

# PLANNERS DO IT, IMPLEMENTERS DO IT, EVEN EVALUATORS SHOULD DO IT:

Utilizing Segmentation to Assess Program  
Performance

August 9, 2017

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# Goals of This Presentation

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- Show how segmenting customers can lead to new ways of thinking about evaluation
- Spark discussion about the next generation of evaluating energy efficiency efforts
- Change evaluation away from a program focus to a customer focus



# One Thought to Remember

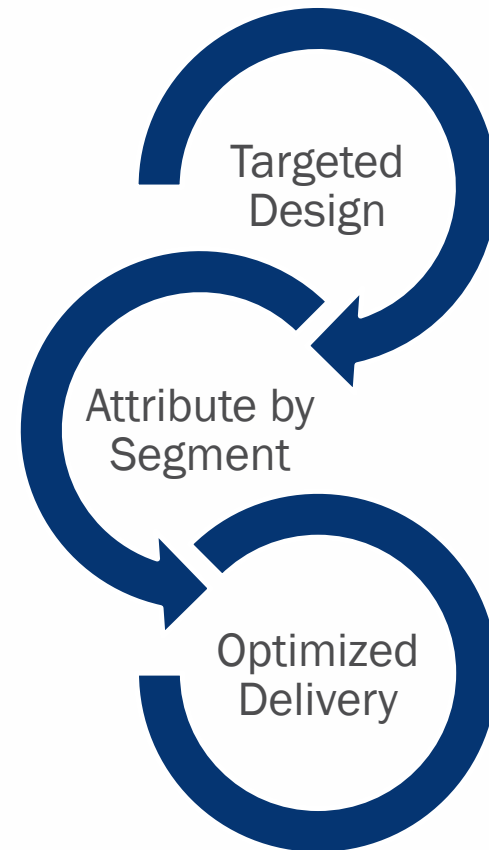
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Evaluators can help shape the future of energy efficiency design by establishing measurement criteria that promote best practices.

# Evaluation by Segmentation

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- Integrates program planning with evaluation
- Rewards customer-based approach
- “Whole Customer” as opposed to “Whole House”



# Energy Efficiency Has Changed

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Olden days



Low-hanging fruit



Little to no customer data



Minimal stakeholder involvement



Duty to serve



# Energy Efficiency Today

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Nothing is easy



One size fits all approach does not work



The gold rush is essentially over



# Energy Efficiency Evaluation Today

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



# EM&V 2.0

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- Definitely part of the future of evaluation
- It's what we do with the data that is most important
- EM&V 2.0 can help with segmentation schemes
- Another path forward in our industry





# Evaluation by Segmentation

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- 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

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- 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 or measure adoption as the unit of measure to determine success



# Develop Baselines by Segment

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- 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

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- Helps implementers by measuring success at the customer level—rewards innovative approaches
- Allows implementers to more easily predict net effects
- Requires regulatory buy-in to be most useful

# For Program Administrators

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- 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

# Net Effects

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- 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



# Net Effects Redefined

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- 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

# Measure by Segment not Program

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





# Regulatory Buy-In

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

# One Thought to Remember

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Evaluators can help shape the future of energy efficiency design by establishing measurement criteria that promote best practices.



# Summary

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- 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



# Thank you

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