

PUBLIC SERVICE COMMISSION OF WISCONSIN

Quadrennial Planning Process IV

5-FE-104

Public Service Commission of Wisconsin
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ORDER

This is the Order regarding the implementation of the Inflation Reduction Act (IRA) Home Efficiency and Electrification Rebate Programs.

Introduction

On August 16, 2022, President Joseph R. Biden signed the IRA into law (Pub. L. 117-169).¹ In total, the law includes \$391 billion to support clean energy and address climate change. Two provisions of the IRA that together authorize more than \$8.5 billion nationwide are relevant to this Final Decision.

- Section 50121 authorizes \$4.3 billion in formula grants to State Energy Offices (SEOs) to carry out the Home Energy Performance-Based, Whole-House Rebates Program (HOMES)
- Section 50122 authorizes \$4.275 billion in formula grants to State Energy Offices to carry out the High-Efficiency Electric Home Rebate Program (HEEHRA)

Together, these provisions are referred to as the Home Energy Rebate (HER) programs. With both programs, the IRA establishes that the appropriated funds are to remain available through September 30, 2031.

The Wisconsin State Energy Office (SEO) was informed in January 2023 that it is eligible to receive the following estimated amounts in formula funding to implement the HER programs:²

- Section 50121 HOMES: \$74,904,830

¹ INFLATION REDUCTION ACT OF 2022, PL 117-169, August 16, 2022, 136 Stat 1818;
[Inflation Reduction Act \(congress.gov\)](https://www.congress.gov/bills/117/169/text/inflation-reduction-act-of-2022)

² [State And Tribe Allocations for Home Energy Rebate Program | Department of Energy](https://www.energy.gov/state-and-tribe-allocations-for-home-energy-rebate-program)

- Section 50122 HEEHRA: \$74,470,200

The U.S. Department of Energy (DOE) is issuing two separate formula grant application opportunities in 2023. The first grant opportunity, released by the DOE on March 23, is the Administrative and Legal Requirements Document (ALRD) for submitting applications for a portion of the administrative funds for both the HOMES and HEEHRA programs. These funds would allow the state to begin to hire and conduct a minimum set of planning and administration activities to prepare for submitting the HOMES and HEEHRA Program Plans.³ Wisconsin's planning funds allocation for the HOMES program is \$1,872,621 and for the HEEHRA program the allocation is \$1,861,755. The second grant opportunity, expected in Summer 2023, will detail the full HOMES and HEEHRA program requirements and include the Funding Opportunity Announcement (FOA) which will allow states to apply for the full formula rebate allocations.

On March 24, 2023, Commission staff provided a memorandum for comment. ([PSC REF#: 462440](#).) The memorandum addressed whether Focus on Energy (Focus) should use its existing infrastructure and market relationships to be the implementer for two residential rebate programs created by the Inflation Reduction Act of 2022 (IRA) or if the Wisconsin State Energy Office (SEO) should pursue a different method to implement these programs. The memorandum explained that whether the Commission determines that Focus should be designated to implement these IRA programs or that the programs should be implemented through the SEO, it is anticipated that certain details regarding program implementation will need to be addressed with the Commission at a future date once the DOE publishes program guidance. The memorandum also sought direction as to whether the SEO's fully detailed application to the

³[Home Energy Rebate Programs Administrative and Legal Requirement Document](#)

DOE on the HOMES and HEERA programs should be approved by the full Commission or the delegated Commissioner prior to submission. A total of 71 comments were received on the memorandum from organizations and members of the public. The Commission discussed the memorandum at its open meeting of April 13, 2023.

Findings of Fact

1. It is reasonable and in the public interest for Focus to be the implementer of the Inflation Reduction Act Home Efficiency and Electrification Rebate Programs as set forth in this Order.
2. It is reasonable for the IRA funded efficiency and electrification programs to be funded and managed as separate programs from Focus, and not included in the Focus portfolio of programs.
3. It is reasonable and in the public interest for the fully detailed application to the DOE for HOMES and HEERHA funding be reviewed and approved by the full Commission.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stats. §§ 196.02, 196.374, and 196.395, and Wis. Admin Code ch. PSC 137 to oversee Focus programs and coordinate program delivery between Focus, utility-administered programs, low-income weatherization programs, and other energy efficiency and renewable resource programs.
2. The Commission has jurisdiction under 2015 Wisconsin Act 55 and Wis. Stat. §§ 196.02 and 196.025 to oversee the Wisconsin State Energy Office (SEO) and set goals and priorities for the office.
3. The Commission may impose any term, condition, or requirement necessary to protect the public interest pursuant to Wis. Stats. §§ 196.02, 196.374, and 196.395.

Opinion

SEOs throughout the country are currently considering their options for delivering HER programs as they await the DOE's program guidance and FOA. Each state's options and capabilities to successfully deliver these programs are unique. Planning for implementation of IRA HER programs in Wisconsin can take into consideration the existing presence of Focus, which already offers financial incentives to eligible customers across most of the state for energy efficiency projects, including some but not all of the measures to be offered through HOMES and HEEHRA.

Under Wis. Stat. § 196.374, Focus offers incentives to customers of the participating utilities who contribute funds to the program. Currently, all of Wisconsin's investor-owned and municipal electric and gas utilities, as well as 11 of Wisconsin's 24 electric cooperatives participate in Focus. All Wisconsin residents meeting the eligibility requirements of the federal programs, including members of the 13 electric cooperatives currently not contributing to Focus as well as members and customers of contributing cooperatives and utilities, would be eligible to receive rebates through HOMES and HEEHRA.

Under Wis. Stat. § 196.374(3)(a), the Commission is responsible for oversight of Focus programs, including a specific responsibility to maximize the coordination of program delivery between Focus, utility-administered programs, low-income weatherization programs, and "other energy efficiency and renewable resource programs." To begin preparing for the implementation of IRA HER programs, the memorandum identified considerations for the Commission associated with the coordination of Focus and the HER programs and assessed the potential benefits and costs of integrating HER program administration with Focus, compared to the

alternative option of establishing separate program administration arrangements through the SEO.

The Commission determines that it is appropriate to leverage the Focus on Energy infrastructure and contractor networks to implement the IRA HOMES and HEEHRA programs. The Commission finds that the IRA programs should be managed as separate programs and not be included in the Focus portfolio. Similar to the federally funded Rural and Agricultural Incentive program that Focus has managed since 2019, the costs associated with administration, technical and customer support, and incentives shall be tracked separately and funded with the federal HOMES and HEEHRA dollars. Since Focus programs are funded by utility customers, it is important that Focus funds are not used to implement the federal HOMES and HEEHRA programs.

The Commission concludes that the fully detailed application for the IRA HOMES and HEEHRA funds should be reviewed and approved by the full Commission prior to submission to DOE. Guidance for the full application and the FOA which will allow states to apply for the formula rebate allocations is expected in the Summer of 2023. By bringing the application to the Commission, the process will allow for an open discussion on this new initiative and provide maximum visibility regarding any decisions on program design and other issues.

ORDER

1. Focus on Energy shall be the implementer for the IRA HOMES and HEEHRA Programs.
2. The IRA funded programs shall be funded and managed as separate programs and shall not be included in the Focus portfolio.

3. The full Commission shall review the fully detailed application for the IRA funds prior to submission to the DOE.

4. Jurisdiction is retained.

Dated at Madison, Wisconsin, the 3rd day of May, 2023.

By the Commission:

A handwritten signature in black ink, appearing to read "Cru Stublely", with a long horizontal flourish extending to the right.

Cru Stublely
Secretary to the Commission

CS:JF:TK:JP:JS:MH:kle DL:01940448