CAEECC Equity and Market Support Working Group Report - DRAFT

Prepared by Common Spark Consulting, CAEECC Facilitation Team

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# Table of Contents

[**Executive Summary 2**](#_sogrk6nxqi6x)

[**Introduction 2**](#_96b7kzbw6lfq)

[**Background 3**](#_93g6r0h6oudb)

[Previous Metrics Working Groups and Convenings 3](#_29o3gmc3js5h)

[Relationship between Metrics, Indicators, and Targets 4](#_p5829wx7fo52)

[Indicators Adopted in D.23-06-055 5](#_968x8h2yrg19)

[**Working Group Overview 5**](#_dqglxgpkquoe)

[Purpose 5](#_51atbcsu1oal)

[Recruitment Process 7](#_vj0ix3d7npur)

[Working Group Composition 7](#_me22g2vorsqy)

[Meetings Summary 8](#_3vsp0un3tgrq)

[Priority Indicators and Issues for Discussion 9](#_7q35bry9i0e3)

[**Recommendations 10**](#_43j1v4bopvdx)

[Definitions of Consensus, Near Consensus, and Non-consensus 10](#_hhnlefihum0q)

[Purposes of Indicators 1](#_uioal1qabiis)1

[Equity Indicators 11](#_2p9aracau592)

[Market Support Indicators 18](#_1jv2kqsfq3ss)

[Reporting Process 28](#_s4fcr8r68j9f)

[**Remaining Issues 29**](#_yegga4gidai6)

[**Conclusion 29**](#_pyznypfolvja)

[**Appendix 1: Adopted Equity and Market Support Indicators 30**](#_v3vygcamr6fv)

[**Appendix 2: Equity-related Definitions 33**](#_q9of2by5me79)

[**Appendix 3: Equity and Market Support Segment Objectives and Sub-Objectives (adopted in D.23-06-055) 37**](#_9zxan5ppe195)

[**Appendix 4: Reporting Cadence for Equity and Market Support Indicators 38**](#_sc2em32gsvz)

# Glossary

TBD

# Executive Summary

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# Introduction

In June 2023, Commission Decision 23-06-055 requested that the California Energy Efficiency Coordinating Committee (CAEECC) re-engage the previous Equity Metrics Working Group (EMWG) and Market Support Metrics Working Group (MSMWG) to discuss and develop recommendations to clarify adopted Equity and Market Support Indicators. The Commission noted:

"Many of the adopted indicators would benefit from clarification and further discussion about the valuation methodology. Guidance may be needed for PAs to ensure that baselines for target-setting are clear and consistently applied, to the greatest extent possible. **For these reasons, we will ask the CAEECC to re-engage and update, as necessary, the EMWG [Equity Metrics Working Group] and MSMWG [Market Support Metrics Working Group] to discuss and develop recommendations**"[[1]](#footnote-1) (emphasis added).

In November 2023, CAEECC convened the Equity and Market Support Working Group (EMSWG) to support the Portfolio Administrators (PAs) in clarifying the adopted Equity and Market Support Indicators. Over the course of working group meetings, the Facilitation Team observed that the types of questions and issues working group members raised regarding Indicators covered a variety of issues, including why a particular Indicator should be tracked, what is meant to be captured by the Indicator, and how to collect and report data for the Indicator. The "why, what, and how" of each Indicator must be clear and agreed upon by interested stakeholders before being reported to the Commission. Otherwise, the Commission may receive information that is inconsistent across PAs and confusing to readers. Relatedly, early in the working group process, Grounded Research, with support from PG&E and BayREN, offered high-level reflections about the Indicators that the Facilitation Team considers important to uplift:

* Terms and definitions matter when counting things.
* Indicators will be imperfect and the level of effort needed for collecting more accurate data is important to understand.
* Not all Indicators will represent the entire state and if there is a desire to represent the state, some additional analysis would be required since PAs report by PA.
* There is variability in the data available by PA, program, and segment.
* There is an opportunity to misunderstand the data that is reported/available.Some of the information may be partial or incomplete information that could not fully represent what is occurring. As the WG [working group] talks through issues, we [Grounded Research] hope that the challenges become clear and that those challenges can be provided when sharing data with stakeholders.
* Stakeholders may use Indicator results differently.Some stakeholders will look at the results to help understand how well certain groups are being served. Others will look at the results to ensure accountability of funds. This viewpoint can affect choices [for example, using gross versus net savings values to quantify benefits].[[2]](#footnote-2)

These high-level reflections helped to shape the conversations amongst and recommendations from the working group.

This Report synthesizes the relevant background and summarizes discussions and outcomes of the Equity and Market Support Working Group (EMSWG). It is intended to inform the PAs' development of the joint advice letter clarifying adopted Indicators due May 1, 2024.

# Background

## Previous Metrics Working Groups and Convenings

In Summer 2021, CAEECC convened the Equity Metrics Working Group (EMWG) and Market Support Metrics Working Group (MSMWG) to identify and define objectives and associated key metrics for the respective portfolio segments (i.e., Equity and Market Support). Both groups met four times between July and September 2021 and recommended a robust set of principles, objectives, and metrics to apply to the Equity and Market Support Segments.[[3]](#footnote-3)

In late August and September 2022, CAEECC Facilitators, at Energy Division's request, convened two "huddles"[[4]](#footnote-4) and one workshop to continue to discuss and add specificity to Equity and Market Support Metrics, Indicators, and Targets. Key takeaways from the September 15, 2022 Metrics Workshop included:

* "Participants indicated that clarification is needed on many definitions and key terms used throughout the metrics space
* Participants indicated their desire to have a continued stakeholder engagement process to address clarification on definitions, key terms, and to achieve greater specificity on the methodology of data collection and roles and responsibilities, either through a continuation of the [MSMWG] and the [EMWG] or through a similar process."[[5]](#footnote-5)

## Relationship between Metrics, Indicators, and Targets

The Final EMWG Report and Final MSMWG Report indicate the relationships between objectives, sub-objectives, metrics, indicators, and targets (Figures 1 and 2). Note that the main difference between a Metric and an Indicator is that an Indicator does not have an associated Target.



Figure 1. Equity Segment Relationships Among Objective, Indicators, Metrics, and Targets



Figure 2. Market Support Segment Relationships Among Objective, Sub-Objectives, Metrics, and Targets

## Indicators Adopted in D.23-06-055

In June 2023, the Commission adopted 13 Equity Indicators and 25 Market Support Indicators (Appendix 1). Most of the adapted Indicators were metrics or indicators recommended by the 2021 EMWG or MSMWG. Additionally, the Commission adopted 17 Awareness, Knowledge, Attitude and Behavior Indicators, which are market support indicators structured around annual surveys. The Commission stated that the adopted Indicators "will provide a strong starting point from which to assess progress and impacts of the equity and market support segments of the portfolio."[[6]](#footnote-6)

# Working Group Overview

## Purpose

In Ordering Paragraph 11 of D.23-05-066, the Commission directed PAs to file a joint Tier 2 advice letter that:

1. Clarifies all of the indicators adopted in the decision
2. Identifies information that could be used as baselines for future targets, or methodologies for how the indicator information can be used as baselines
3. Recommends metrics for removal, suspension, or modification from those included in D.18-05-041 (referred to as Common Metrics).[[7]](#footnote-7)

As previously noted, the Commission stated that "Many of the adopted indicators would benefit from clarification and further discussion about valuation methodology" and asked CAEECC "to re-engage and update, as necessary, the EMWG and MSMWG to discuss and develop recommendations."[[8]](#footnote-8) Additionally, the Commission noted that "these recommendations on common metrics may be informed by the CAEECC metrics working groups, to the extent they have desire and capacity to be involved."[[9]](#footnote-9) Lastly, the Commission stated "...in an effort to make the CAEECC's tasks more manageable, we have removed any requirement for consultation with CAEECC on the AKAB surveys, identification of existing common metrics that should be removed from tracking, and development of methods for ensuring demographic participation. The PAs are free to consult with CAEECC on these items if desirable and time permits, but it is no longer required."[[10]](#footnote-10)

Given the language in D.23-06-055 and input from Energy Division, the Facilitation Team drafted a prospectus for CAEECC to consider at the Q3 2023 meeting. The Prospectus identified Required Activities that reflected the Ordering Paragraph 11 language (i.e., to clarify indicators adopted in D.23-06-055 and identify information or methods that can be used as baselines) and Optional Activities that included Common Metrics Update, AKAB Indicators, and Equity and Market Support Goals. CAEECC approved the Prospectus at the Q3 meeting and also approved the EMSWG to provide the final report and recommendations directly to the PAs, rather than to CAEECC.

In approving the Prospectus, CAEECC delegated to the EMSWG to self-determine whether to address Common Metrics, AKAB indicators, and Equity and Market Support Goals. The EMSWG elected not to address Common Metrics and considered addressing AKAB Indicators as an optional activity; Equity and Market Support Goals may be addressed in a later phase of the working group, after Required Activities are completed.[[11]](#footnote-11) The Facilitation Team updated the EMSWG Prospectus to reflect the Group's Work Plan decisions.

## Recruitment Process

Recruitment for the EMSWG began with current CAEECC members and past EMWG and MSMWG Members. Members in the Evolving CAEECC Working Group were also invited to participate. CAEECC Member organizations, past EMWG and MSMWG Members, and participants in the 2022 "huddles" were not required to fill out an application to participate because their qualifications carried over from previous efforts. Stakeholders new to the topic were asked to fill out a simple application that asked about the applicant's experience and/or expertise with energy efficiency evaluation, measurement, and verification approaches; experience related to energy efficiency policy, program design, and/or implementation; and experience working collaboratively in other stakeholder processes. Each of the three applicants was accepted into the EMSWG.

Because the EMSWG was framed as a re-engaging of previous working groups, the recruitment process was short (approximately one week). This may have presented a barrier to broader participation by organizations that have not historically engaged in CAEECC working groups. This short application period may have also presented a barrier to participation from those familiar with CAEECC and its working group, but with limited bandwidth to respond to the outreach.

## Working Group Composition

The EMSWG is composed of 12 CAEECC Member organizations, two Ex-Officio CPUC organizations, and six non-CAEECC Member organizations (Table 1). PAs engaged various consultants to support and/or represent them in working group discussions: 3C-REN and Inland REN (I-REN) engaged Frontier Energy; BayREN engaged Grounded Research; SoCalREN engaged Lincus; and SoCalGas engaged Halley Fitzpatrick.

Table 1: EMSWG Member Organizations

|  |  |
| --- | --- |
| **CAEECC Affiliation** | **Organization** |
| CAEECC Member | 3C-REN |
| CAEECC Member | BayREN |
| CAEECC Member | Marin Clean Energy |
| CAEECC Member | PG&E |
| CAEECC Member | Redwood Coast Energy Authority / RuralREN |
| CAEECC Member | SCE |
| CAEECC Member | SDG&E |
| CAEECC Member | San Joaquin Valley Clean Energy Organization |
| CAEECC Member | Small Business Utility Advocates |
| CAEECC Member | SoCalGas |
| CAEECC Member | SoCalREN |
| CAEECC Member | The Energy Coalition |
| Ex-Officio CAEECC Member | CPUC, Energy Division |
| Ex-Officio CAEECC Member | CPUC, Public Advocates Office |
| Non-CAEECC Member | Association of Monterey Bay Area Governments (AMBAG) |
| Non-CAEECC Member | The Mendota Group |
| Non-CAEECC Member | Oracle |
| Non-CAEECC Member | Resource Innovations |
| Non-CAEECC Member | Silent Running LLC |
| Non-CAEECC Member | William Worthen Foundation |

Additionally, the Facilitation Team managed a list of "interested stakeholders" who followed along with the EMSWG and contributed to discussions, but did not commit to full participation as a working group member (i.e., attending all meetings, completing pre- and post-meeting work, etc.). The list of interested stakeholders included additional individuals at Member organizations (who were not identified as a lead or alternate), past EMWG and MSMWG members, consultants working for Working Group members (but not representing them in Working Group meetings), and other interested groups. Insights from these interested stakeholders added value to working group discussions.

## Meetings Summary

The EMSWG sought to finish its discussions with enough time for the PAs to develop and file their joint advice letter by the required May 1, 2024 deadline. Thus, the EMSWG sought to complete its work by March 15, 2024. The EMSWG met nine (9) times over four months (Table 2). Each meeting was three hours, the preferred maximum time among working group members.

Despite the abundant number of meetings, total hours in discussion, and homework assignments, the EMSWG and Facilitation Team still faced time and bandwidth constraints given the breadth of possible discussion topics involved in clarifying the "why, what, and how" for Indicators. As the Commission noted "[t]he number of metrics and indicators recommended is large and will require collection of a great deal of information."[[12]](#footnote-12)

Table 2. EMSWG Meeting Summary

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity/ Meeting #** | **Date** | **Topic(s)** | **Homework (after meeting)** |
| Huddle #1 | 11/1/23 | Introduction to the EMSWG | None |
| Meeting #1 | 11/7/23 | Introduction to the EMSWG | Identification of Priority Indicators for Discussion (10 Responses) |
| Meeting #2 | 12/5/23 | Equity Indicator Definitions and Work Plan | None |
| Meeting #3 | 12/6/23 | Equity Indicators #2, 5-9, and 11-12 | Equity Indicators Survey(12 Responses); Market Support Indicator Definitions (6 Responses) |
| Meeting #4 | 1/17/24 | Relationship-related Market Support Indicators | None |
| Meeting #5 | 1/24/24 | Funding-related Market Support Indicators | None |
| Meeting #6 | 1/31/24 | Equity and Market Support Indicators | Market Support Indicators Survey (12 Responses) |
| Meeting #7 | 2/21/24 | EMSWG Draft Report - Equity Topics | TBD |
| Meeting #8 | 2/28/24 | EMSWG Draft Report - Market Support Topics | TBD |

## Priority Indicators and Issues for Discussion

Language in D.23-06-055 suggested that "clarifying the indicators" primarily meant defining shared valuation methodologies for each indicator. In preparation for the first meeting, PAs provided "starting point" proposals to share their respective thinking about Indicator quantification.[[13]](#footnote-13) It quickly became clear, however, that the working group needed to discuss other foundational items, such as definitions, before addressing valuation methods.

The first EMSWG homework assignment aimed to better understand which Indicators are priorities for group discussion and why. From the 10 responses, the issues identified and accompanying level of detail varied. For example, SoCalREN provided a detailed spreadsheet of issues to be clarified for all metrics, while BayREN/Grounded Research noted higher level issues that affect the Indicators broadly. Further, PG&E noted that all Indicators, with the exception of two WE&T Indicators, could be a priority for discussion. Other homework responses identified priority indicators that were generally different from each other.[[14]](#footnote-14) The Facilitation Team aimed to design meeting agendas that would address a number of cross-cutting issues (e.g., definitions) and specific priority indicators, but ultimately, there was not enough time or bandwidth to address all issues.

# Recommendations

## Definitions of Consensus, Near Consensus, and Non-consensus

Traditionally, CAEECC and CAEECC working groups make recommendations on a consensus-basis, where consensus is defined as unanimity among working group member organizations. When there is less than 100% agreement on recommendations, dissenting working group members provide alternative proposals and the working group votes on the options; the alternative proposals with voting results are presented as non-consensus recommendations in final working group reports.

The scope of EMSWG discussions (i.e., the why, what, and how for each Indicator) was broad, and the working group was not able to completely address the why, what, and how for every Indicator, instead electing to prioritize Indicators and issues for discussion. It is the Facilitation Team's perspective that the consensus/non-consensus construct is not a good fit for some of the topics discussed, given the developing nature of discussions; nonetheless, the Facilitation Team has attempted to follow CAEECC's traditional practice here.

Facilitators sought consensus via two surveys - one that addressed Equity Indicator discussions and one that addressed Market Support Indicator definitions. Twelve (12) of 20 working group members responded to the surveys.[[15]](#footnote-15) Where possible, the survey results for non-consensus items are shared in the report text and indicated as a response rate (e.g., 5 out of 12 or 5/12). Additionally, the working group discussed consensus and non-consensus recommendations during Meetings #7 and 8 on February 21 and 28. As summarized below, under each topic discussed, there may be consensus and non-consensus recommendations.

## Purposes of Indicators

### Consensus and Near Consensus

##### Recommendation 1: The Purposes of Indicators

Working Group members largely agreed on the purposes of Equity Indicators. The purposes of Equity Indicators include:

1. Understanding the impact of Equity segment programs across PAs (12/12)
2. Ensuring accountability for dollars spent in the Equity segment (10/12)
3. Ensuring PAs make adjustments to Equity segment programs based on Indicator data (9/12)
4. Development of goals for the Equity segment (12/12)

One Working Group member offered one additional suggestion as the purpose of Equity Indicators: Understanding the distribution of equity target participants by program, sector, and portfolio segment to improve equity-qualified customers' access to the offerings in the energy efficiency portfolio (e.g., equipment, technical assistance, education, etc.)

## Equity Indicators[[16]](#footnote-16)

### Consensus

#### Topic: Definition of "Equity Target Participant" (Equity Indicators #1-4, 10, 13)

|  |  |
| --- | --- |
| **Equity Ind. #** | **Indicator Description**  |
| 1 | Count of equity target participants in equity segment, by sector (Q, S) |
| 2 | Sum of equity target participants’ expected first-year bill savings in equity segment, by sector (Q, S) |
| 3 | Count of equity target participants in market support segment, by sector (Q, S) |
| 4 | Count of equity target participants in resource acquisition segment, by sector (Q, S) |
| 10 | Median of equity target participants’ expected first-year bill savings in equity segment, by sector (Q, S) |
| 13 | Percent of equity target participants in equity segment, by sector (Q, S) |

##### Recommendation 2: Definition of "Equity Target Participant" vs. “Equity Segment Participant” vs. “Equity Market Participant”

The term **"equity target participant"** (used in Equity Indicators #1-4, 10, and 13) is defined as a program participant that meets CPUC-adopted criteria for being hard-to-reach, located in a disadvantaged community, OR underserved.[[17]](#footnote-17) The participant *can* be in an Equity, Market Support, or Resource Acquisition segment program.

Relatedly, an **equity segment participant** *does NOT* have to be hard-to-reach, located in a disadvantaged community, or underserved but must be a participant in an Equity segment program.

Lastly, an **equity market participant** is hard-to-reach, located in a disadvantaged community, and/or is underserved AND is a participant in an Equity segment program. Therefore, an equity target participant in an Equity Segment program is also considered an equity market participant.

### Non-Consensus

#### Topic: Counting and Reporting Participants by Sector

|  |  |
| --- | --- |
| **Equity Ind. #** | **Indicator Description**  |
| 1 | Count of equity target participants in equity segment, by sector (Q, S) |
| 3 | Count of equity target participants in market support segment, by sector (Q, S) |
| 4 | Count of equity target participants in resource acquisition segment, by sector (Q, S) |
| 13 | Percent of equity target participants in equity segment, by sector (Q, S) |

"Participants" in the energy efficiency portfolio include people, households, businesses, and other entities that actually participated in an energy efficiency program and received equipment (e.g., rebate for an efficient washing machine), service (e.g., direct install of an efficient HVAC system), or information or education (e.g., Home Energy Report, workforce training). The unit to be counted as a participant varies across and within sectors (Table 3).

Table 3. Possible Participant "Units" that could be Counted[[18]](#footnote-18)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sector** | **Residential (single- and multi-family)** | **Commercial (small, medium, and large)** | **Public**  | **Agricultural** | **Industrial** | **Cross- cutting (Finance, WE&T, IDSM, C&S)** |
| **Unit** | Households;Multi-family building; Individual apartment;Community- based organization and the populations they serve | Business energy account; Single-site business; Multi-site business;Non-res building; Business owner; Business staff | Local govt; public agency; local govt or public building; local govt officials | Farms; Buildings at a farm; Farm owners; Farm staff; Pumps or other meters not in a building | Facilities; Individual equipment or processes within facilities | Students; Transitional aged youth; Workers (different than disadvantaged worker); Workers of a specific segment |

The EMSWG primarily discussed counting and reporting participants by sector within the context of multi-family participants. Working Group members suggested that because many potential equity-qualified participants reside in multi-family buildings, it is important to track and distinguish this population. Additionally, within working group discussions, reporting participants was expected to occur either directly in quarterly claims reported in CEDARS or using data available in CEDARS. Some of the issues raised extend beyond the multi-family sector so the Facilitation Team has summarized discussions under a broader umbrella, and noted where issues specific to multi-family (or another sector) were raised.

The Working Group identified the following challenges related to reporting participants:

1. A Working Group Member noted that in the past EMWG discussions, Indicators addressing participant counts were intended to track people touched by a program, and were not necessarily intended to be limited to the specific program or project applicant. They raised that it is important that the unit counted as a participant is transparent and clear to anyone reading Indicator data. They highlighted that CEDARS may not be the right tool for reporting participant counts unless there is a change to the CEDARS structure and/or data.
2. CEDARS is primarily used to report on activities that result in energy savings, and there are a number of Equity and Market Support programs that are not intended to directly result in energy savings for participants. A Working Group member noted that, in theory, PAs could add a blank line with placeholder code to report participant data but this would add many lines of mostly blank data fields to claims data.
3. With regard to the multi-family participants, Working Group members noted that participants can be counted as individual units within a multi-family building, common areas within a multi-family building, or a whole multi-family building. This would be distinguished in CEDARS using the building type field because "multi-family" is not a distinct sector within CEDARS. Distinguishing by building type, rather than by sector, adds complexity to the Indicator data and reporting.
4. The process to report participants in the public sector faces similar issues as reporting multi-family participants - selecting any one unit to report (or reporting multiple units together) doesn't tell the full story of how people in the public sector are benefitting from program interventions. Participant units in the public sector can include buildings, projects, facilities, jurisdictions, and/or public sector officials. The current structure of CEDARS and data in CEDARS does not include this level of granularity.

##### Recommendation #3: Reporting Participant Counts

PAs, in consultation with the EMSWG or in another venue, should continue to discuss how to count multi-family and public sector participants to clarify who and/or what is meant to be captured and how to report. Any conversations about adjusting CEDARS should include Energy Division staff involved in overseeing CEDARS.

#### Topic: Values for Benefits Calculations (Equity Indicators #2, 5-9)

|  |  |
| --- | --- |
| **Equity Ind. #** | **Indicator Description**  |
| 2 | Sum of equity target participants’ expected first-year bill savings in equity segment, by sector (Q, S) |
| 5 | Sum of all equity segment participants’ greenhouse gas reductions (in tons of carbon dioxide equivalent) in equity segment (Q, S) |
| 6 | Sum of all equity segment participants’ kilowatt hour (kWh) savings in equity segment (Q, S) |
| 7 | Sum of all equity segment participants’ kW savings in equity segment (Q, S) |
| 8 | Sum of all equity segment participants’ therm savings in equity segment (Q, S) |
| 9 | Sum of all equity segment participants’ TSB [Total System Benefits] in equity segment (Q, S) |

##### Recommendation 4: Savings Values for Quantifying Benefits

Indicators that use energy savings values to calculate benefits (i.e., Equity Indicators #2, and 5-9) should use first-year and lifecycle gross ex ante values that are available in CEDARS. Using these values would capture potential electricity use increases and gas use decreases from fuel substitution measures; however, potential energy use increases from fixed or repaired end uses would not be captured as that data is not included in ex ante data. Additionally, nonclaimable savings (generally defined as energy savings that occur but are not claimable in the energy efficiency portfolio; see Nonclaimable Savings section) are not captured in ex ante data.

Working Group members also supported the following:

* Using only net ex ante values (The Mendota Group)
* Using both gross and net ex ante values (Small Business Utility Advocates, SoCalREN, SDG&E, and The Energy Coalition)
* Any potential bill increases (e.g., new or repaired end uses, or other changes in energy use) should be quantified separately via a third-party EM&V study and should not be reported in quarterly data (SoCalREN, The Energy Coalition)

##### Recommendation 5: Calculating Bill Impacts

Equity Indicator #2 (Sum of equity target participants’ expected first-year bill savings in equity segment, by sector) should be calculated using a PA-specific electric or gas rate multiplied by first-year, gross ex ante electric or gas savings. Note that specific rates were not discussed and it is not clear which IOU electric and gas rates RENs should use in their calculations and reporting. A Working Group member also noted that using a flat rate could mask savings or costs that could be experienced under a time-of-use rate. The same member emphasized that the calculation and inputs used to quantify Equity Indicator #2 should be completely transparent.

Working Group members also supported the following for calculating Equity Indicator #2:

* Using first-year net savings values (The Mendota Group)
* Using evaluated first-year gross and net savings values (Small Business Utility Advocates)

##### Recommendation #6: Reporting Bill Impacts

Working Group members did not reach consensus on whether one bill impact value should be reported for Equity Indicator #2, or if separate impacts should be reported for electricity and gas. Many members supported reporting one value given that the utility bill is one cost for a customer, but it should be clear that electric savings come from specific electric savings and rates, and the same for gas. PA Members agreed that one value is beneficial, but noted that in order to calculate a single number, PAs need to calculate them separately anyway so providing two values is expected to require minimal additional effort.

* Option 1: For Equity Indicator #2, PAs should report Electric and Gas bill impacts as one value
* Option 2: For Equity Indicator #2, PA should report Electric and Gas bill impacts as two separate values

#### Topic: Nonclaimable Savings

Many working group members (RuralREN, The Energy Coalition, SoCalREN, Small Business Utility Advocates, Silent Running LLC) noted that nonclaimable savings should be included in the calculation of Equity Indicators #5-9 (and presumably also in the calculation of Equity Indicator #2 for consistency in quantifying benefits). However, the term "nonclaimable savings" does not have an agreed upon definition and no PAs, with the exception of SoCalREN in its Annual Evaluation, Measurement, and Verification (EM&V) Report, currently report nonclaimable savings.

In working group discussions, members generally talked about nonclaimable savings in terms of savings that were expected to occur (and that the customer would experience), but for policy reasons, those savings are not able to be claimed by PAs. For example, nonclaimable savings can result if a customer installs an "expired" measure. A measure can be "expired" in CEDARS because it has reached high-enough adoption levels within the general population that it is considered common practice or equipment baseline. However, some customers (particularly those meeting the CPUC's definitions of hard-to-reach, disadvantaged, or underserved) could still be able to achieve those "nonclaimable" savings because they have had limited access to energy efficient equipment or services and are not at the same starting point (or baseline) as the general population. Ultimately, the Working Group agreed that it is premature to include nonclaimable savings in the calculation of Equity Indicators #2 and 5-9 until, at least, a shared definition is adopted for nonclaimable savings.

##### Recommendation #7: Nonclaimable Savings Data

The PAs, in consultation with the EMSWG or in another venue, should continue to discuss nonclaimable savings to develop a shared definition and explore options to understand the extent to which nonclaimable savings are occurring within the Equity Segment.

#### Topic: Reporting on Statewide Programs

It is not clear how investor-owned utilities (IOUs) should report benefits for Statewide Programs. Typically for Statewide Programs, IOUs receive credit for program benefits in proportion to their share of the budget. It is not clear if this same process should be followed for Equity and Market Support Indicators.

Additionally, to report participant counts in Statewide Programs, it's not clear whether IOUs should report a proportion of participants based on their relative budget contributions, regardless of where the participant is actually located. There appear to be 15 statewide programs (out of 200 total programs) – one in Equity, six in Market Support, and eight in Resource Acquisition; they collectively will spend about $530 million from 2024-27.

##### Recommendation #8: Reporting on Statewide Programs

The challenge of reporting on Statewide Programs are not unique to Equity and Market Support Indicators. Possible solutions considered by the Working Group include:

1. Provide a single, aggregated statewide value or count that is not separated by PA (5/12)
2. Leverage annual reports and impact evaluations to ensure that benefits are distributed across the state (3/12)
3. Consider how reporting aggregated values for statewide programs would impact goal development and accountability for statewide program goals (6/12)
4. None of the above. Further discussion is needed to clarify Indicators applied to Statewide Programs (3/12)

One Working Group member recommended providing data disaggregated by PA to see which areas of the state are being served.

#### Topic: Equity Indicators #11 and 12

|  |  |
| --- | --- |
| **Equity Ind. #** | **Indicator Description**  |
| 11 | Percent of hard-to-reach customer participants in portfolio, by residential single family / multi-family and commercial sector (A, P) |
| 12 | Percent of disadvantaged community customer participants in portfolio, by residential single-family / multi-family and commercial sector (A, P) |

Working Group members raised concerns with collecting data to determine whether customers meet the CPUC's definitions for hard-to-reach, disadvantaged, or underserved.[[19]](#footnote-19) Some of the data needed can be sensitive for customers to provide and, but for the customer, is not accessible to a PA (e.g., household income or address). Additionally, the energy efficiency program or intervention in which the person or business is participating can affect a PA's ability to gather data. For example, people or businesses participating in a free workshop or educational event can be more hesitant to provide personal information than those receiving equipment incentives or direct installation of equipment.

There was not agreement among working group members about whether more Commission guidance is needed or not. Six of 12 respondents to the Equity Survey thought that more Commission guidance could be helpful, and the other six respondents either disagreed or did not have an opinion. Generally, some Working Group members thought that enough guidance already exists, but one raised that it may be productive to have further conversation about the feasibility of collecting certain data points. Notably, Working Group members identified that it is not possible to collect data relating to the criteria for being hard-to-reach unless the person or business is a program participant.

##### Recommendation #9: Equity Indicators #11 and 12

With regard to calculating Equity Indicators #11 and 12, EMSWG identified that:

* Equity Indicators #11 and 12 should be reported by PA, rather than as one statewide value (7/12)
	+ 3C-REN, BayREN, and I-REN identified that one statewide value should be provided. Two other respondents either had no opinion or did not answer the question.
* The denominators for Equity Indicator #11 and 12 should be the total number of program participants at the sector level (i.e., single-family residential, multi-family residential, commercial) (11/12)
	+ I-REN identified that the total hard-to-reach population and total disadvantaged community population should be used as the denominators for Equity Indicators #11 and 12, respectively. For Equity Indicator #12, SDG&E also noted that the total disadvantaged community population could be used as the denominator.

## Market Support Indicators

### Consensus and Near Consensus

#### Topic: Definition of "Partnership"

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 2 | Dollar value of non-ratepayer in-kind funds/contributions utilized via partnerships (A, P) |
| 20 | Assessed value of the partnership by partners (A, P) |

#####

##### Recommendation #10: Definition of "Partnership"

The term "partnership" (used in Market Support Indicators #2 and 20) is defined as:

1. Agreement between at least two entities to engage in a mutually beneficial relationship within the context of EE products, services, education, and/or training
2. The partnership may or may not be legally contracted
3. In cases where a partnership is not contracted, PAs have other documents/materials demonstrating agreement to work together

PG&E suggested that the working group consider adding electrification and decarbonization to the "partnership" definition. Options include:

1. Adding building electrification and/or building decarbonization to #1 above.
2. Adding a fourth bullet: "Partnerships may focus on energy efficiency, building decarbonization, and/or decarbonization products, technologies, services, training and outreach.

PG&E also noted a concern that the definition above is overly broad. Suggested additional guidelines include:

1. Formal documented agreement (contract, MOU, or otherwise) of the partnership arrangement
2. The scope of the partnership work supports energy efficiency, building electrification, and/or decarbonization
3. All partners contribute resources (financial or otherwise) to the agreed upon scope of the partnership
4. The partnership agreement includes clear roles and responsibilities for managing the partnership work

#### Topic: Definition of "Partner"

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 1 | Number of partners by type and purposes (Q, P) |
| 18 | Percentage of partners that have taken action supporting energy efficiency by type (Q, P); |
| 20 | Assessed value of the partnership by partners (A, P) |

##### Recommendation 11: Definition of "Partner"

The term "partner" (used in Market Support Indicators #1, 18, and 20) is defined as an entity engaged in partnerships including and not limited to educational institutions/organizations, governments, community-based organizations, advocates, suppliers, manufacturers, contractors (see "Type").

SCE suggested only keeping "an entity engaged in partnerships" and omitting the examples.

#### Topic: Other Definitions for Market Support Indicator #1

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 1 | Number of partners by type and purposes (Q, P) |

#####

##### Recommendation 12: Definition of "Type"

The term "type" (used in Market Support Indicator #1) should be used to describe the nature of a partner or partnership and includes and is not limited to:

1. In reference to the type of partner:
	1. Advocate
	2. Community-based organization
	3. Community choice aggregator
	4. Contractor
	5. Customer
	6. Educational institution/organization
	7. Government
	8. Lending agency
	9. Manufacturer
	10. Supplier
2. In reference to the type of partnership:
	1. Contracted
	2. MOU
	3. Informal

Suggested edits to this definition include:

1. Remove "Advocate" as it is overly broad and could potentially overlap with all other listed types
2. Consolidate "type of partner" to:
	1. Community-based organization / non-profit
	2. Contractor
	3. Government / Public Agency
	4. Other
3. Consolidate "type of partnership" to:
	1. Contracted
	2. Informal (includes MOU, letters of collaboration, etc.)
4. Clarify whether "Contractor" means building/construction contractor or consulting contractor

Note that listing examples in the definition is not meant to limit the type of partner or partnership, as that can change over time. Additionally, it is not expected that PAs would report sub-counts for Market Support Indicator #1.

##### Recommendation #13: Definition of "Purpose"

The term "purpose" (used in Market Support Indicator #1) is defined as what the partnership seeks to achieve.

#### Topic: Market Support Indicator #2

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 2 | Dollar value of non-ratepayer in-kind funds/contributions utilized via partnerships (A, P);  |

#####

##### Recommendation #14: Definitions of "Non-ratepayer in-kind funds/contributions"

The terms "non-ratepayer in-kind funds" and "non-ratepayer in-kind contributions" (used in Market Support Indicator #2) are defined as:

1. "Non-ratepayer in-kind funds" refers to monetary contributions offered for free (e.g., through a grant)
2. "Non-ratepayer in-kind contributions" refers to goods, services, and other tangible assets that are provided for free or at less than the usual charge

Small Business Utility Advocates slightly disagreed with the definition and suggested adding "An entity paying for services on the PA's behalf" as a third bullet.

##### Recommendation #15: Transparency in Calculating Market Support Indicator #2

It is reasonable to separate in-kind contributions from in-kind funds when reporting on Market Support Indicator #2. Methodologies for evaluating contributions and distinguishing contributions from funds will be needed.

The translation from "in-kind contributions" to a dollar value should be transparent and well-supported in documentation. It is not expected that the supporting document would be provided when reporting on the Indicator, but rather shared when requested by stakeholders via Data Request.

#### Topic: Market Support Indicator #25

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 25 | Comparisons between market-rate capital vs. capital accessed via energy efficiency programs (e.g., interest rate, monthly payment) (A, P);  |

#####

##### Recommendation #16: Definition of Market-rate Capital

The term "market-rate capital" (used in Market Support Indicator #25) is defined as:

1. Financing obtained from private investors, financial institutions, or capital markets at prevailing market interest rates that reflect the current economic conditions and risks associated with the investment.
2. The market rate, defined as the rate of interest, on a loan or investment which is commonly available on the market for that product. For a loan, the market rate is the average rate of interest that will be charged to the receiver from a variety of providers. For an investment, the market rate is the average rate of return required by the investor to compensate for the risk of that investment.

PG&E suggests identifying the US Prime rate as a good average rate for non-residential customers.

##### Recommendation #17: Definition of "Capital Accessed via Energy Efficiency Programs"

The term "capital accessed via energy efficiency programs" (used in Market Support Indicator #25) is defined as: financing acquired solely through energy efficiency portfolio initiatives and projects (e.g., energy performance contracts, utility programs, green bonds, CAEATFA [California Alternative Energy and Advanced Transportation Financing Authority] GoGreen financing (Off-Bill Financing, On-Bill Repayment); California Revolving Loan Funds)

Additional suggestions and comments:

1. PG&E suggests calculating this indicator by taking the annual financing program loan repayments for the year and applying the average market rate (e.g., US prime rate) to estimate the interest that would have been paid on the loans in the year using the market rate and subtracting the interest payments that were paid under the EE financing programs. In the case of PG&E On-Bill Financing offering, this is $0.
2. I-REN and 3C-REN note that the methodology for comparison needs to be explicit.
3. Working Group discussions also highlighted that input from an expert (e.g., someone from CAEATFA or CHEEF (California Hub for Energy Efficiecy Financing)) is needed on what types of capital to compare across what comparison points, and that is is not clear whether PACE (Property Assessed Clean Energy) financing is considered market rate.
4. SoCalREN suggests pausing on collecting data for and reporting on Market Support Indicator #25 until there is PA consensus on data collection.

#### Topic: Market Support Indicator #22

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 22 | Percent of market participant awareness of emerging/under-utilized or existing energy efficiency products or services (A, P) |
| 23 | Aggregated confidence level in performance verification by production, project, and service (for relevant programs) (A, P) |

#####

The EMSWG briefly discussed Market Support Indicators #22. This Indicator is part of the Market Support Segment Sub-Objective on Innovation and Accessibility.[[20]](#footnote-20) Initially, this Indicator was planned to be captured for the Emerging Technology Program. Market Support Indicator #22 was broadly thought about in terms of products or services and intended to work with Market Support Indicator #21 (Percent of market penetration of emerging/under-utilized or existing energy efficiency products or services (A, P)) to draw a connection between the awareness of energy efficiency products and services and the percent of market penetration of those products and services. Other specific issues raised regarding Market Support Indicators #22 included:

* Need to clarify whether the Indicator relates to any energy efficiency product or a product available through energy efficiency programs. Similarly, need to clarify how to define emerging/underutilized technologies.
* Need to clarify parameters for defining ‘awareness’ regarding emerging/under-utilized or existing energy efficiency products or services
* Need to clarify the methodology for measuring and verifying awareness of energy efficiency products or services among market participant
* Need to define the denominator for the percentage calculation. Considering that partners in the program are expected to have a baseline awareness, how can PAs accurately measure awareness while acknowledging their pre-existing involvement?

##### Recommendation #17: Pause on Reporting Market Support Indicator #22

Further discussion is needed to clarify what this Indicator is intending to measure, why it is being assessed, and how to calculate the Indicator. PAs should pause on reporting Market Support Indicator #22 until these issues are clarified.

#### Topic: Market Support Indicator #23

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 23 | Aggregated confidence level in performance verification by production, project, and service (for relevant programs) (A, P) |

#####

Market Support Indicator #23 is intended to understand how confident the PAs are in their energy savings claims. The ex-officio representative from Energy Division acknowledged that Indicator cannot apply to every product or service, so it will have to be narrowed rather than applied to the whole portfolio. Working Group Members discussed applying the Indicator to resource programs (i.e., those that directly achieve energy savings) and/or measuring contribution to Total System Benefits. Working Group Members also discussed whose confidence level is meant to be captured - whether the customer, a contractor, a PA, an implementer, or an evaluator. While it seemed that it would likely be PAs (who are responsible for reporting), Members noted how there may be more value in understanding the customer's perspective.

##### Recommendation #18: Pause on Reporting Market Support Indicator #23

Further discussion is needed to clarify what this Indicator is intending to measure, why it is being assessed, and how to calculate the Indicator. PAs should pause on reporting Market Support Indicator #23 until these issues are clarified.

### Non-consensus

#### Topic: Market Support Indicator #17

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 17 | Ratio of ratepayer funds expended to private capital leveraged by sector (Q, P) |

#####

The Working Group discussed the following draft definition for the term "private capital" (used in Market Support Indicator #17):

1. Money owned or controlled by an individual person or a commercial company.
2. Private capital does not include federal or state funding.
3. Capital that was not previously available to the customer or program participant.

Six out of 12 survey respondents slightly agreed, agreed, or strongly agreed with the draft definition. Equally, six out of 12 respondents slightly disagreed, disagreed, or strongly disagreed with the draft definition. Comments included:

* PAs may not be able to determine the different sources of funds – all they know is the funding they provided and the total project cost. The specificity of the draft definition can lead to errors and confusion. Private capital in this case should be defined by what it is not, namely that it is not ratepayer funds.
* Depending on how you read Item 1, it could imply that the IOU loan pool programs to support OBF are private capital and not ratepayer funds since the loan pool funds are controlled by a commercial company (e.g., PG&E). Perhaps it can be clear that the commercial company referred to is the company spending the money on their own energy efficiency upgrades.
* Broaden the definition to include government customers
* The definition needs to include capital that was previously available to the customer because PAs are not going to be able to collect that information for every customer. Recommend striking Item 3.
* Propose updating Item #3 to something like "capital that the program helped participants secure that was not previously available…"
* Considering adding that the private capital was accessed by the program (e.g., grant application assistance provided by the program).
* Add “that was not previously available to the customer” to the end of Item 1.
* Suggested definition: All non-ratepayer funds used to bridge the gap between ratepayer project incentives and the remaining project cost.
* To the extent that the Market Support Indicator #17 is looking to understand the capital leveraged by the sector, funding from local governments or state and federal grants should absolutely be included. Examples include CCAs providing increased incentives out of their general funds, ECAA loans, competitive grant programs that include program funding, etc. Item 2 should be removed.
* The Indicator was originally put forth by the MSMWG in 2021 with the intention to apply only to programs focusing on access to capital (i.e., financing programs). However, with the expansion of this indicator to the whole portfolio, more discussion is needed on what is helpful to measure/track. If the Indicator is intended to assess the whole portfolio (i.e., including Resource Acquisition programs), it makes sense to include the capital already controlled by an individual or organization (i.e., Item 1 makes sense to include). However, if the Indicator is focused on financing programs, then the ratio of only debt capital to ratepayer funds is important (i.e., exclude Item 1 from the definition).

Relatedly, the Working Group did not reach agreement on how to calculate Market Support Indicator #17. One Member noted that measuring private capital across projects will not always be consistent, nor will it be consistently disclosed by the customer. Suggested calculation options include:

* Calculate the “private capital leveraged” by taking the total energy efficiency project costs and subtracting all incentives (rebates, direct install incentives, and 0% interest financing).
* Private capital value should be collected for energy efficiency programs (regardless of segment) that support energy efficiency project/activities.
* Count private capital as any monies encumbered for the purpose of the programs that do not fall under public dollars.
* If the private capital was accessed with assistance by the program, the program would be aware of it and could easily track it.
* A ratio would be acceptable. For example, let's say a sector was able to compile total ratepayer funding of $10,000 for a given program over one calendar year. Private capital provided an additional $5,000. The metric would be 1.5 or 150% - Ratepayer funds/Private capital.
* Project Cost – Ratepayer Incentives (PA Program Incentives + Any Other Ratepayer Incentives) = Private Capital

##### Recommendation #18: Pause on Reporting Market Support Indicator #17

Further discussion is needed to come to an agreed upon definition of private capital and determine a method to calculate Market Support Indicator #17. PAs should pause on reporting Market Support Indicator #17 until these issues are clarified.

#### Topic: Market Support Indicator #13

|  |  |
| --- | --- |
| **MS Ind. #** | **Indicator Description**  |
| 13 | Number of collaborations, with a contextual descriptions, by business plan sector to jointly develop or share training materials or resources (A, P) |

#####

Discussions on Market Support Indicator #13 began with attempting to define "collaborations." The Working Group did not reach consensus on whether "collaboration" and "partnership" should be defined in the same way. Multiple PAs (SDG&E, 3C-REN, and SoCalREN) look at the relationships the same way (i.e., as contractual and non-contractual agreements to work together); PG&E distinguishes collaborations as non-contractual relationships whereas partnerships are contracted agreements. If "collaboration" and "partnership" are defined in the same way, then there would be confusion between Market Support Indicator #13 and Market Support Indicator #1. If "collaboration and "partnership" are distinguished as non-contractual vs contractual relationships, some working relationships/partnerships/collaborations may not be counted within the Market Support Indicators

In Meeting #6, held January 31, 2024, a Working Group member noted that "collaboration" does not need to be explicitly defined, as the term is used only in Market Support Indicator #17 (and as a Common Metric applied to Workforce Education and Training (WE&T) programs). Based on the conversation, the Facilitation Team proposed the following:

* This working group need not adopt a definition for "Collaboration".
* MS #13 should not be redlined for specifications on the use of the term "collaboration".
* When reporting, PAs should provide definition through the contextual descriptions as required in the indicator.

Eight out of 12 survey respondents agreed or strongly agreed with the working group not defining "collaboration." Dissenting perspectives included

* Disagrees with leaving "collaboration" up to PA interpretation. Recommend pausing on collecting Indicator until there is PA consensus on definition and methodology. (SoCalREN)
* PAs should not provide their own definition of collaborations. Collaborations should be synonymous with partnerships. This would align Market Support Indicators with Common Metrics where there is no distinction between collaborations and partnerships. (3C-REN and I-REN)
* Keeping “collaboration” without any specific definition does introduce confusion when "partnerships" are used in other Indicators. This indicator can continue to be called a “collaboration” for two reasons: 1) it will keep this specific indicator as one with a longitudinal set of values and 2) it is specific to sharing of training materials or training resources. (BayREN)

Additionally, the Working Group did not come to agreement on the application of Market Support #13. The Indicator already exists as a Common Metric applied to Workforce Education and Training (WE&T) programs. It is not clear whether it should continue to apply only to WE&T programs, or if it should be expanded to also assess other program areas. Continuing to limit the Indicator to WE&T would allow for longitudinal study of the WE&T program data. Expanding the Indicator beyond WE&T would capture information from collaborations in other programs (e.g., New Construction, Quality Installation / Quality Management)

Per one Working Group member - there may be value in continuing to report this Indicator in both Common Metrics and Market Support Indicators (but applied to different program types); however, having a similar Indicator across two different reporting requirements could cause confusion in understanding the differences in the values reported.

##### Recommendation #19: Pause on Reporting Market Support Indicator #13

Further discussion is needed to clarify what is intended to be measured and how to calculate the Indicator. PAs should pause on reporting Market Support Indicator #13 until these issues are clarified.

## Reporting Process

Different Equity and Market Support Indicators will be reported quarterly versus annually, and at the Segment level versus the Portfolio level.[[21]](#footnote-21)

### Consensus and Near Consensus

##### Recommendation #20: Principles for Reporting

1. Indicator reporting should not duplicate existing reporting efforts. PAs report savings claims on a quarterly basis using CEDARS and prepare an Annual Evaluation, Measurement, and Valuation (EM&V) Report. These reporting requirements include data overlapping with Equity Indicators such as savings claims. Additionally, specific Indicators (e.g., Market Support Indicators #3-10) are also Common Metrics, currently reported in a workbook uploaded to CEDARS on an annual basis.
2. Program-specific data should be provided along with the Indicators to support accurate comparisons across PAs and consistent interpretation among readers. This can include program objectives and descriptions. Working Group participants noted that program specific data is already uploaded to CEDARS and Indicators should not result in redundant or duplicative reporting.
3. Indicator reporting should not be overly cumbersome for PAs.
4. Reported Indicator data should be easily accessible to and understandable for interested stakeholders.

### Non-consensus

The Working Group did not reach consensus on the format or process for reporting Equity and Market Support Indicators. Specifically, there was not consensus on whether to leverage a workbook, a narrative report, both a workbook and a narrative report, or other approaches. There also wasn't agreement on how to leverage CEDARS and the Annual EM&V Report. Working Group members discussed how CEDARS isn't able to capture everything to be reported in Equity and Market Support Indicators; however, although imperfect, CEDARS is currently the best available existing platform for quarterly reporting of Indicators.

##### Recommendation #21: Indicator Reporting Process

1. Indicators to be reported quarterly should be done so through CEDARS.
2. Indicators to be reported annually should be done so through the Annual EM&V Report and/or PA-led workshops.

# Remaining Issues

Some Market Support Indicators were not discussed in EMSWG meetings, for example, Market Support Indicators #6-10 addressing the Emerging Technologies Program. Working Group members raised questions about why the information should be reported but the group did not have time to discuss. It is expected that PAs will confer and address them in their joint Advice Letter.

Few Indicators were comprehensively clarified via working group discussions (i.e., the "why, what, and how" were not fully clarified). Future discussions should include people with experience in EM&V and Reporting to advise on how to leverage existing reporting requirements/processes and avoid duplicative efforts.

# Conclusion

TBD

# Appendix 1: Adopted Equity and Market Support Indicators

Legend: Q = Report Quarterly; A= Report Annually; S = Report at Segment Level; P = Report at Portfolio Level

| **Segment** | **#** | **Indicator Description Adopted in D.23-06-055** |
| --- | --- | --- |
| Equity | 1 | Count of equity target participants in equity segment, by sector (Q, S); |
| Equity | 2 | Sum of equity target participants’ expected first-year bill savings in equity segment, by sector (Q, S); |
| Equity | 3 | Count of equity target participants in market support segment, by sector (Q, S); |
| Equity | 4 | Count of equity target participants in resource acquisition segment, by sector (Q, S); |
| Equity | 5 | Sum of all equity segment participants’ greenhouse gas reductions (in tons of carbon dioxide equivalent) in equity segment (Q, S); |
| Equity | 6 | Recommends Sum of all equity segment participants’ kilowatt hour (kWh) savings in equity segment (Q, S); |
| Equity | 7 | Sum of all equity segment participants’ kW savings in equity segment (Q, S); |
| Equity | 8 | Sum of all equity segment participants’ therm savings in equity segment (Q, S); |
| Equity | 9 | Sum of all equity segment participants’ TSB in equity segment (Q, S); |
| Equity | 10 | Median of equity target participants’ expected first-year bill savings in equity segment, by sector (Q, S); |
| Equity | 11 | Percent of hard-to-reach customer participants in portfolio, by residential single family / multi-family and commercial sector (A, P); |
| Equity | 12 | Percent of disadvantaged community customer participants in portfolio, by residential single-family / multi-family and commercial sector (A, P); |
| Equity | 13 | Percent of equity target participants in equity segment, by sector (Q, S); |
| Market Support | 1 | Number of partners by type and purposes (Q, P); |
| Market Support | 2 | Dollar value of non-ratepayer in-kind funds/contributions utilized via partnerships (A, P); |
| Market Support | 3 | Percent of participation relative to eligible target population for curriculum (Q, S); |
| Market Support | 4 | Percent of total WE&T program participants that meet the definition of disadvantaged worker (Q, S); |
| Market Support | 5 | Number of career and workforce readiness participants who have been employed for 12 months after receiving the training (A, S); |
| Market Support | 6 | Prior year percentage of new measures added to the portfolio that were previously emerging technology program (ETP) technologies (A, P); |
| Market Support | 7 | Prior year number of new measures added to the portfolio that were previously ETP technologies (A, P); |
| Market Support | 8 | Prior year percentage of new codes or standards that were previously ETP technologies (A, P); |
| Market Support | 9 | Prior year number of new codes and standards that were previously ETP technologies (A, P); |
| Market Support | 10 | Savings (lifecycle net kWh, kWh, and therms) of measures currently in the portfolio that were supported by ETP, added since 2009. Ex ante with gross and net for all measures, with ex post where available (A, P); |
| Market Support | 11 | Number of new, validated technologies recommended to the California Technical Forum (A, P); |
| Market Support | 12 | Cost-effectiveness of a technology prior to market support program relative to cost-effectiveness of a technology after intervention by the market support programs (percentage change in cost-effectiveness) (A, S); |
| Market Support | 13 | Number of collaborations, with a contextual descriptions, by business plan sector to jointly develop or share training materials or resources (A, P); |
| Market Support | 14 | Number of unique participants by sector that complete training (Q, S); |
| Market Support | 15 | Number of projects (outside of ETP) that validate the technical performance, market and market barrier knowledge, and/or effective program interventions of an emerging/under-utilized or existing energy efficient technology (A, P); |
| Market Support | 16 | Total projects completed/measures installed and dollar value of consolidated programs by sector (Q, P); |
| Market Support | 17 | Ratio of ratepayer funds expended to private capital leveraged by sector (Q, P); |
| Market Support | 18 | Percentage of partners that have taken action supporting energy efficiency by type (Q, P); |
| Market Support | 19 | Number of contractors (that serve in the portfolio administrator service areas) with knowledge and trained by relevant market support programs to provide quality installations that optimize energy efficiency (Q, S); |
| Market Support | 20 | Assessed value of the partnership by partners (A, P); |
| Market Support | 21 | Percent of market penetration of emerging/under-utilized or existing energy efficiency products or services (A, P); |
| Market Support | 22 | Percent of market participant awareness of emerging/under-utilized or existing energy efficiency products or services (A, P); |
| Market Support | 23 | Aggregated confidence level in performance verification by production, project, and service (for relevant programs) (A, P); |
| Market Support | 24 | Differential of cost defrayed from customers (e.g., difference between comparable market rate products and program products) (A, P); |
| Market Support | 25 | Comparisons between market-rate capital vs. capital accessed via energy efficiency programs (e.g., interest rate, monthly payment) (A, P); |

# Appendix 2: Equity-related Definitions

### Decision 23-06-055 Definitions (June 29, 2023)

* "**Equity Market Participants**" = an equity program participant that is identified by at least one of the equity segment flags in CEDARS (e.g., hard-to-reach, disadvantaged, or underserved)
* "All **equity segment participants**" means all of the participants that participated in an equity segment program, regardless of whether they are an equity target participant or not
* "...PAs must design their **equity segment programs** to reach, serve and ultimately benefit hard-to-reach and/or underserved customers and/or disadvantaged communities. Customers that may not be considered part of the equity segment will not be precluded from participating in equity segment programs but equity programs must be designed to target (i.e., market and conduct outreach to) and to primarily serve equity segment customers" (Pages 42-43)
	+ "...equity segment programs should be designed to specifically serve customers (or groups of customers) meeting the criteria specified by PUC Code Section 1601(e) and, if applicable, Government Code Section 12100.63(h)(2)" (page 46-47)
* "**Underserved**"
	+ Residential and Public sectors: An underserved customer is a member of an underserved community, as defined by PUC Code Section 1601(e)
		- PUC Code Section 1601(e): "Underserved community" means a community that meets one of the following criteria:
			* Is a "disadvantaged community" as defined by subdivision (g) of Section 75005 of the Public Resources Code
			* Is included within the definition of "low-income communities" as defined by paragraph (2) of subdivision (d) of Section 39713 of Health and Safety Code
				+ Paragraph (2) of subdivision (d) of Health and Safety Code Section 39713: “Low-income communities” are census tracts with median household incomes at or below 80 percent of the statewide median income or with median household incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093.
			* Is within an area identified as among the most disadvantaged 25 percent in the state according to the California Environmental Protection Agency and based on the most recent California Communities Environmental health Screening Tool, also known as CalEnviroScreen
			* Is a community in which at least 75 percent of public school students in the project area are eligible to receive free or reduced-price meals under the National School Lunch Program
			* Is a community located on lands belonging to a federally recognized California Indian Tribe
	+ Commercial, Industrial, and Agricultural sectors: An underserved customer must be a member of an underserved community and must also be an "underserved business group" as defined by Government Code Section 12100.63(h)(2) for the CA Small Business Development Technical Assistance Program, i.e., women-, minority-, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation
* "**Hard-to-reach**" - definition most recently established in D.18-05-041; any proposal for a modified definition must include concrete data and analysis; Decision at pages 51-52:
	+ The modified definition of 'hard-to-reach' adopted by this decision [D.23-06-055] is:

California Native American Tribes are hard to reach; our state’s historical dispossession of Tribes now requires deliberate effort to overcome persistent barriers to providing energy efficiency programs and services to Tribes. California Native American Tribes are defined consistent with the Commission’s Tribal Consultation Policy, and any subsequent modification(s).

Specific criteria were developed by staff to be used in classifying a customer as hard-to-reach. Two criteria are considered sufficient if one of the criteria met is the geographic criterion defined below. If the geographic criterion is not met, then at least three (other) criteria must be met. The exception is for California Native American Tribes, who do not need to meet any additional criteria.

There are common as well as separate criteria when defining hard-to-reach for residential versus small business customers. The barriers common to both include:

Customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a combination of language, business size, geographic, and lease (split incentive) barriers. The common barriers to consider include:

* + - * Geographic criterion –
				+ Businesses or homes in areas other than the United States Office of Management and Budget Combined Statistical Areas of the San Francisco Bay Area, the Greater Los Angeles Area and the Greater Sacramento Area or the Office of Management and Budget metropolitan statistical areas of San Diego County, or
				+ Businesses or homes in disadvantaged communities, as identified by the California Environmental Protection Agency pursuant to Health and Safety Code Section 39711.
			* Language criterion – Primary language spoken is other than English.

For small business added criteria to the above to consider:

* + - * Business Size – 25 or fewer employees and/or classified as Very Small (Customers whose annual electric demand is less than 20 kilowatt (kW), or whose annual gas consumption is less than 10,000 therm, or both), and/or
			* Leased or Rented Facilities – Investments in improvements to a facility rented or leased by a participating business customer.

For residential added criteria to the above to consider:

* + - * Income - Those customers who qualify for the California Alternative Rates for Energy, Energy Savings Assistance, or the Family Electric Rate Assistance Programs, and/or
			* Housing Type - Multi-family and Mobile Home Tenants (rent and lease)

For the public sector, customer classified as "local government" that meet the geographic criterion above may also be considered hard-to-reach

### Decision 21-05-031 Definitions (May 20, 2021; page 14)

* **Resource Acquisition**: Programs with a primary purpose of, and a short-term ability to, deliver cost-effective avoided cost benefits to the electricity and natural gas systems Short-term is defined as during the approved budget period for the portfolio, which will be discussed further later in this decision. This segment should make up the bulk of savings to achieve TSB goals.
* **Market Support**: 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.
* **Equity**: 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 indoor air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.

### ESJ Action Plan Version 2.0 Definitions (April 7, 2022)

* “**Environmental and Social Justice Communities**” or “ESJ Communities” are low-income or communities of color that have been underrepresented in the policy setting or decision-making process, are subject to a disproportionate impact from one or more environmental hazards, and likely to experience disparate implementation of environmental regulations and socio-economic investments in their communities. In addition, ESJ communities include:
	+ **Disadvantaged Communities**, defined as census tracts that score in the top 25% of CalEnviroScreen 3.0, along with those that score within the highest 5% of CalEnviroScreen 3.0's Pollution Burden but do not receive an overall CalEnviroScreen score;
	+ All Tribal lands;
	+ Low-income households; and
	+ Low-income census tracts.

#

# Appendix 3: Equity and Market Support Segment Objectives and Sub-Objectives (adopted in D.23-06-055)

### Equity Segment Segment

Objective: For hard-to-reach, disadvantaged, and/or underserved communities:

1. Address disparities in access to energy efficiency programs;
2. Promote resilience, health, comfort, safety, energy affordability, and/or energy savings;
3. Reduce energy-related greenhouse gas and criteria pollutant emissions; and
4. Provide workforce Opportunities

### Market Support Segment

Objective: Supporting the long-term success of the energy efficiency market

1. Sub-Objective #1: Demand: Build, enable, and maintain demand for energy efficient products and services in all sectors and industries to ensure interest in, knowledge of benefits of, or awareness of how to obtain energy efficiency products and/or services. [Activity example: educating customers]
2. Sub-Objective #2: Supply: Build, enable, and maintain supply chains to increase the capability and motivation of market actors to supply energy efficient products and/or services, and to increase the ability, capability, and motivation of market actors to perform/ensure quality installations that optimize energy efficiency savings. [Activity example: training contractors]
3. Sub-Objective #3: Partnerships: Build, enable, and maintain partnerships with consumers, governments, advocates, contractors, suppliers, manufacturers, community-based organizations and/or other entities to obtain delivery and/or funding efficiencies for energy efficiency products and/or services and added value for partners. [Activity example: building partnerships]
4. Sub-Objective #4: Innovation and Accessibility: Build, enable, and maintain innovation and accessibility in technologies, approaches, and services development to increase value, decrease costs, increase energy efficiency, and/or increase scale of and/or access to emerging or existing energy efficient products and/or services. [Activity example: moving beneficial technologies towards greater cost-effectiveness or declining costs]
5. Sub-Objective #5: Access to Capital: Build, enable, and maintain greater, broader, and/or more equitable access to capital and program coordination to increase affordability of and investment in energy efficient projects, products, or services. [Activity example: financing]

# Appendix 4: Reporting Cadence for Equity and Market Support Indicators

Table 1. Indicators Reported Quarterly at Segment Level

| **Segment** | **#** | **Indicator Description Adopted in D.23-06-055** |
| --- | --- | --- |
| Equity | 1 | Count of equity target participants in equity segment, by sector  |
| Equity | 2 | Sum of equity target participants’ expected first-year bill savings in equity segment, by sector  |
| Equity | 3 | Count of equity target participants in market support segment, by sector  |
| Equity | 4 | Count of equity target participants in resource acquisition segment, by sector  |
| Equity | 5 | Sum of all equity segment participants’ greenhouse gas reductions (in tons of carbon dioxide equivalent) in equity segment  |
| Equity | 6 | Recommends Sum of all equity segment participants’ kilowatt hour (kWh) savings in equity segment  |
| Equity | 7 | Sum of all equity segment participants’ kW savings in equity segment  |
| Equity | 8 | Sum of all equity segment participants’ therm savings in equity segment |
| Equity | 9 | Sum of all equity segment participants’ TSB in equity segment  |
| Equity | 10 | Median of equity target participants’ expected first-year bill savings in equity segment, by sector  |
| Equity | 13 | Percent of equity target participants in equity segment, by sector  |
| Market Support | 3 | Percent of participation relative to eligible target population for curriculum  |
| Market Support | 4 | Percent of total WE&T program participants that meet the definition of disadvantaged worker  |
| Market Support | 14 | Number of unique participants by sector that complete training  |
| Market Support | 19 | Number of contractors (that serve in the portfolio administrator service areas) with knowledge and trained by relevant market support programs to provide quality installations that optimize energy efficiency |

Table 2. Indicators Reported Quarterly at Portfolio Level

| **Segment** | **#** | **Indicator Description Adopted in D.23-06-055** |
| --- | --- | --- |
| Market Support | 1 | Number of partners by type and purposes |
| Market Support | 16 | Total projects completed/measures installed and dollar value of consolidated programs by sector  |
| Market Support | 17 | Ratio of ratepayer funds expended to private capital leveraged by sector  |
| Market Support | 18 | Percentage of partners that have taken action supporting energy efficiency by type |

Table 2. Indicators Reported Annually at Segment Level

|  |  |  |
| --- | --- | --- |
| **Segment** | **#** | **Indicator Description Adopted in D.23-06-055** |
| Market Support | 5 | Number of career and workforce readiness participants who have been employed for 12 months after receiving the training  |
| Market Support | 12 | Cost-effectiveness of a technology prior to market support program relative to cost-effectiveness of a technology after intervention by the market support programs (percentage change in cost-effectiveness)  |

Table 4. Indicators Reported Annually at Portfolio Level

| **Segment** | **#** | **Indicator Description Adopted in D.23-06-055** |
| --- | --- | --- |
| Equity | 11 | Percent of hard-to-reach customer participants in portfolio, by residential single family / multi-family and commercial sector  |
| Equity | 12 | Percent of disadvantaged community customer participants in portfolio, by residential single-family / multi-family and commercial sector  |
| Market Support | 2 | Dollar value of non-ratepayer in-kind funds/contributions utilized via partnerships  |
| Market Support | 6 | Prior year percentage of new measures added to the portfolio that were previously emerging technology program (ETP) technologies  |
| Market Support | 7 | Prior year number of new measures added to the portfolio that were previously ETP technologies  |
| Market Support | 8 | Prior year percentage of new codes or standards that were previously ETP technologies  |
| Market Support | 9 | Prior year number of new codes and standards that were previously ETP technologies |
| Market Support | 10 | Savings (lifecycle net kWh, kWh, and therms) of measures currently in the portfolio that were supported by ETP, added since 2009. Ex ante with gross and net for all measures, with ex post where available  |
| Market Support | 11 | Number of new, validated technologies recommended to the California Technical Forum  |
| Market Support | 13 | Number of collaborations, with a contextual descriptions, by business plan sector to jointly develop or share training materials or resources  |
| Market Support | 15 | Number of projects (outside of ETP) that validate the technical performance, market and market barrier knowledge, and/or effective program interventions of an emerging/under-utilized or existing energy efficient technology  |
| Market Support | 20 | Assessed value of the partnership by partners  |
| Market Support | 21 | Percent of market penetration of emerging/under-utilized or existing energy efficiency products or services  |
| Market Support | 22 | Percent of market participant awareness of emerging/under-utilized or existing energy efficiency products or services  |
| Market Support | 23 | Aggregated confidence level in performance verification by production, project, and service (for relevant programs)  |
| Market Support | 24 | Differential of cost defrayed from customers (e.g., difference between comparable market rate products and program products)  |
| Market Support | 25 | Comparisons between market-rate capital vs. capital accessed via energy efficiency programs (e.g., interest rate, monthly payment)  |

1. D.23-06-055 at page 29. [↑](#footnote-ref-1)
2. Memo from Grounded Research to CAEECC EMSWG members, [*CAEECC EMSWG Considerations for Equity Indicators*](https://drive.google.com/file/d/1ya3lUUfxYuXSmtet_Q2JNiAbVw91eU2j/view?usp=drive_link), pages 2-3, dated November 24, 2023. [↑](#footnote-ref-2)
3. See [EMWG Website](https://www.caeecc.org/equity-metrics-working-group-meeting) and [MSMWG Website](https://www.caeecc.org/market-support-metrics-wg). Final Reports can be found under "Key Documents." [↑](#footnote-ref-3)
4. A "huddle" is a meeting where information is exchanged and discussion occurs, but no decisions are made. [↑](#footnote-ref-4)
5. CPUC Metrics Workshop Summary, posted 9.23.24 at <https://www.caeecc.org/9-15-22-cpuc-metrics-workshop> [↑](#footnote-ref-5)
6. D.23-06-055 at page 60. [↑](#footnote-ref-6)
7. Ordering Paragraph 11, D.23-06-055. [↑](#footnote-ref-7)
8. D.23-06-055 at page 29. [↑](#footnote-ref-8)
9. D.23-06-055 at page 20. [↑](#footnote-ref-9)
10. D.23-06-055 at page 100. [↑](#footnote-ref-10)
11. Prospectus for CAEECC Equity & Market Support Working Group (EMSWG), pages 3-4, updated December 19, 2023, available at: <https://www.caeecc.org/equity-market-support-wg> under "Key Documents." [↑](#footnote-ref-11)
12. D.23-06-055 at page 59. [↑](#footnote-ref-12)
13. 11-7-2023 PA Starting Proposal - Table of Adopted Indicators, available at: <https://www.caeecc.org/equity-market-support-wg-meeting-1> under Materials Posted before the Meeting. [↑](#footnote-ref-13)
14. [EMSWG Homework #1 Compilation](https://www.caeecc.org/_files/ugd/849f65_c30a5875b7244847a9d720db115110b0.pdf), posted November 28, 2023, available at: <https://www.caeecc.org/equity-market-support-wg-mtg-2> under Key Documents. [↑](#footnote-ref-14)
15. Respondents were nearly identical between the two surveys, with the exceptions of the Mendota Group (which responded to the Equity Survey but not the Market Support Survey) and SCE (which responded to the Market Support Survey but not the Equity Survey). [↑](#footnote-ref-15)
16. The Facilitation Team found Grounded Research's memo, [*CAEECC EMSWG Considerations for Equity Indicators*](https://drive.google.com/file/d/1ya3lUUfxYuXSmtet_Q2JNiAbVw91eU2j/view?usp=drive_link), very informative and influential in shaping the discussions on Equity Indicators. The Facilitation Team recommends readers review the memo in its entirety for more detailed insight. [↑](#footnote-ref-16)
17. See Appendix 2 for Equity Definitions used in the EMSWG. [↑](#footnote-ref-17)
18. See [*CAEECC EMSWG Considerations for Equity Indicators*](https://drive.google.com/file/d/1ya3lUUfxYuXSmtet_Q2JNiAbVw91eU2j/view?usp=drive_link), pages 8-9, dated November 24, 2023. [↑](#footnote-ref-18)
19. See Appendix 2. [↑](#footnote-ref-19)
20. See Appendix 3, Equity and Market Support Objectives and Sub-Objectives (adopted in D.23-06-055). [↑](#footnote-ref-20)
21. See Appendix 4. [↑](#footnote-ref-21)