



A Framework to Guide Gross Savings and Net Savings Policy Decisions

The Framework developed in 2016 on behalf of the Regional EM&V Forum is delivered here as a standalone product, excerpted from [Gross and Net Savings Principals and Guidance](#)¹, to serve as a tool/template to guide and document key elements that should be considered when making policy decisions in which gross and/or net savings from energy efficiency programs play a role. The 8 steps are:

- Step 1. Establish the common understanding of terms and definitions
- Step 2. Determine how GS and NS will be used
- Step 3. Determine whether GS or NS are applied retrospectively or prospectively
- Step 4. Determine method or methods for the GS and NS research
- Step 5. Determine the overall confidence or rigor needed in GS and NS estimates to make good decisions.
- Step 6. Determine net savings research timeframe
- Step 7. Complete a value of information analysis
- Step 8. Ensure transparency by documenting net savings decisions

Gross and Net Savings Policy Decision Framework Template, v1

This GS and NS decision framework template can be used to support consideration of the principles in the guidance document.

Portfolio/ Program/ Other	Date of template completion	
	Assessment completed by	

Step 1. How are key terms defined?			
Term	Definition	Question	Response
1a. Conceptual gross savings			
1b. Operational gross savings		What adjustments are used?	
1c. Conceptual net savings			
1d. Operational net savings		Is free ridership included?	
		Total free riders?	
		Partial free riders?	
		Deferred free riders?	
		Is spillover included?	
		Like participant spillover?	
		Unlike participant spillover?	
		Outside participant spillover?	

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http://www.neep.org/sites/default/files/FINAL%20GS%20and%20NS%20Principles%20and%20Guidance%20Docu%20ment_2016May17.pdfXXX



		Nonparticipant spillover?	
		Are market effects included?	
		Are ME clearly distinguishable from SO?	
1e. Operational gross baseline		What adjustments are made to gross baseline?	
		Are adjustments included in the tracking system?	
1f. Operational net baseline		Are adjustments to gross baseline identifiable and tracked?	
1g. Other?		Are there other factors pertinent to the jurisdiction that require a common definition?	

Step 2. Will GS and NS results be applied retrospectively or prospectively, and to what savings value(s)?

Savings Value	Retrospective	Prospective	Reason or Context for Decision
Gross savings, unverified			
Gross savings, verified			
Net savings, ex ante			
Net savings, ex post			

Step 3. Will NS research be used for:

Application	Response	Reason or Context for Decision
2a. Programmatic design		
2b. Cost effectiveness testing		
2c. Tracking towards goals		
2d. Lost revenue recovery		
2e. Performance incentives		
2f. Resource planning and load forecasting		
2g. Integrating EE resources into distributed energy resources (DER)		
2h. Other?		

Step 4. What is the method for determining NS?

Method	Question	Responses	Reason or Context for Decision
Stipulated, or deemed, values (NTG, FR, SO)	1. How important is the program or measure to the portfolio?		



Step 4. What is the method for determining NS?			
Method	Question	Responses	Reason or Context for Decision
	2. Is the measure or program design new or 'standard'?		
Survey-based approaches (including trade ally interviews)	<ol style="list-style-type: none"> 1. How will the research be used to inform program design? 2. Is participant contact data available? 3. Is it useful and prudent to research all components of net-to-gross? 4. If not all components will be included, how will excluded components be recognized? 		
Structured expert judgment, or Delphi panel	<ol style="list-style-type: none"> 1. What other research will be conducted in conjunction with this method? 2. How will confidence and precision requirements be addressed? 		
RCTs and quasi-experimental designs	<ol style="list-style-type: none"> 1. Was program implemented with RCT method in mind; that is, were treatment and control groups well designed? 2. Is high quality data available for treatment and control groups? 3. How will nonparticipant spillover be recognized or assessed? 		
Historical tracing, or case study	<ol style="list-style-type: none"> 1. Are good project or program records available? 2. How will confidence and precision requirements be addressed? 		
Common practice baseline methods	<ol style="list-style-type: none"> 1. How will self-selection bias tackled? 2. How will nonparticipant spillover be recognized or assessed? 		
Top-down evaluations	<ol style="list-style-type: none"> 1. What information will be produced by these top-down models? 2. Are there a large number of cross-sections with 		



Step 4. What is the method for determining NS?			
Method	Question	Responses	Reason or Context for Decision
	<p>varying levels of EE investment for estimation?</p> <p>3. How does this information compare to what is produced by other methods?</p>		
Market sales data analysis, or cross-sectional studies	<p>1. Are applicable comparison area(s) available?</p> <p>2. Is quality market data available?</p> <p>3. Are additional methods needed to provide a full view?</p>		

Step 5. Determine net-to-gross research level of rigor required	
Question	Response
1. Are there regulatory requirements for confidence and precision or other reliability statistics?	
2. Does the type of research being conducted support sampling-based calculations of confidence and precision?	
3. How important is the program to the portfolio: that is, does the program contribute significantly to portfolio level savings?	
4. Are program impacts large enough to support higher degrees of confidence and precision?	
Decision	
Reasoning	



Step 6. Determine NS research timeframe	
Question	Response
1. Is it possible that cumulative effects from multi-year programming exist?	
2. Is there baseline data and information, or interactive data and information, available than can inform the research	
3. Have there been changes to the program design, delivery, and/or market that might have affected prior net savings estimates?	
Decision	
Reasoning	

Step 7. Value of Information Assessment		
Impacts to Cost of Research	Question	Response
The reasons for conducting the research	<ol style="list-style-type: none"> 1. Is there flexibility in whether or not research is required? 2. Does the research support planning goals and cost effectiveness testing? Will results effect measures and programs offered? 3. Does the research inform performance contracts and incentives? Tracking towards goals? 4. Does it support lost revenue recovery assessments? 5. Does the research inform resource planning? 	
The level and type of research to be conducted	<ol style="list-style-type: none"> 1. At what level is research needed...measure, program, portfolio, and/or region? 2. What type of research will provide the desired information? 3. Will the data available to support the type of research desired? 	
The level of rigor for confidence and reliability	<ol style="list-style-type: none"> 1. What is the required or desired confidence and precision? Are there other statistical requirements? 2. Will the data available to support the research effort support the required or desired level of rigor? 3. If at measure or program level, what is the importance of the measure or program within the portfolio? Does it contribute significantly to savings in current evaluation or future evaluation planning period? 4. If at measure or program level, will the measure or program continue to be 	



Step 7. Value of Information Assessment

Impacts to Cost of Research	Question	Response
	offered or is it scheduled for decommissioning?	
The historical performance of the measure or program	<ol style="list-style-type: none">1. Where is the program or measure in the expected 'life-cycle' - is the program or measure a new offering, has the program matured, or is it somewhere in-between?2. Has the program or measure demonstrated high free ridership or is free ridership trending up?	
Decision		
Reasoning		

The complete guidance document is available at:

It was prepared by:

Daniel Violette, Navigant Consulting

Teresa Lutz and Pam Rathbun, Tetra Tech

With project management by NEEP staff:

Elizabeth Titus and Julie Michals