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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Approval of its 2009 - 2011 Energy Efficiency Program Plans And Associated Public Goods Charge (PGC) And Procurement Funding Requests.

Application 08-07-021
(Filed July 21, 2008)

And Related Matters.

Application 08-07-022
Application 08-07-023
Application 08-07-031

**ADMINISTRATIVE LAW JUDGE'S RULING
REGARDING NON-DEER¹ MEASURE EX ANTE VALUES**

Decision (D.) 09-09-047, issued on September 24, 2009, approved energy efficiency portfolios for 2010 through 2012 for California's large electric and gas investor-owned utilities (IOUs). Ordering Paragraph 48 states: "Both DEER 2008 and non-DEER measure ex ante values established for use in planning and reporting accomplishments for 2010-2012 energy efficiency programs shall be frozen, based upon the best available information at the time the 2010-2012 activity is starting."

¹ DEER stands for Database for Energy Efficient Resources.

With regard to considering non-DEER measure ex ante values, D.09-09-047 states in Section 4.2.2 (mimeo, pp. 42-43):

“These frozen ex ante values may or may not be used for purposes of the incentive mechanism that is subject of another proceeding. Furthermore, the decision here to hold constant measure ex ante values for the purpose of measuring performance against goals, does not imply that we will cease from updating DEER and non-DEER measures for other purposes, and in particular for striving for the best estimates of actual load impacts resulting from the program cycle. Our EM&V activity will continue to develop ex post verified measure, program and portfolio impacts to inform future energy efficiency and procurement planning activities. The frequency and scope of DEER updates going forward is discussed further in the EM&V section below. As for non-DEER ex ante measure review and approval, we direct Energy Division to develop that review and approval process within 30 days from the date of this decision, to be issued in an ALJ ruling.”

D.09-09-047 also states in Section 7.3 (mimeo, p. 293):

“As discussed in Section 4.2.2, the DEER 2008 and non-DEER measures ex ante estimates will be frozen for planning and program implementation purposes. Energy Division has not had the opportunity to perform the non-DEER measure ex ante parameter review and approval. We direct Energy Division to provide the utilities within 30 days after the effective date of this decision a document that details the requirements and procedure for the utilities to submit non-DEER measure workpapers for Energy Division’s review and approval.”

On November 3, 2009, Energy Division provided the IOUs with the required document that details the requirements and procedure for the utilities to submit non-DEER measure workpapers for Energy Division’s review and

approval. This Ruling formally issues this document, which is attached to this Ruling.

IT IS RULED that the attached Energy Division requirements and procedure for IOUs to submit non-DEER measure workpapers for Energy Division review and approval is adopted.

Dated November 18, 2009, at San Francisco, California.

/s/ DAVID M. GAMSON

David M. Gamson
Administrative Law Judge

ATTACHMENT

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1. Introduction

The recent Decision (D).09-09-047 requires the Energy Division (ED) to develop a process for submittal, review, and ‘freezing’ of Utility developed non-DEER ex ante energy efficiency measure impact parameters. Historically, the typical practice for non-DEER measure submittal has been for the Utilities to utilize non-DEER measures in their applications and reporting filings using accompanying workpapers as the supporting documentation for these measures. These workpapers are also submitted with additional, and sometimes, numerous supporting documents such as spreadsheets and research reports. The Utilities’ non-DEER measure naming and classification process lacks uniformity and the workpaper standards of content, methodological approach, documentation conventions and formatting vary widely in quality and completeness. Additionally, the workpaper development and updating process is ad hoc in nature with each Utility having its own methods and timing for managing their collections of workpapers. The current approach makes it very difficult for ED to

review new proposed non-DEER measures, track or “freeze” existing measure values, or understand proposed changes to measure impact values and may also require substantially more utility effort to prepare workpapers than is truly needed. The new submittal, review and ‘freezing’ process for non-DEER measures outlined in this document includes the following attributes:

1. Timeline of Submittal and Review Process: Reasonable milestones will be used to: a) ensure that feedback to the Utilities will be predictable and within an expected timeframe, and b) enable ED to schedule the submittal of non-DEER measure proposals to allow adequate review time with available resources.

NOTE: Timelines and deadlines throughout this document are provided in terms of the number of days. Should a deadline fall on a non-work day (Saturday, Sunday, holiday), the deadline will fall on the regular workday immediately following the deadline.

2. Establish Uniform, Minimum Data Requirements and Submittal Format: Minimum data requirements (such as annual impacts, cost, load shape, EUL/RUL, NTG) and a pre-defined submittal format will help to reduce the effort of Utilities to develop workpapers and allow an efficient and timely ED review.
3. Implement a Web-Based Submittal and Tracking System: A web-based submission will be required so that all workpapers and supporting documentation can be stored in a central database.
4. Incorporation of latest Evaluation, Measurement and Verification Results and Published Studies: The utilities shall utilize the latest EM&V results and published studies at the time they are available in the development of the non-DEER measure workpaper data (including energy impacts, cost data, EUL/RUL and NTGR).

Due to the requirement for review and subsequent freezing of non-DEER measures for use in the reporting during the 2010-2012 program cycle, the non-DEER process will be implemented in two phases:

Phase 1: Q1-2010 Non-DEER Measure Submission and Freezing Process: D.09-09-047 requires that non-DEER measure workpaper be reviewed, and ex ante impact parameter values frozen in time for the utilities’ first quarterly reports in 2010. The Phase 1 process will be used by ED to complete the immediate task of review of non-DEER measure ex-ante estimates that the utilities’ have already included in their portfolios in their July 2, 2009 application filings to be “frozen” for the 2010-2012 program cycle in a timely manner.

Phase 2: General Non-DEER Measure Update Submission Process: This process provides the general requirements and procedures for submitting future non-DEER measure workpapers, as well as the timeline for review of the measure values. This transparency is necessary as ED and the utilities continue to work together to add new measure values to the frozen 2010-2012 measure dataset, as well as correct errors or update values of frozen measures based on ED and utility mutual agreement as provided for in D.09-09-047.

2. Phase 1 – Review and Acceptance Process Prior to 2010-2012 Ex Ante “Freeze”

ED will use the following process for reviewing and freezing values for the Utilities 2010-2012 energy efficiency portfolio implementation period. Given the urgency for this review for use in Utility reporting of first quarter 2010 results, this process and timelines are different from the Phase 2 General Process discussed below. The highest priority of Phase 1 is to perform a reasonableness review of as many non-DEER High Impact Measures (HIMs) as ED’s resources permits.

A. Identification of High Impact Measures

A measure group (such as CFL, refrigerators, small package air conditioner, etc.) is defined as a HIM when the group of measures included accounts for, or is expected to account for approximately one percent or greater of a utility’s portfolio gross savings, either in terms of kWh, kW or therm savings. At this time, HIM measure groups for each Utility portfolio have been identified in the E3 calculators, submitted by each Utility in the July 2, 2009 application file with some ED adjustments posted at the site, <http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/EE+Proceedings>, under the heading “2009 - 2011 Compliance E3”. The Compliance Filing required within 60 days of adoption by D.09-09-047 directs the Utilities to submit a new version of each of their portfolio E3 calculators utilizing those ED adjusted calculators. In parallel with the work on the compliance filing the Utilities will prepare and submit to ED a list of all measures in each HIM group contained within the E3 calculators submitted in their compliance filing. This list of HIM groups and the measures within each HIM group shall be in order of portfolio contribution, and identified as either DEER or non-DEER measures. This list will be submitted for ED review no later than the date the compliance filing is due.

B. Submission of Non-DEER Workpapers

ED will confer with the utilities in developing a schedule for submission and review of workpapers for non-DEER measures included in their respective compliance filings within 15 days of receipt of the HIM list in Step A. The schedule for submission of the workpapers will be based on the relative contributions of individual measures (not measure groups) to the overall portfolio savings and other considerations as agreed upon by ED and the utilities. The process of submitting measures in phases will provide ED with adequate time for review of submitted workpapers and assist the Utilities in focusing their workpaper development on those measures of greatest priority.

The workpaper submissions will be in electronic format (e.g., CD or flash drives) and shall include all impact parameters required for the cost effectiveness calculations in a similar manner as contained within the DEER database as well as documentation supporting derivation or sources of those parameters. ED will work with the utilities to develop a table template that

presents summary data for these parameters. This summary table will be included with each workpaper submission to help expedite ED's review.

The Utilities will mail the workpaper submittals (in electronic format) to:

Peter Lai
Energy Division
California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013

C. Review and Acceptance of non-DEER Measures

ED will prioritize review of the workpapers based on the measures' impact on the portfolios as identified by the utilities in their filings and as ED's resources permit. ED may contact the utilities for more information during the course of its review. ED will issue final acceptance of the workpapers by March 31, 2010 for purposes of "freezing" ex ante parameter values for planning and program implementation purposes per D.09-09-047. Given that this is a "review and acceptance" process, ED may still have concerns with the workpapers, even after the utilities have responded to ED review comments. In these cases, and in lieu of rejection of a measure by ED, utilities and ED may mutually agree to freeze certain measures provided that these measures may be reviewed following the retrospective review process described in the next Section. Any non-reviewed measures will also be considered frozen by March 31, 2010.

3. Phase 2 – Standard Ex Ante Review and Approval Process

The section describes the general process for submission, review, and acceptance/approval of measures for the non-DEER measure database on a going forward basis after March 31, 2010. The level of detail of the review of measures will be performed as ED resources permit or as ED deems appropriate based upon the importance of measure(s) to the overall Utility portfolio. Updates to frozen values may be made whenever errors in the measure submission are identified; such updates, as determined by D.09-09-047 are by mutual agreement between ED and the Utilities with the exception that errors that are purely typographical or transcriptional in nature may be corrected by ED as needed with notification to the Utilities.

A. Uniform Workpaper Template

For future addition of "new"² non-DEER measures to utility portfolio, ED will publish a draft uniform measure workpaper template by end of the 2nd Quarter in 2010. The Utilities may provide ED with comments on this draft template within 30 days of issuance of this draft document. ED will consider any Utility or other party comments on the draft and publish within 15 days thereafter a uniform measure template that the Utilities will use for all future new non-DEER measure submissions. This template will replace all current workpaper formats.

² The Commission's Energy Division defines new non-DEER measure here to be those non-DEER measures that are not in the utilities' E3 Calculator compliance filings per D.09-09-047.

B. Standardized methods for weighting together or utilizing DEER measures in the development of non-DEER measures

As discussed in D.09-09-047 ED has identified some incorrect or inappropriate use of DEER values in the Utility filings. In some instances the utilities have utilized inconsistent approaches to combining or weighting together multiple detailed DEER values into DEER based non-DEER measures. In other instances the Utilities have not utilized appropriate air-conditioning and heating technology saturation data when utilizing DEER values for either their measure planning estimates or in the development of DEER based measure values for their workpapers. As directed by D.09-09-047 ED will publish a document which outlines the ED approved methods for utilizing DEER values and approaches in the development of DEER derived workpaper values. ED will publish this document by the end of the 2nd Quarter in 2010.

C. Web-Based Submission Database and Tracking System

ED will implement a web-based new non-DEER measures submission site and user interface by end of the 2nd Quarter in 2010. ED will conduct at least one web-based orientation.

D. Preliminary Review

Utilities submit non-DEER measures following the uniform template using the ED provided web-based submission process described above.

ED will maintain a log and index of submissions, as well as central file storage location for measure documentation. The non-DEER measure log is used for the following purpose:

- **Maintaining a central data base of work papers submitted.**
- **Reviewing measures submitted by sector, measure category and sub-category.**
- **Tracking reviews and feedback to Utilities.**

In the preliminary review, ED will perform an audit of the utility submission and determine if the minimum data requirements are met. If the submission is incomplete, ED will notify the utility and request for the work paper to be resubmitted with the missing information. The preliminary review will be completed within 15 days of work paper submission.

E. Detailed Review

Once a work paper with all necessary information has been submitted, the ED will determine priority for detailed reviews. Detailed review priority will be based on:

- Fraction of utility total portfolio planning/compliance/reporting filing kWh, kW or therms savings estimates.
- Potential for inclusion into DEER.
- Number of utility measure reviews completed (to balance review processing across utilities).
- Potential for growth of measure in portfolio.

NOTE: Given the large number of measure submissions with only a small percentage representing measures with more than a fraction of a percent contribution to the overall portfolio planned savings, some measures with very small portfolio savings contributions may only be subjected to a preliminary review. However, if a measure subjected to only a preliminary review due to minor portfolio contribution undergoes a significant portfolio change then the ED may, without IOU concurrence, re-evaluate the decision to not fully review the measure submission. ED may choose to re-evaluate a decision not to review a measure if a utility quarterly report indicated that a measure may exceed a five-fold increase in savings claims compared to previous Utility planning or compliance filing estimates or if a non-HIM measure (one with less than an estimated approximate one percent contribution to a Utility portfolio) becomes a HIM for a Utility. See the retrospective review section below for more details and restrictions on this option.

ED will complete the review and provide a recommendation and comments on the measure. The possible review recommendations include:

Approved – No changes to submission are required.

Conditional Approval – ED makes specific revisions to submission, which, if agreed to by ED and utility, the measure is approved.

Resubmission Required – The measure submission requires additional information or specific revisions or additions for ED to make an approval recommendation.

Rejection – The measure does not fall within the definition of an energy efficiency measure or does not meet CPUC requirements for inclusion into a utility portfolio.

F. Measure Disposition Upon Review

If the measure submission successfully passed the preliminary review, and a detailed review was deemed unnecessary, ED will notify utility contacts within 25 days of receipt of a work paper with all necessary information of an “Approved” or “Conditional Approval” decision regarding that work paper.

If the measure submission successfully passed the preliminary review, and a detailed review was performed, ED will notify the utility of its decision and provide all ED review comments to the utilities within 25 days of receipt of a work paper with all necessary information.

Once disposition is complete, ED will update the log with the dates and status of all reviews and the final decision. The database of non-DEER measures will include information on the history of review, revision and approval of non-DEER measures.

G. Resubmission

If the disposition for the measure is “Resubmit”, the Utility has the option to make revisions to address ED’s comments/concerns and then resubmit for approval. The utility shall submit a redlined and final version to ED. Each measure submission should contain a revision block at the end of the workpaper with the following ED tracking data:

- **Measure submission revision #**
- **Date of submission**
- **Brief description of revisions**

Upon resubmission, ED will provide final disposition within 20 days from the date the work paper is resubmitted. If ED determines that the Utility resubmitted workpaper does not fully address the comments or concerns of the previous review, ED may take one on the following actions:

- a. Return the resubmission to the Utility for correction;
- b. Direct its review team to make appropriate modifications to the workpaper and accept the workpaper in its modified form with the provision that the Utility may choose to resubmit the workpaper at a later date;
- c. Accept the workpaper under the constraint the Utility mutually agrees that the measure will be subject to the Retrospective review process in E below;
- d. Accept the workpaper as submitted.

H. Retrospective Review

As indicated above, the ED will continuously monitor the utility portfolio contributions from non-DEER measures. If measures are initially classified, based on non-HIM status in the planning and compliance filings, as lower priority and therefore, not subjected to a detailed review, ED may revisit the measure review decision and perform a detailed measure review if a utility total portfolio contribution increases significantly over the planning/compliance filing estimates. For example, if the planning and compliance filing does not specifically list a measure as a HIM (only measures that were expected to comprise approximately 1% of portfolio accomplishments were required to be identified in the planning/compliance filing as HIMs) yet that measure accounts for 1% or more of any utility quarterly cumulative accomplishments or is expected to reach that level by the end of the 2010-2012 program cycle, ED may choose to reopen the review of that measure. Similarly, if a non-HIM or HIM measure contribution to any portfolio increases by more than five-fold over

planning estimates ED may chose to reopen the measure review. Additionally, if a measure has a significant change in delivery approach, is subject to a new code requirement, or has a basic change in its technology content or efficiency level, ED may require either an update to the measure workpaper or require a new measure be submitted to properly document the latest measure definition. Utility contacts will be notified once a retrospective review is initiated, and ED agrees to complete the review and provide an updated disposition within 30 days.

4. Revisions to Ex Ante Review and Approval Process and Documents

As knowledge regarding the efficacy and usage of energy efficient technology advances, it is expected that the minimum amount of information and detail required for determining technology load impacts and the resultant cost-effectiveness parameters will change. Therefore, ED shall have the authority to revise this process and referenced documents. Flexibility to change this process is essential for ensuring the ratepayer-funded programs administered by utilities continue to pursue the most cost-effective, energy efficient technologies.

ED is also committed to improving the process for reviewing and approving non-DEER energy efficiency measures. In addition to internal efforts to make improvements, ED welcomes suggestions from utilities and other key stakeholders, particularly in how to streamline the process or improve the accuracy of calculating measure impacts. The guidelines below are intended to provide transparency and timely notice of changes to this process as ED identifies and implements these improvements.

A. Guidelines for Revising the Non-DEER Measure Submission Process

ED will post proposed modifications to this process or any referenced documents to ED's Public Documents Area website (<http://www.energydataweb.com/cpuc/default.aspx>). The notification will include the following:

- a. Summary of changes along with justification for changes.
- b. Red-lined versions of the affected documents.
- c. Schedule for adoption of changes.

Parties will have 15 days to make comments on the change. Comments are to be posted to ED's Public Documents Area website.

After the 15 day comment period, ED will review comments and draft a final version of the proposed changes.

ED will post on the CPUC's Energy Efficiency webpage the final changes to the process or referenced documents including a summary of comments and actions taken or not taken in response to those comments. Once posted, the changes will be effective immediately.

(END OF ATTACHMENT)

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated November 18, 2009, at San Francisco, California.

/s/ OYIN MILON

Oyin Milon