



# Legislative Briefs

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## ENERGY EFFICIENCY AND RENEWABLE SOURCES

This brief discusses 2005 Wisconsin Act 141, which was enacted into law on March 17, 2006. Act 141, introduced as 2005 Senate Bill 459, promotes energy conservation and the use of renewable energy sources by raising energy efficiency standards, increasing the supply and demand of renewable energy, and expanding various energy initiatives.

### BACKGROUND

The drafting record for SB-459 indicates that the bill incorporated recommendations made by the Governor's Task Force on Energy Efficiency and Renewables in their October 2004 Final Report. It also incorporated language which previously appeared in Senate Substitute Amendment 1 to 2003 Senate Bill 111. SB-459 was introduced by the Senate Committee on Energy, Utilities and Information Technology on November 29, 2005. The Senate passed SB-459, as amended by Senate Substitute Amendment 1, on February 21, 2006, by a vote of 32-1, and the Assembly concurred on March 7, 2006, by a vote of 94-0. With overwhelming support, SB-459 became 2005 Wisconsin Act 141.

2005 Wisconsin Act 141 implements most of its provisions through mandates to state agencies. The legislation directs changes to the state's energy policies administered by the Department of Administration (DOA), the Department of Agriculture, Trade and Consumer Protection (DATCP), the Department of Commerce (Commerce), and the Public Service Commission (PSC).

### DEPARTMENT OF ADMINISTRATION

DOA is responsible for much of the fiscal and support services to state agencies, as well as coordinating various state programs.

**Energy Efficiency Standards.** 2005 Wisconsin Act 141 directs DOA to set energy standards for all energy-consuming equipment purchased by state agencies. DOA also must develop energy standards for the construction of state buildings. The energy efficiency standards for equipment purchased, or part of new construction, do not apply if the cost to purchase and install equipment with higher energy standards is greater than the estimated savings over the life of the equipment.

**Renewable Energy Purchases.** DOA is also required to establish goals for certain state agencies to purchase at least 10% of their total annual electricity from renewable energy sources by December 31, 2008, and at least 20% by December 31, 2011. The state agencies subject to this requirement are the Departments of Administration, Corrections, Health and Family Services, Public Instruction, Veterans Affairs, and the UW System Board of Regents.

**Low-Income and Rural Initiatives.** Other changes include a new separate line item on all utility bills to show the amount each household pays to fund DOA's low-income assistance programs, which assist low-income households through weatherization, other energy conservation services, and payment of energy bills. The act also creates a corn-burning furnace pilot program, run by DOA, to study corn's potential as a renewable heating fuel.

**DEPARTMENT OF AGRICULTURE,  
TRADE AND CONSUMER PROTECTION**

DATCP regulates certain agricultural, trade and commercial activities, enforces consumer protection and conducts programs to conserve and protect vital resources.

**Anaerobic Digestors.** Like DOA's corn-burning furnace pilot program, the act supports the development of another experimental rural renewable energy source - manure. DATCP will be required to develop a budget request for increased funding of programs to develop anaerobic digestors, which break down organic waste to produce a methane-rich gas that can be used as renewable energy.

**DEPARTMENT OF COMMERCE**

Commerce administers economic development programs, provides technical assistance on industrial and commercial development, and enforces certain building safety laws.

**Energy Conservation Codes.** 2005 Wisconsin Act 141 updates statutory language to reference the International Energy Conservation Code as an example of the most current national energy efficiency design standards for new buildings, and directs Commerce to consider incorporating these new standards into Wisconsin's energy conservation code. It also requires Commerce to review and submit administrative rule changes to the energy conservation code every three years, instead of five.

**PUBLIC SERVICE COMMISSION**

The PSC regulates Wisconsin's utilities, and its responsibilities are often in direct relationship to those put on the utility companies themselves.

**Energy Efficiency and Renewable Resource Programs.** 2005 Wisconsin Act 141 requires utilities to collectively establish and

fund Energy Efficiency and Renewable Resource Programs. These programs are developed to "achieve environmentally sound and adequate energy supplies at reasonable cost," and can include initiatives to conserve energy, increase energy efficiency, or encourage the development and use of renewable sources. The PSC has oversight authority over these programs and must promulgate administrative rules needed to ensure their effective operation, as well as conduct program evaluations, approve administrator contracts, and coordinate this program with other state energy programs. The PSC is responsible for requiring utilities to spend 1.2% of their annual operating revenues to fund these programs, utility administered programs, or PSC ordered programs. The act prohibits the PSC from requiring utilities to pay more than 1.2%, but allows the PSC to propose an increase to the legislature.

**Renewable Portfolio Standards.** 2005 Wisconsin Act 141 created a statewide renewable standard goal that 10% of retail electricity sold by utility companies comes from renewable energy by 2015. As the estimated statewide renewable energy sales in 2002 was about 4%, the act mandates that all electricity providers increase their sales of renewable electricity 2 percentage points over their 2001-2003 averages by 2010, and 6 percentage points by 2015. Utilities are also allowed to include hydroelectric power and renewable energy generated from within a multistate system. The PSC is required to report to the legislature and the governor every even-numbered year on the impact these requirements have had on the rates and revenue of electricity providers. In 2016, the PSC must report whether the 10% renewable energy goal has been met, and if not, what can be done to achieve it.

**FOR FURTHER INFORMATION**

View a copy of 2005 Wisconsin Act 141 at [www.legis.state.wi.us](http://www.legis.state.wi.us).