

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

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Investigation of Parallel Generation Purchase Rates

5-EI-157

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**JOINT COMMENTS OF THE CITY OF MILWAUKEE AND THE SUSTAINABILITY  
OFFICERS OF DANE COUNTY, CITY OF MADISON, CITY OF LA CROSSE, CITY OF  
RACINE, AND THE CITY OF GREEN BAY**

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On behalf of the above-referenced local governments, we submit these joint comments in response to Questions 1 through 7 of the Commission's December 18, 2020 request for comments. (PSC REF#: (401895). Local governments have a unique perspective in utility matters as both large electricity users and political entities. Increasingly, all Wisconsin stakeholders recognize the need to transition our electric generation from fossil fuels to renewable energy sources. Specifically:

- Governor Evers signed an executive order calling for carbon free electricity by 2050 in 2019.
- All of Wisconsin's large investor-owned utilities have committed to a transition to renewable energy sources.
- Local governments—cities and counties representing about 1 in 3 Wisconsin residents—have committed to ambitious climate action goals including 100% carbon-free electricity.
- Numerous Wisconsin businesses—both large and small—are establishing ambitious climate action goals.
- Wis. Stat. § 1.12 outlines Wisconsin's state energy policy. This policy prioritizes various sources of energy, with noncombustible renewable energy resources second on the list, following only energy efficiency and conservation.

As communities that have made significant commitments to address the threats and challenges posed by climate change, we seek resolution relative to the current state policies that are a barrier to our efforts to achieve our climate goals. And, as the single most important state agency guiding energy policy for the State of Wisconsin, we seek to ensure this unique local government perspective is carefully considered in the regulatory matters at the Commission.

We believe the time has come for a different kind of conversation between local governments and our utility providers. We ask that a new relationship be created that is based upon transparency, increased choices for managing energy costs, and improved tools to help meet our climate change goals. We want to meet with utilities as partners, working together to solve these complex challenges. We support clear, consistent, and fair parallel generation rates for customer owned generation systems. The Commission's investigation docket on parallel generation is therefore important and timely and provides a meaningful opportunity to help define this new partnership. We urge the Commission to create a

regulatory environment that facilitates the growth of renewable energy systems, both at utility scale and at the customer (COGS) scale.

*1. Should the Commission order all utilities, or a subset of utilities, to address the comments and analysis presented in this investigation in their next rate filing? 2. Should the Commission commence a proceeding to address the parallel generation purchase rates of any utilities at this time?*

The lack of standardization of parallel generation rates across utilities is one of the key problems to be addressed by this docket, and we look for a timely resolution to the issues identified in the Informational Memorandum (PSC REF#: 4018950). As a direct outcome of this generic investigation, we would like to see the Commission issue clear standards and policies for all utilities and that the Commission apply those standards in a statewide proceeding to address rates or in all 2021 utility rate cases.

In instances where a utility does not have a rate case scheduled in the next 12 months, we think it is reasonable for the Commission to commence a special proceeding for that utility to implement the Commission standards established through this investigation docket.

*3. Of the issues addressed in this memorandum, which issues are best addressed through continued statewide analysis conducted as part of this investigation?*

We look to the Commission to provide clear statewide standards on parallel generation rates through this investigation. In particular,

1. Parallel generation rates should account for a broader array of avoided costs, as further discussed in questions 4 and 5.
2. The COGS size under utility tariffs should be standardized, to include systems that are less than 500kw and systems greater than 500kw, as further elaborated in question 6.
3. We request that customers be allowed to lock into a parallel generation rate for the life of the COGS (for example 20 years). Otherwise fluctuation and inconsistency in rates could be confusing to customers and could deter some from installing solar.
4. Finally, in addition to consistent and fair parallel generation rates, we are opposed to utility surcharges or other fees imposed on customer-owned generation systems. Customer-owned generation systems benefit the Wisconsin economy and a healthier environment for all rate-payers, and utilities should not create artificial disincentives to their adoption.
5. We support efforts to make parallel generation rates, interconnection standards, and distributed generation installation trends clear and transparent to the public and customers.

*4. Do existing purchase rates for energy and capacity accurately reflect the avoided costs associated with parallel generation facilities?*

No. We believe that existing purchase rates do not accurately or consistently reflect avoided costs. Although, it is currently difficult for us to assess this because there is so little transparency in the current process. Moreover, the many variations between utility methodologies, as identified by Commission staff, illustrate that there is little consistency in the existing purchase rates and terms. All of this puts customers—whether individual households, businesses or local governments—at a disadvantage, especially since customers must accept whatever purchase rate their local utility offers them.

In the prior round of comments, the City of Milwaukee noted that parallel generation rates currently offered by our utility limit the amount of installed solar in our community (PSC REF#: 393493). Similarly, Dane County noted that the variances in parallel generation terms lead to numerous missed opportunities for parallel generation (PSC REF#: 393239). The existing myriad of parallel generation rates and terms is a clear barrier to achieving stakeholder goals relative to a clean energy future.

*5. Should additional avoided costs be included in purchase rates?*

Yes. We hope the Commission will establish a consistent and transparent methodology for calculating avoided costs that includes avoided energy, avoided capacity and avoided transmission costs. We also encourage the Commission to consider avoided environmental costs. The City of Milwaukee has previously noted how owners of distributed energy systems can help utilities reduce peak demand and should be fairly compensated for these avoided costs to utilities (PSC REF#: 393493).

It is also possible that either MISO or the federal government will establish a cost associated with carbon emissions in the next few years; at a minimum, we hope the Commission's methodology will be able to integrate that carbon price expeditiously once it is established.

*6. Should purchase rates and terms be consistent across utilities?*

Yes, we strongly support increased consistency across utilities.

Relative to rates, our ideal would be consistent rates across all utilities. If that is not feasible, we would advocate for a consistent (and transparent) methodology applied to all utilities. We understand that there may be variation in rates and cost-of-service calculations across Wisconsin utilities. But we believe that the Commission can provide guidance for broad categories of avoided costs that should be included in their respective parallel generation rates.

Making parallel generation terms consistent across utilities would have a substantial impact, especially in regions with multiple utility providers. Page 7 of the Informational Memorandum (PSC REF#: 401895) outlines the variation in utility tariffs pertaining to maximum system sizes for COGs. Instead of setting system limits at 20kw, 100kw and 300kw, we would like to see a

consistent 500kw small generation limit for all utilities. We would like to see similar consistencies relative to other terms. Insofar as all stakeholders see an advantage in a grid with more low-cost renewable electricity, the Commission should develop a set of parallel generation terms that apply across utilities, always aiming to facilitate more customer action and engagement around energy usage.

Again, creating more consistency and transparency in rates and terms will accelerate action. These efforts signal that Wisconsin welcomes parallel generation and aims to make it easy for all customers to be part of the clean energy future.

*7. Should parallel generation resources receive purchase rates and terms equivalent to those associated with utility projects?*

Yes. A consistent and transparent set of criteria and value assumptions should apply to all new renewable energy generation resources, whether utility-owned or customer-owned. We generally support utility investments in clean energy resources, and believe fairness requires that COG systems receive the full and equivalent value they provide to the system.

Again, we thank the Commission for the opening this investigation. We look forward to the Commission issuing clear guidance on these issues that will accelerate the development of clean energy resources in our respective local communities and throughout the State of Wisconsin.

Dated the 14th day of January, 2021.

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