



For Immediate Release: February 21, 2023
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Wisconsin's Electric Rates Are Clearly Not Competitive

Madison – Wisconsin, which once paid among the lowest rates in the country for electricity, now pays among the highest in the Midwest, a cost disadvantage that is like a heavy tax on Wisconsin's manufacturers. Wisconsin's electric rates have now exceeded the Midwest average for over 20 years. The Wisconsin Industrial Energy Group, Inc. (WIEG) today released a series of data points demonstrating how clearly uncompetitive Wisconsin's rates have become and called for action to end this dubious distinction.

WIEG is a non-profit association of 25 of Wisconsin's largest energy consumers. The group has long advocated for policies that support affordable and reliable energy. Since the early 1970s, WIEG has been the premier voice of Wisconsin ratepayers and an engine for business retention and expansion. Each year its members collectively spend more than \$400 million on electricity in Wisconsin. Most of these companies have electric bills of over \$1 million each month, and it is one of their top costs of doing business.

"Our members, Wisconsin's largest manufacturing companies, pay more for electricity than the average rates paid by their competitors in other Midwest states and above the national average," said Todd Stuart, executive director of WIEG. *"That's a big cost disadvantage for our members as they pay well over \$1 million a month for electricity."*

The cost disadvantage can easily add up to millions of dollars more paid annually in electric bills in Wisconsin versus similarly situated customers in the Midwest. And energy costs have a proportionately much bigger impact in our state, because we typically have the #1 or #2 highest percentage of per capita manufacturing jobs in the country. Manufacturing currently employs nearly half a million people with above average wages across Wisconsin. Manufacturing provides \$68 billion annually or roughly 20 percent of the state's gross domestic product.

"Our member companies compete in world markets and electricity is one of their three greatest costs of doing business," said Stuart. *"The energy premium we pay for our factories in Wisconsin therefore acts as a large tax on our industries. If you want to move the needle on economic development and jobs, then getting rates under control should be at the top of the list."*

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The Public Service Commission of Wisconsin (PSC) has recently approved roughly \$8 billion in new utility generation - mostly for wind, solar and batteries. Gigawatts of coal-fired generation are scheduled to be retired in the next couple years with over \$2 billion in stranded assets. Wisconsin's utilities, including transmission, have recently announced unprecedented levels of new capital plans over the next five to ten years. New public capital plans include roughly \$15 billion for generation, battery storage and distribution, plus a minimum of \$6.6 billion in new transmission.

With the unprecedented levels of utility capital plans layered on top of chronically high rates, WIEG called on policymakers to help regain a competitive position. A piece meal approach is most likely not adequate for economic regulation and more competitive elements are necessary to control costs. As an immediate step, lawmakers must reject AB 470 and SB 481, the transmission Right of First Refusal (ROFR) legislation in the coming weeks. The ROFR legislation would remove competitive protections and would result in higher costs for consumers. Further, in the coming months, the PSC must have a critical review of utility stranded assets and additional rate increase requests.

“High rates matter and can hinder economic development. Corporate executives are often asked what factors most affect location decisions.” Stuart continued, *“energy ranks alongside labor costs, tax climate and workforce skills consistently impacting where businesses locate. The energy cost differential is therefore no different than a heavy tax on manufacturers in Wisconsin.”*

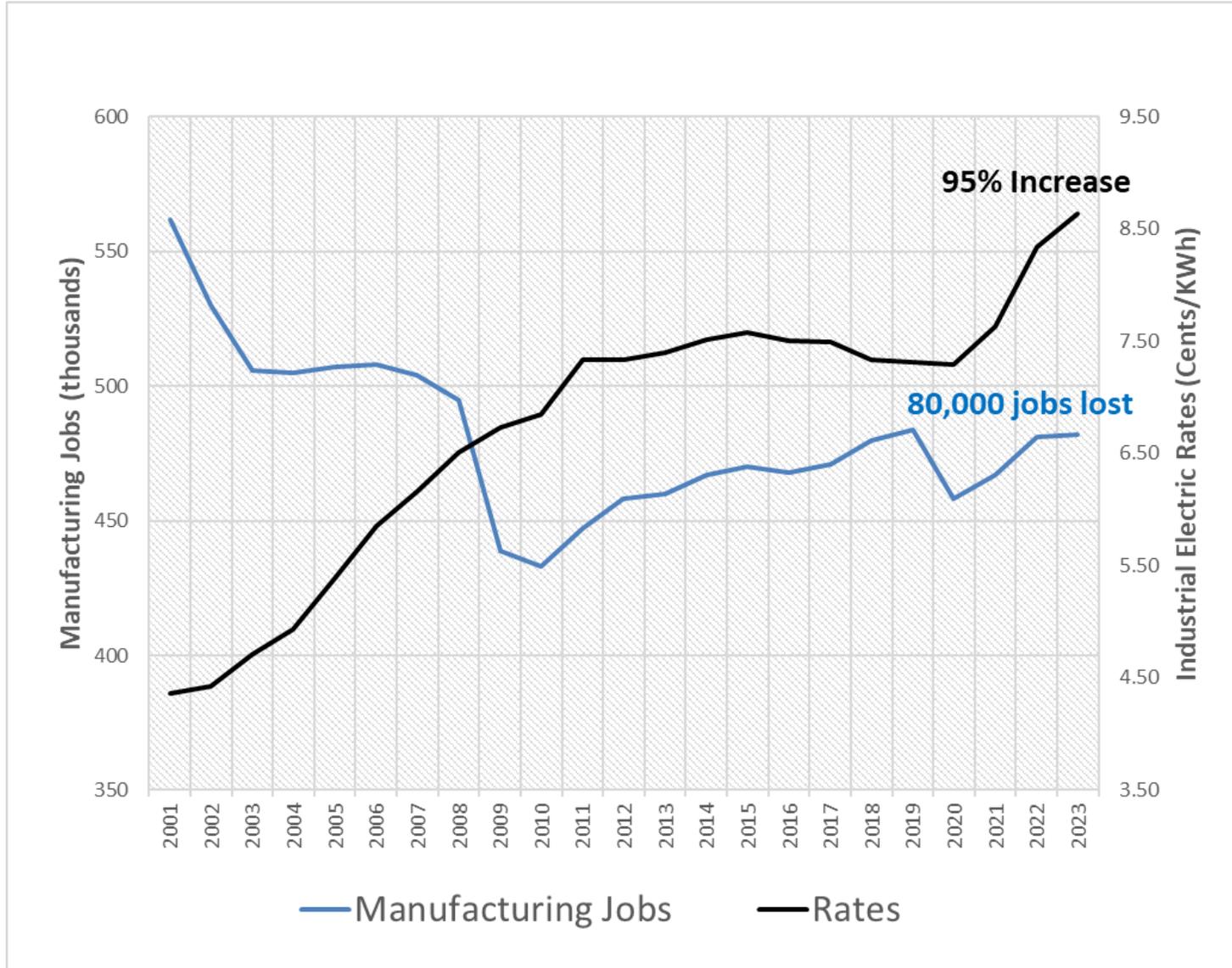
In unchallenged testimony and legal briefs in multiple rate cases last year, WIEG presented evidence of how the harm to employment opportunities arising from even modest increases in electricity prices in one area but not another erodes the competitiveness of Wisconsin. In one 2021 study, the analysis concluded that just a 10 percent increase in relative electricity prices will result in a 2 percent decline in manufacturing employment. In a second, conducted in 2022, the study concluded similarly that an 8 percent increase in electricity prices would lead to a 2.1 percent decline in manufacturing employment. WIEG's expert witness extrapolated from these studies that with a 10 percent increase in electricity prices with no increase in other competing manufacturing states, nearly 10,000 manufacturing jobs could be lost. And those losses could lead to secondary job losses of nearly 35,000.

Rising electricity prices for industrial customers not only affect those industrial customers but supporting commercial customers and residential customers as well. WIEG's testimony said unwarranted increases to industrial rates will eventually harm not only the industrial businesses, but ultimately other customers and customer classes.

“Wisconsin's ratepayers simply can't afford additional cost burdens. High electric rates are effectively a tax on all Wisconsin homeowners and businesses.” Stuart concluded: *“Wisconsin's electric rates have been well above the Midwest average for over twenty years and continue to be above the national average. Energy inflation is a real issue in Wisconsin.”*

Please find attached additional charts and graphs regarding Wisconsin's uncompetitive electric rates.

Wisconsin Manufacturing Jobs V. Rates



Major Renewable Energy Resources Expansion Is Underway and Ongoing

- Estimated Cost of \$8+ Billion 2019 – 2023
- 4,305 MW of Approved Wind and Solar
- Another \$15 Billion Planned 2024 – 2030
- Or, 1,600+ MW Wind & 4,200+ MW Solar

Per Utility SEA Filings at the PSCW



Strategic Energy Assessment 2024-2030

WISCONSIN GENERATION RESOURCES EXPANSION PLAN

Planned New Resources, Per Utility Filings Dec. 2024 at PSCW: MGE, WPS, WE

Name of Facility	State	Primary Fuel Type	Summer Net-Rated Capacity MW
Combustion	WI		2,450
Generic Solar	WI	Solar	4,255
Generic Battery	WI	Battery	370
Generic Wind	WI	Wind	1,633
RICE	WI	Natural Gas	132
COAL RETIREMENTS	WI	Coal	3,168
WIND RETIREMENTS	WI	Wind	11
REPOWERINGS	WI	Natural Gas	1,200

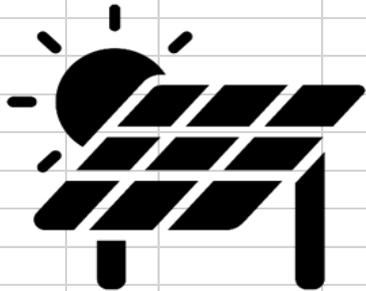
WPL did not list any new solar, wind, or battery projects in SEA

MW



1633

\$2,200



4,255

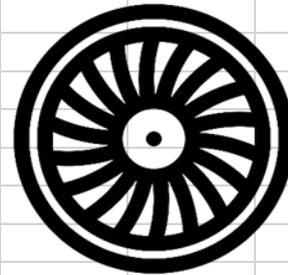
\$1,800



370

\$2,000

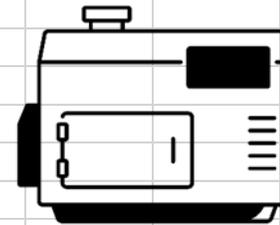
CT



2,450

\$1,100

RICE



132

\$1,600 \$kW

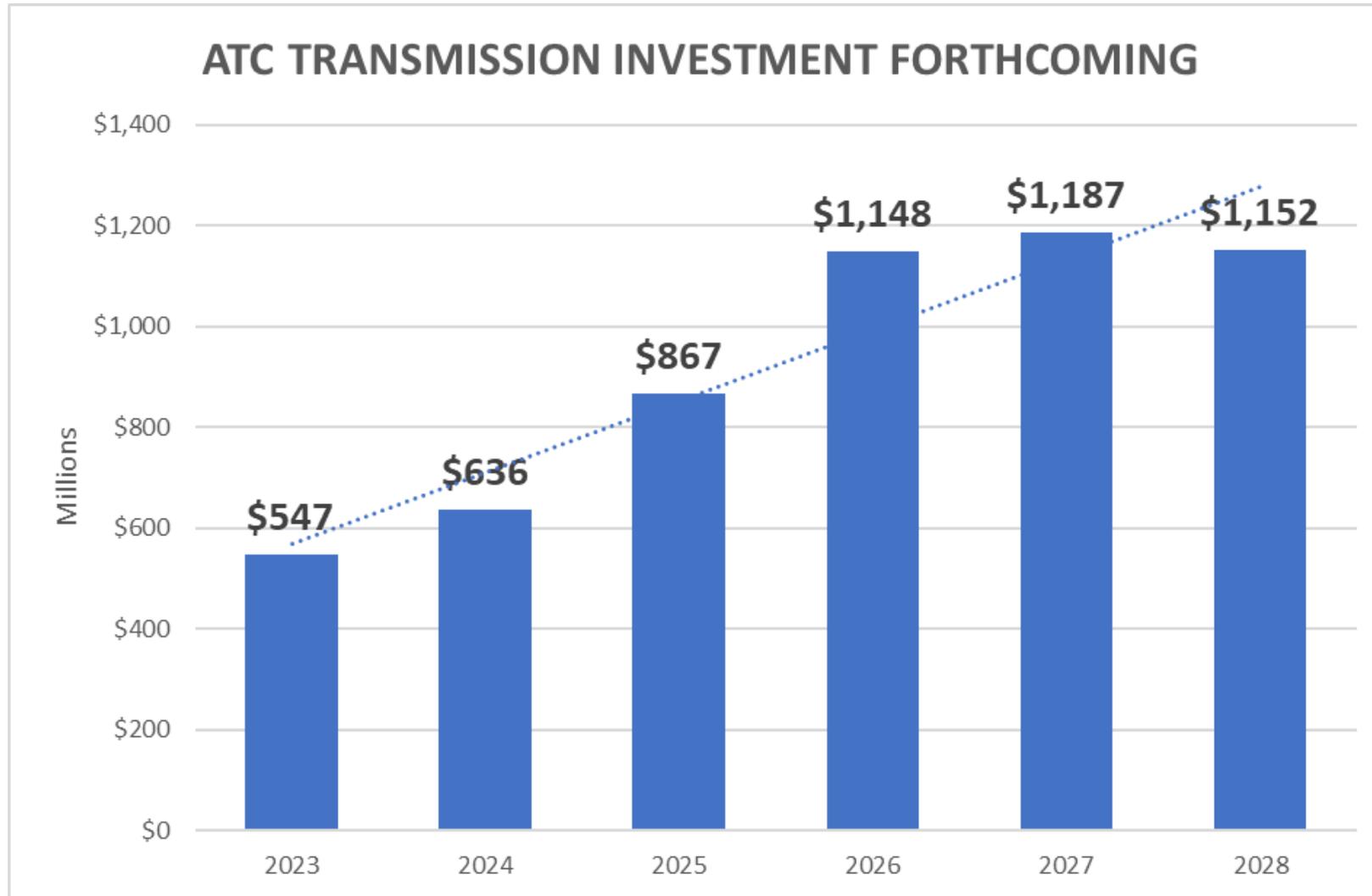
= \$14.9 Billion

does not include ERGS Repowering



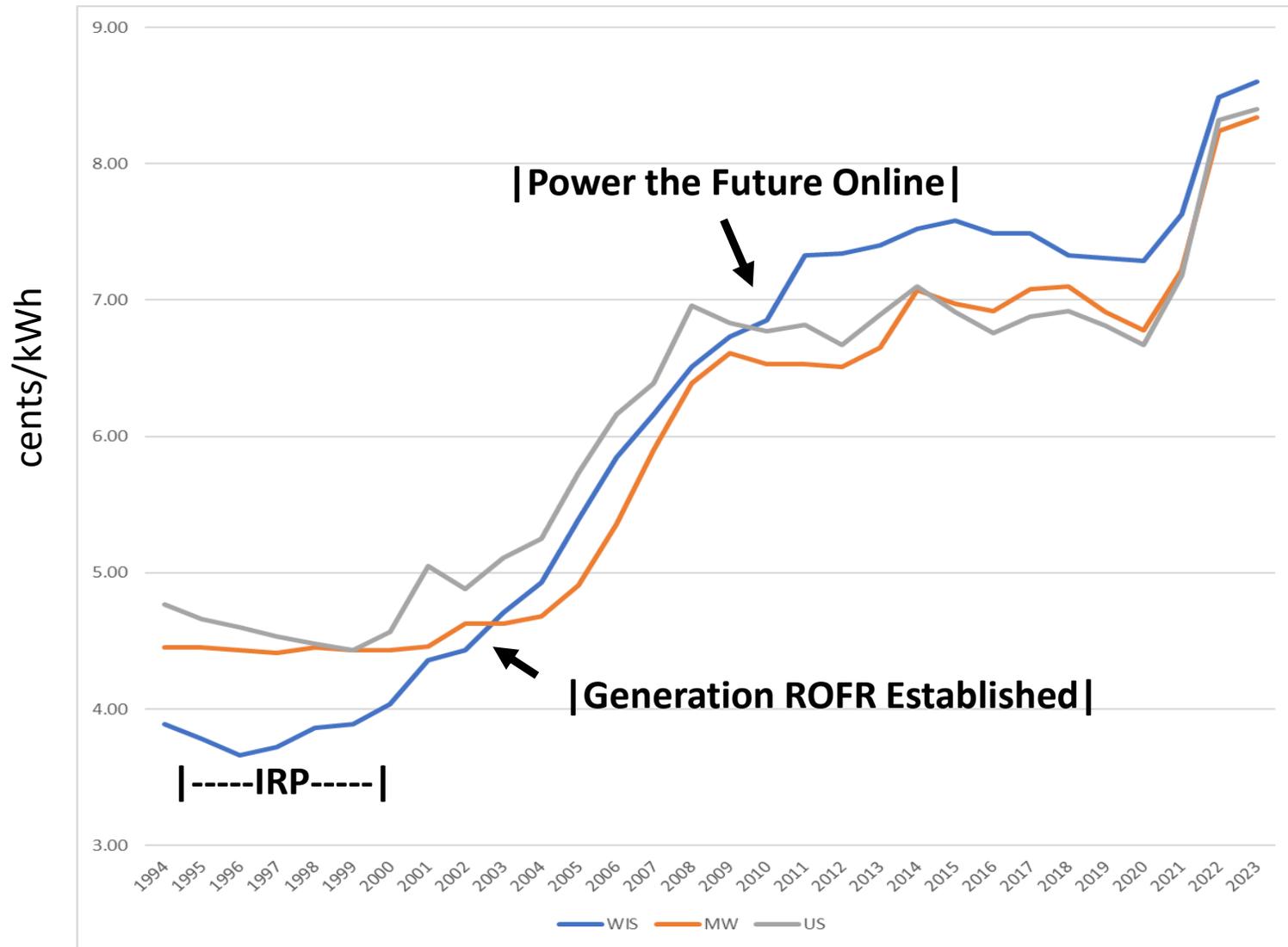
WISCONSIN INDUSTRIAL ENERGY GROUP

Transmission Expansion 2023-2028



\$5 BILLION

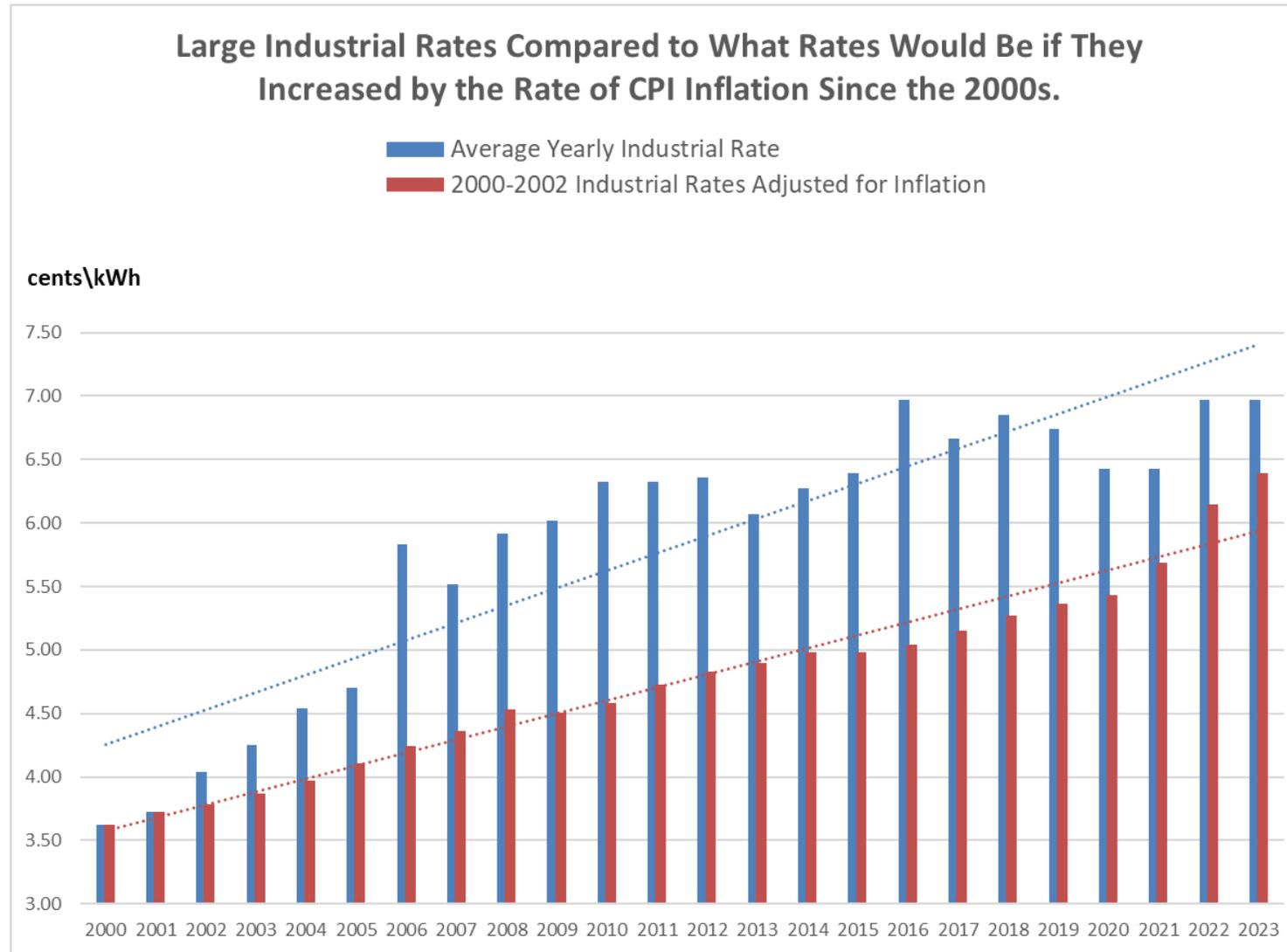
Wisconsin Industrial Rates 1994-2023



Average Wisconsin Industrial Rates Per US DOE EIA, 2023 prelim. estimates



Industrial Rates Increasing Faster than Inflation



Average Industrial Rates in Wis. Per US DOE EIA



Industrial Rates in Wisconsin 2023

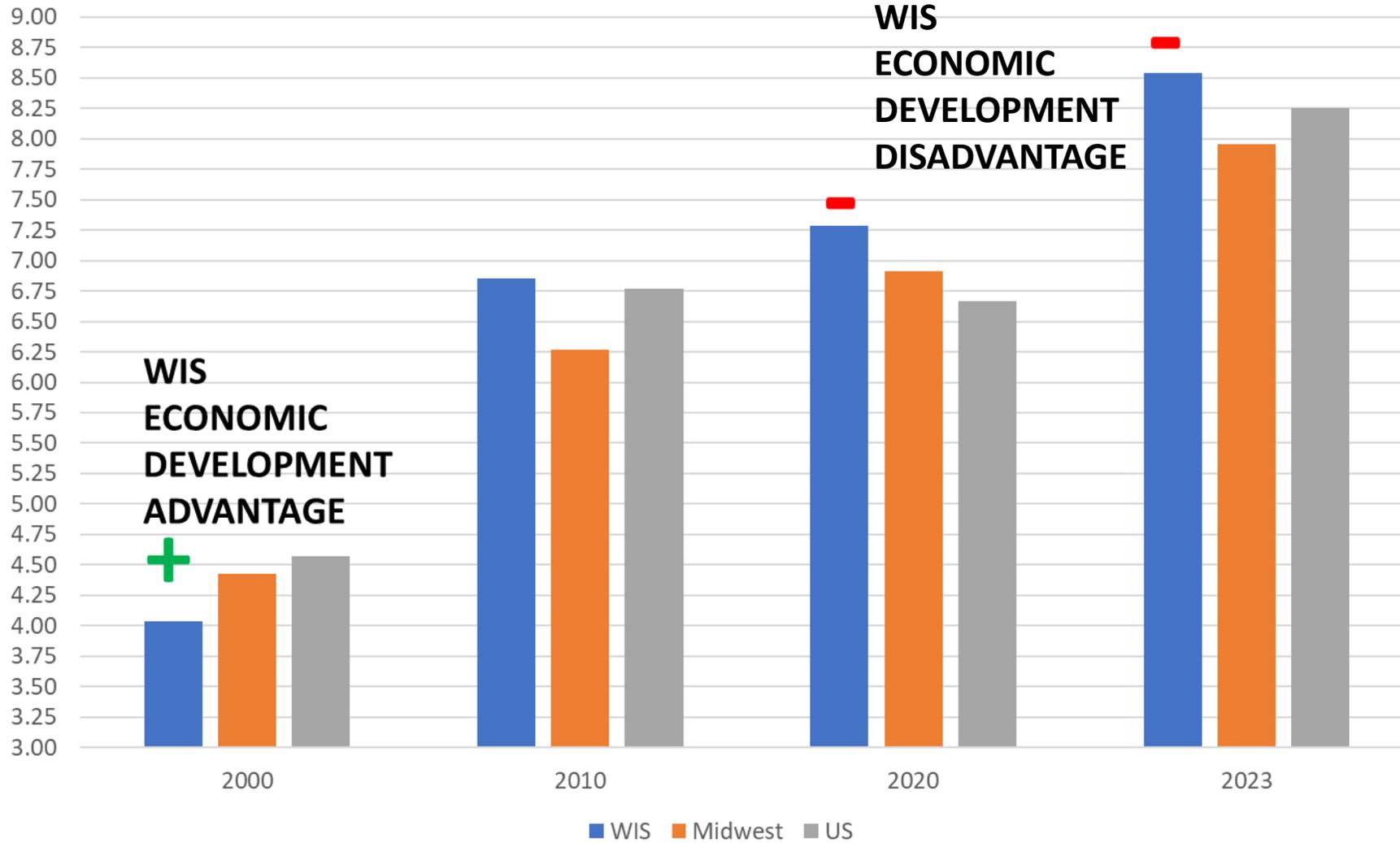
Large Industrial Rates in Wisconsin Compared to 44 Midwestern Utilities			
<u>Rank</u>	<u>Utility</u>	<u>Rate</u>	<u>Comparison to Median</u>
		cents/kWh	
1	Highest	12.11	
6	WE	9.76	23%
	Wis. Avg.	8.19	4%
22	MEDIAN	7.91	
44	Lowest	4.22	
<i>Wisconsin Average Excludes WE and Is Weighted by Load</i>			

Average Large Industrial Rates Per EEI Data, Brubaker Associates Calculations 2023



WISCONSIN INDUSTRIAL RATES COMPARISON

Cents/kWh



Data Source: PSCW SEAs 2002 & 2022, 2023 EEI prelim. estimates



In 2024, Considerable Stranded Costs

Nearly \$2 Billion in Stranded Cost Recovery to Retire Coal Units

Oak Creek ~ \$650 million

Edgewater ~ \$500 million

Columbia ~ \$400 million

Pleasant Prairie ~ \$300 million

Presque Isle ~ \$180 million



In 2024, Significant Solar Cost Over Runs

Nearly \$500 million* in known Solar Cost Overruns

WE Paris ~ \$175 million

WE Darien ~ \$100 million

WPL CA1 Bundle ~ \$100 million

WPL CA2 Bundle ~ \$90 million

WE Badger Hollow ~ \$50 million

** Estimates do not include Koshkonong Overruns, if Any.*



Midwest Electricity Rates

from the Department of Energy, Nov. 2023
Measured in Cents per Kilowatthour

- Wisconsin had the lowest industrail electrical rates in the Midwest 25 years ago.
- Wisconsin now has industrial rates higher than the Midwest and national average.
- Wisconsin now has among the highest average industrial electric nates in the North Central region.

	Residential	Commercial	Industrial	All Sectors
Michigan	18.44	13.57	8.61	13.68
Wisconsin	16.75	12.52	8.38	12.4
Illinois	16.18	11.17	8.49	11.71
Ohio	15.74	11.14	6.92	11.08
Indiana	14.64	12.18	7.71	10.96
Minnesota	14.39	11.84	8.61	11.63
Kansas	13.26	10.59	7.66	10.48
Iowa	12.81	9.75	6.22	8.65
Missouri	12.19	9.35	7.32	10.2
South Dakota	12.12	9.92	7.83	10.2
Nebraska	11.36	9.08	7.26	8.95
North Dakota	10.74	7.33	6.96	7.75

