

DPS Verification of EVT Annual Savings and Total Resource Benefit (TRB) claims

EVT’s contract with the Board includes the requirement for the DPS to review and “verify” Efficiency Vermont’s annualized MWh and total resource benefits claimed in its Annual Report provided on April 1. The DPS issues a report and recommendation to the EEU Contract Administrator around May 1. The Contract Administrator subsequently makes a recommendation to the Board regarding the appropriate savings EVT may claim for the reporting year. To date, the DPS has completed reviews for EVT’s 2000 and 2001 claimed savings.

For the Year 2000, the DPS proposed the total annualized MWh savings be reduced by about 2.2%. The Contract Administrator made a recommendation to the Board adjusting EVT’s savings claims by about 2%, which was subsequently “certified” by the Board.

For Year 2001, the DPS proposed reducing the EVT claimed annualized MWh savings by about 2%. The Contract Administrator supported the DPS adjustments in a May 24, 2002 memo to the Board. A final determination of EVT’s 2001 Annualized MWh savings and TRB will be made by the Board later in 2002.

Revisions to claimed EVT savings and TRB as a result of the verification process are shown in the following table.

Table: Summary of Verification Process Results

Year	Annualized MWh Claim	TRB Claim	Annualized MWh Revised	TRB Revised
2000	23,335	\$19,931,041	22,794	\$17,110,766
2001	37,565	\$24,747,096	36,894 (Pending Board certification)	\$23,775,913 (Pending Board certification)

The Verification adjustments do not include savings and TRB for the Customer Credit Program, since they are not included in EVT’s contract targets.

General Description of Process

The investigative part of the DPS review is similar to the discovery process in a rate proceeding. A “preliminary findings” document that details proposed savings and TRB related adjustments and discusses other issues raised in the review process is provided to EVT and the Contract Administrator. After about a month of investigation EVT provides a written response to the preliminary findings about a week later.

The parties subsequently meet to discuss issues and attempt to reach agreement on their resolution. On or about May 1, the DPS makes its report and recommendation to the Contract Administrator. The report outlines unresolved issues, documents agreements and comments on issues and items to be addressed going forward. For each of the past two years, the parties have reached agreement on all but one major issue that effects EVT’s claimed MWh savings and TRB claims.

About one month later, the Contract Administrator makes his final recommendation to the Board regarding EVT’s claimed savings and TRB based on the DPS report and EVT’s response. Once the Board “certifies” the savings and TRB for that year, EVT modifies its tracking system and issues a revised annual report. At that time, EVT provides each of the utilities with revised installed measure data for the year which the utility can use for its ACE calculations and resource planning.

The following summarizes the DPS review process for the Year 2001 verification.

Summary of Year 2001 verification of EVT claimed savings

On March 1, 2002, Efficiency Vermont (EVT) filed its Annual Report on its calendar year 2001 accomplishments operating as the Statewide Energy Efficiency Utility. As provided for in the contract between Efficiency Vermont and the Vermont Public Service Board, the Department undertook a review of EVT’s 2001 activities with the goal of “verifying” the annualized MWh savings and Total Resource Benefit amount claimed by EVT. The May 7 report to Mike Wickenden, Contract Administrator for the PSB, summarizes the results of that review.

The DPS recommends that EVT’s 2001 annualized MWh savings be reduced by about 644 MWh or 2.0% of the savings claimed in EVT’s March 1 report.¹ These adjustments will

¹ The DPS review results are quantified as reductions to annualized kWh or MWh gross savings at the customer meter. The EVT contract savings goals are expressed in MWh savings at generation, net free ridership and spillover effects. Once the final savings

result in corresponding reductions in KW savings and the claimed Total Resource Benefit (TRB) and will be recalculated by EVT.

The DPS and EVT have reached agreement on all but one issue raised in this review. The subject in dispute concerns a snow making equipment project at a southern Vermont ski resort. The report contains a fairly detailed discussion of the DPS findings and rationale related to its proposed adjustment to the savings EVT claim for this project.

The balance of the subjects raised in the review, and their proposed resolution, are briefly described in the report to the Contract Administrator.

DPS Review Process

Over a two-month period covering March and April, 2002, DPS staff members Tom Franks, Randall Lloyd, Chris Owen, and Carole Welch worked with DPS contractors West Hill Energy and Computing to plan and implement the review, and develop the conclusions and recommendations contained in this report. In addition, the DPS retained the services of engineering consultant, SAIC (Science Applications International Corporation) to review seven large or complex projects or technologies for which EVT claimed substantial savings for 2001.

Using EVT's database, West Hill constructed a list of projects proposed for the review. Approximately one hundred thirty (130) projects from a total of 2,155 were selected.² Overall, the savings from the reviewed projects represent nearly 12% of EVT's total 2001 claimed annualized MWh savings.

The process for selecting these projects was as follows:

1. All projects were ordered by size (total kWh savings) and approximately the top 25 projects were identified for review.
2. All projects were grouped first by program and then by size, and a few of the largest projects in each program (if not first identified in step 1) were selected.
3. All measures were ranked by size (total kWh savings) and projects with high measure-level savings or unusual measures were chosen (if not already marked in steps 1 and 2 above).

amounts "at the customer meter" are determined, the revised savings "at generation net free ridership and spillover" will be calculated by EVT.

² All EPP lighting and all EPP clothes washers are each considered one project.

Multiple site visits to EVT offices were made during March and early April to review project files and discuss projects with EVT staff. West Hill used EVT's database to check savings assumptions for prescriptive measures against the reference manual and to verify prescriptive savings for the residential programs. West Hill also developed spreadsheets extracted from the database that contained detailed measure and project data for each EVT program. Electronic and hard copy files from selected projects used by EVT to calculate savings and screen measures were reviewed. Customer billing history records available from EVT's tracking system were reviewed for selected projects.

The DPS provided EVT with a draft list of issues on Friday, April 5. EVT provided its written response to the DPS' preliminary issues the following Friday, April 12 and a meeting between EVT and the DPS was held on April 19. At that meeting, mutually agreed upon resolutions were reached on all but one issue.

Findings

The report and recommendation to the Contract Administrator summarizing the results of the DPS review is presented under one of four categories, as follows:

- Category 1: Unresolved Issue with Adjustments
- Category 2: Resolved Issues with Adjustments
- Category 3: Savings Issues Without Adjustments, Requiring Future Attention
- Category 4: Other Issues

In general, items in all categories will require further action. Most, if not all, of the issues identified and discussed under categories 1, 2, & 3 will be referred to the appropriate Technical Advisory Group (TAG). In some instances, the review uncovered items where EVT apparently under reported savings and/or TRB. The report makes no effort to quantify those items. The report also includes some process issues and concerns identified during the review that will require EVT attention and perhaps further discussion/negotiation. Finally, the report contains a brief discussion of a role EVT's Quality Assurance Plan implementation might play in the DPS review and evaluation of EVT programs.