



We Energies
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October 12, 2018

Ms. Steffany Powell Coker
Secretary to the Commission
Public Service Commission of Wisconsin
P. O. Box 7854
Madison, WI 53707-7854

6630-TE-_____

Dear Ms. Powell Coker:

As the cost of renewable energy generation installations continue to decline, more of our customers have expressed interest in working with us to develop renewable energy in Wisconsin. In response to this customer interest, we have developed two new pilot programs. These pilot programs will allow us to partner with our customers who choose to either (a) host a solar PV system that the Company would own and operate – referred to as the Solar Now Pilot, or (b) subscribe to a Wisconsin-based dedicated renewable energy resource — referred to as the Dedicated Renewable Energy Resource Pilot — which is similar to a pilot approved for Madison Gas & Electric Company last year.

Pursuant to Wis. Stat. §§ 196.19 and 196.20, Wisconsin Electric Power Company (“Wisconsin Electric” or the “Company”) applies for approval to implement these two pilot programs for customers in our service territory. Additionally, Wisconsin Electric requests that a new docket be opened for its proposed Solar Now and Dedicated Renewable Energy Resource pilot program tariffs and that the docket be entitled “Application of Wisconsin Electric Power Company for Approval of its Solar Now and Dedicated Renewable Energy Resource Pilot Tariffs”.

Solar Now Pilot

For customers who wish to host a solar PV system, Wisconsin Electric requests that the Public Service Commission of Wisconsin (“PSCW”):

- Approve a pilot program, named Solar Now, which establishes a 2.25MW nameplate capacity limit on each hosted solar PV system installation, with a total participation cap of 35 MW with 10 MW being reserved for non-profit or government entities.

- Approve the tariff called *Solar Now*, as proposed in the attached Appendix A.
- Approve the Company's request to defer the cost of the installed solar systems and the lease payments made to participating customers as part of this pilot program between the date that this pilot program is approved and the implementation of the Company's base rate changes, as approved by the PSCW in the Company's next rate case proceeding.

This Solar Now pilot program will allow the Company to:

- Gain valuable knowledge, insight and experience operating distributed solar generation and the Company's existing distribution system with these distribution generation assets deployed;
- Identify characteristics of optimal sites that can utilize distributed generating assets to avoid or defer future investments in the Company's distribution system while maintaining world-class electric service reliability;
- Help meet its capacity needs while being responsive to customer requests for local distribution-connected solar generation;
- Partner with non-profit entities, which are not eligible for currently-available federal tax credits, wanting to host utility-owned solar generating assets;
- Partner with interested customers in hosting utility-owned solar generation projects; and,
- Encourage and support the growth of carbon-free electricity generation in Wisconsin.

A customer participating in the Solar Now pilot program will receive a monthly lease payment for hosting the solar PV system. The lease payment paid by the Company will be the value of the capacity directly attributed to the solar PV system, each as defined in the tariff. The value of capacity for a solar PV system will be available only to the extent the solar PV system receives capacity accreditation from the Midcontinent Independent System Operator ("MISO").

The lease payment will be paid in monthly installments equal to one twelfth (1/12th) of the annual amount. Additionally, the value of capacity will be based on MISO's Cost of New Entry ("CONE") for the relevant MISO Resource Adequacy Planning Year at the time the service agreement is executed with the customer. All energy generated by a solar PV system subject to this pilot will be delivered to the Company's distribution system and all rights to renewable energy attributes would remain with the Company.

Other important aspects of the Solar Now tariff:

- The customer will be required to enter into a written service agreement with the Company.
- Customers taking service under this pilot will be responsible for all rates, adjustments, and credits specified in the customer's otherwise-applicable rate schedule.
- Wisconsin Electric will retain ownership of and responsibility for the operation and maintenance of solar PV systems subject to the pilot.
- An individual customer (as defined by a tax ID number or a single unit of government) may host multiple, aggregated systems up to the established 2.25 MW limit for each installation.

For further details regarding the tariff, please see attached Appendix A.

Dedicated Renewable Energy Resource Pilot

For customers that wish to purchase a portion of a large-scale renewable energy project located in Wisconsin, the Company requests that the PSCW:

- Approve a pilot program, named the Dedicated Renewable Energy Resource Pilot, which establishes a 150 MW nameplate capacity limit of total customer participation for existing load without a limit to the number of customers that can participate in the program.
- Approve the tariff called Dedicated Renewable Energy Resource Pilot, as proposed in the attached Appendix B.

The Dedicated Renewable Energy Resource Pilot will allow the Company to:

- Provide participating customers with specific renewable energy goals or needs with the renewable energy that they have requested during the term of the service agreements;
- Partner with participating customers wanting to acquire energy from local, renewable resources;
- Help meet the Company's capacity needs while being responsive to customer requests for local renewable generation;

- Provide non-participating customers with a valuable, productive renewable energy generation resource — at net book value — at the end of the service agreements with participating customers; and,
- Encourage and support the growth of carbon-free electricity generation in Wisconsin.

A customer participating in the Dedicated Renewable Energy Resource Pilot will pay all costs associated with the associated renewable energy resource subject to each service agreement. These costs include, but are not limited to, depreciation, return on invested capital and operations and maintenance during the term of the service agreement.

Participating customers will receive, on a monthly basis, a credit equal to the value of the market value of the energy generated by the portion of the renewable resource dedicated to their use and a monthly capacity credit. The energy credit cannot exceed the amount of a customer's load for any 60 minute interval. If the dedicated renewable energy resource generates more energy than the customer consumes during any 60 minute interval, that excess energy is provided to non-participating customers at no cost. Rights to renewable energy attributes will be assigned to participating customers in accordance with tariff provisions.

The capacity credit will be applied in monthly installments equal to one twelfth (1/12th) of the annual amounts. The value of capacity for a dedicated renewable energy resource will be available only to the extent the dedicated renewable energy resource receives capacity accreditation from MISO. Additionally, the value of capacity will be based on MISO's CONE or the MISO zone 2 Planning Resource Adequacy Auction clearing price for the relevant MISO Resource Adequacy Planning Year, which will be determined with reference to the Company's capacity position during the MISO Resource Adequacy Planning Year at the time the service agreement is executed with the customer.

If a long term capacity payment is not available, a participating customer will be provided a short-term capacity payment and placed on the waiting list for a long term capacity payment on a first come, first served basis.

Other important aspects of the Dedicated Renewable Energy Pilot are:

- The customer will be required to enter into a written agreement with the Company that will require PSCW approval;
- Customers taking service under this rider will be responsible for all rates, adjustments, and credits specified in the customer's otherwise-applicable rate schedule;
- The company will own and maintain responsibility for the operation and maintenance of each dedicated renewable energy resource used as part of this pilot;
- An individual customer (as defined by a tax ID number or a single unit of government) may enter into a service agreement up to their aggregated load; however, under no circumstances will multiple customers be allowed to aggregate eligible accounts under a single service agreement.

For further details regarding the tariff, please see attached Appendix B.

Additionally, the Company is interested in leveraging this pilot to learn how distributed generation could be used as a cost effective way to maintain or enhance reliable and cost effective delivery of electricity to its customers. Should you have any questions related to this request, please contact Rich Stasik at richard.stasik@wecenergygroup.com or 414-221-3685.

Sincerely,



Theodore T. Eidukas
Vice President
State Regulatory Affairs

Attachments