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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2009-10

(session year)

Assembly

(Assembly, Senate or Joint)

Special Committee on Clean Energy Jobs...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (December 2012)



AN ALLETE COMPANY

Superior Water, Light & Power Company

Wisconsin Senate Bill 450 – Renewable Energy Standard

SWL&P supports the efforts of the Wisconsin legislature to advance renewable energy standards. However, we believe that the best way to meet the Wisconsin renewable energy standard is by allowing utilities to provide the most competitively priced renewable energy to ratepayers. This will ensure that Wisconsin businesses remain competitive in their respective industries.

We believe that the renewable “In-State-Percentage” (ISP) requirements beginning in 2020 will adversely impact ratepayers and the competitiveness of Wisconsin businesses. The proposed legislation ultimately levels a financial burden in 2025 as follows:

- **Wisconsin utility ratepayers bearing a renewable energy premium expense in excess of \$210 Million per Yr. (Exhibit #1).**
- **SWL&P ratepayers bearing a renewable energy premium expense in excess of \$1.8 Million per Yr. (Exhibit #2).**

Based on the following:

1. **Wind** currently provides the most economical sources of renewable energy generation in the upper Midwest.
2. Wind farm generation is based on a location’s wind resource quality. The wind resource is defined by an operating percentage known as- **Capacity Factors (CF):**
 - a. Wisconsin Wind, **CF = 30% (Exhibit #3, #4)**
 - b. N. Dakota, S. Dakota, Minnesota & Iowa, **CF = 40% (Exhibit #3, #4)**
3. Wind projects in Wisconsin would require **30% more Megawatts** of installed capacity to generate the same quantity of renewable energy.
4. Building **30% more capacity** of wind increases capital investment by over **\$1.4 Billion** for Wisconsin utilities (**Exhibit #1**). We estimate **70% - 80%** of this expense (**\$ 1.2 Billion**) would likely leave the state to support the capital equipment supply.

SWL&P Recommendations:

1. We recommend the elimination of the in state requirement (ISP). We believe that “green jobs” will be created through the energy efficiency requirements. We also believe jobs will be created with the construction of the gas combustion turbines facilities (simple cycle & combined cycle plants) located within Wisconsin.
2. However, if the (ISP) requirement of 10% is kept in legislation, we recommend that the **value** of all **newly created ISP renewable** production is credited at **2X (or doubled)** compared to “out state” renewable resources to better level the economics.



Superior Water, Light & Power Company

AN ALLETE COMPANY

Wisconsin Electric Sales Analysis Cost of "In-State" Renewable Requirement

70,000,000	Annual Retail Electricity Sales in Wisconsin (MWh/yr)
25%	Proposed Renewable Requirement
17,500,000	Proposed Renewable Requirement (MWh/yr)
40%	Proposed In-State Requirement
7,000,000	Proposed In-State Requirement (MWh/yr)
2700	MW of Installed Wisconsin Wind Required (30% Capacity Factor)
2100	MW of Equivalent Outstate Wind Required (40% Capacity Factor)
600	MW more installed in Wisconsin for the same MWh
\$2,400	Assumed Capital Cost of Wind Farm (\$/kW)
\$1,440,000,000	Additional Capital Cost
\$216,000,000	Assume 15% Retained for Local Construction
\$1,224,000,000	Additional Wisconsin Capital Dollars Exported
\$30	Additional per MWh Levelized cost of WI wind (\$/MWh)
\$210,000,000	Additional Annual Cost Power Cost

EXHIBIT NO. 1



AN ALLETE COMPANY

Superior Water, Light & Power Company

Renewable Portfolio Standard (RPS) Estimated Financial Impacts to Superior Water Light & Power (SWL&P) Customers from Wisconsin Senate Bill 450 Implementation

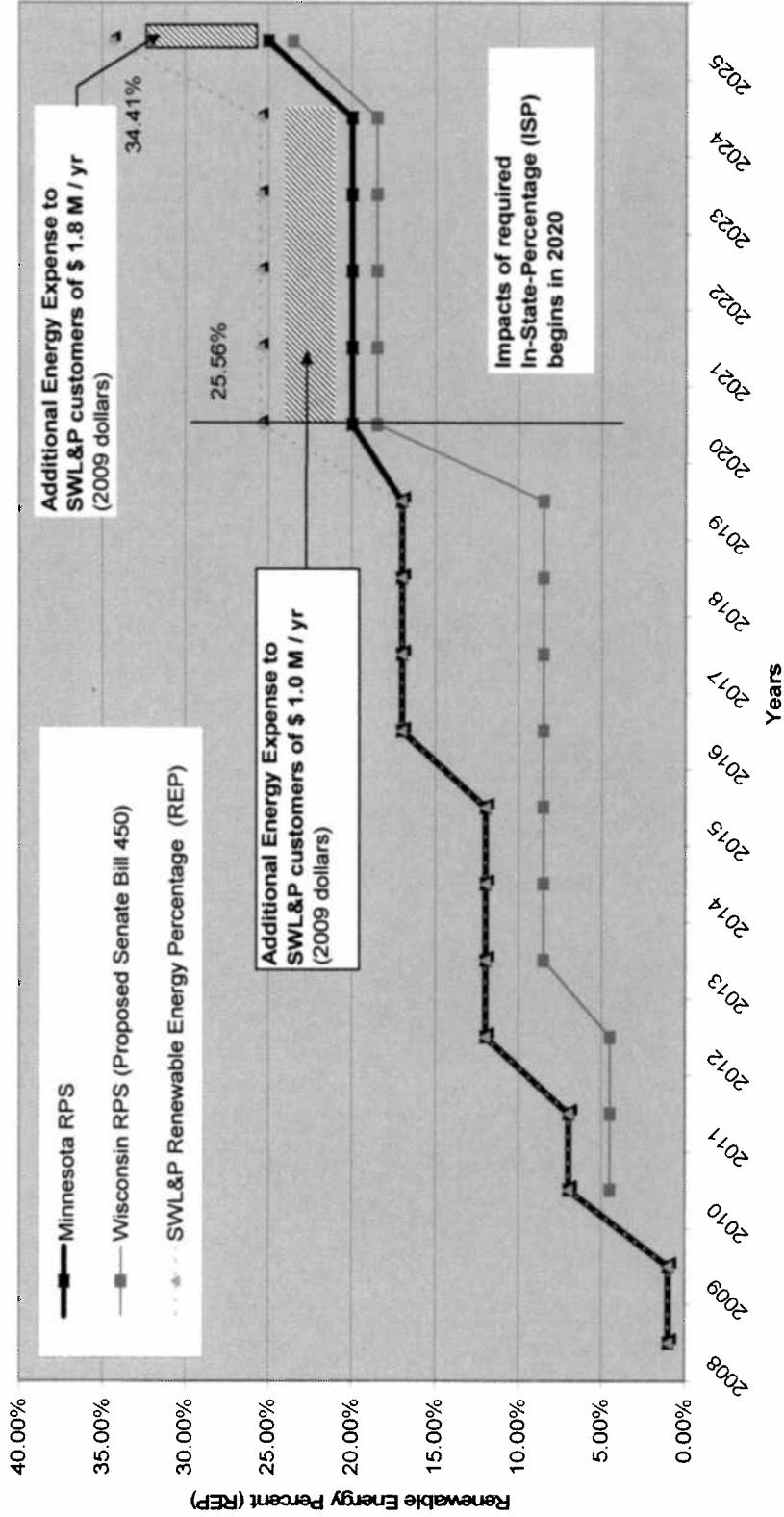


EXHIBIT NO. 2



AN ALLETE COMPANY

Superior Water, Light & Power Company

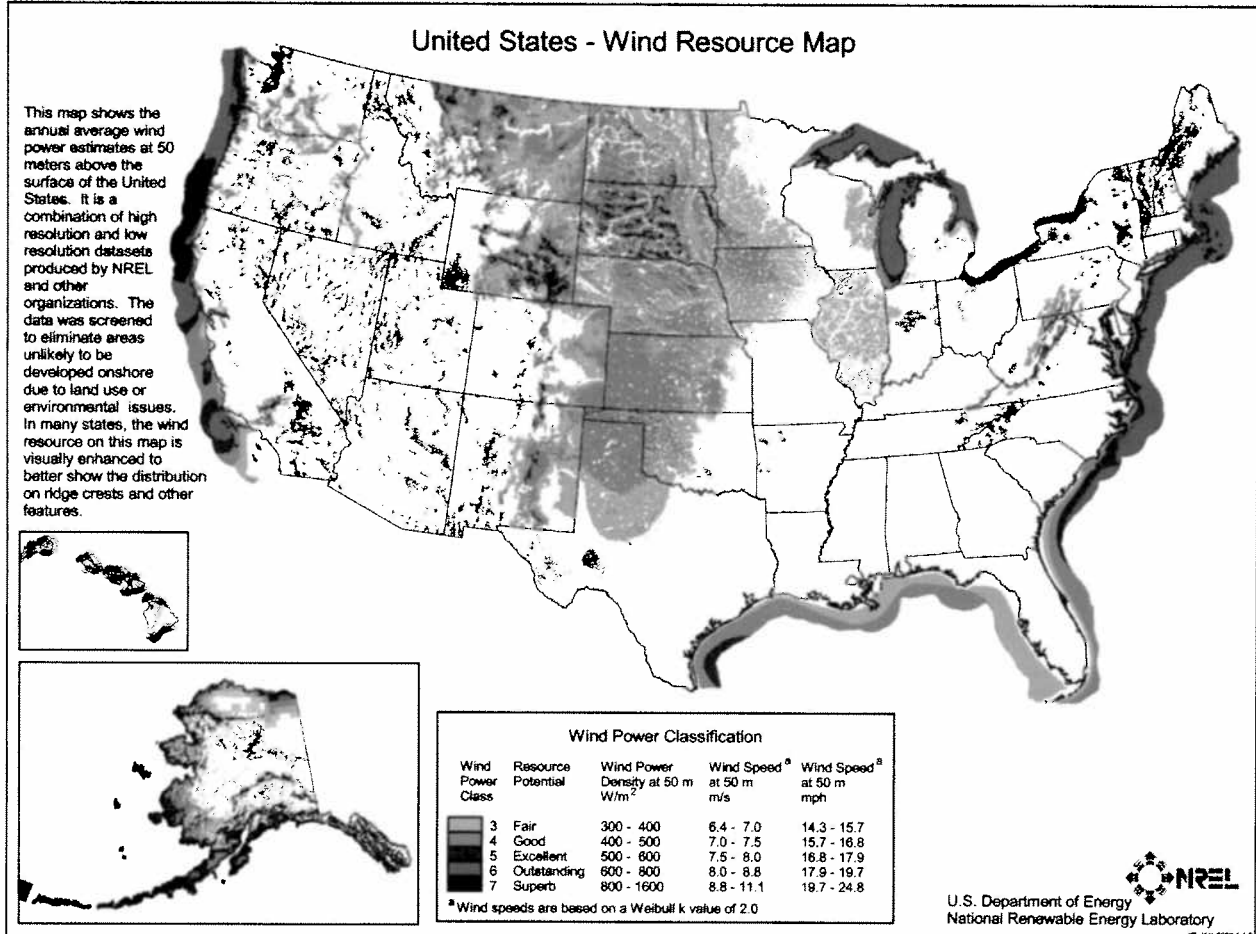


EXHIBIT NO. 3

The wind resource in Wisconsin is only fair compared to the excellent wind resource in neighboring states to the West.



AN ALLETE COMPANY

Superior Water, Light & Power Company

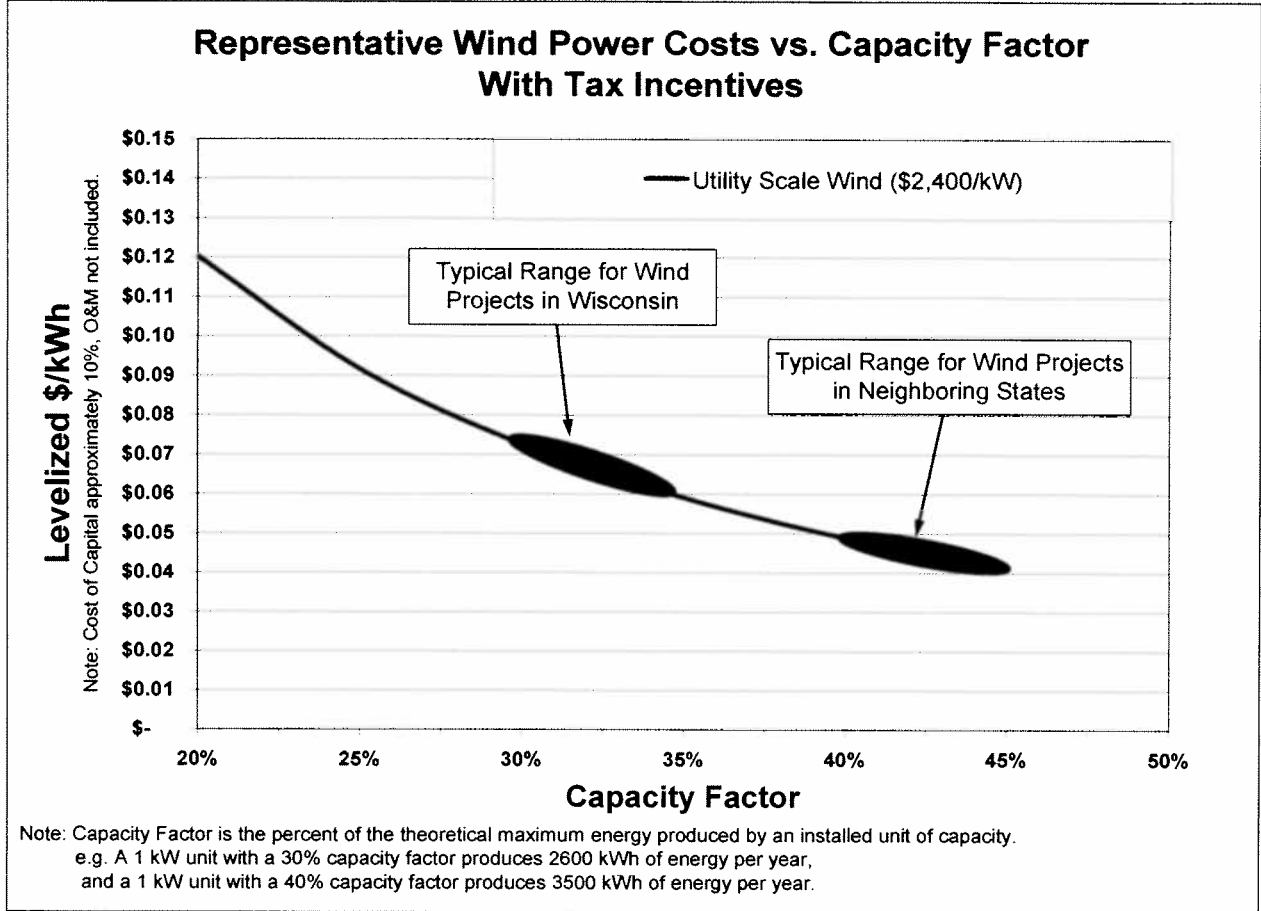


EXHIBIT NO. 4

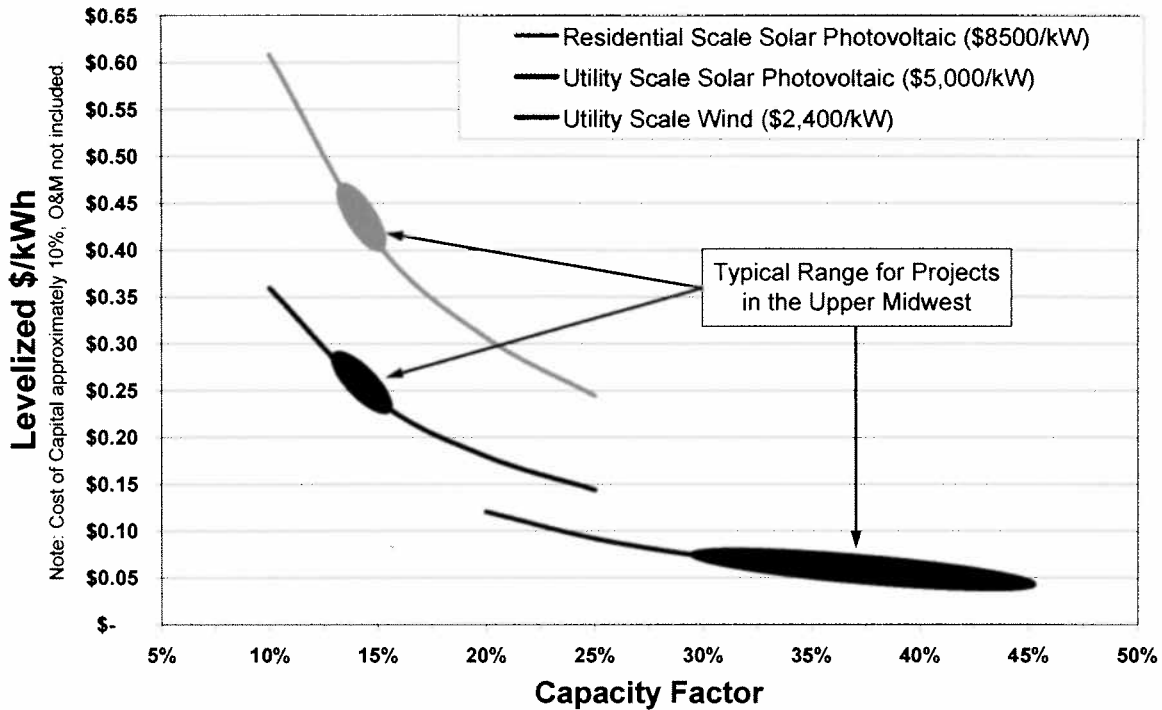
The cost of wind energy is primarily based upon the installed capital cost and the amount of energy generated from the wind farm because there is no fuel component. As a result, the wind resource in which a wind farm is erected plays a key role in determining the per kWh cost of the energy. Costs are shown in 2009 dollars.



AN ALLETE COMPANY

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Representative Wind and Solar Power Costs With Tax Incentives



Note: Capacity Factor is the percent of the theoretical maximum energy produced by an installed unit of capacity.
 e.g. A 1 kW unit with a 15% capacity factor produces 1300 kWh of energy per year,
 and a 1 kW unit with a 40% capacity factor produces 3500 kWh of energy per year.

EXHIBIT NO. 5

The cost of wind and solar power are primarily based upon the installed capital cost and the amount of energy generated from the units because there is no fuel component. The typical range of power costs for typical projects in the Upper Midwest are shown in the chart above. Costs are shown in 2009 dollars.



WISCONSIN STATE LEGISLATURE



One Person

can invest in the future with

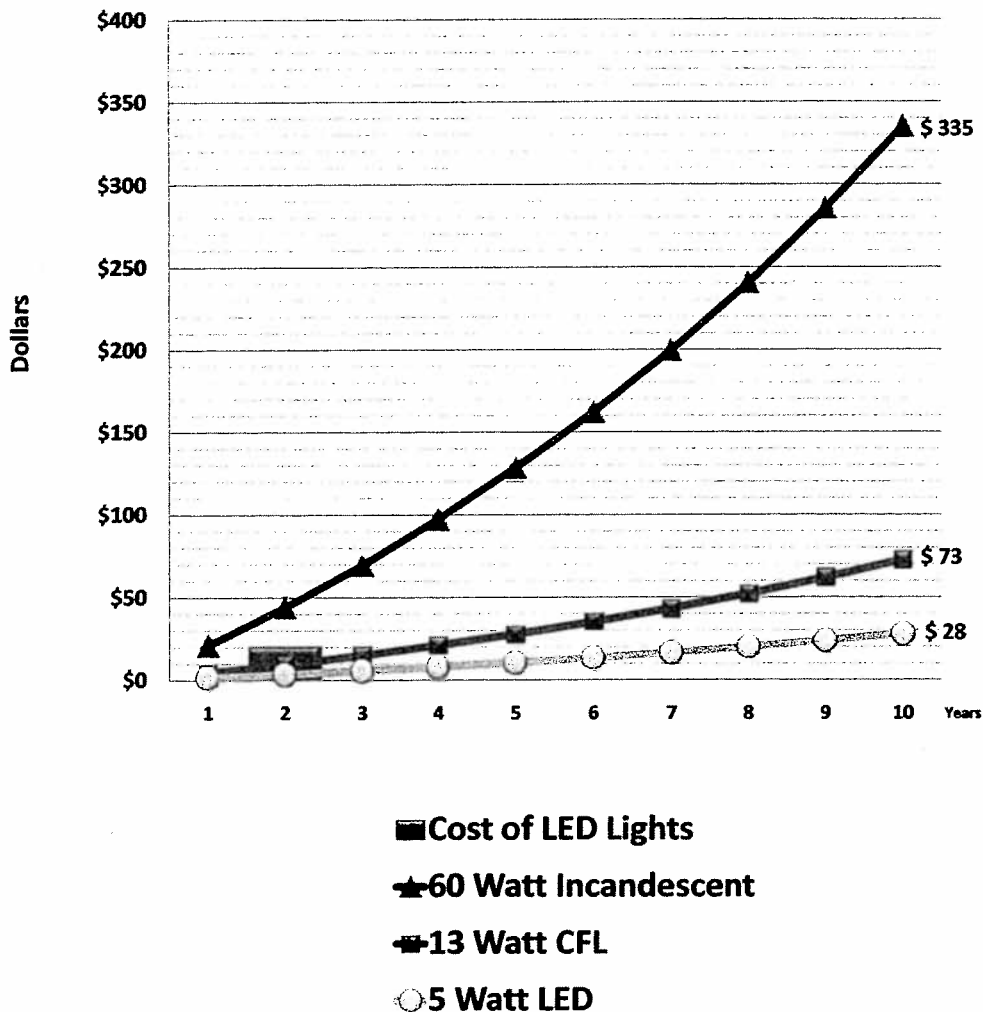
ONE LIGHT *

Cost to Operate ONE LIGHT

60 Watt Incandescent vs.

13 Watt CFL vs.

5 Watt LED



Number of Lights: 1
Average Energy Cost per kWh: \$.12
Hours of Daily Use: 8
Annual Fuel escalation rate: 10 %

TERP LLC

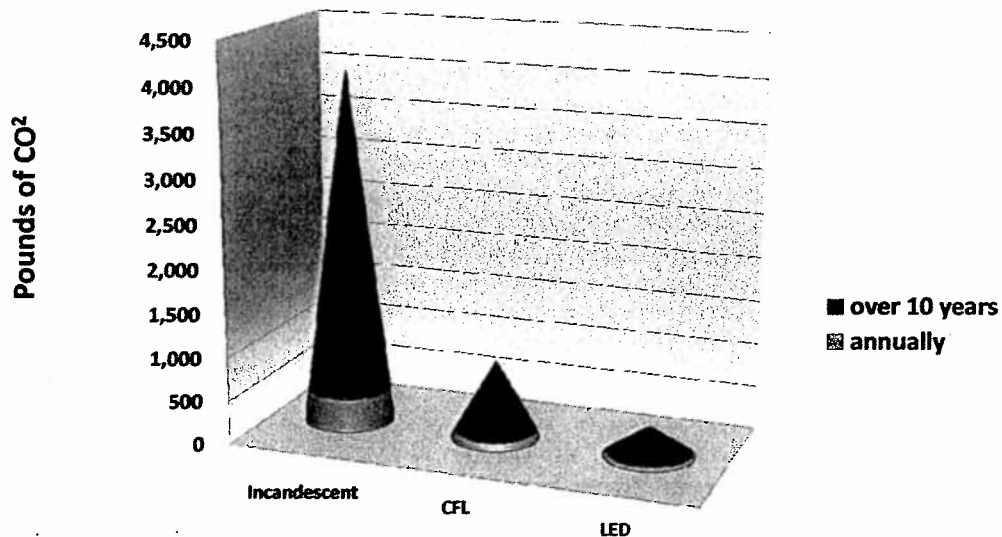
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One Person

can make a difference with

ONE LIGHT *

Cumulative CO² Emissions from
Burning Coal to Generate Electricity
to Operate **ONE**
5 Watt LED vs. 13 Watt CFL vs. 60 Watt Incandescent



Environmental Savings

Actual Savings				Equivalent Savings	
kiloWatt hours*	POUNDS of CO ² emitted by	POUNDS of coal burned	TONS of coal burned	BARRELS of crude oil	CARS taken off the road

5 Watt LED vs. 13 Watt CFL

1 st Year	23	49	23	0.01	0.01	0.00
10 Years	234	489	234	0.12	0.14	0.01

5 Watt LED vs. 60 Watt Incandescent

1st Year	161	336	161	0.08	0.09	0.01
10 Years	1,606	3,365	1,606	0.80	0.94	0.08

13 Watt CFL vs. 60 Watt Incandescent

1st Year	137	288	137	0.07	0.08	0.01
10 Years	1,372	2,875	1,372	0.69	0.80	0.07

* based on 8 hours of daily use

TERP LLC

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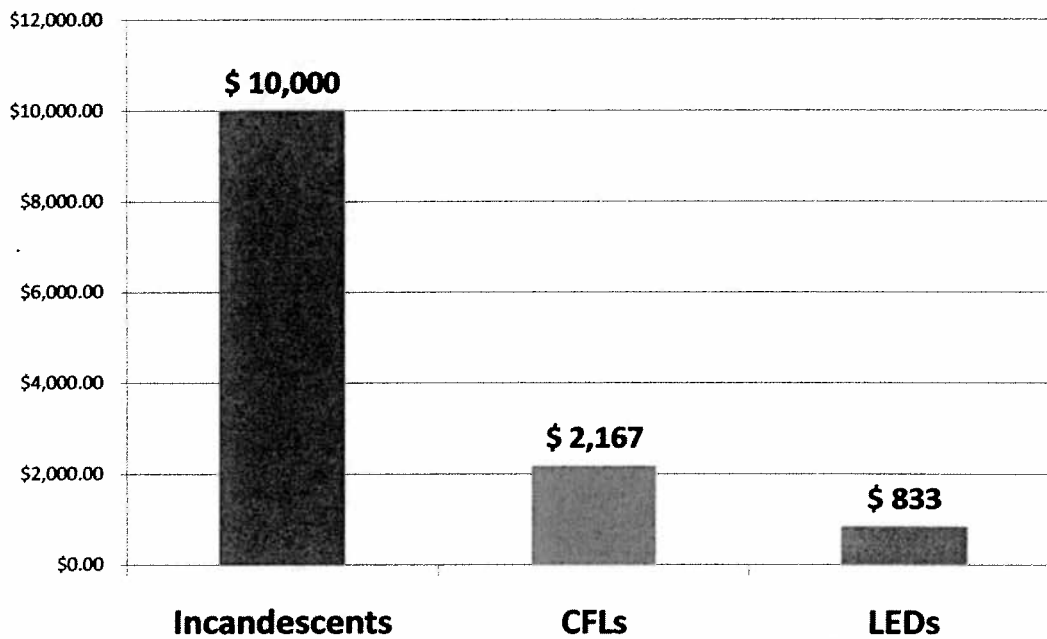
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One Person

can "Go Solar" sooner with

ONE LIGHT *

**Estimated Cost of a
Solar Electric (PV) System*
needed to produce the electricity to operate
7 light bulbs
at 8 hours daily use**



Light Type	Watts	Estimated System Cost	Estimated System Size (kW)	Annual kWh
Incandescents	60	\$10,000.00	1.00	1226
CFLs	13	\$2,166.67	0.22	266
LEDs	5	\$833.33	0.08	102

Number of lights 7

Hours of Use 8

* This is a ballpark estimate of the cost of a solar PV fixed array needed to offset the electric usage for the above lighting scenario only.

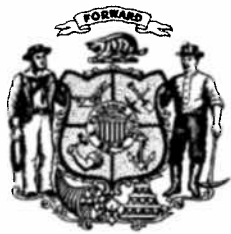
It is not to be construed in any way as a quote for actual goods or services.

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WISCONSIN STATE LEGISLATURE



freedom CAR & vehicle technologies program

U.S. Department of Energy • Office of Energy Efficiency and Renewable Energy

Liquefied Petroleum Gas

Although it is a fossil fuel, liquefied petroleum gas can help enhance the energy security of the United States and other significant economic centers by using a commonly called propane. It is the most popular alternative fuel in the world.

More than 350,000 light-and medium-duty vehicles travel the nation's highways using liquefied petroleum gas (LPG or LP gas), while over 4 million vehicles use it worldwide. LPG is a mixture of several gases that is generally called "propane," in reference to the mixture's chief ingredient. LPG changes to the liquid state at the moderately high pressures found in an LPG vehicle's fuel tank.

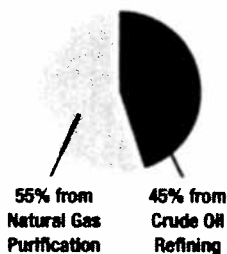
LPG is formed naturally, interspersed with deposits of petroleum and natural gas. Natural gas contains LPG, water vapor, and other impurities that must be removed before it can be transported in pipelines as a salable product. About 55% of the LPG processed in the U.S. is from natural gas purification. The other 45% comes from crude oil refining. Since a sizable amount of U.S. LPG is derived from petroleum, LPG does less to relieve the country's dependency on foreign oil than some other alternative fuels. However, because over 90% of the LPG used here is produced here, LPG does help address the national security component of the nation's overall petroleum dependency problem.

Propane vehicles emit about one-third fewer reactive organic gases than gasoline-fueled vehicles. Nitrogen oxide and carbon monoxide emissions are also 20% and 60% less, respectively. Unlike gasoline-fueled vehicles, there are no evaporative emissions while LPG vehicles are running or parked, because LPG fuel systems are tightly sealed. Small amounts of LPG may escape into the atmosphere during refueling, but these vapors are 50% less reactive than gasoline vapors, so they have less of a tendency to generate smog-forming ozone. LPG's extremely low sulfur content means that the fuel does not contribute significantly to acid rain.



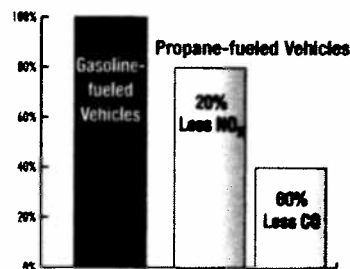
Less dependence on foreign oil, and eventual transition to an emissions-free, petroleum-free vehicle

Propane Production



Many propane vehicles are converted gasoline vehicles. The relatively inexpensive conversion kits include a regulator/vaporizer that changes liquid propane to a gaseous form and an air/fuel mixer that meters and mixes the fuel with filtered intake air before the mixture is drawn into the engine's combustion chambers. Also included in conversion kits is closed-loop feedback circuitry that continually monitors the oxygen

Vehicle Emissions



Bringing you a prosperous future where energy is clean, abundant, reliable, and affordable

content of the exhaust and adjusts the air/fuel ratio as necessary. This device communicates with the vehicle's onboard computer to keep the engine running at optimum efficiency. LPG vehicles additionally require a special fuel tank that is strong enough to withstand the LPG storage pressure of about 130 pounds per square inch. The gaseous nature of the fuel/air mixture in an LPG vehicle's combustion chambers eliminates the cold-start problems associated with liquid fuels. In contrast to gasoline engines, which produce high emission levels while running cold, LPG engine emissions remain similar whether the engine is cold or hot. Also, because LPG enters an engine's combustion chambers as a vapor, it does not strip oil from cylinder walls or dilute the oil when the engine is cold. This helps LPG-powered engines to have a longer service life and reduced maintenance costs. Also helping in this regard is the fuel's high hydrogen-to-carbon ratio (C_3H_8), which enables propane-powered vehicles to have less carbon build-up than gasoline- and diesel-powered vehicles.

LPG delivers roughly the same power, acceleration, and cruising speed characteristics as gasoline. It does yield a somewhat reduced driving range, however, because it contains only about 70-75% of the energy content of gasoline. Its high octane rating (around 105) means, though, that an LPG engine's power output and fuel efficiency can be increased beyond what would be possible with a gasoline engine without causing destructive "knocking." Such fine-tuning can help compensate for the fuel's lower energy density.

Fleet owners find that propane costs are typically 5% to 30% less than those of gasoline. The cost of constructing an LPG fueling station is also similar to that of a comparably sized gasoline dispensing system. Fleet owners not wishing to establish fueling stations of their own may avail themselves of over 3,000 publicly accessible fueling stations nationwide.

Propane is an odorless, nonpoisonous gas that has the lowest flammability range of all alternative fuels. High concentrations of propane can displace oxygen in the air, though, causing the potential for asphyxiation. This problem is mitigated by the presence of ethyl mercaptan, which is an odorant that is added to warn of the presence of gas. While LPG itself does not irritate the skin, the liquefied gas becomes very cold upon escaping from a high-pressure tank, and may therefore cause frostbite, should it contact unprotected skin.

As with gasoline, LPG can form explosive mixtures with air. Since the gas is slightly heavier than air, it may form a continuous stream that stretches a considerable distance from a leak or open container, which may lead to a flashback explosion upon contacting a source of ignition.

A Strong Energy Portfolio for a Strong America

Energy efficiency and clean, renewable energy will mean a stronger economy, a cleaner environment, and greater energy independence for America. Working with a wide array of state, community, industry, and university partners, the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy invests in a diverse portfolio of energy technologies.



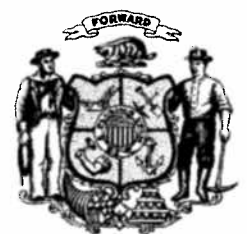
**U.S. Department of Energy
Energy Efficiency
and Renewable Energy**

August 2003

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WISCONSIN STATE LEGISLATURE



CLIMATE CHANGE!!! GLOBAL WARMING

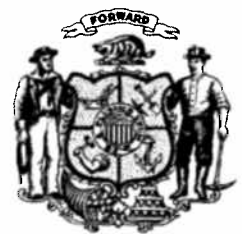
Wisconsin Women for Agriculture **OPPOSE:** AB649 and SB650

The people behind all this are guilty of the biggest scam ever perpetrated on the people of this great county.

Their science is flawed as proven by some of the finest scientific minds. But we don't hear their voices, so it is up to you our elected legislators to **PROTECT OUR FARMERS** from the abusive regulations and costly rules like the "Cap and Tax (woops) Trade hysteria.



WISCONSIN STATE LEGISLATURE



WIEG worried about costs, mandates in climate change bill

The Wisconsin Industrial Energy Group represents some of the biggest energy users in the state.

So they're particularly sensitive to any changes in energy policy and costs because of one thing, says executive director Todd Stuart.

"Everything is at stake for them," Stuart says in a new *WisPolitics* interview.

WIEG is one of the 23 business groups that signed onto a letter last month expressing opposition to climate change legislation stemming from the Governor's Task Force on Global Warming. The groups warned the legislation would further hamstring a struggling economy, and Stuart compared the proposed requirements to throwing an anchor to a drowning man.

"We're not sure exactly how driving energy costs higher is going to be a recipe for job creation," Stuart said, expressing doubt about the gov's claim that the legislation could help create thousands of "green" jobs.

Stuart said the state's business community is already under enormous pressure because of energy costs. The state embarked on a major utility construction boom over the past decade, and those costs are being borne by ratepayers as utilities seek to upgrade power plants and infrastructure.

That alone has helped push the state's energy rates from some of the lowest in the Midwest to some of the highest. Add in new environmental controls to rein in mercury emissions and push the state's reliance on renewable energy to 10 percent, and those cost pressures are being pancaked on top of each other.

Stuart says he continues to see examples of large employers shutting down because of high costs.

"If we're not careful, more jobs are going to be lost and that will cancel out any green jobs created by an artificial mandate," he said.

Stuart said his members' concerns center around cost and the mandate to get 25 percent of the state's power from renewable energy sources. Still, some of those concerns could be eased if lawmakers included some kind of cost containment measures in the legislation.

The task force discussed some measures to protect large customers from drastic cost increases and other steps to make the changes more palatable to business. But they weren't included in the final report, Stuart said.

"We're worried on the one hand you want to raise our costs, but on the other hand you don't provide any sweeteners, either," Stuart said.

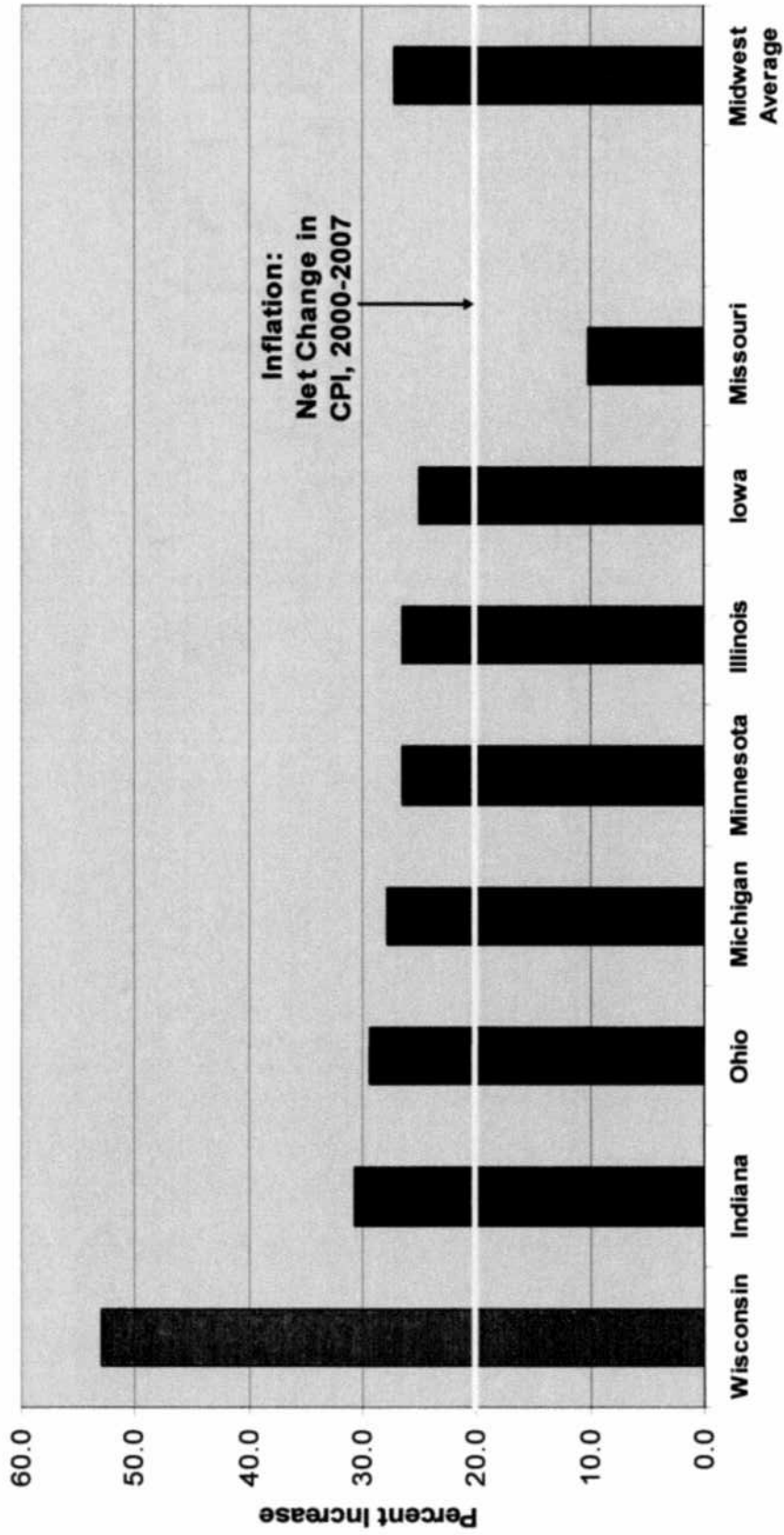
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J.R. Ross
Editor, WisPolitics

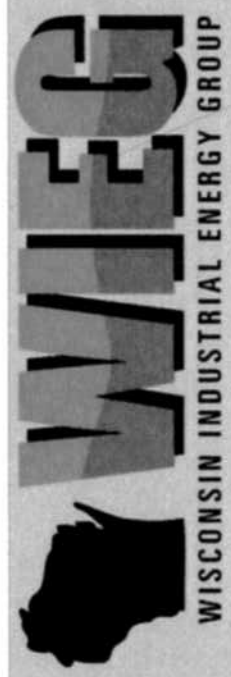
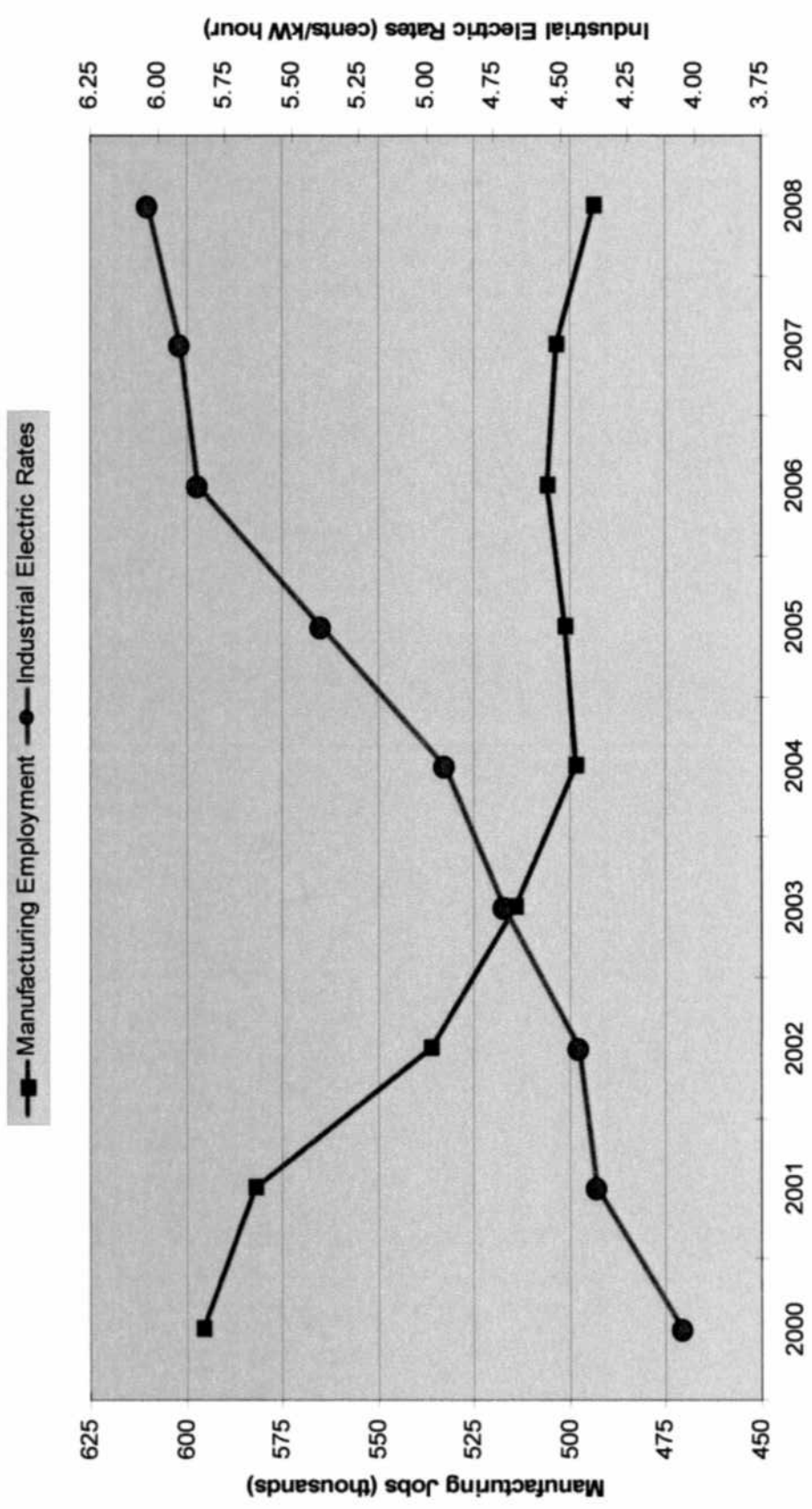
Todd Stuart
Executive Director
Wisconsin Industrial Energy Group



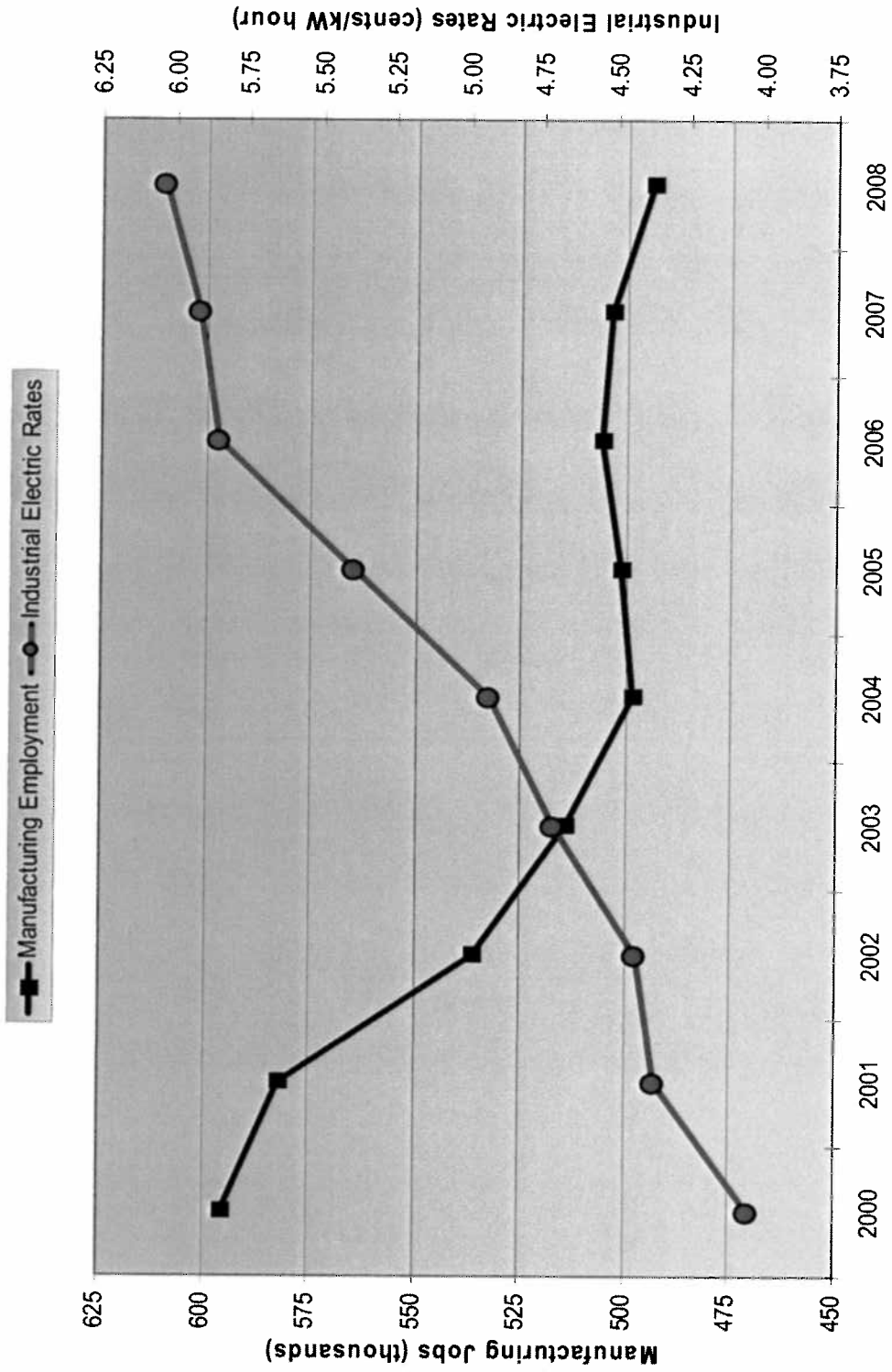
Industrial Electric Rate Increases: Midwest States: 2000-2007



Trends in Wisconsin Manufacturing Employment & Industrial Electric Rates

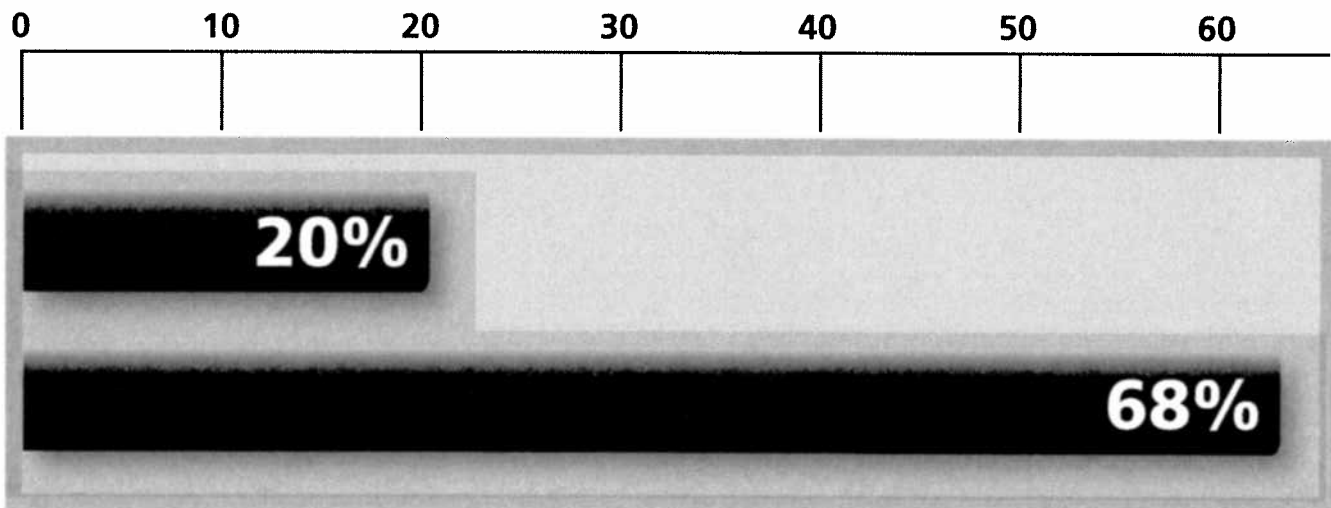


Trends in Wisconsin Manufacturing Employment & Industrial Electric Rates



Support for a 25% renewables mandate evaporates when jobs are at stake or electricity bills go up.

“The twenty five percent (25%) renewable electricity law will cost Wisconsin’s electricity bill payers billions of dollars, and would result in significant increases on their electric bills.”



**Based on a survey of 500 likely voters in Wisconsin completed September 15-16, 2009 by Public Opinion Strategies. The margin of error on the survey is plus or minus 4.38%.*



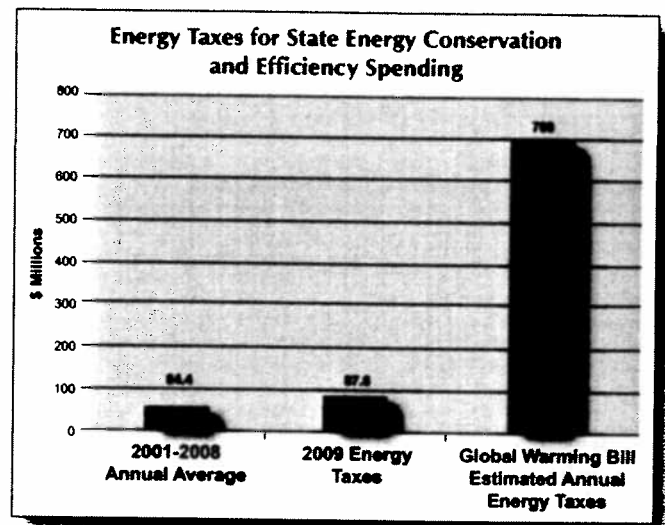
ENERGY EFFICIENCY TAXES

Fact: The Global Warming Bill Creates Expensive New Energy Taxes

Wisconsin currently assesses a 1.2% tax on energy bills to fund state energy efficiency and conservation programs. This tax generates about \$90 million per year. The global warming legislation would replace the current tax with new and open-ended taxing authority by the PSC. Specifically, the PSC is authorized to set the tax on monthly energy bills at a level high enough to reduce electric consumption by 2% each year.

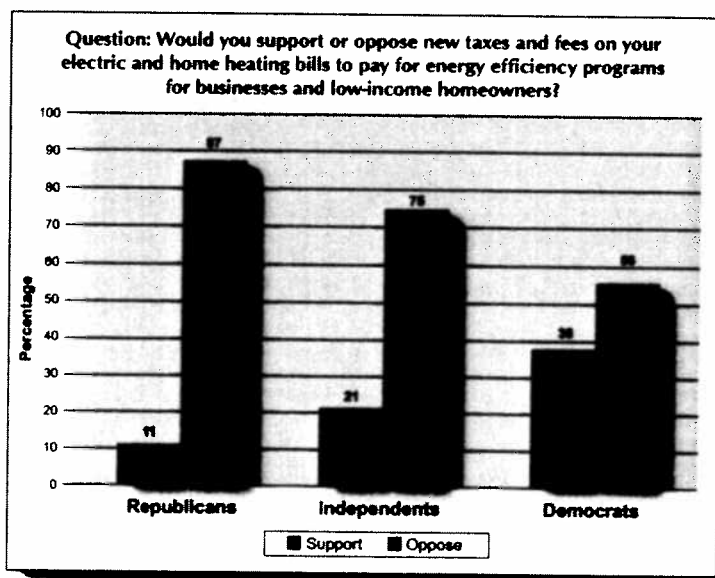
Fact: The New Energy Taxes Could Be At Least \$700 Million Per Year

A report commissioned by the PSC last year put a price tag on the amount of energy efficiency and conservation spending that is necessary to achieve reductions in electric consumption. The report found it would cost \$350 million per year to achieve a 1.6% reduction in electricity usage, and the cost to hit a 1.9% reduction would "more than double."¹ Therefore, the amount of new energy taxes necessary to meet the global warming bill's annual 2% reduction in electricity would be at least \$700 million per year. That's \$10.5 billion in higher energy taxes by the year 2025.



Fact: 73% of Wisconsin Voters Oppose New Taxes On Their Energy Bills

A statewide poll conducted in September last year by Public Opinion Strategies found 73% of Wisconsin voters oppose new taxes or fees on their energy bills to pay for energy efficiency and conservation spending. The overwhelming opposition to this proposal runs across the political spectrum, with Democrats, Republicans and Independent voters opposing the policy.



Fact: We Don't Need Higher Taxes & Spending To Improve Efficiency

Wisconsin has made tremendous improvements in energy efficiency over the past four decades. For example, our state's economy used 14.5 units of energy to produce each dollar of economic output in 1970, but used only 2.7 units of energy to get that same dollar of economic output in 2007.² That is a 5-fold increase in energy efficiency over a 35-year period. This is a great example of the market driving innovation without the need for government intervention. The price of energy will continue to drive homeowner and businesses to find ways to use energy more efficiently, without the need for higher energy taxes.

¹ Energy Efficiency & Customer-Sited Renewable Resource Potential in Wisconsin, Energy Center of Wisconsin, August, 2009

² U.S. Department of Energy & U.S. Department of Commerce statistics

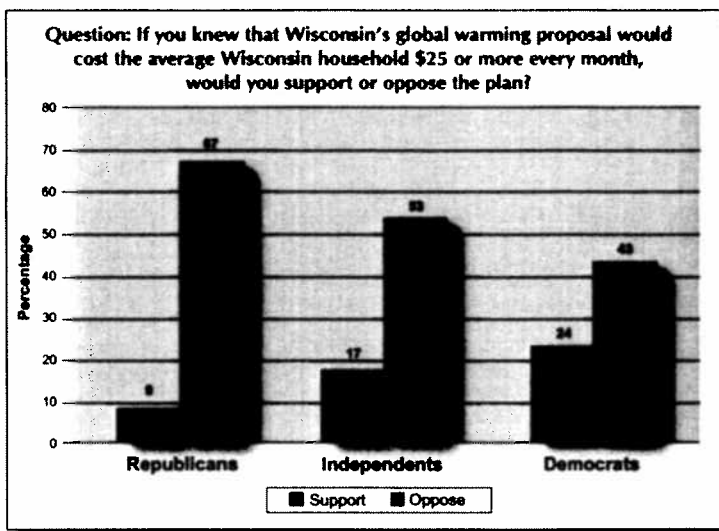
MYTHS VS. FACTS

Myth: Voters Are Willing to Pay for Global Warming Regulations

FACT: By a 3-to-1 margin, Wisconsin voters are opposed to paying even nominal amounts of money for global warming regulations. A recent statewide poll conducted by Public Opinion Strategies found voters would oppose paying \$25 per month for global warming regulations by a margin of 55% to 17%. Democrats, Republicans and Independent voters alike tallied strong opposition to paying for global warming regulations. Only 1% of voters identified global warming as the most important issue for the Wisconsin Legislature.

Myth: The Federal Government Will Tax Carbon or Enact Cap-And-Trade

FACT: Governor Doyle's Administration continues to assert that the federal government will enact a \$20 per ton price for carbon through either cap-and-trade, or regulation of greenhouse gases under the Clean Air Act. In reality, the idea of cap-and-trade has been abandoned by Democrats and Republicans in Congress. Although the EPA may attempt to regulate carbon under the Clean Air Act, it is important to understand that doing so will not result in a monetized price for carbon. The EPA regulates many gases under the Clean Air Act, but that has not resulted in a "per ton" price or tax.



Myth: The Global Warming Bill Will Significantly Reduce Wisconsin's CO₂ Emissions

FACT: The Governor's Global Warming Task Force ran computer models to predict future greenhouse gas emission levels after implementing all of the recommendations in the final report. Their own modeling shows that greenhouse gas emissions will be higher in 2024 than the 2005 baseline¹ — even after implementing the 25% renewable mandate, energy efficiency taxes, low carbon fuel standard, etc. The global warming bill will not make meaningful reductions in Wisconsin's greenhouse gas emissions, and will not reduce the use of fossil fuels.

Myth: Carbon Taxes & Energy Mandates Will Lower Electric Bills

FACT: Supporters of the global warming bill have alleged that a \$20 per ton price for carbon will help lower monthly electric bills.² This is an odd claim to make, given that our state produces about 70% of its electricity from coal. As noted above, the policies in the global warming bill will not meaningfully reduce Wisconsin's carbon emissions. Using the Task Force's modeling data for future carbon emissions, a \$20 per ton price for carbon would cost utility customer more than \$18 billion in carbon taxes by the year 2025. Are we really to believe that \$18 billion in carbon taxes, \$15 billion in capital costs for the RPS, and \$700 million per year in energy efficiency taxes will make electric bills go down?

Myth: Global Warming Regulations Will Create Jobs

FACT: The Administration claims that adopting expensive global warming regulations and new energy taxes will create jobs. Common sense dictates otherwise. Making energy unaffordable in Wisconsin is a recipe for losing jobs, not creating them. Lawmakers need only look to the lessons learned in Spain, where renewable energy mandates caused the loss of 2.2 jobs for every temporary "green" job created.³ Spain also found the taxpayer subsidies needed to create green jobs were not economically sustainable — when the subsidies went away, so did the jobs. Wisconsin lost 100,000 manufacturing jobs during a time when our electric rates increased by 50%. We cannot afford to lose additional jobs because of misguided energy policies.

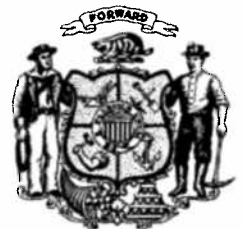
¹ Governor's Global Warming Task Force, ICF International "Deep Reductions" Scenario, June 10, 2008

² Economic Assessment of Clean Energy Jobs Act, Office of Energy Independence, January 5, 2010

³ Lessons from the Spanish Renewable Bubble, King Juan Carlos University - Madrid, Spain, March 2009



WISCONSIN STATE LEGISLATURE





Wisconsin Public Service Corporation

700 North Adams Street
P.O. Box 19001
Green Bay, WI 54307-9001

www.wisconsinpublicservice.com

MANITOBA HYDRO

WHY IS MANITOBA HYDRO IMPORTANT TO WISCONSIN?

Manitoba Hydro offers an abundant, reliable and environmentally and culturally responsible source of renewable and emission-free electricity at reasonable cost. The demand for such energy will continue to increase as Wisconsin and other states enact more aggressive renewable and clean energy targets. Through the forward-looking efforts of Wisconsin Public Service Corp. and other energy providers in the State, Wisconsin has a unique opportunity to lock in this green resource for the long-term benefit of business and residential consumers. If we do not take advantage of this opportunity, energy providers in other states will do so for their consumers. Because Wisconsin's own renewable energy resources are limited, missing out on this opportunity would increase the cost of meeting the State's renewable energy and greenhouse gas emission reduction goals.

WHAT MEASURES HAVE BEEN TAKEN BY THE GOVERNMENT OF MANITOBA AND MANITOBA HYDRO TO ADDRESS ANY ADVERSE EFFECTS OF THE ORIGINAL NORTHERN HYDRO DEVELOPMENT ON NORTHERN ABORIGINAL COMMUNITIES?

The Government of Manitoba and Manitoba Hydro have entered into agreements with all First Nations (Indian Bands) affected by the Churchill River Diversion (CRD) and Lake Winnipeg Regulation (LWR) projects that address the adverse effects of those two initial projects. These agreements include the right of any of the First Nations or their members to bring claims to an Arbitrator for any adverse effects of the projects. The Arbitrator can make binding awards including determining compensation. These agreements also include a "reverse onus" clause, meaning that any claim brought forward by a First Nation for adverse effects of the Project are assumed to have been caused by the project unless Manitoba Hydro proves otherwise.

Since completion of the Governor's Task Force on Global Warming, the affected First Nations have entered into agreements with Manitoba Hydro for equity and partnership rights in new hydro projects as well as training, employment and direct construction contracts. These agreements have been approved through referendum votes by each of the First Nations involved in the agreements.

WHAT ARE THE ENVIRONMENTAL ASSESSMENT REQUIREMENTS FOR NEW HYDROELECTRIC PROJECTS IN MANITOBA?

All new projects require both an interim license and an Environmental Act license. A full environmental impact assessment is required as well as consultation with Aboriginal communities prior to the issuance of licenses.

SHOULDN'T FINAL LICENSES BE REQUIRED FOR NEW PROJECTS BEFORE POWER FROM THEM CAN BE COUNTED AS A RENEWABLE ENERGY SOURCE?

Hydroelectric projects in Manitoba are put in service under operating licenses until a final license is obtained. Before a final license is issued there is monitoring of environmental conditions such as water levels and flows of the projects that are conditions set in the license. Unlike the two initial projects (described above), new hydroelectric projects in Manitoba require a full environmental impact assessment before projects can be constructed. Manitoba Hydro has indicated that final licenses will be requested within five years of final project in-service.

HOW ARE THE FIRST NATIONS INVOLVED IN THE NEW PROJECTS?

The Nisichawayasihk Cree Nation is an equity partner in the Wuskwatim Hydro project and has the option to own up to 33% of the project. The agreement they have also provides for training, employment and direct negotiated business contracts related to project construction. Since construction of the Wuskwatim began in 2006, half of all project hires have been Aboriginal people.

In addition, Manitoba Hydro has entered into joint development agreements with 4 other First Nations on the Keeyask hydro project with terms very similar to the Wuskwatim project.

At these project sites, all efforts are being undertaken to respect Aboriginal culture and heritage including building temporary cultural museums in which all employees at the hydro construction sites must attend in order to gain understanding of the Aboriginal culture and way of life. Traditional Aboriginal ceremonies and rites also occur at all development projects.

Tribal votes to accept these project agreements have taken place and they have been approved by the communities of the First Nations.

WON'T THE PURCHASE OF ENERGY FROM MANITOBA HYDRO INHIBIT GREEN JOB CREATION IN WISCONSIN?

Under the recommendations of the Governor's Task Force on Global Warming, any energy purchased from Manitoba Hydro cannot count toward meeting Wisconsin's current Renewable Portfolio Standard (RPS) of 10%. The Task Force calls for an enhanced RPS of

25% by 2025 with 10% of that coming from in-state sources so energy from Manitoba Hydro cannot count toward meeting that 10% in-state goal either.

Further, the Task Force calls for development of small-scale renewable energy within Wisconsin and requires Wisconsin utilities to purchase this energy at favorable terms. Energy from Manitoba Hydro would not count under this program.

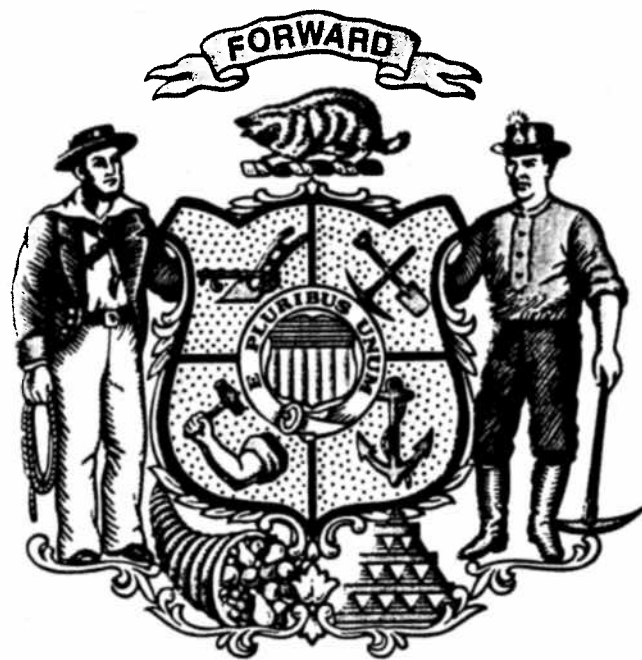
Also, it should be remembered that there was more to the Task Force's goals than just job creation. In fact, the primary goal of the Task Force was to reduce greenhouse gas emissions and preserve our environment.

Lower cost renewable and emission-free energy will help us preserve and enhance critical manufacturing jobs here. Wisconsin's manufacturing base is heavily dependent upon energy and energy costs are a main driver in keeping our companies competitive. If we can supply them with a lower cost, carbon-neutral energy source we will protect jobs in this state. If Wisconsin does not take advantage of this opportunity, these benefits will go to other states.

Finally, Manitoba is a significant Wisconsin trading partner, with jobs created on both sides because of that relationship. Wisconsin recently signed a Memorandum of Understanding with Manitoba promoting growth through collaboration, commercialization and bilateral trade.

ARE THERE FISH ADVISORIES AGAINST EATING FISH IN MANITOBA DUE TO MERCURY POLLUTION FROM THE HYDRO PROJECTS?

No



**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Quadrennial Planning Process

Docket No. 05-GF-191

COMMENTS OF THE JOINT PUBLIC INTERVENORS ON PHASE TWO ISSUES

The Joint Public Intervenors (JPI), composed of Clean Wisconsin, the Citizens Utility Board and RENEW Wisconsin, appreciate the opportunity to comment on the issues raised by the Commission in its Notice of Investigation dated October 23, 2009 (Notice), in the above entitled docket.

Introduction

This docket initiates the first Quadrennial Planning Process required by Wis. Stat. § 196.374(3)(b)1. This planning process recognizes that energy efficiency and customer-sited renewable resources (hereinafter collectively referred to as “energy efficiency”) are crucial resources to address rising energy costs and the risks of global warming. Cost-effective energy efficiency savings result in lower future societal, economic, environmental and utility costs; lower average customer bills; a more robust state economy; and the mitigation of financial and other risks for utility customers. Therefore, aggressively pursuing energy efficiency savings is in the public interest.

The overall objective of the Quadrennial Planning Process energy efficiency initiative should be to capture all cost-effective energy saving opportunities. The energy efficiency savings goals and corresponding budgets that will be set in this proceeding are an important step toward achieving this overall objective. However, simply setting an ambitious savings goal for energy conservation and efficiency will not by itself ensure that the multiple benefits of cost-

effective energy savings are in fact attained. There is also a compelling need for an effective framework to develop other processes and policies that align such goals and budgets with the ultimate objective of capturing all cost-effective energy saving opportunities. This first Quadrennial Planning Process provides a forum for the establishment of such policies and practices and allows for the refinement of such policies and practices as real world conditions change over time.

“The Elephants in the Room”

There is more than one way to measure cost-effective energy efficiency savings. Thus, setting appropriate savings goals and corresponding budgets requires policy decisions on: (1) the type of assumptions used in assessing cost-effectiveness; and (2) how savings are counted. The assumptions used will directly affect the type of energy efficiency saving opportunities that can be pursued as well as how much energy efficiency is achievable. How savings are counted, especially to achieve a net savings target (*i.e.*, net to gross attribution), will directly affect whether savings goals can be reached with a particular budget. Therefore, the answers to these policy issues are fundamentally important to setting attainable savings goals as well as ensuring adequate funds to attain those goals.

The Commission’s Notice recognizes the importance of these issues by posing a second set of issues concerning the development of appropriate policies. However, the resolution of these “elephants in the room” will not occur until after the initial recommendations for savings targets and annual budgets are made. Unfortunately, the policy decisions on the type of assumptions and counting issues could alter what goals are achievable or not and any estimate of the expected budgets to attain these goals.¹

¹ For example, using the current method of evaluating gross to net energy efficiency savings in Wisconsin, an aggregate kWh of gross savings in Wisconsin is decreased on average by about 35% to derive net savings. *See*

Thus, in responding to the Commission's first set of questions on goals and budgets, it is necessary to make some assumptions about the policies and practices that will be in place based on responses to the Commission's second set of questions. The comments below assume that Wisconsin's current net to gross attribution adjustment is used at the beginning of the 2011-2014 period and that some time after the start of the period the net to gross adjustment is modified to bring it closer in line with other states. Similarly, these comments assume that the Commission will improve the current inputs used to assess cost-effectiveness which will expand the pool of achievable energy savings.

JPI Responses to the First Set of Issues in the Notice

Issue A -

2a. How should the percentage reduction of future load be determined?

JPI believes that the annual targets for the percentage of future load reductions for this initial quadrennial planning period of 2011 through 2014 should be based on a ramp-up from existing savings achievement. JPI supports the proposed percentage of savings ramp-ups for electric and natural gas savings as set forth in the Governor's Global Warming Task Force (GWTF) Final Report. This proposed ramp-up would increase savings targets for electric usage by 0.25% of load per year above current savings levels, and would increase savings for natural gas usage by .2% to .25% per year above current savings levels. The baseline annual net savings attained by current Focus on Energy programs is approximately 0.5% for electric and 0.3% for

Focus on Energy Evaluation, Semiannual Report (First Half of 2009) Revised Final October 19, 2009 at pp. 2-7, available at http://www.focusonenergy.com/files/Document_Management_System/Evaluation/semiannualreportfirsthalfof2009finalrevisedoctober192009_evaluationreport.pdf. But in Vermont the same aggregate kWh of gross savings is increased by about 9% to derive net savings. See Efficiency Vermont Annual Report 2008, p. 44, available at http://www.encyvermont.org/stella/filelib/2008_Efficiency_Vermont_Annual_Report.pdf. Thus, even though Wisconsin and Vermont offer very similar types of programs, Vermont reports net savings that are approximately 45% higher than those reported in Wisconsin simply because of the decision about how attribution is applied. The Vermont and Wisconsin net to gross attribution adjustment examples highlight the difficulty in simply comparing reported savings in one state to another to establish savings goals and budgets, and the importance of establishing appropriate measurement and evaluation metrics to achieve stated goals.

natural gas. Thus, the proposed ramp-up would result in the following cost-effective overall energy savings targets for the period 2011 through 2014:

	<u>Electric</u>	<u>Natural gas</u>
2011	0.75%	0.5%
2012	1.00%	0.75%
2013	1.25%	1.00%
2014	1.50%	1.00%

The availability of such cost-effective savings is supported by the recent Energy Center of Wisconsin (ECW), Energy Efficiency and Customer-Sited Renewable Resource Potential Study (Final Report, August 2009) (hereinafter “ECW Potential Study”), along with historical achievement in Wisconsin and a consideration of comparable historical savings achievement in other jurisdictions (*see, e.g.*, Meeting Aggressive New State Goals for Utility-Sector Energy Efficiency: Examining Key Factors Associated with High Savings, by Martin Kushler, Dan York and Patti Witte (ACEEE Report Number U091, March 2009).

JPI proposes the GWTF ramp-up for energy savings targets rather than just moving to the maximum achievable savings target identified in the ECW Potential Study for the initial Quadrennial Planning Period for a number of important reasons. First, the Focus on Energy, utility-administered and large customer self-directed programs have historically been resource/budget constrained rather than constrained due to the lack of available cost-effective savings opportunities. Redirecting the focus of such efforts to capturing all cost-effective energy savings opportunities will require time to create an infrastructure and suite of innovative programs capable of achieving such a goal. While time should be of the essence in making such a transition, doing it right should remain of paramount importance. Thus, developing and testing

improved designs allowed by increased funding would be valuable in the early phase of the ramp-up period.

Second, the environment for voluntary energy programs has been substantially changing over the last few years and should be expected to continue to change. On a federal level, more new energy savings equipment standards have been and are expected to be enacted in the next three years than during the preceding two decades. *See, e.g., Kaboom: The Power of Appliance Standards (July 2009) issued by the Appliance Awareness Standards Project and ACEEE.* Federal and state efforts to achieve the continuing improvement of state building codes are also underway (including as a result of GWTF recommendations). While these new codes and standards will result in substantial savings opportunities being captured in a very cost-effective manner, they will also affect the focus of current voluntary program efforts and require the development and testing of new, innovative program designs and policies over the next few years to capture cost-effective savings in other market areas.

The federal government has also distributed substantial funds for increased energy efficiency efforts as part of its actions to mitigate rising energy costs and adverse environmental impacts (including global warming). It is important that these additional funds be integrated with ongoing voluntary energy efficiency programs such as Focus on Energy, to maximize savings. A short ramp-up period provides a valuable opportunity to better assess and assimilate the effect of these new standards and stimulus funded programs on existing voluntary program efforts and to develop and test new innovative voluntary programs that will be appropriate in achieving future savings efforts. *See, e.g., ECW Potential Study at EE-61.*

Third, the operation of budget-constrained energy efficiency programs has masked the need to develop a more appropriate and holistic set of policies and practices to underlie an

aggressive effort to capture all cost-effective energy savings opportunities. Some of these key improvements have been identified in the set of issues presented in the second set of questions in the Notice concerning the appropriate determination of cost-effective opportunities and the appropriate way to measure and evaluate the value of the savings attained. A ramp-up period allows these issues to be addressed to better formulate a set of policies and practices more consistent with the important objective of capturing all cost-effective energy efficiency savings.

Finally, the effect of the current recession in depressing energy usage has created some breathing room to take the time to improve the ability to increase the capture of cost-effective savings both more efficiently and cost-effectively. A short ramp-up period would both recognize the near-term impact of the recession on utility customers while taking advantage of the opportunity to develop more effective and cost-effective energy efficiency programs and initiatives.

2b. How should the projected load be determined?

The preferable source of an electric and natural gas/LP usage and demand forecast for the 2011-2014 period would be a recent forecast made or approved by the Commission. Unfortunately, the effect of the current recession is likely to have undermined prior forecasts made in the Strategic Energy Assessment (SEA). However, the Commission has access to other historical and forecast information from which it could establish a reasonable estimate of expected load over the this first quadrennial period. In addition to historical sales/usage information and the 2010 sales estimates established in recent rate cases, each of the five major investor-owned utilities have recently filed construction applications that provide recent electric usage and demand forecasts that would cover the period 2011-2014.² This information,

² See, e.g., Docket No. 05-CE-138, Joint Application of Wisconsin Power and Light Company, Wisconsin Public Service Corporation, and Madison Gas and Electric Company for a Certificate of Authority to Install Emissions

especially the recent utility forecasts, should be reviewed by the Commission and revised as appropriate to form the projected load forecast for the establishment of energy efficiency targets and budgets. Recent historical sales information as well as recent rate cases would provide information on natural gas sales to end-use customers as well as provide an estimated trend for gas sales over the quadrennial period. Whatever sources of information are used, it is imperative that the Commission review the data for reasonableness to establish a Commission "approved" forecast for purposes of this proceeding.

2c. How should the annual targets be established?

Mathematically, the annual savings targets should be established by multiplying the annual forecast energy usage and natural gas usage numbers by the prescribed annual percentage reduction target. But to achieve the purpose for and the benefits of a four-year program period, the ultimate target should be the cumulative attainment of the aggregate savings estimate for the four-year period by the end of the period (*i.e.*, in 2014). The annual targets should be treated as indicators as to whether sufficient progress and opportunity exists to actually attain the cumulative target in 2014 and to allow program adjustments to be made as appropriate. Setting hard, equalized annual savings targets that must be met would undermine the flexibility to adapt program efforts as circumstances warrant, while discouraging longer-term initiatives to test more innovative program designs, new technologies and market transformation efforts that may yield limited savings in their initial years but substantial savings over time. Mandatory annual targets would also misallocate resources during a ramp-up period where an important objective is to find

Reduction Systems at the Columbia Energy Center Units 1 and 2, filed April 2, 2009; Docket No. 6630-CE-302, Application of Wisconsin Electric Power Company for a Certificate of Public Convenience and Necessity to Construct a Wind Electric Generation Facility and Associated Electric Facilities, to be Located in the Towns of Randolph and Scott, Columbia County, Wisconsin, updated load forecast filed in August 2009; and Docket No. 4220-CE-169, Northern States Power Company - Wisconsin, an Xcel Energy Company, Request for Approval to Construct a Biomass Gasifier at its Bay Front Generating Facility, filed February 23, 2009.

more effective means to achieve the higher savings target at the end of the four-year period and in the future.

2d. How should the emphasis between energy usage and demand savings targets be established over the four-year period?

Consistent with the Commission's initial findings in Phase 1 of this process, energy usage savings should be emphasized over demand savings. Aggressive efforts to save energy will result in significant reductions in greenhouse gas emissions while also achieving demand savings (e.g., from lighting savings). A potentially useful demand reduction target would be a goal to reduce projected demand over the period by some percentage, especially if it was included with additional demand response and improved rate design initiatives supported by the Commission. This demand reduction target would best be established after identifying the programs to achieve the energy savings target so that the effect of these energy saving efforts on reducing peak demand could be better estimated. Opportunities to achieve additional peak demand savings, especially for measures where energy savings would not provide the primary justification for cost-effectiveness, should be included in the overall portfolio of programs to establish a peak demand savings target. This result would best be attained through the interaction of the Focus on Energy Administrator, SEERA and Commission staff rather than set in this proceeding.

2e. Please include two goals, one based on current funding and one assuming the funding will be determined by the goals that are established. Also indicate whether the goals you recommend are gross or net.

The savings targets proposed by JPI are net rather than gross goals. Net savings are important because they require program planners to design programs to capture savings that would not otherwise have been expected to occur without the presence of the program. However, deriving net savings from gross savings is especially difficult when program efforts are part of a larger array of diverse initiatives to achieve increased energy savings. In this

increasingly common situation, we are concerned that the current net to gross attribution practice is more severely applied in Wisconsin than in other states and that such application is not justified.

Twenty-five years ago, when utility programs were just getting started, attribution decisions were easier than they are now because the utility programs were typically the primary means to achieve energy efficiency savings. However, the earlier example of net to gross attribution practice in Vermont compared to Wisconsin highlights the significant impact that this issue has on the cost to attain net savings (and ultimately on the level of net savings able to be attained at an acceptable cost). When there are mutual efforts to overcome the difficult barriers to cost-effective energy efficiency, it is important to encourage such efforts rather than attempt to attain a false sense of precision of being able to isolate attribution to a single, specific program or action.

- *Target Assuming Current Funding Mechanism*

Current levels of funding indicate that Focus on Energy has been able to spend approximately \$85 million per year to achieve approximately 0.5% annual net electric savings and 0.3% annual natural gas savings. While it appears that Focus on Energy may receive a slight increase in funds in 2010 (*i.e.*, up to \$94 million) the impact of the current recession could reduce this funding level starting in 2011 and continuing over the rest of the period if the current funding formula is maintained.

Thus, it is reasonable to believe that maintaining the current funding formula will reduce the funds available to secure cost-effective savings resulting in likely decreases of the overall level of net savings attained over the 2011-2014 period compared to historical results. Given the continuation of existing cost-effectiveness determination and gross-to-net attribution, it is more

likely that the annual electric net savings over the period will decrease to the 0.3-0.4% range and the annual net natural gas savings around 0.2% if the budget is not increased. Even if the current level of funding did not decrease due to the impacts of the recession, it is reasonable to believe that at best only the current levels of net savings would be attained. Thus, relying on current funding levels would result in a substantial loss of societal, utility and environmental benefits, especially since carbon emissions will remain in the atmosphere for thousands of years, aggravating global warming risks.

- *Savings Targets Proposed by JPI*

JPI believes that the ramp-up in net target savings set forth in the response to Question A.2.a establish the appropriate savings targets for the period 2011-2014. If Wisconsin is to truly make cost-effective energy efficiency the first resource to mitigate future energy costs and global warming, it must expand its commitment to capturing all cost-effective energy efficiency. The resources committed to achieve the attainable savings goals for Focus on Energy must be increased similar to those in “leading” states if the overall objectives of this state are to be advanced. See The 2009 State Energy Efficiency Scorecard, ACEEE Report No. E097 (October 2009) at p. 9.

Issue B -

1. Provide the amount and basis for your recommendation on the overall funding level for energy efficiency and renewable resource programs for statewide programs (Focus on Energy, large customer self-directed and utility-administered programs) and voluntary utility programs.

As we noted previously, this is the most difficult question to respond to because the budget needed to achieve the proposed net savings targets is substantially affected by the net to gross attribution policy and practice established by the Commission. Obviously, based on current experience if it is necessary to capture 1.5 gross kWh savings to attain 1.0 net kWh

savings (a net to gross ratio of 0.67), it can be expected to be far more costly to achieve higher net savings goals than it would be if capturing only 1.1 gross kWh savings was sufficient to attain 1.0 net kWh savings (a net to gross ratio of 0.9). For example, given these different net to gross ratios, the \$85 million budget that in part attained a 0.5% net electric usage reduction under current net to gross assumptions would have achieved a 0.675% annual usage reduction if the net to gross ratio had been 0.9.

It is important to be clear that JPI is not suggesting that a change in the current net to gross ratio should be made to create higher net savings at lower cost. That is the potential effect of a change from the current attribution practice not the justification for a change. Rather, as we will more fully explain in our comments to the second set of issues identified in the Notice, the current attribution practice in Wisconsin is more stringent than is justified to achieve the objective of net to gross adjustments and far more speculative in the current environment of multiple, diverse energy efficiency initiatives.³

Within the above context, JPI presents the following major factors it used in estimating budgets to achieve the increased net savings goals proposed for the 2011-2014 period. The three major factors are: (1) the potential for additional economies of scale and potential cost savings from innovative designs and partnerships; (2) the increased costs to attain increased savings as lower-cost savings opportunities are reduced by existing program efforts and new codes and standards; and (3) the uncertainty of where particular energy efficiency savings efforts fall on an inclining cost curve. Based on these three factors, JPI estimates that adequate budgets to attain its proposed net savings targets would be as follows:

³ The current practice also creates an undesirable incentive for a program administrator to minimize participation in integrated efforts or partnerships in favor of go-it-alone programs in the hope of getting a better net to gross attribution.

2011: \$141 million

2012: \$187 million

2013: \$265 million

2014: \$319 million

The basis of these budget estimates are as follows. For 2011, the traditional historical relationship of the cost to acquire a certain percentage of usage remains applicable as increased economies are offset by the increased costs to acquire a higher level of savings. A 10% adder is proposed to avoid jeopardizing program success if this historical relationship does not hold (*e.g.*, if customer incentives need to increase more than anticipated due to lingering effects of the current recession). If this adder is not needed to meet the 2011 target, the funds could be carried forward to meet 2012 budget costs.

For 2012, the assumption is that the historic cost/savings relationship continues but that it will cost 10% more to achieve the increased 2012 target as low-cost savings opportunities become less available. For 2013, the historic relationship is assumed to continue but there is a 25% increase in the cost to attain the increased target due to lower cost savings opportunities significantly diminishing. For 2014, the same assumptions as for 2013 are made but to achieve a higher savings target.

The budget above assumes that Wisconsin's current net to gross adjustment is altered to bring it more in line with other states. If the current net to gross adjustment practice is maintained throughout the entire four-year planning period, JPI estimates that the annual budgets needed to achieve the proposed net savings targets would be at least 25% higher than the estimated budgets shown above.

For the reasons explained in the response to the next question, JPI does not believe that it is valuable to try and estimate potential budgets for voluntary utility programs.

2. *Of the overall funding level, how much should be allocated for statewide programs and for voluntary utility programs?*

The entire amount of the identified funding level should be the sum of statewide programs including Focus on Energy, large customer self-directed projects and utility-administered programs. The funding level for voluntary utility programs should be based on the nature, type and value of the program and determined by the Commission in a utility's application for a voluntary utility program. The Commission should establish the budget for any voluntary utility program outside of the budget established by the Commission for statewide programs intended to achieve specific savings targets. This split of budgets between the Focus on Energy programs and the voluntary programs (which may focus on a market niche) are better developed through coordination with Commission staff with evolving approaches as to how to most effectively achieve savings at a reasonable cost.

3. *Should the Focus on Energy budget be allocated between Residential, Business, Renewable, Environmental and Economic Research and Development in this proceeding?*

No. Wis. Stat. § 196.374(5m) requires that annual Focus on Energy funds be used in a manner that provides an equal opportunity for each customer class of a utility to receive grants and benefits in an amount equal to the amount that is recovered from the class. It is important to ensure the development of opportunities for all customer segments both to achieve all cost-effective savings opportunities and to ensure equity among customers. However, consistent with the use of a four-year program period, the specific annual allocation among customer classes should also remain flexible. The Focus on Energy Administrator, in consultation with SEERA and the Commission, should establish such budgets based on the relative opportunities and

benefits available in the prospective period. The current recession illustrates the difficulty in predicting the context in which to achieve future savings and the importance of being able to adjust budgets and program emphasis in real time to be most effective.

However, JPI does recommend that the current percentage of the Focus on Energy budget allocated to customer-sited renewable energy resource efforts be maintained, and possibly increased, in future budgets. The current cost-effectiveness test and the net to gross factor applied to this program significantly understate the value of customer-sited renewable energy resources. In its comments to the second set of issues in the Notice, JPI will discuss the need for and nature of a more appropriate cost-effectiveness test and a better set of measurable objectives for continuing the customer-sited renewable program.

4. How should the Focus on Energy and voluntary utility budget allocations be established for programs?

JPI does not believe that these budget allocations should be determined in this docket. In the approval process to fund a voluntary utility program under s. 196.374(2)(b)2, the Commission should determine the appropriate funding and budget allocation for such program. The Focus on Energy budget allocations should not be affected by the budget decisions for these voluntary program efforts which should be designed to focus on capturing increased cost-effective savings in niche or under-served markets that the Focus on Energy program is unable to attain.

Issue C -

What rate mitigation strategies are available to the Commission? Should rate impact strategies move beyond calculating the near-term impact of recovering embedded fixed costs and consider the overall potential short-term and longer-term rate impacts from decreased energy efficiency activity? Should rate mitigation strategies consider the potential short-term impact from decreased energy efficiency activity?

Wis. Stat. § 196.374(3)(b)2.a-h requires the Commission to consider a broad array of factors in establishing budgets for Focus on Energy, large customer self-directed programs and utility-administered programs, including potential short- and long-run rate impacts. But it is important to highlight again that capturing all cost-effective energy efficiency savings opportunities (especially those that are time-limited, often called “lost opportunities”) is in the public interest. Anything less than that means that ratepayers will see higher bills than necessary, face significant and unnecessary financial and other risks, enjoy a less vigorous economy and contribute to global warming.

It is also important to acknowledge that Wisconsin has policies in place to mitigate undesirable rate impacts, including for very price-sensitive customers. The existing framework for energy efficiency programs in Wisconsin addresses mitigating rate impacts through the following attributes:

- The programs provide effective savings opportunities to all customer classes and subclasses and address as many end-users as possible within cost-effectiveness guidelines (*i.e.*, the more participants who will immediately benefit from a lower bill, the fewer non-participants);
- The Commission oversight is designed to minimize administrative costs so more funds are spent on direct energy savings;
- The programs include a self-directed option for large energy users as well as a targeted program for those customers with very limited incomes;
- The programs affect markets such as natural gas by reducing the increase in demand resulting in lower costs that are enjoyed immediately by all customers; and
- The eligibility of lower income customers who can receive weatherization and bill assistance has been expanded.

The JPI (and GWTF) proposed ramp-up in energy efficiency efforts will also moderate rate impacts by ramping in the increased costs of meeting higher targets and using the ramp-up time to develop and test improved program designs that may be more effective in achieving significant increased savings but at a lower cost than current estimates may require.

Given the importance of mitigating future societal, energy, utility, environmental and customer costs, it is ultimately worse to forego the timely capture of cost-effective energy efficiency savings opportunities, especially for fossil-fuel generated energy. But it is always desirable to find additional innovative ways to reduce rate pressures (which typically are driven by sources other than energy efficiency), especially on price sensitive customers. Some potential additional approaches are: (1) allowing self-directed customers to have the same flexibility as Focus on Energy in terms of meeting a goal over a four-year period rather than every year; (2) providing increased flexibility to self-directed customers during times of increasing rate pressure to use other funds, such as stimulus funds, to meet their obligations; (3) expanding the means to meet obligations through actions such as repowering old coal boilers with renewable resources; (4) developing new program approaches that can achieve equal or higher net savings at lower costs than the existing portfolio of program approaches; and (5) aggressively seeking funds from sources other than ratepayers (*e.g.*, current stimulus dollars) in recognition of the fact that society as a whole, not just Wisconsin's ratepayers, benefits from increased energy efficiency efforts.

The Commission should also provide resources and support to identify and implement approaches that have fewer rate impacts but do not forgo important savings (*e.g.*, innovative financing programs). The prior budget-constrained approach to funding energy efficiency efforts limited the development of these opportunities.

Finally, the Commission should establish an appropriate method to assess potential rate impacts. That method should address any near- or long-term increase in rates from energy efficiency and compare the potential rate impacts created by relying on higher-cost supply resources in lieu of having pursued lower-cost demand-side management resources. Thus, while JPI agrees that it is always important to find better ways to ensure reasonable rates for Wisconsin customers, those ways should not result in a far greater increase in future costs and risks by forgoing cost-effective energy savings.

Summary

This first quadrennial planning docket will establish an important marker in the necessary effort to mitigate future utility costs and global warming. The best information available indicates that there are substantial cost-effective energy efficiency savings opportunities to be captured and that improvements in technology over time have replenished the supply of such opportunities even as we are mining the savings opportunities made available by existing technologies. While the focus in the near-term should be on developing innovative designs and approaches for voluntary programs, a necessary condition of achieving increased cost-effective energy efficiency savings is the dedication of increased resources. The proposed ramp-up of savings goals and corresponding budgets over the 2011-2014 period will allow for innovative efforts while substantially increasing the capture of cost-effective savings at the same time. This ramp-up will provide the information and momentum to establish the next phase of this effort for the four-year planning period after this one.

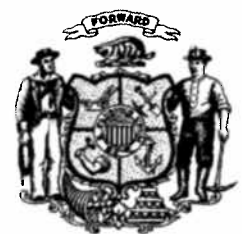
This docket also reveals that the necessary policies, practices and applications must be established if our efforts are to be as effective and cost-effective as they should be for the people who provide the funds. The policy issues on cost-effectiveness and savings attribution raised in

the second set of issues in the Notice affect the attainability of increased targets and the cost to attain them.

JPI urges the Commission to adopt its proposed ramp-up savings targets and budgets for the Focus on Energy program, self-directed programs and utility-administered programs and to establish policies and practices consistent with the more efficient and cost-effective attainment of those goals. The capture of all cost-effective energy efficiency should be a consistent priority supported by adequate resources and policies.



WISCONSIN STATE LEGISLATURE



Cable Repair Bill Basics

This bill improves statewide cable franchising to make the system fairer for union workers, consumers, local governments, rural areas, and PEG channels:

For Union Workers This Bill:

- Requires 90% broadband build out within 18 months. If the company does not comply, it must pay \$20 million into a grant fund for companies that will provide broadband build out.
- + Requires at least one customer service center in Wisconsin.
- + Requires cable outages to be repaired within 24 hours.
- Requires 5 year renewal of franchises.

accountability?

For Consumers This Bill:

- + Transfers franchising authority from Department of Financial Institutions (DFI), which regulates banks, to Public Service Commission (PSC), which regulates utilities.
- + Grants PSC assessment authority to cover franchising costs.
- + Allows PSC to revoke franchise for non-compliance. Establishes additional requirements for video providers, including additional consumer protections.
 - Eliminates provider fee to DFI (\$2,000 <10k subscribers, \$100 subsequent filing) and replaces it with a consumer protection fee: <10k in-state subscribers \$4500, >10K in-state subscribers \$50,000 to PR fund 5 FTE at DATCP.
 - Allows for enforcement of additional consumer protections regardless of number of providers in a service area. i.e. repeals prohibition of consumer protection in areas with 2 or more video service providers.
 - Requires providers to carry WI Eye programming.

Sealite?

For Local Governments This Bill:

- Grants municipalities option of requiring a franchise fee of up to 5% of provider's gross receipts.
- Repeals a provision which allows cable providers to deduct payment for contract work done by municipalities from the fees paid to municipalities.
- Gives municipalities the ability to enforce consumer protection measures.
- Allow the recovery of attorney's fees if local governments or others must bring the cable companies to court to force compliance.

For PEG Channels This Bill:

- Removes Public, Educational, and Governmental (PEG) channels support fee sunset and allows all municipalities the option to require a 1% PEG support fee.
- Requires cable providers to pay for requisite equipment upgrades if the cable providers switch technologies.
- Requires cable providers to carry PEG channels at the visual and audible functionality, accessibility and placement on the dial as broadcast channels.

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did the
change?

- Any questions, call Rep. Hebl at 266-7678