

Southern California Edison
SCE EE Business Plan A.17-01-013

DATA REQUEST SET A.17-01-013-ORA-SCE-001

To: ORA

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Question 01a-01f:

What analysis did you perform to determine that *metrics* provided for each sector of the business plan address problems and market barriers identified in those sectors? Please provide all documents and workpapers showing analysis performed in the development and selection of appropriate metrics for the following business plan chapters:

- a. Residential
- b. Commercial
- c. Public Sector
- d. Industrial
- e. Agricultural
- f. Cross-cutting

Response to Question 01a-01f:

SCE reviewed the guidance provided in D 15-10-028 to determine the appropriate level of metrics for the Business Plans. The Decision states: "*PAs must establish up-front expectations for their activities. To that end, business plans shall contain sector-level metrics (not necessarily PPMs or MTIs). PAs will still need to set more granular metrics than just sector-level metrics, but they will do so in implementation plans, not business plans. It is in the implementation plans that we want to see at least one metric for each program/strategy/sub-sector/intervention strategy; more than one where appropriate. The business plan is not the place for that additional level of detail*" (D.15-10-028, p. 53).

Consistent with the direction in D.15-10-028 to rely on the "*principles and frameworks*" for considering and developing the original PPMs and MTIs (see p. 54 of D.15-10-028), SCE also reviewed and analyzed resolution E-4385 (December 2, 2010) which included 86 draft metrics in three categories, the CPUC Market Transformation Workshop materials (Nov 7, 2011), and the final Commission adopted metrics.

SCE worked with the other IOU PAs to develop a Joint Program Administrators (PAs) Metrics Framework, which was presented at CAECC on August 30, 2016. This framework provided the basis for the selection of SCE's metrics. The Framework was designed to produce metrics that addressed desired outcomes for utility customers in each sector and can be found at:

<https://www.caecc.org/metrics>. The metrics do not necessarily map directly to market barriers.

SCE followed the Framework to develop metrics based on a top-down approach that linked to Strategic Plan goals and desired outcomes in response to specific problem statements. For

specific sector barriers/problem statements, please refer to the following pages of SCE's Amended EE Business Plan: Residential - pp. 57-59, Commercial - pp. 96-97, Industrial -pp. 96-97, Agricultural - pp. 96-97, Public - pp. 171-178, 190, Codes and Standards - pp. 238-240, Emerging Technologies - pp. 248-250, and Work force Education & Training - pp. 291,292, 293, 296, 302.

Within the Framework, SCE identified sector-level metrics based on the assumption that resource programs addressing problems and reducing market barriers within each sector will lead to the outcome of increased sector-level savings. Thus, the primary metrics for resource programs are metrics on claimed savings. From savings, both cost-effectiveness and GHG reduction metrics can be calculated and reported. In addition to savings-based metrics, SCE proposed secondary tracking metrics indicators based on program tracking records to assess progress towards addressing specific barriers to increased participation and relevant market changes at the sector level. These include metrics such as customer participation. Though they are proposed as tracking metrics at the portfolio and sector levels, SCE anticipates identifying specific targets for these metrics in Implementation Plans so they can serve as indicators of progress with respect to specific strategies and tactics.

The metrics included in the business plans were informed by numerous “lessons learned” based on the development of the PPMs and MTIs, per D.15-10-028. Appendix F of SCE's Amended EE Business Plan provides a summary of some of these lessons learned. Moreover, as reiterated in the attachment based on prior experience and recognized in D.15-10-028, metrics and measurement against metrics are expected to complement EM&V and not displace it. No individual metric can serve as a reliable red flag; participation metrics will be tracked to help explain savings data. The use of the metrics and subsequent progress towards targets are expected to inform evaluation needs as to why targets are/are not met and whether remedial actions are warranted.

For the Cross-Cutting Sector, the metrics are indirectly tied to portfolio goals of increased savings. The cross-cutting metrics are intended to assess activities and outputs that are (1) within the control of the PAs, (2) have indirect energy savings benefits that may be realized over time, and (3) reflect desired characteristics from Commission guidance in Appendix 2 of D.09-09-047. SCE also considered evolving business, implementation, technology and regulatory factors relevant to understanding lessons learned from the past. To the extent reduction of market barriers and increased participation contribute to desired savings outcomes they may be incorporated into the assessments of progress over time. In addition, for this sector, metrics are driven by broader market transformation initiatives and other expectations outlined in the Strategic Plan.

Relevant References

1. Best, C. (2011) Framework of Indicators for Assessing Achievement of Long Term Energy Efficiency Objectives, presented at the Market Transformation Indicator Workshop on Nov 7, 2011