**Task 6 – Streamline Custom Process – Meeting #5 (6/6/17) Brainstorm**

**ACTION** – Send your additional notes on goals, vision, and recommendations and any additional comments or suggestions you have (including previously-compiled findings, comments, or proposals) to the T2WG team ([t2wg@cadmusgroup.com](mailto:t2wg@cadmusgroup.com)) by Monday 6/12/17. This is not the last chance for comment, but we would like to collect your immediate thoughts and any work you have already done to help inform next steps on this process for Task 6. You may send notes directly in this document or as separate documents.

**GOALS for the Custom EAR Process**

The purpose of the Custom EAR Process is to …

1. Bring the GRR closer to 1
2. Bring the NTG closer to 1
3. Improve the net results for custom projects
4. Improve effectiveness of ratepayer money spent on custom projects
5. Improving the project development process to address everything prior to custom review stage
6. Goal is for EAR review to not find anything; all concerns should be addressed in project development stage.
7. Verify that energy savings are real and incremental
8. Ensure projects are reasonable and consistent with policy
9. Evaluate PA conformance with CPUC policies, decisions, and best practices
10. Develop confidence in the reported savings numbers
11. Improve the PAs due diligence review
12. Ensure the PAs’ internal due diligence activities result in quality and consist *ex ante* values
13. Establish communication among all parties involved and to increase trust among stakeholders
14. Give clear signals to the market (customers and implementers) to clarify how projects should be qualified and what projects are eligible
15. Not inhibit the market from working
16. Improve cost effectiveness of the custom review process by balancing the competing goals of improving net realized savings with the increased administrative cost of the review process

**VISION for the Ideal Custom Process - What does the ideal Custom Review Process look like? What are the characteristics or elements of an ideal Custom Review process?**

The ideal Custom process …

1. Unknown due to the change from gross to net goals.
2. Is fast and transparent with minimal iterations (i.e., minimal back and forth on a project).
3. Is transparency about each stakeholders processes.
4. Improves the IOUs internal processes in a timely way that does not hold up individual projects.
5. Does not stop the project that launched the ISP or hold up other projects when a new ISP study is launched (i.e., follows the “60-day rule”).
6. Has quantifiable elements to assess program influence.
7. Applies appropriate rigor based on risk to ratepayer investment.
8. Considers the customer perspective.
9. Provides both positive and negative feedback.
10. Provides information about what is “right”.
11. Clearly documents what information was reviewed to determine the disposition.
12. Separates review processes from policy development (e.g., policy doesn’t change in real time or get applied retrospectively).
13. Is collaborative and provides opportunities for communication among all involved stakeholders (includes implementers).
14. Includes a formal dispute resolution process, operated by independent party.
15. Provides appropriate amount of time for communication on project issues.
16. Promotes a working relationship among stakeholders.
17. Allows implementers (who know the project well) to communicate directly with project reviewers.
18. Has a schedule with specific deadlines and Service Level Agreements (SLAs).
19. Has a clear and reasonable policy on level of rigor during review.
20. Is predictable and consistent.
21. Demonstrates improvement in project submissions in reasonable amount of time. (e.g., the same dispositions shouldn’t be repeated).
22. Includes a clearly-defined, reasonable transition period to implement new dispositions on other projects.
23. Disseminates information on new rulings or policy to all stakeholders.
24. Promotes good communication of lessons learned and established rules among stakeholders.

**Recommendations for a Streamlined Custom Process (grouped by category)**

**Scope**

1. Revert Custom Review back to original purpose for which ED reviewers operate as a reviewer of the IOU process and IOUs complete all technical and influence screening.
2. Clearly document the purpose and scope of EAR

**Process**

1. Conduct preliminary screening of program influence before completing full project development.
2. Create a parallel process (as originally intended) rather than a serial process
3. Include steps/training/communication to increase the aptitude of the PA reviewers to catch issues before ED EAR
4. Develop an effective project development process and set up a effective screening with transparent criteria (consider PG&E's Project Development protocol).
5. Conduct an initial review discussion (for the largest projects) with implementer, PA, ED reviewer that includes a presentation on the project and discussion on key issues.

**Timing**

1. Set a threshold on timelines for review (e.g., X hours, Y weeks, specific date) beyond which a project is automatically waived and a customer can proceed with a project.
2. Set a threshold on timelines on project submissions (e.g., X hours, Y weeks, specific date) beyond which a project is rejected (or otherwise penalized).
3. Set a threshold (e.g., POE tier level) below which customers can proceed with a project without EAR disposition.
4. Set a threshold (e.g., POE tier level) below which the timing of incentive payments are not affected by review and any adjustments are in the form of GRR.
5. Define clear timeframe for each stakeholder in responding to reviews, including PI, PA, Reviewers, EAR team, during the interactive process.

**Project Documentation**

1. Set clear requirements for project submission (i.e., define key elements in PD process to include and to be presented by implementers for proposed projects)
2. Create approach to improve organization and navigation of project submittals (e.g., standard templates, filename structure, navigation guide)

**Communication**

1. For projects selected for ED review: Within 10 days of the project upload to CPMA, conduct a 1-2 hour project-specific kickoff call to clarify questions, identify documentation, review documentation, a set up a working relationship.
2. For projects with “high impact measures,” host inclusive meetings on project development (similar to early opinion). (1) After ED selection and *before* the project is uploaded, conduct a meeting to provide clarity on the project; (2) Once project is submitted, meet to address preliminary questions; (3) host further calls as necessary to complete the review.
3. Improve communication methods to eliminate or minimize the “telephone game”
4. Provide updates on project status and projections on review timeline

**Feedback**

1. Include appropriate evidence to support comments, direction on corrective actions, and dispositions.
2. Host a disposition debrief when issuing dispositions; consider including other IOUs to hear feedback on the specific measure type.
3. Minimize the number of custom projects; move custom projects to deemed projects
4. ED reviewers should provide a clear, concrete definition on minimum or gold standard on expectations for project documentation
5. Provide feedback on what is done well, what to emulate
6. Clarify what was looked at to come to conclusion on project disposition
7. Provide all dispositions in writing
8. Share all dispositions

**Policy**

1. Minimize the number of custom projects – set a (new) minimum incentive level for custom projects.
2. Set rules to waive or pass-through projects that do not meet deadlines
3. Allow Disposition impacting policy should only be enforced after 60 days from posting the disposition Similar measures that are already in play (not under review) should not be stalled by ongoing review; any new projects could be impacted by disposition. IOUs have 60 days to produce a list of “protected” projects – need reference for existing decision
4. Implement a tiered ex ante review process such that high tier receives full process (e.g., early feedback, collaborative discussion, ISP); and lower tiers follow different methods with prospective-only application of findings (e.g., annual workshop on deliverables and dispositions)
5. Adjust energy savings goals to reflect lessons learned in ex ante and ex post
6. Separate policy development from the custom process
7. Move ISP determination to the ex post part of the process so individual projects and customers are not penalized by the absence of an ISP study (similar to prev. rec by Kay)
8. Create a dispute resolution mechanism for disagreement on technical aspects of a project, operated by an independent party
9. Use the Ex Post evaluation team to resolve disputes among stakeholders on a project decision.
10. Make transparent the Commission’s workload of custom reviews statewide (e.g., show how many projects are in review)