during the summer of 2005. For the purpose of determining the incentive payment amount, reductions were calculated relative to a baseline value equal to energy use during the peak period on the three highest, non-critical days during the summer period for each customer. The incentive was paid as a bill credit at the end of the summer.

The peak period in the APU program was from noon to 6 pm and there were 12 events called during the summer period, which ran from June 1st through October 31st.[13] Data on ~~Approximately 120 customers participated in the pilot. Customers were recruited into the pilot and then split randomly between treatment and control groups. Approximately~~ 71 treatment customers and 52 control customers ~~participated in the pilot~~were used to estimate impacts.

Impacts for the APU pilot were estimated using a two-equation model conceptually similar to the two equations used in the SPP analysis. One equation had a dependent variable equal to the log of the ratio of peak to off-peak energy use and independent variables equal to the log of average maximum temperature, a weekend binary variable, a critical-day binary variable, an interaction term between the critical-day variable and a treatment binary variable and fixed effects variables for each customer. The second equation had daily energy use as the dependent variable and independent variables that are the same as in the first equation. The equations were estimated using the Stata statistical software package and the standard errors were estimated using the Newey-West correction.

The regression results are summarized in Table SSG 6-12. The "price" coefficient (CPP_Day*Treat) in the ratio equation equals -0.127 and the coefficient in the daily equation equals -0.040. The reduction in peak-period energy use on critical days predicted by the two equations combined equals 11.9 percent.

This impact estimate was compared with an estimate based on the SPP analysis, using the Price Impact Simulation Model (PRISM) that was developed as part of that project. The SPP elasticities[14] were adjusted based on the saturation of central air conditioning in

[13] Three of the twelve critical events were called in July, four in August and five in October.

[14] Elasticities representing the entire summer, not the inner summer, were used for this comparison because five or the twelve critical days in the Anaheim pilot occurred during October, which is not in the inner summer period. However, if the inner summer elasticity estimates are used, the peak-period reduction predicted by the PRISM model equals 12.1 percent, which is even closer to the impact estimated for the Anaheim pilot.