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Review of Midwest Evaluation Practices

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Section 1



Goals for talk

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- » Provide an overview of Midwest evaluation practices.
- » Discuss recent changes in Midwest evaluation practices.

Section 2



Summary

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- » Several states in the region have passed energy efficiency performance standards (EEPS) that require utilities to save (generally) increasing amounts of electricity and natural gas over the next 5-10 years.
- » EEPS focus evaluation resources on verifying that utilities met legislative savings targets.
- » Process evaluations are acknowledged to be important, especially for new programs, but are definitely considered to be less important than impact evaluations.
- » Evaluation requirements and spending limits vary considerably from state to state.
- » Net to gross requirements vary considerably between states.

Illinois Evaluation Practices

- » Illinois passed an energy efficiency performance standard (EEPS) in 2007 that requires electric IOUs to attain energy savings starting at 0.2% of baseline sales in 2008, increasing to 2% of baseline sales in 2015. Sets spending limit of about 2% of utility revenues.
- » Similar requirements for natural gas start in 2010.
- » Primary role of program evaluations is to verify compliance with legislative savings targets.
- » Legislation limits program evaluation spending to 3% of total DSM program spending in any given year.
- » ComEd and Ameren are conducting impact and process evaluations for all programs each year.

Michigan Evaluation Practices

- » Michigan passed an EEPS in 2008 that requires the state's electric utilities to save 0.3% of baseline sales in 2009, increasing to 1% of sales in 2012.
- » Sets limit on total DSM spending of 2.0% of revenue.
- » Similar requirements for gas, maximum savings of 0.75% of sales.
- » Evaluation spending limited to 8% of total program spending.
- » IOUs are planning to evaluate every program each year currently. Municipal and cooperative utilities are currently making evaluation plans.

Minnesota Evaluation Practices

- » Minnesota passed an EEPS in 2007 that requires electric and gas utilities to save 1.0% to 1.5% of baseline sales, starting in 2010.
- » Customers with peak demands greater than 2 MW can opt out of DSM programs.
- » The legislation eliminated the limit on evaluation spending of 3% of total program costs.
- » State is using a new deemed savings database as the main tool to estimate measure savings.
- » State has developed evaluation requirements for Custom projects based on IPMVP.

Ohio Evaluation Practices

- » Ohio passed an EEPS in 2007 that requires the state's electric IOUs to save 0.3% of baseline sales in 2009, increasing to 2% of baseline sales in 2018.
- » “Mercantile” customers with consumption of 700 MWh can opt out of the DSM programs.
- » Ohio is in the process of hiring a statewide evaluator to review utilities' evaluation results, as PA has done.
- » Ohio will use gross savings estimates for PY 1.
- » Evaluation challenges include:
 - › March 15, 2010 program report due date to the Commission.
 - › Current PUC rules require utilities to credit savings based on the month the measures are installed, instead of using annualized savings.



Conclusions

Conclusions

- » EEPS requirements tend to focus program efforts on purely resource acquisition programs and increase focus on program evaluations to verify compliance with savings targets.
- » However, EEPS requirements tend to cause clients to view evaluations as similar in purpose to financial audits.
- » This view of evaluations discounts the process and market aspects of evaluations which:
 - › Help clients improve their programs over time.
 - › Helps clients better understand the markets in which the programs operate and the main market barriers that the programs have to overcome in order to be successful.
 - › Help clients understand how important DSM programs are in relation to other aspects of energy services.

Discussion

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