



FOR IMMEDIATE RELEASE
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WISCONSIN BUSINESSES OPPOSE JOB-KILLING, COST-RAISING, RPS-GUTTING BILL

A group of over 60 Wisconsin energy businesses and organizations distributed a memorandum to legislators today in opposition to AB-146, a bill that would eliminate manufacturing and construction jobs in our state, raise energy costs, and gut our state Renewable Portfolio Standard (RPS), thereby *stifling economic development* in the renewable energy industry in our state.

“In order for a business to thrive in our state, especially one on the cutting edge of technology and innovation, it needs a regulatory system that supports it and encourages growth,” said Jeff Ehlers, President of Renewegy LLC, a small wind manufacturer in Oshkosh, WI. “Unfortunately, by eliminating the expiration of renewable energy credits, AB 146 provides a disincentive to growth in the renewable energy industry.”

This bill would virtually *eliminate the renewable energy industry in Wisconsin*, pushing jobs, investment, and economic development to neighboring states with more favorable renewable energy policies. The bill could even create jobs in foreign countries, thereby stealing jobs from Wisconsin workers and outsourcing yet another industry from our state.

“This bill would make Wisconsin an outlier in energy policy, thus decreasing our ability to compete with neighboring states,” stated Shaina Kilcoyne of Wisconsin Energy Business Association.

Clearly, this bill is a *drastic step in the wrong direction for our state*. The Wisconsin Energy Business Association therefore opposes this attack on renewable energy in our state.

The memorandum is attached.

WISCONSIN ENERGY BUSINESS ASSOCIATION IS A LEADING BUSINESS TRADE
ASSOCIATION PROMOTING RELIABLE, SECURE, AND COST-EFFECTIVE ENERGY SOLUTIONS
TO STRENGTHEN OUR ECONOMY AND SUPPORT MARKET-DRIVEN INNOVATION AND SUPPLY
CHAIN GROWTH IN THE ENERGY SECTOR.



MEMORANDUM

TO: ALL LEGISLATORS

FROM: WISCONSIN ENERGY BUSINESS ASSOCIATION

DATE: MAY 26, 2011

RE: OPPOSITION TO JOB-KILLING / COST-RAISING / RPS-GUTTING BILL (AB-146)

The Wisconsin Energy Business Association opposes AB-146, a bill that would eliminate manufacturing and construction jobs in our state, raise energy costs, and gut our state Renewable Portfolio Standard (RPS), thereby *stifling economic development* in the renewable energy industry in our state. The practical effect of the bill would be that very few major new renewable energy projects would be constructed in Wisconsin.

Currently, renewable energy credits (RECs) have a four-year expiration after the year generated. This encourages new renewable energy development by limiting the banking of large numbers of credits for use in future years. Nearly all states with an RPS limit credit banking through an expiration date or some other mechanism. Without some type of limiting mechanism, utilities could essentially bank enough credits generated from resources located out-of-state or even in foreign countries, such that they would not need to create or purchase any renewable energy in future years.

This bill would virtually *eliminate the renewable energy industry in Wisconsin*, pushing jobs, investment, and economic development to neighboring states with more favorable renewable energy policies. The bill would create jobs in other states and foreign countries, thereby taking jobs away from Wisconsin workers and outsourcing yet another industry from our state.

Clearly, this bill is a *drastic step in the wrong direction for our state*. Creating such an inhospitable market for renewable energy would have immediate detrimental consequences to the state economy and well-being, including (1) the loss of in-state manufacturing, transportation, construction, and project maintenance opportunities; (2) the loss of jobs in businesses directly or indirectly connected to wind energy development; (3) the loss of project revenues to host landowners, neighboring residences, and local governments; and (4) increased dependence on both electricity imports and increasingly expensive out-of-state fossil fuel sources. The bill would also make Wisconsin an outlier in energy policy, thus decreasing our ability to compete with neighboring states.

I. THE BILL WOULD ENDANGER THOUSANDS OF CURRENT JOBS IN OUR STATE AND ELIMINATE POTENTIAL FUTURE JOBS AND ECONOMIC DEVELOPMENT.

Renewable energy development in Wisconsin has produced well-documented benefits to in-state manufacturers, builders, transportation businesses, and consulting engineers, as well as to rural landowners and governments. The following is a sampling of positive economic impacts from commercial wind development in our state.

- Wisconsin's largest wind generation facility, We Energies' 88-turbine, 145-megawatt Blue Sky Green Field installation generated about 400,000 job-hours of construction activity. That figure is likely to be eclipsed by We Energies' newest project, the 90-turbine, 162-megawatt Glacier Hills installation in Columbia County, which will begin operation later this year. Combined, both projects represent about \$700 million in capital investment and will account for about 850,000 job-hours of construction work.
- The counties and towns hosting Wisconsin's four largest operating wind energy installations—Blue Sky Green Field, Forward Energy Center, Cedar Ridge, and Butler Ridge—receive more than \$1.5 million in payments in lieu of taxes each year. These same governmental units receive additional compensation for hosting the transmission-related infrastructure associated with wind generation. Landowners hosting the 251 turbines in these projects receive more than \$1.2 million per year combined. All told, these four wind projects pump more than \$3 million annually to local governments, host landowners, and neighboring residents.

Further, a number of Wisconsin companies directly participate in the construction of in-state wind projects. The entities include *Boldt Construction* (Appleton), *Michels Wind Energy* (Brownsville), *The Manitowoc Companies* (Manitowoc), *Tower Tech* (Manitowoc), *Wausaukee Composites* (Wausaukee and Cuba City), *RMT WindConnect* (Madison), *Edgerton Contractors* (Oak Creek), *Hooper Construction* (Madison), *Sanderfoot Wind and Excavating* (Appleton), and *Wondra Construction* (Iron Ridge). Among Wisconsin participants in the global supply chain are *Aarrowcast* (Shawano), *ABB* (New Berlin), *American Superconductor* (Middleton), *Avanti Wind Systems* (New Berlin), *Bassett Mechanical* (Kaukauna), *Strohwig Industries* (Richfield), *Magnatek* (Menomonee Falls), and *Merit Gear* (Antigo).

Over 2,000 existing jobs in our state are at stake, in addition to \$1.8 billion of new investment and two million construction job hours in the near-term.

II. THE BILL WOULD INCREASE OUR RELIANCE ON COSTLY AND RISKY FOSSIL FUELS.

Wind projects provide an important hedge against increased energy costs, as well as fossil fuel price and security volatility. Wisconsin currently obtains over 70 percent of our energy from fossil fuels such as coal and natural gas. This *unbalanced energy portfolio* that relies heavily on one type of energy generation places our state at risk of price fluctuations, supply disruptions, and regulatory risks. Further, it forces our state to rely almost entirely on out-of-state sources of energy, as we have no fossil fuels in our state.

One argument made against renewable energy is that it increases electricity rates. That claim is completely without merit. In fact, most studies to date have shown that renewable energy generation does not have a marked impact on electricity rates. Instead, significant rate increases in our state over the past decade have largely been driven by the cost of new coal plants and *expensive retrofits to keep old, inefficient coal plants running*.

Wisconsin ratepayers have been forced to spend over \$2 billion on coal plant retrofits over the past six years alone. Earlier this year, the Public Service Commission of Wisconsin approved another \$627 million for environmental retrofits at the Columbia Generating Station. These costly repairs are completely without the benefit of increased generation capacity. Renewable energy costs pale in comparison to the cost to continue to operate dirty, inefficient, and risky fossil fuel generation.

As a Minnesota Power spokesperson said recently, “Our rate increases have been largely the result of large environmental retrofit projects to reduce emissions at our largest generating facilities.” These types of costly retrofits will continue to be required for Wisconsin coal plants for many years into the future as part of ongoing requirements to meet mercury, sulfur, nitrogen, particulate, ash, water, and other health and safety regulations.

Even in terms of the construction and operation cost of new power plants, wind energy is often *cost-effective with natural gas*, which is currently the lowest-cost fossil fuel energy source. Xcel Energy recently testified before the Minnesota Public Utilities Commission that bids for new wind energy generation were comparable with bids for new natural gas generation.

Finally, if renewable energy truly was driving the increase in electricity rates, any utility or customer organization has the power under existing state law to request a waiver of the RPS requirements from the Public Service Commission of Wisconsin. However, in the five years that the RPS has existed in our state, *no utility or customer organization has requested such a waiver*. Therefore, the case cannot be supported that renewable energy is significantly increasing electricity rates.

III. THE BILL WOULD PLACE WISCONSIN OUT OF LINE WITH ENERGY POLICIES IN OTHER STATES AND LESS COMPETITIVE FOR NEW INVESTMENT.

Wisconsin continues to fall behind neighboring states in wind energy development. Indiana currently has over 1,000 megawatts of installed wind energy capacity, Minnesota and Illinois each have over 2,000 megawatts, and Iowa has over 3,000 megawatts. Wisconsin has less than 500 megawatts of installed wind energy capacity. Already this year, three wind projects representing 350 megawatts of additional capacity have been canceled or suspended due to the continuing negative regulatory climate in Wisconsin.

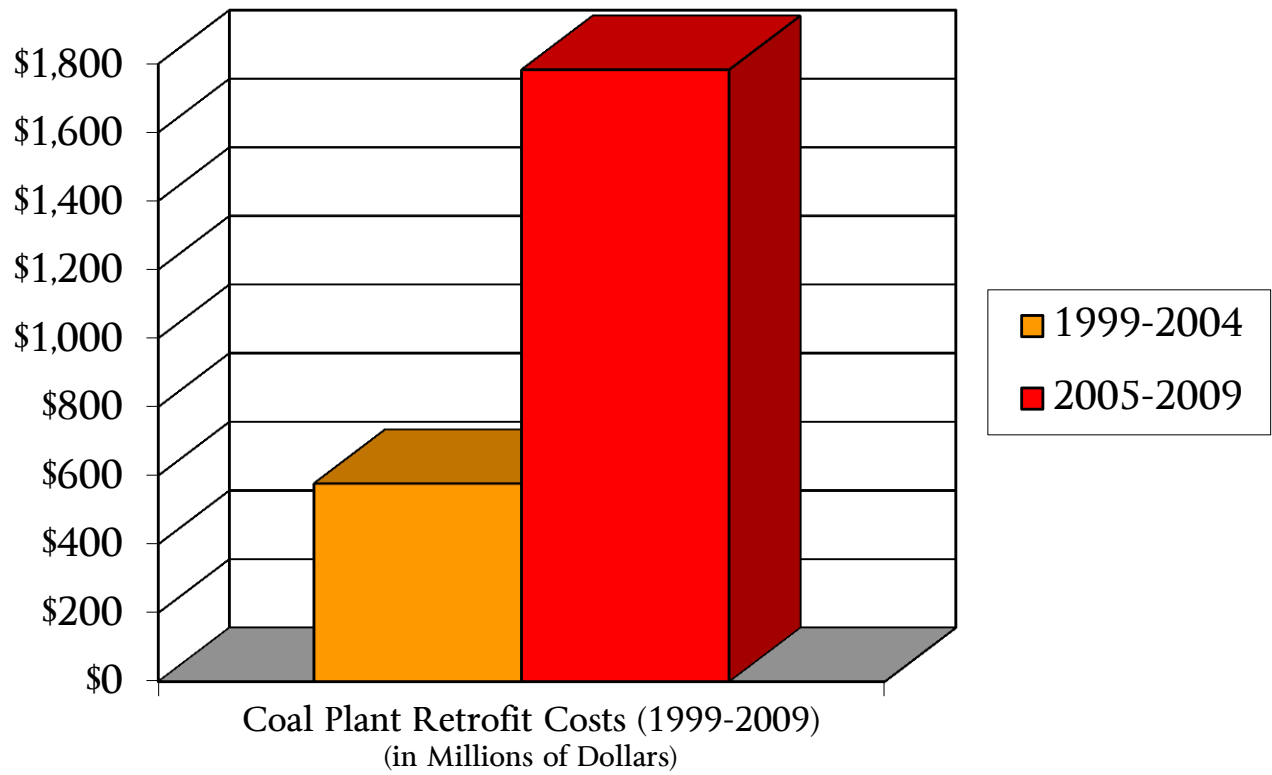
Wind turbine component manufacturers seek locations with friendly regulatory climates near robust markets. States such as Iowa, Kansas, and Texas that have embraced wind energy have reaped the benefits in terms of new job creation, investment, and economic development.

Further, nearly every state with an RPS places some limitation on the ability of utilities to bank credits. The purpose of banking is to provide utilities with flexibility through a four-year window to meet credit requirements, while assuring that a utility cannot undermine the in-state economic development and energy independence goals of an RPS by stockpiling cheap credits from other states or even foreign countries.

Michigan has a three-year credit expiration date, and Minnesota and Ohio each have a five-year expiration date. Iowa and Illinois do not have renewable energy credit tracking systems, meaning that credits cannot be banked. Unlimited banking in Wisconsin would encourage renewable energy developers and manufacturers to bring economic development to neighboring states with favorable regulatory policies.

***THE WISCONSIN ENERGY BUSINESS ASSOCIATION IS A COALITION ORGANIZED BY WIND ON THE WIRES AND RENEW WISCONSIN. FOR ADDITIONAL INFORMATION, PLEASE CONTACT LEE CULLEN, JEFF VERCAUTEREN, OR SHAINA KILCOYNE, 608.251.0101, CULLEN@CWPB.COM, VERCAUTEREN@CWPB.COM, KILCOYNE@CWPB.COM.**

WISCONSIN COAL PLANT RETROFIT COSTS 1999-2009



STATE RENEWABLE ENERGY CREDIT POLICIES

Banking Limited by Lifespan (in Years)	Banking Prohibited or Not Used	Banking Capped as Percentage of RPS
Delaware (3) District of Columbia (3) Maryland (3) Massachusetts (3) Michigan (3) Missouri (3) Montana (3) New Hampshire (3) Pennsylvania (3) Rhode Island (3) Texas (3) Washington (3) Nevada (4) New Mexico (4) Minnesota (5) Ohio (5) Wisconsin (5) Colorado (6) North Carolina (7)	Connecticut Hawaii Illinois Iowa New Jersey New York	Maine (33%) Massachusetts (30%) New Hampshire (30%) Rhode Island (30%)