

Consumers Energy customers would pay \$350 million in annual fixed costs if electric-choice law changed, spokesman says

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Opening Michigan's electric market to more competition would shift \$350 million in annual fixed costs onto remaining Consumers Energy customers, said spokesman Jeff Holyfield.

Currently, **more than 1,000 commercial and industrial customers in the Jackson-based utility's service territory are buying their power from someone else.** At the same time, more and more customers are on the waiting list to do the same.

In 2011, 3,739 Consumers Energy's business customers were on the list to buy their electricity from another provider, up from 38 in 2009, according to the Michigan Public Service Commission's annual electric choice report.

Groups like Customer Choice Coalition and Energy Choice Now — who say that Consumers Energy and Detroit Edison are monopolizing the market — want to raise the cap that limits competition to 10 percent of the utilities' sales in Michigan's 2008 energy-reform law.

Increasing the 10 percent cap to allow more competition would lead to a price spike for remaining customers, Holyfield said.

"A few customers would benefit, and everyone else would pay more," he said.

The cap also gives the utility the certainty it needs to continue investing millions of dollars in Michigan, he said. Consumers Energy plans to invest \$6.6 billion in Michigan to serve customers and improve the environment in the next five years, Holyfield said.

When the energy-reform 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.

Hypothetically, if the cap did not exist, choice participation would be about 20 percent for Consumers Energy at the end of 2011, **according to the commission's report**.

As electric rates become more and more out of whack, more companies are looking for a way out, said David Waymire, spokesman for the Customer Choice Coalition. Getting on the waiting list is the first step for these companies to find that way out, he said.

"Because of the current law, it is very difficult for the MPSC to turn down rate hike requests (from utilities)," Waymire said.

Waymire said the groups will continue to advocate to raise the cap to allow more choice for customers and are hopeful that Gov. Rick Snyder will take more of a leadership role on the issue.

"Right now there's virtually no energy competition in Michigan — only a few winners who have been picked by the state, and a whole lot of losers," Wayne Kuipers, executive director of Energy Choice Now, said in a statement. "Michigan's current energy policy is not fair — not fair to businesses trying to compete, and not fair to consumers trying to keep their heads above water in a tough economy. Raising the cap is the only way to bring true energy relief to our state."

Kuipers noted that Michigan's rates have increased more than any other Midwest state since 2008, when the new law was passed. Meanwhile, Ohio and Illinois, the region's states with the most electric competition, have seen rates increase the least, he said.

Holyfield said these groups are using short-term market conditions to tinker with long-term public policy.

Currently, 23 licensed alternative-energy suppliers serve about 7,000 electric choice customers throughout Michigan.

"They're just in Michigan to make a quick buck," Holyfield said. "Once that's not possible for them, they will leave. We're committed to Michigan."