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Business Groups Say Energy Law Doesn't Need Tinkering

As a Senate panel this week prepares to review the most controversial portion of the 2008 energy law, business groups said Monday this is one law that does not need reinventing.

That provision mandates that no more than 10 percent of a utility's sales can go to a competitor.

Less than a year after the law was in place, large customers left the utilities in search of lower-cost providers and both Detroit Edison and Consumers Energy have thousands on a waiting list to leave.

Proponents of change say the free market should be allowed to work like it does with every other industry, and the utilities should have to compete to keep those customers, which would force them to keep their rates as low as possible.

"Everyone wants to pay less, but you have to have a system that is stable," said Jim Holcomb, senior vice president of business advocacy at the Michigan Chamber of Commerce.

He said the 2008 law was the result of several years of negotiation and input and has allowed the utilities to receive favorable interest rates because they can show a guaranteed customer base as they seek loans to improve their facilities, which keeps prices low.

Mr. Holcomb said while this law isn't perfect, the previous system led to price spikes and instability.

He also said other portions of the law have not been fully implemented.

"We shouldn't even be looking to change it until we see what the state of affairs is two years from now.

Mike Johnston, vice president of government affairs at the Michigan Manufacturers Association, said his members are concerned about the rising costs of energy, but said prices in Michigan are at about the national average.

He said average isn't necessarily a good place to be, but this law provides a certainty that there will be power available to businesses.