Consumers Energy

A CMS Energy Company

June 28, 2011

The Honorable Ken Horn, Chairperson
Michigan House Energy and Technology Committee
Michigan House of Representatives
Lansing, MI 48909

Dear Chairman Horn,

At today's hearing regarding nuclear energy issues, the Michigan House Energy and Technology Committee will hear testimony from the owners and operators of Michigan's nuclear power plants. While not currently an owner or operator of a nuclear power plant, Consumers Energy has had extensive experience with owning and operating nuclear power plants in Michigan and provides the following comments for consideration of the Committee.

Since the 1963 commissioning of the Big Rock Nuclear Power Station[1] located near Charlevoix, the company has served its customers with electricity generated by nuclear power. Between 1971 and 2007, the company owned and operated the Palisades Nuclear Plant ("Palisades") located near Covert. Today, Consumers Energy purchases 100 percent of the energy generated by Palisades[2], and will continue to do so through at least 2022. The energy produced by Palisades represents approximately 17 percent of the total energy sold to our customers.

Nuclear energy, with its low variable cost, high reliability and predictable operation, provides a valuable alternative to the more common power generation resources produced by fossil fuels. As part of our company's Balanced Energy Initiative, we evaluated alternative methods to provide adequate economical power resources for our customers. As part of that evaluation, the costs and benefits of nuclear power were found to provide optimal or near optimal solutions for minimizing costs across the region. Because of its low fuel cost, nuclear power provides an excellent resource for serving base load customer requirements. Absent nuclear power resources, higher cost fuels such as coal and natural gas would increase the marginal cost of power within the region and result in higher costs for Michigan customers. While some renewable resources such as wind and solar also have low variable costs, the intermittency of supply and the high total cost of those resources are not likely to provide a cost effective solution for base load needs compared to nuclear resources. Furthermore, the availability of nuclear based generation as a potential supply resource acts to reduce demand and prices for other base load generation alternatives.

Michigan's nuclear power plants have excellent safety records and have operated with minimal adverse impacts on neighboring communities. Plants such as Palisades provide jobs for highly

[1] The Big Rock Nuclear Plant was decommissioned in 1997.
[2] The Palisades Nuclear Plant is currently owned and operated by Entergy and its affiliates.

skilled Michigan workers. The contributions such plants make to the taxable value of nearby communities have provided reliable funding for roads, schools, police and fire services. On the basis of energy produced, the minimal amount of air emissions, land use, and visual impact, the overall benefits of nuclear power for Michigan are high. .

Thank you for this opportunity to provide comments regarding nuclear power and our support for the continued development of economic, clean and safe nuclear power resources in Michigan.

With best regards,

Jack Hanson

Jack Hanson
Sr. Vice President of Generation and Energy Supply