

Assessing Net Savings

Do Jurisdictional Requirements Create Barriers to Effective MT Efforts?

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Overview

- Regional EM&V Forum Research on Net Savings
- Why should we care about net savings?
- Implications for MT and other EE Program Efforts

Regional EM&V Forum Net Savings Study - Background

- Sought to create understanding of:
 1. how net energy savings is defined across the region
 2. how stakeholders use net savings
 3. opportunities and barriers to increasing the consistency of and quality in net savings definitions and measurement in the region.
- Study conducted by NMR Group, Inc. and Research Into Action, Inc. for the Regional EM&V Forum

Approach

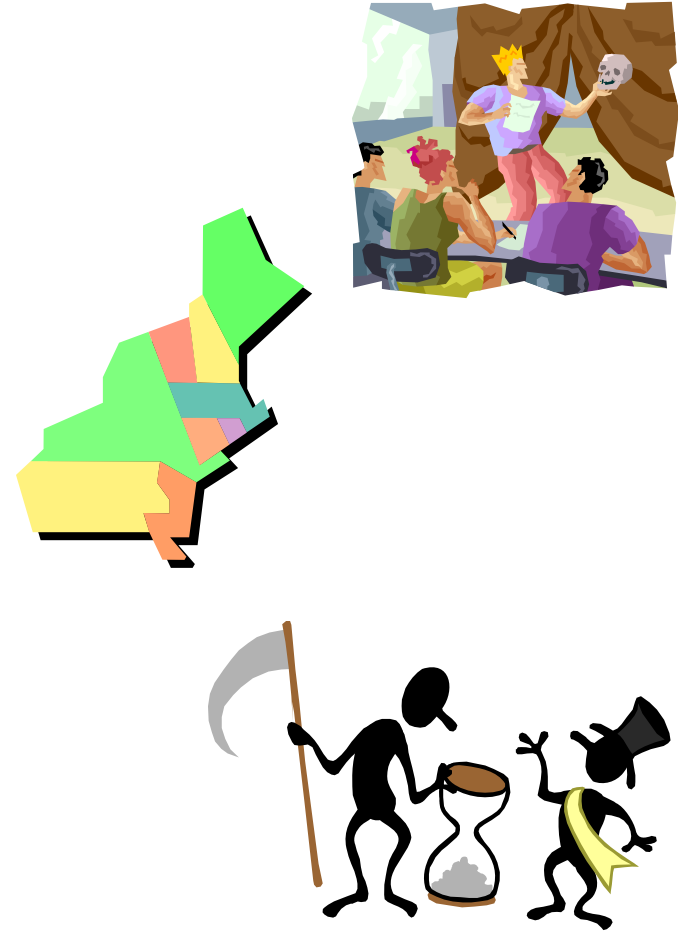
- Literature review of over 100 sources
- Interviews with 12 experts on energy efficiency programs and air regulation
- Feedback from Forum members.
- The paper captures the perspectives of energy and air regulators, program administrators, and energy efficiency and other social science evaluators.

Findings

- Definitions vary across the region with no compelling reason for change in state-specific policies
- Disagreement about the adequacy of current requirements and practices in light of evolving energy policy and air regulation objectives – adjusted gross vs. net savings
- Disagreement about where to focus on attribution – End use? Program? Utility service area? State? Region?

Contributors to Imprecise N-T-G Estimates

- Attribution where there are many actors in the marketplace
- Boundaries
- Time
- Data limitations



Next Steps – Phase 2 (Under Discussion)

1. Development of a definition for net savings that can be used consistently in the region;
2. Development of recommended best practices methodology that can be used as guidance to encourage quality and consistency in measurement of net savings;
3. Policy-related research reviewing the use and applicability of net savings versus gross savings as measurements of progress toward regional and state-level energy and environmental policy goals.

Why should we care about net savings?

- Program design
- Regulatory responsibilities - customer/public funds support MT/EE efforts
- Shareholder incentives

Cost-effective Climate Change Mitigation

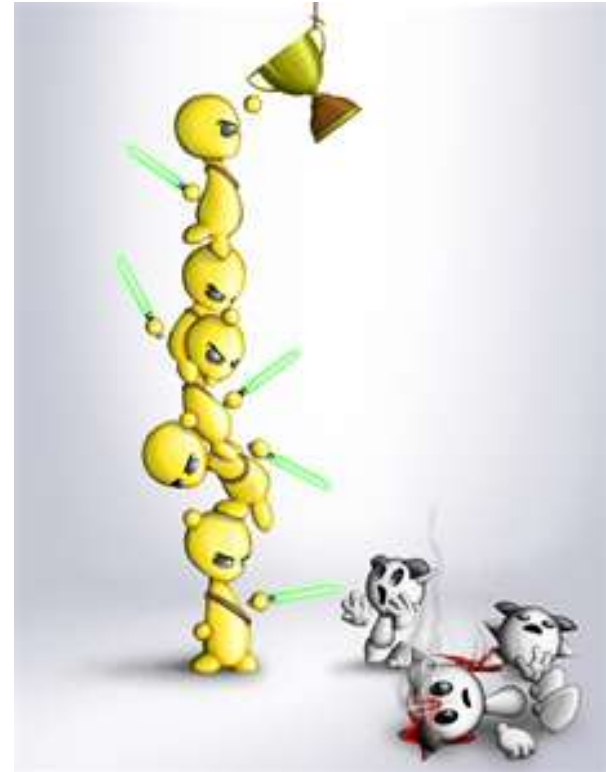


Is the focus on attribution diverting attention away from the achievement of essential improvements in energy use?

Source of picture: <http://askehbl.files.wordpress.com/2009/06/climate-change1.jpg?w=300&h=280>

Implications for MT/EE Program Efforts

- Understated savings
- Overly conservative program efforts
- Focus on attribution takes away from higher level objectives



Recommendations

- Develop consistent definitions of net-to-gross.
- Align regulatory requirements with state and federal energy policy objectives.
- Assess impacts on markets, not utility service areas or even states, over time.
- Continue to periodically check directional and magnitude changes in Program Administrator-specific net-to-gross factors to inform program design.
- Redesign shareholder incentive mechanisms so that there is not an undue focus on net-to-gross factors.