

Energy Freedom & Fairness Act *Empowering Industry. Protecting Households. Ensuring Reliability.*

Legislation Highlights:

- Allows non-residential customers 1MW+ (including aggregation) to procure electricity from a source outside of the utility
- Establishes a cap on the total MWhs eligible
- Requires leave and return notices to the utility to provide planning certainty
- Empowers the state regulatory body to establish rules to ensure no undue costs to utility ratepayers

Topline Benefits:

- **Protects ratepayers from rising costs:** Allows a limited number of large energy users to procure their own power, reducing the amount of new utility-built generation — and guaranteed profits — that all ratepayers must fund.
- **Strengthens reliability and resource adequacy:** Frees up system capacity so utilities can manage retirements and focus on keeping the grid reliable and affordable for households and small businesses.
- **Accelerates new generation through private investment:** Independent producers can build power faster and with private dollars, adding needed capacity without increasing utility costs or customer rates.
- **Promotes economic growth without risk to ratepayers:** Attracts major employers and drives construction, jobs, and local tax revenue — all funded by the private sector, not captive customers.

Expanded Benefit Talking Points:

Utilities face serious generation shortfalls as demand grows and plants retire. Building enough new power for every large energy customer would raise costs for everyone.

The Energy Freedom & Fairness Act offers a targeted fix — letting select large energy users BYOP – bring, build, or buy their own power without shifting costs to others.

It's not “deregulation,” rather a targeted reform within the current utility monopoly structure that strengthens utilities, empowers customers, and protects ratepayers.

Energy Freedom & Fairness Act
Empowering Industry. Protecting Households. Ensuring Reliability.

Reduce Rate Increases

- **Eases pressure on rising rates:** Allowing some large energy users to procure their own power reduces the new generation utilities must build, with a guaranteed profit, that all ratepayers would otherwise fund.
- **Delivers savings and stability:** Reduces the deficit utilities are covering with purchase agreements and limits exposure to short-term market purchases.
- **Better price performance:** States that offer more flexibility in power procurement have seen slower rate increases — electric rates in monopoly states have risen 47% since 2008, compared to only 14% in states that allow customer choice.

Speed to Build Generation

- **Ratepayer funds require approvals:** Independent power producers are able to build generation to serve large energy customers faster than utilities because they use private investments, not ratepayer funds.

Supports Utility Reliability and Planning

- **Supports long-term reliability:** Large energy users who self-supply free up capacity and ensure utilities can manage retirements and replacements at a sustainable pace without overbuilding. This allows utilities to also focus on maintaining transmission and distribution infrastructure.

Supports Economic Development

- **Attracts jobs and investment:** Large electric users look for energy flexibility, tailored plans and cost certainty — this helps bring them here while protecting existing ratepayers.
- **Drives private-sector power development:** Independent energy producers fund new generation, creating construction jobs and local tax revenue without ratepayer cost.

Energy Freedom & Fairness Act
Empowering Industry. Protecting Households. Ensuring Reliability.

Market-Based Innovation and Clean Energy

- **Voluntary clean energy solutions:** Allows large energy customers to pursue renewable or efficiency options directly with developers.
- **No new mandates or subsidies:** Clean energy and efficiency investments grow through voluntary market demand — not government requirements.
- **Encourages innovation:** Opens the door for smart energy management, demand response, and other cost-saving tools without the need for state or ratepayer funds.

How it Works in Other States:

- There are 14 states with a full competitive market where the utility does not own or build power plants. In those competitive states, there are 1.19 units of generation for every 1 unit of load growth, exceeding generation needed to serve customers. Whereas in the vertically integrated states, utilities have not kept pace building generation to serve customer load, operating at a 30% deficit of generation capacity to customer load.
- Additionally, there are 9 states with a hybrid model. The utilities still build and sell electricity (with a guaranteed rate of return), but some customers can procure their own electricity.
 - **Michigan is one example:**
 - MI opened shopping for 10% of utility customer load in 2008. The cap has been fully subscribed since 2008 with 5,000+ commercial and industrial customers served by third party suppliers.
 - **Avoided Generation Costs:** This reduced the amount of power generation the utility needed to build and maintain by 2,798 MW — the equivalent of 4 natural gas plants that could have cost all ratepayers \$3.2 billion for the utilities to build.
 - **Customer Cost-Savings:** In 2023, the commercial customers that purchased from a competitive supplier saved more than \$150 million compared to the utility's commercial rate in Michigan.