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A Better Energy Policy

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The amount of potential for clean and renewable energy I've been talking about the last few weeks is not unknown to Wisconsin politicians. They simply don't want to act on alternative energy sources at anywhere near the scale that's needed and available.

The basic reason for this has nothing to do with rational disagreement over science, technology or even what's good for the state's economy, and everything to do with the political power of the utility companies. Each election cycle they spend tens of millions on campaign contributions and lobbying (last budget go-around, 72 hours on average, for each legislator) to get their point of view across. Those who might disagree with them - consumers, workers interested in clean jobs, anyone who cares about air and water quality - have only a few poorly funded public interest groups, and the very occasional (and lonely) renegade legislator, to stand up for them. It's really not a fair fight at all.

So this is another issue that average citizens have to take into their own hands if they want to see real change, perhaps first by simply challenging candidates in next year's state elections to clearly state and defend their views on our energy future. Those who can do so deserve to be looked at on other issues. Those who can't should be politely shown the door.

Unfortunately, average citizens are forever told that energy policy - like nearly everything else, it seems, of public consequence - is just too complicated for their simple minds to grasp. And that discourages their questioning (which is of course the point).

But after a point, reached soon enough, this complexity stuff is nonsense. Energy policy is complicated enough, but no more so than a lot of other matters we deal with everyday - scheduling our time, raising kids, refraining from murdering our boss. And the basic choices we now face in Wisconsin are almost blindingly clear. Herewith, then, is a simple citizen's (no pun intended) guide to making those choices.

Our Current Future: Governor McCallum sets out his preferred energy future in his recent "2001 Energy Policy" (www.doa.state.wi.us/depb/boe/index.asp). Devoid of new efforts at energy conservation, he anticipates state demand for an additional 6.3 gigawatts in electrical capacity by 2016, or about a 50 percent rise from our current level. This he proposes to meet by increasing our use of conventional energy sources. This means building or accessing more polluting fossil fuel and nuclear power plants. And it means continuing to purchase most of our energy from out of state - which as we buy more means sending more of our money there as well. To further sweeten things for the utilities, the governor proposes to halve our current taxation of their wholesale electricity sales (from 3.2 percent to 1.6 percent), while increasing the customer rate for retail purchase.

At the efficiency and renewable energy end of things, meanwhile, the governor touts the Wisconsin Focus on Energy program, on which the state is concentrating a fair amount of branding effort. When finally up and running with ratepayer funds newly diverted from the utilities, WFOE will spend about \$2.5 million a year to support customer-owned renewable energy installations, and another \$57 million on training, technical assistance, marketing and other efforts aimed at "transforming the markets for energy-efficient goods and services into profitable, self-sustaining markets." But even with WFOE, again, overall state energy demand is expected to skyrocket. And use of renewables by big energy providers will remain very small. As late as 2012, for example, and then only by a legislative mandate passed over the objection of the Republican Assembly, the "renewable portfolio standard" for utilities will rise to only about 4 percent of their retail electricity sales. This then, basically, is the utility companies' plan for your energy future.

Alternative: What I'm suggesting here, by contrast, is adoption of something like the "Repowering the Midwest" (www.repoweringthemidwest.org) energy plan outlined by our friends at the Environmental Law and Policy Center. Along with not generating hundreds of tons of the toxins we now annually dump in our environment, this would save consumers money, generate lots of good new jobs, and keep more of what we still spend on energy here in the state. Over the next two decades this plan would actually slightly reduce state energy demand from its present level, while fully accommodating non-energy growth at rates like those the governor uses in his projections. And it would make much fuller use of wind, solar and other renewable power, to the point that they, along with targeted use of natural gas in combined heat and power units, distributed energy systems and fuel cells, would account for fully 40 percent of our energy needs by 2020.

The money needed to pay for this plan's implementation could come from slightly increasing ratepayer contributions to something like the WFOE. At, for example, 0.3 cent per kilowatt-hour, those could generate \$200 million annually to smooth out market bottlenecks, build needed physical and knowledge infrastructure, and leverage private investment in efficiency. Since energy efficiency is a spectacularly satisfying investment - given our wastefulness at present, every \$1 put into efficiency generates at least \$2 in savings - the returns on this annual pool would be more than enough to give customers significant income savings while still funding other socially desirable projects, including further transition to clean and renewable energy.

This plan also anticipates updating and tightening Wisconsin building codes on energy efficiency, to get over split-incentive problems between builders and eventual occupants; realigning power transmission and pooling policies, to treat renewable sources on an even footing with non-renewable ones; and clearing away certain artificial barriers to clean "distributed" energy generation, so that instead of building a dozen or so new giant polluting power plants, we'd build tens of thousands of tiny clean ones.

* Finally, and in addition to improved air and water quality, customer savings and all the jobs to come from construction of clean energy capacity and income kept in state, this alternative plan would be particularly good for an important part of our manufacturing base - that which is already emerging as a leader in the production of efficient and renewable energy products and systems. The plan would directly expand that market and local knowledge in how to meet it internationally, which would be good for high-road Wisconsin firms.

So that's the choice, friends. Pollute and pay more; or save money, breathe easier and have more income and good jobs in this state, as well as profits for industries of the future. Governor McCallum seems to be for Door No. 1. Who knows what the Democrats are for; maybe that's something to ask them next year. But isn't it already obvious what our choice should be?

Joel Rogers is director of COWS, the Center on Wisconsin Strategy, at the UW-Madison. COWS is sponsoring "Sustaining Wisconsin," a statewide dialogue about the future of Wisconsin. The themes expressed in this view of the state of the state will carry through the next 18 months as COWS uses Sustaining Wisconsin to put the Wisconsin Idea into action. Go to www.sustainingwisconsin.org for more information.

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