

Retail Electricity Price Impacts of Large Customers: Key Insights for Policymakers

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Key finding: Whether new large customers raise or lower electricity prices for existing customers depends on whether the revenue they contribute exceeds the incremental cost of serving them. Well-designed tariffs and contracts can increase the likelihood of a beneficial outcome for existing customers.

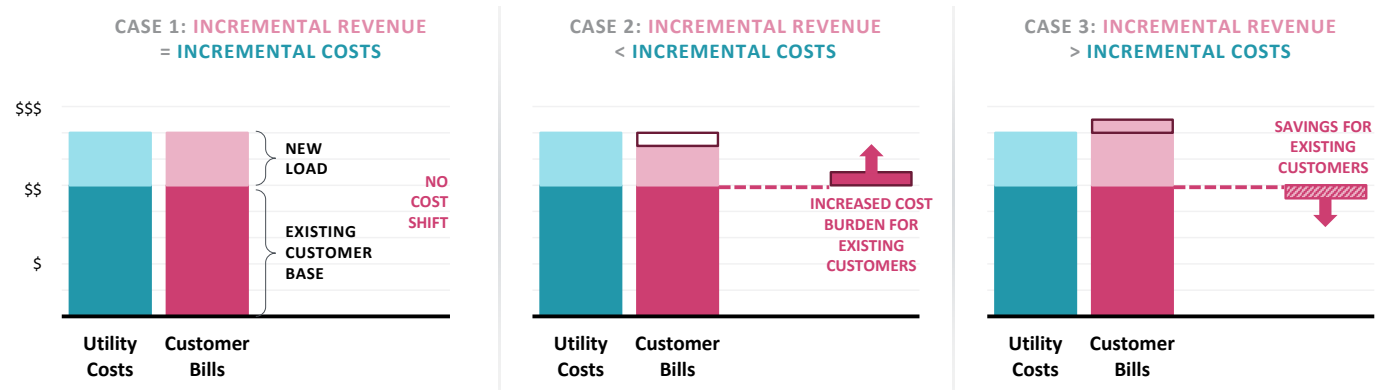
HISTORICAL CONTEXT IN THE US

- The US average residential electricity price increased by 48% in nominal terms from 2010 to 2025 and largely tracked inflation. Where prices rose faster, the primary drivers were aging infrastructure replacement, fuel price volatility, the cost of preparing for or recovering from extreme weather events, and/or behind-the-meter solar cost shifts.
- Historically, states with the highest data center buildout have not experienced disproportionate price increases, in part because load growth meant that fixed system costs could be spread across more customers.
- However, past performance does not guarantee future results. The key question is how to continue to serve growing electricity demand while protecting existing customers.

THE ECONOMIC FRAMEWORK: THREE FACTORS DRIVE PRICE OUTCOMES

Factor	Why It Matters
Revenue from Large Load Customers	If incremental revenue from a large customer covers or exceeds its incremental costs, existing customers are held harmless or benefit.
Size of Required System Upgrades	System conditions determine whether—and to what extent—upgrades are needed to connect new large customers. Better utilization of existing infrastructure can reduce the need to invest in new system capacity, lowering incremental costs.
Upgrade Costs	Price impacts for existing customers depend on the costs of new resources to serve new large customers, and how those costs are assigned to and recovered from large customers under applicable tariffs.

FIGURE 1: NEW LARGE CUSTOMER COST RECOVERY SCENARIOS



Source: Lam et al., The Potential Impacts of Large Loads on Electricity Prices: Analysis for The Alliant Companies (May 2026).

Impacts of Load Growth on Alliant Energy’s Customers

HISTORICAL PRICE PERFORMANCE

- **IPL (Iowa):** Average residential electricity prices increased by 36% (annual increase of 2.1%) from 2010 to 2025 in nominal terms; inflation-adjusted prices *declined* 8.1% over the same period.
- **WPL (Wisconsin):** Average residential electricity prices increased by 49% (annual increase of 2.7%), and inflation-adjusted prices rose by 0.8%.
- Key cost drivers have been network and generation investment. Additional renewable generation planned to replace coal plants (+1,500 MW solar since 2022; +1,800 MW wind) traded higher capital costs for lower fuel costs.

LOAD GROWTH OUTLOOK AND TRANSMISSION COST ANALYSIS

- MISO forecasts electricity demand growth of 41% to 77 TWh in Iowa and 46% to 93 TWh in Wisconsin by 2030, driven largely by data center interconnection requests.
- Alliant Energy’s ratemaking framework for new large customers is designed to ensure that large customers pay at least the incremental cost of serving them, limiting cost-shift risk (see Table 1).
- Transmission costs remain the primary uncertainty because they are determined regionally. As a stakeholder, Alliant Energy has some influence but does not control transmission owners’ investment decisions. Higher levels of load growth can improve system utilization and reduce average costs, while lower levels of growth relative to investment may increase costs per unit of demand (see Figure 2).

FIGURE 2: HISTORICAL AND FORECASTED TRANSMISSION COST TRENDS FOR WPL ZONE AND IPL ZONE

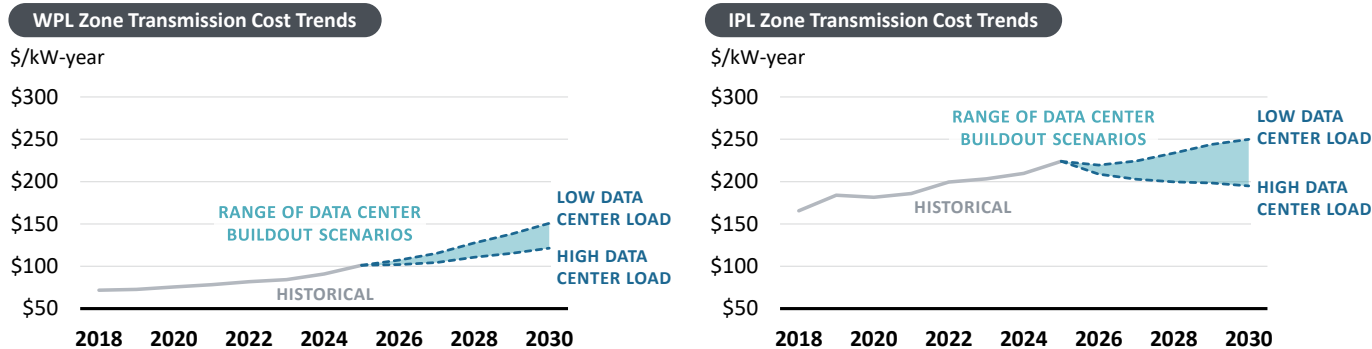


TABLE 1: STRATEGIES TO MITIGATE RISKS ASSOCIATED WITH NEW LARGE CUSTOMERS

Mechanism	Adopted by Alliant Energy
Hold harmless provisions prevent cost shifts by ensuring that incremental revenues meet or exceed incremental costs.	✓
Price premium is designed to recover costs beyond those directly imposed by customers.	✓
Contribution in Aid of Construction (CIAC) is a mechanism through which new customers pay directly for facilities used to serve them.	✓
Frequent cost of service updates ensure adequate revenue recovery.	✓
Take or pay provision requires customers to pay for a committed level of capacity or energy, whether or not it ultimately takes that volume.	✓
Collateral requirement provides immediate financial protection if customers delay, downsize, default, or exit.	✓
Exit fee requires customers to pay if they terminate service prematurely.	✓
Long contract terms align customers’ financial obligation with the life of assets needed to serve them.	✓
Bring-your-own-capacity allowances enable customers to self-supply.	✓
Large Load Tariffs designed to accommodate unique aspects of large load customers and include risk guardrails.	✓