

Background and Scope for Track 2 Working Group

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Attachment 1: Commission Direction and Policy Background for Track 2 Working Group Activities

The following Decisions and Resolution contain discussion and direction relevant to activities to be discussed. A summary of directed activities is below with links to the detailed text and order on the following pages.

[Decision 15-10-028](#)

- PAs to work with stakeholders to jointly investigate and propose potential solutions to Commission Staff to improve the usability and transparency of all ex ante values.
- Commission Staff prepare a white paper in response for public review and comment.

[Decision 16-08-019](#)

- Custom projects review streamlining (improving efficiency and effectiveness)
- Updated ISP Guidance
- Updated Preponderance of Evidence Guidance (staff combining of Resolution E-4818 direction relative to last working group report and the results of this working group result)
- Guidance and expectations relating to measure incentives and rebates

[Draft Resolution E-4818](#)

- Consider and recommend clarifying policy for how to determine code baseline as they address issues related to industry standard practice.
- Develop qualification standards and documentation requirements to identify a small-sized business customer.
- Develop qualification standards and documentation requirements to identify repair eligible and repair indefinitely measure types.
- Develop consensus recommendations for what should constitute Tier 1 and Tier 2 Preponderance of Evidence requirements.

[Decision 12-05-015](#)

- Definitions relating to early retirement savings and costs baselines as well as EUL and RUL (for background as this Decision does not provide direction to T2WG, only background policy for guiding the T2WG work product)

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Decision 15-10-028

(bolding of text added to identify areas special relevance to the working group activity)

At 96 (Is this the basis of the IOU contract with Cadmus?)

From the Commission Staff perspective, the implementer and joint party complaints about delays and lost opportunities are a red herring. Customer and implementer payments are based on gross first year ex ante savings estimates. The real issue is the ability to set the ex ante values that determine the customer and implementer payments. In Commission Staff's view, prospective application of review findings will actually prevent fixing the underlying problems of overpromising savings and hence overpayment of incentives. Ex post evaluation is of little concern to customers or to implementers compared to the ex ante values that set their incentive or compensation payments.

For our part, we are frustrated and perplexed by stakeholders and Commission Staff's radically competing narratives regarding issues with ex ante custom review. CEEIC and the implementer community have their complaints, as represented in the quotes above. PAs largely echo these complaints. Commission Staff have their markedly contrasting concerns, as articulated in the preceding paragraph, and in the annual ex ante review scorecards that the Commission directed Commission Staff to prepare.¹⁵¹ With as much experience as all concerned have in the EE arena, Commission Staff, PAs, and implementers should be converging on agreed-upon approaches to custom project savings estimates. This does not appear to be happening. If anything, parties and Commission Staff seem to be hardening in their respective positions.

It is clear from party comments on the ex ante custom review section of the proposed decision that there is work to be done in this area. We note as well that SB 350 and AB 802 will impact ex ante review.¹⁵² **We direct the PAs to work with stakeholders to jointly investigate and propose potential solutions to Commission Staff to improve the usability and transparency of all ex ante values.** The solutions may include new software tools that offer a common platform for all PAs to compose savings estimates transparently and consistent with Commission direction. Proposals should be focused on opportunities to facilitate transparency and collaboration. Proposals should specify the expected outcomes from the proposals and how they will improve the process to develop review, and implement ex ante values. **Any proposal must recognize that Commission staff is still responsible for review and approval of ex ante values and methods and that past and current ex ante guidance still pertains.**

Once Commission Staff receive the proposal, they will prepare a white paper in response, which will be put out for public review and comment. Then we can decide on next steps.

¹⁵¹ D.13-09-023, at 73-73 ("A designated team of EAR staff and contractors shall produce semi-annual ex ante scorecard updates that provide utilities with feedback and an opportunity to make mid-year and mid-cycle process improvements.") Final scores for 2013 and 2014, as well as mid-year progress reports for 2015, are posted to <http://deeresources.com/index.php/espi/espi-ear-performance-scoring> (username: DEER, password: 2008, if prompted).

¹⁵² SB 350, Section 16, amending section 399.4 to add subsection (d)(4): "In updating its policies, the commission shall, at a minimum, do all of the following: . . . (4) Ensure that customers have

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certainty in the values and methodology used to determine energy efficiency incentives by basing the amount of any incentives provided by gas and electrical corporations on the values and methodology contained in the executed customer agreement. Incentive payments shall be based on measured results.”

Order

19. Programs Administrators shall accelerate the ongoing effort to publish redacted copies of Commission Staff dispositions of custom projects. PAs shall also publish for each disposition redacted versions of the project material the PA submitted to Commission Staff that led to the disposition. **PAs shall work with stakeholders to jointly investigate and propose potential solutions to Commission Staff to improve the usability and transparency of all ex ante values.** The solutions may include new software tools that offer a common platform for all PAs to compose savings estimates transparently and consistent with Commission direction. **Proposals should be focused on opportunities to facilitate transparency and collaboration. Proposals should specify the expected outcomes from the proposals and how they will improve the process to develop, review, and implement ex ante values. Any proposal must recognize that Commission staff is still responsible for review and approval of ex ante values and methods and that past and current ex ante guidance still pertains.**

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(bolding of text added to identify areas special relevance to the working group activity)

Decision 16-08-019

(relating to activities now referred to as the Track 1 Working Group – T2WG)

At 39

We recognize the complexity of the rules concerning baseline determinations and project eligibility, as pointed out by CEEIC and others. We further recognize that the current custom project review process that assesses such issues for selected projects can result in a delay in implementation. However, these rules are in place to ensure that savings claims are reasonably accurate. As noted in D.15-10-028, the current custom review process was adopted to address important quality assurance concerns with respect to projects submitted for program administrator approval. Thus, for custom projects, the *ex ante* review process, *ex post* evaluation, and net-to-gross assessment will continue.

Nevertheless, we appreciate the difficulties that the custom project review process presents for project implementers, as noted by multiple commenters on baseline as well as EM&V issues. We believe an opportunity for stakeholder input on the process, in a collaborative setting, will assist in streamlining the process. Accordingly, **we direct that Commission staff form a working group and that facilitated meetings be held to allow stakeholder input on the custom review process, and the development of a streamlined approach; these meetings may, at the discretion of staff, utilize an existing group such as the California Technical Forum or CAEECC, or may be convened separately by Commission staff and its consultants.**

One issue appropriate to be discussed by this working group is the definition of “preponderance of the evidence,” a standard applicable in custom review as well as for repair eligible or accelerated replacement treatment for dual baseline treatment for these types of projects (see below in Section 3.13 a discussion about items deferred to working groups). Another issue to be addressed in a collaborative setting is the development and application of Industry Standard Practice (ISP) determinations, as suggested by SCE in its comments on EM&V.

We decline to stop reliance on ISP determinations entirely at this time, as suggested by CEEIC in their comments. Informal ISP studies were initiated by the utilities as a method of risk assessment for individual projects. Those studies can still be helpful in determining whether an implementer has achieved incremental energy savings by convincing the customer to go beyond the usual type of equipment purchased in that customer’s sub-segment, and for identifying larger ISP market studies that should be carried out by the program administrators.

We agree with SCE that the current ISP Guidance Document¹⁸ should be revised. This should be a topic to be addressed in the collaborative working group convened by Commission staff and/or utilizing an existing collaborative forum. We also agree with the CEEIC’s contention in its EM&V comments that broader ISP studies should be used as an approach to market assessment. How these studies should be designed and carried out should be clarified in the revision to the existing ISP Guidance Document and any associated EM&V plans.

¹⁸ See <http://www.cpuc.ca.gov/General.aspx?id=4133>.

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Findings of Fact

15. The “preponderance of the evidence” standard for documentation of “repair eligible” or “accelerated replacement” types of projects is unclear.

Conclusions of Law

12. The “preponderance of the evidence” standard for documentation of “repair eligible” or “accelerated replacement” types of projects is unclear.
21. Customer incentive design, in light of the change to default baseline policy, should consider differential benefits of the above-code savings relative to the to code savings, and reflect those benefits in the payment structure.
25. Industrial Standard Practice Guidance needs to be updated, as suggested by SCE.
36. The Commission should defer to a working group organized by staff or utilize the California Technical Forum to develop a consensus-based approach to defining the “preponderance of the evidence” standard.

(relating to activities now referred to as the Track 2 Working Group – T1WG)

At 47

3.13. Items Deferred to Working Group(s)

There are two areas we prefer to handle by having Commission staff convene a working group to address baseline treatment details more fully, rather than reach a decision here with insufficient evidence or consensus at this time. **The first is with respect to measure-level recommendations for baselines that are differentiated further beyond the program level discussed in this decision.**

A number of parties took various issues with a wide variety of the measure-level recommendations in the Staff White Paper. The list of measures and their applications is too lengthy for us to consider individually in the context of this decision. Rather, **Commission staff should organize a working group approach to identifying the measure-level treatment for baselines, and if these should vary within sectors or program savings determination categories. 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.**

The second deferred issue is with respect to the evidence and documentation required to show that a project or piece of equipment is “repair eligible” or an “accelerated replacement,” rather than “normal replacement.” The Staff White Paper recommends a dual baseline, with evidence required adhering to a “preponderance of the evidence” standard, but there is no standard definition of what that really means in practice and what will be workable

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in the context of project level engagement. Similar to the above measure-level recommendations, **Commission staff should convene a working group or utilize an existing group, such as the California Technical Forum, to bring back to us a set of more detailed guidelines for documentation required for repair eligible or accelerated replacement treatment for dual baseline treatment for these types of projects.** As with the previous issue, we request that staff bring a resolution before the Commission for approval by the end of 2016.

Order

4. Commission staff shall facilitate a working group process and/or utilize an existing working group such as the California Technical Forum to discuss measure-level baseline rules and documentation required to meet the “preponderance of the evidence” standard for accelerated replacement and repair eligible projects. Staff shall bring a resolution for the Commission’s consideration by January 1, 2017 with recommendations for resolving these issues.

(relating to program and incentive design and cost effectiveness)

At 25

In order to address our responsibilities to ensure prudent expenditure of ratepayer funds on the energy efficiency programs in the meantime, and in light of the requirement to change baseline policy, we will need to address our dual responsibilities through guidance on program design and incentive (subsidy) policy. For example, we can guide how programs structure payments to customers to encourage the most energy efficient investments and the most strategic market intervention. We will address these issues further below when we discuss the adopted baseline policy.

At 34

In addition, there is another set of issues not discussed in any depth in comments from any parties. This is related to the programmatic design and subsidy level changes that must accompany a change in default baseline policy.

First of all, as a foundational matter, we remind the program administrators that when the baseline is set based on existing conditions, the full savings amount between the existing condition and the new measure installed will be counted towards the benefits of the project. However, on the cost side, this also means that the cost of the measure will be, in most instances, the full measure cost, and not just the incremental measure cost as it was with the prior baseline policy. Thus, there still may be a challenge for some programs, or for the portfolio overall, in meeting the cost-effectiveness requirements, which have not fundamentally changed (though some updates were just adopted in D.16-06-007) as part of the integrated distributed energy resources rulemaking (R.14-10-003).

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In addition, in terms of program design and incentive design, the program administrators will want to consider carefully how savings are compensated to contractors and/or consumers. **While incentives will now likely be made available for projects that bring conditions up to code or standard level, we strongly advise that those incentives be designed to be lower than incentives available for exceeding the required code or standard.** Our goal is still to encourage customers to install the most efficient measures possible when making building shell or equipment upgrades, since many of these measures are long-lived and if installed today likely will still be in place by the time we measure our progress against goals in 2030. If all of our program expenditures shift toward simply complying with existing code and not exceeding it, this baseline change will have been an abject failure.

Conclusions of Law

12. The Commission should address concerns about prudent expenditures of ratepayer funds on energy efficiency in light of the new default baseline policy by, among other things, requiring the program administrators to adjust how programs are designed and how incentive payments are structured.

21. Customer incentive design, in light of the change to default baseline policy, should consider differential benefits of the above-code savings relative to the to code savings, and reflect those benefits in the payment structure.

Order

5. For energy efficiency program purposes, “statewide” shall be defined as: A program or subprogram that is designed to be delivered uniformly throughout the four large investor-owned utility service territories. Each statewide program and/or subprogram shall be consistent across territories and overseen by a single lead program administrator. One or more statewide implementers, under contract to the lead administrator, should design and deliver the program or subprogram. **Local or regional variations in incentive levels, measure eligibility, or program interface are not generally permissible (except for measures that are weather dependent or when the program administrator has provided evidence that the default statewide customer interface is not successful in a particular location.** Upstream (at the manufacturer level) and midstream (at the distributor or retailer level, but not the contractor or installer level) interventions are required to be delivered statewide. Some, but not all, downstream (at the customer level) approaches are also appropriate for statewide administration. Statewide programs are also designed to achieve market transformation.

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Draft Resolution E-4818

At 31

As discussed previously, determining the longevity and costs of hypothetical repairs, and applying baselines that assume a future repair rather than replacement add to the complexity of baseline policy. Furthermore, as illustrated in Table 6 below, the number of scenarios to consider expands quickly creating additional complexity and potential for confusion and misinterpretation. For these reasons, we do not adopt the use of repair cost in determining equipment eligibility-based definitions. Instead we ask the Track 2 working group tasked with streamlining custom ex-ante review and industry standard practice issues to address qualification standards and evidence to determine repair eligible / repair indefinitely equipment.

At 43

We are aware that there is not agreement across Program Administrators in how to identify and verify a small business customer. This standard would be needed to qualify programs for a direct-to-decision treatment where customer eligibility includes a small business designation. For this reason, we direct the Track 2 working group (assigned to address issues of streamlining custom ex-ante review and industry standard practice) to recommend a statewide definition of a small sized business and associated evidentiary requirements to verify this classification.

At 48 (Table 1.1 Measure Level Baseline Guidance)

"Incentive Tiered POE" will apply here only following Commission approval of Tier 1 and Tier 2 preponderance of evidence requirements. These requirements are not adopted in this Resolution but assigned to the Track 2 Working Group, per ordering paragraph 25.

Order

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.

25. In response to working group proposals we are not adopting today, we defer several issues to be addressed within the planned activities of upcoming Track 2 working group, ordered by D 16-08-019 to resolve issues related to the streamlining of ex-ante review processes and industry standard practice baseline. We ask the Track 2 working group to address the following in their deliberations and recommendations, and that recommendations be presented to Commission staff no later than June 30, 2017:

- Consider and recommend clarifying policy for how to determine code baseline as they address issues related to industry standard practice.
- Develop qualification standards and documentation requirements to identify a small-sized business customer.

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- Develop qualification standards and documentation requirements to identify repair eligible and repair indefinitely measure types.
- Develop consensus recommendations for what should constitute Tier 1 and Tier 2 Preponderance of Evidence requirements.

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.

26. Commission staff shall make any necessary updates to the DEER savings estimates to reflect the baseline policy summarized in this Resolution.

27. Program administrators shall make any necessary updates to non-DEER work papers to reflect the baseline policy summarized in this Resolution.

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Decision 12-05-015

(relating to early retirement baselines, EUL/RUL and costs as well as ISP definition and requirements)

At 347

In D.11-07-030, we adopted an approach to establishing a baseline for ex ante gross savings values.⁴⁹¹ This approach requires the review of the evidence related to one of the two baseline choices: (1) the pre-existing equipment used in the early retirement case; or (2) new equipment that is feasible to use and is code-compliant or an industry standard practice. Evidence relating to the reasons for the equipment replacement is used to make the baseline choice.

We note that D.11-07-030 may not reflect our clarification that the compelling evidence standard for the determination of baseline equipment must be applied to both possible outcomes.⁴⁹² Specifically, D.11-07-030 notes that it is necessary to establish, by a preponderance of evidence, that the program has induced the replacement rather than merely caused an increase in efficiency in a replacement that would have occurred without the program.

We direct Staff to update and distribute to the service list of this proceeding Appendix 1 of Attachment B to D.11-07-030, to incorporate clarifications provided here regarding baseline for gross savings estimates, and to indicate that a preponderance of evidence on the motivation for equipment replacement shall be utilized to determine which of the two baseline alternatives is applied for all gross savings estimates.

As with many ex ante value setting activities, there will likely be cases where there is a difference of opinions among experts as to the interpretation of evidence for baseline determination. Commission Staff should use its ex ante review process to establish guidelines on how to evaluate and weigh different types of evidence for the determination of the appropriate baseline alternative.

Once it is established that the program caused the existing equipment to be replaced early, we need to establish the period of accelerated retirement. In our discussion of DEER updates above, we note that DEER contains values for the effective useful life for many technologies and recommend using one-third of the effective useful life as the remaining useful life until further study results are available to establish more accurate values.⁴⁹³ For the case of program induced early retirement, the remaining useful life of the existing equipment should be used as the starting assumption for the period of accelerated retirement.

As is the case when evaluating evidence for program induced early retirement, evidence for the remaining life and the period of accelerated replacement of the existing equipment can also be reviewed. The use of a DEER remaining useful life starting point for the acceleration period may be replaced. However, this should be allowed only if credible evidence is available to support an alternative value and that evidence leads Commission Staff to deem it more credible than of the adopted DEER values. Commission Staff should develop guidelines for the evaluation of remaining useful life evidence for the replacement of the DEER default values for specific projects and technologies. We provide this flexibility to utilize alternative remaining useful life values, based

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upon project or technology specific evidence, in place of the DEER adopted values primarily for use in Staff's review of the utilities' custom project and measure ex ante values.

The choice of an early retirement baseline implies that a dual baseline analysis shall be performed.⁴⁹⁴ In the dual baseline analysis, the existing equipment baseline is utilized for the first or "early-retirement" period, also referred to as the "remaining-useful-life" period. For the second period from the end of the remaining-useful-life period through the end of the effective useful life of the new equipment, the baseline is set using the replace-on-burnout or normal-replacement equipment. The equipment used as the second baseline in early retirement must be equipment that is feasible to use and would be compliant with code requirements or industry standard practice. Regulations, codes, and standards applied to a baseline should be those that are known to be effective at the start of that baseline period, due to regulatory action that has been taken and will be effective at that future date.

The measure or project cost utilized in an early-retirement case is the full cost incurred to install the new high-efficiency measure or project, reduced by the net present value of the full cost that would have been incurred to install the standard efficiency second baseline equipment at the end of the remaining-useful-life period. Thus, the early-retirement cost is higher than the incremental cost used in a replace-on-burnout or normal-replacement case, only by the time value of the dollar amount of the standard equipment full installed cost, using our adopted cost-effectiveness discount rate to calculate that time valuation. As with all measures, our policy expects that incentives offered for early retirement will not exceed the actual early retirement cost.⁴⁹⁵

We find merit in the concern voiced by NAESCO that the finances of a deep retrofit activity may require convincing a customer to accelerate retirement of older equipment. However, we are equally concerned that the early retirement may push the customer not to do more than minimal code requirements. Early retirements should follow our policy to minimize lost opportunities and cream skimming.⁴⁹⁶ **We expect efforts aimed at replacing less efficient older equipment with newer better than code or industry standard practice equipment to also pursue deepening the retrofits at those sites by combining lower cost faster payback activities with higher cost longer payback measures.**

For new equipment choices that are subject to existing regulations, codes or standards, our current policy provides that the baseline equipment be determined by the regulation, code, or standard requirements. However, there may be instances where there is sufficient evidence or documentation that the efficiency or energy use of equipment that meets the requirements of the regulation, code, or standard does not represent the efficiency or energy use of equipment that is typically installed. In those cases it may be appropriate to assign a baseline that equals or exceeds the typical installation in place of the regulation, code, or standard. As noted in parties' comments, there may also be cases where existing regulations, codes and standards are being either ignored or circumvented. Thus, it may be possible for the typical baseline performance to require higher energy use than would be expected (if the regulation, code, or standard was correctly followed or adequately enforced) or lower than would be expected (if the regulation, code, or standard was

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typically exceeded). We are not prepared to direct any changes to the current practice relative to baseline assignments for these cases. However, we direct Commission Staff, with input from the utilities and other parties, to develop recommendations on: (1) whether it is appropriate to replace the regulation, code, or standard baseline with a typical installation baseline for use in calculating energy savings; (2) under what circumstances and based upon what kind of evidence such a change could be made; (3) if the change to a typical installation baseline is made, how the baseline parameters should be established for use in setting ex ante values; and (4) if this change is made what are the time and budget implications for both Commission Staff and utilities for both ex ante and ex post savings development. In addition, to design their energy efficiency activities in a way to lift the market to levels above the minimum code requirements and standard practice, the utilities should identify and make recommendations for ways to aid or support code enforcement activities through their energy efficiency program activities.

In the cases when there is no regulation, code, or standard that applies, which would normally set the baseline equipment requirements, the baseline must be established using a “standard practice” choice. For purposes of establishing a baseline for energy savings, we interpret the standard practice case as a choice that represents the typical equipment or commonly-used practice, not necessarily predominantly used practice. We understand that the range of common practices may vary depending on many industry- and/or region-specific factors and that, as with other parameters, experts may provide a range of opinions on the interpretation of evidence for standard practice choice. Here again, we expect Commission Staff to use its ex ante review process to establish guidelines on how to determine a standard practice baseline.

Independent of the baseline selection criteria, we would not expect that new equipment proposed for program incentive support would be simply a like-replacement of the existing equipment in efficiency level, as this would imply either a repair or normal replacement that would not qualify as an energy efficiency upgrade, unless: (1) the proposed equipment exceeds standard practice or code, and (2) there is clear evidence that without support, the efficiency level would fall to the standard practice or code minimum.

⁴⁹¹ D.11-07-030, Appendix I to Attachment B.

⁴⁹² D.11-07-030 at 40.

⁴⁹³ Summary of EUL-RUL Analysis for the April 2008 Update to DEER, KEMA, at 2.

⁴⁹⁴ EEPmV4, Rule IV.2. and also footnote 9.

⁴⁹⁵ EEPmV4, Rule IV.4

⁴⁹⁶ EEPmV4, Rule II.4.

Attachment 2: Example Preliminary Scope Topics for Track 2 Working Group Discussions

Key Scope for “Streamlining” The Ex Ante Custom Measure and Project Review Process Activity as described in Decision 16-08-019

1. The Commission “direct[s] that Commission staff form a working group and that facilitated meetings be held to allow stakeholder input on the custom review process, and the development of a streamlined approach”
 - “the current custom project review process that assesses such issues for selected projects can result in a delay in implementation.”
 - “However, these rules are in place to ensure that savings claims are reasonably accurate.”
“Custom review process was adopted to address important quality assurance concerns with respect to projects submitted for program administrator approval.”
 - “we appreciate the difficulties that the custom project review process presents for project implementers, as noted by multiple commenters on baseline as well as EM&V issues.”

Areas in Scope for Streamlining Activity:

1. Addressing delays in implementation is in scope.
 - Delays in initial project proposal review
 - Delays of initial submissions
 - Delays of CPUC staff turn-around
 - Multiple requests for added information
 - Delays of secondary submissions
 - Requests for reconsideration
 - All the above leading to difficulty in bringing some reviews to closure
2. Addressing the causes of and solutions to QA issues is in scope.
 - Quality and completeness of documentation
 - Program influence documentation (for either project motivation, early retirement/accelerated replacement or repair eligible)
 - Quality of proposed (pre-implementation) and performed (post-implementation) calculations methodology
 - Quality and appropriateness of M&V plan and actual collected data
 - Technical reviewer issues: qualifications and expertise requirements as well as conflict-of-interest; training and ongoing education and information updates
3. Addressing the difficulties that the custom project review process presents for project implementers, on baseline as well as EM&V issues is in scope.
 - Challenges with establishing program influence early in the process

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- Challenges with appropriateness of measure classification
- Challenges with undertaking appropriate baseline research or providing evidence to support

Key Scope for ISP Guidance Update as described in Decision 16-08-019

1. An “issue to be addressed in a collaborative setting is the development and application of Industry Standard Practice (ISP) determinations”
 - Low rigor or informal ISP “studies can still be helpful in determining whether an implementer has achieved incremental energy savings by convincing the customer to go beyond the usual type of equipment purchased in that customer’s sub-segment”
 - The low rigor/informal studies also can be used to “identifying larger ISP market studies that should be carried out by the program administrators”
 - Additionally, “broader ISP studies should be used as an approach to market assessment.”
2. “How these studies should be designed and carried out should be clarified in the revision to the existing ISP Guidance Document and any associated EM&V plans.”

Areas in Scope for ISP Guidance Activity:

1. Implementation issues within the current document
 - When is an ISP study needed or required
 - When does an ISP study impact project pipeline
 - Are ISP studies statewide activities, individual PA activities, CPUC staff activities; all of these; which under what circumstances
 - What timing is required when an ISP study is determined to be needed
2. Unclear language within the current document
 - Definition of ISP under various market conditions
 - Rigor level and sampling required for various types of ISP studies
3. Missing requirements or guidance that needs to be developed and added to the current document
4. ISP guidance update implementation strategy
 - Process for collecting input (via T2WG)
 - Updating document and public comment
 - Final document and effective date

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Key Scope for “Preponderance of the Evidence” as described in Decision 16-08-019 and Draft Resolution E-4818

1. “The ‘preponderance of the evidence’ standard for documentation of “repair eligible” or “accelerated replacement” types of projects is unclear”
2. “the evidence and documentation required to show that a project or piece of equipment is ‘repair eligible’ or an ‘accelerated replacement,’ rather than ‘normal replacement’.”
3. Commission “defers to a working group organized by staff to develop a consensus-based approach to defining the ‘preponderance of the evidence’ standard” and “what that really means in practice and what will be workable in the context of project level engagement”
4. “Consider and recommend clarifying policy for how to determine code baseline as (T2WG) address issues related to industry standard practice”
5. “Develop qualification standards and documentation requirements to identify a small-sized business customer”
6. “Develop qualification standards and documentation requirements to identify repair eligible and repair indefinitely measure types”
7. “Develop consensus recommendations for what should constitute Tier 1 and Tier 2 Preponderance of Evidence requirements”

Areas in Scope for “Preponderance of the Evidence” Guidance Activity:

1. Establishing a working definition of “preponderance of the evidence” that can be applied to program influence for: early retirement versus normal replacement; to show that a project or piece of equipment is “repair eligible”; how it may be used for establishing ISP
2. Develop qualification standards for the documentation or evidence required as part of “preponderance of the evidence”
3. Develop clarification to the policy on the definition of code baseline
4. Develop definition of, and documentation requirements to identify a small-sized business customer
5. Develop consensus recommendations for what should constitute requirements and analysis to establish the various tiers for “preponderance of the evidence”

Key Scope for consensus-based approach

1. Participation – what are the stakeholder groups (Implementation, Ratepayers, Customers, Regulator) that are used to develop a consensus and how is representative and balanced participation and/or input ensured?
2. What is consensus and how are stakeholder groups perspectives “weighted” in developing a measure of consensus?
3. How to facilitate bringing about a consensus or when to abandon the pursuit of consensus.
4. Prevent repetitive discussion, keep discussion honest avoid sound bites and require claims to be supported.