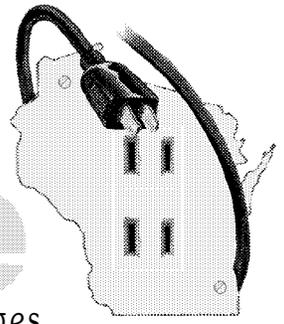


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire



Plugging you in to electric industry changes

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Wind rule update

Another trip through the Legislature

When December action by a legislative oversight committee was called off at the last minute, statewide wind energy-siting standards looked ready to become effective automatically this year.

But early in January they were pulled back into the legislative arena as part of a broader package of revisions to administrative rulemaking procedures on a special-session agenda. They've since been introduced separately as Special Session Senate Bill and Assembly Bill 9, and for the second time in two months, by the time you read this, the action might be over.

There seems to be no doubt that there will be a set of statewide standards, and probably very soon. But wind energy advocates weren't pleased to see the change being proposed to the administrative rules finalized at the end of last year.

The Public Service Commission's rule prescribes a setback of 1,250 feet or 3.1 times turbine height, whichever is less, from a non-participant's occupied dwelling or community building, and 1.1 times turbine height from a participant's residence or a non-participant's property line.

Real estate interests were seeking a setback

of one-third of a mile, or 1,760 feet, and the special session bill drafts call for a full 1,800 feet based on property lines rather than buildings, meaning the actual separation from an occupied structure could be greater.

The American Wind Energy Association said it would effectively send wind development away from Wisconsin to other states. 💡

Nuke plant uprate challenged

The Citizens Utility Board (CUB) and Clean Wisconsin have filed documents with federal regulators in hopes of dissuading them from authorizing the Florida-based owners of the Point Beach nuclear plant north of Two Rivers to boost its output.

The proposed modification, called an "uprate" in industry jargon, got an apparent boost last December when the Nuclear Regulatory Commission said it anticipated no significant environmental impact would result. But in their January filing, CUB and Clean Wisconsin say the change is unneeded because Wisconsin currently has a surplus of generation capacity.

The two Point Beach units are now rated at a total of 1,023 megawatts capacity and the NRC's Draft Environmental Assessment (DEA) said the proposed 17 percent additional output would be needed to meet statewide electricity demand growth of about 2 percent annually.

But the two groups criticize that estimate and multiple other citations in the DEA, saying they're based on outdated information. Demand growth has been cut in half by the prolonged recession, they noted.

The DEA cites a Public Service Commission (PSC) 2007 Strategic Energy Assessment in saying the uprate is needed for "maintaining a robust energy planning reserve margin of 18 percent." However, CUB and Clean Wisconsin point out that a PSC Order issued in October 2008 reduced the reserve margin to 14.5 percent.

At the time, the state's major utilities questioned cutting back the margin based on standards favored by the Midwest Independent System Operator rather than those of the longer-established



Save the date!

Mark your calendar and plan on attending the Customers First! Coalition's annual Spring POWER Breakfast. It's set for Wednesday, April 6, at the Madison Concourse hotel.

Attendees will hear from energy experts on current issues facing electricity customers and the power industry in a half-day session from 8 a.m. until 12 noon.

Registration information and event details will be coming soon. For more information, contact Customers First! Executive Director Matt Bromley by e-mail at mbromley@customersfirst.org or phone 608-286-0784. 💡

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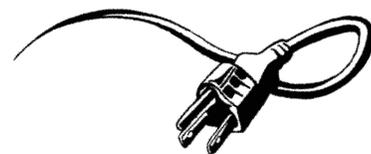
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers,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



Wisconsin electric utilities and cooperatives continue to meet their renewable energy obligations according to information from the Public Service Commission. Under the state's renewable portfolio standard (RPS) law, all electric providers are required to file data with the commission that describes the total amount of renewable energy the provider sold to its customers or members over the course of a year. These annual compliance reports track the utilities' progress towards achieving the statewide goal of having 6 percent of all electric energy consumed in the state being renewable energy by 2010 and 10 percent by 2015.

Using utility-provided data from 2009, the commission's most recent compliance report shows that more than 66 million megawatt-hours (MWh) of electricity were sold to Wisconsin customers in 2009, and more than 4 million MWh, or 6.29 percent, came from renewable resources, up from 4.9 percent in 2008. Individually, all utilities complied with their renewable energy requirements for 2009 with many already meeting their 2010 target and a few overachievers at or above their expected 2015 RPS requirement.

Along with the total renewable energy percentages, the report also breaks down renewable sales by type and state of origin. Wind power led the way by generating 47 percent of renewable energy sold in the state in 2009, followed by hydroelectric power at 36 percent. Biomass contributed around 10 percent of renewable sales ahead of municipal solid waste/landfill gas, biogas, and solar. Of the total renewable energy sold to Wisconsin customers, 63 percent was generated from Wisconsin-based facilities, mostly wind farms and hydroelectric dams. Although most renewable energy sold in Wisconsin was home-grown in 2009, we could see this percentage drop significantly if policies are enacted to curtail the development of wind farms in the state.

Those of us—prominently including the *Customers First!* Coalition—who supported 2005 Wisconsin Act 141, which established the current RPS and secured greater investment in energy efficiency and conservation, should look favorably on the progress the state has made in achieving the goals set forth in the act, as evidenced by the recent compliance report. A diversified mix of generation resources reduces the need for traditional fossil fuel-based plants and helps mitigate the impact of volatile fuel prices. It's an important part of a balanced approach to provide reliable, economical electricity to Wisconsin customers. 



Bromley

Nuke uprate

Continued from page 1...

regional reliability councils.

But CUB and Clean Wisconsin also faulted a DEA statement that the uprate would help reduce Wisconsin's reliance on power imports from Illinois through a congested transmission system. They cite multi-billion-dollar transmission upgrades undertaken by the American Transmission Company and a statement in the PSC's draft Strategic Energy Assessment released for public comment last October, which said in part that "many congestion and loss issues have been relieved."

Moreover, the two groups contended that the environmental impact of a \$173 million transmission upgrade needed to provide a path

into the grid for the additional Point Beach output should be considered.

Wisconsin's electricity demand growth was highest during the first half of the 1990s, averaging 3 percent annually. It exceeded 2 percent from 1995–2000 and from then until 2007 averaged a little more than 1 percent annually.

U.S. Department of Energy (DOE) figures reflecting the impact of the recession show Wisconsin electricity sales (by kilowatt-hour) actually dropping 1.7 percent in 2008 and another 6 percent in 2009. Full-year figures for 2010 were not yet available, but data released in mid-January by the DOE's Energy Information Administration showed Wisconsin kilowatt-hour sales volume through last October was 4.7 percent higher than at the same point in 2009. 

Nuclear moratorium may fall

It's not at the top of the to-do list for the Legislature's new Republican majorities but there's a high probability they'll repeal the Wisconsin law that has effectively ruled out regulatory approval for any new nuclear plant during the past 28 years.

Higher legislative priorities were attached to business-friendly tax changes and regulatory- and tort-reform proposals on a special session agenda.

After that comes what promises to be an extraordinarily difficult state budget, taking center stage later this month.

But by the time a budget is passed or close to it, there will be a separate proposal to do away with the nuclear plant restrictions. Asked in January about his timetable for a repeal measure, the new chairman of the Assembly Com-



Honadel

mittee on Energy and Utilities, State Rep. Mark Honadel (R-South Milwaukee) answered, "You'll see a bill in four to six months."

Honadel and other legislative leaders presented their views before a gathering of electric cooperative leaders in Madison.

Current law does not prohibit building a nuclear plant but forbids the Public Service Commission to approve one unless a federally licensed facility would be available to store all the spent fuel from all Wisconsin plants. As a practical matter, that means the Yucca Mountain project in Nevada, still unfinished 13 years past its congressionally mandated opening date and marked for extinction by the Obama administration.

Last month Honadel expressed frustration that Wisconsin energy consumers, through a small additional assessment on the monthly bills of nuclear-owning utilities, have paid "hundreds of millions of dollars to build Yucca Mountain and we can't store one ounce of spent uranium fuel there."

Instead, spent fuel remains in storage at reactor sites across the country and the Nuclear

Regulatory Commission has indicated it would be content to leave it there indefinitely.

The nuclear moratorium has been a target for several years. Former State Rep. Mike Huebsch (then R-West Salem and now secretary of the Department of Administration) introduced a repeal bill in four consecutive sessions. In one session it passed the Assembly. Had it gone farther, a veto by then-Governor Jim Doyle was a certainty until last year.

The veto threat evaporated in 2010 when easing the moratorium was folded into the recommendations of Doyle's Task Force on Global Warming, but the moratorium survived as the resulting bill died when the Legislature's Democratic majorities declined to take it up.

Even if the law is repealed this year or next, no one will be seeing a new nuclear plant built in Wisconsin any time soon. Even the nation's biggest utilities have made it clear they are unwilling to take on the expense without multiple partners, and once a commitment is made a decade's lead time would be a modest estimate.



Cowles

State Senate

Energy Committee Chairman Robert Cowles (R-Green Bay), while not opposing repeal, said Wisconsin's current excess generating capacity is an important part of the picture. "Right now we've got a surplus of energy—15 or 20 percent?—Do you want to spend the money [for new nuclear generation]?" Cowles asked.

Considering the lengthy lead time and difficulty of winning permits for a new plant site, he said, installing additional turbines at Wisconsin's two existing nuclear plants could be a much easier call.

"That might make sense in 10 years," Cowles said. 💡

Consultants predict many coal-plant retirements

With new federal environmental regulations on the way, consulting firms that specialize in the energy industry say one-fifth or more of the nation's coal-fired electric generation may become economically non-viable within the next few years.

The past year brought multiple reports along these lines. The two most recent came in December and January, from the Brattle Group of Cambridge, Massachusetts, and from ICF International of Fairfax, Virginia.

Brattle economists analyzed economic factors presumably affecting the choice of retrofitting or retirement for every coal plant currently operating in the U.S. They anticipate new regulations will force installation of costly new control equipment for sulfur dioxide, nitrogen oxides, particulates, and hazardous emissions like mercury, along with changes in cooling water systems such as construction of cooling towers. The economists estimate that mandating scrubbers and selective catalytic reduction equipment by 2015 for all coal units would make a compelling argument for retirement of 40,000 to 55,000 megawatts of capacity. An additional 11,000 to 12,000 megawatts of retirements could be expected if cooling towers are also mandated, the Brattle study said.

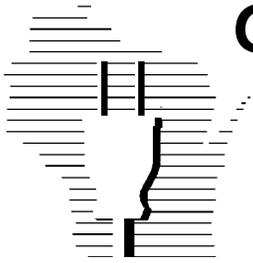
Looking at the same set of regulatory changes, the ICF study projects "nearly one-fifth of the U.S. coal fleet could retire in response to new air, waste, and water regulations over the next 10 years."

If there are many coal-plant retirements as these and other studies suggest, it follows that there will be greater reliance on natural gas for electric generation.

ICF sees natural gas price volatility persisting for several years as supply and demand seek a new equilibrium. It also sees shale-gas production as "a game-changer" for North American gas markets, reducing costs and increasing the growth of supply. 💡

Energy saver tip

Being hit with a big heating bill or the worry that you may be getting one is a part of every Wisconsin winter but it doesn't have to take over your household budget. Check with your utility about billing plans that spread out costs and you can reduce the worry about falling behind. 💡



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Be sure
to check out the
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Quotable Quotes

“To the extent the bill looks like the one they introduced last session, that’s not good for consumers. It would reduce ComEd’s risk and put it on the backs of consumers. We believe consumers would be stuck with higher rates than they would otherwise.”

—David Kolata, executive director of the Illinois Citizens Utility Board, commenting on automatic rate increase legislation advocated by Commonwealth Edison, in *Crain’s Chicago Business*, January 14, 2011

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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Plugging Wisconsin In

