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Snyder must take lead on energy issues

Correction appended

The Lansing debate on replacing Michigan's 2008 energy law is heating up, but it's been hard for the general public to follow. Does Michigan need mandates for generating energy from renewable sources like wind and solar? Should utilities be required to continue to help customers reduce energy use? Should customers have broader choice on providers for electricity? These issues are complicated. It's also hard to know whose information to trust.

Legislation currently pending would eliminate the renewable standard and mandate for energy efficiency programs. Separate bills would either continue or eliminate choice of an electricity provider.

Here's a rundown on the three main issues:

- **Electric choice.** Current law allows 10 percent of power sales to be bought from sources other than the state's primary utilities, DTE Energy and Consumers Energy. Demand has outstripped availability, and large users, in particular, would like that percentage increased or eliminated. Utilities say broadening choice unfairly burdens their customers with infrastructure costs.

Our take: There's a lot of conflicting information about the consequences of widely increasing choice, so we don't believe that should be done at this time. However, it makes sense to allow local governments, school districts and public universities to shop on the open market. The ones who have participated in the choice program so far have saved money, which means more tax dollars are used to serve students and the community. All customers, regardless of vendor, should contribute to maintaining infrastructure.

- **Renewable standard.** Utilities met the goal of producing 10 percent of energy from renewable sources by 2015. The utilities argue that pending federal carbon pollution standards make a higher standard moot. Gov. Rick Snyder has advocated for increasing renewable targets to as much as 24 percent of a utility's electric portfolio by 2025, but he hasn't asked for a mandate.

Our take: The Legislature should set a new renewable standard that can sunset when and if the new federal standards come into play. Otherwise, publicly traded utilities could be vulnerable to investor pressure to put current profits ahead of long-term investment. The Public Service Commission should give utilities broad leeway to choose the best way to meet the standards.

- **Energy efficiency programs.** DTE and Consumers now must offer efficiency programs to cut their use each year by 1 percent of retail sales for electricity and 0.75 percent for gas. The programs are funded by surcharges on bills. Utilities argue a mandate isn't needed because they will continue to offer the programs.

Our take: These are widely used and projected by the PSC to save customers more than \$4 billion based on program expenditures of \$1.1 billion from 2010-14, so we believe they should continue to be mandated. And there's history to be considered: When the PSC dropped a similar mandate in 1995, many programs were eliminated until they were mandated again under the 2008 law.

We do believe that large companies that fund programs themselves should be able to more easily opt out of the surcharges than they can under the current law.

Where does Gov. Snyder stand on this legislation? At least some of it conflicts with his stated preferences. The governor needs to lead more strongly on this important issue.

Editor's note: An earlier version of this editorial incorrectly stated the amount of expected savings from energy efficiency programs.

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