

Residents raise concerns on data center rate proposal

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Wisconsin residents expressed widespread concerns about a proposal before the Public Service Commission creating a new rate class for hyperscale data centers.

Scores of individuals tuned in yesterday for a virtual public comment period on a We Energies' proposal that would create a new class for so-called "Very Large Customers" with a power load of 500 megawatts or more.

Critics contended the proposal offered insufficient protections for the environment and consumers' energy bills and could allow data centers to game the system.

"I feel like we are being railroaded," said Dale Gable. "We have this sense of somebody is going to do this, and we have very little power."

The PSC will also hear expert testimony on the We Energies proposal tomorrow.

We Energies' proposal offers two avenues for data centers to pay for the new transmission and generation capacity needs expected of electricity-hungry data centers.

One option would have data centers pay the cost to build, maintain and operate new generation facilities as well as the profit guaranteed to We Energies under the state's regulated monopoly. Data centers would receive revenue from energy sold on the market for its "bespoke" energy resources as well as renewable energy credits associated with the new generation.

Under the second option, data centers would pay 75% of capital costs for new generation, with other customers picking up the remaining 25% as well as any fuel costs associated with generation. Both data centers and other customers would cover We Energies' profit margin, though data centers would pay a different, possibly lower, rate to the utility.

The most common issue raised yesterday was the prospect of ratepayers paying higher energy bills, an acute concern with the second option presented in We

Energies' proposal.

Critics also questioned the environmental impact of potentially massive increases in generation needs.

Sen. Chris Larson, D-Milwaukee, said new data center development should not delay Wisconsin's transition to renewable energy and that regulation should prioritize solar and wind power and battery storage.

"The Public Service Commission, along with Wisconsinites across the state, stands at a crossroads," Larson said - one leading to data centers polluting the environment with natural gas and coal generation and sticking customers with the cost, and one "open, clear and bright" where developers rely on renewable energy and bear the costs themselves.

Others questioned whether the new data centers would create the jobs promised by developers like Microsoft and whether the 500-megawatt standard for large customers could let some developments off the hook for paying for new generation costs.

Representatives from area labor unions expecting to build new power plants and transmission lines offered pockets of positive testimony, with James Meyer of IBEW Local 2150 forecasting "thousands of well-paying, union construction jobs" from data center-related development.

We Energies' proposal is expected to set a significant precedent for how the PSC handles other data center projects. The utilities' coverage area includes much of southeastern Wisconsin, including a complex of 17 data centers planned by Microsoft in Mount Pleasant.

Legislative efforts to regulate data centers have stalled. A Democratic effort codifying a version of the Very Large Customer tariff has been blocked in committee while a GOP-backed bill without a specific regulatory framework for large customers has been dismissed by Gov. Tony Evers' office.