



June 25, 2020

Ms. Steffany Powell Coker  
Secretary to the Commission  
Public Service Commission of Wisconsin  
4822 Madison Yards Way  
Madison, WI 53705

RE: Change in Badger Hollow II Schedule - Docket 5-BS-234

Dear Ms. Powell Coker:

Wisconsin Electric Power Company ("Wisconsin Electric") and Madison Gas and Electric Company ("MGE") write to notify the Commission of recent changes in the construction schedule of the second phase of the Badger Hollow solar photovoltaic generating facility ("Badger Hollow II"). The new construction schedule will move the planned in service date by 12 months. The change is due to the imposition of federal tariffs on the type of solar panels that will be used for the project.

In its April 18, 2019 final decisions in dockets 9697-CE-100 and 9697-CE-101, the Commission issued a Certificates of Convenience and Necessity authorizing the construction of the 300 MW Badger Hollow project and its associated generation tie line by Badger Hollow Solar Farm LLC ("BHSF"). In its March 6, 2020 final decision in this docket, 5-BS-234, the Commission granted Certificates of Authority to Wisconsin Electric and MGE to acquire 100 MW and 50 MW, respectively, of the generating capacity of the project. This acquisition is known as "Badger Hollow II."

The Commission capped recovery of the Badger Hollow II acquisition costs at \$194.9 million (excluding AFUDC), except in the case of a force majeure event provided Wisconsin Electric and MGE provide notice to the Commission within 30 days of learning of such an event. Final Decision at 22 (Order Point 5), Docket 5-BS-234 (Mar. 6, 2020). The Commission also prohibited the utilities from proceeding with "any substantial changes in the scope, design, size or location" of the Badger Hollow I project except as provided in the CPCNs. *Id.* at 23 (Order Point 9). The Badger Hollow CPCN also requires the BHSF to "notify and obtain approval from the Commission before proceeding with any substantial change in the scope, design, size, and location of the approved project." Final Decision at 40 (Order Point 2, Docket 9697-CE-100 (April 18, 2019).

Wisconsin Electric and MGE have agreed with BHSF to extend the construction schedule for the facilities associated with the Badger Hollow II acquisition from a

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Guaranteed Substantial Completion Date (i.e. Commercial Operation Date or “COD”) of December 31, 2021 to December 31, 2022. The reason for the schedule extension is the implementation of federal tariffs on bifacial solar panels, the type of panels that will be used for the project. The tariffs will significantly increase the cost of the Badger Hollow II project if the current construction schedule were maintained. Extending the project completion date by one year will allow BHSF to manage the acquisition of the needed panels without an increase to the project acquisition cost paid by Wisconsin Electric and MGE.

Extending the construction schedule through December 2022 is prudent because avoiding the additional costs due to the tariffs will result in lower costs to customers when compared with the alternative of maintaining the current schedule and having the additional costs of the tariffs passed through to Wisconsin Electric and MGE.<sup>1</sup> With the extension, Wisconsin Electric and MGE do not anticipate that the total acquisition cost will exceed \$194.9 million (excluding AFUDC). There will be cost impacts in the form of increased AFUDC to the extent that project assets are held longer before project completion and potentially increased fuel costs associated with replacement power purchased to replace the anticipated output of the Badger Hollow II project, but Wisconsin Electric and MGE expect that those cost increases will be less than the increased cost to acquire the project if the construction schedule was not extended.

The parties have negotiated an amendment to the EPC to provide for the agreed extension of the Badger Hollow II Guaranteed Substantial Completion Date (i.e., COD). This amended EPC will be executed when the Wisconsin Electric and MGE close on the Badger Hollow II project. In accordance with the Docket 5-BS-234 order, Wisconsin Electric and MGE will provide the Commission with a confidential copy of the amendment for informational purposes within 30 days of this closing.

Respectfully submitted,

/s/ Theodore T. Eidukas  
Theodore T. Eidukas  
Vice President -  
State Regulatory Affairs  
WEC Energy Group  
Wisconsin Public Service Corp.

/s/ Scott R. Smith  
Scott R. Smith  
Assistant Vice President -  
Business and Regulatory Strategy  
Madison Gas and Electric Co

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