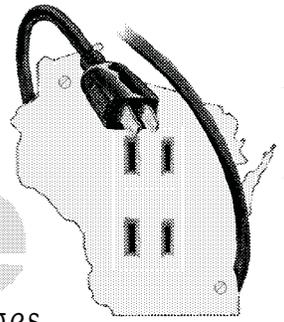


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire

Plugging you in to electric industry changes



608/286-0784 • P.O. Box 54 • Madison, WI 53701 • www.customersfirst.org • JULY 2014 • Vol. 19, No. 7

Crossing the goal line

The Public Service Commission has released the latest of its regularly scheduled reports on compliance with Wisconsin's Renewable Portfolio Standard (RPS) and finds all the state's electricity providers have reached their currently required percentages of renewably sourced power.

In fact, not only are all 118 Wisconsin electricity providers up to date through 2013 in bringing renewables on-line; taken in aggregate, they have already exceeded the target set by the Legislature when it established the RPS in 2005: 10 percent of all retail electricity sales from renewables by 2015.

A June announcement from the Public Service Commission (PSC) said calendar-year 2013 was the first for which the overall statewide goal of 10 percent had been met. Renewable generation serving Wisconsin load and intended for RPS compliance totaled almost 7 million megawatt-hours, representing 10.17 percent of in-state power usage for 2013, the PSC said.

With renewable generation intended for electric provider green pricing programs added in, the PSC said, the statewide percentage from renewables in 2013 rose to 10.76 percent.

A projection looking ahead to 2020 indicates power providers are expected to exceed their statutory requirement throughout the period, the PSC said. 💡



Power probe

Last month we reported on increased numbers of customer complaints in Illinois retail electricity markets during the opening months of this year. Now the Illinois Citizens Utility Board (CUB), which raised the alarm over the surging complaints in the first place, has been joined by the City of Chicago in asking state regulators to investigate marketing claims and strategies that may add up to consumer fraud.

CUB and the City have petitioned the Illinois Commerce Commission (ICC)—in what they call an “unprecedented” move—to investigate whether electricity suppliers are in compliance with the price-transparency requirements of state law, such as plain-language, written disclosure of prices, terms and conditions of their offers.

Variable rates that can change on a monthly basis appear to be at the heart of most customer complaints, CUB said, citing customers whose rates have in some cases “ballooned” to as much as six times the rate charged by the incumbent utility.

More than 3 million Illinois retail customers have chosen an alternative supplier since 2010, the organization noted.

Some customers have said they were unaware of having switched to a different supplier, CUB said. Others have complained that in trying to contact their supplier to terminate a variable-rate account, they've been unable to reach a live company representative to accomplish the change.

According to CUB, the ICC has authority to order suppliers to correct violations of the state's public utility law and noncompliance can result in financial penalties up to \$30,000 per day for as long as a violation persists. Suppliers could also lose their certification to do business in Illinois, CUB said. 💡

Public Utility Institute offering energy seminars

The Wisconsin Public Utility Institute (WPUI) has announced a series of eight programs it's offering free of charge on the University of Wisconsin Madison campus this month and in August.

Billed as an “Energy Utility Basics Course,” the sessions will be held at Engineering Hall Tuesday and Thursday evenings from July 15 through August 7.

WPUI says the objective is to bring “a com-

mon language” to the discussion of Wisconsin's energy future, by introducing “a working vocabulary of energy terms, what they mean, what the options are, and how to use our words to craft our energy future currently under siege by change in technology and public expectations.”

The series is titled “Decoding the Energy Industry.” More detailed information, along with on-line registration, is available at <http://wpui.wisc.edu/?p=2901>. 💡

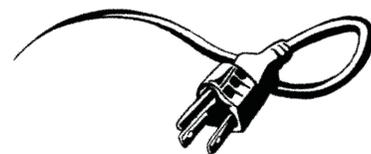
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers,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



On June 2 the U.S. Environmental Protection Agency (EPA) released its much-anticipated proposal to cut carbon dioxide emissions from existing power plants. The proposal is the centerpiece of President Obama's broader Climate Action Plan that's designed to advance climate change policies through government agencies rather than a hostile Congress.

The core of EPA's proposal is a set of state-specific emission reduction goals that taken together cut carbon emissions from the power sector by 30 percent below 2005 levels by 2030. In setting the targets, the EPA first looked at each state's carbon intensity, or emissions rate, (pounds of carbon dioxide emitted per megawatt hour of electricity produced) for 2012.

After establishing the baseline rate, the EPA set state reduction goals by assessing the potential of four "building block" strategies in reducing emissions from each state. The building blocks are: 1) improve heat rate efficiency of fossil-fuel plants; 2) switch to more lower-emitting power sources (natural gas combined cycle); 3) increase nuclear and renewable generation; and 4) expand energy efficiency and conservation.

The goals for each state vary widely because of differences in their 2012 baseline starting points and the amount of emissions reduction the EPA believes each state can potentially achieve through the four building blocks. When the formula was applied to Wisconsin, the EPA calculated that the state could reduce emissions 34 percent below 2012 levels by 2030. With a sizeable fleet of coal plants, the EPA figures Wisconsin can reduce carbon dioxide emissions under building blocks 1 and 2 (improve heat rate, switch fuel). It also thinks the state can access more renewable energy (building block 3), and increase energy conservation efforts (building block 4).

The EPA maintains that states have a lot of flexibility to meet their goals. In one of the many fact sheets that accompanied the proposed rule, the EPA says each state will choose how to meet the goal through whatever combination of measures reflects its particular circumstances and policy objectives. A state does not have to put in place the same mix of strategies (the four building blocks) that EPA used to set the goal, and there are no specific requirements for specific plants.

Public comments on the proposed rule are due on or before October 16, 2014. The EPA expects to have a final rule by June 2015. States then will be given a year, or more under certain circumstances, to submit plans on how they will meet their goals.

More information on the proposed rule is available on the EPA's website at <http://www2.epa.gov/carbon-pollution-standards>. 



Bromley

Variable cloudiness

The long-lasting winter of 2014 is finally gone, but the fallout from winter energy price spikes persists even now. New Jersey utility regulators and the state attorney general's office this spring worked out shared responsibilities for prosecuting deceptive energy marketers over complaints mainly involving vague and poorly understood terms of electricity contracts.

As in the Illinois situation reported on the previous page, variable rate contracts with terms customers say they have a hard time pinning down keep showing up at the center of the controversy.

The *Philadelphia Inquirer* reported that winter price spikes brought "a tenfold increase" in customer complaints to New Jersey regulators.

In response, the Board of Public Utilities and state attorney general's office worked out a two-year agreement on how the agencies will allocate the costs of investigating alleged abuses and laid out ground rules for prosecution of "unscrupulous" power suppliers alleged to have engaged in advertising, marketing, and contracting practices claimed to have violated consumer standards, the *Inquirer* said.

Numerous customers with variable rate supply agreements saw their electric bills double and triple without warning during January's severe cold.

No power suppliers have been fined or penalized in New Jersey in recent memory, the *Inquirer* reported. 

Strangers at the door

Regular readers will have noticed our past several editions chronicling a rising tide of customer complaints in states with retail electric competition. An additional point of interest is that the complaints aren't limited to sticker shock resulting from the winter's soaring energy demand, but cover a range of irritations and potential crimes including misrepresentation of pricing and terms of service. Now Ohio customers are reporting aggressive, door-to-door sales tactics and sales agents who don't necessarily tell the truth about who they're working for.

In mid-June, *The Columbus Dispatch* had a story about the explosion of door-to-door energy salespeople. Here are the first two paragraphs:

"The doorbell rings and you see someone

who wants to talk to you about saving money on energy.

"Sometimes, you get several visits in the same day from people representing different energy marketers who have variations on the same pitch."

Sounds pleasant, doesn't it?

Last year, the Public Utilities Commission of Ohio (PUCO) received almost 7,600 complaints about marketers. The *Dispatch* said that number was up slightly from 2012 but nearly twice the complaints that came in two years ago. The *Dispatch* did some door-to-door work of its own, surveying customers and finding lots of them "fed up with deceptive and aggressive tactics."

The PUCO sets rules for solicitations, including a ban on door-knocking before 9 a.m.



Nuclear meltdown

Chicago-based Exelon thought its big fleet of nuclear power plants, combined with anticipated carbon dioxide regulations, spelled competitive advantage and big profits. That was in the past decade. Now the CO₂ regulations have been rolled out, Exelon still has its fleet...and is looking at big losses. Times change.

This spring *Crain's Chicago Business* reported that two of Exelon's Illinois plants hadn't cleared the bar in a capacity auction held by their regional grid operator, the eastern-dominated Pennsylvania-New Jersey-Maryland—or PJM—wholesale market, to determine what facilities would be kept available to furnish power during high-demand periods three years in advance.

Crain's said as a result, the two plants—Byron, near Rockford, and Quad Cities, north-east of Moline—would lose out on a combined \$182 million in revenue and had already been identified by Exelon as "financially troubled."

Meanwhile, Exelon's Clinton Power Station, south of Bloomington, isn't in the PJM region and feeds power instead into the Midcontinent Independent System Operator (MISO) grid that serves an immense area (including Wisconsin) from the Gulf of Mexico to Manitoba, and *Crain's* says that plant is "also on the chopping block."

Exelon executives have said they "won't hesitate to close the plants if they can't see a way for them to become economic," *Crain's* reported.

As with the early retirement of Wisconsin's Kewaunee plant, the main factor making the Exelon nukes economically uncompetitive is low-priced natural gas used increasingly as electric generation fuel. That, combined with little growth in electricity demand, adds up to surplus generation capacity and, at most times, the ability to get by without the nuclear plants.

Exelon is now looking more urgently than ever to federal restrictions on carbon dioxide emissions to save its fleet: Natural gas combustion emits about half as much CO₂ as coal, but nuclear plants emit none at all, and Exelon is making the argument that Illinois won't be able to meet its Environmental Protection Agency target of a 33 percent statewide carbon dioxide reduction if its nuclear generation were to become unavailable.

Crain's said the Illinois General Assembly is expected next year to consider financial aid to Exelon to keep its nukes running as part of a federally mandated CO₂ reduction program. 💡

and after 7 p.m. and a requirement that solicitors wear name tags identifying their employer.

But customers told the *Dispatch* the solicitors often "obscure" the name of the employer. There are reports of people falsely claiming to represent the incumbent utility.

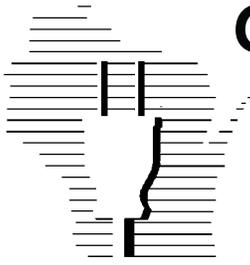
The utilities have their own unregulated subsidiaries involved in marketing, and they reportedly try to set themselves apart from those using objectionable methods, in part because, in the words of one executive, "We have a 110-year-old brand to protect."

Customer complaints have shifted decisively from natural gas marketers, who used to be the most active, to electricity marketers. Gas complaints peaked five years ago at about 3,500, amid price volatility and a rise in deceptive marketing tactics, the *Dispatch* reported.

As gas complaints dropped off, electricity marketing increased and complaints grew along with it, from 64 in 2008 to 5,650 last year, the *Dispatch* said. 💡

Energy saver tip

If your house is empty during the day, there might be no need to run the air conditioning. A programmable thermostat for central air or a timer for room units will allow you to save money, maintain reasonable temperatures, and have cool air waiting when your workday ends. 💡



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

"He said, 'If you don't make a choice, somebody will make it for you.' I didn't like the demeanor or how he said it."

"We had a 'no soliciting' sign up. It doesn't matter. They're just so pushy."

"He wanted me to sign something right away. I said, 'No, I'm not going to sign that.'"

—Ohio electricity customers describing high-pressure door-to-door marketing techniques and quoted in *The Columbus Dispatch*, June 15, 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

