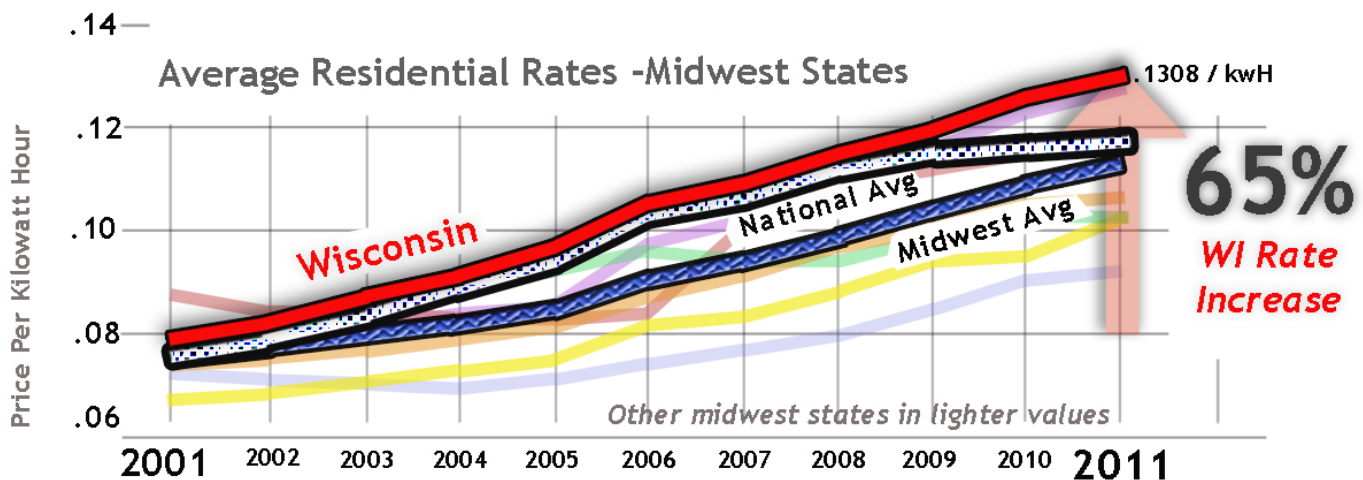


Energy Committee Hearing - Trends Show Need for Change

Wisconsin ratepayers who question regional utilities' interests in building eight high-capacity transmission systems through Wisconsin were heartened by the Wisconsin State Senate Committee on Energy, Consumer Protection, and Government Reform Committee's Hearing held on Jan. 29.

The meeting featured assessments of Wisconsin's energy future by consumer and business groups, many of the utilities in the state and the Public Service Commission (PSC). A video of the meeting can be accessed at <http://tinyurl.com/am3aj38>

Groups representing small business, residential, and industrial users were quick to point out the dramatic rise in the cost of electricity over the last decade. In 2005, the PSC sided with utility advice that joining the regional wholesale energy market (Midwest ISO) would keep prices low. Unfortunately, Wisconsin's rates began to rise much faster and are now at the top of the heap in the Midwest and above the national average.



More foretelling, business and residential user groups reported that demand for electricity in Wisconsin is not growing and is expected to remain flat for many years. The drop-off did not begin during the recent economic down turn; it started with slowing of intensive industrial activities in the late 90's. Keith Reopelle of Clean Wisconsin observed that our low demand future allows us to move more meaningfully towards a sustainable energy economy—an interest that committee member Sen. Mark Miller seemed to share.

The utilities, however, did not acknowledge any new opportunities nor address their skyrocketing rates. They advised keeping our renewable energy investments at current levels and "to stay the course."

Consumer and industry groups traced our high electric rates to billions in utility improvements made in the last 10 years that ratepayers will continue paying for over the next 40 years. Purchases included several high capacity transmission lines, 3 large coal plants, 5 new natural gas plants and pollution controls for several older plants.

"Is there *anything* we can do?" committee member Sen. Dean Hansen asked.

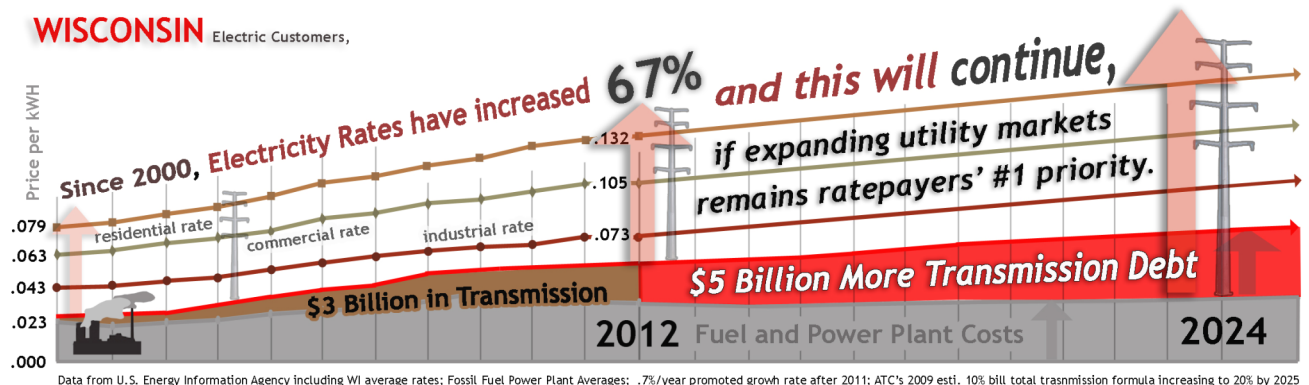
Charlie Higley of the Citizens Utility Board (CUB) offered some concise suggestions. Staying the course would mean higher record profits for Wisconsin utilities in times when many businesses are struggling, he said. But the foremost concern is that the PSC will be considering approval of \$5 billion more in through-state, high capacity transmission lines, \$3 billion towards distribution lines and \$1 billion for

more power plant improvements or conversions.

Adding \$9 billion onto ratepayer debt when demand is predicted as flat for the foreseeable future is clearly questionable economics. Todd Stuart, executive director, Wisconsin Industrial Energy Group (WIEG) observed that high spending since 2000 has the state “in good shape” and that “utilities can probably take a breath and coast on these investments for a while.”

Normal businesses that use their own money when considering future investments follow such advice—especially when demand is off. But, unfortunately, utilities play by different rules. They do planning based on spending *ratepayers’* money. They also have very little competition- especially if energy efficiency can be kept off the planning table.

So how much would this new batch of utility improvements cost us? If \$5 billion more were to be added in long-term transmission costs, we can expect our rates to continue to outpace those in other states’ . Wisconsin utilities are highly secretive about the percentage of our rates that go into paying for transmission additions, but a New England study of a scenario similar to Wisconsin’s estimates that transmission rates could approach 20% of the cost of electricity in coming years and these charges remain on our bills for 40 years. <http://tinyurl.com/b3zp7xr> In short, transmission is very, very lucrative for utilities. Many exciting directions are open to us with such a huge amount of money.



CUB and Clean Wisconsin assembled some pivotal questions. It is clear that regional utilities would benefit greatly if we continue to make expanding their markets our #1 investment priority. But is this what Wisconsin ratepayers want? Market expansion has a very poor record thus far. At this juncture, with electricity use projected to remain flat and more than 90% of the transmission congestion eliminated with lines that have been added since 2000, is it time to turn to ratepayer priorities?

An increasing number of states have. They are moving into Non-Transmission Alternatives (NTA's) which are targeted and tracked to keep energy dollars in state, lower rates, lower home, farm and business operation costs and lower carbon emissions—all while creating jobs in greater numbers than any other energy path can.

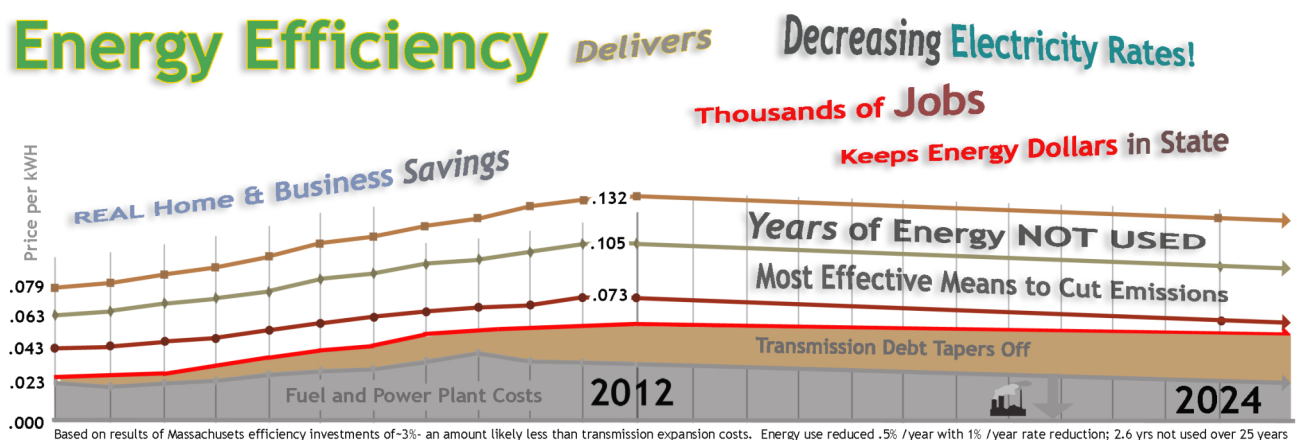
The state of Massachusetts was among the first states to realize that balance in energy planning must be steadfastly pursued; state utility commissions and utilities must listen to and adopt ratepayer priorities. Massachusetts created a ratepayer and business-driven energy planning council that establishes targets and rewards utilities monetarily for hitting ratepayers' targets. The state based its direction on studies which have indicated for decades-- that the most jobs, the most savings, the most dollars kept in-state and the most carbon emission reductions can be had by not wasting 58% of our power. The Council decided to concentrate improvements in homes and businesses *where the energy is being needlessly wasted*; the need for new power plants and new transmission automatically dissipates.

This solution is based on circumstances we can appreciate: Electricity use is dropping off and dollars and jobs are very hard to come by. Why not create jobs that make our homes, farms and business require less power and make our energy economy more self-sufficient and stable? Efficiency in New England has changed the landscape; transmission and power plant upgrades once considered necessary are being pulled off the planning table.

Contrary to popular belief, the most effective means to cut carbon emissions is not through adding renewable energy such as wind from remote places. It is much more cost-effective to steadily reduce use and our reliance on power, in general. 66% of the carbon emissions saved in New England states over the last 4 years resulted from “negawatts”-- from power that is was not in demand and never generated.

Efficiency would be very effective at cutting emissions here in the Midwest where 74% of our base-loaded power comes from coal and 13% from nuclear— assuming we can keep the size of the bulk transmission system in check. Utilities imply, without precisely saying, that lots of CO² can be cut by adding lots of transmission with lots of renewable energy to this *very challenged* regional energy mix and ship it out. This sketchy concept provoked more the 90 local governments in Wisconsin to ask the PSC to compare the performance of \$30-80 billion in transmission expansion to investing the same amount in efficiency. Key in this consideration is an overarching utility policy that prevents approval or rejection of any interstate transmission line on the basis of guaranteed rate or carbon emission reductions. It is very instructive to compare the *unknowns* of the utility planning to the defined targets of ratepayer driven councils. Councils specify efficiency and generation goals and utilities are rewarded, monetarily, for hitting them.

Yes, Senator Hansen, there are things we can do. In Massachusetts, electricity rates are *dropping* as utilities compete for shrinking sales and ratepayers are saving \$6 for every \$1 they put into efficiency.



For years, studies have shown that U.S. consumers can cut their power use in half with no loss of comfort. Technological improvements can sustain this path indefinitely. Pursuing principles of “waste not; want not” pulls communities together. It doesn’t force unwanted infrastructure upon our landscapes. We can enjoy fewer arguments and many tangible returns with this energy direction.

As for the ultimate goal of energy self-sufficiency, Massachusetts has also put renewable energy development into high gear. The Council targeted 250 megawatts of additional solar installations over five years and they surpassed half of that target in a little more than one year. Wisconsin has the same solar potential and has installed less than 50 megawatts total since the 70’s.

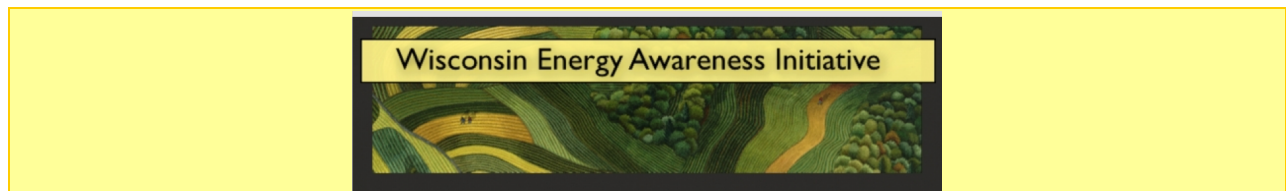
Factory-owners, farmers, business owners and fixed-income retirees who tuned into the hearing were encouraged. There is an exciting energy future to be had. All of us can share our thoughts with the Senators on the Energy Committee by clicking on their names here: <http://tinyurl.com/bbeyhba>

The Wisconsin Energy Awareness initiative also has a beta version of a household "Personal Meter Pledge" to see how one's household energy use compares to state norms and to explore easy efficiency tips: <http://tinyurl.com/9w9l2u4>. Start coming to terms with the shocking CO² impacts of your outlets and create a powerful example of public will. Put voltage in your conviction and money in your pocket.

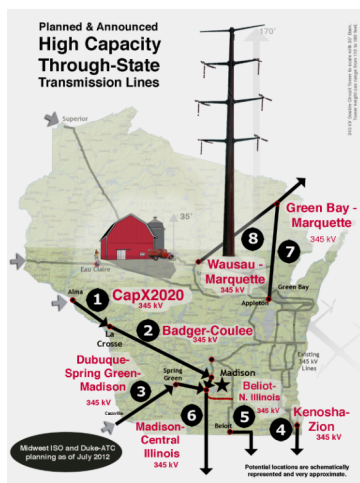
When Sen. Miller asked the PSC if the agency considers all energy options with equal weight when reviewing a high voltage transmission proposal, Gas & Electric Administrator Robert Norcross responded with a simple, "Yes." For those who worked with more than 90 local governments across Wisconsin and adopted resolutions asking the PSC to do precisely as Sen. Miller asked, the answer packed a jolt. On Dec. 3, 2012, the agency rejected the requests of the local governments-- which Sen. Dale Schultz described as the largest, unified request by local governments in more than 20 years.

It's time to turn up the heat. Our PSC Commissioners feel too comfortable looking away from ratepayers, from legislators and from energy planning as a whole. An inspiring, job-building energy future for Wisconsin can become reality if we inform ourselves and act.

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Editorial by Rob Danielson, Energy Planning Information Committee, Town of Stark, Vernon County WI, a supporter of the Wisconsin Energy Awareness Initiative. Contact type@mwt.net or call 608-625-2339 to learn more about how you, your local government and your organization can support this initiative.



Petition PSC: <http://tinyurl.com/6vy7wzt>

