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September 11, 2023

Public Service Commission of Wisconsin
Attn: Mitchell Horrie
P.O. Box 7854
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Re: MEEA Comments on Quadrennial Planning Process IV Memorandum of August 21, 2023, in Case 5-FE-104

Introduction

Thank you for another opportunity to provide comments on the Quadrennial Plan. The Midwest Energy Efficiency Alliance (MEEA) is a collaborative network, promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. MEEA seeks an achievable pathway for all people and communities in the Midwest to receive the economic, environmental and societal benefits of energy efficiency and the larger clean energy economy.

With a knowledgeable and experienced staff capable of producing high-value content across a broad range of energy efficiency issues, MEEA takes pride in educating legislators and regulators throughout the region to recognize and implement cost-saving measures that are environmentally sound with a positive economic impact. As a nonpartisan nonprofit organization, we are recognized in the policymaking process and frequently called upon as an expert resource, weighing in on proposed policies, identifying opportunities for businesses and explaining the benefits of energy efficiency. MEEA has numerous members headquartered or operating in Wisconsin, including Alliant Energy, APTIM, Franklin Energy, Mid-West Energy Research Consortium, Slipstream, We Energies, Wisconsin Public Service, WPPI Energy, Xcel Energy and the Wisconsin Office of Energy Innovation, among others.

To summarize our comments, we support the following alternatives from the Memorandum:

- **Issue 1 – Starting Point Market-Based Carbon Value:** Alternative One.
- **Issue 2 – Forecasted Escalation of the Starting Point Market-Based Carbon Value:** Alternative Three.
- **Issue 3 – Low-Income Benefits Adder:** Alternative One.

Issue 1 – Starting Point Market-Based Carbon Value

We agree with the Focus Evaluation Working Group (EWG) that without Wisconsin's participation in established carbon markets, the weighted average of the existing

markets over the past two auctions is the best starting point (Alternative One). The alternative that only averages over a one-year period is more influenced by market volatility than the two-year average, and the alternative that leaves out one of the markets provides a less complete picture of market pricing. If or when Wisconsin emitters participate directly in carbon markets, then their direct experience could be used to revise carbon pricing for Focus cost-effectiveness.

Issue 2 – Forecasted Escalation of the Starting Point Market-Based Carbon Value

MEEA agrees again with the EWG that the 7.0% escalation rate (Alternative Three) is the most desirable option. It is derived from the empirical performance of the existing markets and is consistent with the analysis done for Issue 1. As with Issue 1, if Wisconsin becomes a participant in a carbon market, then this should be revised to be consistent with actual market performance.

Issue 3 – Low-Income Benefits Adder

The principles of the National Standard Practice Manual tell us to quantify impacts wherever possible. The use of an adder as a substitute for hard-to-quantify impacts is acceptable under that framework. If it becomes possible or desirable in the future to revisit this issue, the Commission should explore whether any of the benefits that are grouped under the adder are quantifiable, and if so, they should be included as quantified values, with the adder adjusted accordingly. For the current Quad Plan, we support EWG's recommendation for a 20% adder (Alternative One) as a reasonable value, consistent with the value used for adders in other states.

Conclusion

MEEA is appreciative of the opportunity to weigh in again on this Quadrennial Plan process. The Commission and Staff have taken a thoughtful and thorough approach to these complicated questions on cost-effectiveness. MEEA looks forward to aiding Staff and the Commission in its efforts to expand and modernize the Focus on Energy program to achieve greater energy savings in a way that is consistent with state policy goals. If you have questions about these comments or want additional information, please contact Greg Ehrendreich, Senior Analyst, at gehrendreich@mwalliance.org.

Thank you for your consideration.

Sincerely,



William Angelos
Acting Executive Director, MEEA

These comments reflect the views of the Midwest Energy Efficiency Alliance – a Regional Energy Efficiency Organization as designated by the U.S. Department of Energy – and not the organization's members or individual entities represented on our board of directors.