

National Standard Practice Manual

CASE STUDY

Wisconsin

2026



National Standard Practice Manual

For Benefit-Cost Analysis of Distributed Energy Resources
2026



NASEO
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1. Summary

This case study provides an example of how Wisconsin applied the [National Standard Practice Manual](#) (NSPM) to review and update its existing cost-effectiveness framework for its Focus on Energy (*Focus*) programs. As part of its Quadrennial Planning Process (QPP), the Public Service Commission of Wisconsin (PSC or “the Commission”) asked the *Focus* Evaluation Work Group (EWG) to assess whether the existing framework was still appropriate and to advise the Commission before scoping began for the fifth quadrennial period (Quad V, 2027-2030).

Over six meetings facilitated by a technical expert,¹ the EWG applied the NSPM’s core principles and multi-step process. It then submitted a Memorandum to the Commission reporting consensus on three findings:

- The impacts in the current *Focus* cost-effectiveness framework are relevant for the assessment of beneficial electrification (BE).
- Based on Wisconsin policies and Commission Orders, the EWG recommends incorporating additional impacts into the framework to create a more comprehensive cost-effectiveness test that appropriately values BE resources.
- The additional recommended impacts are also applicable for assessing the cost-effectiveness of *Focus*’ energy efficiency (EE) and distributed generation (DG) offerings. Thus, the EWG supports consistent inclusion of impacts across all types of distributed energy resources (DERs) in the *Focus* portfolio.

Following these recommendations, the Commission adopted the Wisconsin-Specific Test as the primary test of net cost-effectiveness for the *Focus* portfolio in its Quad V Order (PSC REF#: 595616).²

About the NSPM

The NSPM provides guidance on conducting benefit-cost analyses (BCA) for distributed energy resources (DERs), whether single- or multiple types of DERs.³ The Manual includes a set of foundational BCA principles and a multi-step process that jurisdictions can use to develop a new, or modify an existing, BCA test (i.e., cost-effectiveness test). This NSPM process produces a primary BCA test, referred to as a jurisdiction-specific test (JST), which serves to inform decisions about utility DER investments by answering the key question: *Will the cost of meeting utility system needs, while achieving a jurisdiction’s applicable policy goals, increase or decrease?*

¹ Steve Schiller, an affiliate in the Energy Markets and Policy Department at the Lawrence Berkeley National Laboratory and NSPM co-author.

² [PSC REF#: 595616](#)

³ The DER types covered in the NSPM are energy efficiency (EE), demand response (DR), distributed generation (DG), and distributed storage (DS). The Manual also provides guidance on electrification-related DERs (ELEC) in residential and commercial buildings (e.g., heat pumps), industrial facilities, and the transportation sector (e.g., related to electric vehicle charging).

2. Wisconsin - Background on Focus on Energy and Cost-Effectiveness

The PSC's Office of Energy Innovation houses both the Wisconsin State Energy Office and *Focus*, the state's energy efficiency and renewable resource programs. The State Energy Office carries statewide responsibilities for energy security, data, and stakeholder support, while the Commission oversees *Focus*.

Focus is a statewide program funded by Wisconsin's investor-owned energy utilities, as required under Wis. Stat 196.374(2)(a). Municipal and cooperative utilities may also participate. Since both electric and natural gas utilities pay into the program, the Commission sets electric and natural gas savings targets for *Focus*. *Focus* is run by a third-party Program Administrator, APTIM, which is responsible for overall contract management and coordination of program solutions, communications activities, utility coordination, and reporting to the PSC and the Statewide Energy Efficiency and Renewables Administration (SEERA). More detail on the governance structure of *Focus* is provided in Table 1.

Table 1. Focus on Energy Governance Structure

Organization	Responsibility
APTIM	As administrator of the Focus on Energy program, APTIM is responsible for overall contract management and coordination of program solutions, umbrella marketing and communication activities, utility coordination, and reporting to SEERA and the PSC.
WIPFLI	Wipfli LLP serves as the Program's Fiscal Agent. In its fiduciary capacity, Wipfli receives, distributes, and accounts for SEERA funds, as required under Wis. Stat. §. 196.374(2)(a). Wipfli LLP also serves as the Program's System Administrator. Wipfli manages the Focus on Energy enterprise database system and other software systems utilized for the Focus on Energy Program.
Baker Tilly	Baker Tilly US, LLP serves as the Program's independent Compliance Agent. On an annual basis, Baker Tilly audits the Administrator, Implementers and subcontractors to test compliance with contractual requirements and Focus on Energy policies and procedures.
CADMUS	The CADMUS Group serves as the Program's independent Evaluator. CADMUS leads a team of evaluation experts that quantify the energy-saving impacts of Focus on Energy to Wisconsin's economy and citizens. They also verify the Administrator's reported energy savings.
PSC	Provides oversight of the statewide energy efficiency and renewable energy programs, including: review and approval of the Program Administrator selected by the utilities and of the contracts between the utilities and Program Administrator for the administration of statewide programs; contracting with one or more independent parties for an annual performance evaluation and financial audits of the statewide programs; requiring each energy utility to spend the amount required to fund statewide energy efficiency and renewable resource programs; and managing day-to-day program activities.
SEERA	Creates and funds statewide energy efficiency and renewable energy programs. SEERA also contracts, on the basis of competitive bids, with one or more persons to administer the programs. SEERA has no obligations regarding the statewide programs other than creating and funding the programs and contracting for their administration.

Under Wis. Stat. 196.374(3)(b)⁴, the Commission must set goals, priorities, and measurable targets for *Focus* at least every four years. By statute, *Focus* exists to help achieve environmentally sound and adequate energy supplies at reasonable cost.⁵ Wisconsin Administrative Code⁶ puts that standard into practice by requiring the *Focus* Program Administrator to deliver a portfolio that passes a Commission-determined test of net cost-effectiveness, meaning benefits exceed costs.

To support this work, the Commission established the *Focus* EWG during the program's first quadrennial period to advise on measurement and evaluation issues.⁷ The EWG is made up of five members: a Commission staff representative, who chairs the Work Group; a Program Administrator representative; an Evaluation Contractor representative; a utility representative; and an industry expert representative.

The Commission has used the QPP to set goals and priorities for *Focus*, and to periodically review and update its cost-effectiveness testing approach. Between quadrennial reviews, it also makes interim decisions on specific values or methods used in the portfolio's cost-effectiveness calculations.

For Quad IV (2023-2026), *Focus* uses a modified Total Resource Cost (mTRC) test as its primary cost-effectiveness test, with several secondary tests providing additional perspectives for program planning. After establishing a definition of BE for *Focus* during Quad IV, the Commission found that the mTRC may not fully capture BE's impacts, such as non-energy impacts and customer costs.⁸ It therefore directed the EWG to assess whether the *Focus* cost-effectiveness framework was appropriate for BE before scoping began for Quad V (2027-2030).

Table 2 provides a summary of the key Commission notices and orders that led to an EWG process to develop a BCA test for BE programs—but ultimately for all *Focus* programs—using the NSPM. Additional detail and background are provided in Appendix B.

Table 2. Summary of NSPM Process in Wisconsin

Date	Description
November 14, 2022	The Commission's Final Decision in Quad IV (PSC REF# 453081) directed <i>Focus</i> to use Quad IV as a transitional period toward a larger role in promoting beneficial electrification (BE) statewide.
May 23, 2024	The Commission issued a Notice of Investigation in Docket 5-FE-105 (PSC REF# 502626), opening Quad V to set <i>Focus</i> 's goals, priorities, and measurable targets for 2027–2030.
November 14, 2024	The Commission issued an Order (PSC REF# 524088) adopting a <i>Focus</i> definition of BE and directed the EWG to examine whether the existing <i>Focus</i> cost-effectiveness framework appropriately captures BE impacts, reporting back before QPP V scoping.

⁴ [Wis. Stat. 196.374\(3\)\(b\)1](#)

⁵ [Wis. Stat. 196.374\(2\)\(a\)2](#)

⁶ [Wis. Admin. Code PSC 137.05\(12\)](#)

⁷ [PSC REF#: 137513](#)

⁸ The Commission used the [American Council for an Energy Efficiency Economy \(ACEEE\)](#) definition, which states that electrification is considered 'beneficial' when it reduces total-source energy consumption (BTUs), lowers consumer costs, including non-energy costs, and reduces greenhouse gas (GHG) emissions.

July 16, 2025	Commission issued a pre-scoping request for comments (PSC REF# 554754) identifying Cost-Effectiveness Issues as one of three priority topics for QPP V; eleven organizations filed comments.
April 10 – September 29, 2025	EWG held six publicly noticed meetings applying the NSPM process; on October 23, 2025, the EWG submitted its guidance memorandum recommending a Wisconsin-Specific Test (WI Test). Commission staff transmitted the EWG's guidance to the Commission on November 21, 2025 (PSC REF# 570030).
June 29, 2026	Commission issued its Final Decision in QPP V (PSC REF# 595616), adopting the Wisconsin-Specific Test as <i>Focus</i> ' primary cost-effectiveness test for Quad V (2027–2030).

Evaluation Work Group Process

In other states that have applied the NSPM, commissions typically convene interested stakeholders for 6-10 public meetings to work through the NSPM multi-step process.⁹ Technical experts facilitate and inform these meetings, which conclude with a final report filed with the commission recommending a JST as the state's primary test for utility DER investment decisions.

The PSC took a different approach, using its existing *Focus* EWG, a standing, five-member technical body, instead of convening a new stakeholder group. The EWG held a series of virtual meetings that were streamed live and recorded but did not take public comment. Public input came instead through the QPP scoping process, where intervenors submitted comments on a range of topics, including cost-effectiveness.

The EWG first reviewed the NSPM principles and planned how to apply the multi-step process to meet the Commission's direction. In keeping with NSPM Principle 1 (Align with Applicable Energy Policy Goals), EWG members identified the policies that take priority for *Focus* and its cost-effectiveness framework to set the stage for discussing framework inputs. Finally, each utility system, host customer, and societal impact under consideration was reviewed by EWG members as part of a "homework" process prior to EWG meetings. PSC staff compiled this individual feedback into an accessible format for group review and discussion during the meetings, and those discussions culminated in the EWG's memorandum recommending which impacts to include in the proposed framework.

The EWG's primary scope remained BE throughout the process. However, since the *Focus* portfolio also includes EE and DG, the EWG found it valuable and necessary to discuss these resources in the context of a cost-effectiveness framework. It ultimately recommended that the Commission apply costs and benefits consistently across all resource types in the *Focus* portfolio. Table 3 lists each meeting and its primary task.

⁹ In-depth case studies of how other states have applied the NSPM framework to establish jurisdiction-specific tests can be found at <https://naseo.org/nesp/nspm/application-of-nspm-in-jurisdictions>.

Table 3. EWG Public Meeting Series

Meeting	Date	Primary Task
1	April 10, 2025	Reviewed NSPM Framework and multi-step process
2	May 12, 2025	Discussed applicable policies and establishment of consistent logic across beneficial electrification and energy efficiency cost-effectiveness frameworks
3	June 9, 2025	Reviewed and discussed utility system impacts; identified gaps and categorized relevance and applicability
4	June 30, 2025	Reviewed host customer and societal impacts; identified gaps and categorizing relevance and applicability
5	August 11, 2025	Reviewed previous discussion of various impacts and established recommendations for EWG guidance to the Commission
6	September 29, 2025	Reviewed straw proposal and draft memo, as well as possible topics for additional meetings.

3. NSPM Multi-Step Process Used to Develop a Wisconsin JST

Step 1: Review Wisconsin’s Applicable Energy Policy Inventory

The EWG reviewed Wisconsin’s energy policies and recommended that the state’s cost-effectiveness test include all impacts directly tied to its energy, environmental, and economic development policies, as established in existing policy documents and Commission Orders. The EWG identified the following as the high-priority policies that should guide its recommendations: Wisconsin Act 141¹⁰, PSC Chapter 137¹¹, and Commission Orders for Quads I-IV.

Together, these policies address reduced greenhouse gas and other emissions, reduced energy use, lower consumer costs, electrification, grid modernization, clean energy, and environmental justice and energy equity. The EWG used this inventory in Step 2 and 3 to decide which impacts to include in a Wisconsin JST, so that the *Focus* cost-effectiveness test supports the state’s policy goals.

Step 2: Review Utility System Impacts

The EWG compared the range of utility system impacts in the existing *Focus* mTRC test with the electric and natural gas utility system impacts provided in the NSPM. Various gaps were identified in the accounting of certain impacts under current practice. Table 4 shows the EWG’s assessment and recommendations to add specific ‘missing’ electric and natural gas utility system impacts to the updated *Focus* cost-effectiveness test. A check mark (✓) indicates that the impact is already included in the *Focus* existing test, and a plus sign (+) indicates those impacts that the EWG recommended be added to the test on the basis that they are both relevant and material.

Certain utility system impacts—specifically renewable portfolio standard compliance impacts and utility performance incentives—were both considered not relevant to Wisconsin’s policies at this

¹⁰ [Wisconsin Statute § 196.374](#)

¹¹ [PSC Chapter 137](#)

time, and as such are not shown in Table 4. It also leaves out distribution voltage, which the EWG found not material to electric utility system impacts.

The EWG discussed how to handle impacts that are difficult to quantify (e.g., reliability and resilience) and concluded, consistent with NSPM guidance, that relevance and materiality should be assessed first, with valuation methodology addressed afterward. Further discussion on methodological considerations for quantifying or monetizing utility system impacts is provided in section 4 below.

Table 4. Electric and Natural Gas Utility System Impacts

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	+

	Delivery	Pipeline Losses	+
		Local Delivery Capacity	+
		Local Delivery Losses	+
	General	Financial Incentives	✓
		Program Administration	✓
		Credits and Collection	+
		Risk	+
		Reliability	+
		Resilience	+

Step 3: Review of Non-Utility System Impacts

Drawing on its policy review in Step 1, the EWG identified several host customer and societal impacts that the current *Focus* mTRC test does not capture, as shown in Table 5. The EWG found the following host customer impacts not material: comfort; satisfaction and pride; empowerment; and transaction costs. Among societal impacts, the EWG found resilience impacts not material. Table 5 also identifies certain host customer and societal impacts that the existing *Focus* framework already quantifies, but only in secondary tests (i.e., were not adopted in the primary test). Since *Focus* already quantifies these impacts, they are the most likely first candidates for future integration into the Wisconsin Test.

Table 5. Host Customer and Societal Impacts

Category	Type	Impact	Current Status ✓ = in framework + = proposed addition
Host Customer and Societal Impacts	Host Customer	Measure Cost (Participant Portion)	✓
		Asset Value	+
		Economic Well Being	+
		Health and Safety	+
		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. **SOx. and NOx 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.			

Other BCA Parameters Considered

The EWG reviewed several key BCA parameters and recommended keeping current cost-effectiveness practice for each:

- **Discount rate:** continue using a two percent discount rate established by the Commission.
- **Geographic boundary:** continue limiting the applicability of the test and range of impacts to within the borders of Wisconsin.
- **Analysis period:** continue applying the longest-lived measure.
- **Assessment level:** continue screening for cost-effectiveness at the sector and portfolio levels, with program and measure level data used for informational purposes.

EWG Recommendations

After reviewing potential impacts, including all NSPM-described cost-effectiveness impacts for inclusion in a BE cost-effectiveness test, the EWG made the following recommendations to the PSC:

- The current cost-effectiveness test framework employed for *Focus* should be considered as the starting point for any BE cost-effectiveness test framework.
- Include all utility system, host customer, and societal impacts identified as applicable. This includes some impacts not currently included in the *Focus* tests (see Tables 4 and 5). The EWG identified several impacts that may be categorized as an electric utility system benefit for EE/DG but a cost for BE, due to fuel switching.
- Include applicable impacts that are difficult to quantify rather than excluding them from the test framework, which implies that their value is zero. Additional research may be warranted to better measure and economically value such impacts.
- Beneficial electrification, Distributed Generation, and Energy Efficiency Test Frameworks should align. Overarching inputs, such as discount rate, geographic boundaries, and analysis period should be held consistent when assessing the impacts of any program or offering using the *Focus* cost-effectiveness framework.

Framework Enhancements

Overall, the EWG identified a series of general recommendations for establishing any future official Wisconsin Focus BE cost-effectiveness evaluation framework. The EWG:

- Encouraged broadening the *Focus* cost-effectiveness framework for EE/DG and BE to reflect the full set of relevant impacts aligned with current Wisconsin policies.

- Recommended applying the same framework to BE, EE, and DG for consistency and transparency.
- Suggested that any future revision of the framework clearly signal which impacts are difficult to quantify, and recommended developing additional guidance for including those impacts.
- Recommended considering using QPP V as a means to adopt a broader framework or direct next steps, such as a process to determine the appropriate valuation of impacts the Commission finds appropriate.

4. PSC Decision on Cost-Effectiveness Test Selection

On November 21, 2025, Commission staff filed a memorandum to the Commission¹² proposing the EWG's recommended Wisconsin-Specific Test, comprised of the utility and non-utility system impacts in Tables 4 and 5, as the primary *Focus* portfolio cost-effectiveness test for Quad V.

The Commission adopted the test in its June 29, 2026 Final Decision.¹³ It found that the new test addressed two shortcomings of the mTRC test: the exclusion of several utility system impacts identified in the NSPM, and the asymmetrical treatment of host customer impacts, which included costs but not benefits.

The Commission also directed the EWG to consult the 2026 NSPM publication when determining the options for the appropriate valuation of impacts and whether impacts in the Wisconsin-Specific Test remain appropriate to include in the framework.¹⁴

PSC Decision on Secondary Cost-Effectiveness Test(s)

In earlier QPPs, the PSC directed *Focus* to conduct secondary cost-effectiveness tests for informational purposes, capturing a wider range of impacts and perspectives than any single primary test could capture on its own. The expanded TRC Test¹⁵ reflected the Commission's interest in *Focus*' economic impacts; the Utility Cost Test (UCT) captured the cost-effectiveness of incentive costs that the TRC Test excludes; and the Societal Cost Test (SCT) captured the program's broader societal impacts.

For Quad V, the Commission reaffirmed the value of secondary tests, both for preserving historical continuity in tracking program performance and for offering additional perspectives to calibrate the results of the primary test. It also noted that secondary tests add little cost or administrative burden to program evaluation.

On this basis, the Commission approved the TRC Test, the expanded TRC Test, the UCT, and the mTRC Test as secondary tests for informational purposes. It added the mTRC, the Quad IV primary

¹² [PSC REF#: 570030](#)

¹³ [PSC REF#:595616](#)

¹⁴ The 2026 NSPM publication updated its guidance on complementary analyses (e.g., economic development, distributional equity, and rate and bill impacts), noting that they should inform decisions alongside the BCA rather than be integrated into the BCA test.

¹⁵ The expanded TRC includes net economic benefits in addition to all of the inputs in the modified TRC. The evaluation team conducts an analysis of economic benefits every two years using REMI software and issues the results separately from annual evaluation reports.

test, to preserve historical continuity with results from earlier quadrennia. It dropped the SCT because much of what it captures now overlaps with the Wisconsin-Specific Test.

5. EWG Considerations on Methods for Quantifying Impacts

The EWG's memorandum to the Commission addressed how to quantify the impacts in the Wisconsin-Specific Test going forward, noting that some impacts are difficult to quantify or monetize and that the materiality of others is uncertain.

- In the case of **utility-system impacts**, the EWG was uncertain whether risk, reliability, and resilience impacts are material, and noted that estimating them requires comprehensive, detailed data from regulators and participating utilities. Other impacts, such as natural gas local delivery capacity, line losses, and credit and collection, are easier to quantify but still require non-public data to calculate, which utilities would need to share with regulators, planners, and evaluators. The EWG noted the need to balance how much program funding goes toward developing values for these impacts.
- In the case of **non-utility system impacts**, the EWG identified several of the newly recommended host-customer and societal impacts as areas that reflect emerging research. For example, the current *Focus* framework includes a portfolio-level public health benefit but does not capture individual health benefits from fuel switching. The EWG also identified potential non-energy benefits from reduced particulate pollution, job creation from electrification retrofits and appliance manufacturing, and comfort and safety. It noted, however, that fuel switching from unregulated fuels, such as propane, remains outside the *Focus* cost-effectiveness framework under the Commission's prior reading of *Focus*' governing statute and code.

For impacts that are difficult to quantify, the EWG recommended first identifying which ones require substantial primary research or hard-to-access data, since documenting the sources of uncertainty can help justify future refinement. In the meantime, proxy values or qualitative treatment could stand in for direct monetization, and proxy approaches used in other states may be appropriate for some of Wisconsin's newly recommended impacts pending further quantification research.¹⁶

The EWG also recognized that, for some inputs, the accuracy gained from rigorous research may not justify the time and cost needed to derive the estimates. It therefore recommended that the Commission rely on the EWG for guidance on valuing certain impacts, including when simplified approaches such as proxies are preferable to more resource-intensive methods.

In its Order, the Commission asked the EWG to develop options for valuing the new primary test impacts that are not already quantified in secondary tests, and to report back with alternatives for valuing these impacts appropriately.

¹⁶ For example, research conducted by Efficiency Vermont found that eleven states and the District of Columbia apply a general non-energy benefit adder, eight states use monetized adders, and seven use multipliers to account for non-energy impacts in cost-effectiveness screening.

Additional Commission Directives on Methodologies

In its June 2026 Final Decision, the Commission also gave direction on several other cost-effectiveness issues for Quad V:

- **Low-income adder:** Continue applying a 20 percent low-income benefits adder to the *Focus* cost-effectiveness tests, limited to programs and offerings for customers at or below 60 percent of statewide median income or an equivalent income threshold.
- **Avoided carbon emissions:** Adopt a new method for calculating avoided carbon emissions. Past Quad plans used the EPA's Avoided Emissions and generation Tool (AVERT) to estimate avoided emissions from *Focus*' electric energy savings. During Quad IV, the EWG reviewed the AVERT-based approach, identified several limitations, and recommended a new method in its Memorandum to the Commission. The Commission found it reasonable to approve this methodology, concluding it offers a more accurate and transparent model going forward.¹⁷
- **Carbon value:** Continue using a market-based carbon value rather than the social cost of carbon, consistent with past *Focus* practice, but update the value to reflect market conditions during Quad V instead of fixing it before Quad V begins. The EWG must report to the Commission on an appropriate market-based carbon value by December 1, 2027.

6. Conclusion

Wisconsin's experience shows how a jurisdiction can use the NSPM multi-step process to develop a primary cost-effectiveness test that applies to all of its DER programs, not just BE. Weighing the EWG's memorandum alongside other Quad V priorities, the Commission adopted the Wisconsin-Specific Test as *Focus*' primary cost-effectiveness test for Quad V, replacing the mTRC test.

The Commission also resolved related cost-effectiveness issues evaluated by the EWG. It retained a set of secondary tests for informational and historical-continuity purposes, maintained the low-income benefits adder, and adopted a new avoided carbon emissions methodology. To support ongoing improvement, the Commission directed the EWG to develop values for the new impacts and monitor emerging data sources in future quadrennial planning cycles.

¹⁷ The Commission further identified MISO's emissions dashboard as a potentially useful tool to support measurement of *Focus*' avoided carbon impacts and encouraged staff to evaluate opportunities to incorporate it into the methodology.

Appendix A. Fundamental NSPM BCA Principles

The 2026 NSPM is a publication of the National Association of State Energy Officials (NASEO), developed by NASEO's National Energy Screening Project (NESP). The NSPM is applicable to all types of electric and natural gas utilities and in all jurisdictions where DERs are funded and implemented on behalf of electric or natural gas utility customers. The Manual sets forth a BCA Decision Framework, which is divided into three phases:

Phase 1: Develop a jurisdiction's primary BCA test (and any secondary tests) and identify whether complementary analyses are needed to inform investment decisions.

Phase 2: Identify the methodologies to use in developing numeric inputs and calculating value streams to include in BCA test(s).

Phase 3: Conduct the BCA (and any complementary analyses) and interpret the results to inform DER investment decisions.

A set of foundational BCA principles, shown in Table 1, underpins and informs the three phases of the BCA Decision Framework and supporting process.

Table 1. Fundamental BCA Principles

Principle 1 **Align with Applicable Energy Policy Goals**

Jurisdictions invest in DERs to meet a variety of energy goals and objectives. Accounting for the associated benefits and costs in a jurisdiction's primary BCA test helps to ensure that least-cost investments are used to achieve the goals and objectives.

Principle 2 **Treat DERS as a Utility System Resource**

DERs are energy resources that can help meet utility system needs. Using consistent BCA tests, valuation methods, and assumptions when comparing DERs to traditional resources, or to other DERs, avoids bias across resource investment decisions.

Principle 3 **Account for All Relevant and Material Impacts**

The relevance and materiality of impacts can vary depending on the DER type or use case. Accounting for all relevant and material impacts, even when difficult to quantify or monetize, ensures DERs are appropriately valued and avoids biased investments.

Principle 4 **Ensure Symmetry in the Treatment of Benefits and Costs**

DER investments produce benefits to the utility system and to customers. Treating benefits and costs symmetrically in BCA tests, such that benefits and costs are both either included or excluded, avoids biased results and uneconomic investments.

Principle 5 **Conduct Forward-Looking, Long-Term, Incremental Analyses**

BCAs address how benefits and costs will differ in the future because of a specific resource investment relative to what would have occurred absent the investment. This ensures that sunk costs do not influence investment decisions.

Principle 6 **Avoid Double-Counting Impacts**

Some BCA benefits and costs can potentially be captured in more than one impact category. Clearly documenting the way in which a BCA includes impacts can help to avoid double-counting and either over- or under-estimating the value of DERs.

Principle 7 Conduct BCAs Separately from Other Complementary Analyses

BCAs inform whether total benefits exceed total costs of a resource investment. Depending on a jurisdiction's policy goals, separate analyses may be warranted to inform investment decisions that address different questions than BCAs, such as rate- and bill-impact analyses.

Principle 8 Ensure Transparency

Clear documentation of the rationale for decisions on BCA tests, complementary analyses, and associated methods, inputs, and results supports transparency. Transparency enables engagement and instills confidence in resource decision-making processes.

Appendix B. Summary of PSC Cost-Effectiveness Framework Decisions

Date	Document	Description
01/25/2019	PSC REF#: 137513	QPP I order establishing the <i>Focus</i> Evaluation Work Group (EWG) to advise the Commission on measurement and evaluation issues.
11/14/2022	PSC REF#: 453081	QPP IV Final Decision; re-establishes the modified Total Resource Cost (mTRC) test as <i>Focus</i> ' primary cost-effectiveness test and directs <i>Focus</i> to use Quad IV as a transition period toward a larger beneficial electrification (BE) role.
05/23/2024	PSC REF#: 502626	Notice of Investigation opening Docket 5-FE-105 (QPP V) to evaluate <i>Focus</i> and set goals, priorities, and measurable targets for 2027–2030.
11/14/2024	PSC REF#: 524088	Order adopting a <i>Focus</i> definition of beneficial electrification and directing the EWG to examine the appropriateness of the <i>Focus</i> cost-effectiveness framework for BE, reporting back prior to QPP V scoping.
07/16/2025	PSC REF#: 554754	Pre-scoping request for comments identifying Cost-Effectiveness Issues as one of three priority topics for QPP V; eleven organizations file comments.
10/23/2025	-	EWG Memorandum to the Commission recommending a Wisconsin-Specific Test and related cost-effectiveness framework changes.
11/21/2025	PSC REF#: 570030	Commission staff informational memorandum transmitting the EWG's guidance (Attachment A) for the Commission's consideration in QPP V.
01/06/2026	PSC REF#: 572088	Scoping memorandum requesting comment on the appropriate scope of QPP V, including two beneficial electrification issues; seven organizations file comments.
02/24/2026	PSC REF#: 580871	Order determining the topics in scope for QPP V.
04/13/2026	PSC REF#: 587165	Commission staff memorandum on Quad V priorities; eleven organizations file comments, discussed at the Commission's May 14, 2026 open meeting.
06/29/2026	PSC REF#: 595616	QPP V Final Decision adopting the Wisconsin-Specific Test as <i>Focus</i> ' primary cost-effectiveness test for Quad V (2027–2030).