

ATTACHMENT A

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The guidance, as described in this Attachment, may be periodically amended or updated by Commission Staff. Staff shall keep the most updated version of this attachment available on the Commission's web site and at:

<https://caeec.org>.

Application Guidance – Part I: Strategic Business Plan

The following lists the content for the strategic business plan, which serves as the strategic plan for the Program Administrator's energy efficiency efforts over an eight-year period. Together, the business plans across all utilities, regional energy networks (RENs), and community choice aggregators (CCAs), are complementary and reach state Legislative and Commission mandates. They should also align with relevant action plans beyond the energy efficiency proceeding related to providing clean, safe, reliable, affordable energy to all customers. This includes, for example, the Environmental and Social Justice Action Plan, greenhouse gas reduction, reliability, and integrated resources planning.

Introduction:

- High level portfolio summary of 8-year business plan, identifying major changes to strategies from prior strategic business plan
- 8-year budget total (i.e., total requested 8-year budget cap)

Portfolio Overview:

- Desired outcomes of portfolio, in narrative form, and description of broad principles that drive the proposed business plan strategies.
- Description of types, substantive differences, and relative impact of climates within service territories, or other service territory unique aspects, that could make achieving energy efficiency goals easier or harder
- Demonstrated alignment of business plan strategies and outcomes with Legislative requirements
- Demonstrated alignment of business plan strategies and outcomes with CPUC requirements
- Summary of Portfolio strategies¹, including, but not limited to:
 - Strategy for application/use of various and new methods for savings forecasting and quantification methods (e.g., normalized metered energy consumption including requirements in Public Utilities Code section 25310(c)(5)) and payment for achievement of performance metrics
 - Strategy for incorporating low global warming potential (low-GWP) refrigerants in the portfolio
 - New strategies for spurring innovation: e.g., cultivating new, diverse businesses and relationships with traditional actors in other markets to

¹ These portfolio strategies will be described in more detail within the 4-Year Portfolio Application Section.

- support energy efficiency design/implementation; supporting the adoption of new and evolving energy saving and greenhouse gas reducing technologies through workpaper development, industry partnerships, consistent EE delivery instruments, and other means
 - Strategies for designing scope and schedule of solicitations
 - Strategies driving distribution of budget among sectors and segments
 - Strategies for market intervention and energy efficiency adoption: e.g., targeted points of intervention; delivery channels/platforms/methods
- Annual projected portfolio budgets adding up to the 8-year authorized budget cap
- Projected percentage of portfolio that is third-party-solicited

Strategic Business Plan Chapters:

- Chapter for each of the following sectors (if applicable): agricultural, commercial, cross-cutting, industrial, public, and residential, detailing:
 - Sector-specific strategies, goals, and outcomes, and their alignment with broader portfolio objectives (i.e. how these sector-specific items support achievement of portfolio objectives)
 - Preliminary distribution of budget by sector and segment over the 8 year period, and rationale for the distribution.
- Chapter for each of the following segments of the portfolio (if applicable): resource acquisition, market support, and equity, detailing:
 - Segment-specific strategies, goals, and outcomes, and their alignment with broader portfolio objectives (i.e. how these segment-specific items support achievement of portfolio objectives)
 - Preliminary distribution of budget among segments for the 8-year authorized budget cap, and rationale for the distribution
- Coordination:
 - Description, for both statewide and regional programs, of how strategies have been coordinated with the other program administrators, including designation of the lead for statewide programs and level of coordination for both statewide and regional programs.
 - Description of how the program administrators coordinate their energy efficiency efforts with other demand-side programs (such as marketing, joint rebates for energy efficiency/demand response, Income-qualified Energy Savings Assistance programs, etc.). This should include coordination plans with building decarbonization programs, as well as plans to coordinate with Market Transformation, particularly in the area of codes and standards.
 - Responsibility of program administrator in relation to third party designers/implementers
- Discussion of business plan proposed outcomes as they tie to portfolio-, sector-, and segment-level metrics in 4-year portfolio application that are critical for tracking and quantifying progress of 4-year portfolio and

budget that will lead to achieving 8-year business plan strategic plan outcomes.

Application Guidance – Part II: Four-Year Portfolio Application

Portfolio Overview:

- Annual budget request over four years.
- Description of sectors program administrator proposes to serve (noting expansion into new sectors or withdrawal from sector)
- Distribution of effort (budget) across segments
- A narrative on portfolio goals and portfolio- and sector-level performance metrics to be achieved in 4 years
- Projected percentage of portfolio that is third-party-solicited

Application of strategies in 4-year budget request

- Categorization of programs and/or sectors into the following segments: resource acquisition, market support, and equity
- Proposed changes in the designated lead PA for the statewide administration of programs
- Third-party solicitation schedule over 4-years, as applicable
- Portfolio strategies, including, but not limited to:
 - Strategy for application/use of various and new methods for savings forecasting and quantification methods (e.g., normalized metered energy consumption including requirements in Public Utilities Code section 25310(c)(5)) and payment for achievement of performance metrics
 - Strategy for incorporating low global warming potential (low-GWP) refrigerants in the portfolio
 - New strategies for spurring innovation: e.g., cultivating new, diverse businesses and relationships with traditional actors in other markets to support energy efficiency design/implementation; supporting the adoption of new and evolving energy saving and greenhouse gas reducing technologies through workpaper development, industry partnerships, consistent EE delivery instruments, and other means
 - Strategies for designing scope and schedule of solicitations
 - Strategies driving distribution of budget among sectors and segments
 - Strategies for market intervention and energy efficiency adoption: e.g., targeted points of intervention; delivery channels/platforms/ methods

Reasonableness of Budget; Forecasted Cost-Effectiveness, Goals, and Metrics achievement:

- Demonstration of reasonableness of request via zero-based budgeting for portfolio: i.e., budget breakdown by expenditure category (incentive, direct implementation non-incentive costs, administrative costs, marketing, evaluation,

etc.) and the value delivered (forecasted performance metrics² and quantitative contribution toward portfolio, segment, and sector goals/outcomes) for expenditure.

- Description of and rationale for each program, justifying the program's inclusion in the portfolio relative to portfolio, sector, and segment objectives and the program's requested budget
- Snapshot of current portfolio for context/comparison, and description of and rationale for significant changes from current portfolio (i.e. previous 4-year filing, or for initial filing, most recent ABAL), including program closures, categorization changes, significant budget shifts, other items as applicable
- For all segments: Projected sector-level and portfolio-level cost effectiveness (Total Resource Cost and Program Administrator Cost)
 - For resource acquisition segment:
 - Forecasted program-, sector-, and portfolio-level cost-effectiveness over 4-year period
- For all segments: forecasted annual program-, sector-, and portfolio-level Total System Benefit (TSB), kilowatt-hours, kilowatts, and therms.
 - Include comparison of projected TSB to adopted TSB goals
- For all segments: Projected annual portfolio- and sector-level metrics
 - For market support and equity segments: projected annual segment and program-level performance metrics per recommendations of the California Energy Efficiency Coordinating Committee metrics working group reports
- Program administrator's planned procedures and thresholds for course correction if off-track from meeting 4-year cost-effectiveness requirements, goals, and/or metrics
- Application summary tables, with forecasted annual budgets and savings by sector and segment, covering the 4-year budget request.

Portfolio Management

- Program administrator's planned procedures and thresholds for course correction if off-track from meeting 4-year cost-effectiveness requirements, goals, and/or metrics
- Cost recovery, including details of PA's approach to classification of which unspent funds are designated "committed" and thus not applied to reduce recovery in future years

² Leverage past D.18-05-041 metrics to deliver common metrics and methodologies across program administrators, where possible, as discussed among California Energy Efficiency Coordinating Committee working groups. Note, per D.21-05-041, pgs 10 and 66, existing metrics approved in D.18-05-041 are still required until the Commission undertakes a review process for future metrics in this or future EE proceedings.

- PAs approach to use of goals and metrics for portfolio optimization, including any internal set threshold triggering corrective action taken
- Approach to risk management, such as planning for the unpredictable events. Include here any lessons learned from COVID that informed PAs management approach.
- Portfolio aspects that PA deems flexibility must be retained to allow PA to meet goals and outcomes
- Third party solicitation
 - Scope and schedule of solicitations that aligns with projected percentage of portfolio PA targets for third party programs,³ including rationale and timetable
 - Address stakeholder, independent evaluator, and procurement review group input on current solicitation practices through describing any proposed changes in procurement practices. Consider establishment of standardized contract vehicles to increase certainty for external market actors to engage with programs.
 - Approach for outreach to and participation of a diversity of businesses in solicitations, especially new, small, and/or DBE; and those organizations and businesses in markets that have not historically engaged with EE programs
 - Discuss how third party solicitation approach for procuring EE aligns with PA's overall DBE target
 - Assessment and mitigation of risk from portfolio diversity, or lack thereof, in different companies contracted, size of company, type of company (new, existing; DBE), contract budget amount
 - Approach to distribution of risk between program administrators and third party contractees, including discussion of any difference in risk distribution based on entity type to account for desire to assure value to ratepayer and expanding EE market to include a diversity of contracts, including new, small, DBE, and innovation
 - Approach to continued stakeholder engagement on solicitation process
- Coordination and Stakeholder input:
 - For program administrators with overlapping service territory, submit information similar to what is submitted in joint cooperation memos (see D. 18-05-041)
 - Description of how the 4-year portfolio and budget considers and coordinates with other energy programs to mitigate duplication of efforts/unnecessary spending, or customer confusion or a customer participating in a suboptimal program for their needs
 - Discussion of how the portfolio design and budget incorporates the Commission's Environmental and Social Justice Action Plan objectives,

³ Third party program is as defined per D 16-08-019, OP10. Non-IOU PAs may still solicit third party programs and should include content here in this case.

State greenhouse gas reduction goals and other relevant mandates, as well as guidance related to providing clean, safe, reliable, and affordable energy to all customers and data collected to track customers being reached

- Summary of feedback received through stakeholder engagement process in developing application, with items rejected/accepted, and why.

(END OF ATTACHMENT A)