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# CAPITOL BRIEFINGS: Energy plan spurs debate on what is Michigan's fair share

LANSING -- Last December, federal energy regulators approved a method for paying for a new category of electricity transmission projects for the 12-state Midwest region that includes Michigan.



But the plan doesn't please everyone, including Gov. Rick Snyder and a coalition that includes Michigan industrial customers, **Consumers Energy Co.**, **Detroit Edison Co.** and Attorney General Bill Schuette.

The plan works like this: Projects that address energy policy laws -- like state requirements for renewable power -- or provide widespread regional benefits would be paid for regionally on a project-by-project basis through a per-kilowatt-hour charge that would vary according to the cost of the project.

The first of \$4.6 billion in initial projects across the 12 states to be funded in this way is slated to be a \$510 million wind power project Novi-based **ITC Holdings Corp.** is going to build in the Thumb.

The other 11 members are all or part of Indiana, Illinois, Minnesota, Iowa, Wisconsin, Missouri, North Dakota, South Dakota, Montana, Kentucky and Ohio.

The plan was developed by **Midwest Independent System Operator Inc.**, the Carmel, Ind.-based organization that operates, manages and plans the regional electricity grid that encompasses Michigan.

ITC Holdings supports the plan, but Snyder and the coalition argue that the costs to Michigan customers exceed the benefits gained from projects built out of state. The coalition has asked the **Federal Energy Regulatory Commission** for a rehearing. FERC could consider that request Thursday at its regular monthly meeting.

The per-kilowatt-hour charge for the initial projects is expected to be fairly small, according to an ITC-commissioned study by East Lansing-based **Anderson Economic Group LLC**. The Anderson Group estimated the cost to an individual residential customer would be 77 cents a month.

But because Michigan has many large industrial power users, it would end up paying roughly 20 percent of the \$4.6 billion in project costs, with the other 11 states sharing the rest.

"In essence, Michigan customers could end up subsidizing other states' initiatives to develop renewable energy projects that would otherwise be too costly to become viable," Snyder wrote in an April letter to FERC.

However, Jennifer Curran, executive director of transmission infrastructure at MISO, said the projects chosen for regional funding are "designed to spread benefits, commensurate with cost, over the region. Everybody is expected to benefit in excess of their

cost."

She said those benefits include reduced congestion, access to cheaper energy sources and lowered need for utility electricity reserves.

The coalition is asking FERC to allow the Lower Peninsula to be its own planning and cost zone.

"We would pick up 100 percent of the Lower Peninsula projects, and we would not pick up any costs from outside of the state unless it can be shown that there are actual, identifiable benefits to the state," said Bob Strong, a member of **Clark Hill PLC** and a spokesman for the **Association of Businesses Advocating Tariff Equity**, a group of large industrial users.

Amy Lane: (517) 371-5355, [alane@crain.com](mailto:alane@crain.com). Twitter: @alanecdb