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Electricity: The school choice no one is talking about

BY KATHY HOEKSTRA 3 COMMENTS



Kathy Hoekstra

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Those emergency supplies amassed in the months leading up to Y2K may yet come in handy.

At least that could be one takeaway from a snazzy MLive piece called, "Michigan's Looming Energy Crisis" that perpetuates the Consumers Energy and DTE narrative that the state is on the brink of disastrous energy shortages.

We have heard the talking points for months that when nine coal-fired electricity plants retire this year, the state's electricity supply will come up 1.3 gigawatts short starting in 2016. All together now: "That's enough to power Detroit, Grand Rapids and Lansing."

As **previously written**, this scare tactic is nothing new and distracts from the broken promises by utilities to build new plants when legislators returned 90 percent of the electricity market to them in 2008.

Since the media love a crisis, how about this one: Hundreds of Michigan public schools as well as some community colleges are part of that 10 percent. So are three of the state's public universities – Grand Valley State University, Michigan Tech and Saginaw Valley State University.

Together, schools all over the state save tens of millions of dollars every year by purchasing electricity from suppliers other than Consumers or DTE. One energy broker, The Legacy Energy Group, puts the savings at as much as \$25 million last year for the 250 public schools it currently serves. Also last year, the Michigan Schools Energy Cooperative saved an estimated \$15 million for its 160 customer schools. (Or, \$30 to \$40 per student that these districts were able to keep.)

Consider the implications of completely removing this choice.

Mary Beth Rogers is the director of business services for Clarkston Community Schools. She testified before the House Energy Policy Committee last month that using an alternative electricity supplier saves her district \$350,000 a year.

"If we had to go back to DTE," she told the committee, "we'd have to cut five teachers in our district."

About the Politics Blog

Welcome to The Detroit News Politics Blog, Michigan's premier, 24-7 commentary forum.

We offer lively opinion across the political spectrum from the state's best writers and opinion personalities. Our writers include Bill Johnson and Kathy Hoekstra on the right; Dawud Walid and Dale Hansen on the left; Lynn Rivers, Maria Servold, Brittany Baldwin and Gary Wolfram in academia; Charlie Owens and Tom Watkins from Lansing's political frontlines; wordsmiths like Dan Catabrese, Jeff Hadden and James Melton, the humor of ex-Chrysler exec Jason Vines – and many more. See the full list of contributors below.

The Politics Blog sports original commentary ripped from the daily headlines. We welcome reader discussion in the Comments space after every article.

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By those calculations, ditching Consumers and DTE for alternative suppliers helped schools keep \$40 million last year, or approximately 570 teachers.

How would 570 fewer teachers impact class size? Or if teacher jobs were spared, what else could an already cash-strapped district cut from its budget in order to cover higher utility costs?

Universities are better equipped to absorb higher bills, but competitive markets still make good fiscal sense. According to Jim Muladore, executive vice president for administration and business affairs at SVSU, the university has saved approximately \$1 million since 2003 by participating in the state's choice program.

"Savings of this magnitude directly benefit our students as reduced operating costs contribute to low tuition," says Muladore.

But now, the big two utilities want to take this choice – and savings – away from schools, universities and others fortunate enough to be under that 10 percent choice cap. Worse, so does the chairman of the Energy Policy Committee, Aric Nesbitt, whose House Bill 4298 would eliminate all choice.

When the state's energy policy debate began building steam earlier this year, Nesbitt promised a "lengthy" and "full throated" discussion of the bills. But thus far, the discussion has been dominated by the "throats" of the utilities in both legislative committees and the media. And with only the exception of Mary Beth Rogers, whose testimony barely registered a blip on any media radar, nothing has been said about the impact of electric choice on the state's education system.

Many people think utility battles are about big business. But Rogers told us otherwise. This battle over even a mere 10 percent electric choice cap could impact hundreds of schools, and the millions of dollars they currently save.

The next — and possibly final — House committee meeting on the electricity choice issue is set for 9:30 a.m. on Monday, April 13, in Lansing.

The entire committee needs to hear from more stakeholders like Mary Beth Rogers, school administrators, teachers and parents. If not, this discussion will not be truly "full throated," as the committee chair claims he wants.



Kathy is Senior Manager for Communications for an employee education advocacy organization. Prior stints include media relations for a political consulting company, former presidential candidate Herman Cain and a Michigan think tank. She also spent 15 years as a radio and television news anchor and reporter. Kathy graduated from the University of Michigan, is a lifelong Michigan resident and calls Saginaw County home. You can also find her on Facebook and Twitter at @Khoekstra

Tags: Consumers Energy, DTE Energy, Education, Energy, energy policy, Kathy Hoekstra, Michigan, Michigan House of Representatives, utilities

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Milojevic, Wells: Open Michigan electric market

Peter Milojevic and Richard Wells 12:08 a.m. EDT April 9, 2015



(Photo: Al Goldis / AP)

As a leader of a major industrial manufacturer and employer, and a CEO of North America's largest gas-fired energy producer, our companies have a major stake in the outcome of the current energy debate in Lansing.

Gov. Rick Snyder has shown leadership on the energy issue. His announcement of the creation of a new Michigan Agency for Energy demonstrates his commitment to Michigan's future energy needs.

The policy initiatives outlined in Snyder's presentation reinforced what The Dow Chemical Co. and Midland Cogeneration Venture believe: Michigan needs to ensure that cost competitive and reliable clean energy is provided in the energy supply footprint.

The outcome of the energy legislative debate will determine whether Michigan industrial establishments have access to Michigan-based energy generators that provide reliable and cost-competitive supply.

Like many other companies, Dow Chemical needs access to a competitive energy supply for its continuing success. Any legislation that denies this impedes competitiveness.

Michigan lawmakers must understand that cost competitive and reliable energy is essential for the future of manufacturing investments in our state. Fostering a level playing field for a competitive energy marketplace is the enabling foundation.

Michigan energy customers have recently been subjected to a barrage of television ads warning of the impending "energy crisis." The ads and testimony on the "new" energy plan claims that the current incumbent utility energy companies are the only ones capable of providing reliable energy. This simply isn't the case.

All of Michigan's energy producers are held to the exact same standards as the two leading providers.

Dow Chemical, the largest corporate energy consumer in North America, and one of Michigan's leading employers, utilizes energy derived from the natural gas-fired facility Midland Cogeneration Venture, an independent power producer with an excellent record for safe, reliable and affordable power production.

With the utility monopoly model, independent power producers are simply not provided with a level playing field to introduce healthy energy-market competition. This is a direct harm to Michigan consumers and industrial energy users alike.

The opportunity to bring this healthy dimension into the fold is now.

[Peter Milojevic \(http://www.midcogen.com/member.php\)](http://www.midcogen.com/member.php) is president and CEO of Midland Cogeneration Venture LP.

[Richard Wells \(http://www.uschamberfoundation.org/bhq/executive-profile-richard-wells-dow-chemical-company\)](http://www.uschamberfoundation.org/bhq/executive-profile-richard-wells-dow-chemical-company) is vice president for operations, Canada & USA North and site director of Michigan operations for The Dow Chemical Company.

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