

GWTF Meeting, 2.19.08 WPPI

Among those in attendance – Tia Nelson (BCPL), Roy Thilly (WPPI), Dan Ebert, Eric Callisto, Lisa Stefanik, Lori Sakk, Amanda Wollin, John Shenot (PSC), Matt Frank, Mary Ellen Vollbrecht, Al Shea, Caroline Garber, Nick Sayen (DNR), Kathy Lipp (Alliant Energy), Kris Krause (We Energies), Charlie Higley, George Edgar (CUB), Susan Stratton (ECW), Tom Scharff (New Page), Jennifer Oeschner (Sen. Plale’s Office), Bruce Nilles (Sierra Club), John Pearse (GM), Jeff Crawford (FCP), Bill Oemichen (WFC), Greg Bollum (MGE), Rick Kuester (We Energies), Barb Swan (Alliant Energy), Charlie Schrock (WPS), Keith Reopelle, Peter Taglia (Clean Wisconsin), Forrest Ceil (IBEW), John Larsen (WRI), Todd Holschbach (Nature Conservancy), Michael Swenson (NSP), Steve Hiniker (1000 Friends), Margi Kindig (Citizen)

Welcome / Announcements:

- There is a story in the MJS today about our Interim Report.
- Please respond to recent e-mails about establishing a back up contact. We are cleaning up our lists

MGA Update: Eric Callisto and Susan Stratton

- Work group members have been selected. Communication will be going out to those chosen to participate in work groups – likely within a week.
- The ET2050 conference was last week in Chicago; it was intended to be a follow up to MGA meeting in November. The ET2050 conference time was used as a way to gather input on the initiatives established through the MGA summary in November.

Interim report:

- Mr. Thilly informed the group that the DNR would be making final clean-up edits to the policy template recommendations to be included in the Interim Report, but no substantive changes.
- On February 15, Task Force members received clean and redlined copies of the draft Interim Report showing changes made from the draft presented to the Task Force on February 5. The changes reflected comments received from a number of parties, including Wisconsin Public Service Corporation, Margi Kindig, Clean Wisconsin, New Page, George Edgar, Xcel Energy, the Forest County Potawatomi Community and Bill Oemichen. Mr. Thilly stated that while not all requested changes were made, most were and that each commenter had received a response indicating changes made as a result of his or her comments. Some changes also were made in the policy templates to be recommended. George Edgar joined the meeting by phone to be available to answer questions related to final policy template changes.
- In connection with distributing the revised final draft Interim Report on February 15, all Task Force members were asked to contact the Co-Chairs of the Task Force no later than February 18 with any significant concerns related to the Interim Report now before the Task Force for approval. No such comments or concerns were received. We Energies did provide

three suggested changes to clarify the Interim Report. Mr. Thilly described those changes and the Task Force concurred that they should be made.

- Mr. Thilly then asked for any further comments or discussion concerning the Interim Report and the policies recommended by the Report, which would be included as an Appendix to the Interim Report. No comments were made.
- Mr. Thilly then called for a vote to approve issuance of the Interim Report. A motion was made by Susan Stratton to approve the Interim Report as presented, with the We Energies changes. The motion was seconded by Barbara Swan. All members of the Task Force present voted in the affirmative, except Tom Scharff of New Page, who voted no. Mr. Scharff then made a statement indicating the reasons for his dissent. He stated that his company is committed to energy conservation and efficiency and has done substantial work to reduce its energy consumption, as well as its direct emissions. However, he was concerned that the Interim Report might be misinterpreted in several respects. First, he stated that he, and the paper industry, objected to the concept of rate decoupling referenced in the Interim Report. He is very concerned that if industries invest funds to reduce their energy consumption that they must receive the benefit of those reductions through reduced costs and decoupling would undermine the value of these investments. He also stated he was concerned that cost mitigation concerns had not been adequately dealt with in the Interim Report.
- Several members of the Task Force asked Mr. Scharff to identify exactly where his concerns were in the draft Interim Report. He clarified that he did not oppose the policies templates to be recommended, including those dealing with ratemaking policies, and focused instead on the brief description of the ratemaking incentive policy recommendation on page 15 of the redline of the Interim Report. Once this specific language of concern was identified, Mr. Thilly stated that he felt that the language could be modified to resolve Mr. Scharff's concerns since the language at issue was intended to simply describe the policy recommendation and flag industry's concern. The recommended policy will be in the appendix to the Report and will speak for itself. A short break was taken.
- At the conclusion of the break, Mr. Thilly asked the group to turn to page 15 of the redlined version of the Report under Section 2.a. (Policy to Aligning Public and Private Interests for Energy Conservation and Efficiency). He proposed that the Task Force remove the last two sentences of subsection a., which read as follows:
 - “In making this recommendation, the Task Force recognizes that some proposals to achieve the objective of this recommendation such as decoupling revenues from consumption will be controversial and strongly opposed by certain stakeholders, including large industrial customers. Decoupling is one of a number of possible approaches to achieving these objectives that the PSCW may investigate.”
- He also stated the reference to a “healthy utility industry” in the paragraph would be changed to “a healthy economy” and pointed out that would include a healthy utility

industry, as stated elsewhere in the Report. He also pointed out that no change was proposed to the ratemaking policy recommendation at issue which does reference decoupling. Mr. Scharff was asked if these proposed changes to text of the Interim Report would enable him to join other members in the Task Force in unanimously supporting the Interim Report. He stated that they would. A motion was made by Susan Stratton and seconded by Tom Scharff that the Interim Report be approved as amended by the changes identified by Mr. Thilly to address Mr. Scharff's language concerns and the comments made by We Energies. The motion passed unanimously.

Process of Modeling – What to expect and how we will move forward?

- The Task Force will put the responsibility to answer modeling questions and move forward on modeling with the TAG.
- Please submit comments to the TAG before March about your modeling preferences, sensitivity runs, etc.
- Controversial templates will be addressed the next time the Task Force reconvenes on April 4 and presented for Task Force decision.
- Jonathan Pershing will attend the next Task Force meeting to summarize what other states have done and provide us with further background about possible goal setting, etc.
- A small group will soon convene to clean up the templates and eliminate duplication. Eric Callisto (PSC) will chair the group, and Caroline Garber (DNR) will also play a leadership role. Group members will be the co-chairs of the Work Groups, as they know the templates best.

Modeling Potential Policy Recommendations, John Larsen, WRI

- This presentation is available on the Wisconsin Task Force on Global Warming web site.

Waste Recovery Work Group Update – Keith Reopelle

- There will be changes to the untreated wood template.
- The group has one outstanding template it has not yet resolved – the container deposit policy. There may be another template that will look more broadly at packaging.
- Four templates (which we have consensus on) will be uploaded to the web site in the coming 1-2 weeks that will be revised per our discussions. None of the policies will be modeled.
- The fifth template – on container deposit policy – will be updated and uploaded after the next meeting.

Co-generation Work Group Update – Andy Kellen

- The Co-Generation Work Group took over CHP template from the Electric Generation Group at the last Task Force meeting.
- The Co-Generation's CHP template will likely be combined with the Electric Generation template. There is an internal working draft now; a final draft should be ready for posting by March 5.
- Potential revisions to the RPS requirement will also be available by March 5.

Other Work Group Updates

Forestry & Agriculture:

The group is generally preparing for the modeling stage by answering a series of questions for WRI and Winrock.

These templates are now ready for modeling:

- Prairie / Perennial Grass Plantings
- Afforestation / Reforestation
- Carbon Sequestration in Soils

Carbon Tax / Cap & Trade / Offsets:

The group met again recently and is still entertaining three main topics of discussion.

- 1) Offset supply
- 2) Allocation
- 3) Auction

The group continues to consider a draft template on Interim Carbon Offset / Environmental Dispatch. The Work Group will need to decide whether or not it is comfortable advancing this policy initiative to the Task Force.

Conservation and Energy Efficiency Work Group Update:

The Co-chairs continue to refine the templates. The group is on track to have all templates final by March 5.

Transportation Work Group:

The group's templates are updated and posted on the Task Force web site. The information given out today about templates and its modeling plan is accurate for this group.

Electric Generation Work Group:

- The group is working with TAG on Environmental Dispatch modeling. The group will produce a write-up for this policy before March 5.
- Enhanced Renewable Portfolio Standard template will likely be revised to flush out some issues re: biogas etc.
- Wind siting reform is currently being drafted by LRB. Hearing is likely next Thursday, February 28.

Industry Work Group:

- The Boiler Efficiency template has been included in a Conservation and Energy Efficiency Work Group template.
- The group received written letters opposing the feebate policy initiative. The group will likely be bringing this idea to the next Task Force meeting in April for decision.

Wrap up / Announcements:

- Public Input Session is scheduled for Wednesday, March 19 for 4 p.m. to 7 p.m. We will again have locations in La Crosse, Green Bay, Milwaukee and Madison.
- Volunteers are needed for La Crosse, Green Bay and Milwaukee. We have enough volunteers for Madison. Send e-mail to Amanda.wollin@psc.state.wi.us if you are interested in volunteering.
- Future Task Force meetings have been set through April and May and were distributed to the Task Force. The dates are: April 4, April 17, May 1, May 14 and May 29. At this time, all meetings are planned to be held at WPPI in Sun Prairie.