

Electric Choice Question 25: What percentage of the current 10% cap has been utilized by industrial, commercial and residential customers?

Executive summary

1. Large business customers are the main participants in the deregulated generation market. Residential customer participation has been virtually non-existent
 2. In 2011, 85% of Michigan's electric retail access participation was from Commercial Primary and Industrial customers, 15% from Commercial Secondary customers, and 0% from Residential customers
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Four times more "primary" business customer load is served under the cap than "secondary" business customer load. "Primary" refers to customers whose load is served at a high voltage, and who must provide and maintain their own transformer and other equipment (typically industrial customers and the largest commercial customers); and "secondary" refers to business customers served at a lower voltage.

Throughout the history of deregulation in Michigan, beginning with the experimental programs for both Consumers Energy and DTE Electric in the late 1990s, alternative electric suppliers have "cherry picked" the markets and served only the large commercial, primary and industrial customers with favorable load factors and better credit worthiness – making them easier and more profitable to serve.

2. In 2011, 85% of Michigan's electric retail access participation was from Commercial Primary and Industrial customers, 15% from Commercial Secondary customers, and 0% from Residential customers

The breakdown was similar in 2010. In 2009, a slightly a higher percentage of the cap was utilized by commercial secondary customers (but during that year, the full 10% cap was not utilized, with only 3% participation at DTE Energy and 6% participation at Consumers Energy).

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