**THIS VERSION INCLUDES EAR TEAM NOTES AND REDLINES/NOTES CREATED DURING THE T2WG MEETING #3**

**Proposal for consideration in the T2WG (version 6) 2017/05/16**

**Standard Practice Baseline**

**Background**:

The Standard Practice Baseline is synonymous with a “code” baseline and is generally[[1]](#footnote-1) used as the single baseline for Normal Replacement (including New Load and New Construction) measures as well as the second baseline[[2]](#footnote-2) for Accelerated Replacement (AR) measures.

**Definition**:

The Standard Practice Baseline is an estimate of the activity or installation that would take place absent the energy efficiency program as required by code, regulation, or law, or as expected to occur as standard practice. The Standard Practice Baseline activity or installation must meet the anticipated functional, technical, and economic needs of the customer, building, or process while providing a level of service comparable to the efficiency measure.

**Selection Process**:

Step 1. Consider and apply any applicable and current CPUC or Program Administrator[[3]](#footnote-3) published Standard Practice determination relevant to the anticipated functional, technical, and economic needs of the customer, building, or process. The two current CPUC sources are ISP documents or DEER baseline values, but may also include CPUC-issued memoranda. CPUC or Program Administrator published Standard Practice determinations will be publically available, such as through the CPUC Ex Ante Review Custom Process Guidance Documents webpage.[[4]](#footnote-4) If applicable baseline assumptions or guidance is found, follow it and stop here. If an applicable baseline assumption is not found, proceed to Step 2.

Step 2. Identify the options presented by the project developer in accordance with the then current ISP guidance document, or otherwise considered by the customer that are feasible to implement, including any known options that are presently and commonly implemented. Options must meet the anticipated functional, technical, and economic needs of the customer, building, or process while complying with all codes, standards, or other requirements, with consideration for:

A. Applicable minimum building energy efficiency requirements, e.g. California Building Energy Efficiency Standards (Title 24 – Part 6) or ASHRAE Standard 90.1, and

B. Other applicable federal, state, and local regulations or requirements,[[5]](#footnote-5) e.g. Title 20, CARB Regulations, Federal Appliance Standards, and

C. Providing an equivalent level of service as the EE measure for the EUL of the EE measure.

Functional, technical, and economic needs are perceived and defined by the customer but should take into account the need for performance and reliability, as well as any relevant operational and maintenance costs.

Step 3. If Step 2 yields only one viable option, use that option to establish the standard practice baseline.[[6]](#footnote-7) If Step 2 yields two or more viable options, the option that is the lowest first-year cost to implement establishes the standard practice baseline. Costs included in this process must be documentable.

**MEETING 3 DISCUSSION**

See Staff concerns in the document comments.

* Cost Review – Staff concerned that costs must represent full picture, e.g., include O&M costs where they might be influential; stakeholders concerns about providing clear guidance and avoiding vague language that makes review subjective and unpredictable.
	+ Jesse/Cascade – proposed new language: “Include operation and maintenance costs, if relevant and easily-definable.”
	+ Paden – costs should also include lost revenue if that impacts the cost discussion for the customer; lost revenue for equipment being down needs to be incremental to baseline.
* Staff objects to part of Step 2 language that says “Determine at least one viable option the customer has”. General disagreement on how many viable options to include.

Staff made it clear that “at least one viable option” is not acceptable.

* + Staff confirmed that viable is from the customer perspective.
	+ Suggestions that for step 2, instead of at-least one viable option, identify all the commonly installed viable options available to meet the anticipated technical, functional and economic needs of the customer, building, or process; stakeholders thought this was too subjective – need clarify and rules on how many is enough.
	+ Kay suggested adding the term “reasonable”
* Rob Guajardo requested edit to include new load and new construction as types of NR; some disagreed since new load doesn’t have existing baseline; edit is in the current version
* Reggie – we should being doing market studies instead of ad-hoc ISPs.
* Baseline is selected in the project development stage; whether EAR agrees with that baseline selection is an issue (address this with Task 5)

### **Agreements**

* Staff generally agrees with steps; what’s missing is how to incorporate the steps in the project development.
* Include sentence provided by Rich to include processes in the definition (in addition to measures); removed reference to industrial market.

### **Remaining Items / Action Items**

* Revise the language to include the O&M costs when needed. The intent is not to always include theses costs (include it when the operational savings outweigh the energy savings and when there are publicly available cost studies); Include all “relevant” costs (e.g., first cost, O&M, lost revenue) [ACTION] (Ryan/Halley)
* Propose alternative language for Step 2 to address staff objection to “at least one viable option” [ACTION] (Ryan/Halley)
* Revise the language to include like-for-like and regressive baseline [ACTION] (Ryan/Halley)
* Need to resolve aspects of Task 5 before we can complete Task 1. [ACTION] Convene Task 5 subgroup (Cadmus)
* Define when it makes sense to hold the project for ISP. PGE thinks that’s covered in Step 1; others suggested this should be addressed in the Task 5 guidance.
* Minimize subjective language so process and expectations are clear; consider adding examples of projects in the definition

***This version includes the redlined revisions from the previous version (i.e., changes from Meeting #2)***

**Proposal for consideration in the T2WG (version 4) 2017/05/08**

**Standard Practice Baseline**

**Background**:

The Standard Practice Baseline is synonymous with a “code” baseline and is used as the single baseline for Normal Replacement (including New Load and New Construction) measures as well as the second baseline[[7]](#footnote-8) for Accelerated Replacement measures.

**Definition**:

The Standard Practice Baseline is an estimate of the activity or installation that what would take place absent the energy efficiency program as required by code, regulation, law, or expected to occur as standard practice. The Standard Practice Baseline activity or installation must meet the anticipated functional needs of the customer, building, or process while providing a level of service comparable to the efficiency measure. Comparable level of service includes production increases that can be met with existing equipment/systems that will be replaced with more efficient equipment/systems.**Selection Process**:

Step 1. Consider any applicable and current CPUC or Program Administrator[[8]](#footnote-9) published Standard Practice determination relevant to the anticipated functional needs of the customer, building, or process. The two current CPUC sources are ISP guidance documents or DEER baseline values, both located on the CPUC Ex Ante Review Custom Process Guidance Documents webpage[[9]](#footnote-10). If applicable baseline assumption is found, use that as the baseline. If an applicable baseline assumption is not found, proceed to Step 2, otherwise stop here.

Step 2. Determine at least one viable option the customer has to meet the anticipated functional needs of the customer, building, or process while complying with all codes, standards, or other requirements, with consideration for:

A. Applicable minimum building energy efficiency requirements (e.g. California Building Energy Efficiency Standards (Title 24 – Part 6) or ASHRAE Standard 90.1), and

B. Other applicable federal, state, and local regulations or requirements[[10]](#footnote-12) (e.g. Title 20, CARB Regulations, Federal Appliance Standards), and

C. Providing an equivalent level of service as the EE measure for the EUL of the EE measure.

Step 3. If Step 2 yields only one viable option[[11]](#footnote-13), use that option to establish the standard practice baseline[[12]](#footnote-14). If Step 2 yields two or more viable options, the option that is the lowest cost to implement typifies the standard practice baseline.

1. The baseline used for energy efficiency savings reporting and incentives shall not regress to a lower efficiency than the existing equipment. [↑](#footnote-ref-1)
2. The second baseline applies to the time period from the end of the remaining useful life (RUL) of replaced equipment to estimated useful life (EUL) of the measure. [↑](#footnote-ref-2)
3. In cases of conflicting determinations, the CPUC-issued baseline determination prevails. [↑](#footnote-ref-3)
4. <http://www.cpuc.ca.gov/General.aspx?id=4133> [↑](#footnote-ref-4)
5. This does not include communities with “reach” building codes. Per D.09-05-037 OP 4: “…incentives and savings in communities with “reach” building codes or similar efficiency requirements shall be no different from those in other communities, and shall not be treated as free riders.” [↑](#footnote-ref-5)
6. In this case, the measure is ineligible for Normal Replacement, and there is no second baseline savings for Accelerated Replacement. [↑](#footnote-ref-7)
7. The second baseline applies to the time period from the end of the remaining useful life (RUL) of replaced equipment to estimated useful life (EUL) of the measure. [↑](#footnote-ref-8)
8. In cases of conflicting determinations, the <need to choose: “CPUC” or “more recently”> issued baseline determination prevails. [↑](#footnote-ref-9)
9. <http://www.cpuc.ca.gov/General.aspx?id=4133> [↑](#footnote-ref-10)
10. This does not include communities with “reach” building codes. Per D.09-05-037 OP 4: “…incentives and savings in communities with “reach” building codes or similar efficiency requirements shall be no different from those in other communities, and shall not be treated as free riders.” [↑](#footnote-ref-12)
11. Viable in this context can be defined as: capable of working successfully; feasible. [↑](#footnote-ref-13)
12. In this case, the measure is ineligible for Normal Replacement, and there is no second baseline savings for Accelerated Replacement. [↑](#footnote-ref-14)