NRDC Comments on IPA Efficiency Procurement Plan

9/13/13 Draft

Overview

NRDC is generally very pleased with and supportive of the efficiency components of the IPA's Electricity Procurement Plan, filed for public comment on August 15, 2013. The plan is clearly written, thorough, and very thoughtfully raises a variety of important policy questions. In addressing the specifics of the plan, our comments are organized into the following sections:

- Proposed procurement for Ameren (section 7.1.4 of the plan)
- Proposed procurement for Com Ed (section 7.1.5)
- Key policy questions raised by IPA (section 7.1.3)
- Efficiency peak savings as a possible future additional procurement process (section 7.1.6)

Efficiency Procurement for Ameren

Ameren proposed that five one-year programs, providing a total of 65,680 annual MWh savings at the busbar (61,281 MWh at the customers' meters) be procured. The IPA recommended that the ICC – at a minimum – approve procurement of those savings. It also suggested that the ICC consider additional procurement of savings from an expansion of the Small Business Direct Install Program that Ameren did not propose be accepted because it had not been field tested in its service territory yet and well as a small amount of savings from a Student Energy Kits program which Ameren rejected because it relied on participation by Nicor Gas which was not a party to the proposal. The IPA also noted that Ameren had rejected a 3rd party bid to deliver a Small Commercial Direct Install program targeted to commercial office spaces because it was duplicative of Ameren's proposed program and asked for stakeholder input on how to address such "duplication" issues (this was a specific example of one of the four policy questions raised in section 7.1.3). Finally, the IPA summarized three policy recommendations put forward by Ameren and stated that it had no objection to them. We address each of these issues, as well as a couple of others not flagged by the IPA.

Ameren's Procurement Proposal

NRDC concurs with the IPA that – at a minimum – the ICC should support acquisition of all the savings Ameren has proposed. All of the programs that would produce those savings were shown to be cost-effective and meet all other requirements for procurement.

Expansion of Small Business Direct Install Program

NRDC believes very strongly that Ameren erred in not proposing that the expanded Small Business Direct Install Program be procured. The larger program was also cost-effective and met all statutory requirements for procurement. The IPA states that "there is little to no risk involved in approving the expanded level." Indeed, under the "pay-for-performance" contract structure being imposed by Ameren and Com Ed on all proposals to deliver savings under 16-111.5B, the contractor responsible for

implementing the larger program would not receive payments if it did not deliver the savings. More importantly, the exclusion of the larger program clearly violates the fundamental objective of 16-111.5B which is to acquire all cost-effective savings from residential and small business customers that are not already being captured by the 8-103 (or EEPS) programs. Indeed, 16-115.5B(a)(4) clearly states that the IPA "shall include in its procurement plan…energy efficiency programs and measures it determines are cost-effective…"

Put simply, not only did Ameren err in not recommending that the savings from the larger program be procured by IPA, the IPA itself erred in not unequivocally proposing that they be procured. The ICC should remedy those errors by mandating that the larger program savings be procured.

Student Education Kits

Ameren's concern that the Student Education Kits program relies on support from a party – Nicor Gas – which had not participated in the process could be legitimate one. In general, proposals that require the involvement of other parties to be successful should be expected to demonstrate support from those other parties in their proposal, provided that the support is not clearly available to anyone who wants it. For example, if a proposal was intending to rely on a gas utility rebate (or a government tax incentive) that is already being offered to any party that meets specific criteria, explicit support from the gas utility (or the government) for the proposal should not be required. It is not clear from the information that is publicly available what support from Nicor Gas was needed. Nor is it clear whether it would be reasonable to assume that support would be there whether or not Nicor was a party to the proposal. If the support required could reasonably be assumed to be there without an explicit arrangement with the program, then the ICC should approve the program as is. If the ICC determines that clear demonstration of support from Nicor is necessary to determine that the program would be successful, then NRDC concurs with the IPA's suggestion that this program be included "subject to agreement by the affected gas utility to participate and provide for its share of the costs."

Duplicative Program

In its discussion of the duplicative program concern, the IPA notes that the utility program had a lower benefit-cost ratio than the program rejected as duplicative – though because the duplicative program had a narrower target market it was not possible to determine whether or not it was more cost-effective.

As discussed further below, NRDC does not believe that a comparison of benefit-cost ratios has much relevance to decisions about which of two competing programs should be pursued. Ratios are much less important than total net benefits. Once can achieve a high benefit-cost ratio by just acquiring the easiest savings and leaving other savings that are cost-effective, but less so, untapped. That is problematic both because it commits Illinois ratepayers to more expensive supply and because it is often difficult to go back to customers to acquire the untapped savings later. Consider the following hypothetical example:

Measures Acquired	Program 1		Program 2	
	Benefit-Cost Ratio	NPV Net Benefits	Benefit-Cost Ratio	NPV Net Benefits
Cheap	3.00 to 1	$30 million	3.00 to 1	$30 million
More expensive	n.a.	n.a.	1.50 to 1	$45 million
Totals	3.00 to 1	$30 million	1.88 to 1	$75 million

In this example, program #1 clearly has the best benefit-cost ratio (3.00 to 1 vs. 1.88 to 1) because it acquires only the cheapest savings. Program 2 acquires the same cheap savings, but also acquires other savings that are not as cheap - though still much better than investing in supply. As a result, program #2 is clearly best for ratepayers and society because the net benefits it provides is much greater ($75 million in net benefits vs. $30 million).

In this particular case, there is not enough information publicly available to determine which program provides the greatest net benefits. In cases like this, the utility ought to be required to make a demonstration that the program it is supporting provides greater net benefits than the one it is rejecting as duplicative. When the programs are not entirely comparable, because (as is the case here) one program treats just a subset of opportunities treated by the other, the utility should be required to disaggregate program components so as to allow as direct an "apples to apples" comparison of savings and net benefits as possible.

Ameren Policy Recommendations

Ameren has asked that the ICC make three policy determinations:

1. "An indeterminate fluctuation in savings that may occur by program year end." Ameren makes the point that savings forecast in bids are estimates and that actuals will almost always vary, at least somewhat, from estimates. NRDC concurs with that statement. However, it is not entirely clear what exactly Ameren is requesting. Does it just want the ICC to absolve it of any responsibility if the actual results are different than the forecast? If so, NRDC supports that request, noting that all parties are in consensus that utilities are not subject to penalties for failure to achieve 16-111.5B savings.
2. The Company should be able to recover costs that "incidentally (3-5%) exceed the estimated program costs". NRDC concurs that the flexibility that provides in managing programs far outweighs any uncertainty or risk to ratepayers.
3. TRM values in effect at the time IPA programs were analyzed by the utility should be used for the duration of the approved programs. NRDC agrees that deeming the TRM values for the duration of program implementation is appropriate. It provides certainty to bidders regarding what they will be expected to deliver. However, we believe that the deemed values should be those in effect at the time the ICC approves the IPA's plan. If a TRM value has changed between when a bidder proposed a program and when the IPA is considering including it in its plan or when the ICC is considering approving it, either body should be able to take into account the more recent information. For example, it would be inappropriate for the ICC to ignore new information when deciding whether to approve a program that was thought cost-effective

several months earlier but is not clearly not cost-effective. On the other hand, it would be very appropriate for the ICC to consider supporting a program that marginally failed screening earlier but is not clearly cost-effective. Once ICC approval has been provided and vendors begin spending money in good faith on programs that are approved, it would be problematic to change assumptions.

Other Issues

NRDC has two other concerns with Ameren's submission to the IPA. First, we are troubled by the fact that Ameren solicited only one-year programs. The Company stated that it did so because it could not address the legislation's mandate to include expansion of 8-103 programs since the 8-103 programs will be approved after the 16-111.5B programs would be approved. While we agree with Ameren that there is a problem with the timing of the two different filings that makes it challenging to address the expansion requirement, we do not see how that leads to limiting the 16-111.5B programs to one-year procurements. There is no reason why three year procurements could not be conducted. Indeed, that is exactly what Com Ed has done while facing the same timing challenges.

Second, NRDC is troubled by the quality of the efficiency potential study filed by Ameren. The study is fundamentally flawed in a variety of ways. They are too numerous and, in some cases too arcane, to address in these comments and in the process of approving IPA's plan. However, it is worth noting that the magnitude of achievable potential estimated by Ameren is dramatically lower than the potential estimated by Com Ed. It is also dramatically lower than the savings actually being achieved in other leading jurisdictions. Based on several rounds of discussions with Ameren about NRDC recommendations for improvement to its study (many of which were rejected), NRDC believes there would be value to the Commission initiating a process through which minimum criteria for the conduct of potential studies would be established. The process should be open to the involvement of all stakeholders.

Efficiency Procurement for Com Ed

Com Ed proposed that seven programs (five three-year programs and two one-year programs) be procured. In Program Year 1 those programs would collectively provide a total of 431,563 annual MWh savings at the busbar. In Program Years 2 and 3 the savings would increase to 548,458 MWh and 609,929 MWh, respectively. The IPA recommended that the ICC – at a minimum – approve procurement of those savings. It also suggested that the ICC conditionally approved two other programs which Com Ed considered "competing" with programs it intends to offer as part of its 8-103 portfolio, "contingent on the Com Ed competing programs (or substantially similar programs) not being part of the final approved Section 8-103 plan." IPA also suggested that the ICC consider the possibility of funding two other Small Commercial Direct Install programs that Com Ed rejected because they competed with the program it proposed for 16-111.5B. We address each of these issues below.

Com Ed's Procurement Proposal

NRDC concurs with the IPA that – at a minimum – the ICC should support acquisition of all the savings Com Ed has proposed. All of the programs that would produce those savings were shown to be cost-effective and meet all other requirements for procurement.

Programs Competing with 8-103 Programs

NRDC acknowledges that in this year there is a "chicken and the egg" problem, with 16.111.5B programs being approved before 8-103 programs are approved. With no approved 8-103 programs for next year, it is not possible to definitively determine whether a program proposed for IPA procurement would complete with an 8-103 program. The IPA's proposed solution – for the ICC to conditionally approved the two additional programs, contingent in there not being similar programs approved for Com Ed's 8-103 portfolio – is a reasonable and thoughtful response.

Duplicative Small Commercial Direct Install Programs

As discussed in the context of Ameren's proposed programs above, NRDC strongly believes that comparisons of benefit-cost ratios are not very relevant to determinations of which competing programs to choose. Net benefits should be the ultimate comparator. In Com Ed's case, there are four Small Commercial Direct Install programs to consider, including one proposed by Com Ed itself. The Com Ed program is the biggest of the four. It would provide by far the greatest savings (indeed considerably more savings than the other three combined). It also has a quite robust benefit-cost ratio. The only program with a benefit cost ratio that is higher would produce less than 5% of the savings Com Ed's program would produce. Thus, Com Ed's program would easily have the greatest net benefits.

Thus, supporting any of the other bids received by Com Ed would only make sense if one believed that competing proposals are not a problem in this market. Such competition has some theoretical advantages. Specifically, it allows testing of different program approaches. Needless to say, there are also costs. As the IPA noted, such costs include overlapping overhead and administrative charges. However, there are other costs that may be even more important. If two different program administrators are competing for the same customers to meet their respective savings goals, one way they can do so is to offer higher incentives to the customers. That will have the effect of driving up the costs of energy savings. Thus, unless the competing programs are both rather small relative to the size of the market (so that there are more than enough opportunities for both to pursue), the costs of competition can far outweigh any benefits. As already noted above, Com Ed's proposed program is very large. Thus, in this case, NRDC would oppose the inclusion of any of the other programs competing with Com Ed's.

Key Policy Questions Raised by the IPA

The IPA has raised four general policy questions in its filing:

1. What, if anything, could or should be done to address the potential disconnect between what the utilities' efficiency potential studies say could be achieved and what the actual proposed 16-111.5B programs would achieve?

2. How should the contradiction between 16-111.5B's mandate to consider expansion of existing programs and the reality that every three years the IPA procurement decisions must be made before we know what 8-103 programs are approved (and therefore available for expansion) be addressed?
3. How should DCEO participation the IPA procurement process?
4. What is the definition of competing or duplicative programs and should competition or duplication be permitted?

We address each of these questions below.

Disconnect between Potential Studies and Procurement Proposals

The IPA has raised a concern that the statutory goal of acquiring all achievable cost-effective savings may not be being met. That is, the savings being put forward by the utilities in the form of expanded programs and by third-party bidders in the form of new programs may be less than what the efficiency potential studies suggest is achievable.

NRDC shares this concern. We believe there are a variety of likely reasons. Among them are:

- **Risks inherent in the third-party bidding process**. There are many such risks. For example, this year both utilities' RFPs had pay for performance requirements – that is, bidders would only receive payment for the savings actually delivered. It is important to note that such requirements are relatively rare in the energy efficiency industry.[1] They clearly add risk, with the result likely being a combination of some firms declining to bid, others only bidding programs in which they believe risk of not achieving savings is low, and many adding risk premiums to their pricing which could price more marginal (but otherwise still cost-effective) savings out of the market. This risk could be addressed by eliminating the full pay for performance requirement and replacing it with a modest holdback or performance incentive for meeting or exceeding goals. Another risk to bidders is the uncertainty associated with how savings will actually be calculated. That risk can be eliminated by deeming savings values (as discussed above). A third risk relates to prospective bidders' inability do their own cost-effectiveness screening because they don't know what avoided costs are (perhaps leading bidders to be more conservative in the programs they put forward). That risk could be eliminated by giving bidders cost-effectiveness screening tools that they could use to assess their program concepts. However, there would be a downside to that approach in that it would also allow bidders to increase prices right up to the cost-effectiveness threshold, with adverse consequences for ratepayers. It may be possible to mitigate that risk by making clear that program concepts that are priced well above levels typically seen in the industry for such programs – if it was possible to reject bids under such a criterion.[2]

[1] While it is common to have some performance incentive for meeting goals, it is uncommon to have the entire payment to an efficiency program administrator or implementer based on delivered savings.
[2] It is not clear that the law would allow a bid to be rejected because – even though cost-effective – it was more expensive than expected.

- **Limitations of one to three year contracts**. Quite simply, there are programs that can take several years to develop, often with infrastructure building investment in early years that can take several years to pay off. To date, most of the third-party bidding has focused on one year contracts. That is not enough time for anything but a small subset of potential programs to acquire substantial savings. Though much better, extending contracts to only three years still puts limitations on the range of cost-effective programs that bidders are likely to propose. While it is true that the utilities' 8-103 programs are approved on three years cycles, the utilities still control what they will bid in the next three year plan. In contrast, third party bidders are completely at the mercy of others so they are only likely to propose programs that they know will pay off within three years. That is particularly true under a pay for performance regime.
- **Insufficient clarity or information on what programs areas might be fruitful**. Experience the last two years makes clear that – for whatever reason – bidders have not been fully aware of when programs they might propose would be rejected for competing with 8-103 programs. Nor have they had access to results of efficiency potential studies showing what types of programs would be cost-effective. In the future, it would be helpful for potential studies to be completed in time for bidding in 8-103 planning years and to be made part of the RFPs in other years. In addition, it would be helpful for the utilities to hold bidders conferences to more directly explain what is expected in bids and what types of programs would not be considered.
- **Unwillingness of utilities to be sufficiently aggressive in expanding existing programs to their maximum potential**. In 2012, when the utilities had approved plans with approved programs, they proposed expansions to the programs but the expansions were generally not as extensive as they needed to be to acquire all cost-effective savings. Part of the concern may be about the cost of such expansions. Part of the issue may be the utilities' inherent conservatism (witness Ameren's explanation for why it did not propose a more aggressive small commercial direct install program proposed by its vendor this year – because it wanted to see results from last year's approved program before proceeding more aggressively). Whatever the mix of reasons, there is clearly a need to insert into the process a requirement for the utilities to demonstrate not only that the expansions they are proposing are reasonable but that larger expansions are not reasonable. The IPA and other parties could then assess the merits of utilities' conclusions before the ICC. In years like this one in which the utilities have no programs approved for next year so it is not possible to assess expansion opportunities, it will be impossible to acquire all cost-effective savings. The only solution would be to alter the timing of the 8-103 filings, or the IPA filing, or both so that they can be considered in the ideal order.
- **Third-party focus on retrofit programs**. In general, it appears as if third-party bidders of new programs have focused exclusively on retrofit programs. They have not proposed programs designed to influence the sale and purchase of efficient products. There are undoubtedly several reasons for this. First, programs that aim to influence the sale and purchase of products typically take some time to develop. One must establish relationships with key market players (contractors, vendors, retailers, etc.) before significant volumes of sales can be influenced. This relates to the issue of one to three year contracts discussed above. Second, to be effective, one must typically address a relatively large customer base. Again, that takes time and requires up

front investments before significant savings begin to accumulate. This relates to the way pay for performance requirements push bidders to focus on programs that pay off quickly. Third, one does not have "control" over participation levels. In contrast, under a retrofit program one controls both how many customers are approached and who is approached.

- **Absence of DCEO programs**. As discussed below, DCEO programs address important segments of the 16-111.5B markets. The absence of any new or expanded DCEO programs means that cost-effective opportunities are being missed. Suggestions for remedies to this problem are discussed below.

Expansion Requirements in Years in Which 8-103 Plans are Not Approved Until after IPA Plans

As discussed above, this is a very real issue for which there does not appear to be any easy answer other than to alter the timing of the 8-103 filings, or the IPA filing, or both so that they can be considered in the ideal order.

DCEO Participation in IPA Procurement

The absence of DCEO programs in the IPA plans both last year and this year is troubling and problematic. All of the low income customers and a portion of the public buildings that DCEO is charged with treating under 8-103 are eligible for participation in 16-111.5B programs. DCEO has attempted to directly submit programs to the IPA that it determined were cost-effective. However, the IPA determined it could not consider them because DCEO is not a utility and therefore not permitted to directly submit programs to the IPA. If that legal opinion is accurate, the alternative must be that DCEO participate in the future through the utilities processes.

There are potentially three ways that can happen:

1. DCEO can propose expansions of current 8-103 programs. Those programs are funded by the utilities just at the programs administered by the utilities themselves are funded. Thus, we see no reason why such expansions should not be considered.
2. DCEO could also work through the utilities to submit additional or new programs, just at the utilities themselves have proposed new programs that were compared to programs bid by other parties. Just as the utilities do not participate directly in the bidding process when developing new programs (in some cases those new programs are actually developed by the utilities' 8-103 vendors), neither would DCEO since DCEO is functioning in some ways as an extension of the utilities or as a vendor of the utilities (that is certainly the case in 8-103)
3. DCEO could submit proposals for new programs in response to the utility RPFs.

The IPA notes that DCEO may have institutional obstacles to participating in a competitive bidding process (option #3). However, the other two options would not seem to pose the same kind of limitations, but to our knowledge, have not been fully considered or explored to date.

With respect to this year's IPA plan, it is not clear why any expansions of existing programs that DCEO has already developed could not be considered expeditiously if DCEO was asked to file them with the ICC.

Competing and/or Duplicative Programs

The IPA raises two issues. First, it suggests that there needs to be a definition of "competing" or "duplicative". Second, it asks whether the ICC has the authority to reject such programs and what the process for the ICC's consideration should be.

Definition of Competing or Duplicative

NRDC believes that there are two high level elements to such a definition, both of which must be met for a program to be considered competing or duplicative.

The first has to do with the design of the program. In particular, one must answer the following questions:

- What customers is the program targeting?
- What efficiency measures is the program promoting?

If most of the customers it is targeting are being targeted by one or more other programs, ***and*** most of the measures it is promoting to those customers are measures the other program or programs are also promoting to the same customers, then the program ***could be*** considered competing or duplicative.

That leads to the second element of a definition. Specifically, there must also be a significant likelihood that the program would make it appreciably more difficult or expensive for the other program or programs to meet their goals. Consider the Small Business Direct Install programs. If the target market for such programs is 100,000 small businesses and an existing program was planning to treat 1000 of them of the next three years, it would be hard to argue that a new program aiming to reach 3000 customers over the same period would be competing or duplicative. The existing program is just too small to be able to say that its ability to reach goals would be impaired by the new program. On the other hand, if the existing program was ramping up quickly to serve 10,000 customers a year by its third year – a pace that would certainly put it among national leaders – then one could argue that the introduction of a similar new program would be competing.

What Should be Done about Competing or Duplicative Programs?

The IPA suggests that the terms "new", "expanded" and "incremental" could be interpreted as precluding competing or duplicative programs. NRDC believes that they should be so interpreted. Indeed, it is hard to imagine how such terms can be interpreted any other way.

Further, from a policy perspective, there are significant disadvantages to competing or duplicative programs. They can create some confusion in the market to the end use customers the 8-103 and 16-111.5B programs are attempting to serve. They can also create competition for the same customers and the savings that could be acquired from them. One normally thinks of competition for customers as being a good thing because it drives down prices. However, the opposite can be true for efficiency

programs. Remember that to potential efficiency customers lowering the price means increasing the subsidy they receive (the "price" of efficiency to a customer is the cost of the measure minus whatever program subsidy they receive). Thus, competing programs can actually drive up the cost of acquiring savings by putting competing programs into bidding wars for the same savings. There is anecdotal evidence that has happened in other jurisdictions where such competition has been allowed.

As for the question of what point in the process competing or duplicative programs should be removed from consideration, NRDC believes that it is appropriate for the utilities to pass first judgment on the question as they are most familiar with the programs. However, that is not the end of the story. The utilities still need to show all program proposals to the IPA, which can draw a different conclusion in the plan it sends to the ICC. The ICC can also draw a different conclusion than either the utilities or the IPA, informed by input from other parties. In short, the current process appears to appropriate.

Efficiency Peak Savings as a Possible Future Additional Procurement

The IPA suggests that the current 16-111.5B process focuses principally on energy savings rather than demand savings. The IPA also states that it is therefore investigating the potential feasibility of a future procurement focused exclusively on peak savings from efficiency. Its initial thinking is that such a procurement would be technology neutral, be multi-year, be evaluated using smart meters, and allow for full cost recovery for utilities.

NRDC applauds the IPA for its creativity in looking for ways to continue to reduce costs through efficiency for Illinois' ratepayers. We note that this is a complicated topic that would likely require more thought and discussion than is possible in these comments. With that caveat, we offer the following initial thoughts:

- It is not clear that the efficiency programs being pursued under 16-111.5B are not yielding significant peak demand savings. NRDC has not seen the utility calculations of peak savings referenced in the IPA's plan. However, they appear to be the peak demand savings associated only with the portion of the savings attributed to eligible retail customers, which is less than 30% of total savings in both Ameren's and Com Ed's case.[3] If that is the case, it should be made clearer in the report and clearly demonstrate that the procurement is leading to substantial peak reductions to the system(s).
- What the IPA is proposing is very similar to what both the New England and PJM ISO's are already doing. Much can be learned from the experience of bidding peak savings from efficiency into those markets.
- One of the lessons from the New England and PJM capacity markets is that the prices paid for peak savings are rarely large enough to support efficiency programs on their own. Almost all of

[3] For example, the busbar savings estimated for the first year for Com Ed are approximately 432 GWh, only 89 of which were from eligible retail customers. The IPA reports that those savings will produce 16 MW of peak reduction. If the 16 MW were from all savings, that would suggest that a MWh to MW ratio from the savings of about 27,000 – well above what efficiency program portfolios typically produce. If it was from just the savings from eligible retail customers, it would imply a MWh to MW ratio of about 5600 – much more in line with what we would expect.

the efficiency savings being bid into those markets have other revenue streams (e.g. state system benefit charges) which are used to support them. This is not to say that it wouldn't be appropriate to start a market as the IPA suggests; only that expectations on the level of participation should be tempered.

- Another lesson from the New England and PJM capacity markets is that measurement and verification (M&V) requirements need to be sufficiently rigorous to support savings claims, but not so onerous and expensive as to preclude participation. Requiring use of metering data could push costs to unreasonable levels. Both the New England and PJM capacity markets have M&V protocols that allow the use of deemed values as long as those values have been derived based on evaluation and other data that is no more than five years old. Their protocols may be models for the IPA to consider.
- Yet another lesson from the New England and PJM capacity markets is that multi-year payments are essential. Moreover, if the first multi-year payment covers only a portion of the live of efficiency savings, the program needs to be able to bid subsequent years' savings into future markets. Otherwise the peak benefits of efficiency are not fully valued.
- Peak savings from efficiency need to be scaled up by marginal peak line loss factors as well as by reserve margins to fully value their benefits relative to supply alternatives.

In sum, NRDC believes such a program is feasible and worth exploring, but that rules – particularly around M&V – need to be carefully considered and developed first. If such a market is developed, it should be opened as broadly (i.e. to as many customer groups) as allowed by law. At first blush, NRDC is not concerned about the impact on 8-103 programs. We suspect that the only potential savings that would be more profitable to bid into a capacity market than to take 8-103 program offerings are those that are predominantly peak focused (e.g. residential central air conditioner efficiency upgrades) and currently contribute relatively little to the utilities' MWh savings goals. That has certainly been the case to this point with the New England and PJM capacity markets. However, the risk of that assumption being incorrect can be mitigated by limiting an initial market offering and periodically assessing which savings participate.