

Will New Codes & Standards *(and old cost-effectiveness frameworks)* **Kill Efficiency?**

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DUNSKY OVERVIEW



EXPERTISE

- ▶ Energy Efficiency & DSM
- ▶ Renewable Energy & Emerging Technologies
- ▶ Greenhouse Gas Reductions

SERVICES

- ▶ Design and evaluation of programs, plans and policies
- ▶ Strategic, regulatory and analytical support
- ▶ New opportunities assessments

CLIENTS

- ▶ Utilities
- ▶ Governments
- ▶ Industry
- ▶ Non-profits

THE CHALLENGE

PAST

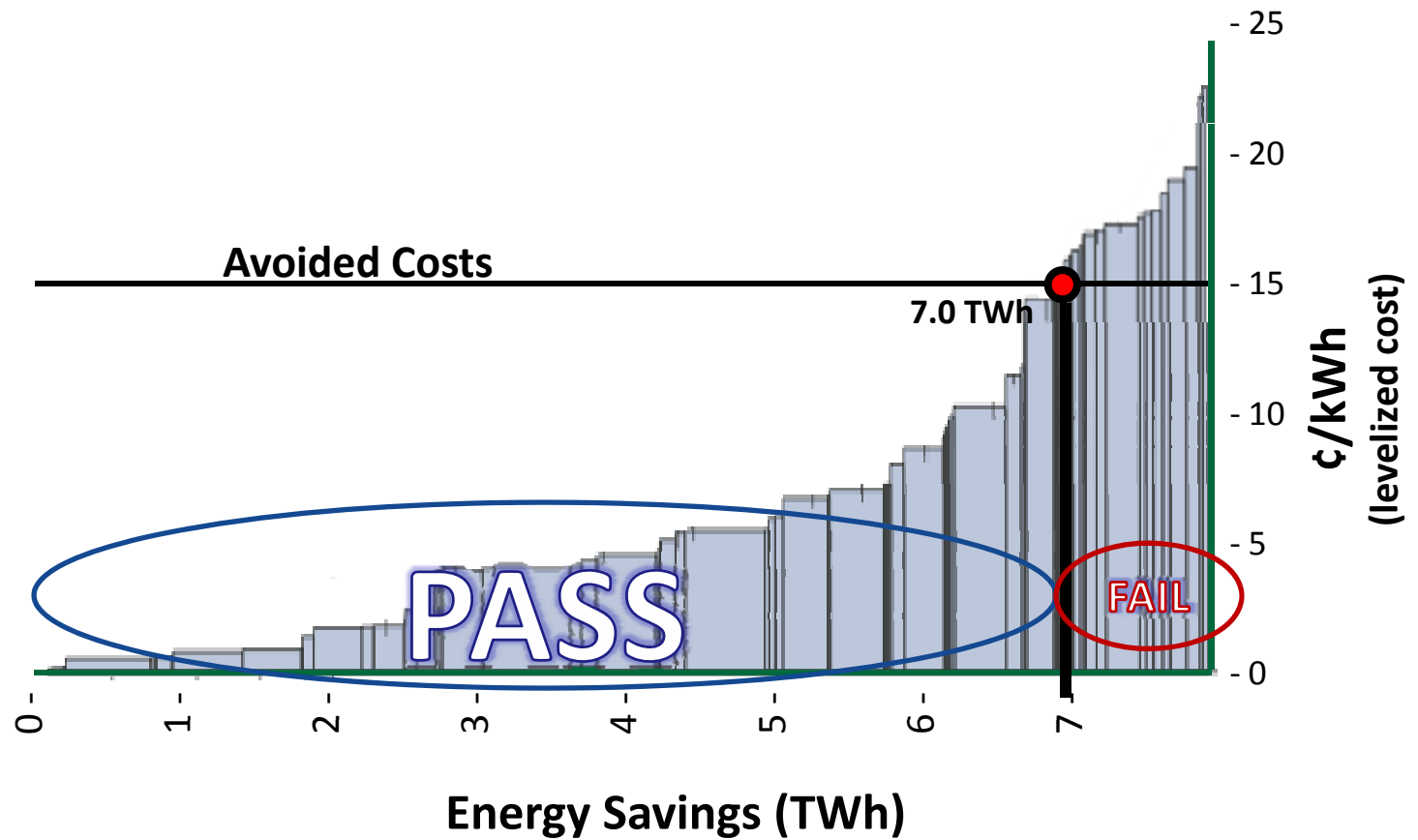
- DSM opportunities were screened against TRC (pass/fail threshold = 1.0)
 - *imperfect test, but considered reasonable compromise in early 1990s*
- Low baseline efficiencies = plenty of opportunities pass
- **TRC not a substantial obstacle**

LATELY

- DSM opportunities still screened against TRC
 - *though change is afoot*
- **New wave of C&S is raising baselines**
- Higher baseline efficiencies = fewer opportunities pass
- **TRC becoming an obstacle...**

HOW BIG IS IT?

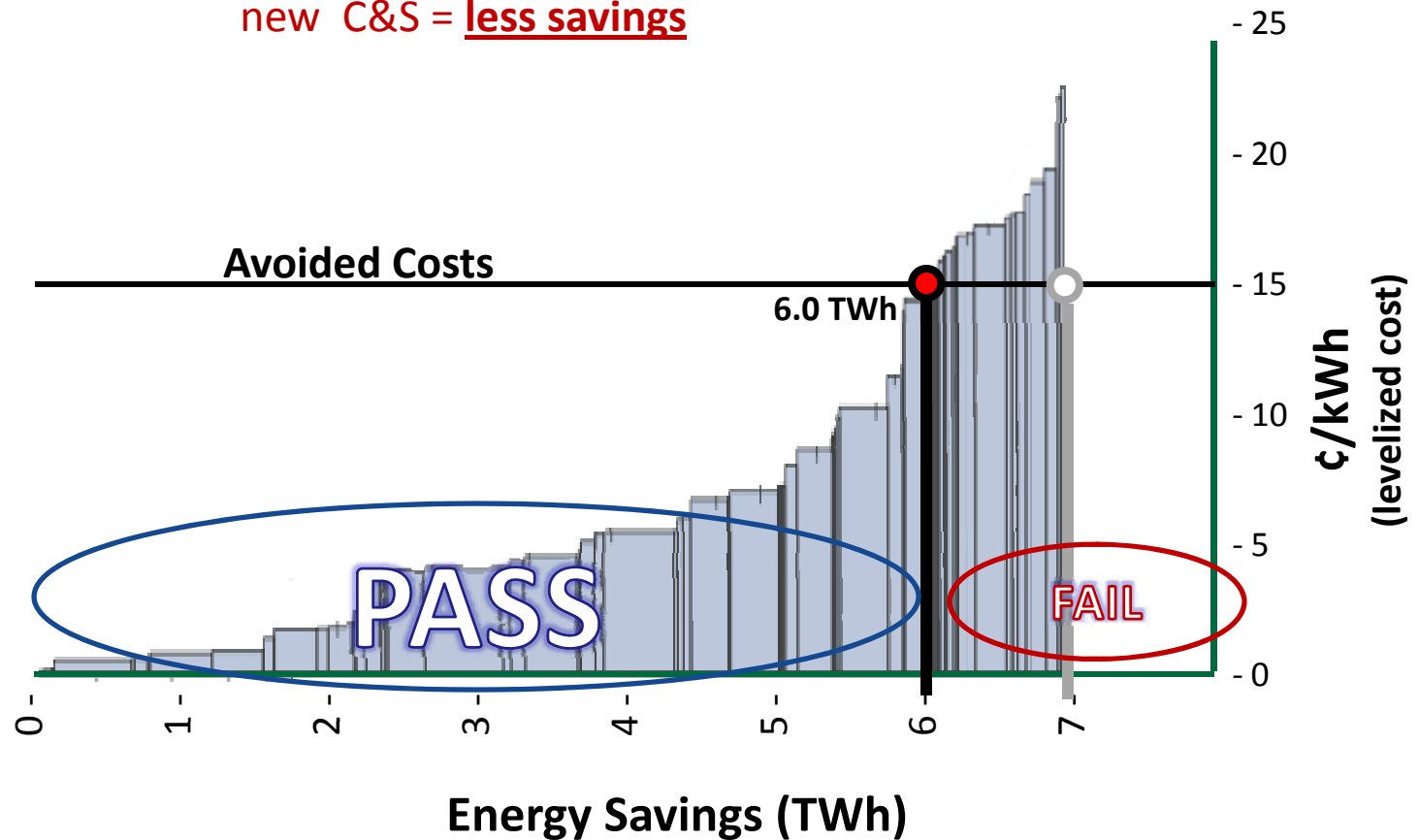
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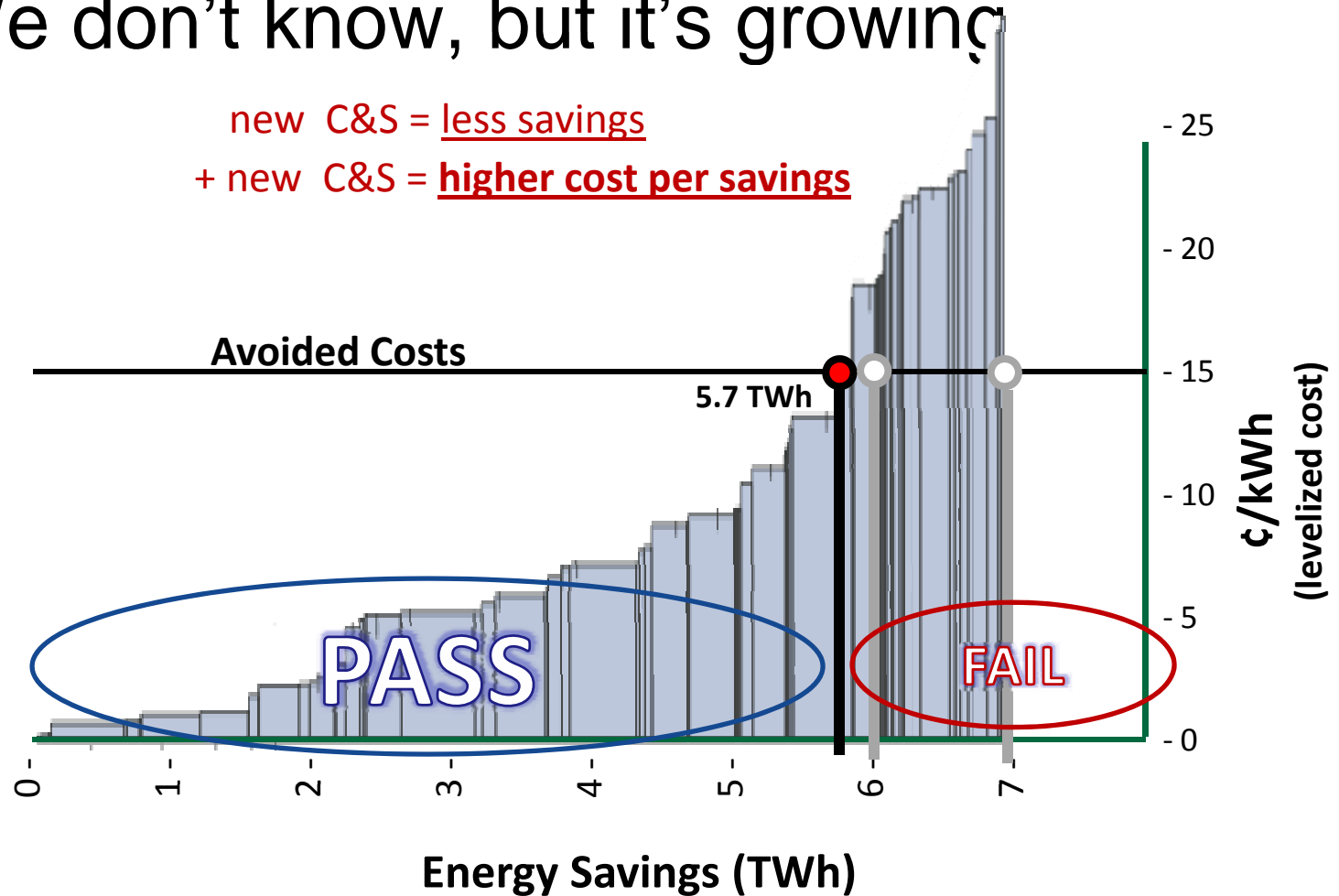
new C&S = less savings



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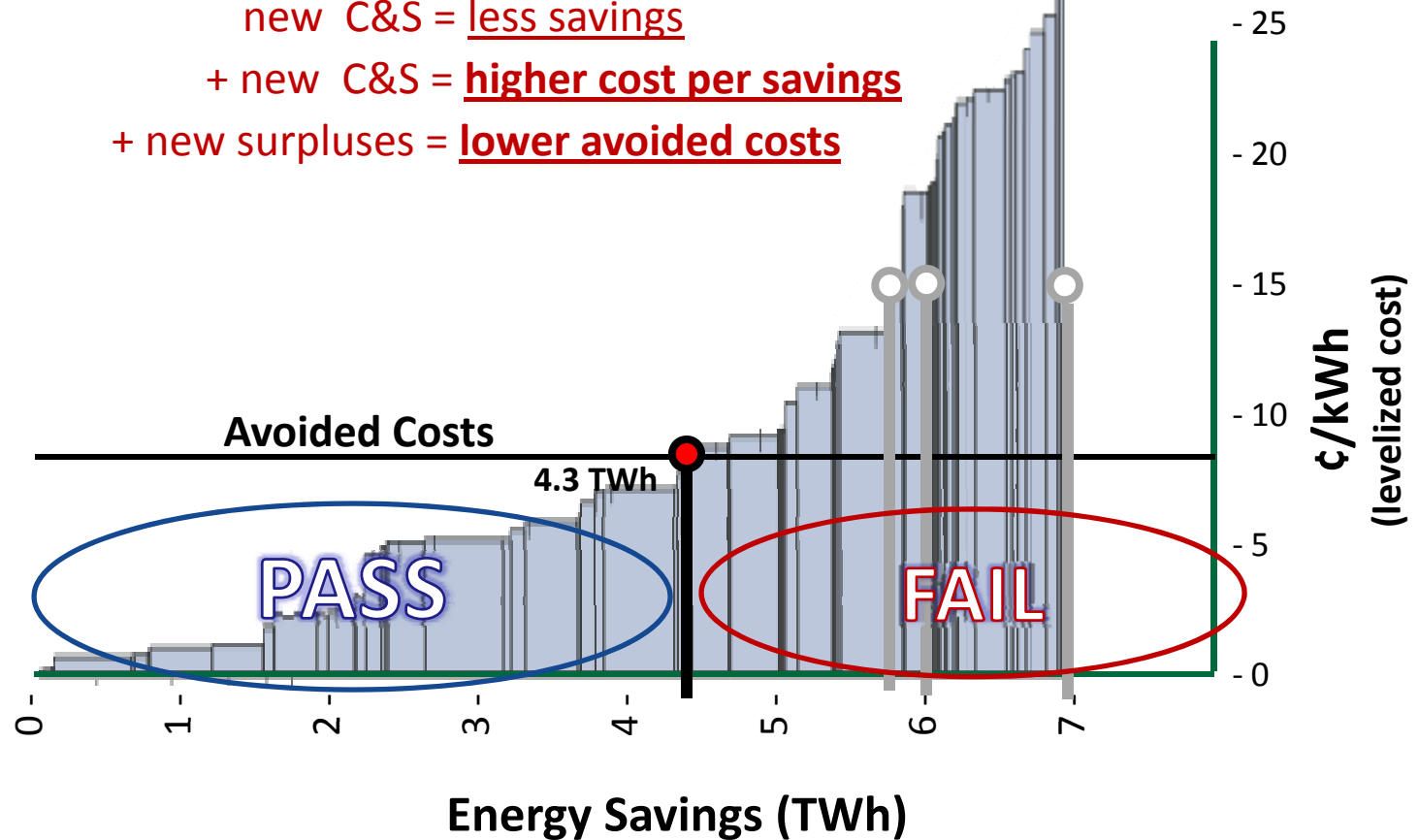
new C&S = less savings
+ new C&S = higher cost per savings



HOW BIG IS IT?

- A: We don't know, but it's growing

new C&S = less savings
+ new C&S = higher cost per savings
+ new surpluses = lower avoided costs



IS THIS REALLY A PROBLEM?

Maybe there's
nothing (cost-effective)
left to do?

Maybe markets
are now
transformed?

Maybe we're a solution
looking for a problem?



IS THIS REALLY A PROBLEM?

YES IT IS! (for two reasons)

1. TRC is producing incorrect results

(there's more to mine than we think)

2. Strict screening can kill innovation

(the mine can be replenished if we want)

IS THIS REALLY A PROBLEM?

1. TRC IS PRODUCING INCORRECT RESULTS

- MISSING BENEFITS

- Participants: *non-energy* benefits are often as or more important (~0.5 - 3x) than energy benefits



- + \$ savings
- + non-\$ tangibles
- + non-\$ intangibles



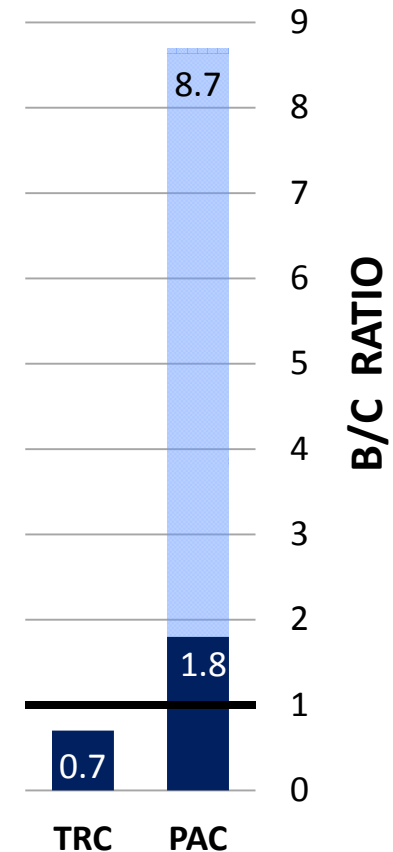
- Utilities: reduced risk profile

- INCOMPLETE PERSPECTIVE

- TRC fails to reflect perspective of ratepayer dollar efficiency
- Usually also neglects critical role in long-run market transformation

Should this program fail?

B.C. Next Generation New Homes Program

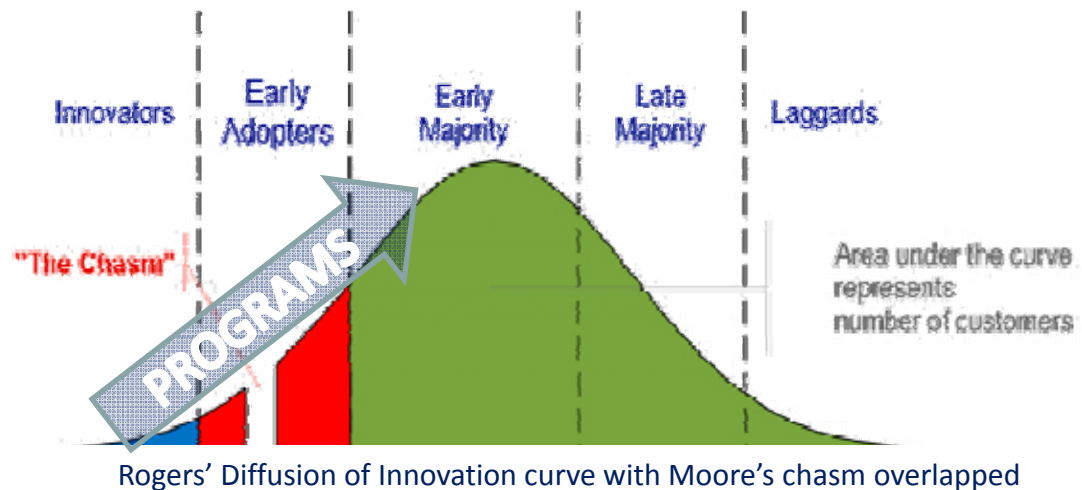


IS THIS REALLY A PROBLEM?

2. STRICT SCREENING CAN KILL INNOVATION

- The cycle of innovation does not wait for B/C tests

- Programs can be critical in early stages of innovation to build demand, create market confidence, and lower costs.



- If good measures fail screening (e.g. because of higher C&S baselines), do we lose the opportunity to help them gain a foothold and reduce long-term costs?
 - E.g.: new home construction: with new code, techniques like IDP and CI – disruptive – may not pass TRC screening.

SO WHAT'S THE ANSWER?

- **Q: What is the origin of the problem?**
 - A: B/C framework, not higher C&S
- **So what do we do now?**
 - **Wrong Answer:** relax the push for improved codes and standards!
 - **Better Answer:** reconsider use of B/C thresholds
 - **Closely examine how tests are computed**
 - Correct errors
 - Capture more benefits
 - Consider capturing *prospective* C&S savings
 - Reconsider approach to NTG ?
 - **Consider moving to alternate tests**
 - Notably PACT and/or modified TRC with NEBs
 - **Relax weight given to test results (original intent)**
 - **Perfect Answer:**



Save the Date

Oct. 15-17, 2012

AESP's Fall Conference
Long Beach, CA

Jan. 28-31, 2013

AESP's 23rd National
Conference & Expo
Orlando, FL

Apr. 29-May 1, 2013

AESP's Spring Conference
Dallas, TX

For more information - www.aesp.org



IT'S A START!

	RANK	PRIMARY TEST	"BEYOND-TRC" COMPONENTS				SCREENING LEVEL		
			Participant NEBs	Utility NEBs (risk)	Societal NEBs (enviro)	Social Discount Rate	Portfolio	Program	Measure
B.C.	n/a	MTRC	✓				✓		
CALIFORNIA	#2	TRC+PACT			✓		✓		
NEW YORK	#3	MTRC	✓		✓	✓		✓	✓
OREGON	#4	SCT+PACT	✓	✓	✓			✓	✓
VERMONT	#5	SCT	✓	✓	✓	✓	✓		
CONNECTICUT	#8	PACT			✓		✓	✓	
MINNESOTA	#8	SCT+PACT			✓	✓	✓	✓	
COLORADO	#12	MTRC	✓		✓		✓	✓	