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Details:

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2009-10

(session year)

Senate Select

(Assembly, Senate or Joint)

Committee on ... Clean Energy (SCC-CE)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Gigi Godwin (LRB) (November/2011)



MEMORANDUM

Date: January 27, 2010
To: Senate Select Committee on Clean Energy
From: Edward J. Wilusz, VP Government Relations
Subject: Comments on Senate Bill 450

The following comments are offered on behalf of the members of the Wisconsin Paper Council regarding Senate Bill 450 relating to the implementation of recommendations from the Governor's Global Warming Task Force.

The Wisconsin Paper Council is opposed to Senate Bill 450.

Senate Bill 450 proposes aggressive – and in our opinion costly – steps intended to move Wisconsin more quickly into the so-called green economy. We don't have a problem with Wisconsin positioning itself to take advantage of economic trends that point to a potential new economy. What we have a problem with are policy recommendations that we believe could significantly harm our existing economy. We do not believe it is necessary to harm the existing economy on the way to the new economy.

One key to protecting the existing economy is to recognize what it is. One key element of our existing economy is that it is powered by coal to a greater extent than most other states. This has helped to keep energy costs historically low, although that picture has changed in recent years. Another key element of our existing economy is that it is manufacturing intensive – more so than any other state, on a per capita basis. Important segments of our manufacturing base are energy intensive – paper making, metal casting, and food processing. As the state moves toward the future, our leaders need to recognize who we are and make sure that actions focused on the future don't harm the present economy.

The paper industry is part of Wisconsin's existing economy – we have been since 1848. Wisconsin is the leading papermaking state in the nation. We are among the leading paper recycling states. Paper industry employees earn an average annual wage of \$54,000, not counting benefits. These are great family-supporting jobs.

The existing economy can be a challenging place to be. Since 2000, our employment has dropped from about 52,000 to about 32,000. Mills have been forced to close in Neenah, Menasha, Kimberly, Niagara, and Port Edwards. Many machines have been

shut down in mills that remain open. The driving forces behind these cutbacks are largely systemic and driven by fierce global competition. The recent recession has only exacerbated these problems.

Within this environment, the top priority for our members has been to control costs. Our request of government is to be our partner in controlling costs, not an adversary that increases our costs.

The Wisconsin Paper Council participated on the Global Warming Task Force through Tom Scharff, NewPage Corporation, who is the chair of our Energy Committee. Tom was one of three traditional manufacturer votes against the recommendations. The fundamental reason for this opposition was the fear that the recommendations could significantly increase costs for mills. Senate Bill 450 includes many, but not all, of the Task Force recommendations, plus a few new provisions. However, our concerns regarding the potential cost impacts on our industry remain.

We want to highlight a couple of major concerns relating to energy efficiency and renewable resources, then address remaining issues of concern. This is not intended to be an exhaustive list of issues, but is intended to put key issues on the table.

Energy efficiency is a high priority for paper mills. The paper industry is the largest industrial energy user in the state. National statistics indicate that energy use per ton of production dropped 10% between 1998 and 2006 (for the broader forest products industry the figure is estimated to be closer to 14%), and is expected to drop another 15-16% by 2020. Some mills in Wisconsin have already reduced energy use by almost 25% per ton of paper produced. All of this occurred in the existing economy because of competitive pressures.

One major issue of concern is a requirement that industrial boiler owners annually inspect their boilers and, based on this inspection, they must take actions to maximize efficiency and minimize greenhouse gas emissions. There is no consideration of costs or benefits, just a mandate to act. We fear that the costs of this requirement could dwarf any energy savings. There are two reasons for this. First, boiler modifications can be expensive. Costs would be expected to vary from boiler to boiler, but could easily be in the millions, per project. Add to this an estimate by industry professionals that boiler efficiency gains would likely be limited – perhaps in the low single-digits. Yet the state would mandate that projects that may not be cost-effective be undertaken anyway. (Note that the difference between the forecast energy reductions of 15-16% and the projected limited potential for boiler improvements is likely due to an industry-wide, total facility focus versus an individual boiler focus.)

The second reason that we think costs could far out-weigh benefits is that these required boiler projects could trigger the need to install expensive pollution controls under the Prevention of Significant Deterioration program. This program requires the installation of Best Available Control Technology when certain actions are taken, like

boiler modifications. The need for and level of control required to be installed will vary from boiler to boiler, but if a scrubber is needed to control sulfur dioxide emissions, the cost could be in excess of \$10 million. If controls to reduce nitrogen oxides are necessary, the cost could also be in excess of \$10 million. Both types of control could be required. The disincentive for boiler energy efficiency posed by the PSD program is well understood and was discussed by the Task Force. However, there is nothing that Wisconsin can do about this national program.

We recommend that the industrial boiler provision be deleted.

Another major concern relates to the renewable portfolio requirement that Wisconsin utilities generate 25% of their energy from renewable resources by 2025. Our concerns, once again, relate to costs, not to the use of renewables, per se. The forest products industry is a leading generator and user of renewable energy. Nationally, 65% of forest products industry energy comes from renewable resources. However, this figure would be somewhat lower for Wisconsin due to our facility mix.

Renewable energy is expensive. There seems to be little doubt about that. National statistics that we have seen put the cost per MWh of renewable energy at about two to four times the national average cost per MWh for all fuels. We don't know if the estimate of \$16 billion in cost increases to reach 25% by 2025 is right, but work by others appears to indicate that \$16 billion is probably in the ballpark. Regardless of whatever assumptions are made, the cost will be in the billions. It is hard to imagine how this level of cost increase, along with other potential cost increases, could be offset by energy conservation, such that net future energy costs would be less than current costs. It is also hard to imagine how this level of cost increase would not have an adverse impact on the paper industry, perhaps a significant adverse impact. One of the shortcomings of the bill is that there is no process for considering the costs and benefits.

Another concern that we have relates to the potential impact of an enhanced renewable portfolio standard on the price of biomass, particularly pulp wood. Biomass is the only renewable fuel for which there is an existing, competing market. Paper mills use wood biomass to make paper and other segments of the forest products industry use wood biomass to make other value-added products.

We are concerned that as the renewable target for utilities increases, demand for wood biomass by utilities could drive up prices for pulp wood and other raw wood products used by the existing forest products industry. This would result in raw material prices increasing – no doubt, along with energy prices – resulting in a double cost hit for our industry. At least one study has shown that the economic value of utilizing a ton of wood to make value-added products like paper is ten times higher than the economic value of using a ton of wood as fuel. From a broad economic standpoint, it is important that the state not spend a dollar to gain a dime, as would be the case if wood is diverted from product manufacturing to energy use.

Policy "circuit-breakers" could help mitigate cost increases. For example, the renewables target for a particular utility could be suspended if biomass supply to meet both the needs of manufacturing and energy generation is not sustainable, if pressure on the wood supply from energy generation pushed up prices for manufacturers, if the cost to ratepayers exceeded some pre-defined threshold, or if excess energy generation capacity exceeded some pre-defined maximum allowable level. The key word here is "mitigate". Even if these steps are taken, some cost increase would likely result. It remains to be seen if such cost increases would be acceptable to paper companies struggling in an extremely competitive environment.

Returning to the issue of energy efficiency, we are concerned with the apparent belief that improved statewide energy efficiency is only possible through a massive government program. We aren't saying that some government assistance isn't valuable – programs like Focus on Energy are very good and our industry is an active participant. But we are concerned that program increases in the \$200-300 million per year range, as recommended by the Task Force, and funded through energy fees, will impose significant short-term harm to the economy.

In the interest of full disclosure, it must be pointed out that fees paid by large energy customers, like paper companies, are capped at pre-Act 141 levels. Senate Bill 450 does not eliminate this cap. However, the Task Force discussed this issue and we are well aware that it will come up in debate over this bill. We are currently researching the cost-benefit break point for our industry. Preliminary indications are that it would not take a very significant fee increase before the costs would out-weigh the benefits for our industry. Increasing our fees to the levels envisioned by the Task Force would be very harmful and could cost individual companies hundreds of thousands of dollars annually. In some cases, costs could be in the millions per year.

Another aspect of this issue that is of concern is the process for setting fee levels. There is nothing in the bill that specifies what fees would be, so we have no option but to assume that the intent is to raise fees to the levels recommended by the Task Force. The bill outlines a general process that the Public Service Commission must follow to determine funding levels. It is our view that this type of "black box" approach that turns over the authority to raise taxes by hundreds of millions of dollars to an unelected commission is not appropriate. If the state determines that significant additional funding for energy efficiency is necessary, the Legislature should make that decision as part of a public process in which it is clear to all how much energy fees will increase.

Much is made of the potential for efficiency efforts to reduce overall energy costs. This is obviously possible – it is why paper companies and other energy intensive industries put so much effort into efficiency projects. The result, at least partially due to efficiency efforts, is that industrial energy use – along with greenhouse gas emissions – has been flat or declining in recent years. However, if fees are increased to the levels recommended by the Task Force, we are doubtful that the gain will out-weigh the pain. In any event, we are concerned that the pain would be inflicted in the short-term, while

the gain would be spread over the longer-term. Our members would need to survive the cost increases and remain competitive in the global marketplace before any savings would be realized.

One option for managing this situation would be to take a much more incremental approach than is recommended. For example, energy efficiency and conservation fees and programs could be maintained, as under current law. A study of options and potential improvements could be required periodically, similar to the process included in the bill. However, the output would be a report to the Legislature. The Legislature could then undertake a public process of review and action, as appropriate. The Public Service Commission would not have independent authority to raise fees. Under this type of process the planning horizon would be shorter, allowing a more accurate comparison of costs and benefits.

Following up on the renewable energy issue, a positive provision in the bill makes participation in the renewable energy credit program broadly applicable, including for industrial sources. The provision relating to renewable electrical energy appears to be broad and flexible. However, the provision relating to non-electric energy, such as steam, is limited. The bill limits non-electric certificates to a life of one year (or less) and the ability to generate certificates is limited to new generation and must replace fossil fuels. In our view this is unnecessarily restrictive. Non-electric energy certificates should have an unlimited life, like electric energy credits. Existing sources should be allowed to generate certificates if they increase production above some type of historical baseline. In this case, the facility would not be bound by the fossil fuel replacement condition. This change should apply to all existing renewable energy assets, including hydro. We also recommend that combined heat and power projects – a much more efficient way to generate energy – be rewarded with a credit or certificate premium that is higher than 1:1. Finally, we recommend that language be added to the bill that would federalize Wisconsin's renewable portfolio program if Congress acts to create a national program. Our understanding of discussions at the federal level is that any national program would not be delegated to states and states would need to comply with the federal program, regardless of other state requirements. Failure to federalize could result in duplication of effort by utilities and unnecessary cost increases for ratepayers.

Another issue related to renewable energy is renewable tariffs. The bill would mandate that utilities pay a premium for renewable energy. We are opposed to such a mandatory approach, unless safeguards for ratepayers are built in.

We also have concerns about the low carbon fuel standard. We understand that the bill does not mandate such a standard, but it sets up a process for getting there. A low carbon fuel standard could have significant adverse impacts on the price of vehicle fuels in Wisconsin. This is a concern for the paper industry because our industry pays for the cost of shipping our products to customers. If a low carbon fuel standard drives up diesel fuel costs, our members pay that cost increase directly. Given the nature of our business, it would be difficult to pass these costs on to customers. And because

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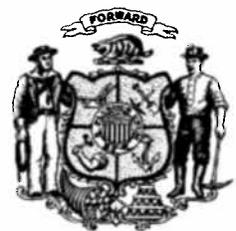
Wisconsin is more exposed to the impacts of a low carbon fuel standard than many other states, we could be facing a cost that our competitors in other states will not face.

Finally, the hearing notice asks for comment on the air permit streamlining provision. This provision focuses on streamlining the process for minor sources. Most paper companies are major sources. This provision would be of little benefit. The reality is that, for major sources, DNR has very little authority to provide flexibility.

In conclusion, the paper industry has been a long-term, important part of Wisconsin's economy and we hope to be an important part of the future economy. However, we have serious concerns about the potential adverse cost impacts of several provisions in Senate Bill 450. We need the Legislature to be our partner in addressing these concerns and help our members to keep costs down. We have some ideas about how our concerns might be addressed and we are willing to discuss these issues with the members of this committee or with any other Legislators.



WISCONSIN STATE LEGISLATURE





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TO: Senate Committee on Commerce, Utilities, Energy and Rail
FROM: David Benforado, Executive Director
DATE: January 27, 2010
RE: MEUW Statement in Support of Senate Bill 450.

The Municipal Electric Utilities of Wisconsin (MEUW) applauds Governor Doyle, the members of the Global Warming Task Force and the legislative leaders on the drafting and introduction of SB450, the *Clean Energy Jobs Act*. At this critical juncture for the energy industry, we appreciate the vision and leadership on this important issue.

While very diverse and varying in size and scope, MEUW's 82 municipally-owned electric utility members support the goals and policies set out by the Task Force's July 2008 Final Report, which has been carefully crafted into the bill before you today. In June 2009, MEUW Members passed a general membership resolution supporting the Task Force report, with particular attention to cost issues as the policies are implemented. We believe that public power communities are uniquely positioned to be leaders in Wisconsin as we move toward a cleaner energy future.

Senate Bill 450 and its companion bill, Assembly Bill 649 truly establishes a viable roadmap for future generations in terms of energy mix, energy consumption, and energy conservation. The time to redirect our efforts in terms of securing a cleaner energy future is now. The policies and goals will not be implemented overnight, nor will all of the details and challenges be overcome to everyone's satisfaction.

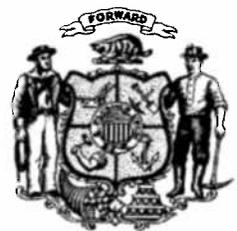
If we believe it is right to use less energy and electricity, and the electricity that we distribute and sell should be a cleaner mix than in the past, then the plans and policies that cause us to do so, or move our economy to do so – must also be right. There are details and issues to be resolved through this legislative process, and MEUW will support ongoing, productive, solution-oriented discussions among stakeholders and legislator that do so.

Again, we appreciate the opportunity to offer the municipal utility viewpoint on Senate Bill 450. If members of the Committee have questions we can answer, feel free to contact me (email: dbenforado@meuw.org) or MEUW Associate Director Scott Meske (email: smeske@meuw.org).

Thank you.



WISCONSIN STATE LEGISLATURE



SB450?

Good morning, Chairman Plale, Chairman Miller, members of the committee. Thank you for giving me the opportunity to appear before you this morning. My name is Eric Callisto, and I serve as Chairperson of the Public Service Commission. The Commission helps to administer Wisconsin's renewable portfolio standards, it oversees our statewide energy efficiency programs, and it is responsible for evaluating applications to construct power generation facilities in Wisconsin or those that are proposed to meet Wisconsin's energy needs. I also serve with both Secretary Leinenkugel and Secretary Frank in the Governor's Energy Independence Cabinet.

A year and a half ago, Governor Doyle's Task Force on Global Warming issued a series of policy recommendations designed to help confront the challenge of climate change while growing our state's economy and creating jobs. The recommendations were supported by a broad and diverse range of interests: utilities, labor organizations, businesses, environmental and ratepayer groups, and many others. You now have before you comprehensive legislation designed to capture those recommendations – the Clean Energy Jobs Act. I will focus my testimony on those portions of the legislation dealing with the electric power sector and that have particular relevance for the Commission.

The electric sector provisions in the Clean Energy Jobs Act make good sense for Wisconsin, and the Commission supports them.

- Increasing our renewable portfolio to 25% renewable energy by 2025 will diversify our generation fleet, it will make sure we keep more of our energy dollars here in Wisconsin, and in the long run, will allow us to retire some of the older, dirtier fossil fuel burning units around the state.
- Doing more on energy efficiency and linking energy efficiency spending to actual energy savings goals means our businesses and consumers will be spending less on their utility bills, they'll be investing more in job creation, and Wisconsin will have less reason to build new, expensive electric generation.
- Finally, nuclear power is a nearly zero-emissions source of base-load energy, and putting that option back on the table for Wisconsin is a good idea.

A decade ago, Wisconsin was facing a near energy crisis. Investments in new generation had been put off for years, and with a growing economy and increased demand for electricity, the reliability of our power sector was teetering on the edge. We did what we had to do to deal with that. Since then, Wisconsin has added nearly three thousand megawatts of new power generation, and over 1000 miles of new transmission infrastructure. In terms of electric reliability, we're in great shape and will be for years to come.

However, our energy landscape is changing. It is no longer just speculation that carbon emissions will be subject to limits. The EPA has already moved to regulate greenhouse gas emissions in response to a Supreme Court ruling, and further Congressional action on this front is still possible yet this year. At the Commission, we don't have the luxury of putting on the blinders and pretending that nothing will happen. With or without new federal laws, with or without a Clean Energy Jobs Act, this kind of regulation is coming. And that's a challenge, because Wisconsin has a coal-heavy generation fleet. We get about two-thirds of our power from coal. That coal is a tremendously reliable source of energy, but its

January 27, 2010

Chairperson Callisto Remarks

regulatory costs are sure to rise, and as a state, we're sitting on a lot of – potentially very expensive – regulatory liability right now. Ratepayers ultimately bear the costs of regulation. In any foreseeable future, our electric bills are likely to go up because we are so dependent on old coal – and if we don't do anything, they could go up a lot.

Increasing Wisconsin's renewable portfolio standard and significantly enhancing our energy efficiency initiatives are common sense steps for Wisconsin to take to better position us as we face a warming planet and an evolving regulatory environment in Washington.

Other states are doing this, and many have now moved ahead of Wisconsin. Today, twenty-nine states and the District of Columbia all have mandatory renewable portfolio standards. Here in the Midwest, many of them are more aggressive than Wisconsin's existing RPS law. Illinois and Minnesota both require 25% renewable energy by 2025; Kansas requires 20% by 2020; Missouri is 15% by 2021; and Ohio has an "Alternative Energy Portfolio Standard" of 25% by 2025, half of which must come from renewable sources. The Midwest has moved to capture the growing market in renewable energy, and Wisconsin is now falling behind. We need to change that, and the Clean Energy Jobs Act will allow us to do so.

It has been said many times, but it bears repeating: Wisconsin doesn't have coal, we don't have natural gas, and we don't have oil. We do, however, have wind, biomass, the sun, water, and the industrial base to capitalize on these native assets. We need to keep more of our energy dollars here at home, and increasing our renewable portfolio standards will help us do exactly that.

We're also starting to fall behind in energy efficiency. While Wisconsin's energy efficiency programs are considered among the very best, we still don't link what we spend on energy efficiency with what we're supposed to be saving in energy usage and demand. Other Midwestern states have moved ahead. Illinois, Minnesota, Ohio, Michigan, and Iowa all have Energy Efficiency Resource Standards. Wisconsin does not. Energy efficiency and conservation are far cheaper than building new power generation, they represent the least cost means of mitigating carbon pollution, they make our manufacturers more competitive, and they have a proven track record of creating jobs. Wisconsin can't continue to allow other states to get ahead of us on this, and we need to act quickly.

Regarding nuclear power, under Wisconsin's current law it would be impossible to site a new nuclear power plant. Consequently, our utilities essentially can't even study this option because the Commission would almost certainly deny them the right to recover those expenses from their customers. The changes in the Clean Energy Jobs Act would allow our utilities to evaluate all their options, but would keep in place and even expand the protections to make sure that nuclear power plants would only be built if they serve the interests of ratepayers and the public.

Opponents of this legislation argue that it will unreasonably increase costs for energy customers. There is no doubt that adding renewable facilities to our fleet will cost money. But any of our energy futures cost money, and none of the alternatives is cheap. What the question should be is where should we be spending those energy dollars? Should we continue to support policies that guarantee billions of dollars leave our state every year to purchase coal and natural gas from other states? Or should we try to keep more of those energy dollars here in Wisconsin to support renewable projects? The legislation, I

think appropriately, answers that question by keeping more of what we spend on energy here in Wisconsin by helping to diversify our energy portfolio over the next decade and a half.

Because of what the legislation sets forth on energy efficiency targets (i.e., 2% annual energy savings starting in 2015), Wisconsin will actually be using less energy over time. That means we will be saving money on our energy bills, even though the per-unit cost of electricity may increase. And if we assume that carbon constraints will soon be upon us – and they will – the relative cost of enhancing our renewable portfolio standards falls dramatically.

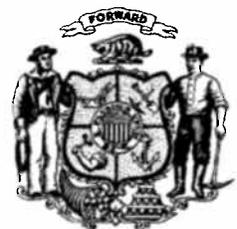
Finally, and importantly, the Clean Energy Jobs Act retains the existing RPS “off-ramps” which allow the Commission to delay compliance with the RPS when doing so would prevent an unreasonable increase in electric rates. I am confident that our Commission will take its obligation to the state’s ratepayers very seriously and we won’t hesitate to step in should circumstances require it. You have my pledge on that.

The Clean Energy Jobs Act represents an important step forward for Wisconsin. In the last decade, we’ve made critical strides in improving our energy profile and making sure that the lights will come on when we flip the switch. It is now our obligation to ensure that we’re generating our state’s energy responsibly, that our businesses and energy consumers have the tools they need to use energy more efficiently, and that we keep as much of our energy dollars here in Wisconsin to grow our economy and sustain stable, family-supporting jobs for decades to come.

Thank you.



WISCONSIN STATE LEGISLATURE





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January 27, 2010

To: Members of the Senate Select Committee on Clean Energy
From: Brandon Scholz – Wisconsin Grocers Association
Subject: SB-450/AB-649

The Wisconsin Grocers Association has registered on SB 450/AB 649 with reservations for a number of different reasons. We believe the bill in its current form should not be passed and strongly encourage the Legislature to separate the bill and have the different components be considered on their own merits.

We further believe the current bill does not at all take into consideration the impact on retail businesses in Wisconsin. With utility rates being one of the highest costs in a grocery store, this bill will only increase those costs, not decrease them.

The bill will not create “green jobs” in the grocery industry and in fact, based on the cost and increased expense impact of the bill could in fact cut jobs in the retail sector.

It is extremely disappointing that the Governor’s Task Force on Global Warming did not investigate the impact on the retail sector of Wisconsin’s economy. There are in fact some components of the bill that members of the Wisconsin Grocers Association could support. However, that could only be done in the context of a set of bills rather than one comprehensive catch-all approach.

Over the past year, the Wisconsin Grocers Association has implemented a pilot program called the Green Grocer Certification Program. The pilot project has significantly reduced energy demand and costs in 6 of the 10 stores to date.

- Decreased utility costs by \$200,000/year
- Electricity Saved – 2,389,010 kWh
- Peak Demand Saved – 245 kW
- CO2 Saved – 1,993 Tons

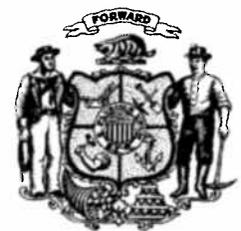
These results came from six grocery stores. If this program had support, imagine the impact when 1,000 grocery stores implemented the program. This was done without government mandates, fees or other limiting factors. And even more disappointing is the fact that the bill is absent of any incentives or components like this that would in fact produce demonstrated results rather than punitive efforts to achieve goals.

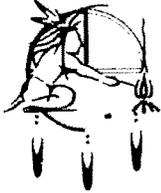
The worst thing that could be done is to rush this bill through without a true understanding of the costs to all segments of Wisconsin’s economy and some effort to look beyond far-reaching mandates.

Thank you for your consideration of our position.



WISCONSIN STATE LEGISLATURE





Forest County Potawatomi Community

P.O. BOX 340 • Crandon, WI 54520

TO: Senate Select Committee on Clean Energy
FR: Jeff Crawford – Forest County Potawatomi Attorney General
DT: January 27, 2010
RE: FCPC Testimony in support of Clean Energy Jobs Act

SB 450?

Good afternoon. My name is Jeff Crawford and I am a tribal member and Attorney General for the Forest County Potawatomi Community. I want to thank Senators Miller and Plale for introducing this legislation and all the committee members for hearing our comments today.

The traditions of the Forest County Potawatomi are closely tied to Mother Nature, and for generations our people have fought to protect our natural resources. It is part of our culture and something that is instilled in us by our elders when we are young. It is why we fought the development of the Crandon Mine, why we fought for 14 years for the right to protect the air over our reservation, and why we are here today in support of the Clean Energy Jobs Act.

The Potawatomi view the Clean Energy Jobs Act as a necessity and opportunity for Wisconsin. The Potawatomi employ roughly 3,500 people in Wisconsin through our tribal government and business enterprises. Like other businesses in this state, we have felt the pressures and challenges caused by the economy and have made some difficult decisions. However, despite the economic challenges that we have encountered, we realize that the world is changing and the 'business as usual' approach just isn't going to cut it anymore. The Clean Energy Jobs Act is an opportunity to create new industries and bring thousands of new jobs to Wisconsin, while simultaneously lowering energy bills and protecting the state's air, water and land.

The Potawatomi are in full support of the legislative package in front of you, but there are several specific provisions of importance that we wanted to discuss today.

Use of Manitoba Hydro:

The Clean Energy Jobs Act removes the current ban on counting large-scale hydroelectric power as renewable energy. Unlike our neighboring states, this bill would allow hydroelectric power over 60 MWs from outside of the state to be counted towards the RPS under certain conditions. The Potawatomi support counting large scale hydroelectric power as renewable energy as long as it is truly 'green.'

One of the largest sources of large scale hydroelectric power in North America comes from Manitoba, Canada. Decades ago, the Manitoba government constructed several large dams and massive water diversions in order to produce electricity for the region. Hundreds of thousands of acres of land were flooded and entire communities had to be relocated. These devastated areas

were the traditional lands and homes of many bands of First Nations in Manitoba. These hydro projects caused severe environmental, cultural and economic impacts on the First Nations; many of which continue today. Unfortunately, after more than 30 years, final licenses still have not been issued - and for most First Nations, the proper consultation and mitigation they are entitled to under Canadian law has still not occurred.

Wisconsin utilities will have an opportunity to count new power from Manitoba Hydro as renewable. However, the language in the Clean Energy Jobs Act states that in order for this power to count towards the RPS, Manitoba Hydro must inform the PSC in writing that final licenses have replaced interim licenses for existing projects and the projects have received all final approvals applicable to them under Canadian law. The PSC must then make a determination whether or not there has been a reasonable resolution of the concerns of the First Nations affected by the projects.

The Potawatomi support counting large scale hydroelectric power as renewable energy as long as it is truly 'green.'

The PSC determination will not limit the use of hydroelectric power from Manitoba or cause an undue burden on Manitoba Hydro itself. This language ensures that Manitoba Hydro follows through on what they have publicly and privately said they will do for the First Nations. More importantly, it puts standards in place to ensure that history is not repeated and that Wisconsin does not end up counting power as 'green' when it is not.

Advanced Renewable Tariffs

The Potawatomi strongly support the Advanced Renewable Tariffs, or feed-in tariffs, provision in the Clean Energy Jobs Act. This provision is essential to help ensure the development of smaller, Wisconsin-based renewable projects. These customer-based projects – such as manure digesters, solar panels and small-scale wind – will reduce the amounts of carbon and other emissions while also providing job opportunities and economic incentives to Wisconsin residents.

Support for Biomass

Wisconsin has extensive agriculture, lumber and wood industries and because of that this state is especially well-positioned to produce biomass. We strongly support broadly including biomass heat and co-generation in the definition of "non-electric energy" and including biomass among the facilities that are eligible under the renewable tariff provision.

Biomass is a significant Wisconsin resource that can be used effectively for both large and small-scale renewable energy projects. Even more, it can provide significant economic opportunities for rural and Northern Wisconsin. Just last week it was announced that a \$250 million bio-refinery is going to be constructed in Park Falls. This project is expected to create more than 300 jobs for the area. Imagine the potential throughout Northern Wisconsin if there were incentives to develop more projects like this.

Creation of sustainable forestry, carbon sequestration and biomass utilization programs

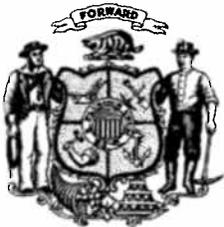
The Governor's Task Force recommended a number of programs to encourage sustainable forestry, carbon sequestration, and biomass utilization. These policies were not included in the Clean Energy Jobs Act because of the state's current fiscal situation. However, these programs are particularly important to both environmental protection and Wisconsin's economy, given that over 30 million acres in Wisconsin are used for forestry and agriculture. At a minimum, the Clean Energy Jobs Act should include forestry in its energy crop reserve program and fund that program. Also, the Act should at least require a study of whether other programs and incentives, like those recommended by the Task Force, are needed to ensure that sustainable forestry, carbon sequestration, and biomass and agricultural production practices are implemented throughout the state.

The Potawatomi have been in Wisconsin for hundreds of years and will remain in Wisconsin for hundreds more. We are a part of Wisconsin. We can't move our operations to another state. It is in our best interest to ensure that Wisconsin is in a good position to do business and attract visitors. Our successes are connected to Wisconsin's successes, and we see the Clean Energy Jobs Act as a way to continue the positive progress of both our governments.

I again thank you for hearing our testimony and more importantly, for introducing this important legislation. I will be happy to take any questions that you may have.



WISCONSIN STATE LEGISLATURE



Select Committee on Clean Energy - Senate Hearing 1-27-10

COMMENTS on Clean Energy Jobs Act – AB 649 / SB 450

Larry Krom, L&S Technical Associates, Inc., P.O. Box 687, Spring Green, WI 53588

Who I am: From 2001 until retiring from the program on Dec. 31, 2009, I was a manager in the Focus on Energy Program where I was the lead for anaerobic digester energy systems and commercial wind systems. I am also a member of the Wisconsin Distributed Resources Collaborative, a non-profit 501 (c3) organization, with the purpose of developing a market for distributed generation. The Wisconsin electric utilities are members of this organization.

Purpose of testimony: I am here today to support the Clean Energy Jobs Act, specifically the Feed-In-Tariff provision.

Statement of support: Wisconsin is a leader in anaerobic digester energy systems. As of fall 2009, there were 31 digester systems operating on 22 farms in Wisconsin. These farm digester systems provide 11.6 MW of electric power to the grid. Farms are not the only applications for digester systems. There are also digester systems at food processing facilities that manufacture Wisconsin's cheese and other dairy products. Many food processors are assessing the feasibility of these systems for their operations to meet waste handling requirements. Digester systems transform the liability of farm and food processing waste and turn it into an economic asset with the production of biogas and then electricity.

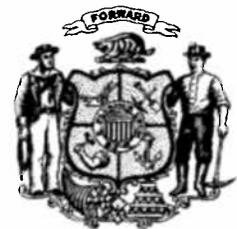
The renewable portfolio standard (RPS) is a good mechanism for creating a market for larger, centralized blocks of generation that have economy of scale (e.g. wind farms). However, smaller business-sited generators, especially those 5 MW or less, require a production-cost-based feed-in-tariff to provide the revenue stream for feasible economics at this size scale. Small generators have no other market to sell electricity into, other than to the local utility, since electricity is a regulated industry. The Clean Energy Jobs Act will provide an adequate revenue stream to grow the market for these smaller generators and contribute to the economic health of these companies.

The development of distributed generation markets will create jobs for engineering companies, contractors and equipment suppliers in Wisconsin that will install and maintain these systems. Related supplies include concrete, steel, pumps, electrical switchgear, plumbing supplies, electrical supplies and processing subassemblies. Many distributed generation system components are currently manufactured in Wisconsin. Passing the Clean Energy Jobs Act will provide an opportunity for Wisconsin businesses to develop and manufacture new equipment to serve this market.

Wisconsin can no longer sustainably export our energy dollars at the expense of dirty fuel and lost in-state economic activity. Wisconsin should not succumb to energy at the lowest price, at any cost.



WISCONSIN STATE LEGISLATURE





A Touchstone Energy* Cooperative 

**Detailed Modifications to the
Clean Energy Jobs Act SB 450 / AB 649
(Addendum to Dairyland's verbal testimony, dated January 27, 2010)**

Detailed Policy Modifications

Enhanced Renewable Portfolio Standard (RPS)

Dairyland Power is committed to a corporate goal of becoming 25 percent renewable by 2025, and similarly we believe our members will support a statewide 25x25 goal. However, as we dramatically increase Wisconsin's RPS, it is important to expand the types of renewables and tools that utilities can use to meet that new, aggressive goal. At this point, we feel the bill inappropriately limits us in our work to meet a 25x25 RPS while keeping energy affordable for our members.

- **Clarify the RPS "baseline:"** In calculating a utility's RPS requirement, the bill preserves the existing definition of "baseline" as the utility's average renewable portfolio percentage in the years 2001, 2002, and 2003. Unfortunately, the bill is silent as to whether that baseline will incorporate the new criteria, definitions and restrictions made by this bill. This distinction could result in a significant difference in a utility's obligations. It is critical that we understand whether the bill imposes its new criteria, definitions and restrictions in calculating that baseline, or whether it is assumed the current utility baselines will remain in effect, calculated according to existing law, even after existing law is modified.
- **Delete the In-State RPS Requirement:** Dairyland provides electricity to more than half a million members in Wisconsin, Minnesota, Iowa and Illinois. It is for this reason that we are concerned about the bill's proposed in-state requirement and recommend that the in-state renewable requirement be eliminated from the bill, at least for utilities with significant service territories outside of the state.

We believe the in-state requirement adds undue cost on cooperative members by forcing Dairyland to invest in Wisconsin-based renewable projects that may be less cost-effective and provide less renewable energy than projects in neighboring states. The economic situation for our members has worsened throughout 2009 and we are concerned this provision could cause further undue harm. While supporters of an in-state requirement cite Wisconsin job creation as justification for this provision, we caution against a policy requiring multi-million dollar investments that seem to be less cost-effective than other renewable options, to achieve projected and possibly temporary job creation, and we believe it could jeopardize long-term utility jobs and destabilize rural Wisconsin's already struggling economy.

Despite our opposition to mandating an in-state renewable resource requirement in the RPS, it is worth noting that Dairyland is aggressively developing renewable energy in Wisconsin, most

predominantly in the form of methane digesters and biomass conversion. Wisconsin utilities are and will continue to voluntarily invest in Wisconsin-based renewable projects where and when those investments make sense environmentally and economically. An enhanced RPS policy in Wisconsin should preserve our ability to do business in this manner.

- **Delete “Advanced Renewable Tariffs:”** We strongly recommend deleting the bill’s section on Advanced Renewable Tariffs (ART). While this version of the bill exempts cooperatives from the ART requirement, we do not believe mandating ARTs for any of the utilities is good public policy. If cooperatives were required to implement ARTs developed by the Public Service Commission, this policy would violate – in the most severe way – the core of the Cooperative structure: a cooperative’s members/consumers set their own rates through their democratically elected representatives.

Dairyland’s Board has established a voluntary small renewable rate policy for systems under 40 kV and a Tariff for small energy projects under 2 MW. We strongly oppose any effort to have government agencies establish rates. We believe mandatory ARTs would cause a significant increase in projects in rural Wisconsin, creating a disproportionate and unsustainable impact on rural electric cooperatives and Dairyland Power.

We are and will be making enormous investments to meet enhanced RPS goals, and because of this, it is critical we have the ability to choose which renewable projects and sources to develop in a manner that is cost-effective for our members. Advanced renewable tariffs, by definition, rely on buying very small amounts of energy that cannot be dispatched when it is needed, at prices designed to provide an investment return to the generator regardless of whether the energy is needed or is least cost. For every dollar we tie up in an ineffective ART project, we lose the ability to build more cost-effective renewable energy. Furthermore, mandatory ARTs would cause a significant increase in small renewable projects in rural Wisconsin, creating a disproportionate and unsustainable impact on rural electric cooperatives and Dairyland Power.

We recommend the legislature allow utilities to continue with voluntary renewable tariffs. At Dairyland we have made voluntary renewable tariffs a core offering in our community development portfolio. It is through this tariff structure that Dairyland has incented and built nearly 40% of Wisconsin’s methane digester projects. Voluntary tariffs are working.

In summary, we strongly urge the committee to delete all advanced renewable tariff provisions from this bill and preserve the Act 141 consensus establishing the original enhanced RPS agreement.

- **Delete the legislative findings regarding the enhanced RPS.**

Energy Efficiency Goals

The details of the bill’s efficiency provisions should be modified in the following ways:

- **Retain Joint Finance Committee oversight:** The bill should be amended to retain Joint Finance Committee oversight if the required energy efficiency budget exceeds 1.2% of the utility’s revenues.
- **Set achievable goals:** The Global Warming Task Force report called for annual energy efficiency goals to be established over a program year, meaning possibly three to four years, as the average annual savings to be achieved during that period. This was to allow for program flexibility and recognize that conditions may change during that program period. This does not seem to be reflected in the language. Furthermore, the Task Force report also assumed an underlying annual growth rate for electricity is 1.8%, but the bill does not reflect that consensus assumption. Instead the bill calls for 2%

savings annually, year over year, in perpetuity. A 2% annual efficiency goal in perpetuity is unrealistic and beyond the potential of any utility.

- **Curb expansion of PSC authority over cooperatives:** The current language gives the PSC wide latitude to determine a rural electric cooperative's goals and judge whether a cooperative has met that goal – including whether a good faith effort was made or fault can be demonstrated. This is a broad expansion of PSC authority over cooperatives, and we question the bill's latitude and lack of legal parameters regarding this authority. As a tool enabling this authority, the PSC is given the power to terminate cooperative contracts, force cooperatives into a statewide program, exert direction over cooperative budgets, and, as written in the bill, impose any other remedy the PSC establishes in its rules process. We believe this exertion of PSC authority and regulation of cooperatives is excessive and inconsistent with the Global Warming Task Force recommendations.
- **Preserve Commitment to Community programs:** Language is needed to ensure cooperatives are enabled and supported in continuation of their highly successful commitment to community programs. As currently drafted, we are concerned the bill attempts to divert cooperatives' efficiency efforts from localized commitment to community programs to the statewide program.

The bill makes compliance for cooperatives, especially those administering commitment to community programs, more difficult and costly for cooperatives to meet goals and to demonstrate compliance with goals that it does for public utilities.

While public utilities satisfy compliance with the bill's efficiency provision by paying into the statewide program, for cooperatives' commitment to community programs, the bill requires that each cooperative's compliance be demonstrated with effectiveness outcomes, financial audits, independent reviews, and significant reporting requirements to the state. For cooperatives' commitment to community programs, even though compliance may be demonstrated on an individual retail cooperative basis or an aggregate Dairyland basis, it is much more difficult to comply on a single, small utility basis than on a statewide average basis.

Furthermore, Dairyland cooperatives' member are almost entirely small rural residential or farm consumers spread across the entire western half of Wisconsin. A single program for a large industrial or commercial customer may be able to achieve large savings, while it is more difficult to achieve comparable savings across the relatively small consumers who are cooperative members. Furthermore, because of population densities in the areas served by cooperatives, the cost of achieving reductions in electricity use will be borne at a much higher costs to our consumers than the cost of achieving the same savings in more densely populated areas served by public utilities.

In spite of the disproportionate burden on commitment to community programs created by this bill, the continuation of Dairyland's highly successful, valuable efficiency programs is important to our members. There is no certainty that these programs would be found satisfactory towards our compliance requirements under a commitment to community option, and furthermore, if we were forced to contract with the statewide program, there would be no assurances that the statewide program would contract with Dairyland Power to continue operating our existing efficiency programs. The discontinuation of our efficiency and load management programs would represent a significant lost benefit for cooperative members throughout rural Wisconsin.

- **Clarify the Budget for Non-Electric Efficiency Expenditures:** The bill seeks to extend the statewide efficiency goals beyond electric use, to propane, for example. If other fuel types are included in this program, it should be clearly stated that efficiency efforts in those areas must be funded by the users of that fuel types. Electric customers shouldn't subsidize efficiency programs for propane users.
- **PSC Cost Recovery:** The bill allows the PSC to recover costs it incurs to administer the energy efficiency programs outlined in the bill through assessments on utilities, including retail electric cooperatives and suppliers. This constitutes an additional cost on each cooperative administering its own commitment to community programs. Not only are we required to pay for our own independent audit, but we would also be required to pay for the PSC costs of reviewing that audit.

Nuclear Moratorium

Dairyland Power supports lifting Wisconsin's nuclear moratorium. In the work of the Governor's Task Force, this was linked to the enhanced RPS and energy efficiency requirement. We are concerned that the bill, as drafted today, doesn't realistically ensure the moratorium would be lifted. If we are serious about a future of reducing carbon emissions, we believe Wisconsin's energy future must include nuclear. As a small utility we would not likely be in a position to build our own nuclear generation, but a regional project is a possibility. We favor a straight forward repeal of the current nuclear moratorium. To achieve this:

- **Delete the "Entire Output Finding:"** From a policy perspective, the entire output finding prevents utilizing nuclear as a powerful tool in the transition from carbon-heavy generation to noncarbon-emitting sources. From a technical perspective, there are serious questions about the feasibility and legality of the proposed "entire output finding." This requirement would be troublesome for Dairyland even if it were to pass legal muster, as Dairyland is charged with providing power to members located in three states other than Wisconsin. The bill seems to prohibit Dairyland from owning any capacity beyond that needed to serve only its Wisconsin members. Similarly, the bill seems to require that the output of any new nuclear plant be used only to serve Wisconsin customers. Prohibiting the sale of surplus power out of state during times of low electricity demand in Wisconsin would not benefit Wisconsin consumers. Also, in an integrated, regional grid, it is impossible to determine where electricity produced at any particular location is actually consumed.
- **Delete the non-severability clause:** This provision, along with the "entire output finding," is wholly inconsistent with the recommendations of the Global Warming Task Force. We urge deleting the non-severability clause.
- **Preserve federal regulation over decommissioning:** The bill discusses establishing Public Service Commission involvement in decommissioning nuclear facilities. It is important that the Legislature acknowledge that the U.S. Nuclear Regulatory Commission (NRC) governs nuclear decommissioning, and any additional state involvement would be an unnecessary and troubling attempt to duplicate authority over nuclear decommissioning. The state is not equipped with the expertise or resources to become involved in nuclear decommissioning, and it has not been demonstrated that NRC's oversight of decommissioning is inadequate. We ask you to remove all provision in the bill related to state involvement in nuclear decommissioning.
- **Clarity and Timelines for PSC Action:** The bill conditions lifting of the nuclear moratorium upon action by the PSC in two ways. We recommend deleting both of these conditions. If deletion cannot be achieved, we urge careful redrafting of the bill's language.

Regarding the first condition, the bill is ambiguous in its requirement that the PSC promulgate the RPS and Energy Efficiency provisions of this bill before the nuclear provisions can be

implemented, but unfortunately, the difference between implementing the rules and implementing the programs is vast. Without clarity regarding this particular language, we are concerned that this provision would delay lifting the nuclear moratorium.

The second condition requires the PSC to publish notice that it has satisfied the first condition.

Noticeably, neither of these conditions is subject to a timeline. We are concerned that the absence of time requirements will lead to litigation, resulting in significant and perhaps indefinite delay in lifting Wisconsin's nuclear moratorium. Therefore, we recommend deleting both of these conditions. The language used to craft these provisions is ambiguous and serves little purpose other than to invite years of regulatory, legal and political challenges that will delay lifting the nuclear moratorium.

- **Delete the legislative findings regarding nuclear.**

Alignment with Federal Legislation

As other utilities have remarked, Dairyland would recommend that the legislation incorporate a strategy for rectifying state energy policy and rules with federal legislation or regulation. The costs of complying with four different states' energy regulations are already significant for Dairyland Power and our members. To keep energy costs low for consumers, there should be one compliance strategy for meeting both federal and state renewable portfolio and energy efficiency requirements.

Detailed Technical Modifications

There are a number of technical changes required to make the bill supportable from Dairyland Power's perspective. While we won't speak to those in our testimony today, we do hope that you'll give the same level of attention to those issues as our policy recommendations. They are as follows:

- **Renewable resource credits:** Additional language is needed to clarify that the automatic transfer of RECs as part of a wholesale energy sale only applies to contracts or sales effective after the bill is enacted. Also, we suggest that the bill be modified to allow RECs to be banked from year to year, rather than requiring the RECs to be used in the same year in which they are generated.
- **Enhanced RPS / Biomass definition:** We recommend expanding the renewable definition to ensure methane digesters and various biomass feedstocks are expressly included. To accomplish this, we recommend deleting the bill's definition of biomass. The state's existing definition of biomass should be preserved with the addition of "animal byproducts and other gases" to the definition. It is our feeling that consistency and specificity in this area enables us, and others, to more securely plan and invest in renewable projects.
- **"Non-electric energy" definition:** Dairyland Power is investing and studying biomass conversion and co-firing of large scale coal-fired power plants. The bill appropriately allows utilities to count biomass boilers in its definition of "non-electric energy," however, the bill only allows us to receive credit for boilers placed in service on or after the effective date of the bill. We recommend that the bill language be modified to allow credits for biomass projects that are already being developed. At Dairyland, multi-million dollar biomass conversion projects have been underway for months. To hold these projects up until legislation passes so that we can "count" them in our renewable portfolio runs counter to the intent of the Global Warming Task Force. Whether a biomass project comes online in March 2010 or November 2010, that renewable generation should count equally and fully toward a utility's RPS.
- **"Service Territory" and "Premises" definitions:** In both the energy efficiency and RPS sections, the bill sets requirements that correlate to a utility's "service territory" and the "premises" of a cooperative's customers. The term "service territory" is not defined in the bill, and Wisconsin does not have defined service territories, relying instead on the anti-duplication provisions of Wis. Stat. 196.495. Likewise, the term "premises" is not defined in the bill.

- **“Retail electric cooperative” definition:** The bill defines a “retail electric cooperative” for purposes of the energy efficiency and RPS requirements to be a “cooperative association organized under ch. 185 that sells electricity at retail to its members only”. The longstanding exemption in Wis. Stat. §196.01 (5)(a)1. for electric cooperatives from the definition of “public utility” is for cooperatives organized “for the purpose of serving members only.” In both the RPS and energy efficiency sections, it would be preferable to make the definition of retail electric cooperative consistent with the Wis. Stat. §196.01 (5)(a)1. definition. A cooperative should not become subject to the requirements for a public utility if it should happen to serve a small number of non-members.

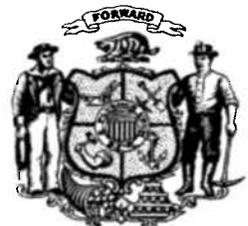
- **“Energy content ratio” definition:** The bill defines the term “energy content ratio” for facilities that use biomass and fossil fuel, but seems to limit the renewable resource credits for such a combined energy source facility to the total amount of “electricity generated by the facility that is sold at retail.” That limiting phrase should be deleted as it is inconsistent with other provisions of the law that focus on the renewable generation of each generator, not what is sold at retail.

- **Freight Idling:** Exempt utility trucks.

- **Net Zero Buildings by 2030:** Delete this provision, or dramatically scale back from one hundred percent of residential and commercial structures.



WISCONSIN STATE LEGISLATURE



DAIRYLAND POWER COOPERATIVE

A Touchstone Energy* Cooperative 

Testimony provided to the
Senate Special Committee on Clean Energy Jobs
January 27, 2010

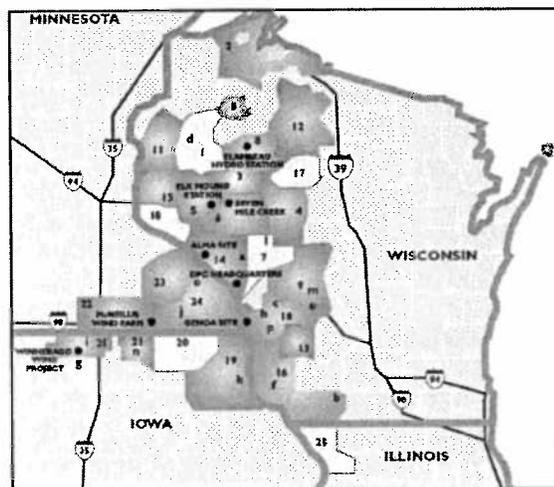
To the members of the Special Committee on Clean Energy Jobs:

SB 450?

Thank you for the opportunity to provide informational testimony regarding the Clean Energy Jobs Act. Our verbal remarks today will summarize the detailed changes we recommend in our written testimony (see Addendum 1).

With headquarters in La Crosse, Wis., Dairyland Power Cooperative provides wholesale electricity to 25 member distribution cooperatives and 17 municipal utilities serving over 600,000 residents in Wisconsin, Minnesota, Iowa and Illinois. As you can see from the map shown here, our service territory encompasses most of rural western Wisconsin. We provide power through 18 retail electric cooperatives to Wisconsin's rural communities and farmers, and to the customers of 10 Wisconsin municipal utilities. In every county Dairyland serves, the per capita income is well below the state average.

We support the major goals of the Governor's Task Force which led originally to discussion of this bill in its current form: enhancing Wisconsin's Renewable Portfolio Standard, establishment of statewide energy efficiency goals and allowing the nuclear option to once again be available for future energy needs. While Dairyland provides four percent of Wisconsin's total energy generation, Dairyland provides seven percent of Wisconsin's renewable energy – a figure demonstrating our commitment to an aggressive renewable energy portfolio. It is from this perspective that we analyzed this first draft of the Clean Energy Jobs Act. We look forward to working with both special committees to improve the key provisions and advance a comprehensive energy policy in Wisconsin.



While there are a number of details in the first draft that concern our members, Dairyland believes we can get to a supportable bill that includes a 25x25 RPS, a statewide energy efficiency goal, and lifting of the nuclear moratorium. We recommend that the following details be modified, but please note that we have attempted to focus on major concerns, and our failure to address any particular issue should not be interpreted as our endorsement of the bill's provisions.

Enhanced Renewable Portfolio Standard (RPS)

Dairyland Power is committed to a corporate goal of becoming 25 percent renewable by 2025, and similarly we believe our members will support a statewide 25x25 goal. However, as we dramatically increase Wisconsin's RPS, it is important to expand the types of renewables and tools utilities can use to meet that new, aggressive goal. At this point, we feel the bill inappropriately limits us in our work to meet a 25x25 RPS while keeping energy affordable for our members.

Furthermore, Dairyland is concerned about the bill's proposed in-state requirement and recommend that it be eliminated from the bill. We believe the in-state requirement adds undue cost on cooperative members by forcing Dairyland – a cooperative that provides power to customers in four states – to invest in Wisconsin-based renewable projects that may be less cost-effective and provide less renewable energy than projects in neighboring states.

We strongly recommend deleting the bill's section on Advanced Renewable Tariffs (ART). While this version of the bill exempts cooperatives from the ART requirement, we do not believe mandating ARTs for any utilities is good public policy. Dairyland's Board has established a voluntary small renewable rate policy for systems under 40 kV and a small renewable tariff for energy projects under 2 MW. We strongly oppose any effort to have government agencies establish rates.

We are and will be making enormous investments to meet enhanced RPS goals, and because of this, it is critical we have the ability to choose which renewable projects and sources to develop in a manner that is cost-effective for our members. For every dollar we tie up in an ineffective ART project, we lose the ability to build more cost-effective renewable energy.

Finally, clarity is needed regarding the bill's definition of baseline for the purposes of calculating a utility's RPS requirement.

Energy Efficiency

Dairyland is supportive of enhancing Wisconsin's statewide energy efficiency goals, however, we are concerned that this version of the bill doesn't represent the recommendations or intent of the Global Warming Task Force report.

In particular, we feel the efficiency provisions do not allow utilities to set or accomplish achievable goals. The Task Force report called for goal to be set over a program period, include an assumed rate of growth for electricity use, and focus on efficiency potential when setting long-range goals. These issues do not seem to be reflected in the language. In particular, the bill calls for 2% annual efficiency savings, year over year, in perpetuity. A goal like this is unrealistic and beyond the potential of any utility.

We are concerned the current language gives the PSC wide latitude to determine a rural electric cooperative's goals and judge whether a cooperative has met that goal – including whether a good faith effort was made or fault can be demonstrated. This is a broad expansion of PSC authority over cooperatives, and the bill's latitude and lack of legal parameters regarding this authority is concerning.

This bill must ensure cooperatives are enabled and supported in continuation of our highly successful commitment to community programs. The bill makes compliance for cooperatives administering commitment to community programs more difficult and costly for cooperatives to meet goals and to demonstrate compliance than for public utilities. The bill seemingly attempts

to divert cooperatives' efficiency efforts from localized commitment to community programs to the statewide program.

We would urge careful and considerable redrafting of the bill's efficiency provisions, particularly as they relate to cooperatives. We are prepared to play a significant role in that redrafting and look forward to working with committee members to achieve those changes in a timely manner.

Nuclear Moratorium

Dairyland Power supports lifting Wisconsin's nuclear moratorium. In the work of the Governor's Task Force, this was linked to the enhanced RPS and energy efficiency requirement. We are concerned that the bill, as drafted today, doesn't realistically ensure the moratorium would be lifted. If we are serious about a future of reducing carbon emissions, we believe Wisconsin's energy future must include nuclear generation. As a small utility we would not likely be in a position to build our own nuclear, but a regional project is a possibility. We favor a straight forward repeal of the current nuclear moratorium.

To achieve this, we urge the deletion of the entire output finding and the non-severability clause, and the deletion or clarification of the language requiring the PSC to implement the RPS and Efficiency program rules before the nuclear provisions can take effect. Finally, the U.S. Nuclear Regulatory Commission governs nuclear decommissioning, and it has not been demonstrated that their regulation is inadequate, therefore, we recommend removing all provision in the bill related to state involvement in nuclear decommissioning.

Alignment with Federal Legislation

Dairyland recommends that this bill incorporate a strategy for rectifying state energy policy with federal legislation or regulation. The costs of complying with four different states' energy regulations are already significant for Dairyland Power and our members. To keep energy costs stable for consumers, there should be one compliance strategy for meeting both federal and state renewable portfolio and energy efficiency requirements.

Technical Modifications

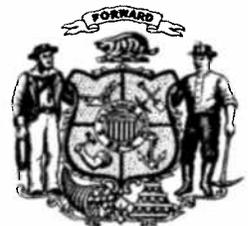
There are a number of technical changes required to make the bill supportable from Dairyland Power's perspective. Specifically, some changes are required to the section on renewable resource credits, the definition of biomass and what counts toward the new RPS, the definition of "non-electric energy," the use of the terms "service territory" and "premises," the definition of "energy content ratio," diesel truck idling, and the section regarding net zero buildings and homes by 2030. Again, while we won't speak to the details of these provisions in our verbal remarks, we anticipate you'll give the same level of attention to those issues as our policy recommendations.

Closing Remarks

In summary, while we are supportive of the overall thrust of this legislation, we have major concerns about the way policies have been created, and several technical issues need to be addressed before we could support this bill. We look forward to working with members of this committee in addressing these issues!



WISCONSIN STATE LEGISLATURE





To: Senate Select Committee on Clean Energy

From: David Donovan, Manager Regulatory Policy, Northern States Power Company – Wisconsin, d\b\a Xcel Energy

Re: Senate Bill 450

Date: January 27, 2010

Co - Chairmen Plale and Miller and members of the Committee, thank you for the opportunity to testify today on Senate Bill 450, the global warming legislation. My name is David Donovan. I'm Manager of Regulatory Policy for Xcel Energy. I will focus my comments today on five areas of the legislation: 1) Increased goals for Energy Efficiency and Conservation; 2) Enhanced Renewable Portfolio Standard (RPS); 3) Biomass definitional changes; 4) Advanced Renewable Tariffs; 5) Nuclear Moratorium.

Xcel Energy is the fourth largest combination gas and electric company in the nation with operations in eight states. Under our environmental leadership strategy, the company takes prudent, balanced steps to reduce the impact of our operations on the environment, while promoting technological and public policy advancements that will encourage a cleaner electric system. Xcel Energy is the nation's largest utility wind energy provider and the nation's fifth largest solar energy provider. Xcel Energy also has the nation's largest Green Power program. As a company, we have outlined plans to voluntarily reduce our overall carbon dioxide emissions by 22 percent below 2005 levels by 2020.

For those reasons, Xcel Energy supported the Governor's Global Warming Task Force recommendations and supports many of the proposals included in Senate Bill 450. However, Xcel Energy believes Senate Bill 450 deviates from the Task Force recommendations in a few areas and therefore requests these provisions be clarified.

Energy Efficiency and Conservation

We support the recommendations to enhance energy efficiency in Wisconsin. Xcel Energy is a strong proponent of energy conservation as a way to address the issue of climate change. Increased program funding is something we've supported in all states in which we serve. However, as the Public Service Commission of Wisconsin (PSCW) sets its budget for Energy Efficiency spending, we feel Joint Finance Committee oversight of that budget should be retained.

Enhanced Renewable Portfolio Standard

We also support a more aggressive Renewable Portfolio Standard (RPS) in Wisconsin. Xcel is the number one renewable energy provider in Wisconsin. Recently, Xcel Energy received approval to

increase its contribution from the PSCW to convert the third boiler at the Bay Front facility in Ashland to biomass gasification, making that plant capable of burning 100 percent biomass. However, while Xcel Energy supports the advanced RPS, we are seeking changes to the baseline calculation that was established in Act 141. Due to Xcel Energy's early investments in renewable energy technology, this baseline calculation requires the company to go almost three percent above the statewide average requirement. This additional investment for Xcel Energy's customers penalizes them for the company's early investments in renewable energy technology. This baseline calculation also penalizes other smaller utilities located in the north and western part of the state creating significant inequities for customers in the most rural areas. (See attached map of impacted utilities)

Biomass Definition

Xcel Energy opposes the proposed changes to the biomass definition. The proposed changes to the biomass definition were not discussed within the scope of the Task Force, and we think the changes severely weaken the current definition. Should an enhanced RPS be passed, energy providers will need a broad range of options to achieve the aggressive renewable energy goals as outlined in the legislation. Separate comments supporting this issue will be submitted by a coalition of concerned stakeholders.

Advanced Renewable Tariffs

Xcel Energy strongly opposes language in the legislation mandating Advanced Renewable Tariffs for Wisconsin's Investor Owned Utilities. This is a deviation from the Task Force recommendations, and we request the bill be amended to remove the language. Xcel Energy has been diligently working to revise its existing voluntary tariff to make it more attractive to customers who want to own and operate distributed generation technology. However, mandating these contracts at an inflated price to benefit a small percentage of customers which will then be subsidized by our entire customer base would put significant upward pressure on rates. We also believe this violates the construct of Act 141, which states that if an electric provider is meeting its statutory obligation under the RPS, additional renewable investments cannot be mandated by the PSCW.

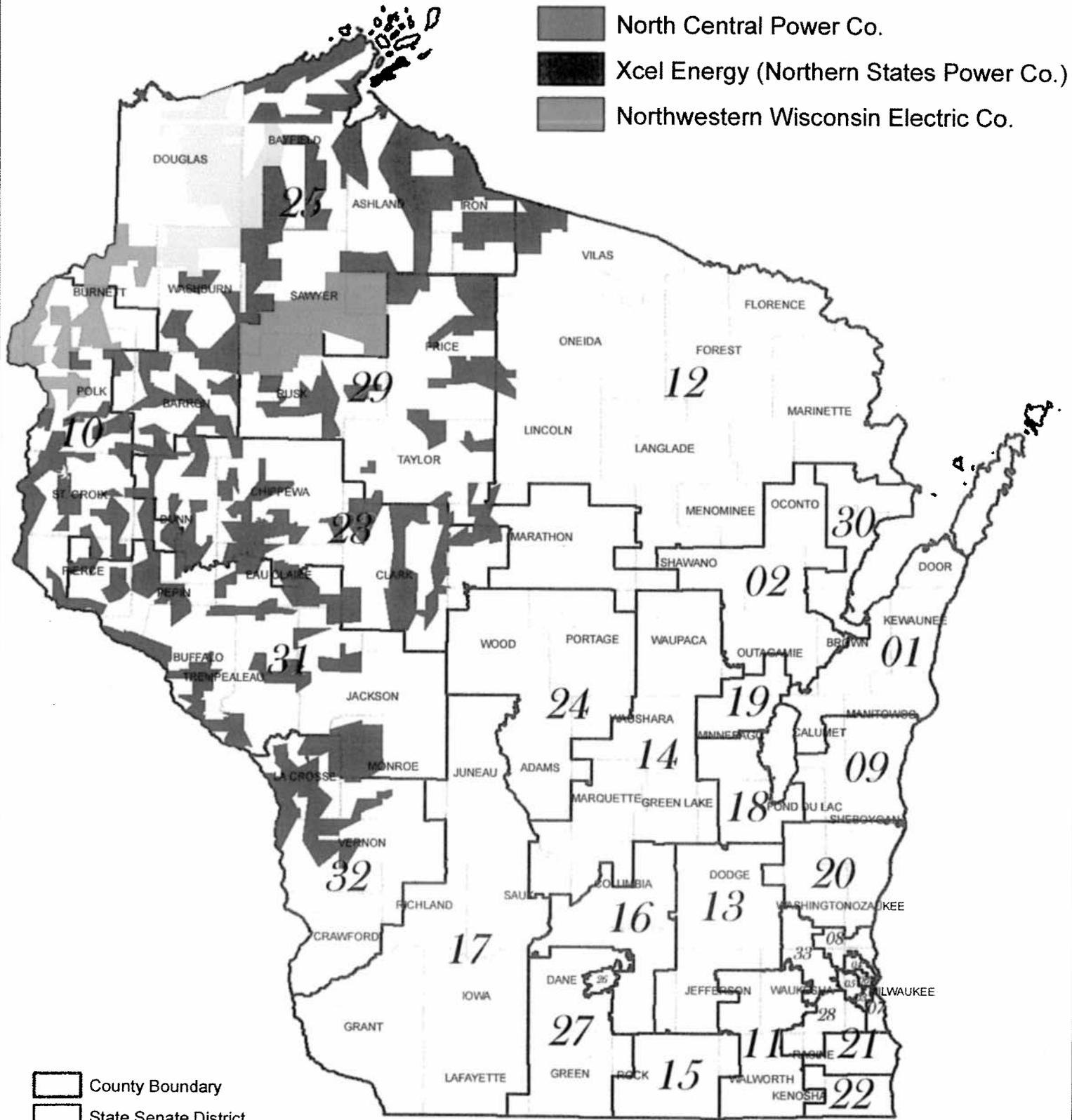
Nuclear Energy

Lastly, we express concerns over proposed language regarding the nuclear moratorium that would require all of the energy produced from a new nuclear power plant in Wisconsin to be used by Wisconsin ratepayers. Given the way Xcel Energy plans and operates its system and the related multistate cost sharing agreement, if we cannot consider combined load growth of NSP-Wisconsin and NSP- Minnesota when evaluating the construction of nuclear power in Wisconsin, we would not consider a new nuclear facility. Essentially, the moratorium remains in place for our company.

Thank you again for the opportunity to testify. Xcel Energy is committed to protecting the environment and ensuring reliable power at a reasonable cost for our customers. We look forward to working with you on this bill as it moves through the legislative process.

Select Utility Service Territories

-  Dahlberg Light & Power Co.
-  North Central Power Co.
-  Xcel Energy (Northern States Power Co.)
-  Northwestern Wisconsin Electric Co.

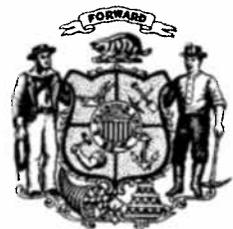


 County Boundary
 State Senate District





WISCONSIN STATE LEGISLATURE



AMERICANS FOR PROSPERITY

1726 M Street NW, 10th Floor • Washington DC 20036 • 202.349.5880

January 27, 2010

SB 450?

Dear Wisconsin Legislator:

I am asking you to sign Americans for Prosperity's No Climate Tax Pledge. AFP is a free market grassroots nonprofit, with more than 980,000 members in all 50 states, including our 25 chapter states. The Wisconsin Chapter has over 54,000 members.

The pledge simply states "**oppose any legislation relating to climate change that includes a net increase in government revenue.**" We worded the pledge this way because we feel that it is important to separate the tax issue from the climate issue. One thing we should all be able to agree on is that climate change legislation should not be used as a guise to grow government.

The pledge has already attracted the bipartisan support of more than 325 lawmakers candidates on the federal, state and local levels.

Prominent signers include:

- **U.S. Senators** Thune, Inhofe, Vitter, Coburn, Roberts, Brownback and Wicker,
- **U.S. House** Minority Leader John Boehner, Whip Eric Cantor, Chairmen Mike Pence and Tom Price,
- **State Level Leadership:** Milwaukee County Executive Scott Walker, Lt. Govs. Pete Kinder (Mo.) and Bill Bolling (Va.); Speakers of the House Mike O'Neal (Kans.), David Monson (N.D.) and Chris Benge (Okla.)

I would very much like to add you to our list of leaders who have made a public commitment to oppose all tax increases in climate legislation.

We must all come together to fight this ill-conceived attempt to grow government. The pledge is one of AFP's efforts to help you battle back these proposals. If you sign the pledge I will be happy to issue a press release to your local media and your office praising you for doing so.

Americans for Prosperity-Wisconsin Chapter will prominently display the signers of the pledge at our 3rd Annual Defending the American Dream Summit being held in the Wisconsin Dells on Friday, March 12th and Saturday, March 13th. Information on the Summit and signers of the Pledge can be found at www.fightbackwisconsin.com.

Please find the pledge attached and I look forward to working with you on this issue. Due to our tax status, we are unable to endorse any candidates for elected office.

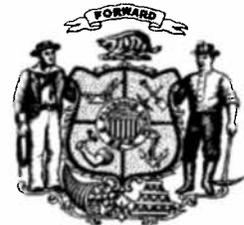
Sincerely,

Mark Block
State Director
414-475-2975
markb@afphq.org

Americans For Prosperity - Wisconsin Chapter
1126 South 70th Street • Suite S219A • Milwaukee, WI 53214
(414) 475-2975 • info@afpwi.org



WISCONSIN STATE LEGISLATURE



SB 450?

Comments on the Clean Energy Jobs Act from Southern Alliance for Clean Energy

January 27, 2010

that supports energy efficiency & renewables as the best energy solutions to mitigate climate change & that's why the Clean Energy Jobs Act is so exciting bill.

Good morning. My name is Sara Barczak and I am a program director with the Southern Alliance for Clean Energy, a regional non-profit conservation and energy consumer organization in the Southeastern United States. I was born and raised in Wisconsin and have spent the last ten years in Savannah, Georgia. I am very familiar with the push for new nuclear reactors as more than half of the new proposals are in the Southeast. *I thought that the experience there would be helpful to share with you today.*

Several states including Georgia, Florida, and South Carolina have over the last several years passed different types of state legislation to help open the door for building new reactors. Particularly in Florida and South Carolina, this has led to ratepayers experiencing increases in their utility bills during these hard economic times. In Georgia it began with a resolution supporting development of supposedly clean energy resources, though in reality the focus was on promoting more nuclear power. This was timed to coincide with proceedings at the Public Service Commission that were dealing with new energy development. Ultimately, Georgia Power, subsidiary of the Southern Company, selected new reactors as their preferred option and the PSC approved it over less risky, more affordable and less environmentally damaging energy choices *(such as etc etc).* Then last year the Georgia Legislature passed controversial anti-consumer legislation that forces utility customers to prepay for new reactors at Plant Vogtle, regardless of whether they are ever even built. You may hear this type of legislation referred to as Construction Work in Progress, but really it is a type of nuclear tax. Georgia, and much of the states in the Southeast, are regulated like Wisconsin. This state legislation then affected the outcome of another PSC decision, allowing approval for Georgia Power to pursue building two new reactors with ratepayers having to foot the bill for financing before any electricity is ever produced. Yet federal approval along with other state permits are still far down the road.

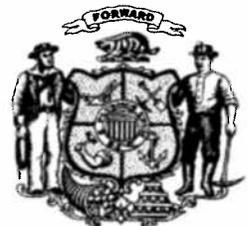
Similar stories occurred in Florida and South Carolina – the legislatures started with pro-nuclear legislation often under the guise of fostering new jobs or increased development in energy supplies that supposedly could reduce the impacts of global warming. Versions of construction work in progress legislation were passed. What resulted were higher electric bills for struggling families and businesses and no new reactors being licensed let alone built. Florida's utilities now estimate that two new reactors will cost upwards of \$17 billion, more than a tripling of estimates just a few years ago. Progress Energy ratepayers are now paying about \$7 per month for two new reactors that are now off schedule and over budget and by 2018 they will be paying more than \$30 per month. No electricity is being produced nor will be for many years – it's possible that the reactors will never be built.

I bring this to your attention to caution you on allowing the nuclear industry to move Wisconsin towards policies that have occurred in other parts of the country; policies that ultimately have led to increasing the financial burden on hard working families and businesses. There are lessons to be learned. You may think that this is a different situation than what I've described but I assure you, it is not. Please remove the nuclear provisions in the Clean Energy Jobs Act. This simple change will make it a stronger bill, will make for a better Wisconsin, and I can assure you, will not be a decision you will regret years from now.

Thank you.



WISCONSIN STATE LEGISLATURE



MEMORANDUM

DATE: January 27, 2010
TO: Members of the Senate Select Committee on Clean Energy
FROM: John Sumi, Legislative Affairs Manager JS
SUBJECT: Senate Bill 450, the Clean Energy Jobs Act

A representative of Madison Gas and Electric Company (MGE) served on Governor Doyle's Global Warming Task Force and on the earlier Task Force on Energy Efficiency and Renewables which produced the recommendations enacted by the Legislature in 2005 as Wisconsin Act 141. MGE is pleased its expertise has regularly been sought for the development of major Wisconsin energy policy proposals and looks forward to working with the Senate Select Committee on Clean Energy as it considers SB 450, the legislation that seeks to implement the recommendations of the Global Warming Task Force.

MGE supports the major elements of SB 450/AB 649. We favor increasing the State's energy-efficiency effort as a way to curb the increase in the use of electricity and natural gas and thereby achieve reductions in GHG emissions from the energy sector. We also support the idea of shifting the approach of the energy-efficiency policy away from one based on a budget level (1.2 percent of utility gross revenue) to instead center the policy on the achievement of statewide energy savings goals with the Public Service Commission of Wisconsin recommending, and the Legislature through the Joint Committee on Finance approving, the funding level necessary to meet that goal. Reducing the GHG emissions from Wisconsin sources will require a variety of strategies, but among those cost-effective, energy efficiency stands out as the most promising way of reducing GHG emissions in the energy sector.

MGE would also like to state its support for the proposal to increase our state's renewable portfolio standard and for accelerating implementation of the standards to achieve greater early GHG emission reductions. The proposed 25 by 25 policy represents a long-term commitment to utilize additional renewable resources to supply Wisconsin's electricity. The Legislature will need to do a careful job of designing the policy so customers gain the benefits of renewable energy without unreasonable costs that will be painful for customers during tough economic times like those we are currently experiencing. Although the challenge of meeting the enhanced renewable standard seems greater than when it was first recommended by the task force, MGE continues to support enactment of a 25 by 25 standard.

If the energy-efficiency and renewable portfolio standard recommendations of the task force are enacted through this bill, it is clear Wisconsin utilities and their customers will carry out or fund the actions that will produce the most significant reductions in GHG of all the sectors of our state's economy. For that reason, the Legislature should take care to avoid adding policies such as the mandatory renewable tariffs proposal that will raise the cost of attaining the emission reductions that are counted on as coming from this sector.

MGE is specifically concerned that the use of mandatory renewable tariffs will undermine green power programs currently administered by Wisconsin utilities. MGE offers a nationally recognized green power program to its customers. The program is successful in part because MGE carefully manages the renewable resources it uses in the program to blend higher-cost renewables like solar with lower-cost renewables such as wind and keeps the premium customers pay for green power reasonable. Forcing more high-cost renewables into our green power program would

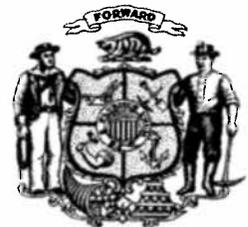
put the program at risk of being too expensive for our customers. We are also concerned that if we are mandated to purchase higher-priced renewable electricity and that cost is shifted onto our other customers, that cost shift will be away from customers who voluntarily pay for additional levels of green energy onto all MGE customers including those least able to pay.

Apart from your consideration of these major proposals, we also request the Committee take notice of the additional informal meetings of the Global Warming Task Force that have taken place since the bill draft was first released. The meetings have continued a dialogue aimed at addressing some of the issues caused by the difficulty of transforming the Governor's Task Force recommendations into legislation. We understand the task force cochairs Roy Thilly and Tia Nelson have forwarded the Select Committee a number of additional recommendations for fine-tuning of the bill. While the group was not able to resolve all differences between task force members, we agree with the task force cochairs that adoption of the additional changes will strengthen the bill. We look forward to working with the Select Committee to continue to refine the bill into a better package.

ah



WISCONSIN STATE LEGISLATURE



Ritger Law Office

ATTORNEYS AND COUNSELLORS AT LAW

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KATHERINE J. KRUGER
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(920) 994-4313
(920) 668-6419
FAX (920) 994-9704

January 27, 2010

Select Committee on Clean Energy
Wisconsin State Senate
State Capital
Madison, WI

Re: Senate Bill 450

Dear Senators:

The Ritger Law Office represents landowners who are interested in commercial wind development across the state of Wisconsin. Our clients include the landowners who host the Butler Ridge Wind Farm in Dodge County and the Cedar Ridge Wind Farm in Fond du Lac County. We also represent hundreds of other landowners from Grant County in the southwest to Door County in the northeast, all of whom are interested in hosting commercial wind development of their land.

The biggest problem for wind development from a landowners perspective is a lack of markets for the wind energy produced. The lack of demand for renewable energy is causing low rent prices for landowners and long delays, and sometimes indefinite delays, in the development of wind farms developed by utilities and energy companies.

Furthermore, a lack of access to markets has completely blocked any ability of landowners, small businesses or small communities from developing their own commercial scale wind power. Many other states and foreign countries have seen the benefits of distributed commercial wind power where one or two commercial wind turbines in a particular location will feed power directly into the local grid.

For example, in the state of Minnesota there are over 470 megawatts of installed commercial scale wind power owned by farmers, small business people, school districts, farm coops and other community groups. In Wisconsin there are no such projects because the utilities will not buy the power and there appears no legal mechanism to sell the power directly to energy consumers.

As an example, I myself have developed six commercial scale distributed wind projects in Washington, Ozaukee, Fond du Lac and Sheboygan Counties. All permits have been obtained

Page 2
State Senators
January 27, 2010

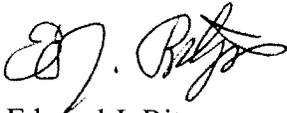
and financing and wind turbines are available. However, because there is no market for the electricity, these projects have sat for more than five years without any construction activity. Unless you do something to open markets, these projects will likely sit for a lot longer.

There are many landowners, small business people and other community organizations that are anxious to invest in commercial scale wind projects in Wisconsin. It is your opportunity and challenge to open the doors to permit this investment.

Thank you for consideration.

Respectfully submitted,

RITGER LAW OFFICE

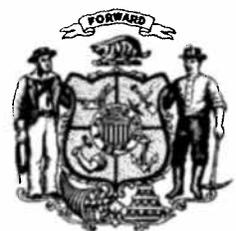
A handwritten signature in black ink, appearing to read "E.J. Ritger". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Edward J. Ritger

EJR/no



WISCONSIN STATE LEGISLATURE





Upper Midwest Regional Office
400 1st Avenue North, Suite 535
Minneapolis, MN 55401

612.767.6241 phone
888.767.6241 toll free
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Wisconsin State Senate
Select Committee on Clean Energy
412 East
Senator Mark Miller, Co-Chair
Senator Jeffrey Plale, Co-Chair
RE: Senate Bill No. 450 (LRB-3883)

January 27th, 2010

Dear Honorable Committee Members:

My name is Brian Antonich and I have been working for Horizon Wind Energy as a project developer for over one year and have been working in the wind industry for various capacities for over 5 years. I am an electrical engineer by training. Horizon Wind Energy is based in Houston, Texas, with over 20 offices and 22 operating wind farms across the United States totaling more than 2,800 MW in generating capacity. Horizon is owned by EDP Renewables ("EDPR"), a global leader in the renewable energy sector that designs, develops, manages and operates power plants that generate electricity using renewable energy sources. With a sound development pipeline, first class assets and market-leading operating capacity, EDPR has undergone exceptional development in recent years.

Horizon Wind Energy, formerly Zilkha Renewable Energy, began developing relationships with landowners and studying the wind in Lafayette County in 2003. After several years of recording wind data, the company realized that the project area was one of the windiest in Wisconsin. We have received overwhelming support from the county and township and have entered into development agreements with them authorizing us to build the wind farm. Succeeding interconnection, wildlife, wetland, civil engineering and other studies have confirmed that the site looks very favorable. Subsequently, Horizon's development team has brought the project to 90% construction ready. Finding a buyer for the energy is one of the few hurdles that need to be overcome to build the project.

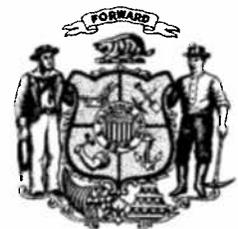
Horizon Wind Energy has presented this very competitive project to Wisconsin utilities several times over the years with no success. Our company believes that if the Wisconsin Renewable Electricity Standard is increased to 25% by 2025 with a 10% carve out for Wisconsin-sited renewable energy projects that our company will find a buyer for the energy and the project will be built.

Some of the benefits from the project:

- \$225 to \$250 Million in infrastructure investment in Lafayette County
- Approximately \$400,000 annually in combined tax payments to Lafayette County and Seymour Township through the gross revenue tax mechanism
- ~100 participating landowners who will receive in aggregate around \$500,000 per year for participating in the project by hosting turbines and other infrastructure, or as neighbors to the project
- Construction of a new operations building the local community
- Several hundred short term construction jobs
- 7-10 highly skilled, long term, and well paying operations and maintenance jobs



WISCONSIN STATE LEGISLATURE



January 27, 2010

SB450?

To all it may concern,

My name is Jenny Heinzen and I am writing this testimony as a private citizen in support of the Clean Energy Jobs Act. I wish I could be at the Capitol in person today, but my job is keeping me far too busy.

I am the lead instructor for the Wind Energy Technology program at Lakeshore Technical College (LTC) in Manitowoc County. LTC is the only college in Wisconsin currently training future wind turbine technicians. The program is full this year, next year, and already has a waiting list for the fall of 2011.

My students have unique backgrounds. Some are recent high school graduates; others have been laid off from their manufacturing jobs and are now training for a new career in renewable energy. I think it's wonderful that LTC is able to serve these dislocated workers from Kohler Company, Thomas Industries, Pentair, and other facilities – and prepare them for a new kind of employment.

Wind turbine technicians need to be educated in electricity, hydraulics, and mechanical devices – just like any other skilled trade. Wind turbines (and other renewable energy systems) placed in Wisconsin produce electricity, jobs, and a stable fuel source with predictable output and costs for the whole state. The more we use renewable energy and distributed generation within our own borders, the less we need to buy and import from other states and nations.

I support the Clean Energy Jobs Act for many reasons – increased efficiency, domestic and renewable energy, less environmental impact, and more local jobs. Because of policies like this one, LTC students will continue to have excellent employment opportunities here at home.

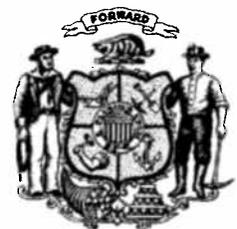
Thank you for your time,



Jennifer Heinzen
Manitowoc, WI



WISCONSIN STATE LEGISLATURE



Clean Energy Jobs Act

SB 450 Testimony 1/27/2010

Submitted by Pam Kleiss, Executive Director, PSR Wisconsin, info@psrwisconsin.org, 608/232-9945

Physicians for Social Responsibility is a national organization of physicians, nurses, health care professionals and concerned citizens. We examine public policy proposals from the perspective of personal and public health consequences and costs. I enter this testimony before you today in my capacity as Executive Director of the Wisconsin Chapter of Physicians for Social Responsibility, representing our 750 members in Wisconsin. My comments today will focus on the health impacts of coal-fired and nuclear-fired electricity generation in Wisconsin as they pertain to the Clean Energy Jobs Act.

PSR Wisconsin recognizes the health impacts of climate change to be of paramount importance and strongly supports the fundamental premise of the Clean Energy Jobs Act: Action is needed NOW to slow and moderate the effects of climate change. Wisconsin's reliance on coal-fired electricity generation has a negative impact on state residents' health. PSR's newly released report, "Coal's Assault on Human Health" documents that emissions from coal combustion damage the respiratory, cardiovascular and nervous systems, and contribute to four of the top five leading causes of death in the US: heart disease, cancer, stroke and chronic lower respiratory diseases.¹

In addition to these direct impacts on human health, coal combustion contributes significantly to climate change because of carbon dioxide pollution. The impact of climate change on public health is already evident in Wisconsin and elsewhere: Heat waves, intense drought, disease outbreaks, and flooding. Reducing Wisconsin's reliance on coal-fired electricity has the double health benefit of reducing the direct health impacts of toxic carbon-combustion pollutants, and reducing the broader health impacts of global warming.

These health impacts are costly:

- The Wisconsin Asthma Coalition estimates that lifetime asthma prevalence has reached an all time high of 13% in Wisconsin children and adults and costs the state over \$60 million annually in hospitalization and emergency visits.²
- In 2009, the National Academies report that the "hidden" health cost of our current energy policies at an estimated \$120 billion in the U.S. in 2005. This number reflects primarily health damages from air pollution associated with electricity generation and motor vehicle transportation. The figure does not include damages from climate change, harm to ecosystems, effects of some air pollutants such as mercury, and risks to national security, which the report examines but does not monetize, but we can expect would make the number much higher.³
- January 2010 Study by UW's own Center for Sustainability and the Global Environment showed that benefits of improved air quality resulting from climate change mitigation policies are likely to outweigh the near-term costs of implementing those policies. The research shows human health

1 Epstein, Hu, et.al; Coal's Assault on Human Health, Executive Summary, p. 3, November 2009. Available at www.psr.org.

2 Wisconsin Asthma Coalition, Wisconsin Asthma Plan 2009- 2014, p. 6. Available at www.chawisconsin.org/wac..htm.

3 National Academies of Sciences, The Hidden Costs of Energy, Executive Summary, full report available at http://www.nap.edu/catalog.php?record_id=12794

costs estimated at \$50 per ton of green house gas emissions, making carbon-pricing at even the higher estimates of \$30 per ton of GHG emissions cost efficient by comparison.⁴

The financial and human costs of these health impacts require action be taken as soon as possible to avert the most catastrophic health impacts. CEJA's requirement that by 2025, 25% of our electricity in Wisconsin come from truly renewable energy sources, combined with lowering our energy use 2% each year through increased efficiency in all sectors of the economy, are a good start. Additionally, low carbon fuels, increased investment in public transportation and urban planning policies can reduce the impacts from the transportation sector.

PSR Wisconsin supports implementing aggressive carbon dioxide reduction goals, immediate investment in efficiency (per the Energy Center of Wisconsin's November 2009 report)⁵ and implementation of off-the-shelf renewable technology. Investment in wind power, electric car fleets with battery storage of photo voltaic solar energy, and ice and compressed air storage of wind-generated electricity should be implemented immediately. So too should utilization of cost-efficient and easy to implement thermal solar technology for residential, commercial and industrial use.

Lastly, PSR Wisconsin views the proposed modifications to relax nuclear reactor construction at odds with the worthy goals of the Governor's Task Force recommendations and the CEJA bill. While existing nuclear power plants might have increased their efficiency of operations in recent years, major industry problems and public health risks still have not been addressed at the state or federal level, namely,

- Quantifying the health impact of routine releases of radioactive steam into the air that we breathe, and radioactive tritium leaks to water supplies,
- Finding a permanent solution for the tens of thousands of tons of high-level radioactive waste stored at reactor sites, and
- The nuclear industry's reliance on tax-payer subsidized loan guarantees and ratepayer pre-payments for reactor construction costs. Such reliance shifts the huge financial risk for new projects from the utility to the tax-payer and rate-payer, while the corporation gains the resulting profits.

PSR Wisconsin opposes the language in CEJA that eliminates the need for a federally licensed waste repository before new nuclear reactors are built. The high-level radioactive waste "temporarily" stored along the shores of Lake Michigan and the Mississippi River at Wisconsin reactor sites is a present danger that appears to be permanent. The 2005 National Academy of Sciences report on the Biological Effects of Ionizing Radiation, BIER VII, states that all exposure to ionizing radiation has health risks, and that the risks are cumulative for an individual.⁶ Knowing this, how can legislators encourage adding more ionizing radiation to Wisconsin's air and water and soil from new nuclear

⁴ See press release from SAGE at <http://www.news.wisc.edu/17563>

⁵ Energy Center of Wisconsin, Report available at http://www.ecw.org/resource_detail.php?resultid=396

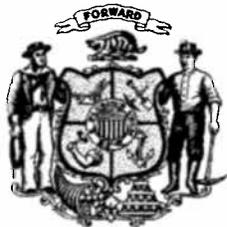
⁶ National Academy of Sciences, Health Risks from Exposure to Low Levels of Ionizing Radiation: BEIR VII – Phase 2, available at <http://www.nap.edu/catalog/1134.html>

reactors? PSR Wisconsin urges legislators to remove this modification to Wisc. Stat. 196.493 from the CEJA bill.

To summarize: PSR Wisconsin encourages legislators to support provisions in CEJA that mandate aggressive reductions in greenhouse gas emissions and mandate early implementation of efficiency and truly renewable energy sources. These reductions will lead to cleaner air and water and decrease Wisconsin residents' risks for chronic and debilitating disease. We also ask our representatives to remove provisions in CEJA that give responsibility for defining 'adequate' long-term radioactive waste storage planning to the Wisconsin Public Service Commission. Renewable energy sources and efficiency are cleaner, safer and more cost-effective solutions to avert the significant health impacts of climate change than nuclear power.



WISCONSIN STATE LEGISLATURE



My name is Bill Christofferson. I'm here as a board member of the Wisconsin Network for Peace and Justice, a statewide network of 170 organizations, and a member of Peace Action-Wisconsin.

Those are the two largest peace and social justice groups in the state. Both are part of a Carbon Free Nuclear Free coalition working toward a 100% renewable energy policy for the state. I'm also a constituent of Senator Plale.

There are many good things about the Clean Energy Jobs Bill. I support about 93% of it.

But there is one section, on nuclear power, which doesn't fit the rest of the bill. The groups I'm working with would like that entire section removed from the bill.

The nuclear power industry presents it as clean energy, a solution to the problems caused by greenhouse gases. But nuclear power is not carbon-free electricity. Far from it.

At each stage of the nuclear fuel cycle -- from uranium mining, milling, and enrichment to construction, decommissioning and waste storage -- nuclear power uses fossil fuels and emits greenhouse gases that worsen climate change.

Compared to renewable energy, nuclear power releases four to five times the CO2 per unit of energy produced, according to a recent study at Stanford University.

We are told that nuclear power should at least be considered as part of the mix. ^{People} ~~may~~ may be surprised to hear that Wisconsin has no moratorium or ban on nuclear power now.

The sensible current law, passed in 1984, simply says that before a new reactor can be built it must meet two tests: (1) It must be economically beneficial and (2) There must be a federal waste repository to handle the high-level radioactive waste the reactor generates.

This bill would eliminate the second requirement, and replace it with one that simply says the Public Service Commission must approve a plan for waste disposal.

We know what that is likely to be: on-site storage next to the reactors, in water or in dry casks. That's what's happening right now at Point Beach and Kewaunee and 102 other reactors in the US. That is not a long-term solution.

After 50 years of producing the deadly material, there is no solution to the problem of how to safely and permanently dispose of high-level nuclear waste. No country -- not even those smart French people the nuclear advocates like to talk about -- has found a way to handle the waste.

It is dangerous to humans and the environment for hundreds of thousands of years. I hesitate to say that because it sounds like an exaggeration. But it is absolutely true.

The waste must somehow be kept out of the environment for hundreds of thousands of years. By comparison, 15,000 years ago Wisconsin was still covered by glaciers.

So it is no small problem. And despite what you're being told by the industry and supporters of the bill, this is no small change in the law. This is a huge change in the law -- a drastic, dangerous change that should be rejected and removed from the bill.

It would eliminate the only objective standard we have to decide whether to approve a new reactor – is there a federal waste repository or not? Instead, we'd be asking, Does the PSC think it's OK to store this stuff until somebody finds a repository?

To build more reactors to produce more waste when we can't even handle the waste we're already producing is not only unacceptable. It is unconscionable.

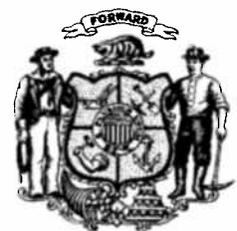
We don't have to choose between nuclear power and coal. We don't have to make a deal with the devil.

Available renewable energy and energy efficiency technologies are faster, cheaper, safer and cleaner ways to reduce greenhouse emissions than nuclear power. That's what this Clean Energy Jobs Bill should be all about.

Thank you.



WISCONSIN STATE LEGISLATURE



To: Senate Select Committee on Clean Energy

From: Xcel Energy, Midwest Forest Products Company, Plum Creek Timber Company, Inc., Great Lakes Timber Professionals Association, Alliant Energy, We Energies, Domtar – Rothschild Mill, Potlatch Corporation

Re: Senate Bill 450

Date: January 27th, 2010

The above signed organizations would like to express concerns over changes to the existing definition of biomass as proposed in the Clean Energy Jobs Act, SB 450. Since first becoming aware of the change we have learned the existing definition was modified in an attempt to streamline and simplify the current definition. However, in our opinion, what results is a new definition that is unclear and subject to different interpretations. Our primary concern is that the word "wood" has been struck from the definition and is now intended to be included and covered by "plant material." We are concerned that some will interpret the removal of the word "wood" from the biomass definition as an overt act by the Legislature to eliminate wood or woody material as a qualifying renewable resources that could be used to satisfy the renewable portfolio standard (RPS).

Utilities and suppliers need assurances that the significant investments made in renewable energy facilities, including biomass-based facilities, will qualify under the RPS mandate. In our opinion this change severely weakens the existing biomass definition. Given that the change was not within the scope of the Task Force discussions, we respectfully request the language be amended to revert back to its existing definition.

For your reference, the existing and proposed definitions are included below.

The current definition:

196.378(1)(ar) "Biomass" means a resource that derives energy from wood or plant material or residue, biological waste, crops grown for use as a resource or landfill gases. "Biomass" does not include garbage, as defined in s. 289.01 (9), or nonvegetation-based industrial, commercial or household waste, except that "biomass" includes refuse-derived fuel used for a renewable facility that was in service before January 1, 1998.

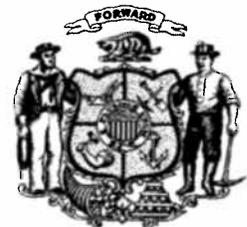
The proposed definition:

SECTION 72. 196.374 (1) (am) of the statutes is created to read:

196.374 (1) (am) "Biomass" means plant material or residue, biological waste, or landfill gases. "Biomass" does not include garbage, as defined in s. 289.01 (9), or nonbiological industrial, nonbiological commercial, or nonbiological household waste.



WISCONSIN STATE LEGISLATURE



January 27, 2010

Testimony to the Senate Select Committee on Clean Energy public hearing on SB 450, the Clean Energy Jobs Act

Jennifer Nordstrom, Institute for Energy and Environmental Research

My name is Jennifer Nordstrom, and I coordinate the Carbon-Free, Nuclear-Free campaign for the Institute for Energy and Environmental Research. I was born and raised in Racine, where I now live with my family. My organization is a member of the Carbon-Free, Nuclear-Free Wisconsin coalition.

I am here because although the Institute for Energy and Environmental Research supports the vast majority of the Clean Energy Jobs Act, particularly the renewable electricity standard and the efficiency targets, we have major concerns about the nuclear provision in the bill. This portion of the bill would change Wisconsin's current law on nuclear power, so that Wisconsin would no longer require that there be a federal nuclear waste repository before any new nuclear reactors can be built in Wisconsin. This is a very important law, because it protects Wisconsin from de-facto nuclear waste dumps. Removing this requirement, as the nuclear provision of the Clean Energy Jobs Act would do, would open Wisconsin up to new nuclear reactors and nuclear waste. I would like to ask you to remove this provision in order to strengthen the Clean Energy Jobs Act.

We do not have to choose between coal and nuclear energy. My organization recently published a study showing that it is both technically and economically possible to have a 100 % renewable energy system in the United States by 2050. We can eliminate fossil fuels and nuclear energy at the same time. Renewable energy is plentiful in the United States, and much renewable technology is already cheaper than nuclear energy. Back-up systems, geographic integration, variety, and a smart grid will effectively deal with intermittency and baseload concerns.

For instance, the National Renewable Energy Laboratory, the US Government's Renewable Energy Lab, says that we can now talk about baseload wind energy, when we combine wind energy with compressed air storage. Compressed air storage is a commercial technology that has been used in the US and Europe for years. A wind energy system [REDACTED] of 2,000 MW, when combined with a compressed air storage system, yields 900MW of baseload wind energy. It still costs less than nuclear energy, and does not produce radioactive nuclear waste, is not connected to nuclear weapons proliferation, and does not carry the danger of catastrophic accidents.

We support the renewable energy provisions of the Clean Energy Jobs Act, and encourage you to strengthen them. Wisconsin can go even further than this, and begin to plan for a fully renewable electricity system. We do not need coal or nuclear energy.

Nuclear energy is just an expensive distraction to the real solutions: renewable like wind, solar, geothermal, biomass. Every new nuclear reactor takes 10 years and \$10 billion to build. This is

time and money than could be spent right now on renewables that will reduce our carbon emissions and strengthen our economy right now.

The city of San Antonio is learning this crucial lesson right now. In 2007, the city decided to invest in a share of two new nuclear reactors in Texas. After spending hundreds of millions of dollars on paperwork alone, they recently learned that the utility and contractors had concealed a \$4 billion cost increase from city officials and the public. The utility is suing the contractors for billions, the city got rid of several major players in the deal, and now San Antonio is looking towards renewables to solve its energy problems.

Let's not make this mistake in Wisconsin, and get distracted by the costly slow boondoggle of nuclear energy. Remove the nuclear portion from the Clean Energy Jobs Act, and pass a stronger bill with real solutions for Wisconsin's energy, environment, and economic needs.