

2024-2031 Energy Efficiency Business Plan Application Review

Indicators, Metrics and Targets Workshop

September 15, 2022



California Public
Utilities Commission

Setting the Stage for the Workshop

- Applications Proceeding Timeline
- Proceeding Scoping Memo Issues 3 & 4 – Indicators, Metrics & Targets
- Objectives of Prior Huddles and this Metrics Workshop
- Background - Specificity of Existing Common Metrics
- Achieving Clear and Consistent Progress Trackers - Adding Specificity
- Regulatory Approaches
- Timeline

Timeline of EE Business Plan Application Proceeding A.22-02-005

May 2021: D.21-05-031 set new framework for EE Portfolio Applications (e.g. Segmentation, TSB)

March 2022: 9 PAs submit Business Plan Applications – Very few MS&E targets proposed

June 2022: Issues Identified in [Scoping Memo](#)

Summer 2021: CAEECC Market Support and Equity (MS&E) WGs Develop Objectives Metrics and Indicators

April & May 2022: Parties Offered Comments – Many focused on need for progress on metrics and targets

Timeline of EE Business Plan Application Proceeding A.22-02-005

Aug 2022: Disadvantaged Communities Advisory Group (DACAG) offered comments on Equity Segment including suggestions for additional metrics, budget caps & floors, and NEBs valuation

Sept 15 2022: Metrics Workshop Today

Aug & Sept 2022: CAEECC Working Group Huddles reconvene MS&E WGs to facilitate greater progress at this Workshop

Oct & Nov 2022: Intervenor Testimony/ Rebuttal Testimony

Issue 3

Are the proposed indicators, metrics, and targets for the portfolios, segments, and programs reasonable, and they demonstrate growth and progress needed to meet future opportunities? What additional guidance, if any, is needed to better define target customers segments (e.g., underserved)?

Issue 4

As a corollary to how investor-owned utilities and MCE, as a community choice aggregator, are held accountable to meet TSB goals and cost-effectiveness thresholds (for resource acquisition), which performance metrics and associated targets should regional energy networks (REN) be held accountable to?

Objectives for Huddles and Workshop

Result in proposals before (to CAEECC) and/or after Workshop (to CPUC) for addressing:

1. Identification of MS&E metrics ready for adoption and for targets to be set in 2024, if any, vs those to be set in the future
2. A framework for adding specificity to proposed targets, metrics, indicators, methodologies, and baselines to ensure their usefulness, meaningfulness, and consistency
3. Related to Scoping Issue 4, for the purpose of considering establishment of higher priority metric(s) or goal(s) that focus on RENs' overall value to ratepayers; identification of whether and which could fulfill this purpose:
 - a. existing - indicator(s), metric(s), group or index of indicators and/or metrics; or
 - b. new or alternative proposal
4. Optimal/preferred regulatory approaches and timing for consideration and approval of PAs' populated targets, metrics, and/or methodologies

Background – Common Metrics

“Common metrics” adopted in D.18-05-041 in 2018

- In D.18-05-041, the compliance requirements to all PAs included:
 - A metric is a measure of progress towards achieving a desired market effect(s)
 - All PAs should be able to have the same metrics, even if they have different targets
- Development process
 - CAEECC workshop in 2017 to discuss metrics
 - Metrics adopted in D.18-05-041 in May 2018
 - Informal working group meetings with PAs during summer to clarify how to populate metrics
 - Aug 6, 2018 - PAs emailed Compliance filings to service lists describing their targets, metrics, inputs, definitions, and baselines

What have we learned as a result of the process?

- Some common metrics had never been reported
 - For five years (2016 – 2020), 51 of 234 metrics, or 21% of the total metrics had zero/null value only.
 - Reason:
 - Programs did not exist. For example, "Number Career & Workforce Readiness (CWR) participants who have been employed for 12 months after receiving the training" - the statewide CWR program was expected to launch in mid-2020.

Background – Why Specificity is Important

What else have we learned as a result of the process?

- Methodology inconsistently interprets Metric. For example, "Percent of square feet of eligible population"

Formula by design:

Percent of square feet of eligible population

= (square footage of participating service commercial customers) / (square footage of the commercial sector)

Formula in actual report:

Percent of square feet of eligible population

= (# of participants x average sqft) / (total sqft)
= (# of participants x (total sqft / # of buildings)) / (total sqft)
= (# of participants) / (# of buildings)

Adding Specificity

Indicators and Metrics should result in information that is:

- **Useful**

- Can be easily accessed and correctly interpreted
- Can be understood in context of and compared to other information
- Provides sufficient detail to guide informed decision making

- **Meaningful**

- Juice should be worth the squeeze - effort to gather and synthesize data should result in information that clearly demonstrates and/or supports growth, progress, and efficiency in delivery of energy efficiency and decarbonization solutions
- Should be current and collected according to the type of information sought and achievement of objectives (e.g. regular intervals, industry standard data format, right-sized effort, etc)

- **Consistent**

- Collection, tracking, and sharing should be consistent between PAs and with stakeholders to most effectively show whether and how programs achieve success and which market forces are impacting PAs

Regulatory Approaches

Various pathways for regulatory and stakeholder consideration of targets, metrics, indicators, and specificity

Possible Decision content:

- Adopt **metrics and indicators**
- Set **targets**
- **REN** goals or thresholds
- Process for further work on:
 - Framework and specifics for metrics
 - Target and goal setting for future



Outside Decision:

Continued effort (in parallel or decision-implementation)?

- Determine content and structure for **frameworks**
- Finalize **specifics** of metrics and indicators

By?

- CAEECC Members/WGs
- Joint PAs
- ED Staff

Timeline According to A.22-02-005 Scoping Ruling

- Testimony from intervenors - Oct 7, 2022
- Rebuttal from all parties - Nov 7
- Meet & Confer - Dec 1
- Status Conference – Jan 30, 2023
- Opening Briefs – Apr 17
- Reply Briefs [*matter submitted*] – May 4
- Proposed Decision – Expected Q3 2023
- Final Decision – Expected Q3 2023
- True-Up Advice Letter – Q4 2023
- Decision Implementation – 2024

Questions?





California Public Utilities Commission

REN Performance Metrics and Associated Targets

- IOUs' and MCE's Resource Acquisition Segment of their portfolios must exceed the Total Resource Cost Test (TRC) of 1.0. The IOUs also must exceed their Total System Benefit (TSB) Goals set by the CPUC and MCE has no TSB Goals set by the CPUC.
- CPUC is interested in whether and how different, equivalent goals or other thresholds could be established for RENs.
- CPUC Decision 19-12-021, COL 12, states that "The Commission should set energy savings goals, goals associated with unique REN value, metrics, and cost-effectiveness expectations for RENs at the time that their business plans and budgets are approved."

Current Portfolio Rules (i.e. 2022-23)	IOUs	CCAs (note these rules are only for apply-to-administer CCAs. Elect-to-administer CCAs have different rules, see D.14-01-033).	RENs
Portfolio level (Goals)	CPUC adopts IOU service territory wide energy savings Goals in D.21-09-037	CCAs propose energy savings Goals in their 2022-23 BBALs, per D.21-09-037	RENs forecast energy savings Goals in their 2022-23 BBALs, per D.21-09-037
Resource Acquisition	Resource Acquisition segment of portfolio must meet or exceed a forecasted TRC of 1.0, per D.21-05-031	Resource Acquisition segment of portfolio must meet or exceed a forecasted TRC of 1.0, per D.21-05-031	No TRC Threshold
Market Support and Equity	Combined Market Support and Equity segments of portfolio cannot exceed a cap of 30% of portfolio budget, per D.21-05-031	Combined Market Support and Equity segments of portfolio cannot exceed a cap of 30% of portfolio budget, per D.21-05-031	No cap on the percentage of their portfolio budget that can be spent on Market Support or Equity segments, per D.21-05-031
Portfolio Rules in applications for 2024-2027	IOUs	CCAs	RENs
Portfolio level (Goals)	CPUC adopts IOU service territory wide TSB Goals in 2024	CCAs propose energy saving Goals in their four-year applications and update through their mid-cycle True-up ALs, per D.21-09-037	RENs propose energy savings Goals in their four-year applications and update through their mid-cycle True-up ALs, per D.21-09-037
Resource Acquisition	No changes from 2022-23	No changes from 2022-23	No changes
Market Support and Equity	No changes from 2022-23	No changes from 2022-23	No changes from 2022-23

Likely Types of Progress Trackers PAs to Report On in 2024

- Common Indicators and Metrics – **All PAs**
- Unique Value Metrics – **RENS**
- Market Support & Equity Segment Indicators and Metrics – **All PAs**
- PA-Established Energy Savings Goals – **RENs & MCE**
- CPUC Adopted TSB Goals – **IOUs**
- Cost-Effectiveness Threshold – **IOUs and MCE**

Notes:

- *IOU TSB Goals are directed by the CPUC*
- *Cost-Effectiveness threshold serves as a floor to ensure value to ratepayers*