



Promoting Energy Efficiency Through a Public Benefits Fund

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August 26-27, 2010

Outline

- What is a Public Benefits Fund?
- Advantages of This Type of Policy
- Example: State of Wisconsin, U.S.

What is a Public Benefits Fund?

- “A charge/surcharge on a consumer’s bill from an electric distribution company to pay for the costs of certain public benefits such as energy efficiency or low-income assistance.”
- Synonym: some jurisdictions call this a “system benefits charge”

How Exactly Does the Public Benefit?

- Investing in energy efficiency lowers costs for utility customers by reducing the need to build new, expensive power plants and transmission lines
- Energy efficiency programs create jobs, especially in areas where most energy comes from imported fossil fuels
- Businesses that use energy efficiently are more competitive than businesses that don't
- Energy savings translate into reduced pollution

Advantages of This Type of Policy

- Creates a stable and fairly predictable source of funding for energy efficiency programs
- Funding levels can be adapted to local economic needs and capabilities
- Energy efficiency programs and services can be adapted to local needs and adjusted periodically
- Programs can be administered by government, private companies, nongovernmental organizations, or a combination of these

Example: State of Wisconsin



Retail Electric Market in Wisconsin

- Local Distribution Companies:
 - 118 monopolies with distinct service territories
 - 12 private utilities (owned by investors)
 - 82 municipal utilities (owned by local governments)
 - 24 cooperatives (owned by customers)
- No “retail choice”

PSCW Role in Regulation of Retail Electricity Providers



- The PSCW has broad regulatory authority over private investor-owned utilities and municipal utilities
- The PSCW has varying (but generally limited) regulatory authority over electric cooperatives

Focus on Energy



- Wisconsin's statewide energy efficiency and renewable energy program
- Funding is set at 1.2% of investor-owned utility revenues
- Money is not collected by government; funds are collected by utilities from customer bills and deposited into a private account that cannot legally be used for other purposes
- Municipal utilities and cooperatives required to collect \$8 per customer; they may choose to join Focus on Energy or run their own programs

Focus on Energy Programs

- Three program areas:
 - Residential (Homes)
 - Businesses
 - Renewable Energy
- Program is administered by a private company, under contract by the utilities, that hires other private companies to deliver program services
- PSCW oversees all aspects, sets annual savings goals and oversees program evaluation

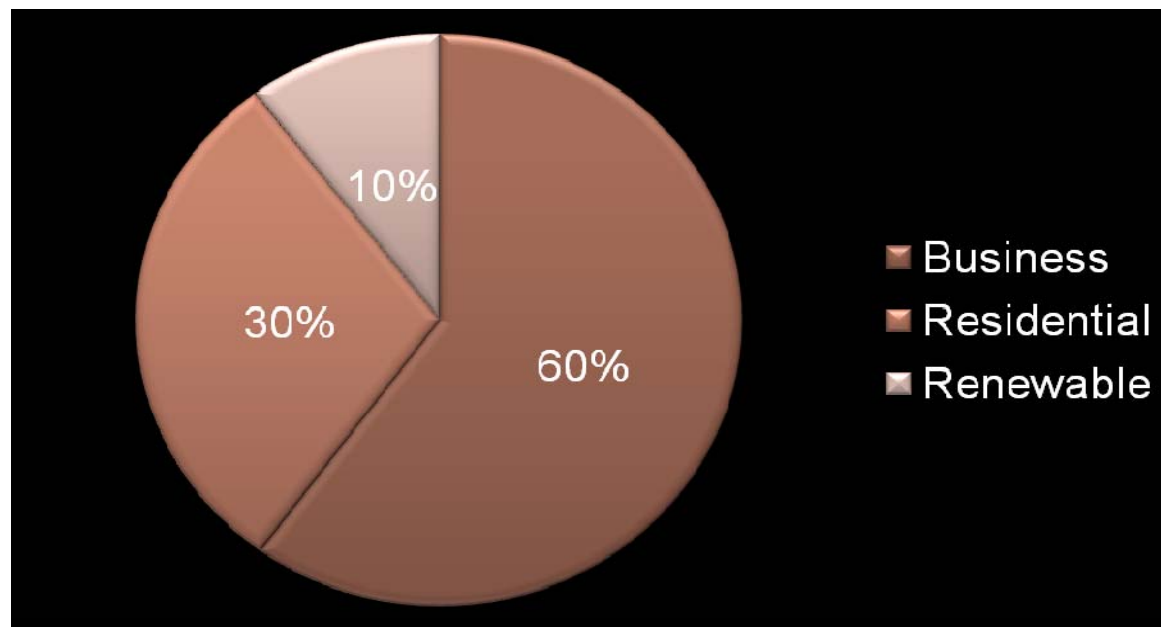


2009 Focus on Energy Budget

Business - \$45,624,000

Residential - \$22,391,950

Renewable - \$ 7,912,950



Focus on Energy Results: Energy Savings

Focus on Energy Savings Distribution by Sector July 1, 2001 – December 31, 2008

	Business	Residential	Renewable	TOTAL
kWh	1,093,233,207	582,079,215	54,678,154	1,729,990,576
kW	218,766	73,937	9,022	301,725
Therms	68,836,785	12,774,784	5,511,172	87,122,741

Focus on Energy Results: Public Benefits

- Wisconsin customers save about \$239 million per year in energy costs
- Program has an overall 2.3/1 benefit/cost ratio
- Emission Reductions:
 - 1.78 million tonnes of CO₂
 - 2,900 tonnes of SO₂
 - 266 pounds of Hg

Questions?

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Geography and Climate of Wisconsin

- Land Area: 141,000 km²
 - Population: 5,688,040
 - Capital: Madison, population 227,700
 - Largest City: Milwaukee, population 584,000
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- Average Winter Temperature: -8°C
 - Average Summer Temperature: 19°C
 - Average Annual Precipitation: 83 cm

PSCW Role in Regulation of Electricity Industry



- Ensure that in the absence of competition, adequate and reasonably priced service is provided to utility customers:
 - Pre-construction approval of large generation and transmission projects
 - Approval of retail rates
 - Oversight of utility finance, structure, mergers
 - Oversight of energy efficiency and conservation programs