BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application of Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Madison Gas and Electric for Approval to Acquire Ownership Interests in the Paris Solar Generating and Battery Energy Storage System

Docket: 5-BS-254

I. INTRODUCTION

Wisconsin Electric Power Company ("WEPCO"), Wisconsin Public Service Corporation ("WPSC"), and Madison Gas and Electric Company ("MGE") (collectively, the “Joint Applicants”) apply for approval under Wis. Stat. § 196.49 to acquire the Paris Solar Farm (referred to as “Paris”), a utility-scale solar-powered electric generating facility with a Battery Energy Storage System (“BESS”) proposed to be built by Invenergy, LLC ("Invenergy"), an experienced, U.S.-based renewable energy developer. In total, Joint Applicants propose to acquire and construct 200 MWac of solar generating nameplate capacity and 110 MW of BESS nameplate capacity¹ – the ownership of which will be shared amongst Joint Applicants will be as follows:

- WEPCO: 150 MW Solar; 82.5 MW BESS (75%)
- WPSC: 30 MW Solar; 16.5 MW BESS (15%)
- MGE: 20 MW Solar; 11 MW BESS (10%)

WEC Energy Group (“WEC”), the parent company of WEPCO and WPSC, recently announced its plan to lower its carbon emissions by 70% from 2005 levels by 2030 and for our generation fleet to be net carbon zero in 2050. Based on preliminary data for 2020 — WEPCO and WPSC have reduced carbon dioxide emissions by 50% below 2005 levels.

¹ The 50 MW BESS system at Paris approved in docket 9801-CE-100 is currently under evaluation by MISO as Project [insert number] in the MISO 2019 study cluster. Additionally, Joint Applicants will seek an amendment to the solar facilities’ GIA under the MISO Surplus GIA process to fully utilize the capacity of the 200 MW of that GIA. This amendment will support the additional 60 MW of BESS.
The Paris and BESS projects represent another concrete example of our commitment to build a bright, sustainable future for our customers. The project will help maintain world-class reliability, deliver significant savings to customers and help achieve the company’s carbon reduction goals. The proposed energy battery storage at Paris — approximately 110MW — represents the largest battery storage investment in Wisconsin history.

The Joint Applicants seek approval of these projects as part of a larger effort to transition the combined WEPCO and WPSC generation fleet. We plan to retire older, less efficient fossil fuel plants, and invest more than $2 billion in low-cost, highly efficient natural gas generation, renewable generation and storage resources in Wisconsin. Building these facilities in Wisconsin will create green jobs and help drive the state’s economy.

The company’s longer range plan is expected to save utility customers more than $1 billion over the next 20 years. Appendix A discusses the Joint Applicant’s overall plan, and where Paris fits into it, in much more detail. Customers have also expressed a strong desire for adding renewable, zero-emission generation resources, particularly when such resources are economic [1] – as is the case here.

Likewise, MGE will need over 250 MW of new capacity by 2024 due to previously announced retirements of legacy assets and expiration of existing PPAs. The acquisition of a portion of Paris represents another step in MGE’s ongoing transition toward greater use of cleaner energy sources and deep carbon reductions. To meet its customer’s future energy and capacity needs, MGE is looking forward to not only adding a portion of the Paris solar project to its generation portfolio, but additional investments in cost-effective, clean energy projects to maintain its top-ranked electric reliability and to achieve its carbon reduction goals.

[1] Tr. 40-210 Public and Party Hearing Sessions, Dkt. 5-BS-228 (Jan. 18, 2019) (PSC REF# 358912) at 96:21-97:6 (WPSC expert Jeff Knitter describing newspaper and trade press coverage of these customer preferences and protests outside of WEC offices making similar demands).
Construction of Paris and the equipment to interconnect Paris with the transmission system was previously approved by the Public Service Commission of Wisconsin in a CPCN issued in Docket 9801-CE-100. Joint Applicants’ acquisition will include the transfer of the CPCN rights and obligations authorized in Docket 9801-CE-100.

Joint Applicants propose to acquire and construct Paris at a total cost of approximately $426 million, which is comprised of approximately $272 million or $1,360/kW for the solar facilities and approximately $154 million or $1,400/kW for the BESS. This price includes the capital cost of the solar facilities, BESS system, transmission interconnection costs and owners’ costs.² Joint Applicants believe the acquisition of Paris will benefit customers of all three utilities over the life of the project due to several cost advantages associated with the project, including zero fuel costs.

As shown in the figures below, technological advances have resulted in a sharp decline in the cost of solar photovoltaic (“PV”) generation and BESS over the past ten years.
Figure 1: Recent Solar PV Price Curve

![U.S. Solar PV Price Declines & Deployment Growth](source: SEIA/Wood Mackenzie Power & Renewables U.S. Solar Market Insight 2020 Q4)

Figure 2: Recent Battery Storage Price Curve

Battery pack price (real 2019 $/kWh)

Source: Bloomberg/NEF

September 10, 2020
This decline in cost, paired with the tax incentives available under the federal Investment Tax Credit ("ITC"), allows utility-scale PV paired with BESS to be competitive with fossil-fueled electric generation. This price decline has led to a dramatic increase in the amount of solar PV generation being installed in the United States, much of it being utility-scale installations.

Figure 3: Cumulative U.S. Solar Installations: 2006 to 2020

Acquiring and constructing Paris will allow Joint Applicants and their customers to take advantage of solar PV and BESS technology as the price curves are flattening, while also taking advantage of the 30% ITC before its scheduled reduction. Paris will provide low cost capacity and energy, with zero fuel cost and zero air emissions, for Joint Applicants’ customers for decades to come.
This opportunity to acquire new solar and BESS facilities in Wisconsin will deliver value for Joint Applicants’ customers beyond these cost advantages. There are a number of qualitative and quantitative benefits to be gained from adding the Paris project to Joint Applicants’ respective generation fleets, including:

- Further diversifying Joint Applicants’ fuel and technology portfolios and serving as a price hedge against future fossil fuel costs.

- Mitigating the risk of costs imposed by future, but currently unknown, carbon restrictions for electric generators.

- Delivering additional benefits that would not be available under a Power Purchase Agreement (“PPA”). Examples of additional benefits Joint Applicants’ customers could realize through utility ownership include, but are not limited to:
  
  o An option to repower the sites when the equipment reaches the end of its useful life by leveraging the existing Generation Interconnection Agreement, substation equipment, roads and buildings, leasing arrangements and siting studies, all of which will have already been fully paid for.

  o An option to take advantage of extremely low cost capacity and energy by continuing to operate Paris after it has been fully depreciated.

  o The opportunity to take advantage of future technological developments and cost reductions expected during the life of Paris.

  o Avoidance of additional costs to utility customers due to the effect of debt-like PPAs on Joint Applicants’ balance sheets and capital structures.
II. BACKGROUND

A. Developer

Paris will be developed by Paris Solar Farm LLC ("Paris Solar"), a wholly-owned subsidiary of Invenergy, North America’s largest independent, privately-held renewable energy provider. Headquartered in Chicago, with regional development offices in the United States, Canada, Latin America, Japan and Europe, Invenergy develops, builds, owns and operates large-scale energy facilities across four core technologies: wind (105 projects; 16,695 MW), natural gas (12 projects; 5,661 MW), solar (42 projects; 4,811 MW), and battery storage (16 projects; 300 MW / 871 MWhr). Invenergy’s projects are mainly located in the United States, with other projects located in Japan, Poland, Scotland and Uruguay.

Invenergy has extensive experience in the development of renewable energy projects, including experience with utility-scale solar PV generation incorporating BESS in particular. Invenergy has prior experience developing, constructing and operating generation projects in Wisconsin and has well-developed operations and maintenance functions, including the ability to remotely monitor renewable assets from a central location. Invenergy is also well capitalized and has a proven development record, which provides a measure of assurance that it will deliver a quality project within the required project timeline and budget.

B. Facility Description

Paris will be located entirely within Kenosha County in Southeast Wisconsin. Paris will cover approximately 1,500 acres of leased land within a 2,700-acre project site in the Town of Paris. In total, Paris will generate up to 200 MW (AC) using between 550,000 and 750,000 silicon PV modules fixed to horizontal single-axis solar trackers.

The major components of the proposed project include the PV panels, BESS facilities, inverters, collector circuits, and a collector substation. Construction of Paris is scheduled to begin in the second quarter of 2022 and is expected to be completed and
achieve an in-service date by May 31, 2023, which will allow Joint Applicants to use the associated capacity to meet their MISO Planning Year 2023 / 2024 obligations, as discussed further in confidential Appendix A for WEPCO and WPSC and confidential Appendix C for MGE. Appendix C will be provided as a supplement to this application.

The Commission conditionally authorized inclusion of 50 MW of BESS at Paris because BESS facilities are new to Wisconsin and the Commission recognized there may be issues relating to safety or public impacts not described or analyzed fully in the Commission review. As part of this conditional approval, the Commission required Paris Solar to provide a report on all MISO Definitive Planning Phase (“DPP”) studies and to provide the Commission with final detailed engineering plans for the BESS prior to its construction. In addition to all other reporting, notification and coordination requirements in the Commission’s December 29, 2020 order in Docket 9801-CE-100, Joint Applicants accept this requirement and will assume the obligation to provide these updates to the Commission, should the Commission approve Joint Applicants' acquisition of Paris.

C. Facility Operations

Under Operation and Maintenance Agreements with Joint Applicants, Paris will be operated by Invenergy Services, LLC (“Invenergy Services”). Invenergy Services is staffed with experienced industry personnel and combines asset management, operations, maintenance and commercial execution functions to provide a single, comprehensive solution to asset management.

Invenergy Services’ experienced and highly-skilled personnel operate more than 6,400 MW of wind, solar and energy storage projects in North America. Additionally, Invenergy Services is committed to developing positive relationships with communities where projects are located by hiring approximately 70% of O&M personnel locally as well as giving back to the community through contributions of volunteer time and charitable donations to local organizations and events. Invenergy’s fleet-wide resource
availability was more than 97% since 2016 – among the best in the industry in North America.

III. REQUESTED AUTHORIZATION

Paris Solar filed a CPCN application on February 19, 2019 seeking permission to construct the project. In its December 29, 2020 Order approving the requested CPCN, the Commission found that:

- Paris is entitled to the highest priority of all energy generation resources. It was uncontested that energy and capacity from the proposed project cannot be replaced by energy conservation and efficiency.

- Paris’s design and location are in the public interest considering alternative locations or routes, individual hardships, safety, reliability, and environmental factors.

- Paris will not have undue adverse impacts on environmental values including ecological balance, public health and welfare, historic sites, geological formations, aesthetics of land and water, and recreational use.

- Paris will not unreasonably interfere with the orderly land use and development plans for the area.

- An alternative project using a brownfield site for Paris is not practicable.

Because each Joint Applicant is a “public utility” as defined in Wis. Stat. § 196.01(5), the proposed transaction may not take place without the Commission’s approval. In particular, Wis. Stat. § 196.49(3)(b) provides that the Commission “may require that no project may proceed until the Commission has certified that public convenience and necessity require the project.”

Because the Commission has already issued a CPCN authorizing Paris and its associated facilities, this Application for Certificates of Authority focuses on Joint
Applicants’ needs for the capacity and energy that will be produced by Paris, as well as the economic justification for acquiring and constructing Paris. Wisconsin Stat. § 196.49(3)(b) states that the Commission may refuse to certify a project only if it appears that the project will do any of the following:

1. Substantially impair the efficiency of the service of the public utility.

2. Provide facilities unreasonably in excess of the probable future requirements.

3. When placed in operation, add to the cost of service without proportionately increasing the value or available quantity of service.

Joint Applicants’ acquisition and subsequent construction of Paris will have none of these consequences.

The acquisitions will not impair the efficiency of the utilities’ service. In fact, the project will enhance efficiency by providing a highly-reliable, high capacity-accredited renewable resources, significantly improving Joint Applicants’ resource diversity.

The acquisitions will not provide facilities unreasonably in excess of probable future requirements. Joint Applicants need capacity to meet current and anticipated future customer requirements. These needs are addressed in confidential Appendices A and C.

Further, Paris will provide energy at no additional incremental cost (i.e., no fuel cost). Though energy is currently available in the market at relatively low cost, the project will provide a valuable hedge against the potential for higher energy costs in the future – particularly during the peak summer hours when Paris is expected to be generating energy at or near its stated nameplate capacity. This hedging capability is enhanced by the inclusion of BESS at Paris.

Joint Applicants’ acquisition and construction of Paris will not add to the cost of service without proportionately increasing the value or available quantity of service. Joint Applicants independently evaluated the expected costs of acquiring and constructing
Paris relative to the alternatives of meeting energy and capacity needs with other resources. These economic analyses are discussed in greater detail in confidential Appendices B (for WEPCO and WPSC) and D (for MGE).

Moreover, in conjunction with the retirement of older generating assets and the expiration of PPAs, Joint Applicants can accomplish the acquisitions with minimal rate impact in the first year of project operation. Each Joint Applicant will reflect its portion of the approximately $426 million acquisition price and subsequent construction costs in its rate base. Joint Applicants seek approval to acquire and construct Paris at a cost of up to 110% of this amount. To the extent the cost of Paris exceeds this threshold, Joint Applicants propose that they be required to promptly notify the Commission and seek further Commission review and approval.

Joint Applicants’ acquisition has two principal components – an asset purchase agreement (“APA”) and an engineering, procurement and construction (“EPC”) agreement. The APA established a fixed price that Joint Applicants will pay for a defined set of assets, including land agreements, transmission interconnection rights and permits. The EPC is a “turnkey” contract that sets a price for a defined scope of work; however, changes in scope due to conditions that cannot be known until construction starts may result in increases to the EPC contract price. Despite Joint Applicants' performing significant due diligence when negotiating the APA and EPC, as engineering, design, and construction get underway there could be unanticipated scope changes or force majeure events through no fault of Joint Applicants that increase the cost to complete the project. Therefore, Joint Applicants believe that it is reasonable for the Commission to authorize the 110% allowance.

In the most recent solar project acquisition and construction projects authorized by the Commission, including Badger Hollow I and Two Creeks (Docket 5-BS-228), the Commission addressed the legal question of whether Joint Applicants would need to

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3 Joint Applicants’ request also includes earning AFUDC on 100% of the CWIP balance during construction of Paris. The estimated AFUDC for this project will be $14.44 million for WEPCO, $2.52 million for WPSC and $1.53 million for MGE.
seek a CPCN under Wis. Stat. § 196.491, in addition to a CA, to acquire projects for which a CPCN has been granted to Invenergy. The Commission stated the following:

\[U\]nder the specific circumstances presented here, the proposed acquisition was appropriately considered under the CA standard.\[T\]he Commission’s review of the proposed Solar Facilities in the CPCN dockets assessed all relevant site-specific factors required for approving construction of the Solar Facilities, and the CA process used here assessed all the relevant need, alternatives, and ratepayer impacts that would otherwise have been assessed in the CPCN dockets if the applicants had not been wholesale merchants… 4

Therefore, Joint Applicants are not requesting authorization under Wis. Stat. § 196.491 because this Commission has already approved CPCN applications for the Paris facility. 5 In this docket, Joint Applicants are seeking to acquire those CPCNs as they were issued and, as noted above, install an additional 60 MW of BESS nameplate capacity. Joint Applicants recognize that they will be bound by the provisions of the Commission’s Final Decision in dockets 9801-CE-100 and limitations on the developers’ authority. Joint Applicants also agree to adopt, in this docket, the reporting and disclosure requirements set forth in conditions 1 through 6 and condition 8 of this Commission’s Final Decision in 5-BS-228. 6

Finally, Joint Applicants submit that the proposed transaction is consistent with the public interest and should be approved. Joint Applicants ask the Commission to provide a written Order approving this request by March 1, 2022, which will allow Joint Applicants to acquire and construct Paris and secure its benefits for their customers.

IV. JUSTIFICATION FOR TRANSACTION

Each of Joint Applicants have a need for long-term capacity resources. Due to the complementary timing of Joint Applicants’ needs, they were able to take advantage of

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4 Final Decision, Dkt. 5-BS-228 (Apr. 18, 2019) (PSC REF# 364436) at 8.
5 See Docket 9801-CE-100.
6 Final Decision, Dkt. 5-BS-228 (Apr. 18, 2019) (PSC REF# 364436) at 21-22.
the scale and scope of this project to achieve cost-saving efficiencies for the benefit of their respective customers. Each Joint Application evaluated the potential options for filling their needs independently as noted in confidential Appendices A and C.

For WEPCO and WPSC, Paris is the an important step in its efforts to transition the combined WEPCO and WPSC generation fleet to support a clean, reliable future by retiring some older, less efficient fossil fuel plants, and investing nearly $2 billion in low-cost and highly efficient and state-of-the-art natural gas generation, renewable generation and storage resources in Wisconsin, and creating energy solutions for the customers and communities WEPCO and WPSC serve. Overall, these clean energy investments will not only transition the combined WEPCO and WPSC generating fleet, and assist in reducing CO\textsubscript{2} emissions by 70% from 2005 levels by 2030, it is also expected to save customers nearly $1 billion over the 20 years.

For MGE, Paris represents another step in its ongoing transition toward greater use of cleaner energy sources and deep carbon reductions. MGE expects to achieve carbon reductions of 65% by 2030, and the acquisition of Paris will help the company achieve this goal in a cost-effective manner.

A. Economic Analysis and Justification

Joint Applicants recognize there are inherent risks and uncertainties that all utilities face in making long-term electric resource planning decisions in an environment that involves considerable change and uncertainty related to projecting future fuel costs, capital costs, technology advancements, environmental regulations, etc. However, based on each of the utilities’ needs analysis, and the relative size of the project for each of the Joint Applicants, they are confident that purchasing and constructing Paris is a prudent first step to meeting each of the utilities’ needs in a cost-effective manner.

In the near term, the cost-effectiveness of Paris specifically, and utility scale renewable energy resources more generally, are driven by recent reductions in the installed costs of solar photovoltaic and BESS systems; improvements in renewable technology
performance in the form of increased capacity factors for wind and solar; the current favorable interest rate environment where interest rates have been relatively low and stable as compared to historical levels, which helps lower the costs of capital-intensive investments such as renewable energy projects; and production and investment tax credits that are available now but will be gradually phased out in the coming years.

At the same time, renewable resources provide a hedge against uncertainty in future delivered fossil fuel costs while also serving to mitigate the potential risks and costs attributable to possible future regulation of CO₂ emissions.

**B. UtilityOwnership Versus PPA**

One option to secure capacity would be to enter into a PPA with a developer. However, doing so would deprive customers of several important benefits of utility ownership. Joint Applicant’s acquiring and constructing Paris would permit customers to benefit from Joint Applicant’s ability to: (1) avoid future site development costs; (2) hedge energy costs; and (3) avoid negative implications of a debt-structured PPA on Joint Applicant’s balance sheet, and ultimately customer rates.

First, if Joint Applicants are permitted to own the facility, the facility will provide a continuous source of renewable energy and BESS capability for an extended period of time of at least 30 years. This is optimal considering the challenges that utilities face in locating viable integrated solar and BESS sites and obtaining the necessary land-use permits. Invenergy has already located a site, obtained necessary permits, entered into relevant interconnection agreements, and executed a plan to build the required infrastructure. Upon acquisition of the project these permits will be transferred to Joint Applicants. In the future, the facility could be reutilized to provide extended service without requiring an outlay of development costs, such as the costs incurred in obtaining Commission and transmission-provider approval for the site. Thus, the facility is preferable to potential greenfield projects that would require Joint Applicants to incur such development costs.
Second, permitting Joint Applicants to proceed with the project would provide a hedge against an uncertain energy future. At the end of the solar panels’ and/or BESS components’ useful economic life, Joint Applicants could determine whether it would be more beneficial to install new solar panels, BESS components and inverters or derive exceptionally inexpensive energy from the existing technology—albeit at a lower output—once fully depreciated. By owning the facility, Joint Applicant would be able to control these decisions and customers would reap the economic benefits of future redevelopment.

Finally, utility ownership would allow customers to avoid additional costs related to offsetting the negative impacts of the debt-like PPAs on Joint Applicants’ balance sheets.

C. Choice of Projects

Because Joint Applicants’ analysis identified integrated solar PV and BESS as the appropriate technology to meet the first segment of their capacity needs, Joint Applicants next sought to identify the appropriate integrated solar PV and BESS projects in which to invest. Joint Applicants are regularly approached by local, regional and national developers seeking to build utility-scale solar PV and BESS facilities. Joint Applicants focused on finding cost-competitive projects, at premier sites, offered by highly experienced developers with track records of success in such projects. Paris was identified as such a project, and Invenergy was determined to be an appropriate partner based on its:

- Significant solar development experience;
- Effective land owner/public relations functions;
- Wisconsin permitting experience;
- Large utility-scale solar experience, including Joint Applicants’ experience pursuing similar projects with Invenergy in the past;
- Identification of high quality Wisconsin site (s);
• Ability to obtain timely site control;
• Ability to proceed on schedule to achieve full ITC benefit;
• MISO queue position;
• Company longevity;
• O&M capabilities and experience;
• Remote monitoring capabilities;
• BESS experience; and
• No third party financing or foreign ownership.

D. **The Price of the Facilities Is Competitive in the Market**

There is an active market for integrated solar PV and BESS projects and Joint Applicants understand that Paris is not only competitive within the market, but offers highly favorable economics. To confirm this, Joint Applicants will retain DNV GL, which is a global engineering and consulting firm with decades of experience assisting with solar facility due diligence, economic forecasting and development, to assess the economics of Paris. At the time of this application being filed, DNV GL’s analysis was not yet finalized and, once complete, Joint Applicants will supplement this application with the results of that analysis.

E. **The Acquisition Will Deliver Important Qualitative Benefits**

In addition to Paris’ quantifiable economic benefits, it will provide other benefits to customers by enhancing the technological and fuel diversity of their electric generation resource portfolios. The addition of these no-fuel and zero emission resources will serve as a price hedge against future increases in fossil fuel costs and the cost of complying with future environmental regulations. Additionally, acquiring the project will allow Joint Applicants and their customers to mitigate the risk of any future potential
and currently unknown costs associated with fossil fuel based electric generation facilities, including the avoidance of future costs that would be realized from impacts of carbon on the dispatch of generation resources, taxes or other regulation over the life of the solar facilities. In addition to the obvious economic and environmental benefits, the battery and solar combination also provide reliability benefits. BESS, although energy limited, does provide frequency response and “synthetic inertia” on a limited basis. In addition, BESS captures excess energy for use at a later point when the sun is not shining, thereby minimizing the need for additional transmission resources while also providing capacity, ramping capability, and voltage support during non-solar production.

V. RATE ANALYSIS

As discussed above, using reasonable assumptions (described in confidential Appendices B and D), Joint Applicants forecast that acquiring and constructing Paris as part of their long-term strategies to transition their generating fleets will result in significant customer savings over the life of these investments when compared with continuing to invest in and operate their existing generation fleets.

For WEPCO and WPSC, the recently announced plan to lower carbon emissions of which Paris is the first project, will not only transition their combined generating fleet, it is expected to save customers approximately $1 billion over the 20 years while being integral to meeting WEC’s carbon emission reduction goal of reducing CO₂ levels by 70% by 2030, when compared to 2005.

VI. SIGNIFICANT CONTRACTS

Joint Applicants are in the process of negotiating a series of commercial contracts with Invenergy that will allow them to acquire Paris’ solar generating capacity and BESS, as well as agreements among themselves that will govern their joint ownership of Paris.
Under the Paris Asset Purchase Agreement, Joint Applicants will acquire project development rights for 200 MW of solar generating capacity and 110 MW of BESS capacity for Paris. The acquired assets will include transmission interconnection rights;\(^7\) the real property rights necessary to site Paris; all permits including the CPCN—as issued to Invenergy—and other federal, state and local permits; contracts relating to the ownership, leasing, licensing, construction, operation and maintenance of Paris; books and records; and any causes of action relating to Paris. Joint Applicants will acquire interests in Paris’s common facilities and other assets proportional to Joint Applicants’ shares of the project’s total generating capacity.

Receipt of Commission approval of this CA Application, including Joint Applicants’ acquisition of the CPCN and other necessary governmental approvals, will be a precondition to closing on the acquisition of Paris.

To address construction of Paris, Joint Applicants are negotiating an Engineering, Construction and Procurement contract with Invenergy. Under this contract, the Invenergy will construct the project according to specifications developed by Joint Applicants.

Joint Applicants are also negotiating an Operations and Maintenance Agreement with Invenergy Services. Under this agreement, Invenergy Services will provide the vast majority of day-to-day operations and maintenance services for Paris.

The Engineering, Procurement and Construction Agreement and Operations and Maintenance Agreement will be between Invenergy and WEPCO, and WEPCO will act as the agent for WEPCO, WPSC and MGE under this agreement.

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\(^7\) Paris Solar filed an Interconnection Request with MISO and is in the MISO August 2017 DPP Study Cycle, with the assigned queue position of 235. Phase 1, Phase 2, and Phase 3 of the MISO study process are complete and Paris Solar was waiting to execute a Generator Interconnection Agreement. The BESS system is in the MISO 2019 study cluster with queue position 254.
Finally, Joint Applicants will jointly own and operate Paris under a Joint Ownership Agreement.

Joint Applicants expect to finalize all of these agreements upon receiving Commission approval.

VII. OTHER CONSIDERATIONS

A. Benefits to the Local Community

Local communities will benefit from Wisconsin shared revenue payments received by the towns and county where Paris is located. Further, the project will boost employment, both during and after construction.

B. Wisconsin Environmental Policy Act

This action is subject to the terms of the Wisconsin Environmental Policy Act, Chapter 274, section 1, laws of 1971 and Wis. Stats. § 1.11. The proposed project is categorized as a Type III action under § PSC 4.10(3), Wis. Admin. Code, and does not normally require the preparation of an Environmental Assessment or Environmental Impact Statement by Commission staff. See Wis. Admin. Code, Ch. 4, Table 3 (listing “Purchase, sell or transfer utility property” as a Type III Action).

Type III actions are proposed actions involving requests for Commission approval that do not have the potential to significantly affect the quality of the human environment within the meaning of Wis. Stat. § 1.11 (2)(c). As such, they do not normally require an environmental impact statement. See Wis. Admin Code § 4.10(3). Therefore, environmental screening information is not included with this application. In any event, the project developer has already received the required CPCNs, which included a full consideration of environmental issues.
C. Energy Priorities Law

Wis. Stat. § 196.025(1)(ar) states:

"to the extent cost-effective, technically feasible and environmentally sound, the Commission shall implement the priorities under § 1.12 (4) in making all energy-related decisions and orders." Wis. Stat. § 1.12 (4) establishes the following priorities:

(4) PRIORITIES. In meeting energy demands, the policy of the state is that, to the extent cost-effective and technically feasible, options be considered based on the following priorities, in the order listed:

(a) Energy conservation and efficiency.

(b) Noncombustible renewable resources.

(c) Combustible renewable energy resources.

(d) Nonrenewable combustible energy resources in the order listed:

1. Natural gas.

2. Oil or coal with sulfur content of less than 1 percent.

3. All other carbon-based fuels."

Wis. Stat. § 196.025(1)(b)1. further provides: “In a proceeding in which an investor-owned electric public utility is a party, the commission shall not order or otherwise impose energy conservation or efficiency requirements on the investor-owned electric public utility if the commission has fulfilled all of its duties under § 196.374 and the investor-owned electric public utility has satisfied the
requirements of § 196.374 for the year prior to the commencement of the proceeding, as specified in § 196.374(8).”

Joint Applicants have satisfied all the requirements of Wis. Stat. § 196.374(8). Therefore, the Commission may not require energy efficiency or conservation in connection with the project. The project is a noncombustible renewable resource, which is the second-highest energy priority, and energy conservation and efficiency would be insufficient to offset the need for capacity demonstrated in Appendices A and C. Thus, Joint Applicants’ acquisition and construction of Paris satisfies Wisconsin’s Energy Priorities Law.

D. Brownfield Site Consideration

Joint Applicants are not aware of any Wisconsin brownfield sites that would be of sufficient size and would meet the siting criteria for land and electric infrastructure for this project. Furthermore, in its order in the docket 9801-CE-100, the Commission held: “The proposed project requires over 1,500 acres of nearly contiguous developable land in close proximity to existing transmission facilities. There were no brownfield sites identified in Wisconsin that met these siting requirements. The Commission therefore finds that the proposed project satisfies the requirement under Wis. Stat. § 196.491(3)(d)8.”8 Thus, this project complies with Wis. Stat. § 196.49(4).

E. Affiliated Interest Issues

The project will require a Generation Interconnection Agreement (“GIA”) with the American Transmission Company, LLC (“ATC”). While the GIA will be a jointly-owned asset, a GIA with ATC can only have one counterparty, which will be WEPCO as project manager. Because ATC is an affiliate of WEPCO, under Wis. Stat. § 196.52(3), this arrangement will require Commission approval as an affiliate transaction, which will be requested in a separate application.

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8 Final Decision, Dkt. 9801-CE-100 (Dec. 29, 2020) (PSC REF# 402226) at 14.
The project will require an Joint Ownership Agreement between Joint Applicants. Because WEPCO and WPSC are affiliates, under Wis. Stat. § 196.52(3), this arrangement will require Commission approval as an affiliate transaction, which will be requested in a separate application.

F. Effect on Wholesale Energy Competition

Construction of the project will have no effect on wholesale market competition. The proposed project is located in the MISO energy market, which includes over 130,000 MW of generation. The proposed project is 200 MW of solar generation and 110 MW of BESS. The amount of generation owned by Joint Applicants will actually be reduced – WEPCO has announced the retirement of MW of capacity, including the Oak Creek Power Plant units, WPSC has an ownership interest in the Columbia Power Plant, and Wisconsin Power and Light as the principle owner announced the expected retirement of Unit 1 in 2023 and Unit 2 of 2024, which will eliminate MW of capacity for WPSC, and MGE plans to retire over 250 MW of capacity through a combination of expiring PPAs and retirements of older, legacy assets.

G. Decommissioning and Restoration

Decommissioning will focus on removal of posts and foundations to four feet below grade. Underground cables will likely be left in place because removing them would cause more disruption to the land than abandoning them in place. The land used for the solar PV, BESS and associated equipment will be restored to its original condition. Roads may be left intact at the landowner's request, or they may be removed.

Restoration typically includes grading and replanting areas where foundations, roads and buildings were located after they have been removed. Removed parts can either be sold into the used equipment market, sold for their scrap value or disposed of. If a secondary market for the used equipment is not available, it would be typical for the equipment to be sold as scrap where possible.

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9 Measured on an ICAP basis, the UCAP value is MW.
10 Measured on an ICAP basis, the UCAP value is MW.
Joint Applicants estimate the cost of decommissioning the solar PV equipment will be negligible, net of scrap value and will perform and submit to the Commission a decommission study within one year of construction being completed.

H. Method of Financing

The cost of the project will be met from internal sources or the issuance or sale of securities by each of Joint Applicants.

VIII. SCHEDULE

February 16, 2021
- File Application with Commission

March 1, 2022:
- Receive Commission authorization and written Order

March 31, 2022:
- Close on acquisition of Paris and execute Engineering, Procurement and Construction and Operations and Maintenance Agreements

End of May 2023:
- Paris achieves Commercial Operation

IX. CONCLUSION

As explained in this Application, Paris will provide a zero-fuel-cost, zero-emission capacity and energy resource for Joint Applicants’ customers for many years to come. The project represents the most cost-effective means of meeting Joint Applicants’ long-term capacity needs, and utility ownership of Paris will deliver value to customers.

As such, Joint Applicants request that the Commission grant the necessary approvals under Wis. Stat. § 196.49(3)(b) and any other necessary consents and approvals, including:
1) Authorizing Joint Applicants to acquire Paris and include the combined acquisition and construction costs, inclusive of AFUDC on 100% of the CWIP balance, in rate base;

2) Authorizing the affiliate transaction between WEPCO and ATC for interconnecting Paris to the transmission system; and.

3) Authorizing the affiliate transaction between WEPCO and WPSC for Joint Ownership and Operating Agreement.

Joint Applicants request a written Order including those requested approvals be received no later than March 1, 2022 in order to allow commercial operation to be achieved by the end of May 2023, which is the start of MISO’s 2023 / 2024 Capacity Planning Year.