California Energy Efficiency Coordinating Committee-Hosted Market Transformation Working Group – Part II

August 11, 2020 12-3:00 pm

WebEx-Based Meeting

Draft Meeting Summary

Facilitators: Dr. Jonathan Raab & Meredith Cowart

On August 11, 2020, the CAEECC hosted the launch meeting of the Market Transformation Working Group Part II (MTWG) via WebEx. Thirty MTWG Members (including Leads, Proxies and Ex Officio) participated in the meeting as panelists. Approximately 27 additional members of the public participated as attendees. A full list of meeting registrants is provided in Appendix A.

Meeting materials are provided on the CAEECC website at: <https://www.caeecc.org/mtwg-tbd>.

In this document, the majority of the discussion is captured without attribution. In some cases, the affiliation of the speaker is identified, because their affiliation is relevant to the comment. Presentations are summarized only if the presenter did not use a PowerPoint presentation or if it is not available on the meeting webpages (see link above).

Following the presentations, key clarifying questions or comments are listed and relevant *responses to questions* are noted in *italics*. Where multiple responses were given, these responses are listed as sub-bullets. Public comment, and any responses given, is included following these discussion sections. Next Steps, at the end of this document, list all next steps discussed at the meeting.

**Introductions**

J. Raab welcomed participants, reviewed the agenda, provided an overview of WebEx “housekeeping logistics”. J. Raab noted that MTWG is meeting again at the request of the CPUC in order to take a deeper look at a set of issues which were touched on in the MTWG report filed with the CPUC on March 19, 2019 pertaining to addressing overlap related issues between Market Transformation Initiatives (MTIs) and other energy efficiency efforts. The agenda presentation is available on the meeting webpage (see link above, *MTWG 8-11-20 Agenda (8.10.20)* under “Documents Posted Before the Meeting).

**Background and Goals**

J. Raab then provided an overview of (1) the section of the original MTWG Report which describes a process for identifying and minimizing overlap between MTIs and Resource Acquisition Programs (RAs),;(2) The Commission Order which adopted most of the recommendations but asked the MTWG to meet again to further describe goal setting and savings attributions between MTIs, RAs, other EE efforts; and (3) the MTWG Part II Prospectus, which describes the goals and questions to address by the MTWG. This presentation is available on the meeting webpage (see link above, *MTWG Background and Decision ppt (8.5.20),* under, “Documents Posted Before the Meeting”)*.*

**MTA Solicitation Process**

C. Torok then provided an overview of the Market Transformation Administrator (MTA) solicitation process. She stated that the CPUC issued an invitation to parties to participate in the MTA Scoring Committee. The Scoring Committee will be made up of 3 distinct groups of parties: 1. PAs, 2. Regulatory Agencies, and 3. Public Interest/Ratepayer Advocate Groups. The intent of the Scoring Committee is to recommend a bidder for the independent, statewide MTA to the CPUC. C. Torok added that any organization wishing to be on the scoring committee, or sponsoring an organization on the scoring committee, must provide information as requested, commit to participate in the ~1yr process, and agree to abstain from direct MTI work for a period of two years. This presentation is available on the meeting webpage (see link above, *MTWG Slides Torok CPUC ppt (8.10.20),* under “Documents Posted Before the Meeting”)

Following this presentation, a Member asked for more detail on who fits into the category 3. Public Interest/Ratepayer Advocate Groups. C. Torok replied that a qualifying group can be *either* public interest *or* ratepayer advocate, and that the primary intention is to include organizations whose interests align with the ratepayer interests. Another Member asked whether the MTA would act as both an administrator and an implementer, or only as an administrator? C. Torok replied that the MTA will act primarily as an Administrator and this entity will outsource most if not all MTI implementation.

**Attributing Savings Between MTIs and Other EE Efforts**

***Savings and Codes and Standards: Examples from Other Regions – Margie Gardner, Resource Innovations***

This presentation is available on the meeting webpage (see link above, *Savings Attribution – Illinois & NEEAA Examples (7.23.20),* under “Documents Posted Before the Meeting”). Members posed the following clarifying questions and comments on this presentation:

* Regarding the NEEA practice, how does the RA adjustmentUnits relate to the RA savings claims in order to avoid double counting?
	+ *The NEEA method avoids double counting in RA units as opposed to within energy savings, due to the differences embedded in energy savings across the different jurisdictions served by NEEA. The units deducted are those reported by the utilities (not calculated by NEEA).*
* As noted by Jeff Harris in the earlier MTWG, won’t MT activities affect the baselines and how often will baselines be maintained before being reassessed and updated? In CA where increasing baselines have limited incentive program market potential, how do we avoid this impact for MT initiatives?
	+ *This is a critical policy discussion for this initiative. In IL, the method used is to come to agreement on the market baseline up front, and it is considered stable until new information emerges that might change that baseline. Any changes made are then applied prospectively and not retrospectively. There are many similar policy questions, some of which should be discussed after the MTA is on board and others which this group may wish to discuss beforehand. It will be important to have up-front agreement on key issues such as fuel switching and various fuel baselines; it will also be important to allow for dynamism in how forecasts are treated in the MTI going forward.*
* It’s very difficult to develop an accurate method for attributing savings between MTIs and RAs. MT can improve the effectiveness of these programs in the short term but in the long term this could also impact the ability of 3Ps to run RA programs, since they are getting paid on the implementation of these programs.
	+ *This is one reason IL chose a simpler approach, which includes all savings produced by 3Ps in the RA bucket.*
* California is in a unique position because of changes in 3P implementation and Emerging Technology (ET), which may change how ET and C&S are counted. Do you have thoughts about how this transition could work?
	+ *The MTA will need to work closely with ET groups to determine whether they fit under the MT umbrella, or whether they are considered RA programs.*
	+ *One intention of the solicitation process is to include ET-focused pilot(s) to collect data with an eye toward creating successful ET-focused MTIs.*
* Regarding your slide 12, “The Effect of Energy Code Adoption,” wouldn’t the code credit stop when the natural market baseline catches up to the code level? This is how it’s done in California.
	+ *Conceptually that would be ideal, but when you’re trying to project what will happen e.g. 10 years down the line, you might even hypothesize that natural market baseline units* never *catch up to the savings level with code credits (the top orange line). In some jurisdictions there is a point after which some stakeholders are uncomfortable counting the savings.*
* Regarding your slide 13, “Savings from Enhanced Code Compliance”, in California we don’t count the savings from the program compliance improvement - they get counted in the overall attribution for advocacy for a specific measure. If there are more savings from the measures than originally anticipated, the compliance break can even go over 100%.
	+ *Yes, the way C&S is counted is different in CA, so the MT savings attribution for C&S must also be calculated differently in order to avoid double counting.*
* There is a fair amount of MT that occurs within C&S – e.g. Title 24 is a source of MT.
	+ *Yes, I see C&S as one of the most important tools in the MT tool box.*
* Regarding the Conclusions of Law #28 (p. 86) presented on your slide 11, “The benefits and costs of activities related to C&S development and implementation should be included in the cost-effectiveness calculations for MTIs where they are logically related.” – doesn’t that mean that the savings of activities related to C&S development also need to be included in the CE calculations? If so, would this mean the costs would be removed from the RA CE calculation and moved into the MTI CE calculation?
	+ *This law clearly states that costs and benefits should be included in CE calculations for MTIs where they are logically related (we can draw a clear line between MTI activities and cost and benefits vis a vis C&S), with an eye toward no double counting.*
	+ *PA portfolio CE calculations exclude the costs and benefits of C&S, and this is what CPUC uses to make decisions around PA portfolios/budgets (although costs and benefits of C&S are included in ABALs). This is one overarching reason for moving towards a framework that includes these costs and benefits of C&S in MT.*

***Historic California Savings Attribution Efforts – Lara Ettenson, NRDC***

This presentation is available on the meeting webpage (see link above, *California C&S Attribution,* under “Documents Posted After the Meeting”)***.*** There were no comments or questions following this presentation.

***Discussion on Savings Attribution Approach in California:***

Following these presentations and discussion, J. Raab asked participants to consider potential options for savings attribution between MTIs and other EE efforts in California, and whether either of the options presented (NEEA and Illinois) make sense in California, or whether a third option merits consideration. Key discussion points included:

* Ease of evaluation and simplicity of the approach (perhaps even simpler than used in IL) are critical.
	+ *Be aware that even approaches that are simple at a high level may be complex in practice.*
* An approach that encourages collaboration towards the goal of accelerating MT is key.
* Unlike other jurisdictions, in CA we tend to put 100% of risk on implementers running Pay-for-Performance programs. Whatever model we pick should not cause additional burden on 3P implementers.
* Agree with the above comments that we should not cause additional burden on 3P implementers, and that simplicity is an important guiding tenant. In addition, when looking at the performance of MTIs v. RAs, it is important to compare them on equal footing, since we don’t want it to look like one type of program is better than another.
* We should develop a set of guiding principles as we evaluate the merits of different approaches.
* A parallel work stream on incentive stacking in EE/other programs is going on right now, which will deal with similar issues on savings attribution, so this group should look at what has been going on there.
* What’s the expected order of magnitude for savings from MT - will they be so large that RA savings may be more of a rounding error? Given penetration rates of programs and the size of CA this might be the case.

**Setting Goals for MTIs and Other EE Efforts**

***Current CA Approach to Goal Setting and Relationship Between Savings Attribution and Goal Setting – Christie Torok, Energy Division***

This presentation is available on the meeting webpage (see link above, *MTWG Slides Torok CPUC ppt (8.10.20), Slide 5,* under “Documents Posted Before the Meeting”). Members posed the following clarifying questions and comments on this presentation:

* There is an assumption that once there is code adoption our work is done - but in fact once code has been adopted there is typically more potential to be had, and we should continue to claim savings.
* Some non-resource programs should in fact be categorized as resources, and some should be categorized as MT. What is the thinking about how to categorize non-resource moving forward?
	+ *We should pool from all the tools we have at our disposal (including non-resource programs) to address barriers in a given market.*
* Is the end goal of MT to result in C&S, or to truly transform the market to the point where C&S or other forms of market intervention are no longer needed?
	+ *It’s not a requirement that any MTI end in adoption of C&S*
* Note that standards don’t go into effect until 18 months after they are adopted, and only for buildings that are not yet permitted, so adoption is in fact more gradual/staggered than is captured in the attribution (and as is shown on this graph).
* C&S can promote MT through compliance options, because if they are adopted more broadly they become proscriptive and raise the baseline stringency of the code.
* Why would a C&S RA program need an MT program to support incorporation into code rather than a code advocacy program?
	+ *In some cases you could work either through code advocacy or MT, but you need to develop a specific program and allocate resources towards it. In other cases there may be emerging technologies (ET) coming into the market which dovetails with existing RA programs, and MT can work on coordinating these efforts.*

***NEEA Goal Setting for MTIs – Jeff Harris, NEEA***

This presentation is available on the meeting webpage (see link above, *NEEA Goal Setting for MTIs ppt (7.17.20),* under “Documents Posted Before the Meeting”)

***MTWG Goals from Illinois – Margie Gardner, Resource Innovations***

This presentation is available on the meeting webpage (see link above, *MTWG Goals from Illinois ppt (8.11.20),* under “Documents Posted Before the Meeting”)

***Discussion:***

Following these presentations, J. Raab asked participants to consider potential options for goal setting for MTIs and RAs in California, and what approach makes sense for California.

* NEAA’s approach to EE sounds very similar to California’s, which drives home the point that it will be difficult to distinguish MTI from RA type programs.
	+ *Yes, there is a lot of complexity, but keep in mind that the MT framework can also help to provide a cohesive bridge between the many programs in light of existing/changing policies, and help provide what the market needs to advance.*
	+ *What distinguishes MT from RA is whether the program/logic model is creating leverage/lasting change in the marketplace.*
	+ *I envision RAs as steps in the broader MTIs, and hope we can find ways to tweak RAs to achieve broader impact.*
	+ *The position of the MTA is to run strategic market plans across an array of programs (e.g. all lighting programs across all PAs), to integrate MT into those markets. MT should raise the level of the market and thereby lead to increased savings among both RAs and MTIs.*

**Review and Revise Proposed MTWG Workplan**

J. Raab next presented the proposed multi-meeting strategy for this working group. This document is available on the meeting webpage (see link above, *MTWG Part 2 Workplan Draft (7.23.20)*, under “Documents Posted Before the Meeting”).

* There are some outstanding policy issues (e.g. the Potential and Goals; CE framework for non-resource programs) that could have a significant impact on how we address item 4 (minimizing negative duplication and overlap). Is that part of our scope?
	+ *It will be a long time before there will be Decision on Potential and Goals – rather this process should inform the CPUC Decision.*
	+ *Regarding the CE Decision, we need to work with our current understanding, but acknowledge that the results of that Decision could impact next steps.*
* It seems to me that item 4 (minimizing negative duplication and overlap) needs to be addressed in 1 (Savings Attribution) and 2 (Goal setting) – so how is item 4 distinct from items 1 and 2?
	+ *Yes, a certain part of 4 will be addressed during discussion around 1 and 2, which will primarily be a numeric exercise. When we get to item 4 we will focus on more on implementation and procedures.*
* *Note: The Working Group was generally fine with the overall schedule (monthly meetings over half a year), and the sequencing of issues and within each issue.*

**Wrap Up and Next Steps**

At the close of the meeting, J. Raab asked for a show of hands for Members who would like to participate in sub-Working Groups to develop straw proposals for approaches to (1) Savings Attribution Between MTIs and Other EE Efforts in California and (2) Goal Setting for MTIs and Other EE Efforts in California. The following Members volunteered to participate in these sub-WGs:

**(1) Savings Attribution Between MTIs and Other EE Efforts in California**

Raghav Murali, CSE

Jay Luboff, Jay Luboff Consulting

Dan Suyeyasu, Code Cycle

Margie Gardner, Resource Innovations

Randall Higa, SCE

Serj Berelson, CEDMC

Mohit Chhabra, NRDC

Jeff Harris, NEEA

**(2) Goal Setting for MTIs and Other EE Efforts in California**

Raghav Murali, CSE

Greg Wikler, CEDMC

Margie Gardner, Resource Innovations

Marc Costa, The Energy Coalition

Jay Luboff, Jay Luboff Consulting

Mohit Chhabra, NRDC

Jeff Harris, NEEA

The following next steps were identified over the course of the meeting:

***Facilitation Team:***

* Coordinate with the 2 sub-WGs to identify time(s) to meet to develop straw proposals for approaches to (1) Savings Attribution Between MTIs and Other EE Efforts in California and (2) Goal Setting for MTIs and Other EE Efforts in California
* Send doodle polls to the full MTWG to establish dates for the next three meetings in September, October and November
* Develop meeting summary (this document) and circulate to MTWG for review within 5 business days of the meeting (Facilitation Team)

***Market Transformation Working Group:***

* Respond to doodle poll to establish dates for the next three meetings in September, October and November
* Any new MTWG members (including new representatives from pre-existing MTWG member organizations) who have not yet done so, review the MTWG groundrules on the meeting webpage (see link above) and discuss any concerns with the facilitator.
* ***Members of the small group on Savings Attribution Between MTIs and Other EE Efforts in California (see membership list above)***: Meet at least once before the September meeting to develop one or more straw proposals on this topic, and bring this proposal(s) to the MTWG.
* ***Members of the small group on Goal Setting for MTIs and Other EE Efforts in California (see membership list above):*** Meet at least once before the September meeting to develop one or more straw proposals on this topic, and bring this proposal(s) to the MTWG.

**Appendix A: Meeting Registrants**

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| **8.11.20 Market Transformation Working Group II Meeting Launch**  |
| **Organization** | **First** | **Last** |
| Cal Advocates | Shelly | Lyser |
| CEC | Brian | Samuelson |
| CEDMC | Greg | Wikler |
| CEDMC | Serj | Berelson |
| CEE | Bernie | Kotlier |
| Center for Sustainable Energy | Stephen | Gunther |
| Center for Sustainable Energy  | Raghav | Murali |
| CodeCycle | Dan | Suyeyasu |
| CPUC / Presenter | Christie | Torok |
| DAC | Don | Arambula |
| EAJ Energy Advisors, LLC | Norman | Stone |
| Enervee | Anne | Arquit |
| Enervee | Jon | Gordon |
| Franklin Energy Services | David | Myers |
| FS Consulting | Frank | Spasaro |
| Jay Luboff Consulting | Jay | Luboff |
| JCEEP | Randy | Young |
| NEEA | Jeff | Harris |
| NRDC | Lara | Ettenson |
| PG&E | Jonathan | Burrows |
| Public Advocates Office | Ashlyn | Kong |
| Resource Innovations | Margie | Gardner |
| SCE | Brandon | Sanders |
| SCE | Randall | Higa |
| SDG&E | Doug | White |
| SBUA | Ivan | Jimenez |
| SoCalGas | Benjamin | Piiru |
| SoCalGas | Erin | Brooks |
| SoCalREN | Julie | Tan |
| The Energy Coalition | Marc | Costa |
|   |   |   |
| **Other Participants/Stakeholders Attending**  |
| **Organization** | **First** | **Last** |
| 2050 Partners | Alex | Chase |
| 2050 Partners, Inc. | Ted | Pope |
| American Electric Supply | Kathy | Mastrianni |
| Cadmus | Karen | Horkitz |
| CAEECC Facilitation/Concur, Inc. | Meredith | Cowart |
| CPUC | Jordan | Christenson |
| CPUC | Augustus | Clements |
| DNV GL | Nick | Brod |
| EAJ Energy Advisors | Steve | McCarty |
| Energy Solutions | James | Hanna |
| Franklin Energy  | David | Myers |
| Franklin Energy | Brett | Bishop |
| Frontier Energy | Nancy | Barba |
| Greenbank Associates | Alice | Sung |
| LADWP | Armen | Saiyan |
| LADWP | Luke | Sun |
| LADWP | Jeremiah | Valera |
| Lincus, Inc. | Cody | Coeckelenbergh |
| Mitsubishi Electric | Sam | Beeson |
| NEEA | Ryan | Brown |
| NEEA | Jonathan | Belais |
| CAEECC Faciliation/Raab Associates | Jonathan | Raab |
| Resource Innovations | Lauren | Casentini |
| Resource Innovations | Shaun | Dentice |
| SDG&E | Kate | Zeng |
| SCE | Derek | Okada |
| Tyler & Associates | Craig | Tyler |
| WRCOG | Anthony | Segura |
| Yinsight | Carol | Yin |