

MN CIP Potential Study Advisory Committee

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Fresh Energy

**How should we set
and track CIP goals?**

What to expect:

- **Brief overview of the current model**
- **Pros and cons of existing and new approaches**
- **Open discussion**
- **Lots of expertise in the room and CIP is complicated - don't hesitate to correct me**

The current model:

- Annual statutory goal of energy savings equivalent to at least **1.5 percent** of most recent three-year average weather-normalized retail sales, minus sales to opt-out customers (with caveats)
- Savings goal is determined and assessed as first-year kWh or therms savings through specified efficiency measures within a given year (with caveats)
- Annual reporting to the Department of Commerce for review, adjustments, and approval
- Investor-owned utilities file three-year plans with anticipated savings and spending goals for Department approval

First-year savings versus lifetime savings

Pros: first-year savings

- Drives measures that achieve savings now
- Relatively simpler EM&V (though assumptions still made)

Cons: first-year savings

- Might be leaving deeper long-term savings on the table

Pros: lifetime savings

- Can drive deeper long-term savings

Cons: lifetime savings

- Might be missing near-term savings for customers
- Ongoing EM&V may be needed

Annual savings versus cumulative savings

Pros: annual savings

- Ensures persistent savings every year
- Drives savings now

Cons: annual savings

- Not flexible
- May miss opportunities/ programs that need a longer timeline

Pros: cumulative savings

- Allows flexibility over time
- Not restricted to annual timelines

Cons: cumulative savings

- Risk of delay in savings
- Long-term EM&V and reporting

Statutory savings goal versus potential study

Pros: statutory goal

- Clear goal for all utilities to meet or exceed
- “Backed” by statute

Cons: statutory goal

- Not flexible to specific utility service territories
- Static number that doesn’t fluctuate with the market, technology, etc.
- Can set perception of a “ceiling” for savings
- Doesn’t square with electrification

Pros: potential study

- Flexible to realities of utility service territories
- Allows goal to evolve with market, technology, etc.
- Based on data and analysis

Cons: potential study

- “Thumb on the scales”
- Lots of assumptions – can be messy
- Can be time and resource-intensive

kWh savings versus time and locational value

Pros: kWh savings

- Prioritizes direct energy and dollar savings for customers
- Relatively simple to assess and measure

Cons: kWh savings

- Doesn't capture full value for the system
- May not prioritize the most cost-effective measures
- Not flexible to drive new technologies

Pros: time and locational value

- Recognizes and drives these values to the utility system
- Treats efficiency as a distributed energy resource, uses the same language
- Captures high-value savings

Cons: time and locational value

- Big change/shift
- Who misses out?
- Requires lots of data and transparency

kWh savings versus carbon reduction

Pros: kWh savings

- Prioritizes direct energy and dollar savings for customers
- Relatively simple to assess and measure
- Resource agnostic – savings are savings

Cons: kWh savings

- Not sure if it's always driving state carbon emission reduction goals

Pros: carbon reduction

- Can link to state carbon emission reduction goals
- Can more directly drive beneficial electrification

Cons: carbon reduction

- Loses focus on direct energy savings for customers
- Still want an efficient system

Talk amongst yourselves...



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Thank you!

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