

MEETING NOTICE

**Governor's Task Force on Global Warming
Conservation and Energy Efficiency Workgroup
Date: Monday, September 24, 2007, 1:00 p.m. to 4:30 p.m.
Location: Madison Gas and Electric Company
Lunchroom Annex, 133 South Blair Street, Madison, Wisconsin**

AGENDA

- 1:00 p.m. Introductory Remarks
- 1:10 p.m. Continued Review/Discussion of Draft Policy Templates
- State Government/Schools Leadership (Plale/Hall)
 - Residential Building Code (Nilles/Thompson)
 - Pay As You Save (Edgar)
 - Enhanced Energy Efficiency Program Savings Target (Stratton/York)
- 1:45 p.m. Break
- 2:00 p.m. Discussion: Finalizing Policy Recommendation Package
- 4:00 p.m. Public Comment
- 4:15 p.m. Wrap Up/Next Steps
- 4:30 p.m. Adjourn

This meeting is open to the public.

**Note: Next meeting is Thursday, September 27, 2007, 1:00 p.m. to 4:30 p.m.
Location: Madison Gas and Electric Company, Lunchroom Annex
133 South Blair Street, Madison, Wisconsin**

**If you have any questions or need special accommodations, please contact Lisa Stefanik at
the Public Service Commission of Wisconsin at (608) 266-1125 or
lisa.stefanik@psc.state.wi.us.**

GWTF Conservation and Energy Efficiency Group Meeting
Monday, 9.24.2007
MGE

Welcome / Housekeeping

- We will address demand response under “continued review” as Barb has new article to hand out.
- We will spend first part of the day going over continued review of revised policies
- The second half of the meeting may be spent reviewing “Work Group Package” grid that Kristine & George started in order to summarize our work to the Task Force.

Meeting date: Our group will not meet this Thursday, Sept 27 as previously announced. We are changing our schedule due to the full Task Force meeting change (Oct. 3 meeting cancelled). **Our next meeting will be on October 4th, 1 p.m. to 4:30 p.m. at WECC.**

Policy Template Review

PAYS

General group discussion includes the following points:

- Do we want to connect energy financing for efficiency programs to “run with the meter”? This would be a legislative recommendation. Do we want to have a policy like this in our mix?
- The other element of this policy was if the policy would mandate this change or authorize this change. This kind of program could not likely happen without legislation.
- Current template has wording about the need for a ‘mandatory’ program.
- General discussion was had over why we may or may not mandate such a program.

Energy Efficiency Savings Program

General group discussion includes the following points:

- Susan is creating supporting data which is not ready for this meeting. She’d like more input from the group on key number decisions.
- For example, the ‘ramp up’ that we’ve talked about previously has holes. Ok to use flat numbers for now.
- Did we decide on a growth rate for electric that we want to use? Right now, Susan will leave the 2.35% growth rate in her data forecasts.
- Let’s represent growth not only as dollars but also as a percent of revenue. Should I also assume revenue growth will be at 2.35%. Ultimately, we can add a

growth factor off of 2006. Whatever Susan uses, she will document this decision so it is clear.

- Subject is raised about whether or not this policy will encompass munis & coops. One option is this template could encompass all electric providers. Sector target assumes all participate. Wording to be changed to include all electric and natural gas providers.
- One thought from group: Do we want to have this policy target growth areas (geographically) in our state – both for fund collection as well as expenditures? Example – do we want MKE carrying more of the share (high growth area) than less populous areas such as Superior or LAX?
- The group would need to make a recommended legislative change in order to achieve true targeting of funds towards high growth area. If we really want to achieve carbon emissions reduction, we would need to collect revenue and send dollars to highest emitting and growth areas. This will likely make the policy more controversial.
- Projections to 2020 are adequate.
- Advanced metering was deleted from this policy because that concept is encapsulated in other policies. These programs would certainly supplement a program like this one, but if policies like advanced metering do not become implemented independently, this program and these targets are still achievable.

State Government as a Leader (specific school proposal)

General group discussion includes the following points:

- Incentive for schools to implement energy efficiency / conservation.
- Key barrier in this policy is that some schools, especially those in the MKE area, might say they have no budget to implement anything; others may “find” funds to implement these programs and be off and running. However, this program might have that perceived inequity.
- Benchmarking study gives some information about what the potential of a program.

**Susan mentions that the Potential Study has information about schools in it.

- Create a revolving fund to get schools started. Focus could also set aside some money for this priority program.
- One thing missing from this policy: education side benefit – this program / policy can implement energy efficiency programs into its curriculum.
- Two aspects to proposal.
 - 1) Leg. Change to allow schools to retain funds derived from energy efficiency programs. (remove disincentives and allow exceeding of spending cap on a district basis) – good support from group.
 - 2) Suggested policy includes requirements for schools to become more energy efficient over time. Not a lot of support for this from the group. Mainly we

aren't sure how to do this – it would certainly require tracking over time and community buy-in.

- 3) Do we want to recommend special funding (revolving funds, etc) to provide more equal chance for all schools to access this program? We could recommend a study group to identify the best means and methods to achieve success with this program. Study group may also provide recommendations about curriculum development.

Residential Building Code Policy Review:

Bruce is breaking his policy ideas apart into more than one template.

General group discussion includes the following points:

- Is the first part directed at Commerce or legislation?
Commerce should begin this process, but for it to go further, we will need to drive for legislative change.
- Under Existing Rental Buildings, if you get C (amend 63.0003), you would cover a & b.
- Goal: By 2020, we would want all codes upgraded. All amendments mentioned in this policy would aim to help meet this goal.
- If you achieved legislative change on this policy, it would supersede the rulemaking process.

Demand Response Review:

Barb Nick hands out an article “The Green Effect”, which explains how demand response programs can inspire conservation.

*Barb to send more demand response information to Lisa to disseminate to group.

Social Marketing Template Review:

Janet and Margi highlighted what was new. They highlighted:

- Costs were added to this template.
- Added specific examples about how a social marketing program might work and look like
- Added language about transportation and how it would fit into this program.
- We recommend the program should be funded for at least 2 years to evaluate program properly.
- Added emissions chart
- This program needs political and public support. This is why we are calling this out with a different template.
- We estimated residential electric use: could you cut 3% of your use? Could we could influence 5% of customers per year? We used conservative estimates on purpose.
- Proposed funding source: The enhanced energy savings program (susan's policy).

** Janet mentions that the emissions calculations may still need a common denominator. She will send new data.

** Janet to call out new funding source. Transportation should be asked to pony up if this concept covers transportation. Will this type of recommendation be coming out of the Transportation group independently?

Rate Impact Discussion:

Discussion among group includes brief comments about how to build in costs of meters in these types of programs, actual costs from WPS program shared, etc.

Review of Policy Grid:

Kristine wrote up policy summaries under the “policy proposal” column.

** Group: Please review language to be sure group is ok with characterizations.

- We’ll then fill in other columns over the next 2 wks, and we need to prioritize this in terms of high, medium or low.
- George and Kristine will be authoring a memo telling why Conservation and Energy Efficiency measures are important in global warming abatement.
- When we represent costs, are we using nominal dollars? We should avoid discount rates because we do not know if other groups will discount their prices, etc. Annual costs through 2020. Both costs and reductions will be incremental.
- Rate impacts won’t be modeled specifically – some examination of this may happen near the very end.
- Column 2 in this document is where we identify barriers, timing, whether or not the policy will require legislative change, etc.
- When ranking policies, we have some major categories. They include: Direct Savings, Items that have potential but we need more information about them, and policies that facilitate savings.

**Group should review your own language on the grid; get back to Lisa if you aren’t happy with summary.

** Lisa to send grid

Initial Attempt at Ranking Policies

1) Enhanced Energy Efficiency Savings – ranked high.

14) Coordinated campaign for social change – ranked high

Upon discussing item 12, Innovative Rate Design, the group suggests it might be effective to bundle a regulatory package together. Policies that may go together are numbered: 1, 11, 12, 13, and 14 on Kristine’s policy grid.

11) Demand Response – Several people rank it high “minus’.

13) Removing disincentives / providing incentives for utilities – ranked high.

Group notes under discussion of this item (removing disincentives) that a facilitation umbrella or category might work well. It is noted that policies numbered 11, 12 and 13 in the grid are regulatory and would go with this categorization. Number 14 does not fall under jurisdiction of the PSC and does not go with this grouping.

Policy number 14 should stand alone. Ranked high.

10) Appliance efficiency standards. Ranked High priority with some discussion (question mark).

Comment about this policy: Realize that this may take awhile. Something like a lighting standard is different, in that it may be easier to implement quickly.

This policy garners 8 votes as high priority. Five people indicate they feel this policy is a slightly lesser, but relatively high priority.

General comment from group: On policies such as building codes, appliance standards or wherever program development is being tackled, we should outline the preference for regional program development and influence on neighboring states.

9) Lighting efficiency standards – high priority.

Group comment: This is a “no brainer”

8) Multi-family lighting standards

General discussion: This would apply immediately at time of lease. Both emissions reductions and cost savings are huge with this policy. This policy should include exit signs.

** Does this policy have exit sign language in it? Double-check

Rank: High

6) Commercial Building codes – high

General discussion notes that 6, 7, 8, 9 and 10 could be grouped under a ‘standardization’ or ‘codes & standards’ label.

5) PAYS

General discussion: Conceptually, there is something there with this idea, but it is not a proven strategy. Legislative change should not be lobbied for without proven results.

Rank: low

4) State / Local Government as a leader

General discussion:

Assume schools will be under this policy. This could be put under the facilitation category.

Advocate for two separate programs – as one is legislative change.

School template – Rank high

State as a leader – State template needs to cover CO2 emissions. Rank high.

3) Water heaters

General discussion:

This policy turns into existing building compliance, as new construction / water heater issues get captured in code. Language should be changed to converting electric heaters to fossil fuels or a source with efficiency greater than one.

This policy again experiences much debate from our group about how exactly we should construct this policy. Is this a mandate to both IOUS and munis and co-ops? Is this us offering a suggestion of prioritization?

Rank: medium (5 or 6 votes)

Wording needs to be reworked.

** The Georges will work together to solidify wording.

2) Non-regulated fuels:

General discussion:

This is a big equity issue that's been sitting there forever. Rank: High, but we punted on the hardest question. Should we suggest funding options (from a C&T program, state funding, etc). Group feels we have to address funding to have any success. Provide a list of examples re: where funding might come from.

Public Comment:

There is no public comment

7) Residential Building Codes –

General discussion:

New 1-2 family

Should we include language that talks about when to update – every 3 years, for example? Should it be cyclical as is the national code cycle?

New Multi – Family – High

Existing Multi-Family – Need more information than just a 10 year payback. Measures would at least move this conversation forward.

New 1-2 Family -- High

Existing 1-2 Family --

Existing rental home policies might fall under the umbrella that encompasses ideas that should get implemented, but we want to allow for the flexibility of how to get there. We have identified need, but we aren't sure how to get there.

Next meeting:

- Need to revisit water heater policy
- Need to revisit existing one or two and multi-family buildings policies. Group feels recommending standards on new buildings is a much easier policy sell than on existing standards.
- Finalize CEE policy package.