

# **Lessons Learned: 10 Years of Focus on Energy Evaluation**

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## **ABSTRACT**

Energy efficiency programs and evaluations have been prevalent for the past three decades with the last five years showing substantial increases in both program and evaluation budgets. Opportunities to reflect on where we have been and identify lessons learned have been surprisingly rare. Many states have actively pursued energy efficiency for only a few years, or recently restarted efforts after a hiatus. Second, regular turnover (loss of continuity) in the firms or individuals evaluating programs precludes long-term reflection.

Wisconsin represents an exception to these circumstances. For more than twenty-years the state has been a leader in energy efficiency programming and evaluation. For the past ten years, a single team of evaluators has been responsible for evaluating Focus on Energy, the statewide energy efficiency and renewable energy programs. Throughout the decade of Focus on Energy program delivery much has changed: the legislation governing the programs, the government agency responsible for oversight, many program implementers, and the programs delivered. Yet the core evaluation team has remained the same.

Each year the evaluation team reported on program gross and net savings with additional reports addressing targeted topics such as specific market issues, deemed savings, incremental costs, or evaluation methodologies. The evaluation completed three comprehensive benefit costs studies that also addressed regional economic impacts. The story not told in the myriad reports is the behind-the-scenes issues and tensions that the evaluation team (and program stakeholders) faced developing and implementing the evaluations. While inherent to most evaluations, these issues are rarely experienced and addressed over a sustained period. Perhaps rarer is the opportunity for the evaluators to reflect on the lessons learned and share the experience with the broader community. In this paper, we address issues in two overall categories: public policy and administration issues that affected the evaluation.

## **Introduction**

Since 2001, Wisconsin has provided electric and natural gas statewide energy efficiency programs through Focus on Energy. The Focus on Energy statewide energy efficiency and renewable energy program was created by the Wisconsin Legislature in 1999 as part of the Reliability 2000 Initiative. Wisconsin's investor owned electric and natural gas utilities are required to participate in Focus on Energy. Retail electric cooperatives and municipalities could participate, or opt out if they offer their own energy efficiency programs. Utilities can voluntarily offer their customers additional demand side management (DSM) opportunities if the offering is sufficiently unique from those offered through Focus.

Focus on Energy was administered by the Wisconsin Department of Administration (DOA) for the first seven years. In 2005, Governor Jim Doyle signed into law Act 141, which transferred Focus administration from the DOA to the Public Service Commission of Wisconsin (PSCW) as part of other changes. This transition took effect in July 2007. Until July 1, 2007, these programs were funded through a public benefits charge on electric ratepayer bills. Currently they are funded through electric and natural gas rates, and are not a separate line item.

Focus on Energy provides energy efficiency information, technical assistance, and financial incentives to reduce near-term energy use, with the goal of developing a self-sustaining, competitive energy efficiency services market in Wisconsin. The stated mission of Focus on Energy under Act 9, as described in early program documents (DOA 2003) was to:

- Enhance economic development and make Wisconsin firms more competitive.
- Expand the ability of markets to deliver energy efficient and renewable goods and services to consumers and businesses.
- Reduce the amount of energy used per unit of production in Wisconsin while improving energy reliability.
- Deliver quantified financial returns on public investments in energy improvements.
- Reduce the environmental impact of energy use.

Act 141 states that the purpose of the programs is to “achieve environmentally sound and adequate energy supplies at reasonable cost...” (Wisconsin Act 141) and placed relatively more emphasis on resource acquisition than did Act 9.

To meet these objectives, Focus on Energy developed and offered energy efficiency programs in four major program areas: (1) business (commercial, industrial, institutional, agriculture); (2) residential; (3) renewable energy; and (4) environmental research and development. Low income programs (Wisconsin Home Energy Assistance Program and Weatherization Assistance Program) continue to be funded through a public benefits charge on electric utility bills, although they are not currently included under the Focus on Energy umbrella. In Contract Year (CY) 2010, the renewable programs were incorporated into the Residential and Business Program sectors. Table 1 provides examples of programs included in each of the sectors.

**Table 1.** Example Programs by Sector

Residential Programs	Commercial and Industrial Programs
ENERGY STAR® Products	C&I Existing Buildings
Home Performance with ENERGY STAR	C&I New Construction
Targeted Home Performance with ENERGY STAR (moderate-income)	Small Business Services
Efficient Heating and Cooling Initiative	Government and Building Operations
Apartment and Condominium Efficiency Services	Schools
Education and Information	General Industrial
Appliance Recycling	Grants for On-farm Biogas Projects

The organizational structure of the Focus on Energy Program from 2007 through mid-2011 was: **Public Service Commission of Wisconsin** provided oversight of Focus.

**Statewide Energy Efficiency and Renewable Administration (SEERA)**, a non-profit formed by the investor owned utilities, was responsible for creating and funding the programs in Wisconsin. As part of this responsibility, SEERA contracts with organizations to administer the program.

**Energy Center of Wisconsin** served as the program administrator for Environmental and Economic Research and Development.

**Wisconsin Energy Conservation Corporation (WECC)** served as the Focus program administrator. WECC also implemented some of the residential and renewable programs.

**Implementation contractors** contracted directly with WECC to deliver the programs. Examples of implementation contractors include Franklin Energy, GDS Associates, and Michaels Engineering.

The DOA, and then the PSCW, contracted with an evaluation team who delivered evaluation services for Focus on Energy from pilot through mid-2011. (Prior to statewide implementation, the DOA delivered a pilot program in the 23 county area served by the Wisconsin Public Service Corporation to prepare “markets for a time when energy efficiency products and services no longer are mandated by state governments.”) (PA Government Services 2003) Although the evaluation team composition shifted somewhat, core team members remained consistent. Members include Tetra Tech (formerly PA Consulting Group/PA Government Services) who served as the prime contractor; KEMA; and Prahl and Associates. The NMR Group joined the team in 2008. At the time, the multi-year contract was likely one of the largest single contracts for evaluation of energy efficiency programs in U.S. history.

The statewide energy efficiency and renewable energy efforts required evaluation to fulfill a combination of statutory and state-defined objectives. To address these objectives, the evaluation team provided evaluations at the sector and program-levels. Evaluation activities included process and impact evaluations, market effects research, development of deemed savings, and incremental cost studies. The evaluation team was also responsible for providing policy analysis and cost-benefit analysis that included quantification of environmental, economic, and other non-energy benefits.

This paper delves deeper into the experiences of the evaluation team over the course of the multi-year evaluation. We first present the public policy issues, followed by a discussion of the program administration and reporting processes.

## **Public Policy Issues**

Public policy, whether by design or not, drives evaluations. In this section, we discuss three policy issues that had substantial impacts on the Focus on Energy evaluation. First, the policy goals included both resource acquisition and market transformation objectives, which created a tension across competing evaluation approaches. Second, the program contractual goals changed from gross to net savings, and then, beginning in 2011, back to gross savings. This provides an interesting experiment in the impact of this change in goal measurement on evaluation. Finally, we address the effect of funding cycles. The initial evaluation contract was for three years, followed by annual funding for the subsequent six years.

## **Resource Acquisition versus Market Transformation**

The current policy objectives of Focus, as articulated in the PSCW SEA 2012 planning document include:

- 1. Reduce energy demand (increased energy efficiency; increase conservation)**
2. Add environmentally-sustainable energy alternatives
3. Environmental benefits (climate change driven targets)
4. Energy independence
5. Education and training
- 6. Market transformation (overcome market barriers to increased energy efficiency)**
7. System reliability (electricity generation, transmission, and distribution in the state; rate stability electric and gas markets).

Although identified separately (in bold above), the resource acquisition and market transformation objectives are interrelated. Resource acquisition approaches (such as customer financial incentives) often lead to market transformation, as they increase awareness among sellers and buyers, increase product adoption, and may serve to reduce costs through economies of scale, or increased market competition. Market transformation approaches (such as trade ally education and training) may lead to shorter term acquisition effects.

The evaluation approaches to measure resource versus market effects, however, are different. Market transformation requires longer-term evaluation efforts. Evaluators must establish baseline conditions (such as market share), as well as understand market structure and sales approaches. To measure program-induced change, they must periodically assess these conditions against the baseline and rule out exogenous factors through similar studies in non-program geographic areas. The data requirements for these studies, such as sales data or estimates, are substantially different from resource acquisition approaches, which rely more on individual transactions. Often, market-based studies prove infeasible, due to cost, time, or data limitations.

Evaluating programs (or portfolios) with both objectives creates the risk of either double-counting or not counting program impacts. Acquisition studies, focused on participants, will capture direct participant impacts. Market-based studies will capture all purchases of a type, both program and non-program induced. Netting out direct program participants from market-based research, while keeping program induced spillover and transformation, is challenging.

Within the first two years of Focus on Energy, the evaluation lead for the Department of Administration sponsored program theory and logic model training for program implementers. The training workshop was designed to educate and train program staff on how to develop logic models for their programs, to both improve program design and provide direction for the evaluation team. Despite substantial effort on the part of program implementers, the concept and practice of program logic proved daunting. Intelligent, experienced, and motivated program planners/implementers appeared to view programs from a different perspective (than evaluators), which made this exercise challenging and somewhat irrelevant to them. The logic seemed implied, all actions to reach the goal of installed energy efficiency (or renewable systems) “made sense,” but articulating the direct connections between program activities and outcomes was not successful.

The evaluation team regularly encountered program plans that did not clearly articulate program goals, other than savings. The stated objectives of programs often included both near-term resource acquisition and longer term market transformation, without assigning primacy to either, or identifying which program activities were designed to meet which (or both) objectives. And, even where longer term market transformation was a stated goal, the program plan did not capture *how* the objective would be attained and measured. These unclear objectives and inability to articulate the means for meeting the objectives made it difficult for evaluation to develop methods to assess whether objectives other than short-term resource acquisition were being achieved.

The tension between the resource acquisition and market transformation objectives created tension between the evaluation team and the program implementers. The balance between the two objectives has an effect not only on what you measure, but how you interpret the results. Free ridership is an example. Focus on Energy program evaluations often estimated and reported attribution (netting out free ridership). For programs with ambiguous objectives, implementers would point to free ridership as evidence of market transformation.

*Lessons learned:* Without a clearly articulated program theory it is difficult to determine how and what to evaluate. If the balance between the two is defined then it is possible to effectively evaluate both. Without this definition, the issue is cloudy and the interpretation of evaluation results is challenging at best. If the ambiguity in program theory cannot be resolved, evaluators must identify in

their plans what the evaluation approach is designed to capture and how results will be interpreted.

### **Gross versus Net Contractual Savings Targets**

The evaluation team assessed both gross and net program savings throughout the ten-year evaluation period. For most of that time, the program was held to gross savings goals. Net impact assessment was used to inform program design, such as targeting and setting incentive levels. For three of the ten program years, starting in July 2007, the PSCW set contractual implementation goals based on net impacts, with associated financial incentives and penalties. The evaluation team was responsible for determining net savings on an annual *retrospective* basis. This decision had substantial impacts on the evaluation itself and the relationship between the evaluation and implementation teams.

**Increased contention between evaluators and program staff.** Program implementers, while aware of net issues, were less focused on them than program evaluators. As program deliverers, they are motivated to get energy efficiency installed and operating at end-user locations. Whether this is due to the program or not, the fact that it happens is good. Field staff does not want to reject a motivated consumer due to program rules—they want to “reward” good behavior.

Evaluation methodologies to address net savings can be technical and confusing, but were not of great concern to program implementers until the establishment of contractual net goals. Suddenly, program implementers had a lot riding on evaluation results, combined with a sense that they had little control over free-ridership levels. Planning for net goals, when net factors are applied post hoc, proved difficult. Thus, program focus on evaluation methodologies and results became intense and contentious.

**Moved evaluation focus to net savings estimates.** The change to net goals focused efforts and attention on the impact studies. Due to the high stakes of net savings, evaluation resources went toward developing frameworks to identify appropriate methods to estimate net savings for specific situations. The evaluation team developed a number of framework papers referenced throughout the evaluation community today. These papers address a variety of issues for determining whether to use self-report or market-based approaches for net-to-gross estimation, on the integration of supply and demand-side net-to-gross research, and on best practices for conducting self-reported attribution. The final decision often boiled down to non-market approaches because they were doable and at a reasonable cost. Market studies were mostly limited to CFLs. Applying market approaches to other technologies proved difficult due to one or more of the following: poor or no baseline data, the lack of a comparison area, and limited or no market (sales data) with which to make comparisons.

This is not to say that the evaluation did not include studies other than impact. Process evaluations were still completed for pilot programs and programs that had targeted evaluation needs. The evaluation team also completed some incremental costs studies. However, over the ten-year period the evaluation focus shifted to predominantly impact evaluation, first due to budget reductions, and then more dramatically when net goals were established. The DOA and, then the PSCW, needed to determine how resources should be distributed and inevitably impact-related tasks were deemed priority. This resulted in many evaluation studies focused on what was happening, but less on why it was happening and recommendations for program process improvement.

*Pros of net goals.* The focus on net savings had the benefit of advancing net-to-gross studies in the Wisconsin market. In many ways, Wisconsin has been ahead of the curve in terms of estimating net savings based on market-based data and employing hybrid approaches. It also focused the program staff on net savings, which resulted in program changes that improved net savings. In some cases, ignored evaluation recommendations from earlier studies were implemented.

*Negatives of net goals.* The focus on net goals came at the risk of losing some program design and process evaluation perspective. To be most effective and better inform program design, the net-to-gross studies needed to be paired with process evaluation activities so that in addition to the savings

adjustments, the evaluation team could provide program design or delivery recommendations to improve the net savings.

*Pros of gross goals.* A focus on gross program saving goals creates a less contentious evaluation environment. It also allows for more flexibility in the allocation of evaluation dollars, which can more readily be used to address process and other evaluation issues. In a less contentious environment, program implementers may be more receptive to program findings and recommendations.

*Negatives of gross goals.* In the absence of net savings goals, program administrators have a clear incentive to go for the easiest savings, which are usually free riders. The Focus on Energy program implementers paid substantially less attention to net-to-gross ratios when there were no financial ramifications associated with the net impacts.

*Lessons learned:* Net savings are an important indicator of program performance, provide valuable information for program design, and are essential for cost effectiveness studies. Establishing net savings contract goals with a retrospective determination of net-to-gross ratios creates challenges for the program and much tension between evaluators and implementers. With this said, programs should be held accountable for net results, while limiting the risk to which they are exposed. This can be approached in multiple ways. One is to apply and evaluate programs on net goals based on prospective net-to-gross factors. These factors can be adjusted (based on evaluation results) at the beginning of each planning cycle. Another approach, sometimes used in Massachusetts, is to use “dead bands” around the planning net-to gross estimate, beyond which the program implementer is not sanctioned.

## **Annual Funding versus Longer Contract Periods**

The evaluation team’s first involvement with Focus was during the program pilot phase. Subsequent to the pilot, the evaluation team was selected by the DOA to provide evaluation services for the full-scale Focus program. The initial evaluation contract with DOA covered a three-year period, with optional annual contract extensions for three additional years. The DOA, and later the Public Service Commission of Wisconsin (PSCW, who assumed oversight responsibility in 2007), renewed the evaluation contract annually through June 2011.

The initial multi-year contract period provided a number of benefits. First, it allowed for multi-year longitudinal evaluations to occur. Up to this point opportunities for longer-term, multi-year prospective energy program evaluation approaches were uncommon in the industry. The evaluation team saw this as an opportunity to shape the evaluations to both identify longer-term market changes and meet the needs of the program.

Early on the Focus on Energy program regularly experienced reductions in program funding and in year four shifted to annual program and evaluation contracts. These events shortened and limited the focus of the evaluations (and the programs). Annual contracts for program implementers, with annual goals, effectively focused program efforts on shorter-term resource acquisition activities. It was particularly challenging for programs focused on large projects, which have substantial lag times between initiation and installation. It concurrently focused the evaluation team on measuring annual impacts against contractual goals. Portfolio and program-level process evaluations needs were trumped by the annual impact evaluations necessary to fulfill regulatory requirements.

The evaluation team did not have the money or the flexibility to engage in methods requiring longer timeframes to complete, such as longer-term market studies to estimate market effects. While program implementers could carry over funding from one contract year to the next, the evaluation team was in a “use it or lose it” situation.

Ironically, the annual funding and evaluation cycle affected the timeliness of the deliverables. Prior to each program year, the evaluation team contract was extended to cover the upcoming program year. At this point, the evaluation team developed a detailed evaluation plan (DEP) to identify the

evaluation research activities, reporting and timelines, with final program evaluation reports required in the first quarter after the program year. To meet these deadlines, the evaluation team had to develop net savings estimates based on either a partial year or blended year of program participants. In general, results were provided too late for program planning purposes. For modified programs, the research was completed too early to assess the impact of these changes.

*Lessons learned:* Multi-year evaluation contracts, in conjunction with multi-year program goals are preferable to annual contracts. This allows for longer-term evaluation efforts that can more easily accommodate market studies and evaluation activities that capture the effects of program modifications. Process evaluations can be included at strategic points to address impact findings and inform program changes.

## **Administrative – Roles and Responsibilities**

The structural relationships between the evaluation team, program implementers, and regulators vary by state, but can create (as well as mitigate) tensions. In this section, we discuss structural and administrative characteristics of the Focus on Energy team's organization. We focus on five key areas; reporting relationships, the role of evaluators in program design, the role of the program in evaluation, the role of evaluators and implementers in market research, and addressing overlapping evaluations.

### **Reporting Relationships**

The Focus on Energy program was initially administered by the Department of Administration. The DOA had responsibility for managing both the implementation and evaluation contracts. DOA was responsible for the program success, and there was little support for evaluation within the organization. The PSCW, as a regulator, took a different approach to programs and their evaluation. Concurrent with the transfer from DOA to PSCW was the establishment of SEERA. SEERA assumed responsibility for contract administration for the program administrators and implementers. The PSCW then acted in an oversight role, holding the programs accountable for specific savings goals and addressing policy objectives. The evaluators contracted with, and reported directly to the PSCW. While other changes (discussed above) had increased the tension between the evaluation and implementation team, the PSCW held a consistent line of neutrality.

*Lesson learned:* Departments responsible for the success of a program should not also be responsible for the evaluation, except in a regulated environment. Without a clear division of responsibility or regulatory oversight, evaluation may not be sufficiently supported.

### **Role of Evaluators in Program Design**

There are benefits to engaging an evaluation team early in the program planning process. Evaluators have experience with many programs across a wide range of situations. Their evaluation experience provides a breadth and depth regarding what does and does not work and common program design or delivery flaws. They can share their knowledge or point program planners to evaluation resources to inform the program design.

Program evaluators can also help program designers establish program plans and processes that facilitate efficient evaluations. This includes assisting in the development of program theory and logic models that clearly identify goals and linkages. At this point, the evaluators can discuss with implementers what can and cannot be evaluated. Evaluators can also help program planners identify opportunities to obtain market information concurrent with program delivery. It also can include the mundane, such as identifying specific evaluation data needs for tracking systems.

There are serious risks associated with evaluation input into program design. Too much input and the evaluators are evaluating a program that they designed. This creates both an inherent conflict of interest and an opportunity for the program implementers to abdicate responsibility for program failures.

The Focus implementation team often redesigned existing programs or designed pilot programs. Unfortunately, the evaluation team was not typically engaged in this process. Doing so could have provided useful information regarding program design elements, as well as identified data that should be collected to measure whether the program met their metrics and, if not, why not.

*Lesson learned:* Encourage program designers to engage evaluation during program phase, to identify resources, discuss evaluation data needs, and assist with program logic.

## Role of Program Implementers in Evaluation

The degree to which program staff should be involved in evaluation efforts is a fine line. Just as there are benefits to engaging the evaluation team in program design, there are benefits to engaging program staff in evaluation. Table 2 provides an outline of the benefits and challenges to program involvement in evaluation. In the extreme case, conducting evaluation without any input from the program poses substantial risk. Program evaluators would be operating from written documents to develop evaluation plans, without detailed and rich information on program intent, actual delivery approaches, current challenges, and changes made during implementation. Program staff would feel great distance from the evaluation and evaluators and may be less likely to use the results. Conversely, too much involvement by the program implementers in evaluation risks threats to objectivity and blurs the lines of responsibility. Ideally, evaluators coordinate sufficiently with program staff to achieve a shared goal of improving programs and demonstrating accountability for the expenditure of public funds.

**Table 2.** Benefits and Challenges with Program Involvement in Evaluation

<b>Benefits of program involvement in evaluation</b>
Increases program acceptance of evaluation results (buy in)
Evaluators better informed of program
Implementers more likely to understand evaluation approaches and findings
Evaluation more likely to be used and useful (Vine 2008)
Evaluation can provide implementers with specific requested information
More timely
Share information and approaches
Improves quality of program calculations and documentation
<b>Challenges with program involvement in evaluation</b>
Keeping appropriate distance
Avoid “capture” of evaluators by program implementers
Blurring of boundaries on part of implementers (take ownership of evaluation)
Increases evaluation costs
Long-term nature of relationships can lead to personalized feedback (ouch)



The Focus on Energy evaluation model has been to include program implementers at key points in the evaluation process. Program staff had the opportunity to comment on detailed evaluation plans, draft survey instruments, and draft reports. Comments were required within two weeks of release of the draft document. The DOA, and then the PSCW, required that the evaluation team provide a response to report comments indicating, what, if any, changes were made to address it. The evaluation team was not required to comply with program requests, only to explain the rationale for not doing so.

Over the years tension built between program implementers and the evaluation team. The evaluation team welcomed feedback on the documents to get implementer perspectives. As time progressed, however, implementer comments became more directive and defensive. This likely got in the way of accepting and acting upon findings.

There are a variety of reasons that may have caused this conflict. The programs started at DOA where there was only limited support of evaluation. This established a somewhat adversarial relationship from the onset. Over the years, budget cuts focused the evaluation on impact studies. Concurrent with an emphasis on impact evaluation was reduced effort on process evaluations, which program implementers tend to find more useful. The introduction of net goals put a lot at stake, and program implementers viewed as unfair the metrics for measuring their success. The use of self-reported attribution methods for many programs called into question evaluation approaches and results.

Collaboration between the program implementers and evaluators did happen. The most successful coordination occurred when addressing specific technical issues, such as developing deemed savings values and standard calculation approaches. Process evaluation studies also were well received, particularly when the evaluation maintained communication with program implementers regarding findings and issues. The evaluation team worked for the PSCW and was primarily responsible for meeting their needs. In general, they kept arms length from the program, but attended monthly sector level and specific evaluation-related meetings. This arm's length approach may have contributed to the adversarial response from program implementers to the evaluation approaches and findings.

*Lesson learned:* Some collaboration is important for effective program and evaluation design, as well as acceptance of evaluation findings. It is important for evaluators to elicit and take into consideration program perspectives and needs, provide a clear structure and timeline for program feedback on plans and reports, require an evaluation response to program comments, and require a program response to evaluation recommendations.

## **Market Research – Whose Turf?**

Market research provides value to both the evaluation and the program implementers. For example, market research can provide baseline information for program design (what measures where) and evaluation (starting conditions on which to measure market transformation). At the outset, the evaluation team was solely responsible for market research. A baseline study was completed by the Energy Center of Wisconsin, with assistance from KEMA, during the Focus pilot phase. In 2004, after the Focus on Energy programs were in the field for several years, WECC (the Focus implementer) hired KEMA, through a competitive process, to complete a commercial and industrial market assessment.

The rationale for assigning evaluation sole responsibility for market research was that evaluators have the expertise and the tools to successfully complete market assessments. Evaluators are neutral—with no inherent desire for a specific outcome. Finally, market research has synergies with other evaluation activities. So, in a perfect world the evaluators would conduct market research to meet both evaluation and program needs.

As the Focus on Energy Programs evolved, the implementers found the need for market research that was not being conducted by the evaluation team. The limited evaluation budgets precluded reserving funds for these activities, so the implementers conducted research on their own. The

implementers could complete the research faster (and thus get more timely results), as they were not subject to the evaluation process that required review and comment periods throughout the research process. The program research efforts tended to be smaller and more targeted, often addressing a single issue. Program implementers have the advantage of contacts with market providers, which provide some leverage in obtaining sales information from participating market actors. The disadvantage to implementer-conducted market research is that the studies are not as rigorous, and because of the conflict of interest, cannot be used to measure program progress.

*Lesson learned:* There is an appropriate market research role for both evaluation and program implementers. The evaluation team should take into account program implementer needs when developing market research plans. Program implementers may need to conduct their own targeted market research to address specific program implementation or planning needs. This may be necessary when the evaluation team has neither budget nor time or cannot provide timely results. Program implementer research should not be used for evaluation purposes unless it is conducted by an independent third party.

### **Addressing Overlapping and Parallel Evaluations**

As described above, participating Focus utilities may voluntarily provide DSM programs to their customers. Four of the major IOUs provided programs additional programs to their customers. Wisconsin Power and Light continued to offer its Shared Savings program to commercial and industrial customers. While Focus programs generally only provide grants, Shared Savings is a financing mechanism. From 2005 through 2008, We Energies offered electric programs as a result of a PSCW order approving the construction of several coal units. Beginning in 2008, We Energies began implementing voluntary programs to hard-to-reach customers. Wisconsin Public Service Corporation (WPS) was also ordered to capture energy efficiency savings as a result of receiving approval to construct a coal plant. WPS contracted with WECC, the Focus program administrator to capture a portion of these savings. These programs were discontinued at the end of 2008. Subsequently, as a result of a stipulated agreement, WPS contributes dollars, above those required by statute, to Focus on Energy for additional energy efficiency services in its service territory. Lastly, Northern States Power Company offers a program that piggybacks on the Focus programs by providing bonus incentives for specific measures.

The offering of parallel programs created a number of issues for consideration in the evaluation process. First, it was difficult to disentangle the impact of Focus marketing and education initiatives from utility efforts targeted to the same population. The Focus evaluation team was not necessarily the evaluator for the utility programs, which further complicated the situation. The PSCW was interested in comparing both the progress and cost-effectiveness of Focus and similar utility programs. Depending on design, delivery, and evaluation methods, completing that type of comparison could be difficult or misleading. There was concern about double counting savings because of applications being processed by both Focus and the utility program.

*Lesson learned:* In situations with overlapping programs, establish clear a priori assignment of savings credit to avoid double-counting and conflict.

### **Conclusion**

The Focus on Energy program is embarking on a new era. The PSCW revised the program structure and selected a new program administrator. The PSCW also selected a new evaluation team based on an RFP that reflects many of the lessons learned identified in this paper. The program and evaluation team each have four-year contracts, which allow for flexibility and longer-term research. The

program contract goals focus on gross savings estimates, but the evaluators are responsible for identifying net savings for use in cost-effectiveness tests. The evaluation emphasizes the need for process evaluations, especially early in the program cycle, and includes the potential for an initial market baseline study. Finally, the RFP encourages coordination between the evaluation team and program implementers.

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