

**NESP**  
**QUARTERLY**  
**SEPTEMBER 2020**



# WELCOME

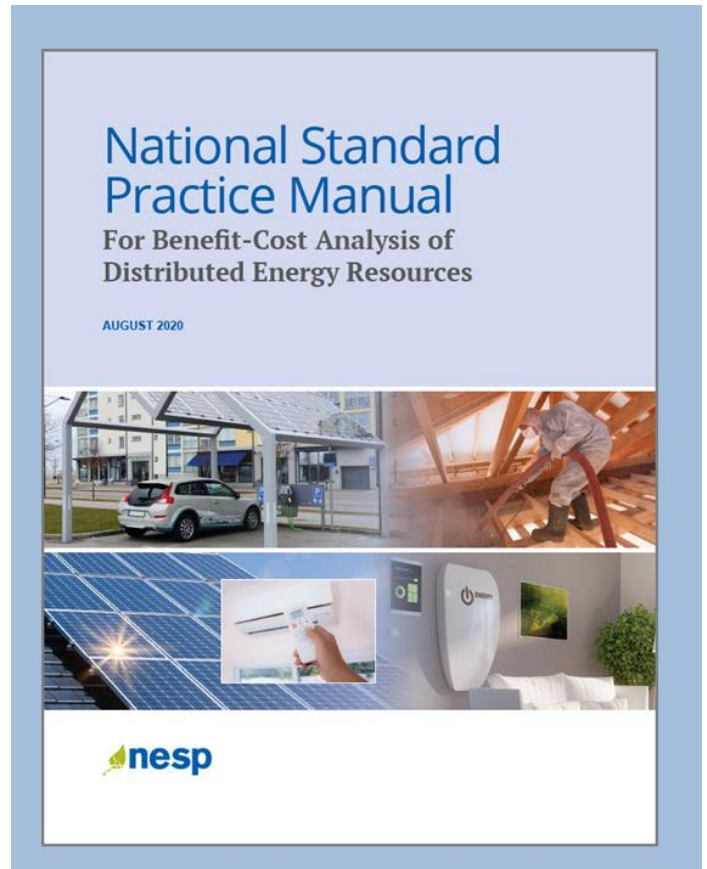
JULIE MICHALS AND SHAYNA FIDLER

We hope this newsletter finds our readers well in the midst of continued uncertain and challenging times. This summer, the National Energy Screening Project (NESP) focused its work to bring guidance and information to help jurisdictions improve valuation efforts around distributed energy resources (DERs). If you missed the media release in August, see it [here](#): We were pleased to announce the publication of the *National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources*. Read on to learn about this important new resource that expands upon the 2017 NSPM which focused solely on energy efficiency resources – and view upcoming events.

See also the news of a much-improved interface, features and added data to the Database of Screening Practices (DSP). Formerly named the ‘DSESP,’ the database can help build understanding and comparisons of efficiency screening practices around the country.

These resources, we hope, can help to support jurisdictional efforts to move toward greater economically-sound and policy-aligned cost-effectiveness testing practices.

For past issues of the *NESP Quarterly* and other cost-effectiveness testing news, see the NESP [News](#) page.



## INSIDE THIS ISSUE

### **NSPM for DERs**

The new, expanded manual is now available for jurisdictions to guide benefit-cost analyses of distributed energy resource investments. Also available are updated template tables jurisdictions can use to take inventory of their applicable policy goals and to identify relevant DER costs and benefits.

### **Database: Updated Format**

Check out the new, user-friendly format for navigating the database of state efficiency cost-effectiveness practices. Plus, we've added natural gas efficiency data, as well as information on methodologies used to quantify selected specific impacts.

### **Events This Autumn**

Learn more about NESP's project and related efforts at these upcoming events, including an IEPEC webinar on Sept 29.

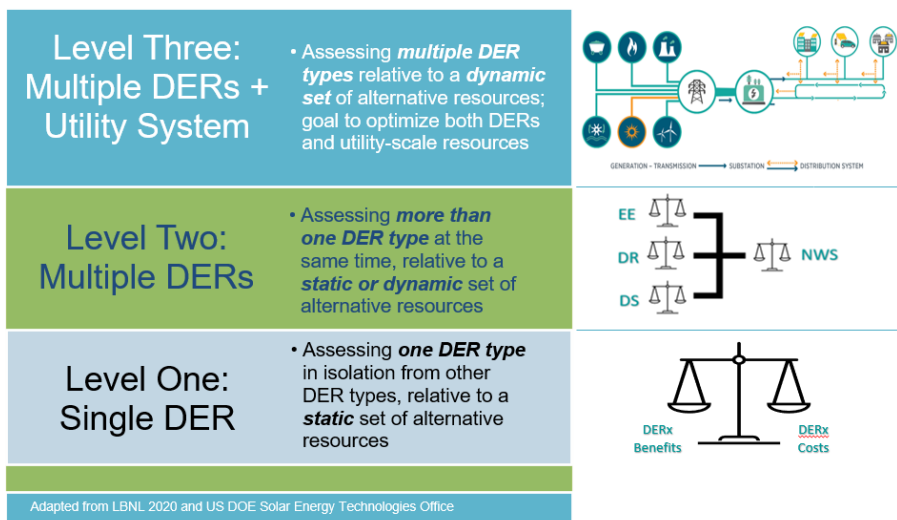
# NSPM FOR DERs



In early August, the long-awaited [National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources](#) (NSPM for DERs) became available. The manual provides a consistent benefit-cost analysis (BCA) framework for DERs, including foundational principles, guidance on development for a jurisdiction’s primary test and the purpose/use of secondary tests.

Guidance on single- and multi-DER BCA, and BCA in dynamic system planning are included, as are example case studies, appendices, and [template tables](#) to support jurisdictions’ efforts to apply the NSPM framework.

## Three Tiers of DER Analyses/Assessment



## NSPM Advisory Group members applaud the new NSPM ...

*“As utilities move toward taking advantage of a wide variety of DERs, we need a tool like the NSPM to help utilities implement cost-effective programs that consider all the relevant costs and benefits, and to help regulators review these new programs. The jurisdictional approach to cost-effectiveness in the Manual significantly improves certainty around program implementation for utilities, regulators, and stakeholders.”*

– Deborah Reynolds, Washington Utilities and Transportation Commission

*“This is a very good, useful, and important document. It will be valuable for guiding the deployment of DERs to enhance the operational, economic, resiliency, and environmental performance of our electricity system.”*

– Rodney Sobin, National Association of State Energy Officials

*“The NSPM for DERs is easy to use and navigate. Many of our colleagues would be able to lead a process to create a Jurisdiction Specific Test with this document.”*

– Todd Bianco, Rhode Island Public Utilities Commission

*“I expect the NSPM for DERs to quickly become the pre-eminent resource for states on cost-effectiveness analysis for all types of DERs, and to remain the prevailing guidance for many years (perhaps with periodic updates). The manual can help lead to more consistent valuation methods across DER types, and across states, with greater consideration of the full suite of values that DERs can provide.”*

– John Shenot, Regulatory Assistance Project

## How the NSPM for DERs Compares to the NSPM for EE

The NSPM for DERs incorporates and expands upon the 2017 NSPM for EE. Jurisdictions and interested stakeholders are encouraged to refer to the NSPM for DERs to guide BCA efforts in their jurisdiction, whether for a single DER type (including EE) or multiple DER types. As jurisdictions increasingly consider DERs as a strategy to meet key goals and objectives, the NSPM for DERs offers a consistent BCA framework and guidance on addressing DER cross-cutting issues.

The table below shows how the NSPM for DERs builds on the former manual and adopts new terminology. You may also see a more detailed comparison of the documents [here](#).

NSPM for EE (2017)	→ NSPM for DERs (2020)
'Resource Value Framework'	'NSPM BCA Framework'
'Resource Value Test'	'Jurisdiction-Specific Test' (JST)
6 Principles	8 Principles
7-step process to develop primary test	5-step process to develop primary test
Single DER analysis	Single- and multi-DER analyses
DERs covered: energy efficiency only	DERs covered: EE, DR, DG, DS, Electrification

**NSPM References in States:** Since 2017, the NSPM began to be referenced and used around the country. While to date these have been specific to the *NSPM for EE* (2017 manual), some states have recognized and anticipated the NSPM for DERs as a resource that can help inform their BCA practices going forward. You can view [NSPM references](#) as well as specific [case studies](#) to learn more about state interest and application of the NSPM.

Funded by E4TheFuture and the US Department of Energy (via Lawrence Berkeley National Laboratory), the NSPM for DERs was written by multiple authors with extensive understanding of regulatory economics and specialized expertise across DER types, as well as reviewed by a diverse advisory group from multiple energy industry perspectives.



## And in case you missed...

...NSPM for DERs **presentation August 27 hosted by LBNL**, you can view and listen to the webinar at [Cost- Benefit Analysis of DERs - An Overview of the NSPM](#)

**Tim Woolf, Synapse Energy Economics** (blog) [A New Manual Paves the Way for Sound, Consistent, Comprehensive, and Transparent Assessment of Clean Distributed Energy Resources](#)

**Joe Cullen, Building Performance Association** (blog) [New National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources – Released](#)

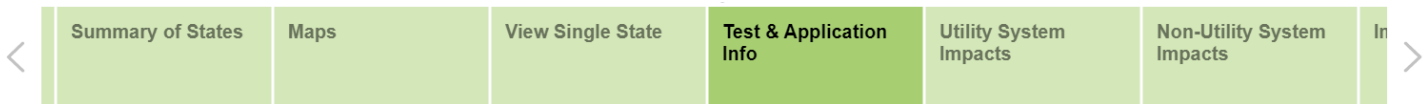


# Database: New Features, Name

Improvements to the [Database of Screening Practices](#) (DSP):

- A **new name!** By popular demand to simplify the acronym, “DSESP” is now “DSP”.
- A **new interactive interface** (using Tableau) replaces the Excel format;
- New data on state **natural gas efficiency** cost-effectiveness testing practices; and
- Information on **methods used to estimate certain impacts**, based on the LBNL report: [Applying Non-Energy Impacts from Other Jurisdictions in Cost-Benefit Analyses of EE Programs](#).

Users visiting the NESP website can easily navigate the database to search and filter for data across states, impact categories, types of cost-effectiveness tests, and other data, with “hover” functionality showing key information and source links. Below are example interfaces/outputs.



View electric or natural gas?

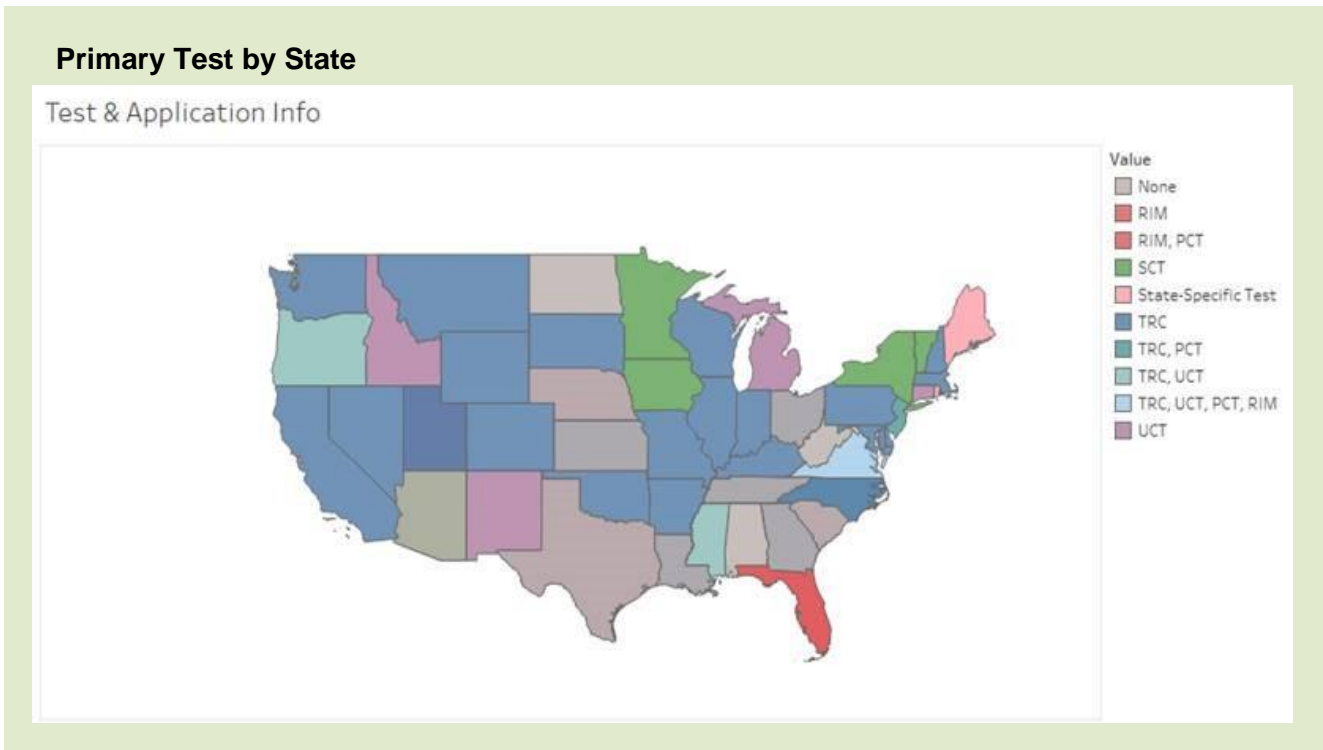
Electric

Natural Gas

Choose a State:

Colorado

	Primary Test	Secondary Tests	Primary Assessment Level	Other Assessment Levels	Discount Rate	Analysis period
Colorado	TRC	UCT, PCT, SCT, RIM	Program	Measure	WACC	Measure Life



The database can help users better understand policies, processes, and studies that support assumptions and underlying methodologies used in state benefit-cost analyses (BCA), as well as to identify where and how states are using the NSPM to guide their BCA practices.

### Utility System Benefits

	Avoided T&D Line Losses	Avoided Ancillary Services	Wholesale Price Suppression Effects	Avoided Costs of Complying with RPS	Avoided Environmental Compliance Costs
Arkansas	Yes	No	No	No	No
California	Yes	Yes	No		
Colorado	No	No	No		
Connecticut	Yes	No	Yes		
Delaware	No				
District of Columbia	Yes				
Florida	Yes				
Georgia	Yes				
Hawaii	Yes				
Idaho	Yes				
Illinois	Yes	Yes	No	No	Yes
Indiana	Yes	No	No	No	Uncertain

User can select from different impact categories to compare state practices, hover over a value field to see sources and other info.

Illinois – Avoided T&D Line Losses: **Yes**  
 Policy Source: 20 ILCS 3855/1-10  
 Value Source: Guidehouse, "Evaluation of ComEd's CY2019 Total Resource Cost Test," June 26, 2020 page 9  
 Notes:  
 Date Data Last Updated: Jul 2020  
 Screening Revisions in Progress? For limited impacts Using NSPM Framework? No

Finally, stay tuned for a report on *A National Survey of State Policies and Practices for Energy Efficiency Program Evaluation*, authored by the ACEEE team Dan York, Charlotte Cohn, and Martin Kushler. This report largely refers to the DSP as its source for cost-effectiveness practices around the country. In the meantime, we invite you to explore the new, user-friendly DSP. If you see any erroneous data let us know, and we invite your suggestions for any improvements.



## UPCOMING EVENTS

**September 29, 2020 1-2pm ET:** Webinar on the *Benefits and Costs of Distributed Energy Resources*, hosted by IEPEC. Register [here](#).

**October 21, 2020:** Webinar on ACEEE's forthcoming "*A National Survey of State Policies and Practices for Energy Efficiency Program Evaluation*" hosted by ACEEE.

**October 29, 2020:** Save the date for a MEEA planned webinar on the NSPM for DERs.

For more information, see NESP [Webinars & Events](#).



The National Energy Screening Project (NESP) is a project of E4TheFuture, with the mission of joining organizations and individuals with a common interest in improving cost-effectiveness assessment of distributed energy resources (DERs). The NESP name was modified from National *Efficiency* Screening Project to the National *Energy* Screening Project in summer 2020 to reflect the expanded application of the NSPM to a broader set of DERs beyond energy efficiency.

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