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PSC trims construction costs to the benefit of ratepayers as it endorses biggest solar projects in state history

The Citizens Utility Board of Wisconsin on Thursday welcomed a decision by state regulators that paves the way for the largest solar projects in state history while also protecting utility customers from costly overruns.

By a 2-0 vote, the PSC endorsed both the 300-megawatt Badger Hollow solar project in Iowa County as well as the 150-megawatt Two Creeks solar project in Manitowoc County. The commission also approved the proposal by two state utilities, Wisconsin Public Service Corp. of Green Bay and Madison Gas & Electric Co., to buy the Two Creeks project and a stake in Badger Hollow. The total cost for the projects is expected to be about \$390 million, with WPS customers paying \$260 million and MGE customers paying \$130 million.

The utilities had requested permission to roll up to 110% of that price into customer's rates. However, the PSC declined to pre-approve any cost overruns associated with the purchase of the two solar farms. Along with denying approximately \$15 million in additional costs, state regulators shaved over \$55 million from the utilities' requested amount.

"It's a bright day for solar power and it's a good day for utility customers in Madison and northeastern Wisconsin, because the Commission took steps that make this project more affordable, and less risky for customers," said Tom Content, CUB's executive director.

CUB had raised concerns about the overall cost and potential risks to customers of the project, believing the utilities were overly optimistic in their forecast for how much credit the Midwest grid operator would award to this project for the solar farms' ability to help meet demand when electricity peaks on the hottest summer days.

Another key concern for CUB was the process used by the utilities to apply for permission to build the projects. Solar developers rather than utilities first applied for permits for the project, and then the utilities asked permission to buy the approved projects from the developers. That two-step process does not automatically trigger the same level of analysis and review that would typically be required if a utility requested permission to construct a large power plant.

Thankfully, the commission used its discretionary authority in this case to use a more comprehensive and thorough process than state law required. But CUB remains concerned that future projects taking a similar path might not see the same exhaustive review. Commissioners on Thursday suggested the process used by the utilities here may not be the preferred process for future solar applications.

“Utilities and customers both want more solar, but that doesn’t mean we should automatically endorse these projects,” said Content. “All utility projects that add cost pressure for hard-working utility customers deserve a rigorous review.”

The decision was made with two commissioners, PSC Chair Rebecca Cameron Valcq and Commissioner Mike Huebsch, because the appointment of commissioner Ellen Nowak has been voided by the courts in a case involving the lame-duck appointment of Nowak to the PSC in December.

On a separate issue involving the Badger Hollow project, the PSC rejected a CUB proposal to require the owner of the project to file a landscaping or vegetative screening plan for all affected landowners in the project area. In CUB’s view, a requirement that the project owner develop an up-front plan to mitigate visual impacts for adjacent homes would ensure equity in the discussions between the solar company (or utility) and community members. It would also provide belt-and-suspenders protections for landowners in the event of future complaints against the project.

“CUB got involved in this project early on after hearing concerns from residents near Montfort and Cobb about how the rural character of their area would be affected by a project that would replace thousands of acres of corn fields with thousands of acres of solar panels,” Content said. “A requirement for landscaping plans would have been a significant extra layer of protection for folks who have concerns about the solar farm owners holding up their end of the bargain and being a good neighbor for years to come.”

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The Citizens Utility Board is a member-supported, nonprofit organization that advocates for efficient and reliable utility service at the lowest rates possible consistent with sound business principles. CUB represents the interests of Wisconsin’s residential, farm, and small business customers of electric and natural gas utilities before the Legislature, state and federal regulatory agencies, and the courts.