
The Net Savings Dilemma

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Introduction to Net and Gross Savings

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Net Savings = One Hot Topic

- Yes, I agree estimating net saving is a hot topic and getting hotter all the time
- Efficiency is a growth industry not only in New York but nationwide
- What is happening in New York?

Energy Efficiency Portfolio Standard (EEPS)

- The EEPS goal is to reduce electricity usage by 15% from the level forecasted for 2015 with a comparable goal for natural gas usage
- Annual energy efficiency program spending under Commission jurisdiction increased from about \$175 million (2008) to around \$600 million today
- As investment rises so does the pressure on evaluators to get it right...are the programs making a difference (net savings)?

Why is “Getting it Right” Important to Regulators?

- **Protect ratepayer/taxpayer interests**
- **Track progress toward energy goals**
- **Document cost effectiveness of program & portfolio**
- **Improve programs (measures & operations)**
- **Up-date deemed savings and technical manuals**

Why is “Getting it Right” Important to Regulators?

- Facilitate planning/forecasting
- Document energy savings to help defer T&D upgrades
- Monitor environmental benefits
- Without credible evaluation, the future of energy efficiency will be in jeopardy !!!!!!!!

Measuring Net Savings

- **Measuring net savings is a challenge as investments in energy efficiency programs increase and the energy efficiency message grows stronger and more widespread**
- **Over time the techniques for measuring net savings have improved, but more needs to be done**
- **New York requires both free rider and spillover results**
(a net to gross conversion factor of 0.90 is used in our manual for calculating energy savings until replaced by evaluation data)
- **If only we were in Hollywood....**

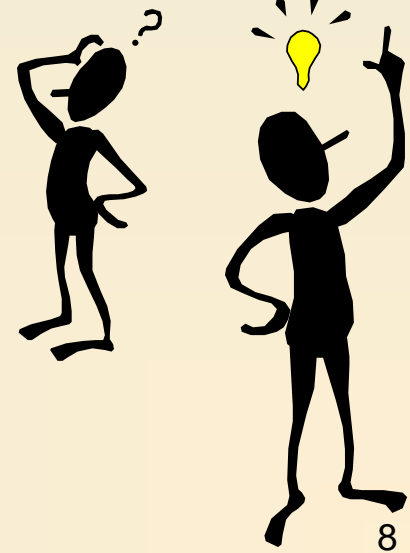
“You've been given a great gift, George: A chance to see what the world would be like without you.”

Source: It's a Wonderful Life (1946, RKO Radio Pictures)



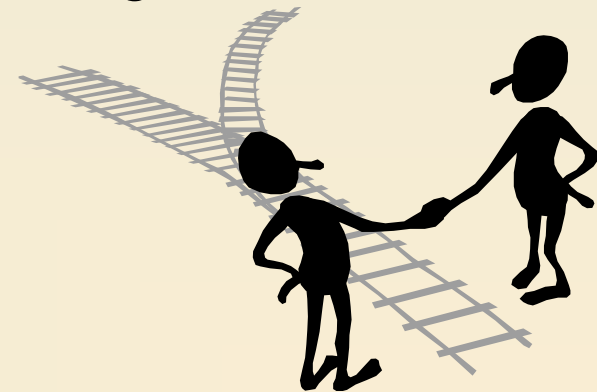
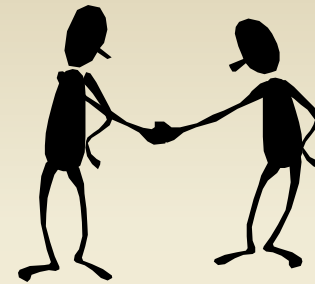
The Regulatory Dilemma

- Can we trust the results?
- What is a regulator to do?
- Here are examples of what we are doing in New York and some ideas for discussion!
(Bill's ideas, not necessarily the Commission's ideas.)



Collaboration is critical in New York!

- **Generating ideas**
- **Resolving problems**
- **Pooling resources to save money and increase evaluation quality**
- **Tools for cooperation:**
 - *The Evaluation Advisory Group*
 - *The Northeast Energy Efficiency Partnership EM&V Forum*



Communicate Effectively

- Clarify for the general public and policy makers technical terms like free rider, inside spillover, and takeback
- Always be both accurate and transparent

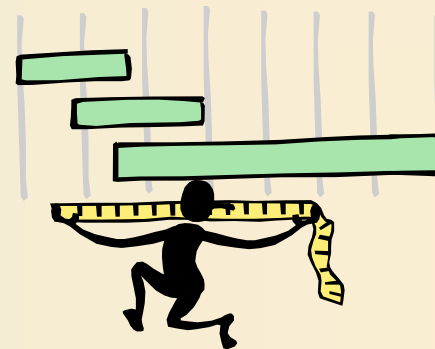


Some additional suggestions

- **Improve understanding of customers and markets by using surveys that go beyond questions directly related to specific energy actions**
- **Analyze free rider/spillover data with results from questions related to areas such as demographics, attitudes toward the environment and energy efficiency, reasons for program participation, shopping preferences and economic conditions**

Some additional suggestions

- Conduct longitudinal studies to see how free rider and spillover rates change over time and under what conditions
- Increase statistical precision of evaluation data to determine if variance in free rider and spillover rates, especially among specific measures, reflect real change or just statistical noise



One More Thing...

*“A problem is a chance for
you to do your best.”*

Duke Ellington

(1899-1974)

American genius



More Information

DPS Evaluation Web site:

http://www.dps.state.ny.us/EEPS_Evaluation.html

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International Energy Program Evaluation
Conference Webpage (many papers on
this topic): www.iepec.org

Thank You!

