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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking
Concerning Energy Efficiency Rolling
Portfolios, Policies, Programs,
Evaluation, and Related Issues.

Rulemaking 13-11-005

**ASSIGNED COMMISSIONER'S RULING REGARDING 2016 EX-POST AND
2017 EX-ANTE SAVINGS EFFICIENCY SAVINGS AND PERFORMANCE
INCENTIVE**

This ruling provides notice of adjustments to the Commission's Efficiency Savings and Performance Incentive (ESPI) process, applicable to the 2016 Ex-Post and 2017 Ex-Ante Savings calculations.

Background

Commission Decision (D.) 13-09-023 required ex-post impact evaluations to be the basis for calculating savings incentive payments for custom projects and deemed uncertain measures. The Commission has used the results from impact evaluations so that ratepayer-funded utility incentive payments are based on reliable data.¹ D.13-09-023 also envisioned the ex-ante analysis to happen after the submission of the ESPI advice letter each year.²

1 D.13-09-023, at 52 – 53.

2 D.13-09-023, Attachment 6, at 2.

1. 2016 Ex-Post Savings

Commission contracting delays in 2017 resulted in Commission staff lacking sufficient resources to produce the impact evaluation results for program year 2016.³ The Commission is in the process of securing resources to resume necessary evaluation tasks beginning with program year 2017. Short-term adjustments to the ESPI process are needed to account for unavailable impact evaluation results for program year 2016.

In the absence of the 2016 evaluation results, Commission staff will use best available data including recent ex-post evaluation results as a proxy for the 2016 ex-post values to calculate the investor owned utilities' 2016 ex-post savings ESPI payments.

Commission staff will base their analysis on the application of the most appropriate recent (*i.e.*, 2013-2015) evaluated results to similar measures in 2016. This represents a "proxy" evaluation of 2016 savings claims with the most current and applicable values. This approach minimizes the risk of over- or under-payment and ensures that ratepayers' funds are being properly used for the purpose of utility shareholder incentive payments. For example, staff would otherwise have to base their analysis on the Investor-Owned Utilities (IOUs') self-reported savings values, which evaluation studies have historically shown to overestimate savings; basing the analysis on utility-reported claims would potentially result in overpayments of shareholder incentives.

This process is only in place for ex-post evaluations for program year 2016.

³ On February 08, 2018 the Commission's executive director relieved Energy Division of D.15-10-028 and D.16-08-019 requirement to release draft and final evaluation reports for program year 2016.

2. 2017 Ex-Ante Savings

Contracting delays similarly impacted the 2017 ex-ante savings process. The timeline set forth in D.13-09-023 (and updated in D.15-10-028) provides that the public review process for ex-post savings analysis runs from May 1 to August 1, followed by submission from the IOUs of an ESPI advice letter; the ex-ante savings process is scheduled to commence after the September 1 ESPI advice letter submission and completed by December 30. Due to the contracting delays, execution of this timeline is not feasible for the 2017 ex-ante savings process. In addition, various stakeholders have expressed concerns that the ESPI resolution process and timeline does not provide enough time for stakeholders to review and comment on the ESPI ex-ante quantitative analysis performed and presented within the resolution process. Therefore, for both these reasons, for this year the ESPI ex-ante and ex-post savings analyses will be performed simultaneously and within one public process. Commission staff will follow the same timeline and dispute resolution process for the ex-ante savings as the timeline and process conducted for the ex-post savings, as set forth in Attachment 6 of D.13-09-023 and updated in D.15-10-028. This process is in place until the Commission makes a determination otherwise. All other processes and timelines remain the same until further notice.

IT IS RULED that:

1. Commission staff will utilize the most appropriate recent (*i.e.*, 2013-2015) evaluated results for similar measures in 2016 as a proxy for the 2016 ex-post values, to calculate the investor owned utilities' 2016 ex-post savings Efficiency Savings and Performance Incentive payments.

2. For program year 2017 ex-ante analysis, Commission staff will follow the same timeline and dispute resolution process as the timeline and process conducted for the ex-post savings, as set forth in Decision (D.) 13-09-023 and updated in D.15-10-028. This process is in place until the Commission makes a determination otherwise.

Dated April 20, 2018, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner