Utilities expect fewer savings during COVID-19 but have the same goals

By Gabe Cuadra
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Utility demand-side management (DSM) executives predict they'll have less savings from their energy-efficiency programs in 2020 due to COVID-19. However, most utility savings goals haven't changed. And it's unclear how many will.

Why energy-efficiency goals matter and who sets them

Many states set energy-efficiency goals for their investor-owned utilities. By achieving these savings goals, utilities can avoid building new power plants, delay upgrading infrastructure, and reduce emissions. This ultimately saves customers money.

In some states, investor-owned utilities earn incentives if they meet their goals or face penalties if they don't. State legislation or state regulatory bodies set these goals. Municipal utilities and cooperatives generally aren't subject to state goals but may set their own targets.

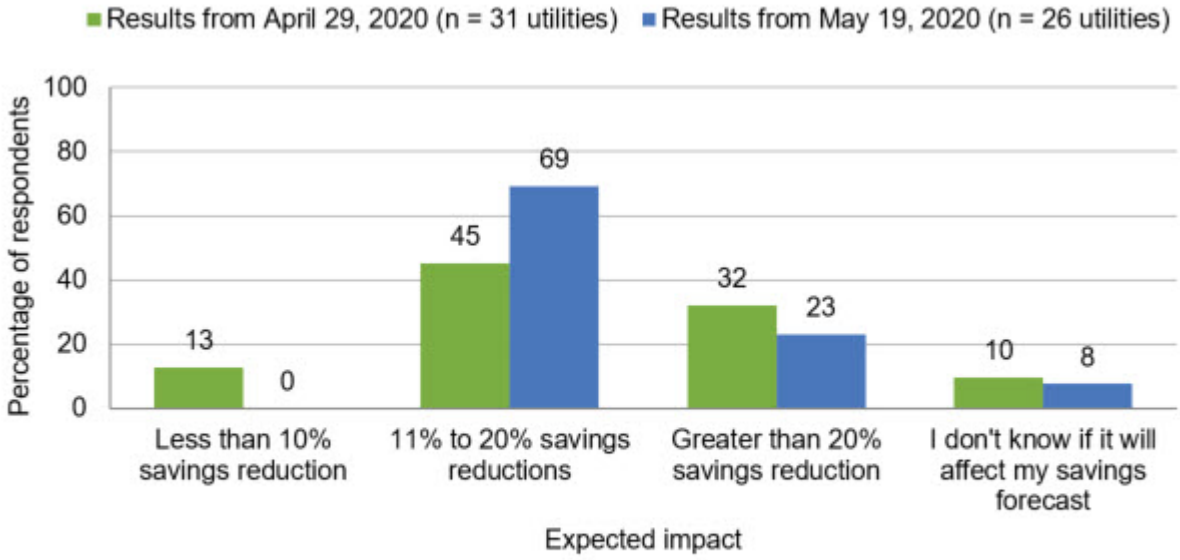
During two virtual sessions of the E Source DSM Executive Council, we surveyed executives about COVID-19's impacts on savings (**figure 1**). The majority of attendees said they expect their savings to decrease by at least 11% and many expect savings to decrease by more than 20%.

Learn how to resegment your customers to hit your savings goals

Watch the recording of our public web conference, Use microtargeting techniques to achieve your energy-efficiency goals, to learn about resegmenting your residential customer base and getting the right programs and messaging to the right people.

Figure 1: How utilities expect COVID-19 to impact their savings

Results from a poll at the virtual DSM Executive Council show that utility executives are expecting COVID-19 to significantly reduce their 2020 savings achievements. Most attendees expect a reduction of at least 11%.

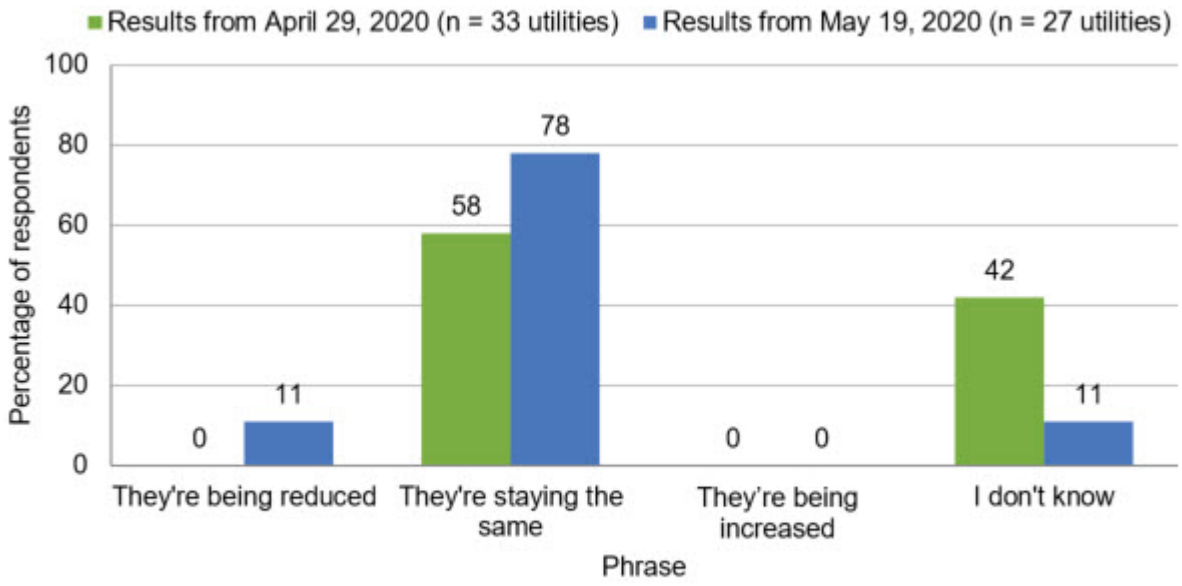


Base: n varies. **Question:** To what extent do you expect COVID-19 will impact your savings forecast?
Note: Some respondents attended both sessions and some respondents only attended one. © E Source (Spring 2020 DSM Executive Council)

When we asked about their saving goals, however, a majority of attendees expected them to stay the same (**figure 2**).

Figure 2: How energy-saving targets are changing due to COVID-19

Most regulators haven’t changed the savings goals for utilities due to COVID-19.



Base: n varies. **Question:** Which phrase best describes your energy-savings targets? **Note:** Some respondents attended both sessions and some respondents only attended one. © E Source (Spring 2020 DSM Executive Council)

Some utilities are facing budget uncertainty as well. Organizations in Missouri, New York, Ohio, and Pennsylvania have requested that utility commissions redirect energy-efficiency funds or remove public-benefit charges from bills. We're unaware of any commissions that have done this. Without energy-efficiency funds or public-benefit charges, it would be even harder for efficiency groups to reach their goals.

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