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PUBLIC SERVICE COMMISSION OF WISCONSIN

Quadrennial Planning Process V – Priorities Memo

5-FE-105

FINAL DECISION

This is the Final Decision regarding the Quadrennial Planning Process V (QPP V) Priorities Memo.

Introduction

The Commission oversees Wisconsin’s statewide energy efficiency and renewable resource programs known as Focus on Energy (Focus). This oversight includes a review of the programs at least every four years to set or revise the goals, priorities, and measurable targets for the programs under Wis. Stat. § 196.374(3)(b)1. On May 23, 2024, the Commission issued a Notice of Investigation in this docket to evaluate energy efficiency and renewable resource programs (statewide and utility voluntary programs) and to determine their appropriate goals, priorities, and measurable targets for the 2027-2030 time period. ([PSC REF#: 502626.](#))

This docket began with a Quad V Planning Study (Planning Study) performed by the Focus independent third-party evaluator, Cadmus, to estimate potential program impacts to inform program and policy decisions for Focus. The Planning Study estimated the energy savings, energy demand, and carbon emissions impacts by customer segment from program interventions, policy choices, and market conditions. The Planning Study was designed to explore transitional priorities identified by the Commission during Quadrennial Planning Process IV including: (1) make measurable progress toward a transition to greater emphasis on reducing carbon emissions, (2) assess strategies for achieving greater demand savings and better

understand the additional value of demand savings, (3) increase the program's emphasis and role in promoting beneficial electrification statewide. ([PSC REF#: 453081](#).) The Planning Study team held six stakeholder meetings between June 2024 and December 2025. Cadmus delivered the Planning Study final report in December 2025. ([PSC REF#: 571434](#).) An additional study ordered by the Commission in its QPP IV Final Decision, a Market Transformation Assessment Study, was also delivered by Cadmus in December 2025. ([PSC REF#: 571447](#)) and ([PSC REF#: 571448](#).) This study's objectives were to identify and prioritize potential market transformation opportunities for Focus and develop a roadmap for implementing energy efficiency market transformation in Wisconsin.

Pre-Scoping Request for Comments

The Commission issued a pre-scoping request for comments on July 16, 2025, to gather initial input on stakeholders' priorities for QPP V of Focus. ([PSC REF#: 554754](#).) During the Pre-Scoping phase, Commission staff identified and sought comment on three specific topics: 1) Energy versus Demand; 2) Cost-Effectiveness Issues; and 3) Program Objectives and Structure. Staff developed specific questions for the above three issues and invited commenters to provide input on one, some, or all topic areas listed. In addition, commenters were invited to provide further feedback on other priorities they believe should be emphasized in QPP V. The Commission received pre-scoping comments from 11 organizations and individuals including: Citizens Utility Board (CUB) ([PSC REF#: 557923](#)); Wisconsin Local Government Climate Coalition (WLGCC) ([PSC REF#: 557923](#)); Clean Energy Advocates (Elevate and Clean Wisconsin) ([PSC REF#: 557911](#)); RENEW Wisconsin ([PSC REF#: 557904](#)); Midwest Energy Efficiency Alliance (MEEA) ([PSC REF#: 557901](#)); Wisconsin Power & Light Company

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(WP&L) ([PSC REF#: 557892](#)); Center for Energy & Environment (CEE) ([PSC REF#: 557885](#)); Northwest Energy Efficiency Alliance (NEEA) ([PSC REF#: 557857](#)); Douglas Johnson ([PSC REF#: 555471](#)); Kathy Kuntz ([PSC REF#: 557849](#)); and Sarah Widder ([PSC REF#: 557905](#)).

Scoping Memorandum Request for Comments

On January 6, 2026, Commission staff provided a memorandum regarding the appropriate scope of Quad V to the public and parties for comment ([PSC REF#: 572088](#)). Commission staff also provided stakeholders and interested parties the opportunity to comment on two beneficial electrification issues the Commission identified in its Order of November 14, 2024, as meriting additional public comment as part of scoping for QPP V. ([PSC REF#: 524088](#).) The Commission received comments from seven organizations: Clean Wisconsin ([PSC REF#: 574670](#)); Midwest Energy Efficiency Alliance (MEEA) ([PSC REF#: 574703](#)); RENEW Wisconsin ([PSC REF#: 574684](#)); Slipstream ([PSC REF#: 574683](#)); University of Wisconsin -Eau Claire ([PSC REF#: 574505](#)); WEC Energy Group ([PSC REF#: 574718](#)); and Wisconsin Local Government Climate Coalition ([PSC REF#: 574654](#)).

In its order of February 24, 2026, the Commission determined that the QPP V would include the topics described in Table 1 below. ([PSC REF#: 580871](#).)

Table 1: Quadrennial Planning Process V Proposed Topics

Proposed Topic Category	Proposed Issues to Address
Savings Goal Priorities	• Peak demand emphasis in goals • Energy savings emphasis in goals
Renewables	• Quad V renewables budget and priorities
Peak Demand Priorities	• Priorities for load flexible measures • Priorities for Focus support of utility demand response
Market Transformation Priorities	• Role of market transformation in Quad V • Strategies for market transformation in Quad V
Program Evaluation Priorities	• Cost-effectiveness test selection • Emissions measurement and valuation in cost-effectiveness evaluation • Application of low-income benefits adder in cost-effectiveness evaluation
Underserved Customer Priorities	• Priorities for underserved customer initiatives

Quad V Priorities Memo

The scope items listed in Table 1 above were translated into decision issues for the Quad V priorities memo. On April 13, 2025, Commission staff provided a memorandum for comment regarding the priorities for Quad V. ([PSC REF#: 587165](#).) The Commission received comments from eleven organizations including: Clean Wisconsin, ([PSC REF#: 589761](#)); Wisconsin Utilities Association (WUA), ([PSC REF#: 589752](#)); Midwest Energy Efficiency Alliance (MEEA), ([PSC REF#: 589745](#)); Wisconsin Local Government Climate Coalition (WLGCC), ([PSC REF#: 589702](#)); Northeast Energy Efficiency Alliance (NEEA), ([PSC REF#: 589754](#)); Center for Energy and Environment (CEE), ([PSC REF#: 589759](#)); American Council for an Energy Efficient Economy (ACEEE), ([PSC REF#: 589792](#)); RENEW Wisconsin, ([PSC REF#: 589789](#)); Slipstream, ([PSC REF#: 589782](#)); Power Takeoff, ([PSC REF#: 589755](#)); and Clean Economy Coalition of Wisconsin (CECW), ([PSC REF#: 589760](#)). The Commission discussed the issues at its open meeting on May 14, 2026.

Following the Commission decisions outlined in this order, the Program Administrator will be developing a draft portfolio plan for stakeholder comment and Commission review later in the Quad Planning process, before the Commission makes additional decisions on the goals and measurable targets for Focus during the Quad V period. This is a modification to prior quadrennial planning processes intended to improve transparency for stakeholders and the Commission, ensure portfolio design aligns with Commission priorities for Quad V, and support the establishment of goals and measurable targets that are consistent with the portfolio of programs APTIM intends to make available during Quad V.

Findings of Fact

1. The priorities for Focus as set forth in this Final Decision are reasonable and in the public interest.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stat. §§196.02, 196.374, and 196.395, and Wis. Admin. Code ch. PSC 137 to set and revise the goals, priorities, and measurable targets for Focus.

2. The Commission may impose any term, condition, or requirement necessary to protect the public interest pursuant to Wis. Stat. §§ 196.02, 196.374, and 196.395.

Opinion

Issue 1: Fuel-Specific Savings Priorities

Before making decisions on the scope-specified issues of demand and energy savings emphasis, the Commission must determine the framework for these decisions. The Commission has historically established an overall MMBtu savings goal framework with fuel-specific targets for Focus. In its decision dated November 14, 2024, the Commission determined that the Quad IV energy savings goal shall be an overall MMBtu goal with minimum performance requirement thresholds for kWh and therm savings set at 70 percent of fuel-specific goals. ([PSC REF#: 524088.](#))

The Commission finds that flexibility in how the Program Administrator achieves its overall MMBtu goal continues to be helpful in allowing the program to adapt to dynamic conditions and capture cost-effective savings as opportunities arise. Therefore, the Commission finds it reasonable for Focus to maintain an overall MMBtu savings goal framework with fuel-specific savings targets in Quad V. The Focus Program Administrator must achieve a minimum of 70 percent of the fuel-specific savings goals for electric and natural gas with the remainder of the overall MMBtu goal to be met with either fuel. Maintaining fuel-specific targets is reasonable at this time considering Focus receives contributions from both electric and natural gas customers. The matter could be revisited in the future if evidence shows the 70 percent Minimum Performance Requirement threshold interferes with program operations.

Issue 2: Energy Savings and Demand Reduction Emphasis in Goals

In each of the three prior Quadrennial Planning Processes, the Commission has found it reasonable to establish Focus' goals based on reductions in energy usage (kWh and therms) and peak energy demand (kW), with more emphasis on energy use savings.

The Commission finds it is reasonable for the Program Administrator to design and offer a portfolio of programs for Quad V that places greater emphasis on summer electric peak demand reduction relative to prior quadrennia. Research conducted during Quad IV has positioned the program to have the information and tools necessary to support this direction.

Issue 3: Winter Peak-Demand Priorities in Goals

Focus began integrating winter electric peak and winter natural gas peak demand reduction impact metrics into program operations during Quad IV in recognition of the growing importance of the role of energy efficiency and renewable resources in managing energy demand and usage during winter peak periods.

The Commission finds it reasonable to direct the Program Administrator to propose targets for both winter electric and natural gas peak demand targets in its portfolio plan for Quad V. In setting this priority for Quad V, the Commission also acknowledges the finding from the Planning Study that designing a portfolio to achieve meaningful peak reductions across multiple fuels and peaks would be challenging. Accordingly, the Commission also finds it reasonable for winter peak targets for Quad V to be set at a level that does not compromise the achievement of other priority measurable targets or create excess administrative complexity for the Program Administrator, and directs the Program Administrator to propose winter peak electric and natural

gas reduction targets in its portfolio plan that are highly achievable and allow the program to gain experience in understanding its capabilities related to these metrics.

Issue 4: Priorities for Load-Flexible Measures

While Focus does not engage in the actual direct control of equipment or devices used by a utility customer, Focus' purview can include load-flexible measures that can be used to enable, integrate with, and enhance the benefits obtainable from participation in direct load control programs. Load-flexible measures are defined as internet connected, remotely controllable, and schedulable devices, which gives them the capability to reduce, shift, or modulate the energy use of a system or appliance at times that are beneficial to the customer or utility. Load-flexible measures provide the customer with the ability to schedule their energy usage for that device, such as scheduling a dishwasher or laundry appliance to run at night.

The Commission finds it reasonable for the Focus Program Administrator to propose a unit-based target for the deployment of load-flexible measures in Quad V. The Commission finds that a unit-based performance metric strikes a suitable balance for holding Focus accountable for achieving measurable levels of adoption for load-flexible technologies without adding undue administrative complexity. Furthermore, the Commission finds it reasonable for only load-flexible measures with approved workpapers in the Focus Technical Reference Manual (TRM) demonstrating claimable energy savings to be counted toward a Quad V unit-based performance metric.

The Commission also finds it reasonable for Focus to investigate options to account for the value of load-flexible measures in its portfolio cost-effectiveness framework. This investigation should evaluate whether modifications to the Focus cost-effectiveness framework

may be necessary to adequately account for the full benefits of load-flexible measures offered by the program. The Commission further finds it reasonable for the Focus Evaluation Work Group to propose a methodology or value to account for the full benefits of load-flexible measures offered by the program for the Commission's consideration based on this investigation.

Issue 5: Focus Support for Utility Demand Response Programs

Focus is a statewide energy efficiency and renewable resource program. Wisconsin Stat. § 196.374(1)(d) defines energy efficiency programs for purposes of Focus and specifies that an energy efficiency program “does not include load management.” Wisconsin Stat. § 196.374(1)(f) defines a load management program as “a program to allow an energy utility, municipal utility, wholesale electric cooperative...retail electric cooperative, or municipal electric company...to control or manage daily or seasonal customer demand associated with equipment or devices used by customers or members.” Therefore, Focus does not operate demand response programs in Wisconsin, which are instead operated by utilities and third-party aggregators.

It is not within Focus' purview to lead efforts to expand customer access demand response programming. However, Focus is well-positioned to support the efforts of utilities as they develop and grow demand response initiatives across the state. The Commission finds it reasonable for Focus to maintain its current level of support for utility demand response programs in Quad V. Additional incremental investment in Focus' support for utility demand response programs should be limited to opportunities with a clear value proposition to increase participation in Focus. The Program Administrator's portfolio plan should describe how it

intends to support utility demand response programs in Quad V, consistent with the Commission's discussion.

Issue 6a: Should Focus Develop and Implement a Market Transformation Program in Quad V?

Traditional Resource Acquisition (RA) programs which Focus has historically offered use rebates and incentives that reduce first costs of a measure, offering training for trade allies, and offer marketing and case study materials to educate customers. Energy savings for efficient measures are immediate and continue over the life-time of the measure. Market Transformation (MT) strategies seek to deliver durable, long-term energy savings by changing how markets function by reducing costs, increasing availability, and normalizing adoption of efficient technologies beyond the life of program interventions. MT involves distinct intervention strategies focused on a specific technology or practice to reduce market barriers and leverage opportunities to create lasting market change in ways that are not easily undone. MT can include activities similar to traditional resource acquisition (RA) programs, however unlike traditional RA programs, MT programs must establish an overarching MT theory of change that hypothesizes how a set of strategic activities can be combined to result in a structural market change.

The Commission finds it reasonable for Focus not to develop and implement a Market Transformation Program in Quad V. Incremental investment in market transformation activities in Quad V should be limited to those efforts whose primary goal is near-term energy savings. The Commission acknowledges that while market transformation holds long-term cost-effective savings potential, it also requires significant up-front investment of time and effort that is not a priority for the program to address alongside the other priorities being established for Quad V.

Opportunities to develop and implement a Market Transformation Program may be revisited once the contributions from increased revenues associated with data center load growth are reflected in the Focus budget.

Issue 6b: What is the appropriate Quad V budget for a Market Transformation Program?

The Commission finds it reasonable to take no action on a budget amount given that it did not direct Focus to develop and implement a Market Transformation Program in Quad V.

Issue 7a: Should Focus prioritize workforce development initiatives in Quad V?

Focus Trade Allies have identified challenges in attracting and retaining enough qualified workers to meet customer demands.¹ For example, a recent evaluation of the Focus Residential New Construction Program found that half of builders interviewed experienced challenges accessing qualified contractors, attributing the difficulties to a lack of apprenticeship programs and retirements of experienced workers who are not replaced by qualified younger workers.²

Consistent with its decision on Market Transformation Programs, the Commission finds it reasonable for Focus to maintain its current level of support for workforce development in Quad V. However, opportunities to increase Focus' emphasis on workforce development initiatives may be revisited once the contributions from increased revenues associated with data center load growth are reflected in the Focus budget.

¹ [PSC REF#: 589761](#).

² [PSC REF#: 589761](#).

Issue 7b: What is the appropriate budget for Quad V workforce development initiatives?

The Commission finds it reasonable to take no action on the appropriate budget for workforce development initiatives given that it found it reasonable for Focus to maintain its current level of support for workforce development in Quad V.

Issue 8: Quad V Renewables Budget

During the QPP IV, the Commission set a four-year maximum renewables budget of \$22 million and gave APTIM the flexibility to shift funds between the Renewable and Core energy efficiency budgets with approval from Commission staff. As with Quad III, the \$22 million was for incentives only with non-incentive costs taken out of the Core energy efficiency budget.

The Commission finds it reasonable to increase the Quad V renewables budget allocation to \$25 million and give the Program Administrator the flexibility to shift funds between the Renewable and Core Efficiency budgets after receiving approval from Commission staff. Total renewable expenditures over the quadrennium shall not exceed the maximum budget. The Commission observes that holding the renewables budget steady at \$22 million would have effectively decreased the renewable budget relative to the increase in core funding. The Commission finds that increasing the Quad V renewables budget to \$25 million allows the renewables budget to maintain a similar proportion of the overall portfolio budget as in prior quadrennia. The Commission also finds it reasonable to establish the \$25 million renewables budget for incentives only, with non-incentive costs taken out of the core efficiency budget.

Issue 9: Underserved Customer Priorities in Quad V

Underserved refers to people or communities that do not receive the same level of access, resources, or benefits from the Focus Program as others, often due to structural, economic, or social barriers. There have been a number of initiatives undertaken during Quad IV to address underserved customer priorities in addition to some initiatives that have been part of Focus since its inception, such as higher incentives for income-qualified customers. ([PSC REF#: 453081.](#))

APTIM along with its subcontractor, VEIC, conducted an analysis in Quad IV to identify geographic locations that have historically had low levels of Focus participation and benefits received, assess the demographic and socioeconomic attributes common to those areas, and evaluated how those attributes correspond to established definitions of vulnerable populations. By combining publicly available census data with program participation data, APTIM evaluated demographic commonalities within each census tract. This analysis showed areas where there were gaps in service shared in one or more of the following seven demographic or socioeconomic characteristics:

- High energy burden/costs
- High share of low- to moderate-income population
- High share of renter population
- High share of Black, Indigenous, and People of Color (BIPOC) population
- High share of limited English-speaking population
- High share of population with limited internet access

Focus labeled census tracts with one or more of these characteristics as Communities of Focus (CoF). In its order of August 21, 2024, the Commission approved the Communities of Focus framework and directed the program to set goals to increase savings in Communities of Focus during the remainder of the Quad IV period.

As part of the same order, the Commission directed the Program Administrator to survey small business customers to supplement gaps that neither Focus participation data nor census data could adequately address. This included engaging directly with small businesses to learn what it means to be a small business and how their priorities could align with those of Focus – specifically, how proprietors define “small business,” what their business priorities are, how energy efficiency fits into their priorities, and their awareness and perception of Focus on Energy. ([PSC REF#: 514798](#).) The completed research identified three potential paths forward for better serving small businesses:

- A dedicated small business program;
- A repackaging of existing offerings; or
- Stronger outreach and technical assistance tailored to small business needs.

The Commission finds it reasonable for the Program Administrator to propose programs in Quad V that would close participation gaps in underserved communities and increase energy savings in Communities of Focus. The proposal should describe which Communities of Focus will be targeted along with an appropriate energy savings KPI to measure success. The Commission determines that programs that close participation gaps and increase energy savings in Communities of Focus should be prioritized because these objectives are aligned with the program’s direction to reduce energy usage and demand. The Commission also finds it reasonable for the Program Administrator to propose an initiative/program to address the needs of small business customers using information gathered during Quad IV to guide development. The proposal should include appropriate KPIs to measure success.

Issue 10a: Primary Cost-Effectiveness Test Selection

The Commission has historically relied upon a modified Total Resource Cost (mTRC) test as Focus' primary cost-effectiveness test, while also including multiple secondary cost-effectiveness tests in the Focus framework for informational purposes to aid in program planning and to understand program impacts from multiple perspectives.

The Commission finds it reasonable for a Wisconsin-Specific Test comprised of the utility and non-utility system impacts recommended by the EWG in Table 2 below to serve as the primary Focus portfolio test of net cost-effectiveness in Quad V. The Commission observes that the modified TRC that has been in use for multiple quadrennia diverges from the National Standard Practice Manual (NSPM) in two ways: 1) it does not include a number of possible utility system impacts, and 2) it includes only costs to the host customer but not benefits. Adopting the Wisconsin Test proposed by the EWG addresses the deficiencies of the modified TRC by incorporating additional benefits not currently counted.

The Commission further finds it reasonable for Focus to investigate and develop options for valuing only those new impacts added to the primary test that are not already quantified in secondary tests. Based on this investigation, the EWG shall present the full Commission with alternatives for the appropriate valuation of these impacts. In setting this direction, the Commission directs the EWG to take a measured approach to its investigation and focus its time and resources on impacts that can be meaningfully quantified. Furthermore, the EWG should consult the recommendations from the forthcoming NSPM publication when determining the options for the appropriate valuation of impacts or whether impacts included in the Wisconsin-Test are appropriate to include in the framework.

Table 2: EWG's Recommended Focus Cost-Effectiveness Framework

Category	Type	Impact	Current Status ✓ = in framework + = proposed addition
Electric System Impacts	Generation	Energy Generation	✓
		Capacity	✓
		Environmental Compliance	✓
		Market Price Effects	+
		Ancillary Services	+
	Transmission	Transmission Capacity	✓
		Transmission System Losses	✓
	Distribution	Distribution Capacity	+
		Distribution System Losses	+
		Distribution O&M	+
	General	Financial Incentives	✓
		Program Administration	✓
		Credits and Collection	+
		Risk	+
		Reliability	+
		Resilience	+
Natural Gas System Impacts	Energy Supply	Fuel and Variable O&M	✓
		Capacity	+
		Environmental Compliance	+
		Market Price Effects	+
	Transportation	Pipeline Capacity	+
		Pipeline Losses	+
	Delivery	Local Delivery Capacity	+
		Local Delivery Losses	+
	General	Financial Incentives	✓
		Program Administration	✓
		Credits and Collection	+
		Risk	+
		Reliability	+
		Resilience	+
Host Customer and Societal Impacts	Host Customer	Measure Cost (Participant Portion)	✓
		Asset Value	+
		Economic Well Being	+
		Health and Safety	+

Category	Type	Impact	Current Status ✓ = in framework + = proposed addition
		Water Resource	✓ (Secondary test only)
		Productivity	+
		Arrearages	✓ (Secondary test only)
		O&M and Purchase Deferral	✓ (Secondary test only)
	Societal	GHG Emissions*	✓
		Other Environmental Impacts**	✓
		Impact on Low-Income Customers	✓
		Public Health Benefits	✓ (Secondary test only)
		Economic Benefits and Jobs	✓ (Secondary test only)
		Energy Security	+

*Methane, a potent GHG associated with the burning and/or leakage of natural gas, is not included in Focus' current GHG emissions valuation framework, which only considers CO₂.

**SO_x and NO_x pollutants are already included in the Focus test framework. However, other pollutants, such as land, water, and other air pollutants, including persistent, mobile, and toxic substances (PMTs), are not currently included.

Issue 10b: Secondary Cost-Effectiveness Test(s)

In previous Quadrennial Plans the Commission has directed Focus to conduct additional secondary cost-effectiveness tests for informational purposes to assess a wider range of impacts and perspectives than any single, primary cost-effectiveness test could allow for. At present, the Expanded TRC Test is conducted to recognize the Commission's interest in Focus' economic impacts; the UCT is conducted to ensure evaluation takes into account the cost-effectiveness of the incentive costs that the TRC Test excludes; and the Societal Cost Test (SCT) is conducted to account for the broader range of societal impacts of the program.

The Commission acknowledges the importance of performing secondary cost-effectiveness tests to provide historical continuity for tracking program performance and to offer additional perspectives for calibrating results of the primary test. Furthermore, the Commission recognizes that including secondary tests in the Focus cost-effectiveness framework does not

present significant costs or administrative burden for program evaluation. The Commission finds it reasonable for the following secondary tests to be used for informational purposes: TRC Test, Modified TRC Test, Expanded TRC Test, and Utility Cost Test.

The Commission finds that excluding the Societal Cost Test as a secondary test is appropriate because much of what it captures overlaps with the impacts included in the Wisconsin Test that has been established as Focus' primary test in Quad V. Moreover, adding the modified TRC as a secondary test is appropriate for historical continuity since it will no longer serve as the primary test.

Issue 11: Application of the Low-Income Benefits Adder

In its Order of December 21, 2023, the Commission adopted the EWG's recommendation of a 20 percent low-income benefits adder to be included to Focus' cost-effectiveness test. ([PSC REF#: 487366](#).) The EWG recommended that the application of this adder would be limited to programs and offerings that base participation eligibility on requiring verification of income at or below 60 percent of SMI or proof of eligibility for assistance programs where 60 percent of SMI is required for eligibility, such as the state's Home Energy Plus Programs.

The Commission finds it reasonable for Focus to maintain its current practice of applying a 20 percent benefits adder to programs and offerings targeting customers at or below 60 percent statewide median income in its primary cost-effectiveness test and secondary tests performed for informational purposes. The Commission finds that the approach adopted in Quad IV to apply the adder to programs and offerings targeting 60 percent of statewide median income is working as intended and should be given more time before considering expansion to programs and offerings targeting a different income level.

Issue 12: Avoided Carbon Emissions Methodology

Focus has measured, tracked, and reported the carbon emissions avoided through program activities as part of its annual evaluation process since oversight moved to the Commission.³ The measurement and accounting of these pollutants is performed in accordance with Focus' statutory requirement "to help achieve environmentally sound and adequate energy supplies at reasonable cost" (Wis. Stat. § 196.374(2)(a)2.) and the Commission's statutory duty to give priority to programs that "avoid the adverse environmental impacts from the use of energy" (Wis. Stat. § 196.374(3)(b)1.).

Since 2015, the Program Evaluator has used the EPA's Avoided Emissions and geneRation Tool (AVERT) to estimate the avoided emissions attributable to Focus' electric energy savings. The emissions factors output by AVERT are based on hourly emissions rates of generation plants operating on the margin of system supply—referred to as the marginal emission rate, or MER—specific to the grid region serving Wisconsin. AVERT relies on five years of recent historical hourly generation and emissions data to produce an annualized hourly emissions profile for the MISO region. The EPA has updated AVERT's hourly generation data each year. Accordingly, the Program Evaluator updates the annualized emission profile derived from AVERT each year when evaluating Focus impacts.

During Quad IV, the Focus Evaluation Work Group reviewed the AVERT-based approach to emissions calculation and identified multiple limitations to the approach. The Evaluation Work Group further reviewed research on avoided emissions methodologies in other

³ The earliest reference to Focus' emissions impacts published on the Focus website are from a September 2006 report: PA Government Services, Inc. September 27, 2006. Focus on Energy Public Benefits Evaluation: Semiannual Report (FY06, Year-end), https://assets.focusonenergy.com/production/semiannualyearendfy06_evaluationreport.pdf.

states, and discussed priorities for establishment of an appropriate methodology. Based on its investigation, the Evaluation Work Group developed the recommended methodology outlined in Table 3.

Table 3. Recommended Avoided Emissions Calculation Methodology

Step	Description
1. Calculate a base-year statewide hourly weighted marginal emissions rate for load-following resources	• Marginal emissions rates shall be based on generator-level emissions rate data filed by Wisconsin utilities for the Strategic Energy Assessment (SEA). • Load-following resources are defined as non-baseload resources representing the last generation resource activated to meet overall demand. • Hourly utility system load data necessary to support this calculation shall be requested and obtained from MISO every two years to ensure results maintain alignment with actual system load characteristics.⁴ • Weighted hourly marginal emissions rates are based on the proportional hourly load generated by each Wisconsin utility over the year that the data is relevant for.
2. Project the six-year statewide weighted hourly marginal emissions rate for load-following resources	• Near-term statewide weighted hourly marginal emission rates will be based on utility-specific marginal emissions rates for the projected mix of load following resources reported in the SEA⁵ and weighted by the proportion of anticipated load generated by each Wisconsin utility (using MISO data from Step 1).⁶
3. Calculate long-term (year seven to longest lived measure effective useful life) statewide average marginal emissions rate for load-following resources	• Assume a straight-line reduction in weighted average emissions rates between the final year of available SEA generation mix data and each Wisconsin utility's publicly-stated carbon reduction goals as published in the Wisconsin Clean Energy Plan, the SEA,⁷ or other publicly available sources as needed.

⁴ Historically, the Program Evaluator has requested and received base year and forward-looking hourly system load data from MISO, with assistance from Commission staff in the Office of Regional Markets, once every four years as part of its quadrennial update to avoided electric energy costs. With observed increased volatility energy prices and rapidly changing demand curves, the Evaluator has recommended requesting these data more frequently than once per quadrennium.

⁵ Tables 2-3 of the 2024-2030 SEA provide planned new additions to generation capacity. These data are used to inform near-term marginal emissions rates for load-following resources by utility.

⁶ Currently, Focus requests forward-looking hourly system load and pricing data from MISO at the beginning of the quadrennium with the support of the PSC's Office of Regional Markets (ORM). Requesting these data twice per quadrennium will require additional coordination between Focus and ORM staff.

⁷ See Tables 1-4 of the 2030 Strategic Energy Assessment. [PSC REF#: 523854](#).

Step	Description
	Incorporate publicly available interim carbon reduction goals into the general slope between the last year of SEA data and the final year of utility carbon goal milestones.⁸
4. Calculate Seasonal Emissions Load Profiles	- Convert hourly emissions factors into 96 “Seasonal-Daily” intervals (4 seasons x 24 hours). - Generate 96 “Seasonal-Daily” values for each year.
5. Estimate avoided emissions at the portfolio-level based on verified net electricity savings using measure level time-varying load profiles	- Assign each measure in the portfolio to an established NLR load profile.^{9,10} - Generate 96 “Seasonal-Daily” energy savings value in each hour of the year. - Multiply the marginal Seasonal-Daily emissions values with the Seasonal-Daily energy savings values to generate a projected reduction in emissions in each of the 96 hours for each year that the measure is expected to be in service, using the measure’s EUL.
6. Revise marginal Seasonal-Daily emissions values every two years using the most recently available data	The EWG will regularly review available emissions data sources to determine if alternative data sources are preferred (such as Cambium).

The Commission finds it reasonable to approve the methodology for measuring Focus’ avoided carbon emissions impacts as recommended by the EWG. The Commission finds the EWG’s proposed methodology to be a more accurate and transparent model going forward but also advises the EWG to avoid dedicating a disproportionate amount of time and resources to modifying or refining the avoided emissions methodology. Furthermore, the Commission identifies the Midcontinent Independent System Operator’s (MISO’s) emissions dashboard as a potentially useful tool to support measurement of Focus’ avoided carbon impacts and encourages staff to review opportunities to integrate the dashboard into its methodology.

⁸ Tables 2-5 of the 2024-2030 SEA provide interim carbon reduction goals by utility.

⁹ <https://www.nrel.gov/buildings/end-use-load-profiles>

¹⁰ For measures where an NLR load profile is not available, the evaluation team will apply an alternative load profile, developed in coordination with PSC and the Program Administrator.

Issue 13a: Quad V Carbon Value

The value of carbon can be defined based on either its market value or its social costs. Market-based values are based on the value of per-ton emissions allowances traded in organized emissions markets and therefore reflects the cost to market participants of achieving carbon reductions in those regions. The social cost of carbon is calculated to include a range of economic costs to society resulting from carbon emissions, such as increased healthcare costs, environmental damages, and decreased agricultural productivity.

The Commission has historically assigned market-based carbon values for purposes of Focus evaluation. During QPP I, the Commission established a carbon value of \$30 per ton, stating that this value appropriately reflected higher expected market costs of carbon in the future. ([PSC REF#: 141173](#).) In Quad II, the Commission directed staff and the EWG to present options for a market-based carbon value. ([PSC REF#: 215245](#).) The value approved for Quad II was \$15 per ton. ([PSC REF#: 279739](#).) The \$15 per ton market-based value was maintained with the Commission's QPP III decisions. ([PSC REF#: 343909](#).) In its QPP IV Final Decision, the Commission ordered the EWG to provide alternatives for a market-based carbon value for the Commission's consideration. ([PSC REF#: 453081](#).) The EWG submitted alternatives for the Commission's consideration in August 2023. ([PSC REF#: 475940](#).) Based on the information presented by EWG, the Commission set a starting point market-based carbon value of \$24.77 per ton for purposes of quantifying Focus' avoided carbon emissions impacts in Quad IV. ([PSC REF#: 487366](#).) This value represents the weighted average price per ton of carbon at the two most recently held auctions at the time of the Commission's decision across all three active U.S. carbon markets. The Commission's decision also determined the starting point market-

based value per ton of avoided carbon emissions should escalate at a rate of seven percent annually, consistent with the annual growth rate of price ceiling and floor values established in the operating procedures for the markets reviewed by the EWG. (*Id.*)

The Commission finds it reasonable for the Focus cost-effectiveness tests to value avoided carbon emissions using an updated market-based value. The Commission finds it appropriate to use a market-based value that reflects market conditions in Quad V rather than setting a market-based value prior to the beginning of Quad V. Therefore, the Commission also finds it reasonable that no later than December 1, 2027, the EWG shall provide a report to the Commission on alternatives for an appropriate market-based carbon value, at which time the Commission will select the preferred valuation. The Commission further determines that the EWG's weighted average methodology continues to be a reasonable approach for assessing the appropriate market-based carbon value for Focus.

Issue 13b: Quad V Starting Point Carbon Value Rate of Growth

The Commission finds it reasonable for the Focus Quad V carbon value to continue to be escalated at a rate of 7.0 percent annually.

Act 141 Contribution Calculation

Commenters identified an additional issue regarding the approach to calculating annual Act 141 contributions. Clean Wisconsin ([PSC Ref# 589761](#)) and the Wisconsin Utilities Association ([PSC Ref # 589752](#)) suggested the Commission could modify the annual Act 141 contribution calculation to reduce the time lag between when investor-owned utility operating revenues are reported and when they are included in the calculation. Such a modification would ensure Act 141 contributions from large data centers enter the Focus budget a year sooner than

they would under the current approach. The Commission finds it reasonable to direct staff to evaluate options to modify the calculation to reduce the time lag while maintaining appropriate budget visibility and stability for trade allies, market actors, and the Program Administrator. Staff may implement a change to calculation to reduce the time lag between when investor-owned utility operating revenues are reported and when they are included in the calculation based on its evaluation.

Order

1. Focus shall maintain an overall MMBtu savings goal framework with fuel-specific savings targets in Quad V. The Focus Program Administrator must achieve a minimum of 70 percent of the fuel-specific savings goals for electric and natural gas with the remainder of the overall MMBtu goal to be met with either fuel.
2. The Program Administrator shall design and offer a portfolio of programs for Quad V that places greater emphasis on summer electric peak demand reduction relative to prior quadrennia. The Program Administrator's proposed Quad V summer electric peak demand reduction goal shall reflect an increase in the ratio of summer peak demand reduction to lifecycle electric savings when compared to goals established in Quad IV.
3. The Program Administrator shall include targets for both winter electric demand and winter gas peak reduction in its portfolio plan submitted to the Commission. Targets shall be proposed at levels the Program Administrator determines to be highly achievable, do not compromise the achievement of other priority measurable targets, do not create administrative complexity, and allow the program to gain experience in understanding its capabilities related to these metrics.

4. The Focus Program Administrator shall propose a unit-based target for the deployment of load-flexible measures in Quad V. Only load-flexible measures with approved workpapers in the Focus TRM demonstrating claimable energy savings may be counted toward a unit-based performance metric.

5. Focus shall investigate options to account for the value of load-flexible measures it offers in the portfolio cost-effectiveness framework. The Evaluation Work Group shall propose a methodology or value for the Commission's consideration based on this investigation.

6. Focus should maintain its current level of support for utility demand response programs in Quad V. Additional incremental investment should be limited to opportunities with a clear value proposition to increase participation in Focus.

7. Focus should not develop and implement a Market Transformation Program in Quad V. Incremental investment in market transformation activities in Quad V should be limited to those efforts whose primary goal is near-term energy savings.

8. Focus should maintain its current level of support for workforce development in Quad V.

9. The Quad V renewables budget allocation shall be \$25 million. The Program Administrator shall have the flexibility to shift funds between the renewable and core Efficiency budgets after receiving approval from Commission staff. Total renewable expenditures over the quadrennium shall not exceed the maximum budget. Further, the \$25 million renewable budget is for incentives only, with non-incentive costs to be taken out of the core efficiency budget.

10. The Program Administrator shall propose programs that would close participation gaps in underserved communities and increase energy savings in Communities of Focus. The

proposal should describe which Communities of Focus will be targeted along with an appropriate energy savings KPI to measure success.

11. The Program Administrator shall propose an initiative/program to address the needs of small business customers using information gathered during Quad IV to guide development. The proposal should include appropriate KPIs to measure success.

12. A Wisconsin-Specific Test comprised of the utility and non-utility system impacts recommended by the EWG in Table 2 of this Final Decision shall serve as the primary Focus portfolio test of net cost-effectiveness. Focus shall investigate and develop options for valuing only those new impacts added to the primary test that are not already quantified in secondary tests. Based on this investigation, the EWG shall present the full Commission with alternatives for the appropriate valuation of these impacts. The EWG shall take a measured approach to its investigation and focus its time and resources on impacts that can be meaningfully quantified.

13. The following four tests shall be used as secondary tests for informational purposes: TRC Test, Modified TRC Test, Expanded TRC Test, and Utility Cost Test.

14. Focus shall continue to apply a 20 percent benefits adder to programs and offerings targeting customers at or below 60 percent statewide median income in its primary cost-effectiveness test and secondary tests performed for informational purposes.

15. The methodology for measuring Focus' avoided carbon emissions impacts as recommended by the EWG shall be used for purposes of evaluating Focus.

16. Focus' cost-effectiveness tests shall value avoided carbon emissions using an updated market-based value. No later than December 1, 2027, the EWG shall provide a report to

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the Commission on alternatives for an appropriate market-based carbon value, at which time the Commission will select the preferred valuation.

17. Focus' Quad V carbon value shall continue to be escalated at a rate of 7.0 percent annually.

Dated at Madison, Wisconsin, the 29th day of June, 2026.

By the Commission:

A handwritten signature in dark ink, appearing to read "Victoria Yracheta", with a stylized, cursive flourish at the end.

Victoria Yracheta
Assistant Secretary to the Commission

For Cru Stublely
Secretary to the Commission

JF:TK:JP:MH:JS:bs DL:02137103

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
4822 Madison Yards Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.¹¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

¹¹ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.