

To: Members, Wisconsin Assembly

From: Nick George, President
Midwest Food Processors Association

Robert Peaslee, President
Wisconsin Cast Metals Association

Todd Stuart, Executive Director
Wisconsin Industrial Energy Group

Scott Manley, Director of Environmental Policy
Wisconsin Manufacturers & Commerce

Ed Wilusz, Vice President, Government Relations
Wisconsin Paper Council

Date: April 20, 2010

Subject: **AB 649 – Relating to the Governor's Task Force on Global Warming**

We are writing this memorandum as representatives of manufacturing employers to urge that you vote against AB 649, the omnibus climate change bill. There are many problems associated with the substitute amendment adopted in committee last week, but we would like to focus on the two most important – it will raise energy costs and kill manufacturing jobs.

We trust that the debate over costs has ended with the utility association's recent confirmation that the enhanced RPS will in fact cost their members \$15 billion for capital expenditures. This does not include transmission costs at about \$1 million per mile, with additional costs associated with back-up generation.

Our members have confirmed that the PSC estimated cost savings under the energy efficiency programs will never materialize. One member projects the substitute amendment's deletion of the energy efficiency funding cap for large industrial ratepayers that exists under the current law will result in a utility fee levied for that program in excess of \$3 million per year – just for that one company. It's important to note that we supported the 2005 Act 141 10% RPS with a fair expectation the energy efficiency cap would not be eliminated. Its deletion by the authors of AB 649 appears to be punitive.

The paper, food processing, and cast metals industries are the three largest industrial energy users in Wisconsin. Despite significant gains in energy conservation and efficiency by our members, energy cost increases will disproportionately impact our industry. Many of our members have endured a 70 percent energy cost increase over the past decade. These companies cannot endure another decade with a 70 percent energy cost increase and remain competitive.

Wisconsin has the most manufacturing intensive economy in the United States, accounting for \$48.9 billion in economic output in 2008, which is over 20 percent of Wisconsin's overall economy. Yet we continue to shed these high-paying jobs – 160,000 since 2000 – in part, due to escalating energy costs.

It is certain that the country will see a jobs recovery. But it is also likely that when manufacturing jobs do return, they will do so unevenly, benefiting first (and possibly only) those facilities and states with competitive cost structures. Wisconsin was once very competitive in the Midwest region in the crucial area of energy costs. That advantage has been substantially eroded by escalating rate hikes. We cannot afford to make electricity more expensive if we want to remain competitive.

We ask that you please give considerable thought to the likely economic and energy consequences of this legislation before you decide whether to endorse it.