



WISCONSIN RENEWABLE PORTFOLIO STANDARD SUMMARY

A. SUMMARY: Wisconsin has approached the issue of integrating renewable resources into its energy portfolio in a two-step fashion. In 1998, the state passed legislation that used a fixed 50 megawatts (MW) renewable capacity target for a portion of the state, mandated to be on line by 2000. In 1999, the state enacted a second renewable portfolio standard (RPS) statute applicable state-wide and based on sales targets which require that at least 0.5 percent of the electricity sold in 2001 increasing to 2.2 percent of that sold in 2011 be derived from eligible resources. In March 2006, due to the success of the existing policy, Wisconsin increased its RPS to 10 percent by 2015. Compliance is based on a Renewable Resources Credit (RRC) tracking and trading program verified and administered by the Midwest Renewable Energy Tracking System (M-RETS).

B. APPLICABLE AUTHORIZING LEGISLATION/REGULATION

1. Part of Broader Energy Package? Yes, part of electric reliability legislation passed in 1998 ([1997 Wisconsin Act 204, Electric Reliability Act](#))

2. Legislative/Regulatory Intent: Not explicitly stated in the legislation or regulations.

3. Applicable Legislation:

4/98 – 1998 Reliability Act ([1997 Wisconsin Act 204](#))

10/99 – Reliability 2000 ([1999 Wisconsin Act 9](#))

3/06 – 2005 SB 459 ([2005 Wisconsin Act 141](#))

Wisconsin RPS encoded as [Wis. Stat. § 196.378](#)

4. Date Enacted:

April 28, 1998 (Act 204)

October 27, 1999 (Act 9)

March 17, 2006 (Act 141)

5. Date Effective:

May 11, 1998 (Act 204)

October 28, 1999 (Act 9)

April 1, 2006 (Act 141)

C. RULEMAKING

1. Implementing/rulemaking Authority: Wisconsin Public Service Commission (PSC)

2. Rulemaking Completed to Date:

4/01 – PSC Order issues rules for credit trading program

5/07 – PSC Order revises rules for credit trading program, and approves use of M-RETS

Wisconsin RPS rules encoded as [Admin. code, Ch.118](#)

D. TARGETS AND TIMETABLES

1. Overview: Wisconsin employs a mixture of capacity and sales-based requirements. Wisconsin Act 204 (1997) required regulated utilities in eastern Wisconsin to install a total of 50 MW of new renewable energy by December 31, 2000. Each utility’s share in meeting the total obligation was determined by the PSC. This requirement has been met by the following projects: Rosier Wind Farm 1999 (11 MW), Lincoln Wind Farm 1999 (9 MW), and Iowa County Wind Farm 2001 (30 MW).

Wisconsin Act 9 (1999) required that renewable energy make up 2.2 percent of retail electric sales in Wisconsin by 2011. In March 2006, Wisconsin Act 141 amended the 1999 RPS by requiring each utility to increase their use of renewable energy so that by 2015, 10 percent of all electric energy consumed in Wisconsin comes from renewable energy. The 50 MW requirement under Act 204 is eligible to meet the sales-based requirement.

Each electric provider shall demonstrate that its renewable energy percentage meets at least the requirements in the schedule below.

2. Schedule:

Year	Renewable Generation Requirement
2006 – 2009	Each electric provider may not decrease its renewable energy percentage below the electric provider’s baseline renewable percentage*.
2010	Each electric provider shall increase its renewable energy percentage so that it is at least 2 percentage points above the electric provider’s baseline renewable percentage.
2011 – 2014	Each electric provider may not decrease its renewable energy percentage below the electric provider’s renewable energy percentage required in 2010.
2015, and thereafter	<p>Each electric provider shall increase its renewable energy percentage so that it is at least 6 percentage points above the electric provider’s baseline renewable percentage.</p> <p>By 12/31/15, Wisconsin must achieve the goal of having 10 percent of all electric energy consumed in the state being renewable energy.</p>

* The baseline renewable percentage is the average of an energy provider's renewable energy percentage for 2001, 2002, and 2003.

3. **Treatment of Existing Capacity:** Existing renewable generation is eligible to meet the requirements of an electric provider. However, only the incremental generation from facilities placed in service prior to January 1, 2004, due to capacity improvements that were made on or after January 1, 2004, is eligible to receive tradable RRCs.
4. **Sunset Clause:** None.

E. DEFINITION AND CERTIFICATION OF ELIGIBLE RESOURCES AND TECHNOLOGIES

1. Eligible Resources:

- Fuel cell using renewable fuel (as determined by the PSC)
- Tidal or wave power
- Solar thermal electric
- Solar photovoltaic
- Wind power
- Geothermal technology
- Hydroelectric from a facility of < 60 MW
- Biomass, which is defined as a resource that derives energy from wood or plant material or residue, biological waste, crops grown for use as a resource, or landfill gases. Biomass does not include garbage, or non-vegetation-based industrial, commercial or household waste, except that biomass includes refuse-derived fuel used for a renewable facility that was in service before January 1, 1998. Biomass co-firing is also eligible under the RPS, and is counted in an amount equal to the product of the maximum amount of electricity that the facility is capable of generating and the ratio of the energy content of the biomass fuels to the energy content of both the biomass and conventional resources.
- The PSC may develop rules that designate a resource, except for a conventional resource (defined as deriving from coal, oil, nuclear, or natural gas, except for natural gas fuel cells), as a renewable resource in addition to the resources specified.

2. Special Incentives: None.

3. **Exclusions:** (1) Conventional resources, energy deriving from coal, oil, nuclear power, or natural gas (except for natural gas used in a fuel cell) are explicitly excluded from RPS eligibility. (2) Municipal solid waste (garbage) and non-vegetation-based industrial, commercial, or household waste is explicitly excluded under the biomass definition.

4. Treatment of Self Generation: Net metering for systems up to 20 kW is available to

customers of investor-owned utilities. For renewable energy facilities, the utility pays the retail rate for net excess generation. According to the PSC, generation from net-metered renewable energy should be eligible under the RPS as long as the generation can be tracked and verified. This would require a dual or smart metering system.

5. **Rules governing Location of Generating Facilities:** An electric provider may include renewable facilities located in Wisconsin or another state and renewable facilities located on its or another electric provider's system. However, the electricity must be used to meet a Wisconsin electric provider's retail load obligations.
6. **Eligibility of Green Pricing Programs:** Electric utilities are permitted to recover the costs of providing renewable energy generation that equal or exceed the RPS requirements using alternative price structures, which includes customers paying a premium for renewable energy. Therefore, it appears that renewable generation used in green pricing programs can be used to meet the RPS. However, those electric providers that are selling Green-E certified products to their customers (such as We Energies and Alliant) are prohibited from doing so by the terms of the [Center for Resource Solutions' Green-e standard](#).

F. COVERED UTILITIES

1. **Covered utilities:** Investor-owned retailers, cooperatives, and municipal utilities are subject to the RPS requirements.
2. **Share of state sales/capacity/delivered power covered:** 100 percent of total retail electric sales
3. **Apportionment of obligation among utilities:** The RPS is applied separately to each affected utility. However, the average renewable energy percentage of all electric providers must be at least of 10 percent. The renewable energy percentage is calculated in a given year by dividing the sum of the electric provider's total renewable energy, and the renewable resource credits created or purchased by the electric provider, that the electric provider elects to use, by the total amount of electricity that the electric provider sold to retail customers or members. The "total amount of electricity" in a given year is an average of the electric provider's Wisconsin retail electric sales during the prior 3 years.
4. **Provisions for leaving/joining covered group:** None
5. **Exemptions by Customer Class:** None

G. COST PROVISIONS

1. **Cost Cap for Retailers:** An electric provider may request that the PSC grant them a delay in complying with an annual requirement if the electric provider demonstrates a "good faith effort" to comply and can demonstrate that compliance will result in

excessive increases in ratepayers' rates (including increases that are due to discontinuation of federal renewable energy tax credits). "Excessive increases in ratepayers' rates" is not explicitly defined by the legislation.

2. **Cost Caps for Consumers:** See cost cap for retailers discussion above.
3. **Cost Recovery Mechanisms:** An electric utility is allowed to recover from ratepayers the cost of providing total renewable energy to its retail customers in amounts that equal or exceed the RPS requirements. Subject to any approval of the PSC that is necessary, an electric utility may recover costs allocating the costs equally to all customers on a kilowatt-hour basis or by establishing alternative price structures, including price structures under which customers pay a premium for renewable energy.

The PSC also allows eastern Wisconsin utilities to recover in retail electric rates any costs that are prudently incurred by the utility in complying with the 50 MW capacity-based requirement under 1997 Wisconsin Act 204.

4. **Supply Contract Requirements:** None specified.
5. **Special Funds:** At the same time as the RPS was enacted, the Wisconsin legislature also created a public benefits fund (PBF) that supports renewable energy development, as well as energy efficiency and energy assistance for low-income residents. The PBF was restructured in March 2006, along with the RPS. Under the new program, each electric utility and natural-gas utility is required to spend 1.2 percent of its annual gross operating revenue on renewable-resource and energy efficiency programs. These funds cannot, however, support projects that are used to meet the RPS.

H. COMPLIANCE AND ENFORCEMENT

1. **Certification, Tracking and Trading Requirements:** RPS compliance is achieved through a combination of renewable energy generation and the acquisition of RRCs, which are issued, verified, tracked, traded, and retired through M-RETS. The PSC has contracted out for the creation of a trading system. The RRC trading program is detailed in the [Wisconsin Admin Code, PSC 118](#). RRCs may be sold or traded after an electric provider satisfies its RPS requirements for (i.e., in excess of) that year.

A RRC is defined as one MWh of renewable energy from a certified renewable facility that is physically metered with the net generation measured at the certified renewable facility's bus bar, that is delivered to a retail customer with the retail sale measured at the customer's meter, that ignores the transmission and distribution losses between the bus bar and the customer's meter, that exceeds an electric provider's minimum percentage requirement, and that meets other specific requirements. Fractional RRCs are allowed, but may not be smaller than 0.01 MWh. An electric provider that sells or conveys a MWh of renewable energy or an RRC at wholesale may not use that MWh or RRC to meet its minimum percentage requirement. Though not specified in PSC

rules, the PSC defaults to the policy of the Midwest Renewable Energy Tracking System, which states that renewable energy credits contain all environmental attributes (including avoided emissions).

RRC ownership is not explicitly addressed in the RPS legislation or the PSC rules. However, as only electric providers exceeding their RPS requirements are eligible to create RRCs, it appears that ownership is conveyed to the electric providers by default.

2. **Flexibility Mechanisms:** A RRC created before January 1, 2004 may be banked and used until 12/31/11, after which they will be automatically retired. A RRC created on or after January 1, 2004 may not be used after the fourth year after the year in which the RRC is created.
3. **Penalties, Procedures, Powers, and Sanctions:** Any person who violates the provisions of the RPS legislation or any renewable energy supplier who provides an electric provider with a false or misleading certification regarding the sources or amounts of renewable energy supplied at wholesale to the electric provider shall forfeit not less than \$5,000 or more than \$500,000. Forfeitures under this subsection shall be enforced by action on behalf of the state by the attorney general.
4. **Treatment of emission allowance or reduction credits:** Not specified
5. **Escape Clauses:** An electric provider may request that the PSC grant them a delay in complying with an annual requirement if the electric provider demonstrates a “good faith effort” to comply and, despite reasonable mitigation efforts, can demonstrate any of the following: (1) compliance will have an undesirable impact on reliability of service; (2) compliance will result in unreasonable increases in ratepayers rates (including increases that are due to discontinuation of federal renewable energy tax credits or other federal policies intended to reduce renewable energy costs); (3) unreasonable delays in receiving required siting or permitting approvals for renewable energy projects; or (4) transmission constraints that interfere with the economic and reliable delivery of electricity derived from renewable resources to the electric provider’s system.

I. ADMINISTRATION

Administering Entities, Duties, Powers, and Contact Information: The Wisconsin Division of Energy, Department of Administration (DOA) and the PSC of Wisconsin have administrative roles. Annually, the program administrator shall report to the PSC the costs incurred in operating the RRC trading program and recommend an assessment of these costs to electric providers that hold RRC accounts. APX, Inc. is responsible for administering the M-RETS credit trading system. Contacts are:

Public Service Commission of Wisconsin
610 North Whitney Way
P.O. Box 7854

Madison, WI 53707-7854
Phone: (608) 266-3905
Web site: <http://psc.wi.gov/>

Wisconsin Department of Administration
Division of Energy
P.O. Box 7868
Madison, Wisconsin 53707-7868
Phone: (608) 266-8234
<http://www.doa.state.wi.us/depb/boe>

APX Inc.
5201 Great America Parkway, #522
Santa Clara, CA 95054
Phone: (408) 517-2100
Fax: (408) 517-2985
Web site: <http://www.apx.com/>

J. REPORTING REQUIREMENTS and PROGRAM STATUS

1. Reporting Requirements:

Retailers: No later than April 15 annually, electric providers must submit a report to the PSC that identifies the electric provider's renewable energy percentage for the previous year, describes their RPS compliance, and their implementation plans for future compliance.

Administrative Entities: No later than July 1 of each even numbered year, the PSC must report to the governor and chief clerk of each house of the legislature for distribution to the legislature that evaluates the RPS impact on the rates and revenue requirements of electric providers and compares that impact with the impact that would have occurred if renewable energy practices of electric providers were subject to market forces in the absence of the RPS requirements.

By 6/1/16, the PSC must report on whether, by 12/31/15, Wisconsin has achieved 10 percent of all electric energy consumed in the state being renewable energy. If not achieved, the report shall indicate why and how it may be achieved, and the PSC must report biennially thereafter until the goal is achieved.

The DOA is responsible for annually reporting Wisconsin energy statistics, including renewable energy. The [2006 Wisconsin Energy Statistics report](#) is available online.

In October 2004, Governor Doyle released a [Task Force Report of Energy Efficiency and Renewable Energy](#).

2. Cost Information: No comprehensive study on the actual costs of the RPS has been completed to date. However, UCS released a report on the potential costs and benefits

of increasing the Wisconsin RPS in March 2006. [“Increasing Wisconsin's Renewable Portfolio Standard: Creating Jobs and Stabilizing Energy Bills”](#).

K. SPECIAL NOTES

2005 Wisconsin Act 141 states that the PSC may not impose on an electric provider any requirement that increases the electric provider’s renewable energy percentage beyond that RPS requirement. If an electric provider is in compliance with the RPS, the PSC may not require the electric provider to undertake, administer, or fund any other renewable energy program.