



222 S. Hamilton St., Madison, WI 53703

June 21, 2017 – Filed Electronically

Ms. Sandra Paske  
Public Service Commission of Wisconsin  
P.O. Box 7854  
Madison, WI 53707-7854

Re: Application of Madison Gas and Electric Company for Authority to Offer a Renewable Energy Rider (Docket 3270-TE-102)

Dear Ms. Paske:

Enclosed are RENEW Wisconsin’s comments on the above-mentioned application filed by Madison Gas and Electric Company (MGE) (REF# 303316) and in response to the Commission Memo issued on June 12, 2017 (REF# 304724).

RENEW Wisconsin supports the Corporate Renewable Energy Buyers’ Principles which have been crafted and supported by 65 national and multinational companies (and counting) who wish to gain access to renewable energy resources via tariffs and programs such as this. The companies that have signed onto these principles are identified in the image below:

There is significant and growing corporate interest in increasing consumption of renewable energy. These companies are increasingly deciding where to locate their facilities based on whether the utility is willing and able to provide them with significant levels of renewable energy. We believe these tariffs offer an economic development opportunity in the service territories where they exist, and we want Wisconsin to be a place where these corporations prefer to locate. In addition, there is growing interest among institutional customers such as municipalities, school districts, and technical colleges to access renewable energy, and along with corporate customers, these entities tend to view their utility as their trusted long-term partner on energy.

As these customers weigh their options for accessing renewable energy, we believe it is important that our regulated utilities are granted flexibility to pursue tariffs and contracts to meet those needs. If those needs go unmet, these customers will likely continue to explore ways to secure renewable energy resources for their own use outside of the utility, which may put more pressure on our regulated monopoly model of utility regulation and operation. As a member of the Customers First Coalition, we continue to support the regulated model we have in place in Wisconsin.

### **An Initial Comment Regarding Matching Customers and Renewable Electricity Projects**

On page 6 of the Commission Memo, Staff states that “MGE will need to negotiate a contract that complies with the tariff and Wis. Stat. §196.192, *as well as procure resources for each customer individually....Moreover applications from smaller customers would involve projects that are smaller in scale...*” (emphasis added).

In contrast to this statement, we do not believe MGE would need to procure a distinct renewable project for each customer taking service under a contract in this Renewable Energy Rider. Rather, one larger renewable energy project offering a lower per-unit cost could provide the renewable energy described in this tariff to multiple customers. Each customer would need an individual contract, but each customer does not need an individual renewable energy project under this tariff.

For example, multiple MGE customers could have contracts with MGE through this tariff for various portions of the output of a single large solar array or a single wind project.

**Our positions on the Commission Alternatives described in the Memo are as follows:**

#### **A. Rate Classes Eligible for Participation in RER**

RENEW supports Alternative One, which would allow MGE to offer the Renewable Energy Rider to Cg-4 customers. The inclusion of Cg-4 customers would expand the total population eligible to participate from 410 customers to 4,051 customers, a tenfold increase. As noted in the

Memo, corporate customers such as Walmart, Target, McDonald's, and Starbucks, which are signatories to the Corporate Renewable Energy Buyers' Principles, have stores in MGE territory and have Cg-4 accounts. Excluding Cg-4 customers will prevent entities with a significant presence in MGE territory from availing themselves of this service to achieve their renewable energy acquisition goals.

## **B. Aggregation of Load**

RENEW supports Alternative Three, which would allow Cg-4, Cg-2, and Cg-6 customers with multiple accounts to aggregate their loads to meet eligibility requirements. In addition, it would allow multiple customers – unrelated to each other - to purchase portions of the renewable energy output from the same project.

As an example, in Washington State, Puget Sound Energy just announced its Green Direct tariff which is nearly identical to what is being proposed here by MGE. The utility has procured 130 megawatts of wind power under their tariff. Starbucks, Target, REI, six local governments, and Western Washington University are all listed among the buyers of the electricity from that single project.<sup>1</sup>

The MGE tariff proposed here should allow similar flexibility to aggregate different customers with similar renewable energy acquisition interests. Aggregation of load across customers' various meters and allowing multiple customers to participate in the same project is very important for achieving a renewable energy project at a reasonable scale such that the cost to participate would be acceptable to potential customers. Aggregation of customers into one larger renewable energy project will also reduce administrative burden for the utility.

## **C. Participation Cap**

RENEW supports Alternative One, which would not establish a cap on the amount of existing load eligible to participate in the Renewable Energy Rider at this time. We support this position for multiple reasons:

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<sup>1</sup> "Washington State Pioneers New Model for Utility-Scale Renewable Energy," by Letha Tanney, accessed on June 20, 2017 at <http://www.wri.org/blog/2017/04/washington-state-pioneers-new-model-utility-scale-renewable-energy>.

1. We are confident that PSC review of individual contracts will balance the benefits of this tariff while ensuring non-participating customers are protected.
2. Given MGE's current average load, setting a maximum at this time could unnecessarily restrict MGE's ability to procure a renewable project at a scale that would enable an acceptable per-unit price.
3. These contracts and the identification of renewable energy projects are sufficiently complex. The complexity and time intensity involved will in itself limit the number of customers willing and able to pursue this type of arrangement, and allow for uptake at a pace that the Commission and Staff can monitor.
4. According to its 2016 Annual Report<sup>2</sup> MGE purchased 483,833 MWh from MISO in 2016, which amounts to the output from approximately 380 MW of solar. In addition, a substantial portion of the 31,265 MWh purchased from Rodefild Landfill may go away in the next two years as Dane County is pursuing a shift away from electricity production and to renewable natural gas injected into a pipeline. Thus, there is plenty of room within MGE's power purchases for additional renewable energy development that could be fulfilled through contracts under this Renewable Energy Rider.

Generally, RENEW supports erring on the side of allowing more customers to be eligible for the Renewable Energy Rider (Cg-4) and allowing more flexibility within the Rider's terms (aggregation and no existing load cap) are prudent starting points for this particular tariff given the Commission's oversight of individual contracts yet to come. Without these flexibilities, this offering may be too restricted and limited, and fail to attract interest from any MGE commercial customers at all.

Thank you for the opportunity to provide these comments.

Sincerely,



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<sup>2</sup> Accessed at [http://apps.psc.wi.gov/PDFfiles/Annual%20Reports/IOU/IOU\\_2016\\_03270.pdf](http://apps.psc.wi.gov/PDFfiles/Annual%20Reports/IOU/IOU_2016_03270.pdf)