

Economic Opportunity Studies

Washington, DC

Draft October 2001

Lessons Learned The Long Way

Integrating Utility Energy Efficiency Tasks with DOE Weatherization Assistance

Do's

Structure

Do!	Choose a single model of utility-to-agency relationships and programs statewide		MA, WA, TX
	Consider one of three successful models		
	utility to one lead local agency w/subcontracts		MA, NYC
	utilities to each local w/ identical program and state agency oversight		
	utilities to state WAP agency		TX
Audit & Diagnostics			
DO!	Adopt, unified, statewide, audit for government and utility that standardizes most measures and tests	High cost of performing multiple tasks/or different audits in one home; multiple testing or cost standards	MA (has one under development)
	Make that standardized audit broader than NEAT for measures and similar cost/benefit or "R.O.I."	Confusion and differences in PUC registration or legislation. Multiple tests inhibit smart mix of funds	WA
	Make the audit the guide to level of investment	Ceilings or flat rate will keep you from meeting energy cost R.O.I	KY, WV
	Ensure discretion for some crew investment decisions.	Need choice of investments in various sources or DOE, also choice of various standard audits to adapt to buildings, conditions	WA, MA
	Allow groupings of buildings to have eligibility and get treatment if R.O.I is positive for all together, include all. (not only unit-by-unit I.E.)	Indirect cost savings and or group efficiencies are a legitimate goal; community scale impact.	MA
<u>Do's</u>			

Goals & Measurement			
DO!	Make all utility investments 'fuel-blind'.		MA, WA, WV, KY, TX
	Include as program goals:		
	1) Sustainability/affordability/safety and protection (i.e. goals of client, not just those of utility)	See below: Test of costs/benefits need to have non-energy benefits added	WA, MA
	2) The positive consumer added to the energy benefits;	Fits WAP & LIHEAP goals and allowable expenditures. Reduces system's collection, bad debt and customer service costs.	MA
	3) The positive community impacts added to energy benefits	Fits community goals of both local agency and the utility	
Costs			
Do!	Use (at least) expected <u>retail</u> (kwh, mcf) costs as the standard		WI pilots
	Assure information sharing on program and fuel costs		MA, some TX,
	Include competitive salaries for crews and managers-and/or performance incentives (may be different from CAA system).		WI, MA,
Management & Quality			
Do!	Have a plan for managing growth & checking quality Ensure utility information sharing on costs important data on effectiveness and value. Do not allow the investments, costs, or benefits to be a "trade secret".	Partners must agree on changed rules and on form of reports evaluation studies.	MA, WV, WA, VA
	Build Quality control into WAP control. Use program and utility procedures together		MA, WA
	State program involvement builds support in WAP and outside		TX, IL
	In implementation phase include frequent, close communication among locals. Meet, write, include an attorney in the group, make adjustments as needed.		MA, NY
	Ensure regulators are involved in oversight / enforcement		MA, TX, OH

Eligibility			
Do!	Consider usage level as one factor with income.	High usage closely related to high burden and high savings. Allowances for family special needs, provides authentic estimate of burden. Targeting most 'in need' of investment requires significant sample size- i.e. large pool of possible homes.	IN, ME pilot, Ohio
	Have flexible method of calculating incomes. Use deductions; (Rx? child care?) use <u>at least</u> max federal eligibility level		MA, ME, NY
	Allow groups/blocks/neighborhoods not just individual unit	Economy of scale, overall higher benefit-to-cost ratio	NY
Timing			
Do!	Include ramp-up period	Training, hiring & equipment issues - utilities can not anticipate as well as the WAP partner. You need time-plan for it. Get goals low enough for start-up of utility program; raise them later.	MA, WA, IN
	Use (and train) contractors for faster build-up.	Makes adjustments simpler, deploys energy technology to the private sector	MA, PA
Installed Measures-Utility Program Must			
Do!	(Again! Be sure utility Program is fuel blind)		MA, WI
	Include appliance replacement	Major source of savings of gas and/or electricity	IA, TX, NY All
	Include combustion air safety tests & repairs	If not done, liability or walk-away policy are problems. DOE cannot cover these alone.	CA
	Include administration and direct costs in plan!	Utility partners must see 'real' cost; an honest comparison to their own overhead will demonstrate the efficiencies in local agencies	MA, WV, WA, VA
Information			
Do!	Allow no limits on shared utility data regarding all program costs (marketing, collections, purchases, etc.) and all benefits (customer service, arrears etc.)	The expectation is that many more will be served; high users, LIHEAP participants, not only payment troubled should be provided by utility to agency for outreach along with stepped-up utility communications to these customers.	WA, MA
	No limits on shared utility data regarding participants	The more restrictions on utility money, the more they should help outreach. Info-sharing/privacy policies should be in the Act, Order, and or rules, this avoids excuses.	MA
	Do not provide all other agency leveraging & other federal reports to utility		WA, KY
	Do not take all the responsibility for getting info & doing outreach to find homes; utility info & communications work must be built in paid for.		KY, WV, CO WI pilots

Do Not's			
Costs, Benefits/Results:			
Do Not!	Accept measure and/or expenditure ceilings per unit	Short term cost orientation will yield poor results on energy savings test. Also, it skews DOE investments to accommodate utility accounting-	KY, WV, TX, WA
	Agree to traditional utility cost test of success. (TRC, avoided costs performance-based, etc.)	Low usage, like that of most of the poor, obviously predicts lower savings potential in plus and money. Residential sector savings are marginal anyway in utility programs. Many benefits accrue to the client, utility and community. All are a return on the investment.	All!
	Allow inclusion of utility costs for 'soft' elements of their work.	When calculating costs, utilities will allocate a portion of their PR, billing, mailing cost if they can (see info DO's above)	MA, NH, WA
	Accept utility reports of any costs without an agreed method of audited, shared accounts	Your costs/investments will be documented. Require similar standards for all items included in utility reports to PUC/stock builders/legislator	MA
	Forget cost of appliance disposal	Utility must help cover	TX
Measures			
Do Not!	Require sharing with WAP <u>per each unit</u>	Limits utility funds overall and by unit. Needs vary--some may need one utility measure. (WAP Plus may permit support-only units)	KY, WA
	Exempt utility from Administrative share	It's false costing; public money would have to support private --could be political issue too as well as DOE rules issue.	KY
	Require customer lease or payment on appliances	High cost of collection information/billing even if customer <u>can</u> pay eventually.	TX
	Use only NEAT or a checklist	Added modules or selection tools are essential for mobile homes, large multi-family appliances	WA
	Limit to heating and cooling measures	Baseload offers big savings. Audit all options and then choose.	CA, TX
Eligibility		Rationale	
Do Not!	Prioritize payment-troubled customers	Use payment record as a warning sign may be needed. But just because these are the source of a problem the utility cares about does not assure they will be the best WAP candidate. Also, this will exclude those who sacrifice to make payments+C113	NY
	Forget high users as priority	This approach helps utility collections but is not related to max energy savings and will exclude those who sacrifice to make payments	MA

Don'ts Cont'd	Promise too many completions	Utilities fuel the need to serve the max. number of customers even if that limits savings per home. Could be it uses many contractors and gets low return.	CA, KY
	Restrict to DOE eligibility or to individual units only like DOE. Allow whole building or block.	Big efficiencies in administrative overhead, etc. covers the near-poor better; just assure R.O.I of whole project.	NY
Management			
Do Not!	Start a new state governing entity to new programs	Big delays, long-lead times can mean failure	CA, WA
	Sunset the program	No incentive for utility to get it right	MA