



**WISCONSIN**

# **FOCUS ON ENERGY®**

# **2019-2022**

# **Strategic Plan**

*APRIL 30, 2019*

DELIVERED BY APTIM

## **CONTACTS**

Erinn Monroe-Nye, Focus on Energy Program Director ([erinn.monroe@focusonenergy.com](mailto:erinn.monroe@focusonenergy.com))

Allison Carlson, Planning & Assessment Director ([allison.carlson@focusonenergy.com](mailto:allison.carlson@focusonenergy.com))

# Table of Contents

---

Executive Summary .....	3
Introduction.....	4
Background.....	5
Program History and Legislative Directive .....	5
Governance Structure .....	5
Commission’s Quadrennial Planning.....	6
Quadrennial Planning Process.....	6
Commission Decisions .....	7
SEERA Request for Proposals .....	9
Stakeholder Feedback .....	9
Program Participants.....	9
Utility Partners.....	10
Implementation Partners .....	11
Trade Allies.....	12
Planning Framework.....	13
Strategy and Goals .....	15
Vision, Mission and Values .....	15
Strategic Goals.....	16

## Executive Summary

---

The next four years will bring significant changes to the energy industry and energy efficiency marketplace. For example:

- Savings baselines will increase due to rapid technology advancements and rising efficiency standards, meaning traditional savings sources quickly become standard practice.
- Utility business models are changing. Flat or declining loads colliding with rising peak demand and infrastructure needs will put pressure on our utility partners to develop new ways of meeting customer needs while maintaining the stability of their distribution systems.
- Low-cost embedded computing and ubiquitous Wi-Fi and cell networks, the so-called “Internet of Things”, will continue to generate vast quantities of data from connected devices and advanced meters.

During this period, Focus on Energy must remain forward-thinking, adaptable and a relevant and valued partner to its utilities and stakeholders. Despite all this change, customers will continue to expect simple program participation pathways and experiences that are highly tailored to their individual needs. Policy makers also expect that Focus will continue to reach ambitious energy savings targets under limited budgets and added policy directives, such as those related to rural programs.

The next four years will bring exciting opportunities to better serve our utilities and their customers, forge even stronger partnerships with our stakeholders and meet ever-increasing expectations. This Strategic Plan aims to set a clear path so that Focus on Energy can successfully meet these ambitious expectations. The Administrative Team’s extensive experience in its role as Program Administrator and feedback from key program stakeholders (utilities, PSC staff, Trade Allies, Implementation Partners and customers) have guided it towards the following four strategic goals. These goals are expressed as desired end-states that will be realized by the end of the quadrennial period.

1) **Utility Engagement:** *Utility and cooperative partners are highly satisfied with Focus on Energy and see it as a value-added service for their customers/members.*

2) **Innovation:** *Focus on Energy deploys innovative solutions that deliver enhanced program quality, cost efficiencies, and lasting market changes.*

3) **Administrative Excellence:** *Focus on Energy offers excellence in program administration and delivery, providing benefits to Wisconsin utility customers that greatly exceed the costs to achieve them.*

4) **Customer Experience:** *Wisconsin utility customers have a strong understanding of what Focus on Energy is and recognize it as an accessible program with easy-to-understand participation paths.*

## Introduction

This Strategic Plan serves as a fundamental resource to guide the direction of the Focus portfolio during the 2019-2022 quadrennial period. It brings together information from different stakeholders (utilities, PSC, trade allies, implementation partners, administration team members and customers), combining it with market conditions and considerations, while ensuring that the plan is well-rooted within the context of legislative bounds and Commission policy.



The Plan aims to achieve the following objectives that were gathered from early stakeholder feedback and collaborative team discussions:

1. Set the overall course for what Focus on Energy is working towards
2. Allow for adaptability as markets and policies shift
3. Facilitate alignment, transparency and communication across teams, partners and stakeholders

## Background

---

This section provides background information about the purpose of Focus on Energy, how it is governed and its overall structure.

### Program History and Legislative Directive

Focus on Energy is Wisconsin utilities' statewide energy efficiency and renewable resource program. Since 2001, the program has worked with eligible Wisconsin homeowners, renters, businesses, farms, schools and local governments to install cost-effective energy efficiency and renewable energy projects.

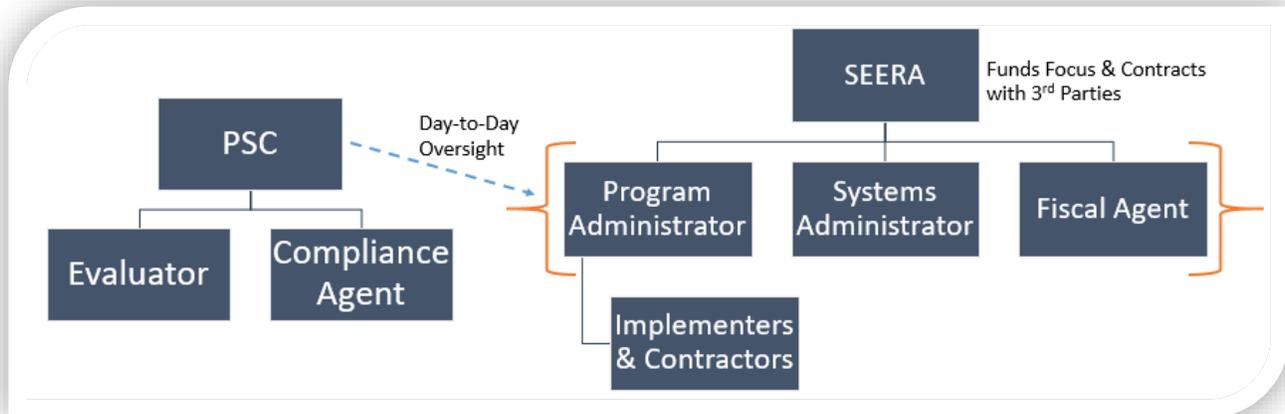
The information, resources and financial incentives we provide help implement energy-saving projects that otherwise would not be completed, or complete projects sooner than scheduled. These energy projects help:

- Manage rising energy costs
- Promote in-state economic development
- Protect our environment
- Mitigate the growing demand for electricity and natural gas in Wisconsin

Focus on Energy is funded by the state's investor-owned energy utilities, as required under Wis. Stat. § 196.374(2)(a), and participating municipal utilities and electric cooperatives. To participate in Focus on Energy programs, residents or business owners must be the customers of a participating utility.

### Governance Structure

There are a number of parties involved in the establishment, funding, oversight and management of the Focus on Energy program. SEERA (Statewide Energy Efficiency and Renewables Administration) creates and funds Focus on Energy and contracts with the Program Administrator, the Systems Administrator and the Fiscal Agent. The PSC (Public Service Commission of Wisconsin) contracts with the Evaluator and the Compliance Agent and is responsible for setting policy and providing guidance to the Focus on Energy Administrator. The diagram below shows the relationship between the various parties involved in the Focus on Energy program.



## Commission’s Quadrennial Planning

Statute requires that, every four years, the PSC conduct a planning process to set policies and provide guidance for the Focus on Energy program and other utility energy efficiency efforts across the state. In late 2017, the PSC kicked off its third Quadrennial Planning Process for the 2019-2022 period. This process and its outcomes are described below.

### Quadrennial Planning Process

The PSC worked with its third-party evaluator, Cadmus, to complete a potential study prior to the start of the Quadrennial Planning Process in late 2017. High-level steps in this process are shown in the diagram below, followed by a summary of the resulting PSC decisions. Documentation of the process, memos and orders appear in the PSC’s Electronic Regulatory Filing (ERF) System, docket number 05-FE-101.



#### Potential Study

- Explore additional energy savings opportunities across customer segments
- What is potential and what does it cost?



#### Open Commission Investigation

- PSC staff prepares scoping memo on policy areas
- Commissioners decide on scope
- PSC staff prepares briefing memo on scope items
- Stakeholders file comments for consideration



#### Commission Decisions and Order

- PSC staff performs analysis, summarizes stakeholder feedback, and presents possible options to Commissioners
- Commissioners decide on policy direction, goals, and budgets

## Commission Decisions

The Commission made several decisions that impacted budgets and goal achievement. The most significant decisions involved offering targeted agricultural and rural programs and setting energy savings goals. These are discussed in more detail below.

### *Rural Programs*

The Commission determined that Focus should offer specific programs dedicated to rural areas, targeting the 582 ZIP codes that were determined to be primarily rural. The majority of funding would come from core energy efficiency program offerings to provide \$5 million per year, plus an additional \$3-4 million per year from Rural Broadband Program carryover.

In July of 2018, the Administrator submitted a memo to the PSC, proposing a menu of rural program options<sup>1</sup>. The PSC made a determination on these option in August<sup>2</sup>. Many of the rural offerings were structured to take advantage of core program infrastructure where possible, such as contracting with existing implementation contractors and using the same processes and systems available in core programming. However, driving additional program activity into rural areas can be less cost-efficient, as noted by the Commission in its original Rural Broadband order in 2016. Populations are less dense and participation barriers can vary from non-rural areas, requiring additional resources (such as increased Energy Advisor or Trade Ally labor and different marketing tactics) to attain equivalent rates of participation.

### *Energy Savings Goals*

The Potential Study and resulting Commission-approved energy savings goals are based on extensive research and collaboration amongst various stakeholders across the state. As the potential study notes, it does not attempt to estimate program potential, which is a step below the achievable potential on which the Commission goals are based. The differences between these two levels of savings are described below.

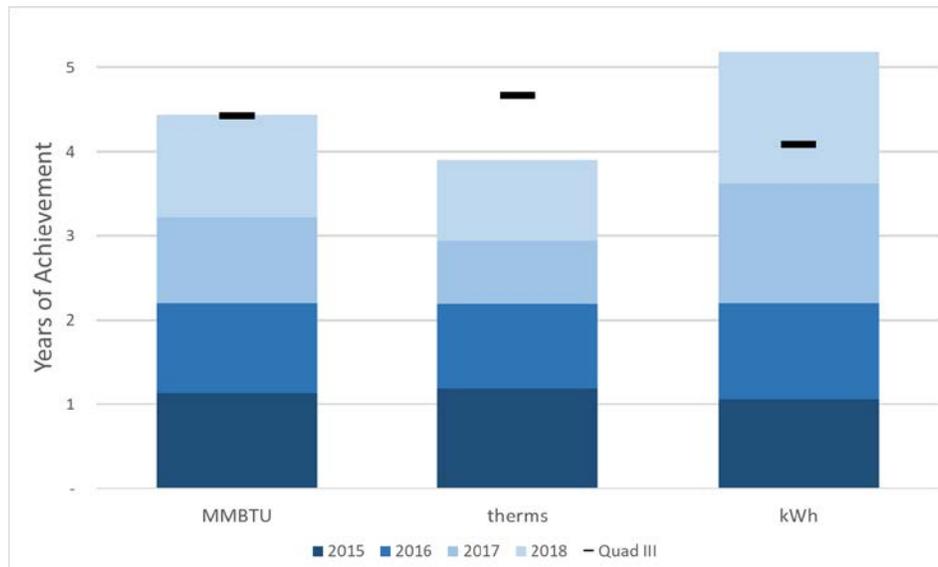
- *Achievable potential* represents savings that are economically cost-effective and reach an acceptable threshold of what customers report they are willing to pay for energy efficiency improvements.
- *Program potential* must go a step further and consider program design and market constraints – such as Trade Ally capacity and training needs, industry-specific practices and how customer barriers are addressed.

---

<sup>1</sup> Source: Public Service Commission of Wisconsin, ERF system, docket # 05-FE-101, PSC REF # 349101, <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=349101>

<sup>2</sup> Source: Public Service Commission of Wisconsin, ERF system, docket # 05-FE-101, PSC REF # 349339, <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=349339>

The Commission-approved gross lifecycle savings goals were ordered<sup>3</sup> at the following levels: 299,555,154 MMBTu, 30,442,306,668 kWh, 1,657,304,887 therms, and 465,617 kW. As shown in the following chart, while MMBTu goals are just slightly higher than achievement in the last quadrennial period, the therm goal is significantly higher and the kWh goal is significantly lower.



As noted above, the Potential Study estimates do not account for all factors that are relevant to program design and market needs. A few of these factors are highlighted below to provide context and illustrate the priority balancing that Focus must accomplish over the next four years.

- **Rural-specific offerings and other priorities.** The Potential Study did not differentiate between what is achievable in rural versus non-rural areas or within specific utility territories. Rather, its estimates are based on what is the most cost-effective. Other priorities, such as customer satisfaction and statewide equity, are not considered.
- **Natural gas opportunities and budgets.** An estimate of natural gas industrial process savings (based on historical projects from the last period) were added to the therm potential study estimates in the final Commission goals for this period. This addition accounts for much of the increased natural gas goal. Achievement of this higher goal may require an added focus on larger projects that can produce very cost-effective savings. However, this must be balanced with other competing priorities, such as increasing participation and reach across the state.
- **Electric savings and a maturing residential lighting market.** In 2018, residential lighting accounted for 55% of electric savings within the residential portfolio. It is expected that, over the course of the

<sup>3</sup> Source: Public Service Commission of Wisconsin, ERF system, docket # 05-FE-101, PSC REF # 349909, <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=343909>

next few years, there will be little remaining potential for residential lighting as LEDs gain more market share. While electric goals are lower than achievement in the last period, these savings will be no less challenging to attain given the need to innovate and find new savings opportunities.

## SEERA Request for Proposals

Following the conclusion of the Quadrennial Planning Process, in June of 2018, SEERA competitively bid out the Program Administrator contract for Focus on Energy. APTIM (the incumbent) and its partners, VEIC and Verdant, were awarded the contract and approved by the Commission on October 4, 2018. The contract was executed on January 31, 2019.

## Stakeholder Feedback

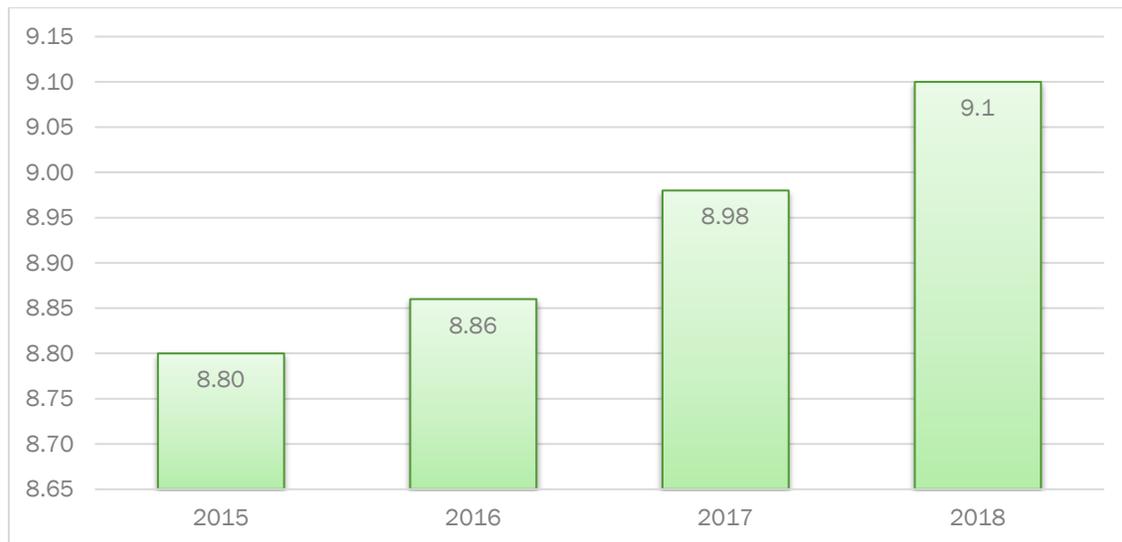
---

Focus launched its strategic planning process upon approval of the SEERA contract by the Commission. Activities to inform the process and goals included gathering and considering stakeholder perspectives in key areas of satisfaction, coordination and future-facing needs.

## Program Participants

Customers of utilities who participate in Focus are sent a brief satisfaction survey (online or mailed) after they receive their incentive payment or product. Surveys ask about overall satisfaction with Focus on Energy, satisfaction with their Energy Advisor or Focus staff, their Trade Ally and the improvement made or product received. Questions also asked about their preferred methods for interacting with Focus programs and the impact that Focus has on their view of their energy utility.

Satisfaction survey responses are monitored on an ongoing basis to understand pressure points or issues with Focus program delivery. Results are also verified by the Commission's third party evaluator each quarter. As shown in the chart below, participant satisfaction with Focus has trended upwards from 2015 to 2018. Overall satisfaction is rated on a scale from zero to 10, with 10 being extremely satisfied. The number of responses as of the end of the third quarter in 2018 was 638 for the Business Portfolio and 10,612 for the Residential Portfolio.



*\*Note that 2018 results are not yet verified.*

While most participants are very satisfied with their program experience, open-ended responses provide insights into areas of improvement that can inform the strategic plan. For example, in the Business Portfolio, areas for improvement centered on the ease of the application process and equipment eligibility. The Residential Portfolio’s open-ended responses indicated that improvements to ease the application process and receive incentive checks sooner would be beneficial. These responses are consistent with overall market trends for a simpler and more streamlined participation experience that caters to individual customer needs.

## Utility Partners

In November of 2018, the Administrator held an in-person Utility Partners Forum and deployed an online survey with utilities and electric cooperatives. A total of 28 utility representatives responded to the online survey, including 13 from municipal utilities, seven from Investor Owned Utilities (IOUs), and seven from electric cooperatives<sup>4</sup>. The survey and follow-up discussions at the Forum sought to better understand their satisfaction levels with different program service areas and to explore what they want to get out of their partnership with Focus. Three core themes were identified from these activities:

- Utilities selected incentives back to their customers as the greatest benefit they receive from Focus, followed by participant satisfaction with Focus and total participation of their customers in Focus programs

---

<sup>4</sup> One respondent did not identify their company name.

- Where possible, utilities emphasized the need to simplify the customer experience and put customers’ needs first
- Utilities noted that Focus should continue to improve and build on its communications and collaboration with utilities

The survey also asked utilities how satisfied they were with Focus on Energy. Overall satisfaction was relatively high, at 4.3 out of five points (with five meaning “very satisfied”)<sup>5</sup>. Utility representatives also provided several open-ended responses that offer insights into how they interact with Focus and what is most important to them. Four representative quotes are highlighted below.

---

*“Ensure that communications between Utilities and (Focus) is good so Utility representatives can explain programs, know where to go for answers, help customers to get the answers they are looking for regarding energy efficiency.”*

*“We’re working hard on positive customer experiences and customer satisfaction, and (Focus) is a part of that effort. Customer experience and satisfaction with Focus on Energy is a part of customer satisfaction with the utility and the programs/services it offers.”*

*“Our primary concern right now is ensuring our members are aware of and participate in the program so the dollars paid in by them are paid back out to them.”*

*“Customer is #1.”*

---

## Implementation Partners

A total of 21 Program Implementation staff completed an online survey as of April 29, 2019. The core objectives of this survey included understanding satisfaction with various Focus service areas and informing strategic planning priorities.

Portfolio Focus	Number of Responses
Residential	4
Business	12
Both Residential and Business	5
<b>Total</b>	<b>21</b>

---

<sup>5</sup> Results are qualitative as the survey response was small (n=28).

Implementer respondents had roles spanning from day-to-day program management, to marketing and technical/engineering services. Overall satisfaction with the administration of the portfolio was relatively high, with an average score of 4.4 out of five points<sup>6</sup>. Implementation respondents were also asked to provide input and ideas regarding the Strategic Goals and other future-facing items. Several of these ideas are similar to initiatives that are in-process by the Program Administrator as a part of the 2019 Business Plan, indicating alignment on portfolio direction.

<i>Comment Area</i>	<i>Ideas</i>
<i>Fostering Utility and Utility Customer Satisfaction</i>	<ul style="list-style-type: none"> <li>• Make utility branding more prevalent in Focus marketing</li> <li>• Find additional partnership opportunities between Focus programs and utility offerings</li> <li>• Ensure utilities are aware of what Focus offers their customers</li> <li>• Strengthen connections between utility field staff and Focus Energy Advisors</li> </ul>
<i>Improving the Participation Experience</i>	<ul style="list-style-type: none"> <li>• Offer online applications (mentioned 10 times)</li> <li>• Offer midstream programs</li> <li>• Streamline/simplify the application process (example: utility attribution by zip code)</li> </ul>
<i>Innovative Designs</i>	<ul style="list-style-type: none"> <li>• Applying data analytics to building automation, industrial process, etc.</li> <li>• Cost-effective lighting, HVAC, and other system controls</li> <li>• Virtual assessments for energy audits</li> <li>• Cross-portfolio coordination (ex. every business owner has a home)</li> <li>• Online marketplace</li> </ul>
<i>Improving Data/Systems Management</i>	<ul style="list-style-type: none"> <li>• Explore middleware or Application Programming Interface (API) solutions to reduce time spent on data entry</li> <li>• Flexible, ready-to-use dashboard/Business Intelligence solution that reports Key Performance Indicators (KPIs), other leading indicators, and project and savings pipelines</li> <li>• Integration with PSC GIS utility maps for instant eligibility verification</li> <li>• Integration with the website</li> <li>• Increased customer service functionality</li> </ul>

## Trade Allies

A total of 139 Focus Trade Allies across business, residential, and renewable portfolios participated in an online survey in March, 2019. The core objectives of this survey included understanding satisfaction with various Focus service areas, identifying potential improvement areas and informing strategic planning priorities.

---

<sup>6</sup> Results are qualitative as the survey sample was small (n=21).

Primary Sector/ Technology Area Served	Number of Responses
Residential Efficiency	68
Business Efficiency	63
Renewables	8
<b>Total</b>	<b>139</b>

Trade Ally respondents represented 41 different Wisconsin counties, spanning all regions in the state. Respondents provided several different types of services, including: electrical, HVAC, retail/distribution, insulation, refrigeration, renewables, ESCO, new construction and general contracting. Trade Allies were generally satisfied with Focus on Energy overall, giving an average rating of 4.0 out of five points.

Trade Allies were asked how satisfied they were with specific Focus service areas, and then how important these areas were to them. The ease of the customer application process was the most important to Trade Allies, closely followed by communications on program changes or updates. Both of these areas were also ranked highly for satisfaction, with average scores of 4.1 out of five points. The Program Administrator plans to continue exploring ways to build on and improve the Trade Ally experience over the course of the quadrennial period, including consideration of a Trade Ally Portal as a tool to communicate with participating Trade Allies and keep them informed on the status of their projects.

Finally, Trade Allies were asked to suggest new technologies or program design features for Focus to consider in the future. Several ideas were put forth, including offering customer financing, expanding LED lighting controls incentives, offering higher incentives in general and more bonus incentive opportunities, commercial air sealing incentives, and energy usage monitors, among others. Future-facing concepts were also mentioned, such as battery storage incentives, community solar, and beneficial electrification.

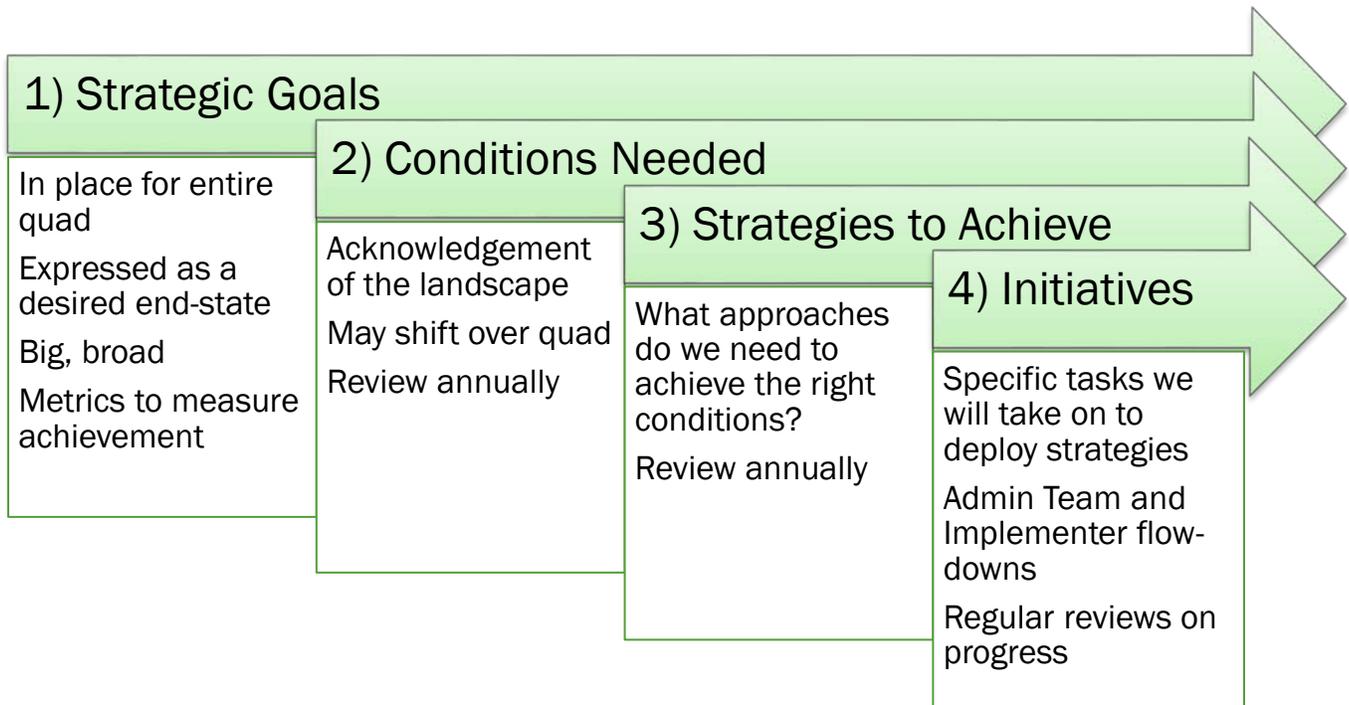
Going forward, the Admin Team plans to survey utilities, Trade Allies and program implementers on an annual basis to have a regular touch-point on satisfaction and other opportunities or potential barriers. Participant satisfaction surveys will also continue into the 2019-2022 period and will be monitored on an ongoing basis.

## Planning Framework

As noted previously, an objective of this Strategic Plan is to implement a framework that is adaptable over the course of the quadrennial period. Traditional planning frameworks do not always allow for this, resulting in plans that lose their relevance over time. A Theory of Change<sup>7</sup> model, used by many non-profits and

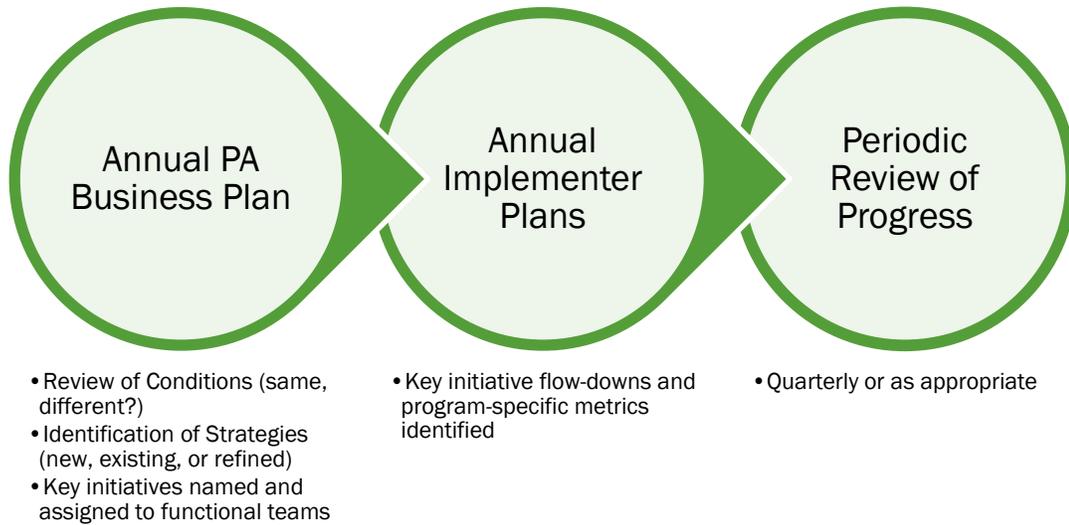
<sup>7</sup> Reference: [[http://www.theoryofchange.org/wp-content/uploads/toco\\_library/pdf/ToCBasics.pdf](http://www.theoryofchange.org/wp-content/uploads/toco_library/pdf/ToCBasics.pdf)], accessed on 3/13/19.

foundations, can be a good fit for mission-driven organizations that must work across multiple groups in a changing landscape. For the purpose of this plan, this model has been simplified and re-tooled. Desired long-term outcomes (reframed as strategic goals) are identified first, followed by the conditions needed to achieve those outcomes. Finally, strategies to achieve the right conditions and initiatives to accomplish those strategies are identified.



As indicated in the diagram above, depending on the landscape and market fluctuations, the conditions needed to achieve the goals may change over time. For example, shifting conditions could represent a policy direction shift such as a new Commission order or a commodity price increase that impacts energy efficiency equipment supply and demand. As a result, conditions needed to achieve goals and related strategies will need to be reviewed annually to adapt to the marketplace. Specific initiatives that roll up to relevant strategies will also be identified annually with more frequent progress reviews as a course of business. As Focus strategies and initiatives are finalized, complementary initiatives will flow down to program implementers as appropriate.

The graphic below also illustrates how this framework will unfold in annual planning deliverables going forward.

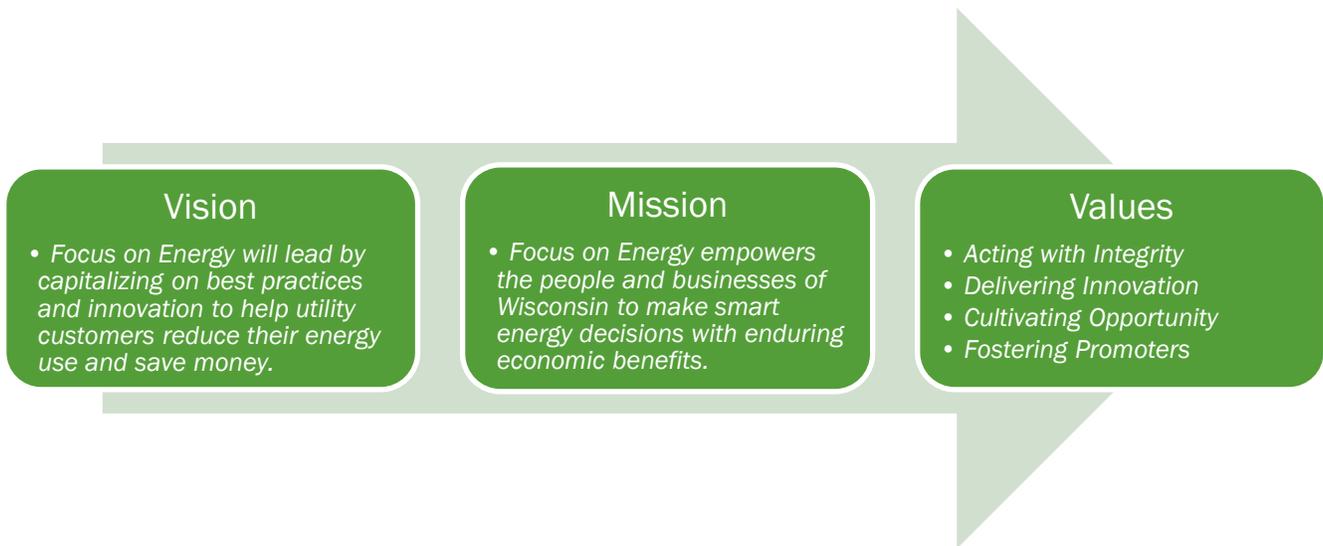


## Strategy and Goals

Focus on Energy’s Vision, Mission, Values and Goals serve as guide posts and unifying themes across its broad range of programs, initiatives and contractors. The following sections outline these areas.

### Vision, Mission and Values

Focus on Energy’s Vision, Mission and Values were formulated during previous quadrennial periods, yet still remain relevant today in their focus on maximizing utility customer benefits.



## Strategic Goals

The strategic goals for the quadrennial period are rooted in participant and stakeholder feedback. They also acknowledge the innovation and adaptability that is demanded with policy and energy savings goals that further stretch limited resources. The goals below are expressed as desired end-states to effectively communicate what Focus strives to represent by the end of the quadrennial period.

Indicators to measure achievement also appear, along with high-level conditions and strategies to achieve the goals. Going forward, conditions and strategies will be reviewed and expanded in the annual Business Plan, in addition to the identification and implementation of specific initiatives. Key initiatives for 2019 appear in the 2019 Business Plan, which was finalized in the fall of 2018.

Priority Area	Goal Statement	Achievement Indicator(s)	Conditions Needed to Achieve Goals	Strategies to Meet Conditions
<b>Utility Partnerships</b>	<i>Utility and cooperative partners are highly satisfied with Focus on Energy and see it as a value-added service for their customers/ members.</i>	<ul style="list-style-type: none"> <li>• 4-to-5/5 utility partner overall satisfaction rate</li> <li>• Proportional incentives to contributions rates</li> <li>• Customer Favorability for Utility due to Focus (TBD)*</li> <li>• 9% increase in overall participation above baseline (TBD)*</li> </ul>	<ul style="list-style-type: none"> <li>• Utilities to understand and see Focus' value proposition</li> <li>• Customers to recognize utility-Focus connection</li> <li>• Program designs that increase customer engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded utility engagement and planning</li> <li>• Marketing approaches that highlight utility relationship</li> <li>• Assessment of portfolio structure/ design</li> </ul>
<b>Innovative Solutions</b>	<i>Focus on Energy deploys innovative solutions that deliver enhanced program quality, cost efficiencies, and lasting market changes.</i>	<ul style="list-style-type: none"> <li>• Achieve 100% of energy savings goals</li> <li>• Market Transformation Indicators TBD*</li> </ul>	<ul style="list-style-type: none"> <li>• A nimble and comprehensive portfolio structure is in place</li> <li>• Clear and flexible pathways exist for integrating innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of portfolio structure/ design</li> <li>• Create/deploy innovation framework</li> </ul>
<b>Customer Engagement</b>	<i>Wisconsin utility customers have a strong understanding of what Focus on Energy is and recognize it as an accessible program with easy-to-understand participation paths.</i>	<ul style="list-style-type: none"> <li>• 9/10 participant overall satisfaction rate</li> <li>• Increase familiarity with Focus (TBD)*</li> <li>• Accessibility/ understandability indicator (TBD)*</li> </ul>	<ul style="list-style-type: none"> <li>• Customer-facing marketing/ outreach has consistent look and feel</li> <li>• Customer participation paths are clear and easily understandable</li> </ul>	<ul style="list-style-type: none"> <li>• Build on WisconsinIn campaign</li> <li>• Strengthen coordination and guidance across implementers</li> <li>• Assessment of portfolio structure/ design</li> </ul>
<b>Administrative Excellence</b>	<i>Focus on Energy offers excellence in program administration and delivery, providing benefits to Wisconsin utility customers that greatly exceed the costs to achieve them.</i>	<ul style="list-style-type: none"> <li>• Total Resource Cost (TRC) Test Ratio of at least 3:1</li> <li>• Admin cost cap of 3-4%</li> </ul>	<ul style="list-style-type: none"> <li>• Portfolio structure in place that maximizes benefits / minimizes costs</li> <li>• Simplified/ streamlined processes and requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of portfolio structure/ design</li> <li>• Review of procedures and policies</li> </ul>

\*Note: To-be-determined (TBD) indicators require additional analysis and coordination with the 3<sup>rd</sup> party evaluator and PSC staff in 2019 to verify final 2018 results and understand measurement and research priorities.