

# Custom Measure Early Opinion Process

Energy Division (ED) is currently developing a process to review ex ante value for custom measures/project before this value is frozen. These reviews for custom measures/projects are intended take place on a regular basis as the utilities submit weekly tracking spreadsheets prior to their submitting quarterly claim reports.

While awaiting the finalization of a custom measure review process, the utilities have sought ED's opinion on custom measures/projects for which they have been unsure of the approach that ED might use in evaluating such projects. ED provided early opinions for several projects as a courtesy to the utilities. Each of these early opinion projects presented different Evaluation, Measurement and Verification (EM&V) or Energy Efficiency (EE) policy issues that needed to be addressed; therefore, ED requested project-specific data from the utilities before giving its opinion. Energy Division believes that the utilities have found this process helpful and would like to make the early opinion option available to the utilities when proposed projects are not straightforward from the EM&V perspective.

ED is unsure as to how frequently the early opinion option may be used by the utilities. From a discussion between ED, its contractors and the joint utilities on August 24, 2010, it appears that the volume of such referrals might be large enough to warrant formalizing a pre-review process. Such reviews will not eliminate the referred projects from subsequent formal custom measures/project reviews as mandated by the CPUC in D.09-09-047.

This document proposes an early opinion process that is somewhat less formal but nevertheless requires adequate documentation and supporting data to allow ED and its consultants to provide accurate guidance on the questions presented. Since the proposed process will rely on document review as the primary method, supplemented by a conference call with the utility and/or its contractors, the focus will be on issues related to gross savings estimation. ED will not provide any opinion on freeridership issues in this process. Freeridership reviews are expected to be conducted as part of the mandatory custom measures/projects review process.

## Upload Referred Projects to Basecamp

ED has created four project spaces on Basecamp for each utility and has provided IOU-designated staff access to the assigned project space.

Custom Measure Early Opinion - PG&E

<https://energydivision.basecamp.com/projects/5529454/log>

Custom Measure Early Opinion - SCE

<https://energydivision.basecamp.com/projects/5529462/log>

Custom Measure Early Opinion - SDG&E

<https://energydivision.basecamp.com/projects/5529470/log>

## Custom Measure Early Opinion - SCG

<https://energydivision.basecampHQ.com/projects/5529470/log>

The IOUs will upload project documentation on their above listed Basecamp project spaces and notify ED staff and its designated consultants through the Basecamp email option.

Unlike custom measure reviews that are triggered based on savings thresholds, the utilities can request early opinion for any project regardless of expected savings. ED anticipates that such opinions would be requested only for complex or large projects. The depth of project documentation ED may require for early opinions will depend on the requested opinion and will be less comprehensive than that for custom measure reviews. The following are examples of the data ED may request from the utilities:

- Baseline information: Baseline assignment (Code or Standard requirement, Early Retirement, Retrofit, Replace On Burnout, industry standard practice, CPUC policy, etc.), schematic diagram, any research
- Existing system controls and operating status description
- Existing system output capacities – current output and maximum/design capacity
- Pre-installation inspection report
- Proposed modifications with schematic as applicable
- Preliminary savings calculations and supporting data Manufacturer's cut sheets
- Fuel switching considerations and any required analysis
- Other fuel savings
- HVAC interactive effects values and methods used to develop those values, when measures cause a change in HVAC system loads
- Interactions between multiple measures that act to increase or decrease savings relative to a measure stand-alone savings estimate
- Pre/post production output data when used in savings calculations and the source of such records
- IOU or implementer program manual (a single archive of these documents should be referenced rather than including the documents in each project archive)
- EUL/RUL value, analysis or source

While submitting available documentation, the utility should ask specific questions for which ED's opinion is requested and present its own analysis. For example, a utility may seek an opinion on the project baseline; in such cases, the utility's perspective as to the existing condition, proposed retrofit, baseline alternatives and the reasons why a clear baseline assignment was difficult to make should be described in the forwarding message. Examples of specific questions are:

1. The customer intends to install equipment that will increase production from the existing production line. Should the existing production line be considered as baseline or should a new market-based baseline be established?
2. Proposed measures are expected to save electricity and reduce the need for cogenerated electricity. As a result, some gas savings may be realized because of the interactive

- effect. Can gas savings be claimed?
3. The proposed measure is new and the expected EUL is only two years. Does the measure qualify for funding?

### **ED's Response to the Utilities**

ED will conduct a document review and post its response on Basecamp. Depending on the clarity of questions and documentation submitted, ED may be able to provide an opinion or may ask clarifying questions or request additional information. When it appears that a conference call might be an expeditious way to acquire additional information, the utilities or ED may request a conference call with appropriate parties. Such calls should be typically between ED, and the utilities and their reviewers; third party implementation contractors may be involved only if necessary. The proposed process is not intended to be direct communication by ED with the utilities' contractors or its customers. By requiring that the utilities present their analysis of an issue for which ED's opinion is sought, ED expects active utility involvement in this process.

ED will attempt to provide a written response to the utilities' questions through Basecamp within ten days of receiving all requested data. ED's opinion is intended to clarify the CPUC policy and/or provide a perspective on specific EM&V considerations for proposed projects. ED's opinion should not be viewed as approval or disapproval of a project/application. Since ED's pre-review opinions will be on specific aspects of EM&V and not on the all aspects of a custom measure/project, ex ante savings calculated after accepting ED's early opinion should not be considered frozen until a more comprehensive custom measures/project review take place later that will examine other aspects not covered by ED's early opinion.

### **Follow up**

Since some or all projects for which ED provides an early opinion may be implemented and could be subject to a more comprehensive custom measure review process, ED requires that the utilities notify ED as to the disposition of opinions they received by submitting a monthly tracking spreadsheet. The utilities should include unique identifiers in this spreadsheet that are common to the custom measures/projects review spreadsheet and add a PDF file of ED's written opinion to the project documentation archive. This way the custom measures/projects reviewers would know about early opinions ED provided. The disposition spreadsheet will also allow ED to assess the effectiveness of the early opinion process.

### **Pilot Phase**

ED proposes to pilot this process for a few months and then discuss with the utilities for possible modifications, including whether it is necessary to continue with providing early opinions. If the utilities would like to share the experiences of early opinions, ED will include early opinions as part of the agenda of the upcoming custom measures/projects review working group.