

SESSION 5E

SPILOVER AND NET-TO-GROSS: PURSUING ACCURATE EVALUATION OF ENERGY EFFICIENCY PORTFOLIO RESULTS

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PANELISTS:

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SESSION SUMMARY:

Assessing accurately the energy savings resulting from the increasingly multi-dimensional energy-efficiency portfolios and increasingly mature markets in which they operate is becoming very difficult. The increasingly mature energy-efficiency market is even finding itself hard-pressed to deliver the energy-efficiency goods and services being demanded by customers, public officials, and corporate entities intent on riding the “Green” bandwagon wave. Optimizing how public resources are used to take advantage, foster, and leverage private actions will require more than ever, the careful evaluation of the net savings impacts resulting from specific interventions or portfolios of these given the increased interest, resources, and role energy efficiency is expected to play to mitigate climate change impacts and reduce socio-political tensions from our energy use.

A key concept in determining the net energy savings impacts from a specific intervention (or portfolio of these) is the Net-to-Gross (NTG) ratio, which endeavors to correct gross savings impacts observed by subtracting what would have happened under a business-as-usual scenario. The NTG ratio seeks to both estimate free riders (those who would have taken action absent the intervention) and spillover or free drivers (actions taken by both participants and non-intervention participants as a result of the intervention beyond the direct impacts of it). In the past, when few customers had been “touched” by energy-efficiency program interventions and there was no energy-efficiency market infrastructure, evaluation methods existed to estimate NTG with some degree of confidence. Currently there is a growing concern and agreement among evaluation practitioners, policymakers, and portfolio implementers that NTG estimates are uncertain and the methods for estimating it in dire need of revamping. Indeed, even the applicability of the NTG concept in today’s context is suspect. Yet portfolio implementers and overseers need to be able to estimate the cost-effectiveness of the measures, interventions and strategies being used to optimize resources to maximize future energy savings results.

The panel draws from the California, Northwest and New York experiences to describe how each of these arenas is struggling with the continued application of the NTG concept. Panelists will also propose ideas on how to improve current methods so as to be able to improve the accuracy of net savings estimates and optimize energy-efficiency portfolio offerings.