

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Examine the Commission's post-2005 Energy Efficiency Policies, Programs, Evaluation, Measurement and Verification, and Related Issues.

Rulemaking 06-04-010  
(Filed April 13, 2006)

**ADMINISTRATIVE LAW JUDGE'S RULING  
ADOPTING EVALUATORS' PROTOCOLS FOR THE  
EVALUATION OF ENERGY EFFICIENCY PROGRAMS**

**1. Introduction and Summary**

The Commission has directed that evaluation, measurement and verification (EM&V) protocols be developed under an expedited review process, so that they can be put in place as quickly as possible as we move to the new administrative and policy framework for energy efficiency in 2006 and beyond.<sup>1</sup> These protocols include evaluators' or "how to" protocols, as well as process and review protocols addressing the topics outlined in Attachment 1.

To date, Energy Division and California Energy Commission staff assigned to this proceeding (Joint Staff) and/or Energy Division's consultants (the TecMarket Works Team) have prepared draft protocols that cover all but two of the topics listed in Attachment 1. By ruling dated January 11, 2006, I adopted the following process and review protocols:

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<sup>1</sup> See the Commission's discussion of the required protocols and expedited review process in D.05-04-051, pp. 67-73.

- a. The Performance Basis Protocol, which identifies when Joint Staff and its consultants plan to verify various components (e.g., measure installations, program costs, unit energy savings) used to calculate the performance basis for each portfolio administrator for the 2006-2008 planning cycle,
- b. The Public Process Protocol for Joint Staff's risk analysis, priority assessment and study scoping for EM&V activities, and
- c. The Study Review Protocol, that describes the process Joint Staff will use to develop and review comments after a contractor has been selected to conduct a specific set of evaluations for impact and market effects studies. This protocol also identifies the Annual Earnings Assessment Proceeding as the forum for dispute resolution.

By today's ruling, I adopt the Evaluators' Protocols for post-2005 energy efficiency activities. These protocols are presented in the TecMarket Works Team report entitled: *California Energy Efficiency Evaluation Protocols: Technical, Methodological and Reporting Requirements for Evaluation Professionals*, dated April 2006 (Final Report). This report and the process and reporting protocols adopted in my January 11, 2006 ruling are posted on the Commission's website at:

<http://www.cpuc.ca.gov/static/energy/electric/energy+efficiency/rulemaking/eeevaluation.htm>

## **2. Procedural Background**

The protocols presented in the Final Report were developed in two separate phases. On October 4, 2005, the TecMarket Works Team presented for public comment and review draft evaluator protocols that addressed: (1) impact evaluations, (2) measurement and verification, (3) process evaluations, (4) market effects evaluations, (5) sampling and uncertainty and (5) evaluator reporting.

Opening Comments were filed on October 17, 2005 by Southern California Edison Company (SCE), the Utility Reform Network (TURN), the Division of Ratepayer Advocates (DRA),<sup>2</sup> Pacific Gas and Electric Company (PG&E) and jointly by Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E). Reply comments were filed on October 24, 2005 by PG&E, SCE, ORA and Women's Energy Matters.

In response to these comments, the TecMarket Works Team revised the draft protocols and posted them on the website for public review on December 2, 2005. A two-day workshop to discuss these revisions was held on December 13 and 14, 2005 in San Francisco.

On February 9, 2006, the TecMarket Works Team presented draft protocols addressing the remainder of the evaluator protocols, i.e., for emerging technologies, codes and standards and effective useful lives. Another two-day public workshop was held on February 14 and 15, 2006 in San Francisco to discuss these additional protocols.

I solicited written post-workshop comments by ruling (electronic) dated February 14, 2006. Opening comments were filed on March 1, 2006 by the DRA, NRDC, the Heschong Mahone Group, SCE and jointly by SDG&E and SoCalGas. Reply comments were filed on March 8, 2006 by PG&E, TURN and Heschong Mahone Group.

Approximately 35 individuals and/or organizations attended each set of workshops on EM&V protocols, including the program administrators, implementers, EM&V experts, ratepayer advocate groups, among others.

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<sup>2</sup> DRA was formerly named the Office of Ratepayer Advocates, and filed comments in this proceeding until December 31, 2005 under that former name.

### **3. Discussion**

The workshop discussion and post-workshop written comments provided substantial input to Joint Staff and the TecMarket Works Team on the evaluator protocols, as summarized in Attachment 2 to this ruling. As indicated in Attachment 2, many of the parties' suggested modifications to the protocols have been incorporated into the final version for the reasons provided. Joint Staff has also summarized in that attachment its reasons for not adopting specific recommendations. The development of the protocols was accomplished via a necessarily iterative process. Joint Staff, the Energy Division Project Manager and Energy Division's consultants took every possible opportunity to improve the protocols. While many of these improvements were initiated as a result of public comment, Joint Staff and the Energy Division Project Manager requested and directed the consultants to make additional improvements that they deemed necessary to meet the Commission's evaluation objectives and to comply with Commission decisions and my rulings. I believe that Joint Staff and the TecMarket Works Team have thoughtfully considered the input of workshop participants and those commenting in writing on this highly technical subject, and have responded in a reasonable manner with appropriate recommendations for final protocols. Accordingly, I adopt the evaluator protocols presented in the Final Report.

This almost completes the task set forth by the Commission in D.05-04-051 with respect to the development of EM&V protocols for post-2005 energy efficiency. As indicated in Attachment 1, process and/or review protocols still need to be developed for updating the Database For Energy Efficient Resources (DEER) and for Market Effects and Overarching Study Scoping. I am coordinating with Joint Staff to ensure that these protocols will be developed as

soon as practicable, while recognizing that there are additional priority issues to address in this proceeding.

In the meantime, however, nothing in today's ruling is intended to preclude staff from scoping studies or issuing requests for proposals to initiate work in these areas, as staff deems necessary in the coming weeks or months. For this purpose, for those studies that staff deems appropriate, staff should solicit public input (either by holding workshops, requesting written comments, or both) as staff deems necessary to scope the work in these areas.

**IT IS RULED** that:

1. Until further notice, the evaluation protocols and evaluator reporting requirements presented in the April 2006 TecMarket Works Team Report entitled: *California Energy Efficiency Evaluation Protocols: Technical Methodological and Reporting Requirements for Evaluation Professionals* are adopted for post-2005 energy efficiency activities. This report is posted at:

<http://www.cpuc.ca.gov/static/energy/electric/energy+efficiency/rulemaking/eeevaluation.htm>

2. An electronic and hard copy of this ruling shall be served on those listed as appearances in the service in this proceeding, which is currently comprised of the service lists in R.01-08-028 and A.05-06-004 *et al.*. Those listed under state service and information shall be served electronically only.

3. A hard copy of this ruling, together with a hard copy of the report referenced above, shall be filed with Central Files. As soon as practicable, I shall arrange for a hard copy of the report to be delivered to Central Files.

Dated April 25, 2006, at San Francisco, California.

/s/ MEG GOTTSTEIN by  
JANET A. ECONOME

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Meg Gottstein

Administrative Law Judge

