

Lawmaker says there is no need to open up Michigan's electric market to more competition

Published: Sunday, November 20, 2011, 7:53 PM Updated: Monday, November 21, 2011, 7:38 AM



By Tarryl Jackson | Jackson Citizen Patriot

There is no need to open up Michigan's electric market to more competition, Sen. Mike Nofs, R-Battle Creek said.

After weeks of reviewing the state's 2008 energy reform laws and hearing testimony for about 60 people, the chair of the Senate Energy and Technology Committee said raising the 10 percent cap on customer choice is not necessary.

"I don't think there was a huge outcry (about raising the cap)," Nofs said. "I think the current law is working pretty good."

Michigan's 2008 energy-reform law limits competition to 10 percent of the sales of the state's two largest utilities: Consumers Energy and Detroit Edison.

When the law was enacted in October 2008, 3 percent of Consumers' customers were buying from alternative providers. Ten months later, that figure hit the 10 percent cap.

Groups like Customer Choice Coalition and Energy Choice Now say that Consumers Energy and Detroit Edison are monopolizing the market and that customers want choice when it comes to where they buy their electricity from.

In September, the groups commissioned a poll that randomly surveyed 600 likely Michigan voters, asking if they would favor or oppose changing state law to allow all customers to buy electric service from any available supplier that would compete for customers and offer lower prices.

Seventy-five percent said they would favor the change.

"It's hard to understand how Sen. Nofs can support state policy that picks winners and losers like this," said David Waymire, spokesman for the Customer Choice Coalition.

Waymire said the groups will continue to advocate for change to the rule.

Today, more than 3,000 commercial and industrial customers are on a waiting list to buy power from someone other than Consumers.

Elm Plating president Jonas McCluskey wants more choice when it comes to where he can buy his business' electricity.

The Jackson company's electric costs average about \$90,000 a month and its electric rates have increased 70 percent in the past seven years.

"It baffles me why a lot of these people say the cap doesn't need to be raised, he said. "I think it's time to raise it a little bit more."

Consumers Energy officials say increasing the 10 percent cap to allow more competition would lead to a price spike for remaining customers. The cap also gives the utility the certainty it needs to continue investing millions of dollars in Michigan, spokesman Dan Bishop said.

"We agree that the law is working as the Legislature intended," Bishop said.

Nofs said a review of the law would likely be warranted again in a few years when the renewable portfolio standards are supposed to be achieved.

The law mandates that 10 percent of utilities' energy come from Michigan-based renewable sources by 2015.

"Let's see if we hit the mark first and go from there," he said.

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