SEC INTERROGATORY #89

INTERROGATORY

[General] Please review the recommendations in Section 5.2.1 of the DNV GL report 2015 Annual Verification dated October 12, 2017, and advise in each case whether the expert agrees with the recommendation, and whether the recommendation, in the expert's opinion, represents best practices.

RESPONSE

The agreement or disagreement with the DNV GL report recommendations in section 5.2.1 are shown in the table below and is based on Table 1-5 from the DNV GL report.

#	**Energy Savings and Program Performance Recommendation**	**Agree / Disagree and Comments**
ES1	The utilities should continue in their commitment to accuracy.	Agree, with a comment. In addition to accuracy in engineering estimates of savings, there should also be a commitment to improving processes used to estimate NTG over time. One concern with the recent NTG study is recall bias. Asking customers about what actions they might have taken in the absence of the program where there is a time lag of over two years after participation raises concerns over recall bias affecting NTG estimates. Recall bias is one of the most oft-cited concerns with self-report survey methods, and actions should be taken to reduce the lag between participation and when participants respond to the NTG self-report survey. There should be a statement in the recommendations regarding actions that can be taken to help address recall bias. This time lag may have been unavoidable. It may have been the case that, in the recent DNV NTG study, the time lag between survey and time of participation might have been unavoidable, but this shouldn't be true going forward.

Witnesses: S. Dimetrosky
L. Gage
D. Violette

ES2	Evaluate free-ridership for the programs annually and consider coupling the free-ridership evaluation with process evaluation	Disagree. The narrow focus of the recommendation on only evaluating free-ridership should be expanded to include other components of NTG (e.g., spillover and possibly qualitative judgments of market effects). With respect to the recommendation for free-ridership evaluation to be performed "annually," it is unlikely that free-ridership will vary substantively from year to year, and annual evaluations of free-ridership likely will cost more to conduct than the value of the information produced by the effort. In addition, these studies should address other components of NTG, including spillover. Some jurisdictions will conduct process evaluations in years that NTG is not being evaluated. This timing helps avoid customer fatigue. Having customers answer process evaluation surveys / interviews, combined with responding to NTG surveys in the same year, could result in customer fatigue. There are a number of research designs that could be considered. For example, a fast-feedback free-ridership survey could be used to address free-ridership factors almost continually. The fast-feedback approach contacts almost every participant via e-mail or phone within a couple of months after participation. This streamlined survey approach can be complemented by a more in-depth NTG study every other year. A number of research design alternatives should be considered that would balance out research costs with the information needed to make program decisions and assess net savings.
ES3	Error ratios from this report inform sample design for future evaluation.	Agree, with a comment. The error ratios should be one factor that is used to inform future sample designs, but the ratios should be augmented with other information. For example, if it is determined that changes in the scoring or questionnaire banks are warranted in future efforts, then the ways in which these changes might impact the standard deviation of the estimates should also be considered.

Witnesses: S. Dimetrosky
L. Gage
D. Violette

ES4	Align the program design with cumulative net goals	Agree.
ES5	Do not pay incentives until after installation is complete.	No Opinion. We do not have the information to express an opinion on the report findings and the resulting recommendation.
ES6	Develop policies to collaborate across electric and gas projects to avoid double-counting fuel savings and increases from energy efficiency measures.	Agree, but potentially complex. Policies should be developed at two levels. At the province level, energy savings from electric and gas projects should avoid double counting. This should be straightforward. At the utility or program implementer level, there are questions about whether the savings from electric and gas projects should be broken out by those attributable to the gas utility and those savings attributable to electric utility efforts. Separating out attribution from joint projects can be difficult and somewhat arbitrary. The Jurisdictional Review (Exhibit B, Tab 1, Schedule 1) examined how attribution was addressed in joint projects in the three case study states, and the Issues Memo (Exhibit B, Tab 6, Schedule 2) also addressed the difficulties of parsing out individual utility attribution. In general, most jurisdictions have not found it useful to try to explicitly estimate the individual utility attribution of savings for joint/collaborative projects.
ES7	Consider establishing a policy to define rules around energy savings calculation for fuel switching and district heating / cooling measures.	No opinion. The Navigant team does not have the information to express an opinion on the findings and the resulting recommendation.

Witnesses: S. Dimetrosky
L. Gage
D. Violette

ES8	Consider establishing a policy that defines an eligibility floor and cap based on simple payback period for energy efficiency projects.	Disagree. This type of policy can have unintended side effects in designing cost-effective programs and providing opportunities for broad participation across customers eligible for a program.
ES9	Consider establishing an official definition for EUL and implementing a study to define EULs for program measures	No opinion. The Navigant team does not have the information to express an opinion on the findings and the resulting recommendation.
ES10	Track metrics for how long it takes from the final installation verification to the posting of incentive payments.	No opinion. The Navigant team does not have the information to express an opinion on the findings and the resulting recommendation.
ES11	Increase transparency of "influence adjustments" and do not include in gross savings	No Opinion. Do not have the information to express an opinion on the findings and the resulting recommendation.
ES12	Conduct a process evaluation to improve Large Volume influence on customer projects	Agree with comment. A process evaluation should be conducted for all large programs. As a note, some free-riders are to be expected in even the most well-designed program, and even relatively high levels of free-ridership are not necessarily bad as long as the program is cost-effective. Often, high levels of free-ridership occur with more mature programs and are accompanied by great amounts of spillover and market transformation / effects.

Witnesses: S. Dimetrosky
L. Gage
D. Violette

		A complete picture of program-influenced energy savings is needed that include all the components of NTG.
ES13	Consider approaches to market that leverage third-party vendors.	Agree with comment. Clearly, this consideration is a best practice for most any EE program. The DNV study found trade ally influence to be relatively low. However, this finding could be due to the survey design where this influence was explored only when the customer "recalled" trade allies as being influential in their decision. Exploring the role of trade allies known to have participated with the program more directly might have shown the influence of these important market actors to be more significant. Customers may not be aware of all the different ways trade allies can influence program savings and, if aware, they may not accurately recall the role of trade allies after a two-year time period. This could have increased the program influence identified in the NTG study.