

Recently the Midcontinent Independent System Operator (MISO) testified to the Senate Energy and Technology Committee, that Michigan generally, and the Lower Peninsula specifically, has insufficient power supplies going forward.

In fact, in MISO's wholesale electric capacity auction last month, prices increased by 2,000 percent due to numerous coal plant retirements. MISO officials told the committee that Michigan is just one power plant closing away from a power capacity shortfall, which would negatively impact reliability and affordability for all customers. As the electric market gets tighter, the wholesale price of electricity will only increase.

How do the alternate suppliers play into this? Alternate suppliers now represent about 11 percent of Michigan's electric market. Despite this, and MISO's testimony that alternate suppliers are expected to provide electric reliability, the alternate suppliers *have not* done so.

One alternate supplier, Direct Energy, testified that the reliability requirements of this bill are workable, and they would be able to serve their choice customers if they plan accordingly. However, other alternate suppliers, like Constellation Energy, testified they are unwilling to plan for their customers to ensure reliable supply for Michigan. Constellation Energy serves 5 percent of Michigan's market and that unwillingness to plan for Michigan's families and businesses is unacceptable.

Alternative suppliers have no long-term commitment, no "iron in the ground" with baseload plants, and will bail on Michigan when the surplus power is gone for good. They will abandon their customers, including schools, and place our state at risk of severe electric reliability problems.

That scenario will surely have severe outcomes for school districts served by alternate suppliers unwilling to plan. Not only are their electric costs at risk because of the tightening market, their electric supply simply may not be available to them. Schools and other customers across Michigan cannot afford that uncertainty.

In recent testimony advocates for schools conceded on the record that SB 437 and SB 438 **maintain electric choice**. However, they compare the current situation to "going shopping" and now finding that the shelves are increasingly bare and more expensive. Incredibly, the school advocates never acknowledge that the "bare shelves" are because their electric supplier has failed to plan for their "product!"

The bottom line is that Michigan is closing 25 power plants and faces future shortfalls if we do nothing. Because of our geography, Michigan must generate 95% of its power locally. While I personally lean toward a fully well-regulated electric system, SB 437 protects the 10% electric choice that currently exists, in spite of what the critics say. Believe me, the 10% program is already flawed, the queue structure is flawed, and small price-shocks will drive choice customers back to the regulated system.

To those folks that are twisting themselves into pretzels to defend the 10% cap, I say that it isn't these Senate bills you need to worry about. The facts are compelling. Michigan needs to act quickly to ensure that we have reliable, affordable and sustainable energy supplies for our residents, our small businesses and our growing industrial sector. SB 437 and SB 438 are worthy of your immediate consideration.

Faithfully,

Ken Horn
State Senator
32nd Senate District