

Workshop Arc

- Today
 - Surface all issues, significant challenges
 - What is there already consensus about
 - What don't we know?
- May
 - Detail differences (if any!)
 - Fill in information gaps
 - Sketch solutions
- June
 - Developed solutions, parties commit to agree or disagree

Table 2-2. The Five Principal Cost-Effectiveness Tests Used in Energy Efficiency

| Test | Acronym | Key Question Answered | Summary Approach |
|--|----------------|---|--|
| Participant cost test | PCT | Will the participants benefit over the measure life? | Comparison of costs and benefits of the customer installing the measure |
| Program administrator cost test | PACT | Will utility bills increase? | Comparison of program administrator costs to supply-side resource costs |
| Ratepayer impact measure | RIM | Will utility rates increase? | Comparison of administrator costs and utility bill reductions to supply-side resource costs |
| Total resource cost test | TRC | Will the total costs of energy in the utility service territory decrease? | Comparison of program administrator and customer costs to utility resource savings |
| Societal cost test | SCT | Is the utility, state, or nation better off as a whole? | Comparison of society's costs of energy efficiency to resource savings and non-cash costs and benefits |

Source: Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects.

Table 3-2. Summary of Benefits and Costs Included in Each Cost-Effectiveness Test

| Component | PCT | PACT | RIM | TRC | SCT |
|---|----------------|----------------|----------------|----------------|----------------|
| Energy- and capacity-related avoided costs | | Benefit | Benefit | Benefit | Benefit |
| Additional resource savings | | | | Benefit | Benefit |
| Non-monetized benefits | | | | | Benefit |
| Incremental equipment and installation costs | Cost | | | Cost | |
| Program overhead costs | | Cost | Cost | Cost | Cost |
| Incentive payments | Benefit | Cost | Cost | | |
| Bill savings | Benefit | | Cost | | |

Source: Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects.

Note: Incentive payments include any equipment and installation costs paid by the program administrator.

Figure 3-1. Hypothetical Cost-Effectiveness at Measure, Program, and Portfolio Levels

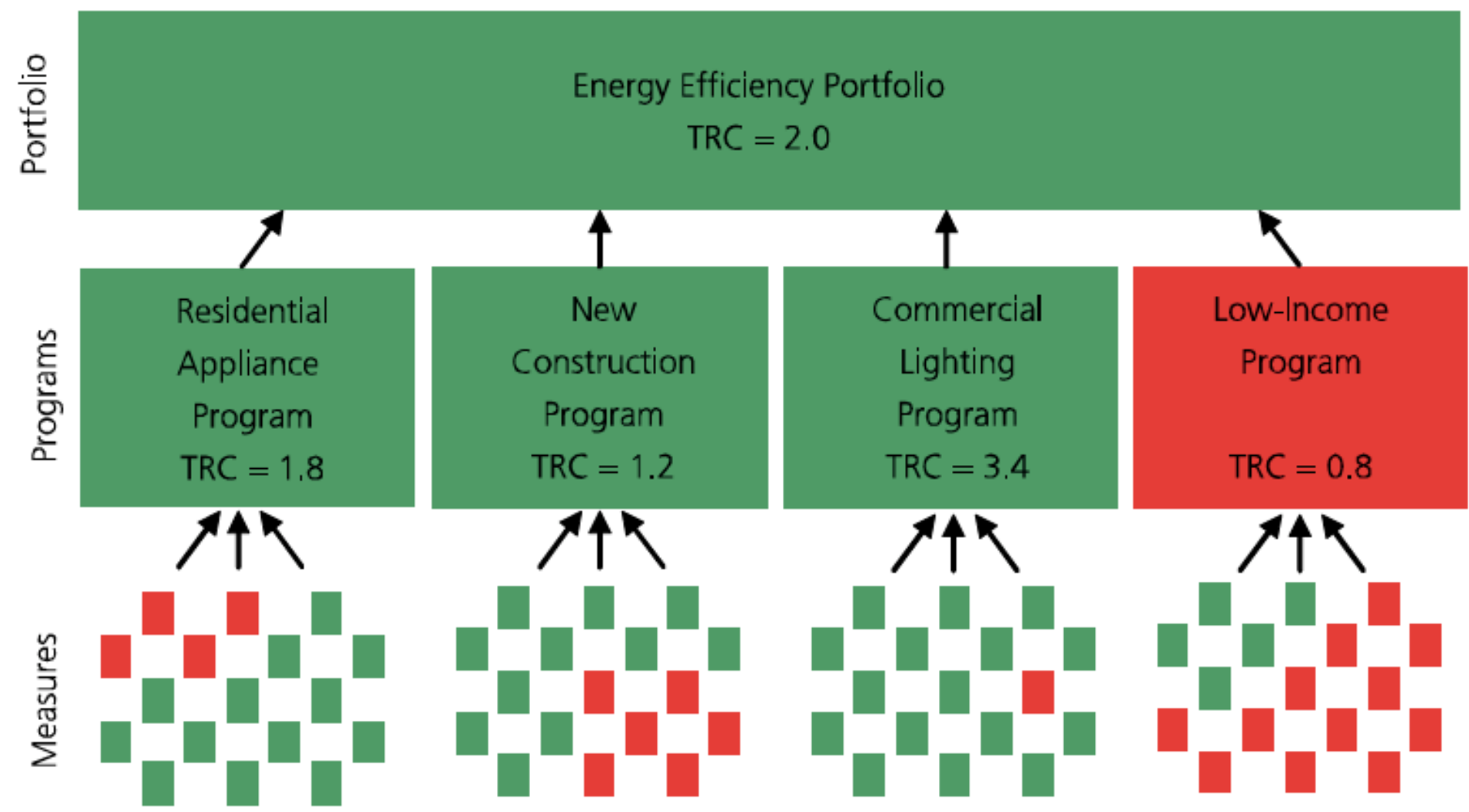


Table 5-1. Primary Cost-Effectiveness Test Used by Different States

| PCT | PACT | RIM | TRC | SCT | Unspecified |
|-----|------------|-----|---------------------------|-----------------------|---|
| | CT, TX, UT | FL | CA, MA, MO, NH, NM, | AZ, ME, MN, VT, WI | AR, CO, DC, DE, GA, HI, IA, ID, IL, IN, KS, KY, MD, MT, NC, ND, NJ, NV, OK, OR, PA, RI, SC, VA, WA, WY |

Source: Regulatory Assistance Project (RAP) analysis.