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OVERVIEW OF PROPOSED ADMINISTRATIVE STRUCTURES

I. IOUs Coalition: "Integrated Portfolio Management"
(Submitted by SCE, BOMA, Coalition of California Utility Employees, Efficiency Partnership, Northern California Power Agency, PG&E, Richard Heath and Assoc., SMUD, SDG&E, The Energy Coalition)

Summary: Utilities continue to act as the Portfolio Manager with ability to implement programs. Three advisory groups are set up to create more input into the process than exists today: 1) The statewide Policy Advisory Committee (PAC) works to bring together the best ideas from a wide cross section of stakeholders, 2) three regional Program Advisory Groups (PAGs) work in each utility territory to ensure that direct input is given and the local level, and 3) California Efficiency Measurement Advisory Group (CEMAG)- which will include no members who conduct EM&V program reviews. In addition, Efficiency Partnership is explicitly named as the appropriate entity to provide statewide Marketing and Outreach through Flex Your Power.

Functions (see Figure 5 of Decision)

1. **Policy Oversight**- California Public Utilities Commission (CPUC).
2. **Quality Assurance**- CPUC. Energy Division is the lead on determining overall effectiveness of programs and administration. ORA manages independent evaluation through contracted work.
3. **Research and Analysis**- Energy Division (ED). Utilities, CEC, and CEMAG provide input.
4. **Program Choice**- Utilities, annual filing with CPUC (Advise Letter?). Input from PAC and PAGs.
5. **Portfolio Management**- Utilities lead and provide required reports to ED. Utilities coordinate with PAC and PAGs, including public workshops.
6. **Management of Portfolio-Level EM&V**- CPUC. CEMAG will have lead responsibility to coordinate efforts and to provide recommendations including list of approved EM&V vendors. CEMAG will decide who of the members holds any contracts for portfolio level EM&V.
7. **Management of Individual Program EM&V**- CEMAG will design a process for individual EM&V contracting. Energy Division staffer on will be CEMAG lead for reviewing individual program plans. Implementers select EM&V contractors approved by CEMAG, or via their own competitive bid process.
8. **Fiscal Agent**- Utilities, Board of Equalization.
9. **Dispute Resolution**- CPUC. Initially, may go to ED, IOU, CEMAG
10. **Program Implementers**- Utilities and Non-Utilities

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II. NRDC/LIF Coalition Proposal: "Reaching New Heights" (Submitted by NRDC, ACEEE, CHEERS, Electric and Gas Industries Assoc, Equipoise, HMG, ICF, KEMA-Xenergy, Latino Issues Forum, Nexant, and Silicon Valley Manufacturers Group)

Summary: CPUC maintains the policy oversight role with significant input from Energy Division. The utilities act as Portfolio Manager and also assume the Portfolio Choice function. The proposal creates 3 new advisory committees, formalizes input roles for CEC, outsources individual EM&V, and creates contracted positions for program EM&V, audits of program EM&V, and an Energy Division (ED) contracted Independent Observer to assist with utility portfolio management.

The Advisory Groups include: The Efficiency Solutions Team (EST) to focus on maximizing the effectiveness of the CPUC EE programs, the Efficiency Leadership Council (ELC) to focus on the statewide objectives, and the Measurement and Evaluation Council (MEC) to set standards for how program impacts will be measured.

Functions (see Figure 6 of Decision)

1. **Policy Oversight**- CPUC holds final decision-making authority. CEC provides collaborative input to the CPUC. CPUC Energy Division participates in all 3 advisory groups identified in the proposal to provide informed input and participation throughout the process.
2. **Quality Assurance**- CPUC holds final decision-making authority. Energy Division and CEC assess ongoing situation. Reports and input from the EST and MEC will be considered and reviewed. Energy Division will review the utilities effectiveness as administrators every two years, and oversees regular audits of utility administration costs. The CPUC will conduct a comprehensive review of the effectiveness of the admin structure every five years. ORA performs independent evaluation of program savings.
3. **Research and Analysis**- Energy Division is primarily responsible. CEC works collaboratively with Energy Division in performing the research. Studies provided by the MEC will be informative, as will policy advice provided by EST and ELC.
4. **Program Choice**- Utilities. Will actively work with EST and ELC to receive advice and input. EST will facilitate at least one public meeting to solicit input on the portfolio drafted by the Utilities. At least 20% of total funds will be set aside for non-IOU programs. Programs approved for an average three-year term. EST will provide coordination of public input. The Energy Division contracted Independent Observer will verify fairness of Utilities portfolio choices. Utilities will file final program proposals as an Advice Letter to the Commission.

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5. **Portfolio Management**- Utilities. EST will provide a forum for ongoing communication between Utilities and implementers, including initial attempts at dispute resolution.
6. **Management of Portfolio-Level EM&V**- MEC. Utilities will contract for studies on behalf of MEC, but the studies themselves will be managed by MEC. CPUC holds final decisions regarding oversight.
7. **Management of Individual Program EM&V**- MEC coordinates with utility input to develop plans subject to CPUC approval. Utilities contract with independent consultants for all programs.
8. **Fiscal Agent**- Utilities and Board of Equalization.
9. **Dispute Resolution**- CPUC. EST, ED, Independent Observer will try to provide initial resolution.
10. **Program Implementers**- Utilities and Non-Utilities

"III. Reaching New Heights- Amended"

(Submitted by NRDC, ACEEE, CHEERS, Electric and Gas Industries Assoc, Equipoise, HMG, ICF, KEMA-Xenergy, Latino Issues Forum, Nexant, and Silicon Valley Manufacturers Group, City of Fresno, City of Stockton, Energy Solutions, California State Chamber of Commerce, California Retailers Association, Quantum Consulting, National Association of Energy Service Companies, City of Bakersfield, County of Kern)

Summary: CPUC maintains the policy oversight role with significant input from Energy Division. The utilities act as Portfolio Manager and also assume the Portfolio Choice function. The proposal creates 3 new advisory committees, formalizes input roles for CEC, outsources individual EM&V, and creates contracted positions for program EM&V and audits of program EM&V. Energy Division (ED) assumes the role of the "Independent Observer" under the original proposal, to assist with utility portfolio management.

The Advisory Groups include: The Efficiency Solutions Team (EST) to advise both the utilities and the CPUC on how to maximize the effectiveness of the portfolio of energy efficiency programs and that of administrators. Three regional Program Advisory Groups (PAGs) will provide guidance to the utility portfolio administrators regarding region-specific customer and program needs. PAG membership will include representatives from the EST. The Measurement and Evaluation Council (MEC) to assist with setting standards for measuring program impacts.

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Functions (see Figure 7 of Decision)

1. **Policy Oversight**- CPUC holds final decision-making authority. CEC provides collaborative input to the CPUC. CPUC Energy Division participates in all 3 advisory groups identified in the proposal to provide informed input and participation throughout the process.
2. **Quality Assurance**- CPUC holds final decision-making authority. Energy Division and CEC assess ongoing situation. Reports and input from the EST and MEC will be considered and reviewed. Energy Division will review the utilities effectiveness as administrators every two years, and oversees regular audits of utility administration costs. The CPUC will conduct a comprehensive review of the effectiveness of the admin structure every five years. ORA performs independent evaluation of program savings.
3. **Research and Analysis**- Energy Division is primarily responsible. CEC works collaboratively with Energy Division in performing the research. Studies provided by the MEC will be informative, as will policy advice provided by EST.
4. **Program Choice**- Utilities. Will actively work with EST and PAGs to receive advice and input. Utilities and the regional PAGs meet quarterly and will host public meetings to solicit input prior to solicitation to facilitate collaboration and process recommendations. At least 20% of total funds will be set aside for non-IOU programs. Programs approved for an average three-year term. EST will provide coordination of public input. The Energy Division contracted Independent Observer will verify fairness of Utilities portfolio choices. Utilities will file final program proposals as an Advice Letter to the Commission. PAGs will provide annual information to the EST and to the CPUC regarding the effectiveness of current program efforts and how the selection process could be improved.
5. **Portfolio Management**- Utilities. PAGs will provide a forum for ongoing communication between Utilities and implementers, including initial attempts at dispute resolution.
6. **Management of Portfolio-Level EM&V**- MEC. Utilities will contract for studies on behalf of MEC, but the studies themselves will be managed by MEC. CPUC holds final decisions regarding oversight.
7. **Management of Individual Program EM&V**- MEC coordinates with utility input to develop plans subject to CPUC approval. Utilities contract with independent consultants for all programs.
8. **Fiscal Agent**- Utilities and Board of Equalization.
9. **Dispute Resolution**- CPUC. EST, ED, Independent Observer will try to provide initial resolution.
10. **Program Implementers**- Utilities and Non-Utilities

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IV. TURN/ORA Coalition Propsal: "Efficiency California"

(Submitted by TURN, ORA, SDREO, CCSF, K.J. Kammerer & Assoc)

Summary: The CPUC maintains its policy oversight role. The CPUC selects an independent Programs Administrator (PA) through a competitive RFP. The PA, through a competitive bid process, chooses and manages EE programs as defined by the CPUC. In addition, the Energy Efficiency Advisory Committee (EEAC) is created to serve in an advisory role to the PA. EM&V is the responsibility of a restructured CALMAC. ED contracts with consultants to verify the program evaluation results reported by CALMAC.

Functions (see Figure 8 of Decision)

1. **Policy Oversight**- CPUC. Input from ED, CEC, PA, CALMAC, and the IOUs.
2. **Quality Assurance**- CPUC. ED coordinates efforts of CALMAC and EEAC to assist with recommendations. ED responsible for periodic evaluations of the PA and coordinates via contractors periodic verification of savings and achievement of overall goals.
3. **Research and Analysis-** CALMAC, CEC, PA, and ED all provide research in support of policy oversight. Specific responsibilities of each are outlined in the proposal.
4. **Program Choice**- Programs Administrator with input from EEAC. (Unclear if CPUC authorizes final decision or not).
5. **Portfolio Management**- Programs Administrator. The PA cannot be a utility or other program implementer except for Community Choice Aggregators (CCAs).
6. **Management of Portfolio-Level EM&V**- CALMAC. CPUC provides final approval of reports. Provides info to PA.
7. **Management of Individual Program EM&V**- CALMAC with ED input. CALMAC provides info to PA.
8. **Fiscal Agent**- Utilities and Board of Equalization required to transfer funding to PA.
9. **Dispute Resolution**- CPUC. PA, CALMAC provide initial assistance.
10. **Program Implementers**- Utilities and non-utilities contracting directly with the PA.

V. WEM/SESCO Coalition Proposal: "California Standard Offer Program For California"

(submitted by Women's Energy Matters, Local Power, Community First Coalition, SESCO, RESCUE)

Summary: Proposes continuously available Standard Offer modeled after a system operating in Texas (and on QF Standard Offers). Implementers paid solely on energy savings based on DEER database savings by measure, with installations verified by independent EM&V contractors. Payment would be based upon an avoided cost benefit.

Names a System Director (SD) to solicit and choose administrators for direct energy savings programs. The CPUC may act as the System Director or may elect to have a separate entity fulfill this role. The proposal envisions multiple administrators at any given time, i.e. multiple Community Choice Aggregators (CCAs), local government, non-profit, and/or for-profit entities

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selected using the AB117 administration criteria. (See endnote for statutory language).[i] Administrators will then contract with implementers using a Standard Offer system developed by the System Director. No Administrator would be allowed to serve at the same time as an Administrator and as an implementer or an EM&V contractor. The System Director also may spend 5% of total budget for a Special Administrator to administer education and information programs (where direct energy savings are not captured) such as advertising, standards advocacy, and training programs. The CPUC may fulfill the role of Special Administrator or may elect to have a separate entity do so.

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[i] Public Utilities Code §381.1: (a) No later than July 15, 2003, the commission shall establish policies and procedures by which any party, including, but not limited to, a local entity that establishes a community choice aggregation program, may apply to become administrators for cost-effective energy efficiency and conservation programs established pursuant to Section 381. In determining whether to approve an application to become administrators, the commission shall consider the value of program continuity and planning certainty and the value of allowing competitive opportunities for potentially new administrators. The commission shall weigh the benefits of the party' s proposed program to ensure that the program meets the following objectives:

(1) Is consistent with the goals of the existing programs established pursuant to Section 381.
(2) Advances the public interest in maximizing cost-effective electricity savings and related benefits.
(3) Accommodates the need for broader statewide or regional programs.

(b) All audit and reporting requirements established by the commission pursuant to Section 381 and other statutes shall apply to the parties chosen as administrators under this section.

(c) If a community choice aggregator is not the administrator of energy efficiency and conservation programs for which its customers are eligible, the commission shall require the administrator of cost-effective energy efficiency and conservation programs to direct a proportional share of its approved energy efficiency program activities for which the community choice aggregator's customers are eligible, to the community choice aggregator's territory without regard to customer class. To the extent that energy efficiency and conservation programs are targeted to specific locations to avoid or defer transmission or distribution system upgrades, the targeted expenditures shall continue irrespective of whether the loads in those locations are served by an aggregator or by an electrical corporation. The commission shall also direct the administrator to work with the community choice aggregator, to provide advance information where appropriate about the likely impacts of energy efficiency programs and to accommodate any unique community program needs by placing more, or less, emphasis on particular approved programs to the extent that these special shifts in emphasis in no way diminish the effectiveness of broader statewide or regional programs. If the community choice aggregator proposes energy efficiency programs other than programs already approved for implementation in its territory, it shall do so under established commission policies and procedures. The commission may order an adjustment to the share of energy efficiency program activities directed to a community aggregator's territory if necessary to ensure an equitable and cost-effective allocation of energy efficiency program activities.

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An EM&V Committee is selected and supervised by System Director. The EM&V Committee updates the DEER database and develops values for measures to track peak savings. This EM&V Committee supercedes CALMAC.

Functions (see Figure 9 of Decision)

1. **Policy Oversight**- CPUC as System Director (SD). CPUC may elect to have a separate entity fulfill the System Director role.
2. **Quality Assurance**- CPUC as SD with input from the EM&V Committee.
3. **Research and Analysis**- CPUC as SD, and Administrators may contract research at their choosing.
4. **Program Choice**- Administrators through continuous standard offer for direct energy savings programs. Special Administrator to select education and information type programs that do not result in direct savings.
5. **Portfolio Management**- Administrators are responsible for programs administered in their jurisdiction and can make changes to the Standard Offer, within certain limits established by the CPUC as SD. The CPUC as SD regularly reviews the performance of Administrators.
6. **Management of Portfolio-Level EM&V**- CPUC as SD establishes plan.
7. **Management of Individual Program EM&V**- Each Administrator chooses CPUC approved EM&V contractors.
8. **Fiscal Agent**- Utilities and Board of Equalization.
9. **Dispute Resolution**- CPUC. All entities involved.
10. **Program Implementers**- CCAs, Utilities, Non-utilities.

OVERVIEW OF ADVISORY GROUP RECOMMENDATIONS

I. EM&V Committees/Groups

A. Integrated Portfolio Management (IOUs Coalition)

Summary- California Efficiency Measurement Advisory Group (CEMAG). This organization supersedes the existing CALMAC. Works with the CPUC and its staff to assist with Policy Oversight decisions. Works with ORA who provides “quality assurance” on EM&V activities. Ongoing interaction with the IOUs in their management of EM&V roles, as well as with Implementers in their individual EM&V management.
Appointed By- CPUC

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Membership[1] - Twelve (12) members, all voting. Each member has technical expertise in energy efficiency program measurement and evaluation issues.

1. ED, CEC, ORA (1 member each for a total of 3)
2. IOUs (3)
3. EM&V Community (3), attention given to those who can directly represent non-utility implementer interests
4. Broad Policy Interests (3)- e.g. NRDC, and CA Institute for Energy and the Environment

Responsibilities[2] -

Policy Oversight: All recommendations subject to final CPUC approval

Quality Assurance: Receive feedback via ORA independent review of EM&V reports

Research and Analysis: Assist Energy Division by providing program impact and conservation potential studies directly to the CPUC. ED and CEMAG will work closely together to ensure research and analysis efforts are coordinated.

Program Choice: Review individual program evaluation plans for each program selected through the program choice function (CEMAG Energy Division representative will act as lead). Recommendations will be sent to the IOU program administrators prior to the submission of accepted program proposal to the CPUC for final approval.

Portfolio Management of Programs: No activity

Management of Portfolio-Level EM&V:

- Set portfolio-level study design for each program planning and funding cycle
- Provides program impact, and conservation potential information directly to CPUC.
- Assist ORA and ED to ensure that portfolio-level studies are appropriately managed
- Recommend modifications to the CPUC's evaluation-related policy rules and to the Evaluation Framework
- Ensure public input and dissemination of EM&V information

Management of Individual Program EM&V-

- Develop minimum standards for EM&V studies to verify implementers accomplishments
- Develop comprehensive process for implementers to select EM&V contractors. Includes a competitive bid component, and a streamlined component that allows selection of a contractor from a pre-approved list. CEMAG will also provide an alternative for contractors who do not want to manage their own EM&V contract. CEMAG will also suggest individual program EM&V consolidate where clear economies can be gained by merging efforts.
- Provide guidance to program level EM&V contractors where evaluation funding is insufficient to comprehensively follow the Evaluation Framework (?)
- Recommend changes to savings measurement protocols to account for changes to codes and standards and to changes in baseline market conditions.
- Ensure public input and dissemination of EM&V information

Work Product - *No specific reports required. Provides program impact and conservation potential studies directly to the CPUC*

Compensation *- None mentioned.*

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[1] Page 2, last paragraph and Page 13. Note minor inconsistencies regarding membership.

[2] Overview of CEMAG, page 8. Responsibilities noted above for the various "Functions," pages 8-15.

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B. Reaching New Heights (NRDC/LIF Coalition)

Summary[3] - Measurement and Evaluation Council (MEC). Purpose is to advise the CPUC on technical issues related to EM&V. Evaluations conducted by independent experts, and ORA will oversee independent evaluation of savings claims.

Appointed By- CPUC

Membership- Twelve (12) voting members. Each member has technical expertise in energy efficiency program measurement and evaluation issues.

- ED, CEC, ORA
- Utilities
- Implementers
- Consumer Organizations
- Environmental Organizations
- Academic/Research Institutions
- Others with appropriate expertise

Responsibilities[4] **-**

Policy Oversight: All recommendations subject to final CPUC approval

Quality Assurance: Receive feedback via ORA independent review of EM&V reports. Provide recommendations to CPUC.

Research and Analysis: Assist Energy Division by providing program impact and conservation potential studies directly to the CPUC.

Program Choice: No role identified.

Portfolio Management of Programs: No role identified.

Management of Portfolio-Level EM&V:

- Responsible for management of portfolio-level EM&V
- Develop schedule for studies, and for the overall portfolio of overarching studies (through a public process)
- Utilities' EM&V staff contract with consultants to conduct the MEC identified/CPUC approved studies. MEC members will manage the studies through Study Advisory Groups (SAGs) selected by MEC.

Management of Individual Program EM&V-

- Advise Commission on setting protocols for EM&V of individual programs
- Clarify the approved protocols and will develop techniques and methods necessary for their implementation

Work Product - *No specific reports required.*

Compensation - *None mentioned.*

[3] MEC concept introduced on page 1, last paragraph. Overview of MEC, page 8.

[4] Functions overview: Section 4, page 8-15.

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C. "Amended" Reaching New Heights

Summary[5] - Measurement and Evaluation Council (MEC). Purpose is to advise the CPUC on technical issues related to EM&V. Evaluations conducted by independent experts, and ORA will oversee independent evaluation of savings claims.

Appointed By- CPUC

Membership- Twelve (12) voting members. Each member has technical expertise in energy efficiency program measurement and evaluation issues.

- ED, CEC, ORA
- Utilities
- Implementers
- Consumer Organizations
- Environmental Organizations
- Academic/Research Institutions
- Others (?)

Responsibilities-

Policy Oversight: All recommendations subject to final CPUC approval.

Quality Assurance: Receive feedback via ORA independent review of EM&V reports. Provide recommendations to CPUC.

Research and Analysis: Assist Energy Division by providing program impact and conservation potential studies directly to the CPUC.

Program Choice: No role identified.

Portfolio Management of Programs: No role identified.

Management of Portfolio-Level EM&V:

- Develop schedule for studies, and for the overall portfolio of overarching studies (through a public process)
- Responsible for management of portfolio-level EM&V

Management of Individual Program EM&V-

- Advise Commission on setting protocols for EM&V of individual programs
- Clarify the approved protocols and will develop techniques and methods necessary for their implementation
- All implementers will contract with independent EM&V consultants, early in the program process. Consultants may only be chosen from the list of CPUC-approved contractors maintained by MEC.
- MEC will suggest individual program EM&V consolidation where economies can be gained through merging of program evaluation efforts.

Work Product *- No specific reports required.*

Compensation *- None mentioned.*

[5] MEC concept unchanged from original. Changes to the proposal can be found on page 4-5.

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D. Efficiency California (TURN/ORA Coalition)

Summary - Proposes CALMAC restructuring.[6] Adds two members to CALMAC from the Program Administrator staff,[7] and includes members of CADMAC. Overall purpose of structure is to eliminate conflicts of interest when program implementers manage their own contracts with EM&V consultants. In addition, CALMAC's coordination of portfolio-level EM&V is meant to create an evaluation structure independent of the Program Administrator.[8] This proposal is unclear as to who actually performs EM&V work, any related studies, and who has contracting authority to complete these activities. For instance, the description of "Fiscal Agent" is inconsistent in its treatment of CALMAC.[9]

Appointed By - CPUC

Membership- Unclear: Existing CALMAC and CADMAC members, plus 2 new members from the Program Administrator.

Responsibilities[10] -

Policy Oversight: All recommendations subject to final CPUC approval.

Quality Assurance: Provide recommended protocols governing evaluations.

Research and Analysis: CPUC, CEC, CALMAC, and PA will update statewide energy savings goals. Unclear who performs the work and how payment for this work is structured.

Program Choice: None identified

Portfolio Management of Programs: None identified

Management of Portfolio-Level EM&V:

- Manage portfolio-level EM&V including recommending EM&V studies and budget. Unclear if CALMAC is provided funds directly for this work, or is given contracting authority.
- CALMAC reports will be released publicly and used by the PA for program portfolio design.

Management of Individual Program EM&V-

- Manage program-level evaluation including selection of contractors. Study results will be provided to the PA on an ongoing basis. Unclear if CALMAC is provided funds directly for this work, or is given contracting authority.

Work Product - *No specific reports required.*

Compensation - *None mentioned, but unclear.*

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[6] CALMAC overview: Section 3.5, page 9.
[7] PA's role with CALMAC: Section 3.3.5, page 7.
[8] Section 5.2.4, page 15.
[9] See "Fiscal Agent", page 13 and "Fiscal Agent", page 24.
[10] Overview of Functions: Section 4, pages 11-12.

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E. California Standard Offer Program for EE (WEM/SESCO Coalition)

Summary[11] - EM&V Committee will replace CALMAC. Responsibilities include updating the DEER database, developing a list of time of day values for all measures in order to track peak savings.
Appointed By - CPUC (as System Director).
Membership -The CPUC (or System Director and CPUC) together with the CEC, convenes the EM&V Committee. All parties are encouraged to provide input, but decision-making will be limited to the CPUC (and System Director, if different), the CEC and/or public interest organizations and independent EM&V consultants (i.e. no administrators, implementers, or load-serving entities).
Responsibilities[12] **-**
Policy Oversight: All recommendations subject to final CPUC approval
Quality Assurance: EM&V Committee provides input regarding measurement of energy savings and through an annual review of the achievements of each Administrator's portfolio.
Research and Analysis: Manages studies requested by the System Director to support DEER, including peak savings.
Program Choice: No activity.
Portfolio Management of Programs: No activity.
Management of Portfolio-Level EM&V: The System Director establishes an EM&V plan. EM&V Committee overseen studies provide input related to determining DEER values.
Management of Individual Program EM&V- Each Administrator selects EM&V firms and manages the evaluation. EM&V Committee will mediate disputes arising from implementers who have implemented measures that are not on the DEER list and wish to be paid by the Administrator.
Work Product- *No additional.*
Compensation- *Mentions "fees of the EM&V Committee" on page 8 but does not describe what fees or for what services there may be fees.*

F. Collaborating Parties[13]

Summary - Measurement and Evaluation Council (MEC) would be primary entity responsible for portfolio-level MEC, and coordinate the program-level EM&V studies. MEC would advise the Commission on setting protocols for EM&V of individual programs and make recommendations to the Commission on the level of EM&V funding during each program planning cycle. MEC would also clarify, through use of committees, the approved protocols and develop techniques and methods necessary for their implementation. MEC would also determine whether any detailed evaluation plans that deviate from the EM&V protocols should be approved.

Energy Division serves as independent reviewer of impact-related studies (with ORA also conducted an independent review, at its discretion). Utilities would hold the contracts for portfolio-related EM&V; Collaborating Parties could not agree on who should hold contracts for program-related EM&V.

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[11] EM&V Committee Overview, page 3, 7.
[12] Page 7, 9-13.
[13] On May 25, 2004, a group of parties including the IOUs Coalition and most participants of the TURN/ORA Coalition and NRDC/LIF jointly filed this "Collaborating Parties" proposal.

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Appoint By - CPUC
Membership - Limited to no more than 12 voting representatives operating by consensus. Members are technical experts in measurement and evaluation, and would includes representatives from:

- ED, CEC, ORA
- Utilities
- Implementers
- Consumer Organizations
- Environmental organizations
- Academic/research institutions
- Others with appropriate expertise

Responsibilities-
Policy Oversight: Recommendations related to protocol development or funding levels subject to final Commission approval. If consensus on study-related work plans, management issues or protocol implementation cannot be reached, the assigned ALJ will make the final decision on any unresolved issues.
Quality Assurance: Energy Division, with input from a Study Advisory Group established by MEC, undertakes a Summary Study to summarize the total energy savings attributed to energy efficiency programs for each program cycle, and will issue a Study Review Memo for each evaluation study. ORA may, at its discretion, verify any element of a program evaluation report (or hire a contractor for this effort) and report its independent verification findings to the Commission. Annual Commission proceeding reviews program performance based on study reports and resolves any disputed results.
Research and Analysis: Develops the overall portfolio of overarching studies that are designed to inform policy decisions (e.g., potential studies, saturation studies), including establishment of the statewide energy savings target.

Management of Portfolio-Level EM&V

- Responsible for management of portfolio-level EM&V, including development of schedule and scope of work.
- Appoints members to each Study Advisory Committee, consisting of utility project manager and interested MEC members. The Committee selects the contractor to conduct each study.
- Utilities' EM&V staff contracts directly with consultants to conduct each study.

Management of Individual Program EM&V

- Utilities serve as project managers, with oversight by Project Advisory Committees (PAC) selected by MEC.
- Each PAC develops the scope of work to be included in the RFP and recommend the selection of each consultant.
- Within each PAC, utility project manager works closely with evaluation contractor and program implementers to establish a detailed evaluation plan.
- Collaborating parties could not agree on who should perform the role of contract manager, i.e., the entity to review contractor invoices and approve the disbursement of funds.

Work Product-No specific reports required
Compensation-Members will be able to request per-diem payments and reasonable travel cost reimbursement, including time spent outside of formal meetings that is documented, subject to limitations and overall cap established by the Commission.

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II. Policy and Program Choice Committees/Groups

A. Integrated Portfolio Management (IOUs Coalition)

Summary[14] **-** CPUC Oversight of EM&V processes and activities, including selection of the statewide Policy Advisory Committee (PAC) and Program Advisory Groups (PAGs) members. The PAC is expected to provide an expert resource for the CPUC in its "Policy Oversight" role. PAC provides annual report to EE stakeholders regarding the status and direction of State EE efforts. PAC also provides the IOU administrators with advice regarding programs selection criteria and portfolio goals. Input into program choice, including criteria for funding. Work closely with regional PAGs and IOUs throughout program cycle to ensure effectiveness of portfolio and program management.

Appointed By: CPUC appoints both PAC and PAGs members

Membership:

PAC members (up to 12 members):

1. State regulatory agencies (specifically, CPUC Energy Division staff and CEC staff),
2. Consumer advocates (such as TURN or Latino Issues Forum),
3. Technical and Policy experts (such as representatives from Lawrence Berkeley Labs),
4. National environmental policy advocates (such as NRDC)
5. Program administration representatives (NYSERDA, Northwest Energy Alliance, Consortium for Energy Efficiency
6. Trade groups (such as NAESCO and the Insulation Contractors of America)
7. Customer groups
8. Municipal utility representatives,
9. Efficiency Partnership, the statewide EE marketing and outreach organization
10. Possible "at large" seats (1-2), such as ORA or PAG representation

Regional PAG members (one per PG&E, SCE, and SDG&E territory) include:

1. Representatives (2) from the PAC- CPUC and CEC staff most appropriate
2. Regional Interest Organizations (2-3)- regional gov't groups (e.g. ABAG or SCAG) and Efficiency Partnership
3. Region specific customer groups should also be considered
4. Some references in the proposal to Cities and Community Based Organizations membership
5. Parties seeking EE funds are excluded (some conflict here b/c Efficiency Partnership receives EE funds and is expected to continue doing so)

Responsibilities[15] **-**

Policy Oversight: All recommendations subject to final CPUC approval.

Quality Assurance: No role identified.

Research and Analysis: No role identified.

Program Choice: PAC and PAGs provide input to the IOUs' energy efficiency programs proposal solicitation process. The PAC and IOU will work to develop the criteria for selection of programs. IOUs will attempt to gain consensus on the portfolio of selected non-utility programs with the PAC and with the IOU's regional PAG.

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[14] PAC Overview: page 2, 6. PAG Overview: page 7.

[15] Functions overview: Section 4, page 8-15.

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Portfolio Management of Programs: IOUs will meet quarterly with the regional PAGs and will provide annual information to the PAC regarding the effectiveness of current program efforts and how the selection process could be improved to enhance the selection of more effective programs.
Management of Portfolio-Level EM&V: No role identified.
Management of Individual Program EM&V- No role identified
Work Product*- PAC provides annual report to California EE stakeholders regarding the status and direction of state EE efforts.*
Compensation- None mentioned.

B. Reaching New Heights (NRDC/LIF Coalition)

Summary[16] - Efficiency Leadership Council (ELC)- statewide forum for collaboration among major entities, responsible for assessment of how to continually improve EE efforts. Purpose is to advise the CPUC, utilities, CEC, and munis, and to help provide broad strategic leadership and expertise on statewide energy efficiency goals and accomplishments. In addition, the Efficiency Solutions Team (EST) will encourage collaboration among utilities, program implementers, and other stakeholders to maximize program effectiveness. Subgroup of non-financially interested parties will give input into the utilities portfolio design process.[17] Will provide a route for confidential feedback to utilities. Independent Observer- hired by ED
Appointed By- ELC established by CPUC, CEC, and an organization representing municipal utilities (such as CA Municipal Utilities Assoc). Will work together to determine appointments and each agency will appoint five members. EST is established by the CPUC, unclear who appoints members.[18] CPUC Energy Division hires Independent Observer contractor.
Membership-
ELC Membership (limited to 15), including:

- EE experts representing such entities as CPUC ED, CEC staff, ORA,
- Private and publicly-owned utilities,
- Customers and customer organizations,
- Environmental organizations,
- Academic/research organizations,
- National energy efficiency organizations,
- Local gov'ts,
- Statewide marketing and outreach experts,
- Experts from other states,
- Experts in reaching diverse communities and "hard to reach" customers,
- Implementers (and associations),
- Evaluators,
- Manufacturers

EST Membership (limited to 15)

- Members will be EE experts that encompass the spectrum of program areas and strategies, and experts from other regions and utilities, including both market and non-market participants.

[16] Advisory group concepts introduced on page 1. See page 5-6 for detail.
[17] See page 7, third paragraph.
[18] See page 6-7.

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Responsibilities[19] -
Policy Oversight: All recommendations subject to final CPUC approval
Quality Assurance: EST's annual report containing suggestions for improvements to administrative effectiveness will be reviewed by Energy Division to inform its Quality Assurance activities.
Research and Analysis: ELC provides strategic policy advice and EST provides technical advice to ED.
Program Choice: Both ELC and EST provide input to the IOUs in determining program choice. EST will facilitate at least one public meeting with the IOUs to solicit input on the design of the portfolio. The sub-group of non-financially interested parties in the EST will review and provide feedback on the utilities draft proposal for the portfolio of programs, and will focus particularly on the non-utility programs and program opportunities. The Independent Observer will provide feedback to this subgroup and to IOUs.
Portfolio Management of Programs: EST will provide a forum for ongoing communication between the utilities and implementers, and will assist with finding resolution to issues as needed.
Management of Portfolio-Level EM&V: No role identified.
Management of Individual Program EM&V- No role identified.
Work Product- EST provides report to ED on annual basis with recommendations as to how the utilities can improve their effectiveness as administrators.
Compensation- None mentioned.

C. "Amended" Reaching New Heights

Summary[20] - The Efficiency Solutions Team (EST) will advise both the utilities and the CPUC on how to maximize the effectiveness of the portfolio of EE programs and that of administrators. The Efficiency Leadership Council (ELC) is replaced by three regional Program Advisory Groups (PAGs). The PAGs will be created to provide guidance to the utility portfolio administrators regarding region specific customer and program needs. Each PAG will be comprised of two members from the statewide EST and two or three members directly representing regional interests. The PAGs will provide a forum for input and collaboration with local interests and stakeholders. The PAGs will meet with the administrators quarterly and will host public workshops prior to each year's solicitation process. The PAGs will also provide annual information to the EST and CPUC regarding the effectiveness of current program efforts. Energy Division will act as Independent Observer to ensure that the utilities' portfolios are designed, and implementers are chosen, in a fair and transparent process.[21]
Appointed By- CPUC.

[19] Functions overview: Section 4, page 8-15.
[20] Advisory group concepts introduced on pages 2-4 of amended proposal.
[21] See page 4 of amended proposal.

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Membership -
EST Membership (limited to 15), including:

- EE experts representing such entities as CPUC ED, CEC staff, ORA,
- Private and publicly-owned utilities,
- Customers and customer organizations,
- Environmental organizations,
- Academic/research organizations,
- National energy efficiency organizations,
- Local gov'ts,
- Statewide marketing and outreach experts,
- Experts from other states,
- Experts in reaching diverse communities and "hard to reach" customers,
- Implementers (and associations),
- Evaluators,
- Manufacturers

Three regional PAGs:

- Members will be comprised of two members from the statewide EST and two or three members directly representing regional interests.

Responsibilities[22] -
Policy Oversight: All recommendations subject to final CPUC approval.
Quality Assurance: EST's annual report containing suggestions for improvements to administrative effectiveness will be reviewed by Energy Division to inform its Quality Assurance activities.
Research and Analysis: EST provides strategic policy advice and technical advice to ED with input from the PAGs.
Program Choice: Both EST and the PAGs provide input to the IOUs in determining program choice. The PAGs meet quarterly with the IOUs and will hold public meetings including prior to each year's solicitation. The sub-group of non-financially interested parties in the EST will review and provide feedback on the utilities draft proposal for the portfolio of programs, and will focus particularly on the non-utility programs and program opportunities. Energy Division as the Independent Observer will provide feedback to this subgroup and to IOUs.
Portfolio Management of Programs: EST and the PAGs will provide a forum for ongoing communication between the utilities and implementers, and will assist with finding resolution to issues as needed.
Management of Portfolio-Level EM&V: No role identified.
Management of Individual Program EM&V- No role identified.
Work Product- EST provides report to ED on annual basis with recommendations as to how the utilities can improve their effectiveness as administrators. The PAGs will also provide annual information to the EST and CPUC regarding the effectiveness of current program efforts.
Compensation- None mentioned.

[22] Functions overview: Section 4, page 8-15.

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D. Efficiency California (TURN/ORA Coalition)

Summary[23] - Energy Efficiency Advisory Council (EEAC). The EEAC will serve in an advisory role to the Program Administrator and will provide input to the PA on program design and potential mid-year program changes. The EEAC will also recommend Program Policy Rules.
Appointed By- CPUC authorizes the formation of the EEAC. Unclear who has appointing authority.
Membership-
ELC Membership (all volunteer)

- Ex officio regulatory staff (CPUC ED, ORA, CEC)
- IOU staff
- Local gov't interests
- ESCOs
- Vendors
- Public interest and consumer advocacy groups

Composition should contain balanced geographical and stakeholder representation, technical expertise, and program implementation experience.
Responsibilities[24] **-**
Policy Oversight: All recommendations subject to final CPUC approval
Quality Assurance: EEAC provides recommendations for Program Policy Rules.
Research and Analysis: None identified.
Program Choice: EEAC provides input.
Portfolio Management of Programs: EEAC provides input into programs decisions and mid-year reviews of program implementation.
Management of Portfolio-Level EM&V: No role identified.
Management of Individual Program EM&V- No role identified.
Work Product- No additional.
Compensation- Eligible parties may seek intervener compensation.

E. California Coalition for EE (WEM/SESCO)

No policy committee identified in the proposal.

[23] EEAC overview, page 8.
[24] Functions overview: pages 11-13.

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F. Discrete Market Segment Focus Plan or "FOCUS" (CAL-UCONS)

Summary: This proposal is complementary to whatever administration structure is chosen. "FOCUS" recommends that an Advisory Group is assembled whenever necessary to provide input as to how to improve success in an energy efficiency market segment where sub-standard results have been identified. The FOCUS Advisory Board(s) would be approved by the CPUC and members would serve by appointment and would be comprised of stakeholders in the market segment. At any given time, there could be any number of FOCUS Advisory Boards in place to work on a variety of market segments statewide or in specified regions, such as IOU territory. Any interested person may petition the CPUC to have a FOCUS Advisory Board created or engaged in any aspect or all of the EE Administration functions related to the specific market segment

G. Collaborating Parties [25]

Summary—The California Energy Advisory Council (CEAC) would replace the statewide advisory groups proposed in the original filings by the IOUs Coalition, NRDC/LIF Coalition and TURN/ORA Coalition, but would not preclude adoption of regional advisory groups as well. The purpose of CEAC is to serve a statewide advisory role to the Commission, administrators of energy efficiency programs and EM&V advisory panel (described above) that the Collaborating Parties propose. The role would be fairly "open ended", with an overall mission of supporting the goals of the State-Action Plan by providing pro-active input on (a) procurement and PGC energy efficiency portfolio designs and implementation, as well as (b) feedback on administrator and portfolio performance, efficiency of administration/implementation, (c) compliance with Commission policies, and other areas. CEAC would comply with the Bagley-Keene Act. Examples of input the CEAC would provide include:

- Assessing progress towards meeting energy saving targets through the review and consolidation of information provided by the administrator(s), the Energy Division, CEC, municipal utilities, etc.;
- Reviewing statewide policy level issues regarding coordination (for example, between privately- and publicly-owned utilities, between programs and the CEC's RD&D and codes and standards programs, with national initiatives, etc.);
- Providing recommendations for efficiency portfolio design improvements and potential mid-year program design changes;
- Identifying gaps in the portfolio and innovative opportunities;
- Integrating private sector planning, production and marketing concerns/resources into the process; and
- Recommending initial PGC and Procurement Program Policy Rules and any necessary subsequent changes. These Policy Rules would govern program selection criteria, implementer selection criteria, program reporting requirements, and cost effectiveness tests.

[25] On May 25, 2004, a group of parties including the IOUs Coalition and most participants of the TURN/ORA Coalition and NRDC/LIF jointly filed this "Collaborating Parties" proposal.

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Appointed By-Commission makes appointments for one or two year terms, followed by two year terms for new appointments and re-appointments to provide a staggering of two-year terms.
Membership-Between 10-15 individuals, appointed based on the following considerations:

- Creating a group that provides broad strategic leadership and expertise/experience on statewide energy efficiency goals
- Including members with a commitment to participate fully in the CEAC with a focus on statewide energy efficiency missions, goals, and objectives;
- Creating a balanced and fair membership that covers the interests and perspectives of Californians;
- Including at least some members with practical knowledge of California energy efficiency markets, program and project administration experience, and implementation experience;
- Including members from outside of California to provide for non-California perspectives; and
- Creating a group with representation from state public organizations, such as the CEC, ORA, and municipal utilities, and stakeholder groups such as customer, efficiency industry and environmental organizations.

Work Product - Annual report on its findings and recommendations.
Compensation - Members will be able to request per-diem payments and reasonable travel cost reimbursement, including time spent outside of formal meetings that is documented, subject to limitations and overall cap established by the Commission.

(END OF ATTACHMENT 2)