

**CALIFORNIA MEASUREMENT ADVISORY COUNCIL
MEETING NOTES
February 27, 2002**

Attendance:

SCE: Marian Brown, Chair, (Pierre Landry, Shahana Samiullah, by telephone)
PG&E: Valerie Richardson, Marty Kurtovich, Chris Ann Dickerson
SDG&E: Rob Rubin
SoCalGas: Craig Tyler
Energy Division: Eli Kollman, Ariana Marlino
ORA: Don Schultz, Pete Skala
CEC: Sylvia Bender, Mike Messenger
NRDC: Noah Horowitz (by telephone)

Report from Don Schultz

Don Schultz brought some relevant, recent state developments to the group's attention. "The Summer 2001 Conservation Report" was released by the California Conservation Team of state agencies. It reports the energy savings claimed by each state agency on the team.

AB2259, proposed legislation introduced by Assembly Member Kehoe on Feb. 20, places a limit of 2.5% of total energy efficiency program costs that can be spent on program administration and 15% that can be spent on everything other than "direct rebates, purchases, direct installations, buy-downs, loans, or other incentives." Beyond administration, the 15% limit appears to include marketing, consumer education, customer/vendor/contractor training, and measurement and evaluation.

CALMAC Website Presentation and Proposal from Marty Kurtovich

Marty Kurtovich, chair of the CALMAC Website Committee presented his recommendations on the future management of the CALMAC website. No action was taken on the recommendations since they have not been reviewed by the Website Committee and the CEC has not had an opportunity to assess and respond to the specific recommendations made. In response to CALMAC's request at the last meeting, Marty also presented the preliminary issues raised by the Website Committee on the possibility of posting third part reports on the website.

CPUC Proposed Decision on 2002 Programs – MA&E Sections

The proposed decision requires utilities to submit supplemental MA&E plans to the Commission within 45 days of the effective date of the final decision.

For the CPUC-required studies, this should be a comprehensive work plan that includes a draft Request for Proposals (RFPs), a Statement of Work, and a timetable.

- Members pointed out that utility MA&E RFPs generally include a statement of work and a timetable. The other important aspect of a comprehensive work plan, unmentioned by the draft decision, is a statement of objectives.
- Problem: The draft decision timetable of submission of the whole MA&E plan 45 days after the final decision, followed by CPUC review and possible approval, will almost surely delay the start of the work sufficiently to preclude completion in August or September, in time for PY 2003 planning. It would appear to be more prudent for the CPUC to allow piecemeal submission of draft RFPs as soon as possible. Also, it may be possible for utilities to issue

RFPs simultaneously with submission, with a proviso that the scope of work could be subject to change if mandated by the CPUC.

For the detailed Evaluation, Measurement & Verification Plans for programs, the draft decision's 45 days for plan submission unfortunately appears to contradict and supercede the Policy Manual's timetable of 90 days.

- Utilities asked for confirmation that the final 15% payment for verification of results would be based on verifications of installations and milestones and the unit energy savings estimates included in the utilities' program proposals. They would not be based on energy savings calculated from new, ex post unit energy savings estimates developed as part of the program M&V and Deemed Energy Savings projects. Energy Division staff believe this interpretation is correct.

Discussion of Initial Outlines of CPUC-Required MA&E Projects

Following the preliminary assignments made at the last CALMAC meeting, organizations presented their initial outlines of the scope of work of each of the CPUC-required projects. Members identified issues and made suggestions.

Potential/Saturation Study

PG&E presented the plan for development of potential estimates for new construction. This work is scheduled to go through 2003 because new estimates should be based on the July 2001 changes in Title 24 residential building standards, and new data cannot be collected until enough homes subject to the new standards are built. Updating of commercial saturations should also require work in late 2003, because data will not be available from the CEC's Commercial Energy Use Survey until well into 2003. Estimates based on older saturation data will be used until the new ones can be incorporated. PG&E has work to develop estimates in other sectors already underway, with broadened scope and completion of an integrated summary report planned for 2002.

Next Generation Evaluation Framework

Members are unsure what the CPUC is expecting from this project. The project could be interpreted as a relatively narrowly-scoped project exploring options for refinement of the Evaluation, Measurement and Verification section of the Energy Efficiency Policy Manual. It could provide white papers on options and organize workshops aimed at that goal.

Alternatively, it could provide background and approaches for assessing broader, policy-level issues. For example, a new approach to valuing energy efficiency (EE) programs has been proposed and could be explored, aimed at decision making under uncertainty. This approach measures the value of EE programs in reducing future electricity price variability, as opposed to avoiding supposedly known and certain levels of future electricity costs. A recently completed, PG&E-managed statewide project on developing methodologies for estimating a broader range of benefits and costs of EE programs, including market transformation, information, and services programs, could serve as the foundation for new work.

Cost Effectiveness Update

Several members agreed that it's important to have new cost forecasts for the next program planning cycle, including a new retail cost forecast for the Participant Cost test and a new avoided cost forecast for the Total Resource Cost test. Because there is no longer a regular, biennial CEC process for updating energy demand and cost forecasts, this study should also explore processes for developing updated cost forecasts on some regular basis in the future.

Also, AB970 requires the CPUC to update cost-effectiveness tests to take into account time of use on both avoided cost and energy savings sides. It may be possible for the CPUC update to be accomplished by contract with the utilities to include the AB 970 requirements within the scope of this project.

Deemed Savings Database

The current Database of Energy Efficiency Resources (DEER) estimates are based on engineering simulations, calibrated to actual energy use of buildings of a certain type and climate area. The DEER energy savings estimates are point estimates for each combination of building characteristics and climate zone. One issue is whether these should be replaced or supplemented with ex post evaluation data, to the extent that it is available at the measure level.

Next Meeting

The next meeting is scheduled for Wednesday, March 20, location to be determined. Agenda items will include further discussion of the CALMAC website management and of the scopes of work of the CPUC-required MA&E projects for 2002.

Marian Brown,
Chair