

Clarification on Direction Provided in Resolution E-4818

Provided by Commission Staff

May 23, 2017

During the discussions in the Track 2 Working Group (T2WG) meetings, it was identified that several parties had very different interpretations of the direction provided in Commission Resolution E-4818. This Resolution was authored by Commission staff and presented to the Commission for vote, which passed. It is appropriate for Commission staff to provide the below specific clarifications on the direction as well as discussion contained within the Resolution.

The below four issues were brought up in the T2WG meetings. Clarifications are provided for each issue following the issue statement.

- 1) Whether Direct-to-Decision and Direct-to-Default are applicable to projects, programs, or equipment.

Commission staff clarification:

Direct-to-Decision and Direct-to-Default (D2D) options are qualified by Commission staff at the program level via submissions from the Program Administrators (PAs). Once D2D option(s) for a program(s) are approved by Commission staff, projects or measures proposed within those program(s) are then able to be qualified for Accelerated Replacement (AR) treatment via the D2D simplified protocol rather than the tiered Preponderance-of-Evidence (PoE) protocol. Commission staff will develop a process for the submission, review and approval of D2D program options.

The following Resolution E-4818 Ordering Paragraph (OP) 18 provides the overall direction on the D2D submission, review and approval requirements:

18. We direct the Program Administrators to adhere to the direct-to-decision and direct-to-default standards as stipulated in the corresponding sections of this Resolution, and summarized below:

- *Program designs, program rules and customer eligibility criteria are submitted to the Commission for approval, with a strong argument or data supported case indicative of inducing accelerated replacement.*
- *Program rules must specify eligibility criteria and the evidence of program eligibility and/or program influence that will be collected for each installation.*
- *Specified evidence must be collected for each installation as part of the program implementation, and this evidence be made available to the Commission upon request and submitted as supporting documentation with energy savings claims.*

- 2) What is allowed for broken/non-operating equipment and equipment that are performing sub-optimally. Can broken/non-operating equipment qualify for Repair Eligible? (Task 3)

Commission staff clarification:

OP 4 of Resolution E-4818 is clear in its direction on this point.

4. We direct the Program Administrators to apply a normal replacement baseline where the existing equipment is not operational or not meeting the existing service requirements. This applies to all types of equipment, including add-on equipment.

The previous draft baseline decision flowchart offered by Commission staff was unclear or incorrect on this point and Commission staff will provide a corrected version.

Sub-optimal equipment performance, where the equipment is still operational and meeting the service requirements, is not precluded for “existing conditions” baseline treatment by this OP. However, the phrase “meeting the existing service requirements” may need clarification as well. Commission staff will provide guidance on this topic and will solicit input and comments from stakeholders.

*Commission staff observes that stakeholder may have been confused by the discussion in the Resolution starting at the bottom of page 31, including table 6, which discusses and provides scenarios of non-functional and sub-optimal performance. However, as noted in that discussion and table, those scenarios are **not adopted** as defining “repair eligible” equipment by the Resolution.*

- 3) Whether small businesses are allowed under Direct to Decision and/or Direct to Default path. What is the purpose of small business definition? (Task 4)

Commission staff clarification:

The purpose of defining “small business” is to support program D2D option designs that would elect to target a “small business” segment. This definition, once adopted, can be used in PA submittals to Commission staff for review and approval of D2D options which use the “small business” designation for identification of a class of customers eligible for D2D treatment. This designation will only be one aspect of the eligibility for D2D treatment within a program with an approved D2D option; all the other requirements set forth in E-4818 OP 18, listed above, also apply. However, Commission staff anticipates that D2D treatment proposals for programs targeting small business will likely gain approval swiftly and without difficulty pending a small business definition that meets the Commission staff understanding of underserved (or slow to pursue equipment upgrades) portion of the nonresidential market.

- 4) The last bullet point of OP 18 seemed contradictory to the idea that the D2D options allow the bypass of the tiered PoE requirements. (text of OP 18 in question: “All projects qualifying for an accelerated replacement baseline under a direct-to-decision or direct-to-default condition must fulfill appropriate tiered preponderance of evidence requirements for equipment viability.”)

Commission staff clarification:

CPUC staff considers the inclusion of this last bullet as a typo, and is exploring the options to correct this ASAP.