

*OFFICE OF CLEAN ENERGY
ENERGY EFFICIENCY GUIDANCE*

ETIP Guidance

Version History Log:

Version	Date Issued	Approval	Changes
1.0	2015-05-01	Colleen Gerwitz, Director	N/A

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 May 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Clean Energy Guidance documents are in effect until revised, rescinded or superseded.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),¹ 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 Staff, in consultation with the E² Working Group, to develop and submit Guidance specifying the elements that should be included in utility ETIPs.

¹ Case 014-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).

ETIP Components:

ETIPs will contain the following information organized as set forth below:

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: THREE-YEAR BUDGETS:²

ELECTRIC PORTFOLIO	Year 1	Year 2	Year 3
<i>Commercial & Industrial Sector</i>			
C&I Program 1			
Incentives & Services ³			
Program Implementation ⁴			
<i>Total Budget</i>			
C&I Program 2			
Incentives & Services			
Program Implementation			
<i>Total Budget</i>			
<i>Residential Sector</i>			
Residential Program 1			
Incentives & Services			
Program Implementation			
<i>Total Budget</i>			
Residential Program 2			
Incentives & Services			
Program Implementation			
<i>Total Budget</i>			

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

³ 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.

⁴ 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.

ELECTRIC PORTFOLIO	Year 1	Year 2	Year 3
<i>Multifamily Sector</i>			
Multifamily Program 1			
Incentives & Services			
Program Implementation			
<i>Total Budget</i>			
Multifamily Program 2			
Incentives & Services			
Program Implementation			
<i>Total Budget</i>			
<i>Total Portfolio</i>			
Total C&I Programs			
Total Residential Programs			
Total Multifamily Programs			
<i>Portfolio Administration</i> ⁵			
<i>Portfolio EM&V</i>			
Total Portfolio Budget			

- 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.⁶

⁵ 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.

⁶ Any costs recovered through base rates should not be reflected in the portfolio budgets.

TABLE: THREE-YEAR PRIMARY AND SECONDARY⁷ TARGETS:

ELECTRIC PORTFOLIO	Year 1	Year 2	Year 3
<i>Commercial & Industrial Sector</i>			
C&I Program 1			
MWh (Primary)			
Metric 2 (Secondary)			
Metric 3 (Secondary)			
C&I Program 2			
MWh (Primary)			
Metric 2 (Secondary)			
Metric 3 (Secondary)			
<i>Residential Sector</i>			
Residential Program 1			
MWh (Primary)			
Metric 2 (Secondary)			
Metric 3 (Secondary)			
Residential Program 2			
MWh (Primary)			
Metric 2 (Secondary)			
Metric 3 (Secondary)			
<i>Multifamily Sector</i>			
Multifamily Program 1			
MWh (Primary)			
Metric 2 (Secondary)			
Metric 3 (Secondary)			
Multifamily Program 2			
MWh (Primary)			
Metric 2 (Secondary)			
Metric 3 (Secondary)			
Total Portfolio			
MWh (Primary)			

⁷ Utilities may propose additional metrics to align with REV-like outcomes.

ELECTRIC PORTFOLIO	Year 1	Year 2	Year 3
Metric 2 (Secondary)			
Metric 3 (Secondary)			

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

FORECASTED PORTFOLIO-LEVEL ACTIVITY:⁸

TABLE: FORECASTED EXPENDITURES

Budgets	Forecasted Expenditures			
	Year 1	Year 2	Year 3	Year 4
<i>Proposed Year 1</i>				
<i>Proposed Year 2</i>				
<i>Proposed Year 3</i>				
Total Program				

TABLE: FORECASTED PROGRAM ACHIEVEMENTS (PRIMARY METRIC)

Targets	Forecasted Achievements			
	Year 1	Year 2	Year 3	Year 4
<i>Proposed Year 1</i>				
<i>Proposed Year 2</i>				
<i>Proposed Year 3</i>				
Total Program				

FUNDING:

- The identification of the new or existing adjustment clause through which the Energy Efficiency (EE) Tracker, a volumetric surcharge mechanism similar to the current SBC surcharge will be collected.⁹ In addition, the proposed annual distribution of unspent EEPS 1 and 2 funds to reduce the future collections necessary to fund the proposed budgets.

⁸ 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.

⁹ Current SBC/EEPS/RPS exemptions will be continued with respect to the new utility Energy Efficiency Tracker.

TABLE: EXPECTED SOURCES OF FUNDS FOR FUTURE PROGRAMS

Source	Year 1	Year 2	Year 3
<i>Unspent EEPS 1</i>			
<i>Unspent EEPS 2</i>			
<i>Unspent EEPS EM&V</i>			
<i>EE Tracker Collections</i>			
Total Funding			

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: THREE-YEAR EM&V ACTIVITY SCHEDULE

EM&V Activity	Expected Start Date	Expected Completion Date	Cycle Year Informed
Activity 1			
Activity 2			
Activity 3			

TABLE: EM&V ACTIVITY EXPENDITURES

EM&V Activity	Year 1	Year 2	Year 3
Activity 1			
Activity 2			
Activity 3			
Total EM&V Budget			

BENEFIT COST ANALYSIS (BCA):

- A benefit cost ratio at the portfolio level¹⁰ and for each program.¹¹

TABLE: THREE-YEAR BENEFIT COST RATIOS

ELECTRIC PORTFOLIO	Year 1	Year 2	Year 3
<i>Commercial & Industrial Sector</i>			
C&I Program 1			
Benefits			
Costs			
<i>Benefit Cost Ratio</i>			
C&I Program 2			
Benefits			
Costs			
<i>Benefit Cost Ratio</i>			
<i>Residential Sector</i>			
Residential Program 1			
Benefits			
Costs			
<i>Benefit Cost Ratio</i>			
Residential Program 2			
Benefits			
Costs			
<i>Benefit Cost Ratio</i>			
<i>Multifamily Sector</i>			
Multifamily Program 1			
Benefits			
Costs			
<i>Benefit Cost Ratio</i>			
Multifamily Program 2			

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

¹¹ Under REV – particularly in Track 2, a new BCA framework will be developed that will apply to energy efficiency. Until this BCA framework is in place, each utility will retain the total resource cost (TRC) test as the primary benefit cost analysis tool.

ELECTRIC PORTFOLIO	Year 1	Year 2	Year 3
Benefits			
Costs			
<i>Benefit Cost Ratio</i>			
<i>Total Portfolio</i>			
Total Benefits			
Total Costs¹²			
Portfolio Benefit Cost Ratio			

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.

¹² 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.