



Memorandum

To: Various Cal TF Interested Stakeholders
Re: Energy Efficiency Stakeholder Group Research
From: Alejandra Mejia, Cal TF
Date: May 1, 2014

Overview

The California Technical Forum (Cal TF) will be an advisory organization to energy efficiency program administrators and implementers in California. The chief goal of the new organization is to achieve technically rigorous energy use and demand reduction estimates for energy efficiency measures through a process that is collaborative and transparent. A key element of the Cal TF is peer review of technical information by technical experts for the development of ex-ante savings estimates in the state.

Although the Cal TF was initially strongly modeled on the Northwest Regional Technical Forum (NW RTF), the structure and operation of other similar stakeholder groups were reviewed to identify other elements that could enhance or improve the collaborative model that is being developed for California. The research also sought to identify “lessons learned”, both good and bad, so the formation and implementation of Cal TF could incorporate strengths and successes of other stakeholder groups while seeking to avoid pitfalls and failures.

The project evaluated the history, purpose, organizational structures, outcomes and “lessons learned” from each stakeholder group through review of written materials and interviews with key participants in each stakeholder group. This memorandum details how the results of this research can be used in the formation and operation of the Cal TF to further enhance and strengthen the initial Cal TF model, and ensure that the new collaborative will be tailored to California’s own circumstances, needs and stakeholder preferences¹. After describing the research approach (Section I), the following sections explain how findings informed essential

¹ The following stakeholders were consulted during the Cal TF model development: the investor-owned utilities (PG&E, SCE, SDG&E, SCG); POU and POU representatives (LADWP, SMUD, CMUA, NCPA, SCPPA); regulators (CEC and CPUC); the California system operator (CAISO); implementer representatives (California Efficiency Council and NAESCO); ratepayer advocates (TURN, DRA); the CCA (Marin); RENs (Southern and Northern), and local government partnerships. The Cal TF model development was led by Peter Miller of NRDC, a leading national environmental group.

formation principles (II) and best practices to ensure an effective launch and implementation (III), describe the success seen in 'organic growth' models (IV), other general findings (V), and finally highlight four case studies that were particularly informative to the Cal TF model (VI).

I. Research Approach:

The organizations researched included every statewide energy efficiency stakeholder group that operated in California since the very beginnings of EE shareholder rewards (1989) as well as other successful energy-related collaboratives in California. In addition to California stakeholder groups, national well-regarded, high-impact EE initiatives and respected peer review organizations were also analyzed. The organizations researched are as follows:

1. California DSM Measurement Advisory Council (CADMAC)
2. The International Performance Measurement and Verification Protocol (IPMVP) and the Efficiency Valuation Organization (EVO)
3. California Board for Energy Efficiency
4. California Measurement Advisory Council (CALMAC)
5. Low Income Advisory Group, or Low Income Oversight Board (LIOB)
6. The IOU's Energy Efficiency Program Advisory Groups (PAGs)
7. The Energy Efficiency Peer Review Groups (PRGs)
8. California Renewable Energy Transmission Initiative (RETI)
9. CEC's Demand Analysis Working Group (DAWG)
10. The Uniform Methods Project (UMP)
11. The current EE Program Coordination Groups (PCGs)
12. ASHRAE
13. The International Code Council (ICC)
14. LEED (Leadership in Energy & Environment Design) Rating System
15. Northwest Regional Technical Forum (NW RTF)
16. Illinois Energy Efficiency Stakeholder Advisory Group (SAG)
17. Northeast Energy Efficiency Partnership (NEEP)
18. Connecticut's Energy Efficiency Board (EEB, formerly ECMB)
19. Rhode Island Energy Efficiency and Resources Management Council (RI EERMC)
20. Massachusetts' Energy Efficiency Advisory Council (EEAC)
21. Western HVAC Performance Alliance (WHPA)

The analysis itself consisted of an in-depth review of California regulatory decisions, organizational document (charters, by-laws, etc), and materials posted on the Internet. The information gathered during this initial review was then validated via in-person or over-the-phone interviews with individuals directly involved with each organization.² Interviewees were asked the following questions, which were designed to help answer understand organizational formation, structure and purpose. In addition, research questions were included to address issues raised by stakeholders in the initial stakeholder discussions about the Cal TF proposed model:

1. Why was the group formed?

² The time and insights provided by the interviewees listed in Appendix 2 has been crucial to the success of this project.

2. How was it formed? (Regulatory decisions, individual leadership, etc.)
3. Who participated and on what basis? (Paid, un-paid, set membership, etc.)
4. What was the corporate structure? Was the collaborative an independent and/or nonprofit entity?
5. How were decisions made?
6. What was the conflict of interest policy?
7. How long did the collaborative last?
8. What did it accomplish?
9. Why did it disband?
10. What were the group's strengths and weaknesses?
11. What pitfalls should the Cal TF avoid?
12. What characteristics should the Cal TF replicate?

The results of the analysis helped inform several key issues relating to the formation of the Cal TF. Those key findings are detailed below and are followed by other lessons learned that can help ensure a successful launch, implementation, and future growth.

II. Essential Formation Principles

A. Nonprofit vs. Contract Model Corporate Structure

Cal TF stakeholders have expressed interest in finding the ideal corporate form for the new organization. Specifically, they have asked if the Cal TF should be structured as an independent nonprofit or through a contract to an administrating entity.

Of the 21 organizations researched, only four, those with broad missions and multiple responsibilities, operate as 501(c)(3) nonprofit entities. NEEP, ASHRAE, LEED/USGBC, and the International Code Council all engage in training and certification activities in addition to their other research, publications, and/or standard and code-setting core roles. The IPMVP protocols were initially developed under the auspices of various government entities—and are thus not counted as nonprofits in this research—and only filed for 501c3 protection after expanding their mission to include training, certification, and international work.

Furthermore, as the section below details, California law and regulatory decisions have become increasingly adverse to formal advisory organizations.³ An independent nonprofit advising the Commission with ratepayer funds is more likely to draw criticism and legal challenges than a less formal coalition of stakeholders advising utilities and other program implementers. Therefore, given the relatively narrow focus of the Cal TF and the laws and regulatory decisions that constrain more formal advisory organizations, it will be more efficient to launch the organization under a contract model. Operating under a contract model is also consistent with the majority practice in other jurisdictions.

B. Advisory vs. Decision-Making Role

³ See Public Utilities Code, Section 845 and CPUC D. 12-05-029.

Only one of the California organizations researched, the CBEE, had a decision-making role. The remaining California organizations were advisory.⁴ Although stakeholder processes are largely advisory, not decision-making, they have considered and rendered opinions on a broad range of matters, including policy, programs, standards, and technical issues, and the resulting advice has had considerable impact on issues they have considered. Thus, being an advisory body in no way means that the body cannot be effective and impactful. Even those organizations with formal voting and excellent track records of affecting regulation—like the NW RTF, CADMAC, and Calmac—could be overruled by the actual decision makers: NW utilities can choose to ignore RTF values, and the CPUC was free to rule against CADMAC and Calmac filings. Similarly, the large standard- and code-setting nonprofits are ultimately advisory to governments who can choose to adopt or not adopt their work products.

It isn't hard to understand why advisory rather than decision-making roles are the norm for stakeholder bodies. Stakeholder groups add value to the regulatory process in many ways: They bring together different opinions and perspectives that may otherwise have been neglected; they can discover and amass new information and data sources; and they have the ability to understand and respond to a broader range of needs. Collaboratives, at their best, also yield greater consensus, and build trust and better working relationships among stakeholders. Experts and stakeholders can be excellent policy and technical advisors, but ultimately, decisions can only be made by democratic bodies willing and able to be responsible for those decisions and their consequences. Those who are accountable for taking actions and achieving results must have final decision-making authority.

In the last few years, California state law has been amended to reflect this reality. Section 854.5 of the Public Utilities Code now has stricter restrictions against Commission-created “non-state entities.” Furthermore, the Commission itself has expressed doubts as to the viability of CPUC advisory boards, and in D.12-05-029 refused to create a Small Business Advisory Council. It is therefore very important that the Cal TF retain a clear advisory role, and that it be advisory only to the utilities and other program administrators and implementers.

Given these legal and regulatory restrictions, it is worth noting that what will prove the value of the Cal TF is the collaborative's technically rigorous and reliable work, not any formal relationship with the regulators. This was the case with the Emerging Technologies Coordinating Council (ETCC), which performed valuable work for years in the absence of any formal regulatory approval. It was only after more than a decade of fruitful ETCC operations that the CPUC formally recommended that it be utilized to involve a growing number of industry stakeholders.⁵ Furthermore, Cal TF's reputation in the eyes of regulators will also grow as California stakeholders use and support the collaborative's work. In an assessment of the three programmatic boards in New England, Environment Northeast writes,

⁴ The three New England programmatic boards have authority to set energy efficiency portfolio goals and budgets. However, these boards have much closer ties to the state governments and statutory responsibilities. This is not the model California is looking for.

⁵ D.12-05-015 at 193

A consensus position supported by the state's largest employers, consumer advocates, environmental justice interests, and energy efficiency advocates is a powerful signal to regulators and others, particularly when it is backed by a substantive record and quality of decision making.⁶

While this was written about the successful New England boards, it also explains the widespread adoption of RTF values in the Pacific Northwest. In theory, the NW RTF is advisory only to the Northwest Power & Conservation Council (Northwest Council); in practice, utility representative to the Northwest Council act with their peers and adopt RTF values in their own jurisdictions as well.

C. Consensus Decision-Making vs. Formal Voting

Stakeholders have also discussed the most appropriate decision-making model for the Cal TF. While formal voting is proposed as being more expedient, consensus building offers several advantages that cannot be captured by simple voting. In fact, 11 out of 21 organizations researched operated under consensus-based decision-making models. Formal voting was utilized by organizations with responsibility over budget and other very quantitative decisions. Advisory bodies like the Cal TF reported repeated success with their consensus-building approach.

Consensus decision-making allows minority opinion parties to truly impact the process by either forging compromises or incorporating dissenting opinion exhibits into final work products. In many of the most successful groups, creating minority dissenting opinions was an option of last resort that was rarely used. This was and is the case with RETI and DAWG reports: The availability of dissenting opinions served as a useful pressure reliever, but the option was only used a few times. The majority of the time, parties were more willing to negotiate and compromise under the consensus models because they knew they wouldn't simply be out-voted. These results of consensus-building models are particularly beneficial given that majority opinions aren't inherently correct and that minority opinions may actually be more accurate in some cases.

Given the advantages, as well as the repeated success, of consensus-building decision-making models in California, the Cal TF collaborative should move forward without implementing formal voting rules.

D. Conflict of Interest Policies

In defining the membership of the organization, the question of how to define and handle conflicts of interest has emerged. Stakeholders are concerned with keeping the organization unbiased without sacrificing valuable input from industry and other knowledgeable stakeholders.

⁶ Sosland et. al., Collaboration that Counts: The Role of State Energy Efficiency Stakeholder Councils, 2012 ACEEE Summer Study, pg.4

Of the 20 collaboratives researched, the utility PRGs and NW RTF stand alone for limiting membership to non-financially interested parties⁷—and then only because members were made privy to confidential financial bid information. The USGBC/LEED asks members to acknowledge any potential conflicts and recuse themselves from any decision-making that could lead to financial benefits.⁸ The remaining stakeholder groups operate under the assumption that every member will start from a position that benefits her own interests, and that maintaining a balanced membership will be enough to force compromises to arrive at a meaningful center opinion. Per this trend, the original IPMVP process, UMP, and DAWG do not have any formal conflict-of-interest policies.

As Steve Kromer stated when discussing the successful development of the IPMVP,⁹ the energy efficiency industry “isn’t rich enough in resources to be turning people away just because they have a conflict.” Doing so would sacrifice too much valuable knowledge and experience. For this reason, the Cal TF should strive to limit how many parties it must exclude from participation as much as state law will allow.

E. The Importance of Volunteer Peer Review

Some stakeholders questioned the value of peer review, and questioned whether peer reviewers would provide valuable input if they were not paid for their time. Participants have asked for examples of successful all-volunteer peer review groups as well as for clarity on the actual roles and responsibilities of unpaid reviewers.

Not all the organizations researched have peer review functions, but all those that do operate on an all-volunteer basis. In fact, technical standards that have been widely adopted in the US and around the world are set by not only by volunteer, but dues-paying members of ASHRAE and the International Code Council (ICC). ASHRAE and the ICC have produced standards that have been widely adopted and resulted in very substantial energy savings. For example, all but seven state governments have mandated a version of ASHRAE’s 90.1 standard for minimum energy efficiency in commercial buildings; The ICC’s International Building Code (IBC) is in use at the state or municipal level in every US state and territory and the International Residential Code (IRC) is in use in 49 states; Currently, California state law mandates the 2009 versions of the IBC, IRC, IFC, and the International Existing Building Code; Three California counties, one fire district, and two cities have adopted the International Urban-Wildland Interface Code.

Peer review by volunteer reviewers is consistently viewed as the highest standard for validating technical and scholarly work. In the sciences, peer reviewers who receive more than nominal payment for peer review they perform (such as travel expenses) are viewed as providing biased results because review services can be distorted by the views and wishes of those paying for

⁷ The New England programmatic boards allow utilities to participate as non-voting members.

⁸ Per the USGBC Nevada Board Manual, “A conflict of interest exists where a member of the Board of Directors knowingly benefits directly or indirectly from a decision or action of the USGBC Nevada Chapter Board or its representatives,” (USGB Nevada Policies & Procedures 2012, p. 27).

⁹ Steve Kromer was part of the team that drafted the original IPMVP and currently serves on the Board of Directors of the Efficiency Valuation Organization (EVO). EVO is the nonprofit that now houses IPMVP.

the peer review. Like NEEP and the NW RTF, Cal TF will operate on a volunteer peer review basis, with nominal payments made to cover expenses such as travel for those members who would not otherwise have the expenses covered through the normal course of their employment.

It is important to note the specific functions of volunteer reviewers. In all cases, volunteers are tasked with reviewing already prepared work that has been either drafted or compiled by paid staff. None of the peer review organizations reviewed expect their volunteer members to perform the functions of a project manager or technical writer.

F. Collaborative meetings should be opened to the public only once the basic structural issues have been negotiated and finalized.

Given that transparency is one of the Cal TF's guiding principles, the initial stakeholder outreach was broad and discussions incorporated feedback from a great number of parties; however, collaborative meetings should not be opened to the general public until all organizational and other potentially polarizing issues are settled. This follows the steps taken by the successful CADMAC and RETI collaboratives, both of which waited until their basic organizations and memberships had been discussed and settled in private to open their meetings to the public. This allowed stakeholders to be more forthright and effective in the critical initial stages while still ensuring the requisite transparency.

PAC meetings may be noticed and open to the public only after the membership is set and key structural issues and work are resolved. Part of the PAC's initial organizational deliberations will involve decisions about TF work scope, rules, and membership. These decisions taken by the PAC will allow TF meetings to be open to the public from the beginning, with public announcements, meeting materials, notes and follow-up.

III. Ensuring an Effective Launch and Implementation

- **Collaboratives are not effective if they are merely “dog and pony shows.”** If stakeholders are not consulted early enough in the process such that their input can be meaningfully considered, or they are consulted early on, but comments aren't captured or addressed meaningfully, stakeholders become disengaged and either discontinue participation, or participate in a lackluster way without real enthusiasm or contributions.
 - The Cal TF will continue to take notes and action items of Cal TF meetings and make these notes available to the participants. We will also collect all written comments and either circulate or post them (when the Cal TF website is operational) along with responses. To the extent possible, research and analysis will be performed so that responses to stakeholder comments and questions are based on data and best practices rather than rhetoric or supposition.
- **Collaboratives are also less likely to be successful if the decision-makers seeking advice aren't truly interested in stakeholder input or plan on meaningfully considering the collaborative's work.** Stakeholders quickly sense when their work and opinions don't really matter, and they become disengaged, dissatisfied, and resentful.

- The Cal TF seeks to work closely with CPUC staff to make sure the collaborative produces work that will be truly valued by the Commission staff and meaningfully incorporates their perspectives, wants and needs.
- The CBEE was viewed as an unwelcome attempt by the Commission to delegate its authority. **Any perception that the Cal TF is attempting to usurp Commission authority should be avoided at all costs.**
 - The Cal TF will remain advisory only to public and private utilities and program implementers.
- The PAGs were lauded for **creating a new forum for discussion and increasing public participation.** Similarly, the Cal TF will increase public participation and collaboration on identifying technical issues on which the TF could constructively provide advice.
 - The PAC includes representatives from all key stakeholders involved in the California energy efficiency industry. No one sector (utilities, industry, regulators, etc.) will have a majority of the seats of the PAC. After the initial phase that will focus on new measure workpapers, all PAC Members will have the opportunity to provide their unique perspective and guidance for the future direction of the Cal TF. TF Members will be permitted to recommend measures for Cal TF review. The broad, balanced stakeholder participation on the PAC will ensure that the Cal TF mission, principles and work will be guided by a balanced, well-informed, and very capable advisory organization.
- **Timeliness and Process Efficiency is Essential to the Success of a Volunteer Advisory Group.** As was expressed in RETI and PCG interviews, group members are much more likely to actively participate, if they can see decision makers considering their recommendations in a timely manner. Furthermore, groups that operate efficiently – with clear objectives, outcomes and timeframes in which participants are expected and required to provide input can be productive and maintain participant engagement and support. Groups without clear objectives, timelines and outcomes lose focus, forward momentum, accountability, productivity, and participant engagement and support.
 - The Cal TF will adhere to the timelines laid out in the New WP Process diagrams as well as make use of templates and checklists to assure timely completion of WP reviews.
 - PAC and TF Members will be given ten (10) business days to review and comment on materials, as memorialized in the Code of Conduct.
 - PAC and TF Members who are unable or unwilling to meet the timelines in the Code of Conduct will be asked to discontinue participation in Cal TF.
- In terms of ensuring a timely and effective organization, **no single factor is a more positive indicator of a successful collaboration than effective, independent leadership.** The initial IPMVPs would not have been drafted in a timely fashion had it not been for Cary Bullock’s leadership; Ralph Cavanagh is credited for being the driving force behind CADMAC’s creation; Dave Olsen and Rich Ferguson’s independent facilitation of RETI was instrumental to its success. Effective leaders have led collaborative to success possess humility, willingness to listen to all voices while demanding civility and respectful group processes, the ability to mediate between and

forge consensus among competing positions, and are well-respected, mature professionals with considerable relevant expertise in the core subject matter of the collaborative.

- Cal TF has created threshold requirements to ensure strong, experienced leadership. The Cal TF Administrator will have at least 10 years of EE experience, experience leading EE collaboratives, a graduate technical degree, and experience with Technical Reference Manual development.
- Given the need for transparency *and* efficacy in the new collaborative, **it will be important to have a committed membership**—a reliable group of stakeholders that can be depended on to perform their assigned responsibilities. Some collaboratives, like the IL SAG and WHAP subcommittees, have found that a dynamic membership is conducive to their work; others, like RETI and the WHPA Executive Committee, rely on a set membership.
 - Each organization participating on the PAC will designate a specific individual to participate on the PAC. The PAC member must commit to preparing for and participate in each meeting, and providing review and comment on materials within a reasonable period of time, typically ten (10) business days.
 - TF Members are appointed as individuals, not representatives of particular organizations. To participate, TF members must commit to participate for at least a year, adequately prepare for and attend most meetings, and review material in a timely fashion, typically ten (10) business days.
- **For groups to maximize results, they need a clearly defined mission, operate according to defined principles, and have clear, measurable, actionable work scope so that results can be monitored and measured.** RETI was successful in part because the group had a very clear, specific goal from the outset. The very clear goal was for RETI to present a joint statewide transmission development plan in response to lagging renewable development and backlogs in CAISO's transmission and interconnection processes. Similarly, the NW RTF is viewed as being productive and effective in delivering value to its funders and other constituents. NW RTF has three-year business plans, with annual work plan updates.
 - Cal TF has a short, succinct mission and guidelines developed and refined through input from a broad range of California EE stakeholders.
 - Cal TF has a 2014 Business Plan developed with joint input from the California IOUs and CPUC staff. The 2014 Cal TF Business Plan contains specific tasks, tactics, and measure of success so that the PAC can monitor progress towards goals.
 - The future Cal TF Business Plans (post 2014) will be developed with input and guidance from all Cal TF PAC Members. TF Member input will also be sought in developing future Cal TF Business Plans. The Cal TF Business Plan form may evolve over time, but it will be specific, measureable, and actionable so it can demonstrate and provide real value to funders and participants.
- **Any attempt by a single part, or group of like-minded parties, to consolidate control over the group could lead to a loss of credibility among the remaining members as well as the general public.** While it is understandable for funders and/or

parties with much at stake in a collaborative to feel a need to minimize any risk associated with releasing control, this has led to loss of credibility in other collaboratives in the past. The WHPA and DAWG have struggled with such tensions. These shifts in power are noticeable to other stakeholders, who in turn become less motivated to provide meaningful input to the group. For instance, DAWG participants expressed lessened willingness to meaningfully participate in cases when they expected agency staff to overrule them. This might lessen the value of the collaborative.

- The Cal TF is committed to remaining a representative stakeholder group, and will use consensus decision making as one of its safeguards against power consolidation.

IV. Form follows Function

Some of the most successful collaboratives have formalized their processes over time while building a broad support base and/or performing valuable work in the meantime. This trend, best explained by the “form follows function” adage, is partially explained by any new group’s need to tailor itself to its, often not fully fleshed-out, mission, work, and audience. By allowing needs and functions to define form, groups can avoid wasting costly organizational work. Furthermore, endeavoring to define a group’s structure too early can strain nascent collaborative relationships, while doing work and proving the group’s value through said work can have the opposite effect on stakeholder relationships. These strengthened relationships can eventually make the structural work less costly.

The ETCC is a great example of how a collaborative can gradually use its work to prove its value and grow accordingly. The ETCC was a new concept at its inception, and it proved its own value as it grew organically, only receiving formal regulatory acknowledgment years into its tenure. Such a thorough, organic processes tend to lead to more stable, effective collaboratives. The Illinois SAG is another example of this trend, having been loosely organized in private negotiations over only a few weeks, and then allowing the more formal rules to be defined as the group went about its work.

Along these lines, The Cal TF has been working off of a “leap of faith” strategy. That is, founding members are forging through the organizing process without waiting for formal regulatory approval. This strategy makes perfect sense for the Cal TF—an innovative concept best proven with pragmatic results.

V. General Findings

In addition to best formation practices and lessons learned about ensuring an effective launch, implementation, and optimizing growth, the research revealed several more general trends of successful stakeholder groups. The three most salient such findings are explained below.

- **Stakeholder collaboratives add value to the regulatory process by bringing together different opinions and perspectives, discovering, sifting through, and processing new information, and understanding and responding to a greater variety of perspectives.** This may be why the Commission listed the use of “informal

forums to reduce litigation in proceedings” as one of the goals for the ongoing rolling portfolio rulemaking and encouraged “parties to collaborate through informal stakeholder forums to submit a joint proposal.”¹⁰ The Cal TF will bring together parties to discover and sift through a great amount of data and the various possible approaches for analyzing that data, while simultaneously narrowing the differences in their opinions. By the time a Cal TF value or policy position is presented to the CPUC, it will already have been sifted and worked into a sensible logical argument with broad stakeholder support. The Commission will then be at a more informed position from which it can exercise its authority.

- **Having the CPUC, CEC, and CAISO all participate in the work and discussions has helped the groups work towards consistent statewide policy as well as maintain a balance of opinions.** This has been particularly effective most recently in DAWG. The Cal TF will have representatives from both agencies as members of the PAC to ensure balance and consistent statewide recommendations that satisfy the needs of all California players.
- **The use of peer review and similar forums for technical energy efficiency work has been increasing recently.** The years since the NW RTF began successfully operating, NEEP launched a new quasi-peer review forum for EM&V in the New England and Mid Atlantic states. The new forum, initially funded in part by the Department of Energy, has helped develop and update Technical Reference Manuals for the Mid-Atlantic region, metering collection protocols, and emerging technology savings assumptions among other things.

VI. Case Studies to Inform the Cal TF

Emerging Technologies Coordinating Council (ETCC)

The Emerging Technologies Coordinating Council (ETCC) was born out of a desire by the California utilities to stay informed and connected to emerging technologies (ET) research after restructuring shifted control of ET programs to the CEC. ETCC organically evolved into a forum for the IOUs, SMUD, and the CEC, with oversight from the CPUC, to share information and collaborate on their various ET projects. While not a decision-making body, or even binding in any advisory capacity to its member organizations, the ETCC helps its members coordinate and leverage each other’s research and therefore take full advantage of California’s ET R&D dollars. CPUC Energy Division staff has been involved from the beginning, observing meetings and sometimes providing input on direction, but it wasn’t until several years after it had already been operating that the Commission formally acknowledged the collaborative’s existence.

ETCC’s new governance model makes each IOU and SMUD a voting member of the Leadership Team. The CEC and CPUC will be non-voting observers.¹¹ It is important to clarify that ETCC’s members will vote only on administrative decisions—as before, program and funding strategy will be left to the individual utilities. ETCC will also make use of a Board of

¹⁰ R.13-11-005 at 10

¹¹ This was by choice of each agency.

Advisors, which will be composed by experts from across the country. The Board of Advisors will be subject to a new, stricter Conflict of Interest policy: Advisors will be required to disclose any potential conflict and recuse themselves from all discussions pertaining the disclosed topics. This policy is particularly relevant given that the topics discussed at the ETCC often involve details about technical innovations that could be very valuable.

Originally, each utility paid for its share of ETCC expenses out of regular ET program funds. One utility held the contract with the administrator, and the other utilities jointly funded the ETCC through co-funding agreements with the sponsoring utility. This models the current funding structure for Cal TF. Under the new governance structure, funds will continue to come from each utility separately—for instance, Livingston Energy Innovations, ETCC’s independent administrator, operates under a separate contract for each ETCC utility—but there will be a Memorandum of Understanding in place to specify funding expectations. Once it was determined that ETCC would bill for work, and not manage funds, it followed that the ETCC would not need to file for 501c3 status.¹²

The Cal TF has been working off of a “leap of faith” strategy. That is, founding members are forging through the organizing process without waiting for formal regulatory approval. This strategy makes perfect sense for the Cal TF—an innovative concept best proven with pragmatic results. The ETCC is a successful example of such a “leap of faith” strategy, even though it was never officially branded as such. The ETCC too was a new concept at its inception, and it proved its own value as it grew organically, only receiving formal regulatory acknowledgment years into its tenure.

Northwest Regional Technical Forum (NW RTF)

In 1996, Congress charged Bonneville Power Administration and the Northwest Power Planning Council to establish and administer the Regional Technical Forum to develop energy efficiency measure parameters for consideration and use by the region’s numerous utilities, including investor-owned and publically owned utilities, in the four Northwestern states. To engage in meaningful integrated resource planning, consistent values needed to be developed and adopted across the planning region.

The highly successful and well-regarded Northwest Regional Technical Forum (NW RTF) model develops consistent energy savings parameters that are used and accepted by over 160+ utilities in four Northwestern states. The NW RTF, has several attractive features that could enhance the development of measure parameters in California, including:

- Explicit, agreed-upon, consistent guidelines for determining energy savings and other measure parameters
- Timely and credible savings values and other measure parameters
- Technically rigorous and well-documented values
- Transparency regarding how values were developed

¹² It was decided that, given that ETCC would not need to manage funds nor depend on unified legal council, the administratively costly 501c3 filing was unnecessary.

- Effective peer review
- Accessible and convenient database of measure savings estimates and other parameter values.

The NW RTF has three entities: the RTF Policy Advisory Committee (PAC), the RTF members, and the RTF Administrator, each with key responsibilities. The NW RTF PAC is largely comprised of the RTF funders, and has operated for less than two years. The PAC directs the RTF work. The RTF members are up to 30 technical experts, largely volunteer, that guide, peer-review, and then ultimately approve the RTF work product, including measure parameters, templates/forms, and guidelines. The RTF Administrator works collaboratively with TF members to seek input and guidance as the work product is developed and ensures that completed RTF work products are consistent with RTF member-adopted guidelines. The RTF Administrator staff includes a Chair, technical staff (approximately 7 full-time equivalents) and administrative and managerial staff (approximately 3 full-time equivalents). The RTF has operated for nearly ten years.

The RTF Administrator develops draft work papers containing measure level parameters, often through close collaborative with the RTF subcommittees that include TF members, TF corresponding members who may be appointed by the TF Chair for project-specific work to provide input, and a member of the RTF Staff. The RTF members review measure workpapers and supporting materials. When a workpaper is discussed at the monthly Technical Forum meetings, all stakeholders, not just RTF Members, may publically comment on the workpaper to enhance the quality of the proposals. All deliberations are public, well-documented and consistent with RTF member-adopted guidelines.

RTF members vote on and endorse use of workpaper results to avoid future issues around savings estimates and other measure parameters. A super-majority of the RTF members is required for RTF approval (60%), with a 40% quorum.

Renewable Energy Transmission Initiative (RETI)

RETI was officially launched in April of 2008 in an effort to help California implement its aggressive renewable energy plans. It was designed to bring together all interested parties to collaborate on a statewide renewable generation and transmission plan. IOUs, POUs, transmission owners, representatives from all levels of government, and environmental and other advocates were asked to help identify zones for potential competitive renewable energy development and rank them according to cost and environmental concerns. The collaborative was further tasked with identifying the best, most cost-effective transmission improvements necessary to connect the new renewable zones to the state grid. RETI's consensus-building process was designed to help expedite citing and permitting of new renewable generation and transmission assets by solidifying a priori stakeholder support for particular projects. Secondly, the collaborative served as a forum for discussion and information sharing between parties and regulatory staffs and thus helped inform agency planning and decision making processes. This second benefit was realized largely through informal communication channels.

The collaborative was governed by one sole document—a Mission Statement drafted by a small group of senior CPUC, CEC, CAISO, SCPPA, NCPA, and SMUD representatives before the collaborative was formally established.¹³ The Mission Statement lays out the collaborative’s organizational structure, work plan, and expected deliverables. Although consensus building was the pervasive decision-making ethos throughout the RETI process, the policy was not officially enforced until after the Mission Statement was finalized. Dave Olsen and Rich Ferguson, who were later hired by the CEC to facilitate the collaborative, spearheaded the initial effort.

Per the Mission Statement, RETI was tasked with identifying “the next major CREZs [Competitive Renewable Energy Zones] to be developed and [working] through the California ISO’s and POU’s planning processes to provide transmission plans of service to access these zones.”¹⁴ This directive was widely interpreted as instructing RETI to create a comprehensive transmission plan for the entire state, as well as performing all the technical groundwork necessary for building said plan. Initially, the process was expected to last two years; however, achieving consensus on the requisite technical groundwork took longer than expected and the timeline had to be extended by about one year.¹⁵

The majority of RETI’s work revolved around the central Stakeholder Steering Committee (SSC). The SSC met monthly for in-person daylong working meetings. These meetings were used to debrief and discuss the work of the various issue subgroups. In between meetings, each of the 29 SSC members was responsible for engaging with the other individuals whose opinions they were responsible for representing in the SSC. For example, the NRDC held bi-weekly phone conference with other environmental stakeholders. The SSC also held quarterly “Plenary Stakeholder Group” meetings, where it updated the general public on its work.

All decision-making in RETI was done through consensus building. There was no formal voting. Consensus was defined as “all can live with,” and most consensus negotiations were undertaken during the drafting of reports. When consensus could not be reached, dissenting opinions were recorded as footnotes in the draft and final reports. The vast majority of the time, consensus was reached and there were no dissenting opinions.

Western HVAC Performance Alliance (WHPA)

The Western HVAC Performance Alliance (WHPA) was established 2009 as a cornerstone policy in support of the California Energy Efficiency Strategic Plan. The Alliance advises the IOUs in matters relating to HVAC energy efficiency program design and implementation.

In the summer of 2007, the CPUC and CEC jointly convened a series of workshops to discuss ‘big, bold’ energy efficiency strategy. Among other aspects that made these workshops stand out was the wider breath and larger number of stakeholders that participated. In D.07-10-032, the Commission adopted a number of Big Bold Energy Efficient goals and directed the utilities to

¹³ These representatives later went on to be called the Coordinating Committee.

¹⁴ RETI Mission Statement, p. 3.

¹⁵ Interview with Dave Olsen.

collaborate closely with the business leaders to develop and implement a strategic plan for meeting the goals.¹⁶ The general sense at the end of the proceeding was that input from industry would be essential to achieving the Commission's very ambitious targets.¹⁷

Energy Division hired the UC Davis Western Cooling Efficiency Center and Dale Gustavson to launch and manage what eventually became the Western HVAC Performance Alliance (WHPA). The long-standing credibility of these two consultants within the industry was essential to convening influential HVAC leaders and convincing them to invest significant amount of un-paid time to establishing the organization. Partly due to particularities of HVAC industry players, the team behind the original WHPA development decided to pursue a lengthy 'self-chartering' process.¹⁸ A Steering Committee of 24 volunteer industry and IOU representatives met bi-weekly for six months to draft the organizing documents. Consultants supported these efforts mostly with supporting research and coordination help. The whole process was consensus-based and all 24 charter members unanimously ratified the final charter in 2009.

The original WHPA charter relied heavily on consensus decision-making, and called for every 'nay' vote to be memorialized along with the voter's rationale for dissenting. However, a year into official WHPA operations this approach proved to be problematic—discussions and working group deliverables were being extended indefinitely by only a few dissenting voices. Alliance leadership, including CPUC staff, amended the charter to institute formal voting rules that now require a super majority of quorum to approve motions.

The WHPA Code of Conduct includes a 'self-disclosure' conflict of interest policy. Members are expected to disclose any potential conflicts at the outset of any discussion.¹⁹ While this has led to the conflicted member recusing himself from a given working group a number of times, this is not usually the case. The general understanding among the membership is that everyone has their own individual interests, and all these interests are expected to be balanced through honest, productive collaboration.²⁰

WHPA has continued to evolve since it was first established. Contracts for staff support were transferred from CPUC staff to SCE and later to PG&E.²¹ An Executive Committee was created to assume the leadership role of the initial Steering Committee, and a new Council of Advisors was tasked with longer-term responsibilities, including keeping WHPA aligned with the HVAC Action Plan. The majority of members participate in the organization by serving on Committees and Working Groups. The organization now counts with 199 member organizations across 25 different categories. Peer review and volunteer labor have been integral to the success of the

¹⁶ October 19, 2007, at 46

¹⁷ Dale Gustavson interview, April 14, 2014

¹⁸ Consultants believed that drafting a straw man Charter to begin discussions would isolate industry members who had been isolated from the IOUs since restructuring.

¹⁹ <http://www.performancealliance.org/Home/CodeofConduct/tabid/205/Default.aspx>

²⁰ Dale Gustavson interview, April 14, 2014

²¹ The UC Davis Western Cooling Efficiency Center ceased to be involved at the same time that contracts were transferred to SCE

Alliance. Since the Alliance was established, WHPA members have volunteered approximately 17,574 hours of subject matter expertise to further the organization's mission.²²

VII. Summary and Conclusion: Cal TF – Poised for Success

The Cal TF is poised to achieve many objectives that California stakeholders have for measure parameters and other technical information supporting the large and diverse California energy efficiency and integrated demand-side management portfolio, including: technical rigor, consistent statewide values, independence, transparency, collaboration, effective peer review, timely results, cost-efficient, and a greater opportunity for regional and national collaboration.

- **Technical Rigor**: Technical rigor will result from seeking input from a broad and diverse group of stakeholders. Given the breadth and complexity of California's portfolio, no one individual or consulting group has the technical knowledge or information needed to achieve the Commission's objectives of using the "best available data."²³ As a 2005 CPUC-commissioned report observed:

"[R]eaching out to broader groups of experts and DEER users" for open discussion of technical matters yields two distinct benefits that are important to the DEER development process: "First, these individuals and entities may have knowledge of technical information about which the DEER Committee and contractor are unaware. Second, reaching out to other experts and DEER users helps to increase the understanding and usefulness of DEER."²⁴

- **Consistent Statewide Values**: Consistent statewide values will result from participation by all key California stakeholders, including the IOUs, POUs and their respective regulatory bodies (the CPUC and CEC).
- **Independence**: TF Members will pledge to provide input based on their best professional judgment, as in the NW RTF, and not their organizational interest. Furthermore, participation on the TF by investor-owned utilities who are viewed by some stakeholders as biased will be restricted to the minority of TF participants.
- **Transparency**: All TF meetings will be open to the public, and will be recorded and placed on the Cal TF website. Majority and minority opinions will be documented and posted where consensus is not reached. Finally, all TF-approved values will be linked to the data and methods supporting those values so the source and derivation of the values are transparent.

²² Western Performance Alliance, *WHPA by the Numbers*, March 2014

²³ D.10-12-054, December 21, 2010 at 9.

²⁴ 2004-2005 Database for Energy Efficiency Resources (DEER) Update Study – Final Report (December 2005); Prepared for So Cal Edison, prepared by Itron, Inc. with assistance from JJ Hirsh & Associates.

- Collaboration and Effective Peer Review: Collaboration will be fostered through participation on the PAC of a broad range of interests representing all key stakeholders in California. Technical forum members will be selected to ensure a balanced representation of experts with relevant experience and training in a broad range of technical disciplines needed to effectively develop and review technical information for California's EE and IDSM portfolios
- Timely Results: Timely results will be sought by having clear templates, guidelines and checklists for the quality and type of data needed to support and seek TF review of measure parameters. Participants will be expected to provide review and comment within a set time frame. Metrics will be established to track whether the Cal TF process is more timely than the existing process for measure work paper review in California.
- Cost-Efficient: Cost-efficiencies will be sought through pooling resources to produce common statewide values, in contrast to the current practice where values are not developed statewide in a consistent way.
- Greater Opportunity for Regional and National Collaboration: Through modeling and adopting successful approaches and practices from other jurisdictions, the Cal TF will seek to leverage knowledge, best available data and practices from other jurisdictions through regional and national collaboration.

Conclusion

The Cal TF is an exciting, new opportunity for California. It is designed for success – closely modeled initially on the established, well-regarded NW RTF process, but improved through additional research on attributes of other effective stakeholder processes. Furthermore, the initial Cal TF model has been adapted based on California stakeholder input and requests, and the adaptations have been validated through extensive review of collaboratives within and outside of California. Finally, in many ways, the Cal TF is a return to earlier days of DEER in which a collaborative process involving multiple key stakeholders was used to develop ex ante values for DEER that produced ex ante values in a less controversial and more transparent way.