

Memorandum

To: Energy Efficiency Board / Consultant Committee

From: CT EEB Evaluation Administrator (EA)

Date: 11/30/23

Re: EA Budget needs for 2023 – requesting authorization of transfer of some funds from 2024 approved budget to 2023 in concurrence with Evaluation Committee Vote

ABSTRACT AND EA REQUEST FROM EEB:

The EA Team has been running about 8% ahead (1 month) from the late Spring / Summer crunch of finalizations and presentations. However, rather than making up that overrun in the later months, the gap has increased. The main reasons include:

- More interaction: our desire to respond to the request from DEEP / utilities / implementers / contractors for more interaction and interim feedback from projects, but even more, timing and evaluation complexity increases.
- Starting Year 3 projects in Year 2: In Year 2 (2023) we had to simultaneously *administer* an increase from Year 1 to Year 2 in the total budget of studies in progress, and *plan* for a further increase in studies in progress from Year 2 to Year 3. So the EA got sandwiched, especially at the end of the year when planning for the Year 3 cohort of projects got started.
- Pressure / complexity of Evaluation: The Evaluations are becoming more complicated, taking more expertise and time. Programs are looking to evaluation results to help find savings to replace lighting. We are responding with more complex, in-depth studies, which requires more time and more back and forth with program implementers.
- Additional specifics are provided in the “Supporting Information” section below.

At the bottom of this memo we outline the percent of year expended and budget expended. We provided two suggestions on remedies to the Committee. Their decision follows.

Evaluation Committee Motion and Vote:

Documented in Approved Evaluation Committee November Meeting Minutes - Evote:

- **Motion Fay, Second Viglione:** To approve up to \$64,100 EA budget to be transferred from 2024 to 2023. **Motion passes**, evotes in favor from Fay (11/9/23) and Viglione, (11/14/23). EA will not invoice more than \$64,100 more than the 2023 budget within 2023.

REQUEST: Vote ASAP from EEB to approve the same motion.

SUPPORTING INFORMATION:

EA Budget discussion with Committee from November Committee Meeting

In the September meeting, I had completed invoices through August. At that point, we noted we were at 76% of budget spent, and 67% of year elapsed, which was 9% over, or about a month ahead of the expected spend. After calculating September and October invoices, we have lost, not gained ground.

At the end of October, we are at 98% of the annual budget, and at 83% of the year elapsed. I didn't expect this much increase, and have backed off some of my hours for September and October.

We recognize this is a significant problem, and more significant than I expected last meeting.

REASONS FOR THE OVERRUN

Overarching:

While both the overall EM&V budget and our own budget have been ramping up in parallel in this triennium, there is necessarily a bit of a temporal disconnect between the two trends. In Year 2 we had to simultaneously *administer* an increase from Year 1 to Year 2 in the total budget of studies in progress, and *plan* for a further increase in studies in progress from Year 2 to Year 3. So we got sandwiched, especially at the end of the year when planning for the Year 3 cohort of projects got started. A few additional specifics follow.

Our work has become more complicated and requires more of our expertise and time. With the end of lighting savings, programs are needing to work harder to find savings. This puts greater responsibility on evaluation. These new efforts are not working as smoothly, so the evaluations are more complex and require more back and forth with program implementers. The HES evaluation is a good example. We did the traditional evaluation and that it led to a deeper investigation. At the same time, the work is looking at more complex issues. We have gone from energy saving to savings, GHG, and equity. This expanded plate of activities have required us to initiate and hire new firms with different expertise. This has added to our planning and administrative burdens. It has also required that we have more communication with companies, TC, EEB, DEEP, DEI contractor.

A few additional specifics follow. Most of these changes were very loaded to the end of the year.

- More studies: We began to deviate in April, when preparation of the array of 5/15/23 study finalizations and presentations began.
- Interim Feedback: We are working to meet the wish for increased interim feedback, leading to more meetings and preparations of materials / presentations.
- HES/HES-IE: Significant extra work this summer on the HES / HES-IE program, and extra planning this fall to be responsive to need for near-term feedback on HES/HES-IE program adjustments and emerging issues – requiring many more meetings with TC and stakeholders.
- PSD: Unusual amount of time on the PSD update and working out details on the commercial heat pump study,
- PSD and Implementation Interaction: We have similarly spent much more time on PSD and related work, where we are being asked to do more than just guide the work, but is increasingly involving interactions with the implementers to explain how the results should be used – which is welcomed, but also more time-consuming.

- Evaluation Plan: More input / coordination / moving target than usual on the 3rd year evaluation plan update because of the HES/HES-IE focus, and a bit on DEI.
- Project Development Procedures: A change in project development that relies on more EA and stakeholder up-front discussions prior to kickoff.
- Look-up Reports: We found and uploaded all the reports and prepared a serviceable / functional look-up for all final evaluation studies.
- Administrative procedures increased, including substantially more complex invoicing. Lisa has recently transferred monthly aggregation / preparation work on this to a staffer. This saves Lisa time (and reduces budget), and will make invoicing more timely.

REMEDYING THE SITUATION:

1. **We request the Committee allow the EA team to pull some funds from our 2024 budget, which has an increased budget.**
 - EA approved budget for 2024 is \$531,155 compared to \$444,110 this year (20% higher). The Team is extra careful about the hours to be spent before the end of the year.
 - Option 1: Team spends the expected share for the next two months. The amount to be “borrowed” from 2024 is \$64,100, leaving \$467,060 for the 2024 budget.
 - Option 2: Team spends 90% of usual share for the next two months; the amount to be “borrowed” from 2024 is \$56,700, leaving \$474,445 for the 2024 budget.
 - Option 3: Skipping a monthly meeting doesn’t reduce much budget: about \$4,200
 - Other option the committee may devise.
 - We will drill down more, but we should be able to make do next year because projects won’t be starting at end of year, and the complex RFP work is mostly in Year 1.

