

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Concerning Energy  
Efficiency Rolling Portfolios, Policies, Programs,  
Evaluation, and Related Issues

Rulemaking 13-11-005  
(Filed November 14, 2013)

**THE NATURAL RESOURCES DEFENSE COUNCIL'S (NRDC) MOTION  
SEEKING COMMISSION RULING AND COMMENT PERIOD ON THE  
CALIFORNIA ENERGY EFFICIENCY COORDINATING COMMITTEE  
PROPOSAL FOR IMPROVEMENTS TO THE ENERGY EFFICIENCY  
PORTFOLIO AND BUDGET APPROVAL PROCESS  
WORKING GROUP REPORT**

April 24, 2020

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**I. Introduction**

Pursuant to Rule 11.1(b) of the Commission’s Rules of Practice and Procedure, NRDC submits this motion seeking a ruling by the Administrative Law Judges that solicits comments from parties on the attached Report, prepared by the “Energy Efficiency Portfolio Filing Processes Working Group” (Working Group) formed by the California Energy Efficiency Coordinating Committee (CAEECC). NRDC is a member of the Working Group. The Report included as “Attachment A” to this motion is the result of that process.

**II. Description of the Working Group and its Report**

In May 2019, the Public Advocates Office distributed a prospectus to CAEECC outlining the need to develop an improved energy efficiency portfolio filing and implementation process and proposed that a CAEECC-hosted Working Group be formed to develop recommended changes to the current Rolling Portfolio process. The prospectus (attached to the Working Group Report as Appendix B) identified a number of areas in which the current process of a ten-year Business Plan with annual budget advice letters (ABALs) was failing to deliver on the benefits that had been envisioned when the process was designed, and offered a number of items to consider for improvement.

After discussing at several CAEECC meetings, the CAEECC initiated its Working Group on Energy Efficiency Portfolio Filing Processes. The Working Group met five times from October 2019 through April 2020, with several sub-Working Groups meeting on specific topics in between. While the attached Report does not contain official sign-ons by each Working Group participant, it does represent general consensus recommendations to improve the energy efficiency portfolio and budget approval and implementation processes. There are no non-consensus recommendations in the Report, although each member of the Working Group reserves the right to provide further recommendations or feedback during the proposed comment period.

### **III. Relief Requested**

The purpose of this motion is to request that the Administrative Law Judges issue a ruling soliciting opening and reply comments on the Working Group's Report from all parties to this proceeding, including but certainly not limited to those parties who participated in the Working Group process. NRDC submits that this action by the Commission will allow for on-the-record comments on the Report's recommendations. NRDC specifically recommends that the Commission provide three weeks from the issuance of a ruling soliciting comments for the preparation of opening comments, with reply comments due two weeks after that.

### **III. Conclusion**

NRDC appreciates the Commission's consideration of this motion and recommends that the Commission grant the relief requested herein. Granting this motion will allow for any on-the-record comments on the Report's recommendations regarding approaches to improve the energy efficiency and budget approval and implementation processes.

Dated: April 24, 2020

Respectfully submitted,



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# Attachment A

Proposal for Improvements to the EE  
Portfolio and Budget Approval and  
Implementation Process

Developed by the CAEECC-Hosted Energy  
Efficiency Filing Processes Working Group

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## Executive Summary Table

The Energy Efficiency (EE) Filing Process Working Group (Working Group) recommends modifications to the existing Rolling Portfolio process. The following table outlines the key differences between the current ten-year Rolling Portfolio and Business Plan construct and the Working Group’s proposed four-year EE portfolio and budget application process. Further details are discussed in the sections below.

<b>Subject</b>	<b>10-Yr Rolling Portfolio</b>	<b>4-Yr EE Portfolio and Budget Application</b>
<b>Application</b>		
Timeline	10-yr cycle (ending 2025)	4-yr cycles (e.g., 2026-2029)
Next filing Date	2026	2026 (except for PAs filing BPs before 2026; see Section 10.0)
Budget	Set for 10 years w/ Annual Budget Advice Letters (ABALs)	Set for 4 years
Cost-effectiveness	Annual	Measured over 4 years
Savings Goals	Annual	Annual targets, measured over 4 years
REN-specific savings targets and non-energy related metrics	Annual	Annual targets, measured over 4 years
Level of Detail	High-level overview	Detailed activities and budget
Stakeholder Engagement	CAEECC review of full BPs before submission	CAEECC to work through key issues before submission and receive orientation after submission
<b>Implementation</b>		
Reporting	Annual Report	Enhanced Annual Report
Interim Filings	ABALs	Trigger-based filings
Stakeholder Engagement	CAEECC, trigger-based	CAEECC
<b>Policy Changes</b>		
Potential and Goals	Biennial Potential and Goals (P&G) Updates	Biennial P&G Updates
Avoided Costs	Biennial major updates w/ minor updates in between	Biennial adoption of Avoided Cost Calculator (ACC) major updates when Potential and Goals are updated.
Engineering (DEER, ISP, Codes and Standards, EM&V)	Generally adopted annually (Bus Stop approach), except as noted in Section 6.0	Adopt engineering updates when P&G are updated (biennially)

### 1.0 Background and Process

In May 2019, the Public Advocate’s Office (CalPA) distributed a prospectus (see Appendix B) to the California Energy Efficiency Coordinating Committee (CAEECC) outlining the need to develop an improved EE Portfolio filing process and proposing that a CAEECC-hosted Working Group be formed to develop proposed changes to the current Rolling Portfolio process. The CalPA’s prospectus identified a number of areas in which the current process of a ten-year Business Plan with ABALs was failing to deliver on the benefits that had been envisioned when the process was designed.

Following discussion at several CAEECC meetings, the CAEECC initiated its Working Group on Energy Efficiency Portfolio Filing Processes. The Working Group met five times from October 2019 through April 2020, with several sub-Working Groups meeting on specific topics in between. See Working Group Members in Appendix A. The Working Group was facilitated/mediated by Dr. Jonathan Raab, Raab Associates and Meredith Cowart, CONCUR.

*Table 2: EE Filing Processes Working Group Member Organizations<sup>1</sup>*

<b>Member Organizations</b>	
3C Ren/County of Ventura	Public Advocates Office
BayREN	Small Business Utility Advocates
CEDMC	Southern California Edison
Center for Sustainable Energy	SDG&E
Code Cycle	SMW Local 104
Home Energy Analytics	SJVCEO
Marin Clean Energy	SoCalGas
NRDC	SoCalRen
PG&E	The Energy Coalition
<b>Ex Officio/Resource Members</b>	
California Energy Commission	Energy Division (CPUC)
Don Arambula Consulting	

Over the span of seven months, the Working Group came to agreement on a set of recommendations to improve the current Rolling Portfolio/Business Plan process. The proposed updated budget and portfolio approval and implementation process is outlined in detail in this document, which reflects a consensus agreement among each member/organization that participated in the Working Group. There are no non-consensus recommendations in this report.

## 2.0 Proposal Overview

There was general agreement among Working Group members that the current process needs improvement to deliver on the goals of:

1. CPUC commitment to long-term funding availability for all cost-effective EE,
2. reasonableness of savings and budget forecasts,
3. meaningful oversight of Program Administrators (PAs) budgets and activities,
4. reduced administrative burden, and
5. flexibility for PA and program implementers to respond to market and policy fluctuations.

While strong in concept, in practice the Rolling Portfolio Business Plan application process covering ten years of authorized funding contained limited information on and review of forecasted budgets, savings, cost-effectiveness (C/E), and other CPUC-approved REN-specific savings targets and non-energy related metrics. This lack of detail in the approved Business Plans required that the scope of ABAL review,

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<sup>1</sup> The representatives for each Member organization are shown in Appendix A.

designed to be ministerial in nature, include non-ministerial factual and policy questions that proved difficult for CPUC staff to resolve in a timely manner.

The Working Group proposes modifications to the existing EE Rolling Portfolio and Business Plan construct. Namely, the Working Group recommends:

1. A four-year portfolio cycle with four-year cumulative total of “first year net” portfolio energy savings goals and a four-year C/E threshold requirement,
2. An EE application process that includes a robust full-cycle budget and C/E showing for program implementation and portfolio administration costs with supporting testimony, and for the RENs, a showing of projected energy savings targets and non-energy related metrics (per the forthcoming REN-specific CPUC approved metrics),
3. An updated EE reporting structure that uses PAs’ EE Annual Reports as the main vehicle by which to assess on-going portfolio and program performance against CPUC-approved metrics and indicators, and
4. Other interim filings only on a limited basis if certain pre-specified triggers occur.

### 3.0 Objectives and Benefits

With a four-year EE portfolio cycle and modified EE application process, the Working Group intends to:

1. Provide confidence to the CPUC, stakeholders, and customers (ratepayers) that PAs’ EE portfolio proposals, and budget and C/E forecasts, are reasonable and just, and that any factual and/or policy disputes were appropriately and formally addressed,
2. Provide confidence to PAs, market actors, customers, other state agencies (i.e., CAISO), and stakeholders that the CPUC commits to long-term and ongoing funding for all C/E EE as determined by the CPUC’s (biennial) P&G Decision, and required by PUC 454.55, and for the REN PAs, confidence that the approved energy savings targets and non-energy related metrics are satisfied,
3. Allow PAs and program implementers a sufficient time horizon to plan and implement portfolios and programs that meet the state’s long-term EE, equity, and GHG reduction goals,
4. Afford PAs, program implementers, and relevant stakeholders the flexibility required to adapt to any market fluctuations, incorporate new policy considerations, and allow programs to naturally evolve through their anticipated lifecycles,
5. Reduce administrative burden and associated costs that come with extraneous regulatory touchpoints, and
6. Align portfolio goal inputs and portfolio implementation and assessment to provide market stability for Third Parties, IOUs, and regulators.

## 4.0 Portfolio Review and Oversight

### 4.1 EE Application

The PAs will follow a four-year portfolio cycle, reviewed and approved by the CPUC via an EE application filed by the end of the third year of each four-year portfolio cycle. The cycle that the Working Group



recommends would begin in 2026 (e.g., with the first four-year portfolio cycle covering years 2026-2029, with PAs applications filed in late 2024, respectively), and with a transition plan requiring any new or revised Business Plan applications prior to that time to follow the new guidelines (see Section 10.0).

The four-year portfolio cycle supports dynamic portfolio management and affords PAs the flexibility to meet goals and spend authorized budgets over multiple years, recognizing natural market fluctuations and program on/off ramps. The purpose of the PAs' EE applications is to articulate its overarching strategy to support the state's EE goals and objectives, describe programmatic plans for each sector, and seek formal EE funding approval.

The EE application will include budget, savings, and C/E forecasts, through detailed testimony, to ensure a robust and sufficient record to inform CPUC decisions. The CPUC will determine the need for hearings based on the contents of the application and testimony.

Budget, savings, C/E, and REN savings targets and non-energy related metrics would be calculated for a four-year period. The CPUC sets goals over four years and PAs based on those goals set annual targets. In other words, for savings goals, they would be set for four years, utilizing "first-year-net" kWh/kW/Therm figures. For example, if each year's "first-year-net goal" is: 100 MWh for 2022, 110 MWh for 2023, 120 MWh for 2024, and 130 MWh for 2025, the four year goal would be 460 MWh of first-year-net savings. Savings goals would be updated biennially as shown in Section 6.0 below.

#### 4.2 Guidance Decision

To provide PAs a stable policy framework on which to develop EE portfolios, we recommend that the CPUC issue a Guidance Decision at least nine months before the EE application filing date (see Section 9.0 for timeline). As it has been used in previous EE rulemaking proceedings, the Guidance Decision would include which technical inputs should be used to forecast the upcoming four-year program cycle as well as what details should be included in the application. To develop the Guidance Decision, the CPUC should establish an evidentiary record, likely via ruling(s) and comments in an open rulemaking proceeding, and issue the Decision with sufficient time for PAs to thoughtfully and fully incorporate the CPUC's guidance in their applications (i.e., nine months).

For example, the Guidance Decision could articulate relevant policies and technical inputs to be used for the application, including: avoided costs, potential and goals, and other ex-ante technical parameters such as engineering values (e.g., DEER, eTRM, work papers) and industry standard practice (ISP) baselines. It could also clearly delineate what specific budget information is required and what level of detail is needed when describing programmatic plans for each sector.

#### 4.3 Annual Report

PAs' EE Annual Reports, submitted every May,<sup>2</sup> will include sufficient detail on portfolio, sector and program-level annual and cumulative accomplishments, including data on savings, budget, C/E, and other approved metrics to ensure accountability and public input on the progress of portfolio performance. The Annual Report will also present a prospective overview in narrative format that will include future plans to meet and/or exceed the cumulative four-year energy savings goals and the four-year C/E requirement, and other CPUC approved REN-specific energy savings targets and non-energy

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<sup>2</sup> REN Annual Reports will continue to be due April 15<sup>th</sup>, so as to allow the relevant IOU time to roll up the information on savings targets and non-energy related metrics into their reports due on May 1<sup>st</sup>.

related metrics. The prospective overview will include any program adaptations, additional solicitations, or other strategies that may be necessary to help ensure attainment of the four-year energy savings goals and the portfolio C/E requirement.

As described in Reporting Requirements (see Section 7.0), the existing CEDARS<sup>3</sup> and Annual Report submissions would be the primary tools with which the PAs would report their progress and accomplishments to the CPUC and stakeholders. In addition to the existing Annual Reporting requirements, each PA will post its Annual Report on the CAEECC website and provide semi-annual data-driven updates on EE portfolio progress at the CAEECC, including (1) a high-level overview of its Annual Report near the time that it is filed, and (2) an update on progress approximately 6 months after the filing (see Section 8.0).

#### 4.4 Interim Trigger-Based Filings

Interim filings may be needed between applications in order to document or gain CPUC approval for a PA’s portfolio change. For example, the current filing requirement should remain in place for a PA to file a Tier 2 Advice Letter when closing a program. As such, Interim Filings are considered “trigger-based” and can happen at any point in the cycle.

In the event that a PA requires any of the following changes to its portfolio, the PA would submit the filings as shown below:

Portfolio Change/Trigger	Filing
•Program closure	Tier 2 Advice Letter
•Additional budget (beyond authorized 4-yr portfolio budget)	New Application
•Portfolio not on target <sup>4</sup> to meet 4-yr savings goals or C/E threshold	Tier 2 Advice Letter (that describes corrective action)

In the above scenarios, PAs would maintain their existing programs until such a time as the CPUC decides on approval or rejection of the application or advice letter. The time period of the PA’s refiled application or advice letter should be for the remainder of the four-year cycle so that a trigger does not cause a PA’s budget cycle to become misaligned with the timeline for P&G study updates.

## 5.0 Application Structure and Contents

The EE Application will include the PAs’ portfolio plan, budget, and C/E showing. Each section of the EE application will be supported by witness testimony providing justification as to its reasonableness.

### 5.1 Portfolio Plan

The portfolio plan section of the EE Application is designed to describe each PA’s vision, strategy, and approach to meet the state’s EE, equity, and GHG goals. The portfolio plan focuses on long-term and short-term strategic objectives by sector (e.g., Residential, Commercial, Public, Industrial, Agricultural,

<sup>3</sup> California Energy Data and Reporting System (CEDARS): <https://cedars.sound-data.com/upload/dashboard/list/>

<sup>4</sup> “On-target” is defined as a PA is reasonably able to demonstrate its ability to meet savings goals (i.e., +/- 20%) and cost-effectiveness (i.e., +/-10%) targets by the end of the four-year cycle. Note that if the PA is off-target in a given year, they can reasonably "make it up" in the following year(s).

Cross-cutting), with associated tactics (i.e., programs or intervention strategies) designed to achieve the strategic objectives. This section describes the metrics and indicators, including energy savings goals and GHG targets, and milestones for each strategic objective and programmatic activity. Implementation Plans (IPs) will not be included as part of the formal application process. Rather, PAs will continue the IP process described in D.15-10-028.

## 5.2 Budget and Cost-effectiveness Showing

PAs will justify the reasonableness of budgets and savings and C/E forecasts through detailed showings of current and proposed expenditures and zero-based budgeting<sup>5</sup> exercises as well as detailed testimony on forecasting inputs, methods, and results. For RENs, they will be required to identify how they intend to meet the CPUC-approved REN-specific energy savings targets and non-energy related metrics.

Generally, there are two types of costs—**program implementation costs** and **portfolio administration costs**.

***Program Implementation Costs:** All costs associated with delivering a program. With the use of 3<sup>rd</sup> party implementers, this is very straightforward; all costs associated with contracts for efficiency programs is program implementation. Should the PA be in the role of implementation, the PA should clearly identify all costs associated with that program. This should NOT be some level of “rule of thumb” allocations. PA employee time (including account reps) should be booked directly to a specific program being implemented in a manner that can be audited for accuracy. The PA could propose methods for tracking things like traditional “overhead” (such as rent, or IT services) in a manner that appropriately links to employee charged time.*

***Portfolio Administration (i.e., Overhead):** Everything else not in Program Implementation. Costs for things like managing a solicitation, negotiating a contract, and reviewing/paying invoices all are part of Administration (this should not be put into the “implementation” bucket).*

For all **Program Implementation Costs** and **Portfolio Administration Costs**, PAs will provide a detailed showing and justification for each year of the four-year portfolio cycle.

Zero-based budgeting is a cornerstone of the required showing for all costs, wherein PAs justify in detailed testimony the reasonableness and prudence of forecasted expenditures. The showing includes a detailed presentation of forecast costs in all significant cost categories (e.g., labor/non-labor/capital/contract costs; admin/implementation/marketing costs; sector by sector costs, etc.). Additionally, the budget showing includes comparisons to recent expenditures in the relevant budget categories to assess trends and adjust for changing circumstances. Further, testimony and exhibits demonstrate the reasonableness of the forecasts in light of historical performance, including realization rates, impact evaluation adjustments, and other relevant information. As in all application proceedings, the burden rests with the PA to demonstrate the reasonableness of the application.

The CPUC would approve funding for program implementation-related costs based on the detailed budget testimony and supporting workpapers and exhibits covering all years in the full application cycle.

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<sup>5</sup> Zero-based budgeting is a method of budgeting in which all expenses must be justified for each new period. The process of zero-based budgeting starts from a "zero base," and every function within an organization is analyzed for its needs and costs.

For portfolio administration-related costs, the CPUC would approve funding for the detailed costs for each year over the four-year cycle.

In this application process, PAs continue to maintain their fund shifting flexibility consistent with dynamic portfolio management and as authorized in D.15-10-028.

One concern among some stakeholders with the previous three-year cycle was the potential for funding cliffs at the end of the application cycle. To help mitigate this situation, consistent with existing policy, if there is a delay in regulatory approval of the subsequent application cycle, the PA would continue to implement their programs with the current approved budgets at the average yearly budget of the currently approved four-year cycle until such time as the CPUC decides on the application.

## 6.0 Potential and Goals, Avoided Costs, and Technical Inputs Framework

To ensure the success of a four-year portfolio cycle, we recommend that the CPUC adopt cumulative energy savings goals for a four-year period, with a two-year refresh to incorporate updated avoided costs and engineering values. EE applications would be designed to meet and/or exceed four-year cumulative portfolio energy savings goals<sup>6</sup> and portfolio C/E thresholds.

For the IOUs, the P&G study would continue to cover a ten-year planning horizon to appropriately align with CEC's Integrated Energy Policy Report (IEPR), and CPUC's Long-term Procurement Planning Proceeding (LTTP) and Integrated Resource Planning (IRP) processes.<sup>7</sup> The application of the P&G study to the non-IOU PAs will depend on revisions to the studies that provide P&G for these PAs, as they serve only small parts of IOU territories.

EE is dynamic and its policies and technical values are almost constantly being updated. We recognize that these ongoing changes, and the annual "Bus Stops" in which new values are adopted, can result in misalignment with the EE goals, which are only updated every other year. Additionally, after the current two-year update, inputs and assumptions continue to change resulting in the P&G and the portfolio implementation and assessment using different vintages of avoided costs and engineering assumptions. The misalignment can also lead to challenges for PAs when they are preparing budget filings and applications while critical input values are actively changing. Implementers will face similar challenges to the extent they are signing pay-for-performance contracts that are affected by unknown future updates to input values.

A process update is needed to address the issue of misalignment between EE Goals and the changes in EE potential that result from annual updates of values such as avoided costs and engineering (DEER) parameters, and ad-hoc changes to ISP baselines and EE policies.

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<sup>6</sup> EE savings goals would also be set for 4 years, utilizing "first-year-net" kWh/kW/Therm figures. For example, if each year's "first-year-net goal" is 100 MWh for 2022, 110 MWh for 2023, 120 MWh for 2024, and 130 MWh for 2025, the 4 year goal would be 460 MWh of first-year-net savings. Savings goals would be updated biennially as shown in section 6.0 below.

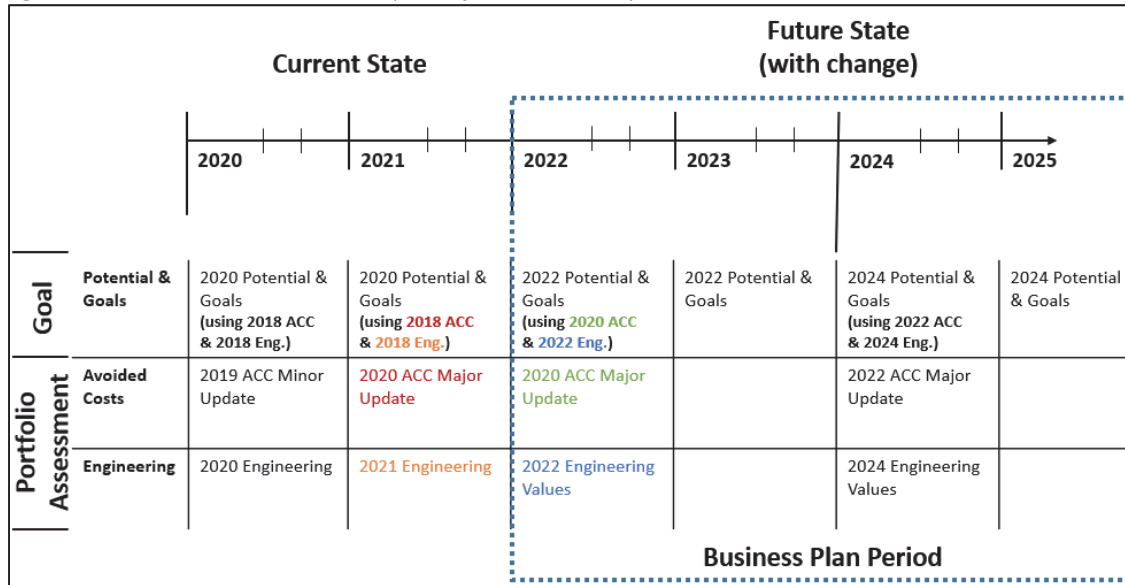
<sup>7</sup> On March 12, 2020, "Administrative Law Judge's Ruling Inviting Response to Potential and Goals policy Questions" was issued. This proposal does not account for any potential changes in the schedule of future EE Potential and Goals studies and incorporation into the IRP Rulemaking. Should future CPUC Decisions resulting from this investigation affect the proposed schedule, the proposed schedule will need to be updated accordingly.

We originally considered updating the avoided costs, engineering values, and P&G once every four years, but this proved to be too long due to significant market changes, meaningful advancements in technology adoption, and political and regulatory changes. Alternatively, a one-year update to the P&G was also considered, but deemed to be challenging due to (A) resource requirements to successfully complete the updates, and (B) the incompatibility between the time required to complete a robust stakeholder engagement process, and the short time available in an annual update cycle.

For these reasons, we recommend that the CPUC align the vintages of avoided cost and engineering assumptions used for portfolio implementation and assessment with the vintages used for the P&G study by updating the goals, avoided costs, and engineering assumptions biennially using the timeline shown below. These revised goals would update the total goal for the four-year application period. However, a revised application would only need to be filed if the change caused a trigger (as outlined in section 4.3). If the portfolio is able to absorb the change within the existing budget and timeline, the updates to the PA portfolio should be outlined in the next Annual Report. Because the Annual Report in this instance would be proposing updates to the portfolio, we propose that it be filed through a Tier 1 or Tier 2 Advice Letter, depending on the level of proposed changes. This would allow parties the opportunities to protest the recommended actions, if needed. Additional considerations for adjustments to changing conditions are discussed further below.

Figure 1 illustrates this biennial cycle for a hypothetical four-year application period from 2022 to 2025,<sup>8</sup> showing the same vintages of inputs used for both goal setting and portfolio assessment (recommended approach).

Figure 1: Recommended Biennial P&G Updates for a Four-Year Cycle



<sup>8</sup> Note: This is for illustrative purposes only to show the challenges associated with the misalignment of vintages for the P&G and portfolio implementation/assessment.

For comparison, Figure 2 shows the vintages of inputs used for goal setting and portfolio assessment over the same period using today’s system that leads to misaligned inputs.

Figure 2: Future State with No Changes

		Current State		Future State (no change)			
		2020	2021	2022	2023	2024	2025
Goal	Potential & Goals	2020 Potential & Goals (using 2018 ACC & 2018 Eng.)	2020 Potential & Goals (using 2018 ACC & 2018 Eng.)	2022 Potential & Goals (using 2020 ACC & 2022 Eng.)	2022 Potential & Goals (using 2020 ACC & 2022 Eng.)	2024 Potential & Goals (using 2022 ACC & 2024 Eng.)	2024 Potential & Goals (using 2022 ACC & 2024 Eng.)
	Avoided Costs	2019 ACC Minor Update	2020 ACC Major Update	2021 ACC Minor Update	2022 ACC Major Update	2023 ACC Minor Update	2024 ACC Major Update
Portfolio Assessment	Engineering	2020 Engineering Values	2021 Engineering Values	2022 Engineering Values	2023 Engineering Values	2024 Engineering Values	2025 Engineering Values

**Business Plan Period**

### 6.1 Biennial Updates

We recommend a biennial update to the savings goals to adjust for updated technical inputs, engineering (DEER) values, and major updates to avoided costs, then maintain these inputs for the two-year P&G period unless the CPUC determines that significant changes in conditions warrant updating values used in both portfolio assessment and goal setting. We recommend the following modifications to align input vintages of P&G with portfolio assessment, maintain stakeholder input opportunities, provide market stability for Third-Parties and PAs, and minimize CPUC staff burden. It also aligns with the 2<sup>nd</sup> year Annual Report process described in Section 4.1.

1. **Avoided Cost:** Incorporate the most recent Integrated Distributed Energy Resource (IDER) Proceeding (R.14-10-003) Major Avoided Cost updates into the P&G study similar to the 2016/2017 Avoided Cost update being aligned with the 2018 P&G study. Maintain the avoided costs for portfolio implementation and assessment for the two years aligned with the P&G study. Minor updates to Avoided Costs would be monitored, but would not be adopted unless CPUC determines changes are substantial enough to be material (see Section 6.2 for additional details on Adjustments to Changing Conditions).
2. **Technical Inputs:** Incorporate the latest engineering values into the P&G study. Previously, the study used engineering values that were three years older than the values used in portfolio assessment. Now DEER updates are n+2 allowing for P&G inputs to align with the start year of the study. Maintain the technical inputs for portfolio implementation and assessment for the two years aligned with the P&G Study.

3. Calibration: Utilize the most current program data from CEDARS. Current P&G Study calibration stops at 2016 data due to the switch from EE Stats to CEDARS and model limitations.
4. Baselines: Programs should be evaluated against CA and federal codes and standards in effect at the time.

## 6.2 Adjustments to Changing Conditions

1. Regulatory: Should the CPUC find that circumstances have materially changed to warrant updates to avoided costs, engineering assumptions, or P&G prior to the proposed cycle, they may issue a resolution or decision detailing the proposed change, the impact to goal and portfolio, and direction for how to handle the proposed change (i.e., update P&G or guidance to PAs and impacts to the marketplace). All changes should take into account the interdependencies of the potential and goals, avoided costs, and engineering assumptions.
2. 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.

## 7.0 Reporting Requirements

To provide the CPUC and its staff, as well as stakeholders and market actors visibility into PAs' portfolio and program initiatives, PAs will continue to submit quarterly data reports via the CEDARS platform. Quarterly reports consist of a data submission on a PA's progress on savings, expenditures, and other targets.

PAs' EE Annual Reports (see Section 4.3) serve as the main vehicle to assess ongoing portfolio and program performance against CPUC-approved goals, targets, metrics, and indicators. The Annual Report provides a retrospective C/E showing, along with annual and cumulative progress on savings, expenditures, and other approved metrics. The Annual Report will include a prospective narrative that describes upcoming portfolio, program, and solicitation initiatives the PAs intend to implement to meet and/or exceed goals.

Over the course of the portfolio cycle, the Annual Report data allows PAs, the CPUC and its staff, and other stakeholders to assess trends and adjust as necessary. The final Annual Report, submitted in Year 5, will include a comprehensive dataset reflective of the four-year portfolio cycle. Twice per year, PAs will present Annual Report related data to CAEECC (as described in Section 8.8.1) for discussion and input on any necessary directional changes.

## 8.0 Stakeholder Process

### 8.1 Purpose, Overview, Goals, and Current Issues

The purpose of this section is to describe the stakeholder engagement and reporting process associated with the Working Group's proposal. Using CAEECC to problem solve throughout program implementation – in addition to prior to filing Applications – would benefit the success of the programs and best serve customers. In addition, new technologies, particularly smart meter data, make it possible to rethink how EE programs are tracked, presented, and ultimately evaluated.

We recommend several elements of stakeholder engagement associated with the new EE portfolio approval and implementation process and ongoing oversight of the PA portfolio implementation, as summarized here and described in detail below. These include:

CAEECC/stakeholder engagement in key issues related to Application filings (Section 8.2 below):

1. CAEECC working groups or workshops on major cross-cutting issues related to upcoming application filings. This would occur at least nine months prior to filing, and would last no more than six months to allow sufficient time for the PAs to integrate recommendations (Section 8.2.1 below),
2. A pre-filing preview approximately 3 months before the filing at the full CAEECC on how the major cross-cutting issues identified in (1) were addressed (Section 8.2.2 below), and
3. A presentation to CAEECC/stakeholders on the filed applications 7-10 days after the filing to inform stakeholder responses or protests (Section 8.2.3 below).

CAEECC/stakeholder engagement related to portfolio implementation (Section 8.3 below):

1. Annual and semi-annual presentations on key Annual Report metrics at the full CAEECC on how the efficiency portfolios are performing (Sections 8.3.1 and 8.3.2 below), and
2. Opportunities for CAEECC and non-CAEECC stakeholder engagement on significant issues/challenges/opportunities as they arise throughout the implementation of the portfolios (Sections 8.3.3, 8.3.4, and 8.3.5 below).

The goals that this proposed stakeholder process aims to achieve include:

1. Create a process to integrate collaborative planning and problem-solving prior to filing Applications,
2. Ensure transparent review and tracking of energy efficiency portfolios through CAEECC to increase understanding of progress and to help maximize cost-effective savings,
3. Increase the usefulness of reported data by striving for less, but targeted data more frequently as opposed to more data less frequently, and
4. Establish effective and transparent collaborative opportunities to brainstorm solutions to challenges that arise during implementation.

The current issues that this proposed stakeholder process aims to solve include:

1. There is no opportunity to delve into the details of developing a compliant application with the opportunity to solve for challenges prior to filing.
  - a. How can we utilize CAEECC to increase collaboration, transparency, and problem-solving as PAs develop their applications?
2. There is little meaningful insight into programs until after final analysis.
  - a. How can we use ongoing data to understand progress and solve for challenges as they occur?
3. Reporting criteria are onerous to generate and review.
  - a. How much does this churn contribute to program cost without contributing to program improvement or C/E?



- b. Are all the data useful and/or used? If not, should CAEECC propose reporting requirement modifications to focus time and money on the most useful data?
- 4. Current information and timing of data is not helpful to improve programs.
  - a. How can we use information to conduct mid-cycle modifications to increase C/E and improve customer experience?
- 5. There is no opportunity to discuss challenges or expand successes.
  - a. How can we utilize CAEECC to best solve issues as they come up or expand successes when they occur?

## 8.2 CAEECC/Stakeholder Engagement Related to Application Filings

### 8.2.1 CAEECC Working Groups/Workshops on Key Issues Prior to Filing

Given the extensive nature of applications, the proposal here is to identify a few major cross cutting issues/challenges (as opposed to vetting the entire application) that are (a) of high importance and (b) have the most likelihood for collaborative resolution. Being more surgical in identifying and addressing key issues would also be more manageable for stakeholders.

To do so, the CAEECC should convene either as a full CAEECC or in targeted CAEECC-hosted Working Groups or Workshops<sup>9</sup> after the issuance of the CPUC Guidance Decision and beginning approximately 9 months prior to filing (and lasting no more than 6 months) in order to have sufficient time to outline and discuss the key items that are needed to be addressed.

For example, prior to bringing a draft to the CAEECC for review, conversations could focus on the following types of questions:

1. Given all the technical and policy aspects, what is the strategic vision of the PA moving forward?
2. How can we solve for upcoming major technical changes (e.g., lighting standards going into effect and cutting cost-effective savings from the portfolio)? What are viable options to make up savings in a cost-effective manner? What additional items are related that need to be resolved?
3. What are the new state or CPUC directions that will modify how programs are designed and/or implemented?
4. If there are technical issues, how could we bring in the California Technical Forum?

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<sup>9</sup> The CAEECC Goals and Responsibilities (available <https://www.caeecc.org/caeecc-info>) provides the following definitions for CAEECC-Hosted Working Groups/Subcommittees and Ad Hoc Workshops: (A) **CAEECC Working Group and Subcommittee Meetings** — These are dedicated meetings of CAEECC Members or their proxy/designees whose organizations are interested in specific topics of importance identified by the CAEECC (or the CPUC) for which CAEECC advice or recommendations are sought. Subcommittees, if any, will generally be focused on sector- specific issues. Working Groups will generally be focused on non sector-specific issues. The public will be given an opportunity to provide input periodically as time allows and at the discretion of the facilitator. (B) **Ad Hoc CAEECC Workshops** — These are generally one-off workshops on issues identified by the CPUC or CAEECC where broader public input is desired. There will generally be greater time allocated for public input at these workshops than typically allocated at other CAEECC meetings. Seeking formal CAEECC advice or recommendations is not an expected focus of these workshops.

This would allow for the following:

1. Energy Division and stakeholders would have an inside view of how the PAs formulate their applications and what challenges they face,
2. Key issues that are challenging the PAs would be discussed in the open with collaborative brainstorming to vet solutions and garner buy-in prior to filing, and
3. Issues beyond PA control that are preventing implementation of policies could be identified and potential solutions could be developed and submitted to the CPUC for consideration.

#### 8.2.2 CAEECC Preview of Application Filings

Review of the applications prior to filing would allow for transparency, offer input, and improve understanding. Assuming that the above collaborative process to address issues before filing is adopted, this presentation would focus solely on demonstrating what components of the collaboration were integrated and how. The intention is to close the loop on the conversations that took place months prior during the collaborative process addressing key items (Section 8.2.1). It would not be the time for open-ended recommendations from stakeholders as previous experience has shown that such an opportunity results in mis-alignment of expectations and often results in frustration. This would take place approximately 3 months prior to the Application filing.

#### 8.2.3 Review of Applications After Filing

Review of the applications soon after they are filed would also allow for transparency and improve understanding. There would be a public workshop approximately 7-10 days after the filing as an orientation to the applications. This would allow time for stakeholders to review the documents and be better equipped to ask informed clarifying questions, which would be helpful for refining party responses and protests.

#### 8.2.4 Stakeholder Input in Response to Filed Applications

In addition to the items proposed above for pre-application review, there are also existing formal CPUC requirements for stakeholder participation in application filings. For example, once the applications are filed, the assigned Commissioner and Administrative Law Judge will determine the formal course of action through a scoping memo after initial protests or responses of the applications are filed. The process could follow any of the following path: (1) workshops, rulings, and party comments; (2) an approach that typically relies on testimony and hearings; and/or (3) a process that may also include a more formalized negotiation and settlement process. Regardless of the pathway, parties to the proceeding will have ample opportunities to formally intervene in the proceeding.

### 8.3 CAEECC/Stakeholder Engagement Related to Portfolio Implementation

In addition to joint problem solving ahead of an application as described in 8.2, there should also be opportunities throughout the program implementation cycle - both on a regular basis based on annual and semi-annual review of Annual Reports and associated with any interim trigger-based filings - for ongoing collaborative problem-solving.

The following items are examples of what would be expected of PAs for their annual and semi-annual presentations to CAEECC, as well as the proposed process for providing input on trigger-based filings and in an ongoing manner. Note, the presentations would be a select few metrics, as detailed below,

that are currently part of the PA reporting requirements and those that are of the most interest to Energy Division and CAEECC members. This is consistent with the stated goal in Section 8.1 for sharing fewer data sets more frequently. The additional task needed for CAEECC would be for PAs to present the current data in digestible charts and tables, with a narrative assessment of progress and identification of challenges, if any, for discussion.

### 8.3.1 Yearly CAEECC Presentation on Key Annual Report Metrics

The proposal here is to utilize the Annual Report (Q2 – May) to kickstart the year of review. At the Q2 meeting, the PAs will present key trends to watch (potentially identifying issues that need attention, which would follow the outlined process below), overall metrics of progress, any program closures, and a selection of specific metrics from D.18-05-041, Attachment A,<sup>10</sup> to be determined by Energy Division and CAEECC. The intent is to focus on the most useful data to inform the review of progress and focal points for improvements.

1. General Metrics:
  - a. Total kWh/MW/therm savings
  - b. Percentage toward goals
  - c. \$/kWh and \$/therm
  - d. For RENS, reporting on CPUC-approved energy savings targets and non-energy related metrics
  - e. Budget detail (e.g., how much was allocated vs. spent)
  - f. Total Resource Cost (TRC) & Program Administrator Cost (PAC) tests
  - g. Consider adding other metrics (e.g. HTR, workforce standards)
2. Format of Presentations:
  - a. Charts
  - b. Tables
  - c. Comparison to yearly projections
  - d. Short description of significant challenges/issues/successes
  - e. Programs that are due for closure or extension

### 8.3.2 Semi-Annual CAEECC Presentation on Key Annual Report Metrics

The intent of the semi-annual presentations is to provide insight into the progress since the Q2 presentation on the Annual Report (Section 8.3.1). These presentations would focus on overall metrics by sector and portfolio (as outlined above), any challenged programs, and any progress made if short-term working groups or task forces were established to tackle particular challenges raised in the Annual Report, as described below.

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<sup>10</sup> CPUC. D.18-05-041. “Decision Addressing Energy Efficiency Business Plans.” May 31, 2018.  
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF>

### 8.3.3 CAEECC Engagement Related to Interim Filings

In addition to solving challenges as they arise, CAEECC provides an opportunity to work together to increase transparency and collaborate regarding interim filings to ensure challenges are addressed and input is sincerely integrated prior to such filings. The objective of this effort is to solve for any challenges ahead of time, reduce forthcoming litigation, and improve the portfolios.

If there is an event that results in a trigger-based filing (e.g., a new Application or Tier 2 Advice Letter), the PAs could use the semi-annual reports to highlight the trends they observe, get input from CAEECC on possible course corrections, and then bring proposals (e.g., for an updated application) for discussion to CAEECC at least 3 months prior to filing consistent with the process outlined in Section 8.2 above.

### 8.3.4 CAEECC Engagement on an On-going Basis

As CAEECC would be receiving semi-annual updates based on the existing reporting requirements this would provide an opportunity to identify significant challenges or potential new significant opportunities during the presentations and establish a process to brainstorm solutions in a timely fashion. For example:

1. The PAs would present on their Annual Report at the Q2 full CAEECC meeting. If there were portfolio implementation or policy challenges that were identified in the Annual Report, the CAEECC facilitator would take note during the presentation and would later discuss with CAEECC Members which, if any, items should be prioritized for problem-solving. If the issue aligned with the current criteria for choosing which discretionary issues CAEECC undertakes, including sufficient interest, then:
  - a. Small task forces or Working Groups could be established per category of challenge to brainstorm recommended solutions between quarterly meetings (timing to be decided in the meeting), noting that these recommended solutions would be advisory to the PA and implementer.
  - b. At the next meeting (i.e., Q3 or later depending on what CAEECC determined is a reasonable timeline), the task force or Working Group would present a proposal to solve for the challenge identified in Q2, and identify any modifications to targets, budgets, etc., if necessary.
  - c. The CAEECC members who were not on the task forces could also provide input during this meeting. The recommendations would be provided directly to the PAs or implementers, depending on the proposed solution(s), for their consideration.
2. This would allow for additional expertise to be included in developing the solution, including those that could be deemed financially interested. Without input from those impacted, the solution may not be the most productive or effective.
3. Identifying issues and proposed solutions in this manner also provides CAEECC (and the public) transparency into the process of correcting for any issues while creating a more collaborative approach to problem-solving.
4. If the problems are not resolved and PAs need to close programs to improve metric performance, the PAs could use the scheduled presentations to inform the CAEECC of their plans for such closures and the timing of when the Tier 2 Advice Letter will be submitted to the CPUC.

### 8.3.5 Non-CAEECC Member Stakeholder Input Opportunities

To enable non-CAEECC members ample opportunity to participate, we propose the following options:

1. Input on PA identified items: For those items that are raised by PAs, there should be sufficient time for Energy Division and CAEECC Members, as well as non-CAEECC stakeholders, to provide feedback or raise questions. The CAEECC's role in this effort is to increase transparency related to the progress of the PA portfolios and to identify significant issues that could benefit from collaborative problem-solving. It is not a venue for raising issues with particular PAs, programs, or the CPUC.
2. Additional items not raised by the PAs: Similar to the current process, stakeholders could raise topics to be discussed through the CAEECC topic form.<sup>11</sup> This form would be shared with CAEECC one month prior to the scheduled meeting to allow discussion by members and Energy Division as to whether the topic is within the scope of the CAEECC process and if it will be placed on the next agenda.
3. Specific input on programmatic goals and metrics: Each PA manages their own webinar to vet implementation plans, which is posted to the CAEECC calendar. This is the venue for stakeholders to provide input on proposed goals, metrics, and implementation strategies for specific programs.

## 9.0 Application Filing Timeline

The following timeline illustrates the various CPUC and staff, PA, and stakeholder activities and timeframes to implement the proposed four-year portfolio cycle commencing in 2026 (except as noted in Section 10.0).

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<sup>11</sup> CAEECC. "Coordinating Committee Discussion Topic Proposals," accessed March 31,2020  
<https://www.caeec.org/discussion-topic-proposals>



## 10.0 Transition Recommendations

The Working Group recommends that this new application process start in 2026 to accommodate the end of the existing Rolling Portfolio and Business Plan cycle. Additionally, this will provide PAs the opportunity to ramp up to majority 3<sup>rd</sup> party design and delivery of EE activities.

As shown in the application timeline in section 9.0, a guidance decision would occur at the end of 2023. PAs would develop their applications throughout 2024 and submit late 2024. The remainder of 2024 and 2025 would provide sufficient time for the application to be considered with CPUC approval expected near the end of 2025.

Should a new PA submit an application during the four-year cycle, that PA should file its application for the remainder of the four-year cycle. For example, if a new PA filed an application in 2027, during the 2026-2029 cycle, the initial application would cover the time period through the end of 2029, to allow this new PA to be “on-cycle” with other PAs. The same logic would apply for an existing PA who is required to refile an application mid-cycle due to a trigger.

Per CPUC direction, SCE and PG&E each currently plan to submit revised EE portfolio and budget (Business Plan) applications in September 2020, covering the years 2022-2025. In addition, other PAs may be required to file new EE portfolio and budget (Business Plan) applications before 2025 due to a trigger, or because a new REN is formed.

For all PAs required to file new EE portfolio and budget (Business Plan) applications during this transition period, the Working Group recommends that their filing cover the years through 2025 and follow the recommendations above, in terms of including substantially more details in their application (see Sections 4.0 and 5.0). Following approval of the revised EE portfolio and budget application, PAs would not be required to file ABALs, but would be under the trigger-based filings as described above (see Section 4.4), and would also submit Annual Reports if there were no modifications (see Section 4.3) or file Annual Reports as either a Tier 1 or Tier 2 Advice Letter if there were substantial modifications to the portfolio (see Section 6.0).

During the Transition period, the PAs who have not refiled EE portfolio and budget applications will continue to file ABALs under the current requirements.

## 11.0 Additional Future Considerations

As the Working Group discussed the development of a four-year cycle, a number of items came up that were either out of scope of this effort but important for resolution in the future or are part of a concurrent process underway at the CPUC. These items could have substantial impact on how the energy efficiency programs would help meet the state’s ambitious climate and equity goals as well as the ability of PAs and implementers to successfully reach all customers eligible for energy efficiency services.

Following is a partial list of important topics that the Working Group recommends that the CPUC either address in a future scope of R.13-11-005 or its successor, or integrate into the new framework proposed herein once resolved in current processes and proceeding.

Recommendations for the CPUC to integrate into a future Scoping Memo:

1. Review of the monthly, quarterly, and Annual Reporting requirements to determine if modifications are needed, and
2. Consider aligning the portfolio cycle and funding timing with other distributed energy resources (DER) proceedings to support integration.

Current topics being addressed that can significantly impact the design of the four-year proposal:

1. Reassessment of the Potential and Goals methodology<sup>12</sup>
2. Re-evaluation of the current approach to C/E<sup>13</sup>
3. Assessment of options to reform or eliminate the current energy efficiency savings and performance incentive mechanism<sup>14</sup>

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<sup>12</sup> CPUC. "Administrative Law Judge's Ruling Inviting Responses to Potential And Goals Policy Questions," March 12, 2020 <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M329/K232/329232450.PDF>

<sup>13</sup> Ibid. pp.4-6

<sup>14</sup> CPUC. "Assigned Commissioner and Administrative Law Judge's Ruling Seeking Comment on Reforming or Eliminating the Efficiency Savings and Performance Incentive Mechanism," March 18, 2020. <http://Docs.Cpuc.Ca.Gov/Publisheddocs/Efile/G000/M329/K484/329484363.PDF>



## Appendix A: EE Filing Process Working Group Members

The following Working Group Members (and their organizations) participated in the EE Filing Processes Working Group as lead or alternates:

<b>Member Organizations and Representatives</b>		
<b>Organization</b>	<b>First</b>	<b>Last</b>
3C Ren/County of Ventura	Alejandra	Téllez
BayREN	Jenny	Berg
CEDMC	Greg	Wikler
CEDMC	Serj	Berelson
Center for Sustainable Energy	Raghav	Murali
Center for Sustainable Energy	Stephen	Gunther
Code Cycle	Dan	Suyeyasu
Home Energy Analytics	Lisa	Schmidt
Marin Clean Energy	Alice	Havenar-Daughton
NRDC	Lara	Ettenson
NRDC	Mohit	Chhabra
PG&E	Ryan	Chan
PG&E	Lucy	Morris
Public Advocates Office	Dan	Buch <sup>15</sup>
Public Advocates Office	Mike	Campbell
Small Business Utility Advocates	Ted	Howard
Southern California Edison	Matthew	Evans
Southern California Edison	Jesse	Feinberg <sup>16</sup>
Southern California Edison	Cody	Taylor
Southern California Edison	Christopher	Malotte
Southern California Edison	Ryan	Bullard
SDG&E	Athena	Besa
SMW Local 104	David	Dias
SJVCEO	Courtney	Kalashian
SoCalGas	Erin	Brooks
SoCalRen	Lujuana	Medina
The Energy Coalition	Laurel	Rothschild
The Energy Coalition	Marc	Costa
<b>Ex Officio Organizations and Representatives</b>		
<b>Organization</b>	<b>First</b>	<b>Last</b>
Energy Division (CPUC)	Peter	Franzese
Energy Division (CPUC)	Alison	LaBonte
Energy Division (CPUC)	Nils	Strindberg
California Energy Commission	Brian	Samuelson
<b>Resources Organizations and Representatives</b>		
<b>Organization</b>	<b>First</b>	<b>Last</b>
Don Arambula Consulting	Don	Arambula
Don Arambula Consulting	Larry	Cope

<sup>15</sup> Dan Buch actively participated for approximately the first half of process then took another CPUC position

<sup>16</sup> Jesse Feinberg actively participated for approximately the first half of the process then took another SCE position

## Appendix B: CAEECC-Hosted Energy Efficiency Portfolio Filing Processes Working Group Prospectus

**Goals:** To develop updated and improved EE Portfolio filing processes that include a clear understanding of what information is needed to enable sufficient oversight.

### **Brief Background/History:**

The objective of the 2015 Rolling Portfolio Joint Parties’ proposal was to simplify the filing of program applications and the review process by spreading regulatory filings over time.<sup>17</sup> The Commission integrated the joint proposal and Energy Division’s whitepaper<sup>18</sup> on the matter in Decision 15-10-028<sup>19</sup> to require each Program Administrator to file an application with a detailed Business Plan.

“Each PA will file an initial business plan in 2016, as an application. Business plans will explain at a relatively high level of generality how PAs will effectuate the strategic plan....After the initial filing, PAs *must* file revised business plans only when a “trigger” event happens; PAs *may* also file revised business plans whenever they choose to do so. Business plan filings will generally be untethered to the calendar except that PAs will need to apply for an extension of funding – that is, a restarting of the ten-year clock -- no less than one year before funding is set to end.” D.15-10-028, p.46

The decision also established annual budget advice letters, which required a portfolio cost-effectiveness statement and application summary tables each September.

“The annual budget filings and their associated review should be relatively ministerial. The question for Commission Staff in reviewing a budget advice letter should be “does this conform to the approved business plan?” The annual budget filings are *not* designed to create a forum for debating the merits of particular programs; that is for the business plan proceeding.” D.15-10-028, p.62

In August of 2016, the Commission provided guidance on filing Business Plans in Decision 16-08-019<sup>20</sup> and approved all PA Business Plans in May of 2018 through Decision 18-05-041.<sup>21</sup>

### **Problem:**

- Current BP/ABAL process is ineffective in balancing meaningful oversight with timely, predictable portfolio authorization
  - Constant regulatory churn

<sup>17</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M146/K375/146375755.PDF>

<sup>18</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M151/K794/151794292.PDF>

<sup>19</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M155/K511/155511942.pdf>

<sup>20</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M166/K232/166232537.PDF>

<sup>21</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF>

- Failure to timely resolve factual and policy disputes
- Frequency of authorization filings may limit portfolio planning time horizon
- Key impediment is non-ministerial ABALs
  - BP application contains limited supporting information (e.g., testimony) on basis of forecasted budgets, savings, and cost-effectiveness
  - Lack of BP detail means ABAL review includes non-ministerial factual and policy questions that are difficult for ED staff to timely resolve
  - ABALs routinely take six months or more before being resolved, followed almost immediately by the submission of another round of ABALs

### **Scope:**

- In scope:
  - Changes to EE application and ABAL frequency, timing, scope, content, criteria, and approval processes
  - Additions to and/or elimination of requirements in BPs, ABALs, and implementation plans
  - Changes to the CAEECC’s role in BP and ABAL review
  - Closely-related policy changes (e.g. accounting or reporting changes) important to improving the process
  - Closely-related bus stops important to improving the process (i.e., aligning bus stops to new process)
- Out of scope:
  - Policy changes not directly connected to process improvements or oversight requirements.[Note: At outset of the Working Group process we will (quickly) list the various related policies and discuss whether any should be in scope],
  - Reporting requirements,
  - Bus stops [Note: Similar to policy issues, we will (quickly) list current stops and discuss whether any should be in scope],
  - Procurement process,
  - Other stakeholder processes (such as Procurement Review Groups), and
  - Current policy that allows budget authorizations to “roll forward” by specifying that the most recent funding authorization will stay in place until the Commission approves a subsequent budget application

### **Key Questions to Address:**

- 1) What parts of the current processes and procedures should remain the same (if anything)?
- 2) What part of the current processes and procedures should change and how? Specifically:
  - a. What should be the frequency and duration of EE budget application filings?
  - b. What should be the frequency and duration of informal budget filings (advice letters, petitions for modification, etc.)?
  - c. What should be included in any budget application or informal budget filing, including any supporting testimony?
  - d. What should be the review and/or approval requirements?
  - e. Etc?

- 3) When should any recommended changes be implemented (e.g., as soon as possible (2021) or once the transition/3<sup>rd</sup> party roll-out is further along (2022 or 2023)?
- 4) What CPUC related guidance or policies (e.g., accounting or reporting changes) might need to be addressed prior to or in conjunction with implementing any new framework (e.g., in a CPUC rulemaking)? And do any of these need to be addressed before a new framework should or can be finalized?
- 5) To the extent applicable, are there any improvements that should and could be made informally during the transition to new processes (e.g., in any refiling of business plans under the current regime)?
- 6) What should be the role of the CAEECC, if any?
- 7) Etc.?

**Deliverables:**

- 1) A Report from the Working Group delineating recommendations related to the scope and questions above?
  - a. Any such recommendations would be made by consensus of the Working Group where possible. Where consensus is not reached, the Report would delineate two or more alternatives including their rationales and which WG Members support each alternative.
- 2) Put in a motion on the record for CPUC consideration

**Timeframe/Meetings:**

October-December/January [2-3 Working Group Meetings (one day during Week of October 21 (not 24<sup>th</sup>); November 20 day before next Full CAEECC mtg; and likely 3<sup>rd</sup> meeting in January/February) plus sub-WGs between meetings as needed]

**Working Group Members:**

Open to representatives from any CAEECC Member (plus other parties from efficiency proceedings) interested in fully participating in the Working Group; open to public to observe. Add criteria on knowledge and experience with BP/ABAL processes

**CAEECC Team:**

Jonathan Raab and Meredith Cowart (Facilitation Team); Co-Chairs and Dan Buch, Public Advocates Office as start-up advisors