

# 2009 U.P. Energy Summit

## Electric Rates, Power Plants, & Renewable Portfolio Standards

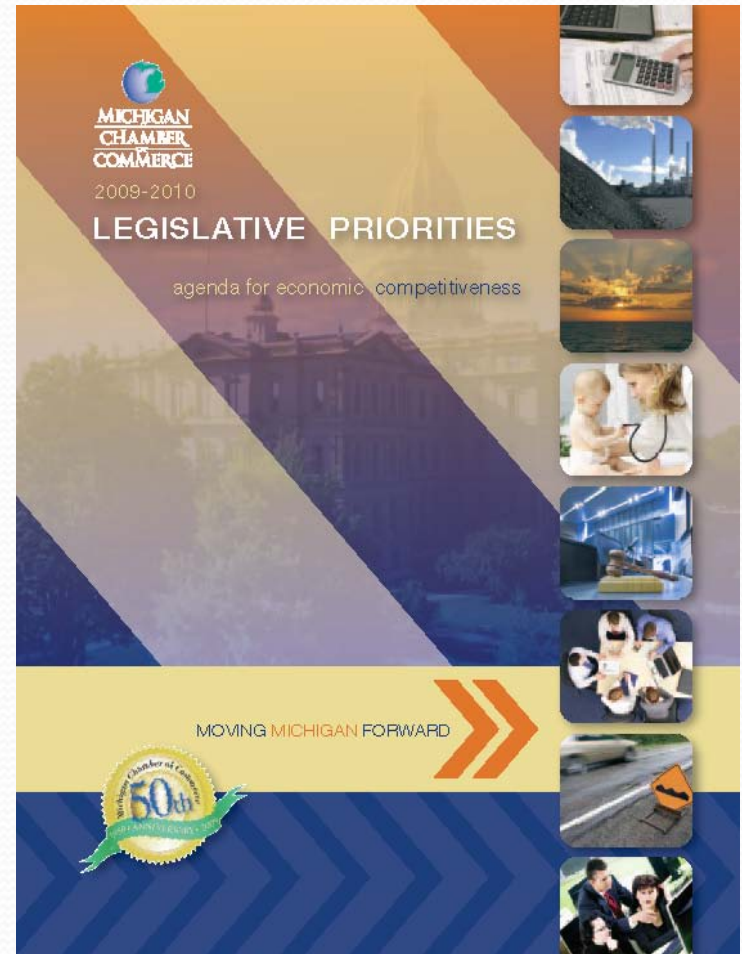
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# Chamber Legislative Priorities

- Over 500 business leaders from across Michigan were involved in establishing priorities
- Priority Areas:
  - Tax Policy and Budget
  - Energy, Technology and Telecommunications
  - Environmental Quality
  - Health Care Policy
  - Legal Reform
  - Lawsuit Abuse
  - Protecting Employer Rights
  - Transportation
  - Education/Workforce Development



# Energy Prices

	Commercial	Industrial
US Avg.	10.12	6.89
MI	9.64	7.89
WI	9.43	6.64
IN	8.30	5.82
Ohio	10.03	6.89
Tennessee	9.54	6.61
North Carolina	7.88	5.86
Kentucky	7.47	4.87

(Cents/kwh – May 2009 EIA Data)

# Chamber Legislative Priorities

## Issue: Reliable and Affordable Energy

- Cost-of-Service Rates - Support the implementation of cost-of-service rates as required by PA 286 of 2008.
- New Power Plants - Support efforts to ensure that new clean coal and nuclear plants can be fairly evaluated. New base-load plants should not be held up to political agendas. The DEQ must review permits in a timely fashion.
- RPS - Support implementation of the new Renewable Portfolio Standard – PA 295 of 2008. Lawmakers must avoid increasing renewable percentages.

# Building New Generation - Recap

- In 2007 the Public Service Commission put out a report called the “21<sup>st</sup> Century Energy Plan.” The plan recognized the need for renewable energy, base-load power, and more energy efficiency.
- In January of 2008 the House of Representatives puts together 3 workgroups: 1) Building New Generation 2) Renewable Portfolio Standards 3) Energy Efficiency
- In Fall of 2008 Public Acts 286 and 295 signed into law by Governor – Accomplish Goals of 21<sup>st</sup> Century Report and House Work Group

# Building New Generation

- Feb 3 - Granholm State of State address says: “We must find alternatives to prevent coal plants from spewing dirty emissions into the air.”
- Issues Executive Directive 2009-02 – Places “Moratorium” like conditions on Coal Plants. Requires DEQ to determine if Energy is needed and if alternatives can be provided before issuing permit air permits.
- March 2009 – 74 members of the Michigan House send a letter to the Governor expressing their dissatisfaction with her actions to delay coal plants.

# Building New Generation

- In July - Speaker Dillon and Rep. Mayes send letter to DEQ stating they have been 730 days in reviewing air permit. Letter says permit should be acted upon by November 1.
- In August the DEQ says there is no deadline for the air permit.
- In September PSC develops report questioning need for more power.
- End result: DELAY, DELAY, and more DELAYS from state government.

# Renewable Portfolio Standards

- PA 295 of 2009 Requires 10% RPS by 2015
- Provides Funding Mechanism - Per Meter Charge

Residential	\$3.00/month
Commercial and Small Ind.	\$16.58/month
Primary Industrial	\$187.50/month
- Balanced the needs to diversify energy sources with the need to keep electric rates competitive



# Renewable Portfolio Standards

- 23 House Democrats announce support to raise RPS to 30% by 2025. (ReEnergize Michigan Coalition)
- Issues remain with RPS
  - Reliability
  - Siting/Zoning
  - Transmission
- Let's give our law a chance to work before making dramatic changes.

# Conclusion

Thank you

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