

Reframing Evaluation: New Metrics & Language for Driving DSM Decisions in a Changing World

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**Are your company's senior
leaders fully using & benefiting
from your evaluation insights?**

Why does this matter?

Translation can provide **significant value** to utility stakeholders during a challenging time for DSM:

- **Supports continued expansion of DSM** from **regulatory requirement** to **strategic utility asset**
- **Increases ROI of EM&V investment and DSM investment** by expanding stakeholders' access to high-leverage insights

INSIGHTS CAN OPTIMIZE VALUE OF DSM FOR:

-  **Resource Planning**
-  **Grid Reliability**
-  **Customer Satisfaction**
-  **Equity**
-  **Economic Development**

Typical Priorities for Utility Leaders



Senior Executives

- Profitability
- Affordability
- Competitive rates
- Regulatory relationships
- Risk management
- Reliability



DSM Management

- Savings targets
- Cost-effectiveness
- Customer satisfaction
- Market penetration
- Operational challenges



Energy Supply

- Cost management
- Resource planning
- Savings persistence
- Load shape impacts

How do you translate insights for them?



Senior Executives

Integrate with their specific language and company-wide strategic processes



DSM Management

Balance immediate results for tactical decisions with insights for longer-term strategic planning



Energy Resource Management

Compare DSM and supply side resources in terms of cost, reliability, and long-term value



Translation Strategy 1: Recognize strong performance as asset to highlight & protect

- **For example, high installation rates** found in impact evaluations are a **key asset** for utilities.
- When installation rates decline, they can **reduce savings & performance incentives.**

Example 1a: Installation Rates as a Utility Asset

RISK ASSESSMENT AND PREVENTION

EXAMPLE RISK:

Customers **do not install equipment**, or install in way that doesn't save energy

POTENTIAL IMPACT:

HIGH
risks future savings

PREVENTION:

Advise on **best program** design for different equipment

EXAMPLE IMPACT OF LOST ASSET

A **10% decrease** in average installation rates is equal to:

\$5.8 million in lost performance incentives annually

Strategy 2: Using EM&V Insights to Maximize ROI

- Support **decision-making on DSM investments** by providing insight on:
 - Energy savings that will be claimable
 - Return on investment in DSM
- Evaluation can guide **maximize portfolio performance** by validating reasonableness of vendor or customer savings projections and validating actual savings versus costs

Example 2a: Early Custom EM&V Reviews Prevent Overpaying

RISK ASSESSMENT AND PREVENTION

EXAMPLE RISK:

If custom savings **do not match industry standards**, utility may **overpay** for custom savings

POTENTIAL IMPACT:

HIGH

evaluators need to follow standards

PREVENTION:

Early custom review process to **agree on savings** before incentives paid

NEGATIVE IMPACTS OF LOST ASSET



CALIFORNIA:

Regulator must approve all custom savings **before filings**

A **10% loss in custom project savings could result in:**

\$4.5 million
in performance incentives lost

Strategy 3: Highlight Innovation Needs & Impacts

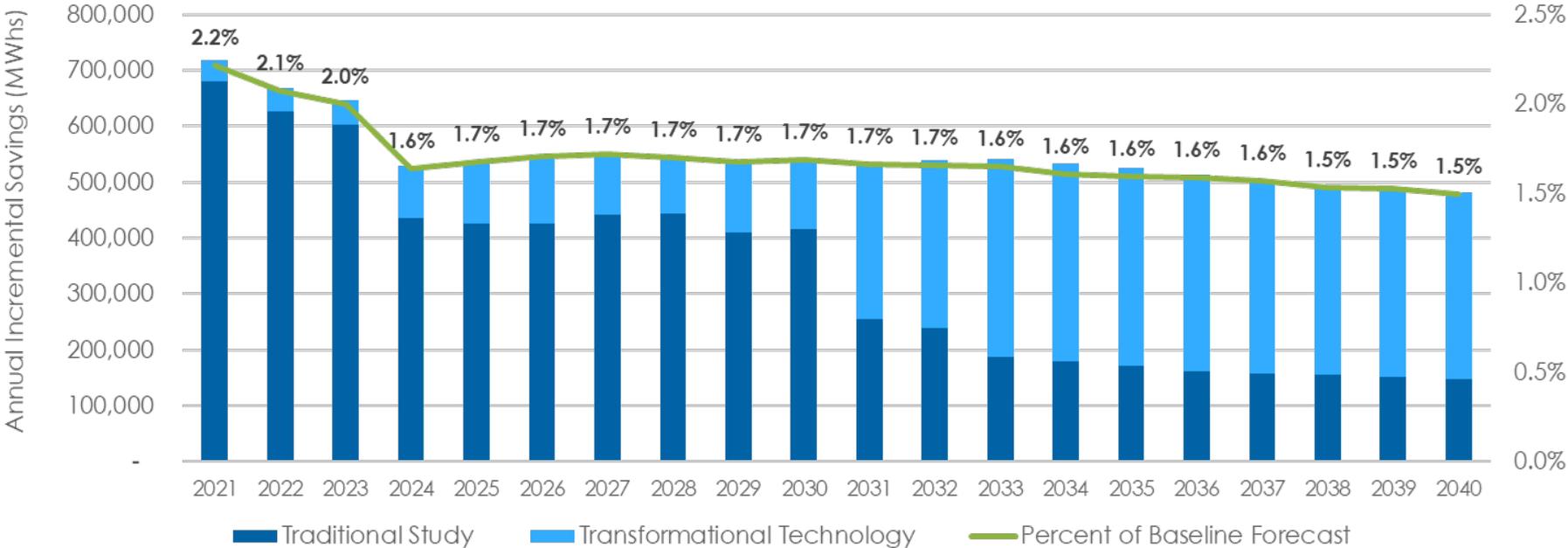
- As DSM becomes a business asset, “*what do we have to do to meet statutory targets?*” has expanded to “*what is **the optimal level of DSM** for us to invest in?*”
- Highlight compelling insights **related to innovation and strategic planning** from studies such as:

EM&V

- Pilot evaluations
- Market studies
- Potential studies
- Customer research

Example 3a: Potential Study Scenario Insights

Highlighted need to fill savings gaps with **EE innovation investment**



Strategy 4: Translate into corporate frameworks

Integrate EM&V into corporate decision-making by:

- Using **language and concepts** that resonate with decision makers
- Use **business frameworks** that align with how utilities manage other strategic investments.

Example 4a:

Integrating EM&V Insights on “Wins” into Product Lifecycle Management (PLM) Management Reviews

Business Marketplace Win / Loss Analysis: Wins

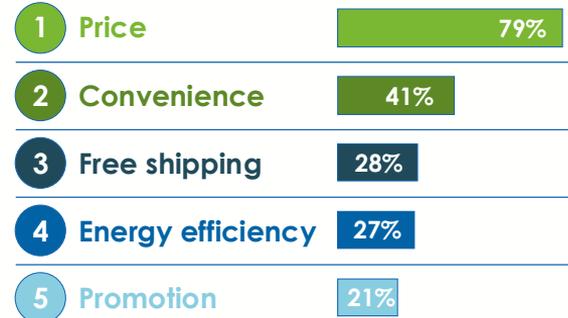


POPULAR MEASURES



” The availability of **well-priced products**... helped us decide to change to internet accessible thermostats for remote access when not in the office.

TOP REASONS FOR PURCHASE



Example 4b:

Integrating EM&V Insights of “Losses” Into Win/Loss Analysis” of during PLM Review Process

Business Marketplace Win / Loss Analysis: Losses

COMPETITORS



Noted as more **user friendly** than the marketplace

COMPETITOR FEATURES



TOP BARRIERS TO MAKING A PURCHASE

Most critical barrier was **not needing any of the products offered** – experienced by **over half** of near-participants (who received a discount code or voucher, but did not use it). Additional barriers:



CUSTOMER SUGGESTIONS

” Make your **prices more competitive**. I have not used the website much but remember being able to buy the items I was looking at cheaper at the store.

” **More items** relevant to more businesses.

” Provide **search function offering similar items**, or additional items used in conjunction with cart items.



Summary

EM&V insight translation strategies & tactics can **strengthen the value of both DSM & EM&V** to our leaders & organizations by:

1. More fully **addressing current leadership priorities**
2. Ensuring insights **are included in business metrics & frameworks used for decisions**

Thank You!

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