Energy Division – Joint Investor-Owned Utilities Straw Custom Measure Review Process

Background

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The utilities have expressed to Energy Division that it is not possible to provide Energy Division ex ante estimates for custom calculated measures or projects until a customer submits an application for a specific measure or project. Energy Division understands that due to their very nature there is a wide and somewhat unpredictable variation of custom measures and projects that will be encountered during the 2010-2012 energy efficiency programs cycle. For each of these custom measures or projects the energy savings impacts, net-to-gross values, effective useful lives, and participant and incentive dollar values are not known until a customer program application is approved by the utility. The utilities have provided Energy Division with a forecast of their target total custom measure/project participation and have also provided a list of calculation methods they expect will primarily be used to produce ex ante energy savings claims. However both the measure or project mix and the specific calculations methods used on each will vary as implementation proceeds.

For these reasons, there is no practical way to fully “freeze” ex ante calculations for these custom measures and projects. Some calculation approaches can be “frozen” however, the values used in those calculation methods to produce ex ante values cannot be frozen for these custom measures and projects. Additionally, it is expected that there will be a need to alter existing methods or add new methods in cases when specific custom project are encountered that are not adequately addressed by the methods available at the time of the ex ante “freeze.” Therefore, the “process” outlined below will be the agreed upon procedure for which the utilities will provide information/data to Energy Division for review of customized projects for the 2010-2012 program cycle. The Energy Division’s review process will be in parallel of the utilities’ own internal project application review and approval process. The Energy Division’s review process will be implemented in a manner to avoid causing delay in the utilities’ program application process or the project implementation activity.

Process

To address how Energy Division will fulfill its mandated role in reviewing ex ante values to be used for custom measure/project claims and how the utilities will report ex ante claims for custom measures/projects, a process is outlined in this document. The objective of this process is for Energy Division to review the utilities ex ante custom project estimates early providing real time feedback to the utilities, without interrupting the program application process or project implementation activity.

Steps:

1. **Custom measure/project calculation methodologies shall be based upon DEER methodologies when possible or practical.** This means that if a measure or project utilizes technologies or is subject to use patterns or interactive effects considerations that are either the same or similar to DEER measures the calculations should utilize methods or values taken from DEER. This requirement is not intended to restrict the utilities ability to add new custom measures or restrict the custom measure calculation procedures for measures not within DEER. It is intended to ensure that custom measures which are variants of a DEER measure utilize methodologies derived from DEER to ensure the ex ante estimates for similar deemed and custom measures are comparable.
2. **For all custom calculations the utilities shall provide Energy Division a complete archive of all calculation tools**. Tools shall mean software, spreadsheets, "hand" calculation methods with procedure manuals, or any automated methods. At the time of the "freeze" all tools planned to be used will have been provided submitted Energy Division for archiving. The tool submission shall include:
   a. All manuals and use guidelines, where available. If the calculation tool is simply a spreadsheet type, then all cell formulas and documentation shall be readily accessible from the tool;
   b. A list of technologies, measure or project types that may perform custom calculations using the tool;
   c. If several tools may be used to perform calculations for the same measure a clear description when one tool or another may be used will be provided;
   d. When available, a list of key input parameters for each tool and each technology covered by a tool and the utility guidance or review criteria for those input when ex ante values are calculated by users of the tool will be provide;
   e. the key parameters must include both baseline and installed measure values including allowed baseline guidelines for qualification for early replacement (pre-existing equipment) as the baseline.

   Energy Division will review inputs to the tools as part of their oversight role to insure that they are reasonable and consistent with common engineering practices at their discretion. This review will take place as the Utilities submit projects during the implementation period. It is expected that some tool information and documentation listed above will not be complete by the end of March. In these cases the Utilities shall make their best effort to submit more complete information and documentation on those tools at the earliest time and shall provide timely support to Energy Divisions reviewers on use of the tools until such complete documentation is available.

   If any tools is added or updated after the "freeze" date a new complete tool version and all documentation shall be supplied to Energy Division prior to any use of that new tool or version in any approved customer application. Energy

Division, as time permits during the review cycle, may choose to provide the utilities with comments on one or more of the tools, require more information or documentation on the tool, or require changes to the tools if it is found that the tool produces erroneous results or is not in conformance with DEER methods for technologies covered by DEER.

3. **The utilities shall keep a complete electronic project archive of for all custom measures or projects for which applications are approved and/or claims are made.** For each custom measure or project in that archive all documentation, information on tools used, tool input parameters, and source of the tool input parameters needed to reproduce and review the ex ante savings estimates or claims. All cost-effectiveness parameters must be identified in the project files including the source of those parameters (including estimated incentive and participant cost, EUL, NTG for each measure included in the custom project.) Each utility claim or tracking data submission will include a reference for each custom measure or project to the archive entry for that item and the claim or tracking submission shall include the archive for all measures or projects claimed.

4. **For applications that meet or exceed the trigger points defined below the utilities will provide to Energy Division those custom project applications along with ex ante and incentive estimate supporting documentation in electronic format.** Energy Division expects these are the same applications along with the complete supporting documentation for the application ex ante impacts, incentive and cost-effectiveness estimates which are undergoing internal review by the utility prior to application approval. The applications and supporting documentation, in electronic format, shall be submitted to Energy Division at the webite URL https://energydivision.basecamphq.com Energy Division and the Utilities will develop an agreed upon project identification system that will be used to uniquely name the files which are submitted.

   The trigger for submission shall be effective at or prior to the time of utility customer application approval or acceptance into a program by the utility. The submission is intended to allow Energy Division to review the application in parallel with the utility and allow Energy Division to coordinate any pre-installation inspections, customer interviews and pre-installation M&V or spot measurements with the utilities similar activities. For this reason it is required the applications that meet this trigger be submitted as early as possible to facilitate this coordinated activity. The trigger values shall be at the site or project level not just a single application. For example, some projects are divided into multiple measures and submitted as multiple applications. All applications for a single customer site during the 2010-2012 cycle participating in any program shall be aggregated for comparison with the trigger values and once any trigger level is hit all applications for a customer site shall be submitted. The trigger values shall be:

   a. 250,000 kWh
   b. 200 kW
   c. 10,000 therms

These values are intended to capture the approximate 10-20% largest projects that may represent 50-70% of the total custom measure ex ante savings. This submission will be an online submission to Energy Division and will be done at the time of utility application approval. Although this trigger will require a utility electronic submission to Energy Division, the implementation may proceed once the submission is complete. If deemed necessary an Energy Division M&V contractor will coordinate with the utility to perform any combination of:

a. reviewing project savings estimate calculations including either parameter values or tool estimate methods;
b. coordinated pre-/post- site inspections;
c. coordinated pre-/post- M&V for this project.

Energy Division will coordinate and M&V activities on these with the IOUs and may choose to utilize the Utilities or its own contractors, at Energy Division expense, to perform its site inspections or pre-installation M&V.

Not all projects submitted for early review as a result of the above trigger will be subject to an Energy Division M&V activity. However, those projects selected for review may be later included as sample points into Energy Division's impact evaluations. Energy Division acknowledges that applications submitted as a result of meeting the trigger thresholds defined above may have ex ante estimates updated prior to being included in a portfolio savings claim submission. The assumptions made by a utility for ex ante claims would be frozen based on the utility's actual claim for that application including any modifications made prior to final incentive payment such as those based upon utility ex ante "true-up" from post-installation inspections, M&V or other adjustments as the utility deems necessary.