

August 29, 2014

Cathy Stepp, Secretary  
Wisconsin Department of Natural Resources  
PO Box 7921  
Madison, WI 53707-7921

Ellen Nowak, Commissioner  
Public Service Commission of Wisconsin  
PO Box 7854  
Madison, WI 53707-7854

Re: EPA Regulation of Carbon Dioxide Emissions from Existing Power Plants

Dear Ms. Stepp and Ms. Nowak:

The Municipal Electric Utilities of Wisconsin (MEUW) appreciates the opportunity to provide comments regarding EPA's Clean Power Plan Proposal to reduce carbon dioxide (CO<sub>2</sub>) regulations for existing power plants under section 111(d) of the Clean Air Act. MEUW is the statewide trade association that represents all 82 municipally owned electric utilities in the state of Wisconsin. Combined, our utilities distribute about 11 percent of Wisconsin's electric load to nearly 280,000 residential, commercial, industrial and farm customers.

Our comments are general in nature due to the fact that less than a handful of our members own and operate utility-scale generation. The MEUW Legislative and Regulatory Committee have discussed the impacts of the Clean Power Plan Proposal several times since the draft rule was released in June. Our major concerns include: the lack of credit for early action, issues associated with increased natural gas combined cycle plant operation, treatment of investment in renewable energy in other states, and the front-loaded nature of the proposed rule.

#### **Lack of Credit for Early Action**

An appropriate baseline year is critical to credit proactive utilities that have invested in project-based CO<sub>2</sub> emissions reductions. We are disappointed that the EPA's proposed rule bases all emissions reductions on a 2012 baseline. Reaching the proposed emissions target will be more difficult because the vast majority of investments in emissions controls, renewable energy, and energy efficiency that have already occurred in Wisconsin will not be counted.

Regarding energy efficiency, the vast majority of low-hanging fruit has been picked in our state. The next level of projects will need greater financial incentives and similar efficiencies will be much harder to achieve.

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### **Natural Gas Combined Cycle Plant Operation**

The EPA's analysis requires every combined cycle natural gas fired generator in Wisconsin to run 70% of the time. We are concerned that a plant that is designed to operate 15-30% of the time may not be able to operate that much. We also question whether this is feasible due to air permits and other operational restrictions.

Natural gas supply and price complicate matters further. Coal plant retirements and fuel switching will require significant investment in natural gas generating facilities. It is clear that Wisconsin lacks sufficient natural gas pipeline capacity to support that level of operation. Furthermore, the issue of increased reliance on natural gas and new export opportunities will put significant upward pressure on the cost of natural gas.

### **Investment in Renewable Energy in Other States**

We are also concerned about Wisconsin's investment in renewable energy located in other states, mainly Iowa. Under the current formula, Iowa receives credit for all its wind generation though a significant portion serves load in other states. The significant investment made by Wisconsin's utilities in renewable energy in Iowa actually counts against us to the benefit of Iowa, making it more difficult for Wisconsin to meet its obligations.

### **Front Loaded Nature of Proposed Rules**

We are concerned that the proposed rules are front loaded. Wisconsin utilities have invested billions in new generation and transmission since the late 1990s to improve reliability. The interim goal is very steep and it may lead to unnecessary coal plant retirements without long-term plans for viable, cost-effective alternatives. The economic impact of proposed GHG regulations can be mitigated by adopting a reasonable and phased in approach to implementation.

We commend the DNR and PSC for encouraging this important review process for all stakeholders and for their work in developing a comprehensive list of questions and issues for us to consider. Please do not hesitate to contact me with any questions.

Sincerely,



Zachary Bloom  
Executive Director  
Municipal Electric Utilities of Wisconsin