



**Public Service Commission Report to the Legislature:
Summary of Energy Efficiency and Renewable Resource Program
Activities in Wisconsin**

January–December 2019

This summary as required by 2005 Wisconsin Act 141, codified as Wis. Stat. § 196.374, provides information on the following: 1) 2019 verified gross lifecycle savings results for Focus on Energy (Focus); 2) 2019 audited revenue and expenditures by category for Focus; 3) the municipal and electric cooperative results for Commitment to Community Programs (CTC); 4) 2019 Utility Voluntary Programs; and 5) Wisconsin Home Energy Assistance Program (WHEAP) - Weatherization Program 2019 results. For the full report visit the Commission website at: <https://psc.wi.gov/Pages/Regulatory/FocusReport.aspx>

1. EFFECTIVENESS OF FOCUS PROGRAMS IN REDUCING DEMAND FOR ELECTRICITY AND INCREASING USE OF RENEWABLE RESOURCES OWNED BY CUSTOMERS

2019 is the first year of the third Quadrennium (2019-2022). Highlights from this year include:

- For every dollar invested in energy efficiency, Focus provided \$2.58 in benefits; when economic benefits are added, the ratio increases to \$4.80 to \$1.00
- Customer satisfaction levels are high and continue to increase. Across all Focus programs, customer satisfaction was measured at 9.3 on a 10-point scale
- Calculations found Focus on Energy generated \$87,807,752 in health benefits for Wisconsin in 2019, accumulated by reduced emissions attributable to Focus on Energy activity.

Verified Gross Lifecycle Energy Savings: January 1-December 31, 2019

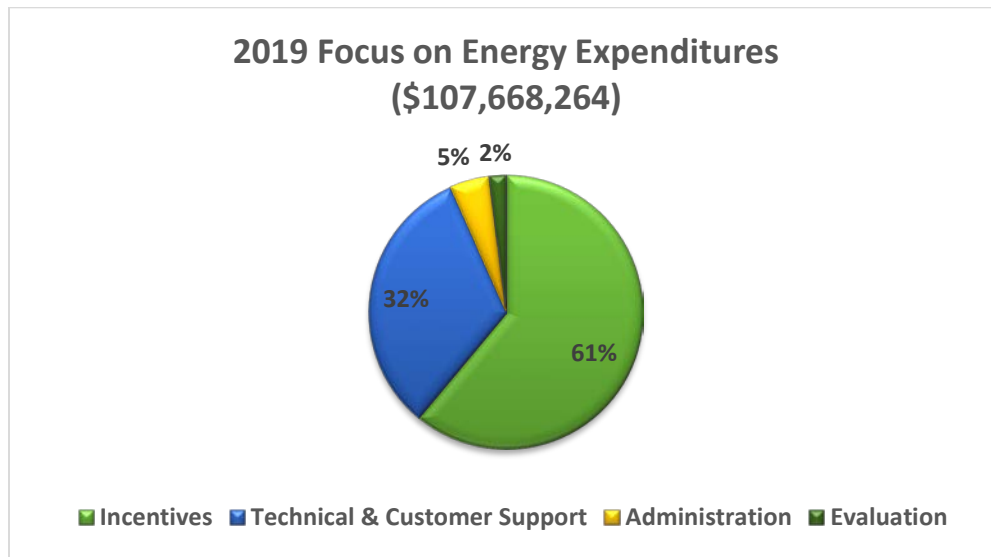
Portfolio	Participants	Verified Gross kWh*	Verified Gross kW*	Verified Gross Therms*	MMBtu	Benefit Cost Ratio
Non-Residential	6,992	7,571,848,059	67,532	332,165,170	59,051,663	3.01
Residential	102,357+	4,120,568,612	32,950	58,072,316	19,866,612	1.70
FOCUS TOTAL	109,349	11,692,416,671	100,481	390,237,486	78,918,274	2.58

+ This number is for unique program participants. The Evaluation Team estimated that if participants in the Retail Lighting and Appliance program were included, this number would be 934,911.

* Verified gross savings numbers are savings that have gone through an engineering review by evaluators to determine whether the reported gross savings were reasonable.

2. AUDITED 2019 REVENUES AND EXPENDITURES – FOCUS PROGRAM

Total revenues for 2019 were \$101,793,180. Program expenses for the 2019 period were \$107,668,264. The chart below illustrates expenditures for the Focus program as a whole in 2019.



The program expense categories are defined below:

- **Incentives** costs are cash incentives payable to Customers & Trade Allies and instant discounts received at point of purchase at participating retail locations.
- **Technical & Customer Support** costs are those associated with project identification, engineering calculation & modeling, on-site energy audits and assessments, inspection of installed projects, trade ally contractor outreach, technical training, and customer service.
- **Administrative** costs are not directly associated with a specific program activity but are necessary to the development and administration of programs, including record keeping, payroll, accounting, auditing, billing, business management, budgeting and related activities, overhead allocation and other costs necessary to direct the organization of the program, but do not include program evaluation. Total administrative costs for the Focus Program were \$5,064,618 broken out as follows: Compliance Agent (\$273,896); State Program for Energy Customer Tracking, Resource Utilization and data Management (SPECTRUM) System (\$656,048); Fiscal Agent (\$463,905); Public Service Commission of Wisconsin Staff Oversight (\$385,825); Statewide Energy Efficiency and Renewable Administration (SEERA) (\$7,718); Program Administrator (\$2,043,838); and Program Implementers (\$1,233,388.)
- **Evaluation** costs are those associated with independently verifying program energy savings and supporting continuous program improvement through analysis of markets, technologies and program operations.

Expenses by portfolio were: Residential (\$36,704,651), Business (\$59,415,614), and Rural Programs (\$7,628,472). Focus had contractual obligations totaling \$15,235,728.¹

3. **MUNICIPAL ELECTRIC RETAIL ELECTRIC COOPERATIVE SAVINGS AND EXPENDITURES**
Wisconsin Stat. § 196.374(7)(a) requires municipal utilities and retail electric cooperatives to collect an annual average of \$8 per meter for energy efficiency programs. The monthly fee may not exceed 1.5 percent of the total of every other charge for which the customer or member is billed for that month or \$375 per month, whichever is less. Each municipal utility or retail electric cooperative can choose to send the dollars collected to the Focus program or keep them and operate its own Commitment to Community (CTC) programs. Although Wis. Stat. § 196.374(1)(d) excludes load management from the definition of energy efficiency, Wis. Stat. § 196.374(7)(c) allows municipals and retail electric cooperatives to include load management in their CTC program offerings. Wis. Stat. § 196.374(7)(e) requires that an electric cooperative or municipal utility operating its own CTC program file a report that includes the following: 1) an accounting of fees charged to customers or members in the year, 2) expenditures on CTC programs, 3) a description of CTC programs established for the year, and 4) the effectiveness of the CTC programs in reducing demand for electricity by customers or members.

In 2019, CTC programs were operated by 13 retail electric cooperatives. The other 11 cooperatives, all 41 WPPI Energy (WPPI) municipal electric utilities, and all 41 non-WPPI municipal utilities sent their energy efficiency funds to Focus. The table below summarizes energy savings and expenditures for all 13 CTC programs operated by cooperatives. It should be noted that the energy savings estimates are calculated by the cooperatives and are not subject to the same evaluation procedures as the Focus savings. As a result, Commission staff cannot verify these CTC energy savings claims and does not recommend adding these savings to the Focus savings for the purposes of calculating statewide energy savings.

¹ Contractual obligations refer to contracts with customers for receipt of an incentive when a project is completed. Large projects can take up to 16 months from start to finish and therefore span from one calendar year into the next. This amount is taken from SPECTRUM.

2019 Retail Electric Cooperative CTC Summary

	kW (with Load Mgt.)	Annual kWh (with Load Mgt.)	Program Admin.	Program Delivery	Incentives	General marketing	Load Mgt. Costs	Wholesale Supplier Credit
Coop CTC Totals	9,179	15,513,519	\$38,357	\$155,176	\$812,357	\$111,977	\$443,299	\$274,280

4. UTILITY VOLUNTARY PROGRAMS

Pursuant to Wis. Stat. § 196.374(2)(b)2., investor-owned utilities (IOUs) may, with Commission approval, fund and administer voluntary energy efficiency or renewable resource programs that are in addition to the statewide Focus on Energy (Focus) programs. In 2019, three IOUs implemented voluntary programs: Northern States Power Company-Wisconsin (NSPW); We Energies; and Wisconsin Power and Light Company (WP&L). For more detailed descriptions, please see the full report on the Commission’s website: <https://psc.wi.gov/Pages/Regulatory/FocusReport.aspx>

- 1) Northern States Power Company operated four programs in 2019: Home Performance with ENERGY STAR® (HPwES); Business Incentive program (BIP); Small Business program (SBP); and the Mid-Market Program (MMP). Total expenditures for these programs in 2019 were; \$1,992,330 (\$581,379 for residential and \$1,410,951 for non-residential). The overall Utility Administrator Test (UAT) was 9.79 (2.47 for residential and 12.80 for non-residential programs.)
- 2) We Energies operated two programs in 2019: the Residential Assistance Program (RAP) and the Voluntary Design Assistance Program (VDAP). Total expenditures for these programs in 2019 were \$1,036,982 (\$961,982 for RAP and \$75,000 for VDAP). RAP completed 195 units representing 841,168 therms of lifecycle savings. VDAP was new in 2019 and didn’t record savings given the longer lead time associated with new construction projects.
- 3) Wisconsin Power & Light operated two programs in in 2019: Enhanced Low-Income Weatherization Program (ELIWP) and the Sense Pilot. The Commission approved a budget of \$410,000 for 2019 to serve an additional 50 customers. The Commission also approved Phase II of the Sense pilot for 2019 with a budget of \$368,970.

5. WISCONSIN HOME ENERGY ASSISTANCE PROGRAM (WHEAP) – WEATHERIZATION ASSISTANCE

The Division of Energy Housing and Community Resources (DEHCR) in the Department of Administration, contracts with various agencies throughout the state to provide weatherization services to eligible households. Households with income at or below 60% of the Wisconsin state median income (SMI) are eligible for services. Agencies include community action agencies, housing authorities, local governments and other non-profit organizations. The goal of the weatherization program is to save energy by targeting households with an excessive energy burden and that are made up of elderly, handicapped and/or children under 6 years of age. In 2019, the weatherization program provided services to 4,953 units and expenditures were \$38,659,888. For more detailed descriptions of these programs, please see the program website: <http://homeenergyplus.wi.gov/>