

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

STRATEGIC ENERGY ASSESSMENT FOR Docket No.
JANUARY 1, 2024, THROUGH
DECEMBER 31, 2030 5-ES-112

EXAMINER MICHAEL NEWMARK, PRESIDING

Tr. 1-15

PUBLIC HEARING SESSION

**CERTIFIED
ORIGINAL**

Reported By:

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HEARING HELD:

August 14, 2024

VIA ZOOM VIDEOCONFERENCE

10:00 a.m.

1 TRANSCRIPT OF PROCEEDINGS

2 10:00 a.m.

3 EXAMINER NEWMARK: We're going to get
4 on the record.

5 So good morning, everybody. This
6 is Docket 5-ES-112, the Strategic Energy
7 Assessment for January 1st, 2024, through
8 December 31st, 2030. My name's Michael Newmark,
9 the Administrative Law Judge for the PSC.

10 This is a public hearing that
11 we're holding on the draft SEA, and Staff will
12 explain a little bit about that in just a minute
13 here and also the process that's involved going
14 forward.

15 I did want to mention according to
16 our Notice of Hearing, we're accepting comments
17 on the draft up until September 26th. That'll be
18 either through U.S. Mail or the Commission's
19 website, the ERF system for utilities, and the
20 public may comment online on our public comment
21 website.

22 MS. ROGERS: I'm not seeing the
23 livestream on YouTube, but it may be there, and
24 I'm not in the right place.

25 EXAMINER NEWMARK: Let's go off the

1 record.

2 (Discussion off the record.)

3 EXAMINER NEWMARK: Let's get back on
4 the record.

5 So according to our process, we
6 already explained the comments process for the
7 draft. Also, we can accept public comments made
8 here live at the hearing, although I'm not
9 expecting -- anyone who's currently connected
10 doesn't seem to wish to make a comment now. But
11 feel free to -- I'll poll the group here at the
12 end of the hearing, making sure if anyone else
13 wants to add something. Otherwise, just send in
14 your written comments.

15 And with no further ado, the Staff
16 does have a statement with respect to the draft
17 SEA. So I'll turn it over to -- Sophia, did you
18 want to introduce the witness? Okay. So I'll
19 turn it over to Sophia Rogers, attorney for the
20 PSC.

21 MS. ROGERS: Jenni has a hyphenated
22 last name, and I want to make sure to pronounce
23 it correctly.

24 EXAMINER NEWMARK: That's fine. That's
25 why I'm asking you to do it.

1 ATTORNEY ROGERS: Commission Staff

2 calls Jennifer Heaton-Amrhein --

3 THE WITNESS: Amrhein.

4 ATTORNEY ROGERS: Amrhein, I'm sorry --

5 to the stand.

6 EXAMINER NEWMARK: So let me swear you

7 in.

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1 JENNIFER HEATON-AMRHEIN, PUBLIC WITNESS, DULY SWORN

2 DIRECT TESTIMONIAL STATEMENT BY

3 MS. HEATON-AMRHEIN: Good morning. I'm

4 Jennifer Heaton-Amrhein, and I'm a policy advisor

5 with the Commission and the case coordinator for

6 the Strategic Energy Assessment or SEA. I'll

7 provide a brief overview of the key findings from

8 the draft report that the Commission authorized

9 for public comment in June.

10 The SEA assesses Wisconsin's

11 electric system in the context of four primary

12 goals maintained by the Commission and by

13 electric providers. One, adequate electric

14 supply that maintains enough total power to meet

15 customer demand; two, reliable electric supply

16 that provides consistent services and avoids

17 outages; three, affordable electric service that

18 offers adequate and reliable electricity at the

19 lowest feasible cost for customers; and four,

20 environmentally responsible services that

21 minimize the negative effects of electric

22 generation on the environment. To provide

23 adequate service, Wisconsin Electric providers

24 must be able to meet customer demand during peak

25 periods when demand levels are highest.

1 Much of the information provided
2 in this draft SEA was provided by Wisconsin's
3 generating electric utilities in November 2023
4 based on a September 2023 data request. In
5 July 2024, we requested updated data schedules
6 from these electricity providers. The draft SEA
7 will be revised, and the final SEA released this
8 fall will include the updated forecasts, any
9 needed corrections, and any changes made in
10 response to public comments.

11 Based on the data collected for
12 this report in November 2023, providers projected
13 a decrease in peak demand of 5 percent between
14 2023 and 2024 and relatively flat demand through
15 2030. Wisconsin providers confirmed that they
16 have sufficient electric generation capacity to
17 meet these peak demand levels.

18 While providers projected flat
19 demand growth between 2025 and 2030, the
20 provisions of the federal Inflation Reduction Act
21 and the addition of new and expanding customer
22 loads such as data centers and transportation
23 electrification, could place upward pressure on
24 Wisconsin's energy demands within this time
25 frame. We have requested additional information

1 from utilities on their demand and supply
2 forecasts and will include those updates in the
3 final SEA this fall.

4 Reliability information reported
5 to the Commission found that in 2022, the average
6 customer of the state's five largest utilities
7 experienced less than one outage per year with an
8 average duration of approximately three hours and
9 34 minutes.

10 The mix of generation sources used
11 to meet customer demand has been evolving in
12 recent years. Energy produced by coal continues
13 to decrease while the share of energy produced by
14 natural gas and renewable resources has
15 increased. Continued changes to the generation
16 mix away from coal and towards additional
17 renewable resources and natural gas are projected
18 to continue throughout the SEA's analysis period
19 which runs to 2030. The generation mix will be
20 updated in the final SEA based on the utilities'
21 updated submissions.

22 Wisconsin electric providers
23 reported plans to retire 3100 megawatts of
24 capacity including 2800 megawatts associated with
25 retirement of three of the seven utility scale

1 coal facilities currently operating in Wisconsin.
2 Providers also reported plans to add
3 6000 megawatts of solar energy along with
4 3400 megawatts of natural gas, 1600 megawatts of
5 wind, and 1000 megawatts of new energy storage
6 capacity.

7 One factor in the energy
8 transition has been efforts to pursue
9 environmental responsibility through reductions
10 of carbon dioxide or CO2 emissions. Governor
11 Evers and each of Wisconsin's five largest
12 electric providers have established goals to
13 achieve 100 percent reductions in CO2 emissions
14 from electricity production by 2050. Providers
15 reported CO2 emission reductions of 41 percent in
16 2022, which would increase to nearly 80 percent
17 by 2030 if all reductions are implemented as
18 planned.

19 Commission Staff conducted
20 independent capacity expansion modeling under
21 multiple future scenarios. In scenarios that
22 assumed limited future CO2 emissions reductions,
23 the model predominantly selected natural gas
24 resources to meet future needs due to the model's
25 view of the reliability and adequacy advantages

1 of natural gas.

2 By contrast, scenarios that
3 assumed more aggressive CO2 reductions selected a
4 larger share of renewable resources at levels
5 more consistent with the solar and storage
6 focused additions that are planned by providers.
7 Modeling also indicated that achieving complete
8 emissions reductions by 2050 could be achieved
9 but would require building more renewable
10 facilities than needed to achieve adequacy at
11 correspondingly higher costs in order to maintain
12 reliability throughout the year.

13 The modeling also requires a
14 dependence on unspecified flex resources to
15 achieve those reductions. These planning
16 considerations may change if cost profiles of
17 existing technologies change or if future
18 technological developments support the emergence
19 of other cost-competitive generation options.

20 This SEA collected information on
21 the demand response programs used by providers to
22 reduce energy demand during peak periods. While
23 total demand response capacity has equaled 6 to
24 7 percent of total capacity in recent years, only
25 a limited fraction was dispatched.

1 Wisconsin had more than 17,800
2 customer-owned renewable generation installations
3 operating in 2023 with capacity equal to nearly
4 2 percent of statewide capacity. Customer-owned
5 solar installations account for the majority of
6 recent growth. Solar installations increased
7 nearly 40 percent between 2021 and 2023.

8 Wisconsin participates in the
9 Midcontinent Independent System Operator's, or
10 MISO's, regional transmission system which
11 operates an integrated electric grid across 15
12 states. Transmission expenses include costs
13 associated with the development and
14 implementation of a portfolio of large-scale
15 projects under MISO's multi-value project
16 portfolio. MISO is currently in the process of
17 developing a second portfolio of large-scale
18 projects under the long-range transmission
19 planning or LRTP initiative. The final SEA will
20 be updated to reflect any transmission planning
21 developments.

22 The Commission uses its regulatory
23 authority over customer rates to support
24 affordable electric supply. Total revenue
25 requirements for Wisconsin's largest electric

1 providers increased 1.01 percent annually between
2 2013 and 2022 associated with continuing
3 investments in generation resources and
4 distribution infrastructure.

5 National data shows that Wisconsin
6 residential customers are charged higher average
7 rates than Midwest or national averages, but also
8 pay significantly less in their average monthly
9 bills due to lower average levels of energy use.

10 Low and moderate income
11 residential customers often face challenges in
12 paying their utility bills due to a higher energy
13 burden under which they must pay a larger
14 percentage of their total income for service.

15 Initial utility annual report
16 filings in 2021 related to energy burden affirm
17 that energy burden varied throughout geographic
18 regions of the state and provided useful baseline
19 information. Further information on energy
20 burden is being collected, and Commission Staff
21 are working with utilities and stakeholders on
22 exploring options to reduce energy burden and
23 improve affordability for those most impacted.

24 We are preparing the final version
25 of the SEA for release this fall. We will be

1 reviewing the utilities' updated data schedules
2 to update the draft SEA to address some of the
3 items I've already mentioned in this summary. We
4 will also review and consider changes to the
5 draft SEA based on the feedback we receive in
6 this hearing and in the written comments we
7 receive before the comment deadline on
8 September 26th.

9 That concludes my comments. Thank
10 you for your time.

11 EXAMINER NEWMARK: Thank you very much.

12 All right. So that's Staff's
13 summary of the draft SEA. Now we'll have an
14 opportunity for the public to comment.

15 Like I mentioned, we do have three
16 people connected from the public. So this is an
17 opportunity for anyone or all of you to make a
18 statement live. That would be in addition to any
19 written comment. No restrictions there as to
20 which way you need to comment. So does anyone
21 want to make a comment now at the hearing?

22 All right. So hearing nobody,
23 we'll close the session in just a minute here.
24 Let me just return to our screen share and review
25 the schedule here. So I just want to make sure

1 people understand, written comments due Thursday,
2 September 26th, either through the ERF system,
3 public comment website depending on your form of
4 representation, and in writing by U.S. Mail. So
5 they all need to be in by September 26th.

6 Otherwise, I look forward to
7 getting your comments and for the final SEA to be
8 produced. At this point, we'll adjourn. Thanks
9 very much, everyone, for participating and take
10 care.

11 (The hearing concluded at 10:17 a.m.)

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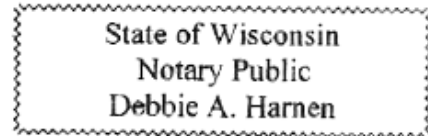
1 STATE OF WISCONSIN)

2 MILWAUKEE COUNTY)

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4 I, DEBBIE A. HARNEN, Registered
5 Professional Reporter, with the firm of Halma
6 Reporting Group, Inc., 342 North Water Street,
7 Milwaukee, Wisconsin, do hereby certify that I
8 reported the foregoing proceedings had on
9 August 14, 2024, and that the same is true and
10 correct in accordance with my original machine
11 shorthand notes taken at said time and place.

12 *Debbie A. Harnen*



13
14 Debbie A. Harnen

15 Registered Professional Reporter

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Dated this 15th day of August, 2024.

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