

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of Wisconsin Electric Power)	
Company, as an Electric Public Utility, for)	6630-TE-102
Approval to Implement a Solar Now Pilot)	
Tariff and a Dedicated Renewable Energy)	
Resource Pilot Tariff)	

**COMMENTS ON WISCONSIN ELECTRIC POWER COMPANY'S
RENEWABLE ENERGY PILOT PROGRAMS
OF THE ENVIRONMENTAL LAW & POLICY CENTER
AND VOTE SOLAR**

The Environmental Law & Policy Center (“ELPC”) and Vote Solar hereby file their comments on the Wisconsin Electric Power Company’s (“WEPCO”) proposed Solar Now and Dedicated Renewable Energy (“RE”) Resource pilot programs. ELPC and Vote Solar have several concerns and recommendations to improve these programs and ensure the public interest is served. Both ELPC and Vote Solar have members who live and work in Wisconsin, and ELPC has an office and staff in Madison, Wisconsin.

As an initial matter, ELPC and Vote Solar suggest that these proposed pilots be considered in a contested case proceeding to allow the various issues to be more thoroughly considered and discussed. Renewable energy programs and their implications for consumer and environmental interests are complicated, and there are many stakeholders with relevant and important positions and expertise, and their input is invaluable. At a minimum, the Public Service Commission of Wisconsin (“PSC” or “Commission”) should require WEPCO to report publicly on its pilots on a regular basis and modify the programs over time to reflect information gained through implementation, in a process that allows participation by the public and stakeholders.

On the merits of the programs proposed here, ELPC and Vote Solar have several concerns and recommendations for improvement. ELPC and Vote Solar acknowledge that the proposed pilots do have positive attributes, most importantly the fact that the pilots are designed to lead to new renewable energy facilities being built in Wisconsin. However, ELPC and Vote Solar are concerned that (1) the record is not clear on whether WEPCO will ensure that renewable energy projects will be built at least-cost, such as through a competitive procurement, (2) features of WEPCO's proposed bill credit formulas for both programs are inherently unfair and contrary to good policy, and (3) the pilots as proposed may not meet customer needs. The Commission should require significant revisions before approval.

It is also important that these pilots are considered in the broader context of the state of the market for customer-sited distributed generation. WEPCO has taken the position that third-party financed customer-sited distributed generation triggers public utility regulation—an interpretation that, if adopted by the PSC, would essentially foreclose third-party financing of distributed solar. At the same time, WEPCO is pushing customers toward its own Solar Now program. Similarly, the Distributed RE Resource pilot provides crediting analogous to that for owners of Qualifying Facilities under the Public Utility Regulatory Policies Act (“PURPA”), but the facilities are owned by WEPCO and costs and credits are “sleeved” through the WEPCO tariff. WEPCO has a clear financial interest in restricting customer-owned and customer-sited generation and instead pushing customers toward its own pilot programs. However, it is critical for both customer interests and environmental values that the market for customer-sited renewables is not limited, but instead allows and encourages participation by a broad range of players, who can compete to offer the best options to customers.

I. The PSC Must Carefully Analyze WEPCO’s Proposed Pilots Prior to Approval and on an Ongoing Basis

ELPC and Vote Solar strongly encourage the Commission to provide a more comprehensive process for stakeholder input on the proposed pilots beyond the filing of comments, both at the initial approval phase and during ongoing review. Renewable energy programs like these are very complicated, and consideration must be given to fees, credits, accounting, caps, treatment of renewable energy credits (“REC”), and other terms and conditions. The public is very interested in distributed renewable energy programs, as evidenced by the numerous public comments in the docket, and is especially concerned about access to programs and projects provided by the competitive market. A poorly designed utility program could, for example, overcharge customers, not meet customer needs, or not adequately disclose risk, while at the same time drawing customers away from competitive market options that may be more cost-effective, transparent, and fair. Importantly, all charges for public utility services must be “reasonable and just.” Wis. Stat. Ann. § 196.03

A. The PSC Should Consider WEPCO’s Proposed Pilots in a Contested Case Proceeding

The current proceeding is very limited and does not allow for expert testimony or a series of briefs in which stakeholders can respond to the arguments and positions of other parties. While fully acknowledging that ELPC and Vote Solar are late intervenors, a deadline on comments of less than six full business days after the staff report was filed is a very fast turnaround and may preclude a full and thorough analysis of the pilots and the relevant issues by the parties.

ELPC and Vote Solar also are concerned that not all relevant information and documents have been filed in the docket and therefore have not been made available to parties and the public. For example, the “application” letter is filed in the docket, but the actual tariffs are not.

Similarly, the staff report and discovery questions reference a request for deferral of the costs of Solar Now, yet the “application” letter does not contain this request, nor is the request separately filed in the docket. Without access to a full record of information, it is difficult for the public and stakeholders to analyze the proposed pilots. The very short comment period also reduced opportunities to obtain important information through discovery. A more thorough review process could alleviate these concerns.

B. The Commission Should Require Ongoing Processes to Evaluate and Modify the Proposed Pilots

ELPC and Vote Solar also suggest that the Commission must oversee the pilot programs as they are implemented and require recordkeeping and reporting on things like enrollment, system costs, net price impact to customers, and benefits to WEPCO. The Commission has authority to “supervise and regulate every public utility in this state and to do all things necessary and convenient to its jurisdiction.” Wis. Stat. Ann. § 196.02(1). PSC Rule 137.08 sets out specific requirements for voluntary renewable resource programs, which appear to apply to these pilots. Accordingly, the utility’s application must include items such as “[a] proposed reporting schedule,” “[a] description of the energy utility’s proposed database tracking and reporting system,” and “[a]n evaluation, measurement, and verification plan.” WEPCO has not provided any of this information in its application and stated in data request responses that it is not proposing any reporting requirements for either pilot. (1-ELPC-WEC-1, PSC #355549; 1-ELPC-WEC-7; PSC #355556). Wisconsin law also provides that the Commission has oversight of voluntary renewable resource programs, Wis. Stat. § 196.374(3)(a), and may only approve such a program if it “is in the public interest,” “has specific savings targets and performance goals,” and “is subject to independent evaluation by the commission.” Wis. Stat § 196.374(3)(c)(2).

Ongoing reporting and evaluation will allow the Commission, stakeholders, and the public to evaluate the success of various aspects of these pilot programs and consider how they could be improved. As noted above, there is significant public interest in renewables and access to a diverse range of choices. With stakeholder input, the Commission can then make informed decisions regarding revision and/or expansion of these programs. For example, a better understanding of the grid benefits of distributed energy may reveal that the current pilot could be restructured to better incentivize project participation in strategic locations on WEPCO's distribution grid. This could attract more participation while helping avoid or defer other utility investment to benefit all of WEPCO's customers. Allowing flexibility in these programs going forward, as technologies and markets change, is important for ensuring value and attractiveness to customers.

C. Commission Approval Is Required for the Proposed Solar Now Pilot

Commission staff suggests in its memo that Commission approval may only be needed for the Solar Now program to the extent that WEPCO seeks cost deferral. ELPC and Vote Solar disagree. First, as noted above, the Commission has general oversight authority over public utilities. Wis. Stat. Ann. § 196.02(1). Second, Commission approval is required for voluntary renewable resource programs, pursuant to Wis. Stat § 196.374(2)(b)(2) (“An energy utility may, with commission approval, administer or fund an energy efficiency or renewable resource program that is in addition to the programs required under par. (a) or authorized under subd. 1.”).

Third, Commission approval and oversight is important for policy reasons. With the Solar Now pilot, WEPCO, a regulated utility, seeks to expand its role beyond that of a traditional public utility and engage in a new type of business transaction with customers. While this may have benefits, as discussed below, Commission oversight is important to ensure that those

benefits are realized. In addition, the program should be viewed holistically, rather than as simply a set of unrelated projects. WEPCO estimates that “the total financial commitment would total approximately \$ 9.3 million in the first year.” (1-NAS-1, PSC #352460). To protect the interests of ratepayers, then, Commission oversight is vital, even if specific facilities are below the threshold for Commission review. Furthermore, customers that participate in the program as hosts may assume that since WEPCO is a regulated utility, that the Commission has considered and determined the overall fairness of the program. This also supports Commission oversight.

II. The PSC Should Not Approve the Pilots as Proposed

While WEPCO’s proposed pilot programs do include commendable features, they should be modified prior to approval. ELPC and Vote Solar acknowledge that the proposed programs do lead to the deployment of new renewable energy resources, rather than relying on existing resources. This is incredibly important for renewable energy programs and greatly increases environmental value. In addition, the Dedicated RE Resource pilot appears to allow some flexibility to meet the needs of individual customers. The staff memorandum states that WEPCO would “guide the procurement of renewable resources to fit with the customer’s goals, load profile, and willingness to pay.” (Staff Memo. at 9, PSC #355006)

However, ELPC and Vote Solar have several concerns. First, WEPCO’s renewable energy programs should rely on competitively bid renewable energy facilities and also should not in any way preclude non-utility entities from providing customer-sited distributed generation. Second, both of the pilots have inappropriate limitations on compensation to participating customers. Third, ELPC and Vote Solar have concerns about whether the proposed pilots will meet customer needs.

1. Competitiveness and Competition

Some of ELPC and Vote Solar’s primary concerns revolve around competition. WEPCO, as a regulated monopoly utility, seeks to enter the competitive market of distributed generation with these pilots. Yet at the same time, in other contexts, WEPCO seeks to preclude other players in this arena, as demonstrated by its letters to the City of Milwaukee and Eagle Point Solar obstructing several solar projects.

WEPCO’s proposed pilots should only be approved if allowing utility participation in the competitive distributed generation market is in the public interest. See Wis. Stat. § 196.374(3)(c)(2) (voluntary renewable resource programs can only be approved if in the public interest); PSC R. 137.08(4)(b)(1); see also *Wisconsin Power & Light Co. v. Public Service Comm’n*, 45 Wis. 2d 253, 259 (1969) (Wisconsin Supreme Court has consistently held that the “predominant purpose underlying the public utilities law is the protection of the consuming public”). Having a utility develop distributed generation could be valuable if the utility uses the resources to improve grid services and reliability and defer or eliminate the need for other system upgrades. Indeed, utilities are well-positioned to facilitate the strategic development of distributed generation in a coordinated way to maximize grid benefits. However, while WEPCO acknowledges that such benefits could be created by its Solar Now program,¹ it does not explain how it will ensure that this value is captured. The Commission should require a detailed plan for capturing these benefits in order to ensure that utility entry into this market is justified and desirable.

WEPCO has not demonstrated that its proposed pilots will be built at least-cost. ELPC and Vote Solar asked in a data request “how the Company intends to procure the solar facilities

¹ The application letter states that the Solar Now program “will allow the company to . . . [i]dentify characteristics of optimal sites that can utilize distributed generating assets to avoid or defer future investments in the Company’s distribution system.” (App. at 2, PSC #351616).

used in the . . . pilot[s and whether] the solar projects be competitively procured.” (1-ELPC-WEC-4, PSC #355553; 1-ELPC-WEC-8, PSC # 355554). WEPCO responded that “the Company will rely on leading design, engineering, construction and procurement resources with significant experience,” but did not answer whether the projects would be competitively bid. *Id.* A utility program may only include reasonable and fair expenses, whether the costs will be spread across all of its customers, as with the Solar Now pilot, or passed through directly to specific customers, as with the Distributed RE Resource pilot. Based on WEPCO’s data request responses, it seems unlikely tha the renewable energy facilities will be competitively bid. WEPCO should take advantage of the competitive market and the existence of companies experienced in developing distributed generation, and put the development of the renewable energy facilities out to bid. WEPCO is obligated to build these facilities in the most cost-effective manner possible, and this will help ensure that customers are not overcharged for the services that they are receiving. This is especially crucial in the Dedicated RE Resource program, where a specific customer is paying all costs of a new renewable energy facility. There is no justification for requiring the customer to pay for a “gold-plated” facility.

In addition, there are a number of other reasons for the PSC to consider the benefits of competitive markets for customer-sited renewable energy facilities. For commercial and industrial (C&I) customers (which generally includes the educational institutions and municipal governments interested in these pilots), developing a renewable energy project is much more than just the engineering, procurement and installation of a system. Optimizing a system for a particular customer involves understanding many aspects of the customers’ activities and financial situation, including:

- Ability to take advantage of the tax benefits available (both the federal investment tax credit and expensing/bonus depreciation opportunities),
- Credit worthiness (impacts financing options available),
- Value of the hedging value of the project,
- Financing and cash flow preferences,
- System design, configuration and siting considerations and preferences, and
- Load characteristics and power quality requirements

The renewables industry and the clean energy financing entities have developed significant expertise at understanding and meeting the complex project development needs and preferences of C&I customers. ELPC and Vote Solar believe that the Commission and WEPCO should be taking steps to leverage that experience and expertise for the benefit of C&I customers.

Alternatively or additionally, WEPCO could offer a sleeved power purchase agreement (“PPA”) program under which customers could contract with a third-party developer and owner, and then “sleeve” the PPA through the utility. This is the approach taken in Madison Gas and Electric’s Renewable Energy Rider, under which “[e]ither MGE or a third party can own the renewable generation facility.” The value of allowing access to offsite third-party owned facilities is significant.

Finally, although perhaps not directly at issue in this docket, is a concern about WEPCO’s apparent desire to foreclose the distributed generation market to other actors. WEPCO has taken the position that third-party owners of customer-sited distributed generation (“DG”) must be regulated as public utilities, which would essentially foreclose third-party financing. For example, WEPCO recently refused to interconnect seven DG facilities as part of the City of

Milwaukee's ReFresh plan while at the same time steering the City to WEPCO's Solar Now program.²

WEPCO has an obvious business interest in restricting competition in the DG market, but it is imperative that WEPCO not be allowed monopoly power in this area. The Solar Now program should in no way be seen as a substitute for or preclusive of private development of distributed generation. The Distributed RE Resource pilot is very analogous to the regulatory system for PURPA QFs, except that the facilities are owned by the utility and the cost and credit are "sleeved" through the utility tariff. PURPA requires utilities to purchase energy and capacity from "qualifying facilities" (QFs) at the utility's "avoided cost," which should at least be equivalent to the MISO energy and capacity value offered to pilot program participants here. WEPCO's compliance with PURPA is outside the scope of this docket, but the Commission should ensure that WEPCO is treating utility-owned resources under the Distributed RE Resource pilot in a comparable way to QF resources as required by PURPA. It is important that the Distributed RE Resource program be viewed as a complement to and not a substitute for PURPA requirements. In particular, WEPCO should not be allowed to discriminate against QFs by offering them a lower rate in order to steer customers toward WEPCO's preferred utility-ownership model.

2. Fairness of Compensation and Crediting

ELPC and Vote Solar have significant questions and concerns with proposed limitations on customer compensation and crediting.

² Letter to Elizabeth Hitmann, Sustainability Program Coordinator, City of Milwaukee, from Theodore T. Eidukas, Vice President, State Regulatory Affairs, We Energies regarding interconnection request (Oct. 26, 2018).

A. Solar Now Pilot

Under the Solar Now program, WEPCO proposes to essentially lease space on customers' property, including rooftop space, for placement of solar generation facilities. Customers are compensated based on the MISO accredited capacity of the system multiplied by the MISO Zone 2 Cost of New Entry for the year in which the agreement is executed, "up to the customer's firm demand at the time the service agreement is entered into." Appendix A ("Solar Now" tariff) at 1. As an initial matter, there is no explanation in the record for why a capacity payment is the correct way to compensate customers for leasing space. There is no inherent basis or logic behind this method of determining compensation as opposed to any other method, such as a fixed monthly payment based on amount of space taken up or a more flexible method that accounts for the locational grid value of distributed resources. Further, WEPCO states that the "value of capacity definition is subject to change." Presumably this does not contemplate changing the definition for customers who have already entered into an agreement, but any changes to such a critical component of the program should require PSC review and approval.

ELPC and Vote Solar are very concerned about the Solar Now provision that would limit a customer's lease payment based on "the customer's firm demand at the time the service agreement is entered into." Appendix A ("Solar Now" tariff) at 1. WEPCO provides no explanation for this provision. The solar facilities would be owned by WEPCO and would feed directly onto the distribution system, and WEPCO is essentially just leasing space on the customer's property. There is no reason that the customer's lease payment should be based on the customer's electricity demand, as the customer's demand is entirely irrelevant to the value of the solar project, its benefits to WEPCO, or the burden on the customer of hosting a facility. In other words, the Solar Now program is categorically different than a net metering program in

which the customer consumes power on-site and then exports any excess generation to the grid at retail rates. For net metering, there is some logic to requiring customers to size generation to on-site load. But the Solar Now program is different. None of the electricity from Solar Now will be used by the site host. WEPCO will own the solar facility and all of the generation will be delivered to the bulk system to be delivered to WEPCO's customers at large. Moreover, it is inefficient to limit the size of projects in the Solar Now program in that it discourages customers from allowing relatively large installations on sites with low energy demand, even if siting large systems at those locations would have significant grid value and/or be more cost-effective than siting a smaller facility. For example, warehouse roofs often make good sites for solar, yet have low demand. Maximizing the size of a solar installation on a warehouse roof would be less expensive on a per-kWh basis than arbitrarily limiting the size of the installation based on the site host's load. This limitation should be eliminated from the program.

Finally, WEPCO acknowledges that it will receive grid benefits from the distributed generation developed pursuant to the Solar Now Pilot, yet does not explain how it intends to maximize these grid benefits and share the value of these benefits with customers participating in the program. It is widely acknowledged that the grid value of distributed energy resources (DER) varies with location³ and that strategic siting and deployment of DER can help offset or defer the need for some traditional utility investment as a non-wires alternative.⁴ If some or all of this value was passed along to hosting customers, it would increase the incentive for customers with the best and most efficient hosting locations to participate in the program, making the program

³ See, e.g., Fine, Steve *et. al.* "The Value in Distributed Energy: It's All About Location, Location, Location." ICF International, 2016 (available at https://www.icf.com/-/media/files/icf/white-paper/2015/value_in_distributed_energy_location.pdf).

⁴ Volkmann, Curt. "A Path Forward: Integrated Distribution Planning." GridLab, July 2018 (available at <https://gridlab.org/publications/>); GridLab, Gridworks. 2018. "The Role of Distributed Energy Resources in Today's Grid Transition." August. https://gridlab.org/s/GridLab_RoleOfDER_online.pdf.

overall more successful and cost-effective. The Commission should require WEPCO to work with stakeholders and Commission staff on an ongoing basis to investigate how the Solar Now program can be improved to incentivize DER in locations that will maximize grid value to the benefit of all utility customers.

B. Dedicated RE Resource Pilot

ELPC and Vote Solar also have significant concerns with the customer credit under the Dedicated RE Resource Pilot. Participating customers would receive an energy credit limited by the amount of the customer's load for every 60 minute interval based on the market value of the electricity. Customers would also receive a capacity credit, which would be limited by a customer's maximum billed demand in each billing period. RECs are provided to the customer, but again, are limited by the customer's demand in every 60 minute interval.

Limiting a customer's energy credit, capacity credit, and the awarding of RECs based on a customer's electricity demand or bill amount is entirely inappropriate in the context of this program. WEPCO's proposed tariff requires a participating customer to pay the full cost of developing the renewable energy resource, including a rate of return for the company's shareholders. WEPCO's application states that "[t]hese costs include, but are not limited to, depreciation, return on invested capital and operations and maintenance during the term of the service agreement." If the customer is expected to pay the full costs of the project, then the customer should also receive all benefits that flow from its financing of the project. This includes receipt of all RECs and crediting for all electrical output and capacity value (as well as grid and system benefits, addressed below). There is no reason to limit the energy credit or RECs transferred based on how well the customer's energy demand lines up with the timing of electricity generation by the facility. This proposal robs customers of the benefits that they have

paid for and encourages undersizing of projects. Under this provision, for example, a school that sits empty during the sunny summer days would lose the value of all of the energy generated by a solar facility that it had paid for.

The wholesale market price already accounts for how well the resource's generation profile matches up with overall system demand. If the concern is oversizing resources, as the staff memorandum suggests, an approach that would more directly and fairly address that would be to limit the size of the resource such that annual energy production does not exceed the customer's annual demand. Again, however, the concept of "oversizing" generation does not make sense in this context. Unlike a net metering program, none of the output from a DRER resource is used to serve onsite load. All of the generation will be delivered to the bulk system to be delivered to WEPCO's customers at large or sold on the wholesale market. The program should be revised to eliminate the restrictions that unfairly deny customers the benefits from a solar resource that they have paid for in full.

ELPC and Vote Solar do not support Staff's recommendation to use the average of MISO's Planning Resource Adequacy Auction ("PRA") and Cost of New Entry ("CONE") to set capacity payments. When WEPCO has a capacity need, WEPCO's avoided cost is the money that it no longer has to spend to own the needed capacity itself. CONE is specifically an estimate of this—the cost of owning new capacity. It is appropriate for this amount to be credited to the customer who is paying the full costs to develop the new capacity resource.

The MISO PRA price does not accurately reflect the value of incremental solar generation in any circumstance. Most participants in the MISO market are cost-of-service regulated utilities who have access to generation revenues through cost recovery in excess of the implicit market revenues they would receive for generation capacity and energy. Equilibrium in

such a market cannot be expected to reflect the full costs of generation. In such a market, use of market prices to compensate DRER Program participants when the Company would be eligible to receive full cost recovery through Commission proceedings would be grossly discriminatory against the DRER Program participants. MISO itself acknowledges that its capacity auction is not expected to provide adequate price formation to clear the capacity market.⁵

CONE is an estimate of the cost to a utility to own a combustion turbine. Utilities require some capacity resources that are expected to be used very little if at all, in order to provide a reserve margin against risks of forced outages or load deviations from forecast. At present, gas combustion turbines are the resource most commonly used for this purpose because they have the lowest capital carrying cost per unit of unforced firm capacity. Further, it is straightforward to show mathematically that in an optimal portfolio found through integrated resource planning, the net cost of a marginal increase in the amount of every generation technology will be the same, and that the net cost of a marginal increase in capacity will be equal to the cost of the reserve margin resource. Since a combustion turbine is the current choice for a reserve margin resource, that is the appropriate way to assign capacity value to any resource. It is therefore appropriate to use the cost of a gas combustion turbine to determine the capacity credit for a DRER Program participant.

ELPC and Vote Solar also approve of the proposal to create a “waiting list” such that customers receiving PRA can be switched over to receiving CONE if a capacity need develops. However, the program should clarify that WEPCO must first use capacity from that waiting list prior to building or entering into a contract for capacity if it would be more cost-effective for WEPCO’s customers.

⁵ See MISO Competitive Retail Solution Task Team Report, available from <https://cdn.misoenergy.org/20160414%20RASC%20Item%2002a%20CRSTT%20Report87240.pdf>.

In addition, it is unclear whether additional values of the projects are captured and passed on to the customer. Specifically, solar projects are eligible for federal investment tax credits and for bonus accelerated depreciation which provide significant economic value. Entities that pay federal income taxes are able to capture these benefits and they typically constitute a significant portion of the financial calculations for any particular project. In states where third party ownership of solar projects is allowed, non-taxpaying entities are able to recognize these benefits via third party ownership. The economic attractiveness of any projects proposed by the Company or its customers will be heavily dependent on whether the tax benefits are captured and the project financials are optimized, and whether that value will be passed onto customers. ELPC and Vote Solar asked in a data request, “Will the Company take advantage of and pass on to the customers all tax benefits of the project including the federal Investment Tax Credit and accelerated depreciation/expensing opportunities?” (1-ELPC-WEC-13, PSC # 355562). WEPCO stated that “the Company expects to take advantage of available tax benefits, to extent that doing so is allowable by IRS regulations and the PSCW.” *Id.* WEPCO did not state whether or how this value would be passed on to customers.

Also, as with the Solar Now program, the deployment of renewable resources pursuant to the Dedicated RE Resource pilot will have grid and system benefits. The Commission should require WEPCO to work with stakeholders and Commission staff on an ongoing basis to investigate how DRER resources can be strategically located and utilized to maximize potential grid benefits so that the value of these benefits can be realized by program participants and all utility customers.

3. Meeting Customer Needs and Sustainability Goals

A final concern with respect to the proposed pilots is whether they meet customer needs and sustainability goals. For example, the pilots meet some but not all of the Corporate Renewable Energy Buyers' Principles, which "tell utilities and other suppliers what industry-leading, multinational companies are looking for when buying renewable energy from the grid."⁶ The pilots do create additional choices for customers and provide an opportunity to work with the utility. It is unclear from the record, however, whether the pilots are allowing access to "cost competitive options," and the pilot does not contemplate access to third-party financing vehicles. Importantly, many companies wish to participate in renewable energy programs in part so that they can meet corporate sustainability goals and make statements about the environmental impacts of their participation in a program.

Although the pilots do lead to new projects, it is unclear whether this new generation and capacity will be used to "back out" fossil fuel-powered generation, or whether it will simply add more generation to the mix that will be sold on the wholesale market. The former obviously has significantly greater sustainability implications. Under the Dedicated RE Resource program, the customers still pay for all of their electricity use under the default tariff, and the renewable energy program is an additional transaction on the side. This is in contrast to Madison Gas and Electric's renewable energy program, in which the renewable electricity is actually substituted for the default power mix.⁷ It is not clear from the record how WEPCO's proposed pilots will reduce overall carbon emissions in Wisconsin. Further discussion of this point is needed to give participants confidence that their participation will help address their larger corporate or civic sustainability goals. Relatedly, neither proposed pilot offers an opportunity for customers to self-

⁶ *The Principles*, Corporate Renewable Energy Buyers' Principles, <https://buyersprinciples.org/principles/>.

⁷ *Renewable Energy Rider*, Madison Gas and Electric, <https://www.mge.com/customer-service/business/renewable-energy-rider.htm>.

generate electricity. Under the Solar Now program, WEPCO is simply leasing space on the customer's roof or property, and the electricity generated goes straight onto the grid. The Distributed RE Resource pilot is a "buy all, sell all" program, and likewise does not provide access to bundled power and RECs.

In addition, REC ownership is the traditional and widely accepted method of determining who can make claims around renewable power. Notably, then, if the hosting customers in the Solar Now program do not receive the RECs, they would not be able to state that they use or generate renewable energy in support of their sustainability goals. ELPC and Vote Solar understand that WEPCO plans to suggest a modification to the Solar Now program under which customers would be provided with the RECs generated by the solar facilities on their property. ELPC and Vote Solar support this modification generally, but have not been provided with the details of this proposal.

III. Conclusion

ELPC and Vote Solar support a more thorough analysis process for the proposed pilots prior to a Commission decision. An ongoing oversight process, which includes an opportunity for involvement by stakeholders, is critical as a policy matter and also required by Wisconsin law and PSC rules. Further, the Commission should require a number of specific modifications to the proposed pilots before approval, including requiring that the renewable energy facilities be competitively procured and removing the limitations on customer compensation and credits for both the Solar Now and DRER pilot programs.

Dated this 18th day of December, 2018.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of *Comments of the Environmental Law & Policy Center and Vote Solar* has been served by electronic mail (e-mail) to all parties listed on the Service List.



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