



Administering, Managing and Overseeing Large-Scale Portfolio Evaluation

Formulas For Success

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Sharing of Experience

- 33 years ago I formed the IEPEC for the purpose of sharing our collective EM&V experiences. This objective still holds true today.
- After designing or overseeing the evaluation approach for the worlds four largest EE portfolios, and conducting a great deal of evaluation studies over 37 years , I wanted to share some of the lessons learned that apply to large portfolio evaluation management.
- I am sure each of you have other lessons learned, and I would love to hear your stories as well.

Why is this paper important now?

Well, The Stakes Have Never Been Higher

1. Multi-billion dollar investments in individual cycle efforts. Evaluation budgets at the 8 and 9 figure level.
2. Stakeholder involvement in the evaluation effort is stronger, as results impact \$ billions in future directions and investments.
3. Regulatory oversight is becoming more important as policy makers understand the strengths, weaknesses and capability of evaluation.
4. Pressures on evaluation contractors to “consider alternatives” is becoming more common and more readily expressed. Special interests have entered the evaluation process in more direct ways.
5. Information-consumer’s need for reliable, objective, unbiased information is critical to prudent decisions.

Cover 7 Portfolio Evaluation Topics

1. Importance of independence and documentation of contacts.
2. Budgeting for increased interaction and regulatory involvement.
3. Expect policy / approach shifts that change the rules of the game.
4. Getting the right people on the effort.
5. Setting and managing timelines and deliverables.
6. Plan for correcting errors and omissions
7. Understanding stakeholder needs and choosing the evaluation approach.

A few other topics are in the paper, but time limits allow only a short presentation.

Q&A open for any portfolio evaluation topic.

Importance of Independence and the Documentation of Contacts

- The evaluation contractor needs to be independent of the influence of all special interests. Expect pressures from stakeholders.
- Need a formal system to document all contacts with stakeholders that discuss evaluation decisions, considerations, methods, results, reporting, or presentations.
- Texts, phone calls, e-mails, etc. are all formal communications.

Importance of Independence and Documentation of Contacts

Recent Examples of Violations:

- Implementation firms trying to force the use of only their approaches;
- Firms wanting to allocate participants into the test and control groups using approaches other than random assignment;
- Utility executives clandestinely trying to force evaluation management structures when their interests are not supported;
- Commission representatives pressuring evaluation experts to use approaches that are less accurate or make programs appear less or more cost effective;
- Commissions hiring inexperienced advisors who want to change evaluation strategies in ways that bias results or increase uncertainty;
- Stakeholders asking to use outdated evaluation protocols or TRM applications because they provided higher or lower savings estimates.

Budgeting for Increased Interaction and Regulatory Involvement

The larger the portfolio, the greater the stakeholder interests, the more interaction can be expected.

Need to plan stakeholder interaction budgets to reflect the level of interaction allowed.

Examples:

- One recent interaction event with a regulatory agency cost \$70,000 in added evaluation costs, not counting the utility company's time and costs. Quote: *"We just sent our evaluation contractor \$70,000 to educate the Commission's expert EM&V advisor."*
- Held 4 evaluation team meetings, 77 e-mails and had to research the adequacy of an approach proposed by a program implementer who informed the Commission that only their approach was appropriate.

Expect Policy / Approach Shifts that Change the Rules of the Game

Evaluation Policies are going to change:

- The commission who wanted energy impacts now wants peak gas and 8760 demand impacts....., by measure.
- Unneeded carbon reduction estimates from coal or natural gas combustion are now needed for both gas and electricity – separately – by measure, per utility area, per year over the EUL;
- The client wants job impacts, per utility, direct and indirect;
- The evaluation that did not need interactive commission staff review, now does – and with their expert contractors obtained via a low bid approach.
- Etc.

Policies and approaches are going to change. And the change will have a major impact on all parts of the evaluation. Expect them.

Getting the Right People on the Effort

- A portfolio evaluation can employ from several dozen to several hundred evaluation professionals. In one state we had 1,200 people under contract at one time.
- The range of experience, training and expertise across the teams is large. Many are new to the field.
- Evaluation is not an engineering science, not a behavior science, not a social science, etc.; it is an evaluation science, a research design science that employs a wide range of experts.
- Portfolios are large evaluation projects: The greater the experience and expertise wanted, the greater the cost.
- Get the right people leading and doing the work.

Setting and Managing Timelines and Deliverables

- The typical portfolio evaluation has dozens of tasks and hundreds of sub-tasks, all on a domino timeline.
- Management and staff change a lot in our industry.
- Delays are common place and impact about 50% - 60% of the sub-tasks.
- Plan for the delays, have back up plans and timelines to intervene.
- Hold weekly / bi-weekly progress task status meetings with team leads, obtain commitments. Review everything.
- Forecast delays and plan catch-up strategies.
- Manage well.

Plan for Correcting Errors and Omissions

- After reviewing the work and deliverables of almost every evaluation firm in the market today, I can safely say that all evaluation firms make mistakes (See Saxonis paper).
- Some firms and people make more than others.
- Key is to have a plan to continuously review the design, the data and data collection approach, the calibration of all data (including surveys), the analysis approach and the reported results.
- And then check it all again, you will find errors and omissions. A lot of minor ones that change little, and a few big ones that have major impacts on results.
- Many errors undercount impacts by a lot.

Understanding Stakeholder Needs and Choosing the Evaluation Approach

- Program implementers need detailed information to design, manage and implement cost effective services.
- Regulators/policy makers need to know if what they are doing is prudent and supportive of policy objectives.
- Marketing managers need to know if they are reaching the right people with the right messages and inducement structures.
- Program and portfolio designers need to know if their assumptions about how the market works is accurate.
- Commissioners need to know if energy efficiency supplies are reliable and for how long.
- Power planners and grid operators need to know if energy impacts are reliable from a acquisition perspective.

A portfolio evaluation approach that ignores stakeholder concerns is bad for everyone and are a waste evaluation potential.

Thank You

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Moving to

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An IRS decision-pending non-profit organization formed to help Governments, Commissions and Utilities manage or direct their evaluation efforts.

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(a non-profit energy efficiency program evaluation support company)

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