



**Comments of Kent Wood  
Director of Government Relations  
Northern Michigan Chamber Alliance  
House Energy Committee  
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My name is Kent Wood and I am the Government Relations Director for the Northern Michigan Chamber Alliance, a partnership of chambers of commerce for the Alpena area, Benzie County, the Cadillac area, the Charlevoix area, the Gaylord area, the Petoskey region, the Traverse City Area and the Lake Superior Community Partnership of the Upper Peninsula.

Our alliance is built on the premise that many issues facing our member-businesses are regional in nature. We are the voice of 6,500 businesses in Northern Michigan.

While we have not taken any position yet on any of the recently introduced energy legislation, we appreciate the opportunity to give our general perspective on certain energy issues of interest in northern Michigan.

**Electric Choice and future electric capacity**

We have some concerns about proposals to increase the participation cap that is currently a part of Michigan's Electric Choice Program, and believe the legislature should take a very hard look at the potential impacts of expanding the current choice cap or going to a fully deregulated electric market.

Electric Choice is an issue that is difficult for many local Chambers of Commerce to grapple with. While there are a number of small and medium sized communities in our area, the Chamber Alliance encompasses a largely rural area where the typical business is a small business. These small businesses are largely small energy users, and not attractive to alternative energy suppliers looking to compete with

incumbent utilities. These small businesses are also likely to see their rates increase when larger users leave for an electric competitor.

On the other hand, we also have a number of larger businesses or organizations who have seen the energy cost savings benefits of being part of the choice program. Many times, for these large businesses, the savings run into the hundreds of thousands of dollars.

We also have serious concerns about the future of electric generation capacity in our state, and the corresponding impact that will have on electricity markets.

In the Midwest, most electricity is generated by a fleet of aging coal-fired power plants. The same is true in Michigan. With the EPA's new proposed regulations on emissions, we understand that many of these plants will be closed, with no immediate plans for fully replacing that production. We have genuine concerns about what this is going to do to prices, especially in a fully deregulated market. Any new baseload generation seems to be coming primarily in the form of natural gas, which also has a history of wild price fluctuations.

We believe more Michigan based generation is critical for cost and reliability in northern Michigan. Before the legislature makes a decision to go fully in one direction - regulate or deregulate, we believe the legislature should take a close look at utility investment in power generation plants especially considering an electric capacity shortfall scenario like the one potentially on our energy horizon. Setting policies that help us meet this capacity shortfall in-state could pay dividends for creating stable electric costs and reliability in the future.

We would love to see a system that fairly balances the benefits of reduced electric costs without putting the burden on smaller customers to subsidize that loss, and giving incumbent utilities more certainty in their customer base to be able to make long term power generation investments.

Ideally, in the interests of fairness, our current choice members would be held harmless in their current contract or program, but also require to give reasonable notice to incumbent utilities should they decide to return. Electric choice competitors should also be helping to provide baseload energy generation in Michigan to help grow Michigan's capacity. Wolverine Power Cooperative in northern Michigan is a great example of a utility choice competitor that provides jobs and power generation, and is also investing in even more generation in the Gaylord area.

## **Clean & Renewable Energy Flexibility**

Clean and renewable energy, as well as energy optimization, are key for Michigan's production and price reliability future; however, we believe that providers need the flexibility to work with these options in a way that best fit what their customer needs and demographics require.

We believe the northern Michigan's economic success in the future will rely on as many options and as much flexibility being on the table for utilities to provide the energy we need to continue our economic growth.

Thank you again for the opportunity to share our thoughts.

