

Letter from the AESP Chair

Getting The Lights Back On

It is Thursday, November 1, 2012, 9 a.m. Pacific time and I have been watching the television coverage of the effects of Hurricane Sandy on the northeastern United States and it is reminding me of the work involved in keeping the lights on for all of us.

So far, most of the coverage around the energy component of the storm is how many people are out of power. As I write this, that number hovers around 5.5 million people who have no electricity. That's a big number, really big. And that fact is front and center in the minds of the utility personnel charged with bringing that number down to zero.

For those of you who have never been involved with this type of effort, let me tell you, it is an incredibly large job. I used to witness this type of work firsthand and I know of what I speak.

You know the line about firefighters and police: "They are running in while we are running out." That's true of the local utilities as well. They were massing crews on the edge of the evacuated areas as the storm was raging and they were among the first to head in as soon as the storm was over, right alongside the police and fire departments, the National Guard, the Red Cross and all of the other people and organizations necessary to deal with a natural disaster such as this.

The number of men and women working in the field, their trucks and other necessary equipment is mind boggling. So, too, is the number of people charged with supplying those teams, coordinating their activities, keeping track of the damage and associated repairs, and testing systems to make sure they are safe and can be reenergized when the work is done. These people all take situations like this very personally and they work incredibly hard to fix the problems. Things like their own comfort, sleep, food, dry



John Hargrove
NV Energy

November 2012

Upcoming Events

Chapter Events

November 15 - Chicago
[Chapter Meeting](#)

November 15 - Rocky Mountain
[Chapter Meeting](#)

December 11 - National Capital
Chapter Meeting and Happy Hour

Brown Bags

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November 8
[Screening Energy Efficiency; Best Practices](#)

November 15
[Implementing EE Programs in New York's and Maine's Multifamily Buildings Sector](#)

If you would like to organize a Brown Bag, please contact Kisha Gresham at kisha@aesp.org.

AESP Training Courses

January 28, 2013
Principles of Demand-side Management
Orlando, FL

January 28, 2013
Principles of Evaluation, Measurement & Verification
Orlando, FL

January 31-February 1, 2013
Strategic Marketing of your Energy Efficiency Program
Orlando, FL

January 31-February 1, 2013

clothes and families take a back seat in times like these as they go about their dangerous and necessary work.

And the work to organize this army isn't just starting now; it's been going on since the storm was first identified as a threat. Crews from other utilities up and down the eastern United States began heading into the area while the storm was still doing its worst. And crews from other regions in the U.S., including the West Coast, are heading to the northeast as well. In fact, NV Energy, my utility in Nevada is sending three crews (14 people in all) to help and we have given many of our contract crews releases to do the same. Imagine the logistics of managing all those people and resources. Wow.

When I get home tonight and turn on the television, I suspect I will see coverage of the local utilities doing the heroic work they are known for in times like these. Men and women in the field and in the command centers all throughout their service territories will be working long hours in extraordinarily hazardous, dangerous conditions with one goal in mind -- to get the lights back on. Because until they get that done, the rest of us can't get things back to normal and after an event like Hurricane Sandy, getting back to normal sounds pretty good.

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Orlando, FL

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January 28-31, 2013
[23rd National Conference](#)
Orlando, FL

April 29-May 1, 2013
AESP's Spring Conference
Dallas, TX

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Industry News

The following executive summaries of current news items were written for Strategies after being compiled from various news sources.

Efficiency Beyond the Low Fruit

Public Utilities Fortnightly (10/12) Haeri, Hossein; Ochsner, Heidi; Stewart, Jim

Maturing energy efficiency programs and lower avoided costs are limiting program administrators' ability to acquire cost-effective efficiency resources to meet their portfolio goals, making it time to look in new places for economic, long-term savings. Activity-based options in the industrial sector that revolve around continuous energy improvement have the potential to find such savings. Of the nearly 100 quadrillion Btu of energy America consumes each year, fully one-third goes into manufacturing. Energy systems are integral to the manufacturing process and can be found in varying degrees throughout all industries. These systems account for more than 85 percent of the energy used in the industrial sector. Nearly one-third of the energy input into these processes is lost inside the plant boundary, prior to use in the intended process. The diverse and widespread use of energy systems across the industrial sector, with their inherent inefficiencies, creates vast opportunities for energy-efficiency improvements with potentially significant savings potential. The most common programmatic framework for implementing activity-based energy efficiency in the industrial sector is the so-called continuous energy improvement (CEI), borrowing from the concept of continuous process improvement (CPI). CEI is simply a process of discovering and eliminating energy waste in small, continuous steps. CEI is accomplished when awareness is elevated about the role of energy in the production process, energy's costs, the value in avoiding these costs, and ways to avoid the costs. What is unique about the notion of CEI is that, like CPI, it involves everyone in the organization, from hourly workers to executives. CEI can reach parts of an industrial firm's organization that ordinary capital measures rarely do. And because it provides a way for companies to quickly realize cost savings, improve productivity, and yield operational benefits, CEI also can provide the reinforcement needed for management to proceed with the organizational changes required to fully integrate energy efficiency into daily operational practices. A sharper focus on CEI will be a hopeful sign, not only for program administrators, but for energy efficiency in general.

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Campaign for Lighting Energy Efficiency in Parking Campaign Launched

EDC Mag (09/28/2012)

TRC Energy Services

Have a Question...Ask AESP!

Do you need advice from your peers on your latest project or program? If so, submit your questions on AESP's listserv. Or, do you have the answer or advice for this recent post?

I am interested in learning about Internet-based residential demand response programs that have been implemented. Of particular interest would be programs that have been implemented at smaller utilities. I am interested in the technology used, customer eligibility, installation procedures and practices, participation levels, customer satisfaction, program costs, demand reduction and energy savings. Please contact George Phillips at Gphillips@MorganMP.com.

To subscribe to the listserv, email your request to mailsrv@aesp.org and type "Subscribe AskAESP" and your first and last name.

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AESP is a member-based association dedicated to improving the delivery and implementation of energy efficiency, energy management and distributed renewable resources. AESP provides professional development programs, a network of energy practitioners, and promotes the transfer of knowledge and experience.

AESP
15215 South 48th Street,

The Lighting Energy Efficiency in Parking Campaign has been launched by the Building Owners and Managers Association. The campaign calls for commercial building owners and managers to use energy-efficient lighting to conserve energy. Participating members identify parking structures where they can implement high-efficiency lighting. The goal of the campaign is to significantly lower energy usage in 100 million square feet of parking spaces. According to the Building Owners and Managers Association, the time to retrofit parking lots and structures is now. The association notes that retrofitting and using energy-efficient technology extends the life of the lights by as much as five times more. Furthermore, energy efficient lighting reduces energy costs by 70 percent and reduces maintenance costs by 90 percent.

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Green Button Spurs Apps for Customers

Intelligent Utility (09/12) Carson, Phil

Green Button is an open data standard launched by the White House Office of Science and Technology Policy as a way to boost engagement between utilities and customers. A new report by the IEE, a branch of the Edison Foundation, noted that so far, 20 utilities comprising nearly 30 percent of the nation's residential customers have created or are committed to creating a "Green Button" on their Web site for their customers. This Green Button allows customers to download information about their energy usage in an easy to understand way. The report also said 36 technology firms are developing apps that leverage data generated by the Green Button. Four of these apps were highlighted in the report, including one that helps customers select energy rate plans corresponding to their energy use profile. Another app offers customized energy efficiency tips, while another assists customers with a virtual energy audit. The last app discussed in the report enables communities of friends to vie with one another to reduce their carbon emissions. These apps suggest that the Green Button initiative will appeal to consumers seeking to save money as well as those who want to contribute to the greater good.

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Power, Pollution and the Internet

New York Times (09/23/12) Glanz, James

The New York Times recently completed a yearlong examination of the information industry and found that most data centers consume large amounts of energy in an extremely wasteful manner. Online companies normally run their facilities at maximum capacity for 24 hours a day. This system can waste as much as 90 percent of the electricity that companies take in from the grid, the study found. In addition, to guard against power failures, the companies rely on banks of generators that emit diesel exhaust. Worldwide, digital warehouses use about 30 billion watts of

Suite 170
Phoenix, AZ 85044
(480) 704-5900

Submissions are due by the 12th of each month to Adeline Lui at Adeline@aesp.org
(480) 704-5900

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electricity, one-third of which is accounted for by the United States. The inefficient use of power is driven by the relationship between users, who demand constant access, and the companies that put their business at risk if they fail to meet customers' expectations. Some companies are using extensively re-designed software and cooling systems to decrease wasted power. Although many of these solutions are widely available, most companies are reluctant to make far-reaching changes, according to industry experts. "It is absolutely a race between our ability to create data and our ability to store and manage data," says data storage expert Jeremy Burton.

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On-Site Power to Benefit From Strategic Approach to Energy Management

Cogeneration & On-Site Power Production (10/12) P. 30 Lin, Janet

Higher global energy prices and stricter regulations are just a couple of the factors driving businesses and public entities to take a more tactical approach to energy consumption, in an effort to realize cost savings and other benefits. Verdantix surveyed 210 corporate energy decision-makers in 21 industries based in 11 countries to find out how firms and public entities are responding to the changes. Both corporate and public entities have a wide range of propositions to help formulate their energy management plans. Utilities are now offering up solutions of their own. Verdantix identified nine common types of energy systems, three of which are prime candidates for on-site power: Single-site decentralized energy generation systems; urban zones, which are also ideal targets for on-site energy production and consumption; and public energy systems, which also tap into on-site energy generation production as part of their energy management strategies. This last example, when limited to a single location, such as university, hospital or public administration building, sees city or municipal governments taking direct control of their energy procurement and consumption. Microgrids are another energy management strategy that is gaining momentum. As part of its Strategic Sustainability Performance Plan, the U.S. Department of Defense has embarked on a \$30 million microgrid demonstration project at three military bases, with a target completion date of 2014.

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How to Use Building Energy Modeling Tools

Consulting-Specifying Engineer (09/01/12) McConahey, Erin

The building design sector is increasingly becoming reliant on energy models as a means of proving total building energy performance. The Building Technologies Program of DOE's Energy Efficiency and Renewable Energy arm has compiled a list of 408 building modeling software tools available for "evaluating energy efficiency, renewable

energy, and sustainability in buildings." However, it is important to understand the original purpose of creating an energy model. Reasons for creating an energy model include early-phase comparison of design alternatives, submission of documents to municipal or state reviewing authorities for energy code compliance, and submission of documents to the U.S. Green Building Council's LEED process to justify points under the Energy and Atmosphere Credit 1. Analysis related to the recent ASHRAE 50 Percent Advanced Energy Design Guides that pursue building designs with greater than 50 percent savings as compared to current codes will require whole building energy modeling. If historical patterns hold, the ASHRAE 90.1 development cycle will follow in a similar manner, requiring a deep understanding of whole building energy modeling techniques.

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Participants Sought for ANSI Standardization Collaboration

Smart Energy Portal (09/24/12) Chandler, Nikki

Although advancements in energy efficiency could help boost the economy, job creation, and energy independence, a comprehensive national approach and strategic cooperation are needed to achieve the fullest possible results. In order to help develop a coordinated approach, the American National Standards Institute (ANSI) has launched the Energy Efficiency Standardization Coordination Collaborative (EESCC) and is seeking the input of relevant experts. The EESCC is not tasked with developing standards or assigning the responsibility for their development. Instead, the collaborative's goal is to assess the energy efficiency standardization landscape and develop a standardization roadmap and compendium that will identify the standards, codes, and conformance programs currently available or under development; what gaps exist; and what additional standardization activities are needed to advance energy efficiency in the United States. The roadmap will also serve to increase awareness of these activities to support the adoption and implementation of standards, codes, and conformance activities in the public and private sectors. The roadmap will be a multi-phased effort, with Phase One focusing on five identified areas of need: building energy and water assessment standards; systems energy modeling, integration, and communications; building energy rating and labeling; evaluation, measurement, and verification; and workforce credentialing. Each need will be addressed by a dedicated working group that will consider each issue area across a variety of building types, including residential, commercial, institutional, industrial/manufacturing, data centers, and water and wastewater treatment facilities, as applicable.

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TEP Wants ACC Vote on Energy Saving Plan

Arizona Daily Star (09/19/12) Wichner, David

Tucson Electric Power Co. (TEP) recently wrote and hand-delivered a letter to elected commissioners of the state regulator Arizona Corporation Commission (ACC) asking them to add a vote on an energy efficiency plan to their agenda or to schedule a special meeting with the utility. TEP had proposed several energy efficiency programs to the commission some time ago with the intent to begin them by mid-2011, but the plans were put on hold over performance incentive issues and a proposal that would allow the utility to recover some of the funds it expected to lose as it implemented the new energy programs. "This matter has been pending before the commission for 19 months, and any further delay in approval of the 2011-2012 plan will only serve to continue to deny TEP's customers the cost-effective energy efficiency programs that they overwhelmingly support and deserve," TEP Chairman and CEO Paul Bonavia wrote. The latest plan allocates \$18.5 million to TEP through 2013 for energy efficiency programs and awards the utility with \$5.5 million in incentives through 2013. The ACC opposes this plan because bill surcharges that support the energy efficiency programs would unfairly place a greater amount of cost on small businesses. The commission also proposed TEP receive only \$3.5 million in incentives and cited "significant legal issues that were raised by TEP's proposal."

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Featured Articles

An Uncertain Future for DR Aggregators amid a Changing Market

by Brad Rogers and Stuart Schare

Demand response (DR) aggregators—those companies who bundle up customers to participate in utility and independent system operator (ISO) DR programs—have been a major driver of the increase in load curtailment capability in the industry over the last decade. These aggregators provide the expertise, control systems, and incentives that



Stuart Schare

Brad Rogers

attract customers and enable them to reduce load during peak times. But the aggregator business model is under pressure from several directions, and its future is uncertain. In five years, will these “curtailment service providers,” as they are sometimes called, exist in a recognizable way to serve the utility industry’s DR needs?

Under Pressure

The business of DR aggregation has continued to grow in recent years, expanding its reach among utilities and strengthening its foothold in open markets like PJM (via successful bidding into capacity auctions). But is the model sustainable? Consider the following trends:

- **Decreasing Capacity Payment Splits** – In major ISO markets, aggregators are increasingly competing on the fraction of capacity payments that their customers retain. In the early years of the markets, customers and aggregators often split these payments down the middle. Now it is common for aggregators to retain as little as 10–20 percent of the payment. It appears that in these markets, DR services are beginning to commoditize and customers are placing little importance on other qualitative attributes offered by aggregators.
- **Depressed Capacity Prices** – The value of demand response is primarily based on its ability to defer expansion of expensive generation capacity. So if the cost of capacity is low, then aggregator revenue will be low. Flat load growth and oversupply are currently depressing capacity prices, continuing to limit the revenue potential for aggregators in the near term.
- **Increasing Competition** – Aggregators are facing increased competition not only from other curtailment service providers, but also from new entrants from other markets as well as from competing “peak load reduction” supply models. Companies in other marketplaces that are making plays in the aggregator space include large building controls firms, meter companies, information technology (IT) companies, power marketers, and energy service companies (ESCOs). In addition, other supply models threaten the long-term viability including permanent load reduction from energy efficiency and peak shifting due to dynamic pricing as well as grid storage and electric vehicle technologies.
- **Uncertain Regulatory Future** – Although aggregators have benefited from recent Federal Energy Regulatory Commission rulings, their future is also largely in the hands of state regulators and ISO overseers. It seems not a week goes by without news of a regulatory controversy surrounding DR aggregators and ISO markets, whether it is their eligibility to bid load curtailment or the amount they are paid. DR’s participation in ISO markets is still new enough that the rules are still shaking out. As a result, policy and regulation will be a risk for aggregators for the foreseeable future.

Glass Half Full

But the future isn’t all gloomy. If aggregators are nimble, and if a few cards fall the right way, the business of providing curtailment services could become a mainstay in the industry.

More Room for Growth – Much of DR revenues currently come from the

major ISOs in the Northeast. Nationally, DR capacity is forecast to at least double by 2020, driven by growth in PJM, Midwest Independent System Operator (MISO), and regions not currently served by an ISO.

Additionally, rapid economic recovery could catch the industry by surprise and reignite the need for new capacity that drove DR expansion in the mid-2000s.

Expanded Service Offering – Aggregators are expanding into related, non-DR energy services to maintain revenue growth. Customers are beginning to select full-service ESCOs that provide a full suite of services—demand response, energy efficiency, building and equipment automation/control, IT, and metering. If aggregators can step up to meet the need for a more complete service offering, they would diversify their revenues and better entrench themselves with customers.

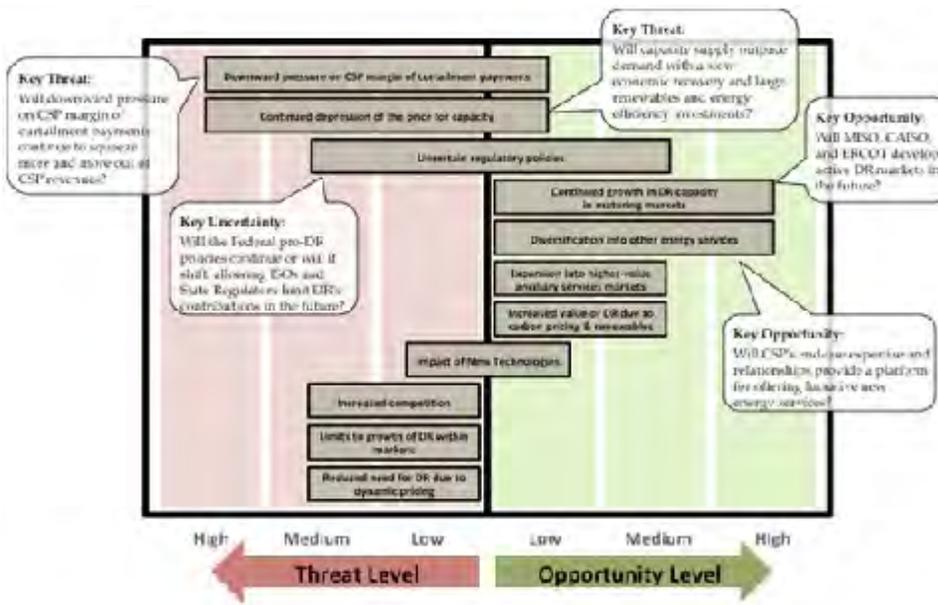
DR as a Provider of Ancillary Services – Advances in communications and controls technologies are beginning to allow certain loads to play a balancing role on the grid, filling the small gaps between supply and demand each minute or hour to ensure grid stability and steady power supply. This type of role, generally called ancillary services, often requires verified responses quickly, sometimes within seconds. DR resources acting as ancillary services can be many times more valuable than those serving primarily to defer capacity additions; however, the costs required to establish these resources are also higher.

Environmental Policies – Renewable energy targets and carbon pricing could increase the value of DR capacity. DR's role as an ancillary service provider will become increasingly important in balancing variability and forecast error of renewable generation resources. The flexibility of these DR resources may be required to achieve higher penetrations of renewables on the grid. Ultimately, environmental policies will make the cheap and clean DR resources even more attractive than they are today.

Be Like the Birds

Aggregators are in a volatile space with impending threats, but opportunities abound. (see summary graphic below.) What will happen to the aggregators of today? It's hard to say due to the many uncertainties in the market. But one thing is certain—the landscape is changing rapidly. Ultimately, the aggregators that take control of their fate and navigate the uncertainties may find warmer weather. Those that refuse to migrate may be in for a long winter.

Summary of Threats and Opportunities for the Aggregator Business Model



Stuart Schare is a director and Brad Rogers a managing consultant in the energy practice of [Navigant](#), an international consulting firm.

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Energy-efficiency Building Codes and Appliance Standards (C&S)

by Allen Lee

Introduction

Since the 1990s, utility energy-efficiency planners have envisioned a role for energy-efficiency building codes and appliance standards (C&S) in achieving large savings through market transformation. Around 2000, utilities in California became the first to actively support development of such C&S. In the past decade, a growing number of utilities, program administrators, advocates, regulators, and other stakeholders have focused on the role that utilities can play in achieving C&S savings. Codes have received much attention because of widespread code adoption in response to the Recovery Act.



Allen Lee

Utility advocacy for codes and standards, however, raises several policy, planning, and regulatory issues:

- How can the savings from such programs be quantified?
- How can attribution to the utility program be quantified?
- How should compliance be measured and how can compliance enhancement be analyzed?

- How should utility efforts be treated under reward mechanisms?
- What conditions are necessary for utilities to conduct a C&S program?

Since 2006, Cadmus has been conducting research on these issues for the California Public Utilities Commission (CPUC), Northeast Energy Efficiency Partnerships (NEEP), and others. This article provides an overview of the topic.

Background

Minimum efficiency levels set by C&S are critical to most utility efficiency programs since these levels usually establish the baseline efficiency that must be exceeded by participants. In addition to their typical energy efficiency program roles, utilities also can focus their unique skills and knowledge on saving energy by upgrading C&S. In addition to advocating for statewide C&S upgrades, utilities can (1) support enhanced compliance, (2) assist local code adoption, or (3) support federal standards adoption. If a utility advocates for C&S adoption, the costs it incurs would be the direct costs of its advocacy only—no incentives would be required since the resulting C&S would be the law. Consequently, the utility cost would likely be very much less than a program providing participant incentives and, importantly, would be largely independent of the number of units affected. From a utility cost perspective, a program comprising such advocacy efforts could be far more cost-effective than a traditional program.

To date, California utilities and policymakers have made the most progress in implementing a C&S program. California's utilities are looking to their C&S program to provide about 20% of total energy-efficiency portfolio savings. Other states making progress include Massachusetts, Arizona, New York, Vermont, Maine, and the Northwest states.

Key Issues

The first step in integrating a C&S program into an overall energy-efficiency approach is to ensure C&S savings are accounted for in energy savings potential studies. It is also essential that C&S savings be properly and consistently addressed in the process used to set energy savings goals and measure achievement of those goals.

Measuring C&S program impacts presents unique challenges. C&S generate energy savings as buildings and products they affect enter the market, but the C&S development effort may have occurred years earlier. A C&S program can claim savings only from C&S to the extent that the program influenced adoption; this issue is referred to as “determining attribution.” Other factors that must be taken into account include the level of C&S compliance and what the baseline efficiency would have been without the new C&S.

In California, the methodology used to evaluate energy impacts of the C&S program has evolved over several years. The approach starts by estimating the total potential savings of a code or standard, and then applying various adjustments to arrive at the savings attributable to the IOUs' advocacy efforts. Attribution is determined by systematically reviewing documentation supporting the code or standard; consequently, a process for documenting all advocacy efforts is critical.

Initial steps to assess C&S program impacts have been taken in other states, including Arizona and Northeast states, with a general objective of creating an approach simpler than California's. Ultimately, the approach used should be sufficiently rigorous to provide savings estimates as accurate as those for conventional energy-efficiency programs.

To date, most code efforts by utilities outside California have focused on enhancing code compliance, rather than code adoption. However, developing methods to evaluate impacts from compliance enhancement and determine attribution have lagged.

Assessing C&S program cost-effectiveness also poses unique challenges. Since a C&S program is an alternative to a standard energy-efficiency program, it is logical that C&S program cost-effectiveness should be estimated and compared to the alternatives. However, the basic cost-effectiveness analyses must be modified to take into account unique features of a C&S program such as:

- Resources spent advocating for C&S produce savings starting a year or more after expenditures
- Adopted C&S generate savings from all covered products and buildings produced once the C&S go into effect
- Incremental costs are likely to decrease due to adoption and decline over time
- Given that incremental costs are often defined relative to items that just comply with an existing C&S, there may be a question of whether any incremental cost should be counted
- There are no nonparticipants
- There are no incentives

Given the usual definition of the utility cost test, a C&S program has the potential to be far more cost-effective to a utility than an acquisition program. But, how a C&S program fares under the total resource cost (TRC) test is very much dependent on how issues such as those above are addressed.

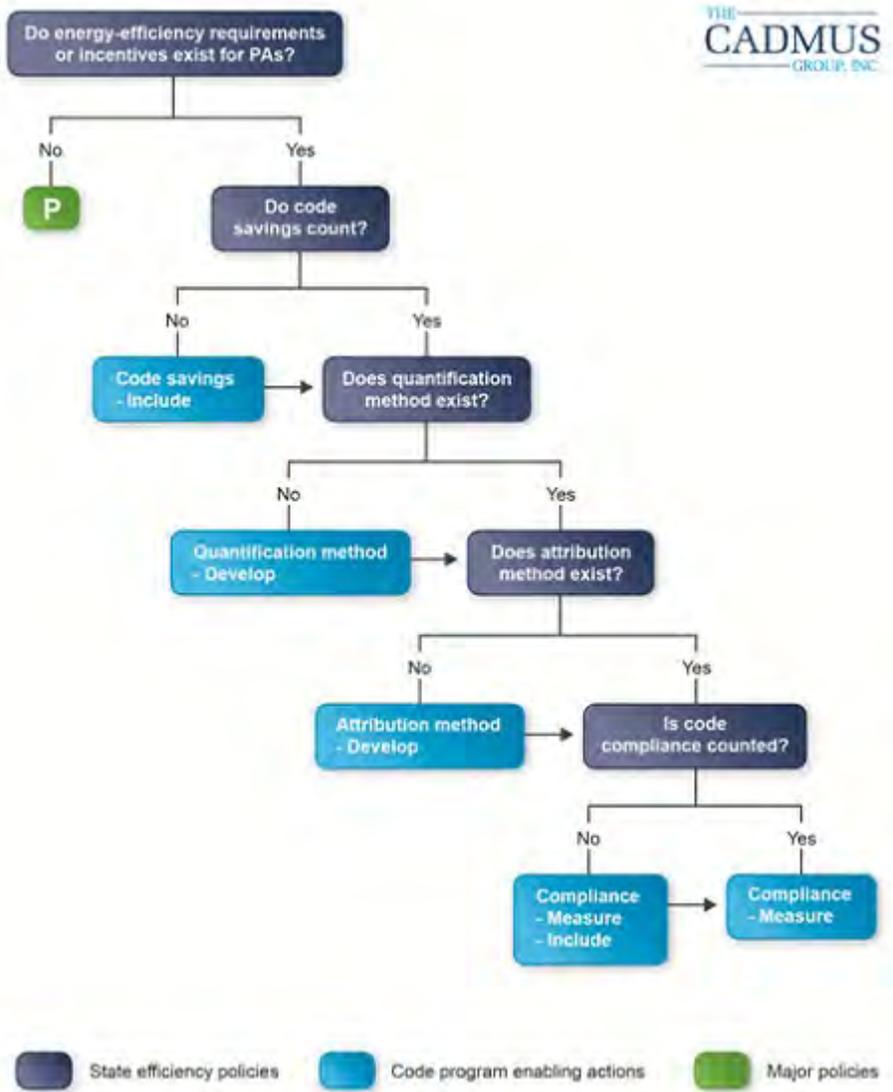
A major aspect of a C&S program's success lies in the compliance rate. Building code compliance studies have been undertaken for at least two decades, yet no universal method exists to measure compliance. Although accurate compliance studies can be relatively costly, utilities can creatively

coordinate such studies with research on baseline efficiency levels needed to determine savings from other programs.

Necessary Conditions

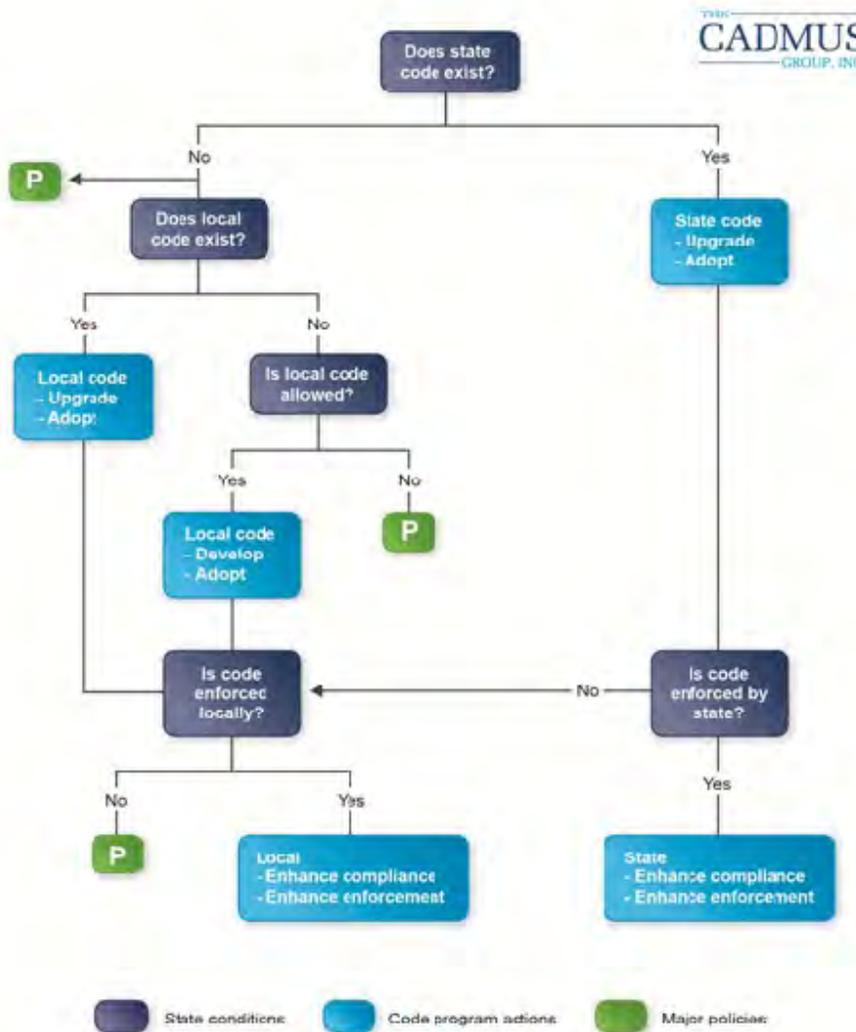
Cadmus is currently researching the characteristics of the policy environment that can make utility building code programs feasible. We have divided the environment into the energy-efficiency component and the codes component. Figure 1 illustrates the energy-efficiency policies and their implications for what a utility should pursue. If no requirements or incentives exist for utilities to engage in energy-efficiency efforts, then a major policy effort to establish such conditions is required. If requirements or incentives exist, then it is necessary to determine whether code program savings are counted. If they are not, then an effort is required to get them included.

Figure 1. Energy-Efficiency Policy Characteristics



The codes policy component is illustrated in Figure 2. If a state code exists, the utility can pursue efforts to support an upgrade. The utility also can support enhancement of compliance and enforcement at the state or local level.

Figure 2. Codes Policy Characteristics



Allen Lee is an executive director at [Cadmus](http://www.cadmus.com) and leads Cadmus' codes and standards project area.

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AESP News

Please Don't Make Us Guess!

At AESP, we're always looking to improve our services, member benefits and educational opportunities to serve our members better. But we don't want to guess what your needs are so please take part in our annual member survey and share with us what you think we should be doing for members. Complete the [2012 AESP Member Survey](#) and we will also send you a \$5 Starbucks gift card as our appreciation to you for not forcing us to make wild guesses!

Stay late if you have to for November 13

We have two very important deadlines coming up next week. Work late if you must to submit your abstract for the [2013 AESP Spring Conference](#) on implementation and marketing, due on November 13.

The deadline to submit an entry for the [AESP Energy Awards 2013](#) has been extended by one week to November 13 also, due to Hurricane Sandy, so if you have been procrastinating, this is your second (and last) chance to enter the awards.

Switch On

On October 25 nearly 350 energy professionals filled the Fox Theatre in Boulder, CO to attend the Rocky Mountain Chapter's switch~2 event. Switch is a series of talks each five minutes long with 20 slides that auto advance every 15 seconds. Presented by energy professionals, the rapidly changing slides captured the attention of the audience, while also entertaining them with the presenters trying to keep up with the demanding timeline. Emcee and long-time energy professional, Bill LeBlanc, provided comedic relief between the presentations. [Learn more.](#)

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[Michaels Energy Opens Branch Office in Madison](#)

[Cooper Lighting Introduces Lumark LED Parking Garage/Canopy Luminaire](#)

[BKi Acquires Pasadena-Based Geltz Communications](#)

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