

PUBLIC UTILITIES COMMISSION

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Date: August 2, 2022

To: San Diego Gas & Electric (SDG&E)

From: Rashid Mir and Peter Biermayer, California Public Utilities Commission (CPUC)

Cc: R.13-11-005 Service Lists

Subject: MID-YEAR FEEDBACK - 2022 EX ANTE REVIEW (EAR) PERFORMANCE

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Pursuant to Decision (D).13-09-023, D.15-10-028, D.16-08-019, and D.20-11-013, California Public Utilities Commission (CPUC) Staff and consultants are providing the 2022 Ex Ante Review (EAR) Performance Mid-year Feedback on the investor-owned utilities (IOUs) respective activities as of June 30, 2022. D.20-11-013 placed a moratorium on EAR awards<sup>1</sup> but directed that ex ante review scoring and evaluation processes shall continue. The mid-year feedback focuses on specific accomplishments and issues or concerns identified as part of ongoing measure package and custom project reviews. This feedback will help the IOUs address these issues for the remaining year.

## I. CPUC Staff Findings 2022 Mid-year Activities Feedback

The following sections of this memorandum provide a description of the findings, including areas of achievement and areas requiring improvement for both custom projects and measure packages review activities.

### A. Custom Projects Review Overview

#### 1. Summary of 2022 Mid-year Achievements

This feedback is based on three CPUC staff project review dispositions issued between January and June 2022. CPUC staff found two project review dispositions were ready to proceed without exceptions, and one was ready to proceed with exceptions. CPUC Staff's observations include:

- **Net Impacts or Documentation Issues.** There were no action items related to Net Impacts or Documentation Issues in the three projects reviewed during the first six months of 2022.

#### 2. Summary of Areas Requiring Improvement

Areas that were most problematic, frequent, and/or need improvement include:

- **Baseline selection.** In the first six months of 2022, two actions were identified in Process, Policy, and Program Rules, specifically regarding the baseline assumptions used to estimate project savings. While this only represents one project, SDG&E should continue to make efforts to perform quality control to uncover issues prior to submitting for review, particularly with regards to baseline considerations.

### B. Measure Packages Review Overview

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

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

- **Timeliness.** SDG&E submittals have met timelines and SDG&E has been responsive to

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

addressing CPUC staff comments through the measure log.

## 2. Summary of Areas of Improvement

CPUC staff highlights the following direction for improvement:

- **Collaboration.** SDG&E has had minimal collaboration with CPUC staff on measure package and measure package plan submittals.

## II. Discussion

The following sections of this memorandum provide a detailed description of the findings, including, areas of achievement and areas requiring improvement for both custom projects and measure packages.

### A. Custom Projects Performance Review

Each year, CPUC staff reviews a selected sample of custom project energy efficiency program applications. The review findings and directions to the IOUs are presented in documents referred to as “dispositions”. During the first half of 2022 (January through June), CPUC staff issued three project review dispositions to SDG&E. This feedback is based on those three dispositions.

The comments below are organized by the five metric areas prescribed in D.16-08-019. No scores are provided for these metrics in the mid-year memo. All feedback provided at this time is qualitative.

#### 1. Timeliness of Submittals

During the first half of 2022, CPUC staff issued three project review dispositions to SDG&E. SDG&E complied with SB1131 guidelines for submitting documentation before the 15 business days required, with all projects being submitted five or more days earlier than required. No projects were found to be late meaning SDG&E is complying with CPUC requirements under this metric.

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

For two of the three project dispositions issued in the first six months of 2022, CPUC staff found the projects were ready to proceed without exceptions and noted no deficiencies or action items that needed to be addressed, demonstrating SDG&E’s due diligence in this area. CPUC staff identified issues relating to the defined baseline conditions and calculation methods for one of the three projects.

Table 1 below summarizes the four action items identified across the one disposition issued between January 1, 2022, and June 30, 2022.

Table 1: Summary of Categorized Action Items for Custom Projects

Issue Area	Action Categories	Summary of CPUC Staff Required Action by the PA:	Summary of CPUC Staff Notes or Instructions:	Total	Percent of Total
Issues Related to Gross Savings Impacts	Calculation method	1	0	1	14%
	<b>Subtotals</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>14%</b>
Process, Policy, Program Rules	Baseline	2	0	2	29%
	Measure cost	0	1	1	14%
	<b>Subtotals</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>43%</b>
Issues Related to Net Impacts	Program Influence	0	2	2	29%
	<b>Subtotals</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>29%</b>
Other	Other	0	1	1	14%
	<b>Subtotals</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>14%</b>
	<b>Grand Total</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>100%</b>

### 3. Proactive Initiative of Collaboration

In the first half of 2022, SDG&E continued to bring measures, projects, or studies forward for discussion with CPUC staff prior to submittal and review, and continued to provide updates on the status of their programs. As a carry-over from 2021, SDG&E met with CPUC staff to discuss the Industry Standard Practice Study for a Direct Current Extruder Machine and requested additional documentation on results of the literature review and revisions to the survey. SDG&E has not yet responded to those requests and should provide an update on the status of this study.

SDG&E actively engaged with the new CPUC consulting team with a walk through presentation on their programs and recommended an avenue to update new consultants on the 2021 Due Diligence Report (DDR) during the next combined subgroup meeting<sup>2</sup>. SDG&E provided updates on their third-party (3P) Federal program (Program ID #4012) and initiated discussion on the 3P chiller replacement projects as well as their dual duct to variable air volume (VAV) project.

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

Project and measure level disposition performance results reviewed under Metric 2 are used as a proxy for the level of QA/QC occurring by the PA. Three dispositions were issued during the first half of 2022, two of which had no issues areas noted and were recommended by the CPUC to proceed without exception. The issues noted for the one disposition that was recommended to proceed with exceptions were related to Gross Savings Impacts or Process, Policy, and Program Rules areas, with the major issue being the definition of baselines for the project. SDG&E staff should work to verify that all of their baseline methodologies are up to date and align with CPUC policies and rules.

<sup>2</sup> The combined subgroup is a meeting hosted by CPUC staff to engage with custom project stakeholders. The combined subgroup spent most of the previous year discussing the implementation of Resolution E-5115.

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

When reviewed at a portfolio level, CPUC staff assesses the time series of rejections and exceptions, the alignment of program policy and procedures with the number of actual rejections and exceptions based on eligibility and attribution, and the adaptation to changes in rules over time. SDG&E had action items noted in the Gross (1 issue), and Process, Policy, Program Rules (2 issues). CPUC staff will observe the trend of these issues over the next six months for reporting and scoring on the year-end memo.

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

SDG&E had one measure package disposed in the first half of 2022. This measure package was for updates required by Resolution E-5152 which included including costs and eTRM permutation and value table updates. SDG&E currently has nine measure packages under detailed review.

The comments below are organized by the five scoring metric areas created in D.16-08-019. The narrative includes observations common to multiple measure packages and feedback related to the measure package development process as well as direction for future measure packages.

Specific measure package feedback is provided in tables in Attachment A, at the end of this document. The first table, the Measure Package Reviews table provides feedback on the submitted measure package that was reviewed and disposed of during the review period. The second table, the Measure Package Submissions table lists all the measure packages submitted by SDG&E during the review period and their status. CPUC staff acknowledges that measure package development may have been supported by multiple PAs; however, at the time of this mid-year review, feedback is directed to the submitting PA, with the assumption that they have led the development.

### **1. Timeliness of Submittals**

SDG&E submitted the measure package on time and responded to CPUC staff comments in a timely manner through the measure log.

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

The content, completeness, and quality of measure packages has generally met standards. The one measure package disposed in the first half of the year contained minor updates to clarify the cost source and text edits and were address with minimal added comment.

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

SDG&E has had minimal collaboration with CPUC staff on measure packages. SDG&E is expected to engage with CPUC staff in early discussions on unique or high profile, high-impact measures before measure package development. Where a measure package plan is warranted, a measure package plan should be used as a vehicle for managing the CPUC staff engagement.

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

SDG&E has met the minimal requirements for due diligence and QA/QC in the first half of the year.

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

SDG&E continues to be alert to DEER database issues. On numerous occasions, SDG&E has systematically reviewed aspects of DEER and reported back anomalies in a clear succinct manner.

## **III. Attachments**

Attachment A: Measure Package Feedback contains the measure package summary tables showing the qualitative components for each metric.

Questions or comments about the feedback should be directed to Rashid Mir ([rashid.mir@cpuc.ca.gov](mailto:rashid.mir@cpuc.ca.gov)) or Peter Biermayer ([peter.biermayer@cpuc.ca.gov](mailto:peter.biermayer@cpuc.ca.gov)). Note that pursuant to D.13-09-023, CPUC Staff will schedule a meeting with SDG&E staff to discuss this memorandum.

## Attachment A: Measure Package Feedback

The tables below list the ID numbers associated with each measure package submission or disposition. The PA may refer to the individual dispositions for more detailed descriptions of the specific actions staff required for each measure package. The qualitative feedbacks are designated as follows:

Measure Package Review – All Disposed in 2022			
SW MP ID	Rev	Title	Comments
SWAP015	2	Induction Cooking with or without Electric Range, Residential	Updates triggered by DEER Resolution including costs and eTRM permutation and value table updates. Measure package was reviewed with minimal comments on clarifying the cost source and miscellaneous text clarifications.

Measure Package Submittals – All Submitted in 2022		
SW MP ID	Title	Comments
SWAP015-02	Induction Cooking with or without Electric Range, Residential	Interim approval.
SWAP007-01-2	Room Air Conditioner, Residential	Detailed review in progress
SWAP008-01-4	Room Air Cleaner, Residential	Detailed review in progress
SWAP010-01-3	Smart Connected Power Strip	Detailed review in progress
SWHC009-02-2	Supply Fan Controls, Commercial	Detailed review in progress
SWHC014-02-6	Unitary Air-Cooled Air Conditioner or Heat Pump, Under 65 kBtu/hr, Commercial	Detailed review in progress

Measure Package Submittals – All Submitted in 2022		
SW MP ID	Title	Comments
SWHC043-02-2	Multiple Capacity Unitary Air-Cooled Commercial Air Conditioners Between 65 and 240 kBtu/hr	Detailed review in progress
SWHC052-00-7	Air-Cooled Chiller, Path B	Detailed review in progress
SWSV005-01-4	Economizer Repair, Commercial	Detailed review in progress
SWSV010-01-2	Economizer Controls, Commercial	Detailed review in progress