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MEMO

Date: October 1, 2010
To: Board of Directors
From: Philipp Degens, Evaluation Manager
Kim Crossman , Sr. Industrial Sector Manager
Subject: Staff Response to the 2008 Impact Evaluation of the Production Efficiency Program

The Production Efficiency (PE) program is now in its eighth year of operation. The evaluation covers the first year in which Energy Trust staff was responsible for the program management.

The PE team of Energy Trust staff and PDCs continue to do a good job in accurately estimating energy savings from projects. The overall realization rate of 86% reported in the study included many projects that were adversely impacted by the downturn in the economy. Taking economic effects out of the estimate would have brought the realization rate to over 90%. The simple methods used to adjust for economic effects continue to be viewed as appropriate.

Two factors alluded to in the report will require adjustment of the reported 86% realization rate. The first is the use of a three year moving average of end use specific realization rates to estimate savings of sites that did not receive a site visit. This 3 year moving average was calculated in the report but not used in the final calculation of the realization rate. This method was discussed at length with the Energy Trust Board Evaluation Committee, and adopted for use in future evaluations. Use of the moving average will increase the average overall 2008 program realization rate to 88%.

The second factor is that Site 22 actually completed its project a few months after the evaluation site visit was performed. A subsequent site visit was performed and resulted in an estimated realization rate of 176%. As the measure was installed two years after the savings were claimed the savings were de-rated by 20% (2 years of the 10 year expected project lifetime). Inclusion of these savings brings the overall program year savings realization rate to just under 91%. Inclusion of these savings follows the study recommendation of tracking larger projects and was discussed during Evaluation Committee meetings.

The PE program is changing in that more savings are coming from smaller projects. This change will impact future evaluations requiring a larger sample of site visits to obtain accurate estimates.