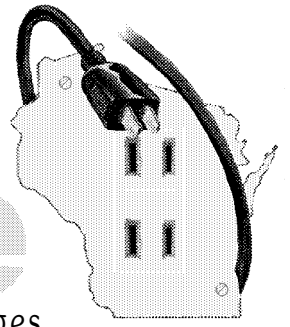


A Coalition
to preserve
Wisconsin's
Reliable and
Affordable
Electricity

Customers First!

the Wire

Plugging you in to electric industry changes



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Costs, Opportunities, and Strategies for National Carbon Constraints

Electricity producers in Wisconsin and nationwide will be called upon by the Environmental Protection Agency for unprecedented expenditures and technology changes over the next half-dozen years, to reduce power plant carbon dioxide emissions by nearly one-third. In October, the *Customers First!* Coalition assembled a panel of experts involved in planning how to comply—and cope—with the new requirements.

The EPA's "Clean Power Plan" says nothing about individual plants or utilities. It does say aggregate U.S. power plant emissions of CO₂ must be 30 percent below 2005 levels by 2030, states must develop compliance plans, each is assigned a different target, and most cuts must be achieved by 2020. Wisconsin's targeted cuts are 29.9 percent by 2020 and 34.2 percent by 2030.


Regional Manager Blagoy Borissov of the Indiana-based Midcontinent Independent System Operator (MISO) projected \$90 billion in new compliance costs for utilities within the continent-spanning MISO wholesale power market that includes Wisconsin. Commissioner Ellen Nowak, the Wisconsin Public Service Commission's point person on compliance, expected wholesale power price increases totaling "tens of billions of dollars." Borissov said a regional compliance plan covering MISO's vast footprint could save about \$3 billion annually, compared with state-by-state or sub-regional plans.

The Clean Power Plan means retirement for many power plants currently in use. A utility worker reminded *The Wire* that approximately 88 percent of the plants destined for early shut-down were needed during the frigid winter of

2013-14 when natural gas supplies ran low.

Nearly unmentioned during the half-day discussion was the Clean Power Plan's purpose. Taking note of that, Keith Reopelle of the environmental group Clean Wisconsin said he was "frustrated that there's been almost no

discussion of the benefits of the rule," adding that without action now, "our grandchildren will have to live in a world severely compromised by global climate change."

The EPA is accepting public comments on its Clean Power Plan until December 1. 

Bay State Blowout

Electricity customers in the mainly-deregulated northeastern states may have thought they'd seen it all with last winter's price spikes, but another shock just arrived: National Grid, a regional power provider, is looking to increase rates in Massachusetts by 37 percent.

Whether a rate hike that large is justified is a separate question from the pretty much indisputable reason being offered for it: Continuing constraints on natural gas supplies are keeping the price of electric generation high. And as the power industry continues its shift away from coal and toward gas, supply problems aren't likely to ease up.

Near the end of September, *The Boston Globe* reported a National Grid spokesman saying the rate increase is "solely" due to wholesale electricity costs reaching their "highest level in decades," and NStar, Massachusetts' other dominant utility, warning that rates will be higher this winter than last, when regional prices spiked high enough to prompt legislative investigations.

One obvious question would be why gas is in short supply with the United States producing so much it's headed toward becoming a net exporter and a magazine like *Foreign Policy* writing about a worldwide glut.

The answer, in New England for now and likely elsewhere around the country as the coal-to-gas shift proceeds, is pipeline capacity. Even if there were a glut, the gas can only go where there are pipes to carry it.

A few days after the *Globe* warned about the rate hikes, Maine Governor Paul Le Page called on the Federal Energy Regulatory Commission for immediate action to expand New Eng-



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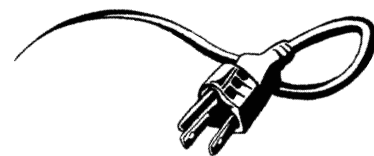
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, and an investor-owned utility. *Customers First!* is a coalition dedicated to preserving Wisconsin's reliable and affordable electricity.

If you have questions or comments about THE WIRE or the *Customers First!* Coalition, please call 608/286-0784.



KEEPING CURRENT

With CFC Executive Director Matt Bromley



Two big power producers are looking for financial assistance from ratepayers as they find that the competitive electricity market isn't working very well for them. Chicago-based Exelon Corp. has indicated it may have to close some of its six nuclear power plants in Illinois unless it can get more money for the electricity the plants produce. Dynegy, of Houston, which owns and operates several coal-fired power plants in downstate Illinois, said it also needs additional revenue to keep its coal fleet economically viable. The companies are seeking market changes because they claim the current low-priced market, which is tied to low-cost natural gas, is not fully recognizing the value of their power resources.

Exelon wants Illinois state lawmakers and regulators to enact policies that recognize the economic and environmental value of nuclear power, and give the carbon-free power source prominence in meeting new federal greenhouse gas regulations. In May, the Illinois House of Representatives adopted a resolution that called on federal and state officials to pursue policies to preserve and support nuclear power. The resolution directed state agencies to report on the impact the plants have on the local economy, jobs, and reliability. The reports are due by the end of the year with the intent of crafting legislation for consideration in 2015.

Illinois lawmakers seem willing to help out Exelon, but a high price tag could dampen support. *Crain's Chicago Business* reported that an Exelon official at a hearing before state utility regulators last month suggested an increase of about \$580 million would "offset a good deal of the economic stress on these units." Such an increase would raise retail rates charged to Illinois consumers by at least 8 percent. "It's a huge amount of money," David Kolata, executive director of the Citizens Utility Board of Illinois, told *Crain's*. "If that's going to be their ask, they'll be getting all the profits without any of the risk. That would be an awfully hard hit to consumers."

Like Exelon, Dynegy may also seek political intervention so it can get more money for its power. Dynegy is looking for approval to leave the regional power market operated by the Midcontinent Independent System Operator (MISO) and join the PJM Interconnection region, which extends from northern Illinois east to the Mid-Atlantic States. Dynegy says it can fetch more money for its power in PJM's market than it can in MISO's, which could mean higher electricity prices for ratepayers in downstate Illinois. Dynegy, though, warns that unless the markets properly compensate the company for having its power plants on-line, reliable electricity service would be jeopardized as the plants shut down for lack of revenue. 💡



Bromley

Blowout

Continued from page 1...

land's natural gas infrastructure through, among other things, fast-tracked regulatory approval.

In a characteristically sharp-worded statement, Le Page said political opposition in Massachusetts to infrastructure development was at the heart of the supply constraints and called the situation "unconscionable."

"New England is in an energy crisis right now, and we desperately need additional natural gas to power our businesses and keep electric bills affordable for households," Le Page wrote.

The *Globe* quoted consumer advocate John Howat saying the cost increases will "have a bearing on a lot of Massachusetts households' ability to just make ends meet this winter."

About 10 percent of Massachusetts house-

holds use electricity for home heating and the *Globe* quoted a low-income advocate saying the cost increases will be "devastating" for them. 💡

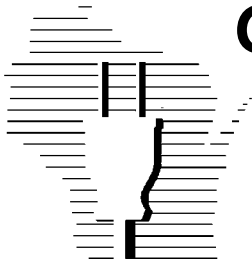
Energy saver tip

Lots of home appliances—television sets, other entertainment devices, even telephones—keep using electricity as standby power even if they're switched off. Nationwide, turned-off appliances consume the energy equivalent of more than 10 power plants. You can reduce energy waste by choosing Energy Star-labeled electronic equipment when buying replacement appliances. 💡



Sizing Up the Stakes—The *Customers First!* Coalition's annual POWER Breakfast last month in Madison attracted more than 120 stakeholders for a half-day of give-and-take on the implications, opportunities, and strategies involved in the Environmental Protection Agency's pending carbon dioxide regulation for the nation's existing fleet of power plants. Clockwise, starting upper left: Todd Stuart (left), of the Wisconsin Industrial Energy Group addresses the audience as fellow panelists look on. From Stuart, moving right are: Kira Loehr of the Citizens Utility Board, Keith Reopelle of Clean Wisconsin, Kris McKinney of WE Energies, and Andy Kellen of WPPI Energy. Brian Rude of Dairyland Power Cooperative chats with Share Brandt of Wisconsin Electric Cooperative Association (WECA). John Sumi (standing), formerly with *Customers First!* Coalition, now with Madison Gas and Electric, chats with IBEW Local 2304's Dave Poklinskosi (seated, left) and Jeff Kaminski of United Steelworkers Local 2006. Taking in the panelists' remarks are (l-r) Public Service Commissioner Ellen Nowak and WECA's Beata Kalies and David Hoopman. Commissioner Nowak reviews the challenges of developing a compliance plan. Matt Bromley of *Customers First!* welcomes the capacity crowd to the Madison event. Clean Wisconsin's Keith Reopelle (left), WE Energies' Kris McKinney, and Bromley prepare for the panel discussion. Blagoy Borissov of Midcontinent Independent System Operator says a regional compliance plan spanning his organization's footprint can save money for utilities and customers.





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Be sure
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Quotable Quotes

It is time to wake up. New England is in an energy crisis right now, and we desperately need additional natural gas to power our businesses and keep electric bills affordable for households."

—Maine Governor Paul LePage, calling for Federal regulatory action on pending electric rate increases and constrained pipeline capacity with another harsh winter forecast, in a news release, September 29, 2014

Help us share our messages with others. If you know of businesses or organizations that would like to learn more about protecting Wisconsin's reliable and affordable electricity, please feel free to copy and share with them all or part of this newsletter, or you can call 608/286-0784 to arrange an informational meeting.

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Plugging Wisconsin In

