



Participating in a National Standard Practice Manual Stakeholder Process

BACKGROUND

In its November 1, 2024 [newsletter](#), the National Energy Screening Project reported that 14 states use a jurisdiction-specific test (JST) based on the principles of the National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources (NSPM-DER) to conduct energy efficiency cost-effectiveness screening, and 31 other states recommend or are actively developing a JST using the NSPM-DER. One of the core aspects of developing a JST informed by the NSPM-DER is a stakeholder process.

The NSPM-DER's influence on regulators, policymakers, and energy/environmental advocates is increasing, and use of a JST is becoming more and more common, not only in energy efficiency proceedings but also in those associated with core utility activities such as distribution system planning.

Considering these trends, MCR recently took advantage of the opportunity to actively participate as an independent subject matter expert in an NSPM-DER stakeholder process for development of a JST.

THE STAKEHOLDER PROCESS

The stakeholder group was open to the public but required advance registration and was closed to new participants after the kickoff. All told, 95 individuals were listed as participants, representing 10 professional services (consulting and energy efficiency planning, implementation, and evaluation) firms; eight utilities, cooperatives, or related associations; 17 advocacy-oriented entities beyond the three statutory parties to energy efficiency proceedings; and a four-person facilitation team including E4TheFuture and Energy Futures Group, which are the lead project managers and among the authors of the NSPM-DER respectively. The stakeholder process consisted of eight meetings, at which attendance averaged around 60 participants.

Participants were encouraged to vote anonymously on approximately 15 issues and/or components of the JST under development to determine the “sense of the room,” and then the group voted on a final set of 15 issues and/or components for more likely, but not fully binding, inclusion in the eventual report of JST recommendations to the jurisdictional utility regulatory body that mandated and defined the process.



OBSERVATIONS ABOUT THE PROCESS

- Of 38 participating entities, excluding facilitators, only 17 participated in one or more of the votes.
- Eight of the 17 voting parties were advocacy-oriented organizations, including the Sierra Club and the Nature Conservancy.
- All three statutory parties voted, leaving two professional services firms and only four of the eight utilities and utility interests as the remaining voters.
- Although the facilitation team did a commendable job following the NSPM-DER core principles and process guidelines, the meetings were guided by slides that, perhaps unavoidably, reflected their organizations' perspectives, positions, and agendas.
- The NSPM-DER process we participated in was ordered by the regulator to be applicable to electric utility energy efficiency cost-effectiveness analysis; however, our experience indicates that JSTs developed via the NSPM-DER process become applicable to gas utilities and activities beyond energy efficiency planning. However, not all gas utilities participated, and only one voted.
- Participating staff from utility and utility interest parties did not always include representation from all of the energy efficiency, regulatory, legal, rate-setting, and other functions impacted by the topic.

RECOMMENDATIONS FOR UTILITIES

Based on our experience and the observations above, we recommend that utilities:

1. Thoroughly learn what the NSPM-DER says, how the process operates, and how the resulting outcomes are applied to utilities.
2. Fully understand who the participants in NSPM-DER processes are and their agendas.
3. Actively and strategically participate in NSPM-DER processes with appropriate staff representation.



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