

# Renewable Pathway to 25% by 2025

CC File #231608





# City Policies on Renewable Energy

25% by 2025 (CCFN  
#091066)

Resolved, That the City of Milwaukee will advance Wisconsin's vision for energy independence by generating 25% of the City's electricity and 25% of its transportation fuels from renewable resources by 2025

This goal was reinforced in the *Refresh Milwaukee* Sustainability Plan in 2013

## Climate and Equity Plan

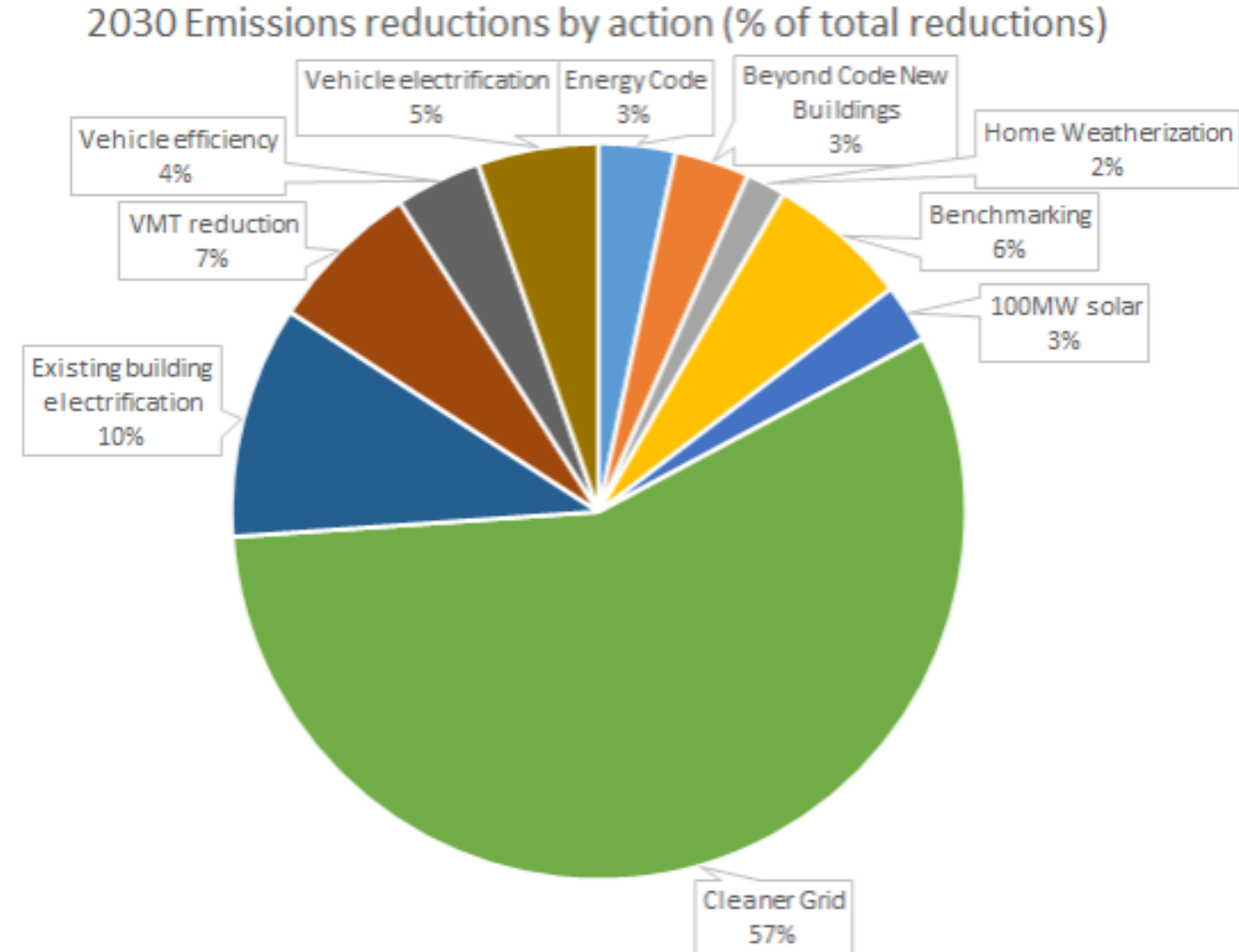
- *Greening the Grid* Chapter outlines the direct purchasing of renewable energy as a strategy for municipal operations



# A Greener Grid is arguably the most important strategy in the Climate and Equity Plan

Greening the Grid Accounts for 57% of the change needed to meet our 2030 Climate & Equity Plan emissions goal.

It underpins other strategies like vehicle electrification



# Wisconsin is a Regulated utility state

The City of Milwaukee and Milwaukee County are in We Energies service territory.

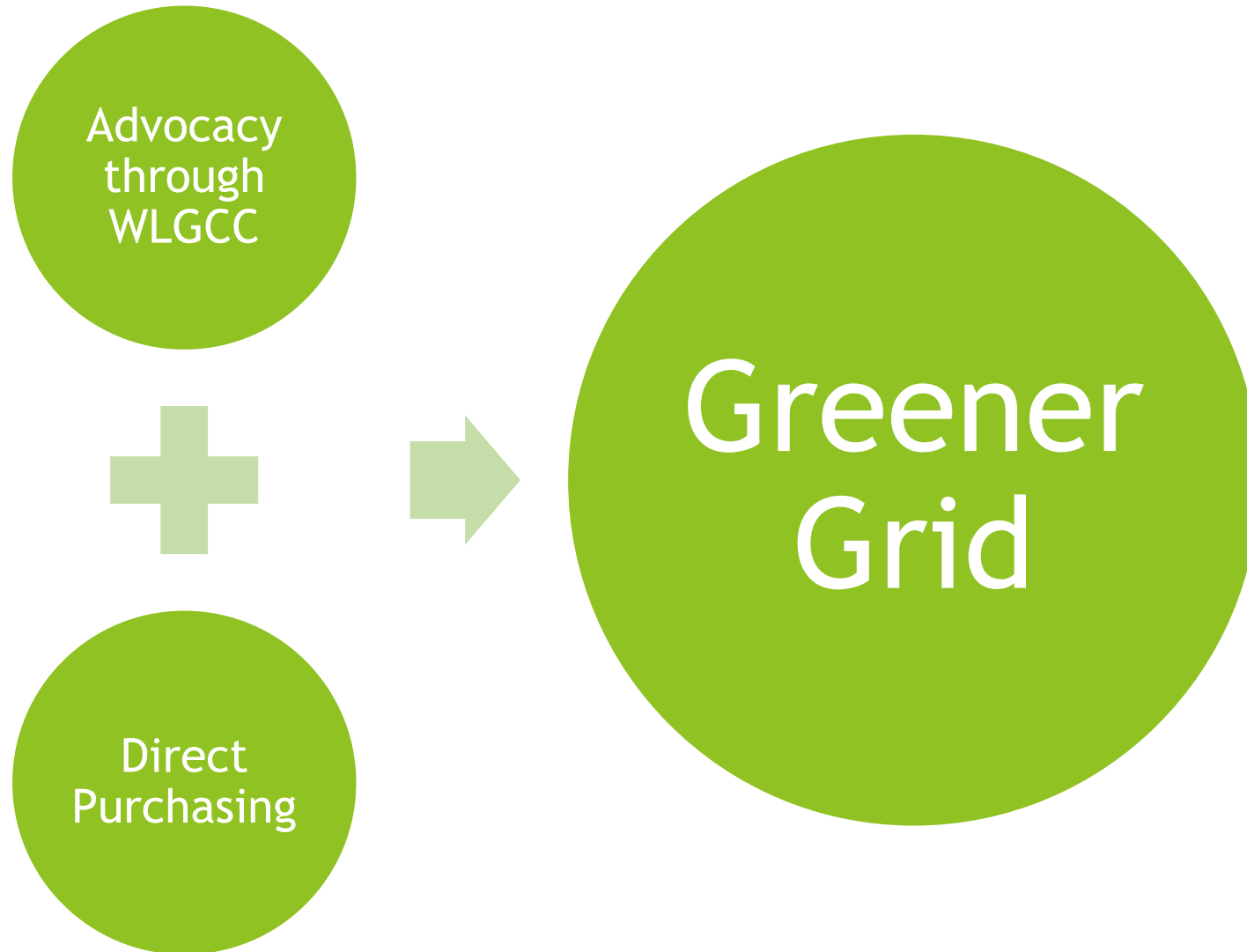
We Energies is the sole public electric utility in our area. They are regulated by the Public Service Commission of Wisconsin, and also comply with federal and regional regulation.

Distributed solar energy, for the most part, is interconnected through the grid.

**About 6% of the electricity provided by We Energies is from renewable energy, currently**



# We need to go above and beyond the utility's renewable energy plans for general customers





# Both Rooftop Solar and Utility-Scale are Needed





# We can't meet 25% Renewable Energy Goals without working with We Energies

- Early 2018: Joint executive letter to We Energies asking for better renewable energy options
- Late 2018: We Energies gets PSC approval for two new solar programs: Solar Now and DRER
- City used Solar Now program to build 2.25 MW of solar on city-owned landfill, gets around \$96,000 revenue. Project commissioned in 2021
- DRER had some challenges. ECO worked to develop a better alternative to help the City reach 25% goal. New proposal is called Renewable Pathway Program.
- We Energies proposed the Renewable Pathways Program to PSC in 2022.
- PSC approved [Renewable Pathways in 2023](#), and cut the cost in half from the original proposal due to new solar tax credits



January 11, 2018

We Energies  
231 W. Michigan St.  
Milwaukee, WI 53203

To the Leadership of We Energies:

We, Milwaukee-area governments and institutions of higher education, write to you today to commend We Energies' recent steps to transition to a clean energy future. Our customers and constituents want Milwaukee to be a world-class eco-city that remains viable through innovation and clean energy technologies. We request that We Energies further engage large customers such as ourselves in planning and installing new renewable energy projects.

In recent years, we have adopted aggressive climate and energy-related policies and goals. Our relevance in attracting and retaining business, residents, and students is enhanced by our ability to source renewable energy. Though well-intentioned, participating in the Energy for Tomorrow program does not further reduce greenhouse gas emissions as new customers subscribe to it. We would like the demand from customers like ourselves to drive further investments in renewable electricity.

Now that renewable electricity has become cost-competitive with conventional energy sources, it's time to move to a new program design for delivering the objectives we seek from a utility renewable energy service: (1) price stability (and, potentially, bill savings) over the long term, (2) measurable reductions in greenhouse gas emissions caused by our energy consumption, and (3) new and additional installations of renewable energy that are visible to our local community.



# Our largest renewable energy projects were done with support from We Energies





# What is the Renewable Pathway Program?

- We Energies would build new, large scale solar energy systems dedicated to help City or other large institution meet its renewable energy goals
- City retains Renewable Energy Certificates (RECs), the legal method for claiming credit for renewable energy systems
- Local labor requirements can be negotiated on new projects
- Financed on-bill. Under a 5-year subscription, the City would agree to pay an additional \$0.005/KWH on our electric bill for each unit of renewable energy
- We Energies handles all project management and maintenance.
- Proposal was discussed at length to City-County Task Force on Climate and Economic Equity



# Documentation

- See page 303

<https://www.wisconsinenergies.com/pdfs/etariffs/wisconsin/elecrateswi.pdf#pagemode=bookmarks>

## WISCONSIN ELECTRIC POWER COMPANY

Volume XX – Electric Rates

Revision 0 Sheet 23

Amendment No. 79

RP

Effective In All Areas Served In Wisconsin

### RENEWABLE PATHWAY PILOT PROGRAM

(Continued from Sheet 232)

#### Subscription Price (Continued)

Pricing is based on the resource cost, administrative and marketing costs, distribution line loss adjustments, other miscellaneous adjustments, capacity credits, and energy credits, as approved by the Commission. The portion of the subscription price based on capacity credits and energy credits shall be based on the Company's average embedded production cost per kWh currently reflected in retail rates, and is subject to change as the average embedded production cost reflected in retail rates changes.

#### Rate

The One-Year subscription rate will be updated from time to time in rate proceedings. For one-year subscriptions, the following rate applies effective January 1, 2023:

Year	Cost per kWh	Credit per kWh	Net Price per kWh
2023*	\$0.06439	\$0.05722	\$0.00717
* Based on preliminary forecasts for 2023. Illustrative based on recent projects and is subject to change.			

For the Five Year subscription, the aspects of the subscription price that are not based on embedded production costs ("Costs per kWh" below) are not subject to change and will remain effective as follows:

Year	Cost per kWh	Credit per kWh	Net Price per kWh
2023*	\$0.06253	\$0.05722	\$0.00531
2024	\$0.06253	\$0.05722	\$0.00531
2025	\$0.06253	\$0.05722	\$0.00531
2026	\$0.06253	\$0.05722	\$0.00531
2027	\$0.06253	\$0.05722	\$0.00531



# Current Proposal

ECO proposes to use the Renewable Pathways program to build up to 11 MW of new solar this year to help the City achieve its stated 25% by 2025 renewable energy goal.

The Proposed resolution directs ECO to come back with additional sites to help the City achieve 100% renewable electricity of city operations by 2030 for subsequent Council consideration.

# Two Sites

- 1600 E College Ave  
(Landfill next to General Mitchell Airport).  
(approx. 4.6MW)
- 3721 West 5 Mile Road,  
Caledonia, WI 53108  
(approx. 6MW)





# Fiscal Impact

- The 11 MW proposal would cost the City an additional **\$97,000** per year on our electric bill, but we also get \$12,000 in lease revenue from the landfill site. This assumes we lock into a 5 year agreement. [A one-year agreement increases the marginal cost of electricity to \$132,000]
- These costs are about half of what we originally anticipated before the federal Inflation Reduction Act and associated solar tax credits.
- The marginal cost to get to 100% renewable electricity under the program would be about an additional \$300,000 excluding Water Works and about \$570,000+ including Water Works for another 53 MW.
- **ECO is exploring applying for an EPA Climate Pollution reduction Grant for this second phase.**

# Why the fee?

- Public Service Commission reviewed and approved the pricing to provide transparency in cost
- The costs are paid by the program participants in the program, who are requesting that their energy come exclusively from renewable energy sources up to the subscription level and are not subsidized by the general rate payer.
- The utility is working to meet our specific requests related to workforce, siting, and management of the renewable energy certificates.



# Labor Requirements

*“The Company and its contractors and subcontractors that will construct the Renewable Facility subject to this Agreement will make best efforts to provide **20% of the labor hours on the project to qualifying participants in the City of Milwaukee’s Residents Preference Program (RPP)** using workers certified through WRTP/BIG STEP.*

*If the Company and its contractors cannot find the required RPP workers through WRTP/BIG STEP and the City’s compliance staff agrees, the Company and its contractors and subcontractors will work with the local Workforce Development Board, Employ Milwaukee, Inc. (EMI) , to plan and participate in hiring events that connect job seekers underrepresented in solar energy careers with employment opportunities. EMI is committed to working with the Contractor and City to provide funding for occupational skills training, On-the-Job Training, and Incumbent Worker Training (upskilling of current workforce), contingent upon eligibility and available funding.”*



# From Compliance to Collaboration

- We Energies has committed to work with developers and their contractors to include best efforts RPP requirements in contracts
- Those contracts will also have prevailing wage requirements to qualify for federal tax credits.
- As enforcement, we could exclude contractors who fail to provide best efforts from future solar projects with the City
- ECO held a meeting on Feb 26<sup>th</sup> with We Energies, their developers, WRTP/Big Step, and OEI to review the requirements
  - Demonstrated City's RPP tracking software
  - Clarified the requirements and types of positions that are covered
  - Emphasized the need for good faith efforts as a ramp to future projects



***This project is a major step forward in collaborative efforts to build a diverse, clean energy workforce in Wisconsin***



# Let's Put People to Work Building the Biggest Clean Energy Project in Milwaukee History!



# For more Information

Erick Shambarger  
City of Milwaukee  
Environmental Collaboration  
Office

[eshamb@Milwaukee.gov](mailto:eshamb@Milwaukee.gov)

