This document summarizes the net statewide economic development impacts of Focus on Energy’s 2015–2016 energy efficiency and renewable energy programs. Cadmus analyzed these economic impacts using Regional Economic Models, Inc.’s Policy Insight+ model (REMI PI+), an economic forecasting tool that simulates the annual and long-term effects of different spending choices on multiple components of the state economy.

Focus on Energy has positive net economic impacts largely because it increases in-state spending.

Cadmus determined the unique effects of Focus on Energy’s energy efficiency and renewable energy programs on the Wisconsin economy by calculating net economic impacts as the difference between impacts from Focus on Energy’s programs and the impacts that would have occurred if the program did not exist (and ratepayers instead spent the same amount of funds on alternative goods, services, and energy). Focus on Energy achieves positive net economic impacts by affecting the flow of money through the Wisconsin economy and regional economies in three ways: direct, indirect, and induced effects, as defined below.

Wisconsin utilities import fuel and power from other states, so a significant share of Wisconsin ratepayer funds are spent outside of the state economy. Focus on Energy reduces electricity and natural gas purchases by promoting investments in Wisconsin’s energy efficiency and renewable energy industries. This provides long-term savings that support increased in-state spending on other local goods and services.

**Direct economic effects** represent increases in employment, income, and economic activity among industries directly involved with Focus on Energy, such as firms that manufacture, sell, and install energy technologies or firms that provide project services.

**Indirect economic effects** account for increases in employment, income, and economic activity among industries in the energy efficiency and renewable energy supply chains, such as firms that supply raw manufacturing inputs to directly affected industries.

**Induced economic effects** lead to additional increases in employment, income, and economic activity among other industries as Focus on Energy participants and employees of directly and indirectly affected industries spend new disposable income from bill savings and increased business in the Wisconsin economy.
SUMMARY OF STUDY FINDINGS

Figure ES-1 illustrates Focus on Energy’s positive net employment impacts from its 2015 and 2016 activities. The program created more than 1,000 FTE jobs in each of 2015 and 2016. Its activities in those years continue to create an average of 263 FTE jobs per year through 2040, as ongoing energy savings reduce operating costs for businesses, increase disposable income for consumers, and allow the money saved to be spent in the Wisconsin economy. The 2015-2016 portfolio will create a cumulative net total of 8,769 FTE jobs through 2040. These findings of positive employment impacts are consistent with the results from a 2015 survey of energy efficiency and renewable energy contractors participating in Focus on Energy. Nearly 25% of survey respondents reported that they had hired more staff as a direct result of increased business activity from the Focus on Energy programs.

Because of increased purchases of energy efficiency and renewable energy technologies, Focus on Energy created more than 700 manufacturing jobs in 2015 and 2016.

There are several other private sector occupations that experienced significant job growth:

- Sales and related, office and administrative support occupations
- Management, business, and financial occupations
- Computer, mathematical, architecture, and engineering occupations
- Education, training, and library occupations

**Figure ES-1. Program Year and Future Year Annual Employment Growth, 2015-2016**
Focus on Energy will generate more than $762 million in net economic benefits through 2040.

Figure ES-2 illustrates Focus on Energy’s positive net economic benefits, which totaled more than $208 million through 2016 and will total more than $762 million through 2040. These findings are consistent with reports from contractors involved with Focus on Energy; approximately 59% of contractors responding to the 2015 program survey reported that their business activity had increased since their involvement with Focus on Energy.1

Cadmus also analyzed the influence of economic benefits on Focus on Energy’s cost-effectiveness. Table ES-1 summarizes the benefit-cost ratios previously reported for Focus on Energy, which did not include economic benefits, and identifies the revised benefit-cost ratios achieved when economic impacts are included among program benefits.

![Figure ES-2. Program Year and Future Year Annual Economic Benefits, 2015-2016](image)

<table>
<thead>
<tr>
<th>Program Year(s)</th>
<th>Without Economic Benefits</th>
<th>With Economic Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.51</td>
<td>5.25</td>
</tr>
<tr>
<td>2016</td>
<td>3.00</td>
<td>4.32</td>
</tr>
<tr>
<td>2015-2016</td>
<td>3.24</td>
<td>4.77</td>
</tr>
</tbody>
</table>

When economic benefits are counted, cost-effectiveness findings suggest that Focus on Energy provided $4.77 in benefits for every $1.00 invested over the 2015–2016 program portfolio.