



COST-

EFFECTIVENESS

WORKING GROUP MEETING

4/19/21

Agenda

1. CPUC Potential & Goals [Proposed Decision](#)
2. Adding financing proceeding to this working group's remit

Meeting Notes

I. CPUC Potential & Goals Proposed Decision

- A. PD proposes returning portfolio cost-effectiveness threshold to 1.0
 1. Cost-effectiveness will no longer apply to non-resource programs (and they are not required to generate savings)
 2. Total System Benefit (TSB) will be metric for evaluating portfolio cost-effectiveness across all three pillars (resource, market support, equity) rather than TRC
 3. CPUC has had pushback on both cost-effectiveness test itself (i.e. shift to a different test), and inappropriate employment of the test (i.e. for non-resource programs)
- B. Highlights cost-effectiveness challenges, e.g.:
 1. "Due to the success of energy efficiency programs and advancing building codes/appliance standards, cost-effectiveness is becoming much more difficult to achieve, and the Commission must grapple with how to balance the competing demands for energy efficiency funds to achieve the multitude of goals we have for these programs"
 2. "While the Commission is continuously evaluating whether or not to modify its measures of cost-effectiveness, for example by piloting the use of a Societal Cost Test, it remains useful to have an ongoing metric by which to notice shifts in costs and benefits over time, using the traditional TRC measures."
- C. Discussion of cost-effectiveness can be found on pages 17 – 22 of the PD
- D. Potential comments:
 1. No changes to TRC to remove participant costs; confounds costs to ratepayers and costs to participants
 - a) CPUC inappropriately treats financing as a measure cost

- b) Appreciative of modification of TRC threshold, but still have challenge of statement of costs of TRC
2. Move to SCT retains participant cost problems; PAC preferable
3. Would like an opening to discussing BRO measure EULs (perhaps as part of workpaper/DEER discussion 5.2.5)
4. TSB
 - a) Net benefits metric from cost test, inclusive of what is already considered
 - b) Does TSB bias resource based programs?

II. Adding financing proceeding to this working group's remit

- A. Thumbs up from the group!

III. CEDMC Spring Symposium:

Session 1: May 6th – Cost-Effectiveness Reform: Best Practices & Methods

- With the advancement of distributed energy resources (DERs) and the urgent need for integrating all DERs to ensure optimal performance, efforts are underway here in California (through the IDER proceeding and other venues) as well as at the national level (through efforts including the National Standard Practice Manual (NSPM) initiative) to create a common framework for cost-effectiveness of DERs, including various reforms to long-standing cost-effectiveness methods that are outdated and in need of reform. This session takes a deep dive into CE reform efforts at the state and national levels and explores developments in the CE reform movement.
- **Speakers:** Chris Neme (Energy Futures Group), Mohit Chhabra (NRDC), and Joy Morgenstern (CPUC)
- **Moderator:** Mike Rufo (Verdant)

Next Meeting

Our next Working Group meeting will be on **Monday, May 17th at 2 pm**. This meeting will recur on a monthly basis on the third Monday of each month at 2 – 3 pm. An invite from Admin@cedmc.org has gone out to all folks on the Working Group.