TO: Governor's Energy Efficiency and Renewables Task Force Administrative Model and Funding Workgroup Members

FROM: George Edgar
Kristine Euclide

DATE: June 25, 2004

RE: **Minutes from June 24, 2004 Workgroup Meeting**

Workgroup members present:

George Edgar, co-chair	Charlie Higley	Keith Reopelle
Kristine Euclide, co-chair	Chuck McGinnis (by phone)	Michael Vickerman
Dave Helbach	Larry Salustro	

Task Force Staff present:
Sarah Justus, DOA
John Marx, DOA

Stakeholders present:

Rep. Dan Schoof	Dan York, ACEEE
Ilze Rukis, WPS	Susan Stratton, ECW
Brian Zelenak, Xcel	Dan Ebert, PSC
Janet Brandt, WECC	

The next meeting will be July 6, 2004 at 10:00 at WECC.

Meeting Outcomes

1. Workgroup report is due to the full taskforce by July 9. The workgroup's next meeting will be to discuss comments received by June 29th and to finalize workgroup report.
2. Draft workgroup report was distributed to members and stakeholders. Workgroup members are asked to provide comments to the co-chairs by Tuesday, June 29 and to provide electronic copies of comments to fellow workgroup members. The co-chairs will consolidate comments and outstanding issues for the final meeting prior to the July 9th deadline. A revised draft will be distributed prior to the July 6th meeting.
3. The workgroup clarified that, under the draft proposal, the Public Service Commission would consider energy efficiency and renewables under a generic docket.
4. The workgroup agreed to recommend that the Public Service Commission decide the appropriate amount and allocation of funding for public benefits in a contested case and to issue its decision as an order to utilities.

5. An ad hoc group on the priorities statute is meeting and will provide recommendations to the workgroup. The workgroup agreed that if the program is fully funded and funding is spent on the prescribed programs that the priorities statute would be met under the draft proposal. The issue remaining is how to meet the priorities statute if funding is not spent for the purposes prescribed by the Public Service Commission as outlined in the draft report.
6. The workgroup clarified that, under the draft proposal, issues relating to energy efficiency, such as falling short of program goals, would be addressed in the above described generic docket and not in individual construction cases.
7. The workgroup agreed that the requested energy efficiency potential study should not address low-income related potential.
8. The workgroup reviewed comments from the June 15, 2004 public hearing and discussed the potential recommendation of an energy efficiency portfolio standard.

Outcomes from 06-04-04 Meeting

1. Workgroup continued its discussion of the treatment of the large C&I customers in the Public Benefits program. Group agreed that the PSC, in consultation with the DOA, should develop an RFP process in which organizations will bid for the right to administer Public Benefits programs. Utilities as well as non-profit organizations would be eligible to bid for programs. This would create a hybrid model in which some programs, such as the residential and small commercial customers, would be best served through a statewide model; and other programs, such as large C&I, might best be served through organizations that can tailor programs to their specific needs. For programs in the middle of this spectrum, such as medium to large commercial customers or institutions, the delivery of services could occur either within individual service territories or via statewide, depending on which program bid is selected by the PSC.

2. Workgroup agreed that in this RFP process, the PSC, in consultation with the DOA, would need to establish clear criteria for the awarding of contracts. These criteria would include consistency with Public Benefits efforts, level of funds, and treatment of market power issues among others. It was suggested that existing Focus on Energy's metrics could be borrowed to develop this criteria.

3. Workgroup further agreed that contracts should be awarded for a fixed period of time, consistent with the PSC planning process.

4. Workgroup recognized that staffing levels at the PSC will need to be increased if this scenario is pursued.

5. Workgroup reaffirmed its initial premise that the group is working from the existing Public Benefits law. Therefore, where the group does not make any recommendations, current law remains in place. This includes the treatment of the Environmental R&D and Renewable Focus on Energy programs. The workgroup is not recommending any changes to these programs at this time.

6. Todd Stuart shared Sen. Cowles's recent letter with the workgroup, stating that the senator is concerned about the funding security issue and questions the direction of the Task Force on this issue.

7. Minutes from May 18th meeting were approved.

Outcomes from 5-18-04 Meeting

1. Oscar Bloch, DOA, and David Sumi, PA Consulting, presented to the Workgroup regarding current measurement and evaluation practices for the Public Benefits programs. They discussed the reasoning and process for independently verifying energy impacts and tracking market changes deriving from Public Benefits programs. They noted that measurement and evaluation accounts for 2.9% of the actual FY04 Focus on Energy budget (after accounting for cuts).

2. Workgroup continued discussion of the straw proposals, focusing on the options for program administration. Group agreed that there needs to be better facilitation and coordination among networks already in the field, that a uniform set of criteria and program goals need to be applied to all program administrators and that all options for program administration currently under consideration will require some version of an independent 3rd party large commercial and industrial program administrator (i.e. even if the workgroup decides to allow a utility to administer a large C&I program in its service territory, an independent administrator will have to be established for those utilities that elect not to take this option).

3. Minutes from the May 4th meeting were approved.

Outcomes from 5-4-04 Meeting

1. Workgroup reviewed straw proposals from George Edgar, discussing issues of Public Benefits fund collection, agency to function as the overall program administrator and considerations for a fiscal agent versus keeping funds with the utilities until disbursement. Group reviewed memo up to page 10, agreeing that the document accurately reflects the group's discussions up to this point.

2. Group agreed that some issues may be best left to the Commission to decide as not all stakeholders are involved in the Governor's Task Force's activities. One such issue is the cap on annual payments to Public Benefits by individual residential and industrial customers.

3. Definitions for and applications of resource acquisition and market transformation strategies were discussed.

4. Workgroup created a liaison committee to work with the Energy Center of Wisconsin on the energy efficiency potential study. This group will consist of: George Edgar, Dave Helbach (or designee), Chuck McGinnis, Ilze Rukis, Larry

Salustro (or designee) and Brian Zelenak. A representative from the Renewables Workgroup may also be added.

In discussing the study, the group agreed that:

- its purpose is to provide a foundation upon which the Public Service Commission can make decisions about appropriate funding levels for Public Benefits
- should include natural gas and customer-owned renewable systems.
- an upfront study issued this summer is not necessary. A summary of the utilities' research on this issue would be more helpful in the near-term with a more in-depth analysis of the state's energy efficiency potential to be completed early next year.

5. Group established the following meeting schedule for June and July:
   June 1st 10-11:30 a.m.
   June 15th 1-2:30 p.m.
   July 6th 10-11:30 a.m.
   July 20th 1-2:30 p.m.
   It was noted that June 1st conflicts with an energy event and may be re-scheduled.

6. Minutes from April 6th meeting were approved.

Outcomes from 4-6-04 Meeting

1. Possible frameworks for the administration of Public Benefits were discussed. Potential role for the PSC may include:
   - resource need identification
   - setting of energy efficiency targets and objectives
   - establishing a budget
   - collecting money from the utilities' revenue requirement
   - overseeing the fulfillment of the energy priorities statute

2. Workgroup also discussed the role of the fiscal agent, agreeing that this entity should be a non-governmental agent and therefore not subject to Chap. 20 changes. The role of this agent would include record keeping and the disbursement of funds as directed by the PSC.

3. Minutes from March 9th meeting were approved.

Outcomes from 3-9-04 Meeting

1. The PSC should oversee the planning, budgeting, goal setting, evaluation and enforcement of the Public Benefits programs.

2. Delivery of Public Benefits services may need to vary depending on the characteristics of a customer class. Due to the homogeneity and mass-market synergies that can be captured within the residential class, group agreed that services for this class are best delivered through a statewide program.

3. Low-income program should remain as a statewide program.

4. Minutes from 2-17-04 meeting were approved.

Outcomes from 2-17-04 Meeting

1. The spending of Public Benefits funds should be linked with the PSC's resource approval process. Public Benefits efforts should be consistent with and supportive of state resource priorities and objectives.

2. DOA should retain oversight of the low-income programs.

3. Minutes from the 2-3-04 meeting were approved.

4. Suggested role definitions document distributed for use by work group.

5. Presentation by John Marx (DOA) re public benefits funding levels.

Outcomes from 2-3-04 Meeting

1. Minutes from the January 20th meeting were approved

2. Discussion during the majority of the meeting to involve workgroup members and staff. Last 15 minutes of the meeting will be reserved for comments from stakeholders present at the meeting.

3. Once workgroup has developed a preliminary proposal, it will host 2-3 forums in different areas of the state to solicit public input.

4. PSC designated as the agency to oversee utility retention of funds for Public Benefits Programs.

5. As directed by the PSC, the utilities will collect these funds through the utility revenue requirement. Municipalities and coops may opt in as under current statutes. The funds will then be transferred to a non-governmental fiscal agent.

6. Funds are to be collected from utilities through a uniform charge creating collection equity across utilities and among customers.

7. For consistency purposes, low-income program funds should be collected using the same administrative model as that for energy efficiency funds

Distribution List

- All Administrative Model and Funding Workgroup
- All Task Force Members
- Stakeholders present and/or requesting copies
- Website