

*OFFICE OF CLEAN ENERGY  
CLEAN ENERGY GUIDANCE*

# ETIP Guidance

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## Version History Log:

Version	Date Issued	Approval	Changes
1.0	2015-05-01	Colleen Gerwitz, Director	N/A
2.0	2016-07-28	Tina Palmero, Director, OCE	Housekeeping, modifications associated with revised filing dates for ETIPs in the Program-Cycle Guidance, inclusion of current year and upcoming planned three year cycle, and addition of a revision process.

## Purpose:

The purpose of this Clean Energy Guidance document is to establish common specifications and minimum requirements that each utility must follow in the development of its Energy Efficiency Transition Implementation Plans (ETIPs), filed to inform the annual approval of the utilities' Budget and Metrics Plans.

The initial ETIP, to be filed on July 15, will be updated annually thereafter on June 1 to support each utility's Energy Efficiency Budget and Metrics Plan, which will be approved by the Commission on an annual basis. Upon Commission approval of the Budget and Metrics Plan, each utility will be expected to file a "final" ETIP, which shall be in conformity with the Commission's authorization of budgets and metrics.

Clean Energy Guidance documents are in effect until revised, rescinded or superseded.

## Background:

In its February 26, 2015 Order (February REV Order),<sup>1</sup> the Commission required each utility to submit an annual Distributed System Implementation Plan (DSIP), which will serve as the template for utilities to develop and articulate an integrated approach to planning, investment and operations. As required by the February REV Order, the DSIP will be a comprehensive filing, to include information related to all Distributed Energy Resources, including energy efficiency, demand response, distributed storage and distributed generation. In order to ensure continued energy efficiency efforts during the transition to more REV-aligned activities, the order also established explicit energy efficiency budgets and targets for 2016 and set forth an annual process whereby utilities will propose post-2016 energy efficiency budgets and targets for approval. As part of that process, the order directed the filing of ETIPs, to address the energy efficiency efforts specifically associated with proposed budgets and targets. The order further directed

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<sup>1</sup> Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

Staff, in consultation with the E<sup>2</sup> Working Group, to develop and submit Guidance specifying the elements that should be included in utility ETIPs.

## ETIP Components:

ETIPs will contain the following information organized as set forth below, for each portfolio (electric and gas):

### PORTFOLIO DESCRIPTION

- A high-level explanation and description of the three-year portfolio, including a description of the efforts to align the energy efficiency portfolio with REV activities.

### BUDGET AND TARGET SUMMARY:

**TABLE: FOUR-YEAR BUDGETS:<sup>2</sup>**

<b>PORTFOLIO (Electric or Gas)<sup>3</sup></b>	<b>Current Year</b>	<b>Planned Year 1</b>	<b>Planned Year 2</b>	<b>Planned Year 3</b>
<i>Commercial &amp; Industrial Sector</i>				
<b>C&amp;I Program 1</b>				
Incentives & Services <sup>4</sup>				
Program Implementation <sup>5</sup>				
<i><b>Total Budget</b></i>				
<b>C&amp;I Program 2</b>				
Incentives & Services				
Program Implementation				
<i><b>Total Budget</b></i>				
<i>Residential Sector</i>				
<b>Residential Program 1</b>				
Incentives & Services				
Program Implementation				
<i><b>Total Budget</b></i>				
<b>Residential Program 2</b>				

<sup>2</sup> Dependent on Data Tracking requirements to be developed, utilities should be prepared to provide more detail regarding actual expenditures than required here.

<sup>3</sup> For each table the utility should indicate the applicable portfolio.

<sup>4</sup> Incentives & Services shall be defined to include incentives/rebates paid to customers and payments made directly to contractors in lieu of payment from customers for services such as energy audits.

<sup>5</sup> Program Implementation shall be defined to include all non-incentive program costs including costs associated with contractors implementing programs on the administrator's behalf or other costs associated with implementation of the program.

<b>PORTFOLIO (Electric or Gas)<sup>3</sup></b>	<b>Current Year</b>	<b>Planned Year 1</b>	<b>Planned Year 2</b>	<b>Planned Year 3</b>
Incentives & Services				
Program Implementation				
<b><i>Total Budget</i></b>				
<i>Multifamily Sector</i>				
<b>Multifamily Program 1</b>				
Incentives & Services				
Program Implementation				
<b><i>Total Budget</i></b>				
<b>Multifamily Program 2</b>				
Incentives & Services				
Program Implementation				
<b><i>Total Budget</i></b>				
<b><i>Total Portfolio</i></b>				
<b>Total C&amp;I Programs</b>				
<b>Total Residential Programs</b>				
<b>Total Multifamily Programs</b>				
<b><i>Portfolio Administration<sup>6</sup></i></b>				
<b><i>Portfolio EM&amp;V</i></b>				
<b>Total Portfolio Budget</b>				

- A description of what costs are included in the Portfolio Administration budget category. In addition, the utility should note what energy efficiency administrative costs (e.g. employee labor, employee benefits) are recovered through base rates.<sup>7</sup>

<sup>6</sup> Portfolio Administration costs shall be defined to include all portfolio-level (non-program specific) costs other than Portfolio EM&V costs or labor costs of utility employees that are recovered through a utility's base rates.

<sup>7</sup> Any costs recovered through base rates should not be reflected in the portfolio budgets.

**TABLE: FOUR-YEAR PRIMARY AND SECONDARY<sup>8</sup> TARGETS:**

<b>PORTFOLIO (Electric or Gas)</b>	<b>Current Year</b>	<b>Planned Year 1</b>	<b>Planned Year 2</b>	<b>Planned Year 3</b>
<i>Commercial &amp; Industrial Sector</i>				
<b>C&amp;I Program 1</b>				
MWh or Dth (Primary)				
Metric 2 (Secondary)				
Metric 3 (Secondary)				
<b>C&amp;I Program 2</b>				
MWh or Dth (Primary)				
Metric 2 (Secondary)				
Metric 3 (Secondary)				
<i>Residential Sector</i>				
<b>Residential Program 1</b>				
MWh or Dth (Primary)				
Metric 2 (Secondary)				
Metric 3 (Secondary)				
<b>Residential Program 2</b>				
MWh or Dth (Primary)				
Metric 2 (Secondary)				
Metric 3 (Secondary)				
<i>Multifamily Sector</i>				
<b>Multifamily Program 1</b>				
MWh or Dth (Primary)				
Metric 2 (Secondary)				
Metric 3 (Secondary)				
<b>Multifamily Program 2</b>				
MWh or Dth (Primary)				
Metric 2 (Secondary)				
Metric 3 (Secondary)				
<b>Total Portfolio</b>				
<b>MWh or Dth (Primary)</b>				
<b>Metric 2 (Secondary)</b>				
<b>Metric 3 (Secondary)</b>				

<sup>8</sup> Utilities may propose additional metrics to align with REV-like outcomes.

- If secondary metrics are proposed, rationale for using metric and method of calculation.

### FORECASTED PORTFOLIO-LEVEL ACTIVITY:<sup>9</sup>

**TABLE: FORECASTED EXPENDITURES**

Budgets (Electric or Gas)	Forecasted Expenditures				
	Current Year	Planned Year 1	Planned Year 2	Planned Year 3	Total
<i>Current Year</i>					
<i>Planned Year 1</i>					
<i>Planned Year 2</i>					
<i>Planned Year 3</i>					
<b>Total Program</b>					

**TABLE: FORECASTED PROGRAM ACHIEVEMENTS (PRIMARY METRIC)**

Targets (MWh or Dth)	Forecasted Achievements				
	Current Year	Planned Year 1	Planned Year 3	Planned Year 3	Total
<i>Current Year</i>					
<i>Planned Year 1</i>					
<i>Planned Year 2</i>					
<i>Planned Year 3</i>					
<b>Total Program</b>					

### EVALUATION MEASUREMENT AND VERIFICATION (EM&V):

- A plan and schedule for all EM&V activities that clearly identifies the information being sought and the date by which it will be obtained to support the overall program and guidance cycle. EM&V activities may include, but are not limited to process evaluations that inform program design and implementation, impact evaluations and measurement and verification activities that inform Technical Resource Manual revisions, as well as other market research.
- The portfolio-level annual EM&V budgets must be allocated to the various tasks.

**TABLE: FOUR-YEAR EM&V ACTIVITY SCHEDULE**

<sup>9</sup> These tables are intended to capture forecasted expenditures and achievements such that funds expected to be encumbered and savings expected to be committed at the end of a program year should be reflected in the future year in which funds are anticipated to be expended and savings are anticipated to be acquired. The tables should be expanded as necessary to capture the last year of expenditures and acquired savings.

<b>EM&amp;V Activity (Electric or Gas)</b>	<b>Expected Start Date</b>	<b>Expected Completion Date</b>	<b>Cycle Year Informed</b>
Activity 1			
Activity 2			
Activity 3			

**TABLE: EM&V ACTIVITY EXPENDITURES**

<b>EM&amp;V Activity (Electric or Gas)</b>	<b>Current Year</b>	<b>Planned Year 1</b>	<b>Planned Year 2</b>	<b>Planned Year 3</b>
Activity 1				
Activity 2				
Activity 3				
<b>Total EM&amp;V Budget</b>				

## BENEFIT COST ANALYSIS (BCA):

- A benefit cost ratio at the portfolio level<sup>10</sup> and for each program.<sup>11</sup>

**TABLE: FOUR-YEAR BENEFIT COST RATIOS**

<b>PORTFOLIO (Electric or Gas)</b>	<b>Current Year</b>	<b>Planned Year 1</b>	<b>Planned Year 2</b>	<b>Planned Year 3</b>
<i>Commercial &amp; Industrial Sector</i>				
<b>C&amp;I Program 1</b>				
Benefits				
Costs				
<b><i>Benefit Cost Ratio</i></b>				
<b>C&amp;I Program 2</b>				
Benefits				
Costs				
<b><i>Benefit Cost Ratio</i></b>				
<i>Residential Sector</i>				
<b>Residential Program 1</b>				
Benefits				
Costs				
<b><i>Benefit Cost Ratio</i></b>				
<b>Residential Program 2</b>				
Benefits				
Costs				
<b><i>Benefit Cost Ratio</i></b>				
<i>Multifamily Sector</i>				
<b>Multifamily Program 1</b>				
Benefits				
Costs				
<b><i>Benefit Cost Ratio</i></b>				
<b>Multifamily Program 2</b>				
Benefits				

<sup>10</sup> The portfolio level BCA will be calculated using the total benefits and total costs of the portfolio, and should exceed 1.0.

<sup>11</sup> To be consistent with the January 21, 2016 “ORDER ESTABLISHING THE BENEFIT COST ANALYSIS FRAMEWORK” in Case 14-M-0101, the primary test metric that should be used is the Societal Cost Test (SCT), including the value of avoided external CO<sub>2</sub>.

<b>PORTFOLIO (Electric or Gas)</b>	<b>Current Year</b>	<b>Planned Year 1</b>	<b>Planned Year 2</b>	<b>Planned Year 3</b>
Costs				
<i>Benefit Cost Ratio</i>				
<i>Total Portfolio</i>				
<b>Total Benefits</b>				
<b>Total Costs<sup>12</sup></b>				
<b>Portfolio Benefit Cost Ratio</b>				

## PROGRAM DESCRIPTIONS:

### *PROGRAM 1*

- A description of each of the energy efficiency programs and initiatives that the utility intends to implement during the upcoming three-year program period.
- The narrative for each program must adequately describe the proposed program and associated activities. In addition, if applicable, the narrative should describe the way in which program activities align with REV activities. As a starting point, the ETIP should describe the following:
  - Program design
  - Program delivery method
  - Target market, customer eligibility rules and anticipated participation levels
  - Anticipated changes to the program during program years 2 and 3
  - Quality Assurance/Quality Control procedures
  - The Incentives and Services and Program Implementation budgets.
    - To the extent that the program has a specific or unusual pattern of expenditures/encumbrances, the utility should include a discussion of the timeframe associated with the program pipeline.
  - The primary and secondary performance targets for the program.
    - To the extent that the program may have targets that can be accounted for in one or more years, the utility include a discussion of the timeframe for expected achievements.

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<sup>12</sup> Total Costs shall be defined to include all costs associated with the energy efficiency portfolio, including program specific costs, Portfolio Administration and EM&V costs, any related costs collected through base rates as well as customer costs.

## ETIP Revisions:

The January 22, 2016 Order<sup>13</sup> requires utilities to file quarterly ETIP updates. To satisfy this requirement, utilities will file full ETIPs twice a year, once on June 1 and again on December 1, following Commission authorization of the Budget and Metrics Plans,<sup>14</sup> and a letter describing any revisions made since the last ETIP filing, on March 1 and September 1 of each year. In every ETIP filing, utilities must include the current year, and the planned upcoming three-years. As necessary, the ETIP should include revisions to reflect new and updated information, including changes to the utility portfolio, including program and portfolio budgets and targets, EM&V activities, forecasted performance, benefit cost analyses, and portfolio and program descriptions. The ETIP filing must be accompanied by a cover letter describing all revisions made to previously filed years.

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<sup>13</sup> Case 15-M-0252, In the Matter of Utility Energy Efficiency Programs, Order Authorizing Utility-Administered Energy Efficiency Portfolio Budgets and Targets for 2016-2018 (issued January 22, 2016).

<sup>14</sup> This date may be modified based on the actual date of Commission approval of the Budget and Metrics Plans.