

Measuring it Right

Advancing policy-maker education on sound cost effectiveness testing.

May 2, 2013

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National Home Performance Council



The National Home Performance Council

- National, non-profit organization
- Supports whole-house upgrade programs through research and convening projects
- Addresses problems that limit growth and development of whole-house programs

NHPC Stakeholders

- Federal agencies (DOE)
- State energy offices (NASEO, MD, NY, TX)
- Program implementers (CSG, ICF)
- Utility sector (EEI, LIPA, and currently reaching out to several others)
- Industry (NAIMA)
- Real estate (Eco-Brokers / AEEREP)
- Non-profit stakeholders (ACEEE, ASE, EPC)

Cost-Effectiveness Tests

- California Standard Practice Manual: dates from 1983
 - “Standard Practice for Cost-Benefit Analysis of Conservation and Load Management Programs”
- Forty-five states use one or more of these tests for evaluating demand-side programs

Cost-Effectiveness Tests

- Five tests:
 - Societal Cost Test (SCT)
 - Total Resource Cost Test (TRC)
 - Program Administrator Cost Test (PACT)
 - Ratepayer Impact Measure Test (RIM)
 - Participant Cost Test (PCT)

Stakeholder Cost-Effectiveness Concerns

- Stakeholder concern: cost-effectiveness tests are becoming a significant constraint on the growth of the energy efficiency industry, particularly whole-house programs
- Questions:
 - What exactly are the problems
 - What can be done to solve it?

Problems

- Home performance programs having difficult time clearing tests, with the TRC the most-discussed hurdle
- Tests preventing programs from getting off the ground
- Tests imposing significant constraints on existing programs
- Excellent programs, some with strong track records, constrained or jeopardized by tests

Cost-Effective Purpose and Rationale

Do the benefits of energy efficiency outweigh the costs?

- Test is must provide a balanced approach to the benefits and costs that are considered or they are meaningless in guiding policy.

Tests are Important Analytic Tools

- Testing is important and can help to ensure that programs have real benefits
- But tests should be used mindfully -- larger goals important
 - Reduce consumer bills
 - Reduce energy consumption
 - Meet EEPS goals

Proposed Solutions

- NHPC White Paper: “Measure it Right”
 - Proposes “Best Practices” approach
- Synapse Energy Economics Paper: “Best Practices in Energy Efficiency Program Screening”
 - Discusses a wide range of best practices
 - Addresses issue of which test to use
 - <http://www.nhpci.org/researchpublications/reports.html>

Recommendation

- Use Societal Cost Test or Total Resource Cost Test as the primary tool for evaluating programs -- but only if best practices can be applied
- Use Program Administrator Cost Test if best practices cannot be followed, or if test best meets policy goals

Policymaker Education

- **State-based Education**
- Legislature – state legislature can direct testing
- Administration – Governor's offices may be strong advocates with some PUCs
- Public Utility Commission – may change the tests to add balance.

Policymaker Education

- **Activities**
- One-on-one Policymaker Education
- Proceedings/Hearings
 - Urging proceeding and commenting/testifying
- Governor's Office Engagement
- Media Education

Stakeholder Engagement

- **Stakeholders Key to Change**
- Advocates
- State Insights
- National message
- Strength in Numbers

Want to join the effort?
Please Contact Us

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Thank you!

