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Subject: Draft Agenda and Resources for Monday's Call

Simon, Peter, and Pete:

Below is a draft agenda for Monday's 8 am call on the workpaper approval process. Please let us know if you have any other topics that you would like to discuss. I have also attached a few files for our reference - this is an amendment to Peter's earlier email citing D.10-04-20.

- Introductions
- Issue at hand: Coordinating on workpaper approval process
- Moving forward: Proposed solutions should reconcile existing direction from ED with prior rulings and new collaboration interpretation
- Discussion about impact of PFM Decision on workpaper process
- Wrap-up and next steps

Thanks, have a great weekend, and talk to you Monday!  
 -Laura

**Reference Documents:**

Item	Citation
5.3. ED-Involvement in IOU Workpaper Development (non-DEER) Question 1.iii. of the November 20 Ruling asked: "Should ED have the authority to	

<p>be involved in projects that develop ex-ante savings estimates, such as the non-DEER work papers, which are currently managed by the IOUs without any ED involvement?”</p> <p>ED recommends that the IOUs should be required to notify ED of all workpaper (1) development activities and should proactively provide opportunities for ED to review methodologies and provide input to the workpaper authors. ED contends that its involvement at this stage will streamline the review of final workpapers and will ensure greater reliability of workpaper savings estimates. ED recommends that its involvement in workpaper projects follow the process outlined in ED’s recommendations for questions 4, 5 and 6 (see Attachment 3). PG&amp;E states that IOU workpapers regarding ex ante savings estimates are already subject to Commission oversight through the ED review and approval process, as set forth in an ALJ Ruling of November 18, 2009 in this docket. PG&amp;E contends this level of review is sufficient and does not need to be enhanced as set forth in the ED recommendation. The November 18, 2009 Ruling involved ED review of workpapers after submission to ED. We agree with PG&amp;E that the process set forth in the November 18, 2009 ALJ Ruling is sufficient to provide Commission review of these workpapers after they are completed. ED seeks increased transparency in the initial development of the non-DEER workpapers. This is a valuable goal. We will require the IOUs to cooperate and collaborate with ED in the development of these workpapers.</p> <p>(1) “Workpapers” refers to documentation prepared by the program administrators or program implementers that documents the data, methodologies, and rationale used to develop ex-ante estimates that are not already contained in the Database for Energy Efficiency Resources (DEER).</p>	<p>D.10-04-029, Section 5.3  <a href="http://docs.cpuc.ca.gov/PUBLISHED/FINAL_D">http://docs.cpuc.ca.gov/PUBLISHED/FINAL_D</a>  )</p>
<p><b>5.2. Process for EM&amp;V Funded From Program Dollars</b></p>	

<p>Question 9 of the November 20 Ruling asked: “Should all IOU EM&amp;V related projects, regardless of funding source (such as projects that develop savings estimates for non-DEER measures funded out of program funds), be required to follow the same policies and procedures that are required for EM&amp;V funded projects?”</p> <p>ED recommends that the Commission require that all EM&amp;V-related projects, regardless of funding source, adhere to the same policies and procedures as EM&amp;V funded projects.</p> <p>TURN agrees with the ED proposal, arguing that this will counter any incentive that exists for IOUs to make small changes to a DEER measure and present it as a new non-DEER measure which may receive less scrutiny. DRA and SDG&amp;E/SoCalGas agree with the ED recommendation. PG&amp;E agrees that all EM&amp;V projects should be funded from the EM&amp;V budget, not the program budget. PG&amp;E contends that IOU research projects which are properly designated as program implementation activities (and thus paid for with program implementation dollars) should not be subject to rules and procedures designed for EM&amp;V.</p> <p>SCE similarly argues the ED language is too broad, claiming that the term “EM&amp;V-related” could be attached to many projects not usually considered as EM&amp;V projects.</p> <p>We will adopt the ED recommendation, with the caveat that the EM&amp;V processes adopted herein should not apply to projects not previously considered to be in the EM&amp;V category. For example, non-DEER studies would be considered EM&amp;V projects, while (as SCE suggests) developing initial workpapers using existing data sources would not be considered as EM&amp;V.</p>	<p>D.10-04-029, Section 5.2  <a href="http://docs.cpuc.ca.gov/PUBLISHED/FINAL_D">http://docs.cpuc.ca.gov/PUBLISHED/FINAL_D</a>  )</p>
<ul style="list-style-type: none"> <li>An IOU shall seek approval from Energy Division before initiating Evaluation, Measurement &amp; Verification (EM&amp;V) ex-ante studies, or EM&amp;V process or formative</li> </ul>	

<p>evaluations. The IOU management role for developing ex-ante savings estimates or EM&amp;V process or formative evaluations shall be under the oversight of Energy Division, who shall have the authority to deny approval of projects. This authority is limited to situations where there is a conflict of interest with a contractor the IOU wishes to hire, where there is duplication or significant overlap with studies already planned or carried out by Energy Division, or where Energy Division can specify why a study is unnecessary.</p> <p>Energy Division's approval process for IOU's ex-ante studies, or EM&amp;V process or formative evaluations, is limited to no more than two weeks. Any Energy Division denial of approval shall be in writing to the IOU requesting approval.</p> <ul style="list-style-type: none"> <li>• If Energy Division expects to take three months or more to complete an ex ante estimate study, Energy Division shall approve an IOU request to develop ex-ante estimate in order to ensure timely information, or reject the request by providing the IOU, within two weeks of the IOU's request, with a written statement indicating that such rejection is due to duplication, conflict of interest or other specific rationale</li> <li>• Review of completed IOU workpapers regarding ex-ante savings estimates are subject to Energy Division review and approval, as set forth in an Administrative Law Judge Ruling of November 18, 2009 in Application 08-07-021, et al. Each IOU shall cooperate with Energy Division to allow upfront consultation regarding such workpapers.</li> <li>• Energy Division's role for approval and involvement in IOU EM&amp;V projects shall be as set forth in Attachment 2 of this decision.</li> <li>• Energy Division may make case-by-case exceptions to the Commission-adopted firewall policy regarding program implementers in order to collect data needed for EM&amp;V.</li> </ul>	<p>D.10-04-029, OP 4,  <a href="http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DE">http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DE</a>  )</p>

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.0909047 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.

### 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.

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.	November 18, 2010 Ruling, Attachment 1, pg.3 ( <a href="http://docs.cpuc.ca.gov/efile/RULINGS/110002">http://docs.cpuc.ca.gov/efile/RULINGS/110002</a> )
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Note: My telephone and address have changed as of March 7.