

# Green Power Tomorrow - Frequently Asked Questions



## Q. What is Green Power Tomorrow?

Green Power Tomorrow (GPT) provides MGE electric customers the option to purchase more of their energy from renewable sources. Every kilowatt-hour (kWh) of green power added reduces the amount of power generated with fossil fuels.

Most of the green energy comes from wind farms—two in Wisconsin (including MGE’s first wind farm in Kewaunee County) and two in Iowa. A small amount comes from solar electric systems in our community.

We sell the power to MGE residential and business customers for \$0.0244 more per kWh than their standard electricity rate. This extra cost covers the slightly higher cost to generate electricity from these resources. Customers can choose the amount of energy they want to purchase.

## Q. Who can participate in GPT?

MGE electric customers—residential and business—can sign up now for this voluntary program.

## Q. How much does it cost?

GPT customers pay a premium of \$0.0244 per kWh. The impact on your bill depends on how much electricity you use and how much green power you choose to purchase.

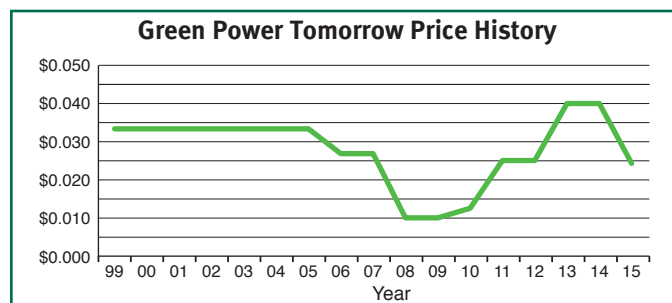
Residential customers can select a fixed amount (\$5, \$10, \$15, \$20), not to exceed the actual energy use each month or any percent of their monthly energy use (1% through 100%).

Participating businesses pay the same \$0.0244 per kWh premium. They also can choose a fixed amount or any percent of their monthly energy use. Prices will not be affected for customers who do not sign up for GPT.

## Q. Can this cost change?

The price is subject to periodic review by the Public Service Commission of Wisconsin. The price is based on the difference between the cost of renewable resources supplying GPT and the average cost of all energy supplied to the grid in our region. The price for GPT could change when the cost to supply electricity from conventional generation in our region changes (largely due to changes in fossil fuel prices). Price

changes help recapture the cost difference between electricity in our region and green power supplying GPT.



The GPT price premium declined in 2008 as MGE added less expensive wind resources to supply GPT. It has also declined as the price for energy supplied by other fuels increased. When the program originally began in 1999, the premium was 3.33 cents per kWh.

It was lowered to 2.68 cents in 2006 and to 1 cent in 2008. Decreases in costs to produce electricity from conventional generation in our region, largely due to low natural gas costs, have been responsible for increases in the premium. The 2015 premium reduction to 2.44 cents from 4 cents is due to a change in how the Public Service Commission of Wisconsin calculates the premium.

## Q. Why is MGE offering this program?

Many customers have asked MGE to include more renewable energy sources in our electricity generation supply. This program allows customers to choose to support renewable energy resources, which are currently more expensive, beyond what MGE is required by current law to provide. Other customers who may not be able to afford to pay more or those customers who value low rates more can choose not to participate.

## Q. Why is green power more expensive?

While the wind and sun provide free energy, the technologies used to turn this energy into electricity are still more expensive than the technologies used in traditional power plants. Therefore, the price of electricity produced from wind and sun is higher.

*(continued on reverse)*

**Q. Why would a customer pay more for green power if they can choose less expensive options?**

Buying green power offers customers an opportunity to significantly reduce their personal impact on the environment. Renewable resources like wind and solar are constantly replenished and cleaner than fossil fuels. Burning coal, oil and natural gas to generate electricity produces carbon dioxide, a greenhouse gas, and other emissions.

**Q. Why would I want to spend more money to pay for something everyone will benefit from (even if they choose not to pay)?**

By choosing to pay for renewable energy, you are voting with your dollars to change how MGE generates electricity. You are creating demand for and participating in a market for regional sources of renewable energy. You have a direct, positive effect on decisions to develop more renewable energy sources.

Others may choose not to participate. Some value low cost more and some cannot afford to pay extra for renewable energy.

**Q. Why can't the cost be spread over all customers instead of just those who request green power?**

As a regulated utility, we strive to provide electricity at the lowest cost possible. Renewable energy is not the lowest-cost energy supply option. The Public Service Commission of Wisconsin requires all utilities to use some renewable energy. The costs for this mandated amount of renewable energy are spread across all customers.

Wind and solar energy offered through GPT is above and beyond this mandated amount. MGE makes it available because some customers want more. These customers can choose to pay the higher cost to generate electricity using renewable resources.

The fair way is to offer renewable energy to people who voluntarily choose to support it. Those who value low cost more can choose not to participate.

**Q. If I don't participate, does this program affect my rates?**

No. MGE designed this program to allow customers who wish to support additional renewable energy the option to do so without affecting the rates of those who choose not to support it or who cannot afford to do so.

**Q. Isn't MGE legally required to provide renewable sources of electricity for everyone?**

Yes. The State of Wisconsin requires all electric utilities to use some renewable energy. In 2014, MGE will generate 3.73% of our energy from renewable resources. The costs to supply this mandated renewable energy are spread across all customers. The green pricing program allows MGE to go beyond this level.

**Q. How does my GPT purchase make a difference?**

MGE converts energy from many fuels to make electricity (coal, gas, biomass, wind). If you choose to purchase green power, you are responsible for our using this "fuel" rather than another to generate the electricity you need. These costs are not included in others' energy rates and MGE could not add this additional renewable energy supply without the voluntary commitment of those customers who support it.

As with our other operations, MGE's green power generation, purchases and sales are closely monitored and audited by the Public Service Commission of Wisconsin to make sure that the extra amount of green power generated equals the amount purchased by our customers.

**Q. Will I have more green power at my home?**

We can't control which electrons flow into your home. All electricity that is generated is fed into an electric grid. A convenient analogy is to think of this grid as a pool. Different generators (coal, nuclear and wind) all feed electricity into this pool. When you need electricity, electrons flow out of this pool to your home or business. While the laws of physics make it impossible to separate a green electron from one produced by coal, MGE adds more wind energy to the pool based on the amount participating customers have said they will purchase.

**Q. What is MGE's Clean Power Partner solar buyback program?**

This pilot program allows MGE electric customers who invest in solar photovoltaic (PV) systems at their homes and businesses to sell their solar energy to MGE for 25 cents per kWh. The electricity they produce flows directly into MGE's distribution system and becomes part of GPT. This program is now closed.