***MEMORANDUM***

**DATE**: January 28, 2020

**TO**: Michael Li, DEEP;

cc: Taren O’Connor, John (J.R.) Viglione, Donna Wells, Amy McLean, Companies, Technical Consultants, EA Team

**FROM**: EA Team

**SUBJECT**: EA Team Input on Suggestions for Improving CT Evaluation Process, Studies, Usefulness, and Implications for Roadmap Update

The first part of this memo replicates the Utility Response to DEEP’s three questions to the Companies regarding suggestions for improving the evaluation process, studies, and usefulness. The EA team provides a mark-up of these concepts, with support for nearly every suggestion in full, as noted one-by-one in the margin. The second part of this memo discusses additional considerations for DEEP from the EA perspective.

***BEGINNING OF COMPANY RESPONSE TO DEEP…***

**Evaluation**

1. **Provide written comments on recommendations for modifying the evaluation process to improve the value of the evaluation studies.**
2. **Provide written comments on how changes to the evaluation process could benefit program design and implementation.**
3. **Provide written comments on how evaluation studies can produce more timely results and information.**

**Companies’ Response:** The Companies have identified several potential areas for improvements to the current CT evaluation framework to streamline the process and improve the timeliness, value, and applicability of evaluation results, while complying with statutory requirements for an independent evaluation process, as set out in *Conn. Gen. Stat. § 16-245m*. These improvements would strengthen credibility and ensure programs are cost-effective and achieve optimal levels of energy savings. Several of these potential improvements are permitted under the existing CT Evaluation Roadmap and are employed to a limited extent already, but others would require changes to the Roadmap. These improvements are:

* + 1. **Allow more flexibility in evaluation planning:** This includes:
* Leaving some unallocated budget in the evaluation plan for emerging issues;
* Allowing for joint efforts with affiliates (e.g., MA, NY, NH) to leverage multi-state efficiencies; and
* Allowing for research area vendors (sector-wide evaluators vs. study-specific evaluators) to streamline contracting and reduce duplicative or overlapping data requests, customer interviews, or site visits.
  + 1. **Allow input from the Companies at defined points in process:** This includes:
* Solicitinginput on vendor selection, given the Companies’ experience with vendors across multiple states and procurement negotiation expertise;
* Soliciting input on selection of programs to evaluate and draft work plans;
* Holding initial interviews between evaluators and the Companies’ program staff; and
* Soliciting input when issues are uncovered during the course of a study to determine root causes and improve recommendation quality.
  + 1. **Encourage innovative, fast-feedback approaches:** The Companies have pursued innovative approaches to obtain faster, more actionable feedback outside of the formal CT evaluation framework, and these approaches could be expanded. For example, the Companies are deploying an advanced M&V platform from Recurve to provide ongoing monitoring of HES/HES-IE projects, which will produce data and results that could be leveraged by a third-party evaluator as part of the formal evaluation process. The Companies have also integrated evaluations with implementation of several pilot programs (e.g., demand response and heat pump pilots), allowing for faster feedback and program improvements.
    2. **Obtain Evaluation Administrator (“EA”) input during the annual Program Savings Document (“PSD”) update process:** The EA team and the EEB’s technical consultants should provide coordinated input regarding application of new evaluation results during the early stages of the annual PSD update, rather than after individual studies, to streamline and avoid conflicting guidance to the Companies, and to allow planning based on most recent information.

The Companies look forward to discussing these potential improvements with the EEB Evaluation Committee and considering any necessary revisions to the CT Evaluation Roadmap. xx

**END OF COMPANY RESPONSE TO DEEP.**

**Additional Input from the EA Team**:

Additional Updates for the Roadmap:

1. **Data Procedures**: Data procedures as currently implemented are different than described in the Roadmap, and if they are to be retained, they need to be updated in the Roadmap. There were several years of delayed data requests, and twice, the Evaluation Committee authorized the Companies to pay extra money to projects to reflect the extra costs to the contractors – and in one case the EA Team – for data delays, errors, etc. Significant justification was needed for these awards, and there were some aspects of data requests that the utilities thought needed greater clarification. As a result, a multi-step data process was implemented – a fairly onerous one compared to other states. The steps are, specifically:
2. Contractors prepare draft data request, including key information (data request number, date of request, detailed data requested, requested due date, and other useful information.
3. Phone call held with contractors, EA Team, and companies to discuss data request, whether data are available, what data might be better, whether the desired date for the data is feasible, etc. Follow-up investigations after the call may be needed by the companies to identify availability of data once request is fully understood.
4. Contractors prepare revised data request reflecting any changes identified from the discussion and request is sent to Companies.
5. Emails must be received from both Companies, stating whether they agree to provide the data and by what date.
6. All stages of data requests, progress, deliveries, problems / follow-ups, and similar communication are tracked by each contractor, and the tracking for each project is reported to the Evaluation Committee monthly. Problems are highlighted monthly to the Evaluation Committee on an on-going basis, so advance notice of problems is provided, and utilities are provided with advance notice if significant (and potentially cost-justifying) problems are identified.

This data process was a compromise, and from the EA Team side, is considerably more onerous for the contractors than most states. However, it was needed because the data tracking / quality and data access / timeliness are much weaker than other states (for UI, at least, where data pulls must sometimes be requested from staff outside the US). The EA Team feels that the core of the issue is that the utilities should be provided with a clear incentive to cooperate with data requests and provide timely data delivery (performance incentives),[[1]](#footnote-1) and that the process not be made more onerous for the EA Team and contractors.

1. **Contracting**: Contracting delays are a problem. They cause projects to miss PSD deadlines, and have caused contractor inefficiencies and problems including delayed contractor billings, having to conduct work for one utility first then repeat for the other, and “hurry up, then wait” costs, etc. The EA Team believes that contracts with fewer teams may help the issues (mentioned above); however, the issue of contract maximum dollars (1 million Euros for UI) would not be resolved by this approach. *Nor would the underlying / core problem that the Companies have no financial or other incentive to facilitate evaluation at all be resolved (for timely contracting, data delivery, etc.).* The EA Team requests that, whether the change in number of contractors is made or not, that DEEP should consider (positive and/or) negative financial performance metrics and incentives for utility contracting[[2]](#footnote-2) being fully accomplished within 2 months after document delivery by the EA team.[[3]](#footnote-3) This has been accomplished by one of the utilities and seems a reasonable turnaround, especially if the number of contractors is reduced.

***Note covering Contracting and Data***: The lack of incentive for the utilities to perform administrative responsibilities such as data requests and contracting in a timely manner is one predictable downside of CT’s design. We believe it would be prudent to recognize this inherent lack of incentive and design the EM&V framework to provide the necessary incentives, as described above.

1. **PSD Process: Detail on the EA Team’s Revised Suggestion for the PSD Update process – proposed 10/16 (and closely related to / augmenting the Utilities’ item iv above)**: EA Team recommends that instead of report-by-report summary memos (with timed responses from Utility and EAs), the process is undertaken once (or twice) per year for all reports completed in the last time period – conducted at a time with enough lead time that it is suitable for input into the PSD review (likely March / April).  The steps were outlined as:
2. EA Team prepares memo of PSD-relevant recommendations from reports (or the utilities work directly from the individual reports issued),
3. Companies detail how they intend to incorporate / use the results, and
4. EA Team prepares a memo (suggest within 30 days) that notes gaps / treatments of concern.
5. If there are items of note, EA team presents the issues to the (next) Evaluation Committee (for support, agreement, resolution, or next steps).
6. Note this process should be coordinated with Technical Consultant input into PSD updates.  The existing process also includes a part of the filing in the Plan that includes a memo noting the changes that were incorporated, and this should be retained (about Chapter 8 or 9 of the Plan).

The committee agreed to this process in meetings in Oct-Dec 2016, but the Roadmap was not updated at that time.[[4]](#footnote-4) DEEP noted there is a summary table that is developed in PSD revision process that may also provide helpful input.

1. **Overall Changes to the Roadmap document**:
2. Reconfirm underlying objective to avoid opportunities for undue influence in the design / conduct of evaluation studies.
3. Shorten / reduce avoid repetition, more bullets, omit flow charts, and revise some content to try to streamline and make it possible to stay within budget.
4. Main underlying issues are: getting clear understanding of project scopes to committees, more effective communication options; realistic expectations on data requests; transparency and efficiency on “mini-RFP” process (for auditors too); and balance supporting EA independence.
5. Reflect changes mentioned above.

1. *And potentially provide to fuller data tracking to support evaluation for programs in some cases.* [↑](#footnote-ref-1)
2. *Incentives for data delivery performance were also mentioned above.* [↑](#footnote-ref-2)
3. *It would be unfair not to note that Eversource has been timely in contracting and data requests.* [↑](#footnote-ref-3)
4. *EA Team attention needed to switch to RFP and other priorities.* [↑](#footnote-ref-4)