Codes and Standards Initiatives: Framing the Role for Evaluation

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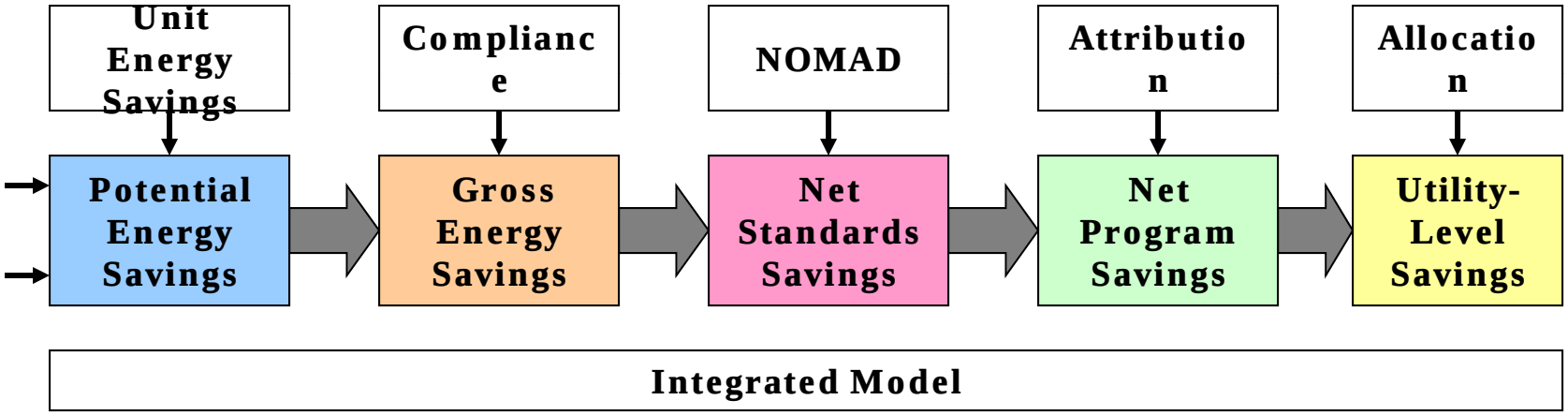
Perspective

- Codes and Standards Are Worth Pursuing Because of Large Benefits to Ratepayers
- The Win-Win Doesn't Come About if We Can't Agree on Fair Compensation to PAs
- Both CA and Alternative Approaches (Including AZ) Rely on Evaluation

Dissecting the Evaluation Challenges



Potential Energy Savings: Unit Energy Savings

- Attempt to Measure: What are unit savings for code effect versus baseline?
- Detailed Measurement Required: What is current and future baseline, what is actual savings relative to baseline?
- Evaluation Issues: Defining baselines over time. Cannot directly measure savings as there is no pre-post.
- Possible Options: Engineering/deemed savings can be established before or after (CA).

Net Program Savings—Attribution

- Attempt to Measure: What portion of code effect was attributable to PA activities ?
- Detailed Measurement Required: Amount and effectiveness of PA activity?
- Evaluation Issues: List too long to provide here.
- Possible Options:
  - CA: Measure effectiveness—assess what happened and use evaluation-supported expert opinion to assign responsibility.
  - AZ: Stipulated factor – PAs may count (get credit for) up to 1/3 of evaluated energy savings from codes and standards
  - Alternative: Measure intent—create metrics and monitor quantity and quality of activities.

Gross Energy Savings: Compliance

- Attempt to Measure: How many units are effected by code activities?
- Detailed Measurement Required: Change in rate of compliance. Number of units**
- Evaluation Issues: For standards we need sales data. For codes measurement is costly.
- Possible Options:
  - CA: Either stipulate (normalize) units or use actual values and do compliance study.
  - Alternative: Either stipulate (normalize) units or use actual values and stipulate compliance.

Net Standard Savings: Naturally Occurring Market Adoption

- Attempt to Measure: How much of the change is the result of the code effect?
- Detailed Measurement Required: What is the effective baseline over time?
- Evaluation Issues: Trying to measure influence of myriad of external factors such as economy, changes in buying habits, introduction of new products.
- Possible Options:
  - CA: estimate after the fact leaving parties to assume risk and rewards.
  - Alternative: stipulate and run risk that rewards will be given or taken for what was higher or lower levels of external effects.

Utility Level Savings: Allocation

- Attempt to Measure: How much reward does PA get for Code actions taken?
- Detailed Measurement Required: How well did PA do?
- Evaluation Issues: Level of evaluation effort—fixed reward based on pass/fail requires low level of effort, variable award based on savings per unit requires intense level of effort.
- Possible Options: Hybrids
  - CA: Floors and Caps that restrict level of risk/reward involved.
  - Alternative: Some reward component based on some post assessment of effectiveness

Closing Thoughts

- Likely Best Fit is Hybrid of CA and Alternative Approaches
- The Win-Win Is Large Enough that Activities Should Start Now as Parties Negotiate What Gets Stipulated and What Is Determined at End.
- Regulators Need to Approve the Concept and Initiate Negotiation Process
- PAs Need to
  - Develop Activity Plans
  - Tracking Mechanisms of Activities, and
  - Establish Baseline Definitions and Potential Code Impacts