



Business Perspectives Climate Change Institute November 30, 2006

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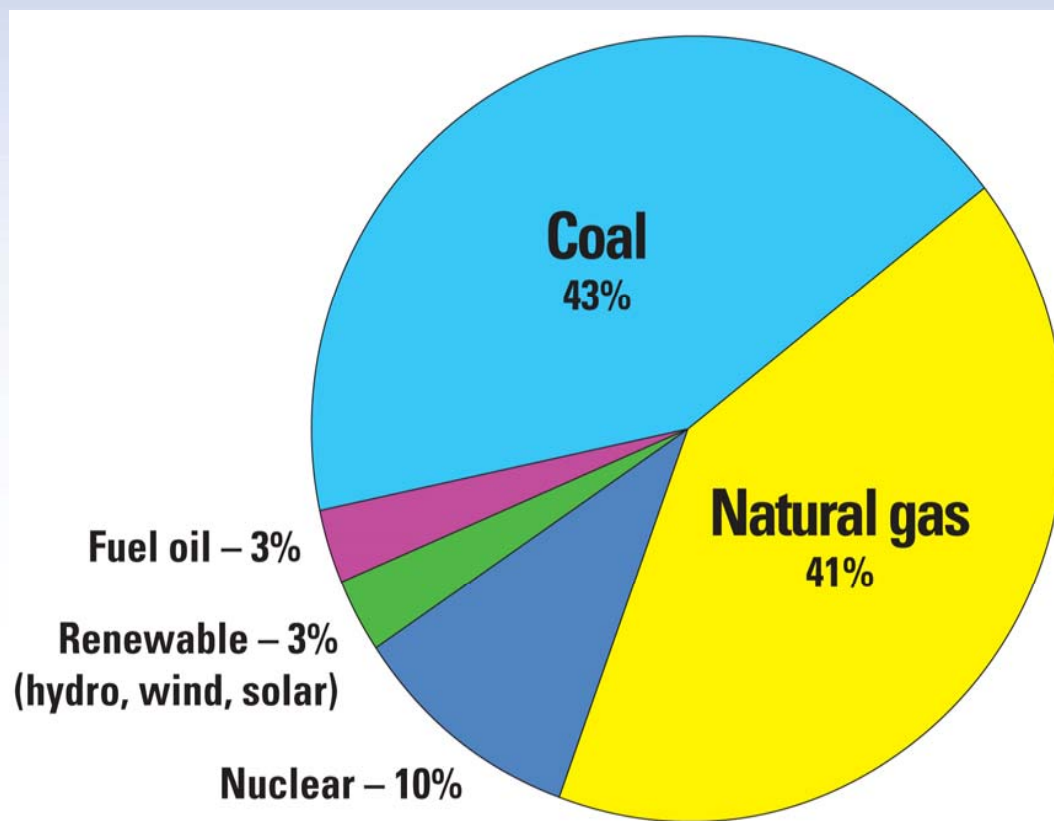
Wisconsin Energy Statistics

- 1,300 MW came online in 2005
- Increase in demand is expected to be 2% annually through 2012
- Through 2010, over 3,000 MW is expected to be brought into service (new generation and expansion of existing facilities)
- Over \$3 billion investment in transmission within the next 10 years



Total Wisconsin Electric Capacity

Utility – 16,073 MW
Non-utility – 1,031 MW





Increasing Role for Renewables

- Wisconsin's registered Renewable Portfolio Standard (RPS) capacity today is approximately 780 MW
 - Includes hydro, biomass, wind and solar
- Wisconsin recently increased its RPS goal to generate 10% of the state's energy needs from renewable sources by 2015
- Approximately 500 MW of wind energy will be added by 2008





Wisconsin Environmental Statistics and Performance Reporting

- **New EPA rules require Wisconsin utilities to reduce emissions**
 - **SO₂ - 70% by 2015**
 - **NO_x - 65% by 2015**
 - **Mercury - 70% by 2018**
- **CO₂ is the primary greenhouse gas emitted from power plants**
- **Currently Wisconsin utility CO₂ is about 50 million tons, roughly:**
 - **2% of U.S. electric utilities**
 - **1% of U.S. major economic sectors**





Impact on Rates is Unavoidable

- Replacement/upgrade of aging power plants
- Increase in fuel delivery costs
- Increasingly stringent environmental regulations
- Public policy mandates – 10% RPS in 2015



Why Tackle Climate Change Now? Alliant Energy's Perspective:

- Sufficient scientific evidence exists to support greenhouse gas emission reduction efforts
- Technology solutions based on sound science are critical and should be developed
- Greenhouse gas reduction efforts should not be targeted at any one industry but rather at all sectors
- Goals to achieve sustainable development and economic growth can be met while also reducing greenhouse gas emissions
- Local or regional approaches are not desirable



Our Commitment to Finding Solutions Began in April 2003

- Alliant Energy sponsored Global Climate Change Conference
 - Presentations by DOE, NRDC, BP, EEI, EPRI, Pew Center on Global Climate Change, Chicago Climate Exchange, The Nature Conservancy, Carnegie Mellon University
 - Speakers focused on current political, regulatory and scientific status of climate change
 - Consensus reached on the need to address this important challenge; valuable exchange of ideas, viewpoints



Alliant Energy's Climate Change Position Statement

- **Future efforts to reduce greenhouse gas emissions should be guided by an effective, mandatory policy that is national in scope, integrates multiple sectors, provides planning certainty and allows flexible compliance actions consistent with national energy policy requirements**
- **Alliant Energy will continue to invest in energy efficiency and renewable energy**
- **Alliant Energy will continue to participate in collaborative efforts to further the development of technological advancements in emissions controls and generation performance**



Mixed Reactions to Alliant Energy's Climate Change Position

- Strong objections to establishing a national mandatory policy and incorporating all sectors
- Prefer voluntary reporting of greenhouse gas reductions through Section 1605(b) of Energy Policy Act of 2002
- As far as we know, Alliant Energy is the only Wisconsin utility to have announced a climate change position statement that supports a mandatory U.S. policy



Managing the Risks of Climate Change

- Develop consistent greenhouse gas inventory
- Continue voluntary efforts, sharing best management practices
- Consider potential impact of climate change regulation on generation emissions, energy supply and integrated resource planning
- Provide transparency through communication, including public disclosure in environmental reports and SEC filings





Viewing Climate Change as a Business Opportunity

- Participate in policy development supporting market-based approaches to reduce carbon intensity
- Invest in collaborative research of emissions controls, clean-coal technology and carbon sequestration
- Promote addition of renewable and lower or non-emitting generation resources into energy supply portfolio
- Step up demand-side management and energy efficiency efforts
- Install commercially-proven equipment and strive for additional plant efficiency



Let the Discussion Begin!

Questions?