

BEFORE THE PUBLIC SERVICE COMMISSION OF WISCONSIN

Roadmap to Zero Carbon Investigation

5-EI-158

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

The Wisconsin Local Government Climate Coalition (WLGCC, wlgcc.org) is pleased to provide these comments in response to docket 5-EI-158, the Roadmap to Zero Carbon proceeding. We commend the Public Service Commission for opening this proceeding and initiating a critical dialogue among energy stakeholders on how we can best work together to meet the many challenges and opportunities associated with climate change and the transition to a clean energy economy.

Each and every community represented here has taken bold steps to adopt carbon reduction goals and clean energy commitments (i.e. 25 by 2025). We are actively pursuing local strategies to meet those goals and commitments, but without a clearer roadmap and more defined strategic framework from the state, we do not believe that we can meet those goals as cost effectively and reliably as our communities will demand and deserve.

Local governments and elected officials – as both large electricity users and policy making entities -- have a unique perspective on the threats and challenges that climate change poses. Our communities collectively represent one out of every four Wisconsin residents and every geographic region. We each bring unique and diverse strengths to this conversation; it will require creativity to craft solutions that will work for every community.

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 and flexibility 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, while respecting Wisconsin's regulatory structure that places the utilities financial strength and integrity on par with the public interest.

While we have many interests that are implicated by this proceeding, we will focus on our three top priorities.

1. We must develop a process for the Public Service Commission of Wisconsin to consider how its routine and usual decisions -- rate cases, construction cases, siting decisions -- fit within a longer range strategy or roadmap of meeting our climate reduction goals.
2. As we transition from a fossil fuel economy to one driven by renewable energy sources, the Public Service Commission should enact policies that expand access to renewable energy, focusing especially on those groups marginalized in the fossil fuel economy.
3. Amid this historic transition, the roles and responsibilities of utilities need to change too; the Public Service Commission should facilitate a transition from the traditional utility model to a utility of the future model whereby utilities' financial structure encourages not only centralized investments in renewable energy but also distributed energy generation, building energy efficiency, beneficial electrification of our buildings and transportation sectors, and equitable and local job development in these sectors.

Each of these priorities is detailed below.

Priority 1: Create and Manage a Clean Energy Roadmap for Wisconsin

The path to zero carbon by 2050 in Wisconsin will be laid by literally thousands of individual decisions made by our state's 5 Investor Owned Utilities (IOU), 82 Municipal Utilities and 24 Distribution Cooperatives. And when considering the complex interrelationship between utility decisions and the hundreds of thousands of individual decisions that will be made by Wisconsin's residential, commercial and industrial customers to deploy their own generation, storage, energy efficiency or demand reduction tools to better manage their energy use, it is clear that the Public Service Commission needs a clear and transparent clean energy roadmap.

Local governments have set ambitious clean energy goals and we are dependent on the PSCW to manage the state's transition to a clean energy grid. As such, it is imperative that the PSCW create a strategic planning framework that will assess our progress toward clean energy goals while also being flexible relative to technology innovations and other market shifts. Ideally, this will be a framework that is integrated into the parameters of PSCW's regular process and procedures. At minimum the framework should manage and track:

- The emissions associated with Wisconsin's electricity, at both the aggregate and utility level;

- The retirement of all coal-fired generation in the state by 2040 and other fossil fuel generation in the state by 2045;
- Utility-specific progress toward clean energy goals, using 5-year benchmarks; and
- Growth in electricity use associated with transition from fossil fuels for transportation and heat.

We support examining how best to improve the Strategic Energy Assessment within the current statutory framework in Wisconsin. In addition, we strongly endorse the Wisconsin Distribution Energy Technology Initiative (WEDTI) (PSC Ref #406723) recommendations for increased transparency as part of this effort.

Priority 2: Ensure Universal Access to Renewable Energy

As local governments, we are deeply concerned with questions of social equity. We are acutely aware that both locally and globally, frontline communities that have contributed the least to our climate emergency are, nevertheless, the communities facing the most significant climate threats. Moreover, we see important community institutions like local schools, neighborhood centers and faith-based communities, unable to access current renewable energy incentives that are tied to federal income taxes.

Wisconsin is at a historic moment; the decisions the PSC makes in the next few years will solidify how consumers--low income as well as high income, for-profit as well as non-profit--interact with the clean energy system. Will frontline communities have an ownership stake in our clean energy systems or not? Will local governments and faith institutions have the ability to realize their clean energy priorities or not?

Without PSC intervention to address universal access, it is feasible Wisconsin's utilities would replace fossil fuel generation with utility-scale solar and wind farm generation. While that change would reduce emissions, it would miss the opportunity to address equity and community well-being as part of this transition. That would be a huge missed opportunity.

Any facilitation of a Clean Energy Roadmap should include a strong commitment to universal access to clean energy systems. We ask that the PSC identify and implement policies and programs that increase access to renewable energy, especially solar energy. Wisconsin needs to embrace the innovative ownership and financing models that are accelerating solar growth in other states.

In particular, we would like to see:

- Clarification that third-party financed renewable energy systems are legal under Wisconsin statute

- Opportunities for community solar projects owned by communities, local governments and nonprofits as well as utilities across all utility territories
- Utility Renewable Energy Resource tariffs that are fair, equitable and transparent, creating a win-win for utilities, utility customers, and local taxpayers if utilized by local governments. To that end, our members are interested in working with the PSC and utilities this year on new green tariff options that more effectively meet our local goals.
- Innovative solar energy allocation systems that benefit both renters and landlords in multi-family buildings

We acknowledge that some of these issues may be addressed under the Parallel Generation Docket (5-EI-157). Still, we raise this issue again here, as one of three top priorities, because it is so important that the Commission ensure that all stakeholders, powerful or not, are able to actively participate in our clean energy future.

Priority 3: Facilitate a Transition to the Utility of the Future

For most geographic areas of the State, Wisconsin's historic utility regulatory model has encouraged investor-owned utilities (IOU) to control and invest in utility infrastructure. The system has been generally successful in delivering a reliable and stable supply of electricity and gas. However, from the perspective of local governments who have explored programs nationally, we believe that utilities could be more responsive to the ever changing opportunities for residents to take more control over their energy needs and be more collaborative partners with local government who have often tended to be more assertive in supporting a transition to renewable energy and energy efficiency in buildings.

We believe the Commission can play a role in establishing better incentives for Wisconsin's electric utilities to support energy efficiency in buildings, distributed energy generation, pilot new technologies like battery storage and microgrids, and support electrification of the heating and transportation sectors..

Wisconsin's regulatory environment supports the traditional utility business model that grants a stable rate of return on large investments in generation, transmission and distribution assets. We are supportive of a consideration of new utility business models that align a utility's economic incentives with important public policy goals such as the fuel mix outlined in Wisconsin's Energy Priorities law. §1.12, including the proper emphasis on energy efficiency and conservation and non-combustible renewable energy.

Through better alignment of shareholder incentives with public policy objectives, we aim to boost a spirit of innovation and community collaboration.

Additionally, we support further investigation and policy support of the “utility as the conductor” concept outlined in the WEDTI report. This concept recognizes the important and evolving role that utilities could play in coordinating the new technologies, players, and power sources on the grid including the Internet of Things (IoT), demand-response technologies, distributed generation, electric vehicles, and battery storage. With proper regulatory and financial oversight in place, we can make significant progress on the important goals of decarbonization, electric reliability, affordability, and fairness.

Under the Utility of the Future rubric, we urge the Commission to investigate the following specific items:

- Examine utilities’ Return on Equity formulas and performance bonuses to incentivize energy efficiency, demand side management, and deployment of distributed renewable energy systems
- Establish pre-approval processes for pilot technology deployments
- Encourage supportive electric vehicle policy and infrastructure in utility proceedings
- Adopt policies to advance microgrids and battery storage in Wisconsin
- Support development of on-bill financing of building energy efficiency projects
- Implement tariffs that support customer-owner generation and demand response

Again, we commend the PSCW for opening this proceeding and we appreciate the opportunity to offer our perspective.

Dated the 14th day of May, 2021.

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