CPUC Workshop on Normalized Metered Energy Consumption (NMEC) Operationalizing Directives in AB 802 and AB 793

Panel Topic 3: Expectations on Review Processes and Transparency
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Ratepayer Perspective: Principles of Accountability

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Challenges to Ratepayer Accountability

1. Moving savings from the highly cost-effective C&S program "bucket" to the less cost-effective incentive-based program "bucket" could further erode marginally cost-effective efficiency portfolios.

2. Broadly setting the baseline at existing conditions increases the risk of counting naturally occurring efficiency savings as incentive program-induced savings, thereby overstating the impact of efficiency programs on energy consumption and demand.

3. Normalized metered energy consumption (NMEC) measurement can create asymmetric pressure to count non-energy consumption reductions (but not increases), and naturally occurring efficiency savings, as program-induced efficiency-related savings.

Challenges to Ratepayer Accountability

4. In light of these heightened risks, new business models and transaction structures that are based on additional consumer cash outlays and financed debt must be sufficiently performance based to minimize ratepayer risk from asymmetrical cost flows relative to efficiency savings.

5. Compliance with code retrofit and installation requirements becomes even more critical to the extent that using existing conditions baseline (ECB) in incentive programs fosters more equipment replacements and building system retrofits.

6. Otherwise, increased participation simply expands the current problems associated with non-compliance, including overestimating savings and “stranding” efficiency potential over the life of the newly installed efficiency assets.

Recommendations for Ratepayer Accountability

1. Follow national best practices on baselines as documented in EPA's *EM&V Guidance for Demand-Side Energy Efficiency*. Any deviations from national best practice should require strong evidence that an alternative baseline is a more reasonable counterfactual.

2. Require a full and accurate counting and accounting of efficiency savings and ratepayer funding for C&S programs and any overlap with incentive programs. Savings should not be double-counted and ratepayers should not pay twice for the same savings.

3. Update the EM&V Framework and Protocols to account for advancements in measurement technologies and techniques and develop minimum standards for accuracy and reliability of savings estimates.

4. Conduct EM&V of existing and emerging NEMC methods and practices as applied through HOPPs and other efficiency and demand-side programs and activities.

Ratepayer Accountability Outcomes

1. A more accurate baseline policy that supports increased net ` efficiency savings that are both real and cost-effective.

2. A set of reliable and standardized NMEC analytics, methods, practices, and platforms.