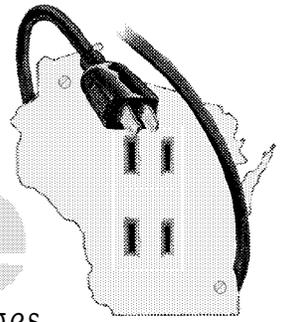


A Coalition  
to preserve  
Wisconsin's  
Reliable and  
Affordable  
Electricity

# Customers First!

## the Wire

Plugging you in to electric industry changes



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## Will they or won't they?

Proponents of a nationwide renewable energy standard have worked hard to pass a bill in the lame-duck congressional session now in progress. There are two competing proposals, neither is difficult to understand, and it's just a matter of seeing whether there's enough Senate support to take action before the clock runs out.

The bill sponsored by Senate Energy Chairman Jeff Bingaman (D-NM) has the edge, at least on paper. Bingaman has recruited 35 co-sponsors for his proposal requiring 15 percent of the nation's electricity usage to be supplied by renewables by 2021.

But potentially siphoning off support—even though he had no co-sponsors—is Senator Lindsey Graham (R-SC), whose bill calls for a “clean energy standard” rather than a renewable energy standard. Graham would allow more different energy sources to qualify and, in so doing, sets what appear to be more ambitious targets.

Both bills amend the Public Utility Regulatory Policy Act of 1978 (PURPA) and both allow trading in credits for energy efficiency.

Bingaman's bill defines renewables to include solar, wind, geothermal, biomass, landfill gas, ocean wave energy, and additions to hydropower and waste-to-energy generation achieved through efficiency improvements. It requires 3 percent renewables by 2013, 6 percent by 2016, 9 percent by 2018, and 15 percent by 2021.



Continued on page 2...

## Wind information online

RENEW Wisconsin, the Madison-based renewable-energy advocacy group, has won a U.S. Department of Energy grant and is now providing an online resource center for wind projects.

It can be accessed at <http://www.wiwind-info.net/>.

The website provides information about Wisconsin wind energy projects of 100 kilowatts and greater capacity. “The facts, policies, and histories of large-scale wind projects will serve to describe the paths taken towards greater social

acceptance of large-scale wind energy in the state,” the website says.

Maps, access to studies and policy information, and an archive of news items concerning wind energy projects are provided.

Current news is also featured. At press time for *The Wire*, the site had highlighted an item about the approval of \$45 million in tax-exempt bonding to aid the construction of a wind turbine-blade manufacturing facility at Wisconsin Rapids. 

## Growth, but slower

The International Energy Agency (IEA) says it expects government policy choices worldwide to have a dampening effect on the growth of energy usage over the next quarter-century, trimming a fraction of a percent off the growth that would be expected if present policies continue.

Released in November, the IEA's “World Energy Outlook” identifies major factors affecting energy usage, including a global economic recovery—which would be expected to increase energy consumption. However, the report indicates that government actions in the areas of energy security and climate regulation may have a larger effect.

Between now and 2035, the IEA suggests, crucial factors in determining levels of energy usage will include the effect of government actions on technology, the price of energy services, and consumer behavior.

With “relatively cautious” energy policies as the underlying assumption, the IEA projects demand growth slowing to 1.2 percent annually, compared with a projected growth rate of 1.4 percent if governments worldwide maintain current policies.

In either case, demand growth would fall significantly from the 2 percent annual rate recorded through almost the entirety of the preceding three decades.

Whatever growth does occur is expected to take place mainly in the fast-growing economies of China, Brazil, and India, which are expected to account for a whopping 93 percent of demand growth. China alone will be responsible for slightly more than one-third of projected demand growth between now and 2035, the IEA says.

The report can be seen in its entirety at [www.worldenergyoutlook.org](http://www.worldenergyoutlook.org). 

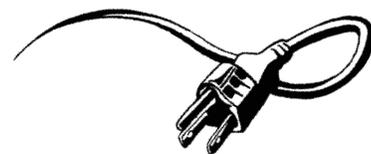
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, 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



Wisconsin ratepayers may see more opportunities to save energy under a proposal by the Public Service Commission to increase funding for the statewide energy efficiency and renewable resource programs known as Focus on Energy.

Before funding can increase, the commission is required by law to evaluate the Focus programs every four years and look at the effectiveness of existing programs, impact on rates and system reliability, and the potential for energy efficiency improvements. The proposal approved last month by regulators is the result of a comprehensive review process that began two years ago. With input from stakeholders, experts, and the public, the planning process first established measurable targets for energy savings and then put a dollar figure on the level of investment needed to achieve those targets. The proposal significantly changes the way Focus budgets are currently established. Under the new plan, funding for the programs would no longer be determined by a spending cap (currently 1.2 percent of utility revenues), but instead it would be determined by the amount needed to reach the targeted percentage reductions in energy use.

The proposed energy savings targets are consistent with those recommended by the Governor's Task Force on Global Warming. The targets (and funding) would gradually ramp up over the four-year planning period. In the first year, the goal for the statewide efficiency programs would be a .75-percent reduction in electricity use and a .50-percent reduction in natural gas use. In the second year, the plan calls for a 1-percent reduction in electricity and .75-percent natural gas. For the third year, the targets would be a 1.25-percent electricity reduction and 1-percent natural gas. And for the fourth year and beyond, the commission proposes that the programs achieve a 1.5-percent reduction in electricity usage and 1-percent for natural gas.

To meet these energy savings targets, the commission recommends increasing funding from the current level of around \$100 million to \$120 million for 2011, \$160 million for 2012, \$204 million for 2013, and \$256 million for 2014. Under this funding schedule, the commission estimates the required investment levels for each investor-owned electric or natural gas utility would increase from 1.2 percent of annual operating revenues to 1.5 percent in 2011, 1.9 percent in 2012, 2.5 percent in 2013, and 3.2 percent in 2014.

As required by law, the commission may not implement the new funding levels until after a review by the legislature's Joint Committee on Finance. The committee is expected to meet on the proposal before the end of the year. 💡



*Bromley*

## Will they or won't they?

**Continued from page 1...**

Graham calls for 13 percent by 2014, climbs to 20 percent by 2024 and 50 percent by 2050 but makes those numbers more readily achievable by including nuclear generation and clean coal—defined as coal-based generation equipped to capture 65 percent of its greenhouse emissions.

Prospects of an energy bill passing in the lame-duck session before the new Congress takes office next month were once thought to be strong. However, they have faded since October and no bill with fewer than 60 Senators committed to its support is expected to be taken up be-

fore the 111th Congress passes into the history books. 💡

### Energy saver tip

Coming home on a cold winter's night and finding the house chilly? Set the thermostat to a comfortable temperature and walk away! Setting a higher temperature than the one you really want won't heat the house any faster because the furnace works at the same rate no matter the setting. Picking your preferred temperature and staying there will take no longer, but will save fuel compared with overshooting the mark. 💡

# Biomass plant in full operation

A 60-year-old coal-fired power plant in southwestern Wisconsin reached full-scale commercial operation this fall—with a new twist. Mothballed in the early 1990s and later brought back on line as a coal-burning facility, the E.J. Stoneman plant at Cassville is now fueled entirely with waste wood, sourced from many points and producing electricity instead of going into landfills.

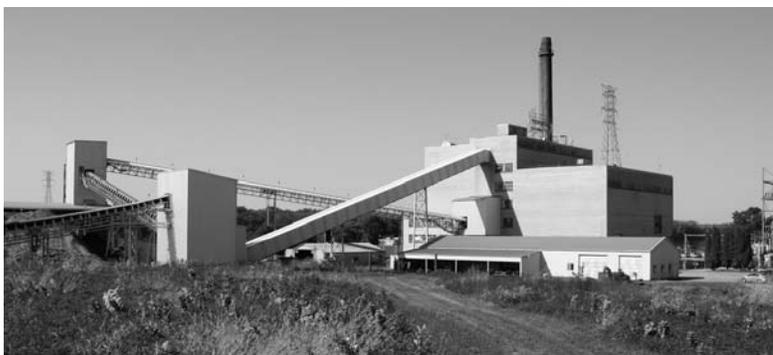
The plant reached full commercial operation as a biomass generation facility at the end of October, following a conversion that began in March 2009, about a year

after its acquisition by DTE Energy Services, a holding-company affiliate of Detroit-based DTE Energy.

Prior to its purchase by DTE, the Stoneman facility had been operated as a coal-fired wholesale merchant plant for about a dozen years by a subsidiary of Integrys Energy, which in turn had purchased it from the original builder, Dairyland Power Cooperative of La Crosse.

Under an agreement concluded soon after the DTE purchase, the biomass-fueled plant now feeds its entire 40-megawatt output into the Dairyland system.

In addition to helping Dairyland fulfill its renewable energy obligation under Wisconsin law, renewed operation of the Stoneman plant creates 32 jobs in the Cassville community and will supply the electricity needs of the equivalent



of 28,000 average homes.

All of the fuel is wood. Broken up and shredded, it's a mixture of construction and demolition debris, forestry and logging waste, and used railroad ties.

"It's recycling...studies show there's a substantial amount of this woody waste that gets into landfills and so this provides additional landfill space and prolongs the life of the land-

fill," said Joe Cottle, manager of development for DTE Energy Services.

It was anticipated the plant—which provides base-load generation 24 hours a day, seven days a week—would take delivery of 60 to 70 semi-loads of wood waste daily. 💡

## 20 more for Kewaunee?

The talk of a "renaissance" in nuclear power plant construction is beginning to attract increasing skepticism, but old plants that have been on line for decades are getting a new lease on life.

A case in point would appear to be the Kewaunee plant on Wisconsin's Lake Michigan shore. More than two years ago, the Virginia holding company that acquired the plant from Wisconsin Public Service Corp. and Alliant Energy in 2005 applied to extend its license, and so far it's looking like the facility is on track to have 20 more years added to its operating life.

Last month Dominion Resources announced that the Nuclear Regulatory Commission (NRC) said it has found no safety issues that would stand in the way of renewing the license. The existing, 40-year license is scheduled to expire December 21, 2013.

The NRC finding is one of the few remaining hurdles to be cleared in the relicensing, a company spokesman told area newspapers. Final word from federal regulators is expected early next year.

The original licenses for all three of Wisconsin's operational nuclear units were set to expire within a relatively brief time frame, in the context of the lead time required to replace a major power plant. Twenty-year extensions for the two units at Point Beach were obtained five years ago and they can now run until 2030 and 2033.

Point Beach is owned and operated by Florida's NextEra Energy, formerly FPL Energy, which purchased it from Milwaukee-based WE Energies in 2006.

Altogether, the plants account for about 19 percent of Wisconsin's generation capacity. All three units are scheduled to be taken off line for refueling next year in a process that typically takes several weeks. 💡

## Big potential, familiar challenges

There's a lot of wind energy potential on the waters of U.S. coastal areas but tapping into it will require confronting higher costs and environmental impacts, according to a recent report from the National Renewable Energy Laboratory (NREL).

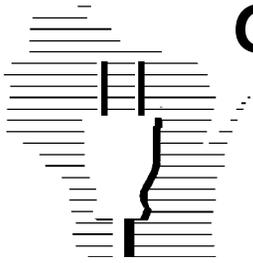
Citing a figure from the Energy Information Administration, the NREL noted that the U.S. had 1,100 gigawatts of generation capacity in 2008 and said potential offshore wind generation capacity equivalent to four times that amount exists within a 50-mile wide zone adjacent to U.S. coastlines. The problem is finding ways to exploit it without running afoul of higher costs and environmental concerns independent of any preferences among electric generation technologies.

Generation equipment that can operate reliably in the harsher marine environment costs more than otherwise similar technologies operating on land, the report noted. Turbines suitable for offshore use can cost more than \$4,200 per kilowatt, the report said.

The findings are consistent with a report produced by the Wisconsin Public Service Commission and made public at the beginning of 2009. That report estimated construction costs for offshore wind—sited in the Great Lakes rather than in a saltwater environment—at 140 to 300 percent higher than for onshore wind. Maintenance costs were estimated to be 125 to 250 percent higher.

In addition, the Wisconsin report said, substantial offshore wind development would require major new transmission infrastructure to deliver the power.

The more recent NREL report can be seen by visiting the U.S. Department of Energy website ([www.energy.gov](http://www.energy.gov)) and searching on "offshore wind." 💡



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## Quotable Quotes

*“Overall, the opportunities for offshore wind are abundant, yet the barriers and challenges are also significant.”*

—Executive Summary, “Large-Scale Offshore Wind Power in the United States,” National Renewable Energy Laboratory, September 2010

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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