

Phase 2 Standard Ex-Ante Review & Approval Process Ambiguities

Overarching Issue with the Phase 2 Review & Approval Process

In the utilities' opinion, Phase 2 Review and Approval Process outlined in the November 18th, 2009 ALJ Ruling regarding Non-DEER Measure Ex-Ante Values is unclear and inconsistent with the ED-Joint Utilities Status Update 2010-2012 DEER and Non-DEER Measure Ex-Ante Values Review draft document. Listed below are examples of ambiguities and flaws found in the current review and approval process:

1. Workpapers are not reviewed and approved in a timely manner. As such, it is unclear how quickly a workpaper will be turned around in time for program implementation.

ED Response: Are the utilities referring to Phase 1 or Phase 2? Per November 18, 2009 ALJ Ruling, 3. Phase 2 – Standard Ex Ante Review and Approval Process,

D. Preliminary Review,

'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.'

And 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.'

2. DEER 2008 version 3.02 lighting workbooks do not cover many new measures offered in the IOUs portfolio.

ED Response: As agreed to in our meetings, utilities may either work with ED to add these new measures to the lighting workbooks, or they may submit workpapers for the measures under Phase 2.

3. It is unclear how the review recommendation decision process aligns with the “agree to disagree discussions” with Natalie Walsh and as written in the the ED-Joint Utilities Status Update 2010-2012 DEER and Non-DEER Measure Ex-Ante Values Review draft document.

ED Response: ED will provide directions to utilities regarding the review recommendations for the non-DEER HIM workpapers under Phase 1 in a document titled ‘Non-DEER HIM Workpaper Review Disposition’. The Phase 2 workpapers review recommendations directions will align similarly with directions in this document.

4. It is unclear how the 2006-2008 ex-post EM&V studies aligns with the “agree to disagree discussions” with Natalie Walsh and as written in the the ED-Joint Utilities Status Update 2010-2012 DEER and Non-DEER Measure Ex-Ante Values Review draft document specifically

- The use of interactive effects (version 3.02)
- Installation rates

ED Response: Version 3.02, are the utilities referring to the lighting workbooks? Natalie has always encouraged the utilities to use the latest information available, and this includes the 2006-08 ex post results.

5. It is unclear when a workpaper is considered approved or when the workpaper requires a resubmission if it is rejected. As mentioned in bullet 1, what is the timing of this process

ED Response: For Phase 2, please see Section E, Detailed Review as attached in the November 18, 2009 ALJ Ruling. As for timing of Phase 2 review, please see response under utilities’ question No. 1.

ED disposition of non-DEER HIM review.

6. Currently, no list of approved workpapers exists that illustrates that the workpapers are ready for use and implementation.

ED Response: Are the utilities referring to Phase 1 or Phase 2? For Phase 1, the review of non-DEER HIM workpapers lists has been posted

on the Basecamp website. Also, please see ED Response under question No. 3.

See Basecamp.

ED-Joint IOU Custom Application Review Process & Protocols Major Concerns

Overarching Issues with the Custom Application Review Process & Protocols

In the utilities' opinion, the utilities have major concerns with the ED-Joint IOU Custom Application Review Process & Protocols draft document. Listed below are examples of major concerns found in the current review process and protocols:

ED Response: Although this was not what ED asked for when requesting utilities to provide specifics on what they found unclear regarding the Phase 2 Review and Approval Process as outlined in the November 18th, 2009 ALJ Ruling, the Utilities' concerns are again noted. ED and utilities have met and discussed the process as described in the ED-Joint IOU Custom Application Review Process & Protocols document draft and the utilities' concerns. The said document depicts the agreed upon ED-utilities process.

Process Issues:

1. Projects falling below the trigger points will be subject to ED data requests and audits. Further, ED is requiring that the IOUs submit a list of projects, which exceed the trigger threshold. This will require the IOUs and ED to have dedicated staff to manage this process effectively, which historically has not been successful.
2. ED indicates that changes may be required to a tool or removal of a tool from future use if they have determined that that tool used to estimate the savings for custom projects produces erroneous results or is not in conformance with DEER methods for technologies covered by DEER. There is a major concern whether or not ED will provide a list of explicit DEER methods to correct what they have determined as erroneous or non-compliant.

3. Capturing and documenting data elements and parameters that are not readily available or explicitly known at the time of the pre-installation inspection will be a major effort and will require additional IOU support staff to meet ED's objectives.
4. The ED-IOU jointly established measure naming and classification system does not exist and has not been mutually agreed.

Workshop in July

IT Infrastructure and Capital Issues:

5. ED would like the IOUs to aggregate project applications at the site level, which is currently not possible because our tracking systems do not have that capability. Requiring projects to be aggregated by site would require each IOU to invest in a new customer relational management system to meet ED's objectives. This is not possible at this point in time.
6. ED would like ongoing and full access to the IOU's custom project archives via an internet accessible website. Although ED's consultants will sign non-disclosure agreements (NDA), the IOUs prefer that only custom project archives exceeding would be sent ED via email or a secured website hosted on ED's basecamp website)?
7. Requiring the IOUs to maintain its custom projects archived will require additional capital to purchase and maintain the infrastructure of larger servers, which has not been budgeted.

Policy Issues:

8. In Appendix I, ED has provided a flow chart explaining how baselines for gross savings will be determined. The main issues in the flow chart are:
 - a. The current E3 calculator framework cannot readily account for a RUL/EUL combination. The document clearly defines that a custom project is either uses a remaining useful life or an effective useful life and that it is mutually exclusive. If the estimation of remaining useful lives will be captured in combination with an effective useful lives for custom measures it should not use the full gross measure costs for the TRC calculations for both the RUL and the EUL. There has been discussion on a hybrid approach where it is appropriate to claim full customer savings and an EUL. These are policy issues that need to be resolved immediately.

- b. It appears that the burden of proof is that the IOUS show that a project is not ROB. Could have major impact on savings and process.
- c. Determining baselines based on code requirements or industry standard practice production levels or service requirements rather than actual pre-existing equipment loading. It is not clear that using post install loads only is appropriate as the IOUs have influenced the process that impacts the change in load.
- d. ED indicates that industry standard practice baselines are established to reflect typical actions absent of the program, which should be based on typical market studies that are five years old or less. It is unclear what happens when these typical studies do not exist (the norm) and if the IOUs are allowed or not allowed to claim the full customer savings.
- e. It is not clear how ED will determine how and when the IOU's programs have presented clear evidence of influencing the replacement of equipment to more efficient equipment compared to equipment replacements that would have occurred in absence of the program.

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