

## MEETING NOTICE

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

**Date: Thursday, September 13, 2007, 1:00 p.m. to 4:30 p.m.**

**Location: Wisconsin Energy Conservation Corporation (WECC),  
Training Room AB, 431 Charmany Drive, Madison, Wisconsin**

### AGENDA

- 1:00 p.m.      Introductory Remarks
- 1:10 p.m.      Continued Review/Discussion of Draft Policy Templates
- State Government/Schools Leadership (Plale/Hall)
  - Enhanced Energy Efficiency Savings Target (Stratton/York)
  - Residential Building Code (Nilles/Thompson)
  - Industrial Energy Efficiency
  - Demand Response/Load Management (Nick/Caucutt)
  - Non-Regulated Fuel Conservation
  - Electric Water Heater Conversions
  - Rental Residential Property Lighting Standards (Nilles)
  - Others
- Appliance Standards (Edgar)
  - Commercial Building Code (Nesler)
  - Innovative Rate Design (Draba/Edgar)
  - Lighting Efficiency Standard (Nekola)
  - Motivating Behavior Change (Kindig/Brandt)
  - Ratemaking Policy Changes (Stuart)
- 2:45 p.m.      Break
- 3:00 p.m.      Discussion: Begin Finalizing/Prioritizing Policy Recommendation Package
- 4:00 p.m.      Public Comment
- 4:15 p.m.      Wrap Up/Next Steps
- 4:30 p.m.      Adjourn

**This meeting is open to the public.**

**Note: Next meeting is Monday, September 24, 2007**

**Location: MGE, Lunchroom Annex, 133 South Blair Street, Madison, Wisconsin**

**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.**

**GWTF Conservation and Energy Efficiency Group Meeting**  
**Thursday, 9.13.2007**  
**WECC**

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**Welcome / Housekeeping**

- Meeting on 9/24 is no longer on hold. We will meet on Monday, 9/24 at 1:00 p.m. at MGE.
- We will start discussing today how we will package our policies to go to the TF.

**Reviewing Revised Templates**

**Susan Stratton – Version 3 of the Enhanced Energy Efficiency Program.**

New version points out what other states are doing. Other changes or discussion points include:

- Adjusted ramp up periods; adjusted savings goals as a percentage of load.
- What we're recommending is that the PSC assess what the utilities should pitch in; these numbers are very strawman-like numbers so that WRI will have something to model.
- Include more than just dollar amounts. There's a lot more energy use now than there was then (link dollars to energy consumption).
- Add annual savings, annual percentage of revenue spent on energy efficiency, etc. Costs for selected years and GHG emissions (reductions) for selected years will also need to be added.
- Overall benefit includes net jobs in the state.
- Do we intend to have code improvements as part of this target portfolio? Discussion of code on page 1 and then later on page 3. There is a need for consistent language. The code language needs to likely stay in to help this policy reach its potential. One way to think of this: We would not give energy efficiency incentives that would be less than the new code.
- \*\* George will check on "the facilitating effect" in Mike Stuart's Innovative Rate Design
- Remove language from page 1 that covers advanced metering and load management. Keep language here that connects with energy efficiency, innovative rates and consumer education.
- Discussion of this topic but occurring later in the meeting – we recognize the need for all electric providers (IOUs, munis and coops) to participate if targets are to be met.
- We are getting near to the final on this template. Are we ok with the targets? The ramp ups? *No objection from group.*

**State Government as a Leader**

This was the first time this template was presented to the group. An overview conversation about the template highlights the following:

- Recommendation 1: Because of Act 141 and EO 145, a good deal of the near term goals and work needs to be on implementation of these acts.
- Recommendation 2: extend target of EO 145 to 2020.
- Recommendation 3: Improve ability of state and local governments & schools to benefit from using third party contractors.
- Additionally: All levels of government should act as a leader by promoting their actions as good fiscal management and prudent actions.

#### Discussion:

- Can we alter this template to not just talk about energy, but that we talk about carbon reductions? The university is focused on energy efficiency, but may not be focused yet on CO2 emissions. If they aim for CO2 reductions, they'll likely get there through energy efficiency, yet they should consider other factors in their decision-making if CO2 reductions are the stated goal.
- Could we ask state to issue Carbon Report Card to highlight net carbon reductions?
- Do we want to exempt energy efficiency from school spending caps? *Yes.*
- Commercial code covers some energy efficiency code direction for state buildings. There is a big potential for double counting (cross reference likely necessary).
- Expediting permits for state buildings (to include green roofs, etc) doesn't work for state buildings over all. It will work for municipalities.

#### **Residential building code**

##### Review of rental energy efficiency (existing) section:

- Data was added. Defined as one-unit, two-unit and multi-family.
- Implemented through POS. Point of lease or other major transactions may also be considered.

##### Review of rental single-family homes:

- Whenever single or multi-family homes are remodeled, etc – permits are necessary. That's another place where we could require energy efficiency upgrades.
- Specify what improvements we expect as much as possible. That will help us get at answering questions about cost.
- Discussion covers impacts of putting energy efficiency improvements on seller of home. Will this have unintended impacts on lower income home sellers (elderly, etc)?
- Idea: put energy and/or CO2 information in a property disclosure statement at a point of sale?
- Personal accountability very important.

- Our key objective should be improving the rental market to have a minimum standard of energy efficiency to get this huge potential of carbon reduction.
- One suggestion is to have a Legislative Council Committee to create legislation to move this hard market forward. Largest barrier which we must continue to tackle is having clearly documented data / numbers that demonstrate the potential.
- For existing rental buildings and single family – get good policy recommendation and demonstrate significant need. List ways (mandate tied to POS or something else, some other disclosure form requirement, etc) to accomplish the goals in that market. ID group with a variety of stakeholders to move this forward.
- The policy section that addresses existing single-family homes is most in the need of additional data. If anyone can help, please contact Bruce.
- Can we break out owner-occupied properties with a different approach? Perhaps a whole new template for this one. By definition, an owner occupied residence has different issues/concerns.

Review of new rental buildings section:

- Added water heater language discussed at a previous meeting.
- What does Comm 63 already cover? It covers three units and/or three stories and above. It covers the whole building (rental units and common spaces such as hallways).
- The intent of this policy is to cover rental units in addition to energy efficiency improvements to the common space.
- Need data for amount of new rental space being built per year to quantify this potential.

Review of new single-family homes section:

- Same issues apply as noted above.

General note of need for this policy: needs better clarity overall; please add dates for when this policy starts.

## **Demand Management**

No *deletions* were made in the policy from last presentation. Ilze highlights changes (additions) which include:

- 1) Added language which highlighted the need for this program to be implemented in tandem with other key policies, such as innovative rate design. Demand management as a standalone policy is likely not acceptable for the group.
- 2) Bullet before paragraph 7 – Added language which highlights that this program would be best complimented with consumer behavior change. Consumer education and marketing needs are reflected in part of the costs.
- 3) Page 3: para 4 – Again, made a tie between this new program and consumer education.
- 4) The last policy version presented to the group had just costs for residential customers last time. This version contains more language about the fact that costs

could be significant and will be variable. This will also depend on the utility – some companies are further ahead on pilot programs, etc than others.

### **Non-Regulated Fuel Policy**

Changes include the following:

- Added data from WECC.

Key lobbying point from template author: The group should consider this as a policy that can achieve near-term carbon reductions for Wisconsin.

### **Electric Water Heater Policy**

Changes include the following:

- There was a strong debate among the group about whether or not language in this policy should advocate for legislative change.
- Discussion about whether or not the proposal should indicate that Focus on Energy or statewide program should make this sector a priority because of the GHG emissions reduction potential. Focus on Energy, as of July 1, is working on these conversions, yet there are still many implicit barriers remaining that should be removed. Making this a priority in the Focus on Energy program could make a difference.

2 possible recommendations:

- PSC should prioritize fuel switching for the Focus on Energy program
- For entities not under the Focus on Energy program – we are recommending legislation to require they move towards switching (when an alternative fuel source is available) electric water heaters out

Discussion continues about the above possible recommendations:

- An alternative way to state co-op participation: we could equally encourage participation in fuel switching programs.
- If we don't mandate these changes, will it happen?  
We could make a goal that spans over the life of a water heater – for example, we could say that in 15 years, we'll reach a target conversion number of X.
- In this policy, and across many of these policies, we will have to address whether or not we should mandate whether carbon reductions are a part of program success and goal achievement. At times, carbon reduction may be in competition with energy efficiency savings.

Discussion indicates group is not comfortable mandating one group, and not mandating change for another. Co-chairs propose we need to make a decision between the following: we can make these 2 divisions voluntary or mandated via legislation.

Discussion moves to whether or not munis & coops are part of the Statewide Energy Efficiency savings programs. Currently Stratton's language (for the Enhanced Energy

Efficiency Programs) really applies to just participating Focus on Energy entities. Discussion among group moves to the fact that group is uncomfortable with muni & co-ops being excluded from savings target accountability. Language outlining exactly who the Enhanced Energy Efficiency Saving Program will be for to be added to Stratton's write up.

Back to the Water Heater Template:

- We are not keen on one group having mandates and the other sector have voluntary options for action.
- This template focuses on residential.
- In discussing whether the group will adopt a mandate or make this voluntary, we point to the fact that we could include code language to preclude electric hot water heaters being put in new buildings in another policy. However, this code language would not cover the existing potential of replacing current electric water heaters.
- Further decision is laid over until the next meeting.

### **Commercial Building Codes**

Changes to this policy include a specific highlight: a data table at the end for modeling purposes.

Legislative wording in the policy should be changed to: 'rulemaking'.

**Social change policy: will update after the 9/20 Task Force meeting.**

### **Pay as you Save Program (new policy – first presentation to group)**

- Distinctive feature: Energy efficiency savings and financing runs with the utility meter.
- Is the upfront investment covered by the utility? *It is funded by whoever is the installer.*
- Design and implementation would be on the utility company – costs of which will be passed on to ratepayers.
- Huge difference in use of "enable" vs. "require" in this template.
- This could be a nice synergy between residential retrofits and a pilot program testing this technology and customer interface.
- What does the group think about the tariff idea? It's what makes the policy unique.
- This is a residential version of shared savings.
- New Hampshire already has this program in place. Evaluation is available. It is called PAYS.

**Public Comment (none offered)**

**Discussion of "packaging" policies from our group.**

- Social marketing policy is overarching in so many ways. This will hopefully become more clear at our 9/20 meeting.
- Categorizing our policies will show where things fit together more closely.
- We will eventually need to prioritize them.
- Could we create a graphic that has GHG gases on one axis and barriers on the other?
- Another idea: Matrix that had policy description, costs, GHG reductions, weighting factor (that includes barriers, etc)
- Table with 'high', 'medium' and 'low' priority items will likely be desirable.
- We will be talking about costs and rates of at least the enhanced energy savings program in the next meeting.
- You could prioritize with the categories that you have created.
- You could avoid prioritizing the double-asterisk programs until other priorities go through.
- \*\* High medium low chart from WRI – can we bring that format back for 9/24 meeting?
- Do we yet know how much of our WI GHG emissions our group will be responsible for offsetting?

\*\* Kristine and George to build a summary before our next meeting that will have barriers, costs, key characteristics, timing of implementation (start dates), GHG emissions of policies in one place to allow us to begin prioritizing and be ready for modeling.