

June 4, 2009

Sandra J. Paske  
Public Service Commission  
P.O. Box 7854  
Madison, WI 53707-7854

**Re: Advanced Renewable Tariff, Docket 5-EI-148**

Dear Ms. Paske,

I am submitting comments on behalf of the Institute for Local Self-Reliance, a nonprofit organization committed to encouraging the development of distributed renewable energy and a support of advanced renewable tariffs (ARTs). I would like to commend the Commission for its consideration of ARTs (a.k.a. feed-in tariff or renewable energy payments), the most effective and cost-effective policy strategy for increasing renewable energy generation. However, there are several issues the Commission should consider in its analysis: sharing utility cost recovery, tariff uniformity, and ownership of the generating plant.

**1. Sharing Utility Cost Recovery (Issue Four)**

In its analysis, the Commission considers three cost recovery alternatives, but does not consider the most common method in practice. In European ART programs, the incremental costs to utilities are distributed nationally so that no single utility bears an undue burden. Instead of any of the three Commission options, a better alternative would be to tally the total cost of all effective ART programs and distribute that to participating utilities on a pro rata basis relative to their electricity sales to end-users in Wisconsin.

This alternative would work best with a uniform, mandated ART and would most equitably share the costs and benefits of renewable energy across Wisconsin ratepayers. Furthermore, utility cost recovery sharing avoids the requirement to cap participation for smaller utilities.

**2. Tariff uniformity (Issue Two)**

Alternative Four – requiring the maximum uniformity – most closely aligns with the primary purpose of an ART policy. Experience from jurisdictions that have existing ART policies shows that the source of cost savings and rapid growth in renewable energy generation comes from the ART's simplification of renewable energy generation for prospective developers. Financing costs are lowered because clear, uniform prices and contract terms appeal to creditors. Economies of scale will be achieved when the uniform policy applies statewide, and scale economies are curtailed by a complex array of policies.

### **3. Local Ownership (not mentioned)**

Locally owned renewable energy projects offer a greater economic return to local communities and create more jobs per MW of development.<sup>1</sup> Two proposed ART policies in other states recognize and reward this advantage. In Minnesota, a proposed ART would only apply to locally owned wind and solar projects (biomass digesters are also under consideration).<sup>2</sup> In Maine, the proposed ART would offer a 5% tariff premium to projects where at least 70% of the value added is in-state.

ILSR recommends that the Commission consider a rate premium for locally owned projects commensurate with their higher economic and environmental value to Wisconsin.

Sincerely,  
-John Farrell

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<sup>1</sup> Farrell, John and David Morris. "Rural Power." (ILSR, 2008) <http://www.newrules.org/>.

<sup>2</sup> ILSR has been assisting state Rep. David Bly with this bill.