

2013-2015
Energy Efficiency Plans:
Supplemental Information
on Performance Incentive
Mechanisms & Metrics

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Build on the Current Approach

- For 2013-2015, build upon the current performance incentive mechanism with its three components: savings (benefits), value (net benefits), and performance metrics
- Three components focus on key objectives:
 - Higher savings, more benefits for MA
 - Value and cost-effectiveness (net benefits)
 - Metrics for other specific objectives: deeper savings, targeted market segments (rental), etc.

Key Topics

- *Amount or level* of performance incentive – total amount of the performance incentive or pool
- Incentive *mechanism* (and its components)
 - Potential modifications to the performance incentive mechanism (e.g., percentages for savings, value, and metric components)
 - Performance metrics (third component)

Performance Metrics – EEAC Notes

- Key Question: *whether* to have performance metrics, and if so, *which metrics*
- Any metrics would have to be clear (simple), effective, and meaningful
- Fewer metrics (have had ~12 metrics)
- Consultant proposal: six performance metrics focused on deeper savings (5) and renters (1)

Performance Metrics – Options

- Key Question: *whether* to have performance metrics, and based on that decision, *how to adjust* the component percentages
- *Opt. 1*: Have fewer metrics, focused on high priorities (deeper savings); adjust component % to 56% savings, 35% value, and 9% metrics (change from 52%, 35%, and 13%)
- *Opt. 2*: Eliminate metrics, and then adjust the component % to 60% savings and 40% value

Performance Metrics

- **Large Retrofit Depth of Savings**
- **Purpose:** Continuous improvement in capturing deep savings
- **Description:** Each year, increase the number of large retrofit program projects that achieve the savings depth target. To meet the depth target, projects must include both gas and electric savings, with each qualifying project achieving at least 20% savings in one fuel, and at least 5% savings in the secondary fuel. The design level for the metric is an increase in projects meeting the depth target by at least 15% from the previous year accomplishment.

(Two similar C&I performance metrics, for other two programs)

Performance Metrics

- **Mass SAVE/Weatherization Depth of Savings**
- **Purpose:** Continuous improvement in capturing deep savings
- **Description:** Each year, increase the average depth of savings for each Home Energy Assessment. Savings depth will be measured on a total MMBtu basis, combining electric, gas, and oil savings. The design level for the metric is an increase in the average depth of savings of at least 12.5% from the previous year

Performance Metrics

- **Low Income Depth of Savings**
- **Purpose:** Continuous improvement in capturing deep savings
- **Description:** Each year, increase the average depth of savings in 1-4 unit low income projects. Savings depth will be measured on a total MMBtu basis, combining electric, gas, **and oil** savings. The design level for the metric is an increase in the average depth of savings of at least 7.5% from the previous year.

Performance Metrics

- **Multifamily Rental Market Penetration**
- **Purpose:** Continuous improvement in serving the multifamily rental market
- **Description:** Each year, increase the number of rental units served by the multifamily program, relative to the total units served. The design level for the metric is an increase of at least 7.5% from the previous year .
- **Rental market: including both multifamily and single family?**

Potential Modifications to the Existing Performance Incentive

Concern/Issue	Potential Modification	Options/Specifics
Not achieving the goals; earning an incentive for lower levels (75%) of performance	Increase the threshold (minimum performance level for which an incentive is offered)	Increase threshold from 75% to 80% or 85%
Not achieving the goals, inadequate incentive to achieve and exceed the goals	Scale the incentive by offering a higher incentive for performance above the 100% target and a lower incentive below the target	<ol style="list-style-type: none"> 1. Use two payout rates (higher at and above 100%, lower below 100%) 2. Scale the incentive across the perf. range (see diagram)
Not achieving the goals, inadequate incentive to achieve and exceed the goals (funding left on the table)	Increase the % weight on the savings (benefits) component	Increase the % weight for savings (benefits) and decrease % weight for value component (net benefits) and performance metrics (depending on decision on metrics)