ATTACHMENT A

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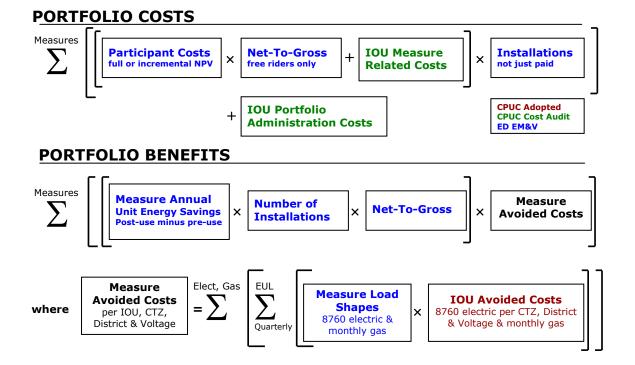
LIEE Cost Effectiveness Questions

- D.07-01-042 describes the two models the Commission currently applies to evaluate Low Income Energy Efficiency programs, the Participant Test and the Utility Test. Are these models adequate for evaluating LIEE programs in the future and in light of the Commission's policy decision to treat LIEE programs as energy resources?

- The California Standard Practice Manual describes four cost-effectiveness tests that may be applied to demand-side programs, such as LIEE: Participant, Ratepayer Impact Measure (RIM), Program Administrator Cost (PAC) and Total Resource Cost (TRC). Currently, the Commission requires the utilities to apply only the TRC and the PAC to evaluate energy efficiency portfolios. Should the Commission apply either or both of these tests to evaluate LIEE programs?

- What are the advantages and draw backs of applying the TRC model currently used in energy efficiency programs to evaluate the cost-effectiveness of LIEE? How, if at all, should this model be modified to recognize LIEE program components and characteristics, including those that are not directly related to energy savings?

- What are the advantages and drawbacks of applying the PAC model currently used in energy efficiency programs to evaluate the cost-effectiveness of LIEE? How, if at all, should this model be modified to recognize LIEE program components and characteristics, including those that are not directly related to energy savings?

- If a non-energy benefit is too small or difficult to quantify, how, if at all, should those benefits be recognized in evaluating and prioritizing LIEE programs? Should they be recognized in qualitative rather than quantitative ways? How, if at all, may a qualitative approach be made compatible with such evaluative tools as the E-3 Calculator and the DEER data base?

- What, if any, additional variables, models or information are needed to evaluate the cost-effectiveness of LIEE?

(END OF ATTACHMENT A)

ATTACHMENT B

ATTACHMENT B

Figure 1: TRC Formula Figure

PORTFOLIO COSTS

$$\sum_{\text{Measures}} \left[\left[\boxed{\begin{array}{c}\textbf{Participant Costs}\\ \textbf{full or incremental NPV}\end{array}} \times \boxed{\begin{array}{c}\textbf{Net-To-Gross}\\ \textbf{free riders only}\end{array}} + \boxed{\begin{array}{c}\textbf{IOU Measure}\\ \textbf{Related Costs}\end{array}} \right] \times \boxed{\begin{array}{c}\textbf{Installations}\\ \textbf{not just paid}\end{array}} \right. $$

$$+ \boxed{\begin{array}{c}\textbf{IOU Portfolio}\\ \textbf{Administration Costs}\end{array}} \qquad \boxed{\begin{array}{l}\textbf{CPUC Adopted}\\ \textbf{CPUC Cost Audit}\\ \textbf{ED EM\&V}\end{array}}$$

PORTFOLIO BENEFITS

$$\sum_{\text{Measures}} \left[\left[\boxed{\begin{array}{c}\textbf{Measure Annual}\\ \textbf{Unit Energy Savings}\\ \textbf{Post-use minus pre-use}\end{array}} \times \boxed{\begin{array}{c}\textbf{Number of}\\ \textbf{Installations}\end{array}} \times \boxed{\textbf{Net-To-Gross}} \right] \times \boxed{\begin{array}{c}\textbf{Measure}\\ \textbf{Avoided Costs}\end{array}} \right]$$

$$\textbf{where} \quad \boxed{\begin{array}{c}\textbf{Measure}\\ \textbf{Avoided Costs}\\ \text{per IOU, CTZ,}\\ \text{District \& Voltage}\end{array}} = \sum^{\text{Elect, Gas}} \sum_{\text{Quarterly}}^{\text{EUL}} \left[\boxed{\begin{array}{c}\textbf{Measure Load}\\ \textbf{Shapes}\\ \text{8760 electric \&}\\ \text{monthly gas}\end{array}} \times \boxed{\begin{array}{c}\textbf{IOU Avoided Costs}\\ \text{8760 electric per CTZ, District}\\ \text{\& Voltage \& monthly gas}\end{array}} \right]$$

(END OF ATTACHMENT B)