

**Program Evaluation and Incentives for Administrators of
Energy Efficiency Programs:
Can evaluation solve the principal-agent problem**

Carl Blumstein

**UC Energy Institute
California Institute for Energy and Environment**

**ECEEE Summer Study
La Colle sur Loupe, France**

June 3, 2009

“the counterfactual”

What's not working

- ❑ Bias in favor of measures that produce quantifiable results
- ❑ Difficulties in measuring “free riders”
- ❑ Difficulties in measuring “spill over”
- ❑ Difficulties in computing cost-benefit ratios (the non-energy benefits problem)
- ❑ Delays in obtaining results

What might be done

- ❑ Just do it. Pick some indicator such as the difference between actual and forecast and forge ahead
- ❑ Do it better. (For example, use randomized controlled trials)
- ❑ Outsource market transformation
- ❑ Use some non-quantitative measures
- ❑ “Professionalize” the practice
- ❑ Reduce performance incentives