

FOCUS ON ENERGY ECONOMIC IMPACTS 2015–2018

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JUNE 2020



Wisconsin ratepayers spent \$424 million on Focus on Energy's energy efficiency and renewable energy programs during the 2015–2018 quadrennium. Successful delivery of the programs requires collaboration among many industries, including utilities, manufacturers, contractors, and engineers. Resulting energy savings decrease utility bills, and program participants re-spend their savings throughout the Wisconsin economy. As a result, Focus on Energy's impacts reach beyond the energy efficiency industry and greatly benefit many of the state's major sectors. This document summarizes the net statewide economic impacts of Focus on Energy's 2015–2018 energy efficiency and renewable energy programs.

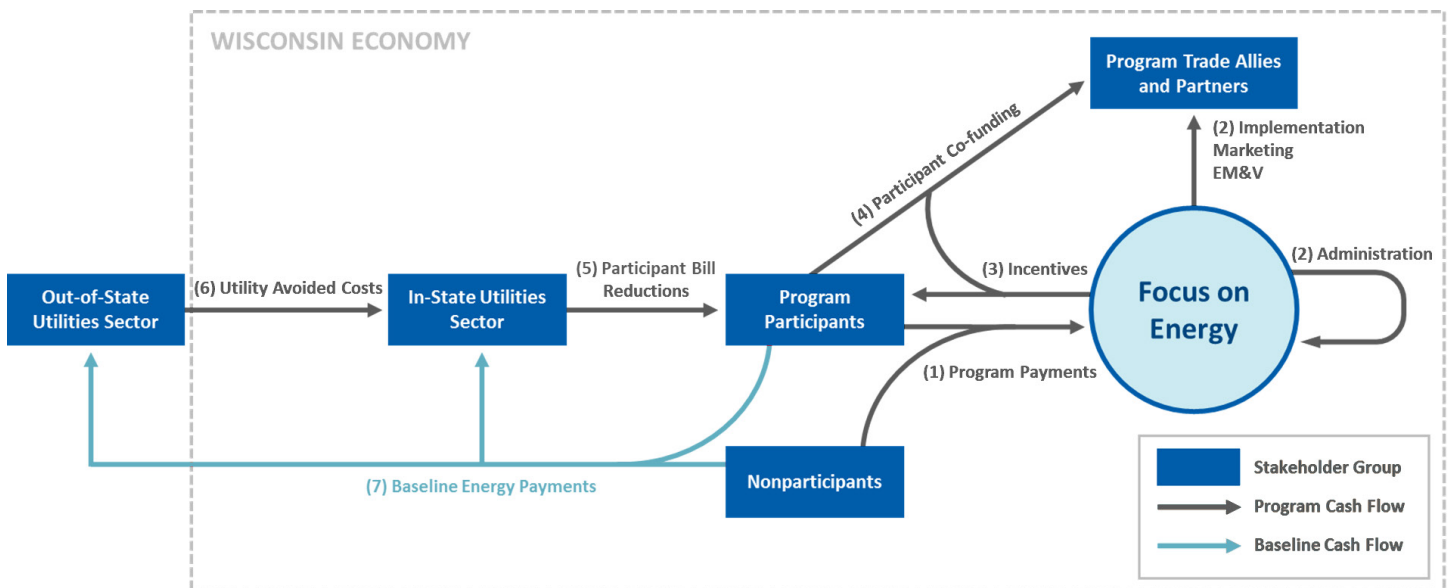
Cadmus used the Energy, Environment, and Wisconsin Economy (E3+) model from Regional Economic Models (REM), Inc. to simulate how Focus on Energy's changes to spending patterns affect the Wisconsin economy. E3+ offers additional functionality compared to PI+, the REMI model used to quantify economic impacts in previous studies, including the ability to estimate impacts from emissions reductions.

Figure ES-1 shows the changes in spending as a result of Focus on Energy. Ratepayers fund Focus on Energy, which spends money to deliver programs and provide incentives for energy efficiency and renewable energy projects. Participants may be required to contribute funding if program spending does not cover the entire cost of a project. Because of these initial investments, participants achieve lower energy bills and utilities avoid costs of providing energy.

Net economic impacts are calculated as the difference between Wisconsin's economy with Focus on Energy and a baseline scenario in which no program activity occurred. For example, ratepayer funding of Focus on Energy helps deliver programs that save energy but decrease consumption of other goods and services. In this way, both positive and negative impacts are captured.

Focus on Energy benefits the entire Wisconsin economy.

Figure ES-1. Changes to Regional Cash Flows



Summary of Study Findings

Focus on Energy results in positive net impacts:

- **20,870** full- and part-time jobs
- **\$2.2 billion** in economic benefits (value added)
- And **\$1.6 billion** in disposable personal income (after taxes)

Figure ES-2 shows net cumulative employment impacts from each year of program operation. Focus on Energy creates more than 23,000 jobs in its peak year before gradually reverting to the no-program baseline. Impacts of the 2015–2018 quadrennium do not persist indefinitely; as the impacts from the energy investments wane, the economic benefits also follow suit.

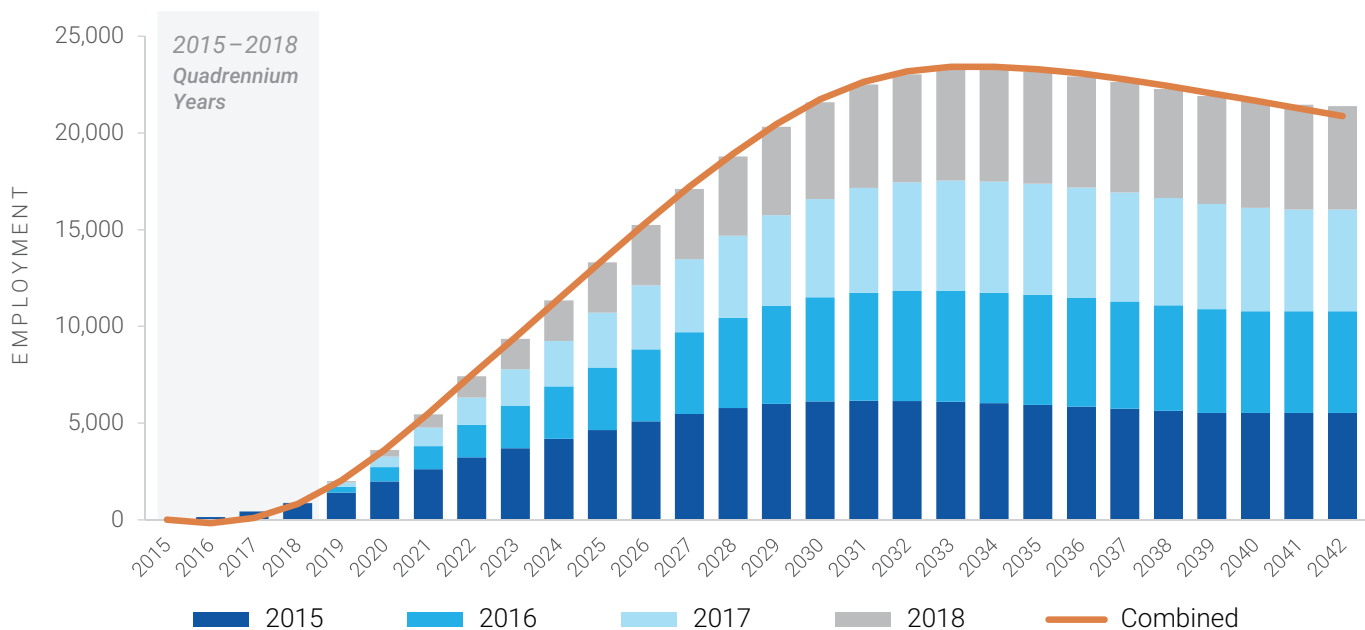
Continue Focus on Energy to maintain economic benefits.

Because of increased investment in energy efficiency and renewable energy, Focus on Energy created more than 1,000 jobs in professional, scientific, and technical services during the quadrennium. From 2019 onward, employment is expected to grow most strongly in the retail trade, health care and social assistance, and manufacturing sectors.



In addition to employment, Focus on Energy generates new economic activity, resulting in new sales and disposable personal income. An additional \$1.6 billion in disposable personal income translates to returning \$270 to the wallet of each Wisconsinite over the 25 year period.

Figure ES-2. Cumulative Employment by Year



Focus on Energy program spending has a substantial positive impact on the Wisconsin economy. During the 2015–2018 quadrennium, every \$1 million invested through Focus on Energy generated more than 48 jobs, and every dollar spent created \$5.10 in net economic benefits (value added) and \$3.60 in additional disposable personal income. Emissions reductions alone account for more than 5 jobs per \$1 million spent (11% of total impact) and roughly 50 cents of net economic benefits (10%) and disposable personal income (14%) per dollar.

Rural and non-rural participants generate economic benefits at similar rates.

In addition, the inclusion of net economic benefits substantially improves the cost-effectiveness of Focus on Energy's portfolio. Without economic benefits, Focus on Energy generated \$3.62 in benefits per dollar of costs during the 2015-2018 quadrennium. However, after accounting for economic benefits, benefits per dollar spent increases to \$5.85.



48
jobs/million



5.1m
economic
activity/million



3.6m
disposable
income per
million

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When economic benefits are counted, cost-effectiveness findings suggest that Focus on Energy provided

**\$5.85 in
benefits for
every \$1.00**

invested over the 2015–2018 program portfolio.

