



## RENEW, WEPCO Sign Green Power Pact

After many months of negotiations, RENEW Wisconsin and Wisconsin's Environmental Decade (WED) agreed to support Wisconsin Electric Power's renewable energy premium program, called Energy for Tomorrow. In exchange Wisconsin Electric agreed to broaden the renewable resource mix sold through its program and stimulate new in-state renewable generation as a result.

Currently, about 85% of the power sold through Energy for Tomorrow is produced by hydroelectric generators, most of which are located out of state. The agreement requires that at least 75% of the energy marketed through Energy for Tomorrow will be derived from new renewable electricity sources located in Wisconsin and Upper Michigan by April 1, 2000. Also after that date, no single energy source (e.g., hydro, biomass, wind) can account for more than 75% of the energy capacity offered under the program.

"This agreement will help WEPCO channel increased customer demand for local sources of clean, renewable energy into new projects," said RENEW Executive Director Michael Vickerman in a press release. "With programs like Energy for Tomorrow, renewable energy production in the state will rebound and comprise an expanding share of the state's energy mix."

Shortly after the agreement was reached, WEPCO announced plans to build and own a two-turbine windpower plant in its service territory. The turbines will be erected and placed into service in time to take advantage of the federal production tax credit for wind generators set to expire July 1, 1999.

The utility is actively looking to contract with more Wisconsin-based renewable generators to supply Energy for Tomorrow. Launched this spring, WEPCO's solicitation process features a four-month rolling review of all proposals in hand. The next deadline for bids is September 15.

The 16-point agreement also includes a commitment by WEPCO to hold program subscribers harmless from rate increases due to increased costs of fuels and facilities not directly connected with Energy for Tomorrow. Power sold through

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### WIND ENERGY MAKES EARTH DAY DEBUT . . . . .

Glistening under sun-splashed skies, Wisconsin's first wind turbines were formally dedicated on Earth Day. For RENEW members, this was a day for making history as well as electricity, and an occasion for celebrating our role in making this project happen. Photos of the festivities and excerpts of Governor Thompson's dedication speech appear on page 4.

Energy for Tomorrow has not been subject to fuel surcharges triggered by outages at Point Beach. Subscribers at the 25% or 50% level have been seeing a proportionally smaller surcharge on their bills.

Furthermore, while Wisconsin Electric's most recent rate increase will apply to Energy for Tomorrow, 50% of the rate increase paid by program subscribers will be spent on acquiring new sources of renewable electricity. WEPCO agreed to this provision in consultation with the advisory committee formed last year to forge a closer working relationship between WEPCO and program subscribers. Participants on the advisory committee include RENEW and the Wisconsin Energy Bureau.

In turn RENEW and WED agreed to endorse Energy for Tomorrow and actively assist in marketing the program, chiefly by citing the environ-

mental and economic benefits that customers leverage through their participation.

"We feel this agreement is consistent with all of our current strategies to promote renewable energy, including cooperative advocacy and utility watchdog," said Keith Repelle, associate director for Wisconsin's Environmental Decade in the same release.

### A Rocky Beginning

The agreement followed more than a year of on-again, off-again negotiations with WEPCO, which was sparked by RENEW's and Wisconsin's Environmental Decade's displeasure over the way the Public Service Commission handled the program's approval process. Originally proposed as part of Wisconsin

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# Full Steam Ahead for MG&E Wind Project

**A**s reported in our Winter 1998 issue, Madison Gas & Electric has committed to building an 11.2 megawatt wind farm in eastern Wisconsin. MG&E anticipates the plant to begin operating in spring 1999. The electricity from this project will be sold to the utility's retail customers at an as yet undetermined premium. As of now, this project qualifies for at least two superlatives: it will be not only the largest windpower plant east of the Mississippi River, but also the largest customer-supported renewable energy project in the United States. RENEW's Michael Vickerman caught up with Greg Bollom, associate vice president for electric marketing, to answer a few questions.

**MV: How does this windpower plant fit in with MG&E's long-term corporate strategy?**

GB: Our strategy is to develop products and services that meet the needs of our customers. Our customers have told us that they would like to purchase electricity from renewable sources of power. Providing a program that offers renewable energy is an important part of that strategy.

**MV: Nonutility generators are building and owning the vast majority of power plants nowadays. What made MG&E decide to buck this trend and use its own capital to build this particular project?**

GB: The short answer is price. MG&E can get a project built and operating at a lower price than what we would pay for if we elected to purchase windpower from a private developer. Private developers have to charge a price high enough to ensure that their investors get a relatively quick return on their capital investment. In contrast, utilities can spread the cost of a project like this over a longer period of time.

**MV: MG&E recently held two open house meetings--one near Rosiere and the other near Stockbridge--to give landowners a chance to ask questions about this project and learn how a wind farm might affect their respective communities. Were the landowners that came to the meetings receptive to the idea of locating wind turbines on or near their properties?**

GB: By and large, they were very receptive. The people who attended these sessions seemed to fall into two groups. The first group I would describe as people who came out of general curiosity and wanted to know more about wind energy and how it works. The other group was composed of landowners who could make land available for our project. They were mostly interested in the terms and conditions for leasing their land to us.

**If customer interest is sufficient to warrant acquiring more windpower--and we are fairly optimistic that it will be--we can either develop the runner-up site or expand on the site we build on first.**

**MV: MG&E is submitting applications for two sites but intends to develop only one for now. What will happen to the runner-up site?**

GB: Both sites can accommodate additional development beyond our initial 11 MW installation. We are optimistic will subscribe this 11 MW in full. If customer interest is sufficient to warrant acquiring more windpower--and we are fairly optimistic that it will be--we can either develop the runner-up site or expand on the site we build on first.

**MV: What are the important milestones for this project?**

GB: The first and perhaps most impor-



Greg Bollom

tant milestone is getting our CA [Certificate of Authority] approved by the Public Service Commission. That approval will dictate the project timeline. We are very optimistic that the approval will be granted some time in late summer. We hope to start construction on the foundations and other site preparations within days of receiving the go-ahead from the PSC. We will also at that point place our turbine

order with Vestas. If all goes as planned, the turbines will be delivered in late January. We would like to begin erecting the turbines while the ground is still frozen.

GB: Also in the late summer, we expect to sit down with public interest organizations like RENEW in hopes of reaching an agreement on the price of our wind generation. Starting in fall we expect to begin marketing the product to customers. It is crucial that we have enough certainty from the Commission regarding project approval so that we can determine the ultimate cost of the project.

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**MV: Your market research demonstrates a pronounced customer preference for solar and wind power, compared with other renewable sources. Is it MG&E's intention to pursue only solar and wind energy sources or do you have other plans?**

GB: At this time our focus has been on building our wind project. We are also pursuing several opportunities here in Madison to pursue small PV installations. We have not spent a lot of time up until now looking for other renewable sources. Our focus has been on developing new renewable projects. So, when we looked at the environmental uncertainties associated with permitting new hydropower plants, it didn't seem like a viable option for pursuing in the near-term. Furthermore, the market research we have indicates clearly that our customers prefer noncombustible power sources, which has steered us away from biomass projects.

**MV: What benchmarks will you use to determine the success of this initiative?**

GB: When the project is fully subscribed, and there are still more customers out there who want to purchase windpower, we will judge this effort a huge success.

**MG&E Wind Farm  
- At A Glance**

**Turbine Type:** Vestas V-47  
**No. of Turbines:** 17  
**Size of Turbines:** 660 kW  
**Expected Output:** 25-30 million kWh/yr

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Electric's 1996 rate case, the Energy for Tomorrow program received fast track approval from the Commission in June that year, ostensibly to allow the utility to begin marketing the program by summer's end. WEPCO was already sitting on five megawatts' worth of renewable power from Minnesota Power and was anxious to recover that cost through customer premiums. Though RENEW early on had informed the PSC of our concerns over the program's resource mix, the PSC went ahead and approved the program sight unseen, without holding a hearing on the issues RENEW had wanted to raise.

From our perspective the PSC's decision carried the wholly objectionable implication that customers of green power programs were not entitled to the same level of rate protection that other customers enjoy. The only way we could register our vigorous objections to that attitude was by taking the PSC to court.

In seeking to be the first Wisconsin utility to offer a customer-supported renewable energy program, Wisconsin Electric elected not to involve RENEW with the design of the program. Because RENEW's members are so clearly predisposed to participate in a utility's green pricing program, we felt slighted over not having been given opportunity to shape a program that would inherently have considerable appeal for us. The Commission's abrupt approval compounded RENEW's unease with this program, and reinforced the climate of suspicion that existed between RENEW and WEPCO.

Navigating an appropriate public posture towards the program was an especially vexing challenge for RENEW. On the one hand, RENEW had by 1996 gone on record as a supporter of "green pricing" programs like Energy for Tomorrow and in other forums was encouraging other Wisconsin utilities to begin fielding programs. On the other hand, we had to remain true to our mission of increasing the use of Wisconsin-based renewable energy resources, and Energy for Tomorrow did not initially appear to be a vehicle for accomplishing that objective. However, RENEW's Board of Directors saw nothing to be gained by engaging in an acrimonious feud with WEPCO over

the program's resource mix, fearing that a public disagreement would inflict serious damage to our broader mission of creating a healthy green power market in Wisconsin.

WEPCO wanted its program to bear the seal of approval of the state's environmental community. Representatives of WEPCO, RENEW and Decade began talking in the fall of 1996 to see if a settlement was feasible. While the conversations succeeded in dispelling some of our suspicions, we were unable to reach an agreement. In early 1997, RENEW and WED quietly filed our lawsuit against the PSC.

**From Suspicion to Cooperation**

While RENEW and WED watched from the sidelines, WEPCO plunged into an intensive marketing effort involving targeted mailings and telemarketing. The results of this marketing display were quite impressive; by September 1997, the utility had attracted more than 7,000 subscribers, placing Energy for Tomorrow atop the leaderboard in numbers of participants and kilowatt-hours sold. It was clear from these results that there is a viable renewable energy market within WEPCO's customer base and that WEPCO was genuinely and sincerely committed to developing an attractive resource mix for that market.

Since its inception Energy for Tomorrow has had an immediate impact on air emissions. WEPCO estimates that Energy for Tomorrow avoided approximately 171,000 tons of sulfur dioxide (SO<sub>2</sub>), 75,000 pounds of nitrous oxide (N<sub>2</sub>O), and 35,000,000 pounds of carbon dioxide (CO<sub>2</sub>) between August 1996 and December 1997.

WEPCO's successes prompted RENEW to reconsider the value of the lawsuit and reopen talks last fall with WEPCO. This time around, the parties worked diligently to come up with a more flexible framework for accomplishing our objectives, one which reasonably balances RENEW's goals of increasing resource diversity and promoting in-state sources of renewable electricity with WEPCO's goals of maintaining affordable premiums and securing endorse-

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# Earth Day 1998 – Governor Dedicates Wind Turbines



“I recently introduced my electric reliability bill, which has been passed by the legislature.

This bill recognizes the potential of renewable energy in Wisconsin by specifying that 50 megawatts of renewable energy be put on line in Wisconsin by the end of 2000. This amount of energy would be 40 times the power of these two turbines we are dedicating today.

According to **RENEW WISCONSIN**, this puts Wisconsin on the very cutting edge of renewable energy policy in the country.”

## LET'S MAKE SOME ELECTRICITY!



“For every 100 megawatts of wind energy coming on line in Wisconsin, about 185 million dollars of economic activity and 2700 job years of employment are created.”



“There is a great demand for clean energy in Wisconsin. People have voiced their opinion about wind energy and through green energy programs are now letting their wallets do the talking.”



“And let me mention someone who could not be here today, Dan Moran. Dan died all too early of a heart attack on Feb. 15 at the age of 44. Dan managed my renewable energy assistance program since its inception for the Wisconsin Department of Administration's Energy Bureau.”



“Thank you, Michael and Sandi Zirbel. Who would have thought that farmers someday would harvest the wind?”



“These turbines are a true harbinger of a bright future for wind energy in Wisconsin.

Consider:  
The Energy Bureau has conservatively estimated that the potential for wind energy in Wisconsin at 1000 megawatts or enough power to supply about 3 percent of all the electricity used in this state. Others have predicted a potential of over 100 times more than that.”



“Wind Power can be compatible with rural settings as it fits in with corn fields and grazing land.”



*The full text of the dedication speech is online at the RENEW Wisconsin Website.*

# 50 MEGAWATTS by Dec. 31, 2000



## 1997 Assembly Bill 940

**SECTION 25.** 196.377 (title) of the statutes is created to read:

**196.377 (title) Renewable energy sources.**

**SECTION 26.** 196.377 of the statutes is renumbered 196.377(1).

**SECTION 27.** 196.377(2) of the statutes is created to read:

**196.377 (2) EASTERN WISCONSIN UTILITIES.** (a) In this subsection:

1. "Eastern Wisconsin utility" means a public utility, other than a municipal utility that, on the effective date of this subdivision ...[revisor inserts date], provided retail electric service to customers in the geographic are of the state that was served by the reliability council on that date.

2. "Municipality" means, a city, town or village.

3. "Municipal utility" means a public utility that is a municipality or that is wholly owned or operated by a municipality.

4. "Reliability council" means the Mid-America Interconnected Network, Inc., reliability council of the North American Electric Reliability Council.

(b) Except as provided in par. (d), no later than December 31, 2000, each eastern Wisconsin utility shall construct or procure, on a competitive basis, the construction of an aggregate total of 50 megawatts of new electric capacity in this state that is, to the satisfaction of the commission, generated from renewable energy sources. Each eastern Wisconsin utility shall construct or procure the construction of a share of the aggregate total required under this paragraph that corresponds to the utility's share, as determined by the commission, of the aggregate demand for electricity that is

supplied by the utilities in this state.

(c) An eastern Wisconsin utility may procure the construction required under par. (a) by issuing requests for proposals no later than September 30, 1998.

(d) The commission may allow an eastern Wisconsin utility to comply with the requirements of par. (b) by a date that is later than December 31, 2000, if the commission determines that the later date is necessary due to circumstances beyond the utility's control.

(e) Any new electric capacity that is generated from a wind power project for which an eastern Wisconsin utility has received a proposal before the effective date of this paragraph ...

[revisor inserts date], may be counted in determining whether the utility has satisfied the requirements under par.

(b).

(f) The commission shall allow an eastern Wisconsin utility to recover in its retail electric rates any costs that are prudently incurred by the utility in complying with the requirements under par.

(b).

*The full text of Act 204 –  
Electric Reliability is online  
at the Wisconsin Legislative Website:*

<http://www.legis.state.wi.us/billtrack.html>

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ments by and marketing support from environmental groups. Out of these discussions emerged the Memorandum of Understanding that RENEW drafted and kept revising until all three parties were ready to sign on the dotted line. As a result, RENEW and Decade dropped the lawsuit against the PSC.

In announcing the agreement, Chris Schoenherr, WEPCO's representative in negotiating the agreement, said: "Rather than focus on our past differences, each of the parties agreed that it would make far more sense to build on our marketing successes so far to create a vigorous market in Wisconsin for locally produced renewable electricity."

While we at RENEW wish we could have avoided going through the earlier adversarial phase of this experience, we are very pleased with the guidelines set forth in the Memorandum of Understanding. From RENEW's standpoint, the document is a strong affirmation of the constructive role environmental organizations can play in aligning utility Green Power programs with public interest objectives. Having negotiated an agreement that makes it possible for RENEW to endorse this program, we are now eager to make our investment in Energy for Tomorrow pay dividends.

*The full text of the Memorandum of Understanding between RENEW Wisconsin, Wisconsin's Environmental Decade, and Wisconsin Electric Power Co. is online at the RENEW Website:*

<http://www.mailbag.com/users/renew-wi/>

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## NEXT RENEW BOARD MEETING

**Sunday June 21, 1998 — 12:15 p.m.**

**Amherst Café  
122 S. Main St.  
Amherst, WI**

**Meetings are open to RENEW members. If you're planning to attend, please call Michael Vickerman at (608) 255-4044**

# WEPCO Eyes "Bigger, Better, Broader" Program

**I**n the summer of 1996 Wisconsin Electric Power launched Energy for Tomorrow, an experimental renewable energy premium program. The timing for rolling out Wisconsin's first Green Power program could scarcely have been worse. The next 18 months turned out to be among the most tumultuous periods in WEPCO's operating history. In retrospect, it is more than a little surprising that while WEPCO labored in heavy seas roiled by power supply shortages, temporary rate surcharges, and a bruising merger battle, its fledgling Energy for Tomorrow vessel managed to cut through the turbulence and increase its subscription base steadily over time. Remarkably enough, Energy for Tomorrow achieved the initial objectives set by its managers without any assistance from environmental groups. By the end of 1997, Energy for Tomorrow had become the nation's largest renewable energy premium program.

Now that WEPCO, RENEW, and Wisconsin's Environmental Decade have come to terms regarding the program's future direction, the waters have become decidedly more placid. Corporate communications team leader Chris Schoenherr, who negotiated the Memorandum of Understanding on behalf of WEPCO, is optimistic about the program's prospects.

**MV: Where do you want the program to be in 12 months?**

CS: Bigger, better and broader. By bigger I mean fulfilling our target of adding another 3,600 customers in 12 months. By better I mean adding more energy resources, such as our wind project. Another example is the RFP we just issued, which provides more flexible options for suppliers and developers to enter the market. We also intend to communicate more frequently with our

program participants. They are highly valued and we want them to know that. By broader, I mean looking to make Energy for Tomorrow more attractive to a wider array of customers. Our program has been a leader in the nation and we want to maintain that leadership position.

**MV: Initially, WE targeted its Energy for Tomorrow marketing program toward customers fitting a certain demographic profile (based on such factors as electricity consumed per year). Will you continue that approach this year?**

CS: Good marketing dictates that you go after customers most likely to purchase the product, and we have been following that approach. However our product has changed in the past couple of months, and our marketing tactics will change to reflect that. The changes we've made to Energy for Tomorrow should make it more appealing to a wider audience. We are, for example, we are exploring the idea of using bill inserts which will go out to all our customers.

**Our program has been a leader in the nation and we want to maintain that leadership position.**

**MV: It was WE's original intention with Energy for Tomorrow (EFT) to purchase renewable electricity supplies rather than build renewable generation. Does your company's recent decision to build two wind turbines by spring 1999 represent a change in program strategy?**

CS: Yes and no. We aim to continue providing a cost-effective product. To do that involves using a mix of facilities that we own and operate as well as plants that developers and other market players own and operate. We believe that this type of mix will respond to the broadest group of customers.



Chris Schoenherr

**MV: Regarding the recently enacted renewable energy mandate, to what extent will Energy for Tomorrow act as WE's vehicle for acquiring the new sources of renewable generation?**

CS: We've organized a team of employees to look into that very issue. The general consensus is that it makes sense to use an existing vehicle like EFT, which is working well, to add additional renewable supplies in Wisconsin to satisfy the requirements of the legislation.

**MV: The Windsource program offered by Denver-based Public Service of Colorado has attracted a surprising amount of support from its large commercial customers. Do you think your largest customers would be receptive to purchasing renewable electricity?**

CS: Yes, but it will need to be a different program design for them. All customers do things for their own reasons. We need to work with our large customers to determine what they would want to accomplish by participating,

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and then craft a product that responds to their desires.

**MV: WE recently issued a solicitation for acquiring up to 5 MW of renewable power supplies. Are there any factors other than price that will determine which renewable power sources WE will go with?**

CS: Yes, although price is important. We're looking to build a diversified portfolio of renewable supplies, both to satisfy our agreement with RENEW [and Wisconsin's Environmental Decade] and to meet our customers' desires. We're also looking for visibility to help attract new customers, and we're always looking for ways to ensure the continued development of a solid marketplace for renewable energy resources.

**MV: Now that Energy for Tomorrow has the backing of RENEW and Wisconsin's Environmental Decade, how do you intend to parlay that support into increasing program enrollment and, consequently, increased sales of renewable electricity?**

CS: In the first 18 months or so of its existence, EFT has been recognized as the largest program of its type in the country. However, like Roger Maris's home run record, it has an asterisk next to it, owing to the concerns that Wisconsin environmental groups had with the program. With our agreement w/ RENEW and Decade, the asterisk is

removed. It is our sincere hope that this partnership will continue to make EFT the largest and most successful utility green pricing program in the country.

<b>Energy for Tomorrow</b>	
No. of Customers	7,000
At 100%	600
At 50%	1,250
At 25%	5,150
Annual Sales (1997)	46,000,000 kWh
Premium (at 100% use)	\$0.0204/kWh
Resource Mix (add 12 MW Wind after 1999)	85% hydro 15% biomass

## Browse Our Web Site!

<http://www.mailbag.com/users/renew-wi>

We're on-line and some of the features on our web site are:

- u Renewable Quarterly back issues
- u ALERT —Help us convince Congress to extend the Renewable Energy Production Tax Credit
- u Link to Online DePere Wind Turbine Performance Data
- u Wind Turbine Dedication Page
- u Read about successful and not-so-successful national "green marketing" programs, including those offered in Wisconsin

## WHO'S WHO AT RENEW

Larry Krom, President	Spring Green
Andy Olsen, Vice President	Madison
Tim Kay, Secretary	Madison
Alex DePillis, Treasurer	Madison
Vern Ader	Mosinee
Chuck Alsberg	Neshkoro
John Frantz	Monroe
Shelly Laffin	Spring Green
Cheryl Rezabek	Brooklyn
Mick Sagrillo	Forestville
Wayne Stroessner	Random Lake

## WISCONSIN RENEWABLE QUARTERLY

Michael Vickerman	Editor in Chief
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**RENEW Wisconsin** is a nonprofit 501(c)(3) organization whose members support the appropriate use of the state's clean and abundant renewable resources for a healthier environment and economy. The *Wisconsin Renewable Quarterly* is published four times a year by RENEW Wisconsin. POSTMASTER: Send address changes to **RENEW Wisconsin**, 222 S. Hamilton Street, Madison, WI 53703. Phone: (608) 255-4044.

Email: [mjvrenew@mailbag.com](mailto:mjvrenew@mailbag.com)  
World Wide Web Address: <http://www.mailbag.com/users/renew-wi>

## Wish List

- u One office chair (on wheel base)
- u One vertical 4-drawer file cabinet
- u One table (3' x 4')
- u Storage cabinet (36" to 42" tall)

Contact Michael Vickerman at RENEW if you would like to donate any of the above items. All donations are tax-deductible.

## Say Yes to a Renewable Energy Future for Wisconsin

%

I want the energy I use to come from clean, sustainable, locally available renewable resources.

I will help RENEW make that happen.

5 I want to volunteer my time. Call me.

5 I would like to become a supporting member of RENEW. Enclosed is my check for:  
5 \$ 20    5 \$ 30    5 \$ other

5 I can't afford to become a supporting member, but I'd like to make a donation.

Name \_\_\_\_\_

Phone (day) \_\_\_\_\_ (evening) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Mail to: RENEW Wisconsin, 222 South Hamilton Street, Madison, WI 53703. Thanks.

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*The cost of publishing and mailing this newsletter has tripled over the last three years. To help defray these costs, RENEW asks all newsletter recipients to pitch in.*

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*If you are interested in donating supplies or equipment to RENEW, see our wish list on page 7.*

We're on the Web!

<http://www.mailbag.com/users/renew-wi>

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