



Wisconsin Grocers Association
Grocers Day at the Capitol 2010
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Wisconsin Climate Change Legislation

- Governor's Global Warming Task Force
- Wisconsin Climate Change Legislation
- Overview and Potential Impacts to the Wisconsin Grocers



Governor's Global Warming Task Force

- Purpose
- Process
- Final Report / Recommendations

Governor's Global Warming Task Force

- Purpose
 - The Global Warming Task Force was created by Governor Jim Doyle, pursuant to Executive Order 191 on April 5, 2007.
 - The assignments of the Task Force were to:
 - Present **viable**, actionable policy recommendations to the Governor to reduce GHG emissions in Wisconsin and make Wisconsin a leader in implementation of global warming solutions.
 - Advise the Governor on the ongoing opportunities to address global warming locally, **while growing our state's economy**, creating new jobs, and utilizing an appropriate mix of fuels and technologies in Wisconsin's energy and transportation portfolios.
 - Identify specific short- and long-term goals for reductions in GHG emissions in Wisconsin that are, at a minimum, consistent with Wisconsin's proportionate share of reductions that are needed to occur worldwide to minimize the impacts of global warming.

Governor's Global Warming Task Force

- Process
 - Task Force developed 6 work groups, 5 ad hoc workgroups, a technical advisory committee
 - Two public input sessions were held at 4 locations around the state to collect public comments and suggestions
 - Task Force was not charged with debating climate change, rather developing solutions and cost-mitigating measures

Governor's Global Warming Task Force

- Final Report / Recommendations
 - Ensuring on-going GHG emission reduction effectiveness
 - Comprehensive initiative to support voluntary long term greenhouse gas emissions reductions
 - Research and development funding
 - Enhanced conservation and energy efficiency program
 - Aligning public and private interests for conservation and energy efficiency
 - Improved and innovative rate designs
 - Demand response and load management
 - Residential and commercial building codes
 - State government as leader
 - Energy efficiency and safety through lighting for rental properties
 - State appliance efficiency standards
 - Energy efficiency in schools
 - Non-regulated fuels efficiency and conservation
 - Study of retrofit codes for mandatory upgrades of existing single and multi-family units
 - Residential energy efficiency retrofit and rehabilitation
 - Wisconsin geologic carbon sequestration study
 - Wind siting reform
 - Great Lakes wind study

Governor's Global Warming Task Force

- Final Report / Recommendations (con't)
 - PSC Amended Strategic Energy Assessment (SEA)
 - Enhanced Renewable Portfolio Standard (RPS)
 - Electric transmission and distribution improvements
 - Tax incentives for renewable energy development
 - Advanced renewable tariff development
 - Modify moratorium on construction of new nuclear plants
 - Green tariff option for customers- feasibility study
 - Rate mitigation strategies
 - Off-road equipment greenhouse gas emission reductions
 - Freight idle reduction
 - Government fleet adoption of plug-in hybrid electric vehicles
 - Speed of travel reduction
 - Incentives for electric, hybrid and plug-in hybrid electric vehicles
 - E85 infrastructure development and pricing incentives
 - Low carbon fuel standard
 - Carbon-audited transportation investment
 - Energy efficient communities

Climate Change – Big Picture

- Federal Cap and Trade (Waxman/Markey) passed in House; stalled in Senate
- Healthcare / Financial Crisis
- Kyoto – Copenhagen
 - China, India, U.S. not participating
- Regional approaches have sprung up (WCI, MGGRA, RGGI)

Wisconsin Climate Change Legislation

- Clean Energy Jobs Act (AB 649/SB450) introduced by Senators Miller and Plale and Representatives Black and Soletski in January, 2010
- Governor Doyle's #1 Legislative Priority (Legacy)
- On a fast track; comprehensive and controversial
- Session ends April 22, then campaigns and mid-term elections
- Includes:
 - Statewide goals for GHG emission reductions
 - Directives to the Public Service Commission (PSC) to develop and support various programs – including a “feed-in tariff” proposal
 - Vehicles, fuels, planning, transportation infrastructure programs
 - Energy efficiency standards for buildings and equipment
 - State and local government goals
 - Bioenergy development programs
 - Industrial efficiency incentives
 - Cap and Trade Program Report

Wisconsin Climate Change Legislation

- Highlights most relevant to Grocers:
 - Statewide goals for GHG emission reductions
 - GHG emission reporting
 - Enhanced renewable portfolio standards
 - Renewable feed-in tariff
 - Vehicles, fuels, planning, transportation infrastructure programs
 - Energy efficiency standards for buildings and equipment
 - Bioenergy Crop Reserve Program

Climate Change Coordinating Council

- Modeled after the Groundwater Coordinating Council
- Purpose is to coordinate state programs and actions related to climate change and advising policymakers on related matters
- Duties
 - Assist agencies in improving and coordinating CC programs
 - Prepare program evaluation, policy review and report
 - Promote and coordinate educational and training programs
- Members
 - One member to represent the Governor (4 year term)
 - Designees or Secretaries of Administration, DNR, Commerce, DATCP, HFS, DOT, UW President, PSC Chairperson and OEI executive director

Climate Change Coordinating Council

- **Program Evaluation**
 - Requires the Council to submit a report by June 1, 2014 and every 4 years after
 - Requires DNR to collect or estimate GHG emissions from various sectors of Wisconsin's economy and the amounts of carbon sequestered by natural systems and land uses
- **Public Education and Information**
 - CCCC is required to coordinate and promote training and educational programs related to climate change
 - CCCC must consult with Focus on Energy and other public and private entities providing similar programs on climate change

Statewide Goals

- **GHG Emission Reduction**
 - Annual net GHG emissions in 2014 are no greater than 2005 annual net GHG emissions
 - By 2022, net GHG emissions are at least 22% less than 2005 levels
 - By 2050 and each year thereafter, at least 75% less than 2005 levels
- **Energy Conservation**
 - 2011 = 1%
 - 2012 = 1.25%
 - 2013 = 1.5%
 - 2014 = 1.75%
 - 2015 and every year thereafter, 2%
- **Electricity from Renewable Resources Goals**
 - By end of 2013, 10% of all electricity consumed is renewable
 - By 2020, 20%
 - By 2025, 25%
- **New Building Energy Use Goal**
 - By 2030 all newly constructed residential and commercial buildings use no more energy than is provided by on-site renewable generation or an integrated generation system among two or more buildings

GHG Emission Reporting

- DNR is required to ...
 - Collect or estimate GHG emissions
 - Prepare inventories and analyses of GHG emissions
 - Prepare an assessment, every 4 years, to determine if the state is meeting its reduction goals
- Mandatory GHG Reporting
 - Threshold for carbon dioxide emission reporting reduced from 100,000 to 10,000 tons per year
 - Any stationary source required to report carbon dioxide, as noted above, is also required to report methane and nitrous oxide emission from the combustion of solid, liquid or gaseous fuel

Enhanced Renewable Portfolio Standard (RPS)

- RPS requires electric utilities and retail electric cooperatives to ensure that a specific percentage of the electricity load they sell is derived from renewable resources
- “Renewable resource” means any of the following
 - Resource that derives electricity from any of the following
 - Fuel cell that uses, as determined by the PSC, a renewable fuel
 - Tidal or wave action
 - Solar thermal electric or photovoltaic energy
 - Wind power
 - Geothermal technology
 - Biomass
 - A resource with a capacity of less than 60 MW that derives electricity from hydropower (with exceptions)
 - Any other resource, except conventional resource, that the PSC designates as renewable in rules

Enhanced Renewable Portfolio Standard (RPS)

- Other non-electric energy may count toward compliance with the state's RPS if:
 - The energy was generated at a facility located in Wisconsin that was placed in service after the effective date of the bill, and
 - The energy displaces the use of fossil fuel in Wisconsin
 - Non- electric energy includes
 - A cogeneration production plant
 - Geothermal system
 - Solar water heating system
 - Biomass-fueled boiler that was converted from a fossil fuel-fired boiler after the effective date of the bill
- PSC is directed to develop rules regarding non-electric energy

Enhanced Renewable Portfolio Standard (RPS)

- Electricity providers are required to calculate a “baseline” of electric sales – the average sales from 2001, 2002, 2003 – then increase incrementally the percentage of that baseline that must be renewable energy sales
- RPS Standards
 - 2010-2012: total renewable sales must be 2% above baseline
 - 2013-2019: 6% above baseline
 - 2020-2024: 16% above baseline / at least 30% must be from renewable resources in Wisconsin
 - 2025 and thereafter: 21% above baseline / 40% must be from renewable resources in Wisconsin

Enhanced Renewable Portfolio Standard (RPS)

- RPS includes a credit trading system, which provides a market-based mechanism to allow the regulated to meet obligations in the most cost-effective way
- Renewable Resource Credits are created at the time renewable energy is generated
 - Bill provides that renewable energy generated is sold with associated credits, unless the parties agree otherwise
 - Compliance with the RPS is documented through a report based on a regional credit tracking system
 - Credits do not expire until an electric provider has applied the credit toward compliance with the RPS or until the owner of the credit retires the credit

Renewable Feed-In Tariff

- Feed-in tariff is a policy that requires electric utilities to offer to purchase energy at a minimum per/kwh amount for energy generated by certain renewable resources
 - The purpose is to maximize the development and deployment of distributed renewable energy generation technologies
 - It is a subsidy for renewable energy development
- Clean Energy Jobs Act requires the PSC to issue an order to each investor-owned and municipal electric utility that sells at retail, requiring the utility to offer to purchase “renewable energy” according to standard terms and pricing
 - “Renewable energy” is generated at a “renewable facility”
 - “Renewable facility” is a small-scale facility, as defined by PSC rules, that derives energy from any of the following:
 - Photovoltaic energy
 - Wind power
 - Gas made from renewable resource
 - Any other renewable resource specified by PSC

Renewable Feed-In Tariff

- Includes three exceptions to the PSC tariff order – two based on PSC discretion, and one if the utility and the generator mutually agree to other terms and conditions
- Also authorizes PSC to limit the amount of energy a utility may be required to purchase at feed-in tariff rates
- The standard purchase price for renewable energy must be based on
 - The cost of producing renewable energy at the type of facility
 - A reasonable rate of return on investment for the type of facility
 - State and federal incentives that are available to owners or operators of the type of facility
- The PSC Order must also include the following
 - A schedule of payments for renewable energy over a period of time sufficient to allow recovery of construction/operation costs
 - Maximum limit on generating capacity for the type of facility
 - Standardized agreement with terms and purchase price
- With the purchase of energy through the feed-in tariff, the purchaser also acquires associated Renewable Resource Credits, unless otherwise agreed to by the parties

Vehicles, Fuels, Planning, Transportation Infrastructure

- **California Vehicle Emission Standards**
 - DNR is required to promulgate rules for emission limitations for cars, light-duty trucks and medium-duty vehicles that are passenger vehicles and have gross vehicle weights of 10,000 lbs or less
 - Rules must be identical to California GHG emission standards and other emission standards promulgated by the California Air Resources Board
- **Engine Idle Reduction**
 - Prohibits operators of motor truck, truck tractor or road tractors from allowing the engine to idle, on or off the highway, for more than 5 minutes in any 60 minute period. Subject to certain exemptions.
 - Directs DNR to study GHG emissions from idling “mobile sources” , including automobiles, motorcycles, trucks, buses, snowmobiles, motorboats, steamships, earthmoving equipment, locomotives and aircraft.
 - Forfeitures for violations:
 - \$20-\$40 for the first offense
 - \$100-\$500 for the second conviction within one year
 - \$500-\$1000 for the third conviction within one year

Vehicles, Fuels, Planning, Transportation Infrastructure

- Low Carbon Fuel Standard
 - Specifies the allowable weight of GHG emissions per unit energy content of transportation fuels sold by a provider
 - Allowable weight is typically referred to as the fuel's "carbon intensity"
 - The Low Carbon Fuel Standard is typically expressed as a percentage reduction in the carbon intensity relative to a baseline
 - GHG emissions for a transportation fuel are determined by a life cycle analysis of all steps in production, distribution and use of the fuel
 - Clean Energy Jobs Act requires DNR to promulgate by rule a low carbon fuel standard if two conditions are met:
 - The low carbon fuel advisory group, established by the Midwestern Governors Association, makes recommendations on such standards
 - Advisory group's recommendations are endorsed by the governors of a majority of the states whose governors endorsed the MGA Climate Stewardship Platform in November 2007
 - DNR would require forfeitures of not more than \$5000 per violation for any person who sells transportation fuel in violation of the standard

Energy Efficient Buildings and Equipment

- Buildings
 - Mandatory Building Codes
 - Commerce must promulgate energy conservation codes as part of the commercial building and one- and two- family dwelling codes
 - Codes must conform to “generally accepted code” defined as the applicable International Energy Conservation Code or other code accepted by architects, engineers and construction industries
 - Voluntary Commercial Green Building Code
 - Commerce must promulgate rules for voluntary design standards to reduce environmental impact of constructing, maintaining and using public buildings and places of employment
 - Agricultural Energy Conservation Code
 - At a minimum, energy conservation code for agricultural facilities must apply to barns and milking parlors
 - Commerce must consult with DATCP before promulgating this code
 - Design Standards for State Buildings
 - New Building Energy Use Goals

Energy Efficient Buildings and Equipment

- Buildings (con't)
 - Design Standards for State Buildings
 - Requires DOA to ensure that all major state construction projects conform to the voluntary environmental design code (described above) and all minor state construction projects conform to that code to the extent technically feasible and cost-effective
 - New Building Energy Use Goals
 - Requires Commerce to assess and provide DNR a report every 4 years of the state's progress in meeting the goal that, by 2030, all newly constructed residential and commercial buildings will be zero net energy buildings

Energy Efficient Buildings and Equipment

- Appliance Efficiency Standards
 - Federal law preempts states from establishing appliance efficiency standards where a federal standard already exists
 - Clean Energy Jobs Act establishes some appliance efficiency standards modeled on standards developed in California and other states
 - Prohibits the sale or retail of certain enumerated appliances
 - Standards are enforced by DATCP
 - Establishes forfeitures of no more than \$100 for violations
- Industrial Boiler Efficiency
 - Requires owners of industrial boilers to inspect annually and take steps to maximize energy efficiency and minimize GHG emissions
 - Commerce is authorized to promulgate rules to implement and enforce this new requirement

Bioenergy

- Energy Crop Reserve Program (modeled on Fed. BCAP Program)
 - Purpose of the program is to assist farmers to establish and produce biomass crops for use as an energy resource
 - Person is eligible if he/she
 - Owns eligible land in Wisconsin
 - Enters into a contract with DATCP, with a term up to 10 years, to grow and harvest eligible crops
 - Provides 3 types of financial assistance
 - Cost-sharing payments for the cost of establishing an energy crop
 - Income replacement payments until land is eligible for production payments
 - Production payments on a per ton basis of energy crop harvested
 - Participants are required to comply with planting and harvesting guidelines established by DATCP and non-point source water quality protection program
 - DATCP required to prepare a report to determine if financial incentives are adequate to prompt sustainable biomass to help meet GHG reduction goals

Cap and Trade Program Report

- DNR is required to report to legislative committees and the Governor on regional and federal cap and trade programs if
 - Federal cap and trade legislation is enacted
 - Federal cap and trade regulation is adopted
 - Governors of the Midwestern states recommend a regional cap and trade program that would be applicable in Wisconsin



Questions?

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