



OCC Considers Best Cost Effectiveness Testing for CT's CL&M Programs

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The Office of Consumer Counsel (OCC) will soon participate in a proceeding led by Connecticut's Department of Energy and Environmental Protection (DEEP) to review the current cost effectiveness testing for the state's Conservation and Load Management (CL&M) programs offered to ratepayers.

These energy efficiency programs, which range from a basic energy audit to deep measures like insulation and high-efficiency heating and cooling equipment, are funded by all electric and gas ratepayers through a fee on monthly bills. Screening for cost effectiveness is a key step in evaluating conservation programs to know how well they are meeting savings goals.

There are four common tests used:

- **Participant Test:** The participant test examines the customer's decision to take part in a conservation program by comparing the cost it would take in order for that customer to reduce consumption to the savings on their utility bill.
- **Utility Cost Test:** The utility cost test evaluates a program from the perspective of a ratepayer – any ratepayer. This test compares the amount a utility company would have to spend to run the program to savings based on the company's avoided cost.
- **Total Resource Test:** The total resource test looks at both the cost to the participant as well as the cost to the utility company, and then compares the costs to the savings based on the utility company's avoided cost.

- **Societal Test:** The societal test is similar to the total resource test in that it includes the same costs and benefits, but also includes other benefits like environmental, health and safety, etc.

Currently in Connecticut, the utility cost test is mainly used, except when screening low-income programs, where the total resource test is used. Many states use the total resource test and some are moving away from the standard four tests and creating new, more tailored assessments. While open to new options for screening, OCC cautions against changing the test to meet a more favorable result and instead would advocate for changing the actual program if it's not reaching benchmarks.

One common point of discussion, and oftentimes disagreement among parties, is whether to include non-energy benefits like comfort. OCC appreciates the significance of quantifying non-energy impacts for purposes of helping to incentivize a customer or to help a participant determine the value of an energy efficiency measure in their home or business. However, OCC does not believe that these ancillary benefits should be included in determining cost effectiveness from the perspective of ratepayers as a class.

The screening methods haven't been evaluated in several years, and with the recent raid on the C&LM funding by the legislature and the addition of hefty new energy and environmental goals in place, the time is now to hone in on the specifics of how these programs are being screened for cost effectiveness. OCC looks forward to participating in DEEP's proceeding, which is set to kick off in mid-September.



Please visit [OCC's website](#).