



Opinion **Dynamics**

WE SAY WE WANT A REVOLUTION...

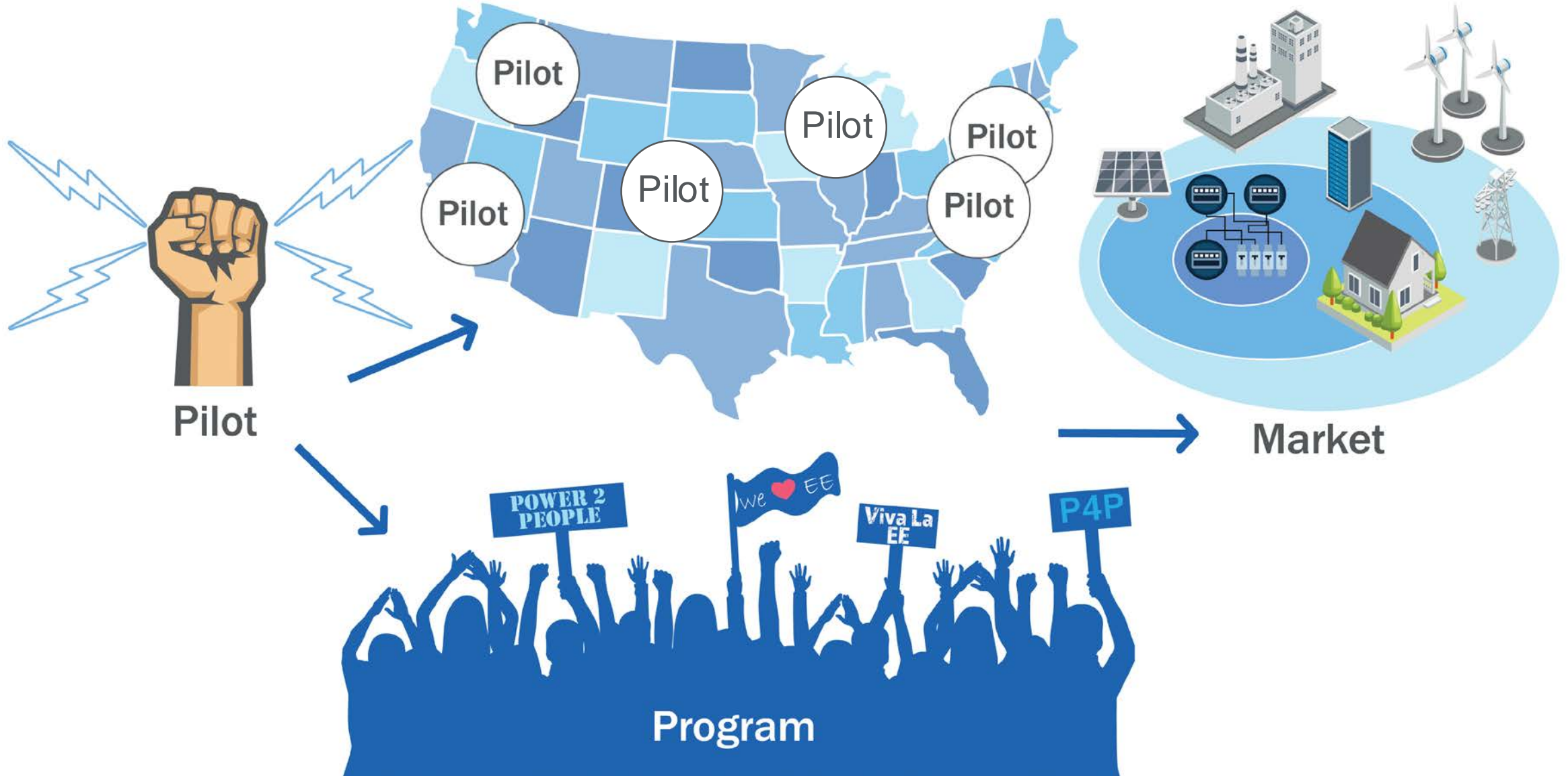
***What is it Going to Take to
Get There with Pay for
Performance?***

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Beth Robinweiler, Puget Sound Energy



What does the future of P4P look like?



Research Methods

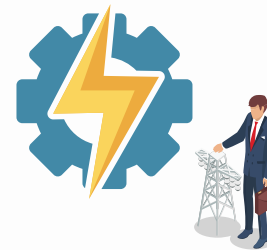
- We conducted a review of literature on commercial P4P programs and a round table discussion of professionals tasked with the design and management of new P4P programs
- We identified three key facets of P4P programs that differ from traditional programs that are likely to have the greatest influence on P4P scalability:
 1. Customer selection and targeting processes
 2. Risk allocation
 3. Data management and savings estimation



End-use
Customer



Aggregator
(Contractor,
implementer)



Program Administrator
(IOU, local
government)



What is different about P4P customer selection and targeting processes?

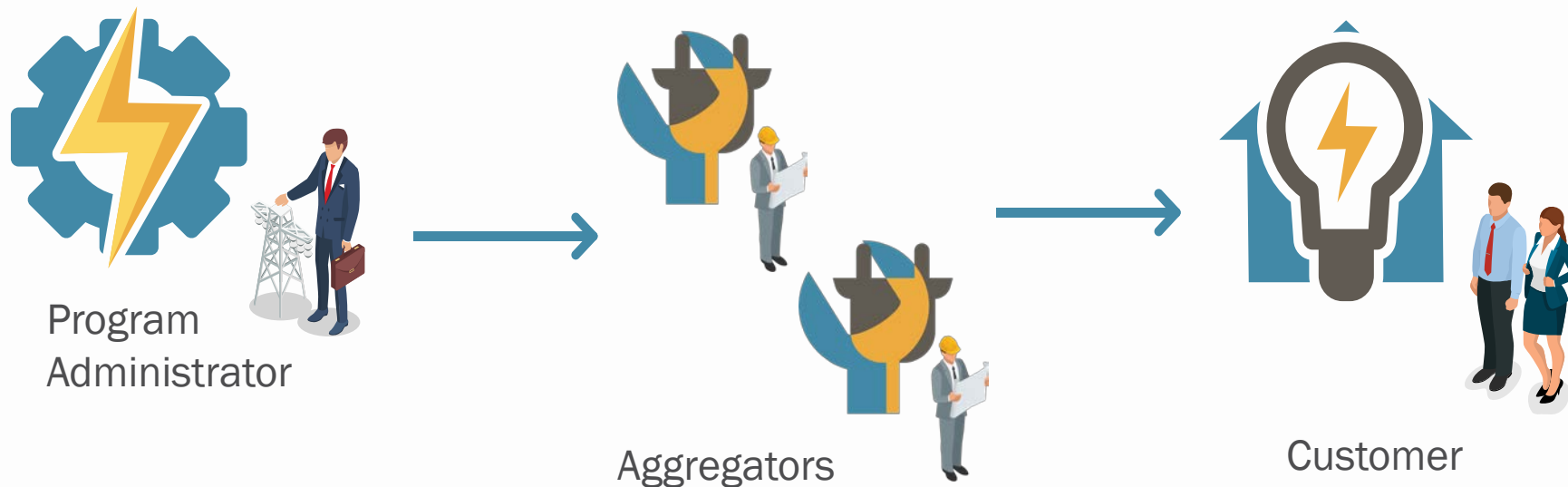


Traditional Program Designs	P4P Program Designs
Marketing efforts are directed at customers most likely to be eligible for the program	Marketing efforts are directed at customers with consumption patterns and load shapes best-suited to the program
Customers can participate in multiple programs at once	Customers are generally only eligible to participate in a single program at a time
Program administrators are frequently responsible for customer outreach and engagement	Aggregators are responsible for customer outreach and engagement

Customer Selection and Targeting Processes: What do we need to watch out for?



- Data privacy rules may limit aggregator access to customer targeting data
- Potential PA concerns about losing connection with customers due to shift in customer energy management services from PA to the aggregator
- Possible customer confusion about program eligibility



Customer Selection and Targeting Processes: What is it going to take to get there?



- Mapping the customer journey to inform customer targeting processes
- Provide aggregators with access to customer “data-marts” as a vehicle to facilitate collaboration



What is different about P4P risk allocation?



Some performance risk shifts from the PA (and ratepayers) to the aggregator



Risk allocation: What do we need to watch out for and what is it going to take to get there?



Concerns

- Financial impacts on aggregators

- Low end-user and aggregator participation



Solutions

- Offer upfront enrollment incentives
- Leveraging private capital and insurance

- Minimize allocation of risk to end-users

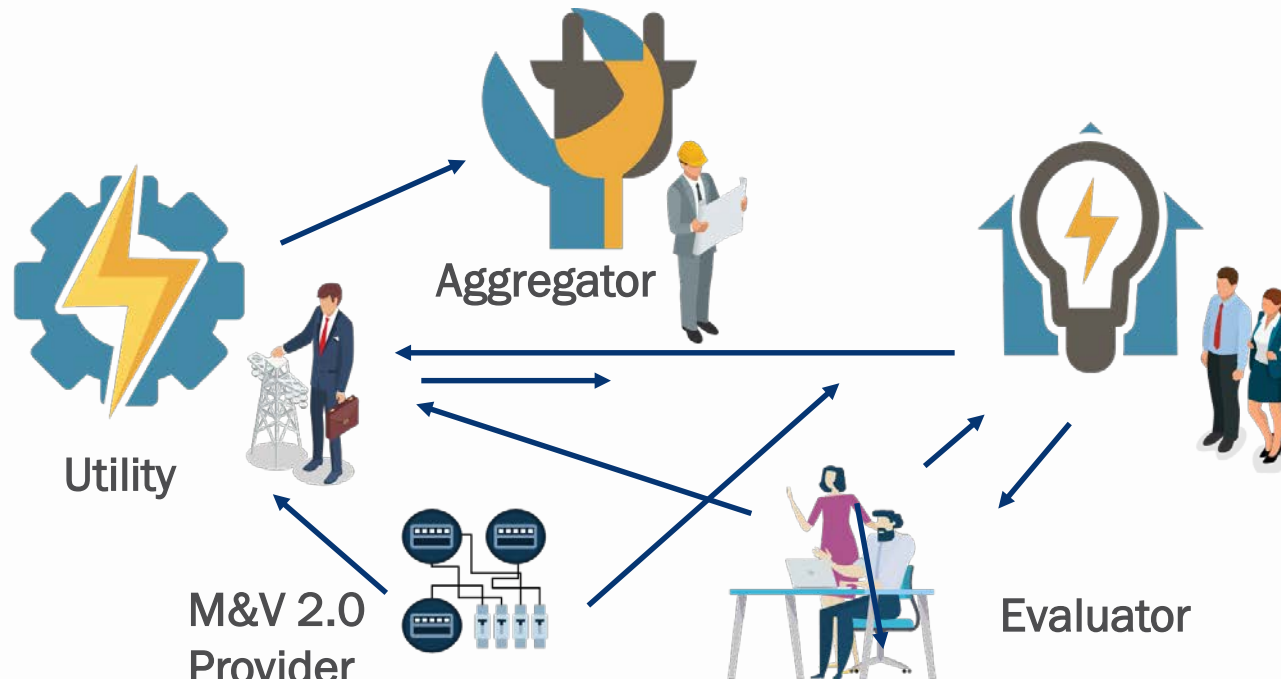


What is different about P4P data management and savings estimation processes?

Traditional Program Designs	P4P Program Designs
<ul style="list-style-type: none">• Single data extract at end of program year	<ul style="list-style-type: none">• Continual data extracts
<ul style="list-style-type: none">• Measure-based savings (deemed or engineering based) with fixed EUL and predetermined estimates	<ul style="list-style-type: none">• Contract terms dictate data cleaning, transfer, and savings calculation terms
<ul style="list-style-type: none">▪ Program administrator, evaluator, and aggregator involved with data cleaning, transfer, and ex ante savings calculation processes	<ul style="list-style-type: none">• Program administrator, evaluator, multiple aggregators, M&V software providers, and possibly private lenders and insurance providers may all be involved with ex ante savings calculation processes

Data management and savings estimation: What do we need to watch out for?

- New implications for inconsistencies in data provision, management, cleaning and analytical methods
- Challenges supporting dynamic queries and frequent pulls of interval data



Data management and savings estimation: What is it going to take to get there?

- Developing contractual agreements about data provision, responsibilities, and methods
- Updating data management systems



You tell me it's the institution...

- The root cause of most P4P challenges is our current systems and infrastructure were designed for deemed and custom programs
- We need innovative solutions to solve these challenges



We've got a real solution

- P4P presents new opportunities for regulators, PAs, aggregators, software providers and evaluators to collaborate and elevate our thinking
- Evaluators are armed to address these barriers with:
 - Advanced data analytics
 - Developmental evaluation
- Early program results show promise
- P4P has great potential to align incentives to leverage customers as a grid resource





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