



NORTHEAST ENERGY EFFICIENCY PARTNERSHIPS

EM&V Forum Annual Public Meeting

Third Time's a Charm for Cost-Effectiveness?

January 14, 2015

FORUM COST-EFFECTIVENESS SCREENING PROJECT

Overview - Phase 1 and 2



Phase 1: Survey of practices in Northeast and mid-Atlantic states (Oct 2013 [Final Report](#)) with review of:

- State Policy Drivers (high level)
- Screening Tests & Application Practices
- Benefits & Costs
- Other Program Impacts (OPIs)
- Recommendations

Phase 2: Develop C-E Screening Guidelines based on findings from survey of practices

Participating States: CT, DC, DE, MA, NH, NY, RI, VT

Contractor: Synapse Energy Economics

COST-EFFECTIVENESS SCREENING GUIDELINES



Purpose and Application

Purpose:

1. Establishes overarching principles that states should consider using in reviewing their EE screening practices.
2. Provides specific guidance on challenging elements of C-E screening, as prioritized by Forum members.

Application:

1. Does not prescribe any one C-E screening test, focuses on considerations guided by the overarching principles.
2. Relevance or application of Guidelines will vary from state to state depending on state's current screening practices, where some states are already largely aligned with the overarching principles and Guidelines.
3. Start with utility cost test as foundation and build upon that depending on state energy policies and what's in the public interest

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Scope



Key principles *

- Align C-E screening with state energy policies and what is in the public interest
- Ensure symmetry of relevant costs and benefits
- Account for relevant hard-to-quantify benefits, where applicable
- Provide for transparency of C-E testing practices

*Builds from principles developed by the NESP *Resource Value Framework*
http://www.nhpci.org/publications/NHPC_NESP-Recommendations_20140816.pdf

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Scope (2)



Guidance on specific issues

- Aligning screening practices with state energy policies Accounting for Non-Energy Impacts (NEIs) Impacts/OPIs, discount rate, accounting for risk)
- Accounting for environmental compliance costs
- Accounting for risk and use of discount rates
- Sample template for documenting C-E assumptions

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State Use and Implementation



Forum Guidelines adopted by Steering Committee in November 2014, whereby...

The Steering Committee recommends that the proposed Forum Cost-Effectiveness Screening Guidelines be adopted as a Forum product, whereby such adoption indicates the states' intent to encourage the consideration, use and reference of the Guidelines in their respective state.*

*States with open proceedings abstain from vote

Final Forum Guidelines:

http://www.neep.org/sites/default/files/resources/Forum_C-E_Screening_Guidelines_Final_No_2014.pdf