EnergyTrust of Oregon, Inc.

Evaluation Committee Report

May 11, 2007

Evaluation Committee Notes

The Evaluation Committee met on May 11, 2007, with Debbie Kitchin, chair; Alan Meyer, board member; Margie Harris, executive director; Fred Gordon, director of planning and evaluation; Philipp Degens, evaluation manager; Phillip Kelsven, evaluation analyst; Steve Lacey, director of energy efficiency; Don Dohrmann, ADM Associates; The meeting began at 10:00 AM with an overview of the meeting's agenda.

Fred Gordon began the meeting by stating that the purpose of today's meeting is to discuss the Net-To-Gross methodology that Energy Trust uses in evaluations of its programs. The goal of the meeting is for the committee to come to a consensus regarding which free-ridership methodology to adopt and use in evaluating Energy Trust programs.

Philipp Degens prepared a presentation to guide the committee's discussion on Net-To-Gross methodology. The presentation included:

- How and why market effects are evaluated
- Definition of terminology
- How market effects are used to report savings
- What other states are doing
- Two main methods: 1) Survey based 2) Econometric
- The main issues with each type of method
- A comparison between the two methods using recent evaluations

Discussion about the topic included:

- Savings cannot be "solely attributable" to Energy Trust or a particular program. There are many other factors that cause energy efficiency to happen.
- Likelihood of people overstating their intentions to implement energy efficiency without Energy Trust incentive. People say that they would still implement energy efficiency because it is the "right thing to do," and believing that it is good for the program.
- Free rider issues with megaprojects. Due diligence is performed during the planning and funding phases of the project. Participants going on record to the fact that Energy Trust funding is necessary for project to move forward, ruling them out as free riders. Decision making process of these customers need not be revisited during later evaluations.
- The manner in which the answers are weighted is important to the final free-ridership estimates. Energy Trust currently weights each question equally, after an initial financial screening question, which rules out free-ridership if the participant does not have the financial capability to implement the measure.
- There is not a significant difference between free-ridership estimates between the method currently used, and the California Evaluation Protocol method.

- Independence of evaluation contractors means that proposed Net-To-Gross methods may differ.
- Energy Trust reserves the right to indicate which Net-To-Gross method it prefers in evaluations of its programs.
- A standard Net-To-Gross method may not fit certain programs such as a new or pilot program. There are also important differences for Net-To-Gross methodology across program sectors.
- Spillover is difficult to quantify with accuracy. It is easiest in the residential sector, but more difficult in the Commercial and Industrial sector.
- Energy Trust should spend more effort quantifying participant and non-participant spillover. It is possible that energy savings from spillover may cancel out savings deducted due to free riders.
- Estimates of spillover from regional evaluations conducted by NEEA should be used to identify possible spillover.
- If spillover claimed from outside evaluations is found to be significant, Energy Trust should spend more of its own resources attempting to quantify spillover.
- Spillover should be given equal importance with free-ridership in all Energy Trust evaluations.
- Spillover should be given more importance on a going forward basis, rather than looking back to completed evaluations.
- Energy Trust needs to ask customer satisfaction questions in all evaluations.
- Satisfaction questions are currently being asked in all evaluations.

Committee Decision:

- Energy Trust will use the current Net-To-Gross methods. A timing question will be added to identify when or if the participant would have implemented the energy efficiency measure in the future.
- Energy Trust will increase efforts to accurately quantify participant and non-participant program spillover.

The Evaluation Committee concluded at 1:15 PM.