



Department of Administration
Environmental Collaboration Office (ECO)

Tom Barrett
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WE Energies
231 W. Michigan St.
Milwaukee, WI 53203

RE: A Clean Energy Future for Wisconsin – a Potential Partnership of Fairness, Equity, and Transparency Applicable to the DRER Service Agreement

To the Leadership of WE Energies:

The City of Milwaukee and the Milwaukee Area Technical College (“MATC”) appreciate recent actions by WEC Energy Group to transition to a clean energy future. Likewise, the City of Milwaukee and MATC have established sustainability and climate goals and believe collaboration is a vital means of attaining them. The City is pleased to have successfully completed a significant project through the We Energies Solar Now program, and we’re ready to explore an even bigger project.

Both the City of Milwaukee and MATC remain interested in utilizing the Dedicated Renewable Energy Resource (DRER) to help our respective institutions achieve our renewable energy goals. MATC signed a term sheet with WEC May 3, 2019 which to date has not resulted in a service agreement. The City, other members of the “M-6” coalition, and other large energy industry partners remain hesitant to move forward with the DRER, largely due to the complex exotic formulas unfamiliar to local policy makers and financial uncertainty compared to other renewable electric options.

The City and MATC with the “M-6” group provided the Public Service Commission of Wisconsin (the Commission) comments to improve the structure of the DRER when the tariff was first considered. We understand that the Commission at that time did not address our recommendations, and that any service agreement under the DRER must be consistent with the approved tariff. However, as we’ve discussed in prior meetings, we are interested in maximizing the public benefits of a potential DRER service agreement in terms of supporting local jobs and ensuring a fair deal for local taxpayers as well as ratepayers.

Accordingly, the City of Milwaukee and MATC, respectfully request that the DRER Service agreement include the following submissions that would make the DRER Program a partnership of fairness, equity, and transparency. None of these are new requests. They represent a summary of prior talks with the “M-6” and WEC and points that are important to guarantee broader DRER participation. Additionally, the City-County Task Force on Climate and Economic Equity have also reviewed the DRER program relative to other green tariff programs and have endorsed the following requests:



Excess Energy to Support Economic Equity.

The DRER tariff stipulates, “Any excess generation above a customer’s load for a given 60 minute interval will be provided to non-participating customers at no cost.” To support economic and social equity, we would like to work with you to develop language for the service agreement that would clarify that excess generation benefits will target non-participating customers most in need, in particular Milwaukee’s low-income energy assistance (“LIHEAP”) customers. Alternatively, we would like to consider whether the addition of battery storage would eliminate the concept of “excess generation” entirely.

Local Job Creation

As public institutions committed to workforce development and local job creation, we’d like the service agreement to include specific provision related to training and employing Milwaukee residents with family-supporting wages in the construction and maintenance of the solar field.

Transparency in System Cost, Production, and Customer Load

System costs to the Customer should be clear and transparent prior to contract execution. System production data, customer aggregate load, and Renewable Energy Certificates (“RECs”) should also be clear and verifiable. WEPCO should make available to the Customer all energy production data from the system that is readily available to WEPCO and provide best efforts to assist the Customer in the performance of energy analysis platforms. Additionally, solar developers routinely provide **Performance guarantees**, in regards to minimum *capacity factor* or maximum *degradation* values, and basic functioning of all system components. The City and MATC would be interested in ensuring the solar developer of the DRER project provides performance guarantees backed up by substantial contractual liquidated damages provisions.

Finally, there’s a risk that MISO if changes the capacity accreditation formula, the financial return to the customers could be substantially diminished. We therefore request that the capacity accreditation method be established at signing and locked in for the duration of the agreement.

Termination or Amendment

Solar energy is a rapidly evolving technology, and the regulatory environment is likely to adapt, possibly substantially, during the term of a DRER Service Agreement. Regulatory change might come in the form of solar power valuations as determined by MISO, as well as other changes to law or administrative rules. The City and MATC would like to explore provisions to terminate or amend the agreement in the event of harmful changes to relevant policy, force majeure events including epidemics that affect a customer’s production, or other customers who receive more favorable treatment under the tariff. If another DRER customer receives more favorable DRER Service Agreement terms, WEPCO shall initiate best efforts to assure the City and MATC receive that same benefit, including submitting an amended DRER Service Agreement to the Commission for approval.

We look forward to working with you to add a substantial amount of new renewable energy to the local grid and maximize the benefits to our local community. Please contact Erick Shambarger, City of Milwaukee Environmental Sustainability Director (eshamb@milwaukee.gov, 414-708-9187) to arrange a meeting if these kinds of proposed changes can be accommodated in a Service Agreement. By working together, we can develop a fair and transparent agreement that will ensure broader DRER participation and that is good for taxpayers and ratepayers alike. Without incorporation of at least some of these points, the DRER likely will remain without subscribers.

Thank you for your consideration.

Sincerely,



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Environmental Collaboration Office (ECO)
City of Milwaukee



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