

Corrected Version of Key Takeaways

DE 17-136

Lost Base Revenue (LBR) Working Group

March 15, 2018

Key Takeaways

1. Discussion of Q&A Responses from Utilities:

Forecast of kW savings for planning purposes: Two approaches are put forward by the Utilities (MDF and “Entered” values). Liberty and Unitil use MDF, while Eversource uses “entered” values. From the standpoint of uniformity, Eversource indicated it could continue to use “entered” values while, at the same time, convert the entered values into MDF, thus achieving a uniform approach for forecasting kW savings. Utilities to provide an analysis showing how to calculate the kW savings reflecting the general impact of customer peak and demonstrate how seasonal measures impact the savings on a monthly basis.

- Supporting documentation for kW forecasts: We discussed Eversource’s spreadsheet (ref. EERS LBR website) which contains 2016 project details used for planning purposes. The discussion pertained to whether this level of detail could be further distilled into a higher-level summary document. For instance, one tab of the spreadsheet shows the calculation of MDF. For homework, could the Utilities incorporate a draft of this one-page summary in their Preliminary LBR Report, due at the 4-11-2018 Working Group meeting and could the Utilities provide a copy of the Preliminary LBR Report a day or two before the 4-11-2018 LBR meeting?
- Degradation Factor: We discussed the various metrics used by the Utilities, taken from various sources and compiled in a systematic way, in order to forecast kW demand savings. To ensure that the resulting forecasts are reasonable, Staff discussed the possible consideration of whether or not a “degradation factor” that reduces kW savings forecasts might be appropriate. The degradation factor was approved by the Indiana Commission in a recent case (Vectren, Cause No. 44645, 9/18/2017). The factor provides a reasonable approach for ensuring that kW savings forecasts are reasonable and conservative. The idea is to use the assumptions with respect to the precision used in the relevant EM&V Studies to support Utilities’ forecast kW demand savings. For instance, DNV-GL performed the NH large C&I Program evaluation; and, DNV-GL results reflect precision at the 80 percent confidence interval. The Utilities indicated that precision was +/- parameters, such that forecasts could be higher or lower than expected; thus, the discount only seemed biased, and did not seem appropriately reflective of the potential for an increase (as well as a decrease). Staff noted that forecasts for kW savings are used by the Utilities to calculate and recover real dollars from their customers, and thus a relative high standard is in play and that it’s important to ensure that forecast kW savings are reasonable. (ref. Optimal memo, EERS-LBR website). For homework, could the Utilities address this issue further in their Preliminary LBR Report, and if possible, provide a copy of the Preliminary LBR Report a day or two before the 4-11-2018 LBR Working Group meeting.

In addition, the persistence of savings was mentioned in the context of the precision of estimates of average service lifetime. References provided included Berkeley Lab,

Energy Savings Lifetimes and Persistence (May 2015) and the California Standards Practice manual. For homework, the Utilities could address this issue further in their Preliminary LBR Report, due at the 4-11-2018 LBR Working Group meeting and provide a copy of the Preliminary LBR Report a day or two before the 4-11-2018 LBR Working Group meeting.

2. Average Distribution Rates (ADR):

We discussed the significant differences between the average distribution rates for the individual rate classes (ref. ADR calculations on website). For instance Eversource rates are as follows:

General Service Rate G	\$8.70 per kW
Primary General Service Rate GV	\$5.40 per kW
Large General Service Rate LG	\$4.71 per kW

An issue was raised as to whether consideration of ADR by rate class might be a departure from the Settlement Agreement; however, the Settlement Agreement addressed average distribution rates and that rates by rate class might not be a departure since such rates were, in effect, average distribution rates. For homework, could the Utilities address this issue further in their Preliminary LBR Report, due at the 4-11-2018 Working Group meeting and provide a copy of their response a day or two before the 4-11-2018 LBR Working Group meeting.

3. Ratchets:

Rhonda and Karen addressed the issue for Eversource (ref. EERS-LBR website for ratchet presentation and Unitil. With respect to the impact of energy efficiency programs on kW demand savings, Eversource indicated that ratchet prices didn't come into play. An additional scenario was requested and Rhonda will provide it. Also, Unitil and Liberty will provide more detailed analysis of the impact of ratchets (similar to Eversource's). For homework, could Eversource, Unitil, and Liberty provide this information perhaps a day or two before our next 4-11-2018 LBR Working Group meeting? Also, could the Utilities plan to address this issue further in their Preliminary LBR Report, due at the 4-11-2018 Working Group meeting?

4. Template:

We discussed a few refinements to the Template:

Line 3: Maximum Demand Factor (MDF)
Line 5: Degradation Factor
Line 15 Percent Installed
Line 17 Billing Adjustment to Reflect Revenue Act./Est. to be lost

With respect to line 15, Percent Installed, although not discussed, Staff noted after the meeting that Unitil uses 50.66% (in lieu of the prior 50%). For homework, could Unitil explain why this change is recommended in lieu of the 50%; and, if the other Utilities are planning on using the same 50.66 %?

With respect to line 17, due to time constraints, only ratchets were discussed; so, we agreed to add it to our next LBR Working Group meeting. The main issue that was not discussed is the

general impact of customer peak. For homework, could the Utilities plan on discussing this item at the 4-11-2018 LBR Working Group meeting?

The updated Template can be found on the EERS-LBR website.

5. Homework Assignment for the 3/15/2018 Working Group Meeting:

- Supporting documentation for kW forecasts: Could the Utilities incorporate a draft of the one-page summary in their Preliminary LBR Report, due at the 4-11-2018 Working Group meeting and could the Utilities provide a copy of the Preliminary LBR Report a day or two before the 4-11-2018 LBR meeting?
- KW Savings Utilities to provide an analysis showing how to calculate the kW savings reflecting the general impact of customer peak.
- Degradation Factor: Could the Utilities address this issue further in their Preliminary LBR Report, and if possible, provide a copy of the Preliminary LBR Report a day or two before the 4-11-2018 LBR Working Group meeting?

In addition, we discussed the persistence of savings in the context of the precision of estimates of average service lifetime. For homework, the Utilities could address this issue further in their Preliminary LBR Report, due at the 4-11-2018 LBR Working Group meeting and provide a copy of the Preliminary LBR Report a day or two before the 4-11-2018 LBR Working Group meeting?

- Average Distribution Rates (ADR): We discussed the significant differences between the average distribution rates for the individual rate classes (ref. ADR calculations on website). For homework, could the Utilities address this issue further in their Preliminary LBR Report, due at the 4-11-2018 Working Group meeting and provide a copy of their response a day or two before the 4-11-2018 LBR Working Group meeting?
- Ratchets: For homework, could Eversource, Unitil, and Liberty provide the additional information noted above a day or two before our next 4-11-2018 LBR Working Group meeting? Also, could the Utilities plan to address this issue further in their Preliminary LBR Report, due at the 4-11-2018 Working Group meeting and provide a copy of the Preliminary Report a day or two before the 4-11-2018 meeting?
- Template: We discussed a few refinements to the Template:

With respect to line 15, Percent Installed, although not discussed, Staff noted after the meeting that Unitil uses 50.66% (in lieu of the prior 50%). For homework, could Unitil explain why this change is recommended in lieu of the 50%; and, if the other Utilities are planning on using the same 50.66 %?

With respect to line 17, Billing Adjustment to Reflect Revenue Act./Est. to Be Lost, due to time constraints, this issue was not discussed; so, we agreed to add it to our next LBR Working Group meeting. For homework, could the Utilities plan on discussing this item at the 4-11-2018 LBR Working Group meeting? Could the Utilities provide any

information on this issue a day or two before the 4-11-2018 LBR Working Group meeting?

6. Staff will update the Commission EERS-LBR Website to add the following to the 3-15-2018 LBR Working Group section:

- Key Takeaways
- Q&A Responses from Utilities
- NH C&I Project Spreadsheets
- Average Distribution Rates – Eversource
- Average Distribution Rates – Liberty
- Average Distribution Rates - Unitil
- Rhonda's Presentation on "ratchets"
- Eric's Useful materials on Lawrence Berkeley Labs. Memo on Persistence
- Les' Useful Materials - [California Energy Efficiency Evaluation Protocols](#)

[https://www.google.com/search?q=The+California+Energy+Efficiency+Evaluation+Protocol
s+\(CPUC+2006\)&oq=The+California+Energy+Efficiency+Evaluation+Protocols+\(CPUC+2
006\)&aqs=chrome..69i57j0j8&sourceid=chrome&ie=UTF-8](https://www.google.com/search?q=The+California+Energy+Efficiency+Evaluation+Protocol+s+(CPUC+2006)&oq=The+California+Energy+Efficiency+Evaluation+Protocols+(CPUC+2006)&aqs=chrome..69i57j0j8&sourceid=chrome&ie=UTF-8)

- Updated Template
- Agenda for the 4-11-2018 LBR Working Group Meeting