



Public Service Commission of Wisconsin

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PSC's Energy 2012 Focuses on Balanced and Sustainable Energy Policy

MADISON – Today the Public Service Commission of Wisconsin (PSC) issued the final Strategic Energy Assessment - Energy 2012, with key recommendations to help Wisconsin maintain a balanced energy policy, provide stability in energy rates and promote a cleaner, sustainable and diversified energy policy.

“Wisconsin is well positioned to meet future challenges,” said PSC Chairperson Dan Ebert. “With this report, the Commission has laid out key initiatives to address the impacts of fossil fuel on our environment, provide rate stability and improve statewide energy planning.”

The PSC prepares a Strategic Energy Assessment every two years to evaluate the state's energy industry, current and future energy demands, how those demands will be met and the reliability of the electrical system in the upcoming years.

“While Wisconsin aggressively addressed its reliability problems of last decade through the construction of over \$1 billion of needed transmission facilities and over \$3 billion in new coal-fired, gas-fired and wind resources, this report makes clear that many challenges remain in today's high cost energy marketplace.” Commissioner Bert Garvin said, “The likely enactment of carbon regulation over the next decade, as we focus our attention on global climate change, I fear will cause significant cost increases to consumers as we turn to new technologies to achieve a balanced energy policy for Wisconsin consumers that sustains our environment.”

“This report provides a roadmap to help the Commission make decisions that ensure that our electric system is safe, reliable, affordable and respects the environment,” said Commissioner Mark Meyer. “The next steps we take in Wisconsin are critical to our economic health and our environmental health and the initiatives we have set as part of this energy assessment will lead us in the right direction.”

Building energy reliability

In past years, Wisconsin faced energy reliability challenges. Working with Wisconsin utilities and responding to legislative direction, the PSC tackled these challenges by planning for increased demand, assisted in the creation of an independent transmission company and streamlined the project review process.

In the past decade, the PSC has added over 4,500 megawatts of natural gas-fired generation and approved 1,300 miles of transmission lines. In the recent past, the PSC has also approved over 2,000 megawatts of baseload generation and 400 megawatts of renewable wind energy.

The actions taken by the PSC have helped move Wisconsin ahead of the reliability curve and avoid rate shock compared to our neighboring states. The next step for the PSC is to find additional tools to provide stability in rates for Wisconsin customers:

- Encourage utilities to adopt a two-year rate request cycle
- Improve demand response programs so consumers can control their own electric use
- Review the need for an 18 percent planning reserve margin to see if the margin may be lowered, thereby reducing costs

Focusing on a cleaner and more sustainable energy future

When Governor Jim Doyle signed the new energy efficiency and renewables law, 2005 Wisconsin Act 141, he changed Wisconsin's energy history and took a major step in addressing global warming. The new law, requiring utilities to generate 10 percent of their energy from renewables by 2015, makes Wisconsin a leader in energy efficiency and renewables.

The PSC is in the process of implementing the new energy efficiency and renewable law and will also continue to explore new clean coal technologies. In addition, the PSC supports Governor Doyle's initiatives:

- Establish a new Office of Energy Independence
- Create a Task Force on Global Warming

Bringing benefits of a regional energy market to the state's ratepayers

Nearly two years ago, the Midwest Independent Transmission System Operator (MISO) implemented a regional wholesale energy market for states in the Midwest, including Wisconsin. MISO dispatches generation and operates the wholesale electric market across 15 states in the Midwest. The PSC and energy stakeholders have worked together to ensure Wisconsin ratepayers benefit from this complicated regional energy market.

The PSC will continue to call for real answers on the benefits of the regional energy market:

- Conduct a Wisconsin cost-benefit study, to make sure Wisconsin ratepayers are benefiting from the regional market
- Develop a PSC Office of Wholesale Energy Economics and Finance to focus attention and expertise on impacts of the regional market

Keeping a focus on reliability through improved energy planning, including utility workforce planning

Wisconsin will take steps to ensure the state is positioned to meet the challenges and opportunities from new energy technologies, changing regulation and efforts to lower environmental impacts of fossil fuels. The PSC will step-up the state's energy planning process

to provide the tools to help make wise energy investments, provide rate stability, effectively participate in regional wholesale energy markets, and thrive in a carbon-constrained world.

In addition, future reliability of the state's energy system turns not just on the quality of the infrastructure, but also on the presence of a skilled utility workforce. The utility workforce is facing significant challenges in the upcoming years as highly-skilled baby boomers leave the workforce and take their years of technical expertise with them.

The PSC will take the following steps on planning:

- Organize a Technical Conference on Energy Planning to help develop a new holistic, regional approach to energy planning that includes better coordination of generation, transmission and energy efficiency and renewables.
- The PSC will work with the Department of Workforce Development and other stakeholders to identify key issues and develop a comprehensive training and transition utility workforce plan.

The next steps Wisconsin takes are critical to the state's long-term energy reliability, natural environment and ability to effectively participate in regional energy markets. The actions Governor Doyle, the Legislature, the PSC, Wisconsin utilities and stakeholders take will help maintain a balanced energy policy and sustain our environment—keeping Wisconsin on the right track in the ever-changing energy world.

The final report, Energy 2012-Wisconsin's Energy Assessment, can be found on the PSC's website at: http://psc.wi.gov/apps/erf_share/view/viewdoc.aspx?docid=69877.

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