



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-5432/1
ES/ZW/MM/ME:skw

2025 BILL

1 **AN ACT** *to amend* 16.957 (2) (d) 3., 25.96 and 238.40 (2) (b); *to create* 16.296,
2 16.957 (2) (a) 5., 20.505 (1) (gj), 66.0443, 101.028, 103.08, 196.03 (7), 196.03
3 (8), 196.493, 196.498, 238.40 (1) (am) and 238.40 (1) (b) 3. of the statutes;
4 **relating to:** large energy customer fees; electric utility very large customer
5 class; a renewable resource tariff; building requirements for data centers;
6 water usage by large customers; required pay rate on large-scale data center
7 projects; and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill imposes requirements relating to certain electric utility tariffs and to data centers and large energy customers of utilities. In the bill, “data center” is defined as one or more buildings or an array of connected buildings owned, leased, or operated by the same business entity or its affiliate that are rehabilitated or constructed to house a group of networked server computers in one physical location or multiple locations in order to centralize the processing, storage, management, retrieval, communication, or dissemination of data and information. Current law defines “large energy customer” as a customer of an energy utility that owns or operates a facility in the energy utility’s service area that has an energy demand of

BILL

at least 1,000 kilowatts of electricity per month or of at least 10,000 decatherms of natural gas per month and that, in a month, is billed at least \$60,000 for electric service, natural gas service, or both, for all of the facilities of the customer within the energy utility's service territory.

Required pay rate

The bill provides that laborers and mechanics who perform work to construct or refurbish large-scale data centers must be paid either the prevailing wage rate or, if the laborer or mechanic is covered by a collective bargaining agreement, the higher of the prevailing wage rate or the wage rate under the collective bargaining agreement. Under the bill, "prevailing wage rate" has the meaning given under the federal Inflation Reduction Act of 2022. The bill also defines "large-scale data center" as a data center that consists in the aggregate of at least 25,000 square feet and for which the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software incurred within any 60-month period beginning on July 1, 2026, is at least \$250,000,000. Under the bill, the prevailing wage rate may not be less than a reasonable and living wage.

The bill also provides that in order for large-scale data centers to be certified by the Wisconsin Economic Development Corporation for exemptions from sales and use taxes, the development, construction, renovation, expansion, replacement, or repair of the data center must meet the prevailing wage requirements and at least 70 percent of the total annual electric energy used by the data center must be derived from renewable resources.

Building requirements for data centers

The bill provides that the owner or operator of a data center must certify to the Department of Safety and Professional Services that the data center has attained certification under one of several specified sustainable design or green building standards. The owner or operator of the data center must make this certification no later than three years after the data center begins operating.

Water usage

Under the bill, a water utility must notify the Public Service Commission if a new customer of the water utility plans to use an amount of water that would account for 25 percent of the total water usage of all water customers of the water utility, or if an existing customer of a water utility plans to increase its water usage to an extent that its water usage will account for 25 percent of the total water usage of all water customers of the water utility.

Under the bill, a political subdivision must require the owner or operator of a data center located in the political subdivision to record and report the actual water usage by the data center no later than one year after the data center is operational and annually thereafter. Once the data center reports this information, the bill requires the political subdivision to report it on its website, if available, or by publishing class 1 notice.

Large energy customer fee

The bill requires the Department of Administration to collect an annual fee

BILL

from each large energy customer on a schedule prescribed by DOA. The bill provides that DOA must deposit 50 percent of these fees into the utility public benefits fund, which, under current law, funds energy efficiency, renewable energy, low-income energy assistance, and other public benefits programs and must pay the other 50 percent of the fees to Wisconsin Economic Development Corporation for the purpose of supporting the Green Innovation Fund.

Very large customer class

The bill requires PSC to establish by order the definition and appropriate characteristics of a very large customer class or subclass for each electric utility. The bill requires any electric utility that offers a tariff or contract rate to a very large customer to file a rate case application with PSC by April 1 of every other year. In such a rate case, the bill requires the electric utility to provide information, according to rules promulgated by PSC, necessary for PSC to determine the total costs the electric utility incurs, and is forecasted to incur, in providing service to the very large customer under the tariff or contract rate. Considering the information provided by the electric utility, the bill requires PSC to determine if the rates charged to the very large customer are just and reasonable or whether they are unreasonable, preferential, or unjustly discriminatory. If deemed unreasonable, preferential, or unjustly discriminatory, the bill requires PSC to adjust rates or modify the terms of service for the very large customer in a manner appropriate to make the rates just and reasonable.

Renewable resource tariff and reporting

Under the bill, PSC must require each electric utility to offer an optional renewable resource tariff for commercial and industrial customers. The bill requires that such a tariff be offered under a contract that does all of the following:

1. Permits the participating customers to elect to serve some or all of their energy usage from new renewable resources provided that reliability is maintained.
2. Requires the participating customers to pay all proportional costs associated with the addition of new renewable resources to the electric utility's grid, including any utility costs caused by the addition of the new renewable resources to the grid.
3. Includes an appropriate energy credit.
4. Prohibits the electric utility from shifting costs from the participating customers to other utility customers or vice versa.
5. If the electric utility has an applicable tariff on file with PSC, allows the electric utility to demonstrate that its existing tariff complies with these requirements.

The bill requires an energy utility to submit to PSC quarterly reports identifying certain information regarding each data center within its service territory, including the amount of energy consumed, the fuel type used to generate the energy, the amount of renewable energy generated at the site of the data center, the number of renewable energy credits purchased for the data center, and the amount of energy directly procured for the data center. PSC must publish on its website aggregate data from the reports required under the bill.

BILL**SECTION 1**

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 16.296 of the statutes is created to read:

16.296 Large energy customer fee. (1) In this section:

(a) “Energy utility” has the meaning given in s. 196.374 (1) (e).

(b) “Green innovation fund” means the green bank, known as the green innovation fund, administered by the Wisconsin Economic Development Corporation in collaboration with the department of administration based on the advice of the governor’s Green Ribbon Commission on Clean Energy and Environmental Innovation established by executive order 195, issued April 19, 2023.

(c) “Large energy customer” has the meaning given in s. 196.374 (1) (em).

(d) “Peak electricity demand forecast” means the amount of electricity forecast to be used by a large energy customer at the moment during the subsequent 12 months when the large energy customer is forecast to be at its highest demand for electricity.

(2) Each customer of an energy utility that qualifies as a large energy customer shall notify the department of that qualification in the manner determined by the department.

(3) The department shall collect an annual fee from each large energy customer on a schedule prescribed by the department. Upon request, a large energy customer shall submit to the department its peak electricity demand

BILL**SECTION 1**

1 forecast. For each large energy customer, the department shall base the amount of
2 the annual fee under this subsection on the large energy customer's peak electricity
3 demand forecast as follows:

4 (a) For a peak electricity demand forecast of at least 100 megawatts but less
5 than 250 megawatts, \$2,000,000.

6 (b) For a peak electricity demand forecast of at least 250 megawatts but less
7 than 500 megawatts, \$3,000,000.

8 (c) For a peak electricity demand forecast that falls within each subsequent
9 250-megawatt increment beginning at 500 megawatts, an additional \$1,000,000.

10 (4) The department shall pay 50 percent of the fees collected under sub. (2) to
11 the Wisconsin Economic Development Corporation for the purpose of supporting
12 the green innovation fund as it existed on January 1, 2025.

13 **SECTION 2.** 16.957 (2) (a) 5. of the statutes is created to read:

14 16.957 (2) (a) 5. The fees received under s. 16.296 (2) and deposited in the
15 utility public benefits fund under s. 16.957 (2) (d) 3.

16 **SECTION 3.** 16.957 (2) (d) 3. of the statutes is amended to read:

17 16.957 (2) (d) 3. Deposit all moneys received under sub. (4) (a) or (5) (b) 2. and
18 50 percent of all fees received under s. 16.296 (2) in the utility public benefits fund.

19 **SECTION 4.** 20.505 (1) (gj) of the statutes is created to read:

20 20.505 (1) (gj) *Green innovation fund.* Fifty percent of the amounts received
21 from fees collected under s. 16.296 (2) for the purpose of paying the Wisconsin
22 Economic Development Corporation as provided under s. 16.296 (3).

23 **SECTION 5.** 25.96 of the statutes is amended to read:

24 **25.96 Utility public benefits fund.** There is established a separate

BILL**SECTION 5**

1 nonlapsible trust fund designated as the utility public benefits fund, consisting of
2 low-income assistance fees received under s. 16.957 (4) (a) and (5) (b) 2., 50 percent
3 of all large energy customer fees received under s. 16.296 (2), and all moneys
4 received under s. 196.374 (3) (b) 4.

5 **SECTION 6.** 66.0443 of the statutes is created to read:

6 **66.0443 Data centers.** (1) In this section:

7 (a) “Data center” has the meaning given in s. 103.08 (1) (a).

8 (b) “Political subdivision” means a city, village, town, or county.

9 **(2)** A political subdivision shall require the owner or operator of a data center
10 located in the political subdivision to record and report the actual water usage by
11 the data center no later than one year after the data center is operational and
12 annually thereafter. Once the data center reports the actual water usage, the
13 political subdivision shall report the actual water usage on its website, if available,
14 or by publishing a class 1 notice under ch. 985.

15 **SECTION 7.** 101.028 of the statutes is created to read:

16 **101.028 Building requirements for data centers.** (1) In this section,
17 “data center” has the meaning given in s. 103.08 (1) (a).

18 **(2)** The owner or operator of a data center shall, no later than 3 years after the
19 data center begins operating, certify to the department that the data center has
20 attained certification under any of the following sustainable design or green
21 building standards:

22 (a) BREEAM International New or BREEAM USA In-use.

23 (b) Energy Star.

24 (c) Envision.

BILL**SECTION 7**

1 (d) ISO 50001.

2 (e) LEED for Building Design and Construction or LEED for Operations and
3 Maintenance.

4 (f) Green Globes for New Construction or Green Globes for Existing Buildings.

5 (g) UL 3223.

6 (h) Any other reasonable standard approved by the department.

7 **SECTION 8.** 103.08 of the statutes is created to read:

8 **103.08 Required wage rate on large-scale data center construction or**
9 **refurbishment.** (1) DEFINITIONS. In this section:

10 (a) “Data center” means one or more buildings or an array of connected
11 buildings owned, leased, or operated by the same business entity, as defined in s.
12 13.62 (5), or its affiliate, that are rehabilitated or constructed to house a group of
13 networked server computers in one physical location or multiple locations in order
14 to centralize the processing, storage, management, retrieval, communication, or
15 dissemination of data and information.

16 (b) “Enterprise information technology equipment” means computers and
17 equipment supporting computing, networking, or data storage, including all of the
18 following:

19 1. Servers and routers.

20 2. Cooling systems, cooling towers, and other temperature control
21 infrastructure.

22 3. Power infrastructure for transformation, distribution, or management of
23 electricity used for the maintenance and operation of a data center, including

BILL**SECTION 8**

1 exterior dedicated business-owned substations, backup power generation systems,
2 and battery systems and related infrastructure.

3 4. Racking systems, cabling, and trays that are necessary for the maintenance
4 and operation of the data center.

5 (c) “Hourly basic rate of pay” means the hourly wage rate paid to any
6 employee.

7 (d) “Large-scale data center” means a data center that consists in the
8 aggregate of at least 25,000 square feet and for which the total cost of construction
9 or refurbishment, investment in enterprise information technology equipment, and
10 computer software incurred within any 60-month period beginning on July 1, 2026,
11 is at least \$250,000,000.

12 (e) “Prevailing wage rate” has the meaning described in section 45 (b) (7) (A) of
13 the Internal Revenue Code, as amended to August 16, 2022.

14 **(2) REQUIRED WAGE RATE.** In this subsection, “refurbish” does not include
15 maintenance, refreshing equipment, or replacing equipment. Except as provided in
16 this subsection, after the effective date of this subsection [LRB inserts date],
17 laborers and mechanics who perform work to construct or refurbish large-scale data
18 centers shall be paid the prevailing wage rate. If a laborer or mechanic is covered by
19 a collective bargaining agreement, the laborer or mechanic shall be paid the higher
20 of the prevailing wage rate or the applicable wage rate under the collective
21 bargaining agreement.

22 **SECTION 9.** 196.03 (7) of the statutes is created to read:

23 196.03 (7) (a) In this subsection:

24 1. “Electric utility” has the meaning given in s. 196.378 (1) (d).

BILL**SECTION 9**

1 2. “Very large customer” has the meaning assigned by the commission to a
2 class or subclass of an electric utility’s customers by order under par. (b).

3 (b) By December 15, 2027, the commission shall establish by order the
4 definition and appropriate characteristics of a very large customer class or subclass
5 for each electric utility. The commission may satisfy the requirement under this
6 paragraph in a rate case for the electric utility or in another proceeding.

7 (c) Any electric utility that offers a tariff or contract rate to a very large
8 customer shall file a rate case application with the commission by April 1 of every
9 other year. The chair of the commission may issue a waiver of the rate case
10 application filing deadline if the electric utility demonstrates exceptional
11 circumstances that necessitate such a waiver.

12 (d) In a rate case under par. (c), the electric utility shall provide information
13 necessary for the commission to determine the total costs the electric utility incurs,
14 and is forecasted to incur, in providing service to the very large customer under the
15 tariff or contract rate. The commission shall promulgate rules to establish the
16 specific requirements electric utilities shall follow to justify how the current or
17 proposed rates in a rate case under this subsection pay for the cost of providing
18 service to a very large customer. Considering the information provided by the
19 electric utility, the commission shall determine if the rates charged to the very large
20 customer are just and reasonable under sub. (1) and whether they are
21 unreasonable, preferential, or unjustly discriminatory under s. 196.37. If deemed
22 unreasonable, preferential, or unjustly discriminatory, the commission shall adjust
23 rates or modify the terms of service for the very large customer in a manner
24 appropriate to bring the rates into compliance with sub. (1) and s. 196.37.

BILL**SECTION 10**

SECTION 10. 196.03 (8) of the statutes is created to read:

196.03 (8) RENEWABLE RESOURCE TARIFF. (a) In this subsection:

1. “Electric utility” has the meaning given in s. 196.378 (1) (d).

2. “Renewable resource” has the meaning given in s. 196.378 (1) (h).

(b) The commission shall require each electric utility to offer an optional renewable resource tariff for commercial and industrial customers under a contract that does all of the following:

1. Permits the participating customers to elect to serve some or all of their energy usage from new renewable resources provided that reliability is maintained.

2. Requires the participating customers to pay all proportional costs associated with the addition of new renewable resources to the electric utility’s grid, including any utility costs caused by the addition of the new renewable resources to the grid.

3. Includes an appropriate energy credit.

4. Prohibits the electric utility from shifting costs from the participating customers to other utility customers or vice versa.

5. If the electric utility has an applicable tariff on file with the commission, allows the electric utility to demonstrate that its existing tariff complies with this subsection.

SECTION 11. 196.493 of the statutes is created to read:

196.493 Data center energy source reports. (1) **DEFINITIONS.** In this section:

(a) “Data center” has the meaning given in s. 103.08 (1) (a).

(b) “Energy utility” has the meaning given in s. 196.374 (1) (e).

BILL**SECTION 11**

1 (2) REPORT REQUIRED. Each quarter, an energy utility shall submit to the
2 commission, in the manner provided by the commission, a report that satisfies all of
3 the following with respect to each data center within the energy utility's service
4 territory:

5 (a) The report identifies the amount of energy, disaggregated by the fuel type
6 used to generate the energy, consumed by the data center in the previous quarter.

7 (b) The report identifies the amount of renewable energy, as defined in s.
8 196.378 (1) (fg), generated at the site of the data center.

9 (c) The report identifies the amount of energy directly procured for the data
10 center in the previous quarter.

11 (d) The report identifies the amount of any renewable energy credits
12 purchased for the data center for the previous quarter.

13 (3) COMMISSION PUBLICATION. The commission shall publish on its website
14 aggregate data from the reports received under sub. (2), but the commission may
15 not publish any personally identifying information contained in a report received
16 under sub. (2).

17 **SECTION 12.** 196.498 of the statutes is created to read:

18 **196.498 Water usage by large customers.** If a new customer of a water
19 utility plans to use an amount of water that would account for 25 percent of the
20 total water usage of all water customers of the water utility, or if an existing
21 customer of a water utility plans to increase its water usage to an extent that its
22 water usage will account for 25 percent of the total water usage of all water
23 customers of the water utility, the water utility shall notify the commission of the
24 anticipated water consumption increase.

BILL**SECTION 13**

SECTION 13. 238.40 (1) (am) of the statutes is created to read:

238.40 (1) (am) “Large-scale data center” has the meaning given in s. 103.08 (1) (d).

SECTION 14. 238.40 (1) (b) 3. of the statutes is created to read:

238.40 (1) (b) 3. The development, construction, renovation, expansion, replacement, or repair of the buildings meets the requirements of s. 103.08 (2) and at least 70 percent of the total annual electric energy used by the buildings is derived from renewable resources, as defined under s. 16.75 (12) (a) 4., if the buildings are a large-scale data center.

SECTION 15. 238.40 (2) (b) of the statutes is amended to read:

238.40 (2) (b) If the corporation certifies a qualified data center for purposes of the sales and use tax exemption under s. 77.54 (70) and the data center fails to satisfy sub. (1) (b) 2. and, if the data center is a large-scale data center, sub. (1) (b) 3., the corporation shall revoke the certification. The contract between the corporation and the business entity shall include recapture provisions. The corporation may grant an extension of time within which the qualified data center may avoid revocation by satisfying the ~~applicable qualified investment requirement~~ requirements under sub. (1) (b) 2. and, if the data center is a large-scale data center, sub. (1) (b) 3.

SECTION 16. Initial applicability.

(1) ELECTRIC SERVICE TO VERY LARGE CUSTOMERS. The treatment of s. 196.03 (7) first applies to a tariff or agreement submitted to the commission for its review on the effective date of this subsection.

SECTION 17. Effective date.

BILL

SECTION 17

1 (1) DATA CENTERS SALES AND USE TAX EXEMPTION. The treatment of s. 238.40
2 (1) (b) 3. and (2) (b) takes effect on the first day of the 3rd month beginning after
3 publication.

4 (END)