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Energy: Michigan can invest in renewable power without utility deal

A Lansing State Journal editorial

Gov. Jennifer Granholm and the Michigan House are on record as wanting the state to invest more in, and require more use of, renewable energy.

It's a shame the method they've chosen to advance the renewable goal is fatally flawed - mainly because it's built on two false assumptions:

- Michigan clearly needs a significant amount of new power generation in-state.
- The only way to get investments in renewable power is through utility giants DTE and Consumers Energy.

The Michigan Senate now has the energy "reform" package. It should be considering the facts as much as the dream.

For example, the Senate Fiscal Agency's Gary Olson testified last week that the House legislation could lead to a 28 percent bump in homeowners' electric bills, the Gongwer News Service reported.

The causes for this result are many, among them the fact that the state, even under electric deregulation, has had commercial and industrial users subsidizing residential electric use. Olson factored in projected costs for renewable energy and energy efficiency - and all the pending rate increase proposals made by DTE and Consumers to the state Public Service Commission.

Those touting the House package haven't said much about immediate pricing. Small wonder.

They also haven't talked about the false linkage between DTE's and Consumers' desires and renewable energy.

The state's two big utilities generate their power largely in the old, carbon-dependent way. They have promised Granholm they would invest big-time in renewable technology - if the state rewrites the deregulation law in a way that puts ratepayers on the immediate hook for big spending decisions.

Olson noted last week that a new baseload power plant could cost \$1.5 billion. If DTE and Consumers get their way, their customers would have to start paying for such tabs, even before any power is generated.

And even if they don't really need that power to begin with. Because of Michigan's slowing economy - and efficiency drives by private businesses - there's real reason to think Michigan has enough power to carry it for awhile.

If so, why not look for real reform, a real commitment to renewable power?

Michigan can proceed with the enactment of a renewable portfolio standard, in which utilities would be required to obtain power from alternative sources. The market is then set for all sorts of firms and investors to come in on wind turbines and such to feed the requirement.

Michigan adds power generation through renewable sources, not through huge, ratepayer-guaranteed baseload plants running on old fuels.

The proper policy for Michigan is two-fold:

- Push investment into renewable energy.
- Allow DTE, Consumers and anyone else to fairly compete to generate power and jobs.

The Granholm/House package would trade residents' options for promises from DTE and Consumers. That's a strategy the Senate should reject.
