CUSTOMERS FIRST COALITION

UNDERSTANDING ENERGY COSTS IN 2026

KEEPING ELECTRICITY AFFORDABLE AND RELIABLE FOR WISCONSIN CUSTOMERS WITH A COLLABORATIVE APPROACH

A POLICY BRIEF FROM THE CUSTOMERS FIRST COALITION | **JULY 2026**

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EXECUTIVE SUMMARY

Wisconsin households and businesses continue to face energy cost pressures associated with infrastructure replacement, electric grid modernization, weather-related usage changes and evolving energy demand. At the same time, utilities are making significant long-term investments to maintain reliability and prepare for future growth.

Despite these pressures, Wisconsin customers continue to benefit from a regulatory framework that emphasizes long-term planning, infrastructure oversight and customer protection. Wisconsin's regulated utility model helps ensure that utility investments are reviewed for prudence and cost-effectiveness before costs are passed on to customers, while supporting one of the nation's most reliable electric systems.

Energy affordability is best understood by looking at total household energy costs—not just electric rates. Wisconsin customers generally experience lower total household energy costs than the Midwest average due to lower average energy usage, strong energy efficiency programs, a diversified energy portfolio and effective utility regulation.

Wisconsin's energy system is not immune from national and global economic pressures, but the state's regulatory framework has helped moderate customer impacts while supporting reliable service and long-term infrastructure planning. Maintaining that balanced approach will remain critical as Wisconsin prepares for future growth and evolving energy needs.

This paper examines the primary factors affecting energy costs in Wisconsin today, including infrastructure investment, fuel costs, weather and changing electricity demand. It also outlines policy approaches that can help maintain affordable and reliable energy in the years ahead, including:

- Supporting energy efficiency and demand response programs
- Maintaining a diversified energy portfolio
- Ensuring large new energy users pay their fair share of infrastructure costs
- Preserving strong consumer protections and independent ratepayer advocacy
- Continuing effective utility regulation that balances affordability, reliability and long-term investment

KEY FINDINGS

01
Wisconsin's total household energy costs remain below the Midwest average.

02
Utility bill impacts in Wisconsin are primarily driven by infrastructure investment needs, global price volatility, and weather.

03
Ongoing investment in Wisconsin's electric grid supports high reliability, which is a core part of the value customers receive.

04
Wisconsin's regulated utility model helps protect customers from price shocks and ensures that infrastructure investments are justified and economical before costs are passed on to customers.

05
Well-designed regulatory policy can ensure that large new energy users pay their fair share of infrastructure costs, protecting existing customers.

06
Energy efficiency and demand response remain some of the lowest-cost tools for managing long-term energy costs.

UNDERSTANDING HOUSEHOLD ENERGY COSTS IN WISCONSIN

To understand energy affordability in Wisconsin, it is important to look at total household energy costs, not just electric bills. Wisconsin households typically pay for electricity and heating fuels—most commonly natural gas or propane—which together make up a household's total energy costs.

WHAT WISCONSIN HOUSEHOLDS PAY FOR ENERGY

Wisconsin customers generally have lower total energy bills than the Midwest average, due in part to strong utility regulation, energy efficiency programs, a diverse mix of generation resources and lower average energy usage.

The average Wisconsin household electric bill is approximately $110–$130 per month (about $1,300–$1,550 per year) depending on home size.[1]

Annual natural gas costs for Wisconsin households commonly range from several hundred dollars to more than $1,000 per year depending on home size, winter weather, and energy usage patterns. Customers typically pay the majority of these costs during the winter heating season.[2]

Natural gas is a direct pass-through cost. The price Wisconsin residents pay for their natural gas every month is the exact same price the utility pays for it. Additionally, natural gas is a commodity that is traded on the open market, so gas commodity prices fluctuate based on demand. Wisconsin utilities also use long-term procurement strategies, storage and risk-management tools to help reduce exposure to short-term natural gas price volatility.

Households using propane for home heating may experience higher and more variable annual heating costs than households served by natural gas infrastructure.

TOTAL ANNUAL HOUSEHOLD ENERGY COSTS

When electricity and heating fuels are combined:

Energy Source	Average Annual Cost
Electricity	$1,300 – $1,550
Natural Gas (if used)	$700 – $1,000
Propane (if used)	$1,500 – $2,500
Total (Electric + Gas)	**~$2,000 – $2,500 per year**

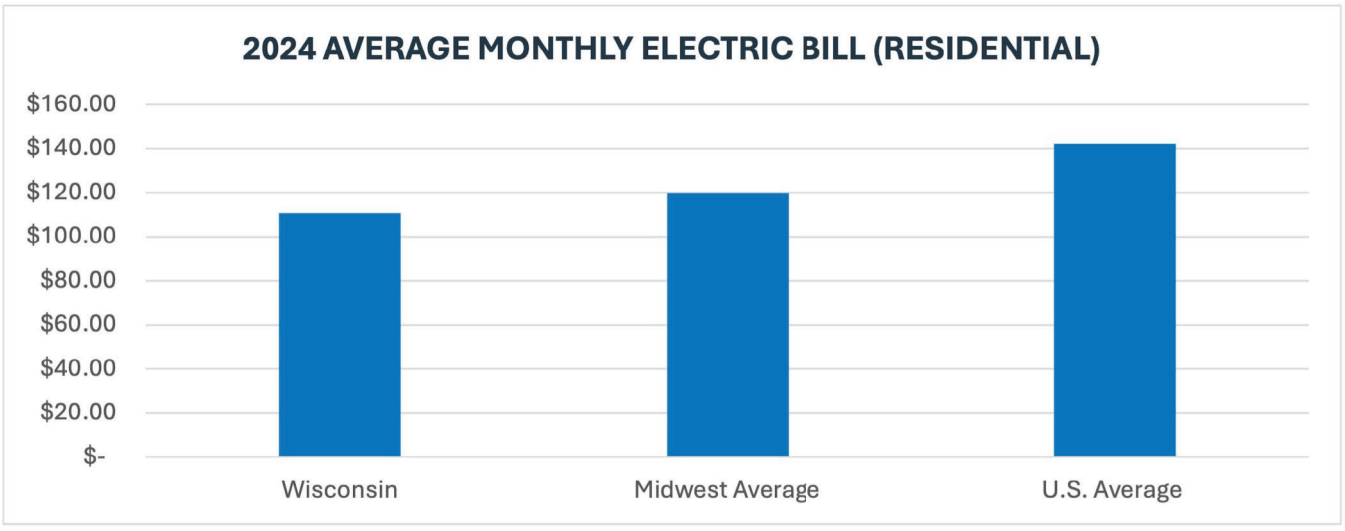
[1] U.S. Energy Information Administration, "2024 Average Monthly Bill – Residential," showing an average Wisconsin residential electric bill of approximately $110.87 per month.
[2] U.S. Energy Information Administration, "Winter Fuels Outlook." EIA Winter Fuels Outlook

WISCONSIN TOTAL BILLS IN COMPARISON

Wisconsin consistently ranks among the more affordable states from a total residential electric bill—or customer spend—perspective.[3] Overall, Wisconsin's total household energy costs are lower than the Midwest average[4], largely due to:

- Stable, regulated electric rates
- Reliable natural gas infrastructure
- Strong energy efficiency programs
- Long-term utility planning requirements
- A balanced generation mix that protects customers from extreme price volatility

These factors help keep total energy bills more stable and predictable compared to many states. While Wisconsin residential customers may experience higher per-kilowatt-hour rates on average than other states, they pay less on their average monthly bills because of their lower average levels of energy use, as found in Graph 1 below.



Graph 1: 2024 Average Monthly Electric Bill (Residential) (Source: EIA Data)

[3] Electric Power Research Institute (EPRI), *The Energy Wallet*, accessed May 15, 2026. EPRI Energy Wallet
[4] Public Service Commission of Wisconsin, *Strategic Energy Assessment 2024–2030* (Madison, WI: Public Service Commission of Wisconsin, 2024), 5, PSC Strategic Energy Assessment 2024–2030

ENERGY AFFORDABILITY AND THE ENERGY WALLET

Affordability is often measured by the percentage of household income spent on energy bills, sometimes referred to as "energy wallet" or "energy burden." A 2026 analysis by Charles River Associates found that electricity accounted for approximately 1.3% of total household expenditures, on average, and that this share has declined over time.[5]

Historical energy wallet data from the Electric Power Research Institute (EPRI) shows that when adjusted for inflation, nationwide electricity prices have experienced modest increases over time. While the average U.S. residential electricity price has increased significantly in nominal terms, roughly doubling since 2000, at the same time, the real average electricity price, adjusted for economy-wide inflation, has increased by only about 15% since 2000, and by only 5% since 2020.[6]

Despite this, researchers have increasingly emphasized that energy affordability challenges are not experienced equally across households.

> ***Dr. Destenie Nock of Carnegie Mellon University*** has noted that energy burden—the percentage of income spent on household energy costs—can disproportionately affect low-income households and historically underserved communities, even when average statewide energy costs remain relatively stable.

Affordability and energy assistance programs remain an important part of energy policy to address this critical issue.[7]

For households with limited income, even relatively small increases in monthly energy bills can create difficult financial tradeoffs involving housing, food, healthcare and transportation. When customers fall behind on utility bills, utilities and regulators must balance important human considerations surrounding continued access to essential energy service with broader affordability concerns for all customers. Significant levels of unpaid utility debt, or arrearages, can ultimately increase costs across the system because those losses are generally recovered from the broader customer base over time. These realities underscore the importance of effective energy assistance, payment flexibility and affordability programs that help customers maintain service while supporting long-term system affordability.

AFFORDABILITY PROGRAMS AND ENERGY ASSISTANCE IN WISCONSIN

Affordability has become an increasing focus for regulators, utilities and stakeholders.
Utilities collect a statewide low-income assistance fee that helps fund energy assistance programs for qualifying households. They offer payment plans, budget billing and energy assistance programs. Every investor-owned utility in the state offers an arrearage management plan to help customers get caught up on their utility bills.

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[5] Charles River Associates, *Retail Rate Trends in the United States*, 2026.
[6] Electric Power Research Institute (EPRI), "Historical Trends," *The Energy Wallet*, accessed May 15, 2026, EPRI Energy Wallet Historical Trends
[7] Destenie Nock et al., "Unpacking Energy Insecurity and Energy Burden," *Annual Review of Environment and Resources* 47 (2022).

Some utilities have proposed expanded assistance programs and pilot programs designed to ensure that energy bills remain affordable for low-income households. In some cases, utilities have proposed using shareholder-funded programs—rather than ratepayer-funded programs—to provide additional bill assistance for low-income customers, reflecting a growing recognition across the industry that affordability is a shared responsibility.

THE BENEFITS OF WISCONSIN'S REGULATORY MODEL

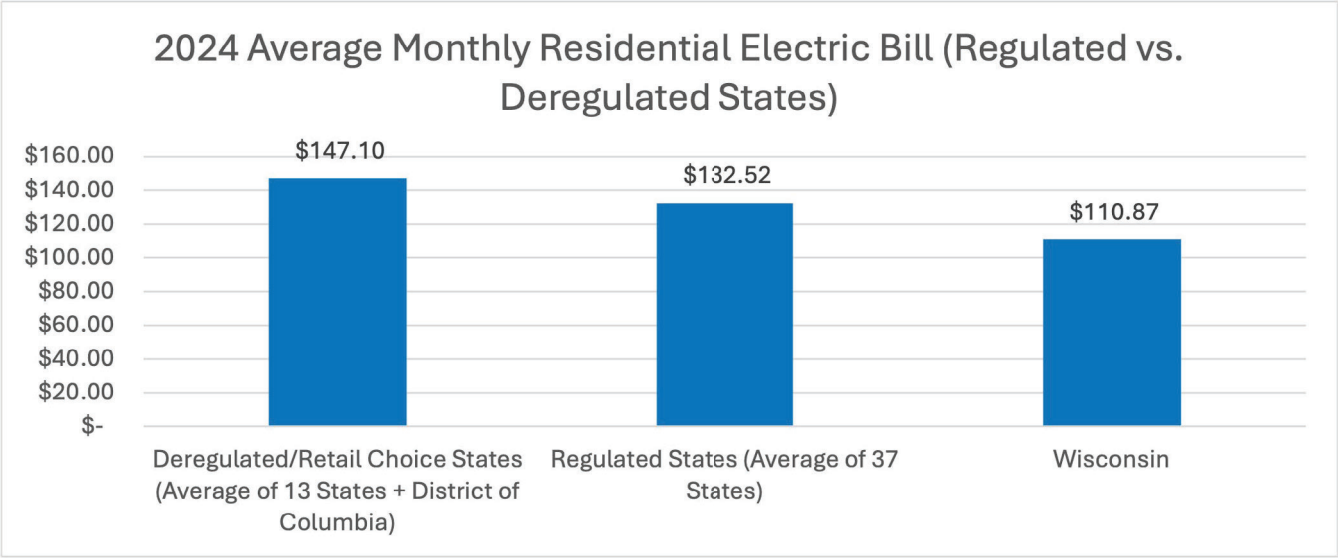
Wisconsin has a regulated utility model, in which all utilities are overseen by PSCW. This regulatory framework exists to protect the interests of consumers, by providing for, among other things, "just and reasonable" rates. Under this framework, utilities must demonstrate that investments and rate adjustments are reasonable and necessary before costs can be passed on to customers.

Key Features of Utility Regulation and Oversight

- Spending is reviewed by PSCW staff and commissioners before approval
- Utilities cannot charge customers for imprudent investments
- Costs are spread over time to reduce spikes in customer bills
- The utilities' obligation to serve all customers ensures safety and reliability
- Long-term planning to meet adequacy requirements
- Consumer advocate participation in the process

Strong energy efficiency and customer assistance programs help Wisconsin households manage short-term and long-term energy costs.

This regulatory oversight helps ensure that infrastructure investments are carefully reviewed and that costs are allocated appropriately among different types of customers. For example, larger commercial customers, who use more energy, are charged differently than residential or small business customers, who use a smaller amount of energy. In contrast, customers in many deregulated markets are more directly exposed to wholesale market volatility and variable retail supplier pricing, leading to higher overall rates, shown in Graph 2 on the next page.



Graph 2: 2024 Average Monthly Residential Electric Bill (Regulated vs. Deregulated States) (Source: EIA Data)

Because of its structure, Wisconsin's system is designed to prioritize reliability, long-term planning and predictable costs for customers.

WISCONSIN'S CHANGING ENERGY MIX AND LONG-TERM PLANNING

Wisconsin state statutes direct the Public Service Commission of Wisconsin, though the Strategic Energy Assessment, to biennially evaluate the adequacy and reliability of the state's current and future electrical supply.[8]

Wisconsin's most recent Strategic Energy Assessment highlights significant changes in the state's energy mix over the past decade, driven by market conditions and long-term utility planning. Coal's share of electricity generation declined from approximately 54% in 2015 to about 31% in 2023. Over the same period, natural gas generation increased from 19% to 36%, while wind generation increased from 6% to 11% and solar generation grew from less than 0.1% to approximately 2%.[9] A breakdown of net energy sources in 2025 is demonstrated in Chart 1.

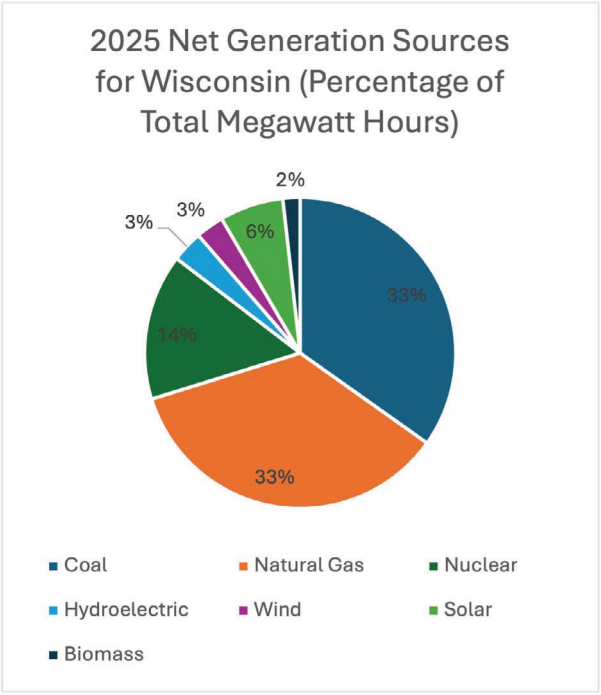
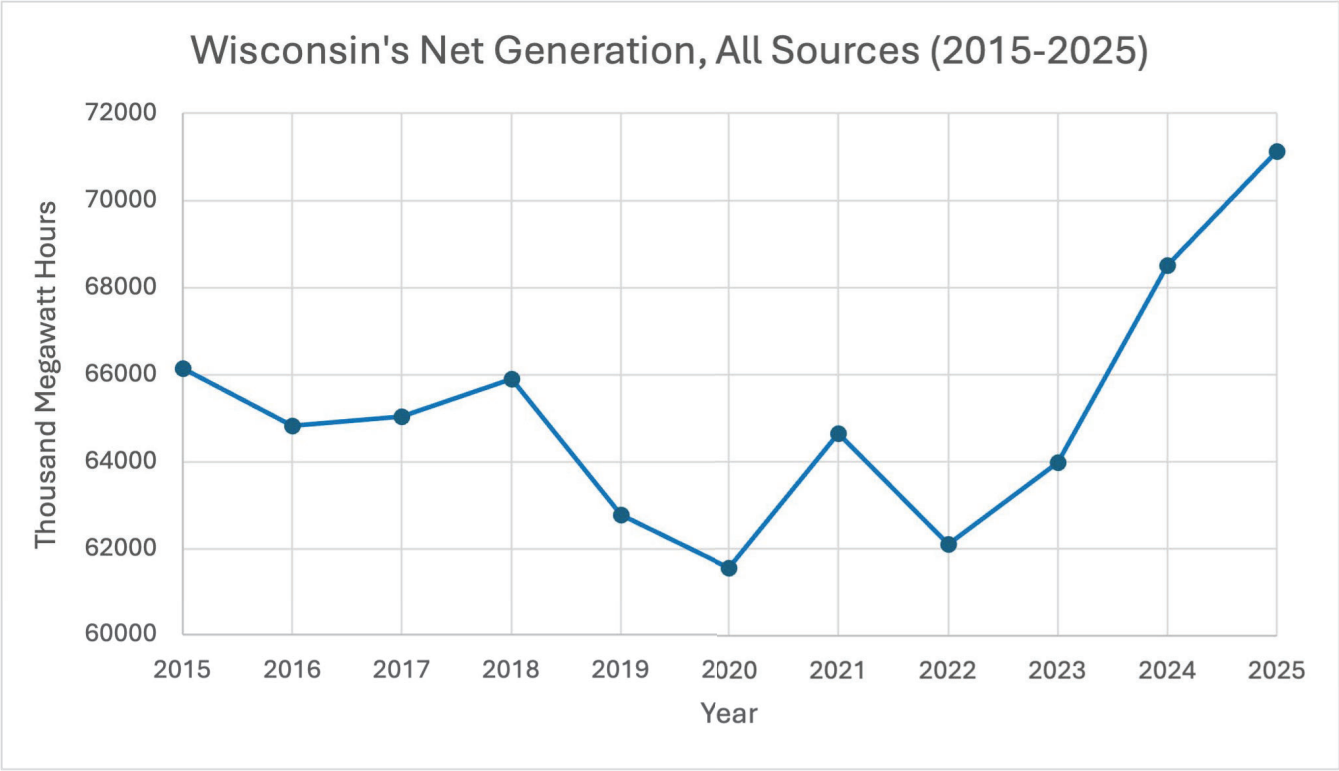


Chart 1: 2025 Net Generation Sources for Wisconsin (Source: EIA data)

[8] Wisconsin Statutes § 196.491(2)(a), "Strategic energy assessment."
[9] Public Service Commission of Wisconsin, *Strategic Energy Assessment 2024–2030* PSC Strategic Energy Assessment 2024–2030

These changes reflect a broader transition toward a more diversified energy mix. A diversified portfolio helps utilities manage fuel price risk (renewable generation sources have no fuel costs), reliability risk and long-term cost risk. Wisconsin's regulated utility model allows utilities and regulators to plan investments over decades, helping to ensure reliability while managing long-term costs for customers.

Wisconsin's need for electricity has increased in recent years, as shown in Graph 3 below, and the Public Service Commission of Wisconsin's latest draft of the Strategic Energy Assessment recently found that demand for electricity could increase by 40 percent by 2032.[10]



Graph 3: Wisconsin's Net Generation, All Sources (2015-2025) (Source: EIA Data)

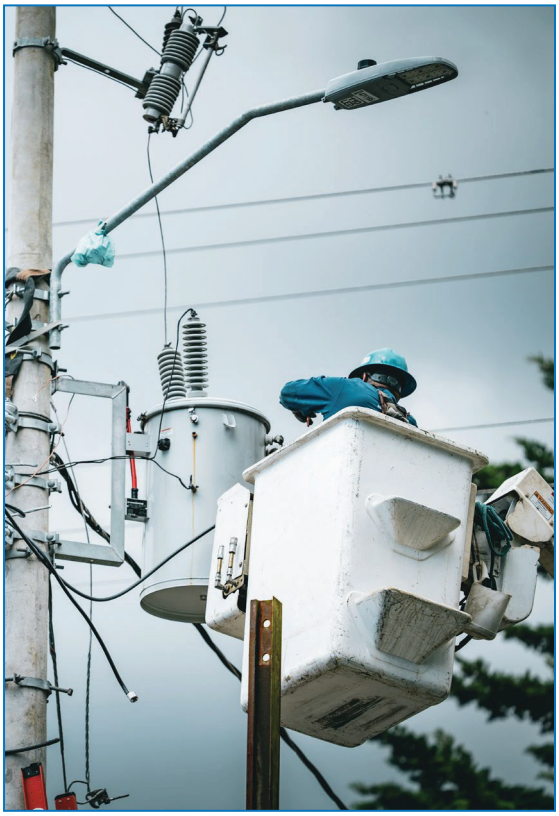
[10] Public Service Commission of Wisconsin, *Draft Strategic Energy Assessment 2026-2032* (Madison, WI: Public Service Commission of Wisconsin, 2026), Docket/ERF Document No. 595734

UNDERSTANDING TODAY'S ENERGY COST PRESSURES

Energy markets have experienced significant volatility since 2020. The COVID-19 pandemic disrupted global supply chains and energy demand patterns, while Russia's invasion of Ukraine and the war in Iran have reshaped international natural gas markets. At the same time, utilities across the United States, including Wisconsin, are investing heavily in modernizing the electric grid—replacing aging infrastructure to maintain reliability and resilience. Weather is one of the largest drivers of household energy usage, particularly in states with significant heating and cooling needs like Wisconsin.[11]

These are some of the larger forces that have contributed to rising energy costs for households and businesses in Wisconsin and across the country.

INFRASTRUCTURE AND SUPPLY CHAIN PRESSURE



Maintaining a dependable electric grid is critical for reliability in Wisconsin. All Wisconsin utilities are investing in the grid, replacing aging infrastructure and building resiliency.

The cost of essential grid components—including copper wire, transformers and switchgear—has risen faster than the rate of inflation over the past five years, yet utilities must invest in essential grid maintenance and upgrades to maintain adequate and reliable power.[12] These upgrades are occurring in response to aging equipment, stronger storms and other increasingly unpredictable events.

Shortages of key grid components—like transformers—have contributed to increased costs for grid upkeep.[13] Demand for transformers, switchgear and generation equipment has accelerated significantly as utilities across the country modernize electric systems and prepare for growing electricity demand.[14] Despite this, Wisconsin utilities have managed to keep the impact on customer bills at or around the average rate of inflation. Wisconsin utilities, unlike utility companies in deregulated states, must ensure they are containing and managing all costs when seeking a rate increase. Wisconsin's regulatory model is set up to keep customer bill impacts as small as possible.

[11] U.S. Energy Information Administration, "Use of Energy Explained: Energy Use in Homes," accessed May 15, 2026, EIA Residential Energy Use Explained
[12] U.S. Bureau of Labor Statistics, Consumer Price Index (CPI-U), 2020–2025.
[13] National Rural Utilities Cooperative Finance Corporation, *Transformer Supply Chain Challenges and Cost Increases, 2023.*
[14] Lawrence Berkeley National Laboratory and The Brattle Group, *Electric Utility Cost Drivers and Rate Trends*, 2025.

FUEL PRICE VOLATILITY AND GLOBAL EVENTS

The significant volatility in the global energy markets since 2020 continues to reshape international natural gas markets and contributes to price swings impacting both electric generation costs and household energy bills. Because natural gas is widely used both for electric generation and for home heating in colder climates, price changes can directly affect household and utility energy bills.

In regulated utility systems such as Wisconsin's, utilities work with regulators to manage fuel price volatility to help stabilize fuel costs and reduce the impact of short-term market price swings on customer bills. While having these tools in place helps, the market is still driven by what's taking place in the world.

THE IMPACT OF WEATHER ON UTILITY BILLS

In Wisconsin, customer usage is heavily influenced by weather. During colder-than-normal winters, households use more natural gas to heat their homes. During a hotter-than-normal summer, households use more electricity to cool their homes. By the same token, a milder than normal winter and/or summer means less usage and customer bills are lower. Usage is why two customers with the same rate can have very different monthly bills.

WHAT CAN WISCONSIN POLICYMAKERS DO TO KEEP ENERGY COSTS DOWN?

Wisconsin policymakers can help maintain affordable and reliable energy by supporting policies that encourage prudent investment, long-term planning and strong oversight of regulated utilities.

PROMOTE ENERGY EFFICIENCY

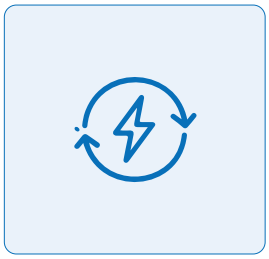
Wisconsin's investments in energy efficiency programs help homeowners and businesses reduce energy consumption while lowering strain on the electric grid. Energy efficiency programs remain one of the most cost-effective tools available for reducing long-term energy costs and overall household energy bills.

STRENGTHEN ENERGY-BURDEN RELIEF

Programs that assist households struggling to pay energy bills remain an essential component of energy affordability policy. Maintaining and expanding programs such as LIHEAP and weatherization assistance can help reduce the energy burden faced by vulnerable households. Many Wisconsin residents benefit from LIHEAP and the Wisconsin Heating Assistance Program (WHEAP).

Preventing large amounts of unpaid utility debt—known as arrearages—also benefits the broader customer base, since those losses are ultimately recovered from all other customers.

CONTINUE TO SUPPORT A DIVERSIFIED ENERGY PORTFOLIO



Maintaining a balanced portfolio of energy resources gives utilities flexibility to shift toward lower-cost fuel sources when they become available, helping insulate customers from fuel price fluctuations.

Renewable energy resources can help deliver lower-carbon, cost-competitive energy to customers. In addition, federal and state incentives that support emerging technologies—such as advanced nuclear energy, new fusion energy breakthroughs, and long-duration energy storage—may help make these resources economically feasible components of Wisconsin's future energy mix.

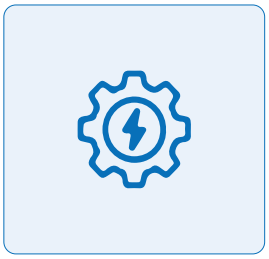
Natural gas continues to play an important role in a diversified energy mix, adding needed reliability and balance to the state's electric system as all Wisconsin utilities grow their use of carbon-free energy. Natural gas plants can be dispatched quickly and at times when it's more challenging for wind or solar generation, making it a reliable and cost-effective option.

SUPPORT FEDERAL POLICIES THAT REDUCE ENERGY COSTS

Federal policies play a significant role in shaping energy markets and infrastructure investment. Policies that support domestic energy production, strengthen supply chains for critical materials and assist with infrastructure resilience can help reduce long-term cost pressures.

Federal assistance programs for storm recovery, wildfire mitigation, and the low-income energy assistance program (LIHEAP) also play an important role in keeping energy affordable for families and small businesses. Well-designed federal policies that balance reliability, affordability and sustainability—while incorporating input from industry, labor and energy customer advocates—can help ensure energy remains available and affordable as demand grows.

EMBRACE EFFECTIVE UTILITY REGULATION



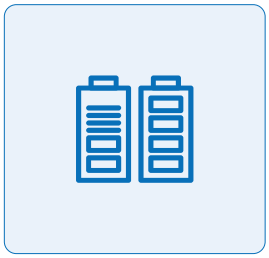
Recent discussions about energy affordability have highlighted clear differences between regulated and deregulated electricity markets. States that maintain strong regulatory oversight, including Wisconsin, tend to have lower overall household energy costs and greater protection from price volatility than many deregulated states.[15]

National electricity pricing data also shows that many states with deregulated retail electricity markets—particularly in the Northeast and Mid-Atlantic—have experienced higher residential electricity prices than states operating under more traditional regulated utility models. While market structures vary significantly by state, regulated states have generally experienced more stable long-term residential electricity pricing trends.[16]

Research from the Ohio State University John Glenn College of Public Affairs found that more than 70% of retail electricity offers in a deregulated market exceeded the utility's default rate, suggesting that many customers pay higher prices when electricity supply is sold through competitive retail marketers.[17]

Any discussion of cost-containment in 2026 and into the future must acknowledge the role effective regulation plays in keeping costs affordable over the long term.

[15] Power for Tomorrow. "Pricing Data Confirms Families Pay More in Deregulated Electricity States." February 13, 2026.
[16] U.S. Energy Information Administration, "Electric Power Monthly: Average Retail Price of Electricity to Ultimate Customers by End-Use Sector," accessed May 2026.
[17] Ohio State University John Glenn College of Public Affairs, "How Deregulation Made Electricity More Expensive," 2025.



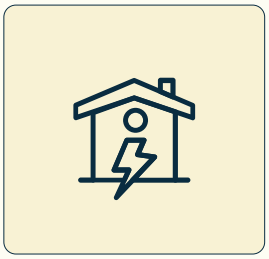
REQUIRE TRANSPARENT TARIFFS FOR LARGE NEW LOAD

All electricity users—including very large customers such as data centers—should pay their fair share of the costs associated with serving their demand. Public Service Commission decisions in Spring 2026 made clear that Wisconsin's residential electric customers would not bear the direct costs of serving new large-load data centers. Legislators should consider codifying that principle in state law to provide long-term certainty for customers.

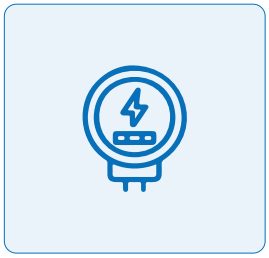
SUPPORT INDEPENDENT RATEPAYER ADVOCACY

Strong consumer advocacy plays an important role in ensuring that energy customers are represented during regulatory proceedings. The Citizens Utility Board of Wisconsin serves as an independent consumer advocate, hiring experts to review utility proposals and challenge unnecessary spending during rate cases.

Maintaining strong support for independent ratepayer advocacy helps ensure that regulatory decisions fully consider the interests of households and small businesses.



PILOT INNOVATIVE DEMAND RESPONSE PROGRAMS



Demand response initiatives can reduce the need for expensive new generation resources that may operate only during short periods of peak demand. Technologies such as smart thermostats and other load-management tools can temporarily reduce electricity usage during high-demand periods—a practice often referred to as "peak shaving"—helping lower overall system costs while maintaining reliability.

Wisconsin utilities could also explore utility-coordinated Virtual Power Plants (VPPs), which combine distributed energy resources and flexible customer demand into a coordinated grid resource. These systems, when managed correctly, can improve grid flexibility, support renewable integration, and help manage costs as electricity demand continues to grow.[18]

[18] U.S. Department of Energy, "Virtual Power Plants," Office of Electricity, accessed May 15, 2026, energy.gov Virtual Power Plants page

CONCLUSION

Wisconsin households and businesses continue to face many of the same energy cost pressures affecting customers across the country, including infrastructure replacement needs, electric grid modernization, fuel market volatility and weather-driven changes in energy usage. Utilities are also making significant investments to maintain reliability and prepare for future growth.

Wisconsin's regulated utility model was designed to manage these types of long-term challenges. Through regulatory oversight, long-term planning requirements and careful review of utility investments, Wisconsin's system helps balance affordability, reliability and the infrastructure improvements necessary to support modern energy needs.

The state's approach has produced meaningful benefits for customers. Wisconsin continues to maintain one of the nation's most reliable electric systems while keeping total household energy costs below the Midwest average. Regulatory oversight helps ensure that utility investments are justified before costs are passed on to customers and promotes long-term planning that supports grid reliability and customer stability.

Looking ahead, policymakers will continue to play an important role in maintaining affordable and reliable energy. Policies that support energy efficiency, maintain a diversified energy portfolio, encourage demand flexibility, ensure fair cost allocation for large new energy users and preserve strong consumer protections can help Wisconsin manage future energy challenges while keeping customer impacts manageable.

As energy demand grows and infrastructure needs evolve, Wisconsin's long-standing commitment to effective utility regulation, prudent planning and customer protection will remain essential to providing safe, reliable and affordable energy for households and businesses across the state.

ABOUT THE CUSTOMERS FIRST COALITION

The Customers First Coalition (CFC) is an alliance of Wisconsin-based organizations and businesses that includes consumer advocates, municipal electric utilities, rural electric cooperatives, wholesale power suppliers, an investor-owned utility, and utility workers. The Coalition works to ensure that any changes to Wisconsin's electric utility regulatory structure put customers first.

OUR FOUNDING MEMBERS INCLUDE:

CUB Citizens Utility Board

Dairyland Power Cooperative — A Touchstone Energy® Cooperative

IBEW Local 2150 — Established in 1964 — Committed to Excellence

MGE Madison Gas and Electric

MEUW Municipal Electric Utilities of Wisconsin

WECA Wisconsin Electric Cooperative Association

WPPI Energy

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