

PUBLIC UTILITIES COMMISSION

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Date: March 28, 2014

To: San Diego Gas and Electric

From: CPUC Ex Ante Review Staff

Cc: R.12-01-005 and R.13-11-005 Service Lists

Subject: Final 2013 Efficiency Savings and Performance Incentive Ex Ante Review Performance Scores

Pursuant to Decision (D).13-09-023, Commission staff and consultants have completed the 2013 Efficiency Savings and Performance Incentive (ESPI) mechanism ex ante review performance scoring. The scores were developed as prescribed in Attachments 5 and 7 of D.13-09-023. The scores contained in this memo are considered final and SDG&E should use the final total score of 64.5 out of 100 to calculate the 2013 ESPI ex ante review component award. The final score is explained in more detail in Attachment A to this memo.

Attachments B and C of this memo provide the rationale Commission staff and consultants used for the final scoring. The rationale discussions also address SDG&E's comments on the Preliminary Assessment released in December 2013. Overall, Commission staff is encouraged by SDG&E's ex ante review activities and the improved ex ante review performance score when compared to 2010-12. Since the ESPI was adopted and the Preliminary Assessment was distributed, Commission staff has seen SDG&E make a more concerted effort to collaborate with Commission staff, particularly on custom projects, and a greater intention to comply the Commission's ex ante review policies. There is, however, more work to be done until Commission staff is comfortable that SDG&E's ex ante review activities are sufficient and consistent with Commission policies.

With regard to workpaper activities, Commission staff notes that SDG&E does not develop a significant number of workpapers outside of statewide measures. This makes assessing SDG&E on their workpaper activities somewhat challenging as there is a small body of work to review. In 2013, Commission staff reviewed 28 of SDG&E's 92 workpapers and made significant revisions to each. Commission staff recommends that SDG&E apply greater due diligence to its customization of statewide workpapers for its service territory. For instance, if SDG&E finds shortcomings in a statewide workpaper, Commission staff would like to see SDG&E be a more active participant in the development of the statewide workpaper to ensure that statewide methods are as accurate as possible. This will help Commission staff provide more individual and specific feedback for how SDG&E can improve its workpaper activities.

SDG&E’s cooperation in the development of the ex ante database was a large point of concern for Commission staff throughout 2013. Staff has noticed some improvement in cooperation since the last quarter of 2013, and would like to see that this trend continues through 2014. Commission staff understands that SDG&E has a relatively smaller engineering staff when compared to the larger utilities and appreciates that SDG&E engineering staff each plays multiple roles within the organization. Commission staff looks forward to continuing to work with SDG&E on the development and implementation of the ex ante database.

With regard to custom project activities, Commission staff finds SDG&E’s activities to be generally adequate. SDG&E should improve the quality of documentation for early retirement, project and measure baseline, and program influence for projects developed by both internal staff and third party implementers. In its comments on the Preliminary Assessment, SDG&E noted that it is working with Commission staff to develop guidance for supporting documentation and standardized submittals across core and partnership/third party programs. Commission staff is encouraged by these activities and will continue to observe SDG&E’s activities for future ESPI ex ante review scoring.

In accordance with D.13-09-023, the IOUs’ ex ante activities are assessed against a set of 10 metrics on a rating scale of 1 to 5. On this scale, 1 is a low score and 5 is a high score. A maximum score will yield 100 points. The 1-5 rating scale is distinguished as follows:

1. Consistent underperformer in meeting the basic Commission expectations;
2. Makes a minimal effort to meet Commission expectations but needs dramatic improvement;
3. Makes effort to meet Commission expectations, however improvement is required;
4. Sometimes exceeds Commission expectations while some improvement is expected; and
5. Consistently exceeds Commission expectations.

SDG&E’s final ESPI ex ante review scores for 2013 are as follows:

Metric	Total Possible	Workpaper	Custom	Total Score
1a	5	1	2	3
1b	5	1.5	2	3.5
2	10	3	4	7
3	10	3	4	7
4	10	3	3	6
5	10	2.5	3	5.5
6a	5	1	1.5	2.5
6b	5	1.5	2	3.5
7	10	3	4	7

Metric	Total Possible	Workpaper	Custom	Total Score
8	10	2	4	6
9	10	3.5	4	7.5
10	10	3	3	6
Total	100	28	36.5	64.5

It should be noted that in the preparation of the final 2013 ESPI ex ante review scores, Commission staff did not have all desired data available. For instance, Commission staff did not have enough time to conduct a comprehensive claims review for these scores and was not able to review all of the dispositions issued for custom projects in 2013. Were these data sources available, SDG&E’s scores may be significantly different. For 2013, Commission staff based the scoring on the data available and did not speculate on how a claims or disposition review would impact the final scores. With the development of the ex ante database and a workpaper and custom disposition tracking tool, Commission staff expects that comprehensive claims and disposition reviews will be used to inform the utilities’ ESPI ex ante review scores in the future.

The intention of the ESPI ex ante review component is to motivate utilities to employ a superior level of due diligence to their activities and thus reduce the need for the extensive level of oversight currently undertaken by Commission staff and consultants. The due diligence expectations include complying with the Commission’s ex ante review policies and procedures in a manner that results in the development and reporting of reliable, defensible, and accurate ex ante estimates. Commission staff finds that all of the utilities tend to rely on Commission staff input and analysis before finalizing ex ante estimates. While collaboration and information-sharing is always encouraged, Commission staff envisions that, through the feedback provided in this ESPI component and ongoing collaboration, the utilities’ internal ex ante review policies and activities will become sufficient such that Commission staff can devote more time and resources towards collaboration and less time to correcting or re-analyzing ex ante values on behalf of the utilities. Commission staff recognizes and commends the progress that has been made to date and encourages the utilities to continue to strive for excellence in this issue area.

If you have any questions or comments about the feedback or final scores, please contact Katie Wu (katie.wu@cpuc.ca.gov). Note that pursuant to D.13-09-023, Commission staff will schedule time with the utilities to discuss the final scores.

	Metric	Workpapers				Custom			Total	
		Max Points	Score	Percent Score	Total Points	Max Points	Score	Percent Score		Total Points
1a	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/ implementation phase: Timing of disclosure in relation to reporting	2.5	2	40%	1	2.5	4	80%	2	3
1b	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the post-submittal/ implementation phase: Timing of responses to requests for additional information	2.5	3	40%	1.5	2.5	4	80%	2	3.5
2	Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process	5	3	60%	3	5	4	80%	4	7
3	Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)	5	3	60%	3	5	4	80%	4	7
4	Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff in the formative stage for collaboration or input	5	3	60%	3	5	3	60%	3	6
5	Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives)	5	2.5	50%	2.5	5	3	60%	3	5.5

Attachment A: Final ESPI Ex Ante Review Scores

6a	Depth of IOU quality control and technical review of ex ante submittals: Third party oversight	2.5	2	40%	1	2.5	3	60%	1.5	2.5
6b	Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V	2.5	3	60%	1.5	2.5	4	80%	2	3.5
7	Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects professional care, expertise, and experience	5	3	60%	3	5	4	80%	4	7
8	Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of incorporation of comments/input, feedback on why comments/input were not incorporated	5	2	40%	2	5	4	80%	4	6
9	Professional care and expertise in the use and application of adopted DEER values and DEER methods	5	3.5	70%	3.5	5	4	80%	4	7.5
10	Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products	5	3	60%	3	5	3	60%	3	6
Total		50			28	50			36.5	64.5

Final 2013 Efficiency Savings and Performance Incentive

Ex Ante Performance Scores – SDG&E

March 31, 2014

Metric 1a: Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/ implementation phase: Timing of disclosure in relation to reporting

1a.(1) Fraction of deemed measures for which workpapers have been submitted to Commission prior to measure being offered in the portfolio

SDG&E often used workpapers from other utilities to support their own offerings. There are a few of these workpapers that were only recently identified by SDG&E even though the measures have been offered since the beginning of the program cycle.

1a.(2) Fraction of workpapers disclosed prior to or during work commencement and submitted upon completion rather than withheld and submitted in large quantity

SDG&E along with all IOUs submit large groups of workpapers as part of their program cycle applications. Once the application is approved, new workpapers become part of the Phase 2 review cycle. SDG&E's only Phase 2 submittals have been two large quantities of workpapers. SDG&E has not reported any new workpaper development activities in this cycle, but this could be because SDG&E has not planned for any workpaper development at this time. SDG&E often use other IOUs' workpapers to support its own offerings, so its needs for original work are minimal. Commission staff encourages SDG&E to apply greater due diligence when customizing statewide workpapers to its service territory. In its comments on the Preliminary Assessment, SDG&E noted that it has increased staffing in this area.

There are several IOU-sponsored evaluation activities going on that are oriented toward workpaper development. LED market characterization and multi-family swimming pools are two specific areas. The ex ante review team was not informed of these activities and not given a chance for input until very late. Commission staff recognizes that SDG&E was not the lead for these studies; however, given that the studies are for statewide estimates, all IOUs should make an effort to ensure Commission ex ante staff are aware of evaluation activities that pertain to workpaper updates.

1a.(3) Fraction of workpaper development projects for new technologies submitted for collaboration versus total number of workpapers for new technologies submitted

Staff and the ex ante review team have had a few phone calls with SDG&E staff on possible new measures, but there hasn't been much activity. At this time, the ex ante review team believes the list of new technologies under development is small compared to the overall number of technologies covered by the workpapers. Workpapers submitted with applications as well as those submitted in Phase 2 cover similar technologies that been incentivized over the past four or

five years. Staff is concerned about the lack of collaboration on the M&V activities that pertain to workpaper updates. Commission ex ante staff should be aware of these activities to ensure that the data collection is adequate for ex ante purposes.

There are a number of areas where the IOUs are incorporating new delivery mechanisms for measures that have been included in IOU programs for several years. The Energy Upgrade California (EUC) program includes many common DEER and non-DEER residential measures. EUC workpaper development has been a reasonably successful collaborative effort between IOUs and Commission staff.

Metric 1a Preliminary Assessment: Good Performer

Final Workpaper Score: 2

Metric 1b: Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11 -07-030, D.12 -05-015, etc.) in the post-submittal/ implementation phase: Timing of responses to requests for additional information

After the initial applications, staff issued a data request for additional information needed to perform reviews of workpapers. All IOUs were generally compliant with that request. If the score for this item was based entirely on response to the initial data request, all IOUs would receive high scores. The biggest concern, however, is the re-submittal of workpaper ex ante values in the format needed for the centralized ex ante database. IOUs were provided with a data request from the reporting team that required them to resubmit all of their workpaper data in the specified format. SDG&E has made an attempt to provide information in that format, but still has much room for improvement. There are specific areas of the content that lack the information necessary to identify the exact and full set of ex ante values associated with a particular claim.

In their response to the preliminary ESPI review, SDG&E states it “has proactively worked with ED Reporting Staff to meet their database objectives and has volunteered to test different templates that will facilitate meeting ED Staff objectives.” Staff disagrees with this perspective and considers the testing of different templates to be out of compliance with the original intent of having the IOUs provide data in the specified format. This has had the effect of delaying the development of the final ex ante database. As a result of the lack of progress towards an ex ante database throughout 2013, scores for this metric remain low; however, future compliance with the ex ante data specification will likely increase scores throughout the ESPI scoring areas.

Metric 1b Preliminary Assessment: Consistent Underperformer

Final Workpaper Score: 3

Metric 2: Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process

Percentage of workpapers that address all aspects of the Uniform Workpaper Template (as described in A.08-07-021, or any superseding Commission directive)

There has been no workpaper template issued pursuant to A.08-07-021. Staff did publish an executive summary template but this has received little use since it was published. Generally, workpapers submitted as part of the application for 2013-2014 incorporated direction from previous workpaper reviews in terms of calculation assumptions and methods.

To the extent that the prescribed ex ante data format provided to IOUs in September 2011 counts as a “workpaper template” IOUs are generally non-compliant with that direction. In consideration of late 2013 activities aimed at attempting, in good faith, to implement the directed ex ante submission format, staff has raised the score in this area over the preliminary value. Staff still, however, feels these efforts require continued deliberate and focused attention.

Metric 2 Preliminary Assessment: Needs Improvement

Final Workpaper Score: 3

Metric 3: Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)

3 (1) Percentage of workpapers that include appropriate program implementation background as well as analysis of how implementation approach influences development of ex ante values

Generally, there is still very limited information in any workpapers covering implementation background. Commission staff recognizes that SDG&E does not develop many workpapers outside of the statewide measures. SDG&E should strive to provide applicable program information in its iterations of statewide workpapers.

3 (2) Percentage of workpapers which, on initial submission, were found to include all applicable supporting materials or an adequate description of assumptions or calculation methods

The Phase 1 review resulted in a data request requiring a significant amount of additional information for most workpapers. This information was mainly related to nomenclature within individual workpapers related to the applicability of cost and impact values. Most of these issues were clarified by SDG&E in its responses to the data request; however, staff finds that following the ex ante data format would have prevented most of the problems identified in the Phase 1 review.

A limited number of workpapers have been reviewed in detail for adequate supporting materials. In general, reviewed workpapers have been lacking in supporting materials in some areas. Lighting workpapers such as fixture replacements, often lack adequate support for pre-existing and measure case assumptions. Many fixture replacement fixtures present the pre-existing and measure cases in the form of wattage ranges with poor or missing supporting information for developing average wattages of actual installations. Often, the lowest wattage of the pre-existing range is lower than the highest wattage of the measure range, which presents the possibility of the measure installation actually increasing energy use.

Metric 3 Preliminary Assessment: Needs Dramatic Improvement

Final Workpaper Score: 3

Metric 4: Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff in the formative stage for collaboration or input

Percentage of high profile program, or high impact measure, workpapers submitted for collaboration or flagged for review

Staff has some concerns about the schedule of workpaper development and how it often occurs at the same time as the development of a program. Staff would prefer to see more collaboration and development workpapers and associated ex ante values prior to inclusion of measures into programs. In 2013, SDG&E did not submit high profile or high impact measures for collaboration.

Other than statewide workpapers, SDG&E does not appear to have many of its own development activities for high profile programs or high impact measures. In its comments on the Preliminary Assessment, SDG&E states that it will assume leadership in the development of workpapers, where practicable. As SDG&E takes on these tasks, staff recommends that it consider the lessons learned from 2013 activities. Below are some example instances where earlier involvement of staff review, prior to submission of the workpaper, would have resulted in a much more streamlined process to finalize the workpaper and ex ante values.

- Energy Upgrade California: IOUs appear reasonably responsive to staff input on these workpapers with the exception of the Advanced Path. The Advanced Path uses the EnergyPro software. This by itself is not a problem, however, the assumptions that are used in the EnergyPro software are not consistent with DEER assumptions, which result in savings estimates that are 4-5 times higher than would result if using DEER assumptions. Ex ante consultants provided several documents to IOUs, including SDG&E, and other implementers documenting the needed revisions to the program inputs and even engaged the EnergyPro authors to develop a version that included the correct DEER assumptions. Staff recommended that the enhanced version of EnergyPro be used for the EUC program, but all IOUs elected to use the standard version. Ex ante consultants therefore recommended significant adjustment factors to the savings calculated by EnergyPro. Staff would have preferred the use of the enhanced version of Energy Pro, but the incorporation of savings adjustment factors, as SDG&E has done, is an acceptable alternative.
- Integral screw-in LED lamps and pin based MR-16 lamps: IOUs have embarked on an LED market characterization project, however, ex ante consultants and staff have not had the opportunity to contribute to the development of that study. Staff believes the rapid development of program offerings for screw-in and MR16 LED lamps requires early collaboration. As discussed below in Metric 5, workpaper savings estimates are based on the assumptions that are not supported by the body of research related to CFLs. This concern was noted in the original dispositions for LEDs issued during the 2010-2012 cycle, but no additional research was performed in advance of the 2013 workpaper submissions. This type of missing research is necessary to support the assumptions needed to estimate baseline and measure energy consumption and should be the focus of a collaboration related to LED measures. Commission staff recognizes that SDG&E was not the lead for this study. Staff recommends that SDG&E actively participate and make corrections in research that is relevant to workpaper updates.

Metric 4 Preliminary Assessment: Needs Dramatic Improvement

Final Workpaper Score: 3

Metric 5: Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives)

Frequency of inappropriate or inferior quality at the time of initial Commission staff review (higher frequency = lower score)

The main source of assessment at this time is the workpaper submissions SDG&E included with their applications for the 2013-2014 cycle. There are approximately 92 workpapers submitted by SDG&E to date. The ex ante review team has reviewed 28 workpapers. Staff has directed revisions on every workpaper it has reviewed. Additionally, staff is concerned that some of the deficiencies in the reviewed workpapers may be indicative of a larger problem across other workpapers. Below is a discussion of some of the major areas where staff believes workpapers showed inappropriate or inferior quality.

- The wide application of the high NTG values for emerging technologies and hard-to-reach markets is troubling because workpapers often do not contain adequate supporting documentation for the applicable of these values. D.12-05-015 directed the establishment of an emerging technology NTG of 0.85; however, this decision explicitly stated that this value could only be used where actual emerging technology program activities are occurring¹ and that staff should assign that value at its discretion. Staff raises this concern as part of the ESPI assessment as a means to highlight concern over the apparent widespread use of the highest NTG values available in workpapers. Staff offers the following approach to address the concern over the use of high NTG values:
 1. The population of the ex ante database will enable the efficient identification and use of any NTG by implementation
 2. Staff will present a request to program administrators to summarize their proposed use of specific NTG values of interest, such as the hard-to-reach and emerging technology values and provide supporting documentation as part of that summary.
- All IOUs inconsistently apply the DEER requirements, as well as Commission policy on early retirement, in determining appropriate code baselines for both replace on burnout and early retirement lighting measures.
- Screw-in LED workpapers present an additional concern. The workpapers followed analysis methods that were not well supported by the large body of work that has already been published for screw-in CFLs. Staff pointed out these concerns during the 2010-2012 cycle, however the same methods were used in the 2013-2014 workpapers.
- SDG&E's follows a "two workpaper" approach when developing lighting measures. There is a large number of workpapers that simply describe the measures, such as the baseline and measure technologies, costs and other non-energy impact ex ante values. For both commercial and residential lighting measures there is one master energy impact workpaper that contains all of the energy impacts for all measures described in the other supporting workpapers. With the submittal of the third quarter claims and accompanying ex ante data, the ex ante review team found that the measures in the commercial and residential master workpapers do not align with the measures described in the supporting workpapers.

Metric 5 Preliminary Assessment: Needs Improvement

¹ D12.05.015 at 62 and OP14.

Final Workpaper Score: 2.5

Metric 6a: Depth of IOU quality control and technical review of ex ante submittals: Third party oversight

Quality of workpapers prepared by consultants, third parties, and local government partners submitted by IOUs

The workpaper for swimming pool covers appears to have been prepared by the primary implementer of the swimming pool program. In its disposition of these workpapers, staff noted that the savings are often likely based on a regressive baseline, which is not allowed.

Staff understands that it may seem to SDG&E that many comments in this assessment are being formally presented for the first time. Staff also acknowledges that SDG&E has responded or are in the process of responding to workpaper dispositions in a more timely and cooperative manner. While ESPI scores may appear low at this time, the continued improvement of SDG&E oversight of workpaper development by third-parties, consultants and implementers will likely result in higher scores in future ESPI evaluations.

Metric 6a Preliminary Assessment: Needs Dramatic Improvement

Final Workpaper Score: 2

Metric 6b: Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V

6b (1) Percentage of workpapers which required changes to parameters of more than 10% or required substantial changes to more than two parameters among UES, EUL/RUL, NTG, impact shape, or costs

Staff have reviewed 28 workpapers of the approximately 92 workpapers submitted by SDG&E. Staff has directed revisions to all reviewed workpapers and documented these revisions in dispositions.

6b (2) Percentage change from IOU-proposed values to ED-approved values (higher percentage = lower score)

Excluding lighting, the energy savings reductions due to staff review of Phase 1 workpapers ranges from 20 to 50 percent. Assessment based on revisions to workpaper values alone is challenging because SDG&E does not submit a majority of the workpapers it references. Commission staff recommends that SDG&E take on a greater leadership role in the development of statewide workpapers, where practicable. SDG&E has said that it will attempt to do so. Regardless of whether SDG&E leads statewide workpaper development, SDG&E should apply greater due diligence when customizing statewide workpapers to its service territory to ensure that values are well-supported and accurate.

Metric 6b Preliminary Assessment: Needs Improvement

Final Workpaper Score: 3

Metric 7: Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects professional care, expertise, and experience

Percentage of workpapers with analysis of existing data and projects that are applicable to technologies covered by workpaper

General observations and examples from reviewed workpapers where existing data was not used:

- Staff is concerned with the practice of introducing and using workpapers for measures that had been removed from DEER. These measures were removed from DEER often because the technology definitions were out of date. IOUs have taken values from previous DEER versions and re-introduced them using workpapers without any updates to the values that consider, for example, changes to industry standard practice technologies, updates to prototypical assumptions for usage profiles that may have changed since the measures were included in DEER, or possible consideration of EM&V results. Staff understands that SDG&E does not independently develop many workpapers outside of statewide workpapers. Staff advises that SDG&E apply greater due diligence when customizing statewide workpapers to its service territory to ensure that old DEER measures and values are not reintroduced.
- Staff has been reviewing all workpapers as part of the effort to construct the statewide ex ante database as directed by D.11-07-030. Generally, it does not appear that the 2013 workpapers include updated or more recent data when compared to the 2010-12 cycle workpapers.

Metric 7 Preliminary Assessment: Needs Improvement

Final Workpaper Score: 3

Metric 8: Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of incorporation of comments/input, feedback on why comments/input were not incorporated

Frequency of revisions to workpapers in response to (and/or appropriate and well-defended rejection of) CPUC reviewer's recommendations

At this time it is not clear if SDG&E has revised workpaper ex ante values based on dispositions issued by staff. There are no revised workpapers uploaded by SDG&E to the Workpaper Project Archive website. The ex ante data submitted to the reporting team is still not in a reviewable state. SDG&E has emphasized that it fully intends to comply with all workpaper dispositions. Unfortunately, staff is not able to confirm compliance based on the currently available information from SDG&E. Some workpaper dispositions have emphasized the need for additional research to better support the ex ante savings development. SDG&E, in collaboration with the other IOUs, is hopefully developing plans to address these concerns, which would likely result in increased scores in future ESPI assessments.

Metric 8 Preliminary Assessment: Needs Improvement

Final Workpaper Score: 2

Metric 9: Professional care and expertise in the use and application of adopted DEER values and DEER methods

Percentage of workpapers, including those covering new or modified existing measures, that appropriately incorporate DEER assumptions and methods

Generally, workpapers attempt to replicate DEER methods within workpapers. This is particularly apparent when reviewing lighting workpapers where IOUs have used DEER operating hours, interactive effects and coincident demand factors for all measures. Where IOUs differ from DEER assumptions, such as the establishment of a new building type, they have been willing to work with staff to come up with mutually agreeable revisions.

For many technologies, such as package HVAC, refrigerator, clothes washer and dishwasher measures, the DEER measure definitions do not line up with their preferred program requirements. In these cases, scaling methodologies have been used by IOUs to adjust DEER values to align with program efficiency requirements. In general, IOUs are making progress in this area. IOU consultants are making progress as well, but throughout 2013, there still appears to be some gaps in the knowledge and application of DEER values and methods.

Metric 9 Preliminary Assessment: Good Performer

Final Workpaper Score: 3.5

Metric 10: Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products

Percentage of workpapers including analysis of previous activities, reviews and direction

There is some improvement in incorporating cumulative experience from previous activities. The most notable is some IOUs' initiative in seeking out early involvement from staff at the beginning of new development activities. Many workpapers submitted for the 2013-2014 applications incorporated direction from D.11-07-030 as well as staff direction from previous dispositions. There were some incorrect applications of that direction, such as in the domestic hot water fixture measures discussed earlier, but in general, SDG&E attempted to incorporate explicit direction from Attachment A of D.11-07-030 into most of the reviewed workpapers.

There are some areas where improvement is still needed. Some workpapers submitted for 2013-2014 cycle did not incorporate previous direction or did not address concerns highlighted in previous workpaper reviews. Staff noted these concerns in the dispositions for those workpapers. Staff would like to see a greater effort on the part of SDG&E to convey staff direction and Commission policy throughout the staff and consultant groups who are involved with the preparation of ex ante values. For example, program delivery methods need to be considered in the development of ex ante values as discussed under Metric 3. However, it is the staff experience that SDG&E program staff is not familiar with the requirements for developing ex ante values. Staff has similar experiences when meeting with IOU consultants. Staff would prefer to see SDG&E take on the responsibility of orienting staff and consultants to the larger history and overall requirements for ex ante development.

As discussed in other areas of this assessment, one of the biggest shortcomings is that lack of cooperation with staff to develop the common ex ante database for DEER values. D.11-07-030 directed the IOUs to work with staff to develop this central database. The first staff draft of the data format was presented to the utilities in September of 2011. In general, utilities have been resistant to working with staff on the development and population of this database. Commission staff have explained to the IOUs on several occasions, that the current data format for the ex ante database is needed for several important purposes including identification of broad groups of measures to be reviewed across multiple IOUs; installation of interim approved values in place of IOU proposed values; automatically attaching approved values to claims; sampling of high profile technologies across multiple programs for ex poste evaluation. Commission staff have developed the ex ante data format as a means for the Commission to more efficiently undertake multiple efforts related the development, application to claims and evaluation of ex ante values. All proposals from IOUs to revise the ex ante data specification would have hindered those efforts, which is why very few IOU proposals have been incorporated into the spec.

Commission staff recognizes that SDG&E has incorporated many of the required ex ante references in its reporting databases. While SDG&E reporting databases do not yet comply with the directed ex ante specification, this does show an attempt to internalize the references included in the ex ante database and show progress toward standardization around the staff directed format.

Metric 10 Preliminary Assessment: Needs Dramatic Improvement

Final Workpaper Score: 3

Efficiency Savings and Performance Incentive – Ex Ante Performance – Custom Project Scores –

San Diego Gas and Electric

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
Metric 1a(1) – Score: 4	Good Performer	Percentage of projects in quarterly or annual claims that were reported in the Custom Measure and Project Archive (CMPA) twice monthly list submissions	The IOUs' CMPA submissions must include projects that are eventually included in quarterly claims as custom projects. Not disclosing savings claims from custom projects in CMPA submissions is inconsistent with the CPUC D.11-07-030. SDG&E has been disclosing custom projects in its CMPA submissions except for the residential new construction projects that are filed as custom claims.	<p>SDG&E's quarterly submittal only includes projects that were submitted through the CMPA process.</p> <p>SDG&E had a discussion with ED staff on November 13, 2013 wherein SDG&E would submit its Res New Construction projects in a separate listing so that ED could sample and review the overall estimates of the projects. SDG&E is submitting the list by the end of week of January 10, 2014.</p>	SDG&E should ensure that residential new construction projects and any other types of projects that SDG&E intends to claim as custom projects are included in its CMPA submissions and offer staff an opportunity to select from those projects. The preliminary assessment stands and SDG&E is awarded a score of 4 for metric 1a.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
Metric 1a(2) – Score: 4	Good Performer	Percentage of projects for which there is a two weeks or less difference between the application date and the date reported on the CMPA list	SDG&E appears to be including projects in its CMPA submissions within two weeks of recording the project in its tracking system. The date of entry in the tracking system might not reflect the actual date a hard copy application is submitted by a customer. An automated way of entering the date of application into the IOU tracking system does not seem to exist. Staff believes that the time taken by the IOU field staff and third parties to report applications for data entry into an IOUs' tracking system and actual reporting of such applications in the CMPA submissions most likely exceeds two weeks.	Effective 1/6/14, SDG&E CMPA list will include the application date. SDG&E is updating its internal review process to ensure that projects submitted have complete information prior to submittal.	SDG&E should include the date of application in its CMPA submissions and continue to make applications available for staff selection until SDG&E internal review has approved or denied applications. The preliminary assessment stands and SDG&E is awarded a score of 4 for metric. 1a.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
Metrics 1a(3) – Score: 4	Good Performer	Percentage of tools used for calculations disclosed prior to use	SDG&E developed a technical manual that included methods to calculate energy savings. Staff provided feedback on that manual. SDG&E has used a statewide manual for its projects; however, SDG&E-specific tools have not been provided. The statewide customized tool used in a reviewed project for 2013 revealed an error in the efficiency assumption used. SDG&E has been directed fix the error that may apply to other IOUs that use the tool. Overall, the tools are reviewed in conjunction with a project. Nevertheless a complete list of tools is required to be disclosed and posted to the CMPA web site.	SDG&E has submitted its tools for review to the Calculation Tool Archive (CTA) website and looks forward to Energy Division’s disposition on these tools. Any corrections provided by Energy Division will be incorporated.	SDG&E should submit a complete list of tools specifically developed for use in its projects. The preliminary assessment stands and SDG&E is awarded a score of 4 for metric 1a.
Metric 1b – Score: 4	Good Performer	Percentage of projects which experience significant delay due to slow response to requests for readily available (or commonly requested) additional information (higher percentage	Delays at the final stage of savings approval have declined to a varying degree but have not been completely eliminated. Typical reasons for delays occurring are because of lack of evidence of working measure, invoice documentation, savings calculations not per prior direction and lack of supporting documentation. All of these reasons have an impact on final ex ante parameters to be frozen. When evidence is lacking, it is not	SDG&E had agreed with Energy Division to have a standard 10 working day response requirement, unless there are responses that can be provided immediately or it is a “time-is-of-the-essence” inquiry. SDG&E will continue to improve its documentation as stated in Item 1a (2) above. SDG&E would welcome any additional feedback on specific projects which Energy Division had concerns with.	Staff agrees with SDG&E’s comments. The preliminary assessment stands and SDG&E is awarded a score of 4 for this metric.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
		= lower score)	possible to decide whether final parameters, if evidence were available, would be within a reasonable margin of safety. SDG&E has been providing requested project information and working with staff to reduce partial submissions.		
Metric 2 – Score: 4	Good Performer	<p>Percentage of custom project submissions that show standardization of custom calculation methods and tools</p> <p>Development and/or update of comprehensive internal (to IOUs, their parties, and local government partners, as appropriate) process manuals/checklists and QC processes</p>	<p>The use of standardized tools should be differentiated from using the correct values in the tools. The IOUs largely use standardized methods and tools. The differences in the savings estimates are largely attributable to incorrect assumptions or parameters used in calculations or inappropriate modeling. Standardized methods may have to be modified, consistent with the appropriate level of effort expected for projects.</p> <p>SDG&E has improved its review processes as evident from the reduction in the rejection of projects for eligibility, self-generation and baseline reasons. A few projects with incorrect application of T24 baseline were found during staff reviews.</p>	SDG&E continues to work with the IOUs and Energy Division staff to improve standardization of calculation and use of tools, including submittal of calculation tools for approval. SDG&E is scrutinizing projects to determine if they are truly custom projects or should be treated under Deemed programs (i.e., use of DEER or approved non-DEER deemed savings assumptions).	Staff agrees with SDG&E's comments and suggests that SDG&E should incorporate staff feedback in updating its checklists and manuals on an ongoing basis. The preliminary assessment stands and SDG&E is awarded a score of 4 for this metric.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
Metric 3 – Score: 4	Good Performer	Number of data requests for additional documentation for project information and/or reporting claims that support ex ante review activities (fewer requests = higher score)	Same as 1b except that this metric refers to data requests at the interim and final stages of a project reviews. Ensuring that a complete package of information is available per data request will reduce the need for multiple data requests for failure to include information. The use of a checklist appeared to have helped their process.	SDG&E continues to enhance its internal project checklists across its programs for consistency. However, we are balancing the need for completeness with the need for early notification to Energy Division staff of upcoming potential projects.	The preliminary assessment stands and SDG&E is awarded a score of 4 for this metric.
Metric 4 – Score: 3	Awaiting Claims Review	Percentage of large high impact projects or measures referred to CPUC early or flagged for review.	SDG&E has referred projects for staff opinion. The referred projects had good issues for staff to address. Whether the IOUs should have referred certain projects they did not refer is not possible to assess without a claims review or ex post evaluation. However, judging from baseline and eligibility issues identified in selected projects and the fact the staff only samples a small fraction of custom projects, it appears that more projects should have been referred for staff opinion.	SDG&E has received timely responses from Energy Division on projects it has referred for their guidance. The communication process is positive and we look forward to this continued two-way communication. We anticipate forwarding more projects in the future than we have in the past, but would benefit from knowing the types of projects the Energy Division may be interested in.	SDG&E’s quarterly claims were not in a reviewable format in time for this assessment. Staff will continue to work with SDG&E to develop thresholds for high impact projects to be flagged for review, including defining persistent policy issues that staff should review. Given that a claims review was not performed for this metric, the preliminary assessment stands. SDG&E is awarded a score of 3 for this metric.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
Metric 5 – Score: 3	Needs Improvement	Frequency of inappropriate or inferior quality documentation on project eligibility, baseline determination, program influence, use of custom elements in projects, assumptions and data supporting savings, and project costs (higher frequency = lower score)	SDG&E’s documentation of early retirement, baseline and program influence has been weak. Documentation on assumptions and data supporting savings and project cost is of moderate quality that is reflected in the variance in the staff-approved and the SDG&E-proposed savings.	This is an area that SDG&E, together with the other IOUs, is working on together with Energy Division staff to determine a practicable/implementable guideline for documenting program influence and free – ridership. SDG&E is encouraging participants of its programs to first go through the audit program so that opportunities can be matched with actual projects. In addition, the audit will provide documentation for baseline information for future projects as part of customer continuing energy improvements. We continue to work on improving documentation of project costs.	The preliminary assessment stands. Staff will reassess SDG&E’s efforts moving forward. SDG&E is awarded a score of 3 for this metric.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
Metric 6a – Score: 3	Needs Improvement	Quality of custom project estimates prepared by customers, third parties, and local government partners submitted by IOUs.	The quality of documentation from third parties, customers, including institutional customers, is somewhat weaker than the quality of documentation of Energy Efficiency Business Incentives and Savings by Design projects.	Please refer to responses for 1b and 3a SDG&E is working to standardize submittals across its core and partnerships/third party programs. We are educating our third parties, partners and customers to help them understand the data requirements for their projects/programs. As stated above, we are encouraging customers to participate in the audit program so that information can be documented appropriately.	The preliminary assessment stands. Staff will reassess SDG&E's efforts moving forward. SDG&E is awarded a score of 3 for this metric.
Metric 6b – Score: 4	Good Performer	Percentage of reviews that required over three reviews or data requests. Percentage change from IOU-proposed savings and ED-approved savings (higher percentage = lower score)	This performance is the same as 1b and 3. The change in the IOU-proposed values can primarily occur at the final stage of review when the IOU has completed its post-installation inspection or M&V and finalized savings. Additionally the initially proposed project may also be modified because of eligibility and baseline issues that may rule out the project or some of the measures. SDG&E's performance on this metric has been improving. Some ineligible projects/measures have been identified or the baseline changed for SDG&E project. The	SDG&E will work with Energy Division staff in identifying these projects with ineligible measures/projects so as to improve program guidelines for qualifying measures/projects with customers ahead of the review.	The preliminary assessment stands. Staff will reassess SDG&E's efforts moving forward. SDG&E is awarded a score of 4 for this metric.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
			change in SDG&E-proposed ex ante values and staff-approved ex ante values has been relatively small.		
Metric 7 – Score: 4	Good Performer	Percentage of custom projects that use data sources and methods per standard research and evaluation practices	The need to use standard research and evaluation practices in custom projects arises mainly for industry standard practice (ISP) studies. SDG&E did not have a sampled project in which an ISP study had to be conducted. In one instance when needed, a statewide disposition was used. SDG&E has used or proposes to use DEER or workpaper values or industry standard sources when assumptions are in question and often conducts M&V when uncertainty on parameter estimates is high. SDG&E's approach appears to be conservative.	SDG&E appreciates the comment and continues to work with Energy Division staff to standardize study requirements and improve the quality of ISP studies.	The preliminary assessment stands. Staff will reassess SDG&E's efforts moving forward. SDG&E is awarded a score of 4 for this metric.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
Metric 8 – Score: 4	Good Performer	(1) Frequency of improved engineering/M&V methods and processes resulting from (and/or appropriate and well-defended rejection of) CPUC reviewer's recommendations; (2) Percent of projects in custom reviews that reflect guidance provided in prior reviews	SDG&E's engineering and modeling methods have improved although measures such as monitoring-based commissioning continue to pose challenges. Staff has engaged actively with SDG&E in finding appropriate solutions to improve savings estimates from monitoring-based commissioning projects. None of the reviewers' recommendations on the use of appropriate methods has been challenged by SDG&E. Ineligibility assessment made by the reviewer was well-argued by SDG&E in one instance. In another instance, SDG&E recognized uncertainty in an implementer's savings estimate and sought staff guidance to finalize savings estimates. Overall, SDG&E has exhibited a significant improvement in the use of appropriate methods and in reflecting guidance from prior staff dispositions.	<p>Although ED Staff has not completed a comprehensive SDG&E claims review, SDG&E continues to review internally its quarterly data submittals to ensure that reported results are consistent with CPUC direction (e.g., DEER, Work paper approvals, CMPA dispositions). SDG&E actively works with the ED Reporting team to meet its requirements and correct any identified issues/deficiencies.</p> <p>SDG&E Nonresidential Programs is tracking ex ante reviews by measure and disposition. This will help us improve our efforts to reflect guidance from prior staff dispositions in future projects.</p>	SDG&E's quarterly claims were not in a reviewable format in time for this assessment. The preliminary assessment stands. Staff will reassess SDG&E's efforts moving forward. SDG&E is awarded a score of 4 for this metric.
Metric 9 – Score: 4	Good Performer	Percentage of custom projects including, and not limited to, new or modified existing technologies or project types that appropriately incorporate DEER assumptions and	The percentage of custom projects that appropriately incorporate DEER assumptions and methods could be identified more thoroughly from a review of claims and sampled projects. Staff has not undertaken a claims review yet. SDG&E has requested the use of DEER assumptions or methods as applicable.	SDG&E has been opting to use DEER assumptions or methodology, whenever applicable, to help make the custom project review more efficient. If DEER does not have complete information, e.g., measure costs, SDG&E is working to provide the	The preliminary assessment stands. Staff agrees with SDG&E's comments and will reassess SDG&E's efforts moving forward. SDG&E is awarded a score of 4 for this metric.

Metric Number and Final Score	CPUC Staff Preliminary Assessment	Metric Description	CPUC Staff Assessment	SDG&E Comments	CPUC Response to Utility Comments
		methods.		information.	
Metric 10 – Score: 3	Awaiting Claims Review	Percentage of projects identified in claims review that were implemented per CPUC directions in previous reviews.	A comprehensive claims review has not been undertaken for 2013. ² Commission review staff and SDG&E need to work out a better process and content for custom claims to facilitate this review in the future. The score for this metric reflects our overall view that SDG&E is making an effort to meet expectations but improvement is needed as noted in earlier metrics in both facilitating claims review as well as ensuring that projects which have not been selected for review at the pre-agreement phase undergo similar levels of IOU review as those projects selected for staff review.	Although Energy Division staff has not completed a comprehensive SDG&E claims review, SDG&E continues to review internally its quarterly data submittals to ensure that reported results are consistent with CPUC direction (e.g., DEER, Work paper approvals, CMPA dispositions). SDG&E actively works with the Energy Division Reporting team to meet its requirements and correct any identified issues/deficiencies.	SDG&E's quarterly claims were not in a reviewable format in time for this assessment. Staff will reassess SDG&E's efforts moving forward. SDG&E is awarded a score of 3 for this metric.

² Commission staff did not have time to complete a comprehensive claims review. This is in part due to the extensive effort required to translate the IOUs' Q3 claims into a reviewable format.