California Energy Efficiency Coordinating Committee-Hosted Working Group on Energy Efficiency Filing Processes

February 26, 2020 10:00-5:00

MTC, 375 Beale Street, 7th Floor (Golden Gate Room), San Francisco

Draft Meeting Summary

Facilitators: Dr. Jonathan Raab, Raab Associates, Ltd. & Meredith Cowart, CONCUR

On February 26, 2020, the CAEECC hosted its third Working Group (WG) meeting on Energy Efficiency (EE) Filing Processes, at the Metropolitan Transportation Commission office in San Francisco. Twelve WG Members (including Lead, Alternate, Ex Officio and Resource Members) participated in person and eight attended via webinar. Approximately eleven additional members of the public participated in person or via webinar. A full list of meeting registrants is provided in Appendix A.

Meeting materials are provided on the CAEECC website at: <https://www.caeecc.org/copy-of-11-20-19-ee-portfolio-filin>.

The edits made during the meeting and after by the Facilitation Team, can be seen on the meeting webpage (see link above, CAEECC (4-Yr Filing Process Proposal 2-26-20 redline (2.26.20) and a clean version under “Documents Posted After the Meeting”)

In this document, the majority of the discussion is captured without attribution. In some cases, the affiliation of the speaker is identified, because their affiliation is relevant to the comment.

For each sub-section below, key discussion points are captured in bullets and sub-bullets. Next Steps identified throughout the meeting are provided in *italics* following the summary of the relevant discussion and highlighted in green. Items identified as needing discussion at the next meeting are also highlighted in green.

Next Steps Planning, at the end of this document, captures the outcomes from this discussion section on the agenda, as well as any additional next steps discussed throughout the meeting.

**Introductions, Brief Recap, and Goals**

J. Raab opened the meeting and asked participants in person and on the phone to introduce themselves. He updated participants on the most recent developments in the Working Group process, noting that those supporting a 4-Year application cycle had developed a full proposal, and those supporting a 6-year application cycle had developed a memorandum outlining key differences between their proposal and the “4-Year” proposal. Importantly, the 6-Year application cycle would require a mid-cycle filing while the 4-year application cycle may not. He explained that some Working Group members who had previously supported a 4-year application cycle were now considering supporting a 6-year cycle, or developing a hybrid option between the current Rolling Portfolio process and the proposal for a 4-year application cycle.

J. Raab stated that the gameplan for today is to discuss the proposal for a 4-year application cycle in depth, respond to questions posed by those supporting a 6-year application cycle, reach agreement on the 4-year application cycle to the degree possible, and then circle back to those still not in support of the 4-Year application cycle proposal to hear what they are thinking.

**Structure, Frequency, & Contents of Proposed (new) EE Filing Process**

Participants reviewed and discussed the draft proposal (see link above, CAEECC (4-Yr) Filing Process Proposal 2020-0226\_w/IOUs) by section, per the sub-headings below. The facilitation team made redline edits in real time as appropriate. Key discussion points are captured below, as are any next steps identified, and items needing discussion at the next meeting.

**Portfolio Review and Oversight - EE Application**

* WG members asked for clarification on the “first-year-net” language introduced by SCE. C. Taylor (SCE) explained that Goals and Potentials study would set net (not gross) targets for each year of the application cycle, and that these would be updated biennially. He clarified that the objective is still for PAs to hit these targets each year, in addition to hitting the cumulative target by the end of year 4.
* A couple of WG members noted their concern that the proposal discusses PAs monolithically but that there are essential differences between IOUs and RENs/MCE which also need to be considered. (*Next Steps: J. Berg (BayREN) agreed to read through the version of the proposal updated by the Facilitation team after the meeting to add clarifying language to address these differences, which will then be circulated/posted to the meeting webpage.)*
* Several WG members noted that more sweeping changes (e.g. moving from net to lifetime savings) might be ideal to implement, but that these are not within our current scope. Participants agreed to create a section on “future considerations” in the proposal to outline considerations that they would like to see addressed but that we are not able to do so in the near term. *(Next Steps: L. Ettenson and L. Rothschild to develop an “Additional Future Considerations” section of the proposal following the meeting).*
* A WG member asked that “Work Papers” be included in the examples provided under “engineering values” (in Section 4.2 Guidance Decision).
* WG members agreed that all PAs should ultimately be on the same 4-year application cycle.
  + Participants agreed that language is needed regarding what happens if a new PA is formed mid-cycle. *(Next Steps: This language will be developed as part of a new Transition Plan—SCE drafting.)*
  + Participants agreed that language is needed regarding how to deal with any PA that is required to file a new Business Plan before this new process begins (e.g., PG&E and SCE). *(Next Steps: This language will be developed as part of a new Transition Plan—SCE drafting.)*
  + There was concern that if a PA hits a trigger (e.g., additional budget required that requires a new application) in year 3 of the cycle, it would be difficult to file a new application in time (i.e., prior to the next cycle).
    - Others noted that activating any trigger should be very rare, given that (1) Major changes (even to code) will not happen suddenly, and so there should be enough lead time for PAs to make adjustments, (2) The expectation is that PAs proactively watch their portfolios and submit Advice Letters if changes are needed to the portfolio, (3) The stakeholder process should provide additional opportunities for transparency, collaboration, and oversight, (4) There are few scenarios in which it would be appropriate or wise to add budget.
* WG members discussed when this new filing process could be implemented. They agreed that the filing cycle should occur on even years to line up with Bus Stops and other processes. There was agreement that the earliest possible date might be 2024, but some argued that 2026 might be better given PG&E and SCE are supposed to be filing new Business plans. These proposed start dates will be discussed the next time the group meets. *(Next Steps: SCE to update Fig 1: Biennial P&G Updates to show a start date of 2024 or 2026 or N)*
* PA members noted that contracts are generally broken out by calendar year, but that PAs do not operate their budget cycle on a calendar year, leading to unspent budget and creating administrative burden. Language was added to the proposal clarifying that the budget shall be for the entire 4-yr application period.

**Portfolio Review and Oversight - Interim Filings**

* WG members agreed that, as long as triggers are well-defined and well-structure, and Annual Reports are used to report on progress, a mid-cycling filing is not necessary.
* WG members noted that for the trigger “PA not on target to meet 4-yr savings goals or cost-effectiveness threshold”, “not on target” should be clearly defined and that PAs must be within a certain range of their targets. The group proposed that PAs should be able to demonstrate that they are on track to be within +/- 20% of savings goals and +/-10% of cost effectiveness targets by the end of the four-year cycle. These proposed targets will be confirmed the next time the WG meets.
* Also regarding the trigger “PA not on target to meet 4-yr savings goals or cost-effectiveness threshold”, participants agreed that the relevant filing should be a Tier 2 or Tier 3 Advice Letter, but felt that further discussion is needed regarding which is most appropriate. The relevant filing(s) will be decided the next time the WG meets.

**Application Structure and Contents**

* WG members agreed that, in order to streamline review and processing at the CPUC, all PAs should use the same application structure and overall approach when filing applications. The group also agreed that a test year/attrition year approach does not differ from a full-cycle showing significantly, and perhaps asks for a false level of precision. The WG therefore agreed that both Program Implementation Costs and Portfolio Administration Costs should follow a full cycle showing approach including detailed information on each year as well as the full-cycle.
* Some WG members asked that language be added emphasizing that funding cliffs will not occur even in the event of delayed regulatory approval. *(Next Steps: Language on ensuring that funding cliffs do not occur will be developed by ??? and incorporated into the proposal].*

**Goals, Technical Input and Policy Framework/Application Filing Timeline**

* IOU Members explained that they propose 2-yr updates to savings goals, at which point any updates to avoided costs and engineering values would be incorporated. This is essentially a 2-year bus stop approach.
* That said, the WG agreed to add the following language to Section 6.0 regarding PAs on-going obligations:

*Program Administrators—PAs will continue to monitor on an on-going basis all technical changes and other market developments, adjust their portfolios as appropriate, and pursue the trigger-based filings outlined in Section 4.2 if and when needed.*

**Stakeholder Process**

L. Ettenson reviewed the “Stakeholder Process” component of the report developed by herself and L. Schmidt. This document can be found on the meeting webpage (see link above, CAEECC Reporting and Stakeholder Process (2.20.20) under “Documents Posted Before the Meeting). Edits made during the meeting can be seen on the meeting webpage (see link above, CAEECC Reporting and Stakeholder Process 2-26-20 redline (2.26.20) under “Documents Posted After the Meeting”). In addition, key discussion points and agreements are captured below.

* The WG agreed that involving the CAEECC in working groups or ad hoc workshops to address major cross-cutting issues PAs are dealing with 9-3 months before an application filing, would be beneficial. Given that major issues would have been mostly dealt with by 3 months, a PA presentation at the CAEECC on how those issues will be dealt with in the application filing, is appropriate.
* The WG also agreed that a PA presentation on the PA’s application filing to the CAEECC 7-10 days after filing would be appropriate and useful. The objective would be to provide an overview and answer clarifying questions, which would potentially reduce the incidence of unnecessary protests and improve the value of any protests.
* IOUs noted that if CEDARs perhaps the CPUC should make adjustments to make CEDARs to make it more user friendly and useful.
* WG agreed that annual reports discussed which metrics would be most useful to present to CAEECC. They agreed that choosing the metrics should be part of the stakeholder process.
* WG agreed to twice per year (rather than original quarterly proposal) tracking/discussion of portfolio progress, including (1) a yearly presentation on the Annual Report (May) and a (2) mid-year check in on progress to date (November)
* A participant asked how non-CAEECC stakeholders would be involved in raising issues. It was noted that proposal lays out several pathways.

**6-Year Sub-Working Group Member Alignment with Current Proposal**

Following lunch, members of the 6-Year Sub-Working Group present stated that their impression is that the existing proposal, updated during today’s meeting, captures the majority of their needs, that they support the updated proposal, and no longer wish to present a 6-year alternative. Some WG members noted that the length of time of the application cycle is less important than the overall structure in terms of developing a filing process that meets the goals of non-IOU PAs and implementers (avoiding funding cliffs, reduced regulatory burden, etc). It was also noted that SoCalGas is considering potentially providing an alternative “hybrid” proposal which combines certain elements of current process with certain elements of the 4-Year proposal. *Next Steps: Facilitation team noted that such an alternative would need to be developed quickly and agreed to follow-up w/SoCalGas*.

**Next Steps Planning**

In the final session of the meeting, the following Next Steps recapped from the earlier discussion or added to the existing list:

**Facilitation Team**:

* **Schedule Follow up Working Group Meetings (via Teleconference**): Send doodle poll to WG members/alternates to identify dates (1) Penultimate--2-3 weeks following today’s meeting to resolve any unresolved issues and (2) Final--4-5 weeks following today’s meeting to review draft final report.
* **Update EE Filing Processes WG Proposal:** Update proposal based on 2/26 WG meeting (and incorporating stakeholder engagement document) and circulate to Working Group (redline and clean copy) within 5 business days
* **Follow up on Potential Hybrid Alternative:** Discuss with SCG whether they plan to propose a hybrid alternative (more modest tweaking of current processes), and if so to have them draft ASAP
* **CAEECC Reporting and Stakeholder Process:** Integrate stakeholder pieces into report as they are developed and recirculate for Working Group review

**Working Group:**

* **Addressing Non-IOU PA Issues:** *J. Berg:* Review draft Report to ensure non-IOU PA-issues are accurately addressed and represented
* **Participate in 2 Follow up WG Meetings:** Respond to doodle poll and participate in the next 2 Working Group meetings via teleconference
* **Develop New and Updated Report Sections**:
  + *C. Malotte and C. Taylor (SCE):* Develop (1) new section on transition recommendations (starting year, what happens if applications from new RENs [e.g., Inland-REN] or re-filed Business Plans [e.g., PG&E and SCE] filed during transition) (2) Executive summary table of major changes between Rolling Portfolio Process and WG’s updated process proposal, and (3) update Fig 1: Biennial P&G Updates to show a start date of 2024 or 2026 or N).
  + *L. Ettenson and L. Rothschild:* Develop new section on Additional Future Considerations
* **Funding Cliffs**: Develop language on ensuring that funding cliffs do not occur- Unassigned/TBD
* **Pre-Filing Proposal Review:** Review updated proposal once circulated and raise any final issues before filing
* **Proposal Filing:** File Proposal at CPUC (likely by mid-April)

**Appendix A: Meeting Registrants**

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| --- | --- | --- |
| **Company** | **First** | **Last** |
| **EE Working Group Lead/Alternate - Seated at the Table** | | |
| BayREN | Jenny | Berg |
| CEDMC | Serj | Berelson |
| CodeCycle | Dan | Suyeyasu |
| JCEEP/ SMW 104 | David | Dias |
| MCE | Alice | Havenar-Daughton |
| NRDC | Lara | Ettenson |
| PG&E | Ryan | Chan |
| Public Advocates Office | Michael | Campbell |
| SoCalREN/LA County | Lujuana | Medina |
| Southern California Edison | Cody | Taylor |
| The Energy Coalition | Laurel | Rothschild |
| SDG&E | Athena | Besa |
| **Other Participants Attending In-Person** |  |  |
| PG&E | Lucy | Morris |
| SCE | Paul | Kubasek |
| **Working Group Lead/Alternate/Ex Offcio or Resource - Attending Remotely** | | |
| CPUC | Peter | Franzese |
| SoCalGas | Erin | Brooks |
| 3C-REN | Alejandra | Tellez |
| Don Arambula Consulting | Don | Arambula |
| SCE | Christopher | Malotte |
| CPUC | Nils | Strindberg |
| Home Energy Analytics | Lisa | Schmidt |
| SJVCEO | Courtney | Kalashian |
| **Other Participants - Attending Remotely** | | |
| Danish Consulate | Bo | Pedersen |
| Redwood Coast Energy Authority | Matthew | Marshall |
| michaels energy | Teresa | Lutz |
| Raab Associates | Susan | Rivo |
| CEC | Brian | Samuelson |
| SBUA | Ted | Howard |
| Community Action Partnership of Orange County | Jamie | Dadabhoy |
| Nexus Integrated Solutions | Noah | Mundt |
| Lincus, Inc. | Hob | Issa |