

Glossary

Analysis period	For most states, the measure life or expected useful life (EUL) is used. Some states have a set number of years that every measure is analyzed over, and in other states it varies by technology.
Avoided Ancillary Services	The value of reduction in services required to maintain electric grid stability and security, plus a variety of operations including frequency control, spinning reserves and operating reserves. Traditionally, ancillary services have been provided by generators, however, the integration of intermittent generation and the development of smart grid technologies have prompted a shift in the equipment that can be used to provide ancillary services.
Avoided Costs of Complying with RPS	RPS is the renewable portfolio standard. RPS can also be called RES or renewable energy standard. Many utilities have to procure a certain amount of the energy that is exported onto the grid from renewable sources; if efficiency measures allow them to produce less energy overall, they don't have to spend as much money investing in renewable energy to meet the RPS goal.
Avoided Credit and Collection Costs	If a homeowner's house is more efficient, they consume less energy, have lower bills, and are less likely to be unable to pay their bills. This can also be called reduced arrearages or arrears.
Avoided Environmental Compliance Costs	The reduction in future costs of complying with environmental regulations due to less energy being generated through energy efficiency programs. This can be based on emissions or other environmental factors (i.e. water).
Avoided Generating Capacity Costs	The value of reduction due to savings from efficiency resources of money invested in electric generating capacity. Sometimes this is bundled with avoided marginal energy costs.
Avoided Marginal Energy Costs	The value of avoiding generation or purchase of electric energy and/or natural gas resulting from investments in efficiency. Sometimes this is bundled with avoided generation capacity costs.
Avoided T&D Costs	The value of load reduction on transmission and distribution (T&D) system due to efficiency resources. Sometimes these costs are broken into two categories or bundled with line losses.
Avoided T&D Line Losses	The value of avoided line losses realized from efficiency resources, and frequently bundled with general avoided T&D costs.
Discount Rate	Discount rates are used to value an investment through time (i.e., to determine a net present value or NPV). If a low discount rate is used, then an investment maintains more of its value through time than an investment with a high discount rate. This helps account for the true value of efficiency investment that are expensive upfront but have long-term savings.
DRIFE	Demand Reduction Induced Price Effect - see Wholesale Price Suppression Effects
Early Replacement	Also called early retirement, this is when equipment that still works but is near the end of its expected useful life is replaced by more efficient equipment. It is frequently accounted for by using a dual baseline (combination of existing condition and current standard/code) in calculating the savings and associated cost-effectiveness.

Economic Development and Jobs	The impacts of efficiency investments in creating jobs both directly and indirectly as well as economic development benefits more broadly due to customer energy bill savings from efficiency being spent in the general economy.
Energy Security	A more efficient system requires less inputs to generate energy, which leads to less imported fuel and greater energy independence.
Environmental	The range of environmental costs and benefits associated with reduced greenhouse gas emissions and criteria air pollutants that result from efficiency resources, including: reduced levels of particulates, heavy metals or water consumption.
Evaluation, Measurement & Verification	The costs of conducting studies to estimate the energy and demand savings and other impacts from efficiency program investments and estimating savings.
Free-ridership and Spillover	Also referred to as net-to-gross or NTG, where the net value considers the amount of free-ridership and spillover. Free-riders are program participants who benefit from a rebate or program but would have bought the efficient technology at full cost/ without the program incentive. Spillover refers to people who didn't participate in the program but were influenced by it to install an efficiency measure-- for example, someone who goes to a friend's house that was weatherized through a utility program and decides to weatherize their own home as well.
Increased Reliability	The value of reduced probability and/or likely duration of customer service interruptions from efficiency, such as the reduced risk of blackouts, due to a lower load on the grid.
Lost Revenue	As efficiency increases, customers use less power and thus utilities receive smaller bill payments.
Low-Income Customers	Many program administrators give special consideration (based on policy or regulatory direction)for low-income customers: either by using a different test, not requiring that the test used is cost effective, employing an adder or considering benefits in the benefit-cost analysis for low-income programs that are normally not included. Other ways of emphasizing the benefit of programs for low-income customers are with an adder or using a different threshold for determining CE.
Market Transformation	The impact of efficiency programs in reducing or eliminating market barriers beyond the life of the program, where the program fully or in part causes the market for efficient technologies to become standard technology. High efficiency refrigerators and the LED market are often used as examples for market transformation.
Measure Costs (participant portion)	The capital cost to the participant of purchasing and installing the measure.
Measure Costs (utility portion)	This includes rebates provided to program participants and buy-downs of interest rates for financing investments in efficiency measures.
Net-to-Gross	See Free-ridership and Spillover
Other Financial or Technical Costs	This depends widely on the utility and state, examples include non-incentive costs, operations and maintenance cost, cost of removal, payments to support trade ally reporting on sales of efficient products or funding/co-funding of marketing of efficient products by trade allies, etc. Sometimes this is bundled with other utility costs.

Other Fuel	Savings or costs due to some efficiency measures resulting in a customer changing the amount of another fuel they consume or from reduced consumption of electricity and non-electric energy sources.
Participant Non-Energy: Asset Value	This can include increased property values, reduced O&M cost, durability or marketability, avoided/ deferred equipment replacement costs, and improved equipment functionality/performance.
Participant Non-Energy: Comfort	The benefits of living/working in a space that is adequately heated and lit. Includes thermal comfort, noise reduction, aesthetics, and improved light quality.
Participant Non-Energy: Economic Well-Being	This can sometimes be similar to Avoided Credit and Collection Costs (frequently calculated by reduced arrearages/ arrears), but it also includes fewer disconnections/reconnections, foreclosures, fewer moves, etc.
Participant Non-Energy: Health and Safety	This can include improved outdoor and indoor air quality and avoided deaths. Holistically it encompasses the benefits of taking fewer sick days, reduced hospital visits, using less insurance, reduced fire risk, and higher levels of well-being.
Participant Non-Energy: Productivity	This includes changes in labor costs and productivity, waste streams, spoilage/defects, operations and maintenance, and changes in product sales as a result of changes in aesthetics, comfort, etc.
Participant Non-Energy: Satisfaction	This can include satisfaction with customer service or similar benefits as comfort, improved sense of self-sufficiency, and contribution to addressing environmental/other societal concerns
Primary and Secondary Cost-Effectiveness Tests	A jurisdiction's primary CE test typically answers the question: <i>Which resources have benefits that exceed costs and therefore merit utility acquisition or support on behalf of customers?</i> This test can be used as the single metric to make a "go-no go" decision about EE investments. Secondary tests can help inform overall understanding of efficiency impacts by answering other questions regarding utility efficiency investments. See the NSPM for EE for further guidance on use of primary and secondary tests.
Primary/Other Assessment Level	The primary assessment level can be at the portfolio, program or less often at the measure level. See the NSPM for EE on further guidance on assessment levels.
Program Administration Costs	Includes the additional costs of utility outreach to trade allies, technical training, other forms of technical support, marketing, and the administration and management of efficiency programs and/or portfolios of programs.
Program Administrator Cost Test (PAC)	Referred to as the Utility Cost Test (UCT) in the DSESP. This test considers only the costs and benefits from the perspective of the utility system.
Public Health	The range of public health impacts resulting from efficiency resources, i.e. better air quality from fewer SOx and NOx and particulate emissions (e.g., smog).
Reduced Risk	The value of utility system risk reduction resulting from efficiency resources such as the reduced vulnerability to fuel price shocks, fossil fuel shortages, etc.
Performance Incentive Costs	Also referred to as shareholder incentive costs. These are incentive payments to program administrators if they meet specific performance metrics related to the success of efficiency programs.
Water Resource	

Costs and benefits associated with changes in water consumption and wastewater treatment resulting from efficiency resources (e.g., from a high-performing washing machine or reduced energy production).

**Wholesale Price
Suppression Effects**

When less energy is being used, fewer resources are needed to clear the wholesale markets thereby lowering the market clearing price for all customers on the grid - may extend outside service territory because of regional nature of wholesale markets. In the Northeast this is called the Demand Reduction Induced Price Effect or DRIPE.

Descriptions for Whether/How/What Jurisdictions Account for Certain Impacts

Yes	The jurisdiction includes the impact in the primary test.
No	The jurisdiction does not include the impact in the primary test.
Potentially	If the jurisdiction uses an adder/proxy to account for the impact or the state does not specify including the impact in the primary test but may consider it on a case-by-case basis, but it does not indicate the specific impacts the adder is intended to represent.
Uncertain	We could not determine whether the state includes the impact based on our research.
N/a	Not applicable