



Assembly Bill 45
Public Testimony
Assembly Committee on Energy and Utilities
May 16, 2023

Thank you, Chairman Steffen and members of the committee, for holding this hearing on Assembly Bill 45.

This bill protects consumer choice by prohibiting local governments from placing restrictions on utility services based on the type of fuel source used to provide energy. There is also a substitute amendment which simply expands this pre-emption beyond local governments to include any state agency.

I will begin with some background on this issue and why it is important. In 2019, the city of Berkeley, California passed the nation's first ban on natural gas connections. In implementing this ban, the city claimed that "all-electric heating technologies are cost-competitive substitutes to their natural gas counterparts." Unfortunately, that was only true because of California's onerous regulations on fossil fuels, which have completely up-ended the energy market to the point where California now has the highest energy prices in the continental United States.

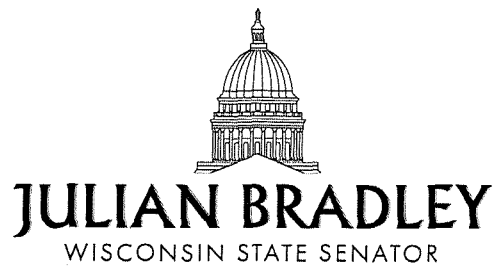
Unfortunately, these sorts of ham-fisted interventions disproportionately impact the less fortunate. Low-income families spend a higher proportion of their income on energy while being disproportionately impacted by fluctuations in energy prices. They also make up the households that are least likely to be able to afford the transition to electric heat pumps and induction range stoves.

Natural gas remains a reliable and cost-effective energy source with relatively low levels of greenhouse gas and air pollutant emissions. By allowing the free market to do its work, Wisconsin can maintain a balanced energy mix. If new energy sources eventually displace existing energy sources, they should do so on their merits, not because of a government mandate.

As you know, Wisconsin is an extreme cold weather state. Removing entire sources of energy from the market will not do anything to help people heat their homes, and will only reduce the reliability of our electric grid.

This bill does have an amendment. Assembly Amendment 1 ensures that electric cooperatives are also covered under the bill. This amendment has also been rolled into the substitute amendment.

Thank you for your time, and I would be happy to answer any questions.



**Assembly Bill 45: restricting local regulation of utility service based on the type or source of energy.
Assembly Committee on Energy and Utilities
Tuesday, May 16, 2023**

Chair Steffen and committee members thank you for hearing this bill today.

Like many Wisconsinites I believe in an “All of the Above” approach to energy generation in this state and I certainly believe that mantra should extend to our constituents when they are building a new home.

Over 20 states have passed bills to protect the right of consumers to make this decision without interference from local governments and that is what Assembly Bill 45 would do. While this may seem like an aggressive or unnecessary step, a number of communities have taken the opposite approach. Cities like Seattle, Oakland and Eugene have all banned natural gas to some extent. New York State recently mandated all-electric heating and cooking in single family homes starting in 2026.

A local or state level ban of natural gas in Wisconsin would have a devastating impact on our state.

First, consumers benefit from lower costs when multiple options are available in the marketplace, banning natural gas would drive up prices. Second, the use of natural gas reduces the demands on our electric grid which is critically important when stress on the grid is at its highest. Finally, for a variety of reasons, some consumers may prefer to use natural gas in their home and I believe that option should remain available to them.

Innovation and improvements are constants in this industry. Local governments arbitrarily banning natural gas or another energy source could cause significant harm to ratepayers and our state.

We are fortunate to have access to coal, natural gas, solar, wind, hydro and nuclear generation in Wisconsin. We rely on our utilities to provide adequate power by leveraging all of these options so Wisconsin families and companies can keep the lights on.

Thank you again for hearing this bill.



**Testimony of Daniel Lapato
Associate Vice President, State Affairs**

American Gas Association

Before the Wisconsin State Assembly

Hearing on "Fuel Choice"

Tuesday, May 16, 2023



May 16, 2023

Good afternoon, Chairman Steffen, Ranking member Subeck, and Committee members. Thank you for the opportunity to be here today to testify in support of Assembly Bill 45. My name is Daniel Lapato, Associate Vice President, State Affairs, for the American Gas Association (AGA). Founded in 1918, the AGA educates the public about the importance of natural gas, supports natural gas utilities in their efforts to make their operations safer, more efficient, and more environmentally friendly, and serves as a resource for local, state, and federal policymakers when it comes to regulating the natural gas industry. Nearly 187 million Americans and 5.8 million businesses use natural gas because it is affordable, reliable, safe, and essential to improving our environment – this includes 75% of Wisconsin households.

AGA is pleased to support AB 45 which is designed to ensure that Wisconsin homes and businesses can continue to utilize the fuel source of their choice to cook their meals and heat their homes. To date, 24 states have already adopted similar legislation to ensure that homes and businesses can continue to access the energy source that best matches their lifestyle. Each bill was enacted with bipartisan support, demonstrating that the preservation of energy options, including natural gas, is not a political issue. This is an issue that transcends party lines, as evidenced by the bipartisan nature of similar bills and that governors from both parties have signed them into law.

Counter to the interests of their constituents' freedom to choose, roughly 100 localities across the country and three states have taken efforts to prohibit or severely restrict the direct use of natural gas particularly in new construction. While these bans can take many forms either via ordinance or building code the one thing they have in common is they are often adopted with little public awareness or input. These bans deprive consumers of choice, increase costs, threaten energy reliability and resilience, and significantly impact economic development.

Consumers like natural gas because it is affordable and reliable when needed the most. Recent polling conducted on behalf of AGA found that Americans oppose banning the use of natural gas by a two-to-one margin. Furthermore, 83% of Americans are concerned that a ban on natural gas could increase the price of food at grocery stores. According to the U.S. Department of Energy the direct use of natural gas is 3.4 times more affordable than electricity. In Wisconsin, homes using natural gas for heating spend on average two-thirds less annually than homes using electric heat pumps while also having a significantly lower carbon footprint. Emissions from homes using natural gas for space heating, water heating, cooking, and clothes drying are twenty-two percent lower than those attributable to an all-electric home. Banning natural gas in Wisconsin would likely result in an increase in emissions as the direct use of natural gas is 91% efficient whereas converting natural gas into electricity is only 36% efficient.

Efforts to prohibit natural gas in Wisconsin would result in both immediate and long-term cost increases that would serve to decimate energy affordability in the state. For example, the City of

San Francisco is engaged in an effort to completely eliminate the use of natural gas with an estimated price tag of up to \$5.9 billion. Banning natural gas use would also have a unique and detrimental effect on restaurants. In fact, 9 out of 10 restaurateurs that use natural gas believe that bans would negatively impact their business and the quality of food that they serve.

Continuing to utilize the existing natural gas system is not only the most affordable option for Wisconsin homes and businesses but also the most reliable pathway. Given Wisconsin's cold climate, preserving natural gas would give residents the ability to stay warm on the coldest days of the year. On an energy equivalent basis, the gas system provides three times the energy as that of the electric sector during peak winter months. Overreliance on any one source of energy can jeopardize overall energy system reliability and resilience and ultimately result in greater costs for all consumers. The natural gas distribution system is an incredibly reliable energy delivery system with unplanned outages affecting only about 1 in 800 natural gas customers per year. By comparison, electric distribution systems have an average of one outage per year per customer.

The natural gas network is extremely complex. It's made up of thousands of miles of interconnecting pipelines specifically designed to operate at various pressures. Gas pressure is regulated by a number of different components, such as compressor stations and city gate stations located at various points throughout the system. It is possible that prohibiting service in one city could create significant supply and reliability issues for customers located in another. Addressing these potential issues would require engineering and infrastructure investments that would be shouldered by all ratepayers, not just the communities that instituted bans. Prohibiting natural gas at the local level has the potential to create a patchwork regulatory environment that has the potential to jeopardize the continued operation and maintenance of the entire gas distribution system.

Preserving consumer energy options also ensures that Wisconsin can take full advantage of a wide range of innovative technologies that utilize the gas distribution system. Given its major agricultural footprint, Wisconsin is already a national leader in the production of renewable natural gas but efforts that would seek to ban natural gas infrastructure and would severely limit this booming industry. AGA members are also investing in hydrogen while actively repairing and replacing gas distribution pipelines to improve safety and reduce emissions. Annual methane emissions from distribution systems owned and operated by local natural gas utilities annual have declined 70 percent between 1990 and 2021, even as more than 22 million customers and more than 815,000 miles of pipeline were added to the distribution system over the same period.

To be clear AB 45 does not mandate that local governments take certain actions or prohibit them from achieving their sustainability goals. In fact, it makes the solutions tent broader and ensures that local governments do not prematurely eliminate solutions by depriving homes and businesses of energy options. This proposal is entirely consistent with the concept of local control as it puts control in the hands of those who stand to be impacted the most, local consumers. The pace, and in some cases, the unpredictability of energy innovation makes it abundantly clear that it is unwise to put all your eggs in the basket of a singular technology or



fuel source. Preserving natural gas usage and our infrastructure will allow our industry to continue to deliver emissions reductions. It will also allow our industry and our infrastructure to support the continued integration of renewable energy resources. For Wisconsin, the most reliable, affordable, and cleanest energy solution will rely on protecting as many future energy resources as possible.

AGA respectfully requests this committee pass AB 45, thank you for the opportunity to speak to you today.

Respectfully submitted,

Daniel Lapato
Associate Vice President, State Affairs
American Gas Association



**THE LEADING VOICE
FOR WISCONSIN SMALL
AND INDEPENDENT BUSINESSES**

May 16, 2023

**TO: Members
Assembly Committee on Energy and Utilities**

**FR: Brian Dake
President
Wisconsin Independent Businesses**

RE: 2023 Assembly Bill (AB) 45 relating to: restricting local regulation of utility service based on the type of energy source.

Chairman Steffen and committee members my name is Brian Dake, President of Wisconsin Independent Businesses. Thank you for the opportunity to testify in support of 2023 Assembly Bill (AB) 45.

By way of background, Wisconsin Independent Businesses (WIB) was formed in 1977 to provide small, independent business owners with an effective voice in the legislative and regulatory activities of state government. Today, we proudly represent more than 2,000 small business owners throughout Wisconsin. Most of our members (approximately 85%) own and operate businesses which have fewer than 25 employees and/or annual gross revenues of less than \$5 million.

Wisconsin small businesses need affordable, reliable energy for heating, cooling, lighting, industrial production, and other essential functions and services. Wisconsin small businesses also need energy security - by that we mean the uninterrupted availability of energy.

WIB...Helping you where you need it.

PO Box 2135 | Madison, Wisconsin 53701 | 800-362-9644 | www.wibiz.org

Energy policy in the United States has long been a shared responsibility between the federal government and state governments. The boundary lines delineating federal and state authority are not always clear, but at least there are well established pathways available to resolve these jurisdictional disputes. The entry of municipal governments into the energy policymaking arena creates uncertainty and insecurity.

For these reasons, we support AB 45.

As of April 2023, the Building Decarbonization Coalition has identified 89 cities throughout the United States that have enacted so-called “Building Electrification Mandates.” While the details of these local regulations vary, generally they require buildings to be all electric and prohibit the use of fossil fuels to operate and power equipment within the building.

Thankfully, there are no communities within this state that have enacted a “Building Electrification Mandate” and Wisconsin small businesses continue to have access to affordable, reliable energy for heating, cooling, lighting, industrial production, and other essential functions and services. AB 45 would keep it that way by pre-empting Wisconsin counties, cities, villages, and town from enacting “Building Electrification Mandates.”

We respectfully ask for your support of AB 45.

Thank you in advance for your consideration.



Testimony in Opposition to AB 45
Jennifer Giegerich, Government Affairs Director
May 16, 2023

Good afternoon Chair Steffen and members of the committee. My name is Jennifer Giegerich. I am the Government Affairs Director with Wisconsin Conservation Voters. We have offices in Madison, Milwaukee, and Green Bay, where we work with our network of over 40,000 members and supporters to engage voters to protect our environment. I appreciate the opportunity to testify in opposition to Assembly Bill 45.

The basic purpose of AB 45 is to prohibit the state of Wisconsin and local governments from banning any fuel source for electricity. We oppose this bill for two reasons.

First, there is no need for this bill. No community in Wisconsin or the state itself is attempting to ban any type of fuel. On its face, this bill is at best a solution in search of a problem. We oppose this legislation on principle, because once again, the legislature is attempting to take away power from local governments to make decisions about their communities. No one knows better than local governments how to identify and address problems that are impacting their community's way of life. AB 45 prevents local communities from having a say about what's happening in their very own backyards. If the legislature mandates that a local community *can't do something*, how is that any different from the legislature or federal government creating a mandate *to do something*? If there is an honest concern about keeping communities free of government interference, you have to admit it works both ways.

We are opposed to this bill because, even more problematic than being unnecessary, the bill allows the legislature to once again focus on the wrong things when it comes to energy. How we consume energy, the fuel source, and amount used has a direct impact on people's quality of life. How much and what kind of pollution is generated from an energy source? Is that fuel source generating a positive economic output – it is generated locally like wind or solar power or are we shipping our dollars out of state for a fuel source like coal or natural gas?

The legislature continues to ignore the very real shifting of the clean energy technological landscape, leaving Wisconsin residents left in an energy status quo of mostly out-of-state

fossil fuels that sends \$14 billion out of Wisconsin every year for coal and natural gas. That leaves too many Wisconsin citizens vulnerable to increased asthma attacks and pulmonary problems from pollution.

The legislature has not been proactive in dealing with the shifting energy landscape. In fact, it has actively made it harder to move forward. The legislature repealed the integrated energy planning process at the Public Service Commission, making it harder to plan our energy future holistically. The legislature has failed to clarify who can generate electricity so that only investor-owned utilities continue to be the main players in our state. In addition to throwing up roadblocks, the legislature also fails to allow other entities, whether it be the PSC or local governments, the ability to be proactive.

The legislature has not updated our renewable portfolio standard since we met our 10 percent by 2015 goal. Thirty-one states have clean energy goals including more conservative states like Nebraska, Louisiana, and North Carolina increasing their targets to 100 percent of electricity sales from carbon-neutral generation by 2050.

If the legislature actually wanted to be productive on Wisconsin's energy future, it would engage in meaningful policy that promotes the transition that all states need to make to clean fuels and do it in way that Wisconsin workers, manufacturers, and ratepayers would benefit.

Instead, Wisconsin remains a status quo state that is not going to be ready to respond. We can no longer bury our heads and hands in the sand on this transformation. If the legislature is not going to lead, the least you can do is get out of the way. Don't create new hurdles for engaged local governments as they lead the way.

Assembly Bill 45 ties the hands of local governments to act in the best interest of their communities and creates unnecessary government mandates that are hard to untangle. We therefore ask you to oppose it.

Thank you for your time.

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For more information, contact Jennifer Giegerich at Jennifer@conservationvoters.org or 608-208-2210. Visit Wisconsin Conservation Voters at www.conservationvoters.org.



May 15, 2023

Wisconsin Assembly Committee on Energy and Utilities

Subject: AB-045 Utility Service Restrictions - Restricting local regulation of utility service based on the type or source of energy

Dear Chairperson David Steffen and members of the Assembly Committee on Energy and Utilities,

The American Petroleum Institute (API) appreciates this opportunity to share our support of AB 45, which would promote free market choice for consumers of energy.

API represents all segments of America's natural gas and oil industry, which supports more than ten million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 600 members produce, process and distribute the majority of the nation's energy, and participate in [API Energy Excellence](#), which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability.

As an association, API is guided by a set of principles that are upheld by our member companies. One such principle is to promote free markets and free trade as the cornerstone of the natural gas and oil industry's efforts to compete and innovate to address current and future energy needs. This principle has guided API's engagement in energy policy debates and why we continue to oppose direct subsidies or preferential tax treatment for specific energy resources or products.

API supports AB 45 because it will uphold a free market-based approach in determining access to energy resources and the right for Wisconsin consumers to receive energy. ASA 1 to AB 45 prohibits state agencies and political subdivisions from placing "any restriction, either directly or in effect, on the connection or reconnection of a utility service based on the type or source of energy to be delivered to a consumer" and prohibits state agencies and political subdivisions from discriminating "against a public utility, electric cooperative or retailer . . . based in whole or in part on the nature or source of the utility service to be provided for a consumer."

Natural gas is the one energy resource, the driver and key component in solving the global energy and climate equation. It is generating the heat and power we need for our homes and businesses, reducing world-wide emissions, raising standards of living, and supporting the uptake of renewable energy.

Unfortunately, there has been a growing trend of local jurisdictions across the country that are targeting natural gas as an energy resource by enacting policies that impede or prohibit its use or seek to limit investments and development in natural gas infrastructure. These proposals are usually presented as a means of addressing climate concerns. However, preventing consumer choice as a means of promoting the aspirational goals of local jurisdictions seeking to address climate concerns is disingenuous and ineffective. Tackling the challenge of climate change will require a collaborative, cross-sector effort, with real-world policy solutions that deliver economic and environmental progress.



American Petroleum Institute
Midwest Region

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API supports a level-playing field where any type of energy resource can compete for market- share. We also believe that a system that promotes the selection of energy resource “winners and losers” disrupts effective entry and exit of economic resources resulting in an inefficient market where consumers end up paying more.

The favorable passage of AB 45 will help to ensure that Wisconsin consumers continue to enjoy all the benefits and attributes that natural gas affords our state and the continued right of consumers to choose natural gas as a reliable, cost effective and essential energy resource.

Thank you again Chairperson David Steffen and members of the Assembly Committee on Energy and Utilities for the opportunity for API to provide comments on AB 45. Please feel free to reach out with any questions or if we can be of any service.

Sincerely,

Mike Karbo
Associate Director – Midwest Region
American Petroleum Institute