

MGE making good on its pledge to use renewable energy sources

There is a tidal wave of government regulation on the horizon regarding energy production. Both the U.S. House and Senate are considering bills that would require substantial amounts of energy to be produced from renewable or cleaner sources, and the two bills would enact a set of mandates that “cap” future carbon emission levels and allow utilities to “trade” emissions on the commodities market.

I would be negligent not to point out how well using these same markets worked for the banking and mortgage industries.

This system of “cap and trade” regulations will change the way we do business. States that rely on coal — and have less than ideal conditions for the production of solar, water or wind energy — will suffer. These states will be forced either to pay for more expensive, less productive technologies or to buy credits from areas that require fewer resources or produce more carbon-free energy.

The end result, in either case, will be higher energy costs for Midwest manufacturing states, including Wisconsin.

Unfortunately, the real winner may not even be the United States. Countries that ignore environmentally friendly policies and are able to supply lower cost energy will attract new manufacturing. Nike shoes and Apple Computers, manufactured abroad, would benefit, while New Balance and Dell, with North American factories, would suffer.

The debate has also become extremely partisan, which makes little sense to me because at the heart of the issue are domestic jobs and the U.S. economy. In the end, we may actually create substantially more carbon emissions worldwide as our heavy manufacturing moves to countries with lower or nonexistent emission regulations.

Let me outline the dilemma as I see it: Assume UW-Madison develops new technologies for an electric vehicle. A Wisconsin company licenses the technologies and develops a cost-effective prototype for a car with zero emissions. Plans for production begin and the company is forced to move



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to another region or overseas because of energy costs and government regulation.

That can't happen, you say? I would point out that there are no televisions made in the U.S.; most other consumer electronics are foreign; most cars are imports, most toys, clothes, and even much of our food are no longer domestically produced. I am a fan of the global market but the playing field has to be somewhat level for the game to be fair.

Now for the positive side of the energy dilemma. One Wisconsin company has

seen the tidal wave and decided to grab a surfboard and ride it in. I sat down with Scott Neitzel of Madison Gas and Electric and asked him about the future of energy production in Wisconsin. He shared with me an MGE initiative, The Energy 2015 Plan, to create economic and environmentally responsible energy.

The plan outlines that the company will discontinue burning coal at the Downtown Madison Blount Generating Station by 2011, increase its use of wind tenfold, involve customers in energy-efficiency efforts, and secure a cleaner, more reliable and affordable product across the board.

To date, MGE has made good on the promise. The Blount facility will soon no longer rely on coal, MGE has increased its wind generation from 11 to 137 megawatts, and the company has incorporated new, cleaner technologies into their generation facilities portfolio. In addition, MGE has made an effort to educate consumers and offers a Green Power Tomorrow program that allows customers to buy renewable energy for a penny per kilowatt-hour and sell solar energy back to MGE for \$0.25 per kilowatt-hour.

“Renewable energy is a part of our corporate culture from the top down,” Neitzel said. In describing how they got there, he used a sports metaphor from Wayne Gretzky: “You skate to where the puck is going to be, not to where it is.”

The most interesting observation I can make is that MGE was not motivated by current policy or the looming cap and trade initiative. In fact, the 2015 Plan was adopted in January 2006, a full two years before the new administration or current legislative agendas. I learned a lot about balancing good business with good policy from Neitzel and MGE. I hope this lesson will be shared on Capitol Hill before legislation is drafted. We must remember that energy, the environment and good business is, like surfing, a balancing act. If we are really going to ride the wave to shore, we need to see it coming.

One confession: I stole the surfing analogy from Neitzel. Cowabunga Dude! ■