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MEMO

Date: August 31, 2009
To: Board of Directors
From: Greg Stiles, Sr. Business Sector Manage
Philipp Degens, Evaluation Manager
Subject: Staff Response for the 2006-2007 Building Efficiency Impact Evaluation

The Existing Buildings (EB) program increased its scope in 2006 and 2007 providing incentives for measures to over 3,000 nonresidential buildings. It was estimated that over one in ten buildings of the total commercial building stock in Energy Trust's service territory took part in the program over these two years above and beyond installing energy efficient spray valves (slightly more if those buildings installing only energy efficient spray valves are included).

Based on site visits, the program did a very good job of estimating energy savings of both gas and electric efficiency measures. Lighting savings based on billing analysis fared poorly. This was inconsistent with site visit results that had realization rates (97-98%) for efficient lighting. Earlier studies also indicated that on average lighting measures hours and change in watts were being correctly estimated. Energy Trust plans to perform site visits in Q4 2009 of a sample of the 2006 and 2007 lighting-only sites to validate billing analysis results. The findings will help Energy Trust evaluate the use of billing analysis in our evaluations of nonresidential buildings.

Increasing free rider rates estimated in the evaluation are indicators that the participants perceived that the program's influence has waned over time. With the program working with a considerable portion of the market over a significant period of time it is not unexpected that the perceived influence of the program is declining. Over 40% of the participants are reporting that efficient equipment is standard and the majority of interviewed vendors report including efficient equipment in the majority of their bids. The free rider rates did not reveal significant trends that could provide guidance for program redesign. Energy Trust is currently running a pilot that gathers feedback on free ridership and program satisfaction closer to the time of the investment decision. The pilot also aims to determine what collection methods provide adequate, cost-effective response levels. Energy Trust hopes to integrate this information gathering into a process that generates regular reports on program feedback.

Another indicator of a transforming market is that both participants and nonparticipants more frequently install energy efficient equipment without incentives. Only a small percentage of participants (2%) and nonparticipants (3%) report that the program had a high level of influence on their purchase decision. In the case of nonparticipants even this small number could have a significant program multiplier effect. Energy Trust is not currently considering any attempts to quantify these

spillover impacts as they would require significant resources to estimate both the preconditions (baseline) as well as verifying the operations and specifications of the installed equipment.

Energy Trust plans on continuing to actively work through contractors and other supply chain trade allies, as well as having the PMC directly engage customers and their trade associations. The program offerings are well aligned with both participants' and nonparticipants' stated needs and thus should be able to ramp up if and when required. The study's finding of an increased number of firms with energy policies and a designated staff member in charge of energy and energy efficiency decisions will provide the program with a single contact and champion at many firms. The tenant market was also identified by the evaluation as a challenging market that would require some research to identify new strategies to reach this customer segment.

When rolling out new measures, such as the spray valves, Energy Trust plans on monitoring how they are being received by the market. In the case of measures that are being offered through a pilot initiative, monitoring will be part of a more formal pilot implementation and evaluation process. Other measures that expand to contribute a significant share of a program's efficiency portfolio will be reviewed to determine if a separate analysis is warranted outside of the standard program evaluation cycle. Program staff will continue to review project documentation and studies for completeness to ensure consistent and replicable savings estimates.

To increase the evaluation participation rate, the program plans on communicating the need for, and the expectation of participation in, evaluations to participants.