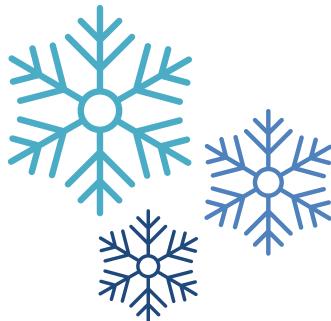


NESP QUARTERLY

DECEMBER 2020



REFLECTING ON THE YEAR

JULIE MICHALS AND SHAYNA FIDLER

As this year comes to a close, we first and foremost wish you the best for a healthy and happy holiday season, recognizing the continued challenge and toll the pandemic is taking on our country at so many levels, not to mention the complications of a difficult election transition.

We conclude the year for the National Energy Screening Project (NESP) by sharing examples of the increasing momentum and interest in the *National Standard Practice Manual for Distributed Energy Resources* (NSPM for DERs) that was released in August. Read on to learn about a host of presentations and a training workshop for state regulators and officials, and key takeaways from some of the webinar attendees. And the Energy Nerd Show podcast is definitely worth checking out!

We also share an update on continued improvements to the Database of Screening Practices (DSP). This resource, along with the NSPM and other supporting resources planned for 2021, all aim to support jurisdictional efforts to move toward improved, economically-sound and consistent benefit-cost analysis practices across all distributed energy resources.

In case you missed past issues of the NESP Quarterly and other cost-effectiveness testing news, see the [NESP News](#) page.

National Standard Practice Manual
For Benefit-Cost Analysis of
Distributed Energy Resources
AUGUST 2020

INSIDE THIS ISSUE

NSPM for DERs

This fall focused on building awareness about the NSPM across the country – including webinars hosted by ACEEE, MEEA, SEEA, ACE-NY, and EEA, plus a workshop for the NCEP. Acronyms have you stumped? Read on to learn more...

Database of Screening Practices

We're getting the hang of the new Tableau interface for the DSP, and hope you notice some recent improvements. If you missed ACEEE's webinar that featured the DSP and new research on EM&V practices, find out more below.

Looking Toward 2021

Learn more about NESP's plans for the upcoming year, where we look forward to advancing BCA practices with other key efforts around the country.

NSPM FOR DERs



This quarter, the E4TheFuture valuation team focused on NSPM outreach. We've hosted [webinars and public events](#) to improve knowledge and understanding of the NSPM for DERs. In case you missed any, here are links to materials.



The [Midwest Energy Efficiency Alliance \(MEEA\)](#) hosted a webinar on October 29 centered around the potential use of the NSPM in Midwestern states such as Michigan, Ohio, and Minnesota. Topics covered include:

- a state examining its tests and modifying its testing parameters using the NSPM;
- a utility that commented to its commission, "this is what we should measure and how we propose to do it" using the NSPM; and
- a state energy office that wants to compare energy resource proposals and make investments using the NSPM choices.

The NSPM is helping these states modernize cost-effectiveness (CE) testing for DERs in their region.

MEEA's senior analyst, Greg Ehrendreich, wrote a blog highlighting the NSPM as one of the best tools for [Valuing Energy Efficiency](#). He clearly explains how the NSPM for DERs improves upon the previously-published NSPM for EE.

GREG EHRENDREICH, MEEA:

"Energy efficiency in the Midwest needs the NSPM. The *NSPM for EE* debunked the myth that the traditional cost-effectiveness tests give us all the results we need. *NSPM for DERs* debunks the myth that energy efficiency exists in a silo. Since its first publication in 2017, MEEA has been a vocal proponent of the NSPM across the Midwest. Now, with the release of the NSPM for DERs, we can see its work in action, through some of the Midwest's NSPM stories."

The [Alliance for Clean Energy New York \(ACE NY\)](#) hosted its annual virtual conference in November, including a session on cost-effectiveness testing. Moderator Julie Michals introduced the NSPM framework and compared its principles to the current NY BCA principles. She drew attention to improvements the state can make in their CE testing practices related to ensuring symmetrical treatment of hard-to-quantify societal and participant impacts. Ensuring symmetry is a key NSPM principle.

Andy Frank, president of [Sealed](#), spoke about challenges that arise from asymmetrical treatment of participant impacts in cost-effectiveness testing.

Paul Hibbard of [Analysis Group](#) spoke about the difference in carbon impacts of behavioral and structural energy efficiency programs. In his recent report [Utility Energy Efficiency Program Performance from a Climate Change Perspective: A Comparison of Structural and Behavioral Programs](#), Hibbard describes how behavioral energy efficiency (BEE) programs reduce carbon emissions more cost-effectively, and in less time than, structural energy efficiency programs (SEE), though both program strategies are equally effective in achieving carbon emission reduction amounts. Consistent with NSPM guidelines, policy goals and objectives should help inform program strategies and their relative cost-effectiveness.

Finally, Sonal Jessel of [WE ACT for Environmental Justice](#) spoke about the importance of low-income programs in the energy efficiency sector. The NSPM highlights low-income programs as essential to account for societal impacts in CE testing, where consistent with jurisdictional goals.

NATIONAL COUNCIL ON ELECTRICITY POLICY HIGHLIGHTS THE NSPM FOR DERs



The [National Council on Electricity Policy](#) (NCEP) held its annual meeting in December, which included on Day 1 a webinar panel on benefit-cost analysis featuring the NSPM, followed by a half day workshop on applying key guidance from the NSPM. Over 150 people joined the NCEP virtual meeting, which covered: an overview of FERC's Order No. 2222; operational considerations for distribution level markets; compensation and market mechanisms for DERs; and a session that explored optimization through BCA. This last session included Commissioner Abigail Anthony (RI PUC), who kicked off the panel by presenting on [Regulatory Considerations for BCA](#) and key challenges, followed by Julie Michals presenting an [Overview of the NSPM](#), and Sneller Price (E3) presenting on [DER Portfolio Optimization](#).

On Day 3 attendees from nearly twenty states (commissions, public advocates and energy offices) joined the NCEP workshop that built on the Day 1 NSPM overview, diving deeper into key issues. Peter Larsen (LBNL) shared research results on [Assessing Costs and Benefits to Justify Future Utility Investments in Resilience](#), while Julie Michals and Tim Woolf led interactive sessions on three topics: developing a primary BCA test using the NSPM BCA Framework; using secondary tests to prioritize DER investments; and how rate impacts from DER investments differ from BCA. Attendees applied current knowledge to hypothetical NSPM use-case scenarios. Helpful Zoom tools, such as polls and chat/emojis, allowed for an interactive and collaborative environment. One poll addressed potential future training topics, which NESP is planning for 2021 in coordination with the [National Regulatory Research Institute's Regulatory Training Initiative](#) (RTI).



SEEA hosts webinar on BCA of EVs

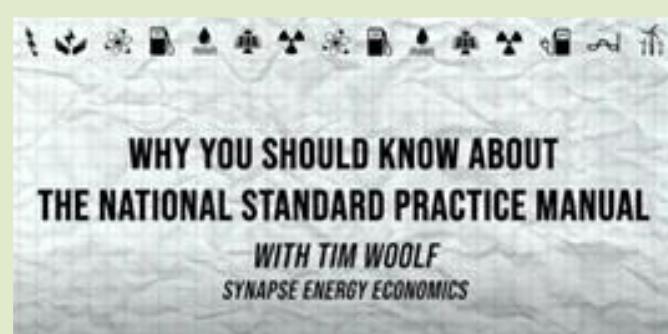


E4TheFuture partnered with the Southeast Energy Efficiency Alliance (SEEA) on December 10 to host *Benefit-Cost Analysis of Electric Vehicles – Guidance from the NSPM and Experience to Date*, as part of SEEA's year-end series [The Path Forward](#).

The webinar attracted 125+ attendees. Moderated by John Shenot of the Regulatory Assistance Project, it included an overview of the NSPM BCA Framework and key BCA issues for EVs delivered by Chris Neme of Energy Futures Group; Dana Lowell and MJ Bradley & Associates provided case studies on using BCA in EV investments. You can access the recording [here](#).

Is electrification worth the investment?

Check out NEEP's recent blog [Barriers to Strategic Electrification Programs](#) for a snapshot of policy and program efforts across the northeast region, and reference to the NSPM.



THE ENERGY NERD SHOW

Looking for a helpful explanation of the new NSPM? Check out the Energy Nerd Show hosted by Bruce Biewald and Jeannie Ramey of Synapse Energy Economics. They speak with **Tim Woolf**, of Synapse and a co-author of the NSPM, about the manual's key principles and goals.

The three-part series is great for people seeking to quickly learn about the NSPM. And the videos feature amusing moments!

[Here's Why You Should Know About the National Standard Practice Manual \(Part 1\)](#).

Also see [Part 2](#) and [Part 3](#).

EEA Regional Policy Conference highlights NSPM

The Keystone Energy Efficiency Alliance (KEEA) and the Energy Efficiency Alliance-New Jersey (EEA-NJ) hosted a panel discussion on November 20, 2020. *New Perspectives on Cost Test Reforms* was part of their [regional policy conference](#). The panel provided an overview of cost effectiveness testing reforms in Pennsylvania and New Jersey, with Tim Woolf (Synapse Energy Economics) introducing NSPM basics.



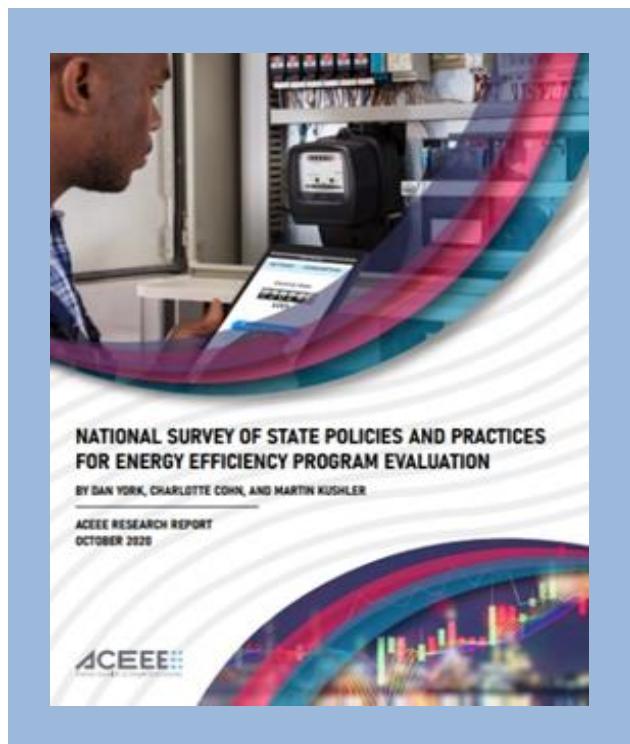
Joe Cullen, of [BPA](#), gave an overview on the PA Public Utility Commission decision to update its Total Resource Cost Test. The Order included NSPM references and applications. In August 2020, the NJ Board of Public Utilities (BPU) issued an Interim NJ Cost Test applying NSPM Principles and it plans a more comprehensive review.



Kara Saul-Rinaldi, also of BPA, then showed how the NSPM for DERs will assist PA and NJ engage in more comprehensive cost effectiveness testing reforms as they plan for and implement programs designed to achieve aggressive energy and climate goals.

Cullen and Saul-Rinaldi

DATABASE OF SCREENING PRACTICES



Thank you to all who provided feedback on the DSP. Since the launch of the Tableau interface in August, we've made improvements to the database functionality and interface. Take a look at [the DSP](#) and please send ideas to NSPM@nationalenergyscreeningproject.org if you have suggestions for further improvements. We are preparing to update state-level information to reflect the most current practices in early 2021.

ACEEE: Related Work

The [American Council for an Energy Efficient Economy](#) hosted a webinar in late October highlighting their report [National Survey of State Policies and Practices for Energy Efficiency Program Evaluation](#) and the use of the DSP to inform their research. Recommended read!

ACEEE's Dan York presented on how various state agencies and utilities conduct CE testing, while Shayna Fidler of E4TheFuture gave a brief instruction on how to use the DSP and key database features.

RESOURCES TO SUPPORT ESTIMATING DER IMPACTS:

The NSPM provides guidance on developing a jurisdiction's primary cost-effectiveness test using a consistent BCA framework that can apply to all DERs. Once a jurisdiction develops its test (or modifies its existing test) by identifying relevant impacts (using these [Template tables](#)), the next major step is to quantify those impacts.

Quantifying the full range of utility system impacts and relevant non-utility system impacts is not always easy. The [NSPM for DERs](#) Appendix C provides guidance on options for estimating impacts, with example quantification methods. Additional information on *Cost-Effectiveness Testing - Reports and Studies on Various Impacts* can be found on the [DSP landing page](#).

NSPM State Reference Map & State Updates:

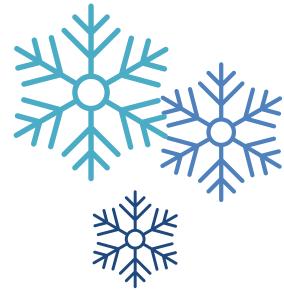
States continue their interest in the NSPM as a resource to use for efficiency, DER planning, and accounting for DER value streams in distribution planning.

In **Connecticut**, Eversource submitted their [Forecast of Natural Gas Demand and Supply](#). The utility mentions early actions taken by the state in developing a primary test aligning with NSPM principles. Eversource explains what the NSPM is and how it can be helpful for state CE testing practices.

In **Missouri**, a docket was opened [Establishing Special Contemporary Resource Planning Issues](#). It directly mentions using the NSPM as a valuable resource for industry guidance on the state's Value of Solar Study development and implementation.

The **Colorado** Public Utilities Commission released a report as an [Investigation into Performance-Based Regulation in Colorado](#). The report provides guidance on performance-based regulation programs (PBR), as well as a brief history of PBR in Colorado. The PUC examines other states that have used the NSPM, and cites it as a tool to develop a 'Jurisdiction-Specific Test'.

See the [NESP website](#) for more information about specific state references.



UPCOMING:

Be on the lookout for NSPM for DERs on YouTube! The [Smart Electric Power Alliance](#) (SEPA) will offer informative videos.

LOOKING TOWARD 2021

To support states in using and applying the NSPM for DERs, the NESP is gearing up for activities in 2021, such as providing:

- state technical assistance on the NSPM
- resources to support calculations using BCA formulae
- BCA training using the NSPM

and developing:

- in-depth BCA case studies using select real-world examples
- more guidance on methods, tools, and techniques for estimating BCA inputs expanding on the NSPM Appendix C

DSP data for EE will be updated, and NESP will explore expanding the DSP to incorporate state BCA practices for other DERs. The extent of these efforts will depend upon leveraged funding, which E4TheFuture is actively pursuing.



Your continued interest in the NSPM and DSP is greatly appreciated. We hope you have a safe and healthy holiday season. See you next quarter!

Contact Us

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The National Energy Screening Project (NESP) mission is to improve cost-effectiveness screening practices for distributed energy resources DERs. NESP joins organizations and individuals with a common interest in improving cost-effectiveness assessments of distributed energy resources (DERs). Note that the NESP name was modified from National Efficiency Screening Project to National Energy Screening project in Summer 2020 upon publication of the NSPM for DERs.