

Could energy deregulation in Wisconsin become the innovation driver for economic growth?

The Milwaukee City Council recently adopted a resolution seeking the introduction and passage of state legislation relating to municipal aggregation for the city, and the competitive procurement of energy from generation sources other than WE Energies; with WE Energies still delivering the commodity.

Competitive procurement would mean a big win for the City, the taxpayers and the environment. As President of Alternative Utility Services; a licensed energy aggregator in deregulated states, I have seen the benefits and savings gained through competition. In fact, the rates in IL are 40% less than WI due to competition. Wisconsin, however, continues to have one big problem, designed to remove any competition and to stifle new innovation in the energy arena – the Electric Utility.

The entire monopoly utility concept was based on excluding competition in return for a guaranteed return on investment. The monopoly concept, developed around 1900, allowed for the country to be electrified city by city. This electric monopoly was like the all-you-can-eat buffet offering as much electricity as you want. It allowed the utility to be able to expand; building power plants to provide for this continual feast of electricity. But the world has changed a lot over the past 100+ years. And now we have an antiquated model that seeks only to raise rates instead of promoting innovation for energy savings or energy efficient renewable generation.

But the problem goes beyond mere energy procurement. Investor Owned Utilities (IOUs) in WI, and a number of other states are saying that you can't have electric generation equipment at your business or home that is owned by a 3rd party. This effectively removes the ability for home owners or businesses to purchase electricity at a discounted rate, without having to invest in the actual equipment. Yet the City of Milwaukee Sustainability Plan 2013-2023 calls for a 20% reduction in city energy usage and a 25% increase in the reliance on renewable energy by 2025. How will the city meet those goals?

In Dubuque, Iowa, they met this problem head on. A group of renewable energy advocates protested and took a state ruling against 3rd party ownership to the courts – and won! The utility, Alliant Energy, lost as the Iowa Supreme Court ruled in favor of 3rd party ownership. These laws in WI and other states are poised to be challenged if the legislature does not pass legislation to allow 3rd party ownership. Since 70% of all solar installations have been done on a 3rd party ownership basis nationwide, this is an issue of considerable importance. Without 3rd party ownership, solar installs have been, and will continue to be – successfully shut down.

Can you imagine where the world would be if AT&T monopoly had not been broken up to allow for innovative competition? Cell phones, satellites, high speed internet, Wi-Fi and iPads would not even be an idea in someone's imagination. Imagine the potential in energy opportunities, jobs and economic development that could be created if we stopped putting up artificial barriers to innovation?

For even now, home builders who are constructing net zero or low energy consumption homes will see utilities wanting to raise rates and increase connection charges, making sure they get their ROI. You see the problem



is you aren't using enough energy, and that negatively impacts the utility model. In fact, the utilities, with power plants located in areas that have excess power, are trying to get legislation passed to build a huge transmission line to bring their power to the population centers, and then charge you with a rate increase to pay for it.

So the question is; how do we bring the 100 year old utility model into 2015, and build a sustainable energy future?

1. Decouple ownership of generation and distribution, with generation bid into the market against other supply options, creating competition for fair pricing.
2. Allow for 3rd party ownership of generation assets – solar, cogen etc.
3. Raise net metering size to 2 Mw or more.
4. Provide any building the ability to buy energy from any generator through virtual metering.

But the most important step is taking the time and effort to talk to your state and local representatives. Take charge of your energy future; ask for these changes!

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