

DNV·GL

Evaluation, Measurement, and Verification Report for Virginia Electric and Power Company (Dominion)

Case No. PUE-2016-00111 (Virginia)
Docket No.: E-22 Sub 545 (North Carolina)

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Table of Contents

1	EXECUTIVE SUMMARY	1
1.1	Summary of Energy Efficiency Programs	1
1.2	Summary of Peak Shaving Programs	10
1.3	Summary of Closed Programs	11
1.4	Study Approach	11
2	INTRODUCTION.....	14
2.1	Programs Covered in This Report	15
2.1.1	Energy Efficiency Programs – Residential	18
2.1.2	Energy Efficiency Programs – Non-residential	18
2.1.3	Peak Shaving Programs	19
2.1.4	Closed Programs	20
2.2	Report Structure	20
3	METHODOLOGIES	22
3.1	Calculation of the Value of Resources Saved	22
3.1.1	Transmission and Distribution System Losses	22
3.1.2	Measure Life	22
3.1.3	Net Savings Estimation	23
3.2	Data Quality and Validation	26
3.2.1	Methodologies	26
3.2.2	Adjustments and/or Corrections to Prior Year Calculations	27
3.3	Research Activities through 2017	32
3.4	Planned Research Activities in 2018	36
4	ENERGY EFFICIENCY PROGRAMS – RESIDENTIAL	37
4.1	Residential Heat Pump Upgrade – Virginia and North Carolina	38
4.1.1	Methods for the Current Reporting Period	39
4.1.2	Assessment of Program Progress Towards Plan	39
4.2	Residential Heat Pump Tune-up – Virginia and North Carolina	53
4.2.1	Methods for the Current Reporting Period	55
4.2.2	Assessment of Program Progress Towards Plan	55
4.3	Residential Duct Sealing – Virginia and North Carolina	68
4.3.1	Methods for the Current Reporting Period	69
4.3.2	Assessment of Program Progress Towards Plan	70
4.4	Residential Home Energy Check-up – Virginia and North Carolina	87
4.4.1	Methods for the Current Reporting Period	88
4.4.2	Assessment of Program Progress Towards Plan	88
4.5	Residential Income and Age Qualifying Home Improvement – Virginia and North Carolina	103
4.5.1	Methods for the Current Reporting Period	103
4.5.2	Assessment of Program Progress Towards Plan	105
4.6	Residential Appliance Recycling – Virginia	123
4.6.1	Methods for the Current Reporting Period	124
4.6.2	Assessment of Program Progress Towards Plan	124
4.7	Residential Retail LED Lighting – North Carolina	132
4.7.1	Methods for the Current Reporting Period	132
4.7.2	Assessment of Program Progress Towards Plan	132
5	ENERGY EFFICIENCY PROGRAMS – NON-RESIDENTIAL.....	138

5.1	Non-residential Duct Testing and Sealing – Virginia and North Carolina	139
5.1.1	Methods for the Current Reporting Period	140
5.1.2	Assessment of Program Progress Towards Plan	140
5.2	Non-residential Energy Audit – Virginia and North Carolina	160
5.2.1	Methods for the Current Reporting Period	161
5.2.2	Assessment of Program Progress Towards Plan	162
5.3	Non-residential Lighting Systems & Controls – Virginia and North Carolina	175
5.3.1	Methods for the Current Reporting Period	176
5.3.2	Assessment of Program Progress Towards Plan	176
5.4	Non-residential Heating and Cooling Efficiency – Virginia and North Carolina	203
5.4.1	Methods for the Current Reporting Period	203
5.4.2	Assessment of Program Progress Towards Plan	204
5.5	Non-residential Window Film – Virginia & North Carolina	224
5.5.1	Methods for the Current Reporting Period	224
5.5.2	Assessment of Program Progress Towards Plan	225
5.6	Non-residential Small Business Improvement	238
5.6.1	Methods for the Current Reporting Period	239
5.6.2	Assessment of Program Progress Towards Plan	240
5.7	Non-residential Prescriptive – Virginia and North Carolina	257
5.7.1	Methods for the Current Reporting Period	258
5.7.2	Assessment of Program Progress Towards Plan	258
6	PEAK SHAVING PROGRAMS	262
6.1	Residential AC Cycling – Virginia and North Carolina	263
6.1.1	Methods for the Current Reporting Period	263
6.1.2	Assessment of Program Progress Towards Plan	265
6.2	Non-residential Distributed Generation – Virginia	272
6.2.1	Methods for the Current Reporting Period	272
6.2.2	STEP Manual Computation of Demand Reduction	273
6.2.3	Impact Analysis of 2017 Dispatch Events	273
6.2.4	Assessment of Program Progress Towards Plan	273
7	CLOSED PROGRAMS.....	280
7.1	Residential Lighting	280
7.2	Commercial Lighting (Virginia & North Carolina)	280
7.3	Commercial HVAC Upgrade (Virginia & North Carolina)	280
7.4	Residential Low-Income (Virginia & North Carolina)	280
APPENDIX A. APPENDIX A: PROGRAM PERFORMANCE INDICATOR TABLES FOR VIRGINIA PROGRAMS 2010–2017		A-1
APPENDIX B. PROGRAM PERFORMANCE INDICATOR TABLES FOR NORTH CAROLINA PROGRAMS 2011–2017		B-1
APPENDIX C. PROGRAM TO DATE GROSS ENERGY SAVINGS TABLES FOR VIRGINIA AND NORTH CAROLINA PROGRAMS 2010–2017		C-1
APPENDIX D. PROGRAM TO DATE NET ENERGY SAVINGS TABLES FOR VIRGINIA AND NORTH CAROLINA PROGRAMS 2010–2017		D-1
APPENDIX E. GLOSSARY OF TERMS		E-1

APPENDIX F. STANDARD TRACKING AND ENGINEERING PROTOCOLS (STEP) MANUAL VERSION	
8.0.0	F-1
APPENDIX G. RESIDENTIAL INCOME AND AGE QUALIFYING HOME IMPROVEMENT PROGRAM	
EM&V PLAN.....	G-1
APPENDIX H. RESIDENTIAL APPLIANCE RECYCLING PROGRAM EM&V PLAN	H-1
APPENDIX I. RESIDENTIAL RETAIL LED LIGHTING PROGRAM EM&V PLAN.....	I-1
APPENDIX J. NON-RESIDENTIAL LIGHTING SYSTEMS & CONTROLS PROGRAM EM&V PLAN	J-1
APPENDIX K. NON-RESIDENTIAL HEATING AND COOLING EFFICIENCY EM&V PLAN	K-1
APPENDIX L. NON-RESIDENTIAL WINDOW FILM EM&V PLAN.....	L-1
APPENDIX M. NON-RESIDENTIAL SMALL BUSINESS IMPROVEMENT PROGRAM EM&V PLAN	M-1
APPENDIX N. NON-RESIDENTIAL PRESCRIPTIVE PROGRAM EM&V PLAN	N-1
APPENDIX O. RESIDENTIAL AIR CONDITIONER CYCLING PROGRAM EM&V PLAN	O-1
APPENDIX O-1. RESIDENTIAL AC CYCLING PROGRAM, IMPACT EVALUATION OF 2017 DISPATCH	
EVENTS	O-1-1
APPENDIX P. NON-RESIDENTIAL DISTRIBUTED GENERATION PROGRAM EM&V PLAN.....	P-1
APPENDIX P-1. NON-RESIDENTIAL DISTRIBUTED GENERATION ANALYSIS FOR 2017 EVENT	
SEASON	P-1-1

List of Figures

Figure 1-1. Installed Net Annualized Energy Savings (kWh/year) Across the VA Energy Efficiency Program Portfolio in 2017.....	8
Figure 1-2. Installed Net Annualized Energy Savings (kWh/year) Across the NC Energy Efficiency Program Portfolio in 2017.....	9
Figure 1-3. Illustration of a program cycle.....	12
Figure 4-1. VA and NC Residential Energy Efficiency Program Participation Map, by County, Inception to December 31, 2017	38
Figure 4-2. VA and NC Residential Energy Efficiency Program Gross Annualized Energy Savings Map, by County, Inception to December 31, 2017	38
Figure 4-3. VA Residential Heat Pump Upgrade Cumulative Participation Compared to Planned and Over Time	42
Figure 4-4. VA Residential Heat Pump Upgrade Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	42
Figure 4-5. NC Residential Heat Pump Upgrade Cumulative Participation Compared to Planned and Over Time	45
Figure 4-6. NC Residential Heat Pump Upgrade Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	45
Figure 4-7. VA Residential Heat Pump Upgrade Program Existing Heat Pump SEER Value as % of Total Gross Annual Energy Savings (2012-2017)	48
Figure 4-8. VA Residential Heat Pump Upgrade Program Performance Indicators by Building Type as % of Total (2012-2017)	49
Figure 4-9. VA Residential Heat Pump Upgrade Program Gross Energy Savings (kWh/year) by Condition of Replaced Unit as % of Total (2012-2017).....	50

Figure 4-10. NC Residential Heat Pump Upgrade Program Existing Heat Pump SEER Value as % of Total Gross Annual Energy Savings (2014-2017)	51
Figure 4-11. NC Residential Heat Pump Upgrade Program Performance Indicators by Dwelling Type as % of Total (2014-2017)	52
Figure 4-12. NC Residential Heat Pump Upgrade Program Gross Energy Savings (kWh/year) by Condition of Replaced Unit as % of Total (2014-2017).....	53
Figure 4-13. VA Residential Heat Pump Tune-Up Cumulative Participation Compared to Planned and Over Time	58
Figure 4-14. VA Residential Heat Pump Tune-Up Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	58
Figure 4-15. NC Residential Heat Pump Tune-Up Cumulative Participation Compared to Planned and Over Time	61
Figure 4-16. NC Residential Heat Pump Tune-Up Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	61
Figure 4-17. VA Residential Heat Pump Tune-Up Program Performance Indicators by System Capacity as % of total (2012-2017)	63
Figure 4-18. VA Residential Heat Pump Tune-Up Program Performance Indicators by Dwelling Type as % of Total (2012-2017)	64
Figure 4-19. VA Residential Heat Pump Tune-Up Program Performance Indicators by Equipment Age at the Time of the Tune-Up as % of Total (2012-2017)	65
Figure 4-20. NC Residential Heat Pump Tune-Up Program Performance Indicators by System Cooling Capacity as % of Total (2014-2017).....	66
Figure 4-21. NC Residential Heat Pump Tune-Up Program Performance Indicators by Dwelling Type as % of Total (2014-2017).....	67
Figure 4-22. NC Residential Heat Pump Tune-Up Program Performance Indicators by Equipment Age at the Time of the Tune-Up as % of Total (2014-2017)	68
Figure 4-23. VA Residential Duct Sealing Cumulative Participation Compared to Planned and Over Time....	74
Figure 4-24. VA Residential Duct Sealing Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	74
Figure 4-25. NC Residential Duct Sealing Cumulative Participation Compared to Planned and Over Time ...	77
Figure 4-26. NC Residential Duct Sealing Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	77
Figure 4-27. VA Residential Duct Sealing Program Performance Indicators by System Capacity as % of Total (2012 - 2017).....	79
Figure 4-28. VA Residential Duct Testing Program Performance Indicators by Equipment Age, at the Time of the Service as % of Total (2012-2017)	80
Figure 4-29. VA Residential Duct Testing Program Performance Indicator by Eligibility Path or Testing Method as % of Total (2012-2017)	82
Figure 4-30. NC Residential Duct Sealing Program Performance Indicators by System Capacity as % of Total (2014-2017).....	83
Figure 4-31. NC Residential Duct Testing Program Performance Indicators by Equipment Age at the Time of the Service as a % of Total (2014-2017)	84
Figure 4-32. NC Residential Duct Sealing Program Performance Indicators by Eligibility Path or Testing Method as % of Total (2014-2017)	86
Figure 4-33. VA Residential Home Energy Check-Up Cumulative Participation Compared to Planned and Over Time	91
Figure 4-34. VA Residential Home Energy Check-Up Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	91
Figure 4-35. NC Residential Home Energy Check-Up Cumulative Participation Compared to Planned and Over Time	95
Figure 4-36. NC Residential Home Energy Check-Up Cumulative Net Adjusted Annualized Savings (kWh/year) Compared to Planned and Over Time.....	95
Figure 4-37. VA Residential Home Energy Check-Up Program Participant Approximate Home Age as % of Gross Annualized Energy Savings (kWh/year), Over Time	97
Figure 4-38. VA Residential Home Energy Check-Up Program Performance Indicators by Measure Type as % of Total (2012-2017)	98

Figure 4-39. VA Residential Home Energy Check-Up Program Gross Annualized Energy Savings (kWh/year) By Measure Type, as a % of Program Total, Over Time	99
Figure 4-40. NC Residential Home Energy Check-Up Program Approximate Home Age as % of Gross Annualized Energy Savings (kWh/year), Over Time	100
Figure 4-41. NC Residential Home Energy Check-Up Program Performance Indicators by Measure Type as % of Total (2014-2017)	101
Figure 4-42. NC Residential Home Energy Check-Up Program Gross Annualized Energy Savings (kWh/year) By Measure Type, as a % of Program Total, Over Time	102
Figure 4-43. VA Residential Income and Age Qualifying Home Improvement Program Performance Indicators by Measure Type as % of Total (2017)	110
Figure 4-44. VA Residential Income and Age Qualifying Home Improvement Program Gross Annualized Energy Savings by Measure and Year (kWh/year)	111
Figure 4-45. VA Residential Income and Age Qualifying Home Improvement Program Participation by Measure and Year.....	112
Figure 4-46. VA Residential Income and Age Qualifying Home Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year participant) by Measure and Year.....	113
Figure 4-47. VA Residential Income and Age Qualifying Home Improvement Program Gross Annualized Energy Savings by Building Type and Year (kWh/year)	114
Figure 4-48. VA Residential Income and Age Qualifying Home Improvement Program Participation by Building Type and Year.....	115
Figure 4-49. VA Residential Income and Age Qualifying Home Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year participant) by Building Type and Year....	116
Figure 4-50. NC Residential Income and Age Qualifying Home Improvement Program Performance Indicators by Measure Type as % of Total (2017)	117
Figure 4-51. NC Residential Income and Age Qualifying Home Improvement Program Gross Annualized Energy Savings by Measure and Year (kWh/year)	118
Figure 4-52. NC Residential Income and Age Qualifying Home Improvement Program Participation by Measure and Year.....	119
Figure 4-53. NC Residential Income and Age Qualifying Home Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year participant) by Measure and Year.....	120
Figure 4-54. NC Residential Income and Age Qualifying Home Improvement Program Gross Annualized Energy Savings by Dwelling Type and Year (kWh/year).....	121
Figure 4-55. NC Residential Income and Age Qualifying Home Improvement Program Participation by Dwelling Type and Year	122
Figure 4-56. NC Residential Income and Age Qualifying Home Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year participant) by Dwelling Type and Year ...	123
Figure 4-57. VA Residential Appliance Recycling Program Gross Energy Savings by Appliance Type Recycled as % of Total Recycled Appliances for each Program Year.....	127
Figure 4-58. VA Residential Appliance Recycling Program Gross Energy Savings by Appliance Age as % of Total for each Program Year.....	128
Figure 4-59. VA Residential Appliance Recycling Program Gross Energy Savings by Appliance Location as % of Total for each Program Year	129
Figure 4-60. VA Residential Appliance Recycling Program Gross Energy Savings by Replacement Size Relative to the Recycled Appliance as % of Total for each Program Year	130
Figure 4-61. VA Residential Appliance Recycling Program Gross Energy Savings by Primary and Secondary Appliances as % of Total for each Program Year.....	131
Figure 4-62. NC Residential LED Lighting Program Gross Annualized Energy Savings (kWh/year) by Lamp Type.....	135
Figure 4-63. NC Residential LED Lighting Program Gross Annualized Energy Savings (kWh/year) by Lamp Manufacturer	136
Figure 4-64. NC Residential LED Lighting Program Gross Annualized Energy Savings (kWh/year) by Retailer	137
Figure 5-1. VA and NC Non-residential Energy Efficiency Program Participation Map, by County, Inception to December 31, 2017	139
Figure 5-2. VA and NC Non-residential Energy Efficiency Program Gross Annualized Energy Savings Map, by County, Inception to December 31, 2017	139

Figure 5-3. VA Non-residential Duct Testing and Sealing Program Net Adjusted Annualized Savings (kWh/year)	144
Figure 5-4. VA Non-residential Duct Testing and Sealing Program Cumulative Participants.....	144
Figure 5-5. NC Non-residential Duct Testing and Sealing Program Net Adjusted Annualized Savings (kWh/year)	148
Figure 5-6. NC Non-residential Duct Testing and Sealing Program Cumulative Participants	148
Figure 5-7. VA Non-residential Duct Testing and Sealing Program Performance Indicators by Building Type (2012-2017).....	150
Figure 5-8. VA Non-residential Duct Testing and Sealing Program Performance Indicators by Ductwork Type (2012-2017).....	151
Figure 5-9. VA Non-residential Duct Testing and Sealing Program Performance Indicators by Cooling System Type (2012-2017)	152
Figure 5-10. VA Non-residential Duct Testing and Sealing Program Performance Indicators by Efficiency Rating Bins (2012-2017)	153
Figure 5-11. VA Non-residential Duct Testing and Sealing Program Performance Indicators by Heating System Type (2012-2017).....	154
Figure 5-12. NC Non-residential Duct Testing and Sealing Program Performance Indicators by Building Type (2014-2017).....	155
Figure 5-13. NC Non-residential Duct Testing and Sealing Program Performance Indicators by Ductwork Type (2014-2017).....	156
Figure 5-14. NC Non-residential Duct Testing and Sealing Program Performance Indicators by Cooling System Type (2014-2017).....	157
Figure 5-15. NC Non-residential Duct Testing and Sealing Program Performance Indicators by Cooling-System Efficiency Rating (2014-2017).....	158
Figure 5-16. NC Non-residential Duct Testing and Sealing Program Performance Indicators by Heating System Type (2014-2017).....	159
Figure 5-17. VA Non-residential Energy Audit Net Adjusted Annualized Savings (kWh/year)	166
Figure 5-18. VA Non-residential Energy Audit Cumulative Participation	166
Figure 5-19. NC Non-residential Energy Audit Cumulative Net Adjusted Annualized Savings (kWh/year) ..	170
Figure 5-20. NC Non-residential Energy Audit Cumulative Program Participation	170
Figure 5-21. VA Non-residential Energy Audit Performance Indicators by Building Type (2012-2017)	171
Figure 5-22. VA Non-residential Energy Audit Performance Indicators by Measure (2012-2017)	172
Figure 5-23. NC Non-residential Energy Audit Performance Indicators by Building Type (2014-2017)	173
Figure 5-24. NC Non-residential Energy Audit Performance Indicators by Measure (2014-2017)	174
Figure 5-25. VA Non-residential Lighting Systems & Controls Program Performance Indicators by Lamp Type as % of Total (2017).....	182
Figure 5-26. VA Non-residential Lighting Systems & Controls Program Percentage of Measures Installed by Program Year.....	183
Figure 5-27. VA Non-residential Lighting Systems & Controls Program Performance Indicators by Building Type as % of Total (2017)	184
Figure 5-28. VA Non-residential Lighting Systems & Controls Program Percentage of Measures Installed by Building Type and Program Year	185
Figure 5-29. VA Non-residential Lighting Systems & Controls Program Gross Annualized Energy Savings by Measure and Year (kWh/year)	186
Figure 5-30. VA Non-residential Lighting Systems & Controls Program Participation by Measure and Year	187
Figure 5-31. VA Non-residential Lighting Systems & Controls Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Measure and Year	188
Figure 5-32. VA Non-residential Lighting Systems & Controls Program Gross Annualized Energy Savings by Building Type and Year (kWh/year)	190
Figure 5-33. VA Non-residential Lighting Systems & Controls Program Participation by Building Type and Year	191
Figure 5-34. VA Non-residential Lighting Systems & Controls Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Building Type and Year	193
Figure 5-35. NC Non-residential Lighting Systems & Controls Program Performance Indicators by Lamp Type as % of Total (2017).....	194
Figure 5-36. NC Non-residential Lighting Systems & Controls Program Performance Indicators by Building Type as % of Total (2017)	195

Figure 5-37. NC Non-residential Lighting Systems & Controls Program Gross Annualized Energy Savings (kWh/year) by Measure and Year.....	196
Figure 5-38. NC Non-residential Lighting Systems & Controls Program Participation by Measure and Year	197
Figure 5-39. NC Non-residential Lighting Systems & Controls Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Measure and Year	198
Figure 5-40. NC Non-residential Lighting Systems & Controls Program Participation by Building Type and Year	200
Figure 5-41. NC Non-residential Lighting Systems & Controls Program Gross Annualized Energy Savings by Building Type and Year (kWh/year)	201
Figure 5-42. NC Non-residential Lighting Systems & Controls Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Building Type and Year	202
Figure 5-43. VA Non-residential Heating and Cooling Efficiency Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Measure	211
Figure 5-44. VA Non-residential Heating and Cooling Efficiency Program Participation by Measure and Year	212
Figure 5-45. VA Non-residential Heating and Cooling Efficiency Program Gross Annualized Energy Savings (kWh/year) by Measure and Year.....	213
Figure 5-46. VA Non-residential Heating and Cooling Efficiency Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Building Type and Year	215
Figure 5-47. VA Non-residential Heating and Cooling Efficiency Program Participation by Building Type and Year	216
Figure 5-48. VA Non-residential Heating and Cooling Efficiency Program Gross Annualized Energy Savings (kWh/year) by Building Type and Year.....	217
Figure 5-49. NC Non-residential Heating and Cooling Efficiency Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Measure and Year	218
Figure 5-50. NC Non-residential Heating and Cooling Efficiency Program Participation by Measure and Year	219
Figure 5-51. NC Non-residential Heating and Cooling Efficiency Program Gross Annualized Energy Savings (kWh/year) by Measure Type	220
Figure 5-52. NC Non-residential Heating and Cooling Efficiency Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Building Type and Year	221
Figure 5-53. NC Non-residential Heating and Cooling Efficiency Program Participation by Building Type and Year	222
Figure 5-54. NC Non-residential Heating and Cooling Efficiency Program Gross Annualized Energy Savings (kWh/year) by Building Type and Year.....	223
Figure 5-55. VA Non-residential Window Film Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) Who Installed Window Film by Window Orientation and Year	230
Figure 5-56. VA Non-residential Window Film Program Participation by Window Orientation and Year.....	231
Figure 5-57. VA Non-residential Window Film Program Gross Annualized Energy Savings (kWh/year) by Window Orientation and Year	232
Figure 5-58. VA Non-residential Window Film Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Building Type and Year	233
Figure 5-59. VA Non-residential Window Film Program Participation by Building Type and Year	234
Figure 5-60. VA Non-residential Window Film Program Gross Annualized Energy Savings (kWh/year) by Building Type and Year.....	236
Figure 5-61. VA Non-residential Small Business Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Measure	244
Figure 5-62. VA Non-residential Small Business Improvement Program Participation by Measure and Year.....	245
Figure 5-63. VA Non-residential Small Business Improvement Program Gross Annualized Energy Savings (kWh/year) by Measure and Year.....	246
Figure 5-64. VA Non-residential Small Business Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Building Type and Year	247
Figure 5-65. VA Non-residential Small Business Improvement Program Participation by Building Type and Year	249
Figure 5-66. VA Non-residential Small Business Improvement Program Gross Annualized Energy Savings (kWh/year) by Building Type and Year.....	250

Figure 5-67. NC Non-residential Small Business Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Measure and Year	251
Figure 5-68. NC Non-residential Small Business Improvement Program Participation by Measure and Year	252
Figure 5-69. NC Non-residential Small Business Improvement Program Gross Annualized Energy Savings (kWh/year) by Measure and Year.....	253
Figure 5-70. NC Non-residential Small Business Improvement Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Building Type and Year	254
Figure 5-71. NC Non-residential Small Business Improvement Program Participation by Building Type and Year	255
Figure 5-72. NC Non-residential Small Business Improvement Program Gross Annualized Energy Savings (kWh/year) by Building Type and Year.....	256
Figure 5-73. VA Non-residential Prescriptive Program Participation by Measure and Year	260
Figure 5-74. VA Non-residential Prescriptive Program Average Gross Annualized Energy Savings per Participant (kWh/year-participant) by Measure	261
Figure 6-1. Distribution of Load Reduction Potential for all AC Cycling and Non-residential Distributed Generation Program Participants in VA and NC, by County, as of December 31, 2017	262

List of Tables

Table 1-1. Annualized Program Progress for Energy Efficiency Programs (Cumulative from Program Start through December 31, 2017) in Virginia.....	2
Table 1-2. Annualized Program Progress for Energy Efficiency Programs (Cumulative from Program Start through December 31, 2017) in North Carolina	4
Table 1-3. Portfolio Spending and Net Peak Shaving Potential by Program (Cumulative through December 31, 2017)	10
Table 2-1. Categories and list of 2017 DSM programs in this report	16
Table 3-1. Measure life assumptions.....	22
Table 3-2. Status of Unintended Outcome Included in DNV GL Impact Evaluations	24
Table 3-3. Net-to-Gross Factors and Sources by Program	25
Table 3-4. Explanation of Adjustments.....	28
Table 3-5. Impact of adjustments	30
Table 3-6. EM&V Research Activities Conducted Through 2017 by Program	34
Table 4-1. Residential Heat Pump Upgrade Program Planning Assumptions System-wide.....	39
Table 4-2. VA Residential Heat Pump Upgrade Program Performance Indicators (2012-2017)	40
Table 4-3. NC Residential Heat Pump Upgrade Program Performance Indicators (2014-2017)	43
Table 4-4. Percent of 2012-2017 Residential Heat Pump Tune-Up Program Tune-Ups Rebated to Contractors Directly	54
Table 4-5. Residential Heat Pump Tune-Up Program Planning Assumptions System-wide.....	55
Table 4-6. VA Residential Heat Pump Tune-Up Program Performance Indicators (2012-2017).....	56
Table 4-7. NC Residential Heat Pump Tune-Up Program Performance Indicators (2014-2017)	59
Table 4-8. Percent of 2012-2017 Residential Duct Sealing Heat Pumps Rebated to Contractors Directly.....	69
Table 4-9. Residential Duct Sealing Program Planning Assumptions System-wide.....	70
Table 4-10. VA Residential Duct Sealing Program Performance Indicators (2012-2017)	71
Table 4-11. NC Residential Duct Sealing Program Performance Indicators (2014-2017)	75
Table 4-12. Residential Home Energy Check-Up Program Planning Assumptions System-wide.....	88
Table 4-13. VA Residential Home Energy Check-Up Program Performance Indicators (2012-2017)	89
Table 4-14. NC Residential Home Energy Check-Up Program Performance Indicators (2014-2017).....	93
Table 4-15. Residential Income and Age Qualifying Home Improvement Program Planning Assumptions System-wide.....	104
Table 4-16. VA Residential Income and Age Qualifying Home Improvement Program Performance Indicators (2015-2017)	105
Table 4-17. NC Residential Income and Age Qualifying Home Improvement Program Performance Indicators (2016-2017)	107
Table 4-18. Residential Appliance Recycling Program Planning Assumptions	124
Table 4-19. VA Residential Appliance Recycling Program Performance Indicators (2015-2017).....	124

Table 4-20. Residential LED Lighting Program Planning Assumptions in North Carolina.....	132
Table 4-21. NC Residential LED Lighting Program Performance Indicators (2017)	133
Table 5-1. Non-residential Duct Testing and Sealing Program Planning Assumptions System-wide	140
Table 5-2. VA Non-residential Duct Testing and Sealing Program Performance Indicators (2012-2017)....	142
Table 5-3. NC Non-residential Duct Testing and Sealing Program Performance Indicators (2014-2017) ...	146
Table 5-4. Proportion of 2016 Non-residential Energy Audit Participants Who Assigned Rebate to Contractors Directly	161
Table 5-5. Non-residential Energy Audit Program Realization Rates by Measure Type and Program Overall for the 2012-2013 Evaluation Period	161
Table 5-6. Non-residential Energy Audit Program Planning Assumptions System-wide.....	162
Table 5-7. VA Non-residential Energy Audit Program Performance Indicators (2012-2017)	164
Table 5-8. NC Non-residential Energy Audit Program Performance Indicators (2014-2017)	168
Table 5-9. Percent of 2017 Non-residential Lighting Systems & Controls Participants Who Assigned Rebates Directly to Contractors	175
Table 5-10. Non-residential Lighting Systems and Controls Program Planning Assumptions System-wide.	176
Table 5-11. VA Non-residential Lighting Systems & Controls Program Performance Indicators (2014-.....	177
Table 5-12. NC Lighting Systems & Controls Program Performance Indicators (2015-2017)	180
Table 5-13. Proportion of 2017 Non-residential Heating and Cooling Efficiency Participant Rebate Recipients	203
Table 5-14. Non-residential Heating and Cooling Efficiency Program Customer Participation Planning Assumptions System-wide	204
Table 5-15. VA Non-residential Heating and Cooling Efficiency Program Performance Indicators (2014-2017)	205
Table 5-16. NC Non-residential Heating and Cooling Efficiency Program Performance Indicators (2015-2017)	208
Table 5-17. Non-residential Window Film Program Planning Assumptions.....	224
Table 5-18. VA Non-residential Window Film Program Performance Indicators (2014-2017).....	225
Table 5-19. NC Window Film Program Performance Indicators (2015-2017)	228
Table 5-20. Measures Offered Through Small Business Improvement Program.....	239
Table 5-21. Non-residential Small Business Improvement Program Planning Assumptions System-wide ..	239
Table 5-22. VA Non-residential Small Business Improvement Program Performance Indicators (2016-2017)	240
Table 5-23. NC Non-residential Small Business Improvement Program Performance Indicators (2017)	242
Table 5-24. Measures offered through Non-residential Prescriptive Program	257
Table 5-25. VA Non-residential Prescriptive Program Planning Assumptions.....	258
Table 5-26. VA Non-residential Prescriptive Program Performance Indicators (2017)	259
Table 6-1. 2017 Ex ante Impacts by THI and Hour Ending per Participant	265
Table 6-2. AC Cycling Program Planning Assumptions	265
Table 6-3. VA Residential AC Cycling Program Performance Indicators (2010-2017)	266
Table 6-4. NC Residential AC Cycling Program Performance Indicators (2011-2017)	267
Table 6-5. Disposition from Cumulative and Net Participants, and Peak Shaving Potential (through December 31, 2017)	268
Table 6-6. Number of 2017 Controlled Participants Included in the Impact Analysis by Connected Load...	269
Table 6-8. 2017 AC Cycling Impacts by Event-Day and Hour	270
Table 6-9. AC Cycling Impacts by Event-Day and Hour Continued	270
Table 6-10. AC Cycling Impacts by Event-Day and Hour Continued	271
Table 6-12. Non-residential DG Program Planning Assumptions	273
Table 6-13. VA Non-residential Distributed Generation Program Performance Indicators (2012-2017)	274
Table 6-14. Program Realization Rates of Measured vs. Dispatched Generation (2017 Winter Event Intervals)	276
Table 6-15. Program Realization Rates of Measured vs. Dispatched Generation (2017 Summer Event Intervals)	277
Table 6-16. 2017 DG Program Event Realization Rates by Site	278
Table 6-17. Non-residential DG Program 2017 Monthly Average Performance Metrics	279

1 EXECUTIVE SUMMARY

The purpose of this report is to present performance indicators of Virginia Electric and Power Company's (Dominion Energy, or the Company) demand-side management (DSM) programs and to comply with the Virginia State Corporation Commission (SCC) Order to Virginia Electric and Power Company¹ issued on March 24, 2010 ("the Order") in Case PUE-2009-00081, as later modified, to provide a detailed evaluation, measurement, and verification (EM&V) report on an annual basis.² In addition, this report presents performance indicators of Dominion's North Carolina DSM and Energy Efficiency (EE) programs from program launch (mid-2011) through December 31, 2017, in accordance with the North Carolina Utilities Commission's (NCUC) Orders approving DSM and EE programs in North Carolina, as well as the NCUC's subsequent direction regarding the filing of EM&V plans in North Carolina through its Orders issued in Docket No. E-22, Sub 473; and finally the NCUC's instruction to align its EM&V filing schedule with that in Virginia, annually on April 1 of each year (Docket No. E-22, Sub 524). This report is being filed on May 1, 2018 pursuant to a permanent extension granted by the SCC in Case No. PUR-2017-00129 on March 8, 2018.

This EM&V report, prepared by DNV GL Energy (DNV GL), focuses on DSM program impacts, and covers program activity through December 31, 2017. It includes Virginia and North Carolina DSM Phases I through VI programs, including a Phase VI program that launched in Virginia in late 2017.

1.1 Summary of Energy Efficiency Programs

This section presents key indicators of progress to date for the following EE programs:

- Residential Heat Pump Upgrade (DSM Phase II in Virginia and North Carolina)
- Residential Heat Pump Tune-Up (DSM Phase II in Virginia and North Carolina)
- Residential Duct Sealing (DSM Phase II in Virginia and North Carolina)
- Residential Home Energy Check-Up (DSM Phase II in Virginia and North Carolina)
- Residential Income and Age Qualifying Home Improvement (DSM Phase IV in Virginia and North Carolina)
- Residential Appliance Recycling (DSM Phase IV in Virginia)
- Residential Retail LED Lighting (DSM Phase V in North Carolina)
- Non-residential Duct Testing and Sealing (DSM Phase II in Virginia and North Carolina)
- Non-residential Energy Audit (DSM Phase II in Virginia and North Carolina)
- Non-residential Lighting Systems & Controls (DSM Phase III in Virginia and North Carolina)
- Non-residential Heating & Cooling Efficiency (DSM Phase III in Virginia and North Carolina)
- Non-residential Window Film (DSM Phase III in Virginia and North Carolina)
- Non-residential Small Business Improvement (DSM Phase V in Virginia and North Carolina)
- Non-residential Prescriptive (DSM Phase VI in Virginia and North Carolina)

The key metrics for tracking EM&V indicators of program progress are the following:

- Expenditures

¹ Hereinafter, Virginia Electric and Power Company will be referred to as "Dominion Energy" or "Company" and may also include North Carolina operations depending on the context.

² It is also intended to meet the EM&V reporting requirements as ordered by the SCC in Case No. PUR-2017-000047 (issued on November 9, 2017) for newly-approved DSM programs or renewals of existing DSM programs since November 9, 2017. However, this report does not include any programs that were approved in Virginia after November 9, 2017.

- Gross participation—or the total number of participants served through the program
- Net installed annualized energy savings in kilowatt hours per year (kWh/year) which is the amount of annual energy savings delivered by the program after accounting for annual savings that would have occurred in the absence of the program

Key EM&V performance indicators for EE programs (spending, participation, annualized incremental net energy savings, and net demand reductions) are shown in Table 1-1 for Virginia and Table 1-2 for North Carolina, as well as the months of participation from program launch through December 31, 2017. A few of the major highlights of these programs are listed:

- This is the last EM&V report where the DSM Phase II programs will be reported in the main sections of the report. In future annual reports, these programs will be reported in the closed programs section because they have retired as designed. They were available to customers in Virginia for approximately five years, and customers in North Carolina for approximately three-and-a-half years.
- Of the residential EE direct installation programs, the Residential Income and Age Qualifying Home Improvement program (DSM Phase IV) is the only program that was available to customers for the entire 2017 program year. This program exceeded net annualized energy savings targets in both Virginia and North Carolina at 254% and 146%, respectively. Participation exceeded the program's planned target in Virginia at 155%, but was below target at 56% in North Carolina.
- In its second year in Virginia, the Non-residential Small Business Improvement (DSM Phase V) exceeded both participation and net annualized energy savings targets at 118% and 256%, respectively. This was achieved at 59% of the target total spending for this program. This was the first year that the program was implemented in North Carolina. As is the case for most programs that DNV GL has tracked and evaluated for the Company, the first year typically does not achieve target participation or energy targets because the program is ramping up and building its contractor network. Participation in North Carolina in 2017 was 17% of target and net annualized energy savings was 54% of target.
- The Non-residential Lighting Systems and Controls program continues to exceed net annualized energy-savings targets in Virginia at 139% from 2014-2017. Participation in Virginia was at 65% of target over the same period. In North Carolina, from 2015-2017 the program achieved 71% of net annualized energy savings target and 26% of participation target.

Cumulative participation, net energy savings, and net demand reductions for each program are provided in Appendices C and D. Those values are used as inputs for integrated resource planning, lost revenue recovery (if pursued), program performance incentives, and other calculations requiring cumulative net energy savings over time for each program.

Table 1-1. Annualized Program Progress for Energy Efficiency Programs (Cumulative from Program Start through December 31, 2017) in Virginia

Program	Expenditures	Gross Participants	Net Energy Savings kWh/year	Months Since First Participation
Residential Programs				
Residential Heat Pump Upgrade – Virginia (DSM II)				
Actual		17,784	13,477,128	63
Planned (Year End Total)		56,578	44,196,174	

Program	Expenditures	Gross Participants	Net Energy Savings kWh/year	Months Since First Participation
Cumulative % Toward Plan	45%	31%	30%	
Residential Heat Pump Tune Up – Virginia (DSM II)				
Actual		87,126	18,609,439	63
Planned (Year End Total)		145,577	93,176,895	
Cumulative % Toward Plan	62%	60%	20%	
Residential Duct Sealing – Virginia (DSM II)				
Actual		3,299	764,592	63
Planned (Year End Total)		16,720	7,662,081	
Cumulative % Toward Plan	58%	20%	10%	
Residential Home Energy Check Up – Virginia (DSM II)				
Actual		51,914	32,619,381	63
Planned (Year End Total)		9,488	11,328,552	
Cumulative % Toward Plan	269%	547%	288%	
Residential Income and Age Qualifying Home Improvement – Virginia (DSM IV)				
Actual		5,970	1,945,390	27
Planned (Year End Total)		3,846	765,945	
Cumulative % Toward Plan	109%	155%	254%	
Residential Appliance Recycling – Virginia (DSM IV)				
Actual		14,072	10,923,914	28
Planned (Year End Total)		14,250	11,647,008	
Cumulative % Toward Plan	96%	99%	94%	
Non-residential Programs				
Non-residential Duct Testing and Sealing – Virginia (DSM II)				
Actual		4,444	68,840,057	62
Planned (YE Total)		1,933	46,722,290	
Cumulative % Toward Plan	108%	230%	147%	
Non-residential Energy Audit – Virginia (DSM II)				
Actual		1,632	39,138,178	61
Planned (YE Total)		2,410	52,159,321	
Cumulative % Toward Plan	124%	68%	75%	
Non-residential Lighting Systems and Controls – Virginia (DSM III)				
Actual		3,430	134,735,543	39
Planned (YE Total)		5,276	97,112,026	
Cumulative % Toward Plan	126%	65%	139%	
Non-residential Heating and Cooling Efficiency – Virginia (DSM III)				

Program	Expenditures	Gross Participants	Net Energy Savings kWh/year	Months Since First Participation
Actual		312	23,632,707	38
Planned (YE Total)		2,586	75,204,654	
Cumulative % Toward Plan	70%	12%	31%	
Non-residential Window Film – Virginia (DSM III) ³				
Actual		439,004	5,143,800	39
Planned (YE Total)		3,333,400	33,459,821	
Cumulative % Toward Plan	32%	13%	15%	
Non-residential Small Business Improvement – Virginia (DSM V)				
Actual		1,004	14,280,899	15
Planned (YE Total)		851	5,579,025	
Cumulative % Toward Plan	59%	118%	256%	
Non-residential Prescriptive – Virginia (DSM VI)				
Actual		4	594	15
Planned (YE Total)		266	5,959,948	
Cumulative % Toward Plan	20%	2%	0%	
Portfolio Total ⁴				
Actual		190,991	364,111,623	
Planned (YE Total)		259,781	484,973,738	
Cumulative % Toward Plan	88%	74%	75%	

When reviewing the North Carolina results shown in Table 1-2, it is important to note that the NC programs are operated under a cost allocation formula as a subset of the overall system-level program budget. The allocation is approximately 6% NC and 94% VA. This necessitates that Dominion carefully manage the NC programs so as to not exceed the allocation.

It is also worth noting that the SCC has approved existing DSM program budgets by DSM phases and by the residential and non-residential program categories. This allows the Company the discretion to allocate spending among the various programs as appropriate, while managing spending against the overall approved total budget.

Table 1-2. Annualized Program Progress for Energy Efficiency Programs (Cumulative from Program Start through December 31, 2017) in North Carolina

Program	Expenditures	Gross Participants	Net Energy Savings kWh/year	Months Since First Participation
Residential Programs				

³ Non-Residential Window Film program participation value is in square feet rather than participant count.

⁴ Excludes Non-Residential Window Film participation values because it is measured in square feet rather than participant count.

Program	Expenditures	Gross Participants	Net Energy Savings kWh/year	Months Since First Participation
Residential Heat Pump Upgrade – North Carolina (DSM II)				
Actual		1,424	297,685	43
Planned (Year End Total)		2,652	2,125,858	
Cumulative % Toward Plan	55%	54%	14%	
Residential Heat Pump Tune Up – North Carolina (DSM II)				
Actual		5,287	1,208,206	44
Planned (Year End Total)		7,096	4,406,474	
Cumulative % Toward Plan	61%	75%	27%	
Residential Duct Sealing – North Carolina (DSM II)				
Actual		554	133,828	36
Planned (Year End Total)		793	374,621	
Cumulative % Toward Plan	78%	70%	36%	
Residential Home Energy Check Up – North Carolina (DSM II)				
Actual		1,049	791,659	36
Planned (Year End Total)		1,201	633,976	
Cumulative % Toward Plan	123%	87%	125%	
Residential Income and Age Qualifying Home Improvement – North Carolina (DSM IV)				
Actual		287	172,939	18
Planned (Year End Total)		511	118,239	
Cumulative % Toward Plan	89%	56%	146%	
Residential Upstream LED Lighting – North Carolina (DSM V) ⁵				
Actual		70,261	2,371,259	18
Planned (Year End Total)		165,000	2,250,789	
Cumulative % Toward Plan	61%	43%	105%	
Non-residential Programs				
Non-residential Duct Testing and Sealing – North Carolina (DSM II)				
Actual		250	3,155,166	39
Planned (YE Total)		99	2,209,754	
Cumulative % Toward Plan	123%	253%	143%	
Non-residential Energy Audit – North Carolina (DSM II)				
Actual		108	1,386,517	39
Planned (YE Total)		122	2,243,824	
Cumulative % Toward Plan	127%	89%	62%	
Non-residential Lighting Systems and Controls – North Carolina (DSM III)				

⁵ Residential Retail LED Lighting program participation value is in lamps purchased rather than participant count.

Program	Expenditures	Gross Participants	Net Energy Savings kWh/year	Months Since First Participation
Actual		79	3,945,182	33
Planned (YE Total)		302	5,593,002	
Cumulative % Toward Plan	72%	26%	71%	
Non-residential Heating and Cooling Efficiency – North Carolina (DSM III)				
Actual		12	324,531	33
Planned (YE Total)		153	4,790,614	
Cumulative % Toward Plan	42%	8%	7%	
Non-residential Window Film – North Carolina (DSM III) ⁶				
Actual		-	0	0
Planned (YE Total)		216,401	2,081,597	
Cumulative % Toward Plan	23%	0%	0%	
Non-residential Small Business Improvement – North Carolina (DSM V)				
Actual		7	154,851	7
Planned (YE Total)		42	288,232	
Cumulative % Toward Plan	28%	17%	54%	
Portfolio Total ⁷				
Planned (YE Total)		9,057	13,941,822	
Actual		12,971	27,116,980	
Cumulative % Toward Plan	75%	70%	51%	

At the end of 2017, the only DSM Phase I program still operating was the Residential Air Conditioner (AC) Cycling (demand response) Program in both Virginia and North Carolina. All other DSM Phase I programs closed in 2015. No new information is presented in this report for the closed Phase I programs.

DSM Phase III programs in Virginia are well into their fourth year of operation and stabilizing in terms of participant growth in North Carolina. The Non-residential Lighting Systems & Controls Program in Virginia and in DSM Phase III is exceeding targets for net annualized energy savings.

Both of the DSM Phase IV programs are retiring as planned at the end of this year, and both have ended either very near or over their net annualized energy savings targets. The Residential Income and Age Qualifying Home Improvement Program exceeded targets in both states and the Residential Appliance Recycling Program nearly achieved its targets in Virginia.

The Small Business Improvement Program, as part of DSM Phase V, is ramping up quickly. The Program became available to eligible customers in the summer of 2016, and participants began enrolling in the Program in October 2016. At the end of this year, it contributed 16% of the total Virginia DSM EE portfolio

⁶ Non-Residential Window Film program participation value is in square feet rather than participant count.

⁷ Excludes Non-Residential Window Film participation values because it is measured in square feet rather than participant count, and excludes Residential Retail LED Lighting participation value because it is measured in lamps purchased rather than participant count.

program net annualized energy savings in 2017, the second highest contributing program (after the Non-residential Lighting Systems & Controls program, contributing 59% of 2017 Virginia portfolio savings). On June 1, 2017, the SCC ordered (Case No. PUE 2016-00111) the Company to discontinue rebates for refrigeration measures in this program. Those customers who had already installed and applied for rebates at the time of the order were allowed to be rebated (ordered on June 22, 2017 under the same order).

Going forward, the Small Business Improvement Program will continue without refrigeration measures. However, those measures were approved in the Non-residential Prescriptive Program (DSM Phase VI) in Case No. PUE-2016-00111. Therefore, eligible customers may still receive incentives for those cost-effective measures.

The DSM Phase II programs expired at the end of December 2016, as ordered by the SCC and NCUC. Of the DSM Phase II programs in Virginia and North Carolina, the Residential Home Energy Check-Up and Non-residential Duct Sealing Programs met or exceeded targets in both states after slightly over five years of operations in Virginia, while the remaining DSM Phase II programs did not meet their targets.

As the DSM Phase II programs were winding down at the end of 2016, Dominion announced on its website that the programs were closed to new participants in both states. The announcement further explained that to be eligible for a rebate, services must be completed by a participating contractor by December 24, 2016, and rebate applications received by February 7, 2017. Therefore, while those programs stopped enrolling new participants as of the end of 2016, DNV GL continued to receive customer data that was processed at the beginning of 2017.

The Company requested SCC approval to extend the DSM Phase II Residential Heat Pump Upgrade Program for two additional years, and the Non-residential Distributed Generation (DG) Program for five additional years (Case No. PUE-2016-00111). In the same filing, the Company also requested approval of two new DSM Phase VI programs, the Residential Home Energy Assessment Program and the Non-residential Prescriptive Program for a five-year implementation period. The SCC issued a final order on Dominion Energy's application on June 1, 2017. Of the requests, the Non-residential DG Program and the Non-residential Prescriptive Program requests were approved for five years from July 1, 2017 through June 30, 2022.

A lesson learned from reviewing the results from the DSM Phase II programs was that enrollment and energy savings achieved through a program's life varies year by year. The first and last years of a program's life are generally different than the middle years. The first partial year that a program is launched usually incurs the majority of the ramp-up costs. This cannot be used as an indicator of the program's steady-state for the remaining years. Depending on the individual program, it can take at least another full year before the program stabilizes and begins enrolling participants and achieving energy savings and demand reductions at its intended pace. The final year can also be abnormal due to the uncertainty of the program's future and close-out activities.

It is important to understand where the program is in its life-cycle as well as its place in the context of the larger market when reviewing EM&V results for indicators of program success and lessons learned in program design and implementation. These trends show that a five-year program cycle gives more insight into program performance than a three-year cycle.

Figure 1-1 shows the distribution of net annualized energy savings across the Virginia portfolio. Non-residential programs contributed significantly toward the overall portfolio's energy savings (approximately 85%), while residential programs account for about 15%.

For the 2017 calendar year, compared to the previous year, the Non-residential Duct Testing and Sealing program has retired. It has consistently been one of the programs that contributed the largest amount of net annualized energy savings. With this change, the top three performing programs by the energy savings have changed to Non-residential Lighting Systems & Controls, Non-residential Small Business Improvement, and the Residential Appliance Recycling program, in decreasing order.

Figure 1-1. Installed Net Annualized Energy Savings (kWh/year) Across the VA Energy Efficiency Program Portfolio in 2017

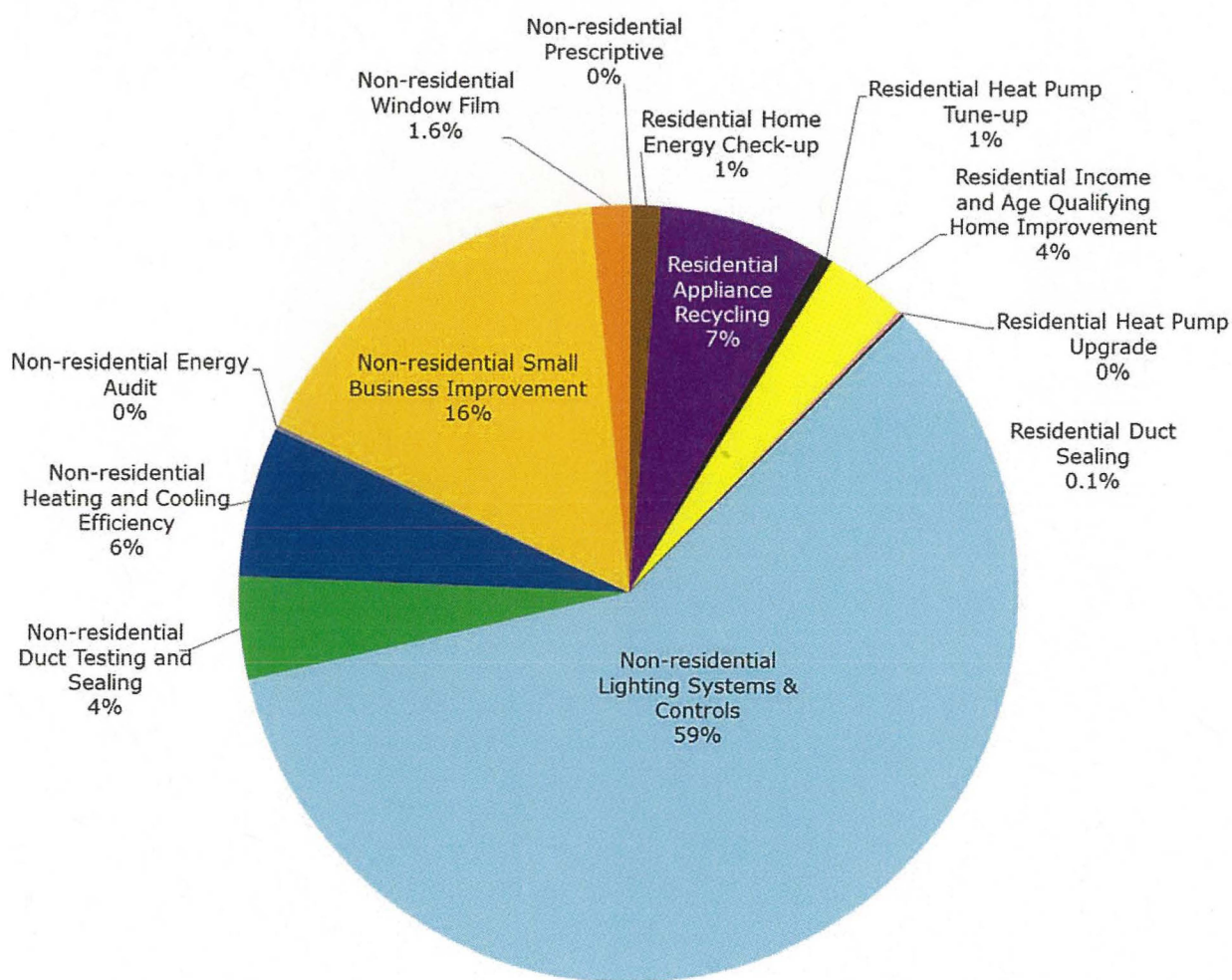
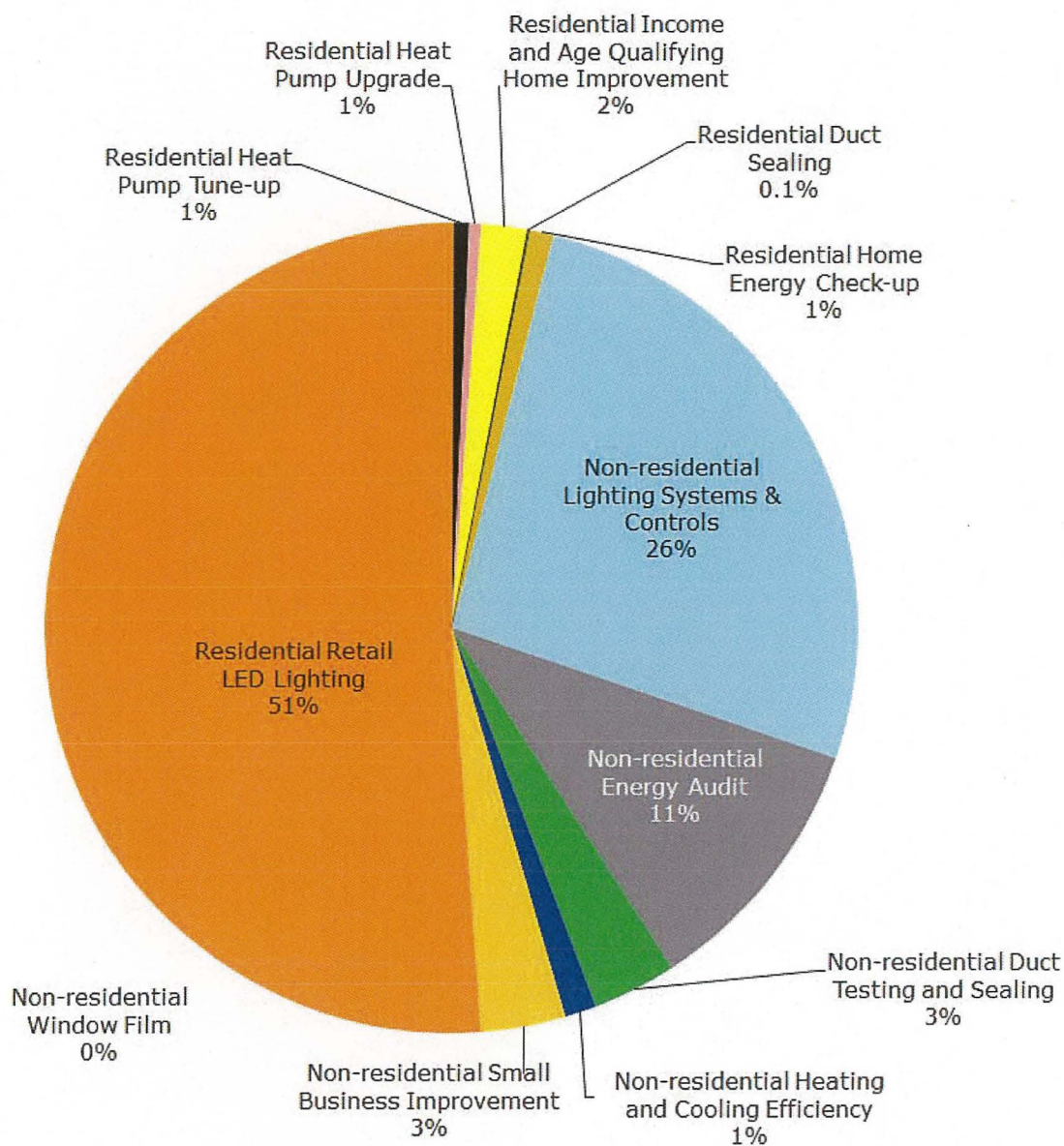


Figure 1-2 shows the distribution of net annualized energy savings across the North Carolina portfolio for the 2017 calendar year. Unlike Virginia, non-residential programs contributed to slightly less than half (49%) of

the portfolio's savings. The Residential Retail LED Lighting program contributed 51% of the savings in 2017, in its first year.

In North Carolina, the second and third highest producing programs, in terms of savings achieved were the Non-residential Lighting Systems & Controls and Non-residential Energy Audit programs.

Figure 1-2. Installed Net Annualized Energy Savings (kWh/year) Across the NC Energy Efficiency Program Portfolio in 2017



1.2 Summary of Peak Shaving Programs

The following sections present key indicators of progress to-date for two peak shaving programs, the Residential Air Conditioner (AC) Cycling (or Smart Cooling Rewards) Program and the Non-residential DG Program, offered in Virginia only. DNV GL conducted EM&V impact evaluations for both programs (provided in Appendices O-1 and P-1).

The key metrics for evaluating program impacts are the following:

- Expenditures
- Net participation
- Net peak shaving potential in kilowatts (kW)

Key EM&V performance indicators for peak shaving programs are shown in Table 1-3.

Table 1-3. Portfolio Spending and Net Peak Shaving Potential by Program (Cumulative through December 31, 2017)

Program	Expenditures	Number of Participants	Peak Shaving Potential kW	Months Since First Participation
Residential AC Cycling—Virginia				
Actual		88,845	60,414	91
Planned (Year End Total)		97,037	95,027	
Cumulative % Toward Plan	77%	92%	64%	
Residential AC Cycling—North Carolina				
Actual		3,598	2,447	77
Planned (Year End Total)		5,963	5,392	
Cumulative % Toward Plan	63%	74%	45%	
Non-residential Distributed Generation—Virginia				
Actual		6	5,992	72
Planned (Year End Total)		7	7,394	
Cumulative % Toward Plan	43%	82%	81%	
Total				
Actual		-	70,706	
Planned (Year End Total)		-	107,813	
Cumulative % Toward Plan	73%	-	66%	

In terms of planning, most of the peak shaving potential (88%) was expected from the Residential AC Cycling program in Virginia (95,027 kW out of 107,813 kW) in 2017. The AC Cycling program reached 92% of its planned participation goal and 64% of its cumulative peak shaving potential in Virginia. North Carolina reached 74% of its planned participation goal and 45% of its cumulative peak shaving potential. Program expenditures in 2017 were 77% of the plan for Virginia and 63% for North Carolina.

The Non-residential DG Program achieved 82% of planned participation and 81% of planned peak shaving potential.

1.3 Summary of Closed Programs

The Residential Lighting, Commercial Lighting, Commercial HVAC, and Residential Low-Income Programs, all part of DSM Phase I, are closed in Virginia and North Carolina. The Residential Lighting Program concluded on December 31, 2011. In its April 30, 2012 Order in PUE-2011-00093, the SCC denied approval of the requested additional funding for the Commercial Lighting and Commercial HVAC Upgrade Programs. Consistent with the SCC's Order, the Company began winding down these Programs, with the Programs ending on July 31, 2012.

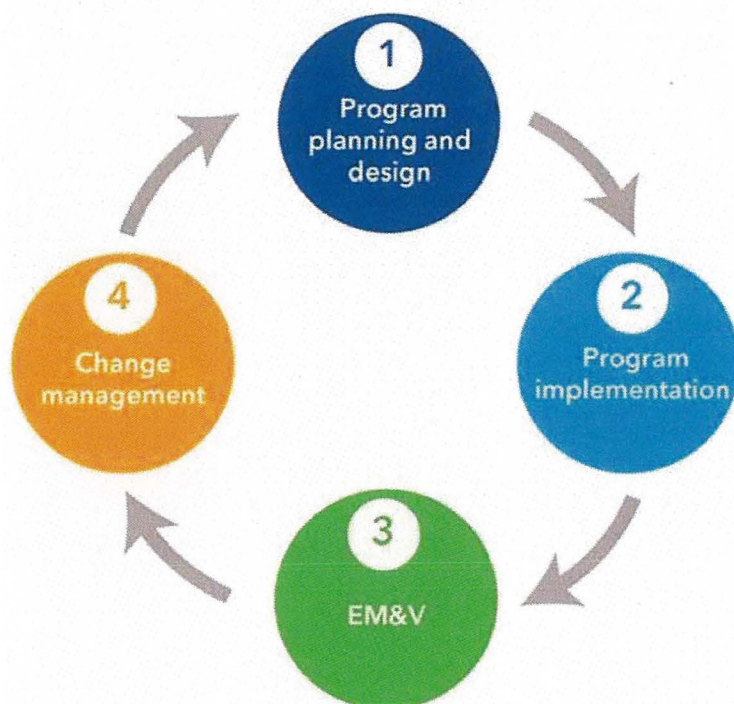
The NCUC granted the Company's request in Docket Nos. E-22, Subs 467 and 479 to suspend the Commercial HVAC and Commercial Lighting Programs on August 14, 2012, and allowed the Programs to be assessed for program cost-effectiveness in North Carolina only. Both Programs were found to be cost-effective in North Carolina, and the Company subsequently re-filed for approval on August 20, 2013. The Programs were active in North Carolina throughout 2014, with a closing date of December 31, 2014. The two programs were reintroduced in 2015 through the newly proposed and redesigned DSM Phase III programs in the form of the Non-residential Heating and Cooling Efficiency Program and Non-residential Lighting Systems & Controls Program, which were approved in Docket Nos. E-22, Subs. 507 and 508, respectively.

The DSM Phase I Residential Low-income Program closed in North Carolina at the end of 2015 (Docket E-22, Sub 463 Order on September 9, 2014). The Program has been replaced by the DSM Phase IV Residential Income and Age Qualifying Home Improvement Program (Docket E-22, Sub 523), which was approved by the NCUC on October 6, 2015. This program was designed to close at the end of 2017. On December 6, 2017, the program was suspended by the NCUC in Docket No. E-22, Sub 523 at Dominion Energy's request. On October 3, 2017, the Company requested a program extension in Virginia (Case No. PUR-2017-00129) and is awaiting the SCC's decision. Dominion's EE program portfolio is designed to be managed and operated as a consolidated, system-wide basis in both Virginia and North Carolina, to minimize program costs and optimize deployment. Since the program will expire in Virginia in early 2018, Dominion Energy requested the suspension and program renewal at a future date pending program approval in Virginia in the previously mentioned case. See Table 2-1 for a summary of the program approval, suspension, and closure activities.

1.4 Study Approach

EM&V is an important part of a program's cycle because it can produce findings that are utilized during the program planning and design stage, allowing for continuous improvement as the program evolves, as illustrated in Figure 1-3.

Figure 1-3. Illustration of a program cycle



EM&V reports typically review and report on available program data that has been collected and validated, collect and report data from secondary or primary research activities, and offer recommendations for improvements to specific program designs where applicable. EM&V direct-measurement data can also be, and has been in previous years, integrated into Dominion's long-term system planning process through the incorporation of more current data into its future Integrated Resource Plan (IRP) modeling when appropriate.

This EM&V report is organized by the following sections:

- Review and assessment of program tracking data for the entire program period of performance since May 1, 2010 (Appendices A, B, C, and D)
 - Appendices A and B show screenshots of the program performance indicator table results for each of Dominion's Virginia and North Carolina DSM active and closed programs from program inception to the end of 2017. Appendix A shows the Virginia performance indicator tables and Appendix B shows the North Carolina tables. Abbreviated version of these tables for the current year are also included in the main body of this report, in each program's report section. They show the year-end program spending, participation, gross and net annualized energy savings and demand reductions compared against planning goals for the year.
 - Appendix C and D show screenshots of the summary tables used for claiming lost revenue, program performance incentives, IRP modeling, and other purposes used in both states. Appendix C shows gross energy savings and demand reductions. Appendix D shows net energy

savings and demand reductions. They are not referenced in the main body of the report, other than in this section.

- EM&V Plans for each active program for the following year, 2018 (Appendices G through P)
- Impact analysis of the 2017 AC Cycling Program event season to assess the load reductions from a sample of participants, which in 2017 included all participants with advanced metering infrastructure (AMI) meters (Appendix O-1)
- Impact analysis of the 2017 event season for the Non-residential Distributed Generation Program (Appendix P-1)

2 INTRODUCTION

This report presents performance indicators of Dominion Energy's DSM programs in Virginia and North Carolina.

In Virginia, it is in compliance with the SCC's Order requiring detailed EM&V reports following DSM program implementation, which states:

Furthermore, we conclude that the DSM Programs approved herein are in the public interest subject to the following requirements ... Third, the Company shall file detailed [Measurement & Verification] M&V reports in this proceeding, with service on Staff and all parties to this case, every six months beginning October 1, 2010.

Finally, Virginia Power shall implement its commitment, as discussed during the hearing, to coordinate with the participants in this case and other interested parties in evaluating the M&V results and in developing further DSM Program proposals. For example, if the M&V data establishes that a program is not performing as expected, the Company and the participants to this case should address modifications to, or removal of, such program. These M&V reports, among other things, will provide significant information for purposes of subsequent evaluations as to whether certain programs warrant continuation thereof. Accordingly, we find that the M&V reports should be filed in this DSM proceeding.⁸

In its Order of April 30, 2012, the SCC approved the Company's request to issue annual EM&V Reports on April 1, focusing on DSM program impacts from the previous calendar year. Again, the SCC granted a motion in Case No. PUR-2017-00129 to extend the filing date for this 2018 and all future EM&V Report to May 1 of each year.⁹ As required by the 2010 Order, the Company and DNV GL reviewed prior EM&V Reports with interested stakeholders at the annual Stakeholder Review Process meetings, the most recent of which was September 20, 2017.¹⁰

On September 1, 2010, Dominion Energy filed an application for the NCUC's approval of six DSM programs. On February 22, 2011, NCUC approved the same five DSM Phase I programs that were approved in Virginia. As a condition of approval, EM&V reports must be filed with the NCUC, which are to include the EM&V reports filed in Virginia, as well as information specific to the Company's North Carolina customers. The NCUC subsequently directed Dominion Energy to revise its annual EM&V reporting cycle to April 1 each year, which was then extended to May 1 consistent with the Virginia deadline.¹¹

The SCC issued its order regarding new rules governing the EM&V of the effects of utility-sponsored DSM programs (Case No. PUR-2017-00047) on November 9, 2017. The new rules apply prospectively to new or renewing DSM programs starting from the order date. As of this EM&V report, there have been no new or renewing DSM programs that have been approved. Should the above mentioned DSM Phase IV Residential

⁸ *Virginia Electric and Power Company Petition for approval to implement new DSM programs and for approval of two rate adjustment clauses pursuant to 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, Order Approving Demand Side Management Programs at 12 (March 24, 2010).

⁹ *Virginia Electric and Power Company Petition for approval to extend an existing DSM program and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2017-00129, Order Granting Motion (March 8, 2018).

¹⁰ Previous stakeholder meetings DNV GL attended were October 6, 2010, February 24, 2011, October 20, 2011, October 19, 2012, October 24, 2013, November 3, 2014, September 8, 2015, and September 6, 2016.

¹¹ *In the Matter of Application of Virginia Electric and Power Company d/b/a Dominion North Carolina Power, for Approval of Demand Side Management and Energy Efficiency Cost Recovery Rider Pursuant to G.S. 62-133.9 and Commission Rule R8-69*, Order Approving DSM/EE Rider and Requiring Customer Notice at 13, Docket No. E-22, Sub 473 (December 13, 2011).

Income and Age Qualifying Home Improvement Program be renewed by the SCC, it will be the first Dominion Energy program to which these new rules apply in 2018.

2.1 Programs Covered in This Report

This report covers eight active and ongoing DSM programs, seven programs that were retired as planned in 2017, and four programs that have been closed in Virginia since before 2017. The report also covers seven active and ongoing DSM programs, six programs that were retired as planned in 2017, and four programs that have been closed in North Carolina since before 2017. This report divides the DSM programs into four categories:

- EE programs – residential
- EE programs – non-residential
- Peak shaving programs
- Closed programs

Table 2-1 shows the specific programs included in this report and the SCC's or NCUC's Order Date for approval, suspension, reinstatement, and closure of each of these programs. It also shows updated key program values as a result of EM&V efforts conducted in 2017 and the average annualized kWh/year per participant before and after the update. The change in the average annualized kWh/year per participant values are a function of the following:

- Updates to adjustment factors or values based on EM&V activities
- Updates to deemed savings calculation methodology based on regular Standard Tracking and Engineering Protocol Manual (STEP Manual) updates
- Variation in participant characteristics as inputs to the deemed savings calculations from year to year

Note that changes in deemed savings methods approaches that also drive changes in average participant values are not detailed here, but rather in Appendix F, STEP Manual.

Sections 2.1.1 through 2.1.4 give brief descriptions of all programs covered in this report.

Table 2-1. Categories and list of 2017 DSM programs in this report

Program	State	Date of Order	EM&V Update Description ¹²	Updated Factor/ Value Source	Effective Date	Previous Factor/ Value	Updated Factor/ Value	Updated Participant kWh/year
Energy Efficiency—Residential								
Residential Appliance Recycling	VA	April 24, 2015	None					
Residential Duct Sealing ¹³	VA	April 30, 2012	None					
	NC	December 16, 2013	None					
Residential Heat Pump Upgrade	VA	April 30, 2012	None					
	NC	December 17, 2013	None					
Residential Heat Pump Tune-Up	VA	April 30, 2012	None					
	NC	December 17, 2013	None					
Residential Home Energy Check-Up	VA	April 24, 2015	None					
	NC	December 17, 2013	None					
Residential Income and Age Qualifying Home Improvement	VA	April 24, 2015	None					
	NC	October 6, 2015	None					
Residential Retail LED Lighting	NC	December 20, 2016	None					
Energy Efficiency—Non-residential								
Non-residential Duct Testing and Sealing	VA	April 30, 2012	None					
	NC	December 17, 2013	None					
Non-residential Energy Audit	VA	April 30, 2012 Enhancements: April 29, 2014	None					
	NC	December 16, 2013						
Non-residential Heating & Cooling Efficiency	VA	April 29, 2014	None					
	NC	October 27, 2014	None					
Non-residential Lighting Systems & Controls	VA	April 29, 2014	None					
	NC	October 27, 2014	None					
Non-residential Prescriptive	VA	June 1, 2017	None					

¹² Changes to participant kWh/year are also partially driven by updates to the deemed annualized savings methodology as a result of regular updates made to the STEP Manual. To review those specific updates, refer to Appendix F.

¹³ The Residential Duct Testing and Sealing Program was renamed as the Residential Duct Sealing Program.

Program	State	Date of Order	EM&V Update Description ¹²	Updated Factor/ Value Source	Effective Date	Previous Factor/ Value	Updated Factor/ Value	Updated Participant kWh/year
	NC	October 16, 2017						
Non-residential Small Business Improvement	VA	April 19, 2016	None					
	NC	October 26, 2016	None					
Non-residential Window Film	VA	April 29, 2014	None					
	NC	October 27, 2014	None					
Peak Shaving Programs								
Residential AC Cycling	VA	March 24, 2010	Operability rate	Operability rate	2017	N/A	N/A	kW/ participant
		April 19, 2016	Opt-out rate	Opt-out rate	2017	0.36%	0.03%	
			Removal/ deactivation rate	Removal/ deactivation rate	2017	-1.05%	-0.92%	
	NC	February 22, 2011	Operability rate	Operability rate	2017	N/A	N/A	
			Opt-out rate	Opt-out rate	2017	0.36%	0.03%	
			Removal/ deactivation rate	Removal/ deactivation rate	2017	0.94%	0.33%	
Non-residential Distributed Generation	VA	April 30, 2012	None					
		June 1, 2017						

2.1.1 Energy Efficiency Programs – Residential

All but two of the seven residential programs listed below are offered in both Virginia and North Carolina. The programs that are not offered in both states currently are the Residential Appliance Recycling Program, which is offered in Virginia only, and the Residential Retail LED program, which is offered in North Carolina only.

In 2016, Dominion Energy announced that the DSM Phase II programs were closed to new participants in both states since the programs have reached their program approval end date as approved in Case No. PUE-2011-00093. In order to be eligible for a rebate, the service must have been completed by a participating contractor by December 24, 2016. The announcement also stated that rebate applications must be received by February 7, 2017. These programs include the Residential Heat Pump Upgrade, Residential Heat Pump Tune-Up, Residential Duct Sealing, and Residential Home Energy Check-Up Programs. Dominion Energy filed for an extension of the Residential Heat Pump Upgrade Program in Case No. PUE-2016-00111, which was not approved.¹⁴ The following are the 2017 programs evaluated in this report:

- Residential Heat Pump Upgrade: This program provides incentives for residential heat pump (e.g., air and geothermal) upgrades to residential homeowners who may be interested in installing a new, higher efficiency, ENERGY STAR®-rated heat pump unit.
- Residential Heat Pump Tune-Up: This program provides qualifying residential homeowners with an incentive to have a contractor tune-up their existing heat pumps once every five years in order to achieve maximum operating performance.
- Residential Duct Sealing: This program promotes the repair of poorly performing duct- and air-distribution systems in residential homes. Qualifying customers with a heat pump receive an incentive for having a contractor seal ducts in their homes using program-approved methods and eligibility paths.
- Residential Home Energy Check-Up: This program provides owners and occupants of single-family homes and townhomes an easy and low-cost home energy walk-through audit, which includes the direct installation of some energy saving measures and recommendations for additional home energy improvements.
- Residential Income and Age Qualifying Home Improvement: This program is the updated version of the Residential Low-Income Program from DSM Phase I. It provides low-income and age qualifying homeowners with a free energy check-up that identifies and installs energy conservation measures within their residences to help save energy.
- Residential Appliance Recycling (Virginia): This program provides qualifying residential customers in the Company's Virginia service territory with an incentive to recycle their existing and operating refrigerators and freezers.
- Residential Retail LED Lighting (North Carolina): This program provides residential customers in the Company's North Carolina service territory with an instant discount for qualifying light-emitting diode (LED) light bulb purchases from a participating retailer.

2.1.2 Energy Efficiency Programs – Non-residential

Each non-residential energy efficiency program below is offered in both Virginia and North Carolina. The Non-residential Prescriptive Program was approved for implementation in North Carolina in Docket No E-22, Sub 543, by order dated October 16, 2017 and was launched in the Company's NC service territory in

¹⁴ Case PUE-2016-00111. Order date: June 1, 2017.

January 2018. Dominion Energy announced that the Company's DSM Phase II non-residential and residential programs were closing to new participants in both states, and that to be eligible for a rebate, the service must have been completed by a participating contractor by December 24, 2016. The announcement further stated that rebate applications must be received by February 7, 2017. These recently closed DSM Phase II non-residential programs include the Non-residential Duct Testing and Sealing and the Non-residential Energy Audit Programs.

The following list consists of all 2017 non-residential programs that were evaluated in this report:

- **Non-residential Duct Testing and Sealing:** This program promotes testing and general repair of poorly performing duct and air distribution systems in non-residential facilities. The program provides incentives to qualifying customers who have a contractor seal ducts in existing buildings using program-approved methods.
- **Non-residential Energy Audit:** This program provides qualifying customers with an on-site energy audit by a contractor in Dominion Energy's contractor network in non-residential facilities. Customers receive a rebate once they provide documentation that recommended EE improvements have been made.
- **Non-residential Lighting Systems & Controls:** This program provides non-residential customers with an incentive to retrofit their existing inefficient lighting system with a more cost-effective, energy efficient lighting system.
- **Non-residential Heating and Cooling Efficiency:** This program provides incentives to non-residential customers to upgrade existing heating or cooling equipment or install new energy efficient technologies.
- **Non-residential Window Film:** This program provides incentives to non-residential customers to install window film to reduce energy consumption and peak demand during the cooling season.
- **Non-residential Small Business Improvement:** This program provides small business customers with on-site energy assessments of their facilities and incentives for direct install lighting, duct testing and sealing, HVAC upgrades, and prescriptive re-commissioning through participating contractors.
- **Non-residential Prescriptive:** This program provides incentives to qualifying non-residential customers for cooking, refrigeration, and HVAC measures installed through participating contractors.

2.1.3 Peak Shaving Programs

Dominion Energy operates two peak shaving programs—the AC Cycling Program and the Non-residential DG Program. The Residential AC Cycling program is offered in Virginia and North Carolina. The Non-residential DG Program is offered in Virginia only.

- **Residential AC Cycling:** Marketed as the Smart Cooling Rewards Program, customers in the Residential AC Cycling Program are compensated with a \$40 bill credit in the December billing cycle in exchange for allowing Dominion Energy to reduce the operating cycle of their central air conditioning and heat pumps weekdays between June 1 and September 30 (excluding holidays and weekends). When peak-shaving events (the event) are initiated, a radio frequency paging signal (the signal) is broadcast and received by load curtailment switches (the switch) installed on participating customers' central air conditioners and heat pumps. The dispatch of the signal to the switch reduces the duty cycle of the registered AC units while the event is in progress.
- **Non-residential Distributed Generation (Virginia):** This program provides qualifying non-residential customers with an incentive to curtail load by operating on-demand backup generation for a limited

number of hours per year. Eligible customers are those with at least 200 kW of demand and participant sites are those with an installed generator.

2.1.4 Closed Programs

Each of the following programs was offered in Virginia and North Carolina, with the exception of the Residential Lighting program, which was only offered in Virginia. All programs listed below are no longer offered in either state:

- DSM Phase I, Residential Lighting: During this program's operation, Dominion Energy partnered with manufacturers and retailers to give residential participants an instant discount for high-efficiency compact fluorescent lamp (CFL) lighting purchases.
- DSM Phase I, Commercial Lighting: During its operation, this program provided non-residential customers with an incentive to retrofit their existing inefficient lighting systems with more cost-effective, energy-efficient lighting equipment or to install new high-efficiency lighting equipment.
- DSM Phase I, Commercial HVAC Upgrade: During its operation, this program provided non-residential customers with an incentive to upgrade inefficient HVAC units or to install new high-efficiency HVAC units and motor controls. High-efficiency HVAC installations helped ensure customers that their heating and cooling systems were running at maximum efficiency while minimizing energy consumption.
- DSM Phase I, Residential Low-Income: This program, marketed as the Income Qualifying Home Improvement Program, provided low-income homeowners and renters with a free energy audit that identified and installed energy conservation measures within their residences to help save electricity. This program has been replaced with the Residential Income and Age Qualifying Home Improvement program in both states.

2.2 Report Structure

Section 3 of this report provides an overview of the methodology used in 2017 and the planned research activities for 2018. Sections 4 through 7 discuss the EM&V results of the different programs. In particular, Section 4 reviews the residential EE programs, Section 5 the non-residential EE programs, Section 6 the peak shaving programs, and Section 7 the closed programs. For each active program, DNV GL reports on the following:

- Program description summary
- Initial program-design planning assumptions
- Methods used for the current reporting period
- An assessment of program progress compared to plan, including:
 - cumulative indicators over time compared with planned indicators for program costs, participation, and resource savings (kWh/year and/or kW)
 - average indicators of program costs, participation, and resource savings

This report concludes with 18 appendices:

1. Appendix A: Program Performance Indicator Tables for Virginia Programs 2010–2017
2. Appendix B: Program Performance Indicator Tables for North Carolina Programs 2011–2017

3. Appendix C: Program to Date Gross Energy Savings Tables for Virginia and North Carolina Programs 2010-2017
4. Appendix D: Program to Date Net Energy Savings Tables for Virginia and North Carolina Programs 2010-2017
5. Appendix E: Glossary of Terms
6. Appendix F: Standard Tracking and Engineering Protocols (STEP) Manual Version 8.0.0
7. Appendix G: Residential Income and Age Qualifying Home Improvement Program EM&V Plan
8. Appendix H: Residential Appliance Recycling Program EM&V Plan
9. Appendix I: Residential Retail LED Lighting Program EM&V Plan
10. Appendix J: Non-residential Lighting Systems & Controls Program EM&V Plan
11. Appendix K: Non-residential Heating and Cooling Efficiency EM&V Plan
12. Appendix L: Non-residential Window Film EM&V Plan
13. Appendix M: Non-residential Small Business Improvement Program EM&V Plan
14. Appendix N: Non-residential Prescriptive Program EM&V Plan
15. Appendix O: Residential Air Conditioner Cycling Program EM&V Plan
16. Appendix O-1: Residential AC Cycling Program, Impact Evaluation of 2017 Dispatch Events
17. Appendix P: Non-residential Distributed Generation Program EM&V Plan
18. Appendix P-1: Non-residential Distributed Generation Analysis for 2017 Event Season

3 METHODOLOGIES

3.1 Calculation of the Value of Resources Saved

In the absence of a statewide protocol providing methods for calculating gross and net annual energy savings and peak demand reduction, Dominion Energy has contracted with DNV GL to develop the STEP Manual (Appendix F). The STEP Manual is a Dominion Energy-specific technical reference manual of engineering protocols for estimating gross annual electric energy savings and peak demand reductions.

The protocols are limited to per-unit annual energy savings and peak demand reductions at the measure level, and do not include the calculation for the value of resources saved. To calculate the value of the resource savings for reporting and other purposes, the energy savings are determined at the measure level, aggregated at the program level, and reported through this annual report. The savings are then increased by the amount of the transmission and distribution (T&D) losses to reflect the energy savings at the system level. Energy savings at the system level are then multiplied by the appropriate avoided costs to calculate the value of the benefits.

$$\text{System savings} = \text{Savings at measure} \times \text{T\&D loss factor}$$

$$\text{Value of resources saved} = \text{System savings} \times \text{System avoided costs}$$

The durations of expected savings of installed measures are specified in terms of average expected measure life in years by program, and are discussed in more detail in Section 3.1.2, Measure Life, below.

3.1.1 Transmission and Distribution System Losses

These protocols calculate gross annual energy savings at the measure level, which should be increased by transmission and distribution (T&D) system losses in order to determine gross annual energy savings at the system level. The T&D loss factor multiplied by the savings calculated from the protocols will result in savings at the supply level.

The T&D electric loss factor is approximately 1.05 as a system-wide average (for both energy and demand), to be applied to savings at the customer meter. Dominion Energy provided this factor to DNV GL, which was developed internally for Dominion Energy's programs as part of its IRP process.

3.1.2 Measure Life

Measure lives are provided in Table 3-1 and at the end of each section of the STEP Manual (Appendix F) for estimating lifetime savings for planning or in benefit-cost studies spanning more than one year. Measure lives were included in the initial planning assumptions as filed with the SCC and NCUC when each program was considered for approval. Programs' measure lives are a composite estimate of the associated measures that comprise the program.

Table 3-1. Measure life assumptions

Program	Measure Life (Years)
Residential Programs	
Residential Appliance Recycling	8.0
Residential Duct Testing and Sealing	18.0
Residential Heat Pump Tune-Up	5.0

Program	Measure Life (Years)
Residential Heat Pump Upgrade	15.0
Residential Home Energy Check-up	10.0
Residential Income and Age Qualifying Home Improvement	14.0
Residential Lighting	9.4
Residential Low Income	13.6
Residential Retail LED Lighting	20.0
Non-residential Programs	
Non-residential Duct Testing and Sealing	25.0
Non-residential Energy Audit	7.0
Non-residential Heating and Cooling	15.0
Non-residential Lighting & Controls	9.0
Non-residential Prescriptive	6.3
Non-residential Small Business Improvement	14.0
Non-residential Window Film	10.0
Commercial HVAC Upgrade	15
Commercial Lighting	10
Peak Shaving Programs	
Residential AC Cycling	15.0
Non-residential Distributed Generation	N/A

3.1.3 Net Savings Estimation

The STEP Manual protocols are designed to estimate gross savings program impacts, or more specifically, the total amount of annual energy savings and peak demand reductions related to program activity. However, the amount of energy savings and demand reductions that can be attributed to the program is not the same as the estimated gross savings. This is because any given program's design can have intended and unintended outcomes. The amount of energy savings and demand reductions that can be attributed to the program is referred to as net savings, which is the magnitude of the impact of the program's intended outcomes.

The most common unintended outcomes of an energy efficiency (EE) or peak shaving program can be characterized as follows:

- **Free-ridership:** program participants who consume the incentive, but were not influenced by the program through which the measure is delivered, thereby reducing gross savings.
- **Participant "Like" Spillover:** past program participants who subsequently install those same program-eligible EE measures, but do not consume the incentive, having been already influenced by the program through which the measure is delivered, thereby increasing gross savings.
- **Participant "Unlike" Spillover:** past program participants who subsequently install other EE measures not offered through the program, but who have been influenced by the original program, thereby increasing gross savings.
- **Non-participant Spillover:** program non-participants who were influenced by the program through which the measure is delivered and implement the measure without consuming the program.

incentive, potentially increasing gross savings. The influence may happen upstream at the design or specification stage without the customer's input or knowledge. This is also commonly referred to as "free drivers."

- **Leakage:** program non-participants who receive the measure and consume the incentive but install the measure outside of Dominion Energy's service territory, thereby reducing gross savings.
- **Snapback:** program participants who receive the measure and consume the incentive, but alter behavior in such a way that the participants' or non-participants' energy and demand are higher than the baseline for the given measure.

Table 3-2 summarizes which unintended outcomes are included in DNV GL's impact evaluations.

Table 3-2. Status of Unintended Outcome Included in DNV GL Impact Evaluations

Unintended Outcome Category	Status of Impact Evaluations
Free-ridership	Included in all previous impact evaluations
Participant "Like" Spillover	Included only in the previous Non-residential Energy Audit program impact evaluation
Participant "Unlike" Spillover	Not included at this time
Non-participant Spillover	Not included at this time
Leakage	Not included at this time
Snapback	Not included at this time

The combination of all adjustments made to the items listed in Table 3-3 is typically referred to as the net-to-gross (NTG) factor and is summarized by program. In this report, default NTG ratios are the *ex ante* values specified by Dominion Energy. These values will be updated over time as NTG is measured for each program. NTG factors typically change as programs mature and extend beyond the early adopters to the mass market.

NTG factors may be estimated a number of ways. The energy efficiency evaluation industry discussion of various approaches are described in Chapter 21, Estimating Net Savings – Common Practices,¹⁵ produced under the Uniform Methods Project: Methods for Determining Energy Efficiency Savings for Specific Measures,¹⁶ for the U.S. Department of Energy and the general public. This document also references the Energy Efficiency Program Impact Evaluation Guide, which provides additional details.¹⁷

¹⁵ Chapter 21: Estimating Net Savings – Common Practices. The Uniform Methods Project: Methods for Determining Energy Efficiency Savings for Specific Measures. October 2017. <https://www.nrel.gov/docs/fy17osti/68578.pdf>. Accessed April 9, 2018.

¹⁶ Uniform Methods Project for Determining Energy Efficiency Program Savings. U.S. Department of Energy. <https://www.energy.gov/eere/about-us/ump-home>. Accessed April 9, 2018.

¹⁷ Energy Efficiency Program Impact Evaluation Guide. Evaluation, Measurement, and Verification Working Group. State & Local Energy Efficiency Action Network. December 2012. https://www4.eere.energy.gov/seeaction/system/files/documents/emv_ee_program_impact_guide_0.pdf. Accessed April 9, 2018.

Table 3-3. Net-to-Gross Factors and Sources by Program

Program	Net-to-Gross Factor	Source
Residential Programs		
Residential Appliance Recycling	77%	Dominion Energy program design assumption
Residential Duct Sealing	80%	Dominion Energy program design assumption
Residential Heat Pump Tune-Up	90%	Dominion Energy program design assumption
Residential Heat Pump Upgrade	45%	DNV GL, April 2015 for Dominion Virginia Power
Residential Home Energy Check-up	82%	DNV GL, April 2015 for Dominion Virginia Power
Residential Income and Age Qualifying Home Improvement	80%	DNV GL, April 2015 for Dominion Virginia Power
Residential Lighting	65%	Dominion Energy program design assumption
Residential Low Income	94%	KEMA, April 2011 for Dominion Virginia Power
Residential Retail LED Lighting	85%	Dominion Energy program design assumption
Non-residential Programs		
Non-residential Duct Testing and Sealing	97%	DNV GL, April 2015 for Dominion Virginia Power
Non-residential Energy Audit	98%	DNV GL, April 2015 for Dominion Virginia Power
Non-residential Heating and Cooling	70%	Dominion Energy program design assumption
Non-residential Lighting Systems & Controls	70%	Dominion Energy program design assumption
Non-residential Prescriptive	85%	Dominion Energy program design assumption
Non-residential Small Business Improvement	93%	Program design assumption
Non-residential Window Film	80%	Program design assumption
Commercial Lighting	50%	KEMA, October 2011 Commercial Lighting Program: Load Shape and Net Savings Analysis Evaluation Report
Commercial HVAC	45%	KEMA, April 2012 Commercial HVAC Program: Load Shape and Net Savings Analysis Evaluation Report
Peak Shaving Programs		
Residential AC Cycling	100%	KEMA, October 2011 Operability Study replaced net-to-gross. Required by PJM and not applicable in 2017
Non-residential DG	100%	

3.2 Data Quality and Validation

3.2.1 Methodologies

In cooperation with Dominion Energy, DNV GL has developed data quality and validation procedures to help ensure program data are consistent and accurate. Importantly, participant counts, gross annualized energy savings, and peak demand reduction result from engineering equations that use these validated data from the Company as inputs.

Program data used to calculate gross annualized energy savings must meet predefined data requirements as agreed upon by DNV GL, the Company, and the program implementation vendor. The data requirements are developed after a program is approved by the Commission and before the program is launched. The program implementation vendor is responsible for program data collection and data entry. This data is then transferred to the Company's Business Intelligence (BI) database for quality control and verification. The Company then transfers EM&V-specific data to DNV GL. The data requirements define:

- Variable name
- Variable description
- Data type (e.g., numeric, character, and date)
- Maximum field length
- Validation range (where appropriate)
- Necessity of variable to compute savings

The validation range comes in the form of a structured list of acceptable text variables or a range for numeric variables. If the data contain a text variable that does not match the values defined in the structured list, then that record will not be processed. If the data contain a numeric variable that does not fall within the validation range, then that data is removed by the Company. The validation ranges were carefully constructed to exclude unrealistic records while not excluding unusual records.

Each month the data is reviewed for the following:

1. **Are the correct data being collected for EM&V purposes?** This would include the data containing the requisite database fields for calculations using the STEP Manual (Appendix F) and for future sampling needs for data analysis, modeling, and survey research.
2. **Are the data well populated?** Large databases are rarely completely populated, but some data are critical and cannot be overlooked.
3. **Are the data generally consistent with expectations according to range and consistency checks?** Any exceptionally large or small values are noted and verified where appropriate.

At least annually, DNV GL conducts two types of quality checks on the code and the results to confirm that they are consistent with engineering expectations and the STEP Manual protocols. These activities check for outliers in the data at a macro level and individual record level results for consistency with the intentions of the protocols.

Additionally, DNV GL and the Company work closely together to review DSM program participant data on a monthly basis. DNV GL also has all of the Company's historic DSM program data and results since program inception, which are further utilized to check and audit historic calculations annually when the STEP Manual is updated and make corrections as necessary in the year-end reporting.

All of these activities are intended to ensure the highest level of data integrity.

3.2.2 Adjustments and/or Corrections to Prior Year Calculations

DNV GL made adjustments and corrected savings calculations that affected the reported savings for program year 2016 for a number of programs that were reported in the May 1, 2017, EM&V reporting of Dominion Energy's DSM Programs. Some of those corrections were substantial, and warranted correcting the 2016 program data retroactively. Those corrections were resubmitted to Commissions in Virginia in January 2018 and in North Carolina in December 2017. Others were not substantial. They were not retroactively corrected in the 2016 program data, but were calculated and the difference from what was reported in the May 1, 2017 report was added to the January 2017 results shown in this report to fully account for them. The following tables summarize those changes:

- Table 3-4 describes the adjustments that were made, the location in the May 1, 2017 EM&V report, and a brief explanation of the reason for the correction.
- Table 3-5 describes the impacts of the adjustments made to values reported in the May 1, 2017 version of the EM&V report.