



COST-EFFECTIVENESS WORKING GROUP MEETING 7/19/21

Agenda

- 1. Update on CEDMC staff cost-effectiveness discussion with Energy Division staff**
- 2. Develop positioning for forthcoming CPUC cost-effectiveness proceeding**

Meeting Notes

- 1. Update on CEDMC staff cost-effectiveness discussion with Energy Division staff**
 - Discussion with Coby Rudolph of Energy Division today (7/19) immediately prior to working group meeting
 - Lower 2021 avoided costs will not be applied until post-2023 EE portfolios
 - Final 2022 – 2023 ABAL will employ 2020 avoided costs
 - Next potential & goals study will use updated 2022 avoided costs, with 2024 and beyond will be set based on most current available ACC
 - In the meantime, adjustment/modification of test inputs and/or test itself remain a possibility
 - However, feeling that advocacy around changing cost-effectiveness test needs a broader base of support beyond the “usual suspects”
 - Lack of urgency in re-litigating cost-effectiveness after having “disposed of” this issue before
 - CEDMC staff brought up issue of “passing the buck” between ED staff and Commissioners
 - Segmentation and TSB in a “testing phase” during “final” Business Plan period
 - May provide an opportunity to opine on cost-effectiveness as well as segmentation and TSB
 - PAC vs. Societal test
 - Initial discussion in this working group was to implement PAC as phase 1 of cost-effectiveness reform, with phase 2 a transition to Societal test
 - “Societal PAC” may be worth considering as The Council’s advocacy position
 - Environmental benefits of societal PAC consistent with TSB approach, and will also improve ACC values

- iv. PAC relies on less inputs than TSB
 - h. Questions around how 2020 Avoided Costs will be applied to savings and cost-effectiveness through end of 2023
 - i. Dependent on contracts
 - i. Employ non-energy benefits in Potential & Goals
 - i. Need to back up claims with data, backed by a coalition
 - j. Net-to-gross another drag on cost-effectiveness
 - i. DNV GL updating workpapers via eTRM
 - ii. CEDMC has pushed back on presumption of NTG before a custom project has even launched
 - k. How have distribution and transmission avoided costs changed for solar/energy storage?
 - i. Avoided energy costs of solar/energy storage way down, but other values (e.g. capacity value) may not be accurately captured
 - l. Commission's response may be a question of jurisdiction
 - i. CPUC has domain over EE, DR, DER resources
 - ii. Could assert jurisdiction over environmental costs/benefits
 - iii. Council staff could (should?) support CPUC taking authority over environmental inputs
 - iv. Avoided costs of pollutants (e.g. NOx, SOx)
- 2. Develop positioning for forthcoming CPUC cost-effectiveness proceeding**
- a. Some members feel the PAC remains the most viable option for advancing cost-effectiveness reform
 - i. However, others feel PAC has been around a long time and has not been successfully adopted
 - b. Societal Cost Test seems to be gaining momentum and adding environmental costs/benefits could represent a politically viable change
 - c. May be worth acknowledging that even TRC may make sense in some arenas (e.g. code advocacy)
 - d. May be able to split the difference and advocate for both by focusing on costs and benefits rather than one test vs. another
 - e. Significantly different challenges in modern grid than when TRC was introduced
 - f. CEC may be willing to play a greater role than in the past, and may bolster our advocacy efforts
 - g. Discussions ongoing...

Next Meeting

Our next Working Group meeting will be on **Monday, August 16th 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.