

July 28, 2017

Mr. Joel H. Peck, Clerk  
c/o Document Control Center  
State Corporation Commission  
P.O. Box 2118  
Richmond, VA 23218

Re: Case No. PUR-2017-00047

Dear Mr. Peck,

The American Council for an Energy-Efficient Economy (ACEEE) and the Southeast Energy Efficiency Alliance (SEEA) welcome this opportunity to provide comments to the Virginia State Corporation Commission (SCC) on the above-referenced docket concerning the evaluation, measurement, and verification (EM&V) of utility energy efficiency programs in the Commonwealth.

ACEEE is a nonprofit research organization based in Washington, D.C. that conducts research and analysis on energy efficiency. ACEEE is one of the leading groups working on energy efficiency issues in the United States at the national, state, and local levels. We have been active on energy efficiency issues for more than three decades. In Virginia, we developed an energy efficiency potential study covering electricity savings opportunities, and for several years have provided technical assistance on energy efficiency topics to various stakeholders.

The Southeast Energy Efficiency Alliance (SEEA) is one of six regional energy efficiency organizations in the United States working to transform the energy efficiency marketplace through collaborative public policy, thought leadership, outreach programs and technical advisory services. SEEA promotes energy efficiency as a catalyst for economic growth, workforce development, and energy security across 11 southeastern states. These states include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

In our comments below, we recommend several revisions to the SCC's draft EM&V rule to increase transparency, improve results, and reduce costs from energy efficiency program evaluation in Virginia.<sup>1</sup> Specifically, we recommend that the SCC:

1. Streamline the EM&V process by reducing the reporting burden and therefore cost to utilities (below we make several specific recommendations toward this end);
2. Engage stakeholders and improve transparency through a stakeholder group; and
3. Explore development of an energy savings database to improve transparency.

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<sup>1</sup> ACEEE submitted comments to the SCC in May 2016 that include additional background on EM&V best practices: <http://aceee.org/regulatory-filing/va-scc-comments-0516>

## 1) Reduce Reporting Burden and Costs for Utilities

As currently proposed, the EM&V guidelines impose an undue reporting burden on Virginia utilities that will raise costs and likely dissuade utilities from proposing energy efficiency programs to the SCC. To simplify the EM&V process while maintaining an appropriate degree of rigor, we recommend that the SCC revise several components of the draft EM&V language.

### Purpose and Applicability (§318-10(B))<sup>2</sup>

- The SCC should clarify that the rules **do not** apply to demand-side management (DSM) programs that have received prior SCC approval.

### Standard Requirements for EM&V Planning Filings (§318-40) and Reporting (§318-50)

- First, the SCC should define its use of “EM&V planning documents” (§318-40(B)). Further, the SCC should **not require** that such documentation be submitted up-front as part of utilities’ overall energy efficiency plans. Requiring utilities to include such detailed information about each program upfront would be expensive and inefficient, especially if certain programs are ultimately rejected. Alternatively, for utilities’ initial energy efficiency plan filings, the SCC should require that utilities include a description of the process they will use to retain an independent expert to evaluate the energy savings achieved from each proposed efficiency program. Once a plan has been approved, the SCC could require that utilities maintain more detailed “EM&V planning documents” as specified in §318-40(B) and make them available upon request. The Michigan Public Service Commission currently uses this practical approach for its electric and gas utilities energy efficiency plan filings, i.e. it does not require that utilities file specific EM&V documentation upfront.<sup>3</sup>
- Second, we recommend that the SCC allow “alternative methodologies” to the International Performance Measurement and Verification Protocol (IPMVP) for **all** energy efficiency programs rather than just “new or modified” DSM measures (§318-40(G)). The IPMVP was originally developed for energy savings performance contractors (ESCOs) implementing substantial measures or whole building retrofits. Because minor efficiency measures will not show up in whole building metered data, this protocol is not practical or appropriate for all efficiency programs.
- Third, the EM&V rules as drafted require “the contractors and subcontractors that will be implementing measures or programs” to record certain equipment information in EM&V plans (§318-40(F); see also §318-50(G)). The SCC should clarify that this requirement applies only to certain programs that involve the installation of certain measures by contractors participating in the utility program. There are many types of energy efficiency programs for which this requirement would not make sense, such as

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<sup>2</sup> All citations in these comments refer to 20VAC5-318-10 et seq., and are shortened for clarity and length.

<sup>3</sup> See Mich. PSC Case No. U-15800, p. 12-14 and Attachment E, p. 1-3: [efile.mpsc.state.mi.us/efile/docs/15800/0001.pdf](http://efile.mpsc.state.mi.us/efile/docs/15800/0001.pdf)

rebates for smaller measures that customers install themselves or savings from improved operations and maintenance or improved energy management processes.

- Fourth, the EM&V rules as drafted require utilities to adjust energy savings estimates for free ridership (§318-40(C)). The SCC should also require an assessment of program spillover, defined as energy savings that are achieved due to a program's influence but that are not directly attributable to participation in a particular program.<sup>4</sup> Net savings evaluations should account for both free-ridership and spillover in order to accurately capture total savings impacts.

## 2) Form a Stakeholder Working Group

We strongly recommend that the SCC establish a formal stakeholder working group to improve transparency and public input into the EM&V decisionmaking process. While the current SCC comment process allows stakeholders to submit comments, it does not facilitate ongoing engagement with the SCC or promote cooperation and involvement amongst interested parties. A well-designed stakeholder process would improve transparency for EM&V activities and reporting and could help minimize the risk of subsequent disputes and litigation over reported results. The stakeholder group could be facilitated by a third party, such as the Virginia Energy Efficiency Council. Further, because EM&V is an ongoing activity that continues throughout the energy efficiency planning, implementation, and evaluation process, and that needs updating over time, there is need for continuous involvement by an EM&V stakeholder group.

Other states have established ongoing collaboratives to address EM&V issues. For example, the Arkansas Public Service Commission (APSC) convened a stakeholder working group consisting of APSC staff, utilities, the Arkansas Attorney General, the Arkansas Community Action Agencies Association, the Arkansas Advanced Energy Association, Inc., Walmart, consumer advocacy groups, and environmental organizations.<sup>5</sup> Similarly, the Michigan PSC issued an order establishing an energy optimization (i.e. energy efficiency) evaluation collaborative to accomplish a series of EM&V related tasks.<sup>6</sup>

An ongoing, collaborative stakeholder process would also provide an avenue through which SCC staff, electric and gas providers, energy efficiency experts, equipment installers, and other interested stakeholders could explore additional energy efficiency issues and opportunities. For example, a topic gaining increased attention is how to expand efficiency investments in underserved sectors like low-income households and multifamily buildings. Another timely topic for such a group to discuss is the new National Standard Practice Manual (NSPM) published by the National Efficiency Screening Project.<sup>7</sup> The NSPM provides a comprehensive framework for cost-effectiveness assessment of energy resources, with a focus on energy efficiency.

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<sup>4</sup> [aceee.org/sector/state-policy/toolkit/emv](http://aceee.org/sector/state-policy/toolkit/emv)

<sup>5</sup> See APSC orders initiating the collaborative ([www.apscservices.info/pdf/10/10-010-u\\_120\\_1.pdf](http://www.apscservices.info/pdf/10/10-010-u_120_1.pdf)) and determining group guidelines ([www.apscservices.info/pdf/13/13-002-u\\_159\\_1.pdf](http://www.apscservices.info/pdf/13/13-002-u_159_1.pdf)).

<sup>6</sup> Mich. PSC Case Nos. U-15805 and U-15889: [efile.mpsec.state.mi.us/efile/docs/15805/0177.pdf](http://efile.mpsec.state.mi.us/efile/docs/15805/0177.pdf)

<sup>7</sup> <https://nationalefficiencyscreening.org/national-standard-practice-manual/>

### 3) Explore Development of an Energy Savings Database or Technical Resource Manual (TRM)

Finally, we recommend that the SCC use the aforementioned stakeholder process to support program evaluation efforts. A stakeholder group could address this by working through specific issues in an efficient, transparent setting. For instance, the group could develop and maintain a database of the features and energy savings of energy efficiency measures. Databases improve consistency by clearly communicating information such as deemed savings values and deemed savings calculations; they are typically developed for states or regions, and require periodic updates. The SCC could task a stakeholder working group with maintaining the integrity and relevance of a database. Virginia could use the database to amend or supplement the existing Mid-Atlantic TRM with state-specific information as available and necessary.<sup>8</sup>

#### Conclusion

The implementation of these recommendations in the Commonwealth will bring more transparency and efficiency to the EM&V process in Virginia and help ensure ratepayer dollars are spent prudently. Streamlining EM&V will empower utilities to invest in energy efficiency and deepen energy and bill savings for ratepayers. In turn, deeper energy savings from efficiency programs will lower costs to all Virginians because efficiency is generally the least-cost resource. ACEEE welcomes this opportunity to provide comments, and as needed can provide additional information on national trends and state examples of energy efficiency EM&V.

Sincerely,



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<sup>8</sup> [neep.org/mid-atlantic-technical-reference-manual-v6](http://neep.org/mid-atlantic-technical-reference-manual-v6)