

From: Baker, Simon  
Sent: 3/16/2011 4:30:28 PM  
To: Don Arambula/SCE/EIX (Don.Arambula@sce.com); Ramaiya, Shilpa R (/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd); Redacted  
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Cc: Fogel, Cathleen A. (cathleen.fogel@cpuc.ca.gov)  
Bcc:  
Subject: Data request regarding Enalasy's allegations that HVAC QM program development is out of compliance with approved SW PIP - Request response by 3/21

Hi All,

Below is an email from Enalasy's, a Verified Service Provider (VSP), who has concerns about whether the IOUs' approach to development and implementation of the new HVAC QM program. Enalasy's contends that the IOUs' are out of compliance with the approved SW PIP.

I meant to cover some of these issues at the ED-IOU SW HVAC program check-in meeting last week, but we ran out of time. So, I am following up with a data request instead (which will come from Cathy Fogel, BTW).

Can you please answer the questions below by Monday COB 3/21? I will be responding to Enalasy's, once I have heard the IOUs' response to these allegations.

Best,  
Simon Eilif Baker  
Supervisor, Energy Efficiency Planning  
Climate Strategies Branch  
California Public Utilities Commission - Energy Division  
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415-703-5649

**From:** Luke Hermann [mailto:lukeh@enalasy.com]  
**Sent:** Monday, March 14, 2011 10:31 PM  
**To:** Baker, Simon; Baker, Simon  
**Cc:** Eric Taylor; Scott Clay; cynthia k mitchell  
**Subject:** Program Design Revelations from Quarterly EM&V Meeting

Simon,

We would like to give you an update and request your assistance.

First of all, has ED had the opportunity to review the E3 calculations that we submitted to you? Please keep us apprised of this progress or process needed to receive your feedback.

We attended the Quarterly Energy Efficiency EM&V Stakeholder Meeting on Tuesday March 8, 2011. Both PG&E & SCE were well represented. An IOU presentation of the HVAC Energy Efficiency Maintenance Study (HEEMS) was given by Brett Close of SCE. Unfortunately, some of the concerns that we discussed with you when we met have become more pronounced.

- The SW PIP Program Logic milestones are laid out as follows. The IOUs were unable to provide any dates or plans to address the SW PIP Program Logic.

- 1) Conduct Research
- 2) Publish Research Results
- 3) Vet Research Results
- 4) Pilot to Test Vetted Results
- 5) Continuous EM&V evaluated over a minimum 5-year period

- What was presented is as follows:

- o Forthcoming commercial and residential programs are eminent. Therefore, it appears that they are planning on circumventing the SW PIP which is the concern we brought to your attention when we met on February 11<sup>th</sup>.

o Even though the HEEMS indicates that a redesigned standards based checklist approach cannot be recommended and is inconclusive at this time and that further studies are necessary in order to ascertain the merits of a redesigned standards based checklist approach, the IOUs (SCE & PG&E) are planning on proceeding with the new untried un-vetted ASHRAE/ACCA checklist based approach anyway.

- They specifically identify the Next Step: Phase 2 EM&V which will include data collection and assessment from field work, lab work, and final data analysis which is the recommendation of the HEEMS next steps before the ASHRAE/ACCA checklist based approach conclusions can be made.

o The IOUs are not planning on following 8. Program Logic Model: on page 641 of the SW PIP at this time which states:

- Conduct Research to Quantify Energy Efficiency Benefits Associated with QM (Activities)

- Publish Research Results (Outputs)

- Vet Research Results (Outputs)

o When asked about Pilots as referenced item g) Pilots: on page 637 of the SW PIP, they gave no indication of any plan for pilots.

o Likewise, when asked about item h) EM&V: on page 637 & 638 of the SW PIP, where it calls for an evaluation over a minimum 5-year period, they again gave no indication of any associated plan.

o When asked about the TRC for the programs that they are planning on putting on the street eminently, they do not have one yet.

We could be missing something but we don't understand how the IOU's can write a SW PIP, get it vetted and approved by the CPUC and other stakeholders, and then pick and choose which components that they want to follow and which components they want to discard.

We also discovered a couple of additional oddities:

- One of the IOU's specifically claims that the HEEMS Recommendations and Conclusions are exclusive of Program Design. However, there is no doubt that the Program Design Recommendations from the HEEMS meet the first task study requirement on Page 631

of the SW PIP, where the excerpt from paragraph c) Program Design to Overcome Barriers: states “One of the first tasks conducted by the program will be to conduct a comprehensive research study vetted by the HVAC industry to quantify the real energy savings that consumers can expect to achieve through ongoing maintenance of their system.”

- o It is objectionable for an IOU to disregard the Program Design Recommendations of the Study they performed because the results are inconvenient and not in alignment with their pre-disposed opinion of what they wanted the study to say even though they claim that their intent with the study was not to determine program design.

- Along those same lines, one of the IOUs specifically claims a different interpretation of the language on page 71 of the HEEMS. In reference to the Conclusion and Recommendation – Sponsor a Short-Term Pilot: the language is written as follows: “An approach could be to fund pilot related overhead separately so the TRC calculations are based on a “mature” program... This pilot could also serve to support the integration of ACCA Standards 4 and 180 into programs ...” One of the IOUs indicated that their interpretation is “This pilot could serve to support the integration of “mature programs” into ACCA Standards 4 and 180 programs.

- o Again, we understand their desire to roll out a program based on the ACCA/ASHRAE Standards regardless of the results, conclusions, and recommendations, but the state is supposed to have a transparent process and vetting protocol to provide proper guidance.

There is HUGE risk to the state of California is that if the QM/QI SW PIP is not followed as written. If the IOUs are allowed to circumvent the SW PIP and they do not achieve acceptable mass market TRC and market transformation, then the state will not meet its short, medium, or long-term energy efficiency goals and skeptics will conclude that energy savings cannot be achieved through HVAC programs. There is risk that their circumventing approach will kill mass market HVAC programs in the state of California if they are allowed to proceed in an unvetted manner as they are proposing.

We are anxious to get HVAC programs back on the street saving California energy and we don't want to slow anything down but, we are concerned about the process and path that we are observing. We will call you later this week to discuss. Do you have some time openings where you will be available?

*Best Regards,*

**Luke Hermann**

775-324-0938 Office

775-223-3030 Mobile

888-364-4403 Fax

**From:** Baker, Simon [mailto:simon.baker@cpuc.ca.gov]

**Sent:** Tuesday, March 01, 2011 8:48 AM

**To:** Luke Hermann; Fogel, Cathleen A.; Cammarata, Jordana; [Redacted]

[Redacted]

**Cc:** Eric Taylor; Scott Clay; Randel Reidel-CBPCA; Lai, Peter

**Subject:** Follow-up on ED-Enalyses meeting re: HVAC QM program status - Request for E3 review, etc.

Luke,

It was good to meet with you and your team.

Regarding the E3's for you proposed program, I will look to Peter Lai and his DMQC team to speak to that. My understanding is that Energy Division does not typically "pre-approve" E3's as you represent PG+E is asking. Again, Peter can clarify.

A few clarifications to your summary points offered below, based on my recollection as well additional thoughts / guidance:

1. (Modify as follows) Energy Division recommends that Enalyses pursue negotiations with the IOUs (whether to implement Enalyses' program proposal as-is, modify it, or identify other ways for Enalyses to work within the new SW QM program). The Commission grants the IOUs wide discetion to administer their portfolios cost-effectively and achieve portfolio savings goals. A Petition for Modification should be a last resort, unless there are policy rules that require modification in order to pursue a course of action mutually agreed to by Enalyses and the IOUs. If Enalyses decides to pursue a PFM, Energy Division would appreciate advance notice of such action.

2. (No comment here. Perhaps Peter or Jeff can weigh.) The IOUs & CPUC have addressed the early EM&V (Intertek) and first task comprehensive research study vetted by the HVAC industry (HEEMS) components of the SW PIP so far.

2. (Agree) We await the next activities from the IOUs associated with the SW PIP

3. (No comment.) It is our observation that the HEEMS provides the new road map for how the SW PIP should now be implemented.

Best,  
Simon

**From:** Luke Hermann  
**To:** Baker, Simon; Baker, Simon; Fogel, Cathleen A.; Cammarata, Jordana;  
Redacted  
**Cc:** Eric Taylor ; Scott Clay ; Randel Reidel-CBPCA  
**Sent:** Mon Feb 28 20:13:03 2011  
**Subject:** HVAC Program Status Follow Up

Simon, Cathy, Jordana, Jeff, & John

Thank you for your time to meet with us two weeks ago. It was an enlightening meeting for both parties.

As discussed, we have attached the E3 calculation that is referenced for the PIP being proposed. PG&E has specifically requested that we ask Energy Division to review the E3 calculations.

We have attached a detailed recollection of the subject matter that was presented, discussed, and addressed. In summary, the most important issues are as follows:

- The CPUC would prefer that we pursue program implementation directly with the IOUs in lieu of pursuing a Petition for Modification
- The IOUs & CPUC have addressed the early EM&V (Intertek) and first task comprehensive research study vetted by the HVAC industry (HEEMS) components of the SW PIP so far.
- We await the next activities from the IOUs associated with the SW PIP
- It is our observation that the HEEMS provides the new road map for how the SW PIP should now be implemented.
- o The HEEMS highlights the importance of Accuracy & Instrumentation in order to achieve acceptable TRC ratios and we all concur.
- o The HEEMS highlights the importance and feasibility of incorporating web-based monitoring (or equal) to ensure “real-time” EM&V concurrence with TRC energy savings program implementation.

Please review and respond in regard to any poignant statements, assumptions, or presented facts that you either are strongly in agreement with or have a different position. We look forward to further discourse and to getting our state's HVAC energy savings happening again.

*Best Regards,*

**Luke Hermann**

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p.s. Due to the file size, I have removed the 2009 NVE Res High Efficiency AC M&V Report Full Docket Filed AUG 2010.pdf from this email and will attach it to a subsequent email.