



# **FOCUS ON ENERGY<sup>®</sup>**

# **Policy Manual**

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## **DEFINITIONS**

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**ACHIEVED SAVINGS:** Savings for which a payment approval workflow has been completed in the Database, and the Database indicates the Incentive is “pending export” to the Fiscal Agent, “payment approved”, “exported for payment”, “pending export for payment” or “paid”.

**ADDENDUM or ADDENDA:** A written change to the Agreement, which is only effective when signed by an authorized representative of both the Implementer and Administrator.

**ADMINISTRATIVE COST(S):** The costs not directly associated with a specific program activity, but which are necessary to the development and administration of the programs. Administrative costs include: record keeping, payroll, accounting, auditing, billing, business management, budgeting and related activities, overhead allocation and other costs necessary to direct the organization of the Program, but do not include Program evaluation. The Implementer shall assist the Administrator in tracking Administrative Costs incurred by the Program, and assist in reporting such costs upon request in a timely manner.

**ADMINISTRATOR:** The Contractor hired by SEERA to develop and administer the statewide Focus on Energy energy efficiency and renewable energy programs under Wis. Stat. §196.375(2)(a).

**AGRICULTURAL PRODUCER:** A business engaged in growing and producing grain, livestock, milk, poultry, fruits, vegetables, green-houses, bees and honey; fish; shellfish; or other common agricultural products which are living organisms in Wisconsin. Grain elevators (grain handling and drying operations other than those residing on grain farms), feed mills, cheese producers, etc. are NOT classified as Agricultural Producing entities as they are PROCESSORS of raw agricultural products into intermediary or final products, including but not limited to cheese, meat, poultry packing, fruit and vegetable processors and ethanol plants.

**APPLICATION:** A request for an Incentive for an eligible Measure(s) submitted by a Customer or Trade Ally or other party related to a project.

**AUTHORIZED REPRESENTATIVE:** A representative of a Party duly authorized to legally bind the Party.

**BENEFICIAL ELECTRIFICATION:** Beneficial electrification strategies are those that provide three forms of societal benefits: reduced energy consumption (total source BTUs), lower consumer costs, and reduced greenhouse gas emissions (GHG).

**BILLING RATE:** Combined rate that includes labor, fringe, indirect costs, overhead, profit, etc.

**BUDGET COST LINE ITEMS:** The Focus on Energy cost categories which include Technical & Customer Support, Administrative Costs and Incentives.

**BUSINESS DAY(S):** Days not including Saturdays, Sundays or a Federal Holiday. Unless otherwise specified, the presumption is that all references to days refer to business days.

**BUSINESS PORTFOLIO:** Portfolio of Focus on Energy energy efficiency and renewable energy programs offered to Customers of Utilities taking service on non-residential rates or tariffs. Businesses, including Agricultural Producers, operating under residential rates that otherwise qualify for Business Portfolio Programs, are eligible to participate in the Business Portfolio Business Programs are designed to target commercial, industrial, Agricultural Producers, schools, Local Units of Government, and non-local government Customers.

**CHAPTER PSC 137:** Wis. Admin. Code ch. PSC 137.

**CLAIM ONLY SAVINGS:** Work that is attributable or a direct result of a Focus on Energy project or assessment, which generates energy savings, but is not incentivized. To qualify, the work must exist within the original project scope, must not be incented by any Focus program for which the customer is eligible, and must provide calculable and demonstrable energy savings. Defined measures for which multiple claim only projects may occur may be documented in the Database as prescriptive “claim only measures,” which have the same characteristics as other measures with an incentive amount appears as zero. On customer or hybrid projects savings for claim only projects can be documented in project workbooks and included in the total savings entered for the custom or hybrid measure. Claim only savings differ from spillover savings, which is quantified by the Evaluator and is generally for work completed by the customer that is outside of the original project scope (also not incentivized).

**COMMISSION OR PSC:** The Public Service Commission of Wisconsin.

**COMMITTED INCENTIVE(S):** An Incentive in an Incentive Application for which a pre-approval workflow has been completed in the Database, but the Incentives will not be paid until a future date.

**COMPLIANCE AGENT:** The Contractor that performs compliance audits to ensure Program Contractors comply with the Focus on Energy policies and procedures as well as contractual requirements specified in their individual contracts.

**COMPLIANCE AUDIT (AUDIT):** Refers to the Agreed-Upon Procedures Engagement (AUP) performed by the Compliance Agent to determine Program Contractors’ compliance with their individual contract requirements and this manual. Such engagements are performed in accordance with standards of the American Institute of Certified Public Accountants (AICPA).

**CONFIDENTIAL INFORMATION:** Refers to (1) program participant-specific information and databases comprised of such information, and (2) any information provided or made available by one party (a “disclosing party”) to the other party (a “receiving party”) that (a) is marked as proprietary or confidential at the time of disclosure; or (b) is orally identified as being confidential at the time of disclosure, followed by written confirmation of confidentiality within 30 days of such verbal identification; or (c) the receiving party knew or should have known, under the circumstances, was considered confidential or proprietary by the disclosing party.

**CONTRACT:** When capitalized, refers to an agreement between the Administrator, the Commission, the Contract Administrator, the Compliance Agent, the Fiscal Agent or the Evaluator.

**CONTRACT ADMINISTRATOR:** The Statewide Energy Efficiency and Renewables Administration, Inc. (SEERA) is the legal entity (non-profit) formed by the Energy Utilities to fulfill their obligations under Wis. Stat. § 196.374(2)(a). The SEERA creates and funds statewide energy efficiency and renewable energy Programs. The SEERA also contracts, on the basis of competitive bids, with one or more organizations to administer Focus on Energy.

**CONTRACT TRACKING TOOL:** An Excel workbook created by the Administrator and located on The Grid. The Tool is a place for tracking deliverables and changes in budget(s), goals, and staff and other contractual components as may be needed during the Term of Agreement.

**CONTRACTORS:** Where capitalized, refers to organizations contracted directly with the SEERA or the Commission in connection with Focus on Energy. These organizations include, but are not limited to, the Administrator, Fiscal Agent, Evaluator, and Compliance Agent.

**CUSTOMER:** Unless the context requires otherwise, means a Utility customer that is eligible to participate in one or more Focus on Energy Programs.

**CUSTOMER INFORMATION** is the Personal Information that may be associated with a Focus on Energy Customer and is considered Confidential Information, unless otherwise specified. Any unique identifying number, characteristic, code or combination that allows identification of an individual or business is considered Confidential Information. Examples of this include any of the following:

- Social Security Number (SSN)
- Federal Employment Identification Number (FEIN)

Or any combinations of the following information that is not publicly available:

- Customer name
- Primary, payment, or tax addresses
- Telephone or fax numbers
- Email addresses
- Utility account numbers
- Customer's Energy Usage Information

**DATABASE OF RECORD (DATABASE):** Database means the Focus on Energy Customer Management Relations system, or any system, that all contractors (this includes Implementers and Implementers Subcontractors) are required to use for tracking and managing energy savings and usage; Customer relations; energy efficiency and renewable energy projects; Incentive payments and processing; Incentive approvals; Customer, property and utility information; marketing initiatives; workflows; approved Trade Allies; and contractor invoicing, budgeting approval and payment. The Database of Record is SPECTRUM.

**DELIVERABLES:** Any written or operational deliverables, materials or Work Product developed per the requirements contained in the Agreement.

**EFFECTIVE USEFUL LIFE:** The median number of years of expected operation of a specific Measure, i.e. the time until half the units would be expected to have failed or been removed.

**ELECTRIC COOPERATIVE:** Cooperative association that is organized under Wis. Stat. §. 185 for the purpose of providing electricity at retail or wholesale to its members only and that own or operate a retail electric distribution system.

**ELIGIBLE COSTS:** Those costs which can be audited and which are directly attributable to contracted activities and allowable pursuant to the Policy Manual.

**ENERGY ADVISOR:** Refers to an employee of an Implementer or Implementer Subcontractor that, in a specific role, interacts directly with customers and provides advice on specific programs that a customer may participate in, and provides assistance with the customer's individual project.

**ENERGY UTILITIES:** Term used to describe investor-owned electric and/or natural gas utility.

**ENVIRONMENTAL AND ECONOMIC RESEARCH AND DEVELOPMENT (EERD) PROGRAM:** The initiatives for research and development regarding the environmental and economic impacts of energy use in Wisconsin, under Wis. Stat. §. 196.374(2)(a)2.d.

**EVALUATION WORKING GROUP:** The body convened by the Commission during the first quadrennial planning process to advise the Commission on measurement and evaluation issues. This group consists of a Commission representative who chairs the group, and members from the Evaluator, the Administrator, the Utilities and an outside expert.

**EVALUATOR:** Independent third-party Contractor hired by the Commission.

**EX ANTE SAVINGS:** Energy savings the Offering Administrator or Offering Implementer reports before verification by the Evaluation Team (also called claimed savings, reported savings, or tracked savings).

**FISCAL AGENT:** Contractor that, in a fiduciary capacity, receives funds, distributes funds and accounts for statewide energy efficiency and renewable energy programs specified under Wis. Stat. §196.374(2)(a). **FIXED UNIT PRICING:** A fixed sum for each completed unit of work.

**FIXED AND PERFORMANCE PRICING:** A type of contracting payment structure that includes (1) a clear set of objectives and indicators, (2) systematic efforts to collect data on the progress of those indicators, and (3) consequences, either rewards or sanctions for the contractor, that are based on performance.

**FOCUS ON ENERGY®:** The statewide energy efficiency and renewable energy programs specified under Wis. Stat. §. 196.374(2)(a).

**FOCUS ON ENERGY OPERATIONAL PROCEDURES GUIDE:** The compilation of procedures, as amended and updated, which provides the day-to-day guidance for implementing the Focus on Energy Program and is to be followed by Administrator, Implementers, Implementer Subcontractors, and others working for the Focus on Energy programs.

**FOCUS ON ENERGY POLICY MANUAL:** The compilation of policies, as amended and revised, developed by Compliance Agent in conjunction with Administrator and the Commission, which provides the rules, regulations and policies of Focus on Energy to be followed by Administrator and its Subcontractors, Implementers, Implementer Subcontractors, and others working for the Focus on Energy programs. No amendment to the Policy Manual shall be effective unless and until it has been approved by the Commission.

**FOCUS ON ENERGY REPRESENTATIVE:** Refers to an employee of a Program Contractor that works on a Focus on Energy program or initiative.

**FOCUS STAFF:** Refers to any person who is in any way affiliated with the Focus on Energy Program with access to Customer Information, and includes: Program Contractors, Focus Staff, the Commission, and the PSC staff.

**FREE-RIDERSHIP:** the frequency by which Customers receive Incentives for purchases they would still have made in the absence of participating in the Focus on Energy Program. Free-ridership in the Program is estimated through evaluation methods that include, but are not limited to, Customer surveys regarding their purchasing decisions and Standard Market Practice methods which track the installation of efficient products by Program non-participants.

**FUTURE FOCUS:** The Future Focus initiative is a portfolio-wide project management system and development process that encourages innovation, facilitates R&D, and collects potentially transformative ideas that will save Wisconsin utility customers energy and money. Future Focus consists of idea collection (primarily on the Focus on Energy website), a project management system, and input from key staff and stakeholders. Ongoing efforts include market scans, project development, procurement, and project execution; including but limited to pilots, primary or secondary research, measure/technology characterization, updated or new solutions/offerings.

**GRID, THE (“The Grid”):** refers to The Grid, the Focus on Energy intranet site used by Focus on Energy stakeholders, owned by SEERA and administered by the Administrator.

**GROSS SAVINGS:** The unadjusted program-reported change in energy consumption or demand resulting from efficiency program-related actions taken by participants.

**IMPLEMENTER:** An organization contracting with the Administrator to implement Focus on Energy Programs; Implementers do not include Subcontractors, as that term is defined below. Implementers shall receive funding directly from the Contract Administrator for services provided by them in implementing Focus on Energy Programs.

**IMPLEMENTER SUBCONTRACTOR:** An organization contracted with an Implementer to support the implementation of the Focus on Energy Programs.

**INCENTIVE:** A financial payment, product or service provided to a Customer, Trade Ally, distributor, retailer, manufacturer or a designated payee, which enables or facilitates the implementation of an energy efficiency or renewable energy measure.

**INCENTIVE APPLICATION:** An application for the Program(s) for use by Customers or other designated third party.

**INCOME QUALIFIED:** A Residential Customer's income is an eligibility requirement and will vary by Program Offering.

**INDIRECT COSTS:** An indirect cost, is any cost incurred which benefits common activities in the organization and therefore cannot be readily assigned to a specific customer and project. Indirect costs must be assigned by some systematic allocation method and must be allocated to each program/line of business on a consistent and equitable basis. This is often used in large service organizations that contract their labor.

**INFORMATION SECURITY PROTOCOL:** Appropriate operational, technical, and organizational measures to protect Confidential Information, whether in paper, electronic, or other form, against accidental, unauthorized, or unlawful access, disclosure, or alteration during its collection, storage, access, transmission, transportation, and destruction.

**INVESTOR-OWNED UTILITY (IOU):** A form of electric and/or natural gas utility owned by a group of investors.

**KEY STAFF:** Focus on Energy Representatives that are allocated to the Program for at least six months of a calendar year at more than 50% or are a manager.

**KEY PERFORMANCE INDICATORS (KPIs):** A quantifiable measure used to evaluate the success of meeting objectives for Performance.

**LARGE ENERGY CUSTOMER(S):** A Customer of an Energy Utility that had, in any month of the preceding year, a monthly energy demand of at least 1,000 kW of electricity or 100,000 therms of natural gas and was billed at least \$60,000 by the Energy Utility. Large Energy Customers include industrial, institutional and commercial facilities, such as paper mills, food processors, hospitals, hotels, four-year university buildings, and publicly owned waste water plants.

**LICENSEE:** Any business, organization, or individual that has been granted legal permission by another entity to engage in an activity. The permission, or license, can be given on an express or implied basis.

**LIFECYCLE SAVINGS:** Annual energy savings that are multiplied by the Effective Useful Life.

**LOCAL UNITS OF GOVERNMENT:** Wis. Stat. §. 23.24(4) (a) states "local government unit" means a political subdivision of this state, a special purpose district in this state, an instrumentality or corporation of the political subdivision or special purpose district, or combination or subunit of any of the foregoing. This includes cities, villages, towns, counties, school districts, and technical college districts. This definition was published in the *2009-2010 Bill Drafting Manual* published by the Wisconsin Legislative Reference Bureau.

**MEASURE:** A product, equipment, audit, or practice that will result in measurable, reduced energy usage at a comparable level of service. Measures may also refer to Program-qualified Renewable Resources or tracking activity.

**MMBTU or MBTU:** Stands for one million British Thermal Units (BTU). A BTU is a measure of the energy content in fuel, and is used in the power, steam generation, heating and air conditioning industries.

**MUNICIPAL ELECTRIC UTILITY:** Electric utility that is owned wholly by a municipality and that owns a retail distribution system.

**NET SAVINGS:** Savings net of what would have occurred in the program's absence (observed impacts attributable to the program). Net savings are typically calculated by applying the net-to-gross ratio to the verified gross savings.

**NOTICE TO PROCEED (NTP):** The earlier of (i) when Administrator provides an explicit notice to proceed in writing or (ii) when an Agreement is signed by both parties.

**OFFERING:** When capitalized, this term refers to a service component of a Focus on Energy Program.

**PARTY:** The entities entering into an agreement with one another, by and through their Authorized Representatives.

**PERFORMANCE:** Satisfactory Implementation of the Work consistent with the requirements established in the Agreement and Scope of Work and any applicable professional standards.

**PERSONAL INFORMATION:** Means data or information which names, identifies or gives certain information from which a natural person could be identified, including, but not limited to: personally identifiable information that is protected under any Privacy Laws. Personal Data includes, but is not limited to, (i) name, phone number, address, email address, employer, or date of birth; (ii) non-public information, such as a passport number, social security number, or driver's license number; (iii) financial information, such as bank account numbers, bank account balances and transactions or information, credit card numbers and/or bank account numbers; and/or (iv) sensitive personal data, such as mother's maiden name, race, marital status, gender or sexuality.

**PRIVACY LAWS:** Federal statutes and regulations, Wisconsin statutes, case law (e.g. tort claims unrelated to statute), Public Service Commission of Wisconsin (PSC) regulations and orders, and local data privacy or security statutes, order of court, or regulations.

**PROGRAM:** Program means a program for reducing the usage or increasing the efficiency of the usage of energy, or displacing energy usage, or generating energy by a customer or member of a participating Energy Utility, Municipal Electric Utility, or Retail Electric Cooperative. Programs may target specific customer types, customer sectors, or technologies. See also *Offering*.

**PROGRAM CONTRACTORS:** This term means, collectively, the Contractors, Subcontractors, Vendors, Implementers and their Subcontractors and Vendors.

**PROGRAM INCOME:** Gross receipts received by the Administrator which are directly generated from the Work detailed in Focus on Energy agreements, including but not limited to repayments of funds that had been previously provided to eligible beneficiaries; interest earned on any or all funds obtained from the Fiscal Agent; and interest earned on Program Income pending its disposition.

**PROGRAM MATERIAL(S):** Materials created for the Program, including but not limited to Program descriptions, websites, fact sheets, brochures and advertisements.

**PROJECT:** A Measure or group of Measures on a single Incentive Application.

**REALIZATION RATE:** The ratio of gross savings to verified gross savings.

**RENEWABLE RESOURCES:** As defined under Wis. Stat. §196.378(1)(j), a resource that derives energy from any source other than coal, petroleum products, nuclear power except as used in a fuel cell, and natural gas. “Renewable Resource” includes resources deriving energy from any of the following: solar energy, wind power, water power, biomass, geothermal technology, tidal or wave action or fuel cell technology that uses a renewable fuel, as determined by the Commission and as addressed in the Commission’s ruling PSC REF#:163778 under Docket 5-GF-191.

**RESEARCH PORTFOLIO:** Portfolio of offerings and initiatives oriented to further research activities in the state of Wisconsin. This portfolio includes the Environmental and Economic Research and Development (EERD) program.

**RESIDENTIAL PORTFOLIO:** Focus on Energy energy efficiency and renewable energy portfolio of Programs offered to Customers of the Utilities taking service on residential rates. See Business Portfolio for business exception.

**RETAIL ELECTRIC COOPERATIVE (OR CO-OP):** A cooperative association that is organized under ch. 185 of the Wisconsin Statutes for the purpose of providing electricity at retail to its members only and that owns or operates a retail electric distribution system.

**RURAL CUSTOMER:** Customers who reside in or maintain a residence in designated zip codes approved by the Commission.

**SECTOR:** A group of customers that provide similar goods and services. Utilizing Sectors allows targeting of specific Focus on Energy Incentive offerings and measures. Sectors served by Focus on Energy include: industrial, commercial, agricultural, schools, local government, non-local-government, and multi-family.

**SECURITY INCIDENT:** An unauthorized access, suspected unauthorized access to, or alteration of Confidential Information, regardless of the form in which the data is kept or the nature of the unauthorized access. Access is considered unauthorized when it is made for any purpose other than the direct performance of obligations hereunder.

**SUBCONTRACTORS:** Where capitalized, refers to organizations contracted with a Contractor in connection with Focus on Energy, but specifically excluding Implementers, Implementer Subcontractors or their contractors, and Vendors.

**SYSTEM ADMINISTRATOR:** Refers to a Contractor who manages the Focus on Energy enterprise database software system and other software systems utilized for the Focus on Energy Program. The Systems Administrator is responsible for monitoring system health, and allocating system resources to optimize systems' performance, by performing backups, administering user access, user accounts, monitoring system security and performing other related functions.

**TECHNICAL AND CUSTOMER SUPPORT (T&CS):** Refers to the Budget Cost Line Items comprised of these Line Items: technical & Customer support labor, equipment, marketing, Implementer Subcontractor, Vendor and other direct costs.

**TECHNICAL REFERENCE MANUAL (TRM):** The compiled catalog of common Measures incentivized through Focus on Energy, including the basis used to assign deemed energy savings and electric demand reduction values, or the algorithms used to derive them, to individual Measures. The TRM is maintained by the Program Evaluator and updated annually.

**THIRD PARTY:** An individual or organization that is not a Program Contractor and is not privy to Customer Information without consent from the Public Service Commission.

**TOTAL CONTRACT BUDGET AMOUNT:** For purposes of Implementer and Implementer Subcontractor agreements, Total Contract Budget Amount is defined in the Scope of Work Attachment B of the Agreement.

**TRADE ALLY or TRADE ALLIES:** Any independent organization that participates in the Program to enable the delivery of the Program to end-use Customers including, but not limited to, HVAC, insulation, and electrical contractors, builders, and retailers.

**UTILITIES:** Energy Utilities, Retail Electric Cooperatives, and Municipal Electric Utilities that provide energy resources to customers in the state of Wisconsin.

**VENDOR:** Entities that receive a contract to provide goods or services within the ordinary course of business and whose performance isn't directly tied to the primary scope of the Contractor or Implementer contract. Refer to Procurement & Policy Section for examples.

**WORK:** The functions, duties, and activities to be performed by a Focus on Energy contractor in accordance with the terms of an Agreement for the Focus on Energy Program.

**WORKPAPERS:** Papers submitted by Implementer to Administrator that contain detailed justifications for any Measure-level values contained in the Focus on Energy Cost-Effectiveness Calculator and the Database. The justifications include engineering calculations, values from prior Evaluation, Measurement and Control (EM&V) studies, or other technical documentation deemed sufficient by the Administrator technical review group and Focus on Energy Program Evaluator.

## ACRONYMS AND ABBREVIATIONS

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|          |                                                                                      |
|----------|--------------------------------------------------------------------------------------|
| Act 9    | 1999 Wisconsin Act 9                                                                 |
| Act 141  | 2005 Wisconsin Act 141                                                               |
| Act 414  | 1993 Wisconsin Act 414                                                               |
| AICPA    | American Institute of Certified Public Accountants                                   |
| ATC      | American Transmission Company                                                        |
| AUP      | Agreed-Upon Procedures Engagement                                                    |
| BTU      | British Thermal Units                                                                |
| CO-OP    | Cooperative                                                                          |
| CTC      | Commitment to Community Program                                                      |
| DIO      | Days Incentives Outstanding                                                          |
| DOA      | Wisconsin Department of Administration                                               |
| EERD     | Environmental and Economic Research and Development                                  |
| EM&V     | Evaluation, Measurement, and Verification                                            |
| ERF      | Electronic Regulatory Filing                                                         |
| ERISA    | Employee Retirement Income Security Act of 1974 (Pub. L.93-406)                      |
| FDIC     | Federal Deposit Insurance Corporation                                                |
| FEIN     | Federal Employer ID Number                                                           |
| GAAP     | Generally Accepted Accounting Principles                                             |
| GSA      | General Services Administration                                                      |
| IOU      | Investor-Owned Utility                                                               |
| KPI      | Key Performance Indicator                                                            |
| IRS      | Internal Revenue Service                                                             |
| KPI      | Key Performance Indicator                                                            |
| M&I      | Miscellaneous and Incidental Expenses                                                |
| MOU      | Memorandum of Understanding                                                          |
| NTP      | Notice to Proceed                                                                    |
| PSC      | Public Service Commission of Wisconsin (also referenced as “Commission”)             |
| RPS      | Renewable Portfolio Standard                                                         |
| RFP      | Request for Proposals                                                                |
| SaaS     | Software as a Service                                                                |
| SEERA    | Statewide Energy Efficiency and Renewable Administration                             |
| SSN      | Social Security Number                                                               |
| SPECTRUM | State Program for Energy Customer Tracking, Resource Utilization and data Management |
| SPIF     | Sales Performance Incentive Fund                                                     |
| T&CS     | Technical and Customer Support                                                       |
| TRC      | Total Resource Cost                                                                  |

## **BACKGROUND AND OVERVIEW**

The purpose of this document is to provide guidance and a consistent reference for those interacting with Focus on Energy. The policies contained in this document apply to all Focus on Energy Program Contractors. This manual provides all overarching policies and procedures for Focus on Energy and should be used as the primary reference when developing any contracts. In the event that there is any inconsistency between this manual and the contract, the contract shall be followed.

This document is organized by topic, with each section providing details to answer anticipated questions of the Program Contractors, utilities, legislators, and other users.

If you are unable to find the information you need within this manual, please contact the following individual at the Public Service Commission of Wisconsin (Commission):

| PSC Contact  | Title                      | Phone Number | Email Address                                                              |
|--------------|----------------------------|--------------|----------------------------------------------------------------------------|
| Jolene Sheil | Director – Focus on Energy | 608-266-7375 | <a href="mailto:jolene.sheil@wisconsin.gov">jolene.sheil@wisconsin.gov</a> |

### **I. Updates to This Manual**

This manual is intended to be an evolving document. Updates will be made annually, with supplement(s) being issued in July as deemed necessary and will be distributed to stakeholders.

Program Contractors are encouraged to offer suggestions on content, format, vague policies, etc. Suggestions for changes can either be submitted to the Administrator. The Compliance Agent and/or Administrator staff will review the suggestions with the Commission, who must approve of the change prior to incorporation.

### **II. Introduction**

Focus on Energy works with eligible Wisconsin residents and businesses to install cost effective energy efficiency and renewable energy projects. Focus on Energy information, resources and financial incentives help to implement projects that otherwise would not get completed, or to complete projects sooner than scheduled. Its efforts help Wisconsin residents and businesses manage rising energy usage, promote in-state economic development, protect our environment and control the state's growing demand for electricity and natural gas.

Wisconsin policy regarding energy efficiency and energy from renewable resources has been substantially shaped by three acts, all codified in Wis. Stat. §. 196.374(2). See below for brief histories of the acts.

1993 Wisconsin Act 414 (Act 414) created a priority list of energy sources and required the Commission and other agencies to implement the priorities in making all energy-related decisions and orders. It also addressed the efficient use of energy in public and private buildings, small scale solar and wind energy generation, and related topics.

1999 Wisconsin Act 9 (Act 9) established programs to promote energy efficiency and renewable energy and to provide energy assistance to low-income households, both administered by the Wisconsin Department of Administration (DOA). It also created a Renewable Portfolio Standard (RPS), a requirement that Municipal Electric Utilities and Retail Electric Cooperatives sell minimum amounts of renewable electricity, expressed as a percentage of the total electricity a Municipal Electric Utility or Retail Electric Cooperative sells. The original RPS established by Act 9 would have reached its maximum at 2.2% in 2011.

2005 Wisconsin Act 141 (Act 141) modified and added to the policies created by those acts but did not establish distinctly new energy policies. Act 141 required investor-owned electric and gas utilities to collectively establish and fund the statewide energy efficiency and renewable energy programs. To fulfill their obligations under Act 141, the energy utilities formed a non-profit entity, the Statewide Energy Efficiency and Renewable Administration (SEERA). This act:

- Replaced the DOA energy efficiency and renewable resource programs with programs that SEERA establishes and funds. SEERA also contracts with an Administrator to manage the programs.
- Established a new and more ambitious RPS, intended to result in 10% of statewide electricity use to be from renewable sources.
- Limited the application of Act 414's energy priority list in certain Commission proceedings.
- Created new initiatives to promote the efficient use of energy in state facilities, intended to result in 20% of the state's own use of electricity to be from renewable sources, and created new requirements regarding energy codes for private buildings.

### III. Statutory Requirements per Wis. Stat. §. 196.374(2)

Act 141 substantially revised the structure of the statewide energy efficiency and renewable resources programs administered by the DOA and utilities. The revised structure is based broadly on the structure of the programs that existed prior to Act 9 and thus is sometimes referred to as the "pre-Act 9 model." Act 141 mandates the following:

#### 3.1 Statewide Programs

- 3.1.1 Requires Wisconsin electric and gas Investor-Owned Utilities (IOU) to collectively create and fund statewide energy efficiency and renewable resource programs.

- 3.1.2** Requires IOU's to contract with one or more organizations to administer the programs.
- 3.1.3** Requires that statewide programs include components to address the energy needs of residential, commercial, agricultural, institutional, and industrial energy users and local units of government, and initiatives to address market barriers to the offering of goods and services relating to energy efficiency and renewable resources.
- 3.1.4** Earmarks 10 percent of all program funds for components to reduce energy costs incurred by local units of government and agricultural producers.
- 3.1.5** Creates initiatives for research and development regarding the environmental and economic impacts of energy use in Wisconsin.
- 3.1.6** Requires Retail Electric Cooperatives and Municipal Electric Utilities in Wisconsin to participate in Focus on Energy or run their own energy efficiency programs. Programs run by Retail Electric Cooperatives and Municipal Electric Utilities are called Commitment to Community (CTC) Programs.

## **3.2 Utility-Administered Programs**

There are two types of utility-administered energy efficiency and renewable resource programs recognized under the statute:

- 3.2.1** The first allows an energy utility, with Commission approval, to retain a portion of its revenue required to spend for statewide programs to administer or fund a new energy efficiency program for large commercial, industrial, institutional, or agricultural customers of the energy utility.
- 3.2.2** The second allows an energy utility, with Commission approval, to administer or fund a voluntary energy efficiency or renewable resource program that is in addition to the statewide programs.

## **3.3 Large Customer Programs**

- 3.3.1** A Customer of an Energy Utility that had, in any month of the preceding year, a monthly energy demand of at least 1,000 kW of electricity or 100,000 therms of natural gas and was billed at least \$60,000 by the Energy Utility. Large Energy Customers include industrial, institutional and commercial facilities, such as paper mills, food processors, hospitals, hotels, 4-year university buildings, and publicly owned waste water plants.

The statute allows a Large Energy Customer to implement and fund an energy efficiency or renewable resource project on its own facilities and, with Commission approval, deduct the cost of the project from the amount the customer is required to pay the utility for cost recovery.

### **3.4 Administration of the Programs**

**3.4.1** Oversight of Focus on Energy is provided by the Commission with advice from SEERA, the Contract Administrator.

**3.4.2** SEERA contracts with the Administrator, the Fiscal Agent and the System Administrator to support the implementation of energy efficiency and renewable programs.

### **3.5 Funding of the Programs**

**3.5.1** All investor-owned utilities are required to spend 1.2 percent of their gross annual operating revenues derived from retail sales to fund the statewide program.

**3.5.2** Municipal Electric Utilities and Retail Electric Cooperatives that elect to participate will contribute an average funding level of \$8 per meter annually.

## **POLICY: Responsibilities of Key Stakeholders**

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Responsibilities related to the administration, implementation, and management of Focus on Energy are identified below for all of the key stakeholders, including the Commission, the Statewide Energy Efficiency and Renewable Administration, the Administrator, and Implementers.

### **I. Public Service Commission of Wisconsin**

The Commission has overall responsibility for setting policy and providing guidance for Focus on Energy. The Commission's authority to manage energy efficiency and renewable resource programs is derived from provisions in Act 141 and Act 9.

- 1.1** The Commission shall be the primary contact for the Administrator, System Administrator, the Fiscal Agent, the Evaluator and the Compliance Agent. The role of the Commission includes planning, oversight and evaluation. The Commission is also responsible for facilitating cross-program cooperation among the stakeholders, including Wisconsin Energy Utilities, Program Contractors, and other entities involved in energy efficiency and renewable resource programs. Refer to the Database Policy for the Commission's role in relation to the Database.
- 1.2** The Commission will review and approve the contracts between the Administrator, System Administrator and the Fiscal Agent prior to being contracted with the SEERA. The Commission will contract directly with an Evaluator and Compliance Agent.
- 1.3 Overall Contract Management:** The Commission is responsible for the approval of Focus on Energy related contracts with Contractors. The Commission will be responsible for, at a minimum, all items listed in this section.
  - 1.3.1** Monitoring Program Scope: The Commission will oversee all aspects of Focus on Energy to determine that planned contract projects are completed and will accomplish the overall goals of Focus on Energy.
  - 1.3.2** Contract Policy Enforcement: The Commission, in coordination with a delegated SEERA chairperson, is responsible for ensuring that Contractors follow all clauses of their contracts and must be knowledgeable with all portions of the contracts they oversee.
  - 1.3.3** The Commission and the SEERA will act as a facilitator in any dispute resolution which arises from conflicts in any Focus on Energy related contracts.
  - 1.3.4** Coordinating payments to Contractors: The Commission is responsible for reviewing payments to the Contractors made by the Fiscal Agent for accuracy and reasonableness.

- 1.4 Reviewing Contractor Performance:** The Commission shall review the Contractors' performance and will investigate any negative findings and develop corrective actions.
- 1.4.1 Activity Reports:** The Commission is responsible for reviewing activity reports that Contractors are required to submit. These status reports are directed at providing greater detail about the amounts invested by Focus on Energy in the period covering the current invoice.
  - 1.4.2 Coordinating Program Evaluation:** The Commission will act as a facilitator between the Program Contractors and the Program Evaluator.
  - 1.4.3 Providing Program Information to SEERA:** The Commission may be called upon to summarize and report information regarding Focus on Energy to the SEERA with little notice. The Commission must have current information available from the Contractors to be able to sufficiently satisfy these requests.
- 1.5 Compliance Audits:** All Program Contractors' Focus on Energy contracts have/ must contain an article subjecting them to a compliance audit, unless otherwise waived by the Commission.
- 1.5.1 Audit Selection:** The Commission will solicit input from the Administrator and Compliance Agent regarding the selection of which Program Contractors will be audited. SEERA and the Administrator will be audited every year.
  - 1.5.2 Audit Schedule:** The Commission will review and approve the audit schedule.
  - 1.5.3 Audit Information Gathering:** The Commission will intervene directly with parties that are not supplying information in a timely manner or not cooperating with auditors. This may include suspension of payments.
  - 1.5.4 Audit Review:** The Commission will review audit findings, responses and action plans. Additional follow-up will be completed as needed.
- 1.6 Financial:**
- 1.6.1 Municipal Electric Utilities and Retail Electric Cooperative Invoicing:** The Commission will provide the Fiscal Agent with the list of Municipal Electric Utilities and Retail Electric Cooperatives that will submit funding to Focus on Energy.
  - 1.6.2 Investor-Owned Utility Invoicing:** The Commission will determine the annual contribution from Investor-Owned Utilities and direct the Fiscal Agent to the invoice accordingly.
  - 1.6.3 General:** All financial decisions regarding investments, reports, banking, check writing, and financial processes must be approved by the Commission prior to implementation.

## II. Statewide Energy Efficiency and Renewable Administration

SEERA is responsible for establishing and funding the statewide energy efficiency and renewable resource programs. SEERA is responsible for contracting, on the basis of competitive bids, with organizations to administer Focus on Energy. SEERA has no obligations regarding the statewide programs other than establishing, funding, and contracting for the programs and their administration.

### 2.1 Focus on Energy Program Contracts:

- 2.1.1 Work cooperatively with the Commission to develop contracts with the Administrator, Fiscal Agent, and the System Administrator. Forward signed copies of the contracts to the Commission promptly.
- 2.1.2 Submit contracts that have been agreed to between SEERA and the Administrator to the Commission for approval.
- 2.1.3 Act as final arbitrator, should disputes arise between Contractors and the Commission on invoices.

### 2.2 Administrator(s) Performance:

- 2.2.1 Keep apprised of program activities through regular review of performance reports as submitted by Administrator to the Commission.
- 2.2.2 Keep apprised of program results by reviewing evaluation reports submitted by the Focus on Energy Evaluator to the Commission.
- 2.2.3 Work cooperatively with the Commission should concerns arise about an entity's ability to perform and other related contractual problems.

## III. Administrator

### 3.1 Program Performance:

- 3.1.1 The Administrator shall manage and administer Focus on Energy Residential Portfolio and Business Portfolio Programs to ensure they meet the priorities and purposes specified in Wis. Stat. § 196.374 (2) (a) 2. The Administrator is responsible for establishing annual energy savings targets for Implementers.
- 3.1.2 The Administrator, through the Business and Residential Portfolios, shall meet the Commission-approved four-year verified Gross Lifecycle Energy Savings and Demand Reduction Goals set forth in their contract with SEERA.

- 3.1.3** The Administrator shall ensure that, on an annual and quadrennial basis, the total Portfolio of all Focus on Energy Programs will result in a benefit/cost ratio that is at least equal to one (1.0), using a modified Total Resource Cost (TRC) test that is calculated consistent with the Commission’s decisions in the quadrennial planning process III, docket 5-FE-101.
- 3.1.4** The Administrator and its Implementers shall document all steps taken to mitigate Free-ridership.
- 3.1.5** The Administrator shall ensure that approximately 60 percent of the annual Focus on Energy Program budget is allocated to the Business Portfolio Programs and approximately 40 percent of the Focus on Energy Program budget is allocated to Residential Portfolio Programs.
- 3.1.6** The Administrator shall ensure that all eligible Utility customers in all business, residential and other Sectors, regardless of geographic location, have equal opportunity to participate in Focus on Energy electric and natural gas efficiency and renewable programs.
- 3.1.7** The Administrator shall coordinate Program Contractors and stakeholders (including without limitation Utilities participating in Focus on Energy, Trade Allies, the Wisconsin Department of Administration, and certain environmental advocacy groups) throughout the term of their agreement with SEERA to advance Focus on Energy goals and objectives.
- 3.1.8** The Administrator shall host semi-annual meetings, unless otherwise agreed to by the Commission, with Implementers to review accomplishments, coordinate activities, identify issues that need attention, and discuss future activities.
- 3.1.9** The Administrator shall meet with Focus on Energy Trade Allies on a quarterly basis, and other stakeholders when issues arise or otherwise as appropriate, to advance Focus on Energy goals and objectives.
- 3.1.10** The Administrator shall be responsible for all matters involving any of its Subcontractors, Vendors, or Implementers engaged to perform Work for the Focus on Energy Program, including without limitation contract compliance, performance, and dispute resolution, with input from Commission staff.
- 3.1.11** The Administrator shall present itself and shall cause all of its Implementers and their Subcontractors and Vendors to present themselves as representatives of Focus on Energy when they deal with the media, the public and Program participants regarding Focus on Energy Programs. In media dealings that involve Focus on Energy funded activities, the Administrator and its Implementers and Subcontractors and Vendors shall clearly state and identify that the activity or program is funded by Focus on Energy.

**3.1.12** The Administrator through its Implementers shall ensure that all participating customers and all energy efficiency and renewables programs and savings activities are eligible per the applicable Program requirements.

**3.1.13** The Administrator shall solicit, select, hire, and oversee employees, Implementers and Subcontractors to perform the work pursuant to their agreement with SEERA and develop methods for managing their performance and compensation with input from Commission staff. The Administrator shall bring in industry-specific and technology-specific specialized expertise on an as-needed basis to provide the appropriate level of energy efficiency and renewable energy technical assistance to Customers.

**3.1.14** The Administrator will facilitate IT Security training for all Focus on Energy Representatives that have direct access to Program data. The IT security approach and method will be reviewed and approved by Commission staff prior to implementation.

## **3.2 Financial Management:**

**3.2.1** The Administrator shall be responsible for ensuring all financial data entered in the Database is accurate.

**3.2.2** The Administrator shall submit monthly invoices to the Commission for review and approval. The Administrator shall ensure all information (including without limitation summaries of employee billing which include name, title, line item, hours worked, billing rate, and total billed by employee) is submitted electronically via the Database.

**3.2.3** The Administrator shall maintain all books, documents, payroll papers, accounting records, and other evidence pertaining to the costs incurred under Focus on Energy activity, in accordance with the criteria specified in the *Accounting Requirements Policy*.

**3.2.4** The Administrator shall adhere and shall ensure that all of the Implementers and its Subcontractors adhere to all requirements outlined in this Policy Manual, as it may be amended from time to time with Commission approval.

**3.2.5** Per Wis. Stat. § 196.374(1) or Wis. Stat. § 196.374(2)(a)2.b, the Administrator shall ensure that ten percent of the total Focus on Energy Portfolio budget is reserved for agricultural producers and Local Units of Government on an annual basis. If that full amount cannot be spent on cost-effective programs for Local Units of Government and agricultural producers, any surplus funds will be spent on commercial, institutional and industrial customers. Schools that are funded by taxpayers in the state are also included in this group, because they are Local Units of Government. Schools & Government Solutions currently fulfills this programmatic need.

**3.2.6** The financial review policies and procedures are designed to mitigate risk associated with Implementers' financial challenges. The Administrator will review annual financials that are produced by the Implementer, as defined in their contracts, and will take steps to manage any perceived financial risks. The Administrator will address risks as outlined in the Operational Procedures.

### **3.3 Marketing and Communications:**

**3.3.1** The Administrator shall keep all relevant materials updated and posted to the Focus on Energy website or intranet sites. Such materials shall include, but not be limited to, Incentive applications, and fact sheets.

**3.3.2** The Administrator and its Implementers and Subcontractors shall follow the Focus Brand Standards & Guidelines developed by the Administrator for marketing pieces, including press releases, fact sheets, direct mail pieces, program brochures, and other collateral materials.

**3.3.3** The Administrator shall develop a marketing plan template to be used by Implementers, Implementer Subcontractors and the Administrator in order to provide consistent information.

**3.3.4** The Administrator shall coordinate all Implementer marketing plans.

**3.3.5** The Administrator shall review and be responsible for all content of individual marketing pieces for the Focus on Energy Program, including press releases, fact sheets, direct mail pieces, program brochures, and other collateral materials for style and content.

**3.3.6** Focus on Energy emails are created for every Database user. Any program staff with contact to customers should use this @focusonenergy.com email address on their customer-facing business cards and for all external communications with Customers and other Focus staff. Any Focus staff not in the Database that needs an email should submit a JIRA requesting an address.

### **3.4 Reporting:**

**3.4.1** The Administrator shall comply with all reporting requirements established in their contract with SEERA.

**3.4.2** The Administrator shall ensure that all data reporting requirements (in contracts) and requests for subcontractors and implementation subcontractors is readily achievable with current tools and data.

**3.4.3** The Administrator shall create or facilitate the creation of all reports needed by Implementers to meet their reporting requirements.

- 3.4.4** The Administrator shall assist with writing and compiling reports as may be required by contract or at the request of the Commission.
- 3.4.5** Official Reporting: All data contained within official reports to the Commission, Commission staff, Utilities, etc. will be sourced from data extracts/reports that have been verified and approved by the Commission staff. This includes data on savings values, budgets, processing times, and expenses. It will also include any future data categories that are tied to Program Contractor compensation, bonuses, or KPIs. Evaluation data from the Evaluator is excluded from this requirement.
- 3.4.6** Sourcing: All reporting will contain a footnote or annotation that denotes the source of the data. This information must be detailed enough that it can be replicated if needed. Examples include but are not limited to: Quicksight (“Utility Report Full Downloader” or “Utility Report – Front Page”).
- 3.4.7** Reporting Summary: The Administrator shall develop and maintain a list (using Microsoft Excel) of all reports being published, sent out, posted, etc. The format of this list will be approved by Commission staff. This summary should provide staff with an understanding of the data provided to the various stakeholders and the types of reports in use.
- 3.4.8** The Administrator shall ensure that data for measurement and verification of program energy savings, performance metrics and non-energy benefits are collected, stored, formatted and shared with the Commission, the Evaluator, and other appropriate parties as determined by the Commission.
- 3.4.9** All Contractors will document all major internal processes and assist the Commission in creating and maintaining Focus wide process documentation (ex: payment corrections). The Commission is to be notified prior to any major change. Any other IT systems, SharePoint, internal document storage, proprietary software, etc. will be specifically called out in the process documentations. Contractors will publish them to The Grid.

### **3.5 Customer Service Responsibilities:**

- 3.5.1** The Administrator shall operate a customer service center, with a toll-free number and email address in order to respond to customer questions and direct them to the appropriate resources.

**3.5.2 Telephone System:** A central call center phone system/number will be utilized for Customer service calls, however, each Program will provide its own unique toll-free Customer service number. The website, applications, etc. will all list this unique number as the primary contact number. The Administrator shall maintain a centralized phone system that meets the following requirements and will coordinate call center activities with all Implementers:

- Ability to generate reports on the numbers of calls, wait times, and transfers.
- Ability to easily transfer/handoff calls to various Implementers who will be running on different phone systems.
- Ability for the Administrator to setup and change menu options.
- Solution must be independent of Administrator's corporate systems and completely transferable to a new organization.
- Log incoming calls with time stamps and caller-ID.
- Voicemail easily retrievable/transferrable to the appropriate person.
- Logging transfers and voicemails with unique time-stamps, assignee, and other user created classifiers.
- Ability for the Administrator service staff to track/follow transferred calls or voicemails that may be forwarded/transferred multiple times and mark first-receipt to resolution while identifying any hand-offs in-between.
- Ability to notify Administrator service staff if calls or voicemails are unresolved after X number of hours/days.

In the event that one or more of these requirements are not possible, the Commission will be notified. The Commission must approve all changes to the phone system vendor, services, or contracts prior to acceptance by the Administrator.

## **IV. Implementers**

### **4.1 Program Performance:**

**4.1.1** Implementers shall offer designated Residential and Business Portfolio Programs, so they meet the priorities and purposes specified in Wis. Stat. § 196.374 (2) (a) 2. The Implementers are responsible for annual energy savings targets established by the Administrator.

**4.1.2** Implementers are responsible for all aspects of Implementer Subcontractor performance, which includes, but is not limited to, liability for any invoicing errors of Implementer Subcontractors.

#### **4.2 Reporting:**

**4.2.1** Implementers shall comply with all reporting requirements established in the *Reporting Policy*, Focus on Energy Operational Procedures Guide and their contracts.

**4.2.2** Implementers shall be responsible for monthly and end-of-Program/Offering reporting, including financial, measure, and program activity reporting.

**4.2.3** Implementer will adhere to the Focus on Energy Operational Procedures Guide. Any processes that are not referenced in the Focus on Energy Operational Procedures Guide will be identified in a Supplement to the Focus on Energy Operational Procedures Guide and posted to the Implementer's Program folder on The Grid.

These will be updated anytime a process change occurs. The Administrator shall be notified prior to making any major changes in the Supplemental procedures. If not addressed in the Focus on Energy Operational Procedures Guide, any other IT systems, internal document storage, proprietary software, etc. will be specifically called out in the Supplemental process documentation.

#### **4.3 Marketing and Communications:**

**4.3.1** Implementers and the Administrator shall utilize the Database create and send email blasts. The Administrator will approve all Implementer marketing campaigns.

**4.3.2** Implementers shall ensure that Focus on Energy Representatives are present at appropriate events and speaking engagements to promote Focus on Energy offerings.

**4.3.3** Implementers shall manage and engage Trade Allies through outreach and communication, per the requirements established by the Administrator.

#### **4.4 Financial Management:**

**4.4.1** Implementers shall maintain all books, documents, payroll papers, accounting records, and other evidence pertaining to the costs incurred under Focus on Energy activity, in accordance with the criteria specified in the Accounting Requirements Policy.

**4.4.2** Implementers shall ensure that all Incentives submitted to the Administrator for payment are correct and consistent with eligibility requirements.

## **POLICY: Program Ethics and Service Standards**

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The guidelines established herein provide Focus on Energy Representatives with expectations related to ethical business behavior, and specific guidelines related to service provided to Focus on Energy customers, key stakeholders, and the general public.

### **I. Program Ethics**

- 1.1** Focus on Energy Representatives are expected to maintain and act with the highest standards of professional and ethical conduct at all times. This includes compliance with all applicable Federal, State and local laws, rules and regulations.
- 1.2** Focus on Energy Representatives are prohibited from using their position as representatives of Focus on Energy to obtain financial gain or anything of substantial value for the private benefit of them or their immediate family, or an organization with which they are associated as illustrated below:
  - Accept or retain any transportation, lodging, meals, food, or beverages in excess of \$50.
  - Solicit or accept rewards (directly or indirectly) if the reward could reasonably be expected to influence or reward action or inaction by the Program Contractors.
  - Use the Focus on Energy contract for private benefit.
  - Take action on a matter in which it is privately interested.
  - Use Confidential Information in a way that could result in the acceptance of anything of value.
- 1.3** Focus on Energy Representatives are prohibited from lobbying on Focus on Energy. Lobbying is defined as the deliberate attempt to influence political decisions through various forms of advocacy directed at policymakers on behalf of another person, organization or group. This includes the following activities:
  - 1.3.1** Attempting to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity.
  - 1.3.2** Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections.
  - 1.3.3** Attempting to influence: (i) The introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto enrolled legislation.

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Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.

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- 1.3.4** Attempting to influence: (i) The introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign.
- 1.3.5** Attempting to influence: Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in non-allowable lobbying.
- 1.4** Focus on Energy Representatives are required to seek advice regarding any questionable ethical issues. Any such questionable ethical issues shall be submitted to Administrator by email to [compliance@focusonenergy.com](mailto:compliance@focusonenergy.com) within three (3) business days of an issue arising. Administrator will attempt to acknowledge receipt of the email within two (2) business days. Where Administrator concludes in its discretion that an ethical issue exists, Administrator will alert the Commission that the issue has been reported. Administrator will exercise its discretion in investigating and addressing the ethical issue, attempting to resolve the matter within thirty (30) days of receipt of the initial email from the Focus on Energy Representative. After the conclusion of the Administrator's investigation, Administrator will (i) document the result in the Program file, including sending the result by email to [compliance@focusonenergy.com](mailto:compliance@focusonenergy.com) and (ii) communicate the result to the Focus on Energy Representative that sent the initial email regarding the questionable ethical issue. Questionable ethical issues related to a Trade Ally will also be subject to the Trade Ally Code of Conduct.

## **II. Service Standards**

Focus on Energy Representatives will strive to achieve the following standards for customer service: Continual improvement of Focus on Energy services; provide exceptional service; deliver unbiased and accurate information; develop thoughtful and appropriate solutions to customer energy needs; welcome and invite customer feedback on Solution and Offering improvement; deliver incentives to the customer within the timeframe stated; and effectively coordinate with other program organizations.

### **2.1 Standards for Focus on Energy Program Contractors:**

- 2.1.1 General Guidelines:** Focus on Energy Representatives will be prompt, courteous and professional; always try to exceed expectations; keep commitments; be clear and upfront about any potential conflicts of interest; aim for win-win situations; and encourage feedback on how to improve service.

- 2.1.2 Phone Calls:** Focus on Energy Representatives will provide prompt, courteous and professional service. When a message is left, staff will respond within one business day. If unable to respond fully within one business day, staff will provide an estimate of time based on the complexity of the inquiry.
- 2.1.3 Written Communication:** Focus on Energy Representatives will respond to correspondence within 10 business days. If unable to fully respond within 10 business days, staff will provide an estimate of time based on the complexity of the inquiry.
- 2.1.4 Email:** Focus on Energy Representatives will acknowledge an email within two business days. If unable to fully respond within two business days, staff will provide an estimate of time based on the complexity of the inquiry.
- 2.1.5 Customer Incentives:** Customers will receive their Incentive payment as specified in the Program Application or other appropriate literature. The goal is for the Customer to receive payment within a timeframe not exceeding eight (8) weeks from when the Application is correctly submitted or signed-off by the Customer for standard Applications. Any delays beyond this timeframe will be communicated to the relevant Program Contractor(s) and the Commission in the Administrator's quarterly reporting. Focus on Energy Representatives will notify Customers of Incentive processing timelines consistent with current policies, procedures, forms, and literature.

### III. Conflicts of Interest

- 3.1** Program Contractors/Focus on Energy Representatives may engage in business activities, other than those described directly below, as long as these activities do not create conflicts of interest regarding the performance of work for Focus on Energy.
- 3.2** All Program Contractors/Focus on Energy Representatives must inform the Commission of any actual or perceived conflicts of interest, including business activities and/or relationships which any person, fully acquainted with the circumstances, could reasonably conclude might unfairly advantage that Program Contractor/Focus on Energy Representative.
- 3.3** All Program Contractors/Focus on Energy Representatives agree that they shall abide by the Commission's reasonable determination as to whether such activities or relationships fall within the terms of the contract.
- 3.4** If the Commission determines that an activity constitutes a conflict of interest, all affected Program Contractors shall agree to obligate their employees to discontinue said activity.

- 3.5** All Program Contractors shall not expect any beneficial, contractual, or business relationship with the Contract Administrator, the Commission, the Evaluator, the Compliance Agent or the Fiscal Agent that will be directly affected by their performance on Focus on Energy. Additionally, no Program Contractors will develop, pursue, or confirm any such beneficial contractual or business relationship with the above-mentioned parties throughout the contract period, and for six months thereafter, without the written permission of the Commission.
- 3.6** Program Contractors shall ensure that all time, travel, and any other costs accrued while conducting business on behalf of any other organization other than Focus on Energy are not billed to Focus on Energy.
- 3.7** Unless otherwise approved by the Commission, Implementers and/or Implementer Subcontractors are not eligible to serve as Administrator, Independent Evaluator, Compliance Agent, or Fiscal Agent to Focus on Energy in either a prime or subcontracting capacity. Additionally, and unless otherwise approved by the Commission, Program Contractors may not provide services for Wisconsin utilities' voluntary programs or for Commitment to Community (CTC) programs.

## **POLICY: Information Security and Confidentiality**

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The policy establishes guidelines for Program Contractors regarding the confidentiality of Customer Information to prevent its unauthorized or unintended release. All Program Contractors and Focus on Energy Representatives who have access to, gain access to, or need access to Customer Information are bound by the requirements set forth in this policy.

Requests for information beyond what is authorized below should be directed to the Administrator, who will coordinate approval with the Commission.

**Employment Background Checks:** Focus Staff shall be only be given access to Customer Information after the new staff member has successfully completed an employment background check, and those results are acceptable given the nature of the Customer Information to which such Focus Staff may be exposed.

**Information Security Training:** Program Contractor shall conduct reasonable privacy and information security training of its Focus staff, as further required by this Policy Manual section. Program Contractor shall require Focus staff who have access to Customer Information to affirm the staff member completed required Focus information security training: (1) upon employment by executing a Compliance Certification Form within 30 days of hire; and (2) annually through required training that Customer Information will be handled consistent with the terms of the Program Contractor's contract and with the terms contained in this policy. Program Contractors are responsible for:

- Ensuring their respective individual employees comply with these terms.
- Imposing disciplinary measures for violations of these terms.
- Preventing terminated employees from accessing Customer Information, immediately upon termination.

**I. Security Incidents.** Any Focus Staff who suspects the confidentiality, integrity or availability of Customer Information has been compromised must:

- 1.1** Advise their respective Program Contractor Compliance Manager via email within 24 hours of discovery that an alleged breach may have occurred. (Note: An Implementer would notify their company/organization's Compliance Manager. The Fiscal Agent, for example, would notify their internal Compliance Manager.)
- 1.2** The Program Contractor Compliance Manager will investigate the alleged Incident and determine if there was a breach. If s/he determines there was a breach, then this Compliance Manager must notify their Contractor Compliance Manager via email of the Incident. (Note: Implementers would notify the Administrator. The Fiscal Agent, for example, would notify the PSC staff.)
- 1.3** The Contractor Compliance Manager will coordinate efforts with the Focus Staff member's Compliance Manager to determine the root cause.

- 1.4 The Contractor Compliance Manager must inform the PSC staff of the alleged Incident and potential breach within 24 hours after being notified of its discovery. (Note: Most users of this manual are Implementers, and this would require the Administrator Compliance Manager to notify the PSC staff.)
- 1.5 The Focus Staff who are proven to have violated this policy will work with the PSC staff as to appropriate next steps to address the violation.
- 1.6 The Contractor Compliance Manager will coordinate with the Focus Staff Compliance Manager to review their Information Security Program procedures to ensure such a breach does not occur again.
- 1.7 On an annual basis, the incident response plan must be tested.

## II. Permissible Uses for Customer Data

- 2.1 **Business Purposes:** Customer data may be transmitted and shared to designated and authorized Focus on Energy Representatives for various required business reasons and only to the extent necessary to accomplish the acceptable business purpose. Acceptable business purposes include but are not limited to the following:
  - 2.1.1 Processing of applications, supporting documentation, and any forms related to a Focus on Energy program.
  - 2.1.2 Administration and payment of Focus on Energy incentives.
  - 2.1.3 Assisting Focus on Energy customers with inquiries related to their projects and incentives.
  - 2.1.4 Data needed to generate reports and other statistics involving customer participation.
  - 2.1.5 Conducting or assisting in audits, self-assessments and investigations.
  - 2.1.6 Processing of complaints or inquiries.
  - 2.1.7 Administration of record management and retention of records containing Customer Information.
  - 2.1.8 Administration of compliance requirements of Focus on Energy.
  - 2.1.9 Marketing campaigns.
  - 2.1.10 Informing utilities of their Customer's participation.

**2.2 Focus on Energy Representative Disclosure of Customer Information:** Focus on Energy Representatives determined to have a business need to have access to and the need to disclose Customer Information must comply with the following restrictions:

**2.2.1** Focus on Energy Representatives who are designated to have access to the Customer Information may disclose it to other representatives with authority to have access to such information only for those purposes described in section 2.1 above.

**2.2.2** If a Focus on Energy Representative has a business need to disclose Customer Information to someone who is not regularly given access to such information, the Focus on Energy Representative shall disclose it to the person only after:

- Obtaining approval from the Commission, in coordination with the Administrator; and
- Notifying the recipient that the information is confidential and cannot be disclosed anywhere else without the approval of the Commission and that it can only be used for the purpose for which it is disclosed.

**2.2.3** Any requests to transmit Customer Information to a Third Party should be submitted for review to the Administrator.

**2.2.4** Any Program Contractor managing Customer Information shall establish a process to determine which Focus on Energy Representatives have a business need to access Customer Information.

**2.2.5** Only Focus on Energy Representatives designated to transmit Customer Information to a Third Party may do so. Other Focus on Energy Representatives may do so only after approval by the Commission and provided they have received training about the requirements to secure Customer Information.

**III. Protecting Customer Information:** The safeguards described below are intended to protect Customer Information from unauthorized use, disclosure, alteration, loss or destruction. Nothing in this policy is intended to prevent other actions to protect Customer Information.

### **3.1 Parties with access to Customer Information maintained in SPECTRUM**

#### Focus Staff with *standard access permissions*

Focus Staff with standard access may access systems where Customers data may be queried individually or *en masse*, but not exported. Focus Staff with standard access may also have access to records submitted from participants to Focus on Energy through MS SharePoint or paper records.

### Focus Staff with *advanced permissions*

Focus Staff with advanced permissions have been identified as needing expanded access for Focus on Energy business purposes –typically analytics or reporting needs. They may access SPECTRUM (MS Dynamics 365 and/or MS SharePoint) and, in some cases, access to SQL servers.

### Utility Data Recipients

Utility Data Recipients receive automated monthly reports and *ad hoc* data request through SPECTRUM, SQL, or SFTP servers.

## **3.2 Sharing Customer Information from SPECTRUM.** When feasible:

- Omit Confidential Information fields from Advanced Finds in SPECTRUM Dynamics 365
- Share the saved Advanced Find rather than the exported data from the Advanced Find
- Use SPECTRUM unique Account Numbers, rather than Customers names in analytics data

## **3.3 Access Controls:** Each Program Contractor that handles Customer Information is responsible for having in place a practice that complies with the following:

**3.3.1 Passwords:** All programs and processes that allow access to Customer Information in electronic format will require a unique user name and password to access. Passwords must not be shared with other Focus on Energy Representatives, or external parties, and must be changed on a periodic basis. Focus on Energy Representatives may not use a supplied default password to access systems.

**3.3.2 Reviewing Access Rights:** When a Focus on Energy Representative authorized to access Customer Information changes positions, the Focus on Energy Administrator or Implementer, as appropriate, will review and, if necessary, revise or terminate the Focus on Energy Representative's right of access to the Customer Information.

**3.3.3 Terminating Access to Focus on Energy Representatives:** Upon termination of any Focus on Energy Representative who is authorized to access Customer Information, the Focus on Energy Administrator or Implementer, as appropriate, will submit a JIRA ticket to the Systems Administrator to seek immediate termination of the Focus on Energy Representative's right of access the same day of termination.

### 3.4 Third Party Access

- 3.4.1 Secure Handling of Disclosed Customer Information Required:** Focus on Energy will not disclose Customer Information to a Third Party until after the Third Party has agreed in writing to provide safeguards for the Customer Information that it will receive that are at least as stringent as this procedure and to indemnify Focus on Energy for its failure to do so. This writing should include a written certification from the Third Party that it meets these standards.
- 3.4.2 Access by Third Parties:** Third Parties may access Customer Information maintained and stored on Focus on Energy’s computer systems only with the authorization of the Commission. and after the Third Party agrees to abide by this policy.
- 3.4.3** Customer social security numbers or FEINs will never be shared with a Third Party, other than the Internal Revenue Service (IRS) as required for tax purposes.
- 3.4.4** When permitted access, a Third Party will be issued a temporary user name and password and will only have access to the extent access is necessary.
- 3.4.5** After the Third Party accesses the agreed-upon data, they will be promptly de-activated. Within 24 hours of confirming the data was shared, Administrator will submit a JIRA ticket to the System Administrator, who will de-activate the temporary username in the Database upon receipt.

## IV. Utility Access to Customer Information

### 4.1 Approved Database Fields for Sharing Customer Information

Program Contractors may provide Customer Information available in the Database to Utilities, with the exception of tax identification numbers (SSN, FEIN), financial information, or other proprietary information.

- 4.2** The release of information beyond what is identified above must be approved by the Commission on a case-by-case basis, and the Customer. Any request from a Utility to see other Utilities’ Customer Information should be forwarded to the Commission. No information should be sent without authorization from the Commission.
- 4.2.1** The Administrator may release energy calculations for a specific project to a Utility only after a new *Utility Data Release Form* has been signed by the Customers.
- 4.2.2** Customers indicating they do not wish their Focus Customer Information to be shared with their Utility may execute a Utility Data Release Form located on the Focus on Energy website at [https://www.focusonenergy.com/sites/default/files/inline-files/2021/BIZ-Custom-Utility\\_Customer\\_Authorization\\_Release\\_Form.pdf](https://www.focusonenergy.com/sites/default/files/inline-files/2021/BIZ-Custom-Utility_Customer_Authorization_Release_Form.pdf). Refer to the Frequently Asked Policy Questions section for further information.

- 4.3 The Administrator may request energy usage information from Utilities for a larger population of Customers, without obtaining signed release forms for each Customer. This information may not include specific energy usage for each Customer but may group these Customers into usage ranges to support activities including portfolio and program planning, program pilots, and target marketing. The Commission must be notified and approve any request prior to it being made. Refer to the Commission’s Electronic Regulatory Filing (ERF) System to view the complete order. Docket 9501-GF-101, <http://psc.wi.gov>.
- 4.4 The Administrator may provide summary information to each Utility that shows contributions to the total Focus on Energy budget total Incentives paid to their Customers.
- 4.5 All Utility information requests should be forwarded to the Administrator.
- 4.6 Customers may request copies of and share their projects’ energy calculations with Utilities at any time and at their discretion.

## V. Customer-Specific Information

### 5.1 General

- 5.1.1 Program Contractors may request information from a Utility for a specific customer if they obtain a signed release from that customer.
- 5.1.2 Program Contractors may provide Customer Information and/or energy savings to a Utility or a contractor of the Utility with the Utility’s approval for that Utility’s customers. Energy savings information is restricted to the energy type that the specific utility provides. For example, a natural gas provider can only request Therm-related information, not electric usage. In the event that a measure saves both electricity and natural gas (or neither fuel), the data may be included in reports to both the electric and natural gas providers serving the customers. There are two exceptions: (1) when business customers indicate they do not wish their information shared with Utilities by checking the appropriate box on the *Utility Data Release Form* or an alternative form approved by the Commission and (2) customer participation in a Focus loan program. All release forms must allow for this option. Refer to the Frequently Asked Policy Questions section for further information.
- 5.1.3 Any request from a Utility to see other Utilities’ Customer Information should be forwarded to the Commission. No information should be sent without authorization from the Commission.

## VI. Technical Access Controls

**6.1 Active Processes that Display Customer Information:** All Focus on Energy Representatives authorized to access Customer Information will position their computer monitor, or take other steps, to prevent viewing by unauthorized persons when Customer Information is displayed on the computer monitor. All computers that run processes that display Customer Information will have appropriate measures installed to lock the workstation during periods of inactivity to prevent unauthorized or casual viewing of Customer Information. Focus on Energy Representatives with access to Customer Information will lock out the computer when they leave their computer station.

**6.1.1 Server Security:** Servers that store Customer Information will be located in a secure hosting center. Only authorized Focus on Energy Representatives will be permitted unescorted access to the servers as defined in Section 2, above.

**6.1.2 Protection against Malicious Software:** All Focus on Energy Contractors will maintain a firewall, install security patches, and update anti-virus protection as deemed appropriate to safeguard Customer Information.

**6.1.3 Encryption:** All files that are transferred between Focus on Energy Representatives with access to Customer Information will contain appropriate encryption technology to the extent feasible.

### 6.2 Restrictions on Authorized, Off-Premises Access to Customer Information

**6.2.1 Remote Access:** All remote access to Customer Information should be made through an encrypted connection.

**6.2.2 Restrictions on Storage on Portable Media:** Focus on Energy Representatives authorized to access Customer Information may not store Customer Information on a portable storage medium unless the data is encrypted.

**6.2.3 Secure Emailing of Customer Information:** Customer Information may be transmitted between Focus on Energy Representatives by electronic mail only if password-protected or, to the extent feasible, encrypted. For transmission of Customer Information to external parties, secure file transfer systems that restrict access to authorized personnel must be used.

**6.2.4 Secure File Transfer:** Files containing Customer Information may be transferred between Focus on Energy contractors via a secure file transfer site, with the preference of utilizing The Grid, or other secure platform that restricts access to authorized personnel.

## VII. Paper Documents and Files Containing Customer Information

**7.1 Obligation to Keep Paper Documents Secure:** All Focus on Energy Representatives are responsible for ensuring the security of the records at all times.

**7.1.1 Avoid Printing and Creating Paper Documents Containing Customer Information:** A “clear desk” policy shall be observed, so that all Customer Information included in paper documents on a Focus Staff member’s desk that contain Customer Information shall be removed from their work space and locked in a drawer or cabinet, out of sight, when they leave their workstation. Documents containing Customer Information should not be printed unless there is a legitimate business need for doing so. When printing is necessary, the Customer Information printed should be limited to the minimum necessary to accomplish the legitimate business purpose. Focus Staff should not print to a public printer.

**7.1.2 Facsimiles Containing Customer Information:** Any facsimile containing Customer Information must be accompanied by a fax cover sheet that contains a confidentiality notice. The Administrator will provide a template cover sheet.

**7.1.3 Retention of Documents:** Focus on Energy Program Contractors will retain Customer Information in official records for the period of time identified in the *Record Maintenance Policy*.

**7.1.4 Destruction of Documents:** Focus on Energy Program Contractors will securely and promptly destroy Customer Information upon the expiration of the applicable retention period identified in the *Record Maintenance Policy*.

## VIII. Training

**8.1** Each Focus on Energy Representative who is authorized to process and access Customer Information will receive training in those parts of the policy that relate to the Focus on Energy Representative’s job functions. This training will be conducted by the Focus on Energy Representative’s company or organization using the materials supplied by the Administrator via The Grid. This training will be completed within 30 days of their hiring date or when there has been a material change to the policy, as communicated by the Administrator. Evidence of the initial orientation to the pertinent portions of the Focus on Energy Policy Manual will be the executed Compliance Form, which can be found on The Grid.

**8.2** On an annual basis, by March 15, a Focus on Energy Representative’s project executive will re-certify all Focus on Energy staff by executing the Compliance Certification Form on their behalf, upload it to The Grid and share the link with the Administrator.

**8.3** Records of a Focus on Energy Representative’s training, including name and date of training, shall be maintained by the Focus on Energy Representative’s company or organization.

## **POLICY: Accounting Requirements**

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The policy established herein details the minimum requirements for the accounting of financial data related to Focus on Energy.

### **I. General Requirements:**

- 1.1** Program Contractors receiving Focus on Energy funds are required to have an effective financial management system that provides accountability and control of all property, funds, expenditures and assets related to the Program.
- 1.2** Program Contractors must account for Focus on Energy financial data in accordance with Generally Accepted Accounting Principles (GAAP), contract requirements, applicable laws and procedures, and their own internal accounting procedures. Program Contractors must maintain records that adequately identify the source and application of funds provided by Focus on Energy and maintain effective control over these funds.
- 1.3** Program Contractors must do the following:
  - 1.3.1** Maintain effective control over and accountability for all contract funds, property, and other assets. All such assets shall be used solely for the contract-authorized purpose.
  - 1.3.2** Maintain procedures for determining reasonableness of costs and whether costs are allowable or non-allowable in accordance with the contract provisions and the requirements set forth in this manual.
  - 1.3.3** Maintain claims for reimbursement of costs incurred with the appropriate invoice format.
  - 1.3.4** Make available all records pertaining to activities under this contract to representatives or appointees of the Commission for review and/or audit.
  - 1.3.5** Conduct and document reconciliation of costs reported to the Commission for reimbursement on a monthly basis.
  - 1.3.6** Produce financial information related to performance or productivity data, including the development of unit cost information as required in the contract agreement.
  - 1.3.7** Accommodate additional requests from the Commission if the organization is not conforming to *Focus on Energy Policy Manual*, has a history of unsatisfactory performance, or is not financially stable.
  - 1.3.8** Ensure Subcontractors and/or Implementer Subcontractors conform to this *Focus on Energy Policy Manual*, Focus on Energy operational procedures, and their subcontracts.

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- 1.4** A primary requirement for the financial management of any program is a good accounting system. A good system includes records that show all financial transactions related to the program. The system must document all receipt and disbursement transactions, and these transactions should be traceable to source documents. The system should also be in a format in which output is easily obtainable and readable. The following are generally accepted standards for an adequate accounting system:
- 1.4.1** Recording of transactions pertaining to Focus on Energy should be all inclusive, timely, verifiable, and supported by documentation.
  - 1.4.2** The system must disclose the receipt and use of all funds relating to the Focus on Energy.
  - 1.4.3** The system must identify all Focus on Energy costs and differentiate between eligible and ineligible costs.
  - 1.4.4** The system must have the capability of producing output that management needs for tracking short- and long-term goals.
  - 1.4.5** The systems should be able to clearly separate Focus on Energy expenses, income, etc. from its other lines of business or customers.
- 1.5 Required Records:** The following is a brief description of the books and records considered as the minimum required for recording transactions. Program Contractors may establish additional accounting records that are necessary to provide adequate financial control of Focus on Energy assets and liabilities and to account for Focus on Energy costs.
- 1.5.1** Receipts for the recording of funds received from the program. All Program income must be easily identified in an audit as Focus on Energy income versus other forms of income received by the organization.
  - 1.5.2** A check register to record checks issued for Focus on Energy.
  - 1.5.3** A general ledger must be maintained to record all transactions.
  - 1.5.4** A program cost control ledger, which may be an account, or a series of subaccounts within the general ledger to accumulated costs applicable to Focus on Energy.
  - 1.5.5** A general journal for transactions not involving the receipt or disbursement of cash.
  - 1.5.6** Payroll records must be maintained to accumulate the data required by federal, state, or local law with respect to each employee.

**1.5.7** Property records must be maintained for capital assets including a description of the property, serial or model numbers, date of purchase, original cost and location.

**1.6 Source Documentation:** Every entry in accounting records should be supported by appropriate source documentation. Supporting documents should contain all information necessary to explain every transaction and should be cross-referenced as to allow one to trace any recorded transaction directly to the source or vice-versa. Refer to the *Record Maintenance Policy* for minimum required source documentation.

**1.7 Internal Control Objectives:** The objectives of the compliance requirements related to internal controls for Focus on Energy are to ensure that:

**1.7.1 Recording of Transactions:** Transactions are properly recorded, as evidenced by the following:

- Reliable reports.
- Maintain accountability over assets.
- Demonstrate compliance with laws, regulations, and other compliance requirements.

**1.7.2 Execution of Transactions:** Transactions are executed in compliance with:

- Laws, regulations, and contract provisions that could have a direct and material effect on Focus on Energy.
- Other regulations as identified in these policies and procedures.

**1.7.3** Security funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

**1.7.4 Components of Internal Control:** There are five components of internal control that should reasonably assure compliance with laws, regulations, and other Focus on Energy compliance requirements. Management of Program Contractors should consider each of these characteristics when developing a system of maintaining data related to Focus on Energy. An assessment of control procedures can be completed at any time throughout the duration of the contract. The five components of internal control are listed in Table 1 below, along with the important elements of each.

**Table 1. Components of Internal Control**

| Component of Internal Control        | Important Elements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Control Environment</b>           | <ul style="list-style-type: none"> <li>• Code of conduct.</li> <li>• Committee for ensuring that regulatory, audit (internal and external) and other similar recommendations are addressed.</li> <li>• Responsiveness to recommendations.</li> <li>• Respect and adherence to compliance requirements.</li> <li>• Responsibilities clearly defined.</li> <li>• Adequate knowledge and experience to discharge responsibilities.</li> <li>• Staff receives adequate training/direction to perform duties.</li> <li>• Management’s support of adequate information and reporting system.</li> </ul> |
| <b>Risk Assessment</b>               | <ul style="list-style-type: none"> <li>• Staff understands compliance objectives.</li> <li>• Organizational structure identifies noncompliance.</li> <li>• Process established to implement changes in objectives and procedures.</li> <li>• Management performs a risk assessment of organization over noncompliance.</li> </ul>                                                                                                                                                                                                                                                                 |
| <b>Control Activities</b>            | <ul style="list-style-type: none"> <li>• Procedures clearly written and communicated.</li> <li>• Management prohibits overriding established controls.</li> <li>• Adequate segregation of duties exists.</li> <li>• Controls exist for computer programs and data.</li> <li>• Assets physically compared to recorded amounts.</li> <li>• Financial information and program results are reviewed.</li> </ul>                                                                                                                                                                                       |
| <b>Information and Communication</b> | <ul style="list-style-type: none"> <li>• Separate identification of Focus on Energy transactions exists.</li> <li>• Adequate source documentation exists.</li> <li>• Record retention requirements are followed.</li> <li>• Reports provided timely to managers.</li> <li>• Reports reviewed to ensure accuracy.</li> <li>• Established communication channels.</li> </ul>                                                                                                                                                                                                                        |
| <b>Monitoring</b>                    | <ul style="list-style-type: none"> <li>• Built-in monitoring through independent reviews.</li> <li>• Site visits performed.</li> <li>• Follow up on irregularities.</li> <li>• Management meets with independent evaluators.</li> <li>• Routine tests for noncompliance.</li> <li>• Assess adequacy of corrective action.</li> </ul>                                                                                                                                                                                                                                                              |

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## **POLICY: Record Maintenance**

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The policy established herein provides guidance on the requirements for retaining records pertinent to Focus on Energy contracts, including unlimited access to documents, type and acceptable format of required records, and a retention period.

### **I. Record Maintenance**

In order to protect the legal and financial interests of Focus on Energy, Program Contractors shall retain full and complete records concerning program operations. However, keeping records is not sufficient. Records must be created, organized, and disposed of systematically and efficiently, or they become a burden to the Program Contractors.

### **II. Access to Records**

All data and records kept for Focus on Energy are the property of Focus on Energy. Records shall be so arranged, filed, and indexed that they may be readily identified and made available to representatives of the Commission.

- 2.1** The Commission or its designee shall have access at any time and the right to examine, audit, excerpt, transcribe and copy on the Program Contractors premises any directly pertinent records and computer files involving transactions relating to the contract. Similarly, the Commission shall have access at any time to examine, audit, test and analyze any and all physical programs subject to the contract.
- 2.2** If the material is held in an automated format, the Program Contractors shall provide copies of these materials in the automated format or such computer file as may be requested by the Commission.
- 2.3** All requests for records under the Wisconsin Open Records Law Wis. Stat. § 19.31-19.39 (2003) are to be submitted to:

Joe Pater  
Director, Office of Energy Innovation  
Public Service Commission  
P.O. Box 7854  
4822 Madison Yards Way, Madison, WI 53705 Office: 608 513-9408  
Email: joe.pater@wisconsin.gov

### III. Required Records:

- 3.1 The minimum acceptable financial records for Focus on Energy consist of:
- For Time & Materials contracts, documentation of employee time in quarter hour increments (timecards);
  - Documentation of all equipment, materials, supplies and travel expenses;
  - Inventory records and supporting documentation for allowable equipment purchased to carry out the scope of work;
  - Documentation and justification of methodology used in any in-kind contributions;
  - Documentation of contract services and materials;
  - Documentation of competitive procurement practices for products and services purchased as a result of the award;
  - Documentation of submittals and required approvals for all deliverables, subcontracts, insurance certificates, etc.; and
  - Any other records which support charges to Focus on Energy funds.
- 3.2 Program Contractors shall assure the availability of records of services performed by Subcontractors and Implementer Subcontractors for the periods indicated herein, in a manner similar to its own financial records.
- 3.3 Program Contractors must also retain records relating to appeals, disputes, or litigation arising out of the performance of Focus on Energy.

### IV. Protection and Storage of Records:

- 4.1 Program Contractors shall provide reasonable protection for program and financial information from damage by fires, floods, and other hazards and, in the selection of storage spaces, safeguard the records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.
- 4.2 Records maintained in electronic, magnetic, micrographic, optical and other similar methods should be stored in a controlled environment with temperature and humidity ranges within reasonable guidelines.
- 4.3 Program Contractors shall be diligent in the backup procedures used to maintain financial information. Backups should be rotated regularly and kept in a secure, climate-controlled facility.
- 4.4 Program materials containing Customer Information or private information about program participants must be stored in a manner consistent with the *Information Security and Confidentiality Policy*.

### V. Retention of Records:

- 5.1 Program Contractors shall retain financial records related to the Program for six years following final payment on the contract.

- 5.2 Legal records shall be retained by the Program Contractors until all litigation, claims or audit finding involving the records have been resolved, or for a period of six years from the date of final payment on the contract, whichever is later.

## **VI. Destruction of Records**

- 6.1 When the retention period has expired, the destruction of the records may be performed in any manner elected by the Program Contractors in a manner consistent with the *Information Security and Confidentiality Policy*. Appropriate precautions should be taken when destroying information that is forbidden by law to be divulged to unauthorized persons.
- 6.2 When records are destroyed or lost before the expiration of the prescribed period of retention, a certified written statement shall be filed with the Commission within 90 days of discovery of such destruction or loss. The statement shall include a list of the records destroyed or lost, as near as can be determined, and a report describing the circumstances related to the premature destruction or loss.

## **POLICY: Compliance Audits**

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The policy established herein provides expectations of Program Contractors during compliance audits.

- I.** As outlined in each contract, the Commission has the right to perform compliance audits on Program Contractors and to select which Program Contractors are to be audited. The Commission will provide an annual list to the Compliance Agent listing the organizations to be audited.
  
- II.** The compliance audits are to be completed by the Compliance Agent and are expected to take several days. For the Program Contractors, the audit will be performed on-site. In some instances, the Program Contractors may accompany the Compliance Agent for all or a portion of the time the audit is taking place. This is at the discretion of the Commission and the Compliance Agent. For some Program Contractors located outside of the State of Wisconsin, the audit may be conducted remotely, with written documentation for the Program Contractor to complete and return
  - 2.1** In addition to structuring the audit to verify compliance with items in this manual and contracts, other general items to be tested by the Compliance Agent will include:
    - Compliance with Program and Cost principles.
    - Accounting functions, including internal controls.
    - If applicable, review prior audit findings and corrective action plans to verify changes have occurred. Failure to make corrections may result in contract termination.

### **III. Audit Preparation**

- 3.1** Program Contractors are required to assist the Compliance Agent in completing the audit. The following is a brief list of potential items that will need to be completed by the Program Contractors before the Compliance Agent arrives to perform the audit:
  - Providing copies and supporting documentation for all costs claimed on invoices charged to the Commission;
  - Having available payroll and disbursement journals;
  - Pulling supporting documentation for random payroll and disbursement testing;
  - Providing documentation of bidding process for awarding contracts to Subcontractors;
  - Preparing memos or flowcharts documenting internal controls; and
  - Providing time-stamped incentive applications and documentation supporting the incentive (application documents, workbooks, notices, etc.)
  
- 3.2** After receiving a list from the Commission of Program Contractors to audit, the Compliance Agent will notify the Administrator and the Commission of the Audit Schedule.

#### IV. Audit Completion

- 4.1** A representation letter will be requested from management of the Program Contractors at the conclusion of the audit. Among other things, the letter will state that the Program Contractors has provided the Compliance Agent with all records relating to Focus on Energy and, to the best of their knowledge, the Program Contractors have complied with all laws and policies affecting Focus on Energy.
- 4.2** The Compliance Agent will be responsible for reporting to the Commission upon completion of the audit. The report to the Commission will address the scope of the work performed as well as discuss any findings noted in the audit. If findings are noted during the audit, they will be discussed with Program Contractors before the draft audit report is created. The Program Contractors will have the opportunity to provide a written response to the findings that appear in the final report. This written response should include an explanation and if necessary, a corrective action plan for the finding. The Commission will approve or disapprove the plan and contact the Program Contractor directly if reimbursement/further action is required.
- 4.3** The Compliance Agent and Program Contractors should follow the timeline in Table 2 below to ensure efficient completion of the compliance audit:

**Table 2. Compliance Audit Timeline**

|   | <b>Task</b>                                                                                                                              | <b>Timeline**</b> |
|---|------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 1 | Compliance Agent conducts audit and exit interview.                                                                                      | 1-4 days          |
| 2 | Follow-up on preliminary findings and provide additional information.                                                                    | 10 days           |
| 3 | Auditee provides feedback before the draft Audit Report is created.                                                                      | 10 days           |
| 4 | Audit Report is drafted by the Compliance Agent and sent to the Auditee for review.*                                                     | 3 - 4 weeks       |
| 5 | Draft Audit Report is reviewed by Auditee and responses for report are prepared/sent to the Compliance Agent.                            | 10 days           |
| 6 | Draft Audit Report sent to the Administrator for review after the Auditee has reviewed the report.                                       | 5 days            |
| 7 | Draft Audit Report is reviewed by the Administrator and responses for report are prepared/sent to the Compliance Agent.                  | 10 days           |
| 8 | Final preparation of the report by the Compliance Agent and transmission of the report to the Commission, Administrator and the auditee. | 10 days           |
| 9 | Commission reviews Audit Report and approves Corrective Action Plan (if applicable).                                                     | 5 days            |

*\*Audits of out-of-state Program Contractors should allow two additional weeks for the request and transmission of audit information*

*\*\*All days are considered business days.*

- 4.4 Should the Compliance Agent find that the Program Contractor has invoiced the Commission of a non-reimbursable expense, the Program Contractors shall reimburse Focus on Energy via a correction on the next invoice or a check made payable to the SEERA and sent to the Fiscal Agent upon request of the Commission.

## **POLICY: Procurement**

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The policy established herein provides guidelines related to the procurement of goods and services for Focus on Energy.

### **I. Background**

- 1.1** Focus on Energy is funded by Wisconsin electric and natural gas ratepayers and is not an agency of the State of Wisconsin. Accordingly, Focus on Energy Request for Proposals (RFPs) and the Focus on Energy contracting process are not subject to the State of Wisconsin or any governmental or public procurement statutes or administrative rules.
- 1.2** Program Contractors are required to solicit for proposals in a manner that provides for fair competition and gives reasonable notice of all solicitations. The notice will include the purpose, the selection criteria, application process, and all applicable solicitation deadlines.

**II. Procurements:** All opportunities to provide goods or services to Focus on Energy must appear, at a minimum, in an accessible and noticeable location on the Focus on Energy website [www.focusonenergy.com](http://www.focusonenergy.com). To protect the confidentiality of proposals, bidders will not be permitted to view other bidders' proposals or score sheets related to other bidders' proposals.

- 2.1 Goods or Services over \$10,000 Annually:** Program Contractors that provide goods or services as agents of the Statewide Energy Efficiency and Renewable Administration (SEERA) are required to follow the guidelines for procurement as established in this policy for all Focus on Energy goods or services procured of \$10,000 or higher value on an annual basis. This includes entities that submit invoices and receive payments, directly or indirectly, for goods or services for the Focus on Energy program.
  - 2.1.1 Proposal Scoring:** Accepted proposals shall be evaluated in a manner that ensures that bid evaluations are conducted with the highest ethical standards, that bid confidentiality is maintained, and that the process is thorough, fair and well-documented.
- 2.2 Goods or Services over \$10,000 Annually for Future Focus:** The Administrator will submit a request in writing to the Commission for approval, as the established procurement requirements herein will not apply to Program Contractors that have been vetted through the Future Focus process, as delineated in the Focus on Energy Operational Procedures Guide.
- 2.3 Goods or Services under \$10,000 Annually:** There is no formal bidding process established for goods or services below \$10,000 in value annually. Such proposals must include basic information such as qualifications, services to be provided and a budget broken out by labor, materials, expenses, etc.

**2.4 Multiple-Program Limit:** An organization serving as an Implementer or Implementer Subcontractor on more than one (1) Focus on Energy Program shall not have more than thirty percent (30%) of the total Residential and Business Portfolio budgets (accounting for both implementation costs and program incentives).

**2.4.1 Implementer Subcontractors:** Implementer Subcontractors may use the following formula to determine their proportional share of a Program’s budget: (Implementer Subcontractor non-incentive budget) + (Program incentive budget\* Implementer Subcontractor’s percentage of the total Program’s non-incentive budget). Refer to the “Frequently Asked Policy Questions” section for an example.

**2.4.2 Multiple-Program Limit illustration:**

Section 2.4 of the Procurement Policy states that an organization serving as a Implementer or Implementer Subcontractor on more than one (1) Focus on Energy Program shall not have more than thirty percent (30%) of the total Residential and Business Portfolio budgets (accounting for both implementation costs and program incentives).

The following formula should be used to determine an Implementer’s or Implementer Subcontractor’s percentage:

Program Implementer financial program stake = (Implementer non-incentive budget – Implementer Subcontractor non-incentive budget + Program incentive budget\*(Implementer percentage of program non-incentive budget)/ Total Residential and Business Portfolio budgets.

**Illustrative Example for Financial Program Share Calculation**

| <b>Technical &amp; Customer Support Cost Category</b> | <b>Dollar Amount</b> |
|-------------------------------------------------------|----------------------|
| <i>Implementer</i>                                    |                      |
| Technical & customer support labor                    | \$2,300,000          |
| marketing                                             | \$100,000            |
|                                                       | \$75,000             |
| other direct costs                                    | \$25,000             |
| subcontractor                                         | \$500,000            |
| <b>Implementer Sub-Total</b>                          | <b>\$3,000,000</b>   |
| <b>Administrative Costs</b>                           |                      |
| <b>Subtotal</b>                                       | <b>\$3,000,000</b>   |
| <b>Incentives</b>                                     | <b>\$7,500,000</b>   |
| <b>TOTAL PROGRAM BUDGET</b>                           | <b>\$10,500,000</b>  |
| <b>TOTAL PORTFOLIO BUDGET</b>                         | <b>\$75,000,000</b>  |

$$\text{Implementer's financial program percentage} = (\$3,000,000 - \$500,000 + \$7,500,000 * ((\$3,000,000 - \$500,000) / 3,000,000)) / \$75,000,000 = 11.67\%$$

This rule applies to Implementer Subcontractors as well. The following formula should be used to determine an Implementer Subcontractor's stake in a program:

Implementer Subcontractor financial program stake = (Implementer Subcontractor non-incentive budget) + (Program incentive budget)\*(Implementer Subcontractor percentage of program's total non-incentive budget)

**2.5 Waiver of Bidding Process:** The Commission may provide a waiver of bidding when certain circumstances exist that preclude bidding, for instance when sole-source procurement is justified. Although the Commission has the ultimate decision as to whether a contract or good/service over \$10,000 (annually) does not need to be bid, all requests should be made through the Administrator, who will coordinate the request with the Commission. Any request not to bid a project or program over \$10,000 (annually) shall include a written business justification about why the particular project or program should not be bid, and documentation that the resulting bid has competitive, market-based pricing, as evidenced by receipt of a Request for Quotation (RFQ). Such waivers must include the time period the waiver is being requested for, or the waiver will be valid for the initial contract period. Waivers will be valid for a maximum of four years. If an Implementer receives a waiver to extend a previously awarded Program that went through the Request for Proposal (RFP) process, then a waiver is not required for work performed by Subcontractors or Program Implementer Subcontractors that were included in the Implementer's original proposal.

**2.5.1 Inspection:** Program Contractors will maintain records relating to the waiver of the bidding process, including the business justification for not bidding a goods or services over \$10,000 (annually) and for all Commission-granted waivers and exceptions per the records retention policy.

**2.6 Entity Classification:** The party to be contracted with may fall into one of the following categories:

**2.6.1 Subcontractor:** For Contractors, entities that receive a contract to help carry out a part or all of the primary scope of the Contractor's contract are considered Subcontractors. For Implementers, entities who are contracted to perform duties related to processing applications or approving applications, determining eligibility, providing engineering or technical services to Customers or Trade Allies, or achieving savings would be considered a subcontractor (Implementer Subcontractor). Contractors and Implementers must offer the same or similar protections (insurance, required contract flow down provisions, etc.) to their subcontractors.

**2.6.2 Vendor:** Entities that receive a contract to provide goods or services within the ordinary course of business and whose performance isn't directly tied to the primary scope of the Contractor or Implementer contract. Examples of vendors are outside legal services, software as a service (SaaS) providers, marketing firms, media groups, printing/promotional product providers, IT and website development firms, etc.

**2.6.3 Researcher:** Entities that receive a contract to provide services for conducting research and/or implementing pilot or EERD programs. Researchers must offer the same or similar protections (insurance, required contract flow down provisions, etc.) to their subcontractors.

**2.6.4** If it is unclear as to which classification an entity is, seek direction from Commission staff.

## **2.7 Requirements:**

**2.7.1 Serial Contracting:** Serial Contracting (Serial Purchasing) is prohibited.

**2.7.2 Non-Collusion Statement:** Where more than one bid is solicited, each bid solicitation package must contain the following non-collusion statement:

“In signing this bid, the undersigned affirms that they are a duly authorized representative of the bidder submitting the competitive bid attached to this statement. The undersigned also affirms that neither they nor the bidder nor any of the bidder’s employees, agents, or assigns has, either directly or indirectly, entered into any agreement, prepared this bid in collusion with any other party, or otherwise taken any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit a bid; that this bid has been independently arrived at without collusion with any other bidder, competitor or potential competitor; that the contents of this bid have not been knowingly disclosed or communicated by any employee or agent prior to the opening of bids to any other bidder or competitor or any other person engaged in this type of business; and that the above statement is accurate under penalty of perjury.”

**2.8 Award Notification:** The winning bidder will be notified first. The winning bidder will have three business days to indicate acceptance of the award. Acceptance may be oral. Upon acceptance, other bidders will be notified of the outcome.

**2.8.1 Bidder Feedback:** All unsuccessful bidders will be given the opportunity to receive written feedback on their submittal upon request.

**III. Appeals:** Any unsuccessful bidders may submit a written appeal to the organization that released the RFP. The appeal must be as specific as possible and must present evidence that the RFP did not follow the *Focus on Energy Policy Manual* or the policies and procedures set forth in the RFP.

**3.1 Criteria for an Appeal:** The following criteria may qualify the unsuccessful bidder for an appeal. All other requests for an appeal will be rejected, including appeals contesting the discretion and scoring of the proposal review committee.

**3.1.1** A violation of the policies and procedures outlined in the RFP or in the *Focus on Energy Policy Manual*, or

**3.1.2** Evidence that the RFP process was not competitive.

**3.2 Appeal Submission:** Proposers may appeal an award decision by sending a written appeal within five business days of receipt of notification of the intent to award decision. The appeal must:

- Specify the basis of the appeal and provide all evidence to support such basis;
- Include the signer's name;
- Include a mailing address;
- Include a daytime telephone number; and
- Be submitted to the issuer of the RFP.

### **3.3 Appeal Review**

**3.3.1** The Administrator or Commission designee will initially review the appeal to determine if it meets the criteria for an appeal.

**3.3.2** If the appeal is accepted, it will be reviewed by an Appeals Committee comprised of at least three persons who were not directly associated with the evaluation of the proposals. The Committee must include at least one member of the Administrator.

**3.3.3** Within 10 business days from receipt of the appeal, the Appeals Committee will issue a final written decision, with notification to the Commission. The decision of the Appeals Committee will be binding, and there will be no additional consideration of the subject appeal.

**3.3.4** A Proposer that fails to file an appeal within the time limits established above will be deemed to have waived its right to be heard by the Appeals Committee.

**3.3.5** The entity issuing the RFP may proceed to contract with the selected bidder(s) even if an appeal is pending.

## **IV. Contract Terms and Conditions**

### **4.1 Administrator managed Contracts:**

**4.1.1** Prior to execution, the Commission must approve the terms and conditions included in the contract templates to be executed between the Administrator and its Implementers, Vendor and Researchers. Executed contracts are posted on The Grid under Administration/Contracts here for Commission viewing.

**4.1.2 Implementer Subcontractor Contracts:** The Implementer shall ensure, and the Administrator validate, prior to a contract's execution that the Implementer contract flowdown provisions are included. The Implementer shall have the obligation to monitor subcontractor performance per the terms and conditions of their respective subcontractor contracts.

## **4.2 Other Program Contractors**

- 4.2.1** Prior to execution, the Commission must approve the terms and conditions included in the contract templates to be executed between the other Contractors and their subcontractors and Vendors. Fully executed contracts are posted on The Grid under Administration/Contracts here for Commission viewing.

## **POLICY: The Database**

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This policy establishes guidelines for managing and using (the Database), including increasing and maintaining Focus on Energy data's integrity, data relevance, data reliability, data availability, protecting Customer Information; and enabling proper access to data and storage of data in the Database. This policy applies to all Program Contractors that develop, maintain, or use the Database.

### **I. Data, Ownership, and Usage**

- 1.1** *Ownership:* The Database is the property of SEERA.
- 1.2** *System Oversight:* The Commission retains authority as the Administrator of the Database. As such, the Commission shall make all final decisions related to SPECTRUM.
- 1.3** *System Utilization:* Whenever possible, Focus Staff will utilize the Database CRM system. This includes using the Database for: budgeting, reporting incentive processing, account/trade ally management, activity tracking, marketing, etc.

### **II. Responsibilities of the Systems Administrator**

- 2.1** *Systems Access:* The System Administrator shall create new users in SPECTRUM, The Grid, and Jira as directed by the Administrator or Commission staff.
- 2.2** *Systems Licensing:* The System Administrator shall coordinate the purchase and payment of licensing agreements for software, hosting, etc. that are utilized by the Focus on Energy Program. A list of all licenses detailing one-time costs, ongoing costs, and start and end date, will be maintained and posted on The Grid.
- 2.3** *Technical Support:* The System Administrator will troubleshoot issues and problems that arise due to bugs and/or system updates in coordination with the Administrator. Jira or other Database approved ticketing system will be utilized to document issues and bugs.
- 2.4** *System Enhancements:* The System Administrator shall inform the Commission staff on new technological developments, product releases and related technological news. The System Administrator shall provide input on proposed system changes, assisting the Administrator and Commission staff on analyzing process improvements and business needs.
- 2.5** *Data Management:* The System Administrator shall advise Administrator and Commission staff on best practices for data management and CRM system usage.

- 2.6 Training:** The System Administrator shall facilitate and train Administrator and Commission staff on system administration and trouble shooting. Training shall be provided on existing or new products when requested by the Administrator or Commission staff.
- 2.7 Support Documentation:** The System Administrator shall develop and maintain processes and procedures applicable the maintenance of the systems. The System Administrator shall assist Administrator and Commission staff in the updates of the Database Reference Guide and other supporting documentation.
- 2.8 System Customization:** The System Administrator shall modify code and customize to the CRM platform and other existing systems to meet the current needs of the Focus on Energy Program.
- 2.9 Reporting:** The System Administrator shall assist with building reports and dashboards that facilitate the business decisions for Focus on Energy.
- 2.10 System Updates:** The System Administrator shall coordinate with the Administrator and Commission staff on deploying updates to the systems. Technical release notes shall be drafted and provided with each update of the CRM functionality. The System Administrator shall notify users when they need to be out of the CRM and when it is clear to go back into the CRM.
- 2.11 System Monitoring:** The Systems Administrator shall monitor the security and health of the systems.

### III. Responsibilities of the Administrator

- 3.1 Staffing:** The Administrator shall employ an IT systems team that will assist the Commission staff representative in all matters regarding the maintenance, support, and ongoing improvement of the Database and other key Focus on Energy Program systems. The systems team will consult with and work through the Commission representative for all matters related to the Database, and any decisions related to the Database are subject to the approval of Commission staff.
- 3.2 Access Requests:** Any and all requests for access to the Database from Program Contractors, shall be directed to the Administrator for review and approval.
- 3.3 Measure Setup:** The Administrator shall issue any and all requests for inclusion of new measures or measure changes in the Database.
- 3.4 Technical Support:** The Administrator shall serve as the first line of technical support for all Database users. This includes reviewing, evaluating, and when possible, resolving system issues that arise.

- 3.5 Training:** The Administrator shall provide training and assistance to all Administrator, Implementer, and Implementer Subcontractor staff when requested and through proactive outreach. This includes hosting working groups, developing how-to videos, etc. Each Contractor is responsible for training its own staff, using the Administrator-provided training guidance and materials.
- 3.6 Training Oversight:** The Administrator shall ensure that each Implementer and Implementer Subcontractor has adequate internal training procedures that adhere to the Focus on Energy and Database-specific policies and procedures. Each Contractor must ensure that all new users have a baseline of knowledge before they start using the Database.
- 3.7 Data Quality Assurance:** The Administrator shall develop and maintain processes for monitoring data quality in all areas of the Database.
- 3.8 Data Value:** The Administrator shall evaluate the data being collected to ensure it has a legitimate use for core Focus on Energy Program goals and/or objectives.
- 3.9 User Usage:** The Administrator shall perform quarterly reviews of user activity to ensure that all licenses are being utilized. Users that have licenses but are not accessing the system are to be deactivated.
- 3.10 Support Documentation:** The Administrator shall assist Commission staff in the updates of the Database Reference Guide and other supporting documentation. Administrator users shall follow the procedures and conventions outlined in the Database Reference Guide.
- 3.11 Data Cleanup:** The Administrator shall assist with monitoring and cleanup of the Database data as directed by the Commission staff.
- 3.12 Database Utilization:** The Administrator shall ensure that Implementers and Implementer Subcontractors use the functions in the Database to the maximum degree feasible for effective delivery of their Program(s). Unless given a waiver by the Commission, no other system shall be used by the Administrator or any of its Implementers or Implementer Subcontractors that replicates or overlaps the Database functionality.

#### **IV. Responsibilities of Implementers and Implementer Subcontractors**

- 4.1 Database Representative(s):** Each Implementer will provide and designate staff as front-line support for their staff for Database issues. The front-line support staff should have a high level of system knowledge and be on the SPECTRUM Users Group.
- 4.2 JIRA Usage:** Each Implementer will utilize JIRA or other approved Database ticketing system for all new users' requests, user deactivations, workflow requests, etc.

- 4.3 Staff Training:** Each Implementer and Implementer Subcontractor shall ensure that its entire staff is fully trained on system usage including correct processes for handling accounts, applications, and overall data integrity.
- 4.4 System Policy:** Each Implementer or Implementer Subcontractor shall follow the system policies and procedures in the Database Reference Guide and the instructions/procedures that are published for specific tasks. Ex. Merging accounts.
- 4.5 Data Quality:** Each Implementer or Implementer Subcontractor shall develop and maintain processes for monitoring data quality in all areas of the Database.
- 4.6 Data Value:** Each Implementer or Implementer Subcontractor shall evaluate the data being collected to ensure it has a legitimate use for core Focus on Energy Program goals and/or objectives. Collected data is to be entered into Database when feasible.
- 4.7 User Usage:** Each Implementer or Implementer Subcontractor shall review their programs user activity to ensure that all licenses are being utilized. Users that have licenses but are not accessing the system are to be deactivated.
- 4.8 Support Documentation:** Each Implementer or Implementer Subcontractor shall assist Commission staff in the updates of the Database Reference Guide and other supporting documentation.
- 4.9 Data Cleanup:** Each Implementer or Implementer Subcontractor shall assist with monitoring and cleanup of the Database data as directed by the Commission staff.
- 4.10 Database Utilization:** Each Implementer or Implementer Subcontractor shall use the functionality in the Database to the maximum degree feasible for effective delivery of their Program(s). Unless given a waiver by the Commission, no other system shall be used by the Administrator or any of its Implementers that replicates or overlaps the Database functionality. This includes but is not limited to storing large amounts of Program data. The Implementer must provide a list of all software/iPad/databases used to access the Database and provide it for Commission review.
- 4.11 Application Processing:** All Applications, Measures, savings, Incentives payments, etc. will be entered into and run through the system. This includes applications that are received incomplete or that are not qualified. For some programs, this info would be collected on the opportunity form instead of the Application form.
- 4.12 Leads:** Will be utilized for potential customers/projects, marketing lists, tracking potential providers/Trade Allies, referrals (from other programs). For some Programs, staff may elect to only utilize opportunities for tracking possible projects. The specifics of each Program's usage will be documented in the system's reference guide.
- 4.13 Opportunities:** Will be utilized for tracking potential projects. For some Programs an alternative use may be approved.

**4.14 Customer Contacts:** For programs that document interactions with any account type, staff will utilize notes and/or activities depending on the needs of the program. This will be detailed in the Reference Guide.

## **V. Responsibilities of All Program Contractors Utilizing the Database**

**5.1 Database Utilization:** All organizations will utilize the Database including but not limited to the following activities.

**5.1.2 *Education and Training:*** Each Program Contractor will use the service Event Brite in conjunction with the Database to setup and track all education and training provided by Focus. Education and Training is defined as any event that involves more than five (5) existing/prospective Trade Allies, Customers, or outside associations.

**5.1.3 *Data Integrity and Cleanup:*** Each Program Contractor will assist with data cleanup and notify the Administrator of inaccurate or problematic data.

**5.1.4 *User Training:*** Each Program Contractor will have a Administrator approved training plan with supporting documentation. Depending on the needs and complexity of the Program, the Administrator may provide the training materials. All materials will be located on a drive accessible by all staff.

Specific details on system usage can be found in the the Database Reference Guide. Utilizing any software, online service, etc. that overlaps with the Database functionality is prohibited unless approved by the Commission.

## **VI. Security, Archiving and Data Retention**

**6.1 *Data Security:*** Database security, archiving, and retention shall comply with requirements established in the Information Security and Confidentiality Policy as well the Database Reference Guide.

**6.2 *Security Roles:*** Users shall be granted security roles that limit access to the Database capabilities and data, depending on that user's role with Focus on Energy. These access privileges shall be reviewed and approved by the Administrator. The user roles are defined in the Database Reference Guide.

**6.3 *Unauthorized Users:*** Employees that no longer work on Focus on Energy must be removed from the Database and all other Focus on Energy data systems immediately. Failure to do so could result in that user causing a significant amount of damage in several areas. Damage resulting from unauthorized users is the responsibility of the organization that user works/worked for. Costs to repair or recover lost data will be charged to the appropriate party.

- 6.4** *User Requirements:* The Database Users must be an employee of an organization contracted with the program by the Commission or Administrator in order to be granted access to the Database. All new users shall be required to complete the Information Security and Confidentiality training which is provided by the Administrator.
- 6.5** *Replicated Database Access:* In order to utilize certain business tools, Program Contractor staff will sometimes be given direct access to the replicated database for specific use cases. Database access will be restricted by data table or row depending on the specific need of the individual/organization. Staff with access will only use this access for the approved use case approved by Commission staff.
- 6.6** *Data Replication:* Unless given written permission from the Commission, no organization will maintain bulk storage of Focus data in the form of access, SQL Server, etc.
- 6.7** *User Training:* The Administrator will facilitate an IT Security training for all staff employed by Focus on Energy that have direct access to Program data. The IT security approach and method will be reviewed and approved by Commission staff prior to implementation. The recommended approach is an online interactive video that is able to track the users who have seen/completed it.

## **POLICY: IT Systems and Software**

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- 1.1** *New Software and IT Solutions:* Any new purchase, license renewals, use of ancillary software, applications, databases, reporting tools, etc. for program related activities will be reviewed by Commission Staff before it has been selected, procured or used. Depending on the nature of the need being addressed, Commission staff may need to be involved in the selection process. This excludes commonly used software such as the MS Office suite.
- 1.2** *Centralized Content Management System:* In collaboration with the System Administrator, the Administrator shall maintain a Commission staff approved MS SharePoint or equivalent system that provides access for Contractors, Implementers, the Administrator, and Commission staff. The system is considered owned by the program and will be located on a hosted service approved by the PSC. A governance workgroup will oversee change and system guidelines. A PSC staff member will be part of this workgroup. This system will contain all program plans, process diagrams, operation plans, contracts, templates, policy, and procedures used for Focus on Energy.
- 1.3** *Website Improvements:* The Administrator will review pending or planned changes with Commission staff that involve significant functionality improvements or enhancements to the website. This will help ensure website efforts are coordinated with the overall approach to Focus systems and existing IT solutions.
- 1.4** *Inventory Report:* The Administrator will maintain a list of all ancillary software, applications, databases, reporting tools, etc. that are used for Focus activities the Administrator or Program Contractors. This excludes common place software such as MS Office.

## **POLICY: Invoicing, Payment, Budgets & Costs**

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This policy provides Program Contractors with the information necessary to obtain payment for services provided and provides clearly defined rules regarding allowable expenses, tracking and budget submittal. The Administrator, Implementers, Subcontractor and Vendors shall refer to the Focus on Energy Operational Procedures Guide for specific guidance on how to submit invoices for approval and other related procedures.

### **I. Invoice Timing**

- 1.1** In order to receive payment for services provided, Program Contractors must adhere to specific requirements for submission of invoices related to contact information, invoice format, and timing.
- 1.2 Process Schedule:** The Administrator will develop a Process Schedule (aka Check Run Schedule) at the start of every calendar year to determine incentive submittal deadlines and check payment dates for the year. The schedule will be a collaborative effort between the Administrator and the Fiscal Agent. The schedule must be reviewed and approved by the Commission prior to implementation and will be posted on The Grid [HERE](#).
- 1.3 Check Runs:** Focus on Energy deploys weekly check runs in order to promptly pay Focus on Energy Customers, Trade Allies, and Program Contractors. See the [Process Schedule](#) for the specific dates and processing times. Contractors submitting invoices directly to the Commission may be paid by SEERA at the Commission's discretion. Incentives for payment shall be obtained from the Database.

### **II. Invoice Payments**

- 2.1 Program Contractors** are required to submit invoices pursuant to the terms of their respective contracts.
- 2.2** Invoices from **Program Contractors** will be paid via direct deposit on the check run following approval.
- 2.3** Costs submitted for reimbursement must be previously incurred. Costs are incurred when the goods or services are received. No payment shall be made for costs not yet incurred without approval of the Commission. This excludes reimbursement for annual memberships, annual licenses, flights, and conference registrations which may be invoiced for when paid.
- 2.4** The Commission shall have five days after receipt to review **Contractor** invoices. The Commission will either approve the invoice for payment or inform the Contractor in writing of any disputed amount and the basis for such dispute.

- 2.5 Invoice Disputes:** If an invoice is disputed by the Commission, the Fiscal Agent will have 30 days to address the dispute. If the parties cannot resolve the dispute within 30 days, both parties shall attempt to resolve the dispute in a written request to SEERA. If SEERA and the Contractor cannot resolve the dispute within 10 business days after receipt of the written request, each party may pursue its available judicial or other remedies.
- 2.6 Last Date in Calendar Year to Submit Invoices for Payment:** All invoices must be received by the deadline for the last check run of that program year as referenced in the Process Schedule. Invoices received after this date will be paid at the sole discretion of the Commission. Approvals for December invoices will be extended to a later date in January to accommodate processing of end-of-year expenses that need to align with the program year. Requests for payment of invoices received after the last check run date must be made in writing to the Commission. Implementers will submit requests to Administrator who will forward the request to the Commission.
- 2.7 Paper Incentive Checks:** All paper incentive checks issued to Customers, Trade Allies, and Program Contractors will be from the Fiscal Agent unless the Commission approves an alternative plan. If approved, any non-Fiscal Agent issued checks must prominently mention Focus on Energy. It is preferable to have the actual logo present. It should be readily apparent to any Customer that the incentive they are receiving is coming from Focus on Energy.
- 2.8 Hand Delivery of Checks:** Upon request, the Administrator may approve the hand delivery of incentive checks to Customers, or Trade Allies (if payment is due to them) on a case-by-case basis as detailed in the [Focus on Energy Operational Procedures Guide](#). The Commission may request detail from the Fiscal Agent or Administrator regarding this process.

### III. Budgets and Budget Cost Line Items

- 3.1 Program Contractors'** respective contracts contain budget tables that contain Line Items corresponding to fields in the Database. Below are the Line Items all Program Contractors may utilize for all program planning, budgeting, and invoicing. More detailed cost breakouts in conjunction with these Line Items can be used but must appear as a subline. Ex. Marketing – Sponsorships, Events, Website, etc.
- 3.1.1 Labor:** Labor costs include compensation to staff in the form of wages and fringe benefits as well as overhead (ex: IT, accounting, Payroll, etc.). This is also referred to as the Billing Rate and is entered in the Technical and Customer Support line item in the Database. Companies will not be asked for a specific dollar breakout of what constitutes their billing rates. However, if requested, they must disclose the types of costs included and the allocation method being used to determine it. Any bonus structure should be disclosed to the appropriate contracting agency and be stored with the other contract documents. Charges under this category should be for time directly associated with a specific program activity.

- 3.1.2 Administrative Labor:** The costs not directly associated with a specific program activity, but which are necessary to the development and administration of the programs. Administrative costs include: record keeping, payroll, accounting, auditing, billing, business management, budgeting and related activities, overhead allocation and other costs necessary to direct the organization of the Program, but do not include Program evaluation. Fixed Unit Budget or Fixed and Performance Pricing contracts are excluded. This applies to Program Contractors whose total annual budget exceeds \$250,000, unless otherwise exempted by the Commission.
- 3.1.3 Technical and Customer Support – Fixed Fee:** Costs for technical and customer support in the Program Contractor’s contract. Labor is a category under T&CS – Fixed Fee.
- 3.1.4 Technical and Customer Support – Performance Metrics:** Costs for technical and customer support based on performance metrics (KPIs) identified in the Program Contractor’s contact.
- 3.1.5 Travel:** Mileage, meals, hotel rooms, etc. NOTE: As of 1/1/2019, this is no longer an applicable line item for the Administrator, Implementers and Implementer Subcontractors as these parties are no longer allowed to charge travel expenses for reimbursement. Refer to the *Focus on Energy Travel Policy* for additional details.
- 3.1.6 Incentives:** Expenditures that directly result in lower costs for the customer. These can include, but are not limited to product buy downs, instant rebates, mail in rebates, and grants. Alternative incentives such as SPIF (sales person incentive) should be included as a sub line.
- 3.1.7 Subcontractors:** Individuals or organizations hired for program activities. There can be no mark-up or profit to the contracting agency or agent thereof on any subcontractor costs, unless specifically approved in writing by the Commission. Any approval will be a standalone approval and contain an outline of the request and justification for it. It cannot be part of any other budget, billing rate, policy approval, etc. The general Subcontractors line (budget and invoice) is only for Implementer Subcontractors and Subcontractors that are expected to incur \$10,000 or less in a calendar year and are paid directly by the Contractor or Implementer. Any Implementer Subcontractors or Subcontractors that will incur more than this must be documented as a separate line item under that organization’s name within the budget section.
- 3.1.8 Other Direct Costs:** Miscellaneous costs that do not fit into any other line item (i.e. marketing, training consultant costs outside of labor, trade association memberships, conference rooms for external trainings and other meetings with Customers or Trade Allies).

**3.1.9 Equipment and Other Capital Expenditures:** Any type of tangible equipment or item that is specifically purchased and used for Focus on Energy work should be included under the Other Direct Costs field in the Database. Items that are \$500 or greater will need to be tracked and inventoried. Focus on Energy retains the ownership rights to equipment at this price level if purchased with solely Focus on Energy funds. Any equipment purchased with Focus on Energy funding (regardless of the cost) cannot be used for any other program, customer, or line of business.

**3.2 Contractors:** Budgets of Contractors contracting directly with the SEERA or the Commission may be updated at the discretion of the Commission. All budget shifts will be indicated on the invoice.

**3.3 Administrator:** The Administrator may move Focus on Energy funds within the budget categories of the Business and Residential Portfolios. Funding shifts of amounts greater than \$500,000 that negatively impacts the intended 60/40 budget split between Business and Residential Portfolios requires prior written approval from the Commission. The Administrator shall summarize all budget adjustments, regardless of dollar amount, on the budget spreadsheets when submitting an invoice.

#### IV. Invoice Requirements

**4.1** If a Program Contractor's underlying contract is over \$10,000 annually, invoices from this Program Contractors must be entered and paid through the Database, in accordance with the Procurement Policy.

**4.2 Invoice Templates:** Any templates used for supporting documentation of invoices will be maintained and created by the Contractor for their respective contractual role. In all cases, the Commission must approve invoicing and related templates. For all Contractors, except the Administrator for whom travel does not apply, all travel receipts must be scanned and uploaded with the monthly invoice in order to receive reimbursement.

**4.3** Invoices uploaded to the Database may only contain information for one organization.

**4.4 Time and Material contracts:** Program Contractors invoicing under a T&M contract may bill to the Line Items corresponding to their contract's budget table, which may contain any of the Line Items above in Section 2.

**4.5 Fixed Fee/Pay-for-Performance (P4P) contracts.** Program Contractors invoicing under a Fixed Fee/P4P contract may only bill to these Line Items corresponding to their contract's budget table, which may contain:

- Administrative-Fixed
- Technical & Customer Support-Fixed
- Technical & Customer Support-Performance
- Incentives
- Other Direct Costs

## V. Cost Principles

**5.1 General Income and Cost Classification:** There are two classifications used to define the flow of money into and out of the program fund:

**5.1.1 Direct Costs:** A direct cost (i.e. program cost) is any cost that relates specifically to Focus on Energy. Examples (1) the hourly billing of an employee who devotes all of their time to the performance of program objectives can be charged as a cost to Focus on Energy; (2) postage; (3) marketing. All direct cost purchases and activities funded by Focus on Energy dollars are subject to full recovery by Focus on Energy.

**5.1.2 Program Income:** This includes all income that an organization receives due to Focus on Energy-related activities or on behalf of Focus on Energy including, but not limited to, training fees and product subsidies.

**5.2** In some cases, Program Contractors may receive income for program activities. In these cases, Program Income may be handled in two ways, subject to Commission approval:

**Method 1:** The Commission may allow an invoice offset process upon request. Under an invoice offset process, the program income is deducted from the invoice expenses that are submitted. All invoice offsets must be specifically tracked by the Administrator.

**Method 2:** Program Income is sent into the Fiscal Agent every quarter. All funds must be held in an FDIC-insured account until they are sent in. All interest received from program income belongs to Focus on Energy and must be turned in every quarter. Any income received under this method will be reallocated at the discretion of SEERA and the Commission.

**5.3** Estimates of Program Income are to be a part of all budget submittals and program plans. Any program income brought in by Program Contractors is to be clearly identified on all invoices. All Program Income is to have a unique account coding/account in the organization receiving it, so it is easily identified in an audit as Focus on Energy income. Failure to report program income is to be considered fraud.

**5.4** Financing initiatives such as loan programs are exempt from this provision and will follow the reporting requirements approved in their respective plan/contract.

**VI. Expense Types:** All Focus on Energy expenditures can be classified into one of the types listed below:

**6.1 Oversight Administration:** Costs incurred by the Commission and the SEERA.

- 6.2 Program Administration:** These are costs incurred by the Administrator for administration of the Focus on Energy, portfolios (Residential, Business, Research). The primary duties involved in program administration include:
- 6.2.1 Program Development:** Design, planning, portfolio balancing including establishing energy savings goals, targets, incentives levels provided and other metrics.
  - 6.2.2** Contract management with SEERA, the Commission, Contractors, and Subcontractors.
  - 6.2.3** Reporting on program activities as specified in the contract.
  - 6.2.4** Financial management activities: i.e. income and expense tracking, invoicing, budget development and monitoring.
  - 6.2.5** Communication and coordination between programs and with stakeholders, which includes: Marketing coordination and oversight; utility communication on program offerings and coordination on voluntary programs; state and federal program entities.
  - 6.2.6** Incentive Payment Management: Form development, processing and quality control, and customer service.
  - 6.2.7** Database management, support and quality control (all data and applications).
- 6.3 Program Implementation Costs:** These are costs incurred by the Implementers and Implementer Subcontractors for activities necessary to achieve program energy savings goals, market effects or other deliverables described in the Program Contractor’s contract.
- 6.3.1** In general, program implementation refers to interaction, either in person, by phone, or by email with Customers, Trade Allies, Utilities, and other stakeholders who are on the receiving end of program activities. These costs also include education and training activities, assisting with research, outreach and information services (website, call center), and marketing labor costs, which are not always directly attributable to a specific goal, but assist in delivering the program nonetheless.
- 6.4 Incentives:** Expenditures that directly result in lower costs for the customer. These can include, but are not limited to, product buy downs, instant rebates, mail in rebates, and grants. Alternative incentives such as spiffs (salesperson incentive) should be included as a sub line.
- 6.5 Marketing:** These are for costs paid directly to marketing subcontractors, advertisers, sponsorships, brochure printing, etc. Only subcontractors hired solely for marketing should be included in this category and these costs are not captured in the Database.

- 6.6 **Program Support:** Costs incurred by the Fiscal Agent.
- 6.7 **Program Compliance:** Costs incurred by the Compliance Agent.
- 6.8 **Program Evaluation:** Costs incurred by the Evaluation Contractor.
- 6.9 **Other:** Used for costs incurred directly by SEERA which do not fit into one of the previously mentioned categories.

## VII. Costs

- 7.1 **Allowable and Non-Allowable Costs:** The following principles are general guidelines to be applied in determining whether costs are allowable:
  - 7.1.1 The specific authority for direct costs allowed or prohibited under Focus on Energy are found in provisions of contract agreements and this Policy Manual and as otherwise determined by the Commission. This guidance does not dictate or limit the amounts which Program Contractors may spend. However, it does specify what direct costs may or may not be reimbursable from the Commission. Any expenses that the Program Contractors consider unusual should be discussed with the appropriate contracting agency prior to incurring the cost.
- 7.2 **General Allowable Cost Principles:** The general principles determining whether direct costs are allowable under Focus on Energy include but are not limited to the following:
  - 7.2.1 Costs must be incurred subsequent to the date of a signed contract agreement, except as authorized in writing by the Commission to a Program Contractor. After receipt of written authorization to proceed, that entity can provide authorization to its subcontractors to commence work and incur costs. Subcontractor authorizations must be for the same time duration.
  - 7.2.2 Costs must be reasonable and necessary for the performance and administration of objectives associated with Focus on Energy.
  - 7.2.3 Costs must be given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.
  - 7.2.4 Costs must conform to any limitations or exclusions set forth by sound business practices, arms-length transactions, state or local laws, contract agreements, or other governing regulations as to types or amounts of cost items.
  - 7.2.5 Costs must be documented in accordance with the accounting requirements set forth in this policy.
  - 7.2.6 Costs must be auditable (i.e. supported by proper documentation such as itemized receipt, invoice, missing receipt form, etc.).
  - 7.2.7 Costs cannot be duplicative.

**7.2.8** Total costs charged cannot exceed the authorized budget and cannot exceed actual expenses incurred.

**7.2.9** Costs may not be charged to Focus on Energy based on available contract amounts or amounts received to-date. Extra or additional costs outside of the contract are the responsibility of the Program Contractors.

**7.3 Allowable Costs: Information on specific allowable costs is listed below:**

**7.3.1 Bid and Proposal Costs:** The costs incurred in preparing and reviewing requests for bids or proposals to subcontract a portion of Focus on Energy administration or implementation are generally allowable if the Program Contractors follow the provisions established in this policy. Costs incurred by the bidding party in responding to requests for proposals are not allowable.

**7.3.2 Documentation Costs:** All labor associated with the archival and/or destruction of Focus documents are allowable, as the charges relate to the execution of the contract. Costs incurred for boxes or other materials to assist with this process are non-allowable.

**7.3.3 Educational Activities and Special Event Costs:** The term education activities and special events costs means the costs of hosting or participating in training, workshops, seminars, or other events related to the Focus on Energy objectives. This includes all reasonable costs related to the event, provided the event's primary purpose is to meet Focus on Energy objectives. The following are generally considered allowable costs:

- Cost of renting space to hold the event.
- Salaries for staff who are actively working at the event.
- Costs of educational materials that accompany the event.
- Salaries and/or allowances for presenters at the event, provided that presenters qualified in relation to the objectives of Focus on Energy.
- Costs to use equipment at the event (i.e. equipment used to assist presenters in disseminating information).
- Costs associated with marketing the activity or event.
- Co-sponsorship of an event with other organizations.
- Other costs reasonable and necessary for a successful event.

**7.3.4 Equipment and Other Capital Costs:** For the purposes of this section, “equipment” means an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the capitalization level of \$500. This section includes only direct purchases of equipment and not those items included as part of an entity’s indirect charge rates.

**7.3.4.1** Acquisition cost means the net invoice unit price of an item of equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation shall be included when determining if the \$500 threshold has been met.

**7.3.4.2** Capital expenditures for equipment directly related to Focus on Energy are allowable as program costs, provided that items with a unit cost of \$5,000 or more in aggregate have prior approval from the Commission. All equipment items purchased with Focus on Energy funds are property of the SEERA. In the event of a dissolution or withdrawal from Focus on Energy, all property purchased with Focus on Energy funds will be retained by Focus on Energy.

**7.3.5** Capital expenditures for land or buildings are non-allowable as a program cost except with **prior** written approval from the Commission.

**7.3.6** Capital expenditures for improvements to land, buildings, or equipment that materially **increase** their value or useful life are non-allowable as a program cost except with the prior written of the Commission.

**7.3.7 Evaluation Costs:** Focus on Energy contracts include an allowance for costs incurred to aid the Evaluator in performing duties for the Focus on Energy. Examples include:

- Development of ongoing evaluation plan.
- Evaluation of energy efficiency programming efforts.
- Reporting-related requirements.
- Coordination with selected advisory groups.
- Costs incurred to collect data for evaluation.

**7.3.8 Lobbying:** Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement may be allowable with prior Commission approval.

**7.3.9 Marketing Costs:** The term marketing costs means the costs of full-service marketing services, concepts and campaign strategy planning, media placement, print products development, electronic/multi-media production, business to business marketing, advertising media, etc. Advertising media includes magazines, newspapers, radio and television programs, direct mail, exhibits, and other similar items. Typical allowable marketing costs are:

- Development of a marketing plan, timeline and budget and submitting progress reports to the Commission.
- Marketing activity coordination, including scheduling events, media buys, style guide, etc.
- Promotional materials for education and training events, providing that materials include the required notation identifying Focus on Energy.
- Website management.
- Preparing and submitting detailed progress reports on marketing to the Commission.
- Procurement of goods and services for the performance of contract obligations.
- Developing a request for proposal for procuring contracts.
- Other specific purposes necessary to meet the requirements of Focus on Energy.

**7.3.10 Public Relations Costs:** The term public relations includes community relations and means those activities dedicated to maintaining or promoting understanding and favorable relations regarding particular Program elements with target audiences, the public at large or any segment of the public. Typical allowable public relations costs are:

- Costs specifically required by the contract.
- Coordination of all public information releases through a marketing contractor.
- Communicating with the public and press pertaining to specific activities or Program accomplishments.
- Obtaining Commission approval for all press releases.
- Conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of contract awards, financial matters, etc.
- Obtaining Commission approval for and implementing a public image management strategy.
- Preparing and submitting detailed progress reports on public relations to the Commission.

**7.3.11 Materials and Supply Costs:** The costs of materials and supplies necessary to carry out contract objectives are allowable. Such costs should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the organization. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges may be a proper part of material cost. Materials and supplies charged as a program cost should include only the materials and supplies actually used for the performance of the contract and due credit should be given for any excess materials or supplies retained or returned to vendors.

**7.3.12 Memberships, Subscriptions, and Professional Activity Costs:** Expenses for membership dues, subscriptions and sponsorships of organizations and events to support activities that further and complement the work of Focus on Energy may be allowable.

**7.3.12.1** The Program Administrator shall submit a list of proposed memberships (in local chambers of commerce, relevant business and trade associations, energy efficiency research organizations, etc.) for each year to the Commission for review and approval. Additional membership opportunities which occur during the course of that calendar year must be submitted to the Commission for prior review and approval.

**7.3.12.2** Implementers and Implementer Subcontractors must receive approval prior to joining and invoicing for such memberships, subscriptions, etc.

**7.3.12.3** In general, membership dues, subscriptions and sponsorships should be held in the name of Focus on Energy. However, the Program Contractors may propose a representative or point of contact. Any membership held by the Commission will be held for the benefit and use of all Program Contractors under the Program, regardless of which vendor the appointed representative is with.

**7.3.12.4** In some situations, Program Contractors may wish to maintain and fund their own business memberships, subscriptions or sponsorships. Focus on Energy funds will not be available to fund such expenses.

**7.3.13 Related Party Transactions:** A related party transaction occurs when one party to a transaction can influence the management or financial operating policies of the other party or a transaction is not performed at arm's length.

**7.3.13.1** Examples of related party transactions include transactions between:

- Affiliates or divisions of an organization.
- Principal owners of the organization.
- Management of an organization.
- Organizations under common control through officers or directors.

- Immediate family members of owners or management.
- Other parties that may prevent the other party from pursuing separate interests.

**7.3.13.2** Related party transactions may be allowable if the parties act in a manner consistent with the public interest, which includes spending funds in a cost-effective manner. These types of transactions are allowable if:

- The cost meets criteria for allowable expenses outlined in this manual.
- The Administrator, Contractor or Subcontractor follows procurement and sub-contracting guidelines set forth in the Focus on Energy Procurement Policy.
- Dollars exchanged are similar to the market rate for goods and services; and there is no intent to personally profit from the transaction.

**7.3.14 Salary and Wage Costs:** Except as otherwise specifically provided in this manual, the costs of compensation for salaries and wages are allowable to the extent that:

**7.3.14.1** Total compensation to individual employees is reasonable for the services rendered and conforms to the established policy of the organization and is consistently applied to both Focus on Energy and non-Focus on Energy activities.

**7.3.14.2 Charges,** whether treated as program implementation or program administration costs, are determined and supported with appropriate documentation.

**7.3.14.3** When the organization is predominantly engaged in activities other than those sponsored by Focus on Energy, compensation for employees participating in Focus on Energy will be considered reasonable to the extent that it is consistent with compensation paid for similar work in the organization's other activities.

**7.3.14.4** In cases where the kind of employees required for these activities are not found in the organization's other activities, compensation for employees participating in Focus on Energy will be considered reasonable to the extent that it is comparable to compensation paid for similar work in the labor markets in which the organization competes for the kind of employees involved.

**7.3.14.5** All salaries and wages charged to Focus on Energy shall be supported by timesheets/payroll system indicating the number of hours worked by each employee in quarter hour increments, the number of hours related to activities performed for Focus on Energy, the employee's signature or appropriate electronic approval, and proper documentation of approval from the employee's supervisor or equivalent.

**7.3.14.6** In order to support the allocation of administrative costs, payroll records must be maintained for employees whose work involves two or more functions or activities and the distribution of the compensation between such functions or activities is needed to determine the organization's administration cost rate(s) (i.e. an employee engaged part-time in administration cost activities and part-time in a direct function). Reports maintained by organizations to satisfy these requirements must meet the following standards:

- The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e. estimates determined before the services are performed) do not qualify as support for charges.
- Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
- The reports must be approved by the individual employee, or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

**7.3.15 Focus on Energy Trademark Costs:** Expenditures which are necessary to maintain the Focus on Energy trademark are allowable.

**7.3.16 Transportation Costs:** Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered.

**7.3.17 Travel Costs:** Program Contractors, excluding the Administrator Implementers and Implementer Subcontractors, can seek travel reimbursement. Contractors are subject to reasonably follow the program's travel guidelines, as summarized in the *Travel Policy*. Reimbursement claims must represent actual reasonable and necessary expenses incurred while conducting official business for Focus on Energy. Foreign travel requires prior written approval by the Commission.

- 7.4 Non-Allowable Costs:** Information on specific non-allowable costs is listed below. The following are general guidelines for expenses that will not be reimbursed by the Commission. Non-allowable expenses include but are not limited to the following:
- 7.4.1 Alcoholic Beverages:** Costs of alcoholic beverages are non-allowable and must be credited from other indirect costs in computing the overall individual cost rates.
  - 7.4.2 Audits:** Costs for an independent audit are not allowable.
  - 7.4.3 Automobile Costs (Organization Furnished):** That portion of the cost of organization- furnished automobiles that relates to personal use by employees (including transportation to and from work) is non-allowable as fringe benefit or administration costs regardless of whether the cost is reported as taxable income to the employees.
  - 7.4.4 Bid and Proposal Costs:** Costs incurred by a bidder to prepare a proposal are non- allowable.
  - 7.4.5 Contract Negotiations:** Any costs incurred for contract negotiations and preparation of contracts are not allowable other than costs incurred by the Administrator for contracts between the Administrator and Implementers, Subcontractors and Vendors.
  - 7.4.6 Capital Expenditures:**
    - 7.4.6.1** Capital expenditures for land or buildings are non-allowable as a program cost except with prior written approval from the Commission.
    - 7.4.6.2** Capital expenditures for improvements to land, buildings, or equipment that materially increase their value or useful life are non-allowable as a program cost except with the prior written approval of the Commission.
  - 7.4.7 Entertainment:** Costs of amusement, diversion, social activities, ceremonials, and costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities are non- allowable.
  - 7.4.8 Educational Activities and Special Events Costs:**
    - 7.4.8.1** Costs for an event that benefit the Administrator, Contractor or Subcontractor in activities unrelated to Focus on Energy are non-allowable.
    - 7.4.8.2** Costs to attract presenters strictly for entertainment purposes are non-allowable.

- 7.4.9 Fines and Penalties:** Costs of fines and penalties resulting from violations of, or failure of the organization to comply with federal, state, and local laws and regulations are non- allowable except when incurred as a result of compliance with specific provisions of the contract or instructions in writing from the Commission.
- 7.4.10 Goods or Services for Personal Use:** Costs of goods or services for personal use by the organization’s employees are non-allowable.
- 7.4.11 Mark-Ups:** No mark-ups/profit in any form, including subcontracted work, is allowed. In the event that an exception is requested, a signed letter from the Commission specifically and solely addressing this waiver must be obtained prior to any contacts being obtained.
- 7.4.12 Labor Relations:** Costs incurred in maintaining satisfactory relations between the organization and its employees, including costs of labor management committees, employee publications, and other related activities are non-allowable.
- 7.4.13 Lobbying:** The costs associated with the following activities are non-allowable.
- 7.4.13.1** Attempts to influence the outcomes of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity.
  - 7.4.13.2** Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections.
  - 7.4.13.3** Any attempt to influence: (i) The introduction of federal or state legislation; or (ii) the enactment or modification of any pending federal or state legislation through communication with any member or employee of the congress or state legislature (including efforts to influence state or local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation.
  - 7.4.13.4** Any attempt to influence: (i) The introduction of federal or state legislation; or (ii) the enactment or modification of any pending federal or state legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign.

**7.4.13.5** Any attempt to influence: Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in non-allowable lobbying.

**7.4.14 Marketing and Public Relations Costs:** The cost of advertising, marketing and public relations designed solely to promote the contracted organization are non-allowable under any circumstances.

**7.4.15 Meal Costs: Meals** purchased for clients, customers, business associates, internal staff, etc. are non-allowable costs. However, meal costs for meetings held for Trade Allies, Utilities and other key stakeholders are allowable. Expenditures for meals provided during training events are exempt from GSA limits for reimbursement. Such meals for training events will be limited to \$40 per person for a training session that is three quarters of a day to a full day and \$20 for a one-half day session. If expenditures will be greater than these parameters, due to the location of the training site, approval from Commission staff would be necessary.

**7.4.16 Organization Costs:** Expenditures, such as incorporation fees, brokers fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselors whether or not employees of the organization, in connection with establishment or reorganization of an organization, are non-allowable except with prior written approval of the Commission.

**7.4.17 Start-up Costs:** Costs associated with hiring new staff and Wisconsin-office set-up are considered overhead costs and are non-allowable.

**7.4.18 Trademark Costs:** Expenditures in connection with obtaining a trademark are non-allowable. The exception is the Focus on Energy trademark.

**7.4.19 Travel Costs:** The reimbursed amount for mileage or other travel costs that employees receive must equal the exact amount charged to the Program. Organizations cannot add an administration portion to the mileage reimbursement rates.

## **POLICY: Travel**

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The policy established herein provides Program Contractors with clearly defined rules for travel expense reimbursement within Focus on Energy.

**NOTE: Beginning 1/1/2019, the Administrator, Implementers and Implementer Subcontractors are no longer allowed to charge travel to Focus for reimbursement.**

### **I. General Travel**

- 1.1** Expenses incurred while conducting official program business will be reimbursed per the specific guidelines listed below. Reimbursement claims must represent actual, reasonable and necessary expenses. The employee's supervisor or another assigned individual from management must provide written or electronic approval of all travel reimbursements.
- 1.2** Focus on Energy will follow the U.S. General Services Administration (GSA) guidelines for travel expenses and reimbursement, except for air travel and charges for use of personal vehicles. Focus on Energy will follow the Internal Revenue Service (IRS). This includes a per diem structure for overnight travel for both in-state and out-of-state travel, as appropriate.
- 1.3** Although the GSA is referenced in this document, Focus on Energy is not a government program. Thus, the Program Contractors cannot request the state rate, government rate, or federal rate from hotels. Focus on Energy travel policies will reflect all changes to GSA rates and guidelines.
- 1.4** The general principles determining whether direct costs are allowable under Focus on Energy include but are not limited to the following:
  - 1.4.1** Costs must be incurred subsequent to the date of a signed contract agreement, except as authorized by the Commission.
  - 1.4.2** Costs must be reasonable and necessary to achieve program objectives.
  - 1.4.3** Costs must be given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.
  - 1.4.4** Costs must conform to any limitations or exclusions set forth by sound business practices, arms-length transactions, Federal, State or local laws, contract agreements, or other governing regulations as to types or amounts of cost items.
  - 1.4.5** Costs must be documented in accordance with the accounting requirements set forth in the Costs, Invoices and Budgets Policy.

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Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.

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- 1.4.6** Costs must be auditable and supported by proper documentation. Itemized receipts or missing receipt forms are required to support documentation for all costs and must be submitted with monthly invoices via the Database. Credit card statements are not considered proper documentation. Every effort should be made to retain the original receipt or invoice. However, photocopies, scanned images, and faxes are acceptable. These materials will be reviewed during annual compliance audits.
- 1.4.7** Total costs charged cannot exceed the authorized budget and cannot exceed actual expenses incurred.
- 1.4.8** Reimbursement limits listed exclude taxes. Taxes are all reimbursable.
- 1.5** Under special circumstances, this travel policy may be waived on a case by case basis with the approval of the Program Director. In this instance, a notice of the waiver must be submitted by the Program Director to the Commission and must include a documented business reason for the deviation (e.g. cost savings, etc.).
- 1.6** Out-of-state travel may be reimbursed per the GSA guidelines. For Program Contractors based outside of Wisconsin, 50% of the non-labor out-of-pocket costs associated with travel to Wisconsin may be reimbursed. However, no travel costs will be reimbursed for Implementer and Implementer Subcontractor staff based outside of Wisconsin, unless there is prior Commission approval in writing. Such approval will indicate the percentage allowable. All out-of-state travel for Implementers, Implementer Subcontractors must be approved by the Administrator prior to the travel. All out-of-state travel for Contractors must be approved by the Commission prior to the travel. Employees seeking out of state travel approval should submit an *Out of State Travel Request Form* along with supporting documentation.

## **II. Meal & Incidental Claims**

- 2.1** Focus on Energy will follow all Meals and Incidental Expenses (M&I) rates per the GSA guidelines for the current fiscal year. These rates vary per city, county and state and can be found online at: <http://www.gsa.gov/portal/content/104877>.
- 2.2** Unless otherwise noted, Focus on Energy will follow the GSA M&I per diems on a per day basis (not per meal).
  - 2.2.1** Employees are eligible for M&I expense reimbursement when traveling for a minimum of one overnight stay.
  - 2.2.2** Receipts are necessary for all M&I expenses being reimbursed. These receipts will be scanned and part of the invoice supporting documentation in the Database.
  - 2.2.3** If the amount spent on M&I expenses is less than the total allowable rate, the employee will only be reimbursed for the expense incurred.

- 2.2.4** If the amount spent on M&I expenses exceeds the allowable rate, the Program Contractor will only bill Focus on Energy the maximum amount established by the GSA.

### **III. Lodging**

- 3.1** Focus on Energy will base maximum lodging per diem rates on GSA guidelines provided for the current fiscal year with the following variation: Focus on Energy representatives may claim lodging rates for up to 30 percent over the established per diem rates for lodging per the GSA guidelines for the current fiscal year

For example, if the maximum allowable lodging rate, excluding taxes, per GSA guidelines is \$89 per night, Focus on Energy Representatives may claim up to \$115.70, i.e. \$89 x 1.3.

- 3.2** Rates vary per primary destination, county, state, and by month and do not include taxes. Appropriate rates can be found online at: <http://www.gsa.gov/portal/content/104877>

**3.2.1** M&I expenses are not included in the per diem for lodging; these are separate per diem rates.

**3.2.2** If the amount spent on lodging exceeds the per diem for lodging, the traveler will only be reimbursed for the maximum amount established by the GSA plus 30%.

- 3.3** Employees may stay at the conference site where lodging exceeds the maximum on the basis it enables staff to gain professional benefits due to interaction with other attendees. In such situations, documentation corroborating the site selected is the conference hotel is required. The employees must receive the approved conference rate for these stays and must document that such rate was received.

- 3.4** Employees will be held personally responsible for additional costs resulting from failure to cancel a guaranteed reservation or comply with posted checkout hours.

- 3.5** An employee who is required to remain in one location for an extended period is expected to find lodging at reasonable weekly/monthly rates. Consideration should be given to use of apartments or private homes if the cost is more economical. Subcontractors should seek Administrator approval before securing extended stay lodging.

**3.5.1** In extended stay situations, the cost of normal utilities such as gas, heat, electricity, monthly local phone service (including installation), etc. are reimbursable.

**3.5.2** The GSA per diem structure for M&I does not apply to employees in extended stay travel status.

- 3.6 Employees are expected to commute during the same day when the site of Focus on Energy business is within 50 miles of their headquarters. Lodging costs within 50 miles may be reimbursed only for extenuating circumstances and with proper written justification and approval of the employee's supervisor.
- 3.7 Individuals traveling on official Focus on Energy business may require a reasonable accommodation, as required by the Federal Americans with Disabilities Act and/or Section 504 of the Rehabilitation Act of 1973. Reasonable accommodations could take various forms such as the payment of portage costs or allowing a personal attendant to accompany the individual while in travel status. Reimbursement for reasonable accommodations may exceed the rates established by the GSA. The reimbursement request must indicate that the reason for the overage is "reasonable accommodation".

#### **IV. Transportation**

- 4.1 Program Contractors may bill Focus on Energy for all employee transportation costs for approved Focus on Energy business, per the rate established by the GSA, other than personal vehicle mileage. This includes travel by non-personal automobile, air travel, train, and other modes of transportation.
- 4.2 For traveling that involves personal vehicles, Program Contractors may bill Focus on Energy for all employee's mileage at the rates established by the IRS. Program Contractors may bill this only for mileage above and beyond the employee's standard commute to their headquarters when leaving from their residence. These rates may be found online at: <http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates>.
- 4.3 Employees may choose to use rental vehicles rather than personal vehicles for travel. The smallest and most fuel-efficient rental vehicle should be preferred. All costs for renting a vehicle will be reimbursed when the cost of renting a car is comparable to the cost of using a personal vehicle.
- 4.4 Charges for parking are fully reimbursable for approved Focus on Energy business. Information should be provided with the reimbursement, including the municipality where charges were incurred. Parking is fully reimbursable if the employee is in travel status.
- 4.5 Charges for tolls are fully reimbursable. Information should be provided with the reimbursement, including the municipality where charges were incurred. A receipt is not necessary for tolls less than \$25. Tolls are fully reimbursable regardless of employee's status.
- 4.6 Requests for mileage reimbursement must be documented in writing and approved by the employee's supervisor or another assigned individual from management. Documentation shall include, at a minimum, city of departure and destination, number of miles driven, reason for travel, total dollar amount requested for reimbursement, the employee's signature or appropriate electronic approval, and proper documentation of approval from the employee's supervisor or equivalent.

- 4.7 Air Travel:** Focus on Energy policy for air travel differs from GSA’s policy. Reimbursement for commercial air travel shall be limited to the lowest logical fare available. The “lowest logical fair” is defined as the least costly fair that:
- Uses a regularly scheduled commercial carrier;
  - Prohibits preference for any airline, type of aircraft and connecting airports;
  - May require one plane transfer both departing and returning;
  - Departs from the airport nearest to the employee’s headquarters location or, at the discretion of the employee, from an airport offering a fare which is most cost-effective, including parking, mileage, or additional overnight stays;
  - Allows for up to a four-hour leeway in scheduling which may necessitate that the employee arrive up to two hours prior to the start of his or her Focus on Energy business and may require up to a two hour wait after the planned business ending time to take advantage of lower air fares.
- 4.7.1** When seeking reimbursement for the cost of airfare, an employee must provide the highest form of receipt issued by the airline or travel agency. In those instances where an airline ticket is reissued, previously-issued documents should be attached for a complete audit trail. Claims for reimbursement of airfare must represent the net amount paid by the traveler after any applicable exchanges, discounts, change fees, etc.
- 4.7.2** Documentation to support claimed airfare must include the traveler’s name, destination, departure/return dates, amount of fare, routing, class of travel, purpose of trip and supervisor’s or another assigned member of management’s written approval.
- 4.7.3** The additional cost for premium class travel is not reimbursable. If a situation should arise where premium class travel is the only alternative available, such travel must have written approval from the contracting body prior to incurring the expense.
- 4.8 Train:** Reimbursement shall not exceed the lowest cost of the most reasonable form of other public transportation. Travel by train shall be limited to coach unless overnight, where accommodations should be limited to a roomette.
- 4.9 Bus:** Reimbursement shall not exceed the lowest cost of the most reasonable form of other public transportation.

## V. Allowable Incidental Expenses

- 5.1** Employees are only eligible for incidental expenses when traveling for a minimum of one overnight stay. These expenses are included in the M&I expenses per diem rate established by the GSA and vary per city and state.

5.2 Receipts are not necessary for incidental expenses but cannot exceed the rate established by the GSA. Examples of incidental expenses include, but are not limited to: telephone calls, gratuities and tips, laundry, and other incidental expenses.

**VI. Non-allowable Expenses:** Non-allowable expenses include but are not limited to the following:

- Alcoholic beverages
- Cancellation charges
- Child-care and kennel costs
- Excessive mileage charges for personal reasons
- Flight insurance
- Lost/stolen cash or personal property
- Personal items
- Repairs and towing services for personal vehicles
- Spouse or family member travel costs
- Traffic citations, parking tickets, other fines
- Travel expenses for staff whose headquarters are a larger geographic area rather than a specific location
- Personal entertainment

## SUPPLEMENTAL INFORMATION ON POLICIES AND PROCEDURES

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The purpose of this section is to provide information on Program specific situations and circumstances that the Commission and the Administrator have received inquiries on and determined additional explanations were warranted. Items included are:

### Overall Focus on Energy Policy

- 1.1 By-pass Customers
- 1.2 Fuel Switching
- 1.3 Leased Equipment
- 1.4 Load Shifting
- 1.5 Natural Gas Extension
- 1.6 Utility Participation in Focus Programs
- 1.7 Multiple-Program Limit Illustration

### Business Programs

- 2.1. Other Energy Generation Facilities: Steam Plant Projects
- 2.2. Battery Storage
- 2.3. Incentive Eligibility for Projects Conducted by Utility-owned Contracting Services
- 2.4. Ineligible Entity Incentive Payment

### I. Overall Focus on Energy Policy Issues

- 1.1 By-pass Customers:** If the business does not pay the participating utility for the natural gas, the business is not eligible for Focus incentives since they are not paying into the program.
- 1.2 Fuel Switching:** Fuel switching projects may qualify for Incentives provided the project results in a decrease in overall MMBtu at the Customer's site and that the fuel to which the Customer is switching is purchased from a participating Focus on Energy Utility.
- 1.3 Leased Equipment:** Equipment acquired through an operating lease is not eligible for Focus incentives. In this case the lessor (or owner) transfers only the right to use the property to the lessee. At the end of the lease period, the lessee returns the property to the lessor. Since the lessee does not assume the risk of ownership, the lease expense is treated as an operating expense in the income statement and the lease does not affect the balance sheet.

Equipment purchased under a capital lease structure may qualify for a Focus incentive, but must be pre-approved by the Administrator in writing prior to project initiation or execution of any equipment lease. A capital lease is a lease in which the lessor only finances the leased asset, and all other rights of ownership transfer to the lessee.

For renewable energy systems, the terms of the lease or financing agreement must contain clear ownership of the entire equipment for the lessee (the customer) at the end of the lease or agreement. Financing Lease agreements that include a Power Purchase Agreement (PPA), wherein the lessor sells the power, or other services, produced by the system to the lessee, will not be eligible for incentives.

- 1.4 Load Shifting:** Load shifting is not eligible for Focus incentives when done to shift load from peak to off-peak with no resulting energy savings. Energy savings resulting from a load-shifting program are eligible for incentives. Battery storage primarily provides load-shifting capacity and is not Incentive-eligible technology. Under Focus, load shifting has remained a utility function.
- 1.5 Natural Gas Extension:** If the Customer currently has no natural gas service, but will have a natural gas extension installed, it is reasonable to assume that this Customer will install at least one natural gas appliance, regardless of any incentive from Focus on Energy. Therefore, this is similar to a new construction project and the Customer would be eligible for incentives using typically installed equipment as a baseline.
- 1.6 Utility Participation in Focus Programs:** Energy Utilities, municipal electric utilities, and electric cooperatives are not eligible to receive Incentives for energy efficiency or renewable energy projects in facilities which they own provided the project is for the utility's own fuel type (e.g., a municipal electric utility is not eligible for electric saving Incentives but is eligible for natural gas saving Incentives assuming natural gas is provided by a participating utility). An exception applies to municipal buildings housing other non-energy municipal functions. If the building houses multiple municipal functions and the municipality pays the electric or gas bills, it would be eligible for Focus Incentives as is any other local government building but Incentives may be prorated based on square footage.

American Transmission Company (ATC) – ATC is not eligible for Incentives on its facilities because they are owned/controlled by utilities.

Utility-Owned Contracting Services – Some participating utilities have Trade Allies subsidiaries who may play a role in Program delivery. Utility energy services contractors in this scenario are eligible to deliver equipment and services on behalf of Focus provided they have met Focus' requirements to participate in the program or offering. Similarly, customers of such Trade Allies are eligible to participate in Focus programs provided they and their project(s) meet all other eligibility requirement.

## II. Business Portfolio Program Policy Issues

**2.1 Other Energy Generation Facilities:** Currently the Valley Power Plant and Watertown Plank Road Plant do not collect Focus dollars, therefore, Customers are not eligible for Incentives. Additional circumstances will be considered on a case-by-case basis and should be referred to the Administrator for evaluation and discussion with Commission staff. University of Wisconsin – Madison steam plants are fueled by natural gas under a tariff that contributes to Focus on Energy; UW-Madison is eligible to receive Focus on Energy incentives for therm savings projects. MRMC Thermal Service Incorporated located in Milwaukee is a private entity that generates steam and chilled water services and purchase power (all natural gas and electricity) from We Energies. The plant is effectively a gas transport of We Energies, is served under a Cg-2 electric tariff, and is paying into Focus on Energy. MRMC Thermal Service Incorporated is a qualifying entity for all Focus on Energy eligible electric and gas incentives.

**2.2 Battery Storage:** We can't have battery storage be incentive-eligible for a few reasons:

**2.2.1** Act 141 does not include battery storage in the RE definition, and it requires a less-than-conservative interpretation of the legislation to incentivize it.

**2.2.2** Batteries primarily provide load-shifting capacity, and load management is generally outside the Focus purview.

**2.3 Incentive Eligibility for Projects Conducted by Utility-owned Contracting Services:** Although Focus on Energy partner utilities themselves are not eligible to participate in Focus on Energy as a customer, there exist some Trade Allies throughout Wisconsin who are subsidiaries of participating utilities, who may play a role in program delivery. Utility energy services contractors in this scenario are eligible to deliver equipment and services on behalf of Focus on Energy provided that they have met Focus on Energy's requirements to participate in the particular program or offering in question. Similarly, customers of such Trade Allies are eligible to participate in Focus on Energy programs provided that they and their project(s) meet all other eligibility requirements.

**2.4 Ineligible Entity Incentive Payment:** An eligible Customer may assign Incentive payment to an ineligible entity executing a Customer Assignment of Program Participation to Third Party.

## REVISION HISTORY

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The purpose of this section is to provide high level information on the major changes to this version of the Policy Manual from the 2022 version. The following outlines the major changes:

- Numerous definitions were revised:
  - Business Portfolio
  - Energy Advisor
  - Ex Ante Savings
  - Key Staff
  - Measure
  - Offering
  - Rural Customer
  - Serial Contracts (removed)
  - Solution (removed)
- The following are new definitions:
  - Beneficial Electrification
  - Gross Savings
  - Net Savings
- Many new acronyms were added to the *Acronyms and Abbreviations* page.
- Minor edits were made throughout the *Responsibilities of Key Stakeholders Policy*.
- In the *Information Security and Confidentiality Policy*, the requirement to notify the PSC of a security incident has been changed from 48 hours to 24 hours.
- In the *Procurement Policy*, the sample Multiple-Program Limit illustration was inserted (moved from the *Supplemental Information on Policies and Procedures (FAQ)* section).
- *The Database Policy* was edited to reflect current practices.
- The FAQ section was renamed, *Supplemental Information on Policies and Procedures*.
  - The following topics were edited:
    - Fuel Switching
    - Load Shifting
    - Utility Data Policy in Focus on Energy
    - Steam Plant Projects (n/k/a Other Energy Generation Facilities)
  - The following topics were removed;
    - Utility Data Policy
    - Renewable Energy Generation as Energy Efficiency
    - Schools & Government Internal Labor
    - Thermal Cool Storage
    - Business Operating under Residential Rates
    - Ineligible Entity Incentive Payment
    - MRM Thermal Service Incorporated

**Note: A redline version that includes all changes from the 2022 to 2023 Policy Manual is available on The Grid for further detail.**