

**Negaunee Department of Public Works
Renewable Energy Plan, 2015
MPSC Case No. U-16623**

This is an updated version of the Negaunee Department of Public Works (Negaunee) Renewable Energy Plan. No material changes have been made to the plan. However, Table 1 has been updated to reflect actual retail sales in 2013 and 2014.

As in Negaunee's 2013 Renewable Energy Plan, Negaunee plans to comply with the renewable energy standards of Public Act 295 of 2008 through its existing wholesale power purchase contract with WPPI Energy. WPPI Energy has sufficient renewable generation to meet Negaunee's requirements into the foreseeable future, without the need to purchase renewable energy certificates.

The Plan

This filing by Negaunee complies with Public Act 295 of 2008 (the Act) and the related December 4, 2008 Michigan Public Service Commission Order (MPSC Case No. U-15800).

Part 2, Section 25 of the Act requires member-regulated electric cooperatives to file a proposed renewable energy plan. The plan must do the following:

- (a) Describe how the provider will meet the renewable energy standards
- (b) Specify whether the number of megawatt hours of electricity used in the calculation of the renewable energy credit portfolio will be weather-normalized or based on the average number of megawatt hours of electricity sold by the electric provider annually during the previous 3 years to retail customers in Michigan.
- (c) Include the expected incremental cost of compliance with the renewable energy standards
- (d) Describe the manner in which the provider will allocate costs

This document addresses each of the requirements listed above in turn. First, some background information is provided on Negaunee's wholesale supplier, WPPI Energy.

Background: Negaunee's Wholesale Supplier WPPI Energy

WPPI Energy is a not-for-profit regional power company serving Negaunee and 50 other customer-owned electric utilities in Wisconsin, Michigan and Iowa. Through WPPI Energy, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity to more than 195,000 homes and businesses.

WPPI Energy has entered into separate long term power supply contracts with each of its members to supply substantially all of its members' power and energy requirements. WPPI Energy owns generation sufficient to supply nearly half of its members' needs and purchases power for the remainder from a variety of utilities, independent power producers and marketers. WPPI Energy also provides a variety of related services to members in the areas of benefits, distribution systems, information systems, marketing, community relations, rates, forecasting, and energy efficiency program support.

Direct Purchases of Renewable Energy. WPPI Energy has contracts to purchase directly the output of various individual renewable projects. In 2014, these projects produced a total of approximately 477,000 MWh of renewable energy:

- Barton I Wind Project: 72,000 MWh
- Butler Ridge Wind Farm: 157,000 MWh
- Forward Energy Center (wind): 75,000 MWh
- Jefferson Solar Park: 1,000 MWh
- Outagamie Clean Energy Project (landfill gas): 30,000 MWh
- Richland Center Renewable Energy Project (biogas): 7,000 MWh
- Top of Iowa II Project (wind): 135,000 MWh

Renewable Energy Allocations from Slice-of-system Contracts. In addition to directly-contracted renewable projects, WPPI Energy has contracts with major investor owned utilities under which it pays a pro rata share of the resource costs for a pro rata share of the utility's output. As such, WPPI Energy receives an allocation of renewable energy certificates (RECs) under these slice-of-system contracts. For example, if WPPI Energy pays 5 percent of the resource costs for 5 percent of the output under a slice-of-system contract from a 1 million MWh system that includes 100,000 MWh of renewable energy, it will receive RECs representing 5,000 MWh (5 percent). In 2014, WPPI Energy received approximately 280,000 RECs under its slice-of-system contracts. WPPI Energy's slice-of-system purchases include contracts with Wisconsin Electric Power Company and Wisconsin Public Service Corporation.

(a) How Negaunee Will Meet the Renewable Energy Standards

As an all-requirements customer of WPPI Energy, WPPI Energy will ensure Negaunee meets the renewable energy standards. This is shown in Table 1, which indicates that Negaunee’s REC deficit/surplus will be zero. As discussed earlier, WPPI Energy has a number of renewable energy projects under direct contract and receives allocations of RECs under its slice-of-system contracts. Taking into account all of these REC sources as well as the uses of RECs throughout the WPPI Energy system, WPPI Energy has sufficient RECs to meet Negaunee’s renewable energy standards for the foreseeable future.

Table 1 Negaunee’s Renewable Energy Standard

Item	2014	2015 & Later
Average retail sales previous 3 years (MWh)	22,565	22,692
10% (MWh)	2,256	2,270
Renewable energy standard		
RECs owned 1-yr preceding effective date of the Act, 10/1/2007-9/30/2008	0	0
Gap (10% average retail sales - RECs owned)	2,256	2,270
%	50%	100%
MWh	1,128	2,270
Renewable energy standard (RECS owned + Gap MWh)	1,128	2,270
RECs allocated by WPPI Energy	1,128	2,270

Member Renewable Energy Needs. WPPI Energy members in Wisconsin must meet a renewable portfolio standard (RPS). WPPI Energy estimates that RECs from contracts to directly purchase the output from individual projects and from its slice-of-system contracts will exceed the RECs need to meet the Wisconsin RPS by more than 300,000.

(b) Weather-normalized Load vs. Three-year Average of Load

Negaunee will use the average number of megawatt hours of electricity sold annually during the previous 3 years to its retail customers in Michigan to calculate its renewable energy standards for 2014 and 2015. The calculation of Negaunee’s “Renewable Energy Standard (RECs owned + Gap MWh)” in Table 1 uses this methodology. In years after 2015, Negaunee will maintain the number of RECs established by the renewable energy standard in 2015.

(c) Expected Incremental Cost of Compliance

WPPI Energy estimates that Negaunee's expected incremental cost of compliance with the renewable energy standards will be zero for the foreseeable future (e.g., 20-year period beginning when Negaunee's renewable energy plan was approved by the MPSC, July 1, 2009). WPPI Energy has committed to its members in all jurisdictions to meet their renewable energy standards. WPPI Energy has sufficient REC sources in place (renewable energy projects under direct contract and REC allocations under slice-of-system contracts) to meet Negaunee's renewable energy standards for the foreseeable future.

Negaunee will not experience any additional costs to comply with the renewable energy standards above the wholesale rates paid to WPPI Energy. Furthermore, the wholesale rates Negaunee pays to WPPI Energy do not include a premium for the cost to comply with the renewable energy standards.

(d) How Costs will be Allocated

As discussed above, there are no incremental costs to allocate.