MICHIGAN BUSINESS & PROFESSIONAL ASSOCIATION
MAKING YOUR BUSINESS BETTER

Statement of
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Michigan Business & Professional Association
and Michigan Food & Beverage Association

Michigan House Energy & Technology Committee
May 7, 2013

Good morning, Chairman Nesbitt and members of the committee. Thank you for the opportunity to address you this morning as part of your examination of Public Act 286.

I am here representing more than 20,000 members of the Michigan Business & Professional Association (MBPA) and the Michigan Food and Beverage Association (MFBA).

The Michigan Business & Professional Association (MBPA) is a business trade organization that represents over 20,000 members who employ over 160,000 people throughout the State of Michigan. It is the fastest growing business association in the Midwest.

The Michigan Food and Beverage Association (MFBA) represents more than 3,500 members who employ over 60,000 persons throughout the State of Michigan. Members include independent grocers, convenience store operators, wineries, local food chains, restaurants, food establishments, taverns, gas station operators, manufacturers, processors, wholesalers and brokers.

Clearly, the members of each organization can be classified as "small business." That is why this examination of Public Act 286 is so important. Electricity is critical to our members and their businesses.

From our perspective, PA 286 limited Michigan's experiment with the deregulation of the state's electricity market before there were serious consequences for Michigan's small businesses and residential customers. The serious consequences I refer to are the rolling blackouts that California experienced with its dalliance with electric industry deregulation a decade ago. And, from all we've

heard, concerns with electricity supplies are again bubbling up in other states that have deregulated, most notably the state of Texas.

Make no mistake, my members are concerned about the price of electricity, but it is our belief that reliability is even more important. Without adequate supplies of electricity, much of our economic activity grinds to halt. That's not good for anyone.

From another perspective, Michigan's experience with Electric Choice from 2000 through 2008 indicates that the non-utility energy marketers and brokers – the "alternate energy suppliers" – had virtually no interest in the serving Michigan's small business and residential electricity consumers. Instead, attention was focused on the largest electricity need.

Worse, the costs avoided by the customers that migrated to Electric Choice rolled back on the remaining customers of Michigan's regulated utilities -- in short, my associations' members. That is not fair.

Three years ago, the Legislature adopted, with overwhelming bipartisan support, policies to limit this sort of market gamesmanship. We supported that path in 2008 and we continue to support those policies today.

I encourage the members of the committee to resist the calls to re-open the Pandora's Box that is unrestrained electric industry deregulation or even an increase in the 10% cap.

From our perspective the energy policies embodied in PA 286 are working. We urge you maintain them in their present form.

Thank you.