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Presentation Title: Regulatory State Analysis: Regulatory Requirements and Effective Evaluation Policies

Abstract: Energy efficiency (EE) programs are managed in fluctuating regulatory and political environments. EE regulations define program implementation, program evaluation and spending to capture savings and lower emissions. EE evaluation requirements vary across states. Given this reality, there is a natural experiment underway with each state and regulatory regime taking a different approach to EE program and portfolio evaluation. Key questions include:

- How much is spent on evaluation in each state?
- Which states spending tens of millions on EE require little evaluation?
- Do states have good evidence that ratepayer EE funds are being well spent?
- How do program costs and savings in states with little evaluation oversight compare to rigorous evaluation states?
- How does evaluation policy and regulation impact EE savings goals and actual savings?
- What types of evaluations are required in each state: Technical Resource Manual, gross impact evaluations, net-to-gross evaluations, process evaluations or benefit-cost analysis?

The authors will outline significant detail regarding evaluation policy, requirements and regulation across 25 states. A detailed qualitative analysis of each state's evaluation requirements would be documented along with a parallel quantitative, statistical analysis of how states evaluation requirements compare against state costs and savings. Those states will be AR, AZ, CA, FL, IA, IL, IN, KS, MA, MD, ME, MI, MN, MO, NC, NH, NM, NY, OH, OR, PA, TX, VT, WA and WI. Preliminary analysis of evaluation requirements shows:

- Various states have evaluation spending limits (e.g., CA Statewide = 4%, IA = 2%, IL = 3%, MO = 5% among others), while many states rely on individual commission utility company case-by-case order basis (e.g., FL, IN and KS)
- A number of states require limited evaluation rigor, those states include IA, KS, MN and NY
- Several states attribute NTG equal to one (e.g., OH, MN) – IA has moved away from NTG being equal to one
- Clear patterns for free ridership, spillover or NTG results by measures, program types, and regions have not been demonstrated to date
- Approximately 31 states have Technical Resource Manuals that deem savings for standard measures
- Cost-effectiveness analysis is not typically required for low-income (a/k/a income eligible) programs, while cost analysis is typically required on residential, commercial and industrial programs
- Required EE evaluations are seen in many states including IN and OH which were under legislative threat

To create this broad analysis, regulatory and legislative approaches will be researched, and interviews undertaken to assess the consequences of regulatory approaches from a quantitative and qualitative standpoint. Such analysis will include a variety of legislative and regulatory evaluation requirements, cost recovery provisions and possible incentives.