

CCC talking points May 2008

1. Competition and choice has worked well for Michigan.
 - They increased reliability. Today Michigan has 4,000 megawatts of power more than in 2000 – power built by independent power producers after the major utilities refused to build them prior to 2000.
 - They have held down rates. According to the Michigan Public Service Commission, Michigan electric rates have increased far less than other Midwest states. In fact, the Midwest state that has seen the highest electric rate hikes since 2000 is Wisconsin – which has the same monopoly system Consumers and Detroit Edison want.
 - New generation is being built today under competition and choice. Right now three independent power producers are moving forward to build baseload coal plants. They are not asking for government guarantees or mandates. All they want is the chance to compete to provide Michigan customers with power.
2. The Senate Fiscal Agency says if the House package is passed, electric rates will rise dramatically and immediately – even before any new plants are built and before any new renewable power comes on line – particularly for residential customers.

Company	Residential Rate hike	Commercial rate hike	Industrial rate hike
Consumers Energy	23.2% to 25.2%	4.2% to 6.2%	6.9% to 8.9%
DTE	28%	-0.3%	-3.5%

Once new plants are approved by the MPSC, rates will increase 5 to 7 percent EVERY YEAR, according to the SFA.

3. HB 5524, after giving the utilities a monopoly, will make it harder for the Attorney General, business groups, residential ratepayer representatives and others to adequately regulate the utilities.
 - a. The “shot clock” provision means that requested rate increases can become permanent even if they are hugely excessive unless the MPSC reaches a final decision within 12 months of the case being filed.
 - b. The MPSC will be allowed to pass cost overruns for new plants onto customers.
 - c. The legislation requires customers to start paying for a plant’s finance costs even before it is completed, open and operating.
4. The proposed renewable legislation will raise rates but do little to create green power or encourage green power factories in jobs in Michigan. They are opposed by the largest renewable power group in the nation, the American Wind Energy Association.
 - a. The bills require families and businesses to start paying for renewable power in 2009, but requires almost no investment in renewable power by our utilities until 2014.

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- b. The bills will hand as much as 2/3rds of all new renewable power to the two utilities without providing for competitive bidding to determine the lowest cost electric provider. This will discourage entrepreneurs from operating in Michigan.
 - c. The bills do not require competitive bidding to ensure customers get the most green power for the least cost.
5. The CCC Plan:
Let everyone compete on a level playing field to provide power for Michigan's future.

- a. Pass Senate Bill 427: The bill allows all power producers to compete to build and operate the next baseload plant in the state. The MPSC would determine how much power is needed and when. The lowest cost bidder would be allowed to provide the power.

Utilities. Independent power producers. Renewables – of every type. Energy efficiency consultants. All have a role. But they need to be asked to bid against each other to ensure we have the lowest cost electricity possible.

We can get more renewable power at a lower cost through competition and choice than by giving the utilities a massive no-bid contract to provide renewable power.

Around the nation, renewable power entrepreneurs are poised to come to Michigan and compete to provide low-cost renewable power. But if the major utilities control that process, entrepreneurs will be shut out and costs will increase.