



CHRIS KAPENGA

WISCONSIN STATE SENATOR

Testimony on Senate Bill 434

Senate Committee on Elections and Utilities

October 24, 2017

Chairman LeMahieu and members of the committee, thank you for hearing testimony today on Senate Bill 434. I also want to thank Representative Kuglitsch for leading on this issue in the Assembly.

The legislature has made waste, fraud, and abuse in government a priority over the past several sessions. This bill addresses waste each year as a result of an unnecessary mandate that the state purchase at least twenty percent of its electric energy consumption from renewable resources. In 2015-16 alone, this mandate amounted to \$5,563,077 and accounted for 15% of the state's total annual electricity purchases.

The mandate is unnecessarily duplicative, as utility companies are already required under state law to produce a certain percent of its energy from renewable resources. It is important to note that this bill does not modify that requirement.

Current contracts with utility companies will continue until their expiration.

Thank you committee members for hearing SB434 today and I will be pleased to answer any questions.

MIKE KUGLITSCH

STATE REPRESENTATIVE • 84TH ASSEMBLY DISTRICT

DATE: October 24, 2017
RE: **Testimony for 2017 Senate Bill 434**
TO: Senate Committee on Elections and Utilities
FROM: Representative Mike Kuglitsch
SUBJECT: State Agency Goals for Renewable Resources.

Thank you Mr. Chair and Members of the Committee for your consideration of Senate Bill 434—relating to state agency goals for the generation or purchase of electric energy derived from renewable resources.

Governor Walker proposed changes as part of the most recent State Budget and the Joint Committee on Finance approved the Governor's recommendation establishing separate annual appropriations for electric energy derived from renewable resources and made funding adjustments.

The Joint Committee on Finance also specified the existing appropriations amended in the budget may not be used to pay for electric energy derived from renewable resources.

I have joined with Senator Kapenga to go a step further and **eliminate the 20% requirement for select state agencies.**

Under current law, the State of Wisconsin requires a renewable energy goal for the Department of Administration, the Department of Corrections, the Department Health Services, the Department of Public Instruction, the Department Veterans Affairs and the University of Wisconsin System.

The state pays for a guarantee that a certain amount of “renewable attributes” have been produced for its electricity consumption, thereby creating a costly “premium” for its consumption in addition to the standard retail rate for electricity.

The state pays this “premium” as a requirement in addition to actual per-unit cost of energy consumed to power, heat, and cool state facilities. In 2015-16 this added cost amounted to \$5,563,077 and accounts for 15% of the state’s total electricity purchases.

The amounts paid by the state are not representative of the cost to purchase tangible units of energy itself, and there is no guarantee that the state consumes energy derived from renewable resources. The result is the state pays for a guarantee that renewable energy has merely been produced.

SB 434 sunsets this requirement and allows current contracts with utility companies to continue until complete—some until 2030.

The effect of requiring the state to purchase energy produced from renewable resources is unnecessarily duplicative, because utility companies are mandated separately under state law to produce energy from renewable resources. The bill does not modify this requirement of utility companies.

Wisconsin already has a 10% minimum usage of renewable resources built into the electricity market, so eliminating the 20% state agency mandate will save taxpayers dollars that can be applied elsewhere.

I ask for your support of this legislation and I am happy to take any questions.



To: Members of the Senate Committee on Elections and Utilities
Date: October 24, 2017
From: Sarah Barry, Director of Government Relations
Re: Opposition to SB 434, Repeal of State Agency Renewable Goals

Clean Wisconsin is a non-profit environmental advocacy group focused on clean water, clean air and clean energy issues. We were founded forty-seven years ago as Wisconsin's Environmental Decade and we have 20,000 members and supporters around the state.

In 2005, Act 141 was created at an important moment for energy policy in Wisconsin. Coming off the heels of a reliability crisis, stakeholders from all over Wisconsin felt that it was time to create a broad agreement designed to help bolster Wisconsin's economy for the long term. Utilities, environmentalists, labor groups, local government representatives, retail representatives, consumer groups, faith groups, and many others came together, and the result was a unanimous proposal that contained within it state agency goals for energy use in the facilities of six state agencies that use large amounts of electricity. This helped increase investment in a growing economic sector in Wisconsin and it created jobs.

Until just a few years ago, Wisconsin was a leader in the economic growth associated with renewable energy. Today, Wisconsin has the lowest Renewable Portfolio Standard in the country. We were just surpassed by Michigan last December. Proposals like the one in front of you today chip away at progress and push us even further behind. Our current goals send an economic signal to investors and companies that Wisconsin is committed to more local growth in renewable energy, which encourages investment by companies in our state. This proposal sends the opposite message.

According to a recent report from this year, the solar and wind industries are each creating jobs at a rate 12 times faster than that of the rest of the U.S. economy. This rapid growth is related to reductions in the manufacturing and installation costs of renewable energy. According to the Department of Energy's 2017 Energy & Employment Report, 14% of new jobs created in the United States last year were in the energy sector (300,000), with most of those jobs in wind and solar. The solar workforce increased by 25% in 2016 and wind employment increased by 32%.

Clean Wisconsin supports efforts to take advantage of the economic opportunity renewable energy offers Wisconsin. By falling so far behind our neighboring states we are at a competitive disadvantage that has resulted in the loss of jobs. The growth, technology, innovation and the future of energy is in renewables. Energy providers of all stripes acknowledge and support the transition to the energy of the future. This bill sends a signal that Wisconsin is not committed to job growth in one of the fastest growing sectors of the United States and the global economy.



222 S. Hamilton, Madison, WI 53703

Testimony of RENEW Wisconsin Regarding SB 434

Senate Committee on Elections and Utilities

October 24, 2017

Good afternoon. My name is Tyler Huebner, and I am the Executive Director of RENEW Wisconsin, a nonprofit organization working to expand renewable energy in Wisconsin.

2005 Act 141 was passed on a bipartisan basis and included numerous pillars to advance renewable energy. The pillar being discussed today is that the State of Wisconsin should lead by example, and should procure double the renewable energy as what the rest of the state would be obligated to pursue as set out in that bill.

Twelve years has passed, and I'm happy to report that goal I presume SB 434 aims for – to reduce costs – is now actually *more likely* to happen by the State aggressively pursuing renewable energy. If the State wanted to actually achieve the 20% target set out in Act 141, it would probably save money by doing so.

Numerous companies in the Fortune 500 have already discovered this. In fact, companies are declaring that they will go far beyond Wisconsin's old goal of 20%, and in fact be powered by 100% renewable energy in the future.

These companies include:

Anheuser Busch InBev

Bank of America

BMW Group
Facebook
General Motors
Goldman Sachs
Google
Johnson & Johnson
JP Morgan Chase
Kellogg's
Lego
Mars Candy Company
Nike
Procter and Gamble
Target (announced five days ago)
Unilever
Walmart

These companies stand among a total list of 112 global firms which can be found at <http://there100.org/companies>. Also on the list is Ikea, which is building a store in Oak Creek, Wisconsin, that will have the state's largest rooftop solar array when completed.

Separate from this list, 70 companies with a market capitalization totaling \$6 trillion have banded together to negotiate with their utilities for programs that deliver renewable energy options. You will undoubtedly see friendly companies amongst these leaders:

CORPORATE RENEWABLE ENERGY BUYERS' PRINCIPLES: INCREASING ACCESS TO RENEWABLE ENERGY

70 COMPANIES

54 MILLION MWH OF DEMAND FOR RENEWABLE ENERGY

\$6 TRILLION IN MARKET CAP



www.buyersprinciples.org

Accessed at <http://buyersprinciples.org/2017/09/18/six-more-companies-sign-on-to-renewable-energy-buyers-principles/> on October 24, 2017.

Our recommendations are simple:

(1) Follow the lead of Corporate America and begin an earnest conversation with the power companies that serve the state's buildings, and identify how you can save money. The utility that serves many of the state's buildings here in Madison, Madison Gas & Electric, has received approval from the Public Service Commission to offer a service that directly connects its business customers, which include the State's facilities, with new sources of renewable electricity acquisition. Through strong negotiation, you could very well enter an agreement for energy that assures long-term pricing certainty that competes well with the status quo.

The State retains that authority in the legislation at hand, and it should be compelled to use its negotiating power to obtain a great long-term deal.

(2) Second, the state should use the remaining authority to pursue energy cost savings aggressively to explore all possible options to reduce operating expenses for energy. If you do, you will likely find that great improvements in energy conservation, specifically around LED lighting, as well as on-site solar electric generation would be cost-effective. Governmental bodies all across America and Wisconsin are already doing this, and it makes no sense for the State to pay for energy that is being wasted or to pay a utility bill for the portion of energy you can generate on your own roof at a better long-term cost.

(3) If this body is interested, these items should be captured and formalized in a successor plan to keep Wisconsin leading on energy and cost savings. RENEW Wisconsin stands ready to support the State to develop such a successor plan, so that the action taken by this Committee is not merely a symbolic repeal of a policy, but instead results in better long-term benefits to the great citizens of the State of Wisconsin.