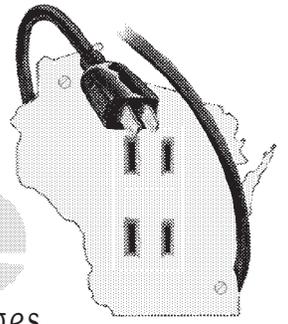


A **Coalition**
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire

Plugging you in to electric industry changes



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See you later, aggregator

Aggregation of retail electric customers to take advantage of volume-buying capability was one aspect of the 1990s restructuring mania that actually showed promise and recorded a few successes, notably among municipalities in Ohio.

But more recently, customer aggregation has been caught up in a situation that could have aggregators operating at cross-purposes with the policy goals of energy efficiency and conservation programs. It traces back to a position taken by federal regulators.

Last year, the Federal Energy Regulatory Commission (FERC) issued an order requiring regional and independent transmission system operators to permit an aggregator of retail customers (ARC) to bid demand response on behalf of retail customers directly into the transmission systems' wholesale power markets.

In other words, when a utility's demand-response program succeeded in shaving peak demand and thus reducing the power generation that would have otherwise been needed, instead of simply saving that surplus capacity and not running as much generation—the object of the whole demand-response exercise—an aggregator could capture the unneeded generation capacity and sell it into the wholesale market to be used somewhere else within the region.

Luckily, the FERC order had a safety valve: It said aggregators had to be allowed to bid surplus capacity into the market *unless the practice was explicitly prohibited by state regulators*.

Last month the matter was decided—at least for the time being—by Wisconsin's Public Service Commission (PSC). The commissioners acted to prohibit third parties from collecting extra generation capacity from retail electricity customers' demand-response programs and selling that capacity into the Midwest Independent System Operator's (MISO) wholesale market.

The PSC agreed with the views presented by utility and customer groups, including the *Customers First!* Coalition. The groups made the argument that it would be premature right now to allow ARCs to operate in Wisconsin.

Concerns about system reliability, impacts on customers not participating in demand-response programs, and uncertainty about how ARC participation fits in with the MISO's tariff rules convinced commissioners they need more time to come up with a clear idea of what the full impact of ARCs on Wisconsin retail electricity customers would be.

Comments on the issue filed with the PSC by the *Customers First!* Coalition are available for viewing online at <http://www.customersfirst.org/pscw.html#>. 

Wind advocates challenge interconnection rule

The American Wind Energy Association (AWEA) has filed a protest with federal regulators, calling “unjust, unreasonable, and unduly discriminatory” a revision of cost allocations proposed by the Midwest Independent System

Operator (MISO) for transmission system interconnections.

The MISO says the proposed change would be temporary, and would be replaced

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Wind-siting bill passed

In the September edition of *The Wire*, we noted that statewide standards for siting wind-energy projects were making steady progress through the Wisconsin Legislature.

By press time for this month's edition, the relevant legislation had passed both houses and was awaiting Governor Doyle's signature.

Once signed, the bill will set the Public Service Commission in motion, devising the actual standards with the help of an advisory panel and, after they pass legislative review, incorporating them into the state's administrative code.

The September votes in the two legislative houses came after more than two years of discussion characterized by crowded and lengthy public hearings. Once finalized, the rules to be developed by the commission will limit the ability of counties and local municipalities to create their own unique standards for wind projects with less than 100 megawatts capacity—an



Vickerman

authority wind developers and advocates say has been used to impose overly restrictive conditions.

For projects with capacities greater than 100 megawatts, the PSC's jurisdiction already supersedes local authority under current law.

Michael Vickerman, executive director of the wind advocacy group RENEW Wisconsin, said the wind energy industry will see passage of the bill as “an invitation to locate and do business in Wisconsin.” 

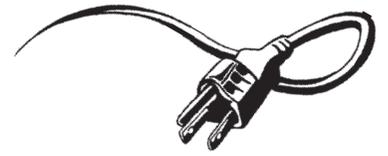
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, and an investor-owned utility. *Customers First!* is a coalition dedicated to preserving Wisconsin's reliable and affordable electricity.

If you have questions or comments about THE WIRE or the *Customers First!* Coalition, please call 608/286-0784.



KEEPING CURRENT

With CFC Executive Director Matt Bromley



It is expected that the Wisconsin State Legislature will soon consider policy changes to reduce greenhouse gas emissions in Wisconsin recommended by the Governor's Task Force on Global Warming. The *Customers First!* Coalition (CFC) supports the implementation of the policy recommendations as a whole package and encourages legislators to follow the open, bipartisan, consensus-driven approach used by the Task Force in developing the recommendations.

Taken as a whole, the recommendations offer a comprehensive and balanced strategy to reduce greenhouse gas emissions in ways that mitigate costs and protect and enhance the economy. Particularly, the CFC believes the recommendations address the following priorities:

Economy-Wide Response—The CFC strongly believes that the most effective solution to reducing greenhouse gas emissions requires the participation of all sectors of our economy. Electricity customers should not have to disproportionately bear the burden of this enormous challenge. Therefore, climate-change legislation must include the emission reduction strategies recommended by the Task Force that are not only targeted toward the power sector, but also the transportation, manufacturing, agriculture and forestry sectors.



Bromley

recommenda- tions could jeopardize the broad support for climate change legislation and harm the cost effectiveness of the emission reduction measures.

Cost Concerns—The CFC commends the Task Force for its emphasis on cost mitigation. Many of the near-term recommendations, such as increased conservation and efficiency and enhanced building codes and appliance standards, are important least-cost action strategies that provide the foundation for the success of many other Task Force recommendations. The CFC is committed to working with policy makers and stakeholders to enact climate-change policies that ensure reasonably priced energy for customers.

The issue of climate change is important and will transform the energy industry. As our state and nation move forward to meet this challenge, it is imperative that we do so with clear objectives based firmly on what's achievable and affordable for consumers. The package of recommendations offered by the Task Force on Global Warming deserves support. 💡

MN-WI transmission proposed

Utilities backing the CapX2020 transmission initiative have picked Alma, in Buffalo County, Wisconsin, as their preferred site to cross the Mississippi River with a new 345-kilovolt transmission line. La Crosse and Winona were also considered.

The CapX2020 initiative, which includes WPPI Energy, Dairyland Power Co-op, and Xcel Energy among its 11 sponsoring utilities, would span Minnesota with three new large transmission lines—by far the biggest transmission build-out for Minnesota in three decades—and bring shorter segments into Wisconsin to connect with

existing facilities at La Crosse.

The rationale for the this project is to meet system reliability needs; provide sufficient capacity to serve load growth in the La Crosse and Rochester, Minnesota, areas; and to accommodate wind generation needed to meet renewable portfolio standards.

The CapX 2020 utilities are expected to formally file their routing request with the Minnesota Public Utility Commission later this year. The commission has already approved the need for the projects and will determine the final route for the power lines. 💡

Renewable firms to get state loans

More than \$22 million in federal stimulus money will fund low-interest state loans to companies that want to produce renewable energy or help others do so here in Wisconsin.

The announcement from the U.S. Department of Energy included word that the state Department of Commerce would establish a revolving loan fund to make available low-interest loans for the actual production of renewable energy or to manufacture components needed for renewable energy production.

Wind or solar energy or components, biofuels, and advanced battery technologies are among the targets for the 2-percent loans, to be awarded through competitive bidding.

Details on the program can be found by going to the Commerce Department web site, <http://commerce.wi.gov/>. 

Wind interconnection rule

Continued from front page...

upon Federal Energy Regulatory Commission (FERC) approval of a new long-range cost allocation plan now under development and likely to be filed less than a year from now.

But in the meantime, the MISO is asking FERC to allow replacement of a policy that typically assigns the owner of a new generation facility half the cost of an interconnection with one making the generation owner as much as 100-percent responsible, depending on the voltage class of the interconnection.

Generation owners now pay the cost of upgrades and in most areas served by the MISO are eligible to have half the cost refunded once it's shown the generator serves MISO customers or is designated a "network resource." The remaining half of the cost is spread among all transmission owners on the MISO system.

The proposed interim rule would allocate 90 percent of the cost to the interconnection customer for upgrades in a voltage class exceeding 345 kilovolts, with the remaining 10 percent spread over all transmission owners.

For upgrades below 345 kv, the interconnection customer (generation owner) would be responsible for the entire cost.

The AWEA said the change would make the Midwest "less friendly for the wind business" and that it would affect "not only wind development but manufacturing and supply chain jobs throughout the region."

In its formal protest filed in mid-August, the organization said FERC had previously found that even if a transmission upgrade is necessitated by generation built to serve load outside the MISO area, those within it "will receive offsetting benefits from upgrades to the transmission grid and from a more competitive generation market." 

Scam Alert: Know whom you're talking to

Utilities across the country are warning customers about phony utility employees probing for information that will be used for identity theft.

Multiple reports indicate people posing on the telephone as representatives of local utilities have threatened disconnection of electrical service if a payment is not made immediately. They then helpfully offer to take down the customer's credit card number to accomplish the "payment" and prevent disconnection.

Some scam artists have even suggested federal economic stimulus money will be made

available to help pay a customer's utility bill—if only the customer will give the caller his or her personal financial information in order to properly direct the payment.

Elderly persons should be especially wary of these scams, as reports seem to indicate they are singled out as targets.

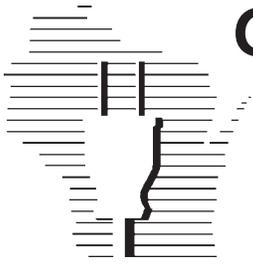
Utilities, and businesses in general, warn customers never to divulge credit card numbers or other personally identifiable information unless they initiated the contact themselves and know they're really dealing with someone with whom they intend to do business.

While all the recent reports involve telephone scams, it's also important to remember that any legitimate utility employee who comes to the door should be carrying appropriate identification showing what company he or she works for and should be asked to display it. 

Energy saver tip

Another heating season is here and if you haven't had your furnace checked out in recent years, a professional inspection could pay dividends in safety and efficiency. A proper inspection examines pilot light and burner function; lubrication of blowers, pumps, and motors; the chimney (free of bird's nests, insulation, or other obstructions); and ensuring the vent pipe is free of defects that could allow a carbon monoxide leak. A technician should inspect all belts, controls, and filters; service them if necessary; and check all safety and control settings. 





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Be sure
to check out the
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web site at



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Quotable Quotes

“The changes will be expensive, yes. The question is who pays for it and how it gets done.”

—Midwest Independent System Operator Vice President David Hadley reflecting on the coming renewable energy and transmission build-out, at the *WisPolitics* Energy and Climate Forum, Madison, September 10, 2009

Help us share our messages with others. If you know of businesses or organizations that would like to learn more about protecting Wisconsin's reliable and affordable electricity, please feel free to copy and share with them all or part of this newsletter, or you can call 608/286-0784 to arrange an informational meeting.

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