

1995-96 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR\_RCP\_pt01a
- 05hrAC-EdR\_RCP\_pt01b
- 05hrAC-EdR\_RCP\_pt02

➤ Appointments ... Appt

➤ \*\*

➤ Clearinghouse Rules ... CRule

➤ \*\*

➤ Committee Hearings ... CH

➤ \*\*

➤ Committee Reports ... CR

➤ \*\*

➤ Executive Sessions ... ES

➤ \*\*

➤ Hearing Records ... HR

➤ \*\*

➤ Miscellaneous ... Misc

➤ 95hrJC-Fi\_Misc\_pt75

➤ Record of Comm. Proceedings ... RCP

➤ \*\*

XXI. Department of Administration -- Nathaniel Robinson, Administrator, Division of Energy and Intergovernmental Relations

In accordance with s. 14.065, the Governor requests approval of the following oil overcharge plan:

- (1) Approval of the Stripper XVI plan allocating a total of \$1,600,000 FED.
- (2) Modify existing program/policy requirements to:
  - expand eligibility of the school energy bank program to local units of government (including public schools), non-public schools, vocational-technical schools, independent colleges and universities throughout Wisconsin; and
  - consolidate the unexpended funds of the Middle Income Residential Energy Conservation and Home Energy Loan/Rebate programs and create a new energy efficiency rebate program that will provide one-time rebates to homeowners.

Governor's Recommendation

Approve the request. The following table summarizes the request.

Program	1994 Funding *	1996 Request	1996 Rec.
Pilot for Low-Income Sustainable Energy Initiative	New	1,000,000	1,000,000
Weyauwega Disaster Recovery Assistance	New	100,000	100,000
Renewable Energy Initiative	120,000	170,000	170,000
Home Energy Rating/Energy Efficiency Financing	** 25,000	125,000	125,000
Energy Education Program	50,000	115,000	115,000
Environmental Monitoring of Energy Impacts	*** 400,000	50,000	50,000
Black Holocaust Museum	New	40,000	40,000
Energy Efficiency Program & Oil Overcharge Management		****	****
Totals:		\$1,600,000	\$1,600,000

\* No oil overcharge plan was submitted by the Governor to the JCF in 1995. However, there was \$539,500 FED in oil overcharge funding in 1995 that was allocated to the LIEAP under the s. 13.10 meeting in December, 1995.

\*\* The \$25,000 was reallocated for this project from Stripper IV funds.

\*\*\* The \$400,000 was funded entirely from utilities and administered by the Department of Natural Resources. The program was to sunset June 30, 1996, but the utilities and the department believe the monitoring component was essential to continue with Stripper funding.

\*\*\*\* Accrued Interest on Stripper XVI plan estimated at \$50,000.

*withdrawn*

1996 OIL OVERCHARGE ALLOCATION PLAN ("STRIPPER XVI")

Energy Education Program Administration

Motion:

Move to modify the Governor's proposed allocation of \$115,000 to an energy education grants program (including a graduate student internship program) administered by the Department of Administration's Energy Bureau (program element I) to provide instead that these programs be administered by the Environmental Education Board. Provide that these funds be used to provide: (1) \$35,800 to support a graduate student internship program for a two-year period at the Environmental Education Board in cooperation with the Institute for Environmental Studies at the University of Wisconsin-Madison; and (2) \$79,200 for the purpose of making energy-related grants under s. 115.375 of the statutes.

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Note:

The Governor's proposed "Stripper XVI" plan would allocate \$115,000 for an energy education grant program for energy education grants (\$90,000) to be administered by DOA's Energy Bureau and for a graduate internship program in the Energy Bureau for students from the Institute for Environmental Studies. [In a revised statement of intent, the Energy Bureau has now clarified that \$79,200 of "Stripper XVI" funds would be earmarked for energy education grants and \$35,800 of "Stripper XVI" funds would support the internship program for a two-year period.]

This motion would instead transfer these programs and funding to the Environmental Education Board, attached to DPI, for the purpose of: (1) making \$79,200 of grants to educational institutions and private nonprofit entities, as authorized under s. 115.375 of the statutes; and (2) using the remaining \$35,800 to provide for an internship program for Institute for Environmental Studies students with the Environmental Education Board over a two-year period.

Under the motion, the following "Stripper XVI" allocation would result:

**Modified "Stripper XVI" Allocation (FED Funds)**

	<u>Program Element</u>	<u>Administering Agency</u>	<u>Modified Proposal</u>
A.	Low-Income Sustainable Energy Pilot Program	Administration (Energy)	\$1,000,000
B.	Weyauwega Disaster Recovery Assistance	Administration (Energy)	100,000
C.	Ethanol Refueling Infrastructure	National Ethanol Vehicle Coalition	25,000
D.	Ethanol from Paper Mill Sludge	Administration (Energy)	70,000
E.	Ethanol from Cheese Whey	Administration (Energy)	40,000
F.	Switchgrass Production for Electricity and Ethanol	Administration (Energy)	15,000
G.	Photovoltaics Feasibility Study	Administration (Energy & Facilities Development)	20,000
H.	Home Energy Rating System and Energy Efficiency Financing	Administration (Energy)	125,000
I.	Energy Education Grants	Environmental Education Board	79,200
	--Environmental Educational Grants		35,800
	--Internships in Bureau of Energy		
J.	Environmental Monitoring of Energy Impacts	Administration (Energy) & DNR	50,000
K.	Wisconsin Black Holocaust Museum	Administration (Energy)	40,000
L.	Management of Oil Overcharge and Energy Efficiency Programs	Administration (Energy)	<u>Interest*</u>
		TOTAL	\$1,600,000

\*Consisting of all "Stripper XVI" interest earnings.

1996 OIL OVERCHARGE ALLOCATION PLAN ("STRIPPER XVI")

Energy Education Grants Fund

Motion:

Move to modify the Governor's proposed allocation of \$115,000 to an energy education grants program (program element I) administered by the Department of Administration's Energy Bureau to provide instead that: (1) \$<sup>75</sup>~~75~~,000 be allocated to the Environmental Education Board for the purpose of making energy-related grants under s. 115.375 of the statutes; and (2) \$<sup>40</sup>~~40~~,000 be allocated to the Department of Administration's Energy Bureau to: (a) support a graduate student intern program in the Energy Bureau in cooperation with the Institute for Environmental Studies at the University of Wisconsin-Madison; and (b) provide for a grant to the 1996 Midwest Renewable Energy Fair in Amherst, Wisconsin. (c) *public outreach activities*

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Note:

The Governor's proposed "Stripper XVI" plan would allocate \$115,000 for an energy education grant program for energy education grants (\$90,000) to be administered by DOA's Energy Bureau and for a graduate internship program in the Energy Bureau for students from the Institute for Environmental Studies. [In a revised statement of intent, the Energy Bureau has now clarified that \$79,200 of "Stripper XVI" funds would be earmarked for energy education grants and \$35,800 of "Stripper XVI" funds would support the internship program for a two-year period.]

This motion would instead allocate \$75,000 of the above funds to the Environmental Education Board, attached to DPI, for the purpose of making grants to educational institutions and private nonprofit entities, as authorized under s. 115.375 of the statutes. The remaining \$40,000 would be allocated to DOA's Energy Bureau to provide: (1) funding for the internship program over a two-year period; and (2) a grant to the 1996 Midwest Renewable Energy Fair in Amherst, Wisconsin.

Under the motion, the following "Stripper XVI" allocation would result:

**Modified "Stripper XVI" Allocation (FED Funds)**

	<u>Program Element</u>	<u>Administering Agency</u>	<u>Modified Proposal</u>
A.	Low-Income Sustainable Energy Pilot Program	Administration (Energy)	\$1,000,000
B.	Weyauwega Disaster Recovery Assistance	Administration (Energy)	100,000
C.	Ethanol Refueling Infrastructure	National Ethanol Vehicle Coalition	25,000
D.	Ethanol from Paper Mill Sludge	Administration (Energy)	70,000
E.	Ethanol from Cheese Whey	Administration (Energy)	40,000
F.	Switchgrass Production for Electricity and Ethanol	Administration (Energy)	15,000
G.	Photovoltaics Feasibility Study	Administration (Energy & Facilities Development)	20,000
H.	Home Energy Rating System and Energy Efficiency Financing	Administration (Energy)	125,000
I.	Energy Education Grants	Environmental Education Board	75,000
	--Educational Grants	Administration (Energy)	40,000
	--Internships in Bureau of Energy and 1996 Midwest Renewable Energy Fair		
J.	Environmental Monitoring of Energy Impacts	Administration (Energy) & DNR	50,000
K.	Wisconsin Black Holocaust Museum	Administration (Energy)	40,000
L.	Management of Oil Overcharge and Energy Efficiency Programs	Administration (Energy)	<u>Interest*</u>
		<b>TOTAL</b>	<b>\$1,600,000</b>

\*Consisting of all "Stripper XVI" interest earnings.

**CORRESPONDENCE\MEMORANDUM**

STATE OF WISCONSIN  
Department of Administration

**Date:** April 10, 1996

**To:** Members, Joint Committee on Finance

**From:** James R. Klauser, Secretary  
Department of Administration

**Subject:** Section 13.10 Request from the Department of Administration for Approval of the 1996 Oil Overcharge Plan.

**Request**

In accordance with s. 14.065, the Governor requests approval of the Stripper XVI oil overcharge plan allocating a total of \$1,600,000 of new funds and modifications to existing program and policy requirements in three previous Stripper oil overcharge plans.

**Analysis**

A. Low Income Sustainable Energy Initiative Pilot -- \$1,000,000

In response to reductions in funding in the Low Income Energy Assistance Program (LIEAP) and the Weatherization Assistance Program (WAP), Governor Thompson directed the Department of Administration "to coordinate a thorough exploration of alternatives aimed at achieving a more sustainable low-income energy assistance funding strategy that will continue to meet the needs of Wisconsin as federal funding declines."

The Energy Bureau in the Department of Administration is coordinating with existing organizations and stakeholders to develop a plan that can be piloted with the proposed funding. Components of the plan may include education, increased home weatherization and energy efficiency assistance, developing additional funding sources and targeting new funds to areas of greatest need. A key element of the plan will be to coordinate with the Public Service Commission to avoid inconsistencies with the Commission's recent Advance Plan 7 order to utilities that they help develop a cost-effective, comprehensive residential demand side management (DSM) program ... with a focus on low-income customers. A sustainable low-income winter heating program is envisioned to be developed with input from low-income advocacy groups, energy providers and state and local agencies.

Of the \$1,000,000 reserved from the Stripper XVI plan for the low-income sustainable energy initiative, \$100,000 will be available for consultation on developing a proposal that would experiment with preliminary plan concepts, such as piloting a program in several counties. The remaining \$900,000 of funds will not be

committed until a detailed action plan is approved by the Joint Committee on Finance under the s. 16.515 process. In addition, the department is requesting approval to supplement existing appropriations with \$300,000 of Stripper funding for crisis heating assistance only if an acceptable plan is not available by the beginning of the 1996-97 winter heating season. The \$300,000 would be used to purchase heating fuel and replace or repair inoperative furnaces.

B. Weyauwega Disaster Recovery Assistance -- \$100,000

This new project will provide funding to support the economic recovery process now underway and help the Weyauwega community recover as a model of energy efficiency. The funds will be used in cooperation with other governmental agencies, utilities and businesses to supplement but not supplant funding anticipated from insurance or other legally liable sources. The funds will be used to provide incentives for installation of high efficiency appliances, improvements and repairs that provide energy efficiency and increase economic activity in the community. Up to 5% of the funding will be used by the department for program delivery.

C. Renewable Energy Initiative -- \$170,000

This continuing renewable energy initiative will encourage new industries that provide additional jobs and economic growth in Wisconsin based on locally produced renewable energy resources. The five renewable energy projects emphasize ethanol and solar energy.

1. Ethanol Refueling Infrastructure: The U.S. Department of Energy is providing \$1,320,000 in matching grant funds to develop at least 40 ethanol refueling centers for private vehicles in the Midwest, including four in Wisconsin (Madison, Milwaukee, Green Bay and Stevens Point). Existing gasoline station owners will be provided with no interest loans to convert or install additional tanks and equipment to handle and sell ethanol fuels. A portion of these funds will also support ethanol marketing and related administrative activities. Total project costs are \$114,000 with \$25,000 from Stripper funds. The remaining funding is from the private sector, the U.S. Department of Energy, other public revenue, and the Great Lakes Biomass Program.
2. Ethanol from Paper Mill Sludge: This new program will support pilot scale studies and plant design necessary to construct a 5 to 10 million gallon per year paper mill sludge-to-ethanol plant in Wisconsin. The program will build on previous oil overcharge supported research in which the UW-Stevens Point conducted a comprehensive survey of potential renewable energy resources in Wisconsin and then characterized the ethanol producing potential of 14 major



Wisconsin paper mills. The funding will allow the department to form a partnership with a major paper mill(s), private sector development firms, the federal government and academic institutions to take advantage of newly developed technology that uses paper mill sludge as a low cost feedstock to produce ethanol. Total project costs are \$360,000 with \$70,000 in Stripper funds. The remaining funding is from a Wisconsin paper mill(s), the National Renewable Energy Laboratory, UW-Stevens Point, Great Lakes Biomass Program, Green Bay Energy Corp., and USDA Forest Products Laboratory.

3. Ethanol from Cheese Whey: This new project will help support modification and operation of an existing corn to ethanol and cattle feed plant under construction near Spring Green, Wisconsin. The modification will demonstrate the viability of integrating cheese whey with the existing corn feedstock to reduce the cost of production while reducing the environmental impacts of cheese whey landspreading. Total project costs are \$1,040,000 with \$40,000 from Stripper funds. The remaining funding is from Farm Technology USA, Inc., and John Oliver Associates.
4. Switchgrass Production for Electricity and Ethanol: The new project will evaluate the economic and agronomic feasibility of growing switchgrass as a dedicated energy crop. A potential market to burn switchgrass for electricity is being developed separately by Madison Gas and Electric Company at its Blount Street plant. Total project costs are \$57,625 with \$15,000 of Stripper funds. The remaining funding is from the Great Lakes Biomass Program, ReCon Associates, Prairie Nursery, Inc., Kinney & Urban, S.C., and Power Grass Purveyors, LLC.
5. Photovoltaics: This new project will assess the feasibility of installing grid connected photovoltaics (PV) at state facilities to defer the need for new peak generating, transmission and distribution facilities. Off-grid state owned facilities will also be evaluated for cost effective PV opportunities. The department has entered into a Memorandum of Understanding with the National Renewable Energy Laboratory to carry out this project along with eleven other states. Total project costs are \$50,000 with \$20,000 of Stripper funds. The remaining funding is from the National Renewable Energy Laboratory and Wisconsin utilities.

D. Home Energy Rating/Energy Efficiency Financing -- \$125,000

This current six-month pilot home energy rating system (HERS)/energy efficiency financing (EEF) project funded by the Environmental Protection Agency will be continued and expanded to include training and incentives for lenders, realtors,

builders and weatherization providers as well as homeowners. The energy rating system provides a uniform way to compare the energy efficiency of homes, as well as quantify the amount of energy efficiency improvements in the home. Total project costs are \$1,345,000 with \$125,000 from Stripper funds. The remaining funding is from Homeowner Improvements, Environmental Protection Agency, Energy Center of Wisconsin, CAP Weatherization In-Kind, and Madison Gas & Electric.

E. Energy Education Program -- \$115,000

This continuing program provides grants to small energy education and demonstration projects. The projects are implemented by nonprofit organizations, schools, local governments and others. A new component of the program is to use a portion of the funds to establish a formal partnership between the Department of Administration's Energy Bureau and the Institute for Environmental Studies at the UW-Madison for an internship program. This program is administered through the Energy Bureau of the Department of Administration.

F. Environmental Monitoring of Energy Impacts -- \$50,000

This continuing program provides the required state match for \$150,000 contributed by Wisconsin utilities in cooperation with the Electric Power Research Institute to continue to monitor sensitive natural resources that may be impacted by energy generating activities. Total project cost is \$200,000 with \$50,000 of Stripper funds. The remaining funding is from utilities and the Electric Power Research Institute. The program was previously funded entirely from utilities and administered by the Department of Natural Resources.

G. Wisconsin Black Holocaust Museum -- \$40,000

The Wisconsin Black Holocaust Museum collects, exhibits and preserves the history of African-Americans who were persecuted. The building that houses the museum was donated by the City of Milwaukee and requires substantial renovation. Donations have been made to purchase energy efficient heating and air conditioning system, hot water heater, insulation, efficient lighting and make bathrooms handicapped accessible. Oil overcharge funds will be used to purchase energy efficient windows, doors and related insulation. This is a new use of oil overcharge funds.

H. Energy Efficiency Program and Oil Overcharge Management -- Stripper XVI interest estimated at \$50,000

In 1988, the Joint Committee on Finance allocated interest accruing on the Stripper IV plan to support the Wisconsin Energy Bureau's management of oil overcharge programs. The Stripper IV plan funds will be exhausted in FY96. The Energy Bureau is required to manage existing oil overcharge and other energy programs as well as continue to develop new plans and implement, monitor and report on existing and future oil overcharge programs. The estimated Stripper XVI accrued interest will assist the Energy Bureau in continuing its mandated oil overcharge program and activities.

I. School Energy Bank -- Stripper XI Modification

This no-cost modification to the School Energy Bank expands eligibility for funding for technical energy analyses to local units of government (including public schools), non-public schools, vocational-technical schools, independent colleges and universities throughout Wisconsin. The Stripper XI funding was authorized for a six-county pilot program to provide energy efficiency assistance to public schools. The program, now referred to as the Wisconsin Energy Initiative - 2, is well received and provides services but no funding to schools throughout Wisconsin.

J. Middle Income, Residential Energy Conservation - Stripper I Modification  
Home Energy Loan/Rebate Program - Stripper VIII Modification

This modification consolidates the two previously authorized oil overcharge funded home energy efficiency financing programs by combining unexpended funds of \$642,000. The management of the program will be transferred from the Wisconsin Housing and Economic Development Authority (WHEDA) to the Energy Bureau. The existing program under WHEDA of interest rate buy downs created an administrative burden due to falling interest rates and pre-paid mortgages. The new energy efficiency rebate program will provide for one-time rebates to homeowners to increase the energy efficiency of their homes. The rebates will be determined through the use of a home energy rating system. Up to 5% of the unexpended funds may be used by the Energy Bureau for delivery of the modified program.

**Recommendation**

Approve the request. The following table summarizes the request.

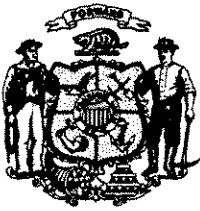
Program	1994 Funding *	1996 Request	1996 Rec.
Pilot for Low-Income Sustainable Energy Initiative	New	1,000,000	1,000,000
Weyauvega Disaster Recovery Assistance	New	100,000	100,000
Renewable Energy Initiative	120,000	170,000	170,000
Home Energy Rating/Energy Efficiency Financing	** 25,000	125,000	125,000
Energy Education Program	50,000	115,000	115,000
Environmental Monitoring of Energy Impacts	*** 400,000	50,000	50,000
Black Holocaust Museum	New	40,000	40,000
Energy Efficiency Program & Oil Overcharge Management		****	****
Totals:		\$1,600,000	\$1,600,000

\* No oil overcharge plan was submitted by the Governor to the JCF in 1995. However, there was \$539,500 FED in oil overcharge funding in 1995 that was allocated to the LIEAP under the s. 13.10 meeting in December, 1995.

\*\* The \$25,000 was reallocated for this project from Stripper IV funds.

\*\*\* The \$400,000 was funded entirely from utilities and administered by the Department of Natural Resources. The program was to sunset June 30, 1996, but the utilities and the department believe the monitoring component was essential to continue with Stripper funding.

\*\*\*\* Accrued Interest on Stripper XVI plan estimated at \$50,000.



**TOMMY G. THOMPSON**

**XXI**

**Governor  
State of Wisconsin**

March 16, 1996

*Tim!*  
The Honorable Timothy Weeden, Co-Chair  
Joint Committee on Finance  
P.O. Box 7882  
Madison, WI 53707-7882

The Honorable Ben Brancel, Co-Chair  
Joint Committee on Finance  
P.O. Box 8952  
Madison, WI 53708-8952

Dear Senator Weeden and Representative Brancel:

I am pleased to transmit my 1996 Oil Overcharge Plan for consideration by the Joint Committee on Finance (JCF) at the next s.13.10 meeting. As required by Wisconsin Statute 14.065, I am also forwarding a copy to the Chief Clerks of the Senate and Assembly.

This plan allocates \$1.6 million of new Stripper monies plus interest, and modifies three previously approved Stripper oil overcharge programs. Oil overcharge monies must be used on energy programs that provide restitution to Wisconsin citizens.

In addition to JCF's action, the U.S. Department of Energy must also conduct a review to determine if Wisconsin's Plan conforms with federal requirements. I urge your support of this plan as it is sufficiently diverse to provide restitution to the broadest sector of Wisconsin citizens.

The Department of Administration staff will be available to provide additional information that may be required.

Sincerely,

*Tommy*  
TOMMY G. THOMPSON  
Governor

Enclosure

cc: James R. Klauser, Secretary  
Department of Administration

Nathaniel E. Robinson, Administrator  
Division of Energy and Intergovernmental Relations

GOVERNOR'S 1996 OIL OVERCHARGE PLAN  
Stripper XVI Funds: \$1,600,000 Available

Prepared by the Department of Administration  
Division of Energy and Intergovernmental Relations

March, 1996

GOVERNOR'S 1996 OIL OVERCHARGE PLAN

1996 Plan At-A-Glance

The Governor's 1996 Stripper XVI Oil Overcharge Plan, which proposes allocation of \$1,600,000 of new Stripper funds, focuses on developing and demonstrating a pilot sustainable energy initiative to provide energy assistance services to low income residents. Funding is provided to assist the community of Weyauwega with economic recovery from the recent propane spill. The Plan also emphasizes the leveraging of private sector and Federal funds to implement program initiatives beneficial to Wisconsin.

As a result of at least nineteen different partnerships, program funding will be generated with a strong involvement from a broad cross-section of businesses, government, the University, and utilities.

This plan also proposes modifications to previously-approved Plans by the Joint Committee on Finance. For example, the scope of the School Energy Bank Program, approved as part of the Stripper XI Oil Overcharge Plan, is recommended for broadening. Two residential energy loan programs approved in Strippers I and VIII Oil Overcharge Plans, are recommended for combining and modification of the payment and management structure.

The recommended programs, each summarized in the plan, are as follows:

<u>PROPOSED INITIATIVES</u>	Oil Overcharge Funds	Total Program Funds
Pilot for Low Income Sustainable Energy Initiative	\$1,000,000	\$1,000,000
Weyauwega Disaster Recovery Assistance	\$100,000	\$100,000
Renewable Energy Initiative	\$170,000	\$1,621,625
Home Energy Rating/ Energy Efficiency Financing	\$125,000	\$1,345,000
Energy Education Grants	\$115,000	\$115,000
Environmental Monitoring of Energy Impacts	\$50,000	\$200,000
Black Holocaust Museum (Milwaukee)	\$40,000	\$40,000
Weatherization		
Energy Program Management	*	*
<b>Total</b>	<u>\$1,600,000</u>	<u>\$4,421,625</u>

\* Program to receive accrued interest.

PROGRAM MODIFICATIONS

- Stripper XI: School Energy Bank
- Stripper I: Middle Income, Residential Energy Conservation
- Stripper VIII: Home Energy Loan/Rebate Program (WHEDA)

## PROGRAM SUMMARY

### 1. Pilot for Low Income Sustainable Energy Initiative \$1,000,000

Federal funding for the Low Income Energy Assistance Program (LIEAP), as well as the Weatherization Assistance Program (WAP) has been reduced and is likely to continue a downward trend. In response to these cuts and to concerns expressed by the Joint Committee on Finance, Governor Thompson has directed the Department of Administration "to coordinate a thorough exploration of alternatives aimed at achieving a more sustainable low-income energy assistance funding strategy that will continue to meet the needs of Wisconsin as federal funding declines."

This effort has begun but has not had adequate time to develop a recommendation. Rather than create yet another low income committee, the Department of Administration, Energy Bureau will coordinate the efforts of existing organizations and stakeholders to develop a plan that can be piloted with the proposed funding. Program components may include education, increased home weatherization and energy efficiency assistance, developing additional funding sources, and targeting new funds to areas of greatest need.

The existing Public Service Commission (PSC) mandated moratorium on winter heat cut-offs for electricity and natural gas customers is and will remain an integral part of Wisconsin's response to low-income heating needs. A key element of this proposal will include coordination with the PSC to avoid inconsistencies with the Commission's recent Advance Plan 7 order to utilities that they help develop "a cost-effective, comprehensive residential DSM program ... with a focus on low-income customers."

A sustainable low income winter heating program can be developed from these components and with input from low income advocacy groups, energy providers and state and local agencies. Of the funds proposed, up to \$100,000 will be made available to help develop the proposal including potential experimentation with preliminary plan concepts. Remaining funds will not be committed until a detailed action plan is approved by the Joint Committee on Finance under the provisions of s.16.515.

If an acceptable plan is not available by the beginning of the 1996-97 winter heating season, the DOA Secretary is given the authority to commit up to \$300,000 of these funds to supplement existing appropriations for crisis heating assistance. This assistance may include purchasing heating fuel and replacing or repairing inoperative furnaces.

### 2. Weyauwega Disaster Recovery Assistance \$100,000

The recent accident in Weyauwega has created severe hardship for the residents and businesses in that community. This funding will support the economic recovery process that is now underway and help the community recover as a model of energy efficiency. The funds will be used in cooperation with other government agencies, utilities and businesses to supplement but not supplant funding anticipated



from insurance or other legally liable sources. They will be used to provide incentives for installation of high efficiency appliances, improvements and repairs that provide energy efficiency and increase economic activity in the community now and well into the future. Additionally, existing energy related programs will be directed to Weyauwega to the maximum extent possible. Up to 5 percent of the funding will be used by the Department of Administration for program delivery.

3. Renewable Energy Initiative

\$170,000

New markets and evolving technologies open up opportunities that allow Wisconsin to take advantage of unique renewable energy projects using Wisconsin resources. This multi-faceted renewable energy initiative will encourage new industries that provide additional jobs and economic growth in Wisconsin based on locally produced renewable energy resources. The five renewable projects described below emphasize ethanol (improving the delivery infrastructure and producing it from lower cost waste products--paper mill sludge, cheese whey and switch grass) and solar energy.

A. Ethanol Refueling Infrastructure: The U.S. Department of Energy is providing \$1,320,000 in matching grant funds to develop at least 40 ethanol refueling centers for private vehicles in the Midwest, including four in Wisconsin (Madison, Milwaukee, Green Bay and Stevens Point). Existing gasoline station owners will be provided with potentially forgivable, no interest loans to convert or install additional tanks and equipment to handle and sell ethanol fuels. A portion of these funds will also support ethanol marketing and related administrative activities. Total Wisconsin project costs and partners are:

Private Sector	\$45,000
U.S. Department of Energy	\$19,000
Other Public	\$15,000
Great Lakes Biomass Program	\$10,000
<u>Stripper XVI</u>	<u>\$25,000</u>
TOTAL	\$114,000

B. Ethanol from Paper Mill Sludge: This project will support pilot scale studies and plant design necessary to construct a 5-10 million gallon a year paper mill sludge-to-ethanol plant in Wisconsin. It will build on previous oil overcharge supported research in which the University of Wisconsin at Stevens Point conducted a comprehensive survey of potential renewable energy resources in Wisconsin and then characterized the ethanol producing potential of 14 major Wisconsin paper mills. This funding will allow the Department of Administration to form a partnership with a major paper mill(s), private sector development firms, the federal government and academic institutions to take advantage of newly developed technology that will use paper mill sludge as a low cost feedstock to produce ethanol. Paper mill sludge is currently treated as an undesirable waste product with a burdensome disposal cost. Anticipated partners and total project costs are estimated to be:

Wisconsin Paper Mill(s)	\$100,000
National Renewable Energy Laboratory	\$ 60,000
UW-Stevens Point (remaining Stripper 14 funds)	\$ 60,000
Great Lakes Biomass Program	\$ 35,000
Green Bay Energy Corp.	\$ 25,000
USDA Forest Products Lab.	\$ 10,000
<u>Stripper XVI</u>	<u>\$ 70,000</u>
TOTAL	\$360,000

- C. Ethanol from Cheese Whey: This project will help support modification and operation of an existing corn to ethanol and cattle feed plant under construction near Spring Green, Wisconsin.

The modification will demonstrate the viability of integrating cheese whey with the existing corn feedstock to reduce the cost of production while reducing the environmental impacts of cheese whey landspreading. Anticipated partners and total project costs are estimated to be:

Farm Technology USA, Inc.	\$900,000
John Oliver Assoc.	\$100,000
<u>Stripper XVI</u>	<u>\$ 40,000</u>
TOTAL	\$1,040,000

- D. Switchgrass Production for Electricity and Ethanol: This project will evaluate the economic and agronomic feasibility of growing switchgrass as a dedicated energy crop. Switchgrass has high biomass yields per acre and can be grown on erodible and marginal farm land. A potential market to burn switchgrass for electricity is being developed separately by Madison Gas and Electric at its Blount Street plant. Anticipated partners and total project costs are estimated to be:

Great Lakes Biomass Program	\$28,813
ReCon Associates	\$ 6,500
Prairie Nursery, Inc.	\$ 3,000
Kinney & Urban, S.C.	\$ 3,500
Power Grass Purveyors, LLC.	\$ 812
<u>Stripper XVI</u>	<u>\$15,000</u>
TOTAL	\$57,625

- E. Photovoltaics: This project will assess the feasibility of installing grid connected photovoltaics (PV) at state facilities to defer the need for new peak generating, transmission and distribution facilities. Off-grid state owned facilities will also be evaluated for cost effective PV opportunities. The Department of Administration has entered into a Memorandum of Understanding with the National Renewable Energy Laboratory to carry out this project along with eleven other states. Anticipated partners and total project costs are estimated to be:

National Renewable Energy Laboratory	\$25,000
Wisconsin Utilities	\$ 5,000
<u>Stripper XVI</u>	<u>\$20,000</u>
TOTAL	\$50,000

4. Home Energy Rating/Energy Efficiency Financing \$125,000

The current six-month pilot home energy rating system (HERS)/energy efficient financing (EEF) project funded by EPA will be continued and expanded to include training and incentives for lenders, realtors, builders and weatherization providers as well as homeowners. Additional energy raters will be trained. The energy rating provides a uniform way to compare the energy efficiency of homes, as well as quantify the amount of energy efficiency improvement. Anticipated partners and total project costs are estimated to be:

Homeowner Improvements	\$1,000,000
Environmental Protection Agency *	\$ 100,000
Energy Center of Wisconsin	\$ 60,000
CAP Weatherization In-Kind	\$ 40,000
Madison Gas & Electric	\$ 20,000
<u>Stripper XVI</u>	<u>\$ 125,000</u>
TOTAL	\$1,345,000

\* \$49,225 unliquidated obligations

5. Energy Education Grants \$115,000

This program will be administered by the Wisconsin Energy Bureau to continue its historic support of energy education and demonstration programs. The projects are implemented by nonprofit organizations, schools, local governments and others. Eligible strategies include films, lectures, school curricula, public presentations, conferences, energy fairs, energy educational materials, public service announcements, etc., designed to enhance public awareness about the value of saving energy. To advance energy education at higher levels of learning, a portion of these funds will be used to establish a formal partnership between the Department of Administration, Energy Bureau and the Institute for Environmental Studies at the University of Wisconsin-Madison.

6. Environmental Monitoring of Energy Impacts \$50,000

This program will provide the required state match for \$150,000 contributed by Wisconsin utilities in cooperation with the Electric Power Research Institute to continue to monitor sensitive natural resources that may be impacted by energy generating activities. Monitoring will include sulfur dioxide, nitrogen dioxide and mercury in the air, water and biota of Wisconsin. The data gathered will help establish the impact of electricity generation on the environment and evaluate the effectiveness of existing pollution prevention and clean up efforts. Total funding will be:

Utilities/Electric Power Research Institute	\$150,000
<u>Stripper XVI</u>	<u>\$50,000</u>
TOTAL	\$200,000

7. Wisconsin Black Holocaust Museum \$40,000

The Wisconsin Black Holocaust Museum collects, exhibits and preserves the history of African-Americans who were persecuted. The building

that houses the museum was donated by the City of Milwaukee and requires substantial renovation. The museum accepts donations and gifts. A new energy efficient heating and air conditioning system and hot water heater were purchased with funds (\$50,000) received from an anonymous donor. An additional donation (\$30,000) given by the Milwaukee County Board of Supervisors, assisted with some insulation, more efficient lighting and making bathrooms handicapped accessible. Oil overcharge funds will be used to purchase energy efficient windows, doors and related insulation.

8. Energy Efficiency Program & Oil Overcharge Management

Accrued  
Interest

In 1988, the Joint Committee on Finance allocated interest accruing on the Stripper IV plan to support the Wisconsin Energy Bureau's management of oil overcharge programs. These Stripper IV funds will be nearly exhausted in FY 1996. However, the Energy Bureau is required to manage existing oil overcharge and other energy programs as well as continue to develop new plans and implement, monitor and report on existing and future oil overcharge programs. These funds will assist the Energy Bureau in continuing its mandated oil overcharge activities.

PROGRAM MODIFICATIONS

A. Stripper XI - School Energy Bank

This no-cost modification will provide funding for technical energy analyses to local units of government (including public schools), non-public schools, vocational-technical schools, independent colleges and universities throughout Wisconsin. Stripper XI funding was authorized for a six county pilot program to provide energy efficiency assistance to public schools. This program, now referred to as the Wisconsin Energy Initiative - 2, has been well received and now provides services, but not funding, to schools throughout the State.

B. Stripper I - Middle Income, Residential Energy Conservation  
Stripper VIII - Home Energy Loan/Rebate Program

This change consolidates two previously authorized oil overcharge funded home energy efficiency financing programs by combining unexpended funds. Program management is transferred from the Wisconsin Housing and Economic Development Authority (WHEDA) to the Energy Bureau. The existing program of interest rate buy downs creates a substantial and continuing administrative burden. The new program will provide one-time rebates designed to provide an incentive for homeowners to increase the energy efficiency of their homes. The rebates will be determined through the use of a home energy rating system. Up to 5% of the unexpended funds may be used by the Energy Bureau for delivery of the modified program.



## Legislative Fiscal Bureau

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April 16, 1996

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Information Technology Investment Fund Administration--Agenda Item XXII

### INTRODUCTION

The Department of Administration requests the transfer of \$80,000 SEG in 1995-96 and \$132,500 SEG in 1996-97 from the information technology investment fund (s. 20.870) to DOA's appropriation for information technology fund administration (s. 20.505(1)(r)) to support the costs of collection and administration of the vendor fee.

### BACKGROUND

The information technology investment fund (ITIF) was created in 1995 Act 27 to be administered by DOA and provide grants to state agencies for information technology projects. Revenue for the fund is to be generated from fees assessed to private vendors doing business with the state. On March 15, 1996, the Department submitted rules prescribing fee amounts which are projected to provide \$4,589,600 annually to the fund.

The proposed rules have been referred, in the Senate, to the Joint Committee on Information Policy (on March 19, 1996) and, in the Assembly, to the Committee on Small Business and Economic Development (on March 20, 1996). In general, committees reviewing administrative rules have a maximum of 60 days to take action objecting to proposed rules. The Joint Committee on Information Policy plans to hold a hearing on the vendor fee rules, but no hearing date has yet been announced. The Assembly Committee on Small Business and Economic development has scheduled a hearing on the rules for April 23, 1996.

## SUMMARY OF REQUEST

The Department's request would support: (1) mailings to all prospective vendors (an estimated 50,000 vendors); (2) collection of fees from a lock box and entering vendor information received with the fee; (3) financial administration of the fee and DOA overhead costs; (4) assistance to vendors who inquire about the status of the fee payment and the State Bureau of Procurement; and (5) computer data base support. Funding would be divided as follows:

	<u>1995-96</u>	<u>1996-97</u>
Mailings to Vendors	\$50,000	\$50,000
Fee Collection and Management	12,500	50,000
LTEs -- Administration	5,000	5,000
LTEs -- Vendor Help Desk	7,500	22,500
Miscellaneous Administrative Expenses	<u>5,000</u>	<u>5,000</u>
Total	\$80,000	\$132,500

## ANALYSIS

### Fee Revenue

The legislative committees to which the proposed administrative rules have been referred have not yet completed their review of the rules. Therefore, approval of funding increases using a revenue source that has not yet been approved by the Legislature could be considered premature. The Committee could, therefore, defer any action on this request until the other legislative committees have approved the proposed rules. This action would be particularly appropriate should the Committee choose to similarly defer action on the requests included under Agenda Item XXIII. Subsequent to formal approval of the rules, a meeting of the Committee could then be scheduled to consider this request.

### Appropriation Request

If DOA is going to implement the vendor fee, mailing information to prospective vendors regarding the fee is necessary. In the Department's request it is assumed that mailings will be made to 50,000 vendors at a cost of \$1 per mailing. In addition, DOA has requested \$5,000 SEG for limited-term employee (LTE) assistance with the mailings. These costs appear to be reasonable.

The Committee could, however, consider two modifications to the funding request.

- Estimated costs for the lock box service are based on information provided by the bank which provides lock box services to the state and assumes that the bank would be doing some data entry and vendor verification for the state. Funding is provided in 1995-96 for fee collection and management. However, DOA has indicated that it does not anticipate fee revenues to be available before July, 1996. Therefore, funding of \$12,500 SEG in 1995-96 could be deleted.

- Funding for two, limited-term employees is requested for a vendor help desk. These LTEs would answer questions from vendors regarding: the vendor fee in general; the status of an individual vendor's fee; and the procurement process. The actual number of requests that DOA may receive from vendors, however, is unknown. Therefore, if the Committee wishes, it could choose to provide a lower level of staffing at this time until experience with the fee has been gained. If only one LTE was provided, the request could be reduced by \$3,700 SEG in 1995-96 and \$11,200 SEG in 1996-97.

## ALTERNATIVES

1. Approve the Department's request to transfer of \$80,000 SEG in 1995-96 and \$132,500 SEG in 1996-97 from the information technology investment fund (s. 20.870) to DOA's appropriation for information technology fund administration (s. 20.505(1)(r)) to support the costs of collection and administration of the vendor fee.

2. Modify the Department's request by deleting \$12,500 SEG in 1995-96 associated with the funding for fee collection and management.

3. Modify the Department's request by deleting \$3,700 SEG in 1995-96 and \$11,200 SEG in 1996-97 associated with funding for one limited-term employe at DOA's proposed vendor help desk.

4. Defer action on the Department's request until administrative rules establishing the vendor fee have been approved.

5. Deny the Department's request.

Prepared by: Jere Bauer