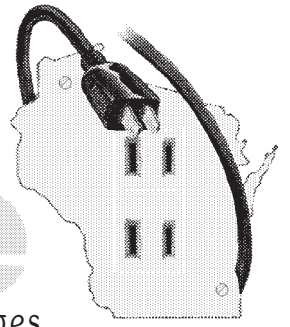


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First! the Wire

Plugging you in to electric industry changes



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Carbon-capture success reported

An experimental project at a southeastern Wisconsin power plant has succeeded in removing 90 percent of carbon dioxide from the plant's smokestack emissions, according to WE Energies and its French partner Alstom.

A statement released in October by WE Energies said the success was recorded in a pilot project testing an advanced chilled ammonia process. Testing has been underway since early last year and will conclude by the end of this year, company officials said.

The company said its experiments have confirmed the predicted performance of the technology at an operating power plant and have "demonstrated the fundamental viability of the carbon capture technology in real-world conditions such as changes in temperature and humidity, the inevitable starts and stops of a large power plant, and the environmental hurdles that go along with using any chemical process."

Alstom is involved in 10 demonstration projects in six different countries. 

Few to choose from, few choose

A recent headline in a newsletter that cheerleads for electric utility restructuring caught our eye by proclaiming a few hundred Pennsylvania residents had joined the ranks of those shopping for retail electricity. We hadn't checked on Pennsylvania for a while

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Rates spawn unrest south of the border

Remember Ameren Illinois, one of the two utilities that had to give big refunds to customers a couple of years ago to cool off an Illinois Legislature furious over rate increases? It's back for another rate hike and drawing heavy fire.

Ameren is asking regulators for a \$226 million rate increase. Consumer groups and members of the Illinois Legislature have turned out to protest.

We last heard of the company here when it, along with the Commonwealth Edison division of Exelon, agreed to roughly a billion dollars in refunds to customers as part of a deal to keep the Legislature from re-imposing caps on retail rates that had been in place for 10 years.

When those caps expired in 2007, utilities came along with massive rate hikes that triggered a political firestorm in Illinois.

Now Ameren says it's trying a strategy of smaller rate hikes


occurring more often, and cites the increased cost of materials as the necessity driving the current proposal. The company obtained a \$162 million rate increase last year.

The Illinois Citizens Utility Board (CUB) isn't going along. CUB Communications Director Jim Chilsen was quoted in the *Peoria Jour-*

nal Star saying, "Somebody needs to tell Ameren executives that Illinois consumers are not their own personal ATM."

At the end of September CUB rolled out a study performed by a Madison utility consultant, ranking the efficiency of Ameren's operations among 115 utilities nationwide.

The study examined two major areas of 2008 operations and maintenance costs, administrative and general expenses, and distribution and customer-care expenses. It measured each utility's costs in those areas against what other utilities spent, based on average annual cost benchmarks over the three prior years.

Of the 115 utilities examined, Ameren's efficiency ranked in the bottom third. State regulators are expected to make their decision on the rate hike next spring. 



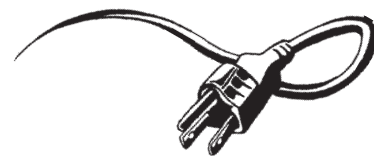
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, and an investor-owned utility. *Customers First!* is a coalition dedicated to preserving Wisconsin's reliable and affordable electricity.

If you have questions or comments about THE WIRE or the *Customers First!* Coalition, please call 608/286-0784.



KEEPING CURRENT

With CFC Executive Director Matt Bromley



Two years ago, governors from Midwestern states and the premier of Manitoba held a summit in Milwaukee in which they agreed to work together on a strategy that “*maximizes the energy resources and economic advantages of Midwestern states while reducing emissions of atmospheric CO₂ and other greenhouse gas emissions.*” A significant part of this event was an agreement to pursue a regional cap-and-trade system to help curb emissions. Fed up with inaction at the federal level, the governors said at the time that it was important for states to move ahead and take the lead on crafting their own cap-and-trade system and other responses to climate change.

Since the 2007 summit, several advisory groups have been working to develop policy recommendations to carry out the objectives agreed upon in Milwaukee. The recommendations were presented last month at a forum in Detroit sponsored by the Midwestern Governors Association, but none included a regional cap-and-trade program. At the forum, Governor Doyle explained that plans for a regional cap-and-trade system are not as urgent as two years ago because Congress and the current administration are moving ahead with a national program.



Bromley

Even without cap-and-trade, the “Energy Roadmap,” as the recommendations are collectively called, offers some ambitious goals and strategies for the Midwest states to consider. For example, an energy efficiency standard is recommended that would achieve 2 percent annual savings in electricity use and 1.5 percent annual reduction in natural gas use by 2015 and continue with these reductions every year thereafter. To help energy providers meet these targets, the Roadmap recommends that state regulations be changed to remove the financial disincentives involved when utilities see sales decrease from energy efficiency measures. There are also recommendations that states adopt residential and commercial building codes that meet or exceed the national model energy codes and require state government buildings to reduce energy consumption by 15 percent by 2015, 20 percent by 2020, and 25 percent by 2025.

In the area of renewable energy, the Roadmap recommends that states enact renewable energy standards so that 10 percent of electricity consumed in the region comes from renewable sources by 2015 and 30 percent by 2030. In addition, studies and efforts to coordinate investment and planning of a regional transmission system should continue so that the excellent wind resources in the Midwest can efficiently and cost-effectively be integrated into the grid. Recommendations were also made to spur the development of carbon capture and storage and enhance the use of biomass and other low carbon fuels.

More information about these recommendations and the energy initiatives of the Midwest Governors Association can be found at <http://www.midwesterngovernors.org/Energy.htm>. 


Watts brewing

It isn't a question, really. The City Brewery in La Crosse has figured out how to generate electricity with gas it recovers from pretreatment of wastewater from the brewing process. As of October, the energy has been helping to power operations at two area medical facilities.

Gunderson Lutheran, a major provider of medical services in the area, owns the system that captures methane from the wastewater treatment system—gas that had previously been burned off as waste.

The plan is to use various techniques to

make Gunderson Lutheran energy independent within five years. It's anticipated the facility at City Brewery will contribute about three million kilowatt-hours annually—roughly 8 percent of the electricity used at Gunderson Lutheran facilities in La Crosse and nearby Onalaska.

The system purifies biogas that's a by-product of the brewery's wastewater pretreatment. The purified product, methane, is then recycled to fuel the treatment process and the electricity produced is sold into the Xcel Energy power grid that serves the area. 

Report: Generation plummeted Since '08

The U.S. Energy Information Administration (EIA) reported last month it had recorded a twelfth consecutive month of net U.S. electric generation being less than the corresponding calendar month the preceding year.

Statistics released late in October by the EIA show net U.S. electricity generation for July dropped 7.6 percent compared with July 2008.

Two factors were identified: a 13.1-percent drop in industrial production compared with the same month last year (reported by the Federal Reserve) and the National Oceanic and Atmospheric Administration's (NOAA) residential energy demand temperature index showing consumption more than 13 percent below average.

The EIA said NOAA attributed the low energy consumption to "temperatures that were cooler than average in the northeast."

July is the latest month for which statistics are available from the EIA, a division of the U.S. Department of Energy.

The report showed consumption of coal for power generation in July was down 13.8 percent compared with the same month in 2008. The only fuel type listed as seeing increased use was petroleum coke, up 2.2 percent but a minor component of the electric generation fuel mix. 💡

Few choose

Continued from front page...

so we took a look.

Pennsylvania has been the object of continuing interest because it was one state where retail electric competition actually got off to a quick start back in the 1990s. After a while, however, rising fuel prices and the usual political interventions to make the results of restructuring appear economically favorable for customers took their toll.

The state's Office of Consumer Advocate helpfully makes quarterly statistics available, so when we saw in October that some 400 Pennsylvanians had become active electricity shoppers during the preceding quarter, we consulted the long-term record to put things in perspective.

On October 1, 1999, there were 479,000 Pennsylvania electricity customers being served by an alternative supplier they had chosen on the

History lessons

Customer anger over pending Ameren rate hikes is focusing attention on renewed efforts to spark retail competition in Illinois residential markets. Will it be a rehash of old mistakes, or have lessons been learned?

According to a story in the *St. Louis Post-Dispatch* (Ameren is based in Missouri), some Illinois lawmakers and energy providers think the competition for residential electricity customers' business that never really materialized as a result of the state's 1997 restructuring law is just around the corner.

Illinois State Rep. Thomas Holbrook (D-Belleville), who serves on energy-related committees, says things should kick off within a year, according to the *Post-Dispatch*.

Bills passed two years ago sought to stimulate competition for residential accounts. One requires the incumbent utility to handle billing of customers who buy their actual electricity from someone else and also retain the incumbent's responsibility for collecting past-due bills and disconnecting customers when collections fail.



Kolata

More recent legislation allows local municipalities to aggregate residents and buy power on their behalf through the Illinois Power Agency, a relatively new entity formed initially to buy power on behalf of investor-owned utilities—which, as is typical in restructured states, don't get to own generation facilities.

Four electricity providers are registered with the state to compete in the Ameren service area, but only one, BlueStar of Chicago, has made indications that it might soon enter the market, and company officials won't say definitively whether that will happen.

Much of the problem stems from earlier legislative efforts to make all customers feel like winners. Rate caps imposed in 1997 held retail prices below wholesale prices, for all practical purposes mandating financial losses and driving alternative suppliers away from the market.

Oddly enough, an idea CUB Executive Director David Kolata says could offer customers some hope of getting a price break is a program offered by Ameren itself: an hourly pricing plan that lets customers use power in off-peak hours when it doesn't cost the utility as much to obtain.

"Studies have shown small reductions in peak usage can lead to big cuts in prices," Kolata said, according to the *Post-Dispatch*. 💡

open market. Five years later there were 426,000 and five years after that, October 1, 2009, the number of Pennsylvania customers exercising their right to choose an alternative power provider had shrunk to 164,000. That, of course, includes the 400 recently trumpeted by the restructuring advocates.

The numbers include commercial and industrial customers but throughout the 10-year period the percentage of residential accounts reflected in the shopping numbers has hovered within a point or two of 80.

One thing on the horizon might stimulate more people to go shopping in the near future.

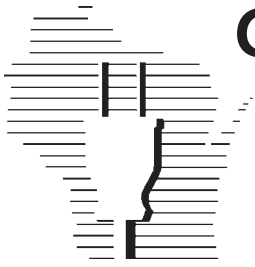
Allentown-based PPL has announced its residential rates will shoot up 30 percent in 2010, something the company has long predicted would coincide with the expiration of legislated rate caps. Allentown's *Morning Call* reported last month that a typical home would end up paying almost \$380 more for electricity

next year, compared with 2009.

One company, Virginia's Dominion Energy, has announced it will undercut PPL's rates by 10 percent for the first 5,000 customers who sign up. Two other companies have state authorization to provide power in the PPL service area, but they say they haven't decided whether to enter the market or not. 💡

Energy saver tip

It's November: Time to start thinking about cooking big turkeys—but not everything needs your largest appliance and there are energy savings to be had by using a toaster oven or microwave instead of a standard-size oven. And planning a few days ahead can allow for thawing some frozen items (*not vegetables!*) slowly in the refrigerator with zero additional energy use and a better-finished product in the bargain. 💡



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Be sure
to check out the
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web site at



www.customersfirst.org



Quotable Quotes

“Ameren has misused our money, and now, at the worst possible time for a rate hike, wants consumers to foot the bill for its bad decisions.”

—Illinois Citizens Utility Board Executive Director David Kolata announcing a study that claims Ameren Illinois is among the nation's “most wasteful” power companies, as quoted in a CUB news release September 30, 2009

Help us share our messages with others. If you know of businesses or organizations that would like to learn more about protecting Wisconsin's reliable and affordable electricity, please feel free to copy and share with them all or part of this newsletter, or you can call 608/286-0784 to arrange an informational meeting.

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