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FOR IMMEDIATE RELEASE



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FOR INFORMATION CALL

May 1, 2014

Ald. Robert Bauman  
(414) 286-2221

## Council measure seeks changes to allow energy competition and savings

Alderman Robert J. Bauman has introduced a resolution that seeks to change state law to allow the city and small businesses to seek alternative energy providers – all in an effort to reduce energy costs, help meet sustainability benchmarks and reduce the city’s reliance on WE Energies.

Common Council file #131809 (**attached**), directs the Department of Administration’s Intergovernmental Relations Division to lobby members of the Legislature to amend and create state statutes and regulations relating to energy procurement by municipalities. According to the file, the desired changes seek to:

- Expand retail choice for utility customers and expand competition within the energy industry by offering customers the opportunity to purchase energy from their current utility or an alternative supplier.
- Allow the City of Milwaukee to utilize its buying power to negotiate lower utility rates for residential and eligible small business ratepayers.
- Use reverse auctions for the procurement of energy.

A “reverse auction” is a type of auction in which sellers bid for the prices at which they are willing to sell goods and services. In a regular auction, a seller puts up an item and buyers place bids until the close of the auction, at which time the item goes to the highest bidder. In a reverse auction, the buyer puts up a request for a required good or service. Sellers then place bids for the amount they are willing to be paid for the good or service, and at the end of the auction the seller with the lowest amount wins.

-More-

## **Energy procurement measure/ADD ONE**

Today, corporations and large units of government are increasingly using reverse auctions to purchase raw materials, supplies and services.

City records show that in 2013, the city, including the Water Works and Sewer Maintenance Fund, paid \$16.7 million to WE Energies for electricity, including electricity for street lights, natural gas and steam for municipal buildings. In addition, the rate the city pays to provide electricity for smaller city facilities, including fire stations and many public works field offices, has increased 87% since 2003.

On April 2, the Common Council approved a measure directing the Department of Administration-Office of Environmental Sustainability and the Department of Public Works to create an energy independence plan that will, among other things, reduce reliance on WE Energies for the supply of electricity, natural gas and heat to operate city facilities. Last year the Council adopted the city's first sustainability plan, *ReFresh Milwaukee: City of Milwaukee Sustainability Plan 2013-2023*, which calls on the city to reduce energy use 20% by 2020 and increase reliance on renewable energy to 25% by 2025.

**File #131809 is expected to be heard by the Council's Judiciary and Legislation Committee on Monday, May 5 at 1:30 p.m. in room 301-B at City Hall, 200 E. Wells St.**

-30-

..Number

131809

..Version

SUBSTITUTE 1

..Reference

131035, 131576

..Sponsor

ALD. BAUMAN

..Title

Substitute resolution directing the Department of Administration-Intergovernmental Relations Division to seek introduction and passage of state legislation relating to energy procurement regulations, including reverse energy auctions.

..Analysis

This resolution directs the Department of Administration – Intergovernmental Relations Division to seek introduction and passage of state legislation relating to energy procurement regulations to allow the City to:

1. Expand retail choice for utility customers and expand competition within the energy industry by offering customers the opportunity to purchase energy from their current utility or an alternative supplier.
2. Use the group power of the City, residents and eligible small businesses, with the City negotiating to lower utility rates for residential and eligible small business ratepayers.
3. Use reverse auctions for the procurement of energy.

..Body

Whereas, The State Energy Policy, s. 1.12, Wis. Stats., provides that in meeting energy demands, a local government unit shall to the greatest extent cost-effective and technically feasible, design all new and replacement energy projects following the following priorities, in the order listed:

1. Energy conservation and efficiency.
2. Noncombustible renewable energy resources.
3. Combustible renewable energy resources.
4. Nonrenewable combustible resources, in the order listed: natural gas, oil or coal with a sulphur content of less than 1%, and other carbon-based fuels.

; and

Whereas, On December 17, 2013, the Common Council adopted Resolution File Number 131035, approving and directing implementation of the City's first sustainability plan, *ReFresh Milwaukee: City of Milwaukee Sustainability Plan 2013-2023*; and

Whereas, *ReFresh Milwaukee* calls on the City to reduce energy use 20% by 2020 and increase reliance on renewable energy to 25% by 2025; and

Whereas, The City Energy Reduction Team, chaired by the Department of Administration-Office of Environmental Sustainability and composed of facility managers from various City departments, including the Department of Public Works, supports the State Energy Policy and is working to increase energy efficiency in City facilities; and

Whereas, In 2013, the City, including the Water Works and Sewer Maintenance Fund, paid \$16.7 million to WE Energies Corporation for electricity, including electricity for street lights, natural gas and steam for municipal buildings; and

Whereas, The small business electricity rate (class CG-1) has increased 87% since 2003; and

Whereas, The CG-1 electricity rate is paid on smaller City facilities, including fire stations and many public works field offices; and

Whereas, WE Energies Corporation is a regulated monopoly, and at present there is no effective commercial alternative to purchasing electricity from WE Energies Corporation; and

Whereas, WE Energies Corporation has dismantled its internal business units that promote energy efficiency and renewable energy; and

Whereas, The Common Council adopted Resolution File Number 131576 on April 2, 2014, directing the Department of Administration-Office of Environmental Sustainability and the Department of Public Works to create an energy independence plan that will, among other things, reduce reliance on WE Energies Corporation for the supply of electricity, natural gas and heat to operate City facilities; and

Whereas, It is of utmost necessity and importance that the State afford the City the means to seek alternative cost-effective ways of meeting its energy demands; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City calls upon the Wisconsin Legislature to amend and create state statutes relating to energy procurement by municipalities to allow the City of Milwaukee to:

1. Expand retail choice for utility customers and expand competition within the energy industry by offering customers the opportunity to purchase energy from their current utility or an alternative supplier.

2. Use the group power of the City, residents and eligible small businesses, with the City negotiating to lower utility rates for residential and eligible small business ratepayers.

3. Use reverse auctions for the procurement of energy.

; and, be it

Further Resolved, That the Department of Administration – Intergovernmental Relations Division is directed to include such changes in state statutes relating to energy procurement by municipalities in the 2015-2016 “Legislative Package Proposals;” and, be it

Further Resolved, That the Department of Administration – Intergovernmental Relations is also directed to lobby for appropriate modification of the rules and regulations of the Wisconsin Public Service Commission to accomplish the intent of this resolution.

..Requestor

..Drafter  
LRB151938-2  
TWM:lp  
5/1/2014