Defining an ideal program strategy for portfolio optimization

Research and advisory case study
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Key takeaways

- A Northeast utility faced growing demand for natural gas and system capacity constraints, while a strong push toward decarbonization made gas infrastructure investment unlikely.
- Because of this, the utility sought to evaluate the feasibility and cost of programmatic options for reducing gas demand over a 10-year period.
- E Source supported the utility by providing access to research tools such as E Source DSM Insights and creating an industry-leading gas demand-response (DR) potential model.
- With a defined program strategy in hand, the utility confidently met with regulators and clearly articulated a plan to maintain the customer experience while meeting decarbonization goals.

The challenge

A utility in the northeastern US struggled to keep up with customers' demand for natural gas. But increasing gas capacity was unlikely because certain stakeholders viewed such investments as antithetical to decarbonization goals. Wanting to address demand growth without affecting the customer experience, the utility decided to investigate whether customer programs could solve the constraint issues. But the utility was unsure where to start evaluating programs that would have the biggest impact.

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The solution

The utility partnered with E Source to explore whether programs could solve its capacity constraints

and which type of program would be most beneficial to customers. With a variety of program options available—including electrification, DR, and energy efficiency—the utility needed expert guidance on which strategies would be most valuable and cost-effective.

Using tools like E Source DSM Insights, which contains data on demand-side management (DSM) program goals, budgets, spending, and savings from DSM regulatory filings, the consulting team benchmarked program results from utilities in the region and across the US. The team identified leading practices for programs that could achieve the utility's desired results. E Source developed an industry-leading gas DR potential model, turning its research into a planning tool. The team provided specific recommendations for program evolution and outlined the regulatory shifts needed to enable that evolution. Finally, the team identified policy tradeoffs to get stakeholder support for the strategic direction.

The results

E Source helped the utility develop a clear program strategy to solve its gas demand issues. E Source data and tools supported the research efforts, allowing the utility to learn what other utilities were accomplishing with regulators and better prepare for its own stakeholder proposals. The utility confidently presented multiple achievable scenarios to regulators.

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