

Sen. Cowles: Ratepayers protected and air quality improved under state's first Environmental Trust Financing plan

Posted on Thursday, Nov 5, 2020

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MADISON- Senator Robert Cowles (R-Green Bay), Chair of the Senate Committee on Natural Resources and Energy, released the following statement after the Public Service Commission of Wisconsin (PSC) unanimously (3-0) approved a financing order authorizing the issuance of Environmental Trust Bonds allowing Wisconsin Electric Power Company (WEPCO) to retire the Pleasant Prairie coal plant, saving ratepayers about \$40 million:

"PSC's action today represents a victory for residential, business and industrial ratepayers, utilities, and the environment. As the cost of renewable energy generation has continued to drop in recent years, the burden on ratepayers from upgrades to coal power plants often doesn't make economic sense anymore. Utilizing Environmental Trust Financing establishes a framework to retire this aging, money-losing asset, whether it's in Pleasant Prairie or elsewhere, while still ensuring ratepayers are not only protected, but see a benefit.

"I applaud the stakeholders in the settlement process that lead to today's financing approval, including WEC Energy Group, Citizens Utility Board, and Wisconsin Industrial Energy Group, for developing common ground and creating a balanced compromise that prioritizes both customer's rates and the transition to a cleaner energy future. Looking ahead, I hope that today's action is just the first in what

could be even more economically- and environmentally-friendly planning by utility companies. I look forward to working with ratepayer advocates, our state's utilities, and other stakeholders on finding new opportunities to employ these types of unique financing structures in the future."

Environmental Trust Financing (ETF) is a unique financing mechanism allowing the issuance of bonds to strand, or retire, an asset before the end of its initially intended lifespan if it's prudent for regulatory compliance and ratepayer savings. ETF was established by [2003 Act 152](#) which Senator Cowles and former Representative Scott Jensen (R-Waukesha) authored. This [docket](#) by WEPCO may help to provide a pathway for other projects by WEPCO or other utilities as coal-fired power plants will continue to be less economical in the next decade.

Today's approval by the PSC refinances about \$100 million of the remaining costs associated with the Pleasant Prairie coal-fired power plant, which was shut down to avoid the high costs associated with compliance to federal Clean Air Act standards from 2008. By refinancing the investment from interest rates approaching 10% to rates around 2.5%, the long-term savings customers will see is around \$40 million. Underwriting the financing is anticipated to begin early next year.