BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation and Related Issues.	Rulemaking 13-11-005 (Filed November 14, 2013)

OPENING COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS REGARDING NATURAL RESOURCES DEFENSE COUNCIL MOTION

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I. INTRODUCTION

The California Efficiency + Demand Management Council ("The Council") appreciates this opportunity to submit these Opening Comments on the Administrative Law Judge's Ruling Seeking Comments Regarding Natural Resources Defense Council Motion ("ALJ Ruling"), issued in R.13-11-005 on July 31, 2020. These Opening Comments are timely filed and served pursuant to the Commission's Rules of Practice and Procedure and the instructions accompanying the ALJ Ruling.

II. OVERVIEW

The Council appreciates the opportunity to offer its thoughts and comments on the April 24, 2020 Natural Resources Defense Council ("NRDC") Motion ("NRDC Motion") regarding the California Energy Efficiency Coordinating Committee ("CAEECC") Energy Efficiency Portfolio Filing Processes Working Group Report ("Working Group Report").

During the past year, the Council is proud to have participated extensively in the CAEECC stakeholder collaborative effort with 20 parties, alongside Commission oversight and Energy Division ("ED") staff involvement and attendance, during a months-long process to develop meaningful reform recommendations. These recommendations were based on a shared understanding of the key challenges created by the Rolling Portfolio process; the Council collaborated with fellow CAEECC members to develop solutions intended to remedy the planning and data transparency issues, while maintaining sufficient Commission oversight. The Council appreciates the opportunity to provide our responses to the ALJ Ruling questions below, and we look forward to working with other parties and the Commission to expeditiously resolve the many issues plaguing the Rolling Portfolio process.

III. THE COUNCIL'S RESPONSES TO QUESTIONS IN THE ALJ RULING

1. What are the major challenges or benefits associated with the current Rolling Portfolio cycle length and budget authorization structure?

Despite the best intentions of all parties involved in the conception of the Rolling Portfolio process in 2015 (cemented with D.15-10-028), The Council and its members have experienced a number of key challenges as a result of the actual implementation of the portfolio cycle length and budget authorization structure. Though conceived as a means of preventing the disruptions created by the "start-stop" nature of discrete portfolio cycles, and thereby creating more streamlined transitions between program cycles and years, the implementation of this process has achieved exactly the outcomes it was intended to avoid. Program contracts were truncated to be even shorter than under the previous multi-year cycle process, in some cases to be as short as one year. This placed an excessive burden on program implementers as the complex and expensive process of contracting became a nearly-constant undertaking, which is not only onerous and expensive for these organizations, but also out of sync with the broader policy goal of increasing the role of third-party implementers ("3Ps"). This unintended consequence of the Rolling Portfolio cycle would have been difficult to predict, but the significant downsides in practice necessitate resolution. As a result, one or two incremental modifications to the current process are not sufficient to solve the current inadequacies; the broad reforms laid out in the Working Group Report are the appropriate means of solving the many aforementioned issues.

2. If you perceive challenges with the current cycle length and budget authorization structure, do you agree that the proposal in the NRDC motion remedies those challenges? Why or why not?

As a full CAEECC member that provided significant input to the Working Group Report, The Council endorses the NRDC motion, believing that the proposal remedies the aforementioned challenges. There are two key reasons for The Council's position.

First, The Council strongly endorses the recommendations in the Working Group Report around the preclusion of funding cliffs that were a major pitfall of the previous multi-year program cycle approach, as well as an issue, in practice, with the current Rolling Portfolio cycle approach. As stated on page 9 of the Working Group Report:

> One concern among some stakeholders with the previous three-year cycle was the potential for funding cliffs at the end of the application cycle. To help mitigate this situation, consistent with existing policy, if there is a delay in regulatory approval of the subsequent application cycle, the PA would continue to implement their programs with the current approved budgets at the average yearly budget of the currently approved four-year cycle until such time as the CPUC decides on the application.[1]

It is essential that the development of a new EE portfolio filing approach remedy not just the unintended issues created by the Rolling Portfolio cycle approach, but also the "start-stop" funding issues that plagued the multi-year cycle approach that preceded it. The quoted section of the Working Group Report creates a key mechanism necessary for continuous funding that can prevent future disruptions in program delivery.

Second, though not explicitly stated in the report but discussed repeatedly in CAEECC portfolio filing cycle working group meetings, is the ability to contract across and between portfolio filing cycles. It is critical that the Commission create programmatic stability by enabling program administrators ("PAs") to contract with 3Ps across one cycle to the next, again in order to prevent the "start-stop" issues that were a significant burden to program implementers under both the previous multi-year and current Rolling Portfolio filing cycle regimes. The contracting and solicitation process is extremely resource-intensive and expensive for implementation firms, requiring significant trained personnel time and investment to earn contracts; missing out on a contract (unfortunately often a market reality) renders that investment null. Ensuring market stability will not only prevent market disruption, but enable 3Ps to fully inhabit the intended role of dynamic program deliverers who are able to leverage their internal resources in full to adapt to the demands of an increasingly-complex energy efficiency ("EE") market.

[1] CAEECC, "Proposal for Improvements to the EE Portfolio and Budget Approval and Implementation Process", at 9.

3. **One of the objectives of the current 10-year budget authorization was to provide long-term funding certainty for the energy efficiency programs and to support long-term planning activities by the California Energy Commission and the California Independent System Operator. Do you believe that shortening the budget authorization cycle may negatively impact these objectives? Why or why not?**

In The Council's view there are no significant negative impacts to long-term planning activities as a result of a return to multi-year budget authorization cycles. As stated in our response to Question 2, The Council believes that the benefits of the Rolling Portfolio cycle approach have not been realized in practice. Given the uncertainty expressed by parties –notably the Public Advocates Office ("PAO")– regarding the accuracy of "out year" forecasts made during CAEECC portfolio filing cycle working group meetings and Annual Budget Advice Letter ("ABAL") workshops, it is not clear to The Council that the long-term planning value of the Rolling Portfolio approach was or is being realized. However, The Council supports continuing to provide a ten-year continual budget authorization to provide sufficient certainty to the California Energy Commission ("CEC") and California Independent Systems Operator ("CAISO") for planning purposes.

In addition, The Council recommends the Commission safeguard against any delays in adopting a new filing cycle approach that would impact programmatic funding at the end of the current ten-year budget authorization by stipulating in a future Decision that current funding levels are adopted until a new process is approved. This was stated in the Working Group Report, and referenced in The Council's response to Question 2.[2]

4. **Instead of the proposal in the NRDC motion, would more incremental modifications to the current Rolling Portfolio better address identified challenges with the current structure? For instance, would replacing annual budget advice letters, with Tier 2 budget advice letters submitted every two years aligned with biennial goal updates, resolve current challenges identified with the Rolling Portfolio process? Why or why not?**

The Council believes that the NRDC Motion is the optimal means of achieving valuable portfolio reform, for the reasons stated in our response to questions 1 and 2. The Council, alongside twenty other CAEECC members, invested significant time and resources to develop

[2] CAEECC, "Proposal for Improvements to the EE Portfolio and Budget Approval and Implementation Process", at 9.

that proposal at the Commission's urging; we request the Commission honor that investment in its consideration of the Working Group Report.

5. **What is the appropriate oversight role of Commission staff during energy efficiency program implementation (i.e., mid-cycle between CPUC budget authorization points)? Does the proposal in the NRDC motion ensure this level of oversight? Please support your answer.**

The Council appreciates the Commission's desire for effective oversight during EE filing cycles, and believes that the level of oversight currently in place, as well as proposed via the NRDC Motion, is sufficient. The Council also encourages The Commission to continue to rely on the CAEECC filing cycle working group, including ED participants in that group, to explore resolutions to potential future issues that may arise.

6. **Do you agree that a program administrator is not "on-target" if they are not reasonably able to meet their savings goals by 20 percent and cost-effectiveness target by 10 percent, or would you propose different thresholds to determine whether a program administrator is "on-target?" Please explain your recommendation.**

The Council agrees with this appraisal of being on-target for savings goals, but worries about the cost-effectiveness target of 10 percent. Given the significant deficiencies with the CPUC's current cost-effectiveness methods and rules that we have identified through numerous forums, alongside the migration to increasing third-party implementation of EE programs, greater latitude in the delivery of cost-effectiveness is necessary as an interim step while cost-effectiveness reform can be undertaken.[3] The Council recommends that a portfolio be considered cost-effective should it miss a target by 20 percent.

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[3] See, for example: The Council's comments on the Potential & Goals Ruling in R.13-11-005: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M338/K277/338277390.PDF
The Council's comments on the Proposed Decision Adopting Cost-Effectiveness Analysis Framework Policies for all Distributed Energy Resources in Rulemaking (R.)14-10-003 (Integrated Distributed Energy Resources (IDER): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M285/K712/285712649.PDF
The Council's letters to Commissioners on December 30, 2019 & April 2, 2020: https://cedmc.org/wp-content/uploads/2020/06/Letter-to-President-Batjer-and-Commissioner-Randolph-12.30.2019.pdf and https://cedmc.org/wp-content/uploads/2020/05/2020.04.02-Council-Letter-to-President-Batjer-and-Commissioner-Randolph.pdf

7. **What is the expected outcome of having program administrators submit a Tier 2 advice letter if they are not "on-target" to meet their savings goals, or cost-effectiveness thresholds? Is Energy Division staff expected to review the program administrator's proposed mitigation measures and approve changes? If so, what are the standards of review, or criteria? If not, is there an alternative cycle length and budget authorization structure that would address these challenges? Please support your recommendation.**

The Council believes that ED staff should review an advice letter that is not "on target" as outlined in the Working Group Report, and as is currently undertaken for ABALs that are not "on-target".

8. **How should staff or the Commission remedy a situation where the program administrator does not provide adequate corrective actions in the Tier 2 advice letter?**

The Council does not have a recommendation at this time, but reserves the right to comment on proposals by other parties in Reply Comments.

9. **Should progress towards cycle goals and cost-effectiveness be assessed quarterly, yearly, annually, or in some other increment? Please address why the recommended increment is the most appropriate point, given the need to balance natural portfolio fluctuations and the time requirements of remediation efforts.**

The Council recommends that progress towards cycle and cost-effectiveness goals be assessed annually, in order to enable PAs and 3Ps to effectively and dynamically respond to market conditions and other "natural portfolio fluctuations." Excessive assessment precludes PAs and 3Ps from resolving programmatic issues, thereby undermining the objectives of third-party implementation in the process.

10. **Should this process be based on a periodical "bus stop" basis, or on a more "as needed" basis? Please explain your answer.**

The Council recommends assessment of progress towards goals be on an as-needed basis. As outlined in the Working Group Report, and as a result of extensive discussion during the CAEECC Working Group process, trigger-based filings strike the right balance between effective oversight and enabling programs to respond to market conditions and "natural portfolio fluctuations."

11. **What is the oversight role for Energy Division in enforcing a trigger event, and how should the remediation Tier 2 advice letter be triggered: via Annual Report/ submission to the California Energy Data and Reporting System (CEDARs), via updates to technical inputs, either/both, or other? Please provide details to support your recommendation.**

The Council does not have a recommendation at this time, but reserves the right to comment on proposals by other parties in Reply Comments.

12. **The investor owned utilities (IOUs) are required to reach specific percentage targets for the proportion of their portfolios to be administered by third parties (ultimately, at least 60 percent). Because the IOUs cannot change program implementation plans for a third-party contract, the lever for a program administrator to ensure their portfolio is on target is to add/decrease effort in high-/poor-performing activities, respectively. Considering this, how can an appropriate level of oversight for program cancellation occur without impeding IOUs' ability to stay on target?**

The Council strongly believes that, in order to achieve the goals and meet the intent of third-party program implementation, program administrators must be given sufficient time and flexibility in the development and deployment of third-party implemented programs. As such, while monitoring of third-party programs is necessary, the Commission should facilitate market creativity and flexibility by reserving judgement until a third-party program has had sufficient time to ramp up and make adjustments in order to succeed.

The Council recommends that third-party programs be given at least two years-time to mature and undertake any necessary programmatic changes to be successful. This enables sufficient programmatic development, while also representing half of the four-year cycle, thus enabling program administrators to add/decrease effort in high-/poor-performing activities to meet portfolio goals. Should it become clear a program is significantly underachieving at the conclusion of a two-year period, it should be left to the program administrators to determine whether that program is truly underperforming and merits cancellation, or if the program has broader value to ratepayers and merits continuation.

13. The Rolling Portfolio leveraged annual budget advice letters for oversight of program closures at a high level (e.g., is the closure justified given the constraint on the program administrator to meet required portfolio cost-effectiveness and savings goals; and did the program administrator develop and communicate a transition plan appropriate to avoid cliffs or gaps in the market). The NRDC motion proposes a program administrator would be required to submit a Tier 2 advice letter for every program closure.

   a. What would staff's standard of review for program closure advice letters be?

   b. Does this approach leave flexibility that the program administrator would need to meet its overall portfolio cost-effectiveness target and savings goals?

The Council believes the current standard of review for annual budget advice letters is sufficient for the trigger-based Tier 2 advice letters proposed in the Working Group Report. The Council believes this approach provides sufficient flexibility for program administrators to meet cost-effectiveness and savings goals, provided the level of oversight is as described in The Council's response to Question 12.

14. The July 3, 2020 amended scoping ruling proposes the Commission issue a guidance decision addressing the NRDC motion in February or March of 2021. If the Commission issues a guidance decision in early 2021, what specific areas, inputs, portfolio direction should the Commission prioritize including in the guidance decision?

The Council believes that the Commission should prioritize improving cost-effectiveness. As discussed in The Council's response to Question 6, above, cost-effectiveness remains a significant impediment to the effective deployment of EE. It is critical that the Commission implement technical changes in the assessment of EE program cost-effectiveness to not only improve existing EE portfolios, but also to enable the full arsenal of EE efforts to be brought to bear to combat the current COVID-19 health and economic crisis. Such changes would also meaningfully address our state's decarbonization policies in order to tackle the worsening climate crisis.

The technical changes needed are complex and broad; an especially strong framework for short-term cost-effectiveness reform was laid out in a paper by Adam Scheer of Recurve, "Whitepaper: Evolving Cost-Effectiveness Policy and Tools to Enable Modern Energy

Efficiency and Demand-Side Management."[4] The key areas pinpointed in that paper to improve cost-effectiveness –including modification of EE cost-effectiveness policy to enable balanced decision-making, the need for updated documentation and tools, removing free-rider incentives from the Total Resource Cost ("TRC"), and addressing much-needed reforms to the potential and goals framework– represent an excellent deep-dive into the technical changes required.

In addition to much-needed cost-effectiveness reform, it is essential that the Commission prevent further market uncertainty by facilitating a rapid switch to the four-year filing cycle process proposed in the Working Group Report. The glaring issues of the Rolling Portfolio process are impeding third-party implementation, which is especially critical during the current COVID-19 health and economic crisis. The Commission should prioritize guidance that drives maximum program deployment to provide relief for California's beleaguered ratepayers.

15. The NRDC motion identifies information to be included in the program administrators' applications. Given the information provided in the applications, what should be the Commission's standard of review, or criteria, to determine reasonableness of the applications? Should the Commission provide a detailed review of each program proposed, or focus on portfolio-level metrics, or evaluate sector-level strategies? Or should this review focus on other information provided?

The Council believes the Commission should focus on portfolio-level metrics, particularly cost-effectiveness, to evaluate the effectiveness of a portfolio. Ministerial review of each individual program will not only represent an excessive and unsustainable workload for ED staff, but also impede the effective deployment and development of third-party implemented programs at a critical time. The Council further believes that a portfolio-based approach for assessing the cost-effectiveness of all the different savings streams is the most appropriate method. Portfolios are better indicators of the amount of potential that is available in the marketplace that can be harvested through various EE programs and initiatives. Taking a measure- or program-based approach does not lend well for the marketplace to come up with creative and innovative solutions.

[4] Adam Scheer, Recurve, "Whitepaper: Evolving Cost-Effectiveness Policy and Tools to Enable Modern Energy Efficiency and Demand-Side Management". October 2019. Available at: https://assets.website-files.com/5cb0a177570549b5f11b9550/5eaa029c44c117cdbd7359bf_432589085-Whitepaper-Cost-Effectiveness-AMS-Final.pdf

16. What additional information should be included in the applications to facilitate the Commission's reasonableness review? For instance, should the applications include portfolio and sector metrics, and implementation plans for every new or revised program proposed?

The Council does not have a response at this time, but reserves the right to respond to other parties in our Reply Comments.

17. For the purpose of approving budgets and assessing cost-effectiveness, what should be the distinction (if any) between program administrator and program implementor costs?

a. What is the rationale behind the Commission reviewing program administrator and program implementor costs separately, when historically program administrators have been ultimately responsible for developing contracts with program implementors and reporting cumulative program costs?

This question appears to misunderstand the recommendation in the Working Group Report. The Working Group Report recommends reporting for *program administration* and *program implementation*; it does not recommend separating costs.

The Council believes that program administrator costs are fundamentally different from program implementer costs; an implementer's total costs are developed through a competitive market-based bidding process, while administrator costs are not. The Council believes the original intent of the CAEECC proposal stemmed from PAO's interest in ensuring IOU administrative costs (or "overhead") were not excessive. As such, The Council believes there necessarily must be a distinction between the Commission's ministerial review of PA costs and review of any implementer costs that were developed through a competitive market-based bidding process.

b. If reviewed separate, should both program administrator and program implementer costs be capped at 10 percent cumulatively?

The Council believes that the Commission should not cap program implementer costs, as these are determined by a competitive market-based bidding process. Mandating overly prescriptive costs would undermine the goals of third-party program implementation and potentially destroy the market opportunities for many –if not all– implementation firms considering 3P bids.

18. **How would assessing cost-effectiveness over multiple years impact the Commission's current cost-effectiveness calculations? In your response, please consider elements like assigning an avoided cost vintage to each year, the yearly attribution of costs to savings, and whether the achievement of cost-effectiveness targets would be assessed using a weighted average or cumulative calculation.**

The Council has expressed its reservations about the Commission's current approach to cost-effectiveness in numerous forums. As delineated in The Council's responses to Questions 6 and 14, above, we believe the issue of assessing cost-effectiveness over multiple years is secondary to the broader problems plaguing the current assessment of cost-effectiveness that requires significant reform. This is the perfect opportunity for the Commission to modify its approach to cost-effectiveness assessment writ large. It is critical that the Commission deeply examine cost and benefit inputs to TRC. As stated in past Council comments (referenced in footnotes 1, 2, & 3 of these comments), cost-effectiveness assessments using current Standard Practice Manual techniques should only be carried out for resource-based programs (i.e. excluding market transformation, equity, and other non-resource programs such as marketing, education, & outreach and workforce, education, & training), and where cost-effectiveness thresholds can be compared on an appropriately equal and equitable footing to other clean energy resources through the Integrated Resource Planning process.

19. **The proposal references misalignment resulting from changing policies and technical values following goals adoption and challenges for program administrators preparing budget filings when critical input values are actively changing. Please provide specific, quantitative evidence of instances where misalignment or difficulties occurred due to changing technical inputs.**

The Council believes that the current custom review process suffers from a misalignment due to changing technical values. This is a glaring example of changing policies and technical values following goals adoption. Each custom project disposition establishes policy by outlining changes an administrator/implementer must make to a specific project, and often to all similar projects/measures. If an administrator has issued a contract to an implementer within a specific segment, the availability of a new disposition creates new or clarified existing policy, and alters which measures/projects can claim savings (or the level of savings that can be claimed). Many 3P programs build multi-year pipelines which forecast energy savings based on the established understanding of policy; any change to this as a result of altered technical values impedes the

3P's ability to effectively realize planned revenues and ultimately undermines their ability to deliver the program.

Another common source of changes is the annual DEER update (an issue described in and explored in greater depth in response to Question 21 below). For example, in 2018, E-4952 classified duct sealing as a Behavioral, Retrocommissioning, and Operational ("BRO") measure, which changed the Effective Useful Life ("EUL") from 18 years to 3 years, reducing lifecycle savings by a factor of 6 (minus 83%).[5] The proposed draft of E-5082 in 2020 reclassifies the measure as building weatherization, which increased the EUL from 3 years to 18 years for pre-2006 buildings.[6] Forecasted lifecycle savings –and therefore TRC– of any program installing these measures are directly affected by this change. Under certain circumstances, program activities are cancelled and implementer investments lost, as measures are no longer allowed or considered cost effective. This has an enormous material impact on 3Ps, including their workforces, as many 3Ps hire personnel for specific projects.

20. Is it reasonable to forgo utilization of annually updated avoided cost values to address energy efficiency portfolio process concerns described in the proposal? Why or why not?

a. Do the benefits of utilizing a single avoided cost vintage for two years outweigh the drawbacks of energy efficiency being out of step with other CPUC energy programs that utilize the Avoided Cost Calculator, such as building decarbonization (R.19-01-011), net energy metering (R.14-07-002), energy storage (R.15-04-011) and demand response (R.13-09-011)? What would be the impact of misalignment between energy efficiency and the integrated resource planning proceeding (R.16-02-007)?

b. Decision (D.) 19-05-019 states that minor changes include data and input updates in addition to changes to the modeling method that parties can reasonably agree are minor in scope or impact. Though described as minor changes, data updates can meaningfully impact avoided costs. Given this information, what metrics do parties use to define avoided cost updates as either material or immaterial?

The Council recommends that the Commission forgo annually updating avoided cost values. The value of program administrators and implementers being able to effectively plan programs and forecast savings is critical to the success of energy efficiency, particularly during

[5] Resolution E-4952, October 11, 2018.
[6] Resolution E-5082, August 27, 2020.

the current transition to a 3P model. 3Ps cannot be reasonably confident that they will have revenue streams in the future if ACC values are allowed to change at that level of frequency. In the case of certain values changing precipitously (e.g. a single measure's savings increase or decrease beyond an agreed-upon threshold), the Commission should have a mechanism to update the values for that specific measure or measures. This process, in addition to providing significant benefits to 3Ps in forecasting and planning, would significantly reduce the workload required annually by Energy Division staff to update technical inputs.

21. **The proposal recommends that updates to technical inputs, engineering (Database for Energy Efficiency Resources (DEER)) values and evaluation, measurement and verification (EM&V) be changed to every two years as opposed to annually.**

    a. **How often should technical inputs and DEER values be assessed to avoid utilizing stale, inaccurate, or out-of-date values?**

As during the CAEECC filing cycle working group process, The Council fully endorses the proposal to update various technical inputs (e.g. DEER, EM&V, etc.) at intervals consistent with timelines and milestones outlined in the Working Group Report, which are established no sooner than every two years. Requiring updates more frequently significantly impedes the ability of 3Ps to plan their resources, which is essential during the ramp to 60% third-party delivered programs, and particularly critical during the current COVID crisis. The Council urges the Commission to account for the impact on 3Ps of annual updates by striking a balance between updating in a timely manner and continuous uncertainty and difficulty that arises from annual updates. Because of the long number of links in the system (from new info to DEER updates, to comment, to approval, to implementation), one year has proven to foster uncertainty in the market, and therefore significant difficulty (and increased costs) to a regime of constant updates.

    b. **If DEER values were to be updated every other year, when should updates become effective?**

The Council recommends that new updates only apply to new programs to mitigate market uncertainty. At the very least, new DEER values should become effective twelve months after public notification of updated values. Currently, any DEER value change impacts program cost-effectiveness and forces PAs to make measure or eligibility changes, significantly impacting 3P program economics. This is particularly problematic when a project is already under development, and/or a 3P has purchased equipment with lead time based on an existing contract.

3Ps understand and appreciate the need to continually push understanding of measure savings forward, and they simply need sufficient time to make adjustments. As such, The Council also recommends that projects already identified or planned should be exempt from changes in order to facilitate effective program deployment.

c. Should DEER values be frozen for some or all of the portfolio cycle? Why or why not?

Yes, for the same reasons articulated in The Council's responses to the above Questions 21.a and 21.b.

d. Would moving EM&V results from annual to every other year have adverse effects to portfolio assessment and other processes such as DEER updates or energy savings performance incentive (ESPI) if maintained in its current form?

The Council does not believe shifting EM&V results to every other year would have adverse effects to portfolio assessment, in part for the reasons articulated in The Council's response to the above Questions 21.a and 21.b. EM&V results should be frozen at the contract and program level for 3Ps, which could be limited to take place within each four-year program cycle. Doing so would enable 3Ps to deploy a program based on current values and invest to meet program goals, but would require an update if the contract is renewed. Uncertainty stemming from annual updates as is currently implemented increases costs to 3Ps and limits the ability to invest for the full contract term. Further, changes to DEER values from EM&V results should only be applied prospectively to new programs to ensure value changes do not negatively impact programs already under contract and being deployed (as described in detail in The Council's response to Question 21.

22. D.15-10-028 adopted a "bus stop" schedule for various activities of the Rolling Portfolio. Thinking of when in the year these bus stops occur, do you think the existing schedule should change to accommodate the process changes proposed in the NRDC motion?

a. Please outline any necessary changes to accommodate any alternative proposals you made in your answers above.

The Council does not believe that the "bus stop" schedule has been successful, and believes that the process should follow the proposal in the Working Group Report.

IV. CONCLUSION

The Council appreciates the opportunity to offer our comments and suggestions on the NRDC Motion, and looks forward to continuing to collaborate with the Commission and other stakeholders to create an effective portfolio filing cycle process.

Dated: September 1, 2020

Respectfully submitted,

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