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Wisconsin's Electric Utilities are Sensibly Regulated

Recent call to deregulate in favor of a retail choice model is short-sighted

Madison, WI – The Customers First Coalition is pushing back on a statement from the Libertarian Party of Wisconsin which calls for a free market, or retail choice, system of unregulated energy providers in Wisconsin.

“Any calls for deregulating Wisconsin’s electric utilities for a system that favors retail choice are short-sighted and misinformed, and won’t lead to an actual free market,” according to Customers First Coalition Executive Director Kristin Gilkes. “Retail choice, especially in a state like Texas, is not designed to protect residential electric customers. The handful of states that have gone the route of deregulating utilities have seen vulnerable customers targeted by scams, collective overpayments by choice customers to the tune of billions of dollars, and broken electric systems with less reliability due to lack of oversight, planning, and investment.”

In a statement issued today, the Libertarian Party of Wisconsin touted Texas-style deregulation, where shopping for an energy provider is [mandatory for customers](#), and has been a disaster for many, including the ones who [received bills for tens of thousands of dollars](#) in the aftermath of the 2021 Texas power system failure that left millions without power during oppressive winter weather.

“Wisconsin electric customers do not want an unreliable and volatile energy system like the one in Texas—our state has been wise to maintain a regulated system that protects customers,” said Gilkes. “The electric blackout in Texas in 2021 was a widespread failure of their electric system and deregulated model. The thought of upending Wisconsin’s stable regulatory model in favor of the mess that is still being cleaned up in Texas is unconscionable.”

Of the thirteen states that deregulated their electric utilities when there was a nation-wide push more than two decades ago, many are now reversing course. Several states are considering and passing measures to re-regulate utilities because retail choice has proven to be a disaster for customers when actually implemented.

Wisconsin’s electric utilities are regulated monopolies, with sensible regulation standing in the place of competition in an industry where a natural free market does not exist. Opening up Wisconsin to retail choice would mean unchecked rates for unregulated energy providers,

leading to volatile prices for customers and, over time, a less reliable power system, as incentives for utilities to invest in system maintenance and upgrades would be diminished.

When utilities in Wisconsin apply for rate adjustments, they undergo an extensive process of rate review by accountants, auditors, attorneys, engineers, and rate analysts in an open, public process that includes intervenors that raise issues on behalf of the public. Regulators reviewing rate requests are doing so using publicly-available information that helps assure Wisconsin customers have access to long-term, just and reasonable, cost-based rates and reliable power.

“While CFC supports common-sense measures to keep rates reasonable for customers, such as energy efficiency measures and affordable renewable energy, upending Wisconsin’s utility regulatory model is not one of them,” said Gilkes.

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Additional reading about the (avoidable) disaster of a retail choice energy system:

Two years later, the 2021 blackout still shapes what it means to live in Texas

<https://www.kut.org/energy-environment/2023-02-17/two-years-later-the-2021-blackout-still-shapes-what-it-means-to-live-in-texas>

Electric Crisis in Texas: Could it Happen Here?

<https://wppienergy.org/electric-crisis-in-texas-could-it-happen-here/>

Electric Wire, Episode 11: Regulation, Reliability...and Texas

https://www.youtube.com/watch?v=KLgkLcI_mp0&list=PLvE0yM8OE9_MhC5xhJ_rkAmG5Fc3MZQfr&index=40

Parris Glendening: Time to hold consumer retail energy suppliers accountable

<https://marylandmatters.org/2024/02/14/parris-glendening-time-to-hold-consumer-retail-energy-suppliers-accountable/>

Advocates, Legislators Are Confident Maryland Law to Rectify Retail Energy Market Will Survive Industry’s Legal Challenge

<https://insideclimatenews.org/news/21102024/maryland-retail-energy-market-industry-legal-challenge/>

State: Illinois electric customers overpaid by \$431 million with alternative suppliers

<https://www.citizensutilityboard.org/blog/2021/08/09/state-illinois-electric-customers-overpaid-by-431-million-with-alternative-suppliers/>

These energy suppliers say they can save you money. Regulators say it’s a scam

<https://www.wbur.org/news/2024/03/28/massachusetts-third-party-energy-competitive-suppliers-electricity-regulators>

Customers First is a coalition to preserve Wisconsin’s affordable and reliable electricity. Learn more at www.customersfirst.org.