Measuring it Right
Advancing policy-maker education on sound cost effectiveness testing.

May 2, 2013

Kara Saul Rinaldi
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
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
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

  • 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
National Home Performance Council

Kara Saul Rinaldi
Executive Director
Kara.saul-rinaldi@nhpci.org

www.nhpci.org

Want to join the effort?
Please Contact Us
Thank you!