

## **Summary of the Results of Phase I of the LIEE Standardization Project**

### **Background**

This report describes an intensive effort by California's investor-owned utilities, working with California Public Utilities Commission (CPUC) staff and other interested parties, to develop recommendations for standardizing the measure selection criteria, installation standards, and measure-specific policies and procedures used in their Low Income Energy Efficiency (LIEE) weatherization programs. This effort is being undertaken in response to two Assigned Commissioner Rulings (ACRs) issued by CPUC Commissioner Josiah Neeper. The first ACR, issued December 29, 1999 ACR, instructed the utilities to "develop a joint proposal for standardizing the selection criteria and installation manuals for the utilities' low income weatherization programs." The second ACR, issued March 22, 2000 clarified the December ACR and expanded the scope of the study to encompass inspections, policies and procedures.

Regional Economic Research, Inc. (RER) and Richard Heath and Associates, Inc. (RHA) were retained by the utilities to provide technical and administrative assistance during the process of developing recommendations. Several public workshops and meetings were held to obtain input for this process. RER, RHA, and the utilities met with the Low Income Advisory Board and its Technical Committee several times to obtain public input. Moreover, RER and RHA conducted two full-day working meetings with the utilities, the California State Department of Community Services and Development (CSD), and CPUC staff to discuss cross-program differences and to develop recommendations leading to more consistent standards and policies. The recommendations contained in the Phase I report are the result of this process.

### **Recommendations**

As explained in the Phase I report, the utilities offer three types of recommendations:

- **Measure Eligibility Criteria.** The utilities recommend a common set of measure eligibility criteria to be used to assess measure for inclusion in the LIEE Program. The recommendations comply with the letter and spirit of Assembly Bill AB 1393, which requires consideration of both cost-effectiveness and hardship in the selection of measures. The recommended approach involves a formal cost-effectiveness test, coupled with explicit consideration of evidence on hardship indicators relating to comfort, safety, and health.
- **A Common Set of Statewide Installation Standards.** The utilities recommend a common set of installation standards for use in all utility LIEE weatherization programs. A set of proposed measure installation standards is contained in Appendix A of the Phase I report. These standards will be integrated

into a common Statewide Weatherization Installation Standards (WIS) Manual in the next phase of this study. The utilities propose that the Statewide WIS Manual be designed to include three types of information for each measure offered by one or more utilities: the installation standards for the measure; nonfeasibility criteria for the installation of the measure; and a summary of other specific policies and procedures relating to the installation of the measure. The logic of this comprehensive design is that it would provide field personnel with a single reference for all policies, procedures, and standards relating to program measure.

- ***Measure-Specific Policies and Procedures.*** The utilities recommend a consistent set of policies relating to the installation of specific measures. These policies include standardized nonfeasibility criteria as well as other policies relating to amounts of various measures and other miscellaneous policies and procedures.
  - *Nonfeasibility criteria* are limited to conditions relating to the presence of a measure, refusal by a customer, physical impediments to installation, prohibitions by local codes and ordinances, and safety or health risks associated with installation. Cost effectiveness is not proposed as a nonfeasibility criterion, insofar as cost-effectiveness screens should be applied at the program (or climate zone) level rather than at the household level.
  - *Other measure-specific policies and procedures* cover a wide range of issues. Of particular note in this area is the recommendation that required ceiling insulation levels be determined on a climate zone basis rather than on a service area basis. A specific set of guidelines on insulation levels will be developed in the next phase of this project.

### ***Future Directions***

The Phase I report focuses on measure selection criteria, measure-specific policies and procedures, and installation standards. The Commission has directed the utilities to address standardization of a wide range of other LIEE policies and procedures, including measure eligibility, income qualification, program management, home energy audits, carbon monoxide and combustion appliance safety testing, and inspection policies and procedures. These issues, which are enumerated in an April 27 letter from Sempra Energy on behalf of the Project Team to Commissioner Neepser and summarized in the Phase I report, will be addressed in Phase II of this study.

### ***Obtaining a Copy of the Phase I Report***

Full copies of the Phase I project report can be obtained by interested parties by contacting Regional Economic Research by phone at 858/481-0081 or by e-mail at either bob@rer.com or angela@rer.com.