

Cal TF White Paper:

Current State and Recommended Improvements for Industry Standard Practice (ISP) Studies and Use

Version 1.0

DRAFT FOR TF REVIEW

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AFFIRMATION

This white paper requires TF affirmation.

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CONTENTS

Executive Summary	1
Introduction	4
<i>Background/Overview of Research Activities</i>	4
<i>High-Level Summary of Commission Policy and Staff Guidance</i>	4
<i>Problem Statement or Need</i>	5
<i>Value Proposition Recommended Improvements</i>	5
Current State	5
<i>Current Practice #1: No Central Repository and Limited Accessibility of Market-Based or Other ISP Studies and Baselines</i>	5
<i>Current Practice #2: No Consistent Format, Data, or Rigor of ISP Studies</i>	7
<i>Current Practice #3: Most informal ISP studies exceed the cost of the custom project incentive, are inaccessible to other stakeholders, and are limited in scope.</i>	8
<i>Current Practice #4: No Coordinated, Public Planning Process for Market-Based ISP Studies</i>	8
<i>Current Practice #5: ISP Guidance Document is Complex, Unclear, and Inconsistently Interpreted; Additional Guidance and Clarifications Are Not Consistently Available to All Stakeholders</i>	9
<i>Conclusion: Impact of Current Practices on Implementers and Customers; Need for Change</i>	9
Future State / Opportunities	10
<i>Approach</i>	10
<i>Recommendation #1: Create a Central, Public, Searchable Database of Market-Based ISP Studies and Approved Baselines</i>	10
<i>Recommendation #2: Establish Consistent Format and Data Requirements for ISP Studies to Clarify Baseline Definition and Applicability</i>	11
<i>Recommendation #3: Remove the Informal ISP Study Requirement For Measures with Customer Incentive Less Than \$100,000 (Tiered Baseline)</i>	11
<i>Recommendation #4: Develop a Statewide Market-Based ISP Study Public Planning Process</i> ..	12
<i>Recommendation #5: Update, Clarify, and Simplify ISP Guidance and Provide Means for Ongoing Updates, Clarifications, and Training to Support Consistent Understanding and Application of Guidance</i>	12
Conclusions & Recommendations.....	13
<i>Next Steps</i>	13

EXECUTIVE SUMMARY

Industry Standard Practice (ISP) policies, processes, and studies guide the baseline definition and selection process for a majority of measures administered through the energy efficiency (EE) programs overseen by the California Public Utilities Commission (CPUC).¹ In late 2022, Cal TF Staff solicited recommendations from Cal TF Members on the most important issues that should be addressed in a Cal TF White Paper, and ISP policies and processes ranked highest. Stakeholder concerns were reinforced in a stakeholder survey of the ISP process, through which less than 10% of Program Administrator (PA) respondents and less than 18% of implementers rated “Clear Guidelines”, “Consistent Process”, and “Training/Learning Opportunities” as “Working well.” Thus, a key focus of Cal TF in 2023 has been analyzing the current state of and developing recommendations to improve the ISP process.

This White Paper examines current ISP study availability and development as well as current practices that stakeholders believe could be improved. It then presents recommendations for improvement, high-level details on how the recommendations could be implemented, and applicable CPUC policy (if it exists). Where a recommended improvement is aligned with work currently underway or planned for Cal TF, this is noted for coordination with those efforts.

Table 1 summarizes the current practices identified for improvement and associated recommendations.

Table 1: Summary of Current Practice Findings and Recommendations for Improvement

#	Current Practice	Recommendation
1	<p>No Central Repository and Limited Accessibility of Market-Based and Other ISP Studies and Baselines: Neither market-based nor informal ISP studies are consistently stored in a central, accessible repository as directed in E-4939. Furthermore, informal ISP studies and other project-specific baseline guidance and determinations are often not accessible as they contain personally identifiable information. When published, project-specific dispositions must be redacted, which often obscures context necessary to be useful. Consequently, PAs and</p>	<p>Create a Central, Public, Searchable Database of Market-Based ISP Studies and Approved Baselines: This recommendation makes key baseline data clear and accessible to stakeholders who develop and review custom measures and deemed measure packages. It meets the requirements of E-4939² and facilitates Step 1 of the baseline selection process.³</p> <p>Cal TF is compiling all accessible ISP Studies and baseline determinations to populate the Baseline Database going forward. Cal TF Staff</p>

¹ The Standard Practice Baseline, typically defined through an ISP Study, is generally used as the single baseline for Normal Replacement (including Capacity Expansion and New Construction) measures as well as the second baseline for Accelerated Replacement (AR) measures implemented through the CPUC-regulated energy efficiency (EE) programs. Industry Standard Practice is not used to define baselines for EE measures implemented through the Publicly-Owned Utility Companies (POUs).

² Resolution E-4939, OP 4

³ Resolution E-4939, Attachment A, Section 3: Selection Process

	implementers have difficulty identifying and using existing CPUC-issued or approved baselines.	requests stakeholders provide any additional existing baseline data by January 31, 2024 to complete the library of existing, published, applicable baseline data for future use.
2	No Consistent Format or Data in ISP Studies: ISP studies do not follow a consistent format or consistently contain key data (e.g., effective dates and CPUC approval status) needed to determine applicable baselines. Thus, both PAs and implementers have difficulty understanding whether existing ISP Studies and standard practice baselines are valid and applicable to their measures and projects.	Establish Consistent Format and Data Requirements for ISP Studies to Clarify Baseline Definition and Applicability: Adopt an ISP Study Summary Form that defines a common core data set--including effective date(s), applicability, and CPUC-approval status--and is required to be completed for all Market-Based IPS Studies going forward.
3	Most Informal ISP studies exceed the cost of the custom project incentive: The Subcommittee estimated that the cost of conducting an informal baseline study exceeds the value of the customer’s incentive for more than 81% of custom measures. ⁴ Furthermore, Informal ISP studies do not represent the “current state of the market” as data collection is limited in scope (e.g., to project-specific application), which leads to uncertainty among all stakeholders about the applicability of the informal study findings.	Remove the Informal ISP Study Requirement for Custom Measures With Customer Incentive Less Than \$100,000 (Tiered Baseline Approach): From a ratepayer perspective, it is hard to justify spending more money analyzing the baseline for a custom measure than the customer receives in incentives. Further, the cost, time delay, and risk that a study (and therefore project) could be rejected after significant effort, deter customers and implementers from pursuing potential projects.
4	No Coordinated, Public Planning Process for Market-Based ISP Studies: Planning for Market-Based ISP Studies is necessary to avoid duplication and ensure appropriate rigor, but they are currently neither coordinated nor public. Thus, PAs and implementers may not have market-based studies for many common, high impact measures. The lack of statewide, pre-defined baselines that stakeholders can use in measure and project development creates additional cost and time delays for customers and implementers when baselines must be developed on a one-off project basis, which further deters potential projects and savings opportunities.	Develop Statewide Market-Based ISP Study Public Planning Process: Given that the programs are no longer the exclusive realm of the investor-owned utilities, customers have access to an expanding range of implementer offerings in the California EE marketplace. An annual stakeholder-participatory planning process is needed to identify common high-impact measures and projects that would benefit from market-based ISP studies and may be useful to more than one customer or PA. This meets the requirements of E-4939 ⁵ and would further improve stakeholder understanding of the purpose, foster engagement, increase awareness of the outcomes, and reduce the cost of ISP research.

⁴ Based on Cal TF Staff analysis of PA’s Bi-Monthly Upload data for 1/1/2021 through 6/30/2023.

⁵ Resolution E-4939, OP 5c

5	<p>ISP Guidance is Complex, Unclear, and Inconsistently Interpreted; Additional Guidance and Clarifications Are Not Consistently Accessible to All Stakeholders.</p> <p>PAs and implementers report confusion and inconsistent application of ISP guidance and processes due, in part, to the unique and complex policy, difficult-to-understand ISP Guidance Document, lack of statewide training, and reliance on informal guidance that is not accessible to all stakeholders to fill in the knowledge and experience gaps.</p>	<p>Update, Clarify, and Simplify ISP Guidance, and Provide Means for Ongoing Updates, Clarifications, and Training: Stakeholders need clear, complete, consistent guidance and a process that appropriately balances cost and rigor and addresses implementation barriers. Use stakeholder feedback to identify points of confusion and needed clarifications; then update, clarify, and simplify the ISP Guidance Document using the processes outlined in E-4939. Also, provide training opportunities for stakeholders statewide to improve common understanding and appropriate implementation of ISP Guidance.</p>
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INTRODUCTION

Background/Overview of Research Activities

Cal TF Staff formed an ISP White Paper Subcommittee to analyze relevant policy and practice, compile existing baseline data and related resources, and engage with stakeholders to understand existing challenges and develop proposed solutions related to the baseline determination process. The Subcommittee conducted a survey in August 2023 to collect feedback from stakeholders on current challenges and opportunities to improve the baseline determination process. The survey received responses from 42 stakeholders, including representatives from all IOUs and 17 implementation firms.

The Subcommittee combined quantitative and qualitative data with feedback from stakeholders through multiple Cal TF Custom Subcommittee, California Technical Forum, and PAC meetings as well as one-on-one meetings with stakeholders including PAC Staff, CPUC Staff, and project developers and reviewers to characterize existing challenges and develop recommendations.

Detailed research approach and findings can be found in the accompanying [ISP Research Memo](#) on the Cal TF website.

High-Level Summary of Commission Policy and Staff Guidance

Historical Approach to Custom Project Baseline Determination

Prior to the introduction of the current Industry Standard Practice determination process in 2018, baseline policy was clear. The project baseline was either code, or if an applicable code did not exist, then Industry Standard Practice would apply. The CPUC consistently defined ISP to mean *typical equipment or commonly used current practice absent the EE program*.⁶

However, one challenge was a lack of a defined process to determine the appropriate baseline. The Commission established a working group to, among other tasks, “Consider and recommend clarifying policy for how to determine code baseline as they address issues related to industry standard practice.”⁷

Current Custom Project Baseline Determination Process – Significantly Increased Complexity

On October 18, 2018, the Commission issued Resolution E-4939, which adopted some recommendations from the working group final report⁸ and led to a significant increase in complexity around baseline determinations. Resolution E-4939 adopted a new “standard practice baseline” definition (replacing “code baseline”) and defined a new baseline selection process. The Resolution included a 5-page “Standard Practice Baseline and Baseline Selection Guidance Document” while also referencing a separate guidance document under development by CPUC Staff. E-4939 also authorized CPUC Staff to update the guidance “when clarification is

⁶ D.12-05-015 at Page 351

⁷ Resolution E-4818, OP 25

⁸ https://files.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/Track2WorkingGroup/Final%20Reports/T2WG_Report1_Final_20170907.pdf

necessary” following a specific process and no more than once annually.⁹ The current Guidance Document is 48 pages and incorporates multiple rounds of revisions since the E-4939 guidance was established.¹⁰

Since 2018, the ISP process has reinterpreted “typical equipment or commonly used practice” to mean “market-based” studies (i.e., studies that survey or assess an entire market through a rigorous study) and introduced “Informal” ISP studies, which use a small sample size to determine the ISP and baseline for a specific custom measure or project.¹¹ Updated guidance also introduce the concept of a “unique” or “semi-unique” custom project to identify and justify custom projects for which a market-based ISP study should not apply.

Problem Statement or Need

For PAs and implementers to comply with the Commission’s ISP policies, market-based ISP studies and other CPUC baseline determinations need to be public, centralized, clear, useful, and up to date; and the cost of baseline development and selection development should be commensurate with the value they provide.

Value Proposition Recommended Improvements

Cal TF’s recommendations contained in this White Paper expand opportunities for stakeholder input, and increase transparency, clarity, efficiency, and compliance with Commission-mandated ISP policies and requirements at a lower cost.

CURRENT STATE

Below are the current practices that stakeholders would like to see improved, with associated rationale.

Current Practice #1: No Central Repository and Limited Accessibility of Market-Based or Other ISP Studies and Baselines

Market-Based ISP Studies

The Subcommittee found that there is no public, central repository of market-based ISP studies (despite efforts to collect and distribute CPUC guidance broadly), and many baseline studies

⁹ The adopted Standard Practice Definition and Baseline Selection Guidance document is provided in Attachment A to the Resolution.

¹⁰ “Energy Efficiency Industry Standard Practice (ISP) Guidance: An Update to Guidance for ISP Studies and Custom Project Development,” Version 3.1, April 2, 2021.

¹¹ Ibid, Page 17: “An informal ISP study is an abbreviated version of a market-based ISP study that a project developer should conduct.”

are not publicly accessible.¹² Cal TF Staff has identified and compiled existing ISP resources by reviewing the following sources:

- CAEnergyGuidance.com: The CAEnergyGuidance.com database contains nine ISP Studies, with publish dates ranging from 2013 to 2019; two published studies had no dates.
- Custom Measure and Project Archive (CMPA): Many more ISP Studies are available on the CMPA, a resource only accessible to PA and CPUC Staff and not available to implementers who need baseline information to develop their projects.
- Stakeholder Engagement: PAs and Implementers have provided additional ISP studies and other baseline guidance information they have received through project-specific discussions and other informal communications.

Cal TF Staff continues to work with CPUC Staff, its consultants, and the PAs to identify all applicable market-based ISP studies.

Informal ISP Studies

Informal ISP studies, by their nature, rarely contain information that can be used to develop baseline for “typical” market conditions. They are limited in scope (rigor/sample sizes) and are tied to a specific project such that it is difficult to communicate baseline information and applicability without revealing PII.

Similar to the limited accessibility of market-based ISP studies, the Subcommittee found no comprehensive archive of accessible baseline information from Informal ISP Studies, which are stored in access-controlled project-specific folders and may contain customer-specific information.

- For custom projects selected and reviewed through the Custom Project Review (CPR) process, public information is provided in Project Dispositions that are redacted (to remove any confidential data) and uploaded to CAEnergyGuidance.com. However, Project Dispositions, even when uploaded to the CAEnergyGuidance.com website, do not include standard practice baseline details and often lack context to understand the size or scope of the project and measure(s) and/or applicability of any project data to the determination of the baseline.
- For custom projects not selected for CPR, Informal ISPs or other baseline data are not made available to stakeholders except through PA-specific communications. In some cases, baseline guidance from Informal ISP studies or other project-specific analysis may be shared by CPUC Staff through ad hoc memos or communication to one or more PAs, but these memos are not consistently shared or made public for broader stakeholders.

Current Practice for Identifying Project Baselines In The Absence of a Central Repository

¹² CAEnergyGuidance.com was developed to host documents related to EE measure-specific guidance issued by the CPUC, but it does not contain all existing ISP Studies or data needed to understand the future applicability of published ISP studies.

When asked how they determine whether an existing, applicable baseline is available (e.g., to complete Step 1 of the 3-Step Baseline Selection Process),¹³ stakeholders described a range of approaches including:

- Relying on personal and/or colleagues' memory and experience,
- Requesting information and/or guidance from PA or CPUC Staff,
- Using internal company resources where baseline data has been compiled, and
- Scanning a variety of resources including CAEnergyGuidance.com, CEDARs, the eTRM, PA-specific resources (e.g., PG&E Wiki), past project files, and Google.

Consequences of Current Practice

This lack of centralized, accessible baseline information results in unnecessary cost and time delays and redundant and conflicting effort. Stakeholders are unaware of existing baseline research and determinations that may affect their project, resulting in potentially unnecessary work (e.g., to conduct research that already exists) or missed opportunities from choosing not to pursue a project due to the cost of baseline development when a baseline already exists. It also disadvantages small and new contractors who do not have the history of information or contact networks to rely on for baseline information nor the capacity to track, compile, and unpack disparate baseline sources.

Current Practice #2: No Consistent Format, Data, or Rigor of ISP Studies

The Subcommittee reviewed each available ISP study and sought to organize in a consistent format key information that stakeholders need to understand the outcome and applicability of an ISP study and found the following challenges:

- Inconsistent Formats: ISP Studies are provided in a variety of formats including formal reports, formal memos, informal documents, and Excel Workbooks.
- Inconsistent availability of Key Information Needed to Determine Applicability: ISP studies do not consistently include key information, such as the study date, author of the study and/or guidance document, applicability, or effective date for the baseline determination.
- Effective Date(s) of Study: Few of the baseline resources consistently provide information on the applicability and/or duration of the baseline data, so it is unclear for what and for how long existing baseline determinations are valid and useful.
- Approval Status of Studies: Especially for PA-authored studies, there is no clear or available information about whether the study was approved by CPUC.
- Inconsistent Rigor: Studies contain different levels of rigor (such as sample sizes and error bands), creating confusion on the required rigor or study approach and leading to frequent disagreements between PAs/implementers and CPUC consultants on the appropriateness of a study's findings or whether CPUC Staff will approve the study.

Consequences of Current Practice

¹³ Resolution E-4939, Attachment A, Section 3: Selection Process, Page 53.

The inconsistent format, contents, status information, and rigor make it difficult for stakeholders to develop and/or use existing baseline data and creates conditions for misunderstanding and disagreements regarding the baseline validity and applicability.

Current Practice #3: Most informal ISP studies exceed the cost of the custom project incentive, are inaccessible to other stakeholders, and are limited in scope.

Through analysis of the custom portfolio¹⁴ and data collected through the stakeholder survey, the Subcommittee estimated that the cost of conducting an informal baseline study exceeds the value of the customer's incentive for more than 81% of custom measures. (See ISP Research Memo for analysis details). Stakeholders indicated the Subcommittee's cost estimates were conservative, indicating the imbalance in cost relative to value of Informal ISP studies may be even more pronounced.

Furthermore, Informal ISP studies do not represent the "current state of the market" as data collection is limited in scope (e.g., to project-specific application), which leads to uncertainty among all stakeholders about the applicability of the informal study findings.

Consequences of Current Practice

Requiring research and documentation that costs more than the value it provides is an inefficient use of ratepayer funds. Due to the high cost of baseline selection relative to project size, customers and implementers may choose not to pursue smaller custom measures for which they are required to develop a baseline study. From a customer and implementer perspective, the time delay and potential for a study to be rejected further deters potential projects.

The cost of Informal ISP studies is particularly onerous considering that the results are based on a small sample size and are rarely sufficiently rigorous given their limited scope to be more broadly applicable.

Current Practice #4: No Coordinated, Public Planning Process for Market-Based ISP Studies

While individual PAs and CPUC Staff may plan and initiate baseline research, there is no formal, regular, or public process for statewide coordination and/or communication regarding baseline research needs, priorities, or collaboration. The Subcommittee was unable to identify any planned or in-progress baseline research, and many stakeholders confirmed they are unaware (and would like to be aware) of other stakeholder research efforts.

Consequences of Current Practice

This lack of coordination or communication on baseline research needs or efforts may result in redundant research efforts, missed collaboration opportunities, stranded savings, and may not target most important areas needed for ISP studies.

¹⁴ Measure-level data for custom measures and projects in development collected through the PAs' bi-monthly upload (BMU) data for January 2021 through June 2023.

Current Practice #5: ISP Guidance Document is Complex, Unclear, and Inconsistently Interpreted; Additional Guidance and Clarifications Are Not Consistently Available to All Stakeholders

Despite the fact that the primary purpose of the ISP Guidance Document was to operationalize the ISP directives of Resolution E-4939, there continues to be widespread misunderstanding of the appropriate baseline definitions, processes, and outcomes.

In the stakeholder survey, less than 10% of PA respondents and less than 18% of implementer respondents rated “Clear Guidelines”, “Consistent Process”, and “Training/Learning Opportunities” as “Working well.” Stakeholders reported confusion and lack of clarity and consistency in the current policy and guidance, which may be the cause of reported inconsistent compliance with policy, disagreements on the application on ISP policy, and inconsistent baseline determinations among stakeholders:

- **Familiarity** – About 40% of PAs and Implementers rated themselves a 3 or lower in familiarity with SP assessments for custom measures; only 38% of PAs and 7% of implementers rated themselves as “Experts.”
- **Compliance** – Stakeholders reported that most aspects of ISP policy are not consistently complied with.
- **Disputes** – One-third of implementers said they have had a baseline rejected or modified during PA technical review, and almost one third of all respondents indicated a CPUC reviewer has rejected a baseline that was approved by PA technical reviewer.

Consequences of Current Practice

Stakeholder confusion and/or inconsistent understanding ISP policy and requirements adds cost and time delays to projects and can result in wasted customer time and ratepayer funds when baseline disputes are identified deep into project development.

Conclusion: Impact of Current Practices on Implementers and Customers; Need for Change

Current ISP Practices Deter Customers and Implementers: Stakeholders indicate that current ISP practices, in combination, increase the cost, time, and risk for custom projects and deter customers and implementers from doing custom projects:

- When asked about the significance of the baseline selection process (relative to other components of developing a custom project) in deterring customers to do custom projects, almost three-quarters (74%) rated 4 or 5 (Very Significant); no respondents said “Not Significant”.
- In addition, anecdotal discussions with stakeholders through TF, Custom Subcommittee, and ad hoc meetings, stakeholders confirmed that the cost, complexity, and unpredictability of the baseline selection process results in customers, implementers, and PAs choosing not to pursue viable custom energy efficiency projects.

Current ISP Practices Increase Project Costs and Workload: Stakeholders describe that the baseline selection process adds significant cost and workload to the custom project development process. Using stakeholder estimates of level of effort to complete informal ISP

studies, the Subcommittee calculated a weighted average estimate from implementers at 47 hours per project, and a weighted average estimate from PAs of 30 hours per project.

Negative Customer Experiences Impede Program Success: In addition to adding cost and time delays to custom project development, uncertainties in baseline determinations may impact a customer’s incentive or cause a project to be rejected after considerable customer and implementer cost and effort. Multiple stakeholders, including both PAs and implementers, shared that customers and/or contractors who had bad experiences with Custom projects do not want to participate again and may also dissuade peers from participating, creating a “negative spillover” effect.

FUTURE STATE / OPPORTUNITIES

Approach

The section describes Cal TF’s recommendation to improve the current state, describes whether the recommendation aligns with CPUC policy, and identifies whether the recommendation is aligned with current or possible future planned Cal TF work.

The Subcommittee developed draft recommendations based on direct stakeholder input, analysis of the current state and data collected, and successful models of statewide coordination, transparency, and balancing rigor and value. The Subcommittee presented these draft recommendations for discussion at Custom Subcommittee, TF, and PAC meetings and improved recommendations based on stakeholder feedback and discussion.

Recommendation #1: Create a Central, Public, Searchable Database of Market-Based ISP Studies and Approved Baselines

Creating a centralized, up-to-date database of standard practice baselines scored the highest among improvement opportunities in the ISP stakeholder survey.¹⁵ The ISP Research Memo provides additional details on the Baseline Database and how Cal TF proposes to populate the database prospectively (i.e., for new baselines established in the future) and retrospectively (i.e., with existing baseline data from past baseline studies).

CPUC Policy: The recommendation is aligned with CPUC policy. Resolution E-4939 (OP 4) directed CPUC Staff to “create, organize, and manage a single database for all CPUC staff-approved Industry Standard Practice guidance documents and CPUC-issued or CPUC staff updated memoranda or dispositions related to measure baselines, including those documents adopted by this Resolution. The documents should be publicly available on a website with a date of issuance, an effective date, and a description of the applicability of each document provided.”

Cal TF Engagement: As described above, Cal TF Staff is creating a centralized, public, searchable Baseline Database that stakeholders can use to identify existing, approved

¹⁵ More than 80% of survey respondents indicated a “publicly available library of accepted standard practice baselines that is complete, up-to-date, and searchable” would be “Extremely Valuable”; more than 93% indicated “Extremely Valuable” or “Valuable.”

baselines that may be applicable to their building, measure, or project. To this end, Cal TF Staff is compiling all currently applicable ISP studies. Cal TF Staff could review and summarize Market-Based and Informal ISP studies that CPUC Staff and/or PAs indicate have general relevance and include in the Baseline Database.

Recommendation #2: Establish Consistent Format and Data Requirements for ISP Studies to Clarify Baseline Definition and Applicability

Baseline applicability refers to how, and for how long, an existing/approved baseline can be used to support current/future measures, and to which measures and markets the baseline applies. To ensure baseline applicability is clear for a particular study, Cal TF recommends adopting an ISP Study Summary Form with consistent formatting and data requirements that would be required for all market-based ISP studies.

CPUC Policy: No direct applicable policy; development and use of a consistent summary template for all ISP studies will help ensure compliance with applicable ISP studies.

Cal TF Engagement: Cal TF has created a draft ISP Study Summary Form (contained in the ISP Research Memo) that can be used to summarize applicable past market-based ISP studies and that would be required for all future market-based ISP studies as a condition of approval. The template includes key baseline information (measure description, baseline description, effective and expiration dates, and applicability) and key study information (author, complete date, approval date) in a consistent format so that stakeholders can identify and understand the ISP study results.

Recommendation #3: Remove the Informal ISP Study Requirement For Measures with Customer Incentive Less Than \$100,000 (Tiered Baseline)

When informal ISP studies *exceed* or are a significant percentage of the customer incentive, a disproportionate amount of ratepayer funds go to project review/administration than to the customer and project implementation. High spending on project administration and review relative to customer incentive and project costs appears to be a poor use of ratepayer funds.

The Subcommittee developed a tiered baseline approach that provides a streamlined pathway for custom measures with incentives levels that do not warrant the cost of an Informal ISP Study. The tiered baseline recommendation modifies the baseline selection process *when an Informal ISP Study would be triggered under the current practice* for measures with customer incentive less than \$100,000 as follows:

- Where baselines are current, applicable, and public (i.e., contained in the Baseline Database described in Recommendation #1), the measure should use those established baselines consistent with E-4939.¹⁶
- If No Existing, Applicable Baseline is Published in the Baseline Database, Use Code or Applicable Regulatory Requirement (e.g., AQMD requirements).

¹⁶ Step 1 of the E-4939 Attachment A instructs the consideration and application of any relevant, applicable, and current CPUC published Standard Practice documents.

- If no Code/Applicable Requirements, Use Existing Conditions

This tiered approach uses existing baseline data when available and otherwise scales the cost of baseline selection with project size.

CPUC Policy: This recommendation is consistent with differing levels of rigor in CPUC Policy and uses the “Full Rigor” incentive threshold previously established for tiered Preponderance of Evidence (POE) requirements.¹⁷

Cal TF Engagement: The Subcommittee modeled the tiered baseline proposal after the existing tiered-rigor requirements based on customer incentive thresholds and using data collected from the custom bi-monthly update reports and stakeholder survey. Details on this approach, including a figure explaining the process, are available in the ISP Research Memo.

Recommendation #4: Develop a Statewide Market-Based ISP Study Public Planning Process

Cal TF recommends developing a public, statewide, planning process for Market-based ISP studies. A public and coordinated planning process will avoid duplicative studies and ensure the most important gaps that exist in market-based ISP studies are filled.

CPUC Policy: This recommendation is consistent with CPUC Policy. Resolution E-4939 (OP5) orders that “The program administrators in consultation with CPUC staff should examine their portfolios on an annual basis to identify the measures requiring an ISP study in the subsequent 12 months.”

Cal TF Engagement: In its current role facilitating analysis and resolution of technical and technical policy issues, Cal TF may be well positioned to facilitate a public, statewide market-based ISP planning process. The ISP Research Memo details how such a process could work.

Recommendation #5: Update, Clarify, and Simplify ISP Guidance and Provide Means for Ongoing Updates, Clarifications, and Training to Support Consistent Understanding and Application of Guidance

Stakeholders need clear, accessible, and up-to-date guidance that is easy to understand and consistently interpreted by all stakeholders. The updated guidance should 1) incorporate recommendations from this White Paper, 2) address points of confusion and other challenges raised by stakeholders, and 3) establish a regular and transparent update process to ensure the guidance stays current and that stakeholders are aware of and understand any changes. Training reinforces consistent statewide understanding and practices and provides valuable support as new stakeholders (e.g., new staff and/or contractors) engage with the EE Portfolio. Key policy and guidance issues to discuss include:

- Clear guidance on when new baseline research (e.g., ISP Study) is required,
- Alternative methods of determining baselines when pre-approved baselines are not available to minimize cost and impacts on measure development,

¹⁷ E-5115 for Preponderance of Evidence and Statewide Project Feasibility Study for M&V

- Clear and consistent approach to defining and documenting the applicability baseline research for future use,
- Clear, consistent, and time/cost-efficient approach to operationalize baseline policy, and
- Appropriate training to ensure consistent statewide understanding and implementation of baseline selection policy and guidance.

CPUC Policy: This recommendation is consistent with CPUC Policy. Resolution E-4939 (OP6) describes the process and schedule by which ISP Guidance should be updated.

Cal TF Engagement: Cal TF's Custom Initiative includes an effort to consolidate, organize, and clarify custom policy and guidance. As part of this ongoing effort, and in its current role facilitating analysis and resolution of technical and technical policy issues, Cal TF is well positioned to facilitate stakeholder engagement to identify necessary clarifications and support the update, ongoing maintenance, and training on ISP policies and processes.

CONCLUSIONS & RECOMMENDATIONS

Collectively, these recommendations address existing challenges and improve clarity, understanding, awareness, certainty, consistency, efficiency, and statewide coordination for establishing baselines for California's EE programs within current CPUC policy.

Next Steps

Upon TF and PAC Affirmation, Cal TF will discuss with CPUC Staff and the Cal TF PAC how Cal TF will engage to facilitate and/or support the recommendations contained in this White Paper.