

MGE’s Community Conversations: Where We Go From Here

Author: Kevin Meyers

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A Community Energy Partnership (CEP) is a decision-making structure that gives utility customers and community representatives a voice in determining how our power is produced, distributed, and priced.

How We Got Here

In response to the public backlash against their fixed fee increases, MGE engaged Justice and Sustainability Associates (JSA) to design and implement an *independent* customer engagement effort.¹ In December 2015, JSA released a report² based on 98 community focus group meetings and hundreds of comments submitted by MGE ratepayers.

Top Concerns/Suggestions

Ranking	Topic ³
1	Invest in renewable energy
2	Bill based on usage with lower fixed fees.
3	Greater communication & transparency
4	Conservation Education & Support
5	Distributive source incentives
6	Community Partnership
7	Get off coal

- Over 70% of the participants want MGE to increase investment in renewable energy sources.
- Participants’ second highest priority was for MGE to reduce customer fixed charges and rely more on usage rates for billing. Participants do *not* believe the current rate structure is fair.
- Participants voiced concerns about the impact of the fixed rate increase on low-income families, senior ratepayers, and low energy users.

¹ <http://web.archive.org/web/20150311224507/http://www.mge.com/community-conversations/>

² http://www.jsallc.com/wp-content/uploads/JSA_MGE_Comm_Energy_Conv_Report.pdf

³ <http://www.repowermadison.org/wp-content/uploads/2016/05/2016-analysis-mge-community-conversation-surveys.pdf>

Energy 2030 Framework

In November, MGE released a planning framework⁴ that includes some goals for 2030, but lacks the specifics to be considered a complete plan. The framework is informational and reflects MGE's internal goals.

Central aspects of the framework include:

- 30% renewable energy by 2030 and 25% by 2025.
- 40% CO₂ reduction by 2040.
- No increase to mandatory fixed fees in the next rate case.

What's Next

Phase III of the Community Energy Conversations included a workshop that was held on April 19th. The workshop built off dialogue from the focus groups and submitted comments. Analysis of the workshop is not included in this paper. *“By the end of Phase III, JSA will present MGE with a draft plan to launch a Community Energy Partnership in Phase IV,”* JSA states in their report summarizing Phase II.⁵

Phase IV The formation of a long term collaborative Community Energy Partnership.⁶ This phase is slated to begin in the summer of 2016.

Why a Partnership is needed in Madison

- Our community deserves a strong voice in our energy future and MGE's fixed rate increases indicate they are more beholden to shareholders than to their own customers.
- Clean energy and equitable energy policies will only take hold over Wisconsin's current politics, which favor utility profits and fossil fuel interests, if the community is given real authority in our energy future.
- MGE generates 70% of our power from two coal plants and is locked into those plants until 2038 and 2050.
- Lobbied for legislation that cut Focus on Energy, an effective and popular energy efficiency program, by \$7 million annually.

A strong Community Energy Partnership would ensure our community has a voice in determining energy production, distribution, and pricing.

⁴ <https://www.mge.com/community-conversations/framework.htm>

⁵ http://www.jsallc.com/wp-content/uploads/JSA_MGE_Comm_Energy_Conv_Report.pdf (1)

⁶ *Ibid.*, pg. 1

The Minneapolis Model

In 2014, the City of Minneapolis formed a Clean Energy Partnership with its utilities, Xcel and CenterPoint. This partnership will plan, market, implement, and track new approaches to delivering energy efficiency and renewable energy to Minneapolis residents and businesses.

The partnership was initiated to help the City of Minneapolis meet its Climate Action Plan, which aims for an 80% greenhouse-gas (GHG) emission reduction by 2050 using 2006 as a baseline.⁷

Structure of the Partnership:⁸

- The partnership was formed with a renegotiation of franchise agreements that allow the utilities to serve the city.
- A board of four city and four utility representatives create work plans every two years to review and implement new mechanisms for the city to reduce emissions and enhance economy.
 - City representatives include the mayor, city coordinator, and two council members.
- The board receives input from the Energy Vision Advisory Committee (EVAC), a committee of 15 members representing distinct parts of the Minneapolis community.

Goals of Partnership:

- Connect ratepayers to existing energy efficiency and renewable energy programs.
- Offer financing options to make energy efficiency options and renewable energy more affordable.
- Conduct outreach to areas with historically low participation rates in these programs.
- Use metrics to determine if a specific program is helping with emission reduction.
- The City of Minneapolis reviews the franchise agreements every 5 years.

This partnership, the first of its kind in the country, was recently awarded the Environmental Protection Agency's Climate Leadership Award.⁹

⁷ <http://www.minneapolismn.gov/sustainability/indicators/WCMS1P-087163>

⁸ <http://www.ci.minneapolis.mn.us/www/groups/public/@communications/documents/webcontent/wcms1p-131851.pdf>

⁹ <http://midwestenergynews.com/2016/03/11/minneapolis-clean-energy-partnership-receiving-national-recognition/>

What Should a Partnership Look Like in Madison?

- Strong and diverse community representation that will have authority to decide the community’s energy goals.
- A Citizen Advisory Committee to guide the Community Energy Partnership board.
- Enforceable goals for clean energy, emission reduction, and fair billing.
- An open and transparent process with accountability to the community goals.
- Customers have a significant role in decision- making within a “utility of the future.”¹⁰

Moving MGE Forward

How does MGE compare to other utilities/states? ¹¹	
<i>Utility</i>	<i>Renewable Energy</i>
MidAmerican Energy	57% by 2017
Green Mountain Power	55% by 2017
Xcel Energy ¹²	35% by 2030
Hawaii Renewable Portfolio Standard	100% by 2045
Minnesota Renewable Portfolio Standard	25% by 2020

A Community Energy Partnership between the City of Madison and MGE will ensure a transparent relationship, as well as an equitable, clean, and reliable energy grid for the Madison area.

MGE’s stated goal is 30% renewable energy generation by 2030. Although this is a step in the right direction, other utilities have been more ambitious with regards to renewable energy generation and cutting GHG emissions.

The threat of climate change combined with risk of stranded assets like coal plants due to regulations on carbon, mercury, etc., means MGE’s Energy 2030 framework isn’t aspirational enough.

¹⁰ <https://www.mge.com/newsroom/news/Compnews/20150430.htm>

¹¹ <https://docs.google.com/spreadsheets/d/1A8ZwdIT61IMVWdEOVotViVO7IV42rtJbW4tNzFBthdY/edit#gid=0>

¹² <https://www.xcelenergy.com/staticfiles/xe/PDF/Upper-Midwest-Resource-Plan-Info-Sheet.pdf>

RePower Madison's Goals for MGE:¹³

- Provide 50% renewable energy generation by 2030.
- Base utility rates primarily on energy use.
- Offer on- bill financing of energy efficiency and renewable energy projects.
- Align lobbying with public statements.
- Encourage 3rd party solar installations.
- Be in full compliance of city and county sustainability goals by 2020.
 - Commit to ongoing support of those goals.
- Create a compliance strategy & publicly support the Clean Power Plan.
- Become a certified B Corp.¹⁴ B Corps include community wellbeing in their definition of shareholder return and are certified by B Labs, an independent third party similar to Fair Trade Coffee.

How We Get To a Partnership

The City of Madison is considering an energy work plan.¹⁵ Alders are deliberating the resolution in committees as of April 2016.¹⁶ One of the strategies recommended in the plan is to develop a Memorandum of Understanding (MOU) with MGE to facilitate collaboration on meeting the city's climate goals, which aims to reduce carbon emissions 80% by 2050 based on 2005 levels.

Recommended collaboration includes:

- Developing utility scale solar project.
- Developing pilot storage projects.
- Working on a plan to implement LED or other efficient lighting with the city's street lighting utilities.
- Developing a specific, measurable carbon reduction plan that will meaningfully support the City's carbon and energy goals.

Our energy future can be bright if it includes community input into the power we pay for, and holds utilities accountable to their customers and the impacts on our citizens and climate.

¹³ <http://www.repowermadison.org/great-things-mge-can-do/>

¹⁴ <https://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp/legal-roadmap/corporation-legal-roadmap>

¹⁵ <https://madison.legistar.com/View.ashx?M=F&ID=4294755&GUID=317B68B8-DC20-4DA3-8AD9-780B561B85A6>

¹⁶ <https://madison.legistar.com/LegislationDetail.aspx?ID=2599284&GUID=0571AF66-FC5D-4B51-924B-0BF4F2F1DAF3>