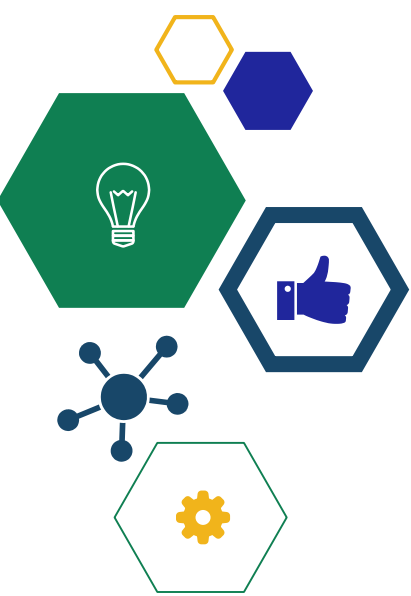


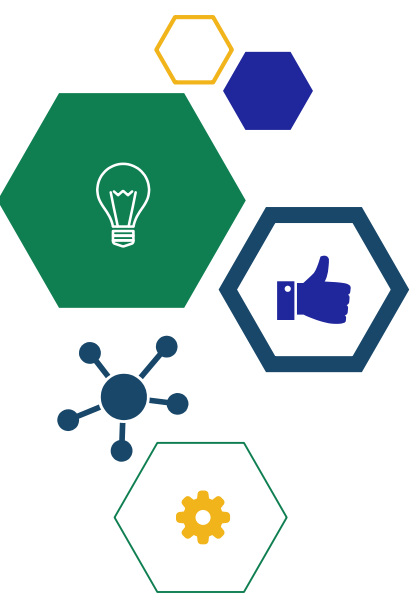
# Evaluation by Segmentation

Presented at the  
AESP National Conference  
Brad Kates  
February 3, 2016



# Agenda

- Evaluation Industry Today
- Introduce Evaluation by Segmentation
- Explain the Importance of Changing the Status Quo



# Goals of This Presentation

- Spark discussion about the next generation of evaluating energy efficiency efforts
- Change the evaluation focus from programs to customers

# Energy Efficiency Evaluation Has Changed

Olden days



Low-hanging fruit



Little to no customer data

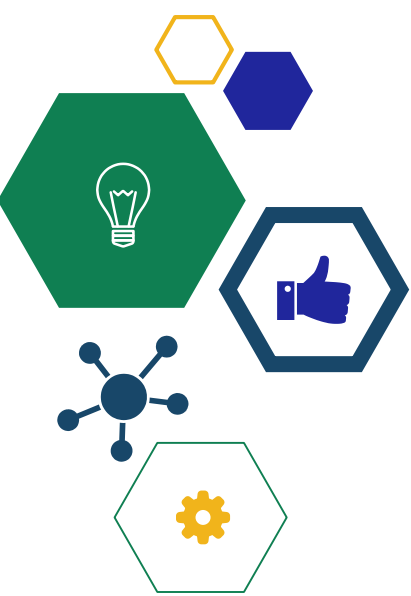


Little to no stakeholder involvement



Duty to serve

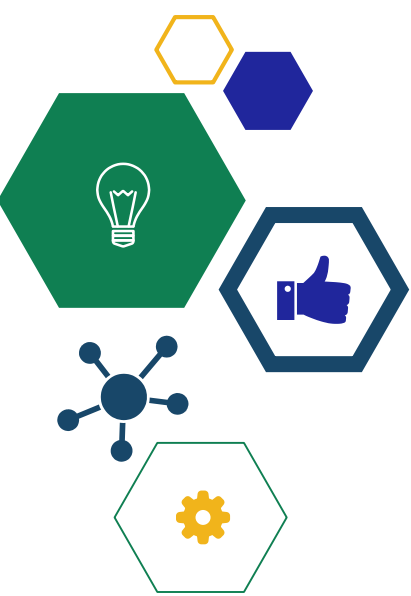
# Energy Efficiency Evaluation Today



 Nothing is easy

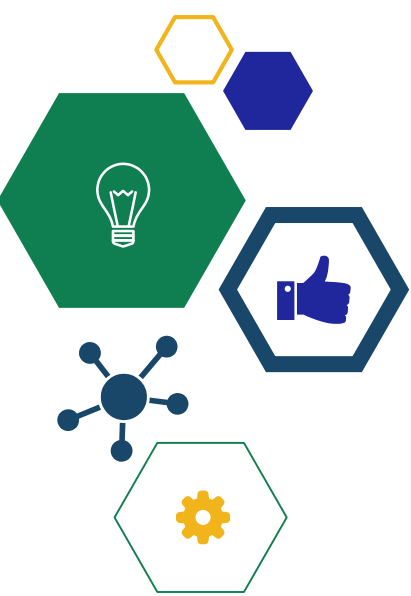
 One size fits all approach does not work for energy efficiency efforts

 The gold rush is essentially over



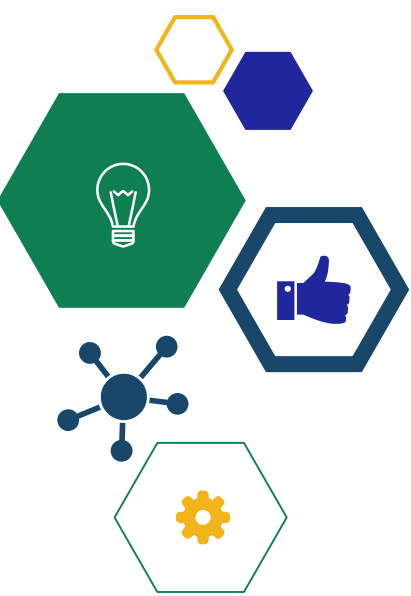
# Energy Efficiency Evaluation Today

- Almost exclusively focuses on program-based energy or demand savings
- Mostly energy commission mandated
- Audit function and measurement tool



# Evaluation at a Crossroads

- Savings numbers developed do not mirror actual savings off the grid
  - Savings estimates based on stakeholder process and agreement
- Is that OK in the Clean Power Plan environment?

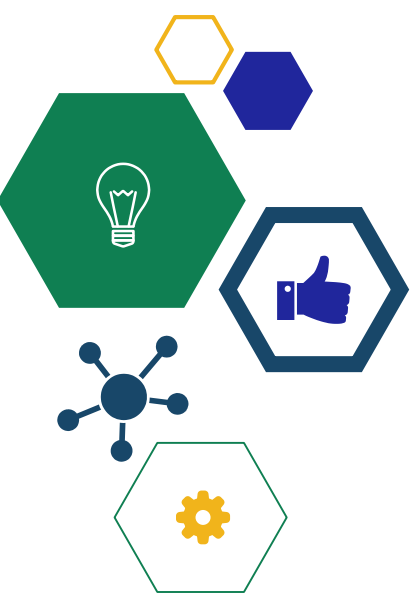


# Imagining Evaluation Differently

Does assessing savings focusing on programs provide enough depth of information to allow policy makers and decision-makers enough information to determine success?

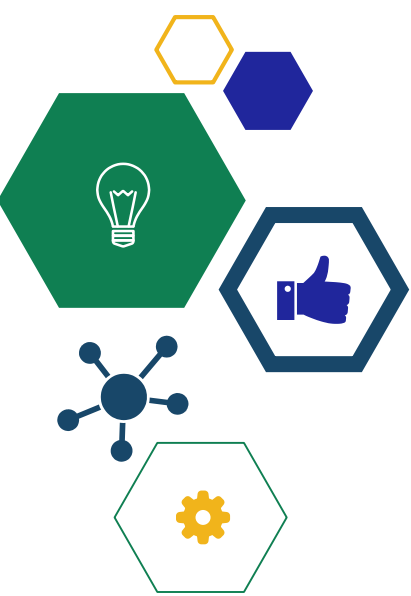
This paper posits that it does not.





# Evaluation by Segmentation

- Premise is that a segmented approach to attracting customers yields the best results
  - Not groundbreaking assertion
  - That’s the method used in almost every industry
- It’s applicable to our work, too.



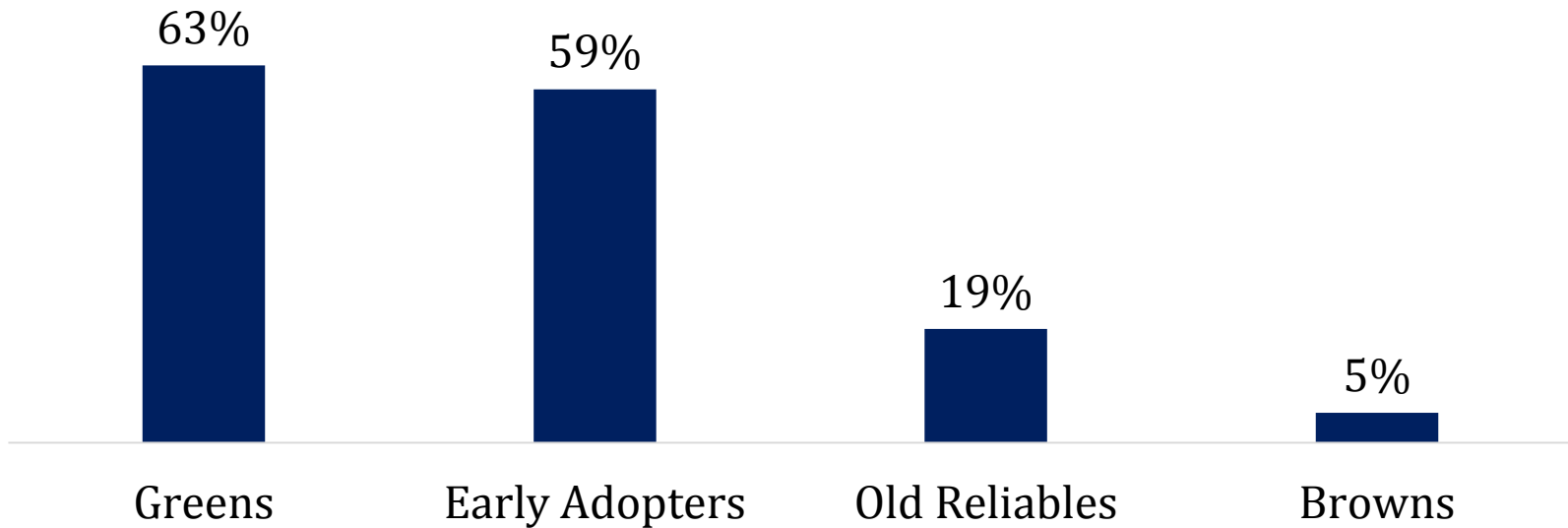
# The Tail Can Wag the Dog

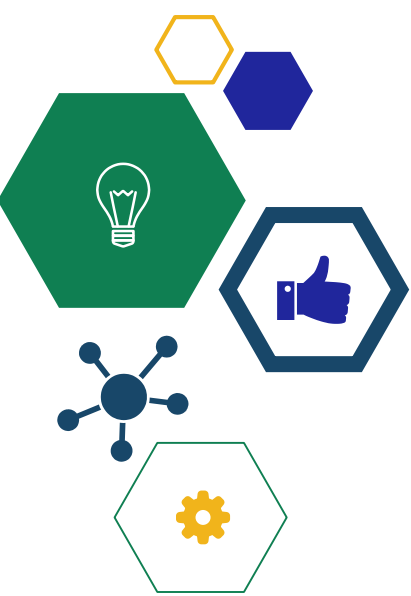
- The way we evaluate success impacts the implementation strategy
  - Setting bonus metrics for staff
  - 3-point line
  - Setting a deadline
- We've defaulted into measuring energy savings using programs (often measure based) as the unit of measure to determine success

# Introducing Evaluation by Segmentation

- Focus on customer, not on programs
- Granularity of segments

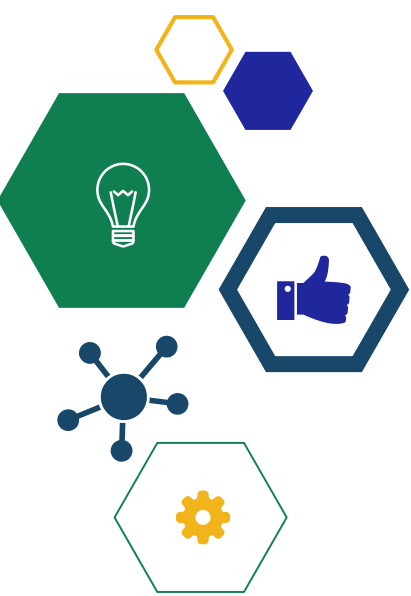
Likely to Intall Energy Efficient Equipment





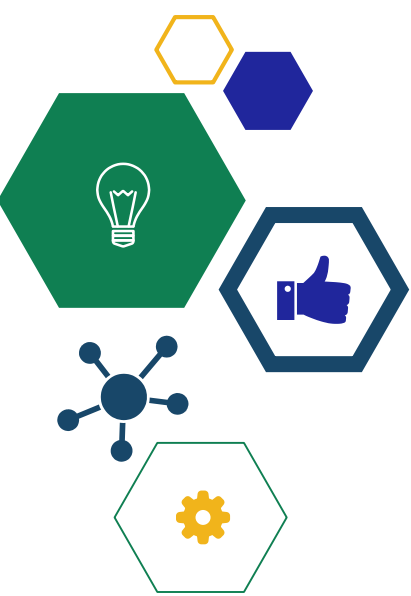
# Develop Baselines by Segment

- Collect likelihood to take energy efficient action BEFORE intervention
- Identify potential marketing approaches to reach segments
- Identify barriers to participation for various segments
- Allow implementers to decide how best to allocate funds



# Evaluation by Segmentation

- Helps implementers by measuring success as they do
- Renders net effects less important
- Requires regulatory buy-in



# For Program Implementers

- Most, if not all, are segmenting customers now
- Evaluating by segment would be a game changer—focus away from free ridership and individual programs, and towards looking at the customer as a whole

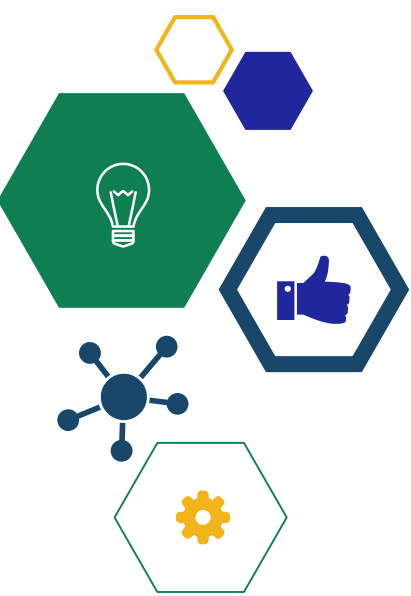
# Customer's Prior Behaviors Likely Dictate Future Energy-Saving Actions

- Recent analysis indicates that some customers are predisposed to take actions:
  - Treatment and control group respondents who took high-cost actions before the program are more likely to make energy efficient purchases during the program period
  - Participants engaged in no-cost energy efficient behaviors are more likely to install additional measures during the program period

Actions

Predict

Behavior



# Net Effects

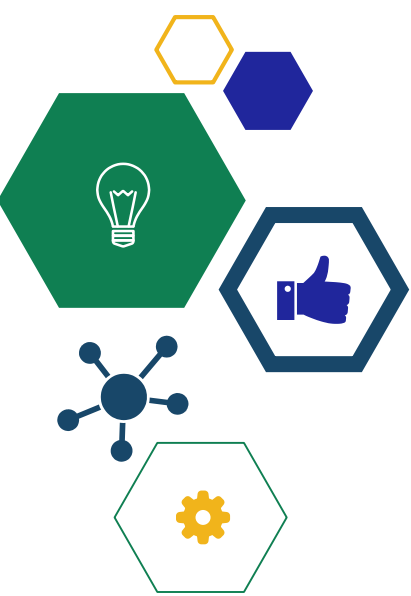
- The logic of the approach is to design, implement, and evaluate programs based on an understanding of how energy efficiency actions vary by customer segment
  - If we know that “Greens” have a high rate of energy efficient actions, then success for all “Greens” should be judged against that rate
  - If we know that “Browns” have a low rate of energy efficient actions, then all “Browns” should be judged against that rate



# Measure by Segment not Program

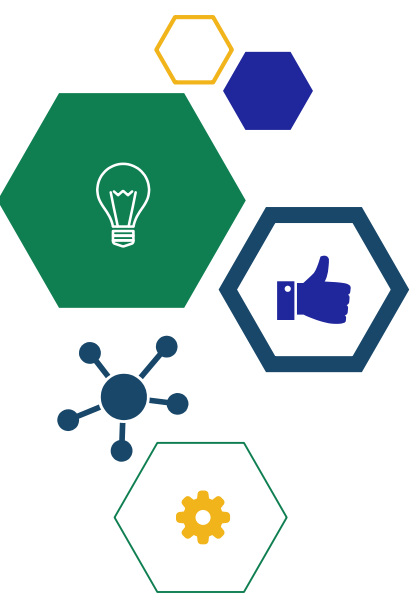
- Overall success measured by segment
  - Results by segment
  - Program results de-emphasized
  - Portfolio savings still important
- Focus on the customer, not on the program





# Net Effects Redefined

- Measure net effects by segment
- Revolutionizes program design
  - Must consider segments
  - Focus on lower achieving segments?
  - Focus on higher achieving segments?
- Evaluating by segments allows the implementer to target, and claim success differently

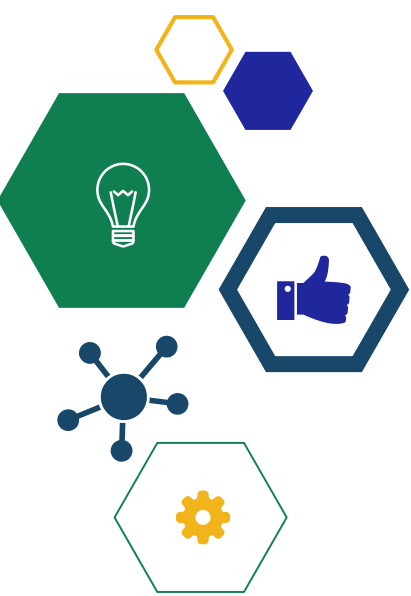


# Regulatory Buy-In

- Tough to change the status quo
- Start in one place and move to others
- This presentation lays down the challenge to all of us

# Summary

- Measuring success by customer instead of program helps change the implementation approach
- Doing business the same way isn't going to work long term
- Evaluation by segmentation is one way to help move the industry



Thanks.

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