

# EEVS Advising DECC

## Measurement, Verification and Additionality for the Electricity Demand Reduction pilot

DECC are launching a pilot in June 2014 to test the concept of paying organisations to reduce their electricity demand, with payments based on the power they avoid using by installing energy efficiency measures. This concept is new to the UK, but is used in parts of the US, where units of avoided consumption are often referred to as 'negawatts'. Calculating negawatts requires rigorous measurement & verification (M&V), and EEVS has been working with DECC over the last few months to support the development of this difficult aspect of the pilot.

The idea is that the imminent introduction of the **capacity market** provides a new way to incentivise energy efficiency activities. In a capacity market, power generators make bids to provide a certain amount of kilowatt or megawatt generating capacity for a future point in time. DECC wish to explore whether it is practical to open up the market to bids of negawatts as well.

This would mean that anyone who carries out an energy efficiency project above a certain size, such as a building retrofit, could receive extra payments for their avoided consumption in addition to the energy savings themselves. Provided, that is, that they can prove they have achieved the savings, and demonstrate that the project would have not have happened without the additional payments.

The Electricity Demand Reduction (EDR) pilot is being run to test various aspects of this idea. Participants are being sought who will develop energy efficiency projects and work through a process (i) to demonstrate that the project would have been unlikely to happen without the extra incentive ('additionality'), and (ii) to prove the energy savings achieved through one of three possible M&V methods.

The accepted projects will enter an auction, planned for late 2014, and receive real payments for savings they have achieved. DECC will then evaluate how well the processes worked, and which aspects proved the most difficult for bidders.

EEVS has been working with the EDR team at DECC since December 2013. Earlier this year our team, led by **Ian Jeffries**, provided advice on how to filter participating projects, based on our experience and market information collected through the **EEVS / Bloomberg Energy Efficiency Trends** research project. Subsequently, with our help DECC have developed a Manual that will guide participants through the process of preparing and submitting their project proposals, accompanied by the right supporting evidence. This highly specialist work has been led by EEVS' most experienced CMVP, **Hilary Wood**.

Projects must use one of four approaches to measurement & verification in order to qualify. Offering participants a combination of methods allows the pilot to be 'technology agnostic', with the emphasis on the performance of the project rather than the specific technology used.

Simple projects – for example a straightforward swap of one product for a more efficient version – can use 'deemed savings'. Guidance on deemed savings has been developed by the **Carbon Trust**, based on their extensive experience in managing the **Energy Technology List**.

More complex projects – for example those involving multiple energy-saving measures, industrial processes, or technologies not covered by the deemed savings list – can select one of three methods based on the **International Performance Measurement & Verification Protocol (IPMVP)**. Developing guidance for these methods is challenging, as the pilot must be accessible to a broad range of participants, but without compromising the accuracy of the savings calculations. This has required the creation of entirely new documentation, drawing on the good practice principles defined in IPMVP.

If you are interested in getting involved with the EDR pilot, please register your interest with DECC via [this webpage](#), or [contact us](#) and we will pass on your details.