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Coal-burning plants: Bad business for Michigan

Democrats' job-killer policy would hurt Michigan's business climate, require electricity rate hikes

Environmental groups today criticized state House Democratic leaders today for their bewildering support for new job-killing, costly and polluting coal-fired power plants in Michigan.

“At a time when Michigan is positioned to attract tens of thousands of new clean energy jobs – on top of the 109,000 we already have – the House Democratic leadership has apparently made the choice to chase those jobs away by embracing old coal, instead,” said Lisa Wozniak, executive director of the Michigan League of Conservation Voters. “If this is the kind of short sighted decision-making we can expect from the House Democrats over the next two years, both the environment and economy of Michigan will suffer.”

New coal plants create temporary jobs during construction, but compete with renewable energy projects and undermine the state's long-term economic growth in the clean energy sector.

The groups said the Democratic proposal would trigger costly and unnecessary electric rate increases for struggling Michigan families and small businesses. It would also undermine growing clean energy industries in Michigan that are adding jobs.

With electricity demand dropping, renewable energy growing, and Michigan families and businesses struggling to make ends meet, new rate hikes for unneeded coal plants are abysmally bad public policy.

“This is bad news for Michigan workers and consumers. I challenge anyone to identify one new power plant built in this country in the last decade that didn't result in a rate increase,” said James Clift, policy director of the Michigan Environmental Council. “Ask WE Energy customers in the Upper Peninsula. Their new coal-fired power plant resulted in a 30 percent rate increase. The Michigan Public Service Commission projected the

proposed Wolverine plant in Roger City would double customer rates – on average by almost \$70 per month.”

Detroit Edison recently asked to raise its rates to cover an expected \$73 million in utility bills that ratepayers are unable to pay because of the state’s poor economy. Meanwhile, projected demand for electricity in areas served by Detroit Edison has dropped to 1998 levels. Consumers Energy is in a similar position of excess capacity.

“Protecting ratepayers absolutely must be the focus of any utility investment decisions moving forward,” said Anne Woiwode, Sierra Club Michigan Chapter director. “Michigan cannot afford to make bad decisions in the energy field if it wants to compete globally. To keep our rates low, Michigan can meet future demand through a low-cost combination of energy efficiency, renewable power and demand management.”

A new power plant would lock Michiganders into sending money out of state to import more than \$9 billion worth of coal for the next 50 years. All costs for new coal plants will be borne by ratepayers under legislation passed in 2008, and residential users will pay the biggest portion of that increase.

Across the nation, no utility has begun construction of a new coal plant in the last two years – and plans for 138 have been dropped or put on indefinite hold. In Michigan, CMS announced plans last year to indefinitely delay its proposed Karn Weadock coal plant expansion near Bay City because of the lack of demand for the power and forecasts for lower natural gas prices.

“States across the nation – including Michigan recently – are building new networks to produce cleaner, cheaper electricity while providing long term in-state jobs and growing local businesses,” said Cyndi Roper, Michigan director for Clean Water Action. “Why the Michigan House Democratic leadership wants to cling to a past that has failed us is a mystery.”

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