

## **Business Plan Terms (for discussion)**

*In advance of detailed discussion of Draft Business Plans, there is value in promoting a common use of terms to minimize confusion in the review of Business Plans and support Commission expectations for consistency among PA Business Plans. The terms and definitions below, which are drawn almost entirely from non-consensus, PA or PA consultant documents circulated in 2016, are presented as "strawman definitions" for discussion at the October 19<sup>th</sup> meeting. If deemed helpful by CAEECC members, these definitions may be revised based on feedback received from stakeholders. The current order for the terms is a logical presentation, rather than an alphabetical order.*

**Goals:** Overarching goals for the portfolio or sector. These are generally defined as energy savings goals but also include market transformation goals for the cross-cutting sectors. Goals are broad, brief statements of the intent that provide focus or vision for the plan.

**CEESP Strategies:** The term "Strategies" was officially used in the California Energy Efficiency Strategic Plan (CEESP). Within each chapter in the CEESP, there are three to six key strategies described by the CPUC. These are accepted as guidance towards the Program Administrators (PAs) (and other market actors). Examples of CEESP Strategies for the Residential Sector include:

- Customer Demand
- Financing (and other incentives)
- Comprehensive Solutions
- Building Innovation
- Statewide Solutions
- Codes and Standards

[Not clear we should keep this term/definition]

**Intervention Strategies or Program Interventions:** Also referred to as "sector-specific strategies." Within the Business Plans, the term Interventions refers to the categories of tactics (See also Tactics) used within a sector or program (both will use multiple interventions).

Interventions are more flexible than CEESP Strategies and can adapt to specific market conditions. Examples of specific Interventions are shown in Appendix A.

**Sector-Specific Strategies:** See Intervention Strategies, above.

**Market Channel --** The point of entrance in the marketplace by a program. (downstream, midstream, upstream)

**Market Effect --** A change in a market structure and/or market participant behavior that represents an increase in the adoption of EE products, services, or practices created by market interventions (i.e., program or government).

**Tactics:** An action embodied within a program to carry out an intervention strategy. For example, social marketing may be a specific tactic for an engagement intervention.

**Program** -- A set of tactics offered to the customer as part of a program intervention. *[may need more specification work.]*

**Subprogram** – *[to be defined as we resolve the definition of “Program” above.]*

**Program Approach** – This is the combination of intervention strategies and tactics deployed within a Program.

**Strategic Initiatives:** Within the Business Plan, this term will be used more generally, consistent with standard use of the term. This will not be used to point to one specific level. The CPUC or the program administrators may have strategic initiatives at several different levels.

**Sector:** There are six defined sectors within the CPUC directive, each with their own business plan. These include Residential, Commercial, Public, Industrial, Agricultural and Cross-Cutting. The Cross-cutting sector includes three specific areas; Workforce, Education & Training, Emerging Technologies Program, and utility-specific ME&O.

**Segment:** Segments may be defined within some sectors. This may include, for example, business type or size segments. For the Public Sector, the segments have been defined as the Government segment (federal, state, local, and regional governments) and the Education segment (Higher Education and K-12 schools).

**Sector Metrics:** The specific Indicator used to measure progress towards achieving desired market effect(s). Directionality, goals, and time frame, which the metric is used to measure, are defined by the Success Criteria associated with that metric (See Success Criteria). The metrics will cover the intervention strategies, be unambiguous and be appropriate measures of the sector. For the purpose of developing EE business plans, sector metrics only reflect the PA program intervention strategies, and rely on readily available data to allow for active monitoring by PA of progress towards achieving desired market effect.

**Sector Targets:** The quantitative goal towards which a sector metric tracks progress. Sector metrics and targets can be used with both sector-level outputs and sector-level outcomes, whichever is more useful to the PA. *[Is this identical too, overlapping or distinct from Sector Goals?]*

**Program Intervention Metrics:** The specific indicator used to measure progress towards achieving desired Program Intervention impacts. Program Intervention Metrics will be measured at the program level and are not included in the business plan. The metric is not the goal or target, but instead defines what characteristics or unit of activities of the Program are measured against Success Criteria (i.e., goals or targets).

**Benchmarks:** Per the May 2, 2016 guidance, “Benchmarking is a logical component of a Business Plan; it allows measurement against industry standards and practices.” These are used as a comparison to actual program performance. (See also Program Targets)

**Program Targets:** The quantitative goal towards which a program level metric tracks progress. Program metrics and targets can be used with both program-level outputs and program-level outcomes, whichever is more useful to the PA. These will most likely include either high, medium and low targets or short and long-term targets.

**Indicators:** These are items that are monitored to help understand performance and achievement of metrics. Program Administrators are not judged on Indicators, but are expected to report any requested Indicators to help understand the full story behind the metrics.

**Short-term** 1-3 years

**Mid-term** 4-7 years

**Long-term** 8-10+ years

[not clear there is clear consensus on these time periods]

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## Appendix A: Intervention Strategies Descriptions (from PA Metrics Tables 8-30-16)

Program Intervention Strategies Descriptions	
Partnering	<p>Will create limited-partnerships, deployed on an as needed basis that is intended to:</p> <ul style="list-style-type: none"> <li>• increase the number of customers adopting energy efficiency;</li> <li>• promote deeper, comprehensive energy efficiency;</li> <li>• simplify customer engagement; and</li> <li>• reduce program costs through a cost-sharing partner model based on equitably sharing of customer incentives and administrative costs among partners</li> </ul>
Utility Partnering	Facilitate the co-delivery of key program intervention strategies among gas and electric investor-owned utilities, publicly-owned utilities, program administrators, and water agencies.
Industry Partnering	Partnering will also be deployed, on an as needed-basis, among industry associations to promote EE solutions to a represented customer group.
Strategy: Intelligent Outreach	To assist customers in identifying the greatest EE opportunities, improve cost efficiency in program delivery, segment-specific benchmarking and provide deeper, comprehensive energy savings solutions.
Data analytics	Leverage AMI data to quickly and efficiently target facilities with the highest EE potential for customer. This will assist in encouraging the uninterested commercial customer with the opportunity for immediate and direct financial benefits by incorporating energy efficiency into their operations. Benchmarking by segment and size will be a key element to this strategy.
Virtual energy audits	As a result of data analytics, energy audits will recommend both optimization and O&M measures to decision-makers and facilities staff. O&M and optimization EE opportunities will be presented to facility staff to implement for immediate and persistent energy savings along with necessary training and education to permanently change the customer's behavior. Consumer-friendly, on-going communication to inform the customer on their progress in maintaining and/or increasing EE levels within their facilities.
Facility energy audits	Offers onsite comprehensive assessments to identify EE opportunities and traditional data driven interactive tools designed to engage and motivate customers to reduce their energy consumption through customized program recommendations.
Energy management technology	Leverages emerging energy management technologies to assist customers in actively managing their energy remotely. This will include merging AMI technology with advanced energy efficiency and management technologies to permanently modify residential customer behavior which will result in reliable energy efficiency savings. These technologies will also focus on appliances that can assist the customer to manage their energy including proper maintenance of appliances (e.g., HVAC self-diagnostic technology) to achieve optimal efficiency. Where practicable, the strategy will also partner with electric and water agencies with AMI technologies to provide a simple, one-touch efficiency experience.
Strategy: Small Business Outreach	Targets small and medium-sized customers by applying data analytics, including a focus on rural and non-English speaking business owners, to help the customer understand how specific energy efficiency equipment retrofits (e.g., boilers), O&M, and optimization EE changes, based on their own unique energy usage profile, can improve their business operations. The smaller commercial customers tend to either use natural gas as part of their business (e.g., food service) and those who don't (small consumer). The small commercial outreach strategy, in concert with the data analytics strategy, will group these customers accordingly and approach them differently. The larger consuming small business customers will be approached with similar program strategies as the larger commercial customer along with a more comprehensive direct install offering. The small consuming commercial customer typically uses natural gas similar to a residential customer (e.g., water and space heating). As such, the appropriate residential program strategies will be directed at these lower energy consuming customers.

<b>Strategic Energy Management (SEM):</b>	SEM is a proven program intervention strategy in achieving deeper and permanent energy efficiency levels in the commercial sector through improved customer operations and maintenance practices and EE equipment installations. SEM provides long-term consulting services for educating and training participating businesses' staff to do the following: (1) develop and implement a long-term energy planning strategy; and (2) permanently integrate energy management into their business planning at all organizational levels, from the shop floor to corporate management.
<b>Pay-for-performance incentives based on measure energy savings.</b>	SEM design requires a multi-year customer engagement in order to permanently reshape customer operational behaviors. Continuous monitoring of energy usage confirms the energy savings realized by the SEM program strategy. By offering a multi-year pay-for-performance incentives based on realized energy savings will balance the customer need for greater operational efficiency and ensure ratepayer benefit.
<b>Modified savings analysis.</b>	SEM will utilize a "bottom up" approach of enumerating measures to demonstrate the impact of SEM on the customer operations. This is a cost efficient method of validating the integration and impact of SEM on other EE programs and can satisfy the objective of attributing energy savings to the practice of continuous energy improvement. More frequent collection of energy and operating data (e.g., statistical power analysis) does not always improve baseline correlations in support of the whole building approach.
<b>Reliance on AMI data and customer production data at the appropriate frequencies.</b>	When estimating energy savings with regression, the probability of detecting savings increases with higher data frequency. Savings are more likely to be detected with daily or weekly data than monthly data. Also, the confidence intervals are likely to be smaller with daily or weekly data than monthly data. With the growing availability of AMI data, SEM will look to leverage AMI data along with necessary customer production data (simple, limited data requirements through centralized website). The statistical power analysis will provide guidance as to what data interval is most appropriate for a site.
<b>Recognize the impact of recent EE equipment installations</b>	When SEM models the O&M measure savings, the program will account for recent EE equipment installations made by the customer and adjust the energy savings projections accordingly. This approach will be effective in adjusting energy savings when both the EE equipment and the O&M changes occur during the same period.
<b>Recognize customer production events.</b>	SEM will be offered to customer after the completion of any renovations or major changes to plant operations, when appropriate.
<b>Leverage customer engagement to</b>	SEM's multi-year engagement allows an opportunity to promote other EE offerings and other DSM offerings (demand response) as well as clean renewable opportunities.
<b>Meter large capital projects.</b>	When the customer implements both capital and O&M measures during the same time period, the program may employ metering of the capital project(s) to identify capital EE savings separately from O&M EE savings.
<b>Re-estimate first year energy savings for sites</b>	With data for additional periods (months, weeks, days, etc.) in the second year, it may be possible to detect savings in the first year. SEM will re-estimating the first-year savings for sites with small first year energy savings.
<b>Cohort approach for small and medium-</b>	Commercial buildings that use a property owner cohort model to encourage engagement, awareness, value, and implementation of improvements to buildings including capital, operational, and behavior. Cohorts will be designated

Customer Incentives	Facilitates customer choice by offering a simplified suite of financial incentives strategies to customers (and/or their ESCO) to reduce the high first cost barrier, the key market barrier for most customers. Although incentive-based strategies like pay-for-performance appeal to larger EE projects, in many circumstances, the deemed and customized incentive one payment strategies are very effective in motivating the customer to install EE equipment. The following strategies will be offered in combination with other program strategies to encourage deeper, more comprehensive energy efficiency solutions and permanent EE behavior modification.
Pay-for-performance	strategy targets more comprehensive EE projects including new construction. Customers will be encouraged to work with energy service providers (ESCOs), if needed, to participate in a pay-for-performance (PFP) strategy. The PFP strategy will provide for incentive payments to the participating customer over a pre-determined time period on preset payment intervals based on measured savings, using normalized meter data, with a baseline of existing conditions associated with O&M and behavioral actions and equipment retrofits.
Customized incentives	strategy offers financial incentives for customized retrofit EE projects. The program offering features incentives based on calculated energy savings for measures installed as recommended by comprehensive technical and design assistance for customized retrofits and new construction. It offers a calculation method that can consider system and resource interactions, to support an integrated, whole system, and multi-resource management strategies.
Deemed incentive	strategy offers financial incentives based on predetermined (aka, deemed) energy savings. It also features rebates per unit measure for installed energy-saving projects and provides the IOU, equipment vendors, and customers a simple transaction and encourages greater market adoption of emerging EE technologies and applications.
Bundled measure	strategy provides an integrated approach bundling various measures together to provide an all-inclusive solution to the customer based on customer profile (segment, size, energy usage) primarily for small/medium-sized customers. The bundled strategy will integrate education, financing, and technical assistance in support of the installation of EE measures.
Whole building	strategy is the process that views the building as a system, rather than collection of components, in which each system interacts with each other systems such as HVAC, the building envelope, and lighting. This strategy is also directed at the new construction segment by promoting integrated design through owner incentives, design team incentives, and design assistance to participants who design spaces that are energy efficient.
Direct Install	Offers a direct install (DI) strategy targeted primarily at small/medium-sized customers that will deliver natural gas energy efficiency solutions, with electric and water efficiency, where feasible, to achieve near-term measureable results. A comprehensive direct install (CDI) will extend beyond the standard commercial DI offering that provides a limited EE measure list. CDI is a more comprehensive DI strategy that relies on ratepayer funds, in part, and customer co-fund contributions and/or customer financing.
Standard Direct install	Targets small/medium-sized commercial customers by leveraging the intelligent outreach strategy that identifies facilities with the greatest EE opportunity. The standard direct install offering will provide low/no cost EE measures. DI will install gas EE measures along with other similar electric and water efficiency measures, where practicable.
Comprehensive DI	Encourages deeper energy savings by offering more comprehensive EE measures that are typically used by customer segment. CDI will offer qualified contractors that will engage directly with the customers to install measures. A co-pay option will be offered to the customer along with tailored on-bill repayment strategy to offset the initial cost of the EE equipment.
Midstream EE Equipment	offers midstream, deemed incentives that will be used to deliver common natural gas equipment (e.g., tankless water heating). This offering will be coupled with a comprehensive, co-pay direct install strategy that can effectively deliver on-demand installation by trained and qualified contractors.
Commercial Financing	rely upon various financing vehicles including on/off bill repayment solutions to encourage commercial customers to adopt deeper, more comprehensive energy efficiency solutions. For smaller customers, financing solutions will be encouraged to offset customer's financial contribution (e.g., co-pay) for an EE retrofit, such as comprehensive direct install, to overcome customer financial barriers.
Innovative Design	Will solicit for large (\$2+ million) program designs to reach deeper levels of energy efficiency in various segments within the sector programs including the commercial sector. The solicitations will be continuously offered through the Innovative Design for Energy Efficiency Application (IDEA365) solicitation in search of ways to capture EE savings in various segments within and among the commercial sector.
Emerging Technology Introduction	Actively introduce EE technology solutions that will be applicable to the customer sector and achieve customer adoption including a focus on technologies that can be used by small/medium customers.
Scaled Field Placement	Deliver scaled field placement of new and/or renewed EE technologies to demonstrate viability and applicability to targeted customer segment(s) for larger promotion to all applicable customers.
Demonstration Field Placement	Conduct selective demonstration field placement of new and/or renewed EE technologies to demonstrate viability and applicability to targeted customer segment(s) for larger promotion to all applicable customers.