

August 5-11 Comments for Energy Conservation/Efficiency Work Group

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Public Input Session Scheduled for Governor's Task Force on Global Warming

WORK GROUP: ENERGY CONSERVATION & EFFICIENCY

Utility Companies [Gas & Electric] have offered conservation for home through Focus on Energy for the past 20 years to help conserve fossil fuel. To my knowledge no one has addressed LP gas or Fuel Oil programs to conserve energy of these fossil fuels.

Based on the Wisconsin Energy Statistical book 16% of rural homes use LP Gas and 2% use fuel oil. This spells opportunity to reduce GHG emissions.

In May 2007, an independent study was done for Focus On Energy using alternative fuels- corn and wood pellets. The study was to reduce home owners heating cost and GHG emissions as an alternative to Natural Gas.

It clearly shows heating with corn and wood pellets is cost effective when using LP Gas and Fuel Oil. Three things happen: the rural home owner gets a return on his investment, heating bills are reduced and GHG emissions are reduced. From all that I found corn and wood pellets are exempt from EPA approval because they have an air to fuel ratio greater than 35:1.

Another fuel for homes to be looking at to reduce GHG emissions is Biodiesel.

Corn, Wood Pellets & Biodiesel are renewable energy fuels all produced in Wisconsin thereby creating Wisconsin jobs. The money generated by these alternative renewable fuels also stays in Wisconsin.

Bob Poggi
Oneida, Wisconsin

Energy Conservation and Efficiency comments & Transportation comments

Hello,

I tried to use the website to comment on the Global Warming Task Force but do not have a Microsoft Passport so am emailing you directly.

I have several ideas that I would like to recommend to the task force:

1. Increase state funding for mass transit.
2. Conduct public education so that voters from rural areas of the state

understand the importance of funding mass transit in the state's more populated areas and the benefit of that to the state as a whole.

3. Develop a statewide passenger and freight railroad system that serves

small towns as well as large. Hook to Chicago's Metra system.

4. Increase registration fees on cars, trucks and especially motorboats (since these are luxury items). Base car and truck fees on vehicle weight.

I don't know if the state currently has licenses for private planes. If

not, institute them; if they already exist, increase them. Once again these are luxury items.

5. Implement tax breaks for home insulation and efficient windows as was

done under the Carter administration in the 1970's.

6. Mandate recycling of plastic bottles. Use state funds to develop a recycling plant to recapture the petrochemicals from plastic bottles.

Thank you for the opportunity to comment. These comments may be made public.

Sara Richards
Madison

This Governor's Taskforce has been given an insurmountable task with many vocal critics. I wish to emphasize that the most important aspect of the social and economic challenge of the global climate change is one that the taskforce should not address and is ill-equipped to address; social and environmental justice. But it is critical that the taskforce recognize the need to address the issues in our State.

I do not pretend to know all that justice requires. It is clear to me that the scientific community has recognized that further CO2 emissions, any further emissions, are a poison to Earth and Mankind. This simple idea, that CO2 is a poison, demands that no person, regardless of their wealth or contributions to our society, should be allowed to poison to the maximum they can afford.

This suggests to me that real limits should be placed on the amount of electricity, natural gas and petroleum an individual person, institution or corporate entity consumes. The challenge is to incorporate recognition of CO2 as a poison into existing regulation in a manner that is fair, reasonable and creates significant incentives for reduction in CO2 emissions.

All electric utilities in the state should immediately put into place progressive block pricing of electricity. No incremental metering is required, only modest changes to billing

algorithms. The lowest block of electricity should represent that rate classes' share of non-CO2 producing generation, divided equally among all member of the class. The highest priced block of electricity, 10% to 25% of all electricity sold to the class, should be priced at the full long term avoided cost of the utility. The difference between this revenue collection and the (traditional) revenue requirements for the top block of electricity should be used to determine the price of the first level. The remaining block of electricity would be priced as now determined by existing PSCW practices.¹

But it is reasonable to assume that there will be those with the money necessary to pay this full price and continue to poison the planet. For this I propose a fourth tier. In this tier all electricity consumed above 150% of the class mean (or some other percentage reflecting a phase in) would be charged a refundable fine calculated at the cost of meeting that consumption with photovoltaic panels.² If within two years the customer has reduced their usage below the 150% level, then the fine would be returned with interest. If the consumption had not been reduced, then the utility would use the proceeds from the fine to generate the amount of electricity above the level by suitable renewable means and the fine would continue. Think of it as a mandatory green rate policy. The actual level of usage that triggers the program would decrease as high end users reduce their usage.

The proposal has more advantages than its simple implementation. The refundable fine process creates a significant market for efficiency and conservation actions in addition to PV manufacturing. This in turn would encourage innovation, funded by the largest energy users, those that have a large stake in electricity availability. This segment of the society also has the financial means to absorb up-front development costs. Perhaps more importantly the process allows individuals to avoid the fine through active conservation actions.

A similar approach could be applied to natural gas and fuel oil usage, where declining domestic production threatens a more near-term problem than global climate change and the logic of CO2 as a poison is as compelling. Wisconsin is differentially disadvantaged versus other regions of the nation because space heating and water heating are more costly than other regions. The progressive block pricing would encourage regionally appropriate efficiency innovations. Regionally appropriate measures such as movable window insulation (or exterior "hurricane" windows) would reduce space heating and virtually eliminate the need for air conditioning in well designed single family, detached homes. Grey water heat pumps to capture and reuse heated water from showers, laundry and other applications can reduce their energy demands by 80% and neutralize much of Wisconsin's energy disadvantage. But to do so, rate designs must be put in place to foster both the technologies and the market demand.

I do not pretend that these measures will solve the global climate crisis. The window insulation and greywater heat pumps can reduce residential natural gas usage by 40%. Progressive rate design would encourage adoption of conservation and efficiency measures, dropping average residential usage to less than 500 kWh/ month from 700 plus while eliminating the ostentatious consumption. If the rate structure fosters the innovation

one normally anticipates from the market process, the reductions could be much greater. Application to other sectors could produce similar reductions.

BY giving specific examples of efficiency measures I do not mean to recommend that the Taskforce fall into the trap of identifying specific technologies that promise solutions. It has been many years since solar water heaters promised to be cost effective, even longer since nuclear fusion electric generation was the accepted panacea. Carbon sequesterization is much too uncertain to be the next savior of our energy bloated life style.

By implementing these simple, cost-free changes in pricing and the incentives that they create, Wisconsin can provide its citizens with information and incentives necessary to respond immediately, making Wisconsin citizens more efficient and capable of responding to future and unanticipated changes. By embracing the concepts above the taskforce would be welcoming and embracing a much wider segment of the community, a segment that will enrich and buttress our capabilities to respond to the inevitable climate challenges that await us.

Thank you for your time

Dave Shutes

Dear Wisconsin DNR & the Governor's Task Force on Global Warming:

I would like to thank Governor Doyle, and the members of The Global Warming Task Force for this opportunity to comment on the very important issue of Global Warming. I have a few issues of concern that relate to global warming.

1. Please make recommendations and changes to our utility system that will allow all utility customers to use less energy in the easiest manner possible. A case in point is my experience with having to ask my local utility to make a change with my utility billing service to a Time of Day Rates cost saving program via the local utility commission.

The service change to a Time of Day Rates program was not possible without going to the local utility commission and personally requesting the utility commission to adopt the Time of Day Rates program into the electric utility system for residential rate paying customers. The utility already had a Time of Day Rates program set up for commercial customers, but not for residential customers. The request was made at the first consecutive monthly meeting of the utility commission of two consecutive monthly meetings. The next month, the utility commission agreed to adopt the program. The following month, the utility installed the new meter (at no extra charge) for Time of Day Rates metering. With the Time of Day Rates metering, I'm currently saving electrical costs by shifting use of high electricity draw appliances to the lower off-peak rates. I'm usually able to shift 75% of my electricity use to off-peak times and lower rate, leaving only 25% of my billing to the higher on-peak rate.

2. Is there a way to make a change or recommendation to utilities to allow school districts to net meter, and put school generated electricity for an educational wind or solar generator - on to the electric grid?

3. An additional comment is to do what you can as a task force to encourage and incentivise energy efficiency and conservation.

Please feel free to publicly display my comments.

Sincerely,

Steven J. Books
Mount Horeb, WI

Comments from Organizations

TO: Working Group on Energy Conservation & Efficiency

FR: Eric Sundquist, Center On Wisconsin Strategy

The UW-Madison based Center on Wisconsin Strategy (COWS) is a think-and-do tank founded in 1992. We promote “high road” (high wage, low waste, publicly accountable) strategies of economic development, in which energy efficiency is key. Over the past four years, COWS has served as the main source of technical assistance for the Apollo Alliance, the national alliance on good jobs and sustainable energy independence, which we co-founded. COWS is currently working on the design of a citywide energy efficiency effort in Milwaukee, which would involve the retrofit of a large share of Milwaukee buildings. We do not claim to be the preeminent experts in utility regulation, power pooling, and other technical areas, but our experience of wrestling with efficiency issues in a broad economic development context have provided some insights we’d like to share.

1. Decouple utility sales and profits, but don’t expect this step to solve everything — Utility decoupling is on the working group’s policy-options list. We’d urge some caution here, because decoupling done wrong could be ineffectual or worse. It is important, for example, to ensure that utilities cannot claim a return for consumption declines for which they are not responsible (e.g., from higher fuel prices). In addition, separating sales from profits would remove one obvious disincentive to demand side management (DSM), but it may not create enough positive incentives to get utilities to act. Policies that have shown real effect here — state mandates for utility investment in DSM via Efficiency Portfolio Standards, or developed markets for efficiency — do not require decoupling, though careful decoupling may improve results. In general, decoupling is part of the solution in getting efficiency investments, but is not a stand-alone policy bullet.

2. Find ways to let “negawatt” producers compete with megawatt generators — More important in our view is developing real markets for energy efficiency. Efficiency improvements can save utility customers money, but they also have social value. They

reduce the need for investment in additional generating capacity, and reduce emissions of GHG and other pollutants. Wisconsin needs to find ways to develop markets for efficiency “negawatts.” An Efficiency Portfolio Standard with tradable credits could create such a market, and it appears the working group already has this policy option on the list. Another option that is not on the initial list is the creation of a forward energy market, with generation and efficiency competing on equal footing to meet the region’s capacity needs. The New England ISO this year began the process that will lead to an auction for contracts to supply that regional market. More than 550 MW of offered capacity is in negawatts. For efficiency projects that are selected, this market will provide an important revenue stream. The Midwest ISO (MISO), in contrast, does not operate a future capacity market. (MISO is developing an “ancillary services market,” which would allow demand-response negawatts to compete as a source of backup generation, and in theory demand-response negawatts can already compete in the daily spot market, but there are no such incentives for ongoing negawatts producers.) We recommend that Wisconsin and utilities that serve its market watch the New England experience carefully and work toward fostering a negawatt market via MISO, the regional reliability organizations, or PSC structuring of capacity requirements at the state level.

3. *Enable turnkey solutions for building-efficiency improvements* — New Hampshire and Hawaii have launched pilot programs that fund customers’ efficiency improvements or renewable investments, and allow repayment over time via utility bills. Because energy savings are greater than the monthly cost of the loans, customers benefit immediately, and they do even better as energy costs rise and work is paid off. A crucial aspect of these programs is overcoming property occupants’ often short time-horizons, and the disincentives for renters to invest in a landlord’s property. In a well-designed program, when an occupant moves, payment for the improvements becomes the responsibility of new occupant – who continues to reap the energy savings – until the obligation is satisfied. As such, these programs generally require action by public service commissions, to approve follow-the-meter tariffs, or by the legislature, to mandate the programs.

4. *Always include job-creation and economic development impacts of efficiency projects in their costing and evaluation* — COWS has been involved in a number of projects that have sought to harness the economic development potential of clean energy, including energy efficiency, the cleanest source. We are current working on a study to document the quantity and quality of labor required to achieve different efficiency results in building efficiency, and would be happy to share these with the Working Group. We know already how that the amount of labor involved is considerable, is non-outsourcable, and has varied skill demands. Estimates of the positive economic development effects of energy efficiency vary, but are consistently large. Wisconsin imports virtually all its fuel, so along with direct and multiplier effects of increased jobs for efficiency work, the overall economy benefits from reduced energy imports.

5. *Leverage public funding for efficiency* — The Working Group’s initial policy list includes an option to “Fund/enhance energy efficiency building codes/standards for government/public buildings.” We think this suggestion is sound policy, but too timid.

Any development project touched in any way by public funding – notably those supported by economic development dollars – should be subject to the same building efficiency standard. If we’re going to be serious about efficiency in Wisconsin, we can and should reflect that commitment in our spending of any public dollar spent, not just those in public buildings.

Thank you for considering these comments.

E4, Inc. Comments for the Task Force on Global Warming:

E4, Inc. is a Wisconsin non-profit foundation dedicated to the environmental and economic benefits of energy efficiency for Wisconsin businesses. E4’s mission is to advance economic growth and improve environmental stewardship through the implementation of sustainable, practical, profitable, and innovative energy solutions. We believe that through an enlightened approach to dealing with energy, both the economy and the environment can reap rewards.

I want to emphasize today, that while this Task Force is addressing climate change directly, they should be doing so with an eye to economic changes on the horizon. The threat of global warming combined with rising competition from developing nations for resources and energy mean that it is imperative to come up with smart and creative solutions to energy problems...and more so to be ambitious.

Today I want to address the issues that E4 considers most pressing to counteract the effects of Global Climate Change. There are many paths to follow to improve the environment around us and reduce the effects of global warming, but there is one way which has proven to be the cheapest and most effective and which will continue to keep Wisconsin businesses competitive, keep jobs in the state, and help improve our environmental footprint; that is energy efficiency. States like California have blazed the trail and set an example that the Task Force should mandate for Wisconsin.

E4 recommends that the Task Force employ a vigilant adherence to the Energy Priorities Law which maintains that “In meeting energy demands, the policy of the state is that to the extent cost-effective and technically feasible options be considered based on the following priorities A) energy conservation and efficiency B) non-combustible renewable resources C) combustibile renewable resources, and so on. This means, that Wisconsin should bear the smallest amount of power plant generation necessary to meet the state’s energy needs.

Further, E4 requests that the Task Force recommend a policy of decoupling for electricity. Decoupling divorces electricity sales from revenues for utilities. As it stands today, no Wisconsin utility has an incentive to effectively fund or promote energy efficiency programs

because the success of those programs would undermine the revenues taken in by those utilities.

Decoupling can open the door for Wisconsin to meet new demand through reduced energy consumption. When combined with effective cost-recovery programs for utilities such as shared-savings programs, decoupling allows utilities to be rewarded for helping their customers reduce energy usage and choose responsible, non-polluting energy resources. Creative and ambitious solutions like this will allow consumers, utilities, the economy, and the environment profit from reduced energy consumption.

There are many, many ways to improve energy efficiency, but to facilitate the adoption of methods such as changing building codes, mandating efficiency standards for appliances, and improving funding and support for energy efficiency programs we MUST have utilities, a key stakeholder, on board to improve energy efficiency. Decoupling, therefore, is an integral step in moving energy efficiency forward in Wisconsin.

In conjunction with decoupling, E4 recommends developing and implementing strategy for promoting energy efficiency portfolio standards at the state and national level. We also support developing and improving strategy for strengthening the emissions trading market to effectively include energy efficiency measures.

Kathryn Sachs
Executive Director
E4, Inc.
Plymouth, WI