

# Public Service Commission of Wisconsin

Rebecca Cameron Valcq, Chairperson  
Ellen Nowak, Commissioner  
Mike Huebsch, Commissioner

4822 Madison Yards Way  
P.O. Box 7854  
Madison, WI 53707-7854

November 6, 2019

Mr. Jeff Renk, Chief Clerk  
Wisconsin State Senate  
P.O. Box 7882  
Madison, WI 53707-7882

Mr. Patrick E. Fuller, Chief Clerk  
Wisconsin State Assembly  
17 West Main Street, Room 401  
Madison, WI 53703

Dear Mr. Renk and Mr. Fuller:

Wisconsin Stat. § 196.374(3)(e) requires the Public Service Commission of Wisconsin (Commission) to annually prepare and post, on the Commission's website, a report on the statewide energy efficiency and renewable resource program, Focus on Energy, and municipal utility and electric cooperative programs. The report for the 2018 program year, entitled "*Energy Efficiency and Renewable Resource Program Activities in Wisconsin, January-December 2018*" is enclosed, and this letter presents a summary of the report for the Legislature, as required by the statute.

The 2018 program year marked the end of the second quadrennial period (2015-2018) and the release of a federal study of state energy efficiency programs that found that Wisconsin ran the most cost-effective energy efficiency programs in the country, achieving the highest rate of energy savings per dollar spent.

The Commission is also pleased to report that the number of small businesses participating in Focus on Energy grew by 46% from 2015-2018, and there was 29% growth in the percentage of rural Focus on Energy residential participants during the quadrennium as well. Focus on Energy assisted over 972,000 business and residential customers across the state to reduce their energy waste. The customer satisfaction score for Wisconsinites participating in the program reached an all-time high of 9.1 on a 10 point scale.

Just as important, at current funding levels, for every dollar spent the program delivered \$5.16 in economic and non-economic benefits to Wisconsin homeowners and businesses. The full report for the January-December 2018 contract period can be found on the Commission's web site:

<https://psc.wi.gov/Pages/Regulatory/FocusReport.aspx>

Should you have any questions, please contact the Commission's Focus on Energy Program Manager Jolene Sheil at (608) 266-7375 or [jolene.sheil@wisconsin.gov](mailto:jolene.sheil@wisconsin.gov).

Rebecca Cameron Valcq  
Chairperson

KN:jas:kle:DL:01701079

Enclosure



**Public Service Commission Report to the Legislature:**

**Summary of Energy Efficiency and Renewable Resource Program  
Activities in Wisconsin**

**January–December 2018**

This summary as required by 2005 Wisconsin Act 141, codified as Wis. Stat. § 196.374, provides information on the following: 1) 2015-2018 quadrennial verified gross lifecycle savings results by calendar year; 2) 2018 Focus on Energy verified gross lifecycle savings; 3) 2018 audited revenue and expenditures by category; and 4) the municipal and electric cooperative results for Commitment to Community Programs (CTC). For the full report visit the Commission website at: <https://psc.wi.gov/Pages/Regulatory/FocusReport.aspx>

## 1. 2015-2018 QUADRENNIAL PERIOD

An award-winning, nationally-recognized program, Focus on Energy (Focus) works with both public and private sectors and encourages Wisconsin residents and businesses to make informed energy decisions. By providing incentives, technical resources, and information, Focus aids residents in lowering their cost of living and businesses in improving their bottom lines. This drives millions of dollars in energy savings, and helps to improve our state's environmental health and preserve our natural resources. Highlights from the quadrennium include:

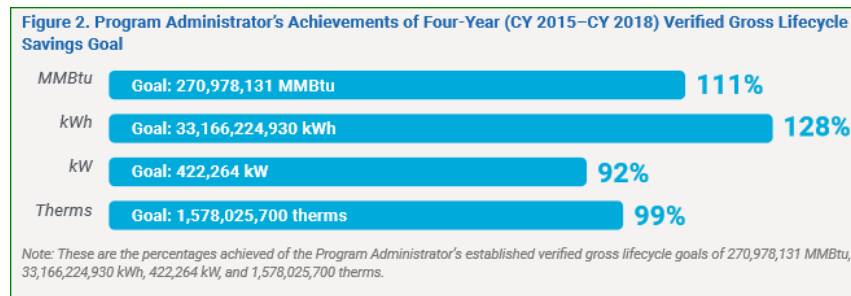
- A recent federal study of state energy efficiency programs found that Wisconsin ran the most cost-effective energy efficiency programs in the country, achieving the highest rate of energy savings per dollar spent<sup>1</sup>
- The number of small businesses participating in Focus grew by 46% from 2015-2018
- 29% growth in the percentage of rural Focus residential participants from 2015 to 2018
- 60% of Trade Allies reported growth in their businesses since becoming involved with Focus

Calendar Year (CY) 2018 was the final year of the second quadrennial period for the Focus program, which began in 2015. The benefit/cost analysis for the four-year period was 3.62, which means every dollar invested in energy efficiency during those four years yielded \$3.62 in benefits. The table below shows energy savings for each of the four years as well as total energy savings for the quadrennium. The 42 billion kilowatt-hours (kWh) and 1.5 billion therms in energy savings accounted for 28,531,208 tons of avoided carbon dioxide which is the equivalent of taking six million cars off the road for one year.

### Quadrennial Verified Gross Lifecycle Savings by Calendar Year<sup>2</sup>

Year	kWh	kW	Therms	MMBtu
2015	8,806,768,180	91,504	469,246,674	76,973,360
2016	9,514,934,930	92,316	398,833,329	72,348,291
2017	11,719,265,179	97,351	292,878,320	69,273,965
2018	12,288,180,882	108,409	401,982,740	82,125,547
<b>TOTAL</b>	<b>42,329,149,171</b>	<b>389,580</b>	<b>1,562,941,063</b>	<b>300,721,163</b>

Figure 2 below shows the verified gross lifecycle savings achievement (2015-2018), compared to the Program Administrator's (Aptim Government Solutions, LLC, Aptim) goals.



<sup>1</sup> Report available at: <http://www.swenergy.org/Data/Sites/1/media/lbnl-cse-report-june-2018.pdf>

<sup>2</sup> Life cycle savings represent the savings that will be achieved by the measures installed during CY 2018 over their useful lifetimes. Reports before 2011 listed annual savings or savings by measure for one year. The Commission determined in the Quadrennial Planning Process I to report life cycle savings since it represents future savings which is more useful for planning purposes.

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

Some of the highlights for 2018 include:

- For every dollar invested in energy efficiency, Focus provided \$3.66 in benefits; when economic benefits are added, the ratio increases to \$5.16 to 1
- Customer satisfaction levels are high and continue to increase. Across all Focus programs, customer satisfaction was measured at 9.1 on a 10-point scale
- Increased participation in 13 of 16 core programs, with 128,885 residential participants and 6,135 nonresidential participants

### Verified Gross Lifecycle Energy Savings: January 1-December 31, 2018

Portfolio	Participants	Verified Gross kWh*	Verified Gross kW*	Verified Gross Therms*	MMBtu	Benefit Cost Ratio
Non-Residential	6,135	7,230,617,097	69,050	296,995,006	54,370,366	4.95
Residential	128,885+	4,700,961,332	36,298	66,886,674	22,728,347	2.37
Rural	55,698	207,682,845	1,472	6,013,281	1,309,942	1.46
Pilots	43,399	148,919,608	1,589	32,087,779	3,716,892	5.41
<b>FOCUS TOTAL</b>	<b>234,117</b>	<b>12,288,180,882</b>	<b>108,409</b>	<b>401,982,740</b>	<b>82,125,547</b>	<b>3.66</b>

+ For CY 2018, the Evaluation Team determined participation for light bulbs using data from the CY 2015 residential general population survey. The survey collected data on the number of bulbs purchased annually by 609 Wisconsin residents. Using the average number of bulbs purchased annually per household (5.8 LEDs) and the total number of bulbs purchased from the Program Implementer's tracking system, the Evaluation Team estimated the number of households that participated in the program in CY 2018 to be 920,738.

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

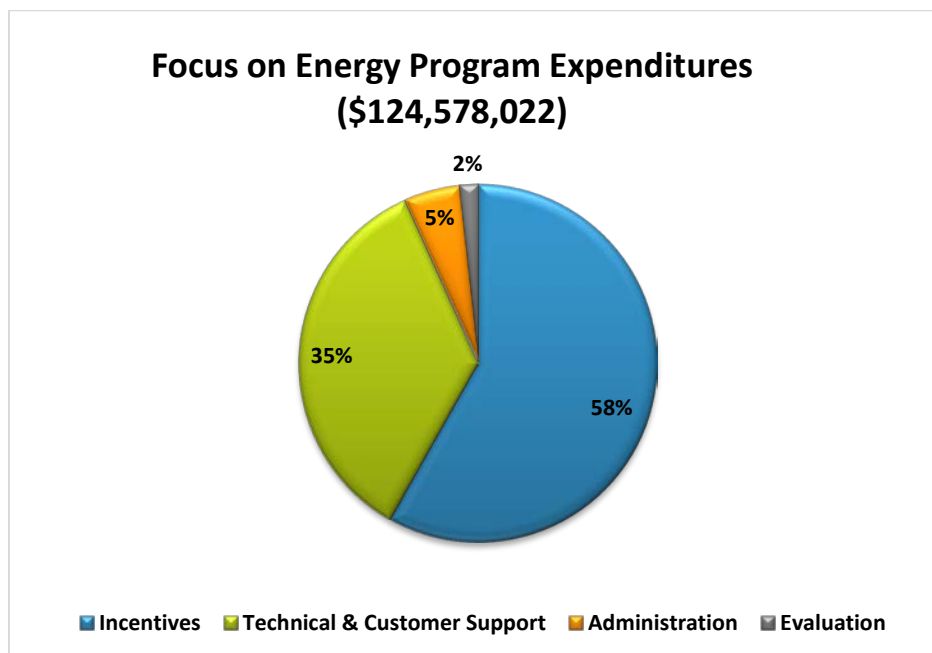
## 3. AUDITED 2018 REVENUES AND EXPENDITURES – FOCUS PROGRAM

Total revenues for 2018 were \$101,995,888. Program expenses for the 2018 period were \$124,578,026. The program expenses are broken out by the following budget categories and definitions below:

- **Administrative** costs are the costs not directly associated with a specific program activity but which 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 \$ 6,013,007 broken out as follows: Compliance Agent (\$251,873); State Program for Energy Customer Tracking, Resource Utilization and data Management (SPECTRUM) System (\$1,385,040); Fiscal Agent (\$554,893); Public Service Commission of Wisconsin Staff Oversight (\$395,392); Statewide Energy Efficiency and Renewable Administration (SEERA) (\$12,472); Program Administrator (\$2,120,376); and Program Implementers (\$1,292,961.)
- **Technical & Customer Support** costs are those associated with project identification, engineering calculation & modeling, inspection of installed projects, trade ally contractor outreach, technical training, and customer service.
- **Incentives** costs are cash incentives payable to Customers & Trade Allies and instant discounts received at point of purchase at participating retail locations.

- **Evaluation** costs are those associated with independently verifying program energy savings and supporting continuous program improvement through analysis of markets, technologies and program operations.

The chart below illustrates expenditures for the Focus program as a whole in 2018.



Expenses by portfolio were: Residential (\$42,377,709), Business (\$65,832,119), and Environmental and Economic Research and Development (\$201,004.) Focus had contractual obligations totaling \$17,685,826.<sup>3</sup> Finally, in any given program year, not all dollars contributed are expended and therefore “carry over” into the following program year. Carryover dollars from 2018 that carried over into 2019, totaled \$2,334,290 for Core Programs and \$12,334,290 for Rural Broadband.

#### 4. 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 2018, 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

<sup>3</sup> 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.

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.

#### 2018 Retail Electric Cooperative CTC Summary

	<b>kW (with Load Mgt.)</b>	<b>Annual kWh (with Load Mgt.)</b>	<b>Program Admin.</b>	<b>Program Delivery</b>	<b>Incentives</b>	<b>General marketing</b>	<b>Load Mgt. Costs</b>	<b>Wholesale Supplier Credit</b>
<b>Coop CTC Totals</b>	1,233	9,335,695	\$39,548	\$168,884	\$771,143	\$146,148	\$534,450	\$256,651