

ED/IOU Workpaper Development Collaboration and Consultation Process

Background:

Workpapers function as the primary supporting documentation for non-DEER ex ante energy savings and related cost effectiveness calculation parameters for all deemed measures installed via resource programs within the Investor Owned Utilities' (IOUs') portfolios. Workpapers are sometimes based on DEER methods and values, but more commonly they are based on (or at least include) non-DEER methods and values developed through program implementation or EM&V activities. Utility projects which develop new data or information that will be utilized in workpapers are subject to additional ED oversight per D.10-04-029, OP 4¹ and as described in Attachment II to that Decision.

This Workpaper Development Collaboration and Consultation Process document addresses the process by which the IOUs will work with Energy Division (ED) to allow for upfront ED consultation, consistent with Decision 10-04-029², in the creation of workpapers that will later be submitted to ED for review and approval.³

ED-IOU Collaboration Meetings and New/Revised Workpaper Lists

Each IOU and ED are to hold, either jointly or separately, monthly meetings between IOU workpaper creation/review teams and the ED review team for an IOU workpaper development status update and ED workpaper review status update. These meetings will also provide an opportunity to discuss upcoming workpapers, workpaper process issues, and general workpaper-related information. The purpose of these meetings is to take a high level, proactive approach to managing workpaper collaboration, consultation, coordination, and maintenance. Meeting notes or minutes will be taken that accurately reflect the discussions which take place and any decisions made at the meeting.

The IOUs will maintain and provide to ED a list of planned new or revised workpapers as well as a status of workpaper projects currently underway. This list will also include any utility funded (including internally staffed) studies or projects planned or underway that are expected to provide information or data that may be utilized in workpapers. This list will be updated at least monthly three days prior to the monthly meeting. The information on each workpaper, study or project will include the expected timeframe for work start and completion, expected eventual HIM status of the measures covered, and the staff or contractors expected to be utilized in the workpaper development. Within one week after the meeting, ED will indicate, for each new entry in the list, if they wish to (1) collaborate in the creation of and updates to any workpapers or (2) be provided ongoing information on the development state of any workpaper with the intent of providing review comments during the development process. Otherwise, ED will indicate that the workpaper and/or revision should proceed directly into the Phase 2 review process with no additional upfront consultation requirements.

DRAFT

For all workpapers submitted for Phase 2 review and approval, ED will track status of all of the workpapers submitted to basecamp and provide a status list to the utilities one week prior to each monthly collaboration meeting. The status list will indicate the date submitted, the data any added information was requested, the date requested information was supplied or is expected, the current status of the review and the primary ED reviewer contact.

For all workpapers under development and projects or studies underway to develop information or data that may be utilized in a workpaper, the utilities shall provide ED with draft materials on an ongoing basis. The draft materials shall be sufficient so as to allow ED reviewers to assess the current status of the workpaper, study or project. The frequency of providing these materials shall be only so often as necessary to ensure ED reviewers are aware of and kept current on primary methodologies being used for data collection and analysis as well as preliminary results of analysis including energy savings and cost effectiveness parameters. For projects or studies performing work to develop new data or methods, ED should be consulted during the planning and methodology development process to ensure the plans and decision made by the project or study team are likely to be approved during the later Phase 2 submission.

Meetings to discuss individual workpapers or related studies or projects are to be arranged on an as-needed basis and may involve all involved stakeholders including ED, IOUs, and any third parties or consultants that are directly involved in the workpaper development or projects which supply information or data being utilized in the workpaper development. These meetings can occur during any stage of the Workpaper Process. Meeting notes or minutes will be taken that accurately reflect the discussions which take place and any decisions made at the meetings.

Workpaper Development/Revision Stages

The workpaper process follows two main steps: (1) Collaboration/Consultation and (2) Workpaper Approval (Phase 2 Review per ALJ November 18, 2009 Ruling). Each of these steps is described in this section.

1. Workpaper Collaboration and Consultation Process

As the Commission stated in D. 10-04-029, "ED contends that its involvement at this stage will streamline the review of final workpapers and will ensure greater reliability of workpaper savings estimates."⁴ The purpose of early involvement, from ED's perspective, is to ensure greater transparency in the workpaper development process. It is also desired and expected that this early involvement by ED will increase the reliability of ex ante estimates and a streamline the review and approval process. ED and the IOUs are expected to work together in a manner that allows these goals to be realized.

The Workpaper Collaboration Process starts at the beginning of workpaper creation before a significant amount of work has been completed. This process applies for all new workpapers and

DRAFT

for revisions to existing workpapers where major changes are made. For projects or studies that will develop new information or data that will be utilized in workpapers, ED's role and approval process begins prior to work initiation, and follows the process outlined in Attachment 2 to D-10-04-029. Within one week after a monthly collaboration status update meeting, ED will notify the utilities of any workpaper development activities which will not require further ongoing involvement of Energy Division reviewers prior to Phase 2 submission. The intent of this notification is to allow workpaper development that involves, in the view of ED, only minor revisions to previously approved methods and data, to proceed directly to completion and submission without further notification other than status.

The Collaboration and Consultation Process is expected to give ED the opportunity to provide early feedback on planned workpaper development and revision activities. In the case when the utilities initiate projects or studies which will develop new information and data to be used in workpapers, the Collaboration and Consultation Process is expected to facilitate the approval and involvement roles required by Attachment 2 of D.10-04-029. This process, when applied to workpapers not utilizing newly developed data from utility studies or projects, involves IOUs communicating the workpaper approach to ED on an informal basis. In these cases, ED is expected to provide the utilities with guidance on methodologies, workpaper content and supporting documentation that in ED's opinion will be necessary to include in a potential workpaper, to ensure a timely and successful Phase 2 review and approval.

The Workpaper Collaboration and Consultation Process may involve one or more meetings to ensure that Phase 2 submissions are consistent with ED's expectations. These meeting will be tightly-focused, and they will be scheduled to avoid any delays in workpaper development. It is recognized that while the IOU workpaper development teams are collaborating and consulting with ED they are also interacting with multiple internal and external clients impacted by the workpaper creation process. Given this, the IOU workpaper development team may have reason to request expedited action on some workpaper activities, including permission to proceed directly to a Phase 2 submission. ED will make every effort to accommodate these requests whenever practical, unless ED deems such a request to be counter to the intent of the requirements of D,10-04-029 relative to the ex ante review and approval process.

The conceptual conversations between the IOUs and ED during the Collaboration and Consultation Process are expected to focus on the following:

- Defined measure(s)
- Appropriate baseline(s) (pre-existing conditions, codes or standards, market or standard practice, etc.)
- Target market(s)
- Delivery Method(s) of impacted Program(s)
- Discussion of whether the measure will be used statewide and what differences should be allowed for different IOUs

- Any specific program eligibility requirements that impact how the workpaper is developed
- Expected “install type” for the measures (RET/NEW/ROB)
- Expected Methodology to Calculate Savings
- Measurability of savings
- Source or expected NTG, EUL, RUL, load shape, Installation rate and timing, incremental or full measure costs (as appropriate), expected incentive mechanism and amount, and other factors
- Expected Data sources to be used in workpaper.
 - Note that in order to develop ex ante savings estimates data must be identifiable, readily available existing sources. In order to meet deadlines and control costs, IOUs do not always have the time to perform additional studies. Coordination with EM&V work can be used to initiate studies for future updates to the workpaper if existing data is limited. During the interim period, while more reliable or accurate data is being developed, the utilities and Energy Division are expected to provide parameter estimates that balance risk to both the ratepayers and the utilities if currently available information is inadequate and it is agreed that measure incorporation into the portfolio is desired.
- Early Calculations Review

While the Workpaper Collaboration and Consultation Process is an ongoing activity, for those workpaper projects that ED intends to review during this process, ED will inform the IOU within one week after the monthly status meeting after the initial workpaper project disclosure on the workpaper status list submission prior to that meeting as described earlier in this document. During an ongoing workpaper development project, if an IOU submits interim data or methodology, or procedure review request to ED on a specific workpaper project, ED will initiate discussions and request any addition information within 15 business days of receiving such a submission. Additionally, ED will provide specific direction within 25 business days of receiving all information including the utility fulfilling response to any additional information requested. Due to its nature, some workpaper development projects may take more time to develop while some may take less time, depending on the complexity of the workpaper. However, it is expected that the Collaboration and Consultation Process will speed up the overall workpaper review process in Phase 2.

2. Workpaper Approval Process (Phase 2 Review)

The final step is the Workpaper approval process. This process is laid out in the Phase 2 non-DEER Workpaper Review Process dated November 15, 2010 and in Administrative Law Judge Ruling of November 18, 2009 in Application 08-07-021. The Phase 2 review process provides the general requirements and procedures for submitting non-DEER measure workpapers for ED review and approval of the measure ex ante values.

¹ An IOU shall seek approval from Energy Division before initiating Evaluation, Measurement & Verification (EM&V)

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ex-ante studies, or EM&V process or formative evaluations. The IOU management role for developing ex-ante savings estimates or EM&V process or formative evaluations shall be under the oversight of Energy Division, who shall have the authority to deny approval of projects.

² 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.

³ Energy Division's role for approval and involvement in IOU EM&V projects shall be as set forth in Attachment 2 of this decision.

⁴ D. 10-04-029, page 20.