



**REGIONAL EVALUATION,  
MEASUREMENT & VERIFICATION FORUM**

**Quarterly Steering Committee Meeting  
September 15, 2010, Teleconference Notes and Action Items**

**Participants:**

Name	Organization
Sheldon Switzer	Baltimore Gas & Electric
Anna Ficeto	Connecticut Department of Public Utility Control
Cindy Jacobs	Connecticut Department of Public Utility Control
Phil Cherry	Delaware Energy Office
Dan Cleverdon	District of Columbia Public Service Commission
Rick Morgan	District of Columbia Public Service Commission
Chris Neme	Energy Futures Group
Dennis Hartline	Maryland Energy Administration
Crissy Godfrey	Maryland Public Service Commission
Tim Woolf	Massachusetts Department of Public Utilities
Dave Jacobson	National Grid
Clifton Below	New Hampshire Public Utilities Commission
Helen Eisenfeld	New York Power Authority
Mary Cahill	New York Power Authority
Rich Sedano	Regulatory Assistance Project
Paul Roberti	Rhode Island Public Utilities Commission
Pam Stonier	Vermont Public Service Board
Sue Coakley	NEEP
Cecily McChalicher	NEEP
Julie Michals	NEEP
Jim O'Reilly	NEEP
Elizabeth Titus	NEEP

*This meeting was digitally recorded*

**Meeting Action Items:**

1. NEEP presented the Final Draft *Common Statewide Energy Efficiency Reporting Guidelines*. Steering Committee feedback included:
  - a. The Guidelines will be a living document that will be updated and potentially expanded periodically, though not necessarily annually.
  - b. NEEP will modify the reporting templates per recommendations by the Steering Committee, with guidance from the project subcommittee, to:

- Include savings impacts from fuels other than electric and gas (e.g., oil, propane);
  - Allow for inclusion of savings from efficiency activities funded through sources other than ratepayer funds; and
  - Allow for inclusion of demand response program impacts.
2. NEEP presented an overview of Net Savings and draft key findings from the Net Savings scoping paper to address the policy role of the Steering Committee in providing guidance on this project. Next steps for the Net Savings Project (process related) are:
    - a. NEEP to circulate draft Net Savings Scoping Paper to Forum participants and Steering Committee for review/comment (forthcoming late September).
    - b. NEEP to facilitate discussion on development of a consistent definition for Net Savings, building from scoping paper recommendations and Common EE Reporting Guidelines definitions.
    - c. NEEP to convene a Net Savings policy subcommittee, and invite Steering Committee members to participate, to help guide scope development for the 2011 Net Savings project, building on recommendations from the scoping paper and Steering Committee input.
  3. NEEP reviewed preliminary 2011 agenda/budget based on survey results from Forum participants, and received the following feedback: remove "*Review of Cost-Effectiveness Tests and Applicability - Scoping Paper*" from the list and keep "*Develop On-Line Tool and Provide Support for Implementation of Common EE Reporting Guidelines*" and "*Develop Guidelines for Incorporating Energy Efficiency into System Planning*" on the list.
  4. NEEP to include language in the Cost Modification Guidelines stating that all project cost overruns will be brought to the Steering Committee's attention, but a cost modification does not require Steering Committee approval if it is less than \$40,000, unless recommended by the Project Committee co-chairs.

#### Meeting Overview:

Julie Michals (NEEP) opened the meeting at 10:00am and reviewed the meeting attendees.

Steering Committee Co-chair Rich Sedano (Regulatory Assistance Project) introduced Commissioner Anne Ficeto as the new Steering Committee representative from the Connecticut Department of Public Utility Control, replacing Commissioner Jack Betkoski. He added that the Steering Committee does not currently have a representative from Maine, as Sharon Reishus has stepped down. NEEP will be confirming the new Maine participant in the near future.

Rich Sedano reviewed the meeting topics and objectives. The meeting will cover the Common Statewide Energy Efficiency Reporting Guidelines project, the Net Savings scoping paper, the 2011 EM&V Forum preliminary project agenda, and the proposed Forum Project Cost Modification Guidelines.

#### 1. Project A3: Common Statewide Energy Efficiency Reporting Guidelines

Julie Michals introduced the Common Statewide Energy Efficiency Reporting Guidelines project and stated that the final draft guidelines were shared last week. NEEP will incorporate comments raised in this call to the draft, and will then distribute the draft guidelines to all Forum participants for their final review. The goal is to bring a proposed set of guidelines to the Steering Committee for adoption at the December quarterly meeting.

Julie Michals explained the high-level issues the Steering Committee need to address: 1) clarify "who" is making the recommendations in the preface to the guidelines, 2) determine if the preface clearly communicates the purpose, use, and outcome of the guidelines, 3) determine if the current scope of the guidelines is appropriate or if it should be expanded (either now or in the future), and 4) decide if the guidelines strike a reasonable balance between consistency and transparency of reported data.

Julie Michals presented a diagram that captured the purpose and outcomes of the reporting guidelines project. The main outcome of the project is to improve the understanding and credibility of energy efficiency as a resource. She added that the reporting guidelines do not address every single need and use, but the guidelines may evolve over time to address other needs.

Julie Michals described the tables in the reporting guidelines, which include: Description of Reported Energy-Efficiency Savings (including key definitions/descriptions and access to more detailed or relevant information), Incremental Annual Savings, Cumulative Annual Savings, Lifetime Savings, System Peak Annual Demand Savings, Program Expenditures and Cost of Saved Energy, Avoided Air Emissions, and Job Impacts.

#### *Discussion about the Guidelines as a Living Document*

Steering Committee Co-chair Tim Woolf (Massachusetts Department of Public Utilities) stated that the preface recommends that the guidelines' scope should be reviewed annually by the Forum Steering Committee, and could be expanded at any point in the future. He asked if Steering Committee members think it is appropriate for the guidelines to be a living document that is reviewed every year or periodically.

Pam Stonier (Vermont Public Service Board) stated that the guidelines should be reviewed a year from now, but they may not need to be reviewed every year beyond that.

Tim Woolf stated that reviewing and changing the guidelines too often may not lead to consistency.

Rick Sedano stated that the review process should suggest additions to the guidelines rather than changes, so consistency will not be affected.

#### *Discussion about the Guidelines' Scope*

Tim Woolf asked if the Steering Committee would like to expand the guidelines' scope at this time to address any of the topics identified by the Project Committees.

Chris Neme (Energy Futures Group) stated that he would like the guidelines to address savings impacts from fuels other than gas and electricity. He explained that efficiency programs in Vermont and Massachusetts have been generating savings from unregulated fuels that are being tracked. It would be difficult to divide between expenditures for electricity and gas and expenditures for unregulated fuels.

Clifton Below (New Hampshire Public Utilities Commission) stated that New Hampshire utilities have multi-fuel programs with fuel oil as well as propane, and it is difficult to separate the savings. He would like oil and propane to be tracked separately from kerosene and wood, which are other sources of savings in New Hampshire.

Julie Michals stated that NEEP, with guidance from the subcommittee, will add additional columns to the templates to capture savings from other fuels.

Julie Michals stated that NEEP received general feedback from the subcommittee that the guidelines should not address savings from efficiency activities funded through sources other than ratepayer funds, but she would like Steering Committee feedback. She added that Table 1.0 in the guidelines includes an optional section that asks users to identify sources of funding for energy efficiency.

Clifton Below stated that New Hampshire utilities have complementary programs using weatherization funds and RGGI funds. New Hampshire would like to look at those programs in the near future. He added that one project/job site could have two sources of funding.

Phil Cherry (Delaware Energy Office) stated that there are very few ratepayer funded programs in Delaware, so he would like to include other sources of funding in any way that makes sense.

Cindy Jacobs (Connecticut Department of Public Utility Control) stated that there are multiple funding sources for Connecticut programs.

Sue Coakley suggested adding a line to the template that allows the total amount from other sources to be pulled out in aggregate, not by program.

Julie Michals stated that NEEP will follow up with the subcommittee about how best to incorporate information about different sources of funding.

Steering Committee members confirmed that a checkmark option would be appropriate.

Julie Michals shared that another suggested topic to include in the guidelines is savings impacts from demand response programs.

Crissy Godfrey (Maryland Public Service Commission) stated that Maryland has utility-run direct load control programs that are ratepayer funded and should be addressed in the guidelines.

Tim Woolf asked if there is any reason not to include demand response impacts for the states that have programs.

Hearing no objections, NEEP will modify the guidelines with direction from the subcommittee to include impacts from demand response programs.

Julie Michals stated that another topic suggested for inclusion in the guidelines is forecasted energy efficiency data to support air quality planning and system planning data needs.

After some discussion, it was decided that dialogue with the air regulator community and system planners is needed before the guidelines address forecasted energy efficiency data.

Dave Jacobson (National Grid) stated that the guidelines ask users to report lifetime savings, but not a real time flow of all efficiency impacts together, including measures dropping off and measures coming in. He added that this type of information is not asked for in any regulatory proceedings.

Julie Michals stated that the guidelines also have a cumulative savings table, in which each state can define which year is the starting point.

#### ***Balancing Consistency and Transparency***

Julie Michals asked for feedback on whether the guidelines strike a reasonable balance between consistency and transparency of data. She explained that consistency is sought by reporting at high level categories, and transparency comes from providing for flexible definitions. She added that the definitions provided in the guidelines are from the Forum Glossary and include some new/revised terms that will be incorporated into the Glossary.

The guidelines recommend increasing reporting consistency in the future in several areas, including reporting by more specific program sector and/or program type (which will require states with multiple program administrators to have consistent program types), reporting by specific end use data, reporting more specific program expenditure categories, and reporting only levelized cost per kWh/therm (both levelized cost and lifetime cost are provided now).

Tim Woolf agreed that levelized cost is best, but it makes sense to present both levelized and lifetime cost right now. There may be difficulty in getting a consistent discount rate, and without that the numbers will not be consistent.

Chris Neme stated that users could be asked to report what discount rate they used and weighted average measure life, which would allow you to do the math to have consistent numbers.

#### ***Discussion about Guidelines' Recommendations***

Julie Michals shared the recommendations in the guidelines: if the guidelines are adopted, the Steering Committee would recommend that 1) Forum jurisdictions adopt Guidelines as their respective

*Statewide Annual EE Report* template, 2) jurisdictions would identify the entity responsible for completing the *Statewide Annual EE Report*, and 3) the Forum would provide resources and technical support for state adoption and implementation of the Guidelines in 2011.

Tim Woolf stated that Massachusetts is working towards using these guidelines as a template that would be supplemental to the annual reports. He added that there have been discussions in Massachusetts about who would roll the program administrator annual reports up to the statewide report; the Department of Energy Resources is the prime candidate.

Pam Stonier stated that Vermont is okay with the recommendations, acknowledging that the recommendations are an end goal that may only be achieved with the help of education and outreach.

Crissy Godfrey stated that Maryland needs more time to review the recommendations.

Rick Morgan (District of Columbia Public Service Commission) stated that DC also needs more time to review the recommendations.

Clifton Below stated that New Hampshire also needs further review, but so far the recommendations look fine.

Julie Michals stated that there will be additional time to review the guidelines and provide further comment.

#### **Action Items:**

1. NEEP presented the Final Draft *Common Statewide Energy Efficiency Reporting Guidelines*. Steering Committee feedback included:
  - a. The Guidelines will be a living document that will be updated and potentially expanded periodically, though not necessarily annually.
  - b. NEEP will modify the reporting templates per recommendations by the Steering Committee, with guidance from the project subcommittee, to:
    - Include savings impacts from fuels other than electric and gas (e.g., oil, propane);
    - Allow for inclusion of savings from efficiency activities funded through sources other than ratepayer funds; and
    - Allow for inclusion of demand response program impacts.
2. **Net Savings Scoping Project - Findings and Next Steps**

Elizabeth Titus (NEEP) explained that the net savings scoping paper will be used to scope a more specific research project on net savings for 2010/11. She added that the first draft of the paper has been reviewed by the subcommittee and stimulated additional thought and feedback. The contractor is now incorporating this feedback into a revised draft that will be posted for Forum-wide review soon.

Elizabeth Titus presented the key findings from the scoping paper: 1) there is no consensus in opinions and suggestions, other than that program administrators working in multiple states favor consistency, and 2) the absence of multi-state policy direction on net savings is a barrier to achieving clarity and consistency in definitions, measurement, and uses of net savings across states.

Elizabeth Titus explained that net savings is gross savings multiplied by an adjustment factor(s). Most often, free ridership is the adjustment factor that is used. She stated that the paper looks at the advantages, disadvantages, and recommended uses of net savings. The most common use is for regulators to ensure that energy efficiency investments are well made. Net savings are also used to award performance incentives and inform program design.

Elizabeth Titus shared some of the issues surrounding net savings. Studies to calculate net savings are expensive, and the methods are subject to bias and unreliability. This means that when we add up net

savings across region, we do not have credible numbers. Furthermore, the lack of common understanding about net savings for the energy efficiency is challenging for the air regulators.

Elizabeth Titus stated that policy direction is needed from the Steering Committee in order for the Forum to determine the scope of future net savings research.

Rich Sedano stated that it is very challenging for those who make decisions on consumers' behalf to answer these questions about net savings.

Elizabeth Titus asked if states should continue to invest in net savings measurement, and if so, should the Forum develop a policy recommendation as best practice for states to adopt.

Sue Coakley added that this question is policy-related, and not a technical question like the other issues the Forum regularly addresses. The Forum does not have a process for policy recommendations, but we would like feedback on whether such a process should be established.

Dave Jacobson stated that New York and Massachusetts have researched what needs to be done to measure net savings. He suspects that states will continue on their own paths.

Rich Sedano suggested the lack of consensus about net savings might suggest that there is not enough of an impetus to move away from net savings. We may need more of a claim that the system needs to be changed.

Chris Neme stated that Vermont has historically estimated net savings, but issues have been raised.

Rich Sedano stated that net savings is inevitably going to be done because of accountability issues. He added there are reasons, such as ISO-NE, to rethink whether gross savings is also important, and suggested it is important to determine what the regulatory needs are, and address how to meet them.

Cindy Jacobs asked if there was consensus about inputs/adjustment factors to determine net savings.

Julie Michals replied that one issue with net savings is the definition, and another is uncertainty about the accuracy of net savings estimates.

Elizabeth Titus added that we would need support from the Steering Committee for whatever form the net savings project takes, whether it is developing common definitions or something else.

Clifton Below stated that spillover and free ridership are fundamentally difficult to calculate. As New Hampshire is a small state, it does not study free ridership because the cost is overwhelming. He suggested that a major net savings research project that comes up with robust numbers may be needed in order to find common ground on net savings.

Tim Woolf stated that he is leaning towards continuing our best efforts to achieve net savings results. There is increased concern about the value of the money being spent as programs grow, which calls for an increased need for accuracy and reliability. He hopes that M&V needed to support net savings will grow, and the Forum is a venue to improve net savings definitions and results.

Paul Roberti (Rhode Island Public Utilities Commission) stated that net savings is a touchy issue, and he is also leaning towards continuing to measure net savings.

Rick Morgan stated that DC has not addressed the net savings issue.

Cindy Jacobs stated that Connecticut needs to look at this issue further.

Julie Michals mentioned that California is addressing net savings due to controversial numbers that were developed and impact on utilities performance incentives. California Commissioner Dian

Grueneich has publicly questioned whether there needs to be a hard look at the net savings policy paradigm.

Chris Neme stated that it would be helpful to have more routine collection of market share data for different types of products. This would have significant value whether you are calculating net savings or not.

Rich Sedano summarized that the Steering Committee would like to continue to focus on net savings because accountability issues are important. He added there seems to be interest in the Forum doing research on this issue, but the states need to provide clarity about what is needed. He suggested that NEEP distribute the draft net savings scoping paper to the states for review and ask them to provide direction for a Forum project on net savings.

After some discussion, it was decided that NEEP will invite Steering Committee members to participate in a Steering Committee policy guidance subcommittee.

Sue Coakley noted that net savings will be a topic of discussion at the Forum's Annual Public Meeting.

NEEP would like to share that Doug Mahone presented a paper that addressed net savings at the ACEEE Summer Study: [Pursuit of Aggressive Energy Savings Targets: Aligning Program Design and Evaluation](#).

#### Action Items:

2. NEEP presented an overview of Net Savings and draft key findings from the Net Savings scoping paper to address the policy role of the Steering Committee in providing guidance on this project. Next steps on Net Savings Project (process related) are:
  - a. NEEP to circulate the draft Net Savings Scoping Paper to Forum participants and the Steering Committee for review/comment (forthcoming late September).
  - b. NEEP to facilitate discussion on development of a consistent definition for Net Savings, building from the scoping paper recommendations and Common EE Reporting Guidelines definitions.
  - c. NEEP to convene a Net Savings policy subcommittee, and invite Steering Committee members to participate, to help guide scope development for 2011 Net Savings project, building on recommendations from scoping paper and Steering Committee input.

#### 3. 2011 EM&V Forum Preliminary Project Agenda

Julie Michals introduced the Forum's preliminary 2011 project agenda. The 2011 budget will not exceed 5% above the 2010 budget. The budget assumes no participation from New Jersey, and NEEP is continuing outreach to Pennsylvania. Per the Forum three year plan, an evaluation of the Forum will take place next year to inform the scope, activities and existence of the Forum beyond 2011.

Julie Michals described the 2011 agenda development process. Thus far, NEEP has conducted a survey with Forum participants to prioritize potential projects, received feedback from the co-chairs, and developed preliminary budget numbers. The agenda will be brought to the Steering Committee in December for approval, after NEEP completes state outreach.

Julie Michals shared the status of the Forum's past, current, and potential future projects. The projects proposed for 2011 largely build on completed projects. For example, the Forum Glossary is now being updated with terms from recently completed Forum projects.

Julie Michals asked for Steering Committee feedback on three potential 2011 projects: 1) Develop On-Line Tool and Provide Support for Implementation of Common EE Reporting Guidelines, 2) Develop Guidelines for Incorporating Energy Efficiency into System Planning, and 3) Review of Cost-Effectiveness Tests and Applicability - Scoping Paper.

***Discussion: Develop On-Line Tool and Provide Support for Implementation of Common EE Reporting Guidelines***

Julie Michals explained that NEEP would develop a statewide online reporting tool and provide support for implementing the common reporting guidelines. She asked if the project should stay on the 2011 agenda.

Representatives from New Hampshire and Vermont confirmed support of this project, and no one objected to keeping it on the agenda for now.

***Discussion: Develop Guidelines for incorporating Energy Efficiency into System Planning***

Julie Michals explained that the system planning project was on the 2010 agenda and was moved to 2011 due to New Jersey's withdrawal, but it was ranked low by Forum participants in the recent survey. She added that the Annual Public Meeting will include a panel on this topic in which the three ISOs in the region will discuss what data is needed to include efficiency in their forecasts. ISO-NE has also contacted NEEP for help to develop a straw proposal for incorporating energy efficiency. She clarified that this project does not address IRP planning on a state level, but addresses how the ISOs integrate energy efficiency into their system planning process.

Dave Jacobson asked if this project would address how individual utilities integrate and use energy efficiency to defer capacity.

Sue Coakley replied that the project is focused on the ISOs, but it could also inform utility planning.

There was some discussion about how ISO-NE incorporates energy efficiency and the impact of energy efficiency on transmission planning.

Representatives from New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut agreed that this is a high priority project.

***Discussion: Review of Cost-Effectiveness Tests and Applicability - Scoping Paper***

Julie Michals shared that cost effectiveness is an important issue that has policy implications. This project would provide information about the challenges with cost-effectiveness tests. There may be recommendations to the Steering Committee about the applicability of cost effectiveness tests and potential changes.

Tim Woolf stated that it might be difficult to recommend that states move away from long-held cost benefit tests.

Chris Neme suggested that the project could be structured by first understanding how the different states approach cost-effectiveness today and identify issues that those differences raise. He added that cost-effectiveness tests have not kept up with how efficiency programs are run. Non-energy benefits matter, but they are often not included in cost-effectiveness tests, such as the TRC, because they are difficult to quantify.

Tim Woolf stated that Massachusetts would be interested in a study that would develop better estimates of non-energy benefits, but it would not be interested in modifying cost-effectiveness tests.

Rich Sedano stated that research and education about how the TRC test is implemented differently amongst the states may be beneficial.

Clifton Below stated that we should pursue this project at some point, but he is hesitant to pursue it now due to the budget.

Jim O'Reilly (NEEP) stated that ratepayer funded programs have been asked to attain more savings in order to meet aggressive savings goals, and they may not have same benefit/cost ratios as they did before. It will be important to help regulators understand that programs will need to be examined for other benefits that may not have been considered in the past.

NEEP would like to share that Chris Neme presented a paper about this topic at the ACEE Summer Study: [Is it Time to Ditch the TRC? Examining Concerns with Current Practice in Benefit-Cost Analysis](#).

**Action Items:**

3. NEEP reviewed the 2011 preliminary agenda/budget based on survey results from Forum participants, and received the following feedback: remove "*Review of Cost-Effectiveness Tests and Applicability - Scoping Paper*" from the list and keep "*Develop On-Line Tool and Provide Support for Implementation of Common EE Reporting Guidelines*" and "*Develop Guidelines for Incorporating Energy Efficiency into System Planning*" on the list.

4. **Operational Updates**

Julie Michals stated that the proposed Project Cost Modification Guidelines have been vetted by the Project Committees and need Steering Committee approval. The guidelines establish the process for requesting and approving project cost increases and requesting the use of contingency funds.

Clifton Below stated that the Steering Committee should be notified if the contingency fund gets down to about \$40,000. He added that this does not need to be written in to the guidelines.

Crissy Godfrey stated that Maryland is not comfortable with the \$40,000 threshold for approval by the Steering Committee and would like it to be lower. Maryland recognizes that this is a small number, but it is still a large amount of the contingency fund. Maryland would like the threshold to be in the \$15,000 range.

Representatives from Massachusetts and Vermont stated that they approve of the guidelines as written.

After some discussion it was decided that NEEP will add language to the guidelines that all cost overruns will be brought to the Steering Committee, but a cost modification does not require Steering Committee approval if it is less than \$40,000, unless recommended by the Project Committee co-chairs.

Crissy Godfrey stated that the Steering Committee should not be presented with a cost modification that has already been completed; they should have a certain amount of time to respond to a cost modification request if they have an issue with it. She would like to discuss the proposed changes to the guidelines with Commissioner Brenner before Maryland decides whether to approve them.

**Action Item:**

4. NEEP to include language in the Cost Modification Guidelines stating that all project cost overruns will be brought to the Steering Committee's attention, but a cost modification does not require Steering Committee approval if it is less than \$40,000, unless recommended by the Project Committee co-chairs.

Julie Michals thanked everyone for attending and closed the meeting at 12:05pm.