



July 23, 2019

Lisa A. Skumatz, Ph.D.  
Skumatz Economic Research Associates (SERA)  
762 Eldorado Drive  
Superior, CO 80027

**RE: C1644 EO Net-to-Gross Study Draft Report**

Dear Dr. Skumatz,

Eversource Energy (“Eversource”) is pleased to submit these written comments regarding the draft evaluation report: *C1644 EO Net-to-Gross Study* (“Draft Report”), submitted July 1, 2019 by EMI Consulting (“Evaluator”). Eversource received the Draft Report on July 2, 2019 with a request to provide comments by July 23, 2019. Per the Energy Efficiency Board Evaluation Road Map Process, these comments are for consideration for inclusion in the Final Report.

The Draft Report examined the net influence of the Energy Opportunities (EO) program on the market for energy efficiency retrofits. The primary objective of the evaluation was to estimate a net-to-gross (NTG) ratio, including free-ridership and participant spillover, disaggregated for each of the nine electric and five gas measure categories in the EO program (Controls, Cooling, Custom, Heating, Lighting, Motors, Process, Refrigeration, and Other for electric; Controls, Custom, Heating/DHW, Process and Other for natural gas), as well as separate NTG results for the upstream lighting program. To discern the influence of the EO program on purchase decisions and vendor business practices, the evaluation team relied on self-reported data from a variety of relevant market actors including end-users, contractors, and distributors. Specifically, the team surveyed and interviewed program participants and design professionals and vendors identified by customers as being influential during the decision to install energy-efficient equipment through the EO program.

General Comments on Draft Report Findings

Eversource appreciates the evaluator’s efforts to conduct a robust and accurate evaluation of EO program influence. In particular, we greatly appreciate having evaluation results that can be clearly and directly applied to the PSD and our planning and screening models. We also appreciate the effort to align the methods and reconcile the results with those of recent evaluations in Massachusetts and Connecticut.

Eversource agrees with most of the Draft Report’s recommendations, as follows.

1. **Update the 2020 PSD with the NTG values found in this study.** Eversource agrees, although we request clarity on the recommended 2020 NTG for upstream screw-based LEDs. It appears as though the 83% result applies to screw-based LEDs only—and 91% for linear LEDs—but the report was not totally clear.
2. **For the 2021 Upstream Lighting program, apply prospective NTG** based on expected changes in the lighting market. Eversource agrees.

3. **Leverage upcoming process evaluations** to further explore effective channels for accelerating equipment adoption (focusing on lighting and refrigeration). Evaluation scoping issues are ultimately decided by the EEB, but Eversource generally agrees—however, we are unsure why lighting and refrigeration are the suggested end uses of focus, and request the report clarify this.
4. **Leverage relationships with past program participants to encourage future program participation.** Eversource agrees, and we have a well-established process for some of our largest customers—memorandum of understanding (MOU) customers—for maintaining relationships and encouraging repeat program participation. We are also working with participants in our Strategic Energy Management program to encourage future participation by identifying additional opportunities for savings via capital upgrades through Energy Opportunities.
5. **Continue to market to targeted trade partners and increase marketing tactics specifically towards potential program participants.** Eversource agrees. We market EO through trade partners by design, but we have also recently begun conducting market research on non-participating small and medium-sized businesses—some of whom could qualify for Energy Opportunities—to identify targets for direct outreach and marketing efforts.
6. **Implement rolling surveys and an aggregated sampling plan.** Evaluation scoping issues are ultimately decided by the EEB, but Eversource agrees with this approach.
7. **Collect end-user data for all upstream program participants.** Eversource currently does this. Under program rules, distributors require contractors to provide end-user contact information to verify that the end-users are Eversource electric customers. This verification is required to receive the incentives, and customers who cannot be verified as our customers will not receive rebated lighting. As such, distributors collect comprehensive information on end-user names and addresses, and typically other details, from contractors prior to purchase.
8. **Improve end-user contact information for all participants.** Eversource generally agrees. We already do some QA/QC of contact information and other project tracking data, but are continually investigating opportunities to increase data quality as we roll out our new tracking system.

In addition to the recommendations, we have questions about two aspects of the NTG results, based on reviewing the survey instrument. It may not be possible to account for these issues at this stage of the evaluation, but we note them in case they can be clarified in the final report, or can be addressed in future evaluations.

- **Controls free-ridership.** Controls had the highest free-ridership of any downstream measure. From the survey instrument, it is not clear that respondents would have understood the difference between the optimized controls that we incent, vs. the standard controls required by code. This distinction is not just a matter of high-efficiency vs. low-efficiency, which is how the survey questions are phrased. For example, code requires controls with fixed temperature setback schedules, but we only incent optimized controls that dynamically account for indoor and outdoor temperature and humidity along with occupancy schedules to optimize temperature settings. This may have resulted in respondents showing up as a free-rider because they would have purchased standard

controls without our incentives, even though those would not have been eligible for incentives under our programs.

- **Unlike spillover.** The survey instrument asked if respondents had installed any other type of energy-efficient equipment on their own, without a rebate, and for those who answered yes, the survey asked if the equipment installed was eligible for an incentive through the program—and just 15% of respondents indicated affirmatively. However, it can be difficult for customers to make the determination of eligibility. If respondents *knew* the equipment was eligible for an incentive, it is unclear why they wouldn't have taken the incentive. It seems likely that many respondents thought equipment was ineligible—even though it may have been eligible—which could have led to an understatement of unlike spillover.

More specific comments are embedded in the marked-up Draft Report provided along with this letter. Thank you for the opportunity to provide comments.

Sincerely,

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