BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Strategic Energy Assessment for January 1, 2020 Through December 21, 2026

Docket No. 5-ES-110

COMMENTS OF THE CITIZENS UTILITY BOARD

I. INTRODUCTION

The Citizens Utility Board (CUB) appreciates the opportunity to provide comments on the draft Strategic Energy Assessment (Draft SEA) for the years 2020 through 2026, and thanks Public Service Commission (PSC or Commission) staff for the work done to compile the document. CUB supports efforts to make information regarding energy issues and regulation accessible to Wisconsin's residents and businesses, and the Draft SEA is one way for the PSC to share this important information with the public. As CUB has noted in the past, there has been discussion over the years regarding "who" is the audience or audiences for the SEA. Given that the SEA is required by statute and much of the information in it is already known by individual utilities, CUB submits that a primary audience for the document is the people of Wisconsin. However, CUB also notes that the last two SEA and the Draft SEA have gradually increased the quantity of data and analysis presented. CUB applauds Commission staff's work in compiling the additional information regarding rates, distributed energy resources (DER) including electric vehicles, and new grid technologies, and hopes that this information (and any other information the Commission deems relevant in the future) will continue to be provided in future SEAs.

The essential purpose of the SEA is to evaluate the adequacy and reliability of Wisconsin's current and future electrical capacity and supply. (Draft SEA, p. 1) With that in

mind, CUB offers the following comments, providing some observations on the "adequacy and reliability" of the system based on the data and conclusions contained in the draft, and proposing refinements, clarifications, and improvements to the information the Draft SEA presents. Specifically, CUB's comments focus on the following topics:

- Adequacy of Wisconsin's Electric Supply
- Cost implications of Transitions in Wisconsin's Electric Supply
- Programs to Control Peak Electric Demand
- Distributed Energy Resources
- Sales, Rates, and Affordability
- Grid Modernization and resilience
- Integrated Resource Plan Reporting

The Draft SEA also contains a discussion of the Focus on Energy (Focus) statewide energy efficiency and conservation program. CUB has commented upon and voiced its support for Focus in a number of prior Commission proceedings and so will not repeat those arguments here. However, CUB would like to briefly note that the Draft SEA indicates that Focus continues to provide substantial ratepayer benefits for every dollar spent on the program. Furthermore, as discussed briefly below, given changes to Wisconsin's resource adequacy picture relative to past SEAs, CUB would support a change to state statutes to increase or remove the cap on Focus funding.

II. COMMENTS

A. The Adequacy of Wisconsin's Electric Supply will Require Careful Management to Meet Forecast Loads.

The Draft SEA shows that in general Wisconsin has sufficient electric supply to meet planning reserve margins (PRM) through 2024, with a possible short-lived shortfall in 2020. (Draft SEA, p. 8-9) However, in contrast to prior SEAs, the Draft SEA suggests that Wisconsin is no longer in an "excess" capacity position where available supply significantly exceeds PRM requirements. (Draft SEA Table 1-2, p. 9) Indeed, since the last SEA, Madison Gas and Electric Company (MGE), Wisconsin Electric Power Company (WEPCO), and Wisconsin Public Service Corporation (WPSC) have sought, and obtained, Commission approval to acquire 450 MW of solar generation based on a stated need to address future capacity needs. Additionally, at the time of the drafting of these comments, Wisconsin Power and Light Company (WP&L) has filed an application to acquire, build and own new 675 MW of solar generation resources to meet claimed future capacity needs triggered by its plans to retire coal-fired generating facilities, and has signaled that it intends to add a total of 1,000 MW of solar generation by the end of 2023 and to install 100 MW of wind generation and over 100 MW of distributed generation resources by 2030.[1]

For nearly a decade,[2] the SEA has concluded that Wisconsin's high electricity rates relative to nearby states were driven significantly by "earlier" investment in new capacity resources. Due to the "lumpy" nature of utility-scale capacity additions, these investments pushed Wisconsin into an "excess" capacity position, with the hope that sales of energy of into the market would provide benefits for Wisconsin customers. For example, the SEA published in 2014 stated:

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[1] *Application of Wisconsin Power and Light Company for a Certificate of Authority for Acquisition, Construction, Installation, and Operation of Six Solar Electric Generation Facilities in Wisconsin*, Docket 6680-CE-182 (PSC REF#: 390310 and 390311)

[2] *Strategic Energy Assessment 2020*, p. 31, Docket 5-ES-107 (PSC REF#: 220557); *Final Strategic Energy Assessment 2018*, p. 38, Docket 5-ES-106 (PSC REF#: 176432); *Final Strategic Energy Assessment 2016*, p. 38, Docket 5-ES-105 (PSC REF#: 145514); *Strategic Energy Assessment 2014 - Final Report*, p. 43, Docket 5-ES-104 (PSC REF#: 110982).

> "Wisconsin remains ahead of many other states with respect to its investment in new electric generation and transmission facilities needed to address future service reliability, and it is well positioned in the near future to meet its energy demand needs. Wisconsin entered a construction cycle earlier than other states in the Midwest partly because its economy was stronger than in surrounding states. This required generation plants and transmission facilities to be constructed beginning in the late 1990s and continuing through recent years for which utilities now seek to obtain cost recovery … Wisconsin's current fleet of coal plants are well positioned to produce favorable energy sales into the MISO market which will benefit Wisconsin's ratepayers."[3]

The additional implication was that markets sales benefits, coupled with capacity investments other states would eventually need to make, would bring neighboring states' electricity costs closer to parity with Wisconsin utility customers' costs. While SEA 2022 dropped this narrative, the unfortunate fact for Wisconsin's customers remains that this convergence in electricity rates did not materialize, and Wisconsin residential and commercial rates have consistently exceeded the Midwest average since 2003, with the state being surpassed only by the state of Michigan among nearby states. (Draft SEA Appendix Tables C-1 to C-2) While these comments will discuss rates and affordability in more detail below, CUB notes the historic impact of new capacity investments on rates, as the state appears to be entering a new "build" phase.

The tightening of Wisconsin's available capacity relative to PRM requirements elevates the importance of capacity resource planning. If, as the Draft SEA suggests, Wisconsin utilities will be retiring existing "baseload" coal-fired generation, and making future capacity additions to their supply portfolios, CUB believes the goal should be to ensure that any such additions do not cause a return to a point where ratepayers are paying for generation capacity unreasonably in excess of what is required to meet resource adequacy needs. To be sure, the data the utilities supplied for the purposes of preparing the SEA give the Commission, stakeholders, and members

[3] *Strategic Energy Assessment 2020*, p. 31, Docket 5-ES-107, Published October 3, 2014 (PSC REF#: 220557)

of the public a glimpse at the utilities' future resource plans. However, CUB believes that Wisconsin's current regulatory framework and reporting requirements do not provide a particularly strong disincentive against providing piecemeal information regarding the specifics of the utilities' resource plans. As an example, the Draft SEA identifies a handful list of future, meaning yet to be reviewed or approved, generation projects or acquisitions anticipated to be proposed to meet future capacity needs, with the bulk comprising WP&L's proposed solar facilities mentioned above. (Draft SEA Table 1-4 p.16) Additionally, while the Draft SEA does provide a list of generation capacity retirements for the 2020-2026 SEA period, nearly the entirely of that list is made up of small peaking facilities, with the retirement of Dairyland Power Cooperative's Genoa Generating Station representing the only large baseload facility identified as a future retirement. The SEA makes no mention of the more than 400 MW associated with WP&L's Edgewater 5 facility, which the company has publicly stated it intends to retire by the end of 2022.

CUB does not claim that proposals such as those made by WP&L are unreasonable. Indeed, the Commission has yet to evaluate that question, as well other future capacity additions made by Wisconsin public utilities, and it is entirely possible these additions may provide an opportunity to decrease rates for some customers. However, although this proposal is currently before the Commission, stakeholders, the public, and more importantly the Commission, lack knowledge as to what proposals may come next for Wisconsin's utilities, as a whole. Utility resource planning decisions are rarely announced with any degree of specificity far in advance of the implementation of those decisions, or an application being filed with the Commission.[4]

[4] CUB acknowledges that WP&L's discussion of its generation resource plans in its solar application provides an outline of the company's intentions for the next several years. Moreover, WP&L voluntarily engaged in a months-long engagement process beginning over a year prior to the company making its most recent application and

Significant information asymmetry exists between what information the Commission has at its disposal in any one proceeding, versus the information each utility possesses regarding its investment plans. As the Draft SEA notes, the "processes are intended to simulate for monopoly utilities the conditions of a free market…." (Draft SEA, p. 42) Rates authorized by the Commission are ultimately driven by a utility's expenses and capital investments. In turn, individual utility capital investments, particularly retirement decisions and investments in new capacity, do not occur within a vacuum, but instead as part of an integrated plan to meet a utility's requirements for providing utility service. According to economic theory, information asymmetry can lead to market failures and less efficient or otherwise sub-optimal outcomes. If the Commission is unable to consider a particular capital investment proposal within the context of a utility's broader resource plan, whether by omission or procedural impediment, there is the risk that Wisconsin's ratepayers will pay more for electricity than necessary.

CUB recognizes that the Commission's practice has often been to grant the utilities significant discretion regarding their business decisions. Within the context of the forward-looking capacity picture presented by the Draft SEA, however, CUB suggests the Commission would be better served by having greater and more regular access to detailed information regarding the utilities' resource plans. If at some point it is determined that Wisconsin utilities need to make capacity additions to their supply portfolios, CUB reiterates that the goal should be to ensure any such additions do not cause a return to a point where ratepayers are paying for generation capacity significantly in excess of what is required to meet resource adequacy needs.

B. Cost implications of Transitions in Wisconsin's Electric Supply

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retirement announcement, wherein its resource planning process, methods, and analysis were discussed with Wisconsin and national stakeholders. These steps are commendable and should be considered model behavior for all utilities. However, CUB would note that this type of transparency and engagement has historically been the exception rather than the norm.

As illustrated by WP&L's announced retirement of Edgewater 5 and highlighted by the early retirement of the Pleasant Prairie Power Plant in 2018, Wisconsin utilities are considering retiring generating facilities, mostly coal-fired, that have served as the backbone of Wisconsin's electricity supply. These retirements are coming years, if not decades, earlier than the originally planned service end date for these facilities. Many of these retirements will need to be replaced by new investments in supply resources in order ensure sufficient and reliable supply of energy and capacity to meet Wisconsin's future electricity needs. While the Draft SEA makes some reference to this energy supply transition (Draft SEA p.17-19), no discussion of the cost implications associated with this transition is presented in the Draft SEA. With growth in generation costs over the last decade already representing a significant cost driver for Wisconsin's electric utilities (Draft SEA Figure 4-2, p.39), CUB believes that it is vital that the SEA include some discussion of the cost implications of the continued financing of early-retired generation plant that is no longer used and useful in conjunction with the cost of new investments. Additionally, CUB believes that such a discussion should include the various financing and regulatory ratemaking alternatives available to Wisconsin utilities and the Commission that may help alleviate the rate impact of the evolution of Wisconsin's energy supply portfolio.

C. Programs to Control Peak Electric Demand

As discussed in the Draft SEA, direct load control (DLC) and interruptible load programs (collectively Load Control programs) provide a mechanism by which utilities can manage their peak demand, and by extension peak demand costs. While not a one-for-one substitute for owned

generation, these Load Control programs provide the utility with a short-term, limited option[5] on a capacity resource that can be used to manage critical reliability events where demand temporarily exceeds available supply. Additionally, many interruptible load programs provide an option for the utility to call economic events during periods of high energy prices where the customer is not required to curtail their load but is subject to rates typically pegged to wholesale market prices if they elect to "buy through" the event. This option provides a tool for utilities to further manage their power supply costs. Utilities are typically also capped on how many hours of economic events can be called.

As a practical matter, customers enrolled under a Load Control program receive a rate reduction relative to firm, or "standard" service rates. This discount is provided either as an explicit credit for curtailable demand subscribed under the program, or as a reduction in the rate the customer is billed for non-firm usage. This produces lower revenues from customers subscribed to utility Load Control programs compared with a customer with similar usage that is not enrolled in a Load Control program. This revenue reduction must be made up by increasing the rates billed to non-participating customers. In essence, the impact of this revenue shift can be considered the price that all other customers pay for the capacity resource option that Load Control program customers provide.

CUB acknowledges that Load Control programs can serve as a cost-effective way to manage peak demand and peak demand costs, provided that the value of the interruptible capacity is set appropriately so that the cost borne by non-participating customers is commensurate with the value the interruptible load provides. CUB has historically raised concerns in rate case proceedings that Load Control customers are effectively "over-

[5] Load Control programs are commonly subject to minimum contract terms of one to three years with a maximum number of hours that any one resource can be called up called upon by the utility.

compensated" relative to the value provided and will not repeat those arguments here. However, CUB has additional observations based on its review of the Draft SEA.

Wisconsin utilities reported approximately 800 MW of combined capacity available for the 2021-2026 period under currently authorized Load Control programs. (Draft SEA Figures 5-3 and 5-4, pp. 62-63). This is down from a historic high of 1,356 MW in 2018 (id). In 2019, the utilities reported that total Load Control program capacity stood at approximately 1,150 MW, with approximately 170 MW utilized in that year. However, based on CUB staff's past experience in evaluating these programs, it is unclear whether the amount of load used represents a coincident value, or simply an aggregation of the load called upon in different events throughout the year. Specifically, it is unknown from the data provided whether this represents one or more interruptions of 150 MW — or whether it represents, for example, four separate interruption events of 42.5 MW each, with each event affecting different customers on different dates or times. CUB believes that the likelihood a utility will call upon a particular Load Control customer, or MW of DLC or interruptible load, should be considered when the Commission evaluates the appropriateness of these programs going forward. CUB suggests that in future SEAs and other relevant proceedings, granular data be collected regarding individual Load Control events, including when they occurred, their duration, and how much load was called upon in each event.

A review of the utility-specific data provided in this SEA docket[6] indicates that 100 percent of Load Control utilization in 2019 came in the form of interruptible load with 80 percent of the reported utilization in coming from one IOU, and a total of only two utilities reporting that they called upon interruptible load in 2019. Moreover, no utilities reported calling upon DLC

[6] Strategic Energy Assessment Report Data, https://apps.psc.wi.gov/APPS/SEAreport/SEAQuery.aspx, (accessed August 13, 2020)

capacity at all in 2019. This means none of the other four utilities with interruptible load programs, or any of the four utilities with DLC programs, actively utilized them to control peak demand-related costs in 2019. A review of the full 2015-2019 data set available on the PSC website presents a similar picture, with low utilization of Load Control programs across a small number of utilities.

CUB is unaware whether there is an impediment — be it the authorized terms of the specific programs, an administrative barrier, or an economic consideration — preventing other utilities from calling upon their Load Control resources to help control costs. Whatever the case, if Load Control programs are to serve as a viable and cost-effective means of managing utility peak demand, CUB suggests that the Commission evaluate the design and administration of these programs in future proceedings to ensure that non-participating customers are receiving benefits commensurate with the prices paid in rates for Load Control resources. Furthermore, give the prior discussion of future capacity needs that may arise as part of a transformation of Wisconsin's energy supply portfolio, CUB believes that, if Load Control Programs are going to continue to be offered, they should be leveraged as much as cost-effectively possible to control, or even avoid, future utility costs. Finally, the SEA makes some mention of new technologies such as "smart thermostats" that that could be employed to offer DLC services to residential and small commercial customers. In addition to contributing to the overall load management portfolio, expanding the Load Control program offerings available to a wider array of customers would expand options for customers to manage their electric utility costs. CUB encourages utilities and the Commission to explore new technologies and develop new DLC programs, especially for smaller customers.

D. Distributed Energy Resources

CUB again thanks Commission staff for continuing to include detailed information regarding the adoption of distributed energy resources (DER) throughout Wisconsin. The evolution of DER technologies, particularly with respect to continued improvements in the economics or cost-effectiveness of such resources, may provide an opportunity to leverage DER to meet future resource adequacy requirements or lower overall utility costs, much in the same way that Load Control programs are currently intended to function. CUB notes that utility-scale solar PV acquisitions recently made or proposed by Wisconsin utilities are supported in part by the peak capacity value the proposed resources can provide to the utilities. To date, none of the tariffs or programs applicable to customer-owned DER account for the value of capacity those resources may provide to the utility, either through offsets to the customers' load during peak times, or through exports to the distribution system. While CUB does not expect that the typical customer-sited solar PV installation will achieve the maximum percent peak capacity factor achievable by utility-scale systems, certainly the capacity value is not zero, and most certainly not for all customer-owned DER.

While CUB would not support rate programs that provide undue cross-subsidies to customer-owned DER, CUB believes that Wisconsin utilities are currently missing out on an opportunity to leverage customer-owned DER to meet their resource requirements in a least-cost way. Particularly, as Wisconsin's rates continue to climb while the cost of DER continues to fall, more utility customers will invest in DER technologies. Utility rates must be properly structured so as to recognize not only the costs, but also the benefits associated with DER integration. If Wisconsin electric utilities are to operate in a more resource-constrained world (compared to historic, as discussed above regarding resource adequacy) then CUB believes all cost-effective resources should be considered and pursued where appropriate. CUB suggests that the

Commission evaluate Wisconsin utilities' DER rate offerings in future rate proceedings to ensure that those programs appropriately recognize both the energy and capacity value DER can provide to the utility and all utility customers.

E. Sales, Rates, and Affordability

Over time the SEA has gradually included more information and greater discussion of electricity rates in Wisconsin. Beginning with SEA 2018, Commission staff has included a discussion of regulations and policy changes that would or could have an impact on electric rates. SEA 2020 brought the addition of information regarding average residential monthly bills and energy consumption. With the last SEA, Commission staff greatly expanded the discussion of rates and affordability, adding information regarding energy intensity, revenue requirement drivers, purchased power costs, and household burden. The Draft SEA presents similar information. CUB thanks Commission staff for its work in providing this affordability analysis. CUB supports additional transparency and appreciates that context is important when considering electricity rates and the affordability of utility service. However, CUB believes that the type of analysis done to date presents an incomplete picture of electric utility rate affordability in the state of Wisconsin.

Staff's affordability analysis in the SEA continues to be done on a statewide level rather than at a census tract, or even a zip code, county level, or utility level. Even when taking into account statewide averages for different income levels, the actual energy insecurity picture of Wisconsin's most disadvantaged communities can be lost. Economic conditions vary from one utility service territory to another, and indeed can also vary greatly within a single utility service territory — particularly when a single utility covers a large and diverse swath of the state. Additionally, industry research suggests that electricity consumption, and therefore bills, can

differ for low-income customers as compared to the average. Until such time that Wisconsin's utilities are required to provide detailed affordability analyses as part of rate applications, CUB suggests that the Commission continue to improve on past work by providing an affordability analyses in future SEAs that is done using census tract utility bill and consumption data (or the highest geographical resolution that can be reasonably achieved) in conjunction with corresponding income data from the U.S. Census Bureau or similar source. Additionally, while there appears to be a hesitancy to provide utility level information, CUB believes that affordability, as a customer facing data point[7], is one piece of information that should be broken out by utility.

CUB would also like to provide additional information for consideration and offers the following observations.[8]

While reductions in average usage per customer have contributed to average residential electric bills remaining relatively flat, CUB remains concerned that continued increases in electricity prices will cause utility bills to exceed those of nearby states and the Midwest average. In particular, CUB is concerned that:

- It will become increasingly difficult for Wisconsin ratepayers to sustain the year-over-year reductions in household electricity usage as "low-hanging-fruit" measures are exhausted. Additional funding for the Focus on Energy program may be necessary to allow the state to sustain average usage reductions.
- Other states without the same history of investment in energy efficiency and conservation may begin to catch up as they make greater investments in efficiency

[7] CUB believes that information regarding affordability, reliability, and safety are valuable to provide on a utility-level basis as they are the issues that most directly impact customers.
[8] CUB assumes that the final SEA will be updated to reflect rates through 2019.

and conservation. This would likely cause Wisconsin's average electricity bills to become increasingly uncompetitive with nearby states.

- As portions of the economy are increasingly electrified (e.g. transportation) the price per kilowatt-hour (kWh) of electricity will be even more important. In 2018, Wisconsin's residential customers once again paid the second highest overall price for electricity among Midwest peer states. (Draft SEA Appendix Table C-1) In fact, in 2018 Wisconsin residential customers paid a 9.3 percent premium over the average other Midwest states examined in the SEA. (id) Were it not for the state of Michigan, all Wisconsin customers would pay the highest price for electricity among these states.
- Beyond the residential class, it is important to note that the Draft SEA shows that business customers in Wisconsin are also paying the second highest rates among the eight Midwestern states highlighted in the report. CUB's advocacy for small utility customers makes it all the more imperative to highlight that the prices businesses pay are a concern from a competitiveness and economic development standpoint, and that high electricity rates represent just one of several cost pressures Main Street businesses and small manufacturers face.
- While overall decreasing energy intensity (MWh/$ GDP) allows Wisconsin businesses greater control over their energy costs, the Draft SEA (Draft SEA Appendix Figure C-1) evaluates the energy intensity of all non-residential electricity usage and does not consider variations between non-residential usage classes (e.g. commercial vs. industrial), nor does it consider possible differences across industries (e.g. heavy manufacturing, light manufacturing, food processing, farming, retail,

brewing & distilling, etc.). CUB encourages Commission staff to perform additional analyses in future SEAs that evaluate a cross-section of the state's various commercial and industrial sectors.

The information in the Draft SEA related to household burden and affordability provides CUB with a small degree of comfort; however, as previously noted the Draft SEA presents affordability metrics only on a statewide basis. The economic crisis brought about by the COVID-19 pandemic has highlighted the importance of understanding the energy insecurity picture of Wisconsin's most disadvantaged customers.

Finally, CUB continues to recommend that future SEAs also include information regarding utility disconnections, late pay, slow pay, and other customer bill payment information for all customer classes. This information would provide additional valuable context for evaluating the affordability of Wisconsin's utility rates and would keep with the spirit of the enhancements Commission Staff has already made to the Draft SEA.

F. Grid Modernization and Resilience

CUB thanks Commission staff for including sections discussing new grid technologies and resilience in this SEA. Grid modernization technologies have the potential to, among other benefits, enhance grid reliability, reduce peak loads, boost energy efficiency, and reduce customer costs.[9] To maximize these benefits and avoid unneeded costs, it is necessary to evaluate the existing landscape and properly lay the groundwork for future modernization efforts.

The Commission has already made important steps in assessing grid modernization efforts in Wisconsin and how they can be expanded. The Commission's survey of grid

[9] Grid Modernization and the Smart Grid, U.S. Dept. of Energy, https://www.energy.gov/oe/activities/technology-development/grid-modernization-and-smart-grid (Accessed July 23, 2018).

modernization priorities and inventory of utility actions help lay a solid foundation for future work. Utilities have also engaged in grid modernization on their own, upgrading customer information systems, installing advanced metering infrastructure and exploring innovative rate design. These actions should be encouraged and assessed to ensure they are cost-effective and implemented on schedule.

CUB encourages the Commission to pursue other options to explore and develop new grid technologies. In particular, greater data analysis could be greatly beneficial. A periodic resource plan encompassing generation, transmission and distribution could help modernize the grid in Wisconsin and provide many other benefits, such as ensuring resource adequacy, grid resilience, deploying an increasingly diverse resource base, and reducing utility and customer costs. Moreover, as the utility increasing looks toward resilience as a topic for exploration and possible future investment, a more robust analysis along with specific goals and metrics must be developed in order to ensure efficient use of ratepayer dollars.

As the new sections on grid technologies, resilience, cybersecurity, and DER indicate, new resources are quickly emerging or looming on the horizon. In addition to distribution-side generation, electric vehicles and renewable generation are increasingly common, and energy storage is quickly becoming cost-competitive. Further, as mentioned above, the state seems to be entering a period of increased capital expenditure. In this environment, it is not practical to view generation, distribution, and transmission as separate silos. Yet this is the current reality of Commission decision-making, where utility information exists in disparate dockets and other locations, such as fuel cost plan filings, rate case filings, CA and CPCN filings, SEA filings, Securities and Exchange Commission filings, and presentations to investors. Consequently, the Commission must make decisions in a vacuum, lacking relevant information when considering

utility applications. A more holistic approach is necessary to aid the Commission, take advantage of grid modernization opportunities, and manage upcoming challenges.

G. Regular reporting of detailed utility resource plans to the Commission would support a more complete review of future utility investments.

The SEA, for all intents and purposes, replaced the Advance Plan statewide integrated resource planning process under which the Wisconsin utility industry had previously functioned. In comments on a number of prior SEAs, CUB has argued in favor of the Commission reinstituting a statewide integrated resource planning process.[10] CUB will not repeat those arguments here, and in fact is not advocating that the Commission take such action at this time.[11] Rather, CUB proposes that the Commission consider a periodic integrated resource plan (IRP) filing requirement for individual utilities, which would serve as an informational tool the Commission could reference in multiple dockets. This resource filing would aggregate utility information and give the Commission an idea of each utility's plans for the near future. Such filings could occur on an annual or biennial basis, shortly after the beginning of the calendar year.[12] The plans could also follow the same general forecast time horizon as utilized in the SEA,

[10] See *Comments of The Citizens Utility Board* in Docket No. 5-ES-107 (PSC REF#: 213433), *Joint Comments of the Citizens Utility Board and Clean Wisconsin* in Docket No. 5-ES-106 (PSC REF#: 172038) and Docket No. 5-ES-105 (PSC REF#: 144070), *Comments of the Citizens Utility Board* in Docket No. 5-ES-104 (PSC REF#: 77840), and *Joint Comments of the Citizens Utility Board, Clean Wisconsin, and RENEW Wisconsin* in Docket No. 5-ES-103 (PSC REF#: 49932).

[11] CUB is mindful that the statute mandating advance planning was repealed in 1998 and replaced by the current Strategic Energy Assessment statute. CUB's proposal is a non-binding reporting requirement, and thus the Commission would have authority to require these plans pursuant to several existing statutes, including Wis. Stat. §§ 196.02(4), 196.025(3), and 196.49(3)(a)-(b). CUB is not prescribing the method by which utility plans should be put in practice and recognizes that the Commission may find new legislation and/or rule making is necessary to implement an IRP process. Rather than dictating the means to pursue this end, CUB simply wishes to convey in these comments that integrated planning could provide substantial benefits and should be considered.

[12] CUB is aware that many if not all Wisconsin investor-owned utilities present detailed, multi-year capital investment plans during the November meeting of the Edison Electric Institute. As such, a periodic integrated resource plan filing requirement would not require unduly duplicative work on the part of the utilities, as such resource plans and supporting analyses are presumably already being performed. Instead, portions of the suggested

but with attention to gathering detailed resource acquisition plans and rationale for the upcoming three years. Because they would serve an informational function, the plans would be non-binding. As such, a utility could revise its plan as necessary, provided that it explain how and why the plan had changed.

A utility's forward-looking resource plan would give the Commission a broad view of the utility's existing generation and distribution resources, as well as its future projects. The plan would be a combination of information the utility presumably already compiles as a by-product of prudent utility operations and planning, or is required to file by law, and would likely require little in the way of new analysis. A basic IRP could include, but not be limited to, the following:

- Load forecasts for the planning period, including a base forecast and forecasts under different future scenarios (e.g. high growth, low growth, increasing fuel prices, increased DER penetration, etc.)
- The utility's potential resource mix to meet its supply need. This would include describing current assets, planned construction or acquisitions, planned retirements or repowering, demand-side management or DER programs, and power purchases. This section could also contain an alternatives analysis, based on different load forecasts.
- An explanation as to why the utility's planned resource mix is the most cost-effective use of available resources.

Unlike the prior Advance Plan, the IRP filings contemplated here would not involve a statewide planning process but rather would be limited in scope to each utility's individual resource plan. Depending on the procedural specifics, there could be an opportunity for a public hearing and a comment period. This would allow stakeholders to file comments on the utility's

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filings with the Commission would need only be repackaged and adjusted to conform to the specific informational requirements set forth by the Commission.

plan and the inputs that generated the plan. Instituting a formal IRP filing requirement would not require particular findings of fact regarding the reasonableness of an IRP, only a Commission determination that the information provided is complete.

The availability of formally filed, reviewed, and appropriately revised IRPs from Wisconsin's utilities would provide a valuable tool for not only the Commission, but also for utility stakeholders, and the public. As noted previously, Wisconsin may be entering a period of greater capacity constraints that may require additional utility investments to ensure continued provision of safe and reliable electricity service. Furthermore, innovative technologies that fall under the umbrella of grid modernization may offer opportunities for new forms of investment or changes in utility operations at the distribution level that could provide greater benefits to Wisconsin utility customers than those pursued under the traditional utility model. These changes increase the interconnectedness between generation, transmission, and distribution planning, and necessarily require that individual utility proposals be evaluated as interconnected parts of a greater whole. The Commission must be able to reasonably determine that a proposal is just and reasonable within the broader context of a utility's integrated resource plan to ensure the best outcomes for Wisconsin utility customers.

III. CONCLUSION

CUB appreciates Commission staff's work to prepare the Draft SEA and offer the opportunity for comments. The electric utility industry faces a number of challenges and opportunities in the near future, but careful analysis and assessment — including the type of work conducted in this docket — will help the state manage risks and take advantage of new technologies.

CUB's suggestions aim to assist the Commission in performing its duties of ensuring that reliable electricity is available statewide and that rates remain just and reasonable. Careful assessment of proposed capacity additions, as well as thoughtful evaluation of newer concepts such as Load Control programs and DER offerings, will help the state navigate this period of tighter capacity. Further, tracking electric rates and evaluating rates based on affordability metrics will help protect all ratepayers. Finally, a periodic utility resource plan reporting requirement would be an informational asset to the Commission, stakeholders, and the public.

Wisconsin continues to have relatively high average residential, commercial, and industrial electric rates compared with other Midwest states. A critical element in realizing the full economic benefit of the billions of dollars invested by ratepayers in utility generation, transmission, and distribution projects will be making Wisconsin's electric rates competitive with other Midwest states. Wisconsin's ability to fully leverage its utility infrastructure into a better economy, more jobs, and more affordable energy rates for Wisconsin residents will likely remain diminished until rate increases stop. If rates continue to increase the prospects seem slim for Wisconsin's rates to fall in line with those in other Midwest states, or for those other states to "catch up" to Wisconsin.

Inasmuch as the state has in place the energy infrastructure it needs for the foreseeable future, CUB believes that the number one priority of utilities and the Commission over the study period must be on utility cost control, and that the over-arching goal of the Commission over the study period can be, and should be, on decreasing rate levels whenever possible.

Dated this 14th day of August, 2020.

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