

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Date: August 2, 2022

To: Pacific Gas and Electric Company (PG&E)

From: Rashid Mir and Peter Biermayer, California Public Utilities Commission (CPUC)

Cc: R.13-11-005 Service Lists

Subject: MID-YEAR FEEDBACK - 2022 EX ANTE REVIEW (EAR) PERFORMANCE

Table of Contents

I. CPUC Staff Findings 2022 Mid-year Activities Feedback.....2

 A. Custom Projects Review Overview2

 B. Measure Packages Review Overview3

II. Discussion.....3

 A. Custom Projects Performance Review3

 B. Measure packages Performance Review.....6

III. Attachments8

Attachment A: Measure package Feedback.....9

Pursuant to Decision (D).13-09-023, D.15-10-028, D.16-08-019, and D.20-11-013, California Public Utilities Commission (CPUC) staff and consultants are providing the 2022 Ex Ante Review (EAR) Performance Mid-year Feedback on the investor-owned utilities (IOUs) respective activities as of June 30, 2022. D.20-11-013 placed a moratorium on EAR awards¹ but directed that ex ante review scoring and evaluation processes shall continue. The mid-year feedback focuses on specific accomplishments and issues or concerns identified as part of ongoing measure package and custom project reviews. This feedback will help the IOUs address these issues for the remaining year.

I. CPUC Staff Findings 2022 Mid-year Activities Feedback

The following sections of this memorandum provide a description of the findings, including areas of achievement and areas requiring improvement for both custom projects and measure packages review activities.

A. Custom Projects Review Overview

1. Summary of 2022 Mid-year Achievements

This feedback is based on 27 CPUC staff project review dispositions issued between January and June 2022. PG&E continues to demonstrate efforts to improve its performance. CPUC Staff's observations include:

- **Collaboration.** PG&E continues to proactively engage with CPUC staff on project and policy issues during its bi-monthly meetings with CPUC staff and statewide custom projects collaboration meetings.

2. Summary of Areas Requiring Improvement

Areas that were most problematic, frequent, and/or need improvement include:

- **Process, Policy, and Program Rules.** In the first half of 2022 there were 29 issues related to Process, Policy, and Program rules which comprised 31 percent of all issues noted. The issues noted spanned many different action categories but primarily concerned errors relating to EULs/RULs, standard practice baselines, insufficient preponderance of evidence (POE) provided, and not following previous CPUC guidance.
- **Gross savings impacts.** In the first six months of 2022, 19 actions impacted gross savings, the majority of which were related to analysis assumptions or calculate methods. PG&E must make significant efforts to perform quality control on analysis assumptions and calculations to uncover issues prior to submitting for review.
- **Missing documentation.** Twelve of the 27 dispositions issued in the first half of 2022 were missing required information or documentation. The missing information can make replication of results difficult. The missing information also led to numerous requests for project resubmittal later. PG&E must improve their QC process to ensure all necessary

¹ The EAR awards were part of the Efficiency Savings and Performance Incentive (ESPI) awards.

documentation is included with project submittals.

- **Late submissions.** In the first half of 2022, PG&E had a significant number of projects (19 percent) submitted past the 15-days required by Senate Bill (SB) 1131 and must make efforts to improve submitting documents on time to avoid a loss of EAR points at the end of the year.

B. Measure Packages Review Overview

1. Summary of 2022 Mid-Year Achievements

PG&E continues to demonstrate efforts to improve its performance. CPUC staff observed improvements in PG&E's development and management of measure package submissions in the following areas:

- **Timeliness.** PG&E is timely with their measure package submissions and promptly communicates any delays in submission or resubmission.
- **Quality.** PG&E has improved their QC process with new submissions, and they have taken the lead in correcting errors to existing measure packages and resubmitting with minor changes.

2. Summary of Areas of Improvement

CPUC staff highlights the following recommendation for improvement which is centered on the quality of measure package submissions:

- **Due diligence.** PG&E must be aware of selecting and developing appropriate standard baselines for proposed technology.

II. Discussion

The following sections of this memorandum provide a detailed description of the findings, including, areas of achievement and areas requiring improvement for both custom projects and measure packages.

A. Custom Projects Performance Review

Each year, CPUC staff reviews a selected sample of custom project energy efficiency program applications. The review findings and directions to the IOUs are presented in documents referred to as "dispositions". This feedback is based on 27 CPUC project review dispositions issued between January and June 2022.

The comments below are organized by the five metric areas prescribed in D.16-08-019. No scores are provided for these metrics in the mid-year memo. All feedback provided at this time is qualitative.

1. Timeliness of Submittals

PG&E has had some issues complying with SB1131 guidelines in the first half of 2022. CPUC staff noted 5 out of the 27 projects receiving dispositions (19 percent) that were uploaded past the 15 business days requirement. The remaining 22 projects that were submitted were uploaded on time, with 14 projects (52 percent of all projects receiving dispositions) being uploaded 5 or more days before the due date. Although PG&E is improving with respect to the number of projects being submitted early, they continue to struggle with meeting CPUC requirements for timeliness and must make significant efforts to upload project documentation before the deadline to avoid a loss of EAR points under this metric.

2. Content, Completeness, and Quality of Submissions

Out of the 27 project dispositions issued in the first six months of 2022, 16 projects had issues related to process, policy, and program rules (31% of the actions identified fell into this category). Some of the issues identified were problems with the estimate of EUL/RUL, definition of the project measure type, and incorrect baseline assumptions. CPUC staff also identified a project that failed to include a non-IOU fuel analysis despite the presence of photovoltaic onsite. PG&E must work to prevent these issues related to program policy and rules from occurring on future project submissions to avoid a significant loss of EAR points under this metric.

PG&E also had 15 projects that had documentation issues (24% of the actions were in this category). Most of these issues had to do with missing required information for the project, as well as requests for resubmittal of the project after installation. CPUC staff also found a project that had a poorly defined scope. PG&E must take action to acquire and provide all relevant documentation to avoid a significant loss of EAR points under this metric at the end of 2022.

Eleven of the 27 PG&E dispositions also had issues related to net impacts. These issues were primarily related to insufficient documentation or evidence of program influence being submitted with project reviews. PG&E must ensure that future project submissions include adequate program influence documentation such as what the customer would have likely done absent the program, alternative viable options to the installed measures, resource constraints the customer faces, and factors that motivated the customer to complete the project.

Table 1 below summarizes the 95 action items identified across 27 dispositions issued between January 1, 2022, and June 30, 2022.

Table 1: Summary of Categorized Action Items for Custom Projects

Issue Area	Action Categories	Summary of CPUC Staff Required Action by the PA:	Summary of CPUC Staff Notes or Instructions:	Percent of Total Actions
Issues Related to Gross Savings Impacts	Analysis assumptions	8	1	8%
	Calculation method	5	2	5%
	Calculation tool	2	1	2%
	M&V plan	4	1	4%
	Subtotals	19	5	20%

Issue Area	Action Categories	Summary of CPUC Staff Required Action by the PA:	Summary of CPUC Staff Notes or Instructions:	Percent of Total Actions
Process, Policy, Program Rules	Baseline	4	2	4%
	CPUC Policy	2	2	2%
	Did not follow previous CPUC guidance	4	0	4%
	Eligibility	2	0	2%
	ER preponderance of evidence	4	2	4%
	EUL/RUL	5	0	5%
	Incentive calculation	1	0	1%
	Measure cost	2	0	2%
	Measure type	2	0	2%
	PA program rules	2	1	2%
	Self generation	1	0	1%
	Subtotals	29	7	31%
Documentation Issues	Continue Document Upload	10	3	11%
	Missing required information	12	1	13%
	Project scope unclear	1	0	1%
		Subtotals	23	4
Issues Related to Net Impacts	Program influence	11	3	12%
		Subtotals	11	3
Other Issues	Other 1 - Incentive amount incorrect in bi-monthly upload	3	0	3%
	Other 2 - Update savings/incentives for next quarterly submission	3	1	3%
	Other 3 - Building type is incorrect	2	0	2%
	Other 4 - Project address is incorrect	2	2	2%
	Other 5 - Measure description is incorrect	2	0	2%
	Other 6 - Non IOU fuel analysis needs improvement	0	2	0%
	Other 7 - ISOP program does not allow CPR before project implementation	0	1	0%
	Other 8 - Advisory review of SEM Cycle 1	0	1	0%
	Other 9 - Electric penalty not included in bimonthly upload	0	1	0%
	Other 10 - Some documentation difficult to read	0	1	0%
	Other 11 - R^2 value below guidance	0	1	0%
	Other 12 - Lack of clarity in M&V plan	0	1	0%
		Other 13 - Bi-Monthly Savings	1	0

Issue Area	Action Categories	Summary of CPUC Staff Required Action by the PA:	Summary of CPUC Staff Notes or Instructions:	Percent of Total Actions
	Subtotals	13	11	14%
	Grand Total	95	30	100%

3. Proactive Initiative of Collaboration

Commission staff found that PG&E made efforts to bring measures, projects, or studies forward for discussion prior to review. They are working closely with CPUC staff on two Early Opinions² that will expand Residential New Construction programs. In addition, they continue to take an active and engaged role in statewide collaboration efforts.

4. PA's Due Diligence, Quality Assurance, and Quality Control (QA/QC)

Project and measure level disposition performance results reviewed under Metric 2 are used as a proxy for the level of QA/QC occurring by the PA. As noted above, PG&E had a significant number of deficiencies related to gross savings impacts and net impacts during the first six months of 2022 showing a lack of effectiveness of their QC processes. Additionally, the number of dispositions proceeding without exception is weighed against those approved with exceptions or resulting in rejections. Out of the 27 dispositions issued from January to June 2022, 7 projects received advisory dispositions and 2 projects were prospective review dispositions. Of the remaining 18 projects with issued dispositions, two projects (11 percent of remaining projects) proceeded without exception, 12 projects (67 percent) were allowed to proceed with exceptions as noted, and 4 projects (22 percent) was rejected. With 22 percent of applications being rejected and 67 percent of applications proceeded with noted exception, PG&E must continue to improve their QC processes over the remainder of 2022 to avoid a significant loss of EAR points under this metric.

5. PA's Responsiveness

When reviewed at the portfolio level, CPUC staff assesses the time series of rejections and exceptions, the alignment of program policy and procedures with the number of actual rejections and exceptions based on eligibility and attribution, and the adaption to changes in rules over time.

For dispositions issued in the first six months of 2022, CPUC staff found that projects had a slight downward trend in terms of project performance over time (i.e. project submissions resulted in more rejections or exceptions over time). If this trend continues, PG&E's EAR performance for this metric by the end of 2022 may be scored lower than expected.

B. Measure Packages Performance Review

PG&E had six measure packages disposed in the first half of 2022 and has ten measure packages currently under review.

² Early Opinion reviews allow the PAs to request clarification from CPUC staff of custom project related CPUC policies or rules before submitting a project.

The comments below are organized by the five scoring metric areas created in D.16-08-019. The narrative includes observations related to the measure package development process as well as direction for future measure packages.

Specific measure package feedback is provided in tables in Attachment A, at the end of this document. The first table, the Measure Package Reviews provides feedback on the submitted measure package that was reviewed and disposed of during the review period. The second table, the Measure Package Submissions lists all the measure packages submitted by PG&E during the review period and their status. The CPUC staff acknowledges that measure package development may have been supported by multiple PAs; however, at the time of this mid-year review, feedback is directed to the submitting PA, with the assumption that they have led the development.

1. Timeliness of Submittals

PG&E has been timely with measure package submissions and responses to comments through the measure log.

2. Content, Completeness, and Quality of Submissions

PG&E's measure package content and completeness has generally met standards in the first half of the year. The six measure packages submitted were updated in accordance with DEER Resolution E-5152 and were approved with minimal comment.

3. Proactive Initiative of Collaboration

PG&E reached out to collaborate with CPUC staff as they plan the update to the Universal Audit Tool measure. PG&E discussed the changes during their monthly meeting with CPUC staff and submitted a measure package plan summarizing their proposed language for load shape methodology updates. In addition, PG&E has been proactive with their desire to work with CPUC staff on the updates to the Statewide Deemed Rulebook.

4. PA's Due Diligence, Quality Assurance, and Quality Control (QA/QC)

Though not approved in the first-half of 2022, PG&E submitted the Water Pump Upgrade measure package in 2021 with a non-standard baseline. PG&E has met with CPUC staff multiple times throughout 2021 and 2022 to discuss an appropriate baseline assessment but has repeatedly fell short of meeting CPUC staff recommendations. It is the responsibility of the PAs to evaluate the correct baselines and update measures as appropriate.

5. PA's Responsiveness

PG&E has generally been responsive to CPUC staff comments and except for the Water Pump Upgrade, has met the expectation of CPUC staff guidance.

III. Attachments

Attachment A: Measure Package Feedback contains the measure package summary tables showing the qualitative components for each.

Questions or comments about the feedback should be directed to Rashid Mir (rashid.mir@cpuc.ca.gov) or Peter Biermayer (peter.biermayer@cpuc.ca.gov). Note that pursuant to D.13-09-023, CPUC staff will schedule a meeting with PG&E staff to discuss this memorandum.

Attachment A: Measure Package Feedback

The table below lists the ID numbers associated with each measure package submission or disposition. The PA may refer to the individual dispositions for more detailed descriptions of the specific actions staff required for each measure package. The qualitative feedbacks are designated as follows:

Measure Package Review – All Disposed in 2022			
SW MP ID	Rev	Title	Comments
SWCR012	2	Compressor Retrofit, Multiplex	Update due to E-5152 using CZ2022 weather data, updated costs and added DI delivery channel. Two minor comments on the permutation building type for downstream offerings and clarifying the temperature delta for the measure case that were quickly resolved and approved.
SWCR007	3	Floating Head Pressure Controls, Multiplex	Update due to E-5152 using CZ2022 weather data, updated costs and removal of Com building type. Two minor comments on EUL/RUL typo and updating EE Policy Manual to Version 6. Comments were quickly resolved and approved.
SWCR019	2	Low-Temperature Coffin To Reach-In Display Case Conversion	Update due to E-5152 using CZ2022 weather data, updated costs and added DI delivery channel. Several minor comments on text clarifications, grammatical updates, equation typo and updating EE Policy Manual to Version 6. Comments were quickly resolved and approved.
SWCR021	2	Medium or Low-Temperature Display Case With Doors	Update due to E-5152 using CZ2022 weather data, updated costs and added DI delivery channel. Two minor comments on data collection requirements and the permutation file for residential building types. Comments were quickly resolved and approved.
SWCR015	2	Medium-Temperature Case Doors	Update due to E-5152 using CZ2022 weather data, updated costs and added DI delivery channel. No comments from CPUC. Measure package was approved as written.
SWCR017	3	Ultra-Low Temperature Freezer	Update due to E-5152 using CZ2022 weather data and updated costs. Several minor comments addressing a formula correction, assumption clarifications, and a permutation mismatch of use-and-sub-category. All comments were quickly resolved and approved.

Measure Package Submittals – All Submitted in 2022		
SW MP ID	Title	Comments
SWCR012-03	Compressor Retrofit, Multiplex	Interim approval.
SWCR007-03	Floating Head Pressure Controls, Multiplex	Interim approval.
SWCR019-02	Low-Temperature Coffin To Reach-In Display Case Conversion	Interim approval.
SWCR021-02	Medium or Low-Temperature Display Case With Doors	Interim approval.
SWCR015-02	Medium-Temperature Case Doors	Interim approval.
SWCR017-03	Ultra-Low Temperature Freezer	Interim approval.
SWCR020-01-3	Medium-Temperature Open Display Case Retrofit	Detailed review in progress.
SWWP004-02	Water Pump Upgrade	Detailed review in progress.
SWHC023-02-4	Enhanced Ventilation for Packaged HVAC	Detailed review in progress.
SWCR018-02-3	Reach-In Refrigerator or Freezer, Commercial	Detailed review in progress.
SWFS006-01-6	Ice Machine, Commercial	Detailed review in progress.
SWHC018-02-2	VSD for HVAC Fan Controls, Commercial	Detailed review in progress.
SWPR006-01-4	VSD for Ventilation Fan, Agricultural	Detailed review in progress.
SWHC006-00-17	Demand Control Ventilation for Single Zone HVAC	Detailed review in progress.
SWWP002-01-5	VFD on Well Pump, <= 300 hp	Detailed review in progress.
SWWP005-01-5	Enhanced Variable Frequency Drive on Irrigation Pump	Detailed review in progress.