State of Wisconsin
2011 - 2012 LEGISLATURE

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2011 ASSEMBLY BILL 565

February 14, 2012 – Introduced by Representatives HULSEY, POCAN, ZEPNICK, JORGENSEN, RINGHAND, HEBL, MOLEPSKE JR, E. COGGS, ROYS, TURNER, PASCH, BERCEAU, MASON, SINICKI and CLARK, cosponsored by Senators RISSER, HOLPERIN and TAYLOR. Referred to Committee on Energy and Utilities.

AN ACT ***to renumber and amend*** 196.374 (3) (b) 2.; and ***to create*** 196.374 (3) (b) 2. a. to h. and 196.374 (3) (b) 3. of the statutes; **relating to:** spending by certain electric and natural gas public utilities on energy efficiency, conservation, and renewable resource programs.

Analysis by the Legislative Reference Bureau

Current law requires the Public Service Commission (PSC) to require investor-owned electric and natural gas public utilities to spend 1.2 percent of their annual operating revenues on certain energy efficiency, conservation, and renewable resource programs. Subject to the approval of the Joint Committee on Finance (JCF), current law allows the PSC, until January 1, 2012, to require that such utilities spend a greater percentage of their annual operating revenues on such programs. The PSC may require a greater percentage based on its consideration of the following factors: 1) studies of the potential energy-efficiency improvements that could be made in the state; 2) the potential short-term and long-term impacts on electric and natural gas rates; 3) alternatives for mitigating such impacts; 4) the impact on the continuation and effectiveness of existing energy efficiency and renewable resource programs; 5) the impact on the reliability and adequacy of systems for the generation and transmission of electricity and the transmission of natural gas; 6) societal impacts; 7) the potential for displacing or delaying construction of electric generating plants and transmission lines; 8) economic impacts that are likely to accrue from reducing expenditures on coal, natural gas, fuel oil, and other fossil fuel imports; and 9) any other relevant factors. The PSC must submit a proposal for a greater percentage to JCF. If the cochairpersons of JCF do not notify the PSC within ten working days after submission of such a proposal that JCF has scheduled a meeting to review the proposal, the PSC may require that the utilities spend the greater percentage. If the cochairpersons of JCF do notify the PSC within ten working days after submission of such a proposal that JCF has scheduled a meeting to review the proposal, but JCF does not object to the proposal within 90 days of providing the notification to the PSC, the PSC may require that the utilities spend the greater percentage. However, if JCF objects to the proposal within such 90–day period, the PSC may not require that the utilities spend the greater percentage.

Effective January 1, 2012, the 2011 executive budget act repeals the provisions of current law that allow the PSC to require the utilities to spend a greater percentage on the programs. As a result, after January 1, 2012, the PSC must require the utilities to spend 1.2 percent of their annual operating revenues on the programs. This bill eliminates that repeal. Under the bill, after January 1, 2012, the PSC may, based on the factors described above and subject to JCF approval as described above, require that the utilities spend a greater percentage of their annual operating revenues on the programs.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 196.374 (3) (b) 2. of the statutes, as affected by 2011 Wisconsin Act 32, is renumbered 196.374 (3) (b) 2. (intro.) and amended to read:

196.374 **(3)** (b) 2. (intro.) The commission shall require each energy utility to spend 1.2 percent of its annual operating revenues to fund the utility's programs under sub. (2) (b) 1., the utility's ordered programs, the utility's share of the statewide energy efficiency and renewable resource programs under sub. (2) (a) 1., and the utility's share, as determined by the commission under subd. 4., of the costs incurred by the commission in administering this section. Subject to approval under subd. 3., the commission may require each energy utility to spend a larger percentage of its annual operating revenues to fund these programs and costs. The commission may make such a requirement based on the commission's consideration of all of the following:

SECTION 2. 196.374 (3) (b) 2. a. to h. of the statutes are created to read:

196.374 **(3)** (b) 2. a. Studies of potential energy–efficiency improvements that could be made in this state, including at least one study completed within the preceding 2 years that provides a prospective 5–year and 10–year estimate of such potential that is cost–effective.

b. The potential short–term and long–term impacts on electric and natural gas rates and alternative means to mitigate such impacts.

c. The impact on the continuation and effectiveness of existing energy efficiency and renewable resource programs, and the ability of such programs to capture time–limited and cost–effective energy–efficiency opportunities.

d. The impact on the reliability and adequacy of systems for the generation and transmission of electricity and the transmission of natural gas.

e. Societal impacts.

f. The potential for displacing or delaying construction of electric generating plants and transmission lines.

g. Economic impacts that are likely to accrue from reducing state and private expenditures on coal, natural gas, fuel oil, and other fossil fuel imports.

h. Any other relevant factors.

SECTION 3. 196.374 (3) (b) 3. of the statutes is created to read:

196.374 **(3)** (b) 3. The commission shall submit to the joint committee on finance any proposal to require each energy utility to spend a larger percentage of its annual operating revenues than the percentage specified in subd. 2. (intro.) to fund the programs specified in subd. 2. (intro.). If the cochairpersons of the committee do not notify the commission within 10 working days after the commission submits such a proposal that the committee has scheduled a meeting to review the proposal, the commission may require each energy utility to spend the percentage specified in the proposal. If, within 10 working days after the commission submits a proposal, the cochairpersons of the committee notify the commission that the committee has scheduled a meeting to review the proposal, but, within 90 days of providing the notice, the committee does not object to the proposal, the commission may require each energy utility to spend the percentage specified in the proposal. If, within 90 days after providing the notice, the committee objects to the proposal, the commission may not require each energy utility to spend the percentage specified in the proposal.

SECTION 4. Effective date.

(1) This act takes effect on January 1, 2012, or on the day after publication, whichever is later.

(END)