

Customers First!

P.O. Box 54
Madison, WI 53701

A Coalition

to preserve
Wisconsin's
Reliable
and Affordable
Electricity



Be sure
to check out
the *Customers First!*
website at

www.customersfirst.org



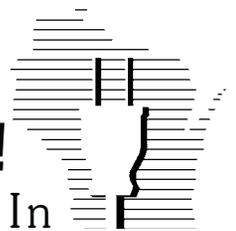
Quotable Quotes

“What’s the benefit to the consumer of paying more for the very same electricity they can get from their electric company or another supplier for less money?”

—Connecticut Consumer Counsel Elin Swanson Katz commenting on the sudden doubling of electric rates for thousands of customers, in a story by *The Associated Press*, January 14, 2014

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.

Customers First!
Plugging Wisconsin In



New nukes or no nukes?

A State Senate committee chairman told statewide electric co-op managers meeting in Madison he'd like to revisit Wisconsin's moratorium on nuclear plant construction, on the same January day that the Rasmussen polling organization completed a survey showing Americans divided with near-equal precision on whether to build new nukes or not.

More support the idea of building new nukes than oppose it, but the difference in their numbers is so slight as to fall within the survey's margin of error.

The poll found 39 percent in favor of new nuclear facilities and 37 percent opposed. Conducted January 7-8, the survey sampled opinions from 1,000 randomly selected likely voters nationwide and claims an error margin of plus or minus three percentage points.

Twenty-three percent of respondents were undecided, the Rasmussen organization said.

During the past decade, at least two dozen permit applications for new plant construction were filed with the Nuclear Regulatory Commission, but last month the federal government's Energy Information Administration listed new nuclear units currently under construction at only three sites, in Georgia, North Carolina, and Tennessee.

On January 8, State Senator Paul Farrow (R-Pewaukee) told a group of co-op managers he'd like to revisit the state's moratorium "so we

can see how new nuclear might help Wisconsin's energy picture."

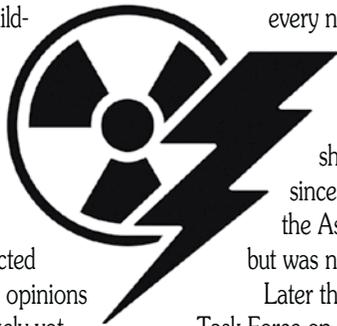
Farrow chairs the Senate Committee on Government Operations, Public Works, and Telecommunications.

Conditioned in part on availability of a permanent, federally licensed disposal facility capable of containing all the spent fuel from every nuclear plant operating in Wisconsin,

the moratorium has been in place since 1983. Legislative attempts to lift it have fallen short in four consecutive sessions since 2002. A repeal measure passed the Assembly 57-38 in March 2008 but was never taken up by the Senate.

Later that same year, Governor Doyle's Task Force on Global Warming agreed to support modification of the restrictions. In exchange for increasing the renewable portfolio standard to 25 percent by 2025 and enhancing Wisconsin's energy efficiency programs, the bill would have allowed construction of a nuclear plant, but only if the PSC found that the costs were reasonable and advantageous to consumers in comparison with alternatives; there was an economic, reasonable and stringent plan for managing the waste; and the entire output of the plant was needed within the state. The bill died in April 2010 without coming to a vote in either house.

No proposal has been introduced in either the current two-year session or the preceding one. 💡



CCS project a step closer

Following a favorable decision by the U.S. Department of Energy (DOE) in mid-January, \$1 billion in taxpayer assistance, mainly stimulus funding authorized under the American Recovery and Reinvestment Act, has become available to move ahead with the FutureGen 2.0 project.

After well over a decade of controversy over cost, feasibility, and location that saw the carbon capture and storage (CCS) project cancelled and subsequently revived, construction at a former Ameren coal-fired power plant in Meredosia, Illinois, is expected to start this year.

The beginning of actual construction remains contingent on the participating energy companies' ability to obtain a permit to store captured carbon dioxide emissions underground.

Total cost was estimated at \$1.65 billion in documents updated last December by the FutureGen Alliance, the international consortium made up primarily of coal companies collaborating in the project's development.

A DOE environmental impact statement foresaw no major negative consequences from the project, which would send liquefied carbon dioxide through a 12-inch diameter pipeline to a permanent storage site about 30 miles from the plant and approximately one mile underground.

If the long-delayed project receives its storage permit and financial closing takes place as planned, it could become operational three years from now, backers said. 💡



Christmas in Connecticut

High electricity rates have invariably been the motivation for states adopting utility restructuring schemes, and Connecticut was no exception. How's that worked out? Just after the holidays, thousands of Connecticut electricity customers found their rates doubled overnight without warning.

By mid-January, an *Associated Press* story said state Consumer Counsel Elin Swanson Katz was reporting thousands of customers being charged 17 cents per kilowatt-hour and some nearly 25 cents by non-utility power marketers. Meanwhile, the two incumbent regulated utilities were charging 9 and 9.2 cents per kilowatt-hour.

State regulators were reportedly investigating possibly unauthorized switching of customers from fixed-rate plans to variable-rate plans that can swing from a little bit cheaper to a lot more expensive. But ultimately, the real problem will likely prove twofold: Prolonged, frigid weather driving demand for natural gas as home heating fuel in competition with power generation; and a long-ago restructuring plan that invited people who owned no generation capacity into the market, selling customers power they had to buy on the spot market and subjecting those customers to all the resulting price volatility.

Wisconsin customers looking through their frozen windows at least have the consolation of knowing this state could have made the same mistake, and chose not to.

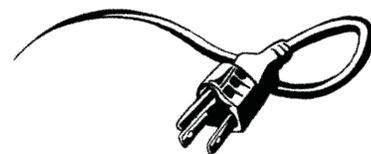
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers,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



With the 2013–14 Wisconsin legislative session winding down, state lawmakers are making quick work of legislation that tweaks the state's renewable energy law. The legislature passed, with little debate, Assembly Bill 594 that relieves four small utilities from higher renewable energy requirements. Lawmakers are also expected to approve Assembly Bill 596 that removes restrictions on sources eligible to create renewable resource credits (RRCs).

Under current state law, each electric provider has a unique renewable portfolio standard (RPS) that's based on how much renewable electricity it was providing in the years 2001–2003—its "renewable baseline." Providers are required to gradually increase their renewable energy percentage so that in 2015 it is six percentage points above their baseline percentage. The overall statewide goal is to have 10 percent renewable electricity by 2015.

The average renewable baseline for all providers is 3.56 percent, but four small utilities that rely on significant amounts of hydroelectric power generation—Centuria Municipal, Consolidated Water & Power, North Central Power, and Northwestern Wisconsin Electric—have baselines that range from 12 to 33 percent. AB 594 allows these utilities to maintain a renewable energy percentage in 2015 and beyond that is two, rather than six, percentage points above their baseline. According to testimony from the Public Service Commission, the proposed change will have less than two tenths of one percent impact on the state's overall renewable energy mix.

AB 596 removes a limitation on RRCs that under current rules withholds eligibility for RRC creation from any technologies placed in operation prior to June 2010. Representatives of the paper industry stated that they have been producing energy from renewable sources, like biomass and hydro-power, well before 2010 and should receive credit for their early commitment to renewable energy.

AB 594 and AB 596 are seen as relatively minor policy changes that shouldn't impede the state reaching its goal of 10 percent renewable electricity by 2015. Indeed, many utilities and cooperatives have already met their 2015 renewable requirements. During the public hearing on the bills, renewable energy advocates asked legislators to consider increasing the 10 percent standard. Lawmakers, though, seem content to leave it where it is, at least for now. 💡



Bromley

CapX recap

rates, it is undisputed that the La Crosse local area needs require additional electric infrastructure to provide adequate system reliability," quoting from the May 2012 Commission Order approving the line.

Peak demand at La Crosse/Winona-area substations rose 3.44 percent in 2012 over 2011 and 1.95 percent in 2013 over 2012, the response document said.

Addressing energy efficiency arguments, the response cited an independent PSC analysis incorporated into the 2012 Order, finding that to replace the project with energy efficiency and conservation would require an immediate reduction of peak load by approximately eight percent, along with the approximate 0.5 percent annual reduction already built into demand forecasts, and that "it is unlikely that this level of

Continued from page 1...

load reduction can be achieved through energy efficiency and conservation."

The same day the applicants' response was filed, with the PSC, SOUL and CETF filed comments and signatures from 397 individuals in support of reopening the case. 💡

Energy saver tip

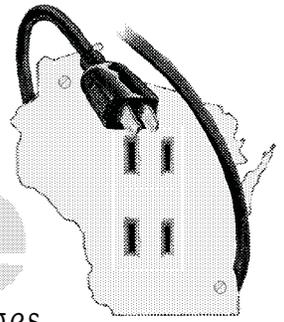
If your home is empty while you're at work, you might be able to achieve some real savings. Many energy experts say if there's no need to maintain warmer temperatures for people or pets, a 10-degree reduction of the thermostat setting for eight hours a day could reduce the operation of your heating system by about 10 percent. 💡

A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire

Plugging you in to electric industry changes



608/286-0784 • P.O. Box 54 • Madison, WI 53701 • www.customersfirst.org • FEBRUARY 2014 • Vol. 19, No. 2

CapX recap: Opposition petition

Two opposition groups have petitioned the Public Service Commission to reopen its approval of a Western Wisconsin transmission line. The groups say usage is down and the line isn't needed. Project supporters say peak demand, not year-on-year usage, is the issue that matters.

The PSC gave the go-ahead in the spring of 2012 for a new 345-kilovolt line crossing the Mississippi River at Alma and ending at a new substation just north of La Crosse. It would traverse parts of Buffalo, Trempealeau, and La Crosse Counties, forming the easternmost leg of a larger project bringing a new line from Hampton, Minnesota, near the Twin Cities,

through Rochester to Alma and La Crosse. The Hampton-La Crosse project is part of the more extensive CapX2020 upgrades, including three new high-voltage lines crossing Minnesota from the Dakotas.

Wisconsin law gives commissioners authority to reopen a case for any reason, and specifically identifies information that could not previously have been discovered as grounds for doing so.

The two groups, Citizens Energy Task Force (CETF) and Save Our Unique Lands (SOUL), contend in their January 9 petition that the PSC should reopen the case in light of new

information they say refutes demand forecasts used to establish the need for the project. They cite "continued depression in electrical demand" and greater availability of energy efficiency practices in disputing the project's approval.

CETF and SOUL maintain that the Hampton-La Crosse applicants' demand is "consistently lower than forecast" while the ability to reduce demand "is consistently increasing." The petition says a December 2010 CapX2020 application used outdated forecasts of 2.49 percent annual demand growth—later revised downward to less than 1.5 percent—while both Xcel Energy and Dairyland Power have reported declining electricity sales since the application was accepted by the PSC in the summer of 2011.

Xcel's Northern States Power Company, Dairyland, and WPPI Energy are the co-applicants planning to build the Alma-La Crosse project.

An Xcel Energy spokesman was quoted in the *La Crosse Tribune* saying the project's purpose is to preserve the ability to meet peak demand, and even though overall power sales have remained at lower-than-anticipated levels, the utility has recorded new peak demand numbers in each of the past five years. Dairyland reported all-time peak demand on July 6, 2012.

Two weeks after the CETF and SOUL petition, the applicants emphatically addressed the overall sales versus peak demand issue in a response filed with the PSC.

The response said the SOUL and CETF argument concerning electricity sales is "misguided," noting that "The local reliability need in the La Crosse/Winona area is driven by peak demand not energy sales."

The document cites the PSC's finding that "even at the lower projected annual growth

The slowdown, explained

A sharp decline in electricity consumption by the industrial sector, improved energy efficiency, and weather patterns moderating demand for heating and cooling have combined to drive down U.S. electricity sales for four of the past five years, in a trend that was expected to continue when full-year statistics for 2013 become available, according to the U.S. Energy Information Administration (EIA).

Only in 2010 did sales increase compared with the preceding 12 months, the EIA said, noting decreases of a little less than 1 percent in 2008, nearly 4 percent in 2009, less than 1 percent in 2011 and almost 2 percent in 2012.

Electricity sales to the industrial sector shrank 9 percent between 2000 and 2012, the EIA said, noting that industry's share of total electricity usage declined from 30 percent to 26 percent during that period.

Conspicuously straddling all three sectors is the impact of more efficient energy use. The EIA report notes that "efficiency improvements spurred by appliance standards have been key drivers" of decreasing residential energy consumption. Standards to improve efficiency for lighting and space heating are identified as factors in flat commercial-sector demand. And efficiency improvements in production processes have contributed to declining energy sales in the manufacturing sector, the EIA report said. 



Continued on page 2...