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Proponents emphasize potential cost savings in renewed push for transmission line bill



Wisconsin utilities are making a renewed push on legislation to give them first shot at building new infrastructure, this time armed with a report suggesting ratepayers would save \$1 billion over the next 40 years via the plan.

Senate Majority Leader Devin LeMahieu told WisPolitics this week he wants the proposal to clear the Legislature by this spring after it bogged down in his house this session amid opposition from conservatives. LeMahieu also said he's willing to use Dem votes to get the bill through the Senate with the 18-15 majority Republicans will have come January after having 22 members this session. He argued failing to pass the bill could cost Wisconsin ratepayers in the long run.

"It would be irresponsible," the Oostburg Republican said.

But GOP state Sen. Steve Nass, who opposed the bill last session, is unswayed by an industry-funded study and continues to believe limiting competition for coming transmission projects would hurt Wisconsin ratepayers in the long run.

Dubbed “right of first refusal” by supporters, the proposal would give utilities already doing business in Wisconsin the right of first refusal to construct, own and maintain a new transmission line that connects to one of their existing ones.

It’s also already been through an intense lobbying effort. WisPolitics previously reported it was the most lobbied bill over the first 18 months of the 2023-24 session, with groups pouring 5,071 hours into influencing lawmakers.

The debate has pitted those who argue it would bring continued stability to the state’s transmission system against those who believe it would stifle competition and lead to higher costs for ratepayers. It cleared the Assembly on a voice vote, but died in the Senate amid opposition from some of the chamber’s more conservative Republicans.

Senate Minority Leader Dianne Hesselbein, D-Middleton, told WisPolitics last week she wanted to see the bill return, believing it was one area where Dems and Republicans could work together in a bipartisan manner to get it through the chamber.

LeMahieu said this week that could be an option.

“It depends on wherever the caucus is, but there might need to be Dem votes to get it passed,” he said.

Both LeMahieu and Assembly Speaker Robin Vos, R-Rochester, this week in interviews with WisPolitics cited a new study commissioned by the American Transmission Co. to make the case for passing the legislation.

Vos said he wants the Senate to go first on the bill next session since the Assembly has already signed off on it once.

“I don’t know who can turn down a billion dollars in savings,” Vos said. “That’s my whole goal, right? To return more money to people’s pockets, help them deal with inflation.”

Wisconsin is part of the 14-state Midcontinent Independent System Operator, the regional electric grid that covers the upper Midwest.

MISO this month [approved](#) a \$21.8 billion investment for 24 projects across the region with the expectation they will go into service from 2032-34. The heart of that is a 3,631-mile, 765 kV line. The group is expected to release a schedule for the projects next month, with the first requests for proposal to go out in February.

LeMahieu said that’s part of the reason for his sense of urgency in passing the bill. He wants ROFR in place to ensure more of the project costs for work in Wisconsin are spread throughout the region.

To illustrate that opportunity, ATC has pointed to the study it commissioned by a long-time utility rate analyst that works for PriceWaterhouseCoopers.

Regardless of who builds a transmission line under the MISO plans, the capital costs would be spread over the region. ROFR backers, though, note having the law in place would also allow incumbent utilities to likewise spread the operational costs over a greater area instead of having Wisconsin utility payers taking the brunt of that.

The ATC study looked at three scenarios for a hypothetical 200-mile transmission line constructed and operated solely within Wisconsin but qualified for MISO's cost-sharing provisions across the region. One was if ATC constructed it with ROFR in place and capital costs of \$600 million. The second had a new developer construct it for the same price tag and the third if someone were able to build the line for \$480 million.

Under the first scenario, the study found Wisconsin ratepayers would see a reduction in their costs of \$212.8 million over the 41 years thanks to regional sharing of operational costs. ACT also has existing infrastructure and staff in the state that a new developer would have to create, helping to create the net reduction in what Wisconsin ratepayers would pay.

If a new company built the line for \$600 million and those operational and infrastructure costs were borne by Wisconsinites alone, it would amount to an increase of \$426.8 million for state ratepayers.

And even if the line were built for \$480 million — assuming competitive bidding could drive down the capital costs — there'd be an increase of \$384 million for Wisconsin ratepayers.

ATC then took that exercise and applied it to the expected \$3.8 billion in work coming to Wisconsin to arrive at the \$1 billion savings.

“Every day that we go by without a ROFR, Wisconsin ratepayers lose because we are not taking advantage of the MISO market rules that allow us to share costs across the region while other states are shifting their costs to us,” said Ellen Nowak, ATC's vice president of regulatory and government affairs and a former member of the Public Service Commission.

But Mike Mikalsen, an aide to GOP state Sen. Steve Naas, said “real world data” shows the lack of competition from failing to bid transmission projects drives up the costs, not lowers them. He called the study biased because it was paid for by the industry and said Naas, R-Whitewater, is already concerned that Wisconsin has above average utility costs.

The [latest report](#) from the Public Service Commission shows Wisconsin utility rates were 15.62 cents per kilowatt hour in 2022, the latest year available. The Midwest

average is 14.59 and the national average 15.04. Meanwhile, the average monthly residential bill was \$106.94 compared to \$118.65 for the Midwest.

“It would drive up those costs even higher,” Mikalsen said of ROFR. “That’s not what he’s in support of. He’s not in support of making sure the utilities make more profits while raising rates on consumers, and that’s what passing ROFR would enshrine.”