

WEC Energy Group takes steps to reduce consumer electricity costs

The decision to retire the Presque Isle Power Plant (PIPP) is the result of a firm-wide generation reshaping initiative at WEC Energy Group -- We Energies' parent company. Senior communications specialist Amy Jahns says, "We are making plans to reduce power generation costs, reduce carbon emissions, preserve fuel diversity and maintain reliability." As the cost of solar and wind projects continue to drop, the company has plans to expand further into carbon-free renewable generation.

PIPP's retirement is just one example of WEC beginning to favor natural gas and renewables over coal. The company plans to shut down coal-fired facilities in Green Bay and Sheboygan, among others. In total, more than 1800 megawatts worth of generating capacity will be decommissioned by 2020. As rooftop solar panels gain popularity, demand for electricity has begun to flatten and fall below projections. Consequently, WEC Energy Group has been left with excess generating capacity which has contributed to abnormally high consumer rates. Under the new reshaping plan, WEC Energy Group plans to eliminate the excess capacity while integrating more natural gas and solar generation into their portfolio.

The Pleasant Prairie power plant in Wisconsin that closed in April serves as a valuable example of how the reshaping plan could affect stakeholders in other areas. The plant's two units were previously expected to remain open until 2040 and 2045. By shutting down operations ahead of schedule, WEC Energy Group faced the possibility of suffering losses from their stranded investment.

Some consumer advocate groups voiced concerns that the remaining book value of the plant would be allocated to consumers while WEC continued to earn a return. This would mean that part of consumers' electricity bills could be going to pay for the Pleasant Prairie plant for decades to come. To ensure this would not be the case with the PIPP retirement, the Michigan Public Service Commission set the maximum book value allocation to 6.6%. This allocation protects consumers by allowing them to reap the benefits of cheaper generation resources without bearing the full burden of We Energies' stranded investment.

Increasing fuel diversity through the reshaping plan will help stabilize the cost of power generation, reduce costs to consumers, and reduce carbon emissions. By reducing imports and sourcing fuels from domestic producers, WEC is supporting American job growth and boosting national energy security. Holding a diversified portfolio of generation resources greatly reduces the risk and price volatility associated with any one fuel type. The combined benefits to consumers include the reliability of natural gas and the dramatic cost reduction in solar and wind technologies. Natural gas burns cleaner than coal and in conjunction with zero-carbon renewable generation, WEC expects to meet their goal of cutting carbon emissions to 20% of their 2005 levels by 2050.

Michael Anderson is a member of the Michigan Conservative Energy Forum's (MICEF) 2018 class of research fellows. MICEF promotes an "all of the above" approach to energy generation and seeks to educate policymakers and the public alike on Michigan's unique energy challenges.