



Department of Public Works
City Engineering Division

608-266-4751

Larry D. Nelson, P.E.
 City Engineer

City-County Building, Room 115
 210 Martin Luther King, Jr. Boulevard
 Madison, Wisconsin 53703
 608 264 9275 FAX
 1 866 704 2315 Textnet

John Shenot
 Public Service Commission of Wisconsin
 610 North Whitney Way, P.O. Box 7854
 Madison, WI 53707-7854

RE: Docket 05-EI-148, Advanced Renewable Tariffs

Dear Mr. Shenot:

Thank you for this opportunity to comment on docket # 05-EI-148 - Advanced Renewable Tariffs (ARTs) on behalf of the City of Madison. This method to encourage renewable energy production is very significant to many of the efforts by the City of Madison to both reduce our environmental footprint and promote a long-term vision for sustainability.

The City of Madison recently launched The MadiSUN Solar Energy Program to promote solar power for homes and businesses in Madison. The solar program's goal is to double the number of solar electric and solar hot water installations in the city by 2011. The program seeks to accomplish this goal by providing residents and businesses with free consultation with a "solar agent" who provides technical expertise and answers questions regarding design, permitting and rebate programs for solar power. The options under consideration by the Public Service Commission (PSC) have the potential to greatly increase the financial viability and number of potential residential applications of solar power in the City of Madison. While MGE and Alliant currently provide experimental ARTs to Madison residents, many of the options under consideration in this docket would harmonize the rates across Wisconsin utilities, provide more options for small scale PV systems and increase the vitality of the solar PV manufacturing and installation industry in Wisconsin. [Jeanne: Doesn't the docket also make the rules a permanent part of the requirements for MGE and Alliant, thus ending the "experimental" nature of the current tariffs?]

In addition to the MadiSUN program, the City of Madison is committed to achieving a 25% reduction in greenhouse gas emissions from 2005 levels by the year 2011 and is encouraging city residents to do the same through the MPowering Madison campaign. While these program goals are aggressive, we believe that they are achievable through investments in energy efficiency, reducing vehicle miles traveled, promoting conservation practices and making significant investments in renewable energy. Due to the dense population of the City of Madison, distributed generation sources like solar power will be essential to meeting these program goals. But the City of Madison is also exploring other small-scale renewable energy systems that would benefit from ARTs, such as community anaerobic digesters.

One of the main benefits of a statewide application of ARTs is the economic and renewable energy business development stimulus these policies provide which helps to drive innovation and economies of scale. Madison can play a role both in the production of renewable energy as well as the design, manufacturing and installation of renewable energy systems. In fact, Madison is home to numerous renewable energy businesses that are eager to expand into the statewide market created by ARTs.

In order for distributed renewable energy generation sources to reach the appropriate levels of market penetration necessary to meet our greenhouse gas reduction, renewable energy goals, and clean energy

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economic development, a stable and strong market for those resources will need to be established. The City of Madison therefore thanks the PSC for exploring Advanced Renewable Feed-In Tariffs and commends PSC staff for their thorough work on the topic.

While the City of Madison is in general pleased with the direction of the PSC staff's analysis, we do have three [four?] areas that we suggest be modified to meet the important policy goals of increased renewable resources.

1. Remove limitations or "program caps" on the amount of renewable energy utilities are required to purchase. The Program Caps outlined on page 28 of the PSC staff analysis document set the bar too low. As was mentioned above, installing large amounts of distributed energy generation is essential to meeting the City of Madison's greenhouse gas reduction goals. It is also in the public interest to avoid construction of large electric generating facilities or large transmission facilities. If utilities are not required to purchase all of the renewable energy produced within the city, investors may shy away from purchasing renewable energy systems, thus jeopardizing our ability to meet our program goals and blunting the growth of these important renewable resources.

2. Set more aggressive buyback prices than those outlined on page 18 of the staff analysis document. Ensuring that investors in renewable energy sources can achieve positive returns on investment will be essential to meeting our renewable energy and greenhouse gas reduction goals. We are concerned that the price levels outlined in the chart on page 18 will not provide a significant enough rate of return to drive the solar and biogas markets in the Madison and Dane County areas. The PSC has been a leader in setting aggressive but realistic buyback rates. The City of Madison believes the proposed rates are too low.

3. Extend tariff terms to 15 and 20 years. Longer terms will reduce the tariff price needed to fully recover the installation cost and will ensure that more investors are able to achieve an acceptable rate of return on their investments.

4. Eliminate any required indemnification of the utilities for large corporate or municipal entities. The City recognizes that the utilities should not be at risk when they interconnect with customers for the buyback of generated electricity. But the indemnification provisions are not needed for large customers, particularly municipalities, where the utility is not really at risk of not being able to recover in the event the City of Madison were to harm the local utility infrastructure. These provisions should be eliminated for large corporate or municipal entities.

Thank you again for the opportunity to comment on this docket. Aggressive incentives for small scale renewable energy production will help the city of Madison achieve our renewable energy and greenhouse gas reduction goals while also creating jobs producing, installing and maintaining renewable energy systems in Wisconsin. It will also be beneficial to the entire State of Wisconsin by avoiding the need for large electric generating facilities and transmission facilities.

Sincerely,

Jeanne Hoffman
Facilities and Sustainability Manager
Engineering Division, Department of Public Works
City of Madison