**Memorandum**

**To:** Four-Year Cycle Sub-Working Group of the CAEECC-hosted EE Portfolio Filing Process Working Group

**From:** Six-Year Cycle Sub-Working Group of the CAEECC-hosted EE Portfolio Filing Process Working Group

**Date:** January 28, 2020

**Subject:** Requested modifications to the four-year cycle proposal for a six-year cycle and rationale

This memo serves to ***outline any modifications*** to the Proposal developed by the four-year cycle sub-working group (4-yr sub-WG) that would be needed for an alternative six-year filing cycle. The six-year cycle sub-working group (6-yr sub-WG) believes that a six-year cycle, in place of a four-year cycle, would better meet all the goals outlined by the Working Group members for improving the current 10-year cycle, while also ensuring more market certainty and reduced regulatory and administrative burden, key goals of the rolling portfolio.

The 6-yr sub-WG agrees with the proposal from the 4-yr sub-WG for improvement to the EE Portfolio approval and budget authorization process with the following changes to align with a six-year cycle:

**EE Application (Section 4.1 in the 4-Yr Sub-WG Proposal)**

The PAs will follow a six-year portfolio cycle, reviewed and approved by the Commission via an EE application filed by the end of the fifth year of each six-year portfolio cycle. The EE application will include 6-year cumulative portfolio annual energy savings goals and a three-year and six-year cost-effectiveness threshold requirement.

**Interim Filings (Section 4.2 in the 4-Yr Sub-WG Proposal)**

***Trigger-Based Filings:***

The 6-yr sub-WG agrees with the proposal for trigger-based filings as outlined in the 4-yr sub-WG proposal. However, as the 6-yr sub-WG also recommends the inclusion of a standard “Mid-Cycle Filing”, to the extent that a trigger-based event occurs that could be addressed in the Mid-Cycle filing, it should be included in that Mid-Cycle filing rather than in a separate trigger-based filing.

***Mid-Cycle Filings:***

In addition to trigger-based filings,the 6-yr sub-WG also recommends the inclusion of a standard Mid-Cycle Filing. Following the approval of the six-year application, a PA would prepare a Mid-Cycle Filing covering years one through three of the cycle during year four. This Mid-Cycle Filing would report on portfolio performance to that point and also offer an opportunity to request modifications (including a budget change) to the six-year application (with a Tier 1 or Tier 2 filing as appropriate).

This Mid-cycle filing would reduce the need for new applications over the six-year cycle since it can request modifications to the PA portfolio based on mid-cycle performance and any significant changes in the EE ecosystem affecting budgets, savings, and cost-effectiveness. In addition, a mid-cycle filing would offer an opportunity for stakeholder feedback ahead of drafting and submission of the next cycle application filing in year five.

**Goals, Technical Inputs and Policy Framework (Section 6.0 in the 4-Yr Sub-WG Proposal)**

The 6-yr sub-WG agrees with the 4-yr sub-WG that a Guidance document should be issued by the Commission 6-9 months in advance of the application filing. The Guidance decision should articulate all of the relevant policies and technical inputs for the application.

To ensure stability in the market and customer satisfaction, and to avoid unnecessary administrative burden and costs, certain changes made by the Commission to the policies and technical inputs after an application has been approved should only be applied to the Mid-Cycle Filing. This amounts to an extension of the current Bus Stops for these technical inputs to three years. Technical inputs for which the Bus Stop would be extended to three years include: DEER values including work paper values (and eventually possibly eTRM), industry standard practice (ISP) baselines and Avoided Costs. However, PAs would be able to add new measures into their programs.

***EM&V***

A topic that was not addressed in the 4-yr sub-WG proposal is EM&V. To effectively inform subsequent 6-year cycles, EM&V studies should be timed to allow technical inputs to be updated consistent w/6-yr application process w/mid-cycle filing. PA’s may fall into different cycles depending on when their applications are filed and approved (i.e. new or existing PA has a trigger event) and so this should be taken into consideration as well.

[Note: The 6-Yr Cycle Sub-WG to provide descriptions/examples throughout (e.g. benefits of approach/extending bus stops compared to current and to the 4-year proposal)]

**Application Filing Timeline**

Insert image of an adjusted timeline

* Q1 2021: CPUC Policy and Portfolio Guidance
* Q4 2021: Submit Application
* 2022: Application proceeding and decision
* 2023: Year 1
* 2024: Year 2; Annual Report for the previous year submitted Q2 in new format annually moving forward)
* 2025: Year 3
* 2026: Year 4; Mid-cycle Tier 1 Advice Letter Filing Q2
* 2027: Year 5; Submit application for years 2029-2034
* 2028: Year 6; Application proceeding and decision