**California Energy Efficiency Coordinating Committee-Hosted Market Transformation Working Group**

**Savings Attribution Sub-WG Call**

10.21.2020 9:00-12:00

WebEx-Based Meeting

**Draft Meeting Summary**

Facilitators: Dr. Jonathan Raab & Katie Abrams

There were approximately ten MTWG members and a dozen non-member participants on the call. A full list of meeting registrants is provided in Appendix A. Meeting materials are provided on the CAEECC website at: <https://www.caeecc.org/10-21-2020-mt-savings-sub-wg-mtg>

# Options for Savings Attribution between MTIs and Codes & Standards

## Emerging Areas/Approaches of General Agreement: Ideas 1-5

M. Gardner gave an update on areas of general agreement. The Word document she shared during the meeting is available on the meeting webpage (see link above*, DRAFT Generally Supported Ideas 10-16-20,* under “Documents Posted Before the Meeting”). She summarized that recent meetings (including a few not facilitated by CAEECC) were productive in reaching deeper understanding and commonality, but that there are still some outstanding issues.

**Clarifying questions on ideas 1-5 (collaboration, rules, performance criteria, forecasts, and mid-course updates)**

* Based on discussion, the group edited 4a to read (new text in bold) “The MTA will also forecast initial savings for individual MTIs separate from **savings through** C&S **Administrator** for planning purposes. This will be done in collaboration with C&S Program Administrator and will de facto result in relative forecasted shares”
  + A member suggested additional wordsmithing be done on 4a to further clarify for the Commission’s benefit.
* Why baselines would be updated since policy sets C&S baseline at the previous code level?
  + *Members discussed that this is a complicated issue and needs additional discussion. They summarized that the framework uses natural market baseline for MTI, so discussion of baseline for MTI is relevant but not for C&S. There are two major baselines that flow into C&S impact analysis: existing code baseline used for step 1 to determine potential savings, and a naturally occurring market adoption baseline used to evaluate net standards baseline. This is a NOMAD related issue.*

# Approach(es) to Ex Post Evaluation

**Margie Gardner presented the overall recommendation #6 “**There will be an ex-post evaluation to determine total savings and attribution of savings to C&S and MTA when C&S are included in individual MTI logic models” as well as the 3 descriptive sub-bullets. She characterized that the sub-WG was generally supportive of the overall recommendation and the three sub-bullets, although the sub-bullets needed some further refinement. She further said that where there is still on-going discussion/disagreement is whether the entire savings attribution and apportionment should be based on ex post evaluation, or whether some part of it should be pre-specified.

**Clarifying questions on idea #6 (“Keep ex post attribution more or less in its current form—i.e., all based on ex post evaluation and no pre-specified amount”)**

* Don’t current RAs influence the market towards C&S adoption?
  + *MTI isn’t only thing being funded through rate payer funded activity. A Delphi panel could give attribution to RA program if it was documented that the RA was intentionally part of the logic model working towards C&S adoption*

D. Suyeyasu and J. Luboff then presented on B-2 and on B-1. The Word document they shared during the meeting is available on the meeting webpage (see link above*, Proposals B-1 and B-2 – Ex-Post with Minimum Shared Savings,* under “Documents Posted Before the Meeting”).

**Clarifying questions on B-2 (“Adding minimum boundaries to foster collaboration”)**

* Are all 6 factors evaluated for attribution by the MTI, or are some evaluated by C&S?
  + *Some members suggested that a single Delphi panel does a single evaluation using the six criteria. Using this framework, weighting would need to be considered.*
  + *Other members suggested that certain factors, such as attribution factor 3, be the responsibility of the Code Advocacy team.*
* Does NOMAD need to be changed for C&S or MTI attribution?
  + *Additional discussion is needed*

**Clarifying questions on B-1 (“Minimum shared savings of 25% for MTI and 25% for C&S Advocacy”) or on the proposed three new attribution factors** (“accelerating the rate of market saturation to meet market acceptance requirements”, “reducing the cost of a measure to help the measure meet cost-effectiveness thresholds for regulatory adoption”, and "completion of market transformation objectives in accordance with the MTI logic model”)

* What attributes other than budgets should be considered?
  + *This warrants further discussion; could absolutely include additional variables*
* In the “sample minimum shared savings table” (page 4), would the Starting Market Saturation % be fixed for all MTIs or would it be determined separately for each MTI?
  + *The table would be fixed with each MTI having a market saturation level identified in the row according to its investment*

## Discussion of Approach(es) to Ex Post Evaluation (and initial preferences where multiple options)

**Discussion**

* General agreement in the value of adding additional attributes (along the lines suggested by Dan/Jay) through NOMAD or Delphi, but warrants additional discussion on which ones and approach
* Is it procedurally appropriate to resolve ex-poste evaluation at this sub-WG?
  + *C. Torok: yes, this is in scope*
* Allocating savings using a 10-15 year projection will not be highly accurate (i.e. market shift, technology evolution, policy or regulatory changes), especially if a robust ex-post is used.
* Process of spurring collaboration
  + *How does the ex-post process spur collaboration?*
  + *Some members believe there’s sufficient incentives baked into the ex post only framework (i.e., everyone still has incentives to grow the savings as much as possible), others that a minimum preset allocation would enhance those incentives further*
* Sample minimum shared savings table (page 4)
  + *Allocating savings based on budget can penalize more cost effective approaches*
  + *Savings are often harder to reach when saturation is lower, but the shared savings table allocates more savings for higher saturation, which doesn’t reward hard-to-reach*

## Next Steps for Savings Attribution between MTIs and Codes & Standards

J. Raab summarized the following next steps:

* Determine whether #1-5 have adequate detail for ED to operationalize, and flesh out as needed
* Further refine #6, to:
  + Flesh out the sub-bullets further and refine the language
  + Incorporate additional factors based on those proposed by Dan Suyeyasu and Jay Luboff.
* Email Jonathan Raab, Dan Suyeyasu, and Jay Luboff if you are leaning to supporting the minimum shared savings approach proposed by Dan/Jay and want to work with them on further refinements to their proposed alternative

Members brought up the need to discuss NOMAD adjustments and baseline for post-code adoption. A member suggested that there’s a general baseline question as well as a NOMAD and C&S interactive effects on baseline, and that delving into baselines will require multiple meetings and involve parties beyond this sub-WG. C. Torok suggested that there needs to be coordination to avoid contradictory assumptions, and asserted that this issue is in scope because the goal of this WG is to provide recommendations to MTA so there’s a record of where stakeholders agree and disagree, and to develop joint recommendations. She clarified that the CPUC could issue a report in a Ruling to gather stakeholder comments and enter comments into the record, but at this point the Commission doesn’t expect a decision on the MTA until the Application.

# MTIs and Resource Acquisition Programs

J. Raab summarized that there was convergence overall on savings attribution approach between MTIs and RAs but that there are a few loose ends from the recommendation M. Gardner presented at the second MTWG meeting. He reminded the group that the proposal is to remove net RA savings from MT savings. The slides presented are available on the meeting webpage (see link above*, Savings MTI & RA presentation 10-21-20,* under “Documents Posted Before the Meeting”).

Members posed the following clarifying questions and comments:

* Do we need to discuss the Delphi panel’s process and criteria for evaluating RA savings from MT efforts?
  + *A member clarified that 6A discussed above largely clarifies this, and J. Raab requested that members carefully review the forthcoming written proposal to ensure it adequately addresses this*
* MT units could conceptually or mathematically influence the NOMAD, which would show the attribution split between C&S and MTI and other ratepayer funded programs.
* Who does estimation of RA net saving attribution from measures that are also being addressed by MTI: third party evaluator or RA program administrator? And is it ex poste or ex ante?
  + *C. Torok asked how interactive effects would come to play if the group developed an agreement to hold NTG static until ex post and then check on savings on a regular basis?* 
    - *A member responded that the value of ex ante, paired with annual or biannual reporting, would be to gather information sooner. The member mentioned that the NW uses units not savings to make adjustments more quickly and uses ex ante and then ex post true-up (which is a more involved process).*
  + *C. Torok reminded the WG that staff introduced a proposed approach for each MTI to create a cohesive approach with integrated forecasts, but this didn’t make it through the WG. She asked the group to consider an approach whereby the RA could choose to continue to operate and net savings from related MTI work, or choose to participate in a holistic MTI. She expressed an openness to members proposing this as an alternative*.

J. Raab guided a discussion on the following outstanding questions

1. When there are metered savings with multiple measures embedded in one savings number for an RA program, but only one or a few of the measures includes an MTI target, how do the savings for the RA program get removed?
   1. *M. Gardner proposed that instead of using unadjusted CEDARS values, separate NMEC into proportions that are attributable to MTI*
   2. *C. Torok explained that the policy for NMEC’s are clear because they’re needed for EUL and adjustments for normal replacement. There’s definitely requirement to do measure level analysis and should be in the project documentation.*
   3. *A member suggested that the proposal of removing RA savings from MTI savings answers this question, but that the written proposal needs to clearly list appropriate sources to draw from*
2. Is CEDARS the best source for net savings?
   1. *A member suggested that the best source for net savings depends on the use case, and should not always necessarily be CEDARS*
3. Will “free rider” RA calculations be biased by the MTI activities? If so, what can be done?
   1. *A member proposed using an ex ante savings estimate with fixed free rider ratios, and then do a true-up; but acknowledged that this is a more involved process*

J. Raab asked a few representatives from the WG to draft a 1-2 page description of the RA/MTI savings attribution based on the slide and the discussion (so it can be reviewed/discussed at 11/16 MTWG meetings and included in the final report). M. Gardner, J. Harris and J. Burrows offered to assist.

# Wrap-Up and Next Steps

Next steps in preparation for the November 16th MTWG meeting

1. Savings Attribution between MTIs and RA programs
   1. Draft a 1-2 page description of the RA/MTI savings attribution based on the slide and the discussion (for review by full MTWG and inclusion in final report). M. Gardner, J. Harris and J. Burrows offered to assist.
2. Savings Attribution between MTIs and C&S
   1. Flesh out #1-5 as needed focusing on providing adequate detail for ED to operationalize the recommendation, and further edit 4a to add clarity M. Gardner, J. Harris
   2. Further refine #6, to:
      1. Flesh out the sub-bullets further and refine the language M. Gardner, J. Harris
      2. Incorporate additional factors based on those proposed by Dan Suyeyasu and Jay Luboff perhaps thru a new (6d) M. Gardner, J. Harris w/D.Suyeyasu and J.Luboff
   3. Non-Consensus Issue—Attribution based fully on ex post evaluation or with some portion of attribution pre-specified
      1. Fully ex-post—Need 1-2 page write-up describing how this would work and rationale for why this approach is preferred—Note: this sub-sub WG needs to assign individual/team to draft this.
      2. Pre-specified allocation approach B-1--continue to refine proposal into report language—J.Luboff and D.Suyeyasu (note anyone interested in joining them let them know).
3. Delineate potential approach for MTWG to address baseline issues—sub-WG via email

J. Raab concluded the meeting by mentioning that the 11/16/20 meeting will cover Savings and Goals, but will have sub-WG on Goals meet beforehand, then will recalibrate all together. He asked whether the sub-sub-WGs planned to meet again, and it appeared that their preference was to try and do as much as possible by email first.

**Appendix A: Meeting Registrants**

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| **Appendix A: 10.21.20** **Meeting Participants** | |
| **CAEECC Member Organizations and Ex Officio:** | |
| **Affiliation** | **Member (Lead/Proxy)** |
| CEC | Brian Samuelson |
| CEDMC | Serj Berelson |
| Code Cycle | Dan Suyeyasu |
| CPUC | Christie Torok |
| NRDC | Mohit Chhabra |
| PG&E | Jonathan Burrows |
| SCE | Randall Higa |
| SoCalREN | Julie Tan |
| The Energy Center | Stephen Gunther |
| **Non-CAEECC Member Organizations** | |
| Affiliation | Lead |
| Don Arambula Consulting | Don Arambula |
| Energy Solutions | Teddy Kisch |
| Jay Luboff Consulting | Jay Luboff |
| NEEA | Jeff Harris |
| Resource Innovations | Margie Gardner |
| **Other Participants/Stakeholders** | |
| CONCUR, Inc/Facilitator | Katie Abrams |
| 2050 Partners | Ted Pope |
| Craig Tyler Associates | Craig Tyler |
| Don Arambula Consulting | Frank Spasaro |
| Mendota Group | Grey Staples |
| Raab Associates/Facilitator | Jonathan Raab |
| WRCOG | Anthony Segura |
| Yinsights | Carol Yin |