Net Impacts Scoping Paper

Conclusions, Recommendations, and Research Needs

NEEP EM&V Forum
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Lynn Hoefgen

Conclusions

- Net savings measurement is challenging but still important because it meets current regulatory and program needs
- No measurement approach is perfect, but there are opportunities to improve measurement, fill data gaps, and increase flexibility
- The energy efficiency community has inconsistent definitions, measurement practices, and opinions about what is needed
- Air regulators' positions are not clearly defined
- Practices are driven by policy and influenced by resources
- No policy now exists that would enable the region to move away from the status quo

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Recommendations

- These recommendations are the result of the project team's analysis and interpretation of the findings
- The project has confirmed that the issue is complicated, and full of nuance and conflicting perspectives
- The EMV Forum realized that a Policy Subcommittee's insights would be useful in helping to identify next steps
- Many of the recommendations address ways to improve the quality of measurement of net savings

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1. Define *Adjusted Gross Savings*

The Forum should lead the process of developing a consistent definition of adjusted gross savings in the Northeast Region

Related Research*:*

- *Identify the adjustments submitted to ISOs for reporting in support of the forward capacity markets*
- *Examine the components of realization rates*
- *Evaluate how well recommended components of adjusted gross savings meet the needs and requirements of the energy efficiency community*

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2. Define *Net Savings*

After defining adjusted gross savings, the Forum should develop a common definition of net savings for the Northeast Region

- Identifying elements and concepts allows everyone to "speak the same language"
- Does not require that everyone measure every element

<u>Related Research</u>

- *Enumerate the similarities and differences between definitions of net savings in use in the Northeast*
- *Understand the reasons for differences in definitions and potential ways to bring them into alignment*

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3. Advocate for Reporting Requirements

Advocate for legally requiring manufacturers, retailers, and distributors to provide national sales and shipment data for key equipment and products

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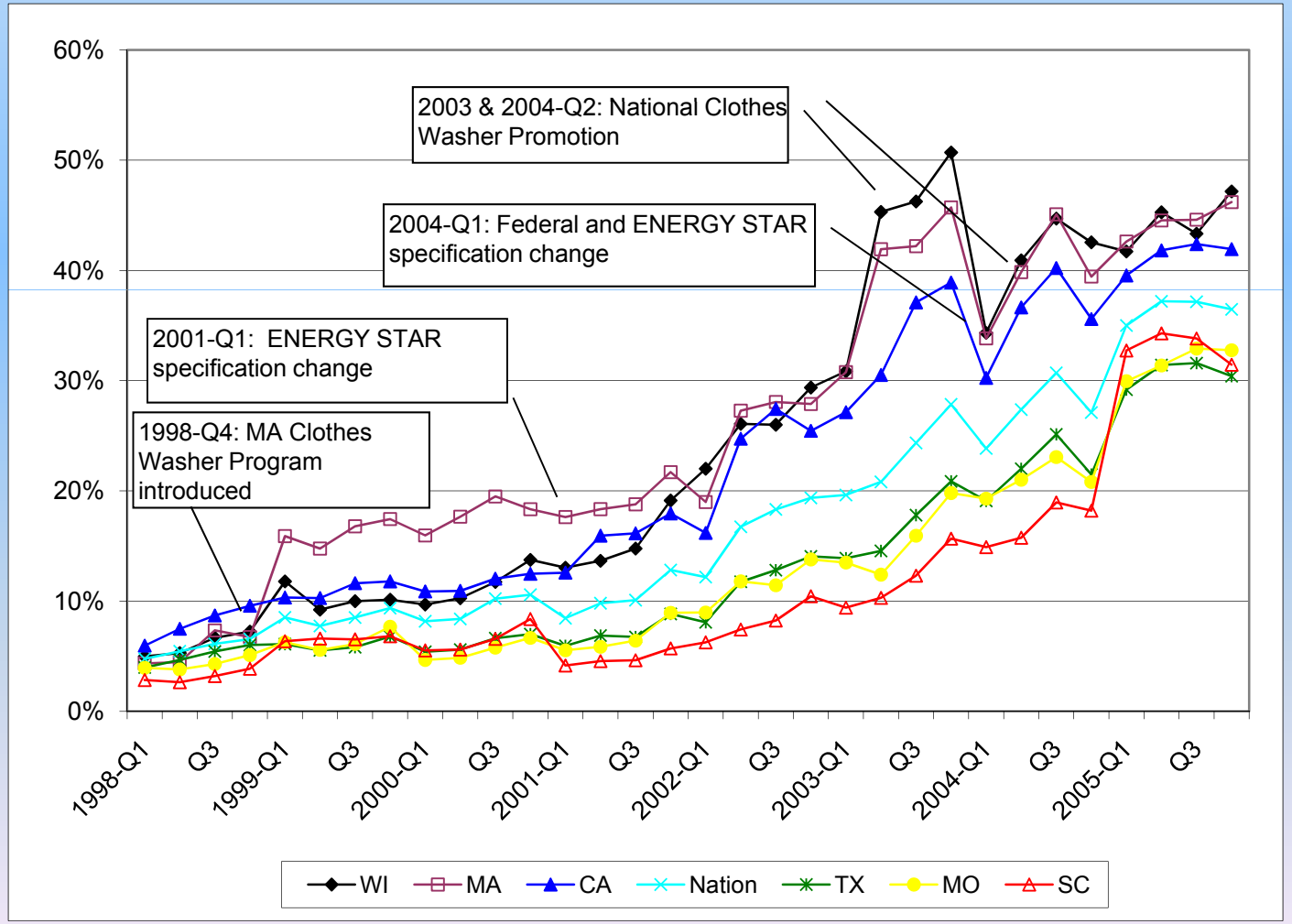
Quarterly Clothes Washer Penetration, 1998-2005



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4. Standardize Metrics of Program Activity

Program administrators should keep records of standardized metrics of program activity by year, including in any possible comparison areas

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5. Clarify the Definition and Goals of *Attribution*

Clarify the definition of attribution in the context of multiple programs and outside factors that may affect efficiency

- Don't lose sight of the goal of reducing energy use by focusing too narrowly on which program gets the credit
- With multiple programs, the combined impact may be more than the sum of their individual impacts

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6. Expand Criteria for Program Assessment

Explore expansion of criteria for program success from net savings, particularly free ridership, to include additional factors that may more fully capture the range of program impacts

Related Research

- *Examine ways to better assess market transformation and cumulative effects over time*
- *Identify the impacts beyond energy savings that are most crucial to assessing program performance and the responsible use of ratepayer and taxpayer funds*
- *Develop a prioritization scheme to assist energy regulators in expanding their assessment of program performance beyond net energy savings and its components*

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7. Develop Guidelines for Estimating Net Savings

Develop consistent methodological approaches to estimating net savings for the Northeast and/or individual program administrators

- Would encourage multiple methods to allow consistency over time, the introduction of new methods, and triangulation/validation of results

<u>Related Research</u>

- *Understand the range of methods available for estimating net savings to focus on best practices*
- *Explore available psychological and sociological research to understand how participants respond to self-report questions about past actions and likely behavior in the absence of the program*

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8. Convene an Efficiency/Air Regulation Working Group

Convene a working group with energy efficiency and air regulation representatives to develop mutually acceptable approaches to measuring energy savings and resultant reductions in greenhouse gas emissions

Related Research

- *Examine possible approaches for translating energy efficiency impacts into measureable pollution reductions by time of day and year*
- *Explore ways of measuring net energy savings that would meet the requirements for reliability and precision of State Implementation Plans (SIPs)*

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9. Use a Deemed or Negotiated Approach

Pending guidelines, in the interim consider using a deemed or negotiated net savings approach for crediting energy savings—or emissions reductions—to a program or portfolio

- Draw on available evidence over time—e.g., program tracking data, adjusted gross savings estimates, net savings estimates, sales/shipment data, market research, energy intensity by sector
- Agree on approach—and/or percentage—beforehand

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