

Reducing Evaluation Uncertainty in Large Custom Projects

*2014 International Energy Policies & Programmes Evaluation
Conference*

Berlin, Germany



September 2014



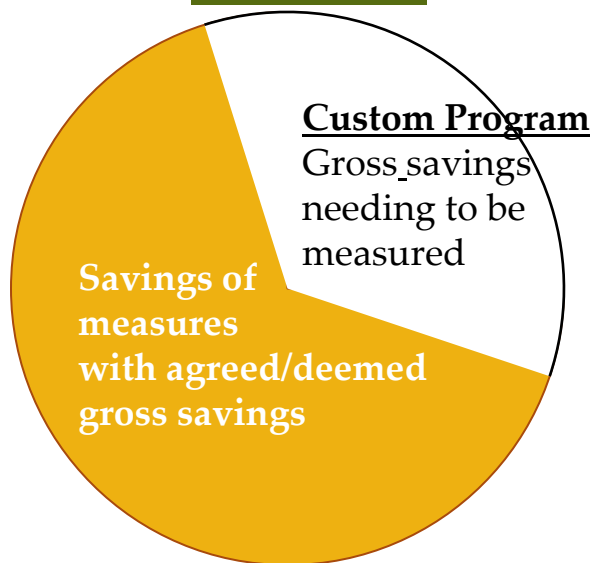
©2014 Navigant Consulting, Inc.
Confidential and proprietary. Do not distribute or copy.

Table of Contents

1	Background and Overview
2	Approach
3	Reduced Realization Rate Variability
4	Improved NTGR Predictability
5	Overall Research Results
6	Conclusions

The research team wished to minimize any savings surprises at program year-end for the largest source of savings uncertainty, the Custom Program.

Savings



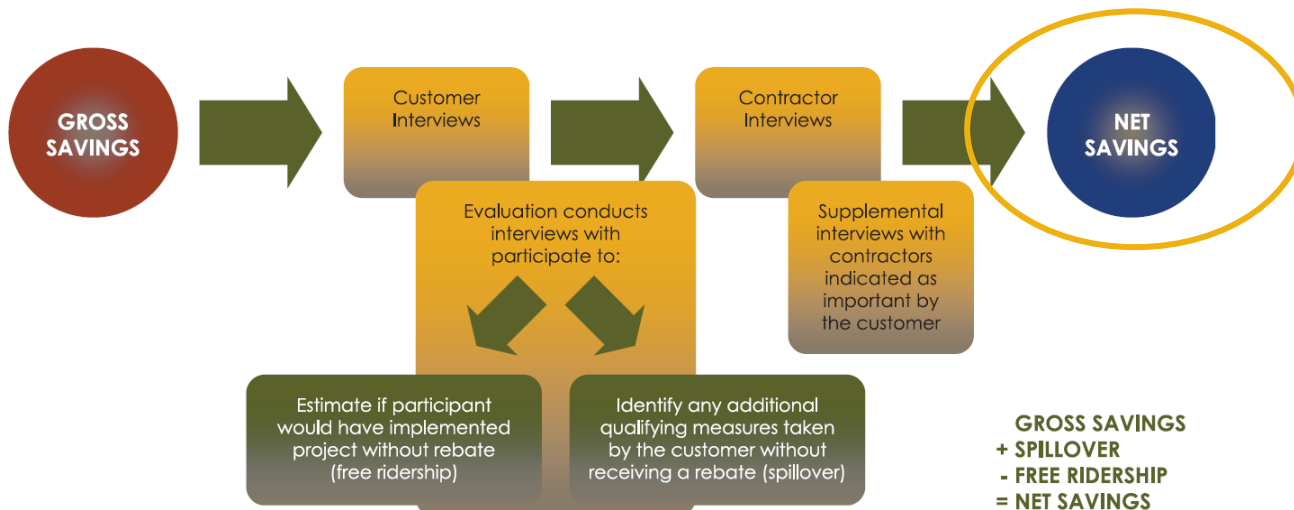
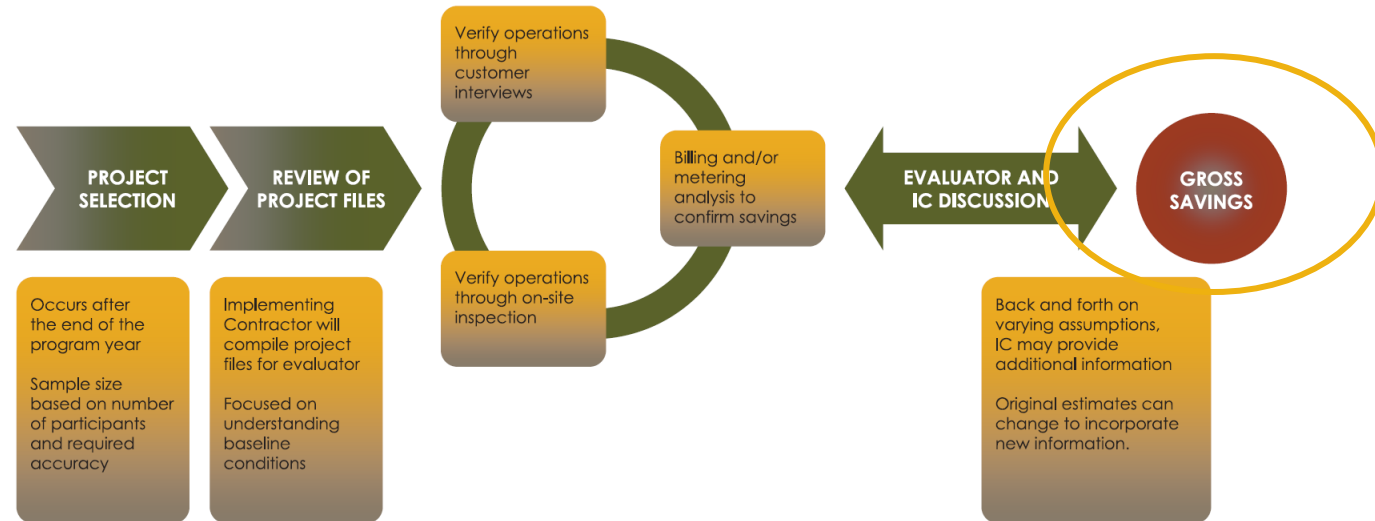
UTILITY ENERGY EFFICIENCY PORTFOLIO

Custom Program Delivery Structure

Utility	Nicor Gas/AGL
Program Vendor	CLEAResult
Utility Evaluator	Apex Analytics
Independent Evaluator	Navigant Consulting

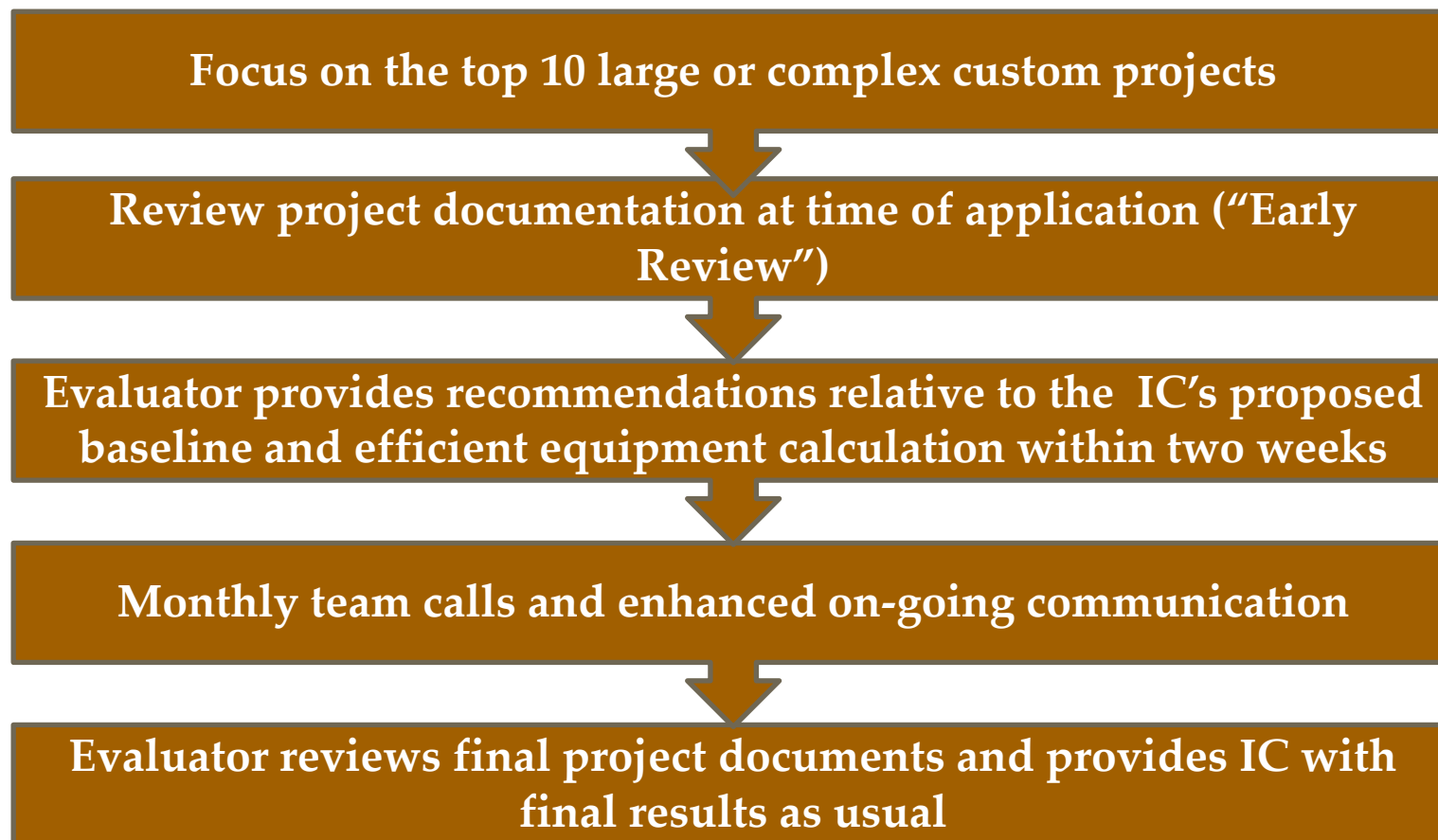
Environment	Outcome
Mandated Savings Targets	Penalty or Bonus for Missing
Net Savings Targets Not Gross	Attribution Uncertainty
Agreed Savings Values for Some Custom Measures	Lower Uncertainty
	Uncertain Gross Savings

The team developed methodologies to address variability in both gross and net savings, where “net” reflects the concept of additionality.



To improve gross savings predictability, the team implemented a five-step “Early Review” process.

Early Review Process of Custom Project Gross Savings



The team also developed an implemented a process to reduce the uncertainty around the impact of additionality (NTG) research.

Traditionally, participants are interviewed about their intentions after program year-end

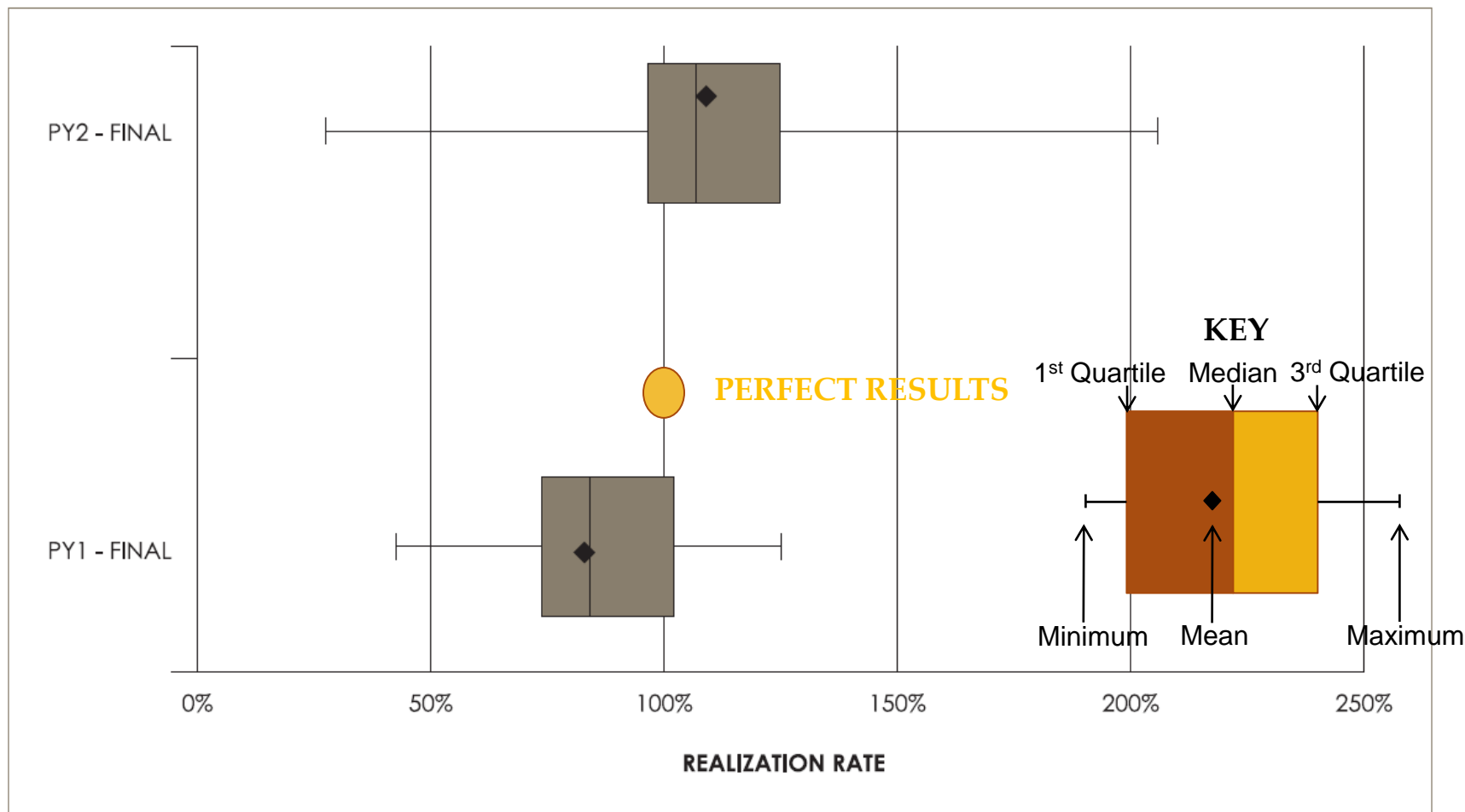
Revised Net-to-Gross Research Approach

Contact participant as soon as project incentive is paid, with a focus on prior plans

Conduct second round of interviews at program year-end to identify additional unincented actions taken due to the program

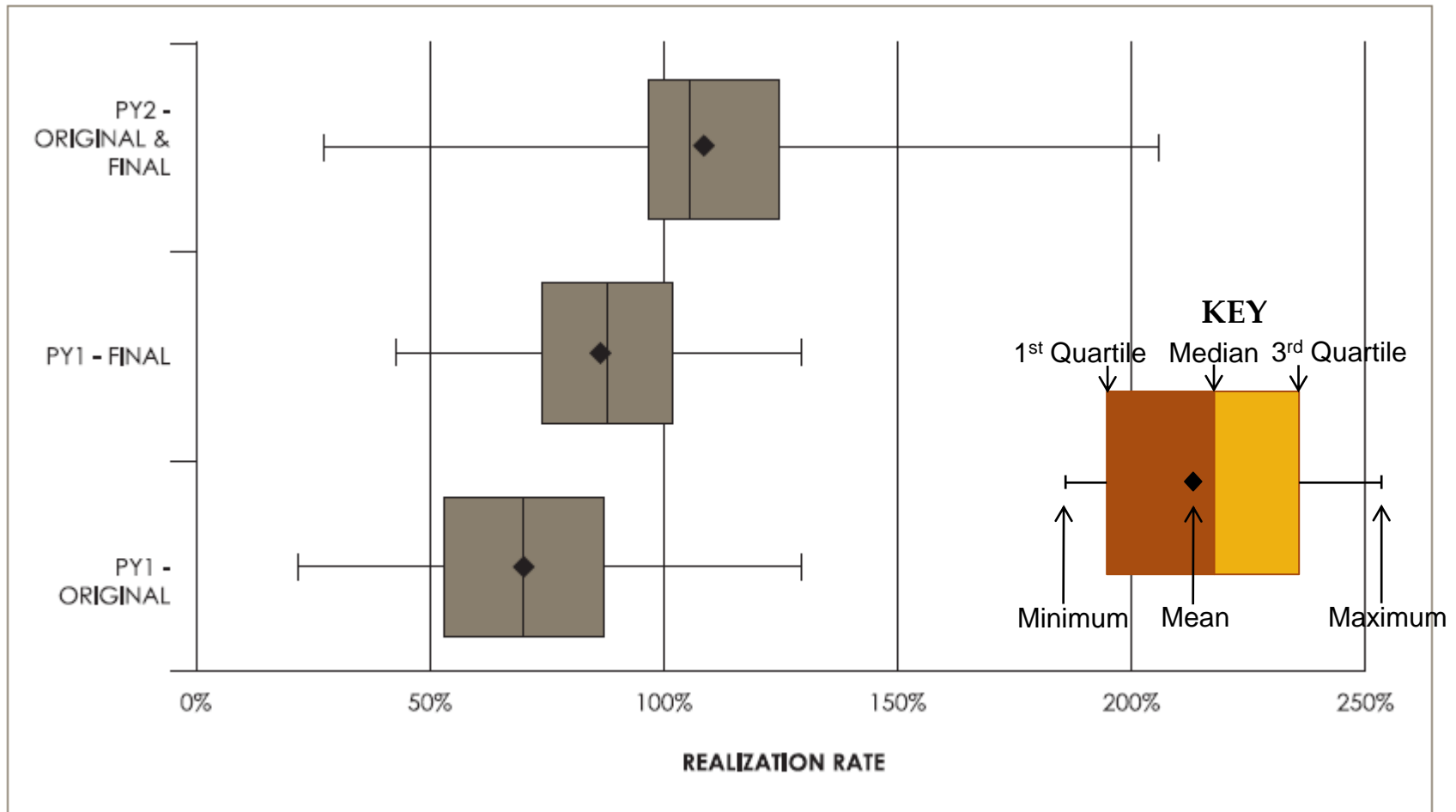
Overall results show minimal reduced variability overall due to changes in customer operations and the evaluator's use of different weather data.

Verified Gross Savings Vs. Reported Gross (Realization Rate) in PY1 and PY2



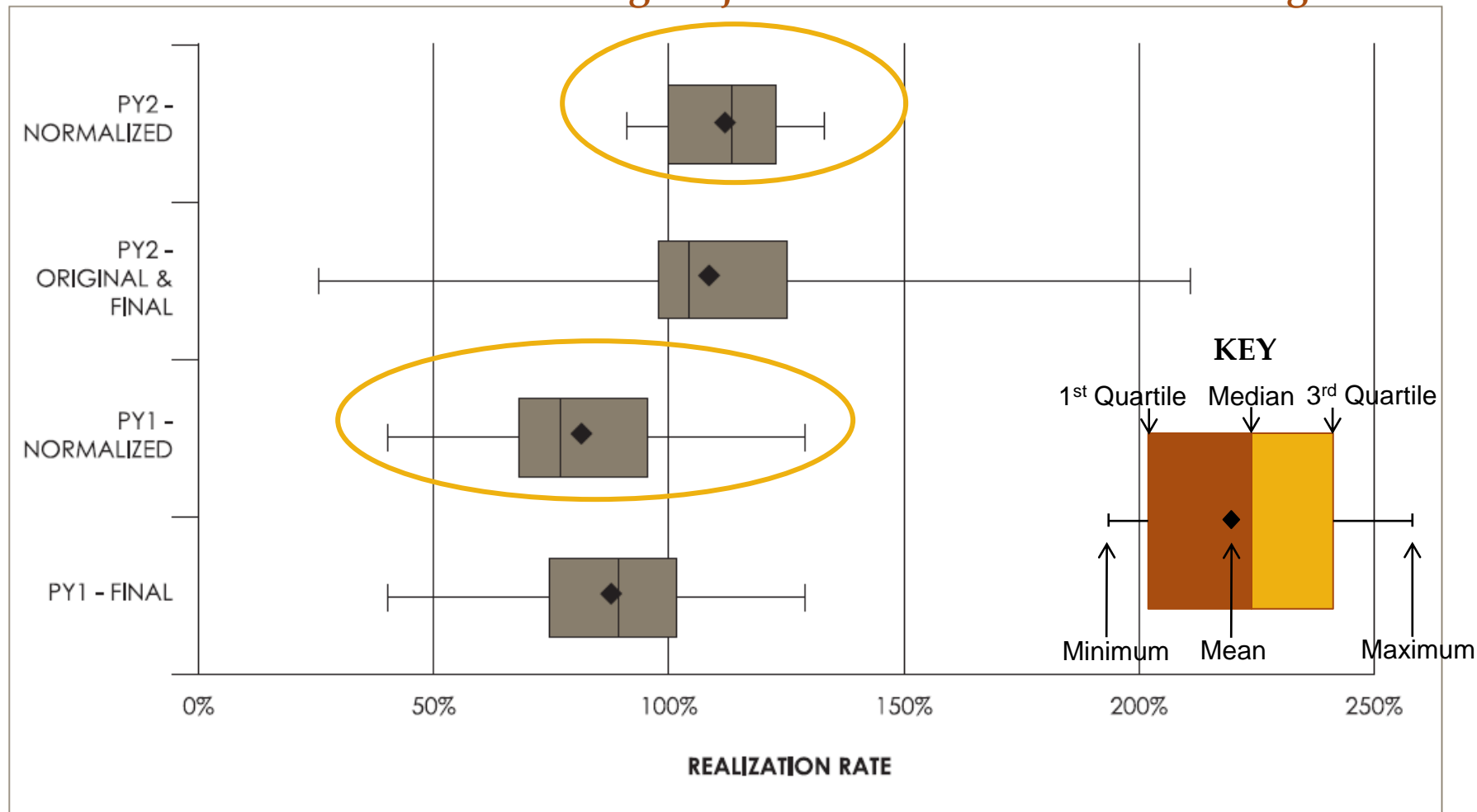
While there was a large change in the evaluator’s initial PY1 findings for new information, PY2 original and final values were unchanged.

PY1 and PY2 Original and Final Realization Rates



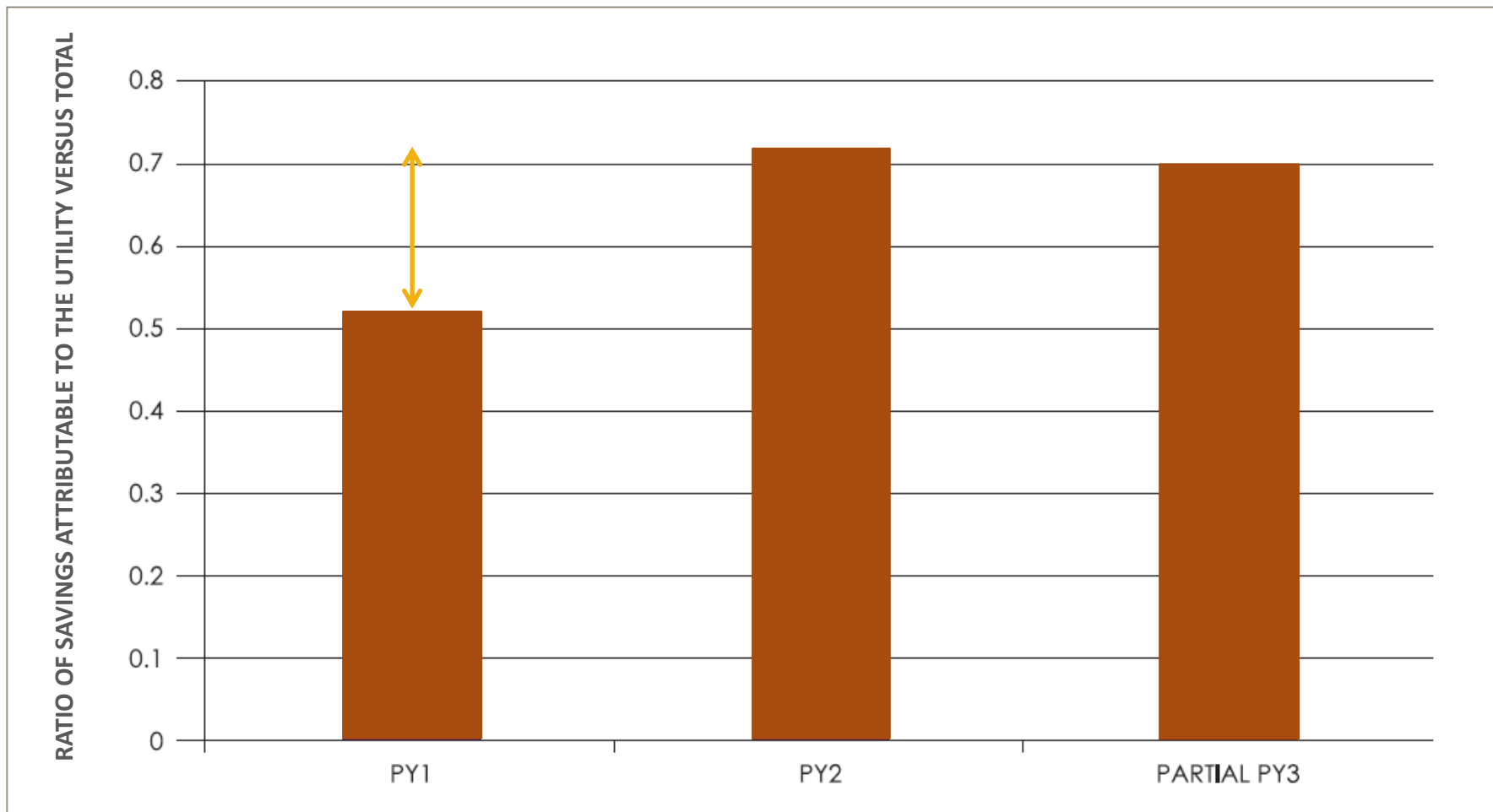
Removing projects where uncontrollable parameters changed clearly shows the reduction in savings variability due to our collaboration.

Realization Rates Excluding Projects with Uncontrollable Changes



Early NTG research has reduced significantly the uncertainty of the final net savings for the custom program in the last two years.

Custom Program Net Savings Ratio Relative to Gross Program Savings



The overall results from the changes in methodologies were favorable, with four key benefits identified

Overall Results

- **Enhanced ability to accurately project program year savings**
- **Timelier, higher quality program feedback**
- **Incentives paid** were more in line with the savings attributed to the program
- **Final program reporting accelerated dramatically** due to the on-going communication

The revised approaches delivered solid benefits and can continue to be refined.

Conclusions

- **All team members benefited** from the new approach and recommended continuing with it.
- Higher front-end process **costs were offset** by lower back-end costs.
- **The evaluator** still determines **final year-end savings, but with more thorough project documentation,** and processes are better understood by all.

Key CONTACTS



Julianne Meurice

Navigant
Chicago, IL
312.583.5740
julianne.meurice@navigant.com

Nick Beaman

Navigant
Burlington, VT
802.526.5107
nick.beaman@navigant.com

Lorraine Renta

Navigant
Verona, WI
608.497.2341
lorraine.renta@navigant.com

Jim Jerozal

Nicor Gas
Naperville, IL
630.388.3390
JJeroza@aglresources.com

Scott Dimetrosky

Apex Analytics, LLC
Boulder, CO
303.590.9888
scottd@apexanalyticsllc.com

Nate Warren

CLEAResult
Madison, WI
608.250.2398
Nathan.Warren@clearresult.com

