

Evers' budget includes several dozen recommendations from Climate Change Task Force

Posted on Tuesday, Apr 6, 2021

Gov. Tony Evers' budget includes some three dozen recommendations from his Climate Change Task Force, including tens of millions of new investments in green jobs, conservation efforts and renewable energy.

One of the high-profile items: creating an Office of Environmental Justice within the Department of Administration to coordinate state efforts in addressing the impacts of climate change on low-income and minority residents. The gov also wants to double how much utilities pay into the Focus on Energy program, and require the Public Service Commission to include the social costs of carbon when determining whether to approve new power plants.

Business groups argue many of the policies, which will face a tough sell in the GOP-controlled Legislature, will drive up energy costs. Meanwhile, environmental groups are praising them as critical to solving public health, economic and equity crises statewide. A Wednesday budget hearing likely will air the different views.

Altogether, the provisions call for spending about \$60 million in state funds, issuing \$187 million in bonds and reducing taxes \$10.3 million, according to a WisPolitics.com tally.

On top of that, Evers wants to reallocate more than \$10 million in settlement money the state is receiving from Volkswagen to fund electric vehicle charging stations and

redirect \$2.5 million to bolster a fund that helps cover costs incurred during disasters. Meanwhile, the provision to increase how much utilities pay into the Focus on Energy program would add \$200 million over the biennium to energy efficiency projects. See a detailed list below.

Lt. Gov. Mandela Barnes, who chaired the Climate Change Task Force, said the proposals are an investment in the future, arguing the state needs to take steps to blunt the impact of intense weather events and build a more resilient infrastructure.

“The only hesitation, the only reservation will be political,” Barnes told WisPolitics.com.

The Office of Environmental Justice proposed in the task force’s December report would be housed within the Department of Administration. Barnes noted other Great Lakes states such as Illinois, Michigan, Minnesota and New York already have something similar.

The office would be led by an unclassified director appointed by the DOA secretary, and what the administration calls a chief resiliency officer. The latter position would help develop and oversee state and local government risk assessment.

The biggest-ticket item from the task force proposals included in the budget is Evers’ call to increase the utility contribution to Focus on Energy to 2.4 percent of annual operating revenues. That would generate an additional \$100 million annually, pushing it to \$200 million.

Some of that money would be put aside to promote energy efficiency and renewable energy activities for low-income households. They are defined as below 60 percent of the statewide median income, a standard that draws a line at \$57,500

for a family of four, according to the Legislative Fiscal Bureau.

The gov's call to consider the social cost of carbon when the Public Service Commission considers issuing construction certifications doesn't include a price tag. Under the proposal, which would kick in for applications filed with the PSC starting Dec. 31, the PSC would have to consider the issue for projects such as power plants and transmission lines. The social cost of carbon would be defined as the cost of economic and other harm resulting from the emission of one ton of carbon dioxide into the atmosphere, according to the LFB.

The PSC and Department of Natural Resources would have to biennially determine the social cost of carbon and then submit a report to the Legislature that describes its findings.

The budget also calls for the PSC to establish a pilot program that would set a voluntary goal for utilities to collectively spend \$100 million over five years on innovative technologies, including storage and microgrids.

Scott Manley, of Wisconsin Manufacturers & Commerce, argued the social cost of carbon provision would be used to ensure the state never again approves a fossil fuel-fired power plant.

Manley said Wisconsin is already a fairly high-cost state in terms of energy; making it more expensive now would be unfairly burdensome on business and residents still climbing out of the impacts of a global pandemic.

According to the PSC, Wisconsin had the second highest residential and commercial rates in the Midwest in 2018, behind only Michigan. It was third highest for industrial rates.

Manley noted the increased assessment on utilities for Focus on Energy would be passed onto consumers and questioned basing energy policy decisions on the “magical thinking” of climate change advocates who he said have often been wrong.

“These are the people who said we wouldn’t have snow any more by this time, that the ice caps would have already melted and that most of the city of Miami would be under water today,” Manley said. “None of that happened.”

But Carly Michiels, Clean Wisconsin’s government relations director, argued while some of the upfront costs in Evers’ plan may concern some in the business community, it would be a mistake to assume companies will be able to sustain themselves in the long run without addressing climate change.

Michiels praised the recommendation to double the required Focus on Energy program utility contribution. For every \$1 spent, the Focus on Energy program generates between \$3 and \$5 in benefits and has lower administrative costs than almost any other energy efficiency program in the nation, according to audits.

Two years ago, Evers also sought to raise how much utilities contribute to Focus on Energy beyond the current 1.2 percent, but the GOP-controlled Joint Finance Committee nixed it.

The committee is scheduled to hear testimony from the PSC on Wednesday. It is one of only four agencies that have been called to testify before the committee on the gov’s budget.

“This program not only saves all ratepayers money, but it can create jobs and helps produce new technologies,” Michiels said. “There’s just a lot of untapped potential

there that I think, with the returns that you get on your investment, it just seems like a no brainer to me.”

Food control, land conservation, electric vehicle charging stations among provisions

Barnes’ office provided WisPolitics.com with a list of recommendations from the Climate Change Task Force that were included in the budget. WisPolitics.com then checked that list against the LFB’s analysis of the gov’s budget to come up with the state spending, bonding and tax cuts proposed in the budget.

Some provisions with cost estimates include:

*\$15 million to help floodproof local roads and critical infrastructure.

*\$10 million in additional funding for a program that helps municipalities with flood control and riparian restoration through steps such as acquiring at-risk property and floodproofing.

*\$5 million to help lakeside communities at risk of shore erosion.

*\$3.6 million over the biennium in grants to counties for conservation staff to focus primarily on climate change. Under current law, county conservation staffing grants can support things like farmland preservation and water resource management plans. The proposal would expand that to include activities related to climate change with the new money funding those efforts.

*A new grant program to help municipalities and tribes develop plans to be carbon free by 2050.

*extending the Warren Knowles-Gaylord Nelson Stewardship Fund until fiscal year 2031-32 at \$70 million per year with \$700 million in bonding authority.

*\$12 million in bonding for grants to help municipalities with flood control.

*\$7 million in bonding for the Soil and Water Resource Management program, which provides grants to landowners that install best management practices at agricultural sites, including those intended to reduce soil erosion and provide manure storage and containment.

*take \$10.7 million from the remaining Volkswagen emission settlement funds to establish electric car charging stations. Any money left over would be used to replace state vehicles with ones that are more fuel efficient or electric. Evers tried to use his partial-veto authority in the 2019-21 budget to do something similar. But the state Supreme Court last summer ruled he exceeded his authority in trying to turn a grant program for school buses into funding for electric vehicle charging stations. The budget provision would allow the money to be used for the electric vehicle charging stations.

*\$500,000 annually through Wisconsin Fast Forward, which awards funds to businesses to cover the costs of customized occupational training, for green jobs.

*a \$4 million renewable and clean energy grant in fiscal year 2021-22 through the Office of Sustainability and Clean Energy and funded by the Environmental Fund.

*\$10 million each year for grants to schools for energy efficiency projects with a priority on heating, ventilation and air conditioning.

*creating a tax exemption for property primarily used to store energy produced by solar, wind or renewable biomass systems. It would reduce tax revenue \$3.8 million in the first year of the budget and \$4.4 million in the second.

*creating a new tax credit to help cover the costs of premiums for flood insurance. It would reduce state revenues \$1.6 million over the biennium.

*\$740,000 over the budget for a pilot program to study the feasibility of a carbon market covering the state and provide grants to producers who participate in the pilot program.

-By JR Ross and Ashley Obuljen

WisPolitics.com