

As the electric industry continues to undergo significant regulatory and structural changes, WPPI is a forceful advocate for strong consumer protections. A part of planning for the future and developing strategies to ensure the success of WPPI and our members is helping to shape restructuring policy and new market institutions. WPPI's objective is to be sure that retail customers will benefit from change and municipal electric utilities will be able to meet their obligations and remain competitive.

Our most important priority in 2004 was to protect WPPI's interest in the new regional pricing system being implemented by the Midwest Independent Transmission System Operator. In accordance with a mandate from the Federal Energy Regulatory Commission, the wholesale market is changing from a bilateral model to a centrally dispatched, bid-based pool. Launched by the Midwest ISO, the market is dramatically changing the way utilities dispatch generation, schedule transmission and buy and sell energy.

The new Midwest ISO market is very complex and likely to create increased price volatility. WPPI was instrumental in securing special protections for Wisconsin for the first five years of the market in recognition of the state's weak transmission system.

Investments in grid needed

Wisconsin is beginning to take the steps necessary to improve the state's transmission system, but our grid will need billions of dollars of new investment over the next 10



“I look forward to our yearly trip to Washington, D.C. to promote our efforts to benefit our electric utility customers. We are well represented by intelligent, hard-working public power officials who present our issues to legislators in face-to-face meetings. Through these efforts, substantial progress has been made in the restructuring of our electric industry. Kaukauna is very proud to be a ‘team’ member-owner of WPPI.”

Mayor John Lambie
City of Kaukauna



Kaukauna

SHAPING CHANGE IN THE INDUSTRY

years to provide essential reliability and to make competitive electric markets work. Wisconsin's system is very weak, and the nation as a whole has a significant transmission deficit. One study predicts \$56 billion of investment will be required over the next seven years simply to maintain the nation's transmission system at its year 2000 capacity.

In 2004, a national coalition of community-based electric utilities from 35 states proposed a series of specific actions to get needed new electric transmission facilities built

promptly and at a reasonable cost to consumers. Chaired by WPPI President and CEO Roy Thilly, the Transmission Access Policy Study Group issued a White Paper in June intended to jumpstart transmission construction, improve reliability and provide consumers with access to robust, regional electric markets.

The TAPS plan promotes the creation of stand-alone transmission companies that include all sectors of the industry — municipal, cooperative and

investor-owned utilities — as owners. These for-profit companies would be focused solely on building and maintaining transmission infrastructure as public utilities, similar to American Transmission Company in Wisconsin.

In addition, the TAPS blueprint identifies regulatory actions to minimize the financial risk of transmission construction and enable utilities to access new, lower cost sources of capital to speed construction and reduce the cost to consumers.

Two Rivers



New Holstein



Black River Falls



Jefferson