

## Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-3883/1</b>	<b>Introduction Number</b> <b>SB-450</b>
<b>Description</b> Goals for reductions in greenhouse gas emissions, for construction of zero net energy buildings and for energy conservation; information, analyses, reports, education, and training concerning greenhouse gas emissions and climate change; energy efficiency and renewable resource programs; renewable energy requirements of electric utilities and retail cooperatives; requiring electric utilities to purchase renewable energy from certain renewable facilities in their service territories; authority of the Public Service Commission over nuclear power plants; motor vehicle emission limitations; a low carbon standard for transportation fuels; the brownfield site assessment grant program, the main street program, the brownfields grant program, the forward innovation fund, grants to local governments for planning activities, the transportation facilities economic assistance and development program, a model parking ordinance; surface transportation planning by the Department of Transportation and metropolitan planning organizations to reduce greenhouse gas emissions; environmental evaluations for transportation projects; idling limits for certain vehicles; energy conservation codes for public buildings, places of employment, one- and two-family dwellings, and agricultural facilities; design standards for state buildings; energy efficiency standards for certain consumer audio and video devices, boiler inspection requirements; greenhouse gas emissions and energy use by certain state agencies and state assistance to school districts in achieving energy efficiencies; creating an exception to local levy limits for amounts spent on energy efficiency measures; creating an energy crop reserve program; identification of private forest land, promoting sequestration of carbon in forests, qualifying practices and cost-share requirements under the forest grant program established by the Department of Natural Resources; air pollution permits for certain stationary sources reducing greenhouse gas emissions; allocating a portion of existing tax-exempt industrial development revenue bonding to clean energy manufacturing facilities and renewable power generating facilities; requiring a report on certain programs to limit greenhouse gas emissions; granting rule-making authority; requiring the exercise of rule-making authority; and providing a penalty	
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others municipalities <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

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**Date**

2/18/2010

**Fiscal Estimate Narratives**  
**PSC 2/18/2010**

LRB Number <b>09-3883/1</b>	Introduction Number <b>SB-450</b>	Estimate Type <b>Original</b>
<p><b>Description</b></p> <p>Goals for reductions in greenhouse gas emissions, for construction of zero net energy buildings and for energy conservation; information, analyses, reports, education, and training concerning greenhouse gas emissions and climate change; energy efficiency and renewable resource programs; renewable energy requirements of electric utilities and retail cooperatives; requiring electric utilities to purchase renewable energy from certain renewable facilities in their service territories; authority of the Public Service Commission over nuclear power plants; motor vehicle emission limitations; a low carbon standard for transportation fuels; the brownfield site assessment grant program, the main street program, the brownfields grant program, the forward innovation fund, grants to local governments for planning activities, the transportation facilities economic assistance and development program, a model parking ordinance; surface transportation planning by the Department of Transportation and metropolitan planning organizations to reduce greenhouse gas emissions; environmental evaluations for transportation projects; idling limits for certain vehicles; energy conservation codes for public buildings, places of employment, one- and two-family dwellings, and agricultural facilities; design standards for state buildings; energy efficiency standards for certain consumer audio and video devices, boiler inspection requirements; greenhouse gas emissions and energy use by certain state agencies and state assistance to school districts in achieving energy efficiencies; creating an exception to local levy limits for amounts spent on energy efficiency measures; creating an energy crop reserve program; identification of private forest land, promoting sequestration of carbon in forests, qualifying practices and cost-share requirements under the forest grant program established by the Department of Natural Resources; air pollution permits for certain stationary sources reducing greenhouse gas emissions; allocating a portion of existing tax-exempt industrial development revenue bonding to clean energy manufacturing facilities and renewable power generating facilities; requiring a report on certain programs to limit greenhouse gas emissions; granting rule-making authority; requiring the exercise of rule-making authority; and providing a penalty</p>		

**Assumptions Used in Arriving at Fiscal Estimate**

**Overview**

The changes in the bill are largely changes in existing regulatory requirements, rather than new programs and regulations. Since the PSC already oversees statewide energy efficiency programs and ensures compliance with a renewable portfolio standard, the changes to those existing programs and regulations do not necessarily increase PSC workload. The bill's modification to how nuclear power plants are approved should not have any effect on PSC resources, as the PSC already is responsible for power plant construction approvals. The following includes a more detailed description of the bill's provisions that affect the PSC.

**Energy Efficiency and Renewable Resource Programs**

The bill would modify an existing mandatory energy efficiency and renewable resource program for retail electric cooperatives and electric utilities. The bill would require PSC to use quadrennial potential studies, which are already required under current law, as the basis for establishing program goals and funding obligations. The bill would also modify the mandatory program to encompass prime suppliers of liquid petroleum gas (LP gas) and heating oil, so that users of those fuels could take advantage of the statewide energy efficiency programs.

The bill would also allow utilities and large energy customers to self-administer their own energy efficiency and renewable resource programs instead of contributing money to the statewide program. These self-administered programs would require PSC approval. Current law already provides for utility-administered energy efficiency programs, and PSC already undertakes review of these types of utility programs.

Finally, the bill would require PSC to study the rules for programs self-administered by large energy customers to determine whether they provide adequate opportunities, and within six months to report to the legislature and the governor the findings and any actions to correct deficiencies.

**Renewable Portfolio Standard (RPS)**

The bill would modify current statutory requirements that specify minimum amounts of electricity that retail electric providers must generate from renewable resources. Under current law, retail electric providers (i.e. utilities and cooperatives) must collectively generate 10% of the electricity they sell to customers each year from renewable resources, beginning in 2015. The bill would accelerate this 10% goal to 2013, and add new

goals: 20% beginning in 2020 and 25% beginning in 2025. The bill would further specify an in-state generation requirement of 6% beginning in 2020 and 10% beginning in 2025. PSC would be required to submit reports to the legislature and the governor within five months after the end of each milestone year (2013, 2020 and 2025), and biennially thereafter, stating whether the goals had been met and if not, why the goal was not achieved and how it may be achieved.

The bill would also create a new compliance option whereby non-electric renewable energy could be used in lieu of renewable electricity for RPS compliance. PSC would be required to develop rules governing the issuance of certificates for non-electric energy that would specify the equivalent amount of electricity that the non-electric energy displaced. PSC would be required to submit draft rules to legislative council staff within five months of the effective date of the legislation.

Because the bill would create new in-state RPS requirements and new non-electric energy certificates, PSC likely would have to incorporate those changes into the current system for tracking renewable resource credits. Current law already allows for the incorporation of additional renewable resources, which if approved by administrative action, would also require alignment with the current credit tracking system.

Finally, the bill would require PSC to study options for streamlining approval of renewable energy projects and otherwise ensuring that electric providers can comply with the RPS, and submit a report to the legislature and the governor within six months after the effective date.

#### Renewable Tariffs

The bill would direct PSC to order each investor-owned electric utility and municipal electric utility in Wisconsin to offer tariffs for the purchase of renewable energy generated by their customers. PSC recently completed an Advanced Renewable Tariff investigation, and much of the work that went into developing that docket will be useful in implementing new tariffs, if these provisions become law. Tariff approval is a regular component of existing PSC workload.

#### Nuclear Power Plants

The bill would modify the construction approval criteria and approval processes that apply to new nuclear power plants. PSC assumes that even if enacted, the bill would not cause applications for new nuclear power plants to be filed in the near future, given Wisconsin's current excess generation capacity.

#### Other Provisions

The bill would require PSC to provide the Department of Natural Resources with periodic assessments of progress toward meeting the nonbinding statewide energy conservation goals. The first such assessment would be due no later than July 1, 2013, with subsequent assessments due at least once every four years thereafter. The bill would require the PSC Chairperson or his or her designee to participate in a Climate Change Coordinating Council.

### **Long-Range Fiscal Implications**

Indeterminate