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Senate Energy and Technology Committee
Testimony on Senate Bill 437

Good Afternoon Chairman Nofs and members of the Committee. Thank you for the opportunity to provide testimony to the Committee in opposition to Senate Bill 437 regarding changes to Michigan's Electric Choice program.

My name is Doug Boyce; I am the Vice President of Sales at EnerCom. With me is EnerCom's President, Gerry Gora. EnerCom is an energy broker. We represent approximately 30 suppliers of electricity and natural gas in 8 states. In Michigan, we have approximately 175 active accounts in Electric Choice using approximately 45 million kilowatt hours each year. **Our Choice customers have realized 15-40% savings each month compared to the utilities' rates since 2009.** This savings has allowed them to be more competitive in the marketplace and hire many of your constituents as employees. We also enrolled over 1,200 Queue accounts representing over 300 million kilowatt hours per year waiting to take advantage of and realize the savings available from Alternate Electric Suppliers.

As an energy broker, we also represented DTE Energy Company's subsidiary, DTE Energy Supply in 2010 and 2011 and placed customers with them in Ohio and Illinois. As you can see from their flyer attached to our testimony, **DTE Energy Supply had no problem offering "reliable" power supply to Choice customers all the way to the Atlantic Ocean.** While they began shutting down their subsidiary's activities in 2012, we continued to receive commissions until early this year when we placed the last customer we had with them with another supplier. DTE Energy Supply is actually still listed as a certified supplier on the Delaware, Illinois, Maine, Maryland, New Jersey, Pennsylvania and Texas public utility websites. This all **begs the question: if it's good for the goose to offer alternative supply in other Choice markets ... why are they so against the gander offering Choice in their own backyard?**

The monopoly utilities want you to believe that electricity rates are higher in competitive Choice states than in states with electricity monopolies because of Choice. There are several geographic and infrastructure reasons why rates vary by state, Choice is NOT one of them. **The fact is that from 1997 to 2014, electricity rates in competitive Choice states increased by 1.3% less than the rate of inflation, while rates in states with electricity monopolies increased by 9.8% greater than the rate of inflation.** Competition has dramatically slowed the increase in electricity rates in competitive Choice states.

The monopoly utilities want to point to certain states with electricity monopolies like Arkansas, Oklahoma, Indiana, Iowa and Missouri as having low rates because they are monopolies. But again they ignore the facts that these agricultural states have different geographic infrastructure and climates. **And they completely avoid telling you the fact that Michigan has the highest electricity rates in the region – period.** And they ignore the fact that other industrial states in the region, like Ohio and

Illinois, which have 100% competitive Choice markets, have significantly lower electricity rates than Michigan that give their businesses an advantage in regional and global markets.

There's a lot of talk about making Michigan "energy independent"; it sounds good but it ignores reality. They want you to believe that Michigan is an island when it comes to electricity and because of EPA shutdowns of electricity generating plants that Michigan will have an electricity capacity shortfall as early as 2016. Michigan may be a peninsula, but it surely is not an island in the nation's electricity infrastructure. It is part of the Midcontinent Independent System Operator (MISO) footprint and has been governed by federal electricity regulatory oversight for decades. The fact is, MISO's updated electricity forecasts show a surplus of electricity capacity through 2019. And, **there are several solutions being reviewed and/or implemented to help offset the loss of electricity generating plants identified as EPA shutdowns as well as address capacity needs in 2020 and beyond – because that's what MISO does.**

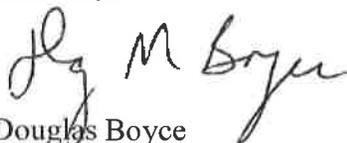
Compound the misinterpretation of being "energy independent" and a utilities' guaranteed return on investment which allows the utilities to submit price increase requests to the MPSC to offset lost sales revenue, whether it be for sales lost under the Choice program or even for sales lost due to energy reductions from customers' successful energy conservation and efficiencies, and this **could end up costing your constituents, the citizens of Michigan, billions of dollars from overbuilding generation and other operating inefficiencies.** And this is not a "hidden tax" on electric customers as DTE Energy's CEO describe it yesterday in a letter to the Detroit News - it's "protected profit" for the utilities' shareholders. You only have to look to attempts being made in Ohio by First Energy and AEP to get their ratepayers to pay higher rates to cover the costs of some of their inefficient generation to see how utilities think. Thank God, the Public Utilities Commission of Ohio has so far blocked their attempt.

Provisions of Senate Bill 437 essentially kill Electric Choice. That may be in the best interests of the monopoly utilities' shareholders, but that is **NOT** what Michigan needs. **Competitive electricity markets spur job creation and improve economic competitiveness by keeping costs down, driving innovation, and empowering customer choice.**

In closing, a lot of taxpayers, your constituents, often view Washington, Lansing and city hall has "Logic-Free Zones" that appear to cater to special interest groups and big money lobbying. But, when you know the facts — and see the savings — the choice (pun intended) is clear: Michigan needs affordable, reliable competitive electricity in order to compete for jobs and spur economic growth. **Senate Bill 437 is NOT the answer - in fact, it points Michigan's energy policy in the exact opposite direction it needs to go to help Michigan's taxpayers and businesses. We shouldn't be debating keeping the 10% cap versus eliminating Choice, we should be eliminating the 10% cap so that all of Michigan's taxpayers and businesses can have the option to participate in Electric Choice.**

Thank you for the opportunity to comment on this issue.

Sincerely,



Douglas Boyce
Vice President, Sales



Gerald F. Gora
President

Informational Handout Overview

DTE Energy®



DTE Energy Supply

- We are a subsidiary of DTE Energy Company - a Fortune 500 company with over \$20 Billion in assets, a history spanning 150 years, and currently serving nearly 3 million utility customers.
- **You can trust DTE Energy Supply, Inc. to reliably meet your power supply needs.**
- We are tightly integrated with DTE Energy's top-tier wholesale energy marketing and trading operation, so you can be assured that you will have access to the information you need to make the right energy choices for your facilities.
- **DTE Energy Supply, Inc. provides reliable, flexible and competitively priced power supplies and price risk management services to commercial, industrial and institutional end-users in choice based markets in the Midwest and Northeast.**
- We are risk managers and not speculative traders.
- We offer:
 - Secure Fixed Price Full Requirements products
 - Transparent Index Based Price products
 - Flexible Fixed Price Fixed Volume (Block) products
- All available with fair and reasonable contract terms and conditions

