

**PUBLIC UTILITIES COMMISSION**

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Date: August 2, 2022

To: Southern California Edison Company (SCE)

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

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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 awards<sup>1</sup> but directed that EAR 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 eight CPUC staff project review dispositions issued between January and June 2022. CPUC staff found seven project review dispositions were ready to proceed with exception as noted, and one was marked as Advisory<sup>2</sup>. CPUC Staff's observations include:

- **Timeliness.** All projects submitted in the first half of 2022 were submitted early by five or more days indicating SCE's processes for reducing the time for custom projects to be submitted with appropriate documentation is continuing to improve.
- **Gross Savings.** SCE made a significant improvement over the 2021 year-end results which found 57% of issues in this area.

#### 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 7 issues related to Process, Policy, and Program rules which comprised 33 percent of all issues noted. The majority of this issues were related to incorrect EULs or RULs being used. This continues to be an issue for SCE. SCE must ensure the correct EUL/RUL values are used moving forward.
- **Program Influence.** In the first half of 2022, 4 issues (19% of all issues) occurred in the category of program influence. Most of these issues were related to insufficient documentation or evidence supporting the program influence provided for the project.
- **Errors in the Bi-monthly Uploads.** In the first half of 2022, 5 issues (24% of all issues) were related to incorrect address, building type or incentive amount being included in the bimonthly ready for review selection projects lists. SCE must take greater care to ensure

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

<sup>2</sup> The objective of Advisory reviews is not to approve project savings claims, but to provide early feedback for implementation and to inform CPUC staff-led evaluation. NMEC project reviews are Advisory.

project details are uploaded correctly going forward.

## **B. Measure Packages Review Overview**

### **1. Summary of 2022 Mid-Year Achievements**

CPUC staff observed strengths in SCE's development and management of measure package submissions in the following area:

- **Leadership.** SCE continues to manage the submissions for more complex and new measures including Heat Pump Water Heaters, Air-cooled Chiller Path B, and higher SEER HVAC measures.

### **2. Summary of Areas of Improvement**

CPUC Staff highlights the following direction for improvement:

- **Completeness:** SCE must be sure data collected and submitted for review is complete and clearly presented for the measure package review team to minimize delays.

## **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 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 eight CPUC staff 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**

SCE complied with SB1131 guidelines for submitting documentation before the 15 business days required. For the first half of 2022, no projects were found to be late, and all projects submitted were uploaded 5 or more days earlier than required. This means SCE is complying with CPUC requirements under this metric and making attempts to upload submissions earlier than required.

#### **2. Content, Completeness, and Quality of Submissions**

Out of the eight project dispositions issued in the first six months of 2022, CPUC staff noted only

two action items (10%) impacting gross savings. The biggest improvement in this area was related to an improvement in the “analysis assumptions used” area.

One-third of the action items from the first half of 2022 impacted process, policy, and program rules. The deficiencies found were related to incorrect measure EUL or RULs being applied and an incorrect calculation of incremental measure costs (IMC). CPUC staff also found nearly one quarter of issues were related to incorrect address, building type or incentive amounts being included in the bimonthly ready for review selection projects lists. SCE must take greater care to ensure project details are uploaded correctly going forward.

Significantly more issues were identified in 2022 (19% of all issues and half of all CPRs completed) than in the previous year (1%) related to insufficient program influence documentation or evidence being submitted with project reviews. SCE 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 21 action items identified across eight 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
<b>Issues Related to Gross Savings Impacts</b>	Analysis assumptions	1	2	5%
	Calculation method	1	1	5%
	Calculation tool	0	2	0%
	<b>Subtotals</b>	<b>2</b>	<b>5</b>	<b>10%</b>
<b>Process, Policy, Program Rules</b>	Baseline	0	3	0%
	CPUC Policy	1	0	5%
	ER preponderance of evidence	0	1	0%
	EUL/RUL	5	0	24%
	Measure cost	1	0	5%
	<b>Subtotals</b>	<b>7</b>	<b>4</b>	<b>33%</b>
<b>Documentation Issues</b>	Continue Document Upload	2	0	10%
	Missing required information	1	0	5%
	<b>Subtotals</b>	<b>3</b>	<b>0</b>	<b>14%</b>
<b>Issues Related to Net Impacts</b>	Program influence	4	0	19%
	<b>Subtotals</b>	<b>4</b>	<b>0</b>	<b>19%</b>
<b>Other Issues</b>	Other 1 - Incorrect address in bimonthly upload	1	0	5%
	Other 2 - Building type is incorrect in bimonthly upload	3	0	14%

Issue Area	Action Categories	Summary of CPUC Staff Required Action by the PA:	Summary of CPUC Staff Notes or Instructions:	Percent of Total Actions
	Other 3 - Incentive amount is incorrect in bimonthly upload	1	0	5%
	Other 4 - Project not eligible for On-Bill Financing	0	1	0%
	Other 5 - CPRs of HOPPs are advisory only	0	1	0%
	Other 6 - If project is connected to microgrid savings may not persist over measure life	0	1	0%
	<b>Subtotals</b>	<b>5</b>	<b>3</b>	<b>24%</b>
	<b>Grand Total</b>	<b>21</b>	<b>12</b>	<b>100%</b>

### 3. Proactive Initiative of Collaboration

Commission staff found that SCE made efforts to bring measures, projects, or studies forward for discussion prior to review, particularly when it comes to the correct application and definition for Measure Application Type (MAT) using the Early Opinion<sup>3</sup> process.

### 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, staff found several deficiencies related to net savings impacts, process, policy, and program rules, and errors in bimonthly ready for review selection projects lists in the first six months of 2022, demonstrating a need for SCE to improve the effectiveness of its QC processes. Additionally, the number of dispositions proceeding without exception was weighed against those approved with exceptions or resulting in rejections. Out of the eight dispositions issued between January and June 2022, one was advisory and all the remaining seven dispositions issued were allowed to proceed with exceptions as noted. None were allowed to proceed without exception. SCE must increase its QC processes to ensure that issues such as those identified under Metric 2 are corrected in future submissions to avoid a significant loss of EAR points under this metric at the end of 2022.

### 5. PA's Responsiveness

When reviewed at a 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 exhibited a slight upward trend in terms of project performance over time (i.e., project submissions had fewer issues when submitted later in 2022). However, the number of issues in the Process, Policy and Program Rules issue area was five in the first half of 2022. These issues would suggest an overall

<sup>3</sup> Early Opinion reviews allow the PAs to request clarification from CPUC staff of custom project related CPUC policies or rules before submitting a project.

lower than expected performance for this EAR metric at the end of 2022 if these trends continue.

## **B. Measure Packages Performance Review**

SCE had four measure packages disposed in the first half of 2022 and have twenty-eight measure packages under detailed review. Thirty-one of the measure packages updated weather data and other minor updates by Resolution E-5152.

The comments below are organized by the five scoring metric areas created in D.16-08-019. The narrative includes observations common to multiple measure packages and feedback 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 table provides feedback on the four measure packages reviewed and disposed. The second table, the Measure Package Submissions table lists all measure packages submitted by SCE during the review period that are under current review. The 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**

SCE has met the minimum requirements for measure package submissions and responses to measure package comments on the measure log. SCE has developed three new measure package plans which were adequately presented to reviews in a timely manner.

### **2. Content, Completeness, and Quality of Submissions**

SCE measure package submissions have lacked in quality over the first half of 2022. The data provided and the methods have required follow up meetings with CPUC staff reviewers to clarify and correct inconsistencies, specifically with the commercial and multifamily large heat pump water heater measure package. In addition, as SCE updates measure packages, they must make sure that the technologies meet the requirements for deemed measures and not just a custom-made product for a single customer such as the commercial conveyor toaster.

### **3. Proactive Initiative of Collaboration**

SCE has proactively engaged with CPUC staff during the development of new measure packages: Business Energy Reports, Variable Refrigerant Flow, and Nonresidential LED. They have submitted measure package plans for new measures and work with CPUC staff to complete the early feedback period. In addition, SCE was proactive in the coordination to review the retroactive updates for the LED Tube and LED Tube Type B and C measure packages.

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

SCE demonstrated due diligence and QA/QC by submitting thirty-one measure packages per the updates in Resolution E-5152 for PY2023 and PY2024.

## **5. PA's Responsiveness**

SCE has been responsive to comments and feedback from CPUC staff on measure package reviews. They engage with CPUC staff to assure measure updates are in alignment with policy and standards as appropriate.

## **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](mailto:rashid.mir@cpuc.ca.gov)) or Peter Biermayer ([peter.biermayer@cpuc.ca.gov](mailto:peter.biermayer@cpuc.ca.gov)). Note that pursuant to D.13-09-023, CPUC Staff will schedule a meeting with SCE 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
SWCR014	3	Medium or Low-Temperature Display Case	Measure package revision from E-5152 updating CZ2022 weather data, costs, and permutation revisions. Approved after two minor clarifying comments were quickly resolved by SCE.
SWWH028	1	Large Heat Pump Water Heater, Commercial and Multifamily, Fuel Substitution	New measure package. Several comments from the review team on federal standards, DEER water heater calculator, and data and modeling requests. SCE worked collaboratively with the review team to address all comments. Measure package approved.
SWCR002	3	Low-Temperature Display Case Doors with No Anti-Sweat Heaters	Measure package revision from E-5152 updating CZ2022 weather data, peak electric demand, costs, and permutation revisions. One minor comment, which was quickly resolved.
SWCR003	2	Fan Motor Retrofit for a Refrigerated Display Case	Measure package revision from E-5152 updating CZ2022 weather data, references, and permutation updates. Several minor comments on non-technical text updates for clarity. Comments quickly addressed.



<b>Measure Package Submittals – All Submitted in 2022</b>		
<b>SW MP ID</b>	<b>Title</b>	<b>Comments</b>
SWCR014-03	Medium or Low-Temperature Display Case	Interim approval.
SWWH028-01	Large Heat Pump Water Heater, Commercial and Multifamily, Fuel Substitution	Interim approval.
SWCR002-03	Low-Temperature Display Case Doors with No Anti-Sweat Heaters	Interim approval.
SWCR003-02	Fan Motor Retrofit for a Refrigerated Display Case	Interim approval.
SWAP011-01-9	Vending and Beverage Merchandise Controller	Detailed review in progress.
SWCA001-02-8	VFD Retrofit for Air Compressor	Detailed review in progress.
SWPR004-02-4	Circulating Block Heater	Detailed review in progress.
SWFS016-01-5	Refrigerated Chef Base	Detailed review in progress.
SWAP013-01-3	Cooking Appliances, Residential, Fuel Substitution	Detailed review in progress.
SWCR001-02-8	Anti-Sweat Heater Controls	Detailed review in progress.
SWCR004-01-7	ECM Retrofit for a Walk-in Cooler or Freezer	Detailed review in progress.
SWCR005-02-5	Auto Closer for Refrigerated Storage Door	Detailed review in progress.
SWCR010-02-7	Bare Suction Line Insulation	Detailed review in progress.
SWFS021-02-5	Fryer, Commercial, Fuel Substitution	Detailed review in progress.
SWFS022-01-5	Convection Oven, Commercial, Fuel Substitution	Detailed review in progress.
SWFS023-01-4	Conveyor Toaster, Commercial	Detailed review in progress.
SWHC012-01-4	HVAC Occupancy Sensor, Classroom	Detailed review in progress.

<b>Measure Package Submittals – All Submitted in 2022</b>		
<b>SW MP ID</b>	<b>Title</b>	<b>Comments</b>
SWHC024-02-7	Cogged V-Belt for HVAC Fan, Commercial	Detailed review in progress.
SWHC041-02-4	Software-Controlled Switch Reluctance Motor	Detailed review in progress.
SWHC042-02-5	Evaporative Pre-Cooler System and Controls for Packaged HVAC Unit	Detailed review in progress.
SWHC046-00-17	Packaged Heat Pump Air Conditioner, Commercial, Fuel Substitution	Detailed review in progress.
SWLG011-02-22	LED, High or Low Bay	Detailed review in progress.
SWLG019-01	LED, Lighting Horticulture	Detailed review in progress.
SWRE005-01-4	Heat Pump Pool Heater, Residential, Fuel Substitution	Detailed review in progress.
SWWH014-03-5	Heat Pump Water Heater, Residential	Detailed review in progress.
SWWH025-04-3	Heat Pump Water Heater, Residential, Fuel Substitution	Detailed review in progress.
SWWH027-02-3	Heat Pump Water Heater, Commercial, Fuel Substitution	Detailed review in progress.
SWWH031-01-4	Heat Pump Water Heater, Commercial	Detailed review in progress.
SWCR008-02-5	Floating Suction Controls, Multiplex	Detailed review in progress.
SWCR022-02-5	Efficient Adiabatic Condenser	Detailed review in progress.
SWLG009-02-6	LED, Tube	Detailed review in progress.
SWLG018-01-9	LED, Tube, Type B and Type C	Detailed review in progress.