Energy saving program exceeds expectations

By Eartha Jane Melzer | *01.04.11 | 2:50 pm*

A state program to reduce the need for new power plants by promoting more efficient use of energy is working even better than expected according to the Michigan Public Service Commission.

Michigan's Renewable Energy Act, PA 295 of 2008, requires utilities to take steps to help consumers reduce power use. To fulfill this requirement the state's 66 utility providers have offered incentives to get customers to do things like use compact florescent light bulbs or exchange energy wasting refrigerators or furnaces.

The MPSC's first analysis of these programs finds that customers will see savings of $404 million over the lifetime of the measures installed.

The report shows that utilities expanded spending on energy optimization programs from $89 million in 2009 to $137 million in 2010, and notes that investor-owned utilities made more progress on these programs than municipal utilities or electric cooperatives.

> The Commission reviewed the utility annual reports, concluding that overall, 2009 EO program savings achieved for electric and gas were each 137 percent of the target … For 2009 the [investor owned utilities] achieved 137 percent of their savings target, while the municipal electric utilities reached 74 percent of their savings targets and the electric cooperatives met 17 percent of their target.

"We know that the cheapest energy is the energy that is never used," said MPSC Chairman Orjiakor Isiogu. "So, it's good to see that Michigan's electric and natural gas utilities significantly ramped up their energy optimization programs in 2009, saving their customers money. In addition, utilities are responding to customer demand for improvements by expanding their programs."

The state's insistence that utilities reduce the need for new generation seems likely to benefit the power companies as well, especially since utilities are allowed to assess surcharges to fund energy optimization.

The Washington Post reports that there was been no new coal plant construction in the last two years.

"Coal is a dead man walkin'," Kevin Parker, global head of asset management and a member of the executive committee at Deutsche Bank told the Post, "Banks won't finance them. Insurance companies won't insure them. The EPA is coming after them. . . . And the economics to make it clean don't work."

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