

Citizens Utility Board: Despite CUB objections, PSC approves natural gas plant in Wausau

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MADISON — State regulators on Thursday voted 2-to-1 to approve a proposal from Milwaukee and Green Bay utilities to build a new natural gas power plant at a cost of \$171 million.

The Citizens Utility Board urged the PSC to vote against the plant, citing concerns over the utilities' overly optimistic assumptions about future natural gas prices and the utilities' failure to analyze the value of the projects in their "generation reshaping plan" in a variety of future economic scenarios.

The project, proposed by We Energies and Wisconsin Public Service Corp., would cost \$171 million and generate 128 megawatts of electricity.

Utilities are undertaking more in-depth planning of their utility systems as part of the transition to cleaner energy sources. But CUB's in-house experts found the utilities failed to do the in-depth analysis needed to determine whether these projects will truly be beneficial and make economic sense for customers over the long run.

"Simply labeling something an integrated resource plan doesn't make it a robust one. It doesn't make the grade if you haven't done your homework well," said Tom Content, executive director of CUB, the consumer advocate for Wisconsin residential and small business utility customers.

Case in point: natural gas prices. The utilities chose to examine the value the project would have for customers under a narrow range of natural gas prices. But CUB's experts pointed out that natural gas prices have swung far beyond that narrow range.

In the end, the utility agreed to an analysis based on a wider range of natural gas prices, and that analysis found that this project wasn't the most cost-effective alternative for customers in a majority of the scenarios they evaluated.

"Based on that analysis, a project this size wasn't cost-effective. If anything, the Commission should have approved a much smaller version of the project - less than half the size of what will now be built," Content said.

The natural gas plant is one of a series of projects the utilities are planning, at a cost of more than \$2.5 billion, as part of its transition away from coal-fired power.

"CUB's concerned that a lack of good planning led to over-building and driven up prices to the point where we're now paying some of the highest electricity prices in the Midwest," Content said.

The recent surge in natural gas and petroleum prices prompted by the war in Ukraine underscores why utilities, and regulators, need to analyze a wide range of scenarios when deciding which utility projects truly need to be built and paid for by utility customers in eastern Wisconsin.

An ongoing challenge for Wisconsin is a lack of a requirement that utilities submit integrated resource plans for approval by the PSC. These requirements are in place in nearby states like Minnesota and Michigan as well as a majority of the states in the country.

Find Out More: Check out [CUB's YouTube page](#) for "[CUB Tracks](#)," a conversation about the challenges for customers with this project.