

PACIFIC GAS AND ELECTRIC COMPANY
Energy Efficiency 2018-2025 Rolling Portfolio Business Plan
Application 17-01-015
Data Response

PG&E Data Request No.:	TURN_001-Q05		
PG&E File Name:	EnergyEfficiency2018-2025-RollingPortfolioBusinessPlan_DR_TURN_001-Q05		
Request Date:	February 17, 2017	Requester DR No.:	001
Date Sent:	March 6, 2017	Requesting Party:	The Utility Reform Network
PG&E Witness:	Chris Kato	Requester:	Hayley Goodson

SUBJECT: PG&E 2018-2025 EE ROLLING PORTFOLIO BUSINESS PLAN & BUDGET. TURN DATA REQUEST TURN-PG&E-01.

ENERGY EFFICIENCY POLICY REQUESTS

QUESTION 5

On page 25 of PG&E’s application, PG&E requests that the Commission “discard the existing definition of behavioral programs and allow for a broader set of *ex ante* and/or *ex post* methodologies for the design and evaluation of behavioral programs.” PG&E also references its ongoing work with the other IOUs “to develop a common framework for designing behavior based programs that identifies the key characteristics that distinguish those programs from traditional energy efficiency or distributed energy resource programs,” and suggests that the CAEECC stakeholder engagement process should be used in developing new policies. Regarding this request:

- a. Please explain what specific substantive and/or procedural relief PG&E is requesting from the Commission in this proceeding, as opposed to R.13-11-005. For example, is PG&E requesting that the Commission adopt a specific process for adopting changes to the existing policies related to behavioral programs in this proceeding, or actual policy changes?
- b. If PG&E is requesting that the Commission adopt a process for changing the policies related to behavioral programs in the future, please explain PG&E’s recommendation regarding the development of a record in this proceeding on specific policy changes.

ANSWER 5

- a. PG&E is requesting an actual policy change. Specifically, PG&E is requesting that the Commission eliminate the requirement set forth in D. 10-04-029 that behavior-based programs must be comparative energy usage disclosure programs, as defined in SB 488¹, use experimental design methodologies contained within the California Evaluation Protocols, and only credit behavior programs on an ex post basis.²

Instead, the Commission should allow program administrators, in concert with third parties, to propose and design behavior programs that use a broader set of ex ante and/or ex post methodologies for the design and evaluation of behavioral programs to include experimental and quasi-experimental approaches. This includes, but is not limited to, comparative energy use, randomized control trials, normalized metered based energy consumption (NMEC) calculations, and other acceptable EM&V practices.

Additionally, PG&E recommends using a common framework for specifying behavior programs and identifying the key characteristics distinguishing those programs from traditional energy efficiency programs.

PG&E has been working with stakeholders to develop such a framework, hosting the California Behavior Summit on Thursday, September 29, 2016 at the Pacific Energy Center in San Francisco (see **attached** “Atch1_TURN_01_Behavior_Summit_Agenda_Q05”). The Summit brought together a collection of stakeholders including the Energy Division, ORA, IOUs, third party implementers, EM&V consultants, social scientists, non-profit organizations, and other interested stakeholders.

A proposed behavior framework was shared with Summit stakeholders (see **attached** “Atch 2_TURN_01_CA_Behavioral_Definition_v5_08102016_Q05”).

The need for a framework is rooted in a variety of objectives, including the following:

- To reduce confusion among utilities about what constitutes a behavioral program.
- To expand the prior definition of *Utility Behavior Program* with the particular goals of moving away from a definition that specifies “comparative usage programs” and that relies exclusively on the use of Randomized Control Trials toward a method that is open to considering a broader range of social science levers and the EM&V practices as identified in a growing number of publications such as

¹ SB 488 defined behavioral as “a program pursuant to which an electrical corporation or gas corporation discloses information to residential subscribers relative to the amount of energy used by the metered residence compared to similar residences in the subscriber’s geographical area”

² D.10-04-029 pp. 38-40, OP 13 and 14

Todd et al. 2012 (Particularly given the high cost and lengthy process of running RCTs.)

- To reduce the uncertainty for utilities in determining which types of non-traditional utility programs³ are likely to gain approval from the PUC by specifying the critical elements and/or guiding principles that characterize the types of programs that are likely to be approved. Of particular salience is the need to determine the types of behavioral targets that do or don't qualify and the type of evaluation approaches that are acceptable.
- To gain guidance on how best to balance the desire and need for innovation and experimentation with the desire and requirement to use funding in a strategic and targeted way to enhance the likelihood that these efforts will generate knowledge and enhance energy savings and other positive program outcomes. These desires are reflected in the creation of the proposed framework (or guiding principles) and the recognized value of rooting such efforts in the social science literature.
- To enhance utilities' ability to claim savings from behaviorally-focused strategies (if savings are found) and to know how those savings should be attributed – i.e. to create guiding principles or recommendations concerning savings attribution.

Overview of Rationale

	Goal	Strategy/Tactics
1	Reduce utility uncertainty and increase confidence in utilities' ability to gain CPUC approval to pursue alternative types of programs (i.e. behavioral programs)	Specification of critical elements and/or guiding principles that characterize the types of programs that are likely to be approved with particular clarity around the types of behaviors that do or do not qualify and the types of evaluation strategies and methods that will be accepted by evaluators.
2	Increase the development of innovative programs and associated benefits (including energy savings)	Create a broader and more flexible behavior framework that encourages the use of a wider range of potential social science strategies (including, but not limited to, social norms).
3	Reduce the EM&V barriers to innovation and evaluation by expanding the range of accepted	Recognize a broader set of accepted industry strategies and methods for the design and evaluation of non-traditional

³ i.e. those focused primarily on shifting behaviors rather than those promoting technology adoption through the use of monetary incentives

	evaluation strategies and methods to include more than just Randomized Control Trials.	programs that includes experimental and quasi-experimental approaches.
4	Limit the amount of effort expended pursuing approaches that are unlikely to prove fruitful or impactful.	Require the use of either peer-reviewed social science insights or tested strategies from other fields as the basis for designing behavioral intervention strategies and allow for rapid test/learn approaches to provide fast, directionally correct feedback before implementing at scale.
5	Enhance utilities' confidence and ability to claim savings associated with non-traditional or "mixed" programs (if/when savings are found)	Create a set of guiding principles for program design and evaluation and determine the circumstances under which they should be applied
6	Enhance utilities confidence and use of standard or flexible approaches for attributing program-related savings.	Create a set of guiding principles for savings attribution.

- b. On Thursday 2/9/2017, PG&E met with Commission Energy Division staff (Hazlyn Fortune and Peter Franzese) to discuss next steps for finalizing the behavioral framework (see **attached** "Atch3_TURN_01_CA_Behavior_Definition_Next_Steps_Q05). It was determined that as a follow up to the Summit, small working groups should be established to tackle finalization of the behavior framework and outstanding Summit questions. Once the behavior framework is finalized by the working groups, Energy Division will sponsor a public workshop to share it and solicit any other feedback. Commission staff posited the final behavior framework does not require formal Commission approval through a Decision. However, PG&E believes a record could be developed on any specific policy changes through workshop comments in Phase 3, similar to developing the record on statewide and third party programs in Phase 2 of the EE OIR.