AGENDA: RISK/REWARD INCENTIVE MECHANISM WORKSHOP

8/20/2012, 10am-5pm

Location: CPUC Hearing Room E, 505 Van Ness Avenue, San Francisco, CA

Conference Line: 877-930-0524; Participant Code: 9183912

(Please note that there are only 20 available ports on this conference line. If you and several of your colleagues are calling from one location, please use a common telephone to ensure that other participants can access the conference call.)

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10 a.m. – 10:30 a.m.: INTRODUCTIONS AND GROUND RULES

10:30 a.m. – 11 a.m.: TOPIC 1 – AGREEMENT ON PRINCIPLES AND GOALS

The ALJ Ruling issued June 15, 2012 summarized a framework for an incentive mechanism based on the following characteristics: (1) effective and strategic, (2) feasible, (3) timely and broadly accepted, (4) fair and cost-efficient, (5) simple and transparent, and (6) technical integrity. Do participants believe that this statement of principles and goals should be modified or clarified? If so, how and why?

11 a.m. - 12 p.m.: TOPIC 2 – MAGNITUDE OF POTENTIAL INCENTIVE EARNINGS/PENALTIES

What relevant indicators or financial measures could be used to help quantify the incentive earnings levels required to motivate utility management to view energy efficiency programs as a core part of regulated operations and prioritize improvement in this area, but contained enough to protect ratepayers' interests?

12 p.m. – 1 p.m.: LUNCH BREAK

1 p.m. - 2:45 p.m.: TOPIC 3 – PERFORMANCE METRICS / FORMULAS FOR INCENTIVES

If a performance-based approach were continued, what performance metric(s) should be used to determine the amount of incentive earnings due (e.g., per-unit demand and energy savings, sharing of monetized net benefits, percentage of savings goals achieved, units or measures installed, program expenditures made, etc.)? What are the relative advantages and disadvantages of each?

Does it make sense to apportion the total incentives earnings potential among the various portfolio programs and measures eligible for incentives? If so, would it make further sense for savings values to be calculated to give great weight to programs or measures that reflect the Commission's stated goals (e.g., programs or measures with longer term savings)? And should incentives be considered for non-resource programs? If so, based on what metrics?

2:45 p.m. – 3 p.m.: BREAK

3 p.m. –5 p.m.: TOPIC 3 (Cont'd) – PERFORMANCE METRICS / FORMULAS FOR INCENTIVES

What, if any, additional metrics or assumptions should be subject to ex post true up for assigning incentive earnings values? Are there any "frozen" ex ante parameters that should be updated mid-cycle?

What are the advantages and disadvantages of incentives based on a management fee model rather than a performance-based model? Could the management fee model be augmented to address some or all of the disadvantages?