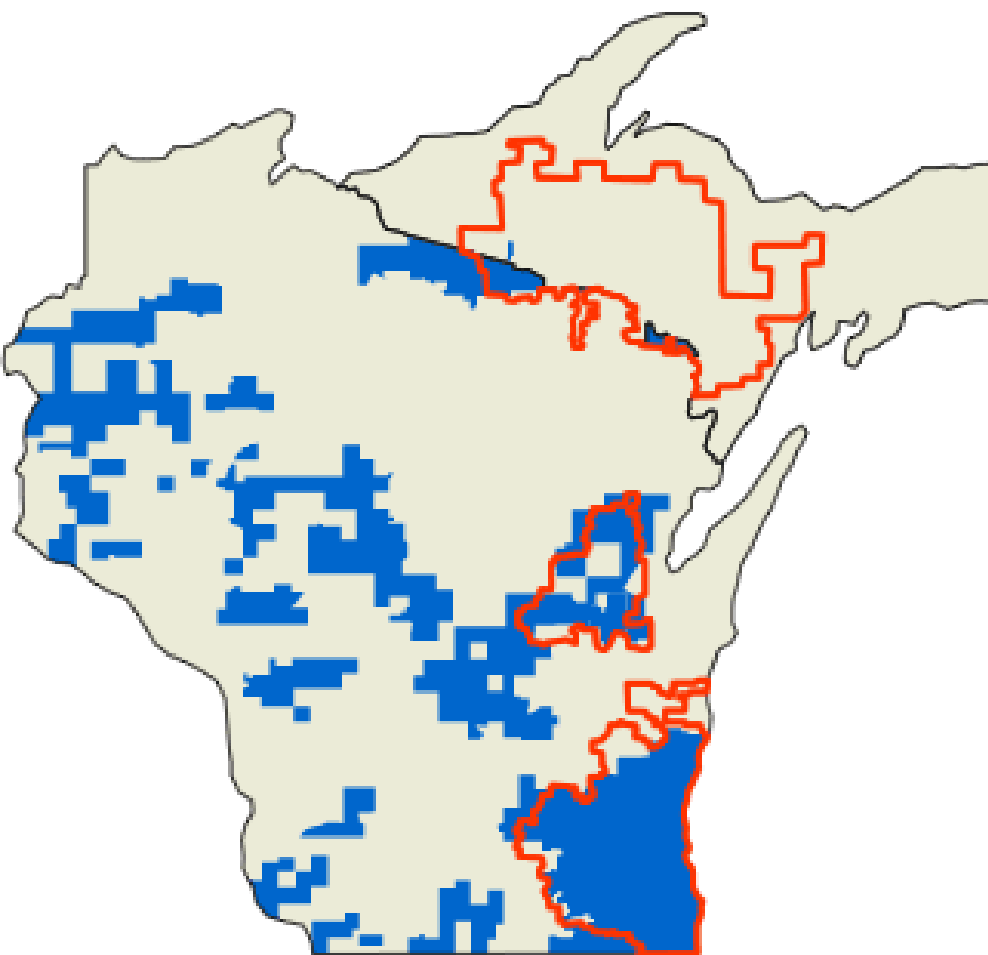


Utility Green Power Marketing 2.0: Evolution and Reinvention Uncovering the Issues

Jessica Thibodo-Johnson
We Energies
September 14th, 2009



We Energies Service Territory



- We Energies: Gas Service Area
- We Energies: Electric Service Area

Electric Customers: 1.13 million

Gas Customers: 1.06 million

People Served: 2.4 million

Service Area: 18,410 square miles in Wisconsin 5,055 square miles in Michigan's Upper Peninsula

Steam Customers: 454 in downtown Milwaukee

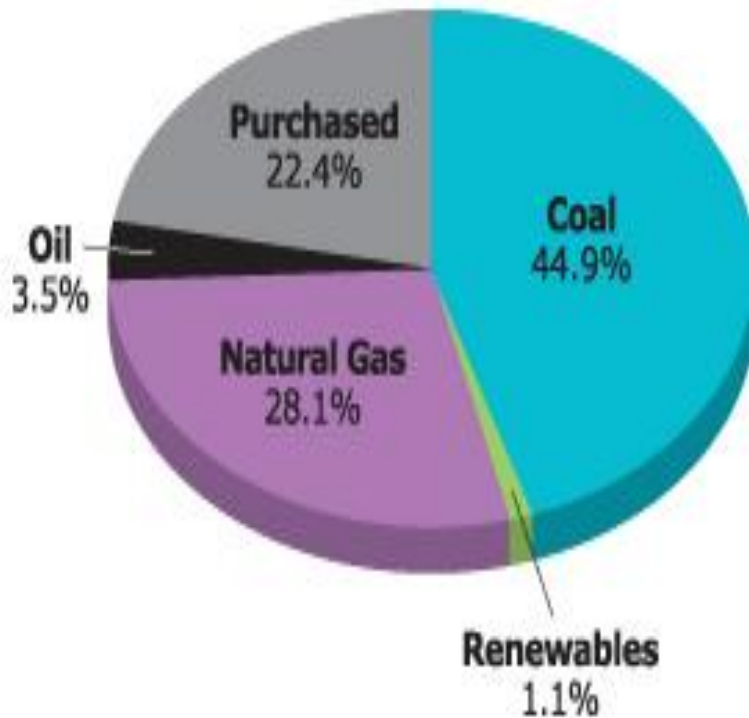
Number of Employees: 4,800

Peak Electric Demand: 6,505 MW

Peak Natural Gas Demand: 17,887,420 therms

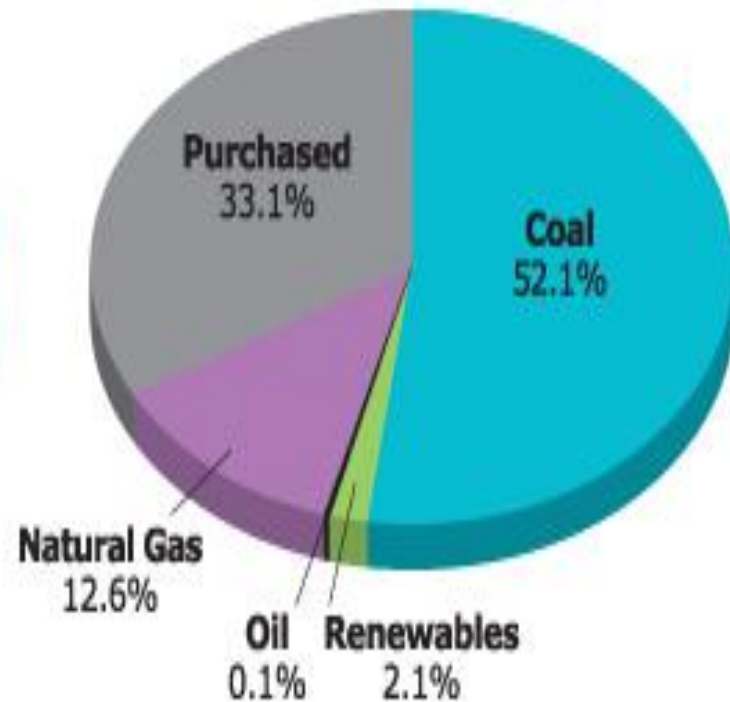
We Energies Production by Fuel Type

2009 Generating Capacity by Fuel

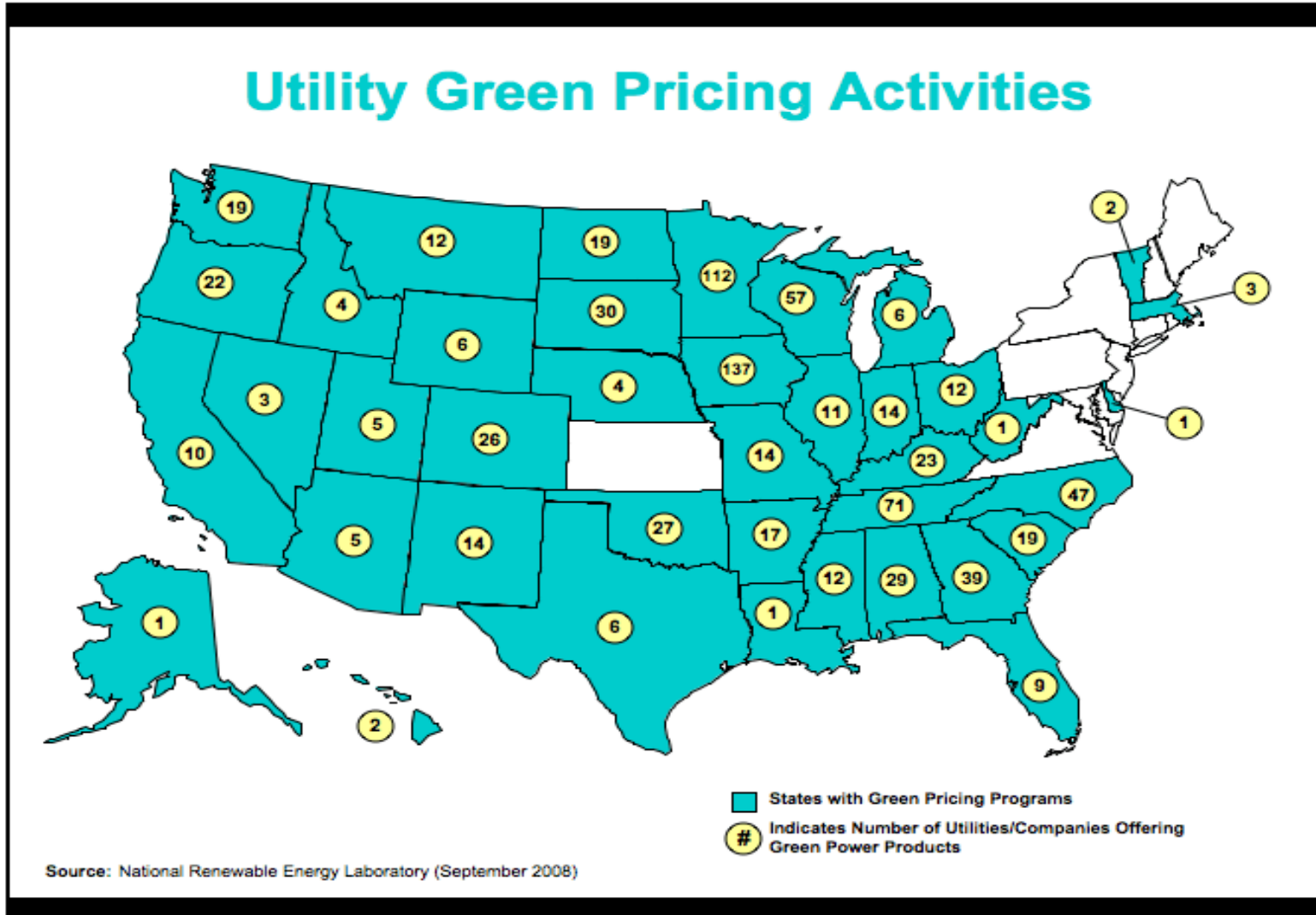


2009 Energy Production by Fuel

Actual: January-June
Forecast: July-December



States with Green Pricing Programs



Energy for Tomorrow[®] (EFT) to date

- The oldest utility green pricing program in North America
- Green-e certified
- Over 19,000 residential customers enrolled – about 2%
 - Premium of 1.37 cents/kWh
 - Option of 25%, 50% or 100% participation level – an average of \$5.14/month at the 50% level.
 - 4,792 customers @ 100%
 - 5,382 customers @ 50%
 - 9,392 customers @ 25%
- Over 750 business customers
 - \$0.01/kWh for purchases greater than 70,000 kWh/mo.



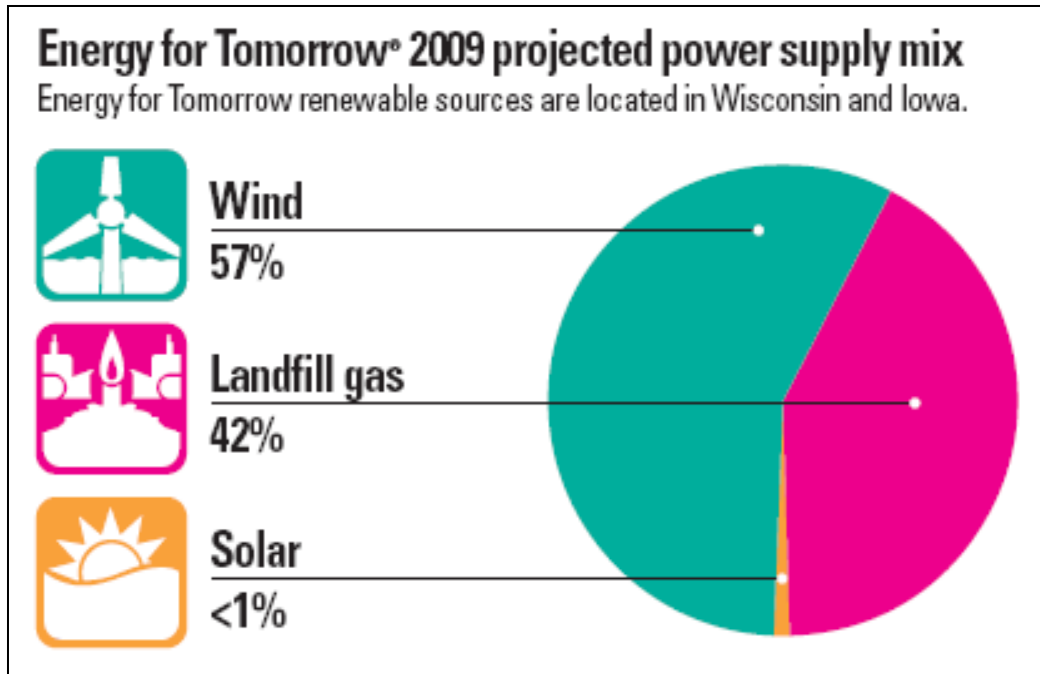
Program Information

Energy for Tomorrow Resource Mix

- 76 MW Wind*
- 15 MW LFG
- 750 kW Solar

98.5 MW in program

*Includes We Energies wind projects and wind credits (RECS) from Iowa delivered to WI

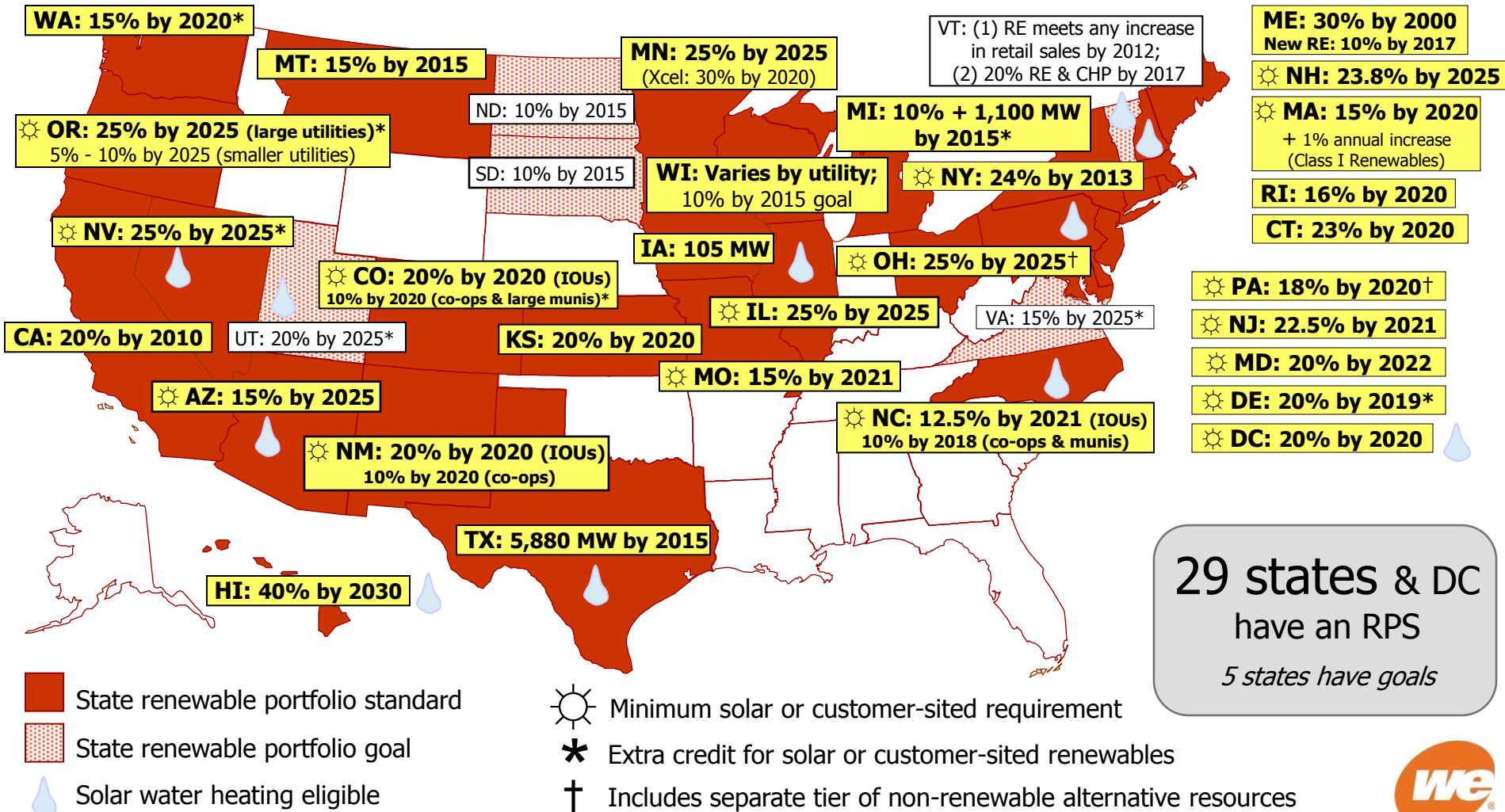


<http://www.renewwisconsin.org/>



Renewable Portfolio Standards

www.dsireusa.org / September 2009



29 states & DC
have an RPS
5 states have goals



Wisconsin's Current Renewable Portfolio Standard

Target is ~ 10% by 2015

We Energies Targets

- Today – 2.27%
- 2010 – 4.27%
- 2015 – 8.27%



We Energies Blue Sky Green Field Project
January 22, 2008

900MW of wind to meet RPS



So what is the issue?

Can a Green-e Green Pricing Program survive under the constraints of price, increased RPS, possible Federal legislation and change in regulatory attitudes?

Or will they be soon be a thing of the past for regulated utilities. And does it matter??



Why is this the issue?

- Balancing act between per MWh that is used for RPS compliance and EFT while still meeting both program requirements
- Green-e requirements puts upward pressure on prices as the **newest** generation is the most costly
- Some regulators are starting to conclude that a GPP is not necessarily a regulated activity in that anyone can sell REC's



Why is that the issue cont...

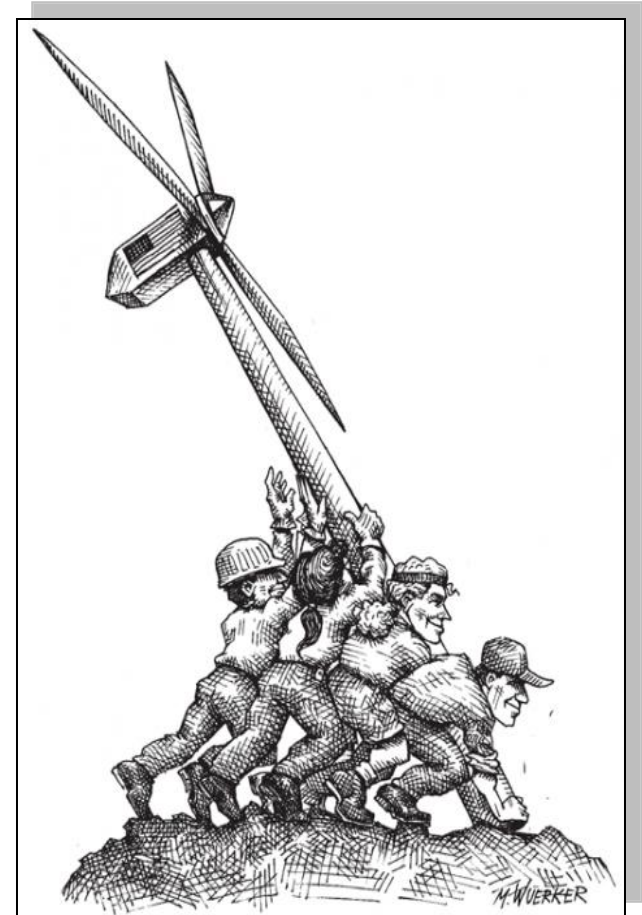
Not only constraints in meeting energy needs, also constraints with building local renewable projects

■ Price and Opposition

- With increase project opposition, price per MW increases or projects die
- Financing for some parties is hard to find for renewable energy (RE) projects

■ Regulations and impact on customers

- Policy – supporting RE or not supporting RE??
- Increase price = concerns about impact on customers



Plus other factors effecting GPP pricing

- Decreasing demand for electricity
- Reduction in the cost of fossil fuels has widened the gap between RE and traditional energy
- RE project costs have not decreased significantly
- REC Prices and National Marketers



So what next for GPP and EFT??



The UNCERTAINTY



But, we will survive!!





we-energies.com/EFT

we-energies.com/RE