

MEETING NOTICE

Governor's Task Force on Global Warming Conservation and Energy Efficiency Workgroup

Date: Monday, July 23, 2007, 1 to 4:30 p.m.

**Location: Public Service Commission of Wisconsin
Pecatonica River Conference Room (basement level)
610 North Whitney Way, Madison, WI**

AGENDA

- 1:00 p.m. Welcome, introductions
- 1:15 p.m. Brief review of Task Force work
- 1:30 p.m. Overview of workgroup charge, process, and time line
- 2:00 p.m. Discussion of informational/resource needs
- 2:15 p.m. Suggest possible policy options (brainstorm session)
- 3:45 p.m. Public comment
- 4:00 p.m. Wrap up/next steps

Note: Next meeting is Monday, July 30, 2007, 1 to 4:30 p.m.

Location: Public Service Commission of Wisconsin, Pecatonica River Conference Room

This meeting is open to the public.

If you have any questions or need special accommodations, please contact Lisa Stefanik at the Public Service Commission of Wisconsin at 608-266-1125 or lisa.stefanik@psc.state.wi.us.

Strawman Proposal for Electric Utility Working Group

The Electric Utility Working Group would be divided into two subgroups with specific objectives and assignments. These subgroups' objectives and assignments would be as follows:

I. Conservation and Efficiency (Demand-Side) Subgroup

A. Objective: To design a comprehensive plan to (i) substantially increase efficiency and conservation in the use of electricity, fuel oil and propane by all classes of customers, recognizing simultaneously the need to maintain and grow Wisconsin's economy and reliably meet the energy needs of end users, including new industry and existing business expansions, (ii) improve the state's load profile to achieve more efficient use of electric infrastructure, and (iii) create significant, effective demand response programs to reduce peak requirements.

B. Tasks could include for example, but not be limited to:

1. Preparing a feasible, but aggressive, "potential" analysis for increased consumer conservation and efficiency, including cost analysis by rate class, taking account of a range of possible carbon cost adders and establishing goals by customer class for reductions in demand and energy use, and for overall reduced growth in the state's demand and energy requirements, over different periods of time.

2. Building on the substantial base of existing Focus on Energy, Commitment to Community and utility-run programs, identification and analysis of a wide range of potential policies, strategies and actions to achieve working group's objective and goals, including:

(a) Adoption of state-of-the-art building codes and appliance efficiency standards and system for updating regularly, including examination of International Energy Efficiency Code.

(b) Enhancements of third-party and utility program development, delivery and evaluation, with a focus on new construction and building rehabs, use of geothermal heating, state-of-the-art lighting, improved heating, air conditioning and ventilation, passive solar, etc. and consumer education and acceptance.

(c) The creation of a state-financed fund for governmental entities, including schools and libraries, and for nonprofits, to become models of efficiency and conservation.

(d) Development, design and evaluation of various tariff strategies, including decoupling and/or other mechanisms (return differentials by technology, carbon reduction incentives, conservation investment returns) to reverse the current regulatory incentive for large central station generation construction, while maintaining

utility profitability and economic growth potential; inverted block rates to address low-income and fixed income issues in an increasing rate environment; and real time pricing and other demand response programs.

(e) Tax and other incentives for consumers and businesses for energy conservation and efficiency investments and meeting the LEEDS-type standards.

(f) Evaluation of employment of smart grid technologies to facilitate consumer conservation and efficiency.

(g) Investigate full range of potential strategies to overcome barriers to making “up front” energy efficiency investments.

II. Generation and Delivery (Supply-Side) Subgroup

A. Objective: To substantially increase (i) development and reliance on renewable energy resources to meet Wisconsin energy requirements, including wind, solar, biomass and other, as well as deployment of other non-emitting generation resources, including the possibility of new nuclear plants, (ii) existing generation system and power delivery efficiency (including retirements), and (iii) development of cleaner, more efficient

MEMO

To: Conservation and Energy Efficiency Workgroup Members

From: Co-Chairs Edgar and Euclide

Date: July 18, 2007

Re: General Process

As a member of the Conservation and Energy Efficiency work group, we have an exciting opportunity to suggest policy options to the Task Force on Global Warming that can have a real impact on global warming in Wisconsin. At our July 11 Task Force meeting, Jonathan Pershing, Director of the Climate and Energy Program at World Resources Institute in Washington D.C., provided us with guidance on how the large task in front of us can be broken down into manageable parts. We hope to use this model to ultimately bring a solid list of policy options from our work group back to the Overall Task Force. We are on a very tight time line. Our report to the full Task Force is due by the end of September. Please also note that the process may need to be modified at the discretion of the co-chairs in order to timely meet our expectations.

Our process generally will work as follows:

- **Step 1: Develop policy options.**

World Resources Institute has provided us with a list of policy options which have been considered in other states doing similar global warming work and evaluations. However, one of our first tasks will be to evaluate this list, and identify what works for our work group. We should also plan to add policy options to this list, especially those that may be Wisconsin-specific. We may craft very brief write-ups on each policy option to get us started in the evaluation process. Additionally, we may need to identify informational and resource needs to help us with our task.

- **Step 2: Preliminary evaluation and winnowing.**

This is the step where the bulk of our work will be done as a work group. After we feel satisfied that we have an encompassing list of policy options connected with conservation and energy efficiency, we need to prioritize our list to narrow it down. For example, we may initially have a list of 30 policy options, but we should ideally be prepared to send fewer than 10 policy options to the overall Task Force as our final recommendations. We will also need to develop a set of evaluation criteria. In order to responsibly winnow our list down to the best policies, we should be prepared for multiple attempts and spirited debate while shortening our list.

- **Step 3: Further evaluation and winnowing.**

After we've reduced our list to include what we think are our most promising policies, we will be asking each of you to participate in doing brief written analyses of the policies, using a specific

template which we will provide to you. We will review the drafts as a work group and continue to evaluate, revise and rework our policy recommendations to prepare to forward our final lists and supporting analyses to the Task Force. Policy analyses will include elements such as implementation cost, GHG savings, economic impact on Wisconsin's economy, and more.

- **Step 4: Finalize workgroup policy package to send to Task Force.**

This step will encompass us largely wrapping up our work together and arriving at a set of policy recommendations to forward to the full Task Force, using the standardized template format. Innovative, controversial policy options are often where the largest GHG savings may occur, if implemented. We hope to address controversial ideas and will strive to reach consensus on them inside our group. While we will ultimately work for consensus for all policy options that we forward to the Task Force, we may pass policy analyses to the overall Task Force that do have a majority – but not full -- support of our group. Minority views will be noted. It is recognized that support for specific policies may sometimes be contingent on the overall package developed.

- **Step 5: Workgroup product presented to Task Force; Task Force develops complete package. The co-chairs will present the workgroup policy recommendations to the full Task Force.**

The Task Force will construct a “policy package” which will include not only our workgroup policy recommendations, but recommendations from other work groups. The Task Force will move on to model a total policy package, review results and give final recommendations to the Governor by the end of the year. However, before our targeted end date of December 31st, the Task Force may have more questions on our specific policies. If so, we should be prepared to reconvene, find the requested information and support this overall final effort of the Task Force.

Special note: Our work is subject to Wisconsin's Open Meeting and Public Records Laws. All inquiries, correspondence, etc., should be directed to our workgroup's staff assistant, Lisa Stefanik, at 608-266-1125 or Lisa.Stefanik@psc.state.wi.us.

Also note that further information regarding the Governor's Global Warming Task Force to date can be found at <http://www.dnr.state.wi.us/environmentprotect/gtfgw/>.

Energy Efficiency and Conservation Workgroup Process

STRATEGIC STEPS	TIME LINE
<p>STEP 1</p> <ul style="list-style-type: none"> · Overview of process, expectations, time line, ground rules · Identify informational needs · Brainstorm list of policy options · Write brief descriptions 	<p>Meeting of 7/23; 7/30 (1 to 4:30 p.m.) Part of meeting on 7/30 but also begin Step 2 work</p>
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<p>STEP 2</p> <ul style="list-style-type: none"> · Establish evaluation criteria · Winnow down to reasonable number of policy options for further analysis · Assign team(s) to do two page write-up (using set template) · Set deadline for submittal of drafts · Identify technical help needed 	<p>1 to 2 meetings (approximately 3 hours each)</p>
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<p>STEP 3</p> <ul style="list-style-type: none"> · Review draft policies submitted · Sift and winnow further · Redraft as necessary 	<p>1 to 2 meetings</p>
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<p>STEP 4</p> <ul style="list-style-type: none"> · Continue review of draft policies · Strive for consensus (or near consensus) on final working group recommendations to forward to task force 	<p>1 to 2 meetings</p>
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<p>STEP 5</p> <ul style="list-style-type: none"> · Co-chairs compile working group's recommendations and forward to full task force 	<p>No later than 9/28</p>