Evaluation and Regulatory Feedback: Closing the Custom M&V Gap

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Combined Regulatory and Evaluation Feedback

- CA’s custom program feedback systems
- Designed to improve program administrators (PAs) M&V
Trends in CA Custom Program Impact Evaluation Results

- Gross impact realization rate (GRR) results generally range between 0.60 and 0.70
- Evaluations ID causes for differences between ex-ante and ex-post impact results
- Despite efforts to improve ex-ante estimates, the same discrepancy factors persist
CA Custom Program Evaluation Feedback

- Evaluations focus on recommendations to address ex-ante project deficiencies
- Discrepancy factors
  - explain ex-ante and ex-post M&V differences
  - ID areas for ex-ante improvements
- The majority of discrepancy factors have a downward effect on GRR results
CA Custom Program Discrepancy Factor Assessment

- PY2013 discrepancy factors with the largest downward effect on impact claims

![Bar chart showing impact estimates for various factors.](chart.png)

- Impact Estimate (Million MMBtu)
  - Ex-Ante Gross Impact Claim
  - Ex-Post Gross Impact Result
**CA PY2013 Custom Downward Discrepancy Subcategories**

- **Operating Conditions**
  - Total change in MMBtu: -211,943; change in EA: -34%

- **Ineligible Measure**
  - Total change in MMBtu: -85,504; change in EA: -100%

- **Calculation Method**
  - Total change in MMBtu: -82,062; change in EA: -57%

- **Percent of Records Contributing to Change**
  - Ex-post M&V only: 2.8% (N=18)
  - Set pts changed: 5.6%
  - Load profile change: 11.1%
  - Other: 18.5%
  - Change in operating hours: 19.4%
  - Same M&V, production change: 19.4%
  - Ex-post M&V period different: 23.1%
  - Incorrect savings normalization: 5.9% (N=17)
  - Incorrect equip specs: 10.3%
  - Disallowing load forecasting: 16.2%
  - Inputs and assumptions changed: 25.0%
  - Different ex-post calc method: 42.6%
CA Custom Program Ex-Ante Review Feedback

- EAR is an evaluation-oriented regulatory approach
- Review of custom incentive applications prior to final approval
- Over time EAR activities have shifted
  - Provision of guidance to enhance PA QA/QC
  - Enhanced information dissemination
  - Review of tracking system claims
Program Administrator Incentive Mechanism, ESPI

- The CA PAs could earn up to $126M during PY2013-14
- For the custom ESPI component earnings are tied to evaluation impact results and PA engagement with EAR
- PA custom ESPI scores ranged from 49 to 75 percent of the maximum possible
  - PY2013 ex-post and PY2014 ex-ante
Applicability to Other Jurisdictions

- CA evaluation and EAR approach is applicable where there are
  - large custom offerings
  - adequate evaluation funding levels
- Piloting this approach to assess program processes and to ID weaknesses
- Proven approach to achieve program improvement