

Rule 460.XXXX. Energy Optimization Program Evaluations

Rule 46. (1) Energy optimization program evaluation requirements for plan proceedings shall include all of the following:

(a) A description of the request for proposal process used to select an independent evaluation contractor.

(b) Proposed evaluation budget.

(c) Proposed evaluation schedule or timeline for implementation of evaluation components.

(d) Evaluation goals.

(c) Proposed evaluation scope, schedule/timeline, and objectives for implemented programs. DTE/Consumers

(d) eliminated. DTE/Consumers

(e) Evaluation methodology including a description of the evaluation approaches considered or ultimately selected for calculating gross and net energy savings.

(f) When relevant and practicable, market effects evaluations and process evaluations for each energy optimization program that was approved in the prior energy optimization plan, and is proposed to be continued in the current plan period.

(g) Other evaluation requirements as determined by the commission.

2) Energy optimization program evaluation requirements for reconciliation proceedings shall include all of the following:

(a) *The use of an independent evaluation contractor selected through a request for proposal process.*

(b) *Independent validation of net energy savings achieved by the providers' energy optimization program. The quantification of net energy savings achieved shall include a consideration of program participation levels, gross energy savings and net to gross ratio factors.*

(c) *The use of annual per-measure energy savings values irrespective of when measures were actually implemented by customers, in validating the net energy savings achieved pursuant to subrule (2)(b) of this rule, unless otherwise determined by the commission in a previous plan proceeding.*

(d) *The use of MEMD values, current at the time the associated energy optimization plan was approved by the commission, or engineering estimates current at the time the energy optimization plan was approved by the commission for measures not included in the MEMD as the source for gross energy savings. The commission, for good cause, may order a provider to use measured gross energy savings values using sampling methods.*

(e) *The filing of a provider-specific net to gross ratio analysis for each program implemented during the calendar year being reconciled. The net to gross ratio analysis will be updated every 3 years, and in the interim, providers may use the most current analysis as the source for deemed net to gross ratio values. Providers may file a joint a net to gross ratio analysis, and may upon commission approval, use statewide deemed net to gross ratio values developed by a statewide collaborative that includes interested stakeholders and meets regularly for design, planning, implementation and evaluation of programs.*

(f) *Gross energy savings discount factors for providers using agreed to gross energy savings values or engineering estimates, in place of measured gross energy savings achieved. Such factors shall reflect equipment installation, operation and other factors which may impact the calculation of gross energy savings.*

(g) *Documentation of the source of stipulated gross energy savings or net to gross ratio factors used in the evaluation.*

(h) *An independent evaluation of the savings from measures implemented by self-directed customer plans and attributed to the provider's energy optimization program or attributed to the administrator's energy optimization program for such utility that has all of the following attributes:*

(i) *The scope of the review shall be limited to the self-directed customer's savings calculations, plans and biennial and annual reports described in section 93(8) and (9) of the act.*

(ii) *Where necessary, the evaluation shall include recommended adjustments to the savings claimed by self-directed customers.*

(iii) *The independent evaluation shall include a verification of whether or not customers have actually implemented the measures indicated in their plans, and a validation of achieved savings, using documentation review and analysis of self-reported information contained in the customer biennial reports, combined with interviews and surveys as deemed necessary.*

(iv) *The commission staff may conduct field verification.*

(i) Any other information that the commission determines to be necessary.

b) The use of annual per-measure energy savings values irrespective of when measures were actually implemented by customers, in identifying the gross energy savings achieved, unless otherwise determined by the commission in a previous plan proceeding. DTE/Consumers

b) Independent validation of net energy savings achieved by the providers' energy optimization program. The quantification of net energy savings achieved shall include a consideration of (KEMA):

- (i) program participation levels,
- (ii) gross energy savings and
- (iii) net to gross ratio factors

c) The use of the most current MEMD values, or most current engineering calculation for measures not included in the MEMD as the source for gross energy savings. Current is defined as the most recent MEMD or calculation method prior to the start of a specific program year. Program year is defined as a calendar year. DTE/Consumers

c) The use of annual energy savings values irrespective of when measures were actually implemented by customers, in validating the net energy savings achieved under subrule (2)(b) of this rule, unless otherwise determined by the commission in a previous plan proceeding. KEMA

d) Independent validation of gross energy savings achieved by the providers' energy optimization program. A recommendation concerning the process for making adjustments to gross energy savings will be developed by the Evaluation Collaborative and submitted to the Collaborative Steering Committee for approval and will include (DTE/Consumers):

- (i) An audit of EO program savings that ensures accurate counts of installed end-uses, proper application of program incentives, and proper transfer of MEMD values.
- (ii) Measure verification which includes verification of actual installation, invalid installations outside of service territories, improper installation and removal of installed equipment.

d) The use of (KEMA):

- (i) MEMD values current at the time the associated energy optimization plan was approved by the commission, or
- (ii) engineering estimates current at the time the energy optimization plan was approved by the commission for measures not included in the MEMD as the source for gross energy savings, or
- iii) estimates of savings derived from the contemporary evaluation of the program.

d) The use of (MMEA/LBWL):

- (i) MEMD values, current at the time the associated energy optimization plan was approved by the commission, or
- (ii) engineering estimates current at the time the energy optimization plan was approved by the commission or measures not included in the MEMD as the source for gross energy savings. Or
- (iii) estimates of savings derived from the contemporary evaluation of the program.
- (iv) The commission, for good cause, may order a regulated provider to use measured gross energy savings values using sampling methods.

e) When relevant and practicable, as determined by Commission order during the biennial review process, an independent validation of net energy savings achieved by the providers' energy optimization program. A recommendation concerning the process for making adjustments to identify net energy savings will be developed by the Evaluation Collaborative and submitted to the Collaborative Steering Committee for approval and will include (DTE):

- (i) The identification of provider-specific net to gross ratios for each program. Providers may file a joint net to gross ratio analysis for individual end-uses
- (ii) Determining the frequency with which net to gross ratios analysis will be updated.
- (iii) A recommendation regarding the deeming of net-to-gross ratios for programs with low participation, as these end uses may not warrant allocation of evaluation dollars.

e) Independent validation of net energy savings achieved by the providers' energy optimization program. A recommendation concerning the process for making adjustments to identify net energy savings will be developed by the Evaluation Collaborative and submitted to the Collaborative Steering Committee for approval and will include (Consumers):

- (i) The identification of provider-specific net to gross ratios for each end-use providers may file a joint net to gross ratio analysis for individual end-uses
- (ii) Determining the frequency with which net to gross ratios will be updated.
- (iii) A recommendation regarding the deeming of net-to-gross ratios for programs with low participation, as these end uses may not warrant allocation of evaluation dollars.

e) When relevant and practicable the filing of a provider-specific measured net to gross ratio analysis for each program implemented during the calendar year being reconciled. The net to gross ratio analysis should be estimated if no applicable net to gross ratio exists, and be updated when there are significant changes in the program implementation or other relevant factors. In the interim, providers may use the most current analysis as the source for deemed net to gross ratio values. Providers with less than 1,000,000 customers may file a joint net to gross ratio analysis, and may upon commission approval, use statewide deemed net to gross ratio values developed by a statewide collaborative that includes interested stakeholders and meets regularly for design, planning, implementation and evaluation of programs. KEMA

e) When relevant and practicable the filing of a provider-specific measured net to gross ratio analysis for each program implemented during the calendar year being reconciled. The net to gross ratio analysis should be estimated if no applicable net to gross ratio exists, and be updated when there are significant changes in the program design or other relevant factors take place. In the interim, providers may use the most current analysis as the source for deemed net to gross ratio values. Providers with less than 1,000,000 customers may, at their discretion, file a joint net to gross ratio analysis, and may upon commission approval, use statewide deemed net to gross ratio values developed by a statewide collaborative that includes interested stakeholders and meets regularly for design, planning, implementation and evaluation of programs. MMEA/LBWL

f) Independent validation of assumptions and calculations used to identify deemed savings values in the MEMD. Based on results from evaluation research, the Evaluation Collaborative will identify MEMD measures requiring review and possible adjustment. A recommendation concerning the process for altering or updating MEMD values will be developed by the Evaluation Collaborative and submitted to the Collaborative Steering Committee for approval. DTE/Consumers

g) A review of self-directed customer plans. This review shall be limited to the self-directed customer's savings calculations, plans and biennial and annual reports described in section 93(8) and (9) of the act. DTE

(i) The commission staff may conduct field verification.

g) A review of the savings identified by self-directed customer plans and attributed to the provider's energy optimization program. Consumers

(i) This review shall be limited to the self-directed customer's savings calculations, plans and biennial and annual reports described in section 93(8) and (9) of the act.

(ii) Where necessary, the review shall include recommended adjustments to the savings claimed by self-directed customers.

(iii) The commission staff may conduct field verification.

(3) For the first year of the programs, a net to gross ratio of 1.0 shall be used in the reconciliation proceedings. In addition, gross savings discount factors reflecting installation and operation shall also be 1.0 for the first reconciliation. For subsequent years, and unless otherwise approved by the commission, the values of a net to gross ratio and operation and installation discount factors shall be based upon program evaluations pursuant to subrule (2) of this rule.

3) Gross energy savings adjustments as identified in subrule (2) (d) will become part of the annual reconciliation process in the first year following the approval of these rules. All other adjustment ratios will be assumed to be 1.0 except as determined subject to subpart (4) (DTE):

(a) Gross energy adjustments relating to verification of installations for a program year, must be determined prior to the start of a program year.

(b) As new programs are added to a provider's portfolio, adjustments to those programs' savings values for their first calendar year of operation will include the adjustment identified in subrule (2) (d-i). All other adjustment ratios will be assumed to be 1.0.

(3) Gross and net energy savings adjustments as identified in subrule (2) (d) and (2)(e) will be used to determine annual energy savings as part of statutory reporting requirements on the following time table (Consumers):

(a) 2009 energy savings reconciliations will include the adjustment identified in subrule (2) (di). All other adjustment ratios will be assumed to be 1.0.

(b) 2010 energy savings reconciliations will include the adjustment identified in subrule (2) (di). All other adjustment ratios will be assumed to be 1.0.

(c) Energy savings for programs years 2011 and beyond will include all adjustments identified in subrules (2)(d) and (2)(e).

(d) Gross energy adjustments relating to verification of installations and net-to-gross adjustments for a program year, must be determined prior to the start of a program year.

(e) As new programs are added to a provider's portfolio, adjustments to those programs' savings values for their first two calendar years of operation will include the adjustment identified in subrule (2) (d-i). All other adjustment ratios will be assumed to be 1.0. For the purposes of identifying annual energy savings as part of statutory reporting requirements a program's third calendar year of operation will include all adjustments identified in subrules (2)(d) and (2)(e).

(3) For 2009 and 2010, a net to gross ratio of 1.0 shall be used in the reconciliation proceedings. In addition, gross savings discount factors reflecting installation and operation shall also be 1.0 for the first reconciliation. For subsequent years, and unless otherwise approved by the commission, the values of a net to gross ratio and operation and installation discount factors shall be based upon program evaluations under subrule (2) of this rule. KEMA

(3) For 2009 and 2010, a net to gross ratio of 1.0 shall be used in the reconciliation proceedings. In addition, gross savings discount factors reflecting installation and

operation shall also be 1.0 for the first and second reconciliation periods. For subsequent years, and unless otherwise approved by the commission, the values of a net to gross ratio and operation and installation discount factors shall be based upon program evaluations under subrule (2) of this rule. MMEA/LBWL

(4) Independent expert evaluation, measurement and verification required by this rule shall not exceed 8% of the costs of implementing the energy optimization plan.

(4) Net to gross adjustments that have been determined to be appropriate by Commission order during a biennial review process, will become part of the annual reconciliation process in the first year following a Commission order in a biennial review. DTE