# Resolution E-5115 Medium Rigor Tier Program Influence Operationalization

# Preface

CPUC staff in collaboration with the Custom Projects Review Stakeholders Combined Subgroup developed this document to provide operational guidance on CPUC Resolution E-5115. Resolution E-5115 adopts guidance for the documentation required when implementing the preponderance of evidence process adopted in Resolutions E-4818 and E-4939 for custom “accelerated-replacement” energy efficiency (EE) projects. This guidance also applies to preponderance of evidence requirements for program influence for other measure application types. The Combined Subgroup included volunteers from the program implementation community, the program administrators (utility and non-utility) staff, and CPUC staff and CPUC staff consultants.

For those in the program implementation community, kindly provide any questions and feedback on this draft document to your program administrator. For program administrators, please collect any questions and feedback from your internal custom projects technical review team and your program implementers and provide the feedback to CPUC staff.

# Introduction

Resolution E-5115 directs the project developer to collect information from the customer and provide written documentation with supporting material to demonstrate existing equipment viability and program influence. This directed supporting documentation is expected to be collected as the project is being developed. The CPUC provided preponderance of evidence guidance on the **minimum information** requirements for project developers to document support of program influence for an accelerated replacement and any measure application type for the customer incentive level thresholds.

E-5115 states that “the evidence of program influence in general must demonstrate that an energy efficiency program more likely than not caused a customer to implement a more costly, more efficient equipment or process than they would have otherwise in absence of the program intervention. Program influence may be in the form of technical assistance and/or financial support. The information may be, for example, providing suggestions of alternative designs or products not already under consideration, or analysis of alternatives to demonstrate how the customer requirements can be met or exceeded by selecting an alternative. Qualified financial influence occurs when the availability of incentive support to the customer directly becomes the deciding factor in the selection of a more efficient alternative solution to the one or ones that would otherwise be selected.”

E-5115 further states that “convincing program influence is typically exhibited by the project developer’s actual actions and their impacts on a specific customer’s selection decision on the technology or process option(s) considered prior to or during the customer’s decision-making process. The preponderance of evidence determination should be conducted and documentation collected early in the project development phase when eligibility and measure type are being assessed. If a project fails the program influence preponderance of evidence assessment for accelerated replacement, it may still be eligible as a normal replacement project as long as it conforms with CPUC policy, CPUC staff guidance, and program administrator’s program rules. A project developer must not suggest to a customer to submit a ratepayer-funded energy efficiency incentive application when a customer has already chosen to purchase or install the energy efficiency measures or process absent the program intervention. To prevent free-ridership, implementers should not claim influence if their engagement for the specific project does not occur before or during customer’s decision-making process, or results in no additional efficiency improvement over what the customer was/is planning to do anyway to meet today’s needs.”

“The proposed technology or process option(s) must all meet the functional, technical, and economic needs of the customer. Effective influence is typically demonstrated through legitimate difference made by the project developer in encouraging the customer to do more than what the customer would have done as the current practice or had already planned to do. Actions such as technical assistance or financial assistance must happen before or during (not after) the customer’s decision-making process of selecting an energy efficient technology or process option. Therefore, documentation must be collected at the program intervention stage to demonstrate what the customer was planning to do prior to when the energy efficiency program intervened in the specific custom project. The documentation needs to demonstrate how the program interventions convinced the customer to accelerate the replacement of the existing equipment or process.”

The discussion narratives for program influence must be a complete presentation of factors and facts which support as well as contradict (i.e., pros and cons) the premise of program influence. The narrative should discuss the relative importance or weight of these factors and facts and provide a reasonable conclusion on influence based on the preponderance of the evidence. In the assessment of the preponderance of the presented evidence not all evidence necessarily has equal weight. Evidence supporting the program influence narrative has high weight when it clearly demonstrates the customer perspective on how the program influenced their decisions throughout the project development and implementation process. This type of evidence comes from the statements and/or documentation originating from (as confirmed by) the customer (on influence). High weight evidence is collected as project development events occur. The statements in the narrative presented as facts can only be given high weight if they are supported by evidence that is referenced in the narrative and included in the submission. References to evidence must list the specific supporting document(s), location of the document(s) in the submittal package, and location of the information within the document (including location such as page, tab, cell, picture, table, etc.).

# Medium Rigor Tier

## Resolution E-5115 directs that “for the Medium Rigor tier, we direct the project developer to collect information from the customer and provide a written response to demonstrate program influence. In addition to information required for the Very Low and Low Rigor tiers, information for Medium Rigor tier projects should demonstrate, for example, the customer’s options and barriers in choosing between less and more energy efficient equipment or processes.”

## E-5115 Questions

The following questions/information requests are those that Resolution E-5115 requires as the minimum responses from project developers for program influence. Documentation included in the project submittal package should include key factors used in the determination of program influence. CPUC policy requires program influence meet the “preponderance of evidence” or “more likely than not” standard for Accelerated Replacement (AR) measure application type (MAT) eligibility. The program influence eligibility requirement is also applied generally for custom projects and can be applied to deemed measures as provided in the approved deemed measure package documentation. As noted above, the responses to these questions/information requests are to be in a narrative format and citing supporting evidence. Below, each of the Medium Rigor Tier questions from Resolution E-5115 are replicated relating to program influence.

Medium Rigor

“For the Medium Rigor tier, we direct the project developer to collect information from the customer and provide a written response to demonstrate program influence. In addition to information required for the Very Low and Low Rigor tiers, information for Medium Rigor tier projects should demonstrate, for example, the customer’s options and barriers in choosing between less and more energy efficient equipment or processes:

1. Describe this project’s development, including the customer’s motivating factors for the project development and all factors that the customer considered as it planned, designed, and selected the project to replace the existing equipment.

2. Describe the project developer’s services provided to the customer and timing of developer’s engagement compared to customer’s decision-making process.

3. Describe the decision-making process for determining and selecting a specific energy efficiency measure option(s)? What are the customer’s criteria in decision-making?

4. Describe the customer’s scheduled maintenance or equipment upgrade practices, if applicable.

5. What are the customer’s barriers (if any) to adopting the proposed new energy efficiency measure? What are its resource constraints (if any)?

6. What are the regulations (e.g., code, standards) applicable, if any, to the existing equipment or process and the relevant energy efficiency measure?”

## Program Influence Narrative and Supporting Evidence

The program influence narrative parses out both the key attributes of the project development that have caused the customer to alter what they would have selected to do absent the involvement of the project developer, along with factors considered in the customer’s decision not related to the project developer’s involvement. The narrative should explain the rationale for the conclusion of meeting the “more likely than not” program influence. The explanation of the conclusion must include a discussion of the relative weights of evidence supporting as well as contradicting the conclusion.

Before proceeding with the program influence narrative, the project documentation should be compared to a list of “showstopper” items, as shown below:

* Noncompliance with customer, program or measure eligibility.
* Accelerated Replacement (AR): POE influence not documented.
* Normal Replacement (NR): Only one option available for retrofit, expansion, or new construction that meets applicable codes and regulations.
* Project efficiency does not exceed customer’s internal design criteria.
* Submitted design documents pre-date any interactions with program staff.
* The customer already decided on selecting a technology/equipment to install prior to any PA or PI’s engagement.
* The customer already installed the equipment before PA pre-install approval or before incentive offer signed and countersigned.
* Equipment ordered before application documentation, including savings estimates and cost submitted or before PA issues approval to proceed or exception was properly obtained.

Any project with showstoppers should be rejected or redesigned to eliminate any showstopper items. If the project has no showstopper issues, the program influence narrative should be developed. The following table presents important discussion factors for this narrative as a guide. Project submissions are not expected to contain all of these factors. Project developers should bring forward the relevant factors in the narrative discussion. As noted above, the narrative and evidence related to the items in the tables below should include those related directly to program involvement as well as those related to the project before or independent of the involvement of the project developer that both support as well as contradict the conclusion that the project meets the preponderance of evidence for program influence.

 Medium Rigor Tier Program Influence Questions

| Program Influence Topic Area | Topic Area Summary | E-5115 Related Question | Important Discussion Factors as Applicable for the Project | Examples of Common Items for Substantiation Relating to Key Decision Factors |
| --- | --- | --- | --- | --- |
| 1 | Project Development | Question 1Question 2Question 5 | Describe this project’s development including customer internal activities, outside vendors and the developer. A timeline format is helpful and should then be referenced or augmented by information outlined as relevant to each of the questions.* Illustrate on the timeline, the project development and the customer decision making process including first contact, source of original project idea, source of first information on key financial and technical components in the decision, and what led to the customer’s decision to proceed with the implementation of the proposed measures, pending approval of the project.
* Entry point of program related to Customer decision to proceed and any other parties’ involvement (e.g., vendors, manufacturers, design consultants, ESCOs)
* Describe the developer’s audit and/or recommendation process as it relates to the customer factors and decision points
* Describe any non-program services as it relates to the customer factors and decision points
* The decision point of the customer to implement the measures which may include the point at which the customer agreed for implementer to finalize the project to submit for approval from the PA.
 | * Examples for key driving factors and non-energy benefits to be documented include: company sustainability or environmental policy; product line, type or mix changes; lifetime of the components (e.g., refurbishment, repair cycle); replacement schedule; equipment or process controllability, reliability, and automation; capacity expansion; new construction; major renovation; seasonality of production (incl. equip lead time); operating cost reduction; maintenance cost reduction; or new funding opportunity (e.g., CEC, DOE, utility incentive, Tax credits).
* Project development timeline with notes indicating who initiated the interaction at each step
* List of project development steps within the timeline including customer internal steps and key budgeting and implementation decision calendar dates along with interactions with project sponsors, implementers, and program administrator.
* Emails, meeting notes, and call logs documenting the key communications listed in the timeline such as enrollment in the program, technical assistance of energy analysis, and/or proceeding with the project as it relates to interactions with the project developer or specific input from the project developer, the customer barriers and issues, with response from project developer answering the questions and providing proposed solutions.
* Project feasibility study, audit report showing expected energy savings, energy cost savings, and possible program financial support for a set of alternatives as they relate to the customer’s decision-making process.
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| 2 | Decision Making Process | Question 1Question 3Question 5 | Describe the customer’s decision-making process, the key decision maker(s), decision criteria, and any key limiting factors* Describe the key financial or technical components (both program and non-program services) that were important in the customer’s decision. This includes an assessment of the main motivating factors that caused the customer to move forward with an acceleration to the normal replacement of the equipment, installation of add-on equipment or modifications to their processes. This may include avoidance of possible future problems or acceleration of the ability to handle future possible needs.
* Describe how the developer’s activities were important in addressing any of the above listed key financial or technical components (both program and non-program services) that were important in the customer’s decision
* Financial criteria and access to capital
* Customer implementation of prior similar projects and related project scopes/descriptions, timing, and reasons for implementation
 | * Add decision making process steps to the Project development timeline described above with notes indicating who initiated the interaction at each step
* List of project development steps within the timeline including customer internal steps and key budgeting and implementation decision calendar dates along with interactions with project developers and/or the program administrator.
* Emails, meeting notes, and call logs documenting the key factors and communications. These may be listed in the timeline such as enrollment in the program and/or proceeding with the project as it relates to interactions with the project developer or specific input from the project developer.
* Emails, meeting notes, and call logs documenting the customer barriers and issues with response from project developer answering the questions and providing solutions.
* Financial analysis showing project financial performance relative to customer financial decision criteria inclusive of services or financial support from the project developer or outside program source such as by customer staff, vendors, or consultant. Define the financial criteria used by the customer to make investment decisions (e.g. simple payback period, return on investment, internal rate of return, and/or net present value). If multiple sources of financial analysis, discuss how the project developer’s analysis was important in the customer’s decision (e.g., more reliable, accurate)
* Communications documenting internal customer decision process including customer financial decision criteria, non-financial criteria and the decision to proceed relating to the customer and project developer interaction dates.
* Meeting documentation showing customer inquiries or the need for financing opportunities and/or OBF, as applicable
* Meeting documentation or customer requests that illustrates a need for design assistance, energy and energy cost savings calculations, contractor selection assistance, or other technical services, as applicable
* Any alternative options the customer considered for phasing the project, delaying the project or selecting alternatives to reduce cost or accumulate budget authorization over several budgeting cycles
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| 3 | Services Provided | Question 2 | Describe the audit and/or recommendation process as it relates to the customer factors and decision points; include any alternatives either presented to or considered by the customer by either the project developer or other consultants or vendors involved previously or concurrently with the project developer’s interactions with the customer.Why was any alternative measure presented or proposed considered a less attractive choice than the selected measure? | * Project feasibility study, audit report, or other documentation showing expected energy savings and energy cost savings for the project and alternatives (if any) as they relate to the customer’s decision-making process.
* Energy and cost savings analysis, project costs, expected incentives for different alternatives (if applicable) with reference to customer financial criteria
* Any vendor proposals for various alternative projects
* Analysis of non-energy benefits (water savings, reduced waste, reduced disposal costs, differences in labor or other costs per unit of production, difference in lifetime maintenance costs, difference in project schedule, difference in expected down-time for annual maintenance or during initial installation, etc.).
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| 4 | Alternatives | Question 1 | Describe the range of alternatives available to the customer, including the range of technology type, vendors, equipment efficiency, capacity, and costs as appropriate for the technology. | * Any calculations or reports documenting performance of alternative solutions not otherwise covered in the PFS.
* References to vendors websites or equipment specifications.
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| 5 | Project Requirements | Question 1 | Describe customer’s current requirements related to the impacted systems or equipment (production, reliability, maintenance, room for expansion, productivity metrics) | * Emails, meeting notes, and call logs or design documents that define performance requirements (production, reliability, comfort, aesthetics, maintenance) for the project boundary
* Any project design documents that illustrate changes from the initial design to the more energy efficient design for the project boundary.
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| 6 | Developer Engagement | Question 2Question 6 | * Describe sequential implementer actions and how implementer's relevant actions affected customer's decision-making.
* Describe the customer’s project plan prior to developer engagement and describe how the developer’s engagement with the customer altered the customer’s otherwise planned activity; what information, technical resource, or financial resources played a role in altering or accelerating the customer’s plans
* Describe any codes, standards and regulations as well as standard practices and how they are applicable to the existing equipment or process and the relevant energy efficiency measure (e.g., OSHA, AQMD, Title-24, etc.)
* Standard Practices including ISP source (e.g., DOE market assessments and CPUC/IOU initiated studies) and ISP type (market or customer specific), with reference to the ISP Guidance Document for formal, informal, and the appropriate rigor level, as appropriate.
* Company policies directly related to the project decision (e.g., sustainability plans relevant to the customer decision process, green purchasing guidelines, LEED certification, maintenance and replacement policies, capital improvement plans, etc.)
* Federal or State emissions reduction requirements or targets or proposed actions that impact the customer’s planning process related to the equipment.
* Consistent use of Standard Practice baselines in program influence narrative and gross savings calculations,
 | * Customer statement (for example in an annual report or capital expansion plans) of future requirements such as capacity expansion that would impact the systems or equipment being modified or replaced.
* ISP studies with reference to ISP Guidance Document
* Company purchasing guidelines or design standard documents.
* Discussion relating to the impact of customer sustainability or, ISO certification plans or requirements.
* Sustainability plans relevant to the customer decision process, business plans or annual reports when related directly to the project implementation decision.
* Specific project goals such as LEED rating with reference to PA/PI role in attaining the stated goals
* Maintenance policy or maintenance plans
* Identification of related activity through customer conversations or noticed during project development or audit activity
* News releases, websites or other communications about efficiency projects at this or other sites
* Assessment of project impacts on regulatory requirements (e.g., environmental, safety regulations)
* Copies of regulations documents applicable to the project
* Statements of compliance with environmental or other regulations related to the equipment or systems proposed to be modified
* Fines or other actions taken by code enforcement entities related to the equipment or systems proposed to be modified
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