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September 30, 2024

Public Service Commission of Wisconsin  
4822 Madison Yards Way  
P.O. Box 7854  
Madison, WI 53707-7854

**RE: Midwest Energy Efficiency Alliance (MEEA) Response to Wisconsin Public Service Commission (PSC) Staff Memo on Savings Attribution for Stacking of Benefits (Docket 5-FE-104)**

**Introduction**

Thank you for the opportunity to submit comments concerning savings attribution when customers stack benefits from Focus on Energy and the Inflation Reduction Act (IRA) Home Energy Rebate (HER) Programs. 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. Ultimately, 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.

We see energy efficiency as the least cost foundation of the clean energy economy, creating immediate energy savings, providing career pathways, reducing emissions, improving new and existing buildings and boosting Midwest businesses and industries. MEEA serves as a technical resource, promoting program and policy best practices and highlighting emerging technologies, all to maximize energy savings, reduce costs, improve resiliency and lower energy burden. As a nonpartisan nonprofit organization, we are recognized in the policymaking process and are frequently relied upon as an expert resource, weighing in on proposed policies and helping explain the benefits of embracing energy efficiency. MEEA has a long history of engaging in WI PSC dockets and planning processes, and we have commented on several staff memos on the Quadrennial Plan Process IV and on the state's Home Energy Rebate applications.

A large part of MEEA's work over the last several years has revolved around tracking implementation efforts of the Infrastructure Investment and Jobs Act and the Inflation Reduction Act. We are an affiliate member of the National Association of State Energy Officials and we have attended many NASEO in-person meetings over the last several years to hear directly from the Department of Energy and state energy offices to understand rules, deadlines and processes around the many federal funding opportunities. Additionally, MEEA has engaged directly with the federal government through our strong relationships with the Department of Energy, the Office of Energy Efficiency and Renewable Energy and the Office of State and Community Programs.



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Through the Energy Efficiency Strategy Group, a coalition with other energy efficiency advocates, we have regularly submitted comments to DOE on implementation rulemaking.

MEEA routinely engages with our region's thirteen state energy offices by having conversations, participating in stakeholder meetings and submitting public comments. We host a monthly convening of Midwest state energy offices for them to hear from each other on challenges and opportunities on federal funding implementation. Notably, attribution has been a regular topic at these meetings, and we brought our sister regional energy efficiency organization, the Northeast Energy Efficiency Partnership (NEEP), to discuss their four attribution frameworks with the group. Because of this, and our reputation as the region's sole advocate focused exclusively on energy efficiency, MEEA feels equipped to add our perspective to the challenging issue of savings attribution. As always, we look forward to supporting and promoting efforts to enhance and expand energy efficiency in Wisconsin.

### **Commission Alternatives – Gross Savings Attribution Framework**

Wisconsin is unique, as it is the only Midwestern state with a statewide program administrator. With Focus on Energy serving as both the administrator of energy efficiency programs and Home Energy Rebates, Wisconsin residents will benefit from streamlined program delivery. This arrangement will make the decisions around attribution somewhat easier than other Midwestern states. States like Illinois, Michigan and Minnesota have laws in place mandating utilities reach fairly high levels of energy efficiency savings. These laws are successful in leading to substantial energy savings from utility-run energy efficiency programs, but also put pressure on utilities to continue to find new and innovative ways for their customers to reduce energy usage in a cost-effective manner. Establishing attribution frameworks in these states is all the more critical for those utilities who may need those savings to meet their mandated targets. While the Commission has laid out energy savings goals and key performance indicators for Focus and its implementers, MEEA is hopeful that there are fewer obstacles in the way to reach consensus on attribution in Wisconsin, with Focus being the lead entity in both energy efficiency programs and the Home Energy Rebates. Establishing a framework in Wisconsin is necessary and wise to do now while the state is still in the early days of issuing rebates.

We commend Wisconsin for its work to be the first state in the nation to roll out its Home Energy Rebates program. Now, Wisconsin is showing leadership by being the first state to decide on attribution policies. As the memo demonstrates, the IRA rebates are a great opportunity to move the market and encourage residents to take on energy efficiency upgrades. However, the allotment of funds Wisconsin has received is not an endless amount of money. Wisconsin, as well as all other states, should do its best



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to integrate HER funds into existing channels to make the funds go further. Importantly, this is already a familiar practice for Focus and its partners, as Table 1 in the memo demonstrates a long list of programs that have historically been co-funded with Focus funds. Ensuring fair attribution of savings is an important first step in continuing this spirit of collaboration between Focus and HER programs.

**MEEA is recommending the Commission select Alternative Two:** Focus shall apply a negotiated gross savings attribution framework for projects and measures receiving co-funding from Focus and IRA HER programs. With that, **MEEA also recommends the Commission select Sub-Alternative A:** Focus shall receive full attribution of gross savings for projects and measures receiving co-funding from Focus and IRA HER programs with the exception of savings for measures introduced after the date of this Order that do not pass a cost-effectiveness screen using Focus' primary cost-effectiveness test.

As the memo points out, Focus on Energy is a known and trusted brand, respected for its strong outreach, marketing and program delivery. The success of the HER programs will owe a great deal to the Focus program, which has successfully marketed and implemented energy efficiency programs statewide for decades. Because the IRA programs are building off this existing reputation and infrastructure, Focus deserves a fair and equitable attribution of savings.

For this reason, MEEA would understand if the Commission elected to proceed with Alternative One and allow Focus on Energy to claim all energy savings generated by co-funded projects or measures. We appreciate that Commission staff conducted outreach to some of the nation's other statewide program administrators. Seeing that the Energy Trust of Oregon and NYSEERDA are pursuing full attribution frameworks, as well as the mention of NEEP's suggestion that statewide programmatic administrators pursue full attribution, are reasonable justifications for selecting Alternative One.

However, MEEA believes Alternative Two with Sub-Alternative A is the fairest alternative, as it rewards Focus for its infrastructure, administration and reputation by allowing Focus to receive full attribution for projects and measures that are co-funded by Focus. We believe that Sub-Alternative A is justified in its removal of attribution for measures Focus would not fund due to their cost-effectiveness scores. It seems reasonable to remove these savings, as these are not measures Focus would have pursued on its own. Focus and Aptim have key performance indicators in place rewarding cost-effective energy efficiency upgrades. Thus, Focus and Aptim have selected measures, programs and sectors that create energy savings in a cost-effective manner, both to ensure that the state benefits the most from its investment in energy efficiency and to demonstrate to the Commission and government officials that the program is operating in a fiscally-responsible manner. Thus, it seems reasonable that Focus not be rewarded for measures



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that the administrators have intentionally omitted from its portfolio. If Focus has not included windows and doors in its portfolio, for example, then it seems fair to pursue a negotiated framework where Focus receives all of the savings for the co-funded measures but not for the Focus-exempt windows and doors.

The memo's section on the American Recovery and Reinvestment Act demonstrates that Alternative Two and Sub-Alternative A are in line with past practices from the ARRA program, which is the most directly comparable program we have to these IRA rebates. This option, which is most similar to NEEP's negotiated framework, will result in Focus receiving the vast majority of the savings for an energy efficiency project that it partially funds, with only the removal of measures that the program would not have funded on its own.

The memo concludes by saying this alternative would restrict Focus from offering incentives for certain measures, like heat pump clothes dryers or induction stoves. We understand Staff concerns that allowing Focus to modify its measure list to include IRA-eligible measures that have not historically passed Wisconsin's cost-effectiveness test would appear as piggybacking on existing funding streams to achieve more savings. However, we recommend the Commission show some leniency to Focus. The HER programs are set to extend through 2031. It is possible that heat pump dryers and/or induction stoves could eventually pass the cost-effectiveness test between now and 2031, as the technologies are still relatively unknown to consumers and have not yet penetrated most markets. As their costs drop, we recommend that the Commission consider allowing Focus to expand its measure list to include more measures that are on the HER list. As the memo mentions, there is great potential for Focus to reach additional customers and spur uptake of these end-uses if Focus also extends rebates for them, resulting in a transformed market. Thus, we still select Alternative Two and Sub-Alternative A but encourage the Commission to allow flexibility in Focus potentially receiving savings for future additional measures as technologies advance.

## **Conclusion**

We sincerely commend the program administrators and the PSC for their thoughtful approach to these complicated matters. Wisconsin is the only Midwestern state with a statewide program administrator for energy efficiency and renewable energy programming. This is an advantage for Wisconsin, given Focus on Energy's long history of successful program outcomes through effective program administration and implementation. While the size and scale of the Home Energy Rebate programs



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may be overwhelming, we are confident Wisconsin will build a strong program and design an attribution that fairly distributes savings. We look forward to supporting Wisconsin in this important work. If you have questions on these comments or want additional information, please contact Policy Director Maddie Wazowicz at [mwazowicz@mwalliance.org](mailto:mwazowicz@mwalliance.org). Thank you for your consideration.

Sincerely,

Paige Knutsen, Executive Director

*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.*