

Comments on Ameren IL and ComEd NTG Evaluator Proposals February 21, 2014

This document contains comments and questions from EE SAG participants on the Ameren IL and ComEd NTG evaluator proposals.

ComEd Questions/Comments, 2/17/2014:

Date: February 17, 2014
To: Navigant Consulting
From: ComEd EE Planning
Subject: PY7 NTG recommendations for ComEd Programs
Cc: SAG members; ICC Staff

ComEd has reviewed the draft NTG recommendations for ComEd's PY7 programs presented on February 11, 2014 and offers the following comments:

1. Spillover has not been included in many programs due to limited measurement to date. ComEd's Order for PY7-PY9 allows for evaluators judgment to include spillover when measurements have not been made. Sources for including spillover can include secondary research and statewide info on similar programs.
2. The evaluation team is revising the C&I New construction NTG methodology for PY6 because it is apparent that the methodology used in PY3 and PY4 did not accurately represent the program's influence on participants. The PY4 value being proposed as the recommendation should be reviewed, especially in terms of missed spillover.
3. ComEd questions the recommendation for Data Centers, which was based on a small sample in PY5 and resulted in relative precision of +- 18%. This is another program where ComEd feels the NTG methodology underestimates the program's influence. The Technical Advisory Services do not appear to have been considered. ComEd plans to discuss with the Evaluation Team changes in the NTG methodology and suggest changes similar to New Construction.
4. The NTG recommendations for FFRR should be separated between JACO pickups and retail channels. ComEd is still formulating comments on the retail aspect of evaluation, but feels free-ridership has been overstated. The local retailer in the program had an evaluated free-ridership of 99% (prior to increasing free ridership due to Program Induced Replacement of 7% for refrigerators). ComEd has questions around the 99% free ridership, which is based on surveys, and what level of verification was conducted on actual disposals by 3rd Parties. ComEd is also reviewing whether to keep that specific retailer #1 in the program, which if eliminated would then skew the recommended NTG to remaining participants. Going forward, retail channel participation will be monitored, but differences in results are considerable between participant types.
5. It was not clear if the Multi-family Comprehensive projects recommendation was for retrospective determination, but the intent of the framework was to have prospective values.

ComEd feels the nature of these MF projects would be very similar to SBES, and should have a similar NTG.

Geoff Crandall, MSB Energy Associates; Response from Annette Beitel, Independent SAG Facilitator, 2/18/2014:

Geoff,

The time to address your questions, below, is next Tuesday, February 25th. The entire day is devoted to NTG values. We will not be covering NTG values after next Tuesday. I see three questions, below:

1. For example, if there are only deemed values for a program and those values have been used for multiple years - would you make a recommendation to use a NTG value based only on rough-guess/deemed values and those values applied to a future period? Both Navigant and ODC/Cadmus can comment on this question orally.
2. Also, how is it that your EMV team would know the unique market conditions, local ordinances, statewide codes, legislative and regulatory environment when considering use of a NTG/SO study from another jurisdiction? For the large majority of values, the NTG values are from IL. If SO is being used, it is from another IL utility.
3. Under what circumstances would you feel comfortable transferring results to IL? Evaluators, please be prepared to identify what values or components of values are being used from other jurisdictions. Again, in general this practice appears to be very limited.

Evaluators – by this e-mail, please be prepared to respond to Geoff's questions next Tuesday during the NTG discussions, and also identify which NTG values or NTG component values are being used from other jurisdictions.

Thank you,

Annette

From: crandall msbnrg.com [<mailto:crandall@msbnrg.com>]

Sent: Monday, February 17, 2014 5:46 PM

To: msutter@opiniondynamics.com; jeff.erickson@navigant.com; harnold@opiniondynamics.com

Cc: Celia Johnson; Chris Neme; @ Mosenthal, Philip; Justin Vickers; John Paul Jewell; Annette Beitel; Hinman, Jennifer

Subject: Questions re: EMV Team NTG & Spillover Analyses

I have a few questions for each of the EMV teams to respond to over the next few SAG meetings not re: formulating NTG and Spillover values.

Some of these you may consider to be quite basic and perhaps have already been covered - but I did not see that you address them in past reports and handout materials. It will be helpful to understand the decision making process you use in making recommendations to the ICC. For example, if there are only deemed values for a program and those values have been used for multiple years - would you make a recommendation to use a NTG value based only on rough-guess/deemed values and those values applied to a future period?

Also, how is it that your EMV team would know the unique market conditions, local ordinances, statewide codes, legislative and regulatory environment when considering use of a NTG/SO study from another jurisdiction? Under what circumstances would you feel comfortable transferring results to IL?

I realize some of this will not be easy and would appreciate knowing your intended course of action during the upcoming discussions.

Thanks very much,

Geoff Crandall

Phil Mosenthal, Optimal Energy, 2/18/2014:

Overall, I commend the evaluators and utilities for a very good call and process. It was very helpful that materials were provided in advance, and the spreadsheets were very clear and the presentation was easy to follow. Great job and I believe we can reach consensus by March 1 without a huge investment in time.

In the future, if Ameren/ODC could also include historic values in its spreadsheets that would be helpful because I believe it is useful to see how consistent evaluations are, whether one might be an outlier, and also if any trends are apparent.

In general, I believe the proposed NTG values are reasonable and have a reasonable basis and support consensus on them, with a few exceptions, listed below. Note that I believe all of the below items would result in small overall impacts at the portfolio level (some in each direction), with the exception of the application of the non-participant spillover study.

ComEd:

Multifamily CFLs: As I understand it the 0.98 NTGR is based on property manager surveys, or at least some weighting given to property manager surveys. The prior (PY4) value was 0.81 based on tenant surveys. Because these are primarily or solely in-unit screw-in bulbs, I do not believe property manager information is relevant to the likely free ridership of tenants purchasing CFLs. Further, given the market, small incremental price (if any) and EISA, it seems highly unlikely that only 2% of tenant bulb purchases would naturally be CFLs, especially in PY7 when further EISA restrictions have begun. Absent other information I recommend continuing to use the 0.81 NTGR for in unit CFLs. That said, if the program also is installing common area lighting I would defer to property manager information on that portion and develop a weighted average between the common area and in-unit CFL values.

Complete Replacement: The shift from a 0.59 NTGR (PY4) to 0.99 (PY5 based on addition of trade ally spillover) is unclear. The note and values listed do not seem consistent with the 0.99 value. We agreed this would be more fully explained on the 25th. However, in general I believe trade ally input should be used with a grain of salt in this instance. First, I believe they have a vested interest in exaggerating the programs impact on their sales. Second, while they certainly influence customer decisions, they may not know what the customers were originally intending. Also, given the relatively high free ridership values for CAC/HP and furnaces/boilers in general, it seems likely that a significant portion of these customers might have been considering high efficiency units despite the trade ally thinking it was only because of them (see Ameren comment related to HVAC spillover below for more on this issue).

Business New construction: I would support evaluators suggesting a reasonable deemed spillover to be added to the NTGR for this program based on literature search (and also for Ameren if they do not currently assume any spillover).

Ameren:

HVAC spillover: The non-participant spillover value for CAC/HP is 0.26 based on trade ally surveys indicating this is the increase in sales they have seen, even though they are not participating. However, it is not clear what portion of this is attributable to the program, as baselines are generally increasing anyway and there is a 60% free ridership estimate for this measure. It seems this methodology may be double counting by not incorporating the fact that it is likely roughly 60% of the non-participating trade ally's customers also would have installed high efficiency units as well. I suggest derating the 0.26 to 0.104 ($0.26 \times (1 - 0.6)$) which implicitly assumes 60% of the non-participating trade ally customers were also likely to install high efficiency units. A similar concern exists with the gas furnace/boiler measures, where the non-participant spillover value is 14%, with free ridership of 50% and 62%, implying an adjusted spillover value in the range of about 0.08 might be appropriate.

Multifamily In Unit: As I understand it the 1.0 NTGR is a planning value absent any primary research. I suggest Ameren adopt whatever values are agreed to for ComEd for these in unit measures. This is because ComEd has evaluated the program and while there are some differences in territory it seems highly likely ComEd values are closer to reality for this program than assuming 1.0. Further, given Ameren has found a slightly lower general population NTG for CFLs than ComEd, if there is a territory difference it would indicate it might be an even lower NTGR for Ameren (although I would agree these might not be significantly statistically different). Note if it ultimately is agreed to stick with the ComEd value of 0.98 this may not matter. However, I believe that number is too high for CFLs and should be reconsidered. I would support a value closer to 1.0 for the gas in unit measures.

AC Recycling: I understand that the Ameren value of 1.0 NTGR for AC recycling is a planning value and not based on any studies. However, ComEd did evaluate these in its program and obtained a 0.5 value (PY5). Further, ComEd and Ameren free ridership values for refrigerators and freezers are historically similar, indicating that the program design is likely a stronger driver/predictor of NTG than differences between the territories. Therefore, I suggest Ameren also adopt this 0.5 NTG value for room AC.

Non-participant spillover: I would like to review the non-participant spillover study and will do that prior to the 25th call and if possible send any comments prior to that. Also, it seems that reaching consensus on some average value between including and not including the single large outlier might be appropriate, although that might depend on sample size and other things. Further, I would like to discuss whether this study should be considered at the statewide level, or only for Ameren. It seems likely to the extent we think it is a robust number that a similar result would exist for the other utilities. However, I also note that if we use the results from this study, we may need to adjust for any potential double counting with other program-specific non-participant spillover values. I am generally supportive, however, of attempting to quantify and include non-participant spillover at the aggregate level as I believe this is likely a significant long term impact of the programs.