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Presentation Title: Is the Left Hand Taking Away What the Right Hand Is Giving? Or, Does an Industrial Energy Efficiency/SEM Program Teach Free-Ridership?

Abstract: Since 2003, a Pacific Northwest program administrator has been successfully offering an industrial and agricultural efficiency program. Since 2009, the program has offered Strategic Energy Management (SEM), which teaches and empowers customers to identify energy-saving opportunities at their facilities. The program has seen an increasing number of customers participating in SEM and then participating in other program offerings after their SEM engagement. In addition, the program has seen many repeat participants (beyond those participating in SEM) who work closely with program delivery contractors to identify and implement energy saving projects. Given the repeat participation, it is reasonable to ask: Would those who have learned the value of energy efficiency through program engagement continue to invest in energy efficiency on their own if they had to, and so be more likely to be free riders when they again apply for program incentives? In other words, by teaching customers the value of planning strategically for energy savings, and how to do it, is the program also teaching them how to be free riders?

Even if we somehow knew that repeat participants would still not invest the additional cost for higher efficiency without program assistance, it is possibly their response to a self-report free-ridership battery might identify them as such. If a program works with a customer over a long period of time to identify and catalog available energy efficiency projects, it is possible that, when a particular project becomes prioritized for implementation, the customer's staff retain knowledge of the project as an option but have forgotten that it was the program staff who identified it in the first place. In such a case, that person may be less likely, in a self-report free-ridership battery, to attribute the project to the program influence. Thus, the answer to the question of whether free-ridership increases with repeat program participation or with SEM engagement could have important implications for program design and implementation.

The program administrator worked with an evaluation contractor to investigate this question. The evaluator examined whether self-reported free-ridership is related to SEM participation; year of capital project completion; number of projects completed; whether the project was a participant's first, second, or third, etc.; as well as project type and size. Results fail to show a clear trend for either repeat program participation or SEM engagement to affect self-reported free-ridership. In this paper, we will describe the analyses and their results and discuss the implications for program impacts.