

CAEECC-Hosted Market Support and Equity Metrics Working Groups Draft Prospectus 6-24-2021

Note: As outlined in further detail below, this Prospectus concerns the formation of two related Working Groups (WG): Market Support Metrics WG and Equity Metrics WG.

Working Groups Charge:

The charge of the Working Groups (WGs) is to identify and define the most important Objectives for each portfolio segment (Market Support and Equity), and then to define the associated key Metric(s) under each Objective. The Objectives and associated key Metric(s) for each objective would be used to support and provide rationale for portfolio segmentation and program design, as well as used for program benefit/value forecasting, tracking, and evaluation. Although the WGs will not be tasked with setting the specific numeric Targets for the Metric(s) used in each PA's filing, the WGs will discuss the basis (i.e., principles and guidelines) PAs should use in setting such targets in their filings. An illustrative example of an Objective and associated key Metric(s) can be found in Appendix A.

CAEECC is proposing two distinct Working Groups (one on Market Support and another on Equity). While there are significant similarities in the WG scope, background, approach, timeline, and deliverables, it is anticipated that there will be a different constellation of the membership, justifying two Working Groups.

The final recommendations of each Working Group will go directly to the Program Administrators and Energy Division without needing to go back to the Full CAEECC for formal review and approval (which is allowable under the CAEECC delegation groundrules if approved by the Full CAEECC).

Background/History:

On May 20, 2021, the California Public Utilities Commission (CPUC) unanimously approved Proposed Decision 21-05-031 on the "Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process" (in Rulemaking 13-11-005). The Decision directs PAs to "further segment their portfolios based on the primary program purpose, into the following three segments": *Resource Acquisition, Market Support, and Equity*. The decision then directs CAEECC to form a Working Group "to develop and vet new reporting metrics for the market support and equity program categories that will be considered alongside the portfolio filings due from all program administrators in February 2022".¹

The Decision defines **Market Support** as "*programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness*".²

¹ Page 84. The Decision also rules, with respect to PA requirements, that "All energy efficiency program administrators should be required to develop metrics and criteria for evaluating progress of all programs, with particular focus on market support and equity programs that may not have measurable energy savings" (page 65)

² D.21-05-031 "EE Potential & Goals and Portfolio Approval & Oversight". May 20, 2021. <https://www.caeccc.org/cpuc-documents>. Page 14

The Decision defines **Equity** as “*programs with a primary purpose of providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission’s Environmental and Social Justice (ESJ) Action Plan. Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide corollary benefits such as increased comfort and safety, improved air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan*”.³ Note that the Equity category is distinct from Energy Savings Assistance (ESA) programs so as to avoid overlap for program offerings that low-income populations could receive at no cost through existing channels.⁴

Programs within the Market Support or Equity segments would be primarily designed to achieve different objectives than saving energy, although it is expected that these segments will likely achieve measurable energy savings (per the Decision). However, if a program is designed primarily to achieve measurable energy savings, then the Commission directs PAs to categorize it as Resource Acquisition.

The Decision creates a combined budget cap of 30% for Market Support and Equity segments⁵ per Program Administrator (excluding the RENS). PAs must use the new portfolio segmentation categorization scheme for the interim budget filings (for program years 2022 and 2023) due September 1, 2021, and for the Strategic Business Plan and Four-Year Portfolio (for program years 2024 and beyond) due February 15, 2022. In addition to developing Metrics for the Market Support and Equity segments, the CPUC “encourage[s] the program administrators, to the extent there are gray areas or uncertainty about the appropriate segmentation, to consult with the CAEECC for input, as needed”.⁶

Problem Statement:

The Commission acknowledges the growing “conflict between cost-effectiveness and other equally or more important policy objectives such as equity and support for the energy efficiency market”⁷ Objectives and associated key Metrics for the new segments (Market Support and Equity) are imperative for justifying portfolio segmentation and design, budgets for Market Support and Equity segments, and for program tracking and evaluation.

Scope/Approach, and Meeting Dates:

As illustrated in the table below, the WG will run from June-September (including member recruitment). There will be four WG meetings (plus one workshop for the Equity WG). All WG

³ Ibid. Page 14

⁴ Ibid. Page 15, “We also clarify that the “equity” category is distinct from our separate low-income energy efficiency Energy Savings Assistance (ESA) programs, which have separate goals and regulatory treatment. While there is some overlap in customers within the target segments, the “equity” category is intended to be defined within the energy efficiency programs covered in this rulemaking that are not specifically targeting low-income populations with program offerings that low-income populations could receive at no cost from the ESA program.” Low-income customers are those that meet [CARE income guidelines](#). This effort is focused on customers who are not eligible for the ESA program.

⁵ The Regional Energy Networks are exempt from the 30% portfolio cap. D.21-05-031 “EE Potential & Goals and Portfolio Approval & Oversight”. May 20, 2021. <https://www.caeecc.org/cpuc-documents>. Page 2.

⁶ Ibid. Page 16

⁷ Ibid. Page 13

meetings will be convened in a virtual format and be approximately a half-day long (from 9 AM to approximately 1 PM).

Table 1: Meeting Dates and Tasks

Meeting/ Workshop	Market Support WG	Equity WG	Tasks
First WG Mtg.	13-Jul	15-Jul	<ul style="list-style-type: none"> - Discuss WG final deliverables, including “must-haves”, and any assumptions to make WG successful -Review Commission segment definitions as starting point for Objectives -Review other pre-existing related segment Objectives and associated Metric(s) (e.g., CEC equity metrics, metrics developed post D.18-05-041 PAs currently report on in annual reports, etc.) (These would be circulated to WG members ahead of mtg) -Identify gaps in Objectives and Metric(s) -Brainstorm alternatives -Discuss initial priorities
Second WG Mtg.	12-Aug	18-Aug	<ul style="list-style-type: none"> -Flesh out Objectives and associated key Metric(s) -Identify options in cases where consensus is not reached
Equity Workshop	NA	31-Aug	<ul style="list-style-type: none"> -Get feedback on Objectives & associated key Metric(s) (test for completeness & preferences for options in cases where consensus is not reached) -Consider using polling techniques to reveal and document participant preferences
Third WG Mtg.	9-Sep	14-Sep	<ul style="list-style-type: none"> -Refine Objectives & associated key Metric(s) (reflecting on input from workshop for Equity segment) -Seek consensus on Objectives and Metrics -Discuss the basis (i.e., principles and guidance) PAs should use in setting Targets for Metrics in their filings
Final WG Mtg.	21-Sep (if needed)	29-Sep (if needed)	<ul style="list-style-type: none"> -Finalize recommendations document -Strive for consensus & record supporters of options where consensus is not reached

Key Questions/Topics to Address:

- **Objective and Metric(s) - setting questions**
 - What are the specific Objectives for each segment?
 - What are the specific associated key Metric(s) for each Objective?
 - For each Objective and key Metric(s) describe whether it will be expressed quantitatively, qualitatively, or a mixture of both—and when each will be established and by whom.
 - For each Objective and associated key Metric(s) describe whether its primary application is to justify portfolio segmentation and program design; forecasting of benefits/values from the budgeted program; tracking and evaluation; or some combination?
 - What must all PAs include in their filings with respect to Objectives, associated key Metrics, and Targets for Metrics, and under what conditions can PAs propose additional Objectives, Metrics, and Targets?
 - What should be the basis (i.e., principles and guidance) for the PAs to set their own Targets for associated key Metric(s) in their filing?
- **Procedural questions:**
 - How will any non-consensus Objectives and/or associated key Metric(s) be addressed in the PA filings?

Deliverables:

1. A Report from each Working Group delineating recommendations for Objectives for their respective segment as well as the associated key Metric(s) for each Objective. Each Working Group will also describe the basis (i.e., principles and guidance) for the PAs to use for setting Targets for associated key Metric(s) in their filings. Finally, each Working Group will address the other questions delineated above as well as any other related issues they agree are necessary to resolve.
 - 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 supporting rationales and list which WG Members support each alternative.

Working Group Members:

The Working Groups (WGs) will be open to representatives from any CAEECC Member organizations, plus other qualified organizations interested in fully participating. The WGs will also be open to the public to observe (and provide limited input, time allowing).

Notice of the formation of the WGs will be emailed to the CAEECC list serve and the general and low-income energy efficiency CPUC service lists. In addition, notification will be relayed to the Disadvantaged Community Advisory Group⁸ and the Low-Income Oversight Board⁹. In

⁸ <https://www.energy.ca.gov/about/campaigns/equity-and-diversity/disadvantaged-communities-advisory-group>

⁹ <https://liob.cpuc.ca.gov/>

addition, specific groups may be directly recruited by CAEECC for their expertise and experience in the subject matter of each WG.

The WG application processes will be held from June 28th-July 6th. CAEECC Co-Chairs and Facilitators will review applications and choose member organizations in consultation with ED, making a final determination and notification of membership by July 7th.

Member organizations will need to commit to attending all meetings (either by their lead representative or a designated alternate), and to agree to abide by the CAEECC WG groundrules (Appendix B). They will also need to commit to pre-and post-meeting work to ensure productive meetings and that a complete deliverable is finalized in this compressed WG timeline.

ED will be an Ex Officio member of both WGs.

Facilitation Team:

Market Segment WG: Dr. Jonathan Raab and Katie Abrams (Facilitation Team).

Equity Segment WG: Dr. Scott McCreary and Katie Abrams (Facilitation Team).

Appendix A: Illustrative Nomenclature and Examples of Objectives and Metrics

The following definitions and examples are provided to distinguish the proposed nomenclature that the WG will use with regards to the new Equity and Market Support portfolio segments from the established nomenclature for Resource Acquisition programs.

Illustrative Nomenclature

Objective: The primary purpose(s) of a segment (and programs within the segment).

Key Metric(s): The most important yardstick(s) by which an Objective can be tracked and measured.

Target: A quantitative and/or qualitative goal for each Metric.

Note: Objectives and key Metric(s) would be used for justifying portfolio segmentation and program design. Key Metric(s) and associated Targets would be used for program benefit forecasting, tracking, and evaluation.

Example of Objectives and Metrics

The Equity Metrics WG could use the objectives and metrics that the California Energy Commission (CEC) published in its “Energy Equity Indicators – Interactive Story Map” as a starting point.¹⁰ The table below provides example Objectives (Access, Investment, and Resilience) and Metrics (referred to as “Indicators” in the left-hand column).

Table 2: Sub-Set of CEC Energy Equity Indicators¹¹

Indicator	Access	Investment	Resilience
High energy bills			X
Energy efficiency: savings, amount invested, number served	X	X	X
Health and safety issues abated	X	X	X
Energy resilient communities	X	X	X
Clean energy jobs	X	X	X
Small business contracts	X	X	X
Amount invested: Innovation	X	X	X

For background, the CEC provides the following definitions for the three primary Objectives used in the report:

¹⁰ Energy Equity Indicators – Interactive Story Map

<https://caenergy.maps.arcgis.com/apps/MapJournal/resources/tpl/viewer/print/print.html?appid=d081a369a0044d77ba8e80d2ff671c93>

¹¹ Ibid. “Table 2: Clean Energy Equity Indicators Relationships to Energy Equity Objectives.” Page 7.

Access. Advance access to clean energy, including actions to increase availability of product selection options, access high-quality jobs, expand small business contracting opportunities, and improve access to non-debt financing offerings.

Investment. Increase clean energy investment in low-income and disadvantaged communities, including technology development and demonstration funding, infrastructure investments, emergency preparedness, technical assistance, and local capacity building. Capacity building includes workforce development, small business development, outreach, and education for clean energy.

Resilience. Improve local energy-related resilience, defined as energy services to support the ability of local communities to recover from grid outages and enjoy affordable energy in a changing climate. Local energy resilience includes energy reliability, energy affordability, health, and safety.¹²

¹² Ibid. Pages 5-6.

Appendix B: CAEECC Working Group Groundrules

Note: These are the ground rules for all CAEECC Working Groups with a few additions/edits to accommodate the goals/needs of this particular WG process.

CAEECC Working Group Meetings—These are dedicated meetings of CAEECC Working Group 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. The public will be given an opportunity to provide input periodically as time allows and at the discretion of the facilitator.

At Meetings:

1. Commit to attending all four WG meetings (either the organization's lead representative or a designated alternate)
2. Come prepared to discuss agenda items (by reviewing all documents disseminated prior to the meeting, conferring with your organization and other colleagues, etc.)
3. Be forthright and communicative about the interests and preferences of your organization and actively seek agreement if CAEECC recommendations/advice are being sought
4. Be clear so that everyone understands your interests and proposals
5. Be concise so that everyone who wants to provide input has an opportunity to do so
6. Minimize electronic distractions during meetings

Between Meetings:

1. Keep your organizations informed of developments in the CAEECC process
2. Confer with other Members during meeting breaks and in between meetings, as needed
3. Notify the Facilitator Team prior to the meeting (by telephone or e-mail) if you or your alternate cannot attend a meeting
4. Be responsible for actively tracking Facilitator Team and Co-Chair communications as well as relevant proceedings and policies
5. Provide input, feedback, and written material when requested by the Facilitation Team or Co-Chairs in a timely manner
6. Any presenter (Member or their proxy or designee) should have their presentation ready for posting at least five (5) business days prior to the meeting; and presenters should work with the Facilitator Team prior to the posting deadline to help ensure that materials are clear, concise, and on topic
7. Discuss pertinent matters with the Facilitator Team and Co-Chairs when and if the need arises

Substantive Issues (Discussing Issues, Developing Options, and Exploring Agreement)

1. The goal of the process is to fully explore substantive issues by defining options, eliciting constructive feedback, clarifying and narrowing points of divergence, seeking consensus where feasible, and documenting points of convergence and any remaining divergence.

2. During the substantive discussions, if a Member cannot agree to support a substantive option under consideration that member should explain why and propose a specific alternative that he or she can support.
3. Documentation of consensus and multiple options on any particular issue in the Working Group's Final Report would include a clear description of each option and supporting rationale, and include the Members supporting each option. The Working Group Members will review and approve the wording in the Final Report, and those supporting each option on a non-consensus issue will be responsible for drafting the final description and rationale for the option.
4. The Working Group in consultation with the CPUC will determine the most appropriate way to file the Final Report at the CPUC.

Process Issues

1. For **process related issues** (including setting meeting dates, finalizing agenda designs, etc.) the Facilitator Team in consultation with the Co-Chairs and Energy Division, will have the responsibility to make these decisions.
2. All the other pre-existing CAEECC Facilitator roles and responsibilities will apply.

Non-CAEECC Member Organizations Disclosure

1. Non-CAEECC Member organizations participating in a Working Group are also required to disclose to the Working Group and the Facilitation Team the entities with whom they are currently doing energy-related business with or for, both currently and within the past year. If new such relationships develop during the course of the Working Group, they will update their disclosure. [Note: This new groundrule is being piloted at the CAEECC request (proposed at the 6/24 full CAEECC meeting) for the Equity and Market Support Metrics Working Groups—and will be subsequently reviewed by the CAEECC for permanent inclusion in CAEECC groundrules.]

Virtual Etiquette

1. Log on a few minutes early, if possible, to ensure your technical connection is working
2. Share your video – this fosters engagement and helps mimic an in-person meeting setting
3. Raise your hand (WebEx feature) to enter the queue to speak—then wait for the Facilitator to call on you
4. Mute yourself when you're not speaking
5. Note that lead WG member representatives (or alternates if leads are not present) will be “panelists” (able to speak and share their video), while members of the public will be “attendees” (able to see and hear everyone, but unable to unmute or share video).