VERMONT ENERGY
INVESTMENT CORPORATION

February 4, 2010

Mr. Frank Norcross, EE-2K
U.S. Department of Energy
1000 Independence Ave, S.W.
Washington, DC 20585-1290

DOE Desk Officer
Office of Information and Regulatory Affairs
Office of Management and Budget
New Executive Office Building, Room 10102
725 17th Street, N.W. Washington, DC 20503

Re: Comments on Draft Recovery Act Program Reporting Guidance for State Energy Programs and EECBG

Dear Mr. Norcross and the DOE Desk Officer:

The Vermont Energy Investment Corporation is an experienced statewide efficiency program administrator and a 24-year old organization with a mission of reducing the economic and environmental costs of energy use. As an entity that has operated statewide energy efficiency programs with extensive requirements for data collection and reporting to measure performance against a wide and complex range of metrics, we appreciate the importance and value of careful attention to these issues. We offer the following comments to the Draft Recovery Act Reporting Program Guidance documents:

1. We commend the Department of Energy for the importance that has been placed on establishing clear evaluation metrics and reporting procedures, which supports the goals of transparency and accountability specified in the Recovery Act. We believe that focused, appropriate data collection and reporting not only can serve to assess the performance of the national effort under the Recovery Act, but that these efforts can also provide valuable feedback to grant recipients. This level of accountability can help grant recipients assess their own efforts in real time and, in many cases, identify opportunities for modifications that could increase performance relative to goals.
2. We suggest that both of these functions can be well served by including in reporting requirements not only “raw data,” but also key performance metrics. For example:
    - The April 2009 Program Guidance for SEP Formula Grants, section 5.6, identified “source BTUs per $1000 spent” as a key metric, with a target of at least 10 million BTUs / $1,000. Whereas evaluators and monitors may compute this metric, having grant recipients report it would assure that they are focused on this metric and are aware of their ongoing performance in this respect.

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- Although not identified in prior guidance, we would suggest a highly valuable metric for retrofits would be depth of savings (measured as savings as a percentage of pre-retrofit energy use, preferably by fuel type).

3. It appears there is a single value to be reported for energy savings (by fuel and sector), as well as "Energy Cost Savings (dollars saved)." This presumably would be the annual savings value for the first year after measures are implemented. If this presumption is incorrect, it would certainly be valuable to clarify this point. Annual savings are a useful metric; however, we suggest that performance evaluation and cost-effectiveness assessment (for both the overall program and individual grantee projects) must also consider savings over time. This is routinely done in hundreds of existing efficiency programs and is key to determining primary performance indices, such as present value of Total Resource Benefits and cost effectiveness.

   Data on savings over time can be addressed on many different levels, from reporting year-by-year expected future savings to addressing degradation of savings over time, to simply reporting the expected average lifetime of savings. We would note that for projects with multiple measures and with different lifetimes, this should be a weighted average lifetime, weighted by the magnitude of the savings for each measure.

   We would also note that reporting dollars saved over time requires assumptions about inflation and discount rate to express it as a present value. If monetary savings over time are to be addressed, guidance on these values would have to be provided.

   Although we recognize that this might be seen as an added burden, we suggest that both DOE and grantees would want to identify a method for valuing savings over time in order to evaluate cost-effectiveness.

4. We suggest that further guidance on reporting of "non-Federal funds" may be useful, specifically in any metric activity categories where there may be cost participation by consumers. This would appear to be at least in the categories: Building Retrofits (outlays); Building Energy Audits (outlays); Industrial Process Efficiency (outlays); Government, School, Institutional Procurement (outlays); and Transportation (outlays). In these areas, we believe it is highly useful to carefully define and consider two different types of non-federal funds: (a) the consumer share of the total cost of measures, and (b) other non-federal funding sources (utility, state, or other third-party funds). Ideally, we suggest both of these categories should be reported separately. If not, it should be clarified that both of these types of funds should be included in the definition of "non-Federal funds." We emphasize this because we seen many efficiency programs that fail to track consumer costs and / or total investment (from all sources, including consumers). Having these data on total cost is essential for evaluating cost-effectiveness.

5. We suggest that further guidance should be considered regarding the definitions of costs (that is, "outlays" in the metrics tables) and dollar savings. We note that in many efficiency and renewable energy programs, economic and cost-effectiveness analysis relies on accounting not only for the initial cost of measures, but also for ongoing costs, typically captured as "operation and maintenance cost" (O&M). For some measures, there are significant decreases or increases in ongoing O&M costs that should be critical in assessing cost effectiveness. Examples include avoided replacement costs for short-life measures being replaced by long-life measures (for example, incandescent lighting) or increases in consumption of other fuels (for example, the case of fuel substitution, such as a ground source heat pump replacing oil heat). Increases or decreases in O&M

costs may be reported separately, or the annual savings values may be specified to be net of annualized O&M costs.

6. In requiring the reporting of electric demand savings (MW), it is important to specify the definition. At a minimum, it should be established whether reductions are in summer demand or winter demand. In determining total impact, one would not want to add summer demand savings from one project to winter demand savings from another project. Beyond that, there are several common definitions to consider, including:
    - the highest demand incurred by a customer at any time during a given period—monthly or annually (typically the average over a single 15-minute period, but not always);
    - the customer demand at the time of the utility system peak;
    - the average customer demand over a specified period of hours on specified days of the year (a definition used, for example, by the regional grid operator in New England and many of the efficiency programs in that region).
7. States, utilities, and other entities that operate energy savings programs are important users of reported results from projects supported with Recovery Act funds. To the extent that these entities have responsibilities or performance metrics to meet, it will be important to make available the kinds of data that would support assessing the impact of federally funded programs on energy savings of consumers who are also within the markets addressed by these existing programs. Equally important is that federally funded efficiency and renewable generation projects will directly impact future utility loads. If utilities do not have reasonably sound information on the magnitude of these savings, they will not be able to adjust their forecasts, capital investments in transmission and distribution, or supply contracts. Addressing the issues and recommendations above, particularly with respect to the reporting of energy and demand savings, would certainly help to meet this need.

Thank you for the opportunity to comment on these issues.

Sincerely,

Blair Hamilton
Policy Director

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