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Industry execs: Boosting renewable use not a simple process

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Despite a clear call from voters for power utilities to increase wind, solar and other renewable energy sources, industry executives agreed in Milwaukee that's going to be expensive and complicated.

Many residents and businesses are intrigued by the idea of installing solar panels and wind turbines that would feed carbon- and pollution-free energy into major utility grids -- with the goal of helping the environment, lowering their energy bills and perhaps even "selling" excess energy to the utility. But building the physical facilities and a fair pricing structure won't be easy or cheap, panelists warned Tuesday at the 2015 Mid-America Regulatory Conference annual meeting in Milwaukee.

"Our market research shows that customers are looking for this," said Jake Oelke, vice president, energy services, WPPI Energy. "Bipartisan research shows that somewhere between 80 percent and 90 percent of voters favor utilities increasing their use of solar, wind and biogas, and that's regardless of what your political trends are."

But while customers say they want utilities to help the environment beyond merely complying with federally mandated renewable energy standards, Oelke noted, "Ninety percent of customers want energy delivered at the lowest cost possible, so there's a tough balance there."

Panelists, moderated by MG&E official Greg Bollom, stressed that utilities will need to upgrade power grids to accept renewable energy flowing in from various sources and to install the means to store the energy and distribute it when needed.

"Solar works when the sun is shining, but the customer is still interconnected at night or on rainy days," said Marc Romito, manager of the Arizona Public Service renewable energy program.

In Arizona, where solar power is fast becoming ubiquitous, Romito noted that residential customers are looking for smaller utility bills while also reducing their energy footprint. But they often don't understand the need for all customers to contribute to the costs of maintaining reliable power 24/7, he said. "Where do you want to embed the socialization and are you comfortable doing it?"

Joel Schmidt, vice president of regulatory affairs for Madison-based Alliant Energy, said pilot

projects, including "community solar gardens," are underway in Wisconsin. But he suggested utilities won't rush to make major changes to the state's heavily coal-dependent system.

"We're doing a lot of experimenting within various arenas," said Schmidt. "What we think is really good, we're going to probably scale up quickly; and the stuff that we just don't think makes sense now, probably keep on the shelves, keeping in mind it may change."

"Our concern is what I'm calling unintended or maybe auxiliary-type costs," he said. "Let's be real. One of the big wild cards in all the cost structures yet is federal and state tax policies and other incentives. That probably has as much or more uncertainty involved in it than all the technology."

So-called community solar gardens are being tested in Wisconsin in River Falls and Richmond. The idea is for municipalities to install solar panels on a large scale on otherwise unused property, such as a landfill or brownfield. Residents can opt to join the system, sharing the benefits and costs. Oelke acknowledged, "We're putting a lot of eggs in the basket of the community solar model. For small towns, we feel that's going to be a really good fit." But he added that it will be a complex task to administer such programs without the need for a big-city-sized staff.

Paul Johnson, director of resource planning and bidding for Xcel Energy's Minneapolis-based Northern States Power Co., said utilities nationwide are recognizing the need to give customers more choices.

"We've had several stakeholder gatherings here," he said. "The feedback we've gotten, from pretty much everybody, is, 'We want you continue to move toward a carbon-free energy supply.' Everything we offer may not be exactly the customer wants but what they appreciate is our efforts to ... develop a product that actually works.

"A lot of this is really in its infancy."