

Integrating Results from Evaluations: Should Results Only be Applied on a Prospective Basis?

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Nearly all utilities around the country have moved away from individual program evaluations to portfolio evaluations. This trend has led to a number of distinct advantages, including lower administrative costs due to less contracting, the development of ongoing data transfer mechanisms, and the establishment of timely, comprehensive reporting protocols. The trend towards portfolio evaluations, however, has also led to a number of overarching questions faced by program administrators across the country in terms of how to incorporate the results:

- Should results be incorporated retroactively, or only forward (planning) focused?
- If assessed retroactively, should results also be accounted for when assessing utility incentive or penalty calculations, or should these be based on deemed values?
- If applied prospectively, at what point do results get incorporated into planning and new ex ante assumptions? (i.e., mid-year/cycle, or for the next year/cycle?).

The author examines a number of different states, including the states with the largest demand-side management programs in the country, to see how these critical questions are being addressed. The pros/cons of various approaches are discussed.

The answers to these questions are important not only to utilities/state commissions that are just beginning to establish DSM programs, but are still relevant to states with mature programs that are still debating many of these same issues (e.g., if/how evaluation results should be incorporated into Risk/Reward Incentive Mechanism calculations).