

# Energy Choice Now

Powering Michigan Through Competition

March 2013



[www.ECNMichigan.com](http://www.ECNMichigan.com)

# What is Energy Choice Now

Coalition supporting real energy choices

- Customers, large and small
- Suppliers
- Trade associations

Founded in late 2010

Over 1,200 members

Growing rapidly each month



# Competition as the Path to Governor Snyder's Goals

## Reliability

- Competition enhances reliability by driving operations and efficiency improvements
- Michigan is a member of MISO which is responsible for ensuring adequate and reliability capacity for the entire region
- New merchant generation built when and where needed in competitive markets – with the risks borne by investors, not captive utility customers

## Affordability

- In the last 20 years, the only time Michigan rates were below the national average is from 2000-2008 when full retail competition was allowed
- Since the 10% cap was put in place, Michigan's rates have sky-rocketed while wholesale prices have declined



# Competition as the Path to Governor Snyder's Goals

## Environmentally sound

- Increased plant efficiency results in decreased carbon emissions
- Nearly 80% of wind power is in regions with competitive electricity markets

## Adaptability

- Free markets encourage innovation
  - Various pricing systems
  - More energy efficiency options
- Free markets encourage new generation when it's needed
- Free markets get power from lowest cost, most reliable options



# Competition Enhances Reliability

## Competitive Generation Gets Built

### In Michigan:

- Competitive developers have built 4000 MW of generation in Michigan
- Only non-renewable generation built in past 20 years.

### In MISO:

- More than 15,000MW of merchant (non-utility) generation built since 2001

### In PJM:

- Majority of states have full retail competition
- More than 26,000 MW of supply resources added in last five years alone



# Competition Enhances Reliability

## MISO Ensures Reliability

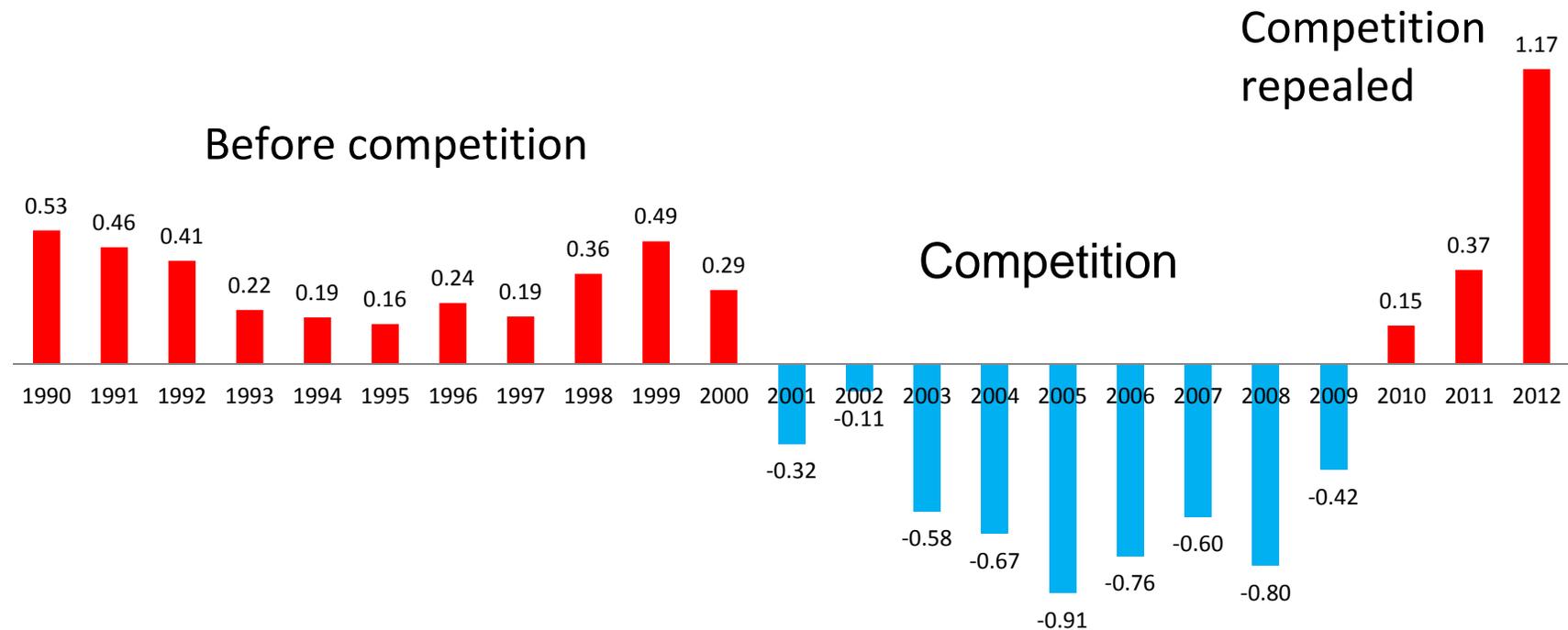
MISO is required to ensure enough capacity exists for all customers in its region, including Michigan

- Rules exist to incent new generation when needed
- Michigan load serving entities, including the utilities, participate in the MISO market, buying and selling power throughout the Region



# Competition Lowers Rates

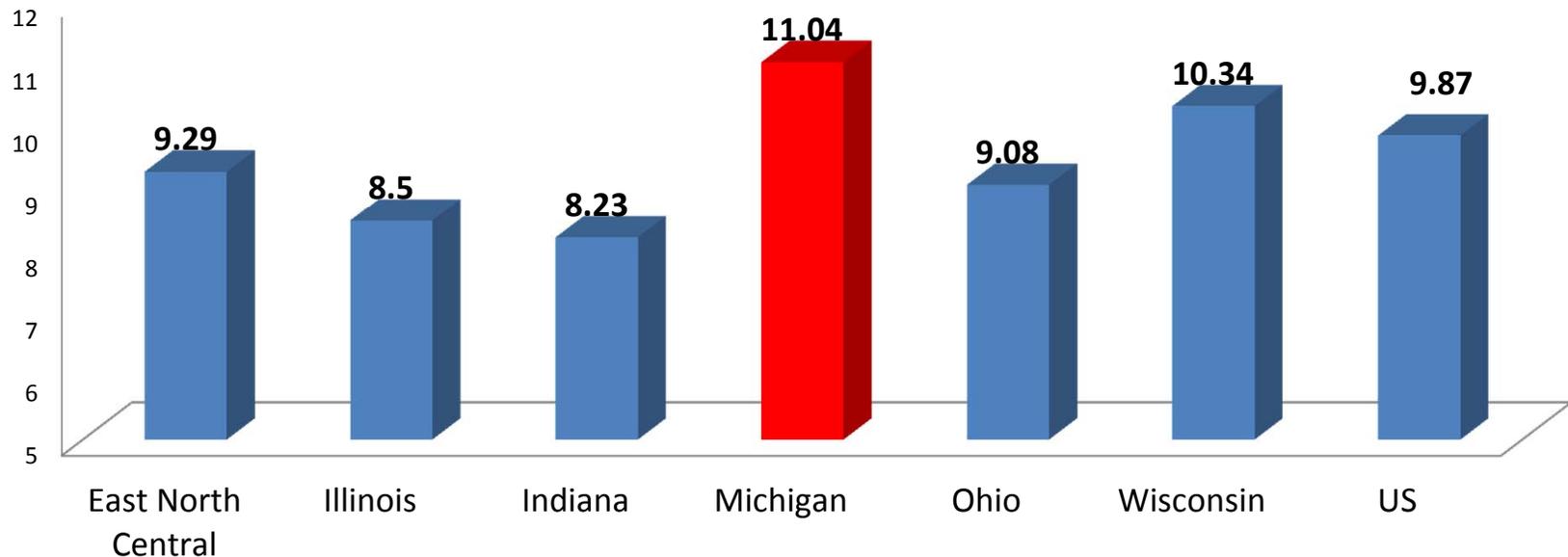
Michigan rates compared to national rates,  
1990 to present



Data from U.S. Energy Information Agency

# Michigan Rates Highest in Midwest

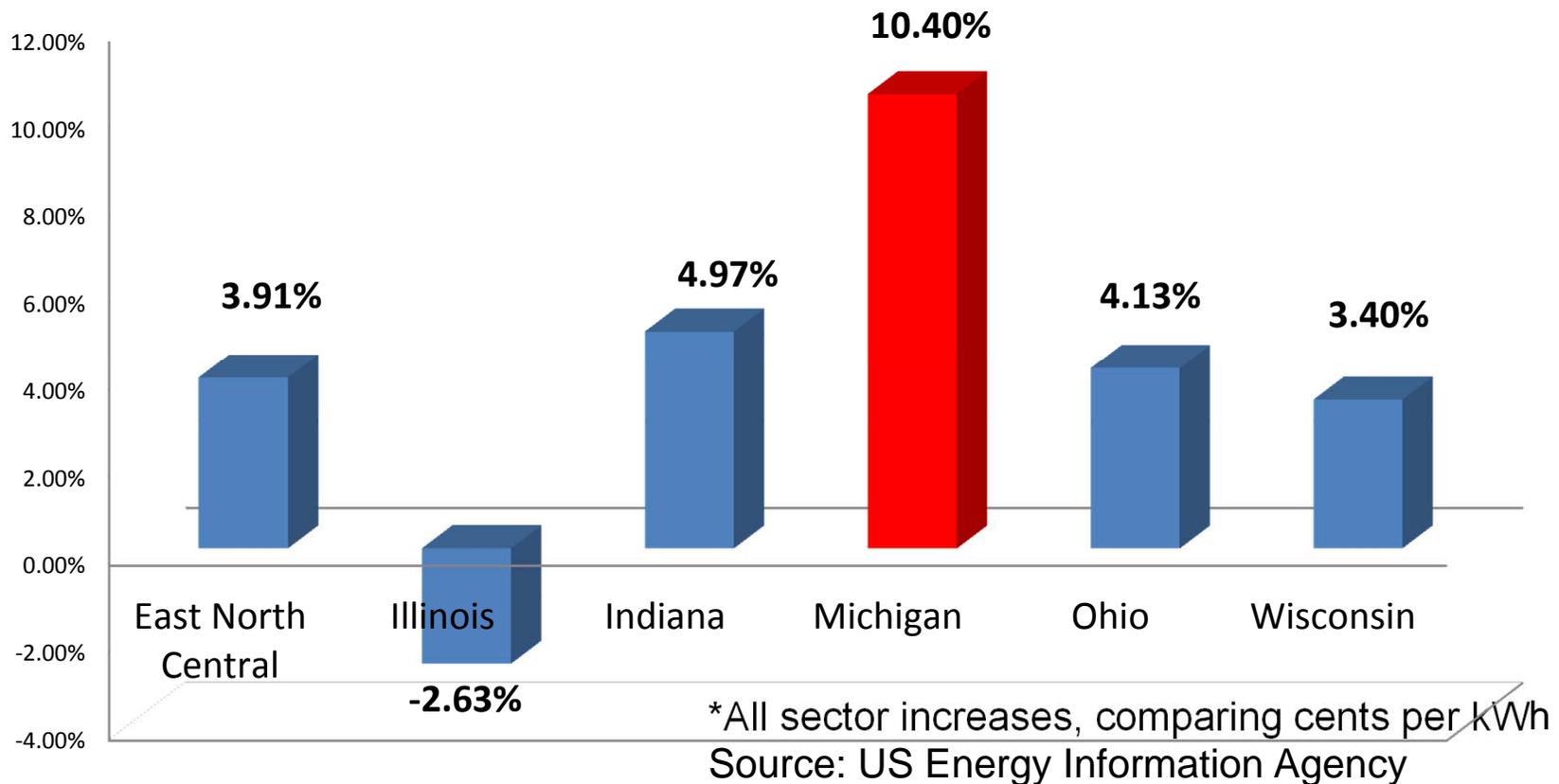
Michigan rates are the highest in the Midwest, well above competitors like Ohio, Indiana and Illinois  
**11% above national average**



\*Year to date Dec. 2012 In cents/kWh  
Source: US Energy Information Agency

# Michigan's Rate Increases Since 2008

All Sector rate change, 2008-2012



# Competition Environmentally Sound

## Competitive markets

- Drive non-utility generators to improve operating efficiencies resulting in decreased carbon emissions
- Has resulted in a reduction of older, less efficient and higher emission power plants
  - Delivering both economic and environmental benefits to consumers
- Fosters construction of efficient power plants with lower CO2 output and other emissions
- Drives lower cost options, encouraging demand response and energy
- Offer customers environmentally friendly options such as demand response, energy efficiency, and power from renewable resources



# Current Policy Picks Winners and Losers

“While I, and likely all of my business colleagues in Michigan, appreciate the time and efforts legislators devoted to successfully addressing and changing unfair business taxes in Michigan, those taxes pale in comparison to our energy costs.”

“Formal calculations from the potential choice suppliers estimate annual savings of \$200,000 to \$250,000 per year.”

Jonas McCluskey  
President, Elm Plating Company  
Jackson, Michigan



# Current Policy Picks Winners and Losers

“Our electric bill via Consumers Energy totaled \$114,932. Other than food costs, that is the largest expenditure we made in the last month.

“My cousins across the street researched a bit earlier in the Choice program and they “made it in” under the 10% cap.

“I am at a disadvantage to many companies and even to my largest competitor right across the street. I don’t feel government should be in the business of picking winners and losers...”

William A. Zehnder  
Frankenmuth Bavarian Inn, Inc.  
Frankenmuth, MI



# Competition Works for DTE Outside of Michigan

DTE Energy Supply, a subsidiary of DTE Electric, provides reliable, flexible and competitively priced power supplies and price risk management services to commercial, industrial and institutional end-users in choice based markets in the Midwest and Northeast.

<http://www.dtesupply.com/power/power.html>

State	Utility	Status
Illinois	ComEd and Ameren	Serving
Pennsylvania	PPL, Duquesne and PECO	Serving
Ohio	AEP-CSP, AEP-OH, Duke Energy and First Energy	Serving
Ohio	Dayton P/L	Serving
New York	ConEd, NiMo (National Grid)	Serving
New Jersey	PSE&G, JCPL and ACE	Fall 2012
Texas	Oncor and Centerpointe	2012



# Competition Works for DTE Outside of Michigan

**DTE Energy®**



*DTE Energy Supply*

**Special Offer on  
Electricity Rates  
for Gas Stations**

*What could you do with an extra \$300 a month in your pocket?*

DTE Energy Supply, Inc. is now offering a special low rate just for gas stations in the state of Illinois. Due to your favorable electricity usage we are able to offer you a special product that reduces electricity rates. You can enroll now and start saving your business money.



**Special Gas Station Rate: \$0.0599 per kilowatt hour**



# Voters Want Electric Freedom

## ECN Survey of 600 registered voters statewide:

Would you favor a change in state law that would allow all customers to purchase their electric service from any supplier that is able to provide reliable electric service to their area and compete for customers by offering electric service at a lower price, or, would you oppose such a change and prefer keeping things as they are?

55%	Strongly favor -----	<b>72% TOTAL FAVOR</b>
17%	Somewhat favor	
6%	Somewhat oppose -----	<b>18% TOTAL OPPOSE</b>
12%	Strongly oppose	
10%	Undecided/Refused	

# Competition Shifts Risks

FERMI, Midland mismanagement costs pushed onto customers

## FERMI 2: CAN IT START PRODUCING POWER, NOT PROBLEMS?

Sunday, July 27, 1986

BARBARA STANTON Free Press Staff Writer

It already has cost 10 times as much as the RenCen and taken longer to build than the Panama Canal. Now \$3.7 billion over budget, it has beaten the stuffing out of Detroit Edison Co.'s cash flow and credit rating. A few days ago, the Nuclear Regulatory Commission told Congress it was one of 10 problem nuclear power plants in

## FERMI'S FALL FROM REGULATORS' GRACE WAS SWIFT

Sunday, March 9, 1986

BARBARA STANTON Free Press Staff Writer

When Walter McCarthy, chairman of Detroit Edison, took his routine morning call from the Fermi 2 nuclear plant last July 16, his heart sank at what he heard. There had been a premature atomic chain reaction at the plant in Monroe two weeks before. The incident -- in which the reactor began producing power sooner than planned -- resulted from an employee error and the error had been corrected quickly.

nearly two weeks to notify Nuclear Regulatory Commission that an unusual event had happened.

## SINKING IMPERILS CONSUMERS' MIDLAND PLANT

Sunday, April 15, 1984

DAVID EVERETT Free Press Staff Writer

MIDLAND -- One young engineer had a casual description for a monumental task facing builders of the embattled Consumers Power Co. nuclear plant in Midland. "We have to dig a ballroom under this plant," he said, "then fill it with concrete." Consumers has a problem with soil settlement at the construction site that is unprecedented in the nuclear industry. Builders will have to tunnel under some of the most-sensitive structures at the multibillion-dollar project and build a foundation to re-support them.

For Consumers Power, the so-called "soils problem" is the granddaddy of many headaches from a plant that is years behind schedule, billions of dollars over budget and such a financial drain that it threatens the utility's future.



# Competitive Markets Adaptable

## Long range forecasts often incorrect

- Private sector and government forecasts unreliable
- MPSC Capacity Needs Report Jan. 2006 predicted...
  - Michigan future energy needs will grow at 2.1 percent/year for next 20 years
  - 6,000-7,000 megawatts needed by 2014 (equal to 12-14 500 mw plants)
  - Reality
    - No new plants needed before 2014
    - Report almost pushed Michigan into expensive and unnecessary new coal plant – at customers expense



# Competition: Good for Michigan

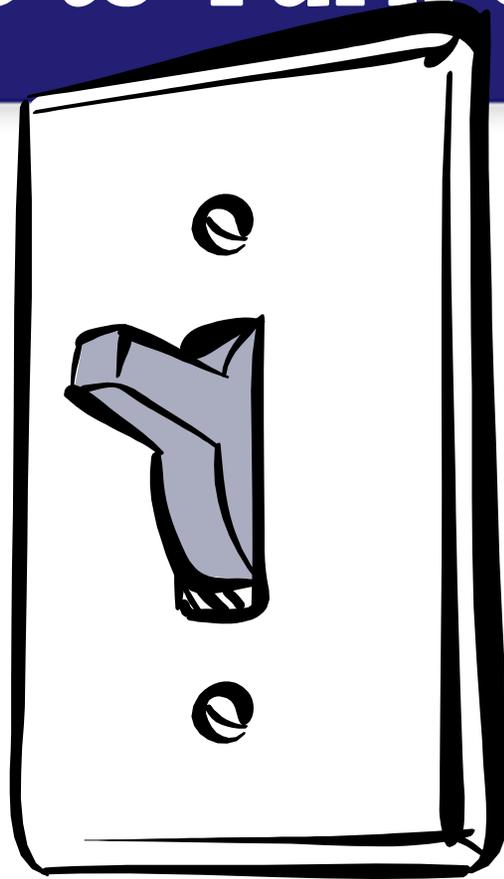
“The restructuring law and major changes in the way we do business represent enormous challenges for Detroit Edison, but we embrace competition because it enables our business to grow and excel. Our goal is to be so good at what we do that customers will choose to stick with us.”

DTE CEO Tony Earley July 19, 2000 Detroit Free Press

**It was true then...it is true today**



# It's Time to Turn on the Lights



And bring free markets  
and liberty to electricity

