ELECTRICITY AFFORDABILITY IN WISCONSIN

HOW WISCONSIN HAS LOST ITS COMPETITIVE ADVANTAGE

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Energy affordability is a top concern for Wisconsin families and businesses as utility companies like We Energies have increased electricity prices by nearly 12% in the last two years.

Unfortunately, Wisconsin experienced the 2nd-fastest growth in electricity prices in the Midwest since 2001, outpacing the national average by 41%. As a result, electricity prices have more than doubled from 6.08 cents per kilowatt hour (kWh) in 2001 to 12.72 cents per kWh in 2024.

Now, Wisconsin's electricity prices are barely below the national average, and they are regionally uncompetitive. In 2001, Wisconsin had the 6th-lowest power prices in the Midwest, but now they fluctuate between being the 2nd and 3rd highest, behind Michigan and Illinois.

FIGURE 1: INCREASE IN ELECTRICITY PRICES WISCONSIN VS THE NATIONAL AVERAGE SINCE 2001

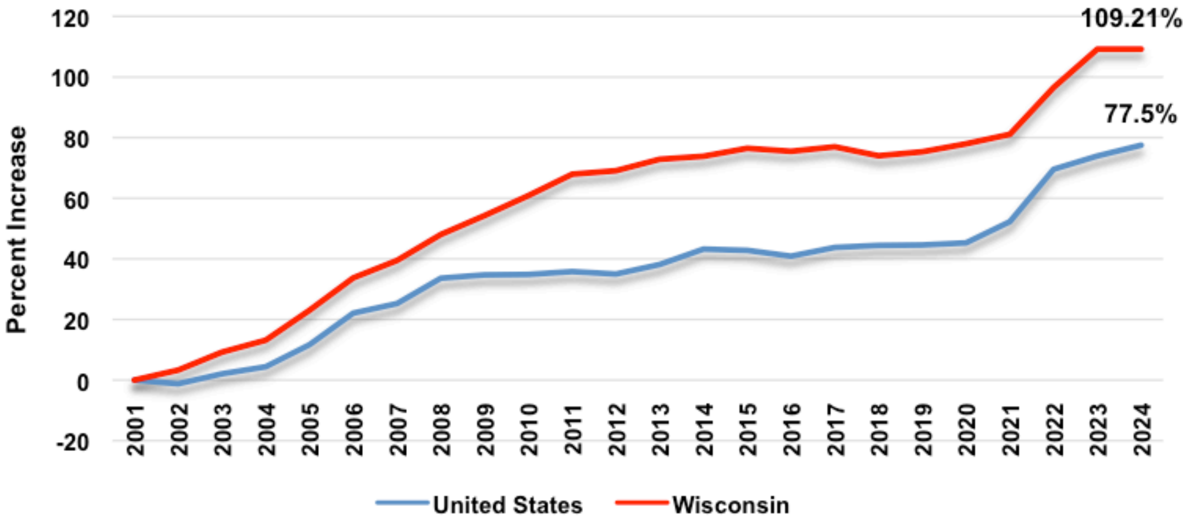

Figure 1. Wisconsin's electricity prices have risen much faster than the national average.

WHY RATES ARE RISING

Prices are rising because Wisconsin electric companies spent nearly a billion dollars upgrading their coal plants with the latest environmental controls to protect the environment, only to shut them down decades before the end of their useful lifetimes.

Unfortunately, unlike in other states, monopoly utilities in Wisconsin can shut down their power plants without permission from regulators at the Public Service Commission (PSC). This means that utilities can force ratepayers to pay for demolished assets for decades after they shut down.

This is what happened when We Energies prematurely retired the Pleasant Prairie coal-fired generating plant in 2018 after the company had just spent millions on new emissions controls to comply with federal regulations. Despite the closure, Wisconsinites will likely be forced to pay over $1 billion for the plant—$665 million reflecting the unamortized balance at retirement and more than $400 million in utility profits and financing costs—for a power plant that stopped operating in 2018 but will remain on customer bills through 2039.

According to S&P Global, Wisconsinites will also be forced to pay an additional $16.3 billion in the next four years to finance the construction of wind, solar, and battery storage facilities that are more expensive and less reliable than the coal plants they are meant to replace—see the graph below—as well as $12.1 billion for new natural gas power plants.

FIGURE 2: WISCONSIN LCOE: EXISTING RESOURCES VS NEW RESOURCES

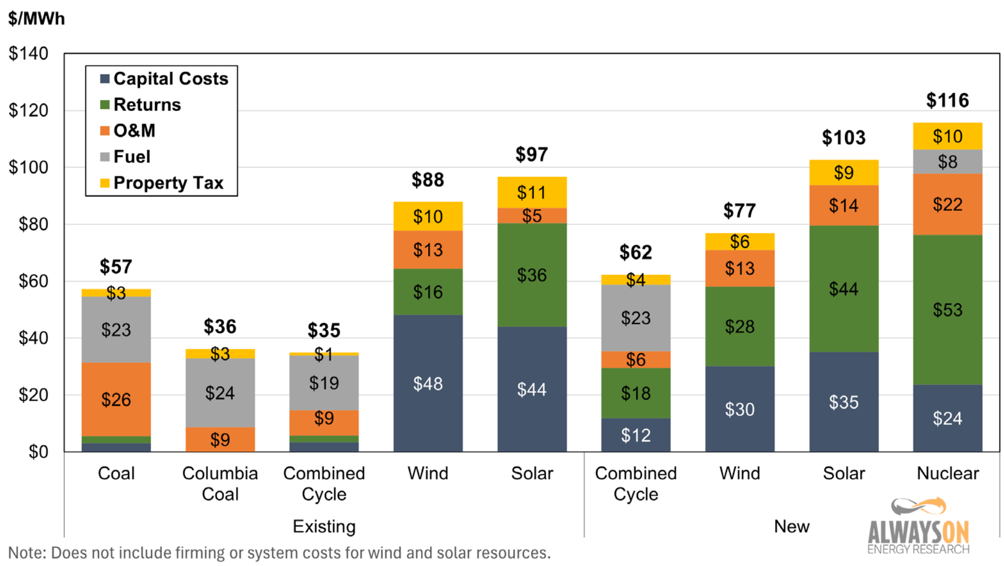

Figure 2. Existing coal facilities are lower-cost than new natural gas, wind, solar, or nuclear plants. Data from S&P Global Capital IQ and the U.S. Energy Information Administration.

FIXING THE PROBLEM

Wisconsin utilities are forcing ratepayers to pay more than $1 billion for coal plants that they can't use. This is like remodeling your kitchen, then demolishing your house. Families couldn't budget this way — so why can your utility? Add $28.4 billion in additional spending on solar, batteries, wind, and natural gas in the next four years, and Wisconsin has all the ingredients for an energy affordability crisis.

The data is clear: keeping existing coal plants running is the most affordable for ratepayers. The Wisconsin PSC should also have the power to deny power plant closures like Pleasant Prairie, Elm Road, Edgewater, Oak Creek, and the Columbia station that are clearly not in the public interest.

If utilities must remove existing natural gas, coal, or nuclear plants from their generating portfolios, they should be required to sell them to operators that want to continue using these assets, rather than billing ratepayers for plants they cannot use.