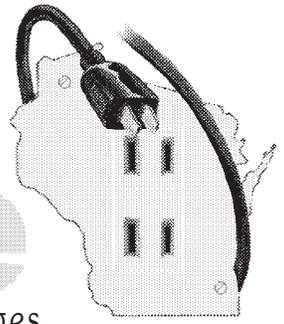


A **Coalition**  
to preserve  
Wisconsin's  
Reliable and  
Affordable  
Electricity

# Customers First!

## the Wire

Plugging you in to electric industry changes



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## State utilities meeting renewable goals

Back in December we noted that many states are missing or on course to fall short of their mandated renewable energy standards, and some have written their laws so goals can be met without really adding renewable capacity. But Wisconsin's Public Service Commission (PSC) now says this state's electricity providers are performing as well or better than they're required to in fulfilling their renewable obligations.

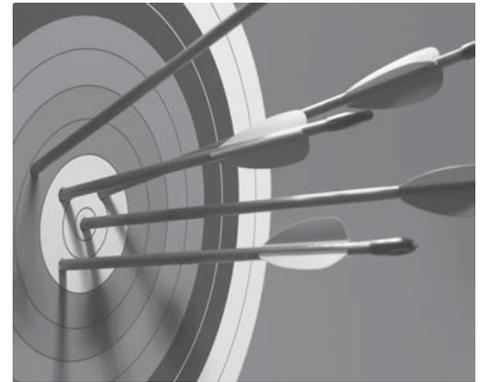
Our December item—based on a survey conducted last fall by *USA Today*—reported that of the 35 states that have adopted some version of a renewable portfolio standard (RPS), nine weren't making the grade.

A little more than two weeks later, the PSC came out with its own report, painting a much

different picture here in Wisconsin.

Reviewing utility performance through the end of 2008, the commission found all 118 electricity providers in Wisconsin meeting their RPS requirement and 112 exceeding it. That creates excess renewable resource credits that can be banked and used to ensure compliance in future years, the commission explained.

Current Wisconsin law requires Wisconsin retail electricity providers to obtain 10 percent of their electricity from renewable sources by 2015. In 2008, the commission said, they increased the amount of renewable electricity by nearly 1 percent. The state's utilities are now about halfway to meeting the 2015 requirement, with nearly 5 percent of the state's electricity being renewably sourced.



PSC Chairman Eric Callisto hailed the findings, stating, "Not only are Wisconsin's electric providers producing cleaner energy using more homegrown sources, they have a head start if new renewable energy requirements become law."

They will find that head start useful if recommendations from Governor Doyle's Task Force on Global Warming are enacted. (They were in the midst of public hearings at press time and could reach the state Senate and Assembly floors this month.)

The pending proposals would accelerate the 10-percent target to 2013, and set a more ambitious goal of 25-percent renewable by 2025.

In addition to the 90-turbine, 207-megawatt Glacier Hills Wind Park just approved by the PSC and noted elsewhere in this edition, recent additions to renewable capacity now on line or soon to come include:

- Wisconsin Public Service Corporation's 99-megawatt Crane Creek Wind Farm;

- Wisconsin Power and Light's 200-megawatt Bent Tree Wind Farm, expected on line this year; and

- The Bay Front Biomass Gasifier, owned by Xcel Energy's Northern States Power Wisconsin affiliate and expected on line in 2012.

## New wind farm okayed

The Public Service Commission (PSC) said yes last month to a WE Energies request to build a 90-turbine wind farm covering some 27 square miles in the Columbia County Towns of Randolph and Scott. The facility, estimated to cost from \$335 million to \$435 million, is expected to produce a maximum of 207 megawatts of power.

Not made a part of the decision was an earlier request from Chicago-based wind developer Invenergy, which had asked the commission to make approval of the Glacier Hills Wind Park contingent on WE Energies providing up-front financing for Invenergy's pending Ledge wind project in Brown County.

Invenergy cited uncertainties about developers being able to follow through with projects when they lack the continuous revenue stream available to public utilities like the Milwaukee-based WE Energies that are able to build projects on their own.

Invenergy has been involved in several Wisconsin wind projects now feeding power into the grid.

Upon completion, Glacier Hills will be Wisconsin's biggest wind farm according to PSC Chairman Eric Callisto, who added that the approval "will not only provide the state with a facility that will increase the capacity of generation from wind by 30 to 46 percent, but will also allow the utility to provide needed renewable and low-carbon energy to meet future [renewable energy] requirements."

Construction at the Columbia County site is expected to begin this spring with completion late next year.



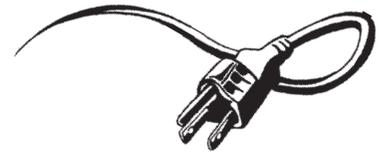
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, 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 only took three decades, but significant reform of the nation's freight rail policy is finally gaining ground in Congress. In December, Senator Jay Rockefeller (D–West Virginia), chairman of the Senate Committee on Commerce, Science and Transportation and four of his committee members—two Republicans and two Democrats—unveiled legislation that they said will “address longstanding competitive imbalances for shippers by increasing rail competition, strengthening federal oversight, and improving shippers’ access to regulatory relief.” The package of reforms, negotiated between Rockefeller and his colleagues over the last several months and introduced as the Surface Transportation Board Reauthorization Act of 2009 (S. 2889), was quickly and unanimously approved by Rockefeller’s committee on December 17.

For many Wisconsin rail shippers and consumers, this couldn't come soon enough. Deregulation of the railroad industry in 1980 led to massive consolidation of rail carriers that resulted in fewer competitive transportation options available to shippers. In many parts of the country, including Wisconsin, there is only one railroad that a utility, paper manufacturer, agricultural producer, or other business that relies on rail can “choose.” And without effective oversight and regulation, the railroads have been able to exercise their market power over these captive shippers—charging excessive rates and providing inadequate service. In fact, a study released in 2009 by the Consumer Federation of America claims railroads overcharge consumers \$3 billion a year as a result of monopoly pricing power.



Bromley

S. 2889 is a good first step toward improving the rail-shipper imbalance. It expands and strengthens the federal Surface Transportation Board (STB) to ensure that the board will become more pro-active and responsive to captive rail customer problems. It also improves customer access to competing rail systems through reciprocal switching, mandatory quoting of bottleneck rates to captive rail customers, and establishing a process at the STB for removing existing paper barriers and a ban on future paper barriers. (Paper barriers are “tying” agreements between a major railroad and a short-line railroad requiring all traffic on the short line to use the major railroad even if the short line has access to a competing major railroad.)

As of this writing, the legislation does not include a repeal of the railroads’ antitrust exemptions, a major objective for rail customers that’s being pushed in Congress by Senator Herb Kohl and Representative Tammy Baldwin. Rockefeller vowed to work with Kohl to see what antitrust language can be added to S. 2889 before it is considered by the full Senate. That’s good news because the reforms put forth by the Commerce Committee will be stronger if backed by the full force of the nation’s antitrust laws—laws that are fundamental to consumer protection. 💡

## Gas demand to grow—maybe

An international energy market monitoring agency sees factors that could put an end to slack demand and comparatively low prices for natural gas—unless those factors end up prompting temporary overproduction.

The International Energy Agency (IEA) predicted near the end of 2009 that demand will begin growing again this year, but the prediction is based on an assumption that worldwide economic growth will resume. There are signs of that happening but the situation remains fluid. A second unknown in the forecast is the intensity of climate policy initiatives by worldwide

governments, the IEA said.

Climate policies that prompt an accelerated shift away from other fuels and meeting a bigger share of electric generation fuel requirements with natural gas would be expected to drive up demand. However, the IEA said such moves could prompt increased development of unconventional gas resources in North America and contribute to a “glut” over the near term.

Bottom line: Natural gas prices may be going up—unless they don’t. The forecast was contained in the IEA’s “World Energy Outlook 2009.” 💡

# Senators want market scrutiny

Pennsylvania's two U.S. Senators, seeing electricity rates spiking with the expiration of legislated price caps, have asked federal regulators to examine whether deregulated wholesale power markets are performing in the best interest of consumers.

The theme here is not especially new. A number of stakeholders, the American Public Power Association prominent among them, have repeatedly questioned whether wholesale power markets operated by regional transmission organizations (RTOs) have been performing in the best interest of end-use electricity customers.

What *is* new is that both senators from Pennsylvania are now telling the head of the Federal Energy Regulatory Commission they want his agency to do more than it's done so far to assert the consumer's interest.

Specifically, Sens. Robert Casey, Jr. and

Arlen Specter have asked FERC Chairman Jon Wellinghoff to "undertake a substantive and comprehensive investigation...to determine whether PJM [Pennsylvania-New Jersey-Maryland] Interconnection and the other RTO-run markets are producing just and reasonable rates, and if not, to take the steps necessary to protect consumers."

"In the decade since electricity markets have been deregulated," the senators wrote, "rates have increased substantially compared to regions that did not deregulate and have posed greater hardships on consumers."

Wholesale power costs are passed directly on to end-use consumers, the senators note, citing a recent Penn State study warning, "Tens of thousands of jobs could be lost as businesses trim costs or shut down altogether to move to states with cheaper power."

Casey and Specter said the wholesale



markets "do not appear to be sufficiently competitive and thus have resulted in excessively high electricity rates for consumers and insufficient infrastructure investments to support future reliability."

They cited data analysis by the federal Energy Information Administration showing electricity rates "remain higher in deregulated states than in regulated states, and that this price disparity is increasing every year."

The Federal Power Act declares the intent to ensure a "complete, effective, and permanent bond of protection" from wholesale electric rates that go beyond what is "just and reasonable," they said. 💡

# Texas regulators penalize suppliers

Fast exits from the Texas market in 2008 are proving to be a costly move for a pair of former retail electricity providers. The state's Public Utility Commission has announced it's fining them a total of almost \$4 million.

The Texas PUC announced the penalties in mid-January, faulting National Power Company, Inc., of Houston and Pre-Buy Electric, LLC, of Grapevine for multiple failures, including failure to refund customer deposits and failure to furnish information needed to transfer customers to other service providers.

Several retail power providers bailed out of

Texas markets over the course of a few weeks during the summer of 2008 when sharply rising wholesale electricity prices made it impossible for them to honor customer contracts without losing money.

The PUC was in the preliminary stages of

similar proceedings against a third provider that quit the market.

The Texas commission has been faulted for the low percentage of customer complaints resulting in disciplinary action against power

providers. A mid-January PUC statement announcing the actions against National Power and Pre-Buy said these were the first enforcement orders for 2010 and that 16 such orders, including more than \$4.3 million in penalties, were issued last year. 💡

# More cow power on the grid

Dairyland Power Cooperative has inked an agreement with a Clark County dairy farm to provide more manure-based electricity—the fifth such project on the La Crosse-based generation and transmission cooperative's system.

The co-op announced last month it had signed an agreement with Bach Digester LLC to purchase the energy and capacity from a new anaerobic digester at Dorchester, in Clark County. Owner Steven Bach's dairy operation is on the distribution lines of Taylor Electric Cooperative.

The digester breaks down cow manure, yielding methane gas that is then used to fuel an on-site generator. The facility at the 1,200-cow dairy farm is expected to generate about 300 kilowatts, enough to power more than 200 average homes.

"We continue to seek opportunities to

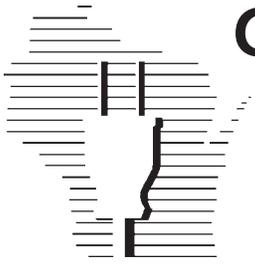
expand our renewable resources and appreciate working with Steven Bach and Taylor Electric to bring this environmentally friendly energy resource to our members," said Bill Berg, Dairyland president and CEO.

Dairyland owns three digester facilities, at Elk Mound, La Farge and Rice Lake. 💡

## Energy saver tip

Efficient air circulation is a key to cold-weather comfort. A quick check of hot air registers and cold air returns to make sure they're clear and not blocked by drapes or furniture will help your furnace do its job more easily and might even allow you to be comfortable at a lower thermostat setting. 💡





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## A Coalition

to preserve  
Wisconsin's  
Reliable  
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**[www.customersfirst.org](http://www.customersfirst.org)**



## Quotable Quotes

*“However, our home state is just one example of how wholesale markets have not produced the benefits of competition promised at the inception of their deregulation plans and instead have hurt consumers and the economy.”*

—U.S. Senators Robert Casey, Jr. and Arlen Specter (both D-PA),  
in a letter asking the Federal Energy Regulatory Commission and  
Chairman Jon Wellinghoff to scrutinize the performance of regional  
wholesale electricity markets, dated December 18, 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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