

# Anatomy of a State Renewable Energy Purchase

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# About RENEW Wisconsin

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Advocates for state-level sustainable energy policies since 1991

One of the architects of the state's Renewable Energy Standard and ratepayer-funded public benefits program

A Focus on Energy subcontractor promoting commercial solar thermal systems and reducing barriers to customer-sited renewable energy

A founding member of CRS's Green-e Board

***An organized voice for renewable energy producers and purchasers!***

# Key Facts About Wisconsin

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- A rate-regulated state
- Utilities are the only legal providers of retail electricity
- Voluntary RE marketplace is very active
- Utilities own some of the RE generation serving voluntary markets

# Fun Factoids About Our Voluntary RE Markets

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- Nearly every WI utility offers renewable energy purchase options to customers
- Estimated aggregate purchases in 2006 @ 100 million kWh
- Of the three utility programs that first received accreditation through CRS, two were in Wisconsin
- Largest purchaser – Neenah Paper
  - 2007 purchase – 11 million kWh/year
  - 2008 purchase – 50 million kWh/year

# A Satisfied Customer



This Vestas V-47 wind turbine near Fond du Lac has been producing renewable energy for We Energies' Energy for Tomorrow program since 1999.

# Renewable Energy Purchase Timeline

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- Oct. 2003 Governor convenes Energy Task Force (ETF)
- Nov. 2004 ETF issues report endorsing state acquisition of RE
- Jan. 2006 Legislation drafted framing state RE acquisition
- March 2006 Legislation adopted and signed into law
- March 2007 State decides RE purchase is “additional” to RPS
- May 30, 2007 State issues RFP to “eligible electricity providers”
- June 28, 2007 Deadline for proposal submission
- Oct/Nov. 2007 State selects vendor(s)

# How the Proposal Came About

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- One Task Force member, the former Speaker of the Assembly, believed very strongly that state government should participate in the marketplace as a “model customer.”
- Some State of Wisconsin entities were already buying renewable energy, including
  - UW-Oshkosh
  - UW-Green Bay

# Energy Task Force Recommendation

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## *State Acquisition of Renewable Electricity*

- 10% content by 2007; 20% content by 2011
- Covers agencies, UW campuses, prisons
- Can purchase from utilities or generate on-site
- State's electric load -- @ 900 million kWh/year

# From Proposal to Legislation

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- At one utility's request, the bill drafters add a provision requiring all purchased energy to be acquired under a 10-year term with the electric provider.
- An "off-ramp" is built into this section allowing the State to forgo this requirement if the renewable energy is not considered to be cost-effective.
- The State must file progress reports each year.
- Though not expressly provided for in the legislation, there is an understanding that the State's purchase from a utility must not exceed its load in that utility's territory.

# After Passage, What Then?

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- State estimates quantities involved, explores on-site generation options and creative tariffs.
- Estimate of renewable energy acquired under ss. 16.75 (12): a minimum of 90,000 MWH to a maximum of 180,000 MWH by 2011.
- State realizes that—gulp!---the 2011 requirement will cost between \$900K to \$1.8 million/year if electricity is acquired through a utility's existing renewable energy program.

# Some Initial Backpedaling

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- Administration floats idea that utilities could apply state-purchased renewable energy to their RPS requirements
- In return, the State would receive a discount for the electricity subsidized by ratepayers
- RENEW breaks out the firehoses to douse that idea before it could become official policy

# Terms and Conditions Specified in the RFP

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- Arrangement Quantity
- Energy Source
- Point of Delivery
- Price and Tariff Information
- Timing of Product Delivery
- Duration of Term

# Questions Influencing the Selection Process

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- How much additional cost will the State absorb?
- Would the purchase exceed the State's load on that utility?
- Where in the MISO footprint is the RE generated?
- Can the utility procure 90,000 MWH of qualifying RE by 12/31/07?
- Did the RE source come on line after January 1, 2004?
- How would the purchase be billed?
- How would the State track the energy production?

# The \$64,000 Question

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Will the PSC approve a 10-year fixed-rate renewable energy tariff that Utility A has proposed for serving the the State of Wisconsin and other business customers?

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Approval of this tariff change would be a milestone for renewable energy markets in rate-regulated states

# If All Goes Well, Wisconsin ...

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- Will be purchasing more renewable electricity via the voluntary marketplace than any other state
- Will be the only rate-regulated state buying renewable electricity from retail electric providers
- Would be the only state with a large enough purchase to break into EPA's Top 25 Partner list (as of July 2007)

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**That's Worth the Effort,  
Don't You Think?**

# That's All, Folks

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