



2013 ASSEMBLY BILL 596

January 3, 2014 - Introduced by Representatives KUGLITSCH and KULP, cosponsored by Senators COWLES and FARROW. Referred to Committee on Energy and Utilities.

1 **AN ACT to amend** 196.378 (3) (a) 1m., 196.49 (1) (am), 196.50 (1) (a) and 196.81
2 (3) (b); and **to create** 196.50 (1) (am) of the statutes; **relating to:** renewable
3 resource credits, removal of certain natural gas service laterals, natural gas
4 public utility service in municipalities, and granting rule-making authority.

Analysis by the Legislative Reference Bureau

Under current law, an electric utility or retail electric cooperative (electric provider) is subject to certain requirements for ensuring that, in a given year, a specified percentage of the electricity that the electric provider sells to retail customers or members is renewable energy. Such requirements are commonly referred to as renewable portfolio standards (RPSs). Current law provides that each megawatt hour of renewable energy that an electric provider sells to customers or members creates one credit, which the electric provider may use to comply with an RPS or sell to another electric provider for compliance with an RPS. Current law also requires the Public Service Commission (PSC) to promulgate rules allowing an electric provider, or a customer or member of an electric provider, to create other credits based on the electric provider's, customer's, or member's use of specified sources, but only if the use displaces the use of nonrenewable energy and satisfies other requirements. Like the credits created from sales of renewable energy, the credits under the rules may be used to comply with an RPS. This bill provides that the rules must allow the credits to be created regardless of when the source used to create the credit was placed in service.

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Current law also requires a public utility to obtain a certificate from the PSC before the public utility may provide service in a municipality already served by another public utility. This bill creates an exception for natural gas public utilities. The bill requires the PSC to promulgate rules allowing an additional natural gas public utility to provide service in a municipality served by another natural gas utility without obtaining a certificate from the PSC, but only if certain requirements are satisfied. First, both utilities must enter into a territorial agreement regarding the areas to be served by each utility in the municipality. Second, the area to be served by the additional natural gas public utility must be adjacent to a municipality that the additional natural gas public utility is already authorized to serve. Third, for the exception to apply, the additional natural gas public utility must provide service only to a limited number of customers in the municipality already served by the other utility.

Finally, with certain exceptions, current law requires a public utility to obtain the approval of the PSC before abandoning or discontinuing service lines and extensions. One exception allows a public utility to remove a customer's electric or steam service lateral if the removal is requested by the customer. This bill revises that exception to allow a public utility also to remove a customer's natural gas service lateral upon the request of a customer.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 196.378 (3) (a) 1m. of the statutes is amended to read:

2 196.378 **(3)** (a) 1m. The commission shall promulgate rules that allow an
3 electric provider or customer or member of an electric provider to create a renewable
4 resource credit based on use in a year by the electric provider, customer, or member
5 of solar energy, including solar water heating and direct solar applications such as
6 solar light pipe technology; wind energy; hydroelectric energy; geothermal energy;
7 biomass; biogas; synthetic gas created by the plasma gasification of waste; densified
8 fuel pellets described in sub. (1) (h) 1. i.; or fuel described in sub. (1) (h) 1. j.; but only
9 if the use displaces the electric provider's, customer's, or member's use of electricity
10 that is derived from conventional resources, and only if the displacement is verifiable
11 and measurable, as determined by the commission. The rules shall allow an electric
12 provider, customer, or member to create a renewable resource credit based on 100

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1 percent of the amount of the displacement. The rules shall also allow an electric
2 provider, customer, or member to create a renewable resource credit under this
3 subdivision regardless of when the source used to create the credit was placed in
4 service. The rules may not allow an electric provider to create renewable resource
5 credits under this subdivision based on renewable energy upon which renewable
6 resource credits are created under subd. 1. The rules may also not allow an electric
7 provider to create renewable resource credits under this subdivision based on
8 hydroelectric energy that is not eligible for creating renewable resource credits
9 under subd. 1.

10 **SECTION 2.** 196.49 (1) (am) of the statutes is amended to read:

11 196.49 (1) (am) ~~No~~ Except as provided in s. 196.50 (1) (am), no public utility
12 not legally engaged in performing a utility service on August 1, 1931, in any
13 municipality may commence the construction of any public utility plant, extension
14 or facility, or render service in such municipality directly, or indirectly by serving any
15 other public utility or agency engaged in public utility service or otherwise, unless
16 the public utility has obtained a certificate from the commission authorizing it to
17 transact public utility business.

18 **SECTION 3.** 196.50 (1) (a) of the statutes is amended to read:

19 196.50 (1) (a) ~~The~~ Except as provided in par. (am), the commission may not
20 grant any person a license, permit or franchise to own, operate, manage or control
21 any plant or equipment for the production, transmission, delivery or furnishing of
22 heat, light, water or power in the municipality, if there is in operation under an
23 indeterminate permit a public utility engaged in similar service in the municipality,
24 unless the person seeking the license, permit or franchise secures from the

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1 commission a declaration, after a public hearing of any interested party, that public
2 convenience and necessity require the delivery of service by the applicant.

3 **SECTION 4.** 196.50 (1) (am) of the statutes is created to read:

4 196.50 (1) (am) The commission shall promulgate rules allowing a natural gas
5 public utility to provide service in a municipality served by another natural gas
6 public utility without first obtaining a certificate to serve that municipality under
7 s. 196.49 (1) and this subsection if all of the following apply:

8 1. The natural gas public utilities enter into a territorial agreement regarding
9 areas to be served by each utility in the municipality.

10 2. The area to be served by the additional natural gas public utility is adjacent
11 to a municipality the additional natural gas public utility is already authorized to
12 serve.

13 3. The additional natural gas public utility will provide service only to a limited
14 number of customers in the municipality.

15 **SECTION 5.** 196.81 (3) (b) of the statutes is amended to read:

16 196.81 (3) (b) A public utility's removal, at the request of a customer, of the
17 customer's electric service drop or electric, natural gas, or steam service lateral,
18 including any primary voltage or natural gas or steam line that is used exclusively
19 to serve the customer requesting the removal.

20 **SECTION 6. Initial applicability.**

21 (1) REMOVAL OF NATURAL GAS LINES. The treatment of section 196.81 (3) (b) of the
22 statutes first applies to removals that occur on the effective date of this subsection.

