

**2013 DRAFTING REQUEST**

**Bill**

Received: 2/12/2014 Received By: mkunkel  
 Wanted: As time permits Same as LRB:  
 For: Katrina Shankland (608) 267-9649 By/Representing: Annika Petty  
 May Contact: Drafter: mkunkel  
 Subject: Public Util. - energy Addl. Drafters:  
 Extra Copies: EVM

Submit via email: YES  
 Requester's email: Rep.Shankland@legis.wisconsin.gov  
 Carbon copy (CC) to:

**Pre Topic:**

No specific pre topic given

**Topic:**

PSC studies on energy storage and solar thermal devices

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mkunkel 2/12/2014	csicilia 2/12/2014	rschluet 2/12/2014	_____			
/1				_____	lparisi 2/12/2014	mbarman 3/17/2014	State

FE Sent For:

→ At Intro.

<END>

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/? mkunkel 1 cjs 2/12/14 [Signature] \_\_\_\_\_  
2/12/14 \_\_\_\_\_

FE Sent For:

<END>

## Kunkel, Mark

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**From:** Rep.Shankland  
**Sent:** Thursday, February 06, 2014 9:11 AM  
**To:** Kunkel, Mark  
**Subject:** RE: Draft review: LRB -4143/P1 Topic: PSC studies on energy storage and solar thermal devices

Mark,

Below are some edits to this bill and the answers to the questions in your drafting notes. Please let me know if you have any questions!

\*Call this a Value of Solar Tariff (VOST) and include it in the title of the bill

1. ~~Change intent of bill from "require utilities" to "may allow" utilities to apply for a VOST~~
2. Can the VOST part of the bill be a standalone bill, and can the two studies be one bill?
3. PSC deadline for energy storage device study and solar thermal device study: completed and reported to legislature by January 1, 2015
4. Yes, require PSC to submit completed studies to the legislature
5. Cost can be covered under s. 20.155 (1) (g)
6. Specify that the PSC must develop the methodologies to determine the value of solar, and they must include the following: the value of energy and its delivery, generation capacity, transmission, capacity, transmission and distribution losses, and environmental value
  - a. The PSC must open their methodology and VOST calculations up to public comment for no less than 90 days
  - b. Once approved by the commission, an investor owned utility MAY (not should) file a VOS tariff with the PSC that appropriately applies the methodology established by the PSC – as an alternative to net metering agreements
  - c. PSC must approve VOST application by investor-owned utility and should be handled in the same way net metering agreements are handled by the PSC
  - d. VOST is an alternative to net metering and utilities that apply to the PSC to use VOST and are approved would replace net metering agreements with customers
7. Keeping it so that the customer can only keep the credit no longer than a year is the correct intent (to eliminate the administrative burden of trying to track the credits to apply to bills over the years)
8. The intent of the 20-year "contract" is to provide a guarantee of the rate, or the value of solar tariff, for both the customer and the utility over a 20-year period. The contract would be between the utility and customer and would specify that as long as the customer was generating solar energy over that 20-year period, the agreed-upon tariff/rate would hold for that 20 years – though it would not require the customer to generate solar energy that whole time if they change ownership or end generation of solar energy (for example, the utility could not have recourse for the customer violating the contract 16 years in if for some reason something happened to their solar PV system and they took it down). I don't think the contract would need to contain anything other than the guarantee of the rate for the solar energy generated by the utility customer and the aforementioned – but let me know if that is a problem.
9. Yes. Customers are billed for all electricity usage under their existing applicable tariff/rate and are credited for the solar electricity they produce under the approved VOS tariff. Utility's retail rate = the current retail rate the utility provides to customers generating their own energy through net metering agreements. Three-year period would be three years back from the day the customer intends to enter into a contract with the utility for the value of solar tariff.
  - a. With this language, would there be a way to manipulate net metering agreements in order to lower the retail rate so that when entering into a tariff contract, the retail rate would be lower than the average value it has historically been in order to put VOST at a distinct advantage over net metering for the

utility, but not the customer? If so, please add in language prohibiting that rate manipulation in order to alter the value of solar tariff. The value of solar tariff should not be vastly under the rate established per net metering agreements – this should be beneficial for both the utility and the customer.

10. The cost of recovery for utilities should be balanced with the actual value the additional generation provides them. This should be covered through the PSC methodology of calculating the VOST and having the investor-owned utility apply for a VOST to use in the place of net metering agreements.
11. Can you explain to me the intention of Section 5? Is this part of statute that says the PSC may not increase the RPS for the investor-owned utilities?

Thank you,

Annika

**Annika L. Petty**

Office of Rep. Katrina Shankland

71<sup>st</sup> Assembly District

(608) 267-9649

[apetty@legis.wisconsin.gov](mailto:apetty@legis.wisconsin.gov)

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**From:** LRB.Legal

**Sent:** Friday, January 31, 2014 12:06 PM

**To:** Rep.Shankland

**Subject:** Draft review: LRB -4143/P1 Topic: PSC studies on energy storage and solar thermal devices

**Following is the PDF version of draft LRB -4143/P1 and drafter's note.**



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-4143/P1

MDK:cjs:rs

5 days

FRIDAY

O-NOTE

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

64 fri  
2-14  
in 2-12

- 42601  
RM NOT  
RNN

gen cat

1 AN ACT to amend 196.025 (1) (c) 1. and 196.378 (4m) (a); and to create 196.025  
2 (7), 196.025 (8) and 196.378 (4j) of the statutes; relating to: utility purchases  
3 of electricity generated by solar facilities of customers and Public Service  
4 Commission contracts for studies of energy storage and solar thermal devices.

**Analysis by the Legislative Reference Bureau**

This bill requires the Public Service Commission (PSC) to require each retail electric utility to file tariffs for the utility to purchase electricity generated by solar facilities with a capacity of one megawatt or less that are located on the premises of the utility's customers. The PSC must approve a tariff that satisfies specified requirements. First, a tariff must establish kilowatt hour rates for purchases that allow the utility to recover the cost of providing service, but that also take into account any cost savings to the utility that result from the purchases. Second, a tariff must require that customers sell electricity generated by solar facilities to the same utility which provides service to the customers. Finally, the tariffs must satisfy certain requirements for crediting customer bills for net inputs to the utility's system that result from purchases.

This bill ~~also~~ requires the PSC to contract for a study to analyze the costs and benefits of installing at residential and commercial properties energy storage devices that are managed by public utilities serving the properties. The study must also analyze the legal and economic barriers to such installation. In addition, the bill requires the PSC to contract for a study to analyze the costs and benefits of installing solar thermal devices at such properties. Upon completion of the studies, the PSC must submit reports on the studies to the legislature.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 SECTION 1. 196.025 (1) (c) 1. of the statutes is amended to read:

2 196.025 (1) (c) 1. In a proceeding in which an investor-owned electric public  
3 utility is a party, except a proceeding on a tariff required under s. 196.378 (4j) (b), the  
4 commission shall not order or otherwise impose any renewable resource  
5 requirements on the investor-owned electric public utility if the commission has  
6 fulfilled all of its duties under s. 196.378 and the commission has informed the utility  
7 under s. 196.378 (2) (c) that, with respect to the most recent report submitted under  
8 s. 196.378 (2) (c), the utility is in compliance with the requirements of s. 196.378 (2)  
9 (a) 2.

10 SECTION 2. 196.025 (7) of the statutes is created to read:

11 196.025 (7) ENERGY STORAGE DEVICE STUDY. The commission shall contract for  
12 a study to analyze the costs and benefits of installing at residential and commercial  
13 properties energy storage devices that are managed by public utilities serving the  
14 properties. The study shall also analyze the legal and economic barriers to such  
15 installation. ~~Upon completion of the study,~~ the commission shall submit a report on  
16 the results of the study to the chief clerk of each house of the legislature for  
17 distribution to the appropriate standing committees under s. 13.172 (3).

\*\*\*NOTE: There is no deadline for the PSC to contract for the above energy storage device study or the below solar thermal device study. Is that okay?

\*\*\*NOTE: For both of the studies, I required the PSC to submit reports on the completed studies to the legislature. There is a similar reporting requirement under current law for a market power study for which the PSC was required to contract. See s. 196.025 (5) (b). Is that okay?

\*\*\*NOTE: I refer to "legal and economic barriers" in the above. The language you provided refers only to "barriers." Is "legal and economic barriers" okay?

No later than January 1, 2015

\*\*\*\*NOTE: Do you want to provide funding for the contracts for both of the studies, or do you think the costs will be covered under the PSC's appropriation under s. 20.155 (1) (g)?

1 SECTION 3. 196.025 (8) of the statutes is created to read:

2 196.025 (8) SOLAR THERMAL DEVICE STUDY. The commission shall contract for a  
3 study to analyze the costs and benefits of installing solar thermal devices at  
4 residential and commercial properties. ~~Upon completion of the study,~~ the  
5 commission shall submit a report on the results of the study to the chief clerk of each  
6 house of the legislature for distribution to the appropriate standing committees  
7 under s. 13.172 (3).

→ (END) ←

8 SECTION 4. 196.378 (4j) of the statutes is created to read:

9 196.378 (4j) SOLAR TARIFFS. (a) In this subsection, "solar facility" means a  
10 facility that generates electricity from solar energy and that has a capacity of one  
11 megawatt or less.

12 (b) The commission shall require each electric utility to file tariffs for the  
13 electric utility to purchase electricity generated by solar facilities located at the  
14 premises of retail customers. The commission shall approve a tariff that satisfies all  
15 of the following:

\*\*\*\*NOTE: "Electric utility" means a public utility that sells electricity at retail. See s. 196.378 (1) (d).

16 1. The tariff establishes kilowatt hour rates for purchases that are calculated  
17 under methodologies allowing an electric utility to recover the cost of providing  
18 service to retail customers while taking into account the cost savings to the electric  
19 utility that result from the purchases, including cost savings resulting from fewer  
20 line losses and lower generation and transmission costs.

\*\*\*\*NOTE: The instructions provide that the Department of Commerce must develop the methodologies mentioned above. However, the state's Department of Commerce was eliminated in 2011 and its functions were transferred to the Wisconsin Economic Development Corporation (WEDC) and other agencies. I could be wrong, but

NOTE

(END of BILL)

Not later than January 1, 2015

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4260/1dn

MDK: /.....

js

— date —

Rep. Shankland:

This bill consists of the requirements for 2 studies included in LRB-4143/P1. I will remove the study requirements from the next version of LRB-4143/P1.

Mark D. Kunkel  
Senior Legislative Attorney  
Phone: (608) 266-0131  
E-mail: [mark.kunkel@legis.wisconsin.gov](mailto:mark.kunkel@legis.wisconsin.gov)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4260/1dn  
MDK:cjs:rs

February 12, 2014

Rep. Shankland:

This bill consists of the requirements for 2 studies included in LRB-4143/P1. I will remove the study requirements from the next version of LRB-4143/P1.

Mark D. Kunkel  
Senior Legislative Attorney  
Phone: (608) 266-0131  
E-mail: [mark.kunkel@legis.wisconsin.gov](mailto:mark.kunkel@legis.wisconsin.gov)

**Barman, Mike**

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**From:** Rep.Shankland  
**Sent:** Monday, March 17, 2014 9:55 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB -4260/1 Topic: PSC studies on energy storage and solar thermal devices

Please Jacket LRB -4260/1 for the ASSEMBLY.