Track 2 Working Group (T2WG) Meeting Notes Meeting 1 – Kickoff Meeting	Tuesday, April 11, 2017 10 am to 4:00 pm Embassy Suites Hotel 1440 East Imperial Avenue El Segundo, California, 90245

These draft meeting notes have been distributed to T2WG participants for review and are subject to change. Final meeting notes will be posted on the T2WG web page.

Find T2WG materials at: http://t2wg.cadmusweb.com/
Email t2wg@cadmusgroup.com to join the T2WG mail list.

Attendees

See last page for the list of attendees who participated in-person or over the phone.

Action Items

1	Clarify process for Staff/Commission review of T2WG report, incl. where process differs for Track 1 and Track 2 issues;	Katie Wu
2	Clarify how we will represent consensus or otherwise in the T2WG report	T2WG Team
2	Update schedule for overall T2WG completion	T2WG Team
3	Develop draft report outline for T2WG Report	T2WG Team
4	Task 1 (Code Baseline) Draft T2WG Recommendation: revise T1WG Report, Section 2.1 Code Baseline, including: • Delete piece in parenthesis • Rename "Code baseline" • Clarify the language and address concern with item D in the list • Create a decision tree to clarify the text • Discuss this topic with Task 3 • Existing ISP Guideline should include DEER	Halley Fitzpatrick Mohit Chhabra
5	Revise flow chart in D.11-07-030 Appendix B to add repair eligible & repair indefinitely as a pathway	Jeff Hirsch
6	Task 2 & 3 – Clarify status of T1WG recommendations; clarify which recommendations Staff/Commission do not agree with	Jeff Hirsch Katie Wu
7	Define repair-eligible and repair-indefinitely	TBD + Rich Sperberg
8	Task 2 – Develop straw person proposal on Tier 1 & 2 POE requirements	Josiah Adams
9	Task 4 (Small Business definition) – Draft proposals for qualification standards and documentation requirements *for a project/customer to use "small business track"*	All
10	Task 5 (ISP Guidance) – Submit needs & proposals for ISP Guidance document updates (to facilitate Task 5 discussion at next meeting)	All

Next Meeting

Wednesday, April 26, 2017
10 a.m. – 4 p.m.
155 Grand Avenue, 6th Floor
Oakland, California 94612

For those unable to attend in person, a webinar and a call-in number will be provided.

Materials [http://t2wg.cadmusweb.com/]

Meeting agenda: T2WG_20170411_MeetingAgenda

Meeting presentation slides: T2WG_20170411_MeetingPPT

Other reference materials:

- Track 1 Working Group Report
- Resolution E-4818 Final and Conformed
- Resolution E-4818 Matrix_DRAFT_20170407
- CA_Gov_Small Business Eligibility Requirements

Meeting Notes

We will discuss the T2WG topics as Task 1-6:

Task 1. **ISP and Code Baseline:** Consider and recommend clarifying policy for how to determine code baseline as they address issues related to industry standard practice

Task 2. **Tier 1 & 2 POE:** Develop recommendations for what should constitute Tier 1 and Tier 2 Preponderance of Evidence Requirements

Task 3. **Repair Eligible/Indefinitely:** Develop qualification standards and documentation requirements to identify repair-eligible and repair-indefinitely measure types

Task 4. **Small Business Definition:** Develop qualification standards and documentation requirements to identify a small-sized business customer

Task 5. **Custom Review Process:** Develop recommendations to streamline the custom review process

Task 6. **ISP Guidance:** Develop recommendations to update the ISP Guidance Document

Tasks 1-4 are deferred from the T1WG, requested in Resolution E-4818

Tasks 5 and 6 are original tasks for the T2WG, requested in Decision 16-08-019

Overarching Goals

Peter Lai (CPUC) described the overarching goals for the T2WG and first meeting

Rick Diamond (LBL) described his role as Facilitator

Arlis Reynolds (Cadmus) explained Cadmus role as “clerk” to document meeting discussions, consensus, and areas of disagreement. Cadmus will produce materials throughout the process

to document discussions and decision-making and provide opportunities for stakeholders to review and ensure T2WG documentation is accurate.

Rich Sperberg (OnSite Energy) – expressed concerns that the custom measure review (Task 5) and ISP Guidance (Task 6) is being delayed; requested the T2WG address these topics sooner.

Ground Rules (slide 7)

Rick discussed ground rules for the T2WG process – where we disagree, we must express distinct differences of opinion so we know where and why people differ.

Resolution E-4818 (slide 8)

T2WG will refer to the 4 deferred topics as Tasks 1-4

D.16-08-019 (slide 9)

T2WG will refer to the 2 original T2WG topics as Tasks 5 and 6.

Process Overview and Discussions (Slide 10)

Stakeholders discussed the need for clarification on the process after the working group presented the report. What happens at the end of this process?

Katie Wu (CPUC) – Need to confirm with the ALJ, expect the report will need to be issued as a formal process with a public vetting; will clarify post-T2WG process for Staff/Commission review of T2WG report; clarify where process is different for Track 1 and Track 2 issues [ACTION]

Nick Broad (CLEAResult) asked Peter to clarify "consensus."

Peter Lai (CPUC) clarified that the "working group presents a recommendation" to the Commission; the report should document items that reach consensus and where there is consent; CPUC staff needs to be upfront about whether they agree or disagree with topics discussed in the working group.

Rick clarified that the CPUC will provide feedback during the discussion process; having the groups together should have the effect of condensing the review cycle rather than a sequential review.

Kay Hardy (CPUC) agreed that the T2WG should not cut off alternative recommendations; stakeholders can say whether and why they do not agree, but disagreement should not preclude the stakeholders from including something in a report.

Nick – stakeholders are investing a lot of time into this group; need to understand what is consensus and what the outcomes could be.

Peter – we should aim to come up with something that stakeholders can live with; dissent can also come up on the report; the T2WG report will include both agreed-upon items and not-agreed upon items.

Nick asked about the decision making process

Rick clarified that the T2WG process is to gather stakeholder input and not a decision-making process. It is possible that the T2WG can present a consensus decision that has 100% agreement, and the commission can still reject this.

Halley Fitzpatrick (PG&E) shared language from D.16-08-019 p47: "Staff should work with parties to develop a consensus set of recommendations, perhaps in the context of the California Technical Forum or another separately-formed working group. The recommendations should be brought back before us in the form of a staff resolution for Commission approval by the end of 2016." Halley suggested that the ultimate decision-making is with the Commission and not with the Commission staff.

Katie indicated being hopeful for the working group process to get to the consensus point where staff and others are providing joint recommendations. But, in the interest of moving forward, we should move forward where we cannot agree and present points of disagreement

Rick – we need to come back to the discussion of how much we should emphasize getting to a consensus decision.

Melanie Gillette (CEEIC) – "what is consensus" and "what is the role of staff" are the points that derailed the T1WG. There was not understanding about what presents consensus. The first working group effectively defined consensus as "almost all in agreement" but Commission seemed to judge based on 100% consensus. At the end of the day, we want a clear, transparent process with simplified guidelines. We did not get that with the first working group.

Jeff Hirsch (CPUC Contractor) – The resolution language supersedes previous decision language; the word condenses was removed, but a goal should be to reach consensus. Commission needs to be able to read the language in the report and understand differing opinions; staff and consultants need to clearly express where they don't agree and to offer alternative solutions; they did not do that in T1WG

Need to clarify how we will represent "Consensus" or otherwise in the T2WG Report [ACTION]

Rick offered example – for each recommendation, indicate agreement/disagreement and why. We (as T2WG) want to make actionable recommendations. In the report, we want to clearly indicate whether there was widespread support or medium support.

Rich – We are about the embark on a very time-consuming and expensive process. Implementers are committing to put in the time, but need the Commission staff to commit to participate. We need to hear that Commission Staff is an active participant, we didn't get that the first time around.

Rick – what was the role for Commission staff in T1WG?

Katie – Commission staff was more of "observers" in the first working group.

Rick – Should the working report include Commission staff as authors or participants in the process?

<<Cadmus - follow up on how Staff participation in T2WG will be described in the report>>

Rich – T1WG understood that the T1WG report recommendation would be turned into the resolution. They didn't feel the resolution reflected what the T1WG presented; this was a surprise.

Jeff – Staff saw the working group report for the first time the day it was published; thought the T1WG report did not reflect discussions during the meetings; said the material that will be in the T2WG report needs to be published well ahead of the review and submittal period.

<<Cadmus - include sufficient review period in the revised, detailed schedule>>

Rich agreed that the end of T1WG was very compressed, but people left the meeting feeling pretty good about consensus.

Spencer Lipp (Lockheed Martin) agreed that there may have been a few things that weren't exact between T1WG meetings and report, but the report was a compilation of a 6-week process; was not surprised by much of the material in the report; agreed that the tight timeframe made things difficult.

Rick – Can we build into the process opportunity for people to review material during the process? Cadmus confirmed this is a goal of the process with meeting notes to be rolled into the final report.

Spencer agreed that knowing Commission opinions during the process will be helpful.

Mark Reyna (SoCalGas) – If we all agree to some point of consensus; will Commission staff have a second opportunity to provide a second opinion and opportunity to veto that recommendation?

Elizabeth Baires (SoCalGas) – shared working group process for IDER to update cost-effectiveness calculator; they developed a working group report and turned this report directly into ALJ. Elizabeth recommended we look at what the IDER group developed.

<<Cadmus – develop outline of T2WG Report>> [ACTION]

Katie indicated that Tasks 5 and 6 will likely require Decisions; will follow up with the ALJ [ACTION]

Keith Rothenberg (CPUC Contractor) read OP 25 of E-4818: "Commission staff will review the recommendations and update the guidance documents, as appropriate. The update will be vetted through a public process and the final document will be posted to a publicly available website."

Jeff – hope that we can come to a good working agreement, something that we can live with; doubts that we would need a resolution in that case. We can avoid the long and complicated process of a resolution and decision if they agree to stay within the existing policy. If there are fundamental disagreements, we would need a new decision or resolution which would be a much longer process.

Halley – summarized understanding as: T2WG wants verbal and written commitment from Staff to participate in the process; want good faith that the Commission will adopt the working group consensus with its participation and positions during the process.

Anuj Desai (SCE) - I think we are all on the same page; working through consensus should include the practical issue of "do we want to wait longer" ….considering whether it's worth the trade-off in time to push harder on an issue. There is a thirst for clear policy guidance. Wants to identify what documentation needs to change <<follow up>>

Meeting Goals

Rick asked for people's thoughts on what is successful outcome:

- Peter – meet the 6/30 deadline; CPUC regains Stakeholders trust
- Josiah Adams (Ecology Action) – (focuses on small business) appreciates CPUC goal to rebuild trust; looking for clear policy even beyond the working group; wants to leave the process with less ambiguity
- Rich – addressing 1-6 and not just 1-4
- Paden Cast (SoCalGas) – because he needs to teach other people what to provide and how to work in the guidelines, he needs input from Commission staff on what they are willing to accept for successful projects
- Sasha Cole (ORA) – wants to see the issues resolved here (within the working group) and not some later process; wants to make sure that ratepayer $$ is protected; wants to find things we can all agree on
- Kay Hardy – how do we resolve 5 & 6 by end of the WG? What happens if they don't resolve the issues by the end if the period? Noted that Commission also focused on making sure we are wisely using ratepayer money
- Cody Coeckelenbergh (Lincus Energy) – as an implementer, they make multiple-year investment decisions, would like to see a commitment to the custom review process which impacts all customers, is causing implementer to lose revenue and lose business; wants a solution to issues in Tasks 5-6.
- Anne McCormick – seconded Cody's comment; noted that implementers are also speaking on behalf of customers
- Jeff Dials (on phone) – improve the quality of the information and guidance that comes instead of the quantity. T1WG seemed to gain consensus and seemed to streamline the issues; but the items that they did have consensus on were only partially accepted; wants decisions that don't require clarification or that provide actionable rules.

Nick – regarding discussion of evidence-based arguments, noted that implementers are bound by confidentiality with customers; they cannot often describe projects in too much detail.

Peter noted that CPUC understands that – they don't need names and numbers when discussing project examples.

Schedule and Process (slide 11)

Rich – we already spent a lot of time on Tasks 1-4 with the T1WG and made a lot of progress; need to start where we ended T1WG

Spencer seconded the urgency of addressing Tasks 5 & 6; prefers in-person meetings over phone meetings

Halley suggested that we don't need two weeks each for 1-4. Suggested combining discussions where tasks overlap: pair code baseline determination (Task 1) with Repair-Eligible/Indefinitely (Task 3), and pair Tier ½ (Task 2) with Small Business definition (Task 4) <<CONFIRM>>

Kay – let's see how the day goes before determining a schedule for the whole process.

Jeff – the custom review process is a complicated topic that can be broken into subtopics: timing issues; technical and policy issues – we can tackle pieces as we can and not get hung up on two much at once; might start tackling these pieces in parallel with the Tasks 1-4.

Rod Houdyshel (SDG&E) –we can link ISP (Task 5) and Code baseline determination (Task 1) together and handle in the timeframe; the process of custom reviews might take longer but we should be able to break them up.

Rick asked about the possibility of sub-groups to tackle specific Tasks or specific issues; stakeholders expressed concerns about the inter-related issues among tasks, people caring about all tasks; value of learning how to reach consensus.

Peter – what is a reasonable amount of time to digest and provide feedback? How long do you need to review/respond to meeting notes?

- Anuj – comfortable with the 2-week window for review; but would prefer to be able to discuss multiple items rather than one item at a time.
- Rich – it very helpful when we have someone writing up a proposed solution; that keeps the discussion focused and moving forward; people will be committed if they believe that something will come out of the process.
- Jeff – need to make sure CPUC staff and consultants have time for internal discussions

Rich asked Jeff to clarify what is not working between the working group report and the resolution; Jeff will review the T1WG report and indicate what they disagree with [ACTION]; implementer will look into resolution to articulate what was consensus in the working group discussion, but not reflected in resolution [ACTION]; Kay asked Katie to confirm that the items that were adopted are not up for discussion

<<need clarification on status of T1WG recommendations and resolution outcomes>> [ACTION]

Josiah Adams (Ecology Action) suggested meeting in-person every two weeks; try to tackle first 4 topics in the first month – start conversation with what we have already.

<<Cadmus – follow up on "blackout" dates or other relevant calendar restrictions>>

********** **LUNCH** **********

<u>Task 1 – ISP and Code Baselines (slides 13 – 23)</u>

Keith - Code as default baseline came out of the collaborative agreement in 1992; has been the default baseline for CA IOU EE programs for a long time.

Jeff – D.12 says that code baselines are not absolute; commission staff has the option for proposing something different than the default baseline <<CLARIFY>>

Melanie asked whether AB 802 supersedes D12 language

Katie – AB802 baseline applies to existing buildings or existing conditions baseline; this discussion [T2WG Task 1] is not for "existing baseline" situations

Kay - you cannot point to something and call it rule; commission is not bound; we need to consider impacts of AB802 <<follow up>>

T2WG Recommendation – Task 1

Halley suggests we at specific revisions to existing language in the T1WG Report (PDF page 36, Section 2.1 Code Baseline).

Inserted text from T1WG Report, PDF page 36

2.1 Code Baseline
A Code baseline is determined by an activity or installation that would take place absent the energy efficiency program – either as required by code, regulation, or law or expected to occur as a standard practice – that would provide a comparable level of service as the energy efficiency measure. An activity or installation used to establish a code baseline must:

A. Meet the minimum requirements of California Building Energy Efficiency Standards (Title 24 – Part 6) applicable to the baseline installation / activity
B. Adhere to applicable existing approved Industry Standard Practice guidance document made publically available by the CPUC or Program Administrator (for customers or project types not subject to Title 24 – Part 6)
C. Comply with applicable federal, state, and local regulations or requirements that are relevant to the baseline activity / installation
D. Be a normal practice or otherwise viable option that meets the anticipated functional needs of the customer, building, or process

The correct vintage of a code or standard is established by the date of project approval or at the date of permit issuance. The vintage of the second baseline is set by the end date of the RUL of the installed measures and should reflect any approved standards that are scheduled for implementation prior to the end of the RUL.

The protocols and practices associated with defining Industry Standard Practice are subject to review and revision, subject to a collaborative working group process that is underway and expected to conclude in early 2017. The outcomes of this working group process could result in refinements to Code and subsequent revisions to this document.

Link to edited & commented text: [T1WG Code Baseline Redline]

Halley recommends removing text that was the point of disagreement:

- Strike text "for customers or project types not subject to Title 24 – Part 6)"

Rick – we should also modify language to improve clarity:

- Clarify whether project must meet all four bullets or there is a hierarchy among options A, B, C, and D

Keith – we need to clarify that whatever is the most stringent baseline applies.

Halley wants to make sure that ISPs that show standard practice below code is allowed; Keith Agreed that if an ISP shows underperforming that would be used.

Keith emphasized that **regressive baseline** is not allowed. I.e., when a customer has a piece of equipment that already exceeds code, then the baseline cannot be less than the existing condition.

Discussion about item D:

- Jeff clarified that D is when B (and ISP) doesn't exist
- Nick expressed concern that D, with the current EAR process, risks a long review period
- Jeff – make sure we have a process to be able to say that other normal practice exist.
- Rich – D could open a Pandora's box.
- Halley – we need "D" because in the industrial sector, we'll see projects that have only one option; maintaining equipment has to be considered a viable option; need to consider the costs of equipment maintenance.
- Rich - Implementers don't know what is normal practices because it has to be a published ISP to apply, if there is no published ISP, then it goes to D.
- Rob Guajardo (SCE) suggested adding "If an ISP is not determined…" to the front of D

Rich – Likes recommendation to require a published ISP; the concern is that without a published ISP, we go straight to D, which is a lengthy process. In a situation where the customer would do nothing, and when top 3 (A, B, or C) don't apply, we need a path to use a viable baseline; then "Existing conditions" should be the baseline. There is a lack of understanding of how industrial customers work; equipment can be very old; concerned about the language of D… "normal practice and viable option" are <u>opinions</u>

Spencer – what do we do when there is no code (path A), no published ISP (path B), and no fed/state/local standard (path C)? This is common for process systems.

Reggie Wilkins (SCE) –we don't know enough about the actual market; we need more market studies to understand market practices

Keith – a previous recommendation was to have the "Early project review process", PG&E is piloting "Early project development"

Spencer – need a definition to determine an appropriate baseline for projects that use path D

Rick – need a definition OR a process to determine appropriate baseline for path D

Tim Xu (PG&E) – D should be a bridge to the ISP Guidance document; maybe also a bridge to retrofit-eligible/indefinitely; Halley confirmed that D has to stay

Discussion about "Code Baseline" – there is confusion about the term "code baseline"

- Jeff clarified the definition of "Code Baseline" as normal replacement OR the 2nd baseline in early retirement; the "Existing conditions baseline" is the retrofit add-on or the first baseline in an early replacement scenario.
- General agreement on need to clarify the term "code baseline" [ACTION]

Jeff – the text does not include limiting factors; e.g., we cannot have like-for-like replacements

Mohit Chhabra (NRDC) – agree with confusion about code baseline; text also needs to be re-written to clarify the hierarchal nature of pathways or to show some decision matrix

T2WG Recommendation for Task 1 - T2WG will revisit this topic at the next meeting; volunteers will attempt to revise the existing T2WG text with based on the discussion. The recommendation will be to adopt the existing text with several adjustments:

1. Delete piece in parenthesis
2. Rename "Code baseline"
3. Clarify the language and address concern with item D in the list
4. Create a decision tree to clarify the text
5. Discuss this topic with Task 3
6. Existing ISP Guideline should include DEER

Halley will develop a revised draft to discuss at next T2WG meeting [ACTION]

T2WG Recommendation for Task 1 – Discuss Task 1 in tandem with Task 3 (Repair-eligible and repair-indefinitely)

Task 2 and 3 – Tier 1&2 POE and Repair-Eligible/Indefinitely POE (slide 24)

Jeff – need to update D.11-07-030 Attachment B to add repair-eligible and repair-indefinitely as a pathway in the flow chart [ACTION]; branch will be similar to Accelerated Replacement, but needs to be explicit for Repair Eligible and Repair Indefinitely

Rich – Repair-indefinitely is very common in industrial facilities; should these projects go to existing baseline?

Jeff – that's conditional; there needs to be some evidence-based influence; some POE is necessary

Rich – Clarifies not POE of viability, but POE of program influence; we need to separate Repair-Indefinitely and Repair-Eligible: <<CONFIRM>>

- Repair Indefinitely: existing equipment operating but could be repaired.
- Repair Eligible: existing equipment working

Rich – The T1WG recommendations were not adopted; need to understand why the T1WG recommendations were not adopted. [ACTION]

Jeff – refers to E-4818 Section: 1.3.9: Repair Eligible in order to apply a dual baseline treatment for the replacement of a broken but repairable piece of equipment, at minimum the following data are needed:

- Repair cost
- Replacement cost
- Energy savings (needed for all claims)
- Effective useful life of installed equipment
- Remaining useful life of existing equipment

Katie – the T1WG report recommendation was not adopted in the resolution because the replacement costs and repair costs are difficult to review. There are two issues:

- Oversight of the cost data (Katie)
- Remaining useful life (Jeff) – mentioned HVAC example and compressor replacement and said that in case of a compressor that has been replace three times, the history of the equipment is important

Josiah – different markets operate differently; we need to consider that variation.

Jeff – This is why we broke up options by business size; tried to come up with a definition that is least risk to ratepayers. We can accept some of the small projects. Let's come up w/ a definition to cover that.

Phil Toth – it gets more sticky with renter/owners; schools with maintenance budgets but not capital budgets, etc.

Rick – Is there a process that allows to determine that and address these concerns?

Jeff – We are not after absolute; we need reasonable assumptions (mentioned 30%-70%). We don't want to do something that has negative impact on implementation. Staff previously proposed a definition that wasn't very good and needs a lot of work; we need a decision tree.

Rick – can we have a volunteer to define those? Volunteered to define repair-indefinitely [ACTION]

Rich – need to understand why the T1WG recommendations were not adopted.

Phil Toth (SCE) – we need to know what is needed to know that programs are reliable, achievable, cost-effective

Reggie Wilkins (SCE) – PAs have incentives to generate savings; grid operators need DSM savings. We need to look at the cost-effectiveness or impact on C/E of our recommendations but we don't know the impacts of our processes; need to make sure our requirements aren't choking cost-effective programs. Spencer agreed that we need to balance cost and precision/accuracy.

Jessee Monn (Cascade Energy) – How do we determine remaining useful life if we assume the equipment lasts forever?

Rich – the replacement equipment should get the savings for the EUL, but this is not policy

Halley – Repair Eligible and Repair Indefinitely both get dual baseline. Repair Indefinitely should be normal practice; recommends we make the EUL = RUL for repair-indefinitely; recommends looking at RUL options in lieu of RUL = EUL; decision gives staff the option to change RUL

Jeff – doubtful for RUL = EUL because it has already been litigated; concerned about taking on too much; but is in favor of measure classifications for RUL differences; Let's not mix the chain of policy – Take the first step to agree on definition and update the flowchart. After that we can talk about RUL/EUL

T2WG Recommendation for Task 2 &3

- Update the flow chart for Appendix B [ACTION]
- Clarify definitions of Repair-Indefinitely and Repair-Eligible [ACTION]
- Clarify why the Commission did not adopt recommendations on repair-eligible [ACTION]

- Review classifications for RUL differences <<follow up>>

Status of Tier 1 and Tier 2 Recommendations

Jeff - my interpretation of Tier 1 & 2 is that the commission adopted the definition of having 3 levels of rigor, but they did not adopt the required documentation for each level of rigor

- Page 55 OP 23: "We adopt a tiered approach to the preponderance of evidence, with three tier levels corresponding to the rigor of the assessment: Full Rigor for projects with incentives over $100,000; Tier 1 Medium Rigor for projects with incentives between $25,000 and $100,000, and Tier 2 Lower Rigor for projects with incentives less than $25,000."
- Page 55 OP 24. "We do not adopt the specific preponderance of evidence requirements for Tier 1 and Tier 2, as outlined in Section 6 of the working group guidance. For this reason, we prohibit the use of a tiered approach to the preponderance of evidence requirements until specific requirements for the tiers are adopted."

Question about incentives definition - Spencer clarifies it's non-capped incentives based on measure and project; the language is project but it can also be measure; staff has the option of aggregating projects from the same customer.

Jeff - Page 70 OP 25: a pretty general statement; Staff has leeway for determination; Table 2 from T1WG Report (POE Guidance) describes what constitutes evidence for different tiers.

Jeff - This table was not approved by the commission because the materials are contradictory. The content is a starter but not their place in the table. Table 2 is "incomplete, contradictory, and unacceptable"

Need to clarify status of resolution approvals and why recommendations were not approved [ACTION]

Rich disagrees: the resolution is clear. It did adopt the working group report as it applies to full rigor. It did not adopt less rigor tor Tier 1 and Tier 2. We were very close to resolution at the end of the T1WG. The remaining question was who would administer the Influence questionnaire, not what would be required, but who would administer the questionnaire; Spencer Pratt seconded this.

Rich pointed to Page 69 OP 19: *"We adopt Section 5 of the working group's preponderance of evidence guidance, with modification to the examples of evidence presented in the guidance, as described in Section 1.5 of this Resolution."* Rick – So this is an unresolved issues.

Rich – at the last meeting of the T1WG, there was a proposal for Tier 1 (25-100) that there be a simple viability completed by the customer test that is an inspection to identify that the equipment is operational (e.g., the equipment meets the needs of the customer) and (2) there be an affidavit by the customer and a questionnaire conducted by **some party (tbd)** to demonstrate influence; ORA and CPUC staff & consultants were not comfortable with implementers administering the questionnaire, they wanted a financially-independent party to administer the questionnaire

Jeff – For Tier 1 and Tier 2, nothing was adopted. Rich correctly described some of the disagreements, but due to time constraints, not all disagreements were discussed. The Tier 1

and Tier 2 stuff was not adopted because it was deferred to this working group; The table needs work

Mark – there is some language indicating items that are supposed to be excluded from the table

Jeff – to implement full rigor, the table needs to be turned into an operational thing (but this is not the charge of the T2WG) <<follow up>>

Scott Mitchell (SCE) – the Commission is supposed to be developing a condensed version of the Resolution language; Katie responded that they are working on doing that but need to identify who and when <<follow up>>

T2WG Recommendation on Task 2 – Need to understand the status of the resolution (what has been adopted); and reasons for recommendations not adopted. [ACTION]

Josiah Adams offered to develop a straw person proposal for Tier 1 & 2 POE requirements, including conceptual frame work examples, specific evidence. [ACTION]

Rich – we should start where we ended with T1WG. The T2WG was very close to consensus. There are two items that need to be resolved:

- viability of equipment (believes there was consensus regarding requirements to determine viability)
- program influence (there was discussion of the types of questions and types of data; the only question was who would administer the questionnaire)

Jeff noted that there is still a lot of unresolved stuff.

Rich – there are some other companies that are very deeply interested in Tier 2 – we need to make sure that we include the right people for the discussion of the Track 2 <<follow up>>

Halley – Doesn't recall the questionnaire but PG&E is not ready to adopt the affidavit language

Rich noted that there was an example of questionnaire; we did not resolve the question list but there was an example. <<follow up; find example>>

Rick – Are there any other sticky issues?

Halley – How we aggregate projects? We all need to know the basic ground rule for that. <<follow up>>

Jeff – working group needs to address Tire 1 and Tier 2 documentation.

Rich – T1WG group included a list of equipment but it was not adopted. We need to build on what we already have. Simplify Tier 1 requirement for Tier 2 (smallest)

Task 4 - Definition of Small Business

Tim Xu (PG&E) – recommend expanding the definition to include small industry/agriculture

Mark – recommend we use usage as a universal factor that utilities have access to; difficult for utilities to track or verify other parameters (like revenue)

Leonel – mentioned potential complications for on-site generation, since the usage estimates would be based on meters and not actual customer usage

Cody – Projects will be limited to IOU contribution – self-generation doesn't matter

Halley – remember that the point is to avoid a difficult process for smaller customers and smaller projects; remember that the incentives are $1000-$2000 on these projects.

Josiah – we do 1000 projects a year; please make these requirements unambiguous and easy to collect; customer are not going to share financial information for a lighting project; those questions are too invasive for most customers. KW and kWh (utility information) are usually easy to get. Other places are using kW and kWh

There was no dissention on the question of whether "easily accessible" information should be a requirement.

Paden – most energy savings is incremental; 90% of projects are going to save less than 10% of energy consumption. SCG uses the facility size to determine typical max incentive amount. <<follow up>>

Mohit – if you use just energy consumption, you might get franchises; need to specify how to deal with franchises.

Rick – Include language addressing franchises. E.g., "For franchises, if the individual decision-making is at the franchise, then X; if not, then Y; if mixed, then Z." Need to make this simple.

Kay – We have implementers that focus on small businesses. How do we market to them now?

Josiah – there are multiple ways. We can go door to door, or target likely candidates if we have meter data information; working with trade-ally networks; getting into distribution chains

Nick – small business may need to be defined differently in different markets

Bryan Pena (CPUC) – why not use the existing certification process for small businesses [referring to Small Business Eligibility Requirements]; response was that eligibility requirements are too much paperwork for relatively small incentives; customers will not participate will those documentation requirements.

Josiah – we would lose 70-80% of customers if we were forced to follow the state Small Business Eligibility Requirements [CA Gov Small Business Eligibility Requirements]

Jeff – we should create a small form with gross revenues, etc. The information is intended to get customers to put themselves in a classification; remember that this is not a discussion about eligibility for a program; this is about determining a pathway to get an accelerated pathway (less rigorous) for review.

Josiah – maybe there are a couple of different definitions; we might have different pathways to get onto the Small Business path.

Mark – the purpose and intent of the working groups is to simplify and streamline the custom process, we are not doing that by adding steps to the path

Ronald Mohr (County of LA) – As a customer in the programs for the last 15 years; getting involved in the programs only costs me money. The rebates don't cover the costs of the management to complete required paperwork – it has to be easier.

Rich – since Tier 2 is up to $25k or if the customer is less than 100 kW and (other criteria), and the project has a proposed incentive less than $25, then that should be consider small business

Reggie agreed that this makes sense in general because we are aligning risks and costs.

Kay – amend this to say, rather than defining "Small business", we can define different criteria or pick any customer that meets the requirement defined by T2WG.

Halley – yes but we are discussing a potential even looser requirement for "small business" within the $25k category. Agree with Kay that we can make this less sticky and not try to define small business, but instead focus on characteristics appropriate for the less-rigorous track.

T2WG Recommendation for Task 4

- Clarify the intention of the "Small business pathway"
- Change focus from defining small business to defining criteria for "small business pathway" (a less-rigorous approach in line with project size and costs)
- Suggest proposals on appropriate criteria [ACTION]

ADJOURN

Schedule next meeting back-to-back with 4/25 CEEIC meeting in Bay Area.

Rich emphasized again the need to not put off the custom measure review discussion.

Katie noted there are other opportunities to give input on the custom review process; e.g., this is also scoped into Phase 3 of the proceeding, and other areas <<follow up>>

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Meeting Participants

First Name	Last Name	Organization	11-Apr
Katie	Abrams	(unknown)	X (phone)
Karen	Mills	(unknown)	X (phone)
Briana	Rogers	AESC	X
Andrew	Meiman	ARC Alternatives	X (phone)
Jesse	Monn	Cascade Energy	X
Patsy	Dugger	CBI	X (phone)
Melanie	Gillette	CEEIC	X
Nick	Brod	CLEAResult	X
King	Lee	CLEAResult	X
Ronald	Mohr	County of Los Angeles	X
Katherine	Hardy	CPUC	X
Peter	Lai	CPUC	X
Bryan	Pena	CPUC	X
Katie	Wu	CPUC	X
Keith	Rothenberg	CPUC Contractor (Energy Metrics)	X
Jeff	Hirsch	CPUC Contractor (James J Hirsch & Associates)	X
Sasha	Cole	CPUC ORA	X
Josiah	Adams	Ecology Action	X
Jim	Hanna	Energy Solution	X (phone)
David	Reynolds	ERS	X (phone)
Leonel	Campoy	Itron	X
Brian	McAuley	Itron	X (phone)
Cody	Coeckelenbergh	Lincus Energy	X
Spencer	Lipp	Lockheed Martin	X
Ann	McCormick	Newcomb Anderson McCormick	X
Jonathon	Stage	Newcomb Anderson McCormick	X (phone)
Mushtag	Ahmed	Nexant	X
Milena	Usabiaga	Nexant	X (phone)
Mohit	Chhabra	NRDC	X
Rich	Sperberg	Onsite Energy	X
Ryan	Chan	PG&E	X
Halley	Fitzpatrick	PG&E	X
Tim	Xu	PG&E	X (phone)
Anuj	Desai	SCE	X
Rob	Guajardo	SCE	X
Scott	Mitchell	SCE	X
Mark	Nelson	SCE	X
Alok	Singh	SCE	X
Phil	Toth	SCE	X
Reggie	Wilkins	SCE	X
Kevin	Wood	SCE	X
Rod	Houdyshel	SDG&E	X

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Elizabeth	Baires	SoCal Gas	X
Paden	Cast	SoCal Gas	X
Mark	Reyna	SoCal Gas	X
Alfredo	Gutierrez	SoCalREN/ICF	X
Arlis	Reynolds	T2WG Team (Cadmus)	X
Sepideh	Shahinfard	T2WG Team (Cadmus)	X
Rick	Diamond	T2WG Team (LBL)	X

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