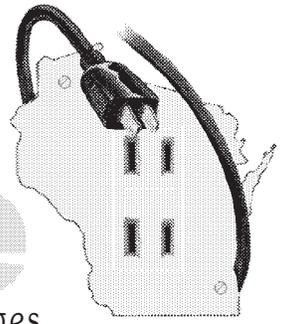


A **Coalition**  
to preserve  
Wisconsin's  
Reliable and  
Affordable  
Electricity

# Customers First!

## the Wire

Plugging you in to electric industry changes



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## Wisconsin lands efficiency grants

Nearly \$8 million in federal stimulus funds will come to Wisconsin businesses and educational institutions to help finance research into energy efficiency technologies, the U.S. Department of Energy (DOE) has announced.

It works out to a pretty impressive haul for the state, since the total awarded by the DOE nationwide was \$76 million—meaning Wisconsin captured more than 10 percent of the entire pool of funds.

Prominent among those sharing in the grant money are Johnson Controls, Eaton Corporation, the University of Wisconsin, and Milwaukee Area Technical College.

The list of projects includes research and development into making commercial and residential buildings more energy efficient and making it easier to control their energy usage, curriculum development for training building management personnel to oversee efficient energy use, and training programs designed to build energy efficiency management as a specialized career path. 

## Power-plant conversion to biomass advances

The University of Wisconsin Board of Regents last month gave a green light to the quarter-billion dollar conversion of an old coal-fired power plant on the Madison campus to burn biomass instead, with a targeted completion date of 2013.

The intention is that the biomass fuel will be obtained from waste products, including waste wood and waste from crop production. Concerns about volatility in the price of natural gas moved the University to reject a gas-fired power plant, an option they identified as significantly cheaper to build and bring on-line.

One choice the U-W *didn't* have was to continue operating the half-century old Charter Street plant as is. The changeover is the result of a legal settlement with the federal government to comply with air pollution regulations. The Sierra Club a few years ago sued the state over the plant's air emissions and environmental organizations had been on the offensive over runoff from the plant's coal pile contaminating

the city's stormwater system with heavy metals.

Unresolved issues included where the biomass fuel will be obtained and how it will be delivered to and processed at the plant a few blocks west of the Madison isthmus. Sentiment among the regents seemed to be that building a biomass plant would stimulate development of an industry to supply the plant's fuel needs.

Final word on the project is up to the State Building Commission, which needs to give its approval before work can move forward. 



## Connecticut energy bill gets veto

Wary of unintended consequences, Connecticut Governor Jodi Rell vetoed the far-reaching energy bill state lawmakers approved this spring as a remedy to the nation's highest electricity rates. Rell said she feared the legislation would drive rates even higher.

While the governor conceded the bill was a "well-intentioned effort," she remained leery of claims by its proponents that it would result in Connecticut electricity prices falling 15 percent over the next several years.

"These claims are eerily reminiscent of the claims made about the electric industry deregulation bill which was presented some years ago as a panacea for Connecticut's energy problems," Rell wrote in her veto message to the secretary of state and Legislature.

"After a decade of exorbitant prices, however, that bill has yet to deliver on its promises," she added.

The governor also complained of a lack of transparency in development of the final legislative package.

It was "cobbled together," in the words of a *Hartford Courant* editorial, in the closing days of a legislative session dominated by problems balancing the state's budget and, as Rell noted, it was "emergency certified," accelerating its movement through the Legislature so there was no public hearing on the final package.

That, in the governor's view, made the legislation "unfair to the people of Connecticut whose electric bills and taxes would

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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



The massive oil spill in the Gulf of Mexico may bring back to life energy and climate legislation that many considered dead in Congress. President Obama even used his first address from the Oval Office to speak to the nation about the oil spill and called on Americans to “seize the moment” and end our addiction to fossil fuels. But will the disaster in the Gulf be enough to resuscitate the energy debate in Congress?

Little has happened since the House of Representatives narrowly passed the Waxman-Markey climate change bill last year. The bill would mandate an 83-percent reduction of greenhouse gas emissions by 2050 from 2005 levels, establish a renewable energy standard, and—perhaps its most contentious provision—create a carbon cap-and-trade system. The Senate hasn't acted on Waxman-Markey mainly because of disagreement over cap-and-trade.

After a year of letting the issue simmer, a tri-partisan team of Senators John Kerry (D-MA), Joe Lieberman (I-CT), and Lindsey Graham (R-SC) developed a proposal aimed at achieving broader support. It keeps the same carbon-reduction targets as Waxman-Markey but also provides a \$54 billion nuclear loan-guarantee program, allows more offshore drilling, and establishes a cap-and-trade program with price controls. Yet, in a sign of how fragile political alliances can be and the challenge of achieving broad support for energy legislation, Graham withdrew his backing for the bill he put together with Kerry and Lieberman and signed onto a competing bill by Senator Richard Lugar (R-IN) that does not include cap-and-trade.

To make the prospects of anything being done even more daunting, several other proposals are now floating around the Senate—all of which are vying for the 60 votes needed to break a filibuster. On a parallel track with congressional action, the Environmental Protection Agency is set to proceed with its own rules. Last year, the EPA issued a finding that greenhouse gas emissions endanger human health and thus can be regulated under the federal Clean Air Act. The EPA just issued standards limiting greenhouse gas emissions for cars and light trucks but has said that no stationary sources, such as power plants, will be required to get Clean Air Act permits that cover greenhouse gases before January 2011. So, it may not be the oil spill that inspires Congress to act after all, but rather the threat of a government agency setting the nation's energy priorities that does. 💡



Bromley

## Summer in San Diego

Ah, those Sempra companies. Last month it was parent company Sempra Energy settling with the State of California in litigation over power-market manipulation a decade ago. Now it's subsidiary San Diego Gas and Electric (SDGE) concluding that the answer to wildfires—in which its maintenance practices have been identified as a contributing factor—is to shut off the electricity when the weather gets too windy and dry.

To be clear, existing regulatory practice allows the utility to cut off power in extreme windy conditions. But in 2009, state regulators said no to SDGE's request for a lesser threshold to shut down transmission and be held immune from liability when that happens.

A June report in Escondido's *North County Times* pointed out the rather surprising datum, attributed to an SDGE spokeswoman, that the

company's equipment is designed to withstand winds up to 56 miles per hour. It also noted that in some areas SDGE has installed more robust poles able to stand up to stronger winds.

State officials investigating three destructive wildfires in 2007 faulted SDGE for inadequate inspection and maintenance and for hanging too much equipment on aging power poles, increasing the risk of energized lines contacting tinder-box vegetation.

In the current controversy the *North County Times* quoted one county supervisor saying, “There's a serious trust issue with SDGE. Some think SDGE will use their longtime authority to shut down more often than they should. It's something we all need to keep our eye on, to make sure they're not abusing their authority.” 💡

# Failed voter initiative brings call for curbs

People concerned about the influence of money in politics can take some solace in the defeat of California Proposition 16—despite Pacific Gas and Electric (PGE) spending \$46 million promoting the initiative.

That's an early number. In the weeks since last month's rejection of the ballot measure, estimates have climbed as high as \$50 million. But the really striking number is the amount spent by *opponents* of Prop. 16: by most accounts barely \$100,000. That comparatively trifling expenditure was sufficient to produce a 53–47 percent win.

Had voters approved the initiative, it would have become illegal in California for any

public agency to get into the retail electricity business without voter approval by a two-thirds majority. The practical effect would have been to make it far more difficult than under current law to establish a municipal utility.

PGE and the proponents of Prop. 16 made the not-unreasonable-sounding argument that taxpayers should have a say in a decision by their local government to go into the utility business. However, others saw the proposal as a ploy by the incumbent utility to protect its turf from extensions of service by municipalities and to wall off competition from municipalities acting as aggregators buying or producing power on behalf of retail customers.

In the weeks following the vote, at least two California lawmakers introduced bills placing new restrictions on businesses spending money to support or oppose individual candidates or ballot measures.

One bill would mandate corporations reporting annually to shareholders on political spending and give shareholders the option of obtaining reimbursement for their share of the expenditures if they decline to support them. Opponents point out that such reporting is already required. However, reimbursement is not currently an option. 💡

## Bracing for impact

Though Pennsylvania boarded the electric restructuring bandwagon back in the mid-1990s, the full effect still hasn't been felt statewide. Retail rates for individual utilities have been capped, with caps expiring at different times.

Now Philadelphia city government is preparing for its power provider's rate cap to come off.

Last month the city council created an energy authority. The five-member panel, created by a unanimous council vote, would free the city from restrictions on long-term contracting so it can form energy purchasing pools or become involved in alternative energy projects.

Rejected along the way was a proposal to organize the authority as a cooperative that would buy electricity for resale to end-use customers. It will not become a retail power provider, city officials said.

The incumbent utility serving the city is Peco Energy. Peco's rates, capped at 1996 levels under Pennsylvania's electric restructuring law, will be uncapped at the end of this year. Rates are expected to rise about 10 percent, which would be an extraordinarily modest jump compared with what's happened to retail rates for other utilities and in other states where legislated rate caps have expired.

Consumers would be free to switch to a different power supplier, though they would continue to receive distribution and other customer services through Peco. The great unknown in such situations has always been how many providers choose to serve small-volume residential customers, a potentially determinative factor in how much of a moderating effect competition will have on price.

A report in the *Philadelphia Inquirer* noted last month that competition for residential business might be less than furious given that Peco's commercial and industrial accounts—only 10 percent of its customers—buy 56 percent of the electricity it sells.

City government, the *Inquirer* said, has an annual electric bill of about \$65 million, providing a powerful incentive for the new authority to try to negotiate more favorable rates. 💡



## Energy saver tip

If you're planning to be away on vacation this summer, remember an empty house is unlikely to require the same level of climate control that's needed when you're at home. Set air conditioning equipment to allow a higher temperature while you're away. Adjust the water heater to cut back its running time. Closed curtains or drapes will help keep temperatures stabilized. Used in tandem with a few automatic timers controlling lamps, they'll help keep your home safe from unwanted attention during your absence. 💡

## Veto

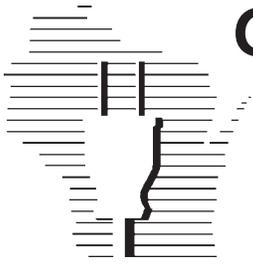
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surely be affected.”

Others saw it differently. Environmental groups and Connecticut Attorney General Richard Blumenthal, among others, criticized the veto, saying it favored utilities and energy companies at the expense of the state's conversion to a green energy economy.

In addition to promising lower electric rates, the bill contained incentives for solar energy and energy conservation and cut electric rates for lower income groups.

It would also have reorganized state oversight of utilities, creating a new Division of Public Utility Control within the Connecticut Energy and Technology Authority, which would have supplanted the existing Public Utilities Control Authority. 💡



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## A Coalition

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



## Quotable Quotes

*“We cannot repeat the mistakes of the past. I cannot approve the sweeping changes in this bill without fully knowing the effect they will have on the energy market, our state’s economy and ratepayer bills.”*

—Outgoing Connecticut Governor Jodi Rell, spelling out her reasons for vetoing legislation supporters said would reduce electricity rates, in her veto message, May 25, 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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