



Customers First!
Plugging Wisconsin In

**Customers First! Coalition (CFC) Supports SB 459
February 21, 2006**

CFC supports SB 459, as modified by Senate Substitute Amendment 1, and the simple amendment authored by Senator Cowles. The bill as amended is an important step toward integrating efficiency and renewable energy into our state energy policy and Senator Cowles and Rep. Montgomery should be recognized for the extensive work that went into the bill before you today.

In the late 1990's the state faced an electric power reliability crisis that threatened many areas of the state with rolling blackouts. Since that time, the Legislature has responded by passing a series of proposals¹ that are helping bring Wisconsin back from the brink of severe reliability problems. The previous efforts of Legislators have resulted in important revisions to our state's energy policies. However, while much has been achieved, CFC thinks the role of energy efficiency and renewable energy is among the most important energy policy issues that still need to be addressed.

By updating and strengthening state policies that promote cost-effective efficiency and conservation measures and greater use of renewable energy, the bill will make our state more able to manage the costs of modernizing our state's energy infrastructure, help customers and utilities guard against the volatility of fossil fuel costs, and mitigate the impacts of energy production on Wisconsin's environment.

It was out of a concern for bringing more balance to our state's energy policy that CFC members joined with other energy stakeholders as part of the Governor's Task Force on Energy Efficiency and Renewables. Eight members of CFC served on the 25 member task force – a broadly based group of customer groups, utilities, business, labor, cooperatives, municipal providers, and legislators from both parties. CFC supports the bill before you today because it retains the essential ingredients of the task force consensus.

- **Funding security for the State's energy efficiency programs**

A goal that all stakeholders share is creating funding security for programs that promote energy efficiency and renewable energy. In recent sessions, state budgets have diverted over \$100 million that was raised from ratepayers to fund efficiency and renewable efforts. The substitute amendment proposes an effective option for removing public

¹ 1997 Wis Act 204 (Reliability Act), 1999 Wis Act 9 (Reliability 2000), 2001 Wis Act 16 (Leased Generation PTF 2), 2003 Wis Act 31 (Generation Siting Incentives), 2003 Wis Act 89 (Utility Siting Streamlining), 2003 Wis Act 152 (Environmental Trust Fund Financing), 2005 Wis Act 7 (Ratemaking Principles for New Power Plants), 2005 Wis Act 24 (Transmission Siting), 2005 Wis Act 29 (CPCN Process Revisions)

benefits funds from the state budget process and assuring that they are directed to cost-effective efficiency and renewable energy efforts.

- **Expanded contributions from renewable energy sources**

The substitute amendment retains the consensus goal of increasing the state percentage of renewable energy serving Wisconsin's electricity needs to 10% by 2015. The substitute will accomplish this with a strengthened Renewable Portfolio Standard (RPS) and a state initiative to purchase renewable electricity for its own operations. The substitute amendment also keeps important ratepayer protections that would be used if the RPS standard would add unreasonable costs to ratepayers. Wisconsin's reliance on imported fossil fuels is making it more important that the state have renewable energy options.

- **Efficiency and renewable policy coordination and regulatory certainty**

The State's policies on energy efficiency and renewables currently combine statutory directives with PSC case-by-case decision making. The substitute amendment will better organize state policy by placing efficiency and renewable policy under the management of the PSC. At the same time, Wisconsin electricity providers will have a clear understanding of their responsibilities for efficiency and renewable objectives, and greater regulatory certainty in the permit proceedings required for future construction projects.

Recent sudden increases in electric prices have many causes. Some we hope are temporary, like the impact hurricanes have had on natural gas supplies, but other factors will persist. As Senators have often been reminded, Wisconsin is in the midst of a cycle of energy infrastructure construction brought on by the threats to reliability that occurred in the late 1990's and the increasing demand for electricity in our state. New power plants and transmission facilities are being added at significant cost to customers. CFC believes that some of the pressures on electric rates can be moderated by a more determined commitment to energy efficiency and renewable energy. Senate Bill 459 may not provide answers to all emerging energy issues, but we do think the bill could be one of our best next moves in state energy policy.

CFC is a broad-based alliance representing Wisconsin customer, environmental, labor, business and low-income groups, Wisconsin municipal and cooperative utilities and Madison Gas & Electric Company. Since 1996, the coalition has advocated for energy policies in Wisconsin that preserve the state's historically safe, affordable, reliable and environmentally responsible electricity. For more information, see www.customersfirst.org