CAEECC Market Transformation Working Group

PG&E Pacific Energy Center, 851 Howard St, San Francisco, CA 94103

Wednesday, February 27, 2019, 9 a.m. – 5:30 p.m.

Facilitator: Dr. Jonathan Raab, Raab Associates LTD, Ellen Zuckerman (Independent)

Meeting Summary

On February 27, 2019, from 9:00 a.m. to 5:30 p.m., the California Energy Efficiency Coordinating Committee (CAEECC) hosted its third working group (WG) meeting on Market Transformation (MT) at the Pacific Gas and Electric (PG&E) Pacific Energy Center in San Francisco. Twenty-seven individuals participated in-person, and 14 registered to participate remotely via webinar. A full list of meeting registrants is provided in Appendix A: Attendees.

Meeting facilitation was provided by Dr. Jonathan Raab (Raab Associates, Ltd.) and Ellen Zuckerman (Independent). Meeting materials and presentations are available on the CAEECC website at <https://www.caeecc.org/2-27-19-wg-mtg-market-transformatio>.

**Introductions and Meeting Objectives**

CAEECC Facilitator J. Raab reviewed the agenda (see link above, *Final Meeting Agenda*). He said that the primary focus of the meeting is to review and finalize the MTWG’s Report and recommendations to the California Public Utilities Commission (CPUC) that was circulated prior to the meeting and whose content was developed and drafted by multiple Sub-Working Groups assigned to different issue areas (see link above, *CAEECC MTI Proposal Draft 2-20-19*).

Prior to the meeting, the Natural Resources Defense Council (NRDC) and CodeCycle provided suggested red line edits to the Report (see link above, *NRDC Comments/Suggested Edits 2.26.19* and *CodeCycle Comments/Suggested Edits 2.26.19*, respectively). J. Raab explained that the MTWG would work from the NRDC document and review the Report section-by-section. The CodeCycle comments would be reviewed where relevant, as would any other suggestions by MTWG Members.

J. Raab also said that he would ask each MTWG Member to determine which option it supports for each of the two non-consensus issues:

1. Who the MT Administrator(s) (MTA(s)) should be: the Existing Program Administrator(s) or a Single, Statewide Independent Administrator? And,
2. What the MT initiative (MTI) cost-effectiveness threshold should be: 1.5 or 1.25?

**Section by Section Review of Report/Recommendations**

During the meeting, the MTWG reviewed each of the Report’s sections and agreed upon numerous changes by consensus. The document reflecting those changes as well as an initial round of clean-up/consistency edits was posted the next day at the website address above (*MTWG Recommendations 2.27.19 Redline*).

A high-level summary of some of the more significant agreements are bulleted below by section. See the aforementioned red line document for all changes.

* **Section 1: Introduction & Overview**
  + Agreed to call the “document” a “report.”
  + Agreed that Members could abstain from taking a position on non-consensus items. (After the meeting the Facilitators also added an option, discussed during the meeting, of letting Members sign-up for both options if they could support either.)
* **Section 2: Market Transformation Initiative Principles, Guidelines, & Strategies**
  + Sorted principles into two buckets: those that all MTIs “must” address and others that MTIs “should” address if applicable.
  + Added “just and reasonable for ratepayers to fund” at the end of the cost-effectiveness principle (Principle #2).
* **Section 3:** **Market Transformation Stage-Gate Proposal & Decision Criteria**
  + Agreed to use the term “MT Plan” instead of “MT Accord.”
  + Agreed that all proposed MTIs would need to proceed through the stage-gate process regardless of origin (although some may skip certain stages depending on level of development).
  + Acknowledged that some internal policies of the MTA(s) might prohibit the MTA(s) from supporting certain types of MTIs.
  + Regarding Tier I and II Advice Letters, clarified that:  
    - At Review 1 (at the end of Phase I): The MTA(s) would file a Tier I or II Advice Letter with the Commission to seek budgetary approval for each MTI depending on whether or not there are no objections by any MT Advisory Board (MTAB) Member.
    - At Review 2 (at the end of Phase II): After meeting with the MTAB, the MTA(s) would file a Tier II Advice Letter with the Commission to seek budgetary approval for the MTIs worth scaling up to Phase III: Market Deployment.
  + Added language in several places about MTI termination and off-ramping.
  + Updated the stage-gate process schematic.
  + Clarified the recipient of deliverables at the end of several stages.
* **Section 4: Stakeholder Roles & Responsibilities** 
  + Clarified that the MTAB (in consultation with the with the MTA(s)) would be responsible for establishing the MTI criteria and intake form.
  + Added additional detail (beyond Section 3) on when Tier I and Tier II Advice Letters would be filed.
  + Added language describing a process (analogous to the Procurement Review Group process) by which the MTAB composition would be determined.
* **Section 5: Administration Options for the Market Transformation Portfolio**
  + Asked each MTWG Member to determine which option it supports for the MTA(s): (1) the Existing Program Administrators (PAs); and/or (2) a Single, Independent Statewide Administrator. Several members were not ready to commit during the meeting or preferred to abstain.
* **Section 6: Budget**   
  + Discussed language drafted by Erin Brooks, Southern California Gas Company.
  + Dan Buch, Public Advocates Office, suggested some changes that MTWG members agreed with in principle, and D. Buch agreed to draft language for MTWG’s review.
* **Section 7: Market Transformation Cost-Effectiveness (CE) Framework**
  + Discussed whether or not and to what degree current CE methods and tools are able to combine benefits and costs for MTIs that result in codes and standards (C&S). Agreed to the following:  
    - To add the following phrase ahead of the MTWG’s two proposed options: “To the extent that this is an issue…”
    - To add after the two options: “The MTWG encourages the CPUC to solicit input on this issue in conjunction with developing a record on the proposed MT framework.”
  + Asked each MTWG Member to determine which option it supports for the MTI CE threshold: (1) 1.25; and/or (2) 1.5. Several members were not ready to commit during the meeting or preferred to abstain.
  + The MTWG Members also agreed to recommend that the Commission may want to consider whether a portfolio-level MT CE threshold makes more sense than an MTI-specific threshold.
* **Section 8: Market Transformation Initiatives and Resource Acquisition Programs**
  + Agreed to define principles and expectations of coordination prior to MT idea solicitation.
  + Agreed that the MT Plans will include a discussion of resource acquisition (RA) coordination.
  + Agreed that if formal dispute resolution is needed that MTA(s), MTI proposer(s), relevant Program Administrators (PAs), third-party implementer(s), or C&S team(s) may use a mediator through the CPUC’s alternative dispute resolution (ADR) procedures, an independent mediator, or the CAEECC’s facilitation team.
* **Appendices C (Criteria) and D (In-Take Form)**
  + Agreed that both appendices should be marked as “draft.”
  + Agreed that both appendices should have clear disclaimer language upfront indicating that these materials will be finalized by MTA(s) in consultation with MTAB.

**Next Steps, Finalization Process/Final Report**

At the close of the meeting, J. Raab identified the following next steps and deadlines:

* **Thursday, February 28th** – Draft red line from meeting circulated by the Facilitation Team.
* **Friday, March 1st** – CPUC confirms process for serving the Report.
* **Monday, March 4th** – Deadline for final sign-off on non-consensus issues by MTWG Members; deadline for receipt of new proposed language for Section 6: Budget to be developed by D. Buch.
* **Wednesday, March 6th** – Distribution of the Draft Final Report by the Facilitation Team.
* **Wednesday, March 13th** – Deadline for identification of any significant remaining/additional issues with the Draft Final Report by MTWG Members.
* **Thursday, March 14th** – Circulation of any significant remaining/additional issues with the Draft Final Report by the Facilitation Team.
* **Wednesday, March 20th** – Tentative phone call to discuss any significant remaining/additional issues (if necessary).
* **Friday, March 15th - Friday, March 29th (exact date TBD)** – Final Report served. Exact date and process will be determined by CPUC direction and scope of remaining/additional issues with the Draft Final Report (if any).

**Appendix A: Attendees**

*Note: The list of attendees joining in-person reflect actual participation as captured via a sign in sheet circulated during the meeting. If individuals participated in the webinar but did not register, or registered but did participate in the webinar, these last-minute changes may not be reflected here.*

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| --- | --- | --- | --- | --- |
| **MT WG Members Attending in Person** | | | |  |
| **Company** | **First** | **Last** | **In-Person** | **Phone** |
| BGA | Sam | Appel | X |  |
| CEDMC | Arthur | Haubenstock | X |  |
| CEDMC | Nate | Kinsey |  |  |
| CEE | Bernie | Kotlier | X |  |
| CLEAResult | Chad | Ihrig | X |  |
| CodeCycle | Dan | Suyeyasu | X |  |
| County of LA/SoCalREN | Lujuana | Medina | X |  |
| CSE | Stephen | Gunther |  |  |
| CSE | Beckie | Menten |  | X |
| Energy Solutions | Brian | Barnacle | X |  |
| JCEEP | David | Dias |  |  |
| NRDC | Merrian | Borgeson | X |  |
| NRDC | Lara | Ettenson | X |  |
| PG&E | Adam | Scheer | X |  |
| Public Advocates | Dan | Buch | X |  |
| Resource Innovations | Margie | Gardner | X |  |
| SCE | Jesse | Feinberg | X |  |
| SCE | Kevin | Thompson | X |  |
| SDG&E | Athena | Besa | X |  |
| SoCalGas | Erin | Brooks | X |  |
| SoCalGas | Elizabeth | Gomez | X |  |
| The Energy Coalition | Marc | Costa | X |  |
| The Utility Reform Network | Hayley | Goodson | X |  |
| Yinsight | Carol | Yin | X |  |
|  |  |  |  |  |
| **MT Working Group Members Participating Remotely** | | | |  |
| **Company** | **First** | **Last** | **In-Person** | **Phone** |
| JCEEP | Dave | Dias |  | X |
| NEEA | Jeff | Harris |  | X |
| SBUA | James | Birkelund |  | X |
| SCE | Matthew | Horwitz |  | X |
|  |  |  |  |  |
| **CPUC Members Attending in Person** | | | |  |
| **Company** | **First** | **Last** | **In-Person** | **Phone** |
| CPUC | Hal | Kane | X |  |
| CPUC | Christina | Torok | X |  |
|  |  |  |  |  |
| **Other Participants/Stakeholders Attending in Person** | | | |  |
| **Company** | **First** | **Last** | **In-Person** | **Phone** |
| CAEECC Facilitator | Ellen | Zuckerman | X |  |
| California Energy Commission | Nicholas | Janusch | X |  |
| CEC | Brian | Samuelson | X |  |
| Clean Power House, LLC | George | Wiltsee |  |  |
| Enervee | Anne | Arquit Niederberger | X |  |
| Honeywell Smart Energy | Mitchel | Fearing |  |  |
| Opinion Dynamics | Megan | Campbell |  |  |
| PG&E | Tim | Michel |  |  |
| Raab Associates, Ltd. | Jonathan | Raab | X |  |
| Strategic Energy Innovations | Stephen | Miller |  |  |
| The Weidt Group | Chris | Baker |  |  |
| Tierra Resource Consultants | Floyd | Keneipp |  |  |