cost state new energy policy?") that delivers a slam-dunk to Michigan's two largest utilities: Detroit Edison (DTE Energy) and Consumers Energy (CMS Energy). Unfortunately, it's Michigan's consumers who will get slammed and dunked with sky-high rate hikes and immediate payments for future power plants with feeble price controls in place.

Walsh calls this energy package "a bold, new approach to energy policy" and a chance to create "thousands of jobs."

What he doesn't point out is these bills kill off companies that currently compete with Edison and Consumers, forcing them -- and jobs -- to leave the state, and eliminating any incentive that Edison and Consumers once had to keep prices down and customer satisfaction up.

He also fails to point out that those "new, cleaner power plants" built by Edison and Consumers will be paid for solely through customer rate hikes -- as opposed to private investors -- whether or not the plants become operational.

And like many Michigan politicians, including Gov. Jennifer Granholm, Walsh conveniently ignores the warning of the American Wind Energy Association that if this package passes as written, it will discourage any new wind energy business to the state and jeopardize \$2 billion in wind energy projects now under development.

Competitive electricity markets are the best way to increase the volume of renewable energy and alternative energy companies coming into Michigan. Just look at Illinois -- a fully deregulated state with relatively new wind energy farms and already catching up with Midwest energy wind leaders Iowa and Minnesota.

The last thing Michigan needs is an energy plan that raises rates for residential and commercial users, diminishes customer choice, saddles ratepayers with huge project costs and slams the door on new, privately financed wind power.

-- Terry Harvill, vice president of energy policy for Constellation Energy, Southfield

Grid's potential can be unlocked

My company, ITC Holdings Corp., owns, operates and manages the electric transmission systems -- the grid -- in Michigan's Lower Peninsula and portions of Iowa, Minnesota, Illinois and Missouri. As the first fully independent transmission company in the country, we are 100% focused on investing in the grid to improve reliability and access to markets and lower the overall cost of delivered energy.

Considering that a 30-year trend of underinvestment in the grid, combined with a collision of overgrown vegetation and power lines, caused the first blackout, ITC has made great strides to mitigate the risk of another major outage. Since we began operations in 2003, ITC has invested more than \$800 million in grid infrastructure improvements.

But without a national energy policy to support us, ITC's accomplishments alone are not enough.

Policymakers must take a fresh look at how generation resources should be allocated. Imagine a transmission infrastructure similar to an interstate highway system as opposed to the current state-by-state approach. With that, we could more diligently and efficiently utilize the system to move wind from abundant regions to where it is demanded, or transport coal by wire as a more environmentally friendly method.

The chance to make a change is upon us. As we reflect on the five-year anniversary of the blackout, there's no better time than now to push forward on solidifying a national energy strategy -- before the lights go out on this opportunity.

-- Joseph Welch, president of ITC Holdings Corp., Novi