



June 12, 2009

Sandra J. Paske  
Public Service Commission of Wisconsin  
610 North Whitney Way  
P.O. Box 7854  
Madison, WI 53707-7854

**RE: Investigation on the Commission's Own Motion Regarding  
Advanced Renewable Tariff Development – 5-EI-148**

Dear Ms. Paske:

We would like to thank you for the detailed investigation on the implementation of an ART. We are glad to see the number of responses and the interest in the renewable energy industry and specifically, the biogas sector given the amount of resources available in the state to allow for a this sector to flourish. We have provided comments on each of the issues that you raised in your Briefing Memorandum dated May 20, 2009 titled "Investigation on the Commission's Own Motion Regarding Advanced Renewable Tariff Development".

Prior to dealing with the specific issues, we want to stress those benefits of the ART policy, in particular for biogas as it will provide additional benefits to the state's environment. Wisconsin is home to 1.25 million dairy cows. An ART will provide the foundation of a thriving biogas industry, which in turn will transform major challenges, such as:

- Dirty electricity derived from traditional sources like coal;
- Land filling and land application of organic waste;
- Agricultural odor from manure;
- Ground water runoff from agriculture;
- Greenhouse gases from fossil fuels and methane from organic waste decomposition; and
- The spread of pathogens and weed seeds into major benefits to the state, including:
  - Significant job creation;
  - Direct investment of capital into the state;
  - New industries created in the state (e.g. renewable energy equipment manufacturing);
  - Substantial progress in achieving state Renewable Portfolio Standard (RPS) goals;
  - Clean, renewable, base load energy from the lowest-impact of all renewable energy sources (<http://www.theoil drum.com/node/2976>);
  - Community-based energy solutions and local ownership; and
  - A high-quality, organic fertilizer that offsets the need for chemical fertilizer.

**Issue 1 – Should the Commission expand the availability and use of ARTs in Wisconsin?**

- We agree and cannot stress enough that the same opportunities should exist for every farm in the state, no matter which utility services each farm.
- We do not agree with the statement that ARTs are duplicative and less economical attractive measure over that of an RPS. ARTs are perhaps the most effective means of achieving an RPS and are ways of ensuring that a portion of the RPS is fulfilled with in-state power—a concern that should be at the forefront of this discussion since the anticipated National RPS will make sourcing out-of state renewable power more difficult.
- We do not agree with the comment that premiums for renewable energy supplied through an ART would have a major impact on ratepayers. Additional costs would be easily spread among the rate base without a major cost impact, as has been the experience in other jurisdictions with ARTs. Further, the economic stimulus provided through increased economic activity consequent to the ART would be likely to more than offset any increases to the rate base. Finally, the argument that Wisconsin “can ill afford to incur unnecessary costs” is misleading, as the carbon costs incurred by failing to move early to aggressively procure renewable energy will be far more expensive, given that a National RPS and cap-and-trade scheme are on the near-term horizon (American Clean Energy & Security Act of 2009).
- We are in favour of Alternatives 4 and 5, with our bias towards whichever Alternative is more expeditiously implemented. Both Alternatives provide a level playing ground for agricultural actors to transform environmental challenges into environmental benefits

**Issue 2 – Should the commission require uniformity in the ARTs offered by WI electric utilities?**

- We support Alternative 4 as the most equitable of all the Alternatives.

**Issue 3 – If the Commission chooses to require uniformity in ART prices, what prices might be appropriate?**

- We agree with the comments on fixed price contracts but add that a portion of the contract price (e.g. 20%) needs to increase with an inflationary index, as a percentage of O&M will increase with inflation. This is consistent with ARTs in other jurisdictions.
- We strongly support ART terms of 20 years. These are typical of ARTs in other jurisdictions such as Ontario’s RESOP and Vermont’s feed-in tariff program ([www.grist.org/article/2009-05-29-](http://www.grist.org/article/2009-05-29-)

vermont-feed-in-tariffs/) and appear to be the contract lengths with which debt lenders are most comfortable.

- We agree that environmental attribute ownership must be clearly delineated in ART contracts. In the case of carbon credits, the portion of credits which offsets the production of traditional electricity (Renewable Energy Credits) should become the property of the utility. Any credits derived from the destruction of methane or other greenhouse gases through a process other than electricity generation (carbon credits) must remain the property of the proponent.
- A project cap of 5 MW would artificially limit the opportunity set in the biogas market. We believe this cap should be increased substantially, e.g. to 15 MW.
- We support an incentive for peak power producers, as it is in the best interests of the ratepayers to avoid purchasing power from out of state during peak hours.
- We respectfully submit that the rates proposed in Table 2 are not competitive with ART rates paid or proposed in other jurisdictions where ARTs exist. The following link shows the proposed rates for biogas in Ontario as of June 2009 (at slide 78):  
[http://www.powerauthority.on.ca/FIT/Storage/10/10219\\_May\\_12\\_-\\_Pricing\\_slides\\_update\\_and\\_rule\\_changes.pdf](http://www.powerauthority.on.ca/FIT/Storage/10/10219_May_12_-_Pricing_slides_update_and_rule_changes.pdf) The rate schedule indicates a price of \$0.145 for projects less than 500 kW, \$0.133 for projects 500 kW to 10 MW, \$0.095 for projects over 10 MW (all tariffs converted at C\$1.00 = US\$0.9085). An ART with less competitive pricing than neighboring jurisdictions will not succeed in meeting targets.
- Biomass rates need further revision due to a lack of quality data. We would recommend consulting with the Wisconsin Bioindustry Alliance for more substantive data.
- Overall, we believe the PSC has done a great job to understand and summarize the key points of this question and has a good grasp on the features of an ART required for the program's success.
- We support Alternative 2 provided that prices are adjusted to be competitive with other jurisdictions offering ARTs.

**Issue 4: Should utilities recover the costs associated with ARTs through ordinary rates or through voluntary Green Pricing rates.**

- We believe utilities should spread ART costs equally across the rate base as the public good that results from the uptake in renewable energy accrues to all ratepayers and because developing voluntary programs adds substantial marketing and administrative cost, which could easily be avoided.



- We do agree that any customer who is not paying for the costs of the ART should not be eligible to generate under the ART.
- We believe that Alternative 2 best reflects the interests of the state.

**Issue 5: Should the Commission limit the total program size for ARTs offered by utilities, and if so, on what basis should limits be established?**

- We strongly feel that it is in the best interest of the state and ratepayers for the PSC, and not the utilities, to determine program size.
- We believe the only limit to the ART program should be the state's RPS target.
- Upon review of the table on Pg 27, we contend that the program caps proposed are too small and would strongly dissuade investment. We therefore strongly support Alternative 2.

**Issue 6: What are the next steps the Commission should take on ART policy?**

- We strongly support moving quickly on this matter as this period of stakeholder consultation has created substantial momentum among potential project proponents and it is in the best interests of the state to parlay this momentum into a successful ART.
- We strongly support Alternative 3 and stress the urgency to move forward on this program given the positive impacts that an ART will have on the state's agricultural and manufacturing industries, particularly in light of the economy as it is today. We feel Alternative 2 would be acceptable if the process was completed in an expeditious manner and that Alternative 4 would take too long to complete and is redundant given that stakeholders are commenting directly through this forum.