

INSIDE THIS ISSUE:

NSPM Applications & Updates

The NSPM framework is a process—and can vary from state to state. Take a look at the process in one state; see how other states are implementing NSPM.

DSESP Updates—Now Fully Populated

CE test information from all 50 states plus Washington, D.C. and Puerto Rico are now in the Database of State Efficiency Screening Practices (DSESP). Also: New state fact sheets on CE testing practices.

Health and Energy Efficiency

Increasingly states are looking at the link between EE and health, for both indoor and outdoor air quality impacts. See new resources on quantifying impacts, plus new integrated program models.

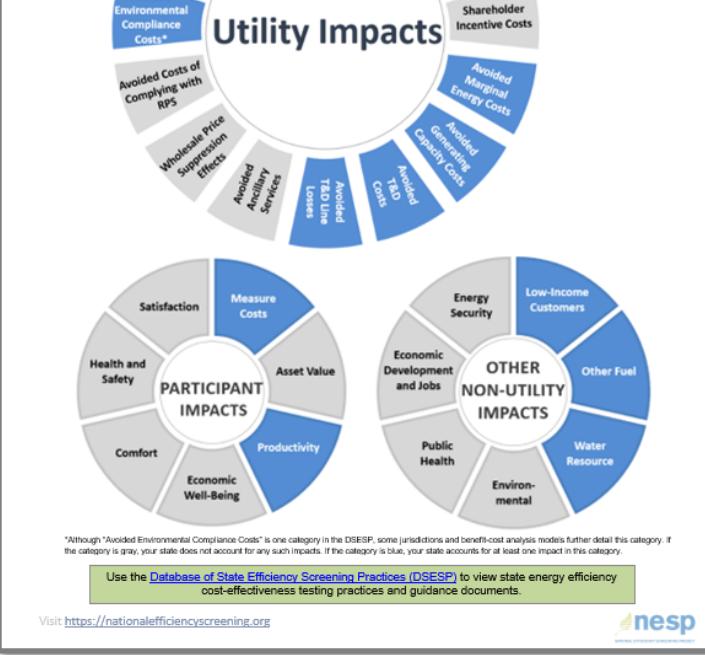
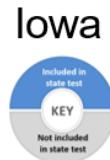
The Three Rs

At every conference you hear: How do we improve accounting for reduced risk and increased reliability and resilience, provided by EE (and other DER) resources?

NSPM for DERs

The project team is developing a detailed outline of the June 2020 guidance document. Read on for a preview...

New State Fact Sheets based on DSESP data



WELCOME

By E4TheFuture's Julie Michals and Alaina Boyle

With the advent of fall, we reflect on developments from a busy summer. States progressed through the NSPM framework, and research on cost-effectiveness practices concluded to populate all 50 states in the DSESP. The NSPM for Benefit-Cost Analysis of DERs project advanced, including by securing DOE funding for the project in coordination with Lawrence Berkeley National Lab.

This *NSPM Quarterly* shares the information we've learned and highlights the topics you care about.

For past issues and other cost-effectiveness (CE) testing news, see the [NESP News page](#).

NSPM USE AND REFERENCES

STATE USE OF NSPM — AR, NH, WA and MORE

Example NSPM Process—Arkansas



How are states using the NSPM from initial interest to implementation? This varies across states, but Arkansas provides a good example. The diagram shows key stages of the NSPM process from 2017 to 2019. As in many states, it began with **state outreach and building understanding** of the NSPM framework with PSC staff, including a breakfast panel meeting in 2017 at NARUC. Commissioner Thomas **shared perspectives on CE testing and the NSPM**. Later in the year, a [PSC order](#) required the Parties Working Collaboratively (PWC) stakeholder group to apply the NSPM frame-

work to review its current practice. In 2018, a well-facilitated PWC process reviewed state practice relative to the [6 NSPM principles](#) and [issued a Case Study report with recommendations](#) for how to better align the state's test with the principles. In spring 2019, the [PSC issued Orders 31 and 48, \(Dockets 10-100-R and 13-002-U\)](#) responding to the PWC recommendations. The **PWC is now responding to the PSC orders**, including addressing asymmetry in accounting for non-energy impacts, and looking at risk and reliability impacts.

Similarly in NH, following **informational meetings in 2018** on how the NSPM can be used, the [PUC staff embarked on a NSPM review process](#) with a Benefit-Cost Working Group in spring 2019 and consulting support from Synapse Energy Economics. **A draft report is near final**, documenting the process and recommendations for adopting a potential new state test. **A final report is expected in October**.

On the west coast, Washington has been working through the NSPM process since late 2017. The WA UTC and a statewide advisory group progressed

through Step 4 of the NSPM through 2018, but is now on hold given recent passage of the [WA Clean Energy Transformation Act](#), which articulates new policy goals including equity, environmental benefits, risks, and resilience. The UTC is now returning to Step 1 of the NSPM to address these new goals (see the [WA UTC powerpoint](#) from the NARUC Summer Policy Summit).

The NSPM has also expanded beyond the U.S. and is being applied in the provinces of [Quebec](#) and New Brunswick, Canada.

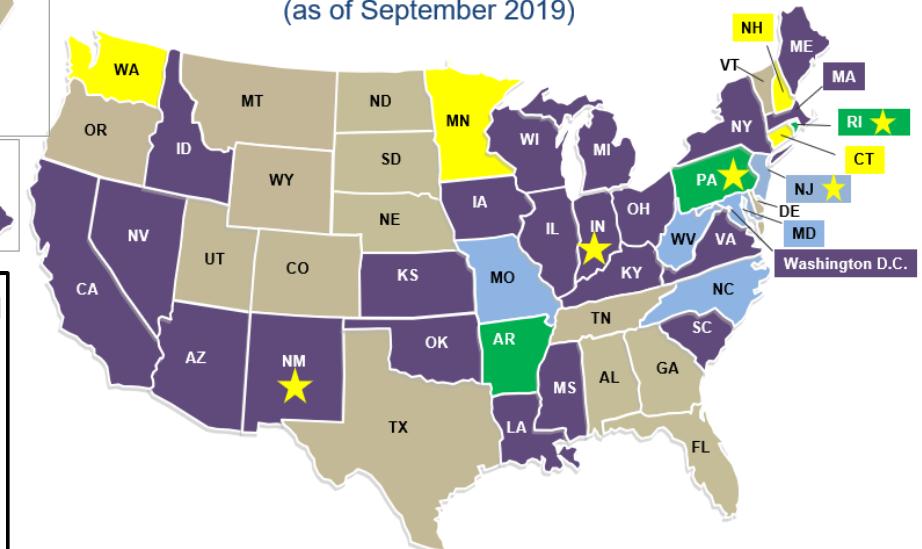
NSPM BUZZ

Over 30 states are referencing the NSPM. For details click [here](#). Did we miss a reference? Let us know at: NSPM@nationalefficiencyscreening.org.

of States Referencing/Applying the NSPM

- 3 PUC Order (final/tentative) on use of NSPM/RVT
- 4 Actively applying NSPM to review current test
- 5 In process of learning about the NSPM
- 22 References made in PUC/legislative proceedings
- ★ New state status since last quarter's newsletter

State NSPM References and Application (as of September 2019)



DSESP Update: Now Fully Populated

The Database of State Efficiency Screening Practices is updated to include all 50 states, Washington, D.C., and Puerto Rico. Newly added: Alabama, Alaska, Florida, Kansas, Kentucky, Louisiana, Montana, North Dakota, Nebraska, Puerto Rico, South Dakota, Tennessee, West Virginia, and Wyoming.

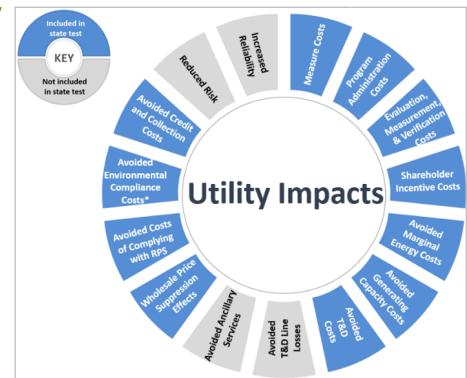
Also, in the **Guidance Tab**, new documents include the EPA report [Public Health Benefits per kWh of EE and RE](#), and RAP's new [Capturing More Value from Combinations of PV and other DERs](#).

Jurisdictions in the DSESP (as of September 2019)										
AL	AK	AR	AZ	CA	CO	CT	DE	DC	FL	
GA	HI	IA	ID	IL	IN	KS	KY	LA	MA	
MD	ME	MI	MN	MS	MO	MT	NC	ND	NE	
NH	NJ	NM	NV	NY	OH	OK	OR	PA	PR	
RI	SC	SD	TN	TX	UT	VA	VT	WA	WI	
WV	WY	Already in DSESP			Added to DSESP September 2019					

NEW FOR THE DSESP

This summer, NESP developed State Fact Sheets for each state in the DSESP. These sheets provide a simple visual representation of the data from the

DSESP on which impacts are currently valued in each state's CE test. See and download the sheets [here](#).



In case you missed our last newsletter, see the ACEEE brief [A New Tool to Improve Energy Efficiency Practices: The DSESP](#). The authors present an overview of the DSESP, how it can be used, and key findings.

If you have updates or see any incorrect information in the database or have questions, let us know. Also please share your ideas for improving the DSESP. Your input matters! Contact:

NSPM@nationalefficiencyscreening.org.

THE THREE Rs: RISK, RELIABILITY, and RESILIENCE

According to DSESP research, only 11 states account for reduced risk. Even fewer account for benefit of increased reliability. And no states yet quantify the value of EE in providing resilience benefits.

However, research is progressing. For example, see NARUC's report [The Value of Resilience for Distributed Energy Resources: An Overview of Current Analytical Practices](#), which examines methods used to value resilience impacts from DER investments—with a focus on solar and storage—by ease of use, scope of outputs, geographic scalability, and power interruption duration analysis capacity. The new report also includes trends in regulatory approaches to valuing resilience, and examines the lack of a standardized approach.

And ACEEE is reviewing the landscape of the 3Rs in CE testing for a new brief that builds on a literature review, the DSESP, and related resources. It will focus on how states define each term and the relationship between their values. Example states with experience quantifying these values in CE testing will be highlighted, including results or values identified to date.

FOCUS ON HEALTH IMPACTS OF EE

States are increasingly looking to value the health impacts of energy efficiency. Two key publications: 1) The [EPA Public Health Benefits per kWh report](#) which can help states evaluate and quantify health benefits of EE and renewable resources and 2) the [Better Building Works' blog](#) for an analysis and application of the report.

VEIC's new [Energy-Plus-Health Playbook](#) offers guidance for integrated EE plus health programs including a 3-tiered approach for how program administrators can coor-

Number of States that Account for Risk and Reliability Impacts



Source: DSESP Impacts Summary Tab

dinate and/or collaborate with the health industry. Funded by E4TheFuture, the Playbook includes case studies and addresses how integrated energy-plus-health programs can affect program cost-effectiveness.

ACEEE has begun hosting a ["Bridging Health and Energy Efficiency"](#) working group to discuss research on health and EE programs, practice, and policies before their [Conference on Health, Environment, and Energy in Jan. 2020](#). Topics of discussion include valuation and cost-effectiveness of integrated programs, and health impact research and quantification.



Under Way: NSPM for DERs

The next edition of the NSPM: *The National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources* (NSPM for DERs) is in early stages of the drafting process. A consulting team of leading experts is developing a detailed outline of the guidance document with chapters focusing on single DERs (energy efficiency, demand response, distributed generation, storage and electric vehicles) and multi-DERs and use cases.

Funded by E4TheFuture and US DOE (via LBL), this work is being undertaken to support regulatory interest in using a common BCA framework for assessing a range of DERs based on the NSPM principles. In states such as CT, recent comments on processes to value DERs [reference the NSPM principles'](#) applicability to BCA of broader DERs. This project is building on and coordinating with other DER valuation efforts around the country, including US DOE and national laboratory efforts. For an overview of the NSPM for DERs project and its work scope, see [this presentation](#).

EVENTS

IN CASE YOU MISSED IT:

July 21-23 NARUC Summer Policy Summit included a session on *Revisiting Paradigms for Decision-Making About Customer Side Resources*, where E4TheFuture's Julie Michals was joined by Commission Abigail Anthony (RI PUC), Tanuj Deora of UpLight, and Deborah Reynolds from the WA UTC. They shared how cost-effectiveness tests can be improved to ensure consistency with a state's energy policy goals, and state experience to date, as well as news of the NSPM for DERs project. See slides from NARUC [here](#).

Aug. 20-22 IEPEC Conference (Colorado) hosted a cost effectiveness testing session, *Survival—Why Cost-Effectiveness is Becoming the Biggest Challenge Facing Energy Efficiency Programs*, to discuss current challenges in energy efficiency (EE) CE testing, including what role the NSPM will play in the future of EE. PG&E's Rob Kasman moderated the panel and Julie Michals (pictured above) was joined by representatives from CPUC, Recurve, and Lumina. See International Energy Program Evaluation Conference slides [here](#).

UPCOMING EVENTS

Oct. 15-17, 2019 ACEEE EE as a Resource Conference (Minneapolis) will include several sessions on EE CE testing, impact valuation, and DERs, as well as discussions of future developments in the EE valuation world.

Jan. 21-23, 2020 ACEEE Conference on Health, Environment, and Energy (New Orleans) will feature research at the intersection of health and EE, including quantifying health impacts and how health, EE, climate change and resilience intersect.

We hope to see you at these events. If you want to learn about the sessions but can't attend, please contact NSPM@nationalefficiencyscreening.org.

That's all for now—watch for our fourth edition coming December 2019!

We hope you have a wonderful autumn.