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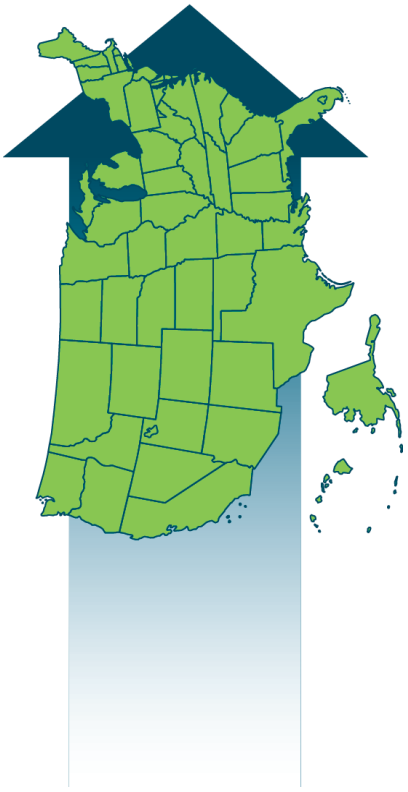
SEE Action

STATE & LOCAL ENERGY EFFICIENCY ACTION NETWORK

Energy Efficiency Collaboratives

Driving Ratepayer-Funded Efficiency through Regulatory Policies Working Group

September 2015



The State and Local Energy Efficiency Action Network is a state and local effort facilitated by the federal government that helps states, utilities, and other local stakeholders take energy efficiency to scale and achieve all cost-effective energy efficiency by 2020.

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Energy Efficiency Collaboratives is a product of the State and Local Energy Efficiency Action Network (SEE Action), facilitated by the U.S. Department of Energy/U.S. Environmental Protection Agency. Content does not imply an endorsement by the individuals or organizations that are part of SEE Action working groups, or reflect the views, policies, or otherwise of the federal government.

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Energy Efficiency Collaboratives is a product of the State and Local Energy Efficiency Action Network's Driving Ratepayer-Funded Efficiency through Regulatory Policies (RFE) Working Group. This document was developed under the guidance of and with input from the working group. The guide does not necessarily represent an endorsement by the individuals or organizations of the working group members. This guide is a product of SEE Action and does not necessarily reflect the views or policies of the federal government.

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The Regulatory Assistance Project conducted the research, created graphics and drafted portions of the report. Molly Roy, SRA International, Inc. edited the document.

Acronyms

BPA	Bonneville Power Administration
Btu	British thermal units
CEE	Consortium for Energy Efficiency
CEPS	clean energy portfolio standard(s)
CFA	Consolidated Funding Application
CHP	combined heat and power
C&I	commercial and industrial
DOE	U.S. Department of Energy
DSM	demand-side management
EERS	energy efficiency resource standard(s)
EPA	U.S. Environmental Protection Agency
EPI	energy performance indicator
EnMS	energy management system
ETO	Energy Trust of Oregon
EWEB	Eugene [Oregon] Water and Electric Board
FTE	full-time equivalent employee
GWh	gigawatt-hour
IEE	Industrial energy efficiency
IOF-WV	Industries of the Future West Virginia
IPE	NYSERDA's Industrial Process Efficiency program
IPMVP	International Performance Measurement and Verification Protocol
IRP	integrated resource planning
HVAC	heating, ventilating, and air conditioning
HPEM	High Performance Energy Management (BPA program)
kW	kilowatt
kWh	kilowatt hour
M&V	measurement and verification
MMBtu	million British thermal units
MW	megawatt
MW_{avg}	average megawatts
MWh	megawatt-hour
NAICS	North American Industry Classification System
NEEA	Northwest Energy Efficiency Alliance
NEB	non-energy benefit
NWFPA	Northwest Food Processors' Association
NYSERDA	New York State Energy Research and Development Authority
O&M	operations and maintenance
PAC	program administrator cost test
PDC	program delivery contractor
RMP	Rocky Mountain Power
SEM	strategic energy management
SEO	state energy office
SEP	U.S. Department of Energy Superior Energy Performance program
SME	small- and medium-sized enterprise
SWEEP	Southwest Energy Efficiency Project
Therm	100,000 Btu
TRC	total resource cost
UMP	Uniform Methods Project
WFE	Wisconsin Focus on Energy

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Executive Summary

Collaboratives for energy efficiency have a long and successful history and are currently used, in some form, in more than half of the states. Historically, many state utility commissions have used some form of collaborative group process to resolve complex issues that emerge during a rate proceeding. Rather than debate the issues through the formality of a commission proceeding, disagreeing parties are sent to discuss issues in a less-formal setting and bring back resolutions to the commission. Energy efficiency collaboratives take this concept and apply it specifically to energy efficiency programs—often in anticipation of future issues as opposed to reacting to a present disagreement.

Energy efficiency collaboratives can operate long term and can address the full suite of issues associated with designing, implementing, and improving energy efficiency programs. Collaboratives can be useful to gather stakeholder input on changing program budgets and program changes in response to performance or market shifts, as well as to provide continuity while regulators come and go, identify additional energy efficiency opportunities and innovations, assess the role of energy efficiency in new regulatory contexts, and draw on lessons learned and best practices from a diverse group. Details about specific collaboratives in the United States are in the appendix to this guide. Collectively, they demonstrate the value of collaborative stakeholder processes in producing successful energy efficiency programs.

Initial collaborative efforts were primarily focused on program design. As comprehensive, sophisticated programs have evolved, so too have the purpose, usefulness, and focus of collaboratives. Today, new issues driven by technology are emerging and must be appropriately incorporated into program design and operation. Increasingly, customers as a group are seen as a vital and strategic, demand-side power sector resource with distinct advantages over other resources. States with energy efficiency collaboratives are likely to find themselves better able to respond to these trends and utilize this resource. This guide will hopefully inform and provide context for decision makers as they design new or improve existing energy efficiency collaboratives.

Attributes of Successful Energy Efficiency Collaboratives

Energy efficiency collaboratives ("collaboratives") vary greatly and are typically designed for a specific jurisdiction, making them hard to compare side by side. However, this guide seeks to highlight a few common elements and draw conclusions on the overall effectiveness of specific characteristics of collaboratives. This guide defines and examines four different types of collaboratives in terms of their origin, scope, decision-making method, membership, duration, available resources, and how they interact with and influence their respective commissions.

The four types of collaboratives are: enhanced collaboratives, permanent statewide collaboratives, utility-specific collaboratives, and temporary collaboratives. This guide defines these as follows:

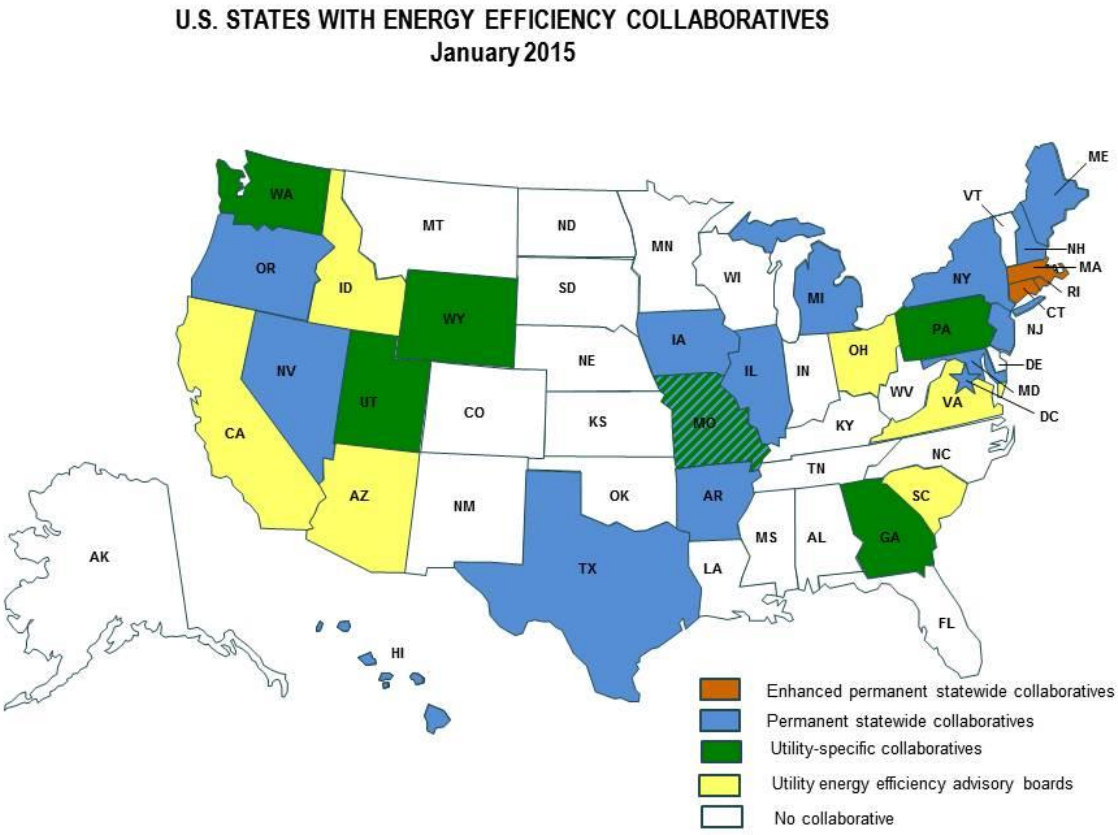
- Enhanced collaborative: Characterized by a significant operating budget, statutory permanence, and a broad array of specific tasks and responsibilities
- Permanent statewide collaborative: Created to address issues for all electric utilities (and possibly gas as well) in the state; is permanent as the result of statute, commission order, or track record; has a smaller budget relative to an enhanced collaborative; and could rely more on peer review and input to complete tasks rather than on dedicated staff
- Utility-specific collaborative: Set up by the commission to foster stakeholder input for a single utility and otherwise operates in a similar manner to a permanent statewide collaborative
- Temporary collaborative: Created to examine a defined set of issues; to be disbanded after completing its mission.

In addition to the four types of collaboratives, the guide recognizes a similar mechanism referred to as a "utility advisory board." This is an entity created either by the utility or the commission, operating under the direction of the utility, that provides input to the utility regarding energy efficiency matters. This guide also examines how utility advisory boards and states without energy efficiency collaboratives grapple with the issues collaboratives typically address.

Based on a survey for this guide, more than half of the states have a collaborative:

- 3 states have enhanced collaboratives: Massachusetts, Rhode Island, and Connecticut
- 15 states have permanent statewide collaboratives: Nevada, Oregon, Texas, Arkansas, Missouri, Iowa, Illinois, Michigan, New York, Maryland, the District of Columbia, New Jersey, New Hampshire, Maine, and Hawaii
- 6 states have utility-specific collaboratives: Washington, Wyoming, Utah, Missouri, Georgia, and Pennsylvania
- 6 states have energy efficiency utility advisory boards: Idaho, Arizona, Ohio, Virginia, California, and South Carolina.

Temporary collaboratives are not listed above or reflected in the map in Figure ES-1.



Source: The Regulatory Assistance Project

Figure ES-1. U.S. states with energy efficiency collaboratives

Note: Maine and Oregon employ third-party entities to deliver statewide energy efficiency programs for most utilities in their state. These entities are governed by boards of directors that fulfill some, though not all, of the functions of collaboratives and, therefore, have been classified as permanent collaboratives.

Origin of a Collaborative

Energy efficiency collaboratives can be established through legislation, through a commission order, or at the behest of the utility or other stakeholders. Collaboratives established by commission order often are some of the longest-lasting collaboratives and those established by legislation rarely disband.

Scope

The scope of collaboratives, how they function, and the topics they address vary widely across the United States. Collaboratives can:

- Respond to a specific issue that arises during the design or implementation of energy efficiency programs
- Be an ongoing, reliable forum, dealing with routine and emerging issues that arise as programs mature and evolve
- Promote working relationships among stakeholders

- Tackle an especially complex problem, such as development of a technical reference manual or specific evaluation measurement and verification (EM&V) protocols
- Identify opportunities to create new energy efficiency programs or alter existing programs in response to market changes.

Method of Decision Making

A collaborative's decision-making methods and input to the commission range in their formality and finality. Collaboratives can:

- Make findings and recommendations on specific issues to be provided to the commission, as seen in most of the enhanced collaboratives discussed in this guide
- Forge consensus around as many issues as possible, isolating issues of disagreement to be ultimately dealt with by the commission
- Have formal roles for participants as decision makers with voting or non-voting authority
- Be more informal with a facilitator to manage the agenda, moderate discussion, and motivate consensus.

Membership

Although all collaboratives seek input from stakeholders, membership of collaboratives varies. Membership may be set out in statute, appointed by the governor, or open to the public. All collaboratives appear to seek a broad representation of interests from stakeholders, including program administrators, low-income advocates, business leaders, consumers across all customer classes, environmental advocates, and others. Some collaboratives seek to institutionalize this diversity by requiring representation from distinct interests.

Duration

The duration of collaboratives ranges from permanent to temporary. The collaborative process recognizes that there are many interests and that there are typically a series of problems to solve—problems unlike others utilities and regulators normally face—and, therefore, generally allow for the process or duration to evolve over time.

Resources Available to the Collaborative

Some collaboratives have dedicated staff, including contracted experts and funding, while others are supported without those resources. In general, collaboratives established by statute tend to also have funding, making them part of the cost of service for energy efficiency. In all cases, collaboratives depend on the willingness of stakeholders to volunteer their time to participate.

Role of Commission and Relationship with the Collaborative

The role of the commission in a collaborative's work and the way it uses the collaborative varies widely. Some commissions have active roles in the collaboratives, while other collaboratives operate independently of the commission. Some commissions will assign a staff person to be active in the collaborative deliberations but then prohibit that person from participating in deliberations on a specific case, thereby addressing *ex parte* concerns.

A collaborative's findings may be relied upon directly by the commission in its decision making, or collaboratives may be used to educate stakeholders, who then formulate their own individual positions and present them to the commission. Some commissions use the collaboratives to isolate issues on which there is disagreement for the commission to solve, while others generally derive benefit from the surfacing of concerns from all interested stakeholders, whether or not those issues and concerns are formally addressed by the commission. Collaborative participants sometimes express concern that the commission relies too little on the extensive work from a collaborative.

Collaboratives: Looking Forward

Energy efficiency programs are getting more complex and valuable, placing more importance on productive stakeholder collaboratives. Utilities are increasingly relying on energy efficiency as a resource that must deliver on its expected value to the grid. Against this backdrop, it is therefore that much more important for energy efficiency programs to be effective and responsive to consumers. This is an area in which a collaborative process can be particularly effective, and collaborative stakeholders can ensure that the ultimate design of the program is responsive to diverse concerns that might not otherwise be addressed. Because the members of a collaborative have familiarity with the program designs and are not bound by the formalities of the hearing process, the less-formal process can focus on those issues that are most important.

The right design and structure of a collaborative is necessary for it to be useful. When setting one up, states will need to consider, or reconsider, what type of energy efficiency collaborative best meet their needs. Permanent statewide collaboratives have proven useful for providing general critiques of energy efficiency program design, owning specific tasks on behalf of the commission, and allowing a community of interveners to become familiar with the issues involved in energy efficiency program design. Collaboratives focused on a single utility can allow for resolution of specific, localized situations. Collaboratives can be formed to focus on a single issue with the intent to dissolve the group after the issue has been resolved or presented to the commission for a decision. Collaboratives can also evolve from temporary or utility-specific to more permanent as their value expands or, alternatively, disband as the energy efficiency landscape alters.

Overarching Principles

Despite the numerous forms a collaborative can take, a few overarching principles should be considered as part of implementing any of these types of collaboratives.[1]

- Clear objective. A clear objective for the group is essential. It should be communicated clearly whether it is a single purpose collaborative to create a technical reference manual or a mandate to review and comment on ongoing utility program changes. Tracking progress toward the stated goal and reporting that progress is also important.
- Rules of the road. Some collaboratives have developed codes of conduct[2] to ensure all participants are aware of the scope of the process. A simple document laying out the group's procedures can facilitate participation from all parties, which can especially help new members less familiar with the issues and landscape. Clear, transparent processes can also make the group more conducive to considering alternative perspectives and focus on collective problem solving. Ensuring balanced participation from many types of stakeholders is helpful.
- Public, transparent, and inclusive. Meetings and meeting materials should be freely accessible through, for example, a commision or other website.
- Evaluation of efforts. Periodic assessments of the value of collaboratives are important to validate their continuation, refine their mission, redesign operating practices, and so forth. A regular checkup helps assess the progress toward the objective(s) as mentioned earlier.
- Strong, experienced facilitator. An experienced facilitator can ensure all attendees are given a chance to express their views from the most dominating voices to the less-experienced participants and help bring forth the likely diverse and strongly held positions. An ideal facilitator would have familiarity with the issues but be independent of any participating stakeholder group. There are good reasons, like expense,

[1] Based on: Beitel, A., & Johnson, C. (2014). Illinois Energy Efficiency Stakeholder Advisory Group. Briefing to Commissioner Colgan.

[2] California Draft Code of Independence/Code of Conduct. (2013, December). For the California Technical Forum (CAL TF). Available at: http://www.caltf.org/s/Draft-Cal-TF-Code-of-Independence-Code-of-Conduct-12-10-13.pdf.

for a collaborative to eschew a dedicated facilitator, but participants should recognize the tradeoff of this approach.[3]

- Influence with commission. A collaborative is most useful if it can provide an engaging forum for stakeholders to discuss energy efficiency program matters as well as contribute directly to regulatory efficiency. A virtuous cycle can be created if a collaborative does quality work and the commission gives weight to the findings and conclusions of the collaborative.

Overall, successful collaboratives are ones where participants enter into negotiations with the willingness to openly discuss issues and attempt a resolution. Commissions can facilitate this by encouraging candid discussion among stakeholders and setting clear expectations so that the outcomes of these processes are useful.

[3] In Massachusetts, the Chair of the Council is also a voting Council member. This can create challenges, making it difficult for the Department of Energy Resources to appropriately represent their agency while also running Council meetings.

Introduction

The energy efficiency collaborative model evolved as other energy efficiency programs evolved and states attempted to accommodate the diverse interests and viewpoints that were brought to bear on these new and unconventional activities. Traditionally, programs are proposed by a utility program administrator and reviewed by a utility commission[4] in a formal hearing format, which includes discovery, testimony, and cross examination. And, as with most commission proceedings, there are behind-the-scenes negotiations that serve to allow interest groups to provide input into utility decisions. Frequently, a lack of agreement or unwillingness to compromise make it necessary for the commission to convene a litigated process to resolve disagreements, all of which can be time consuming and costly. Historically, many state utility commissions have avoided the litigation process by using some form of collaborative group process to resolve complex issues that emerge during a rate proceeding. Less-formal negotiation, through a collaborative process, can provide a more flexible forum in which to debate the many facets of the issues, allow valuable voices to participate, and develop innovative resolutions to bring back to the commission.

Energy efficiency collaboratives take this concept and apply it specifically to energy efficiency programs and often in anticipation of future issues, as opposed to reacting to a present disagreement. These collaboratives can operate long term and can address the full suite of issues associated with designing, implementing, and improving energy efficiency programs. Collaboratives can be useful to gather stakeholder input, often from groups and individuals that are not traditional utility stakeholders, on changing program budgets and program changes in response to performance or market shifts, as well as to provide continuity while regulators come and go, identify additional energy efficiency opportunities and innovations, assess the role of energy efficiency in new regulatory contexts, and draw on lessons learned and best practices from a diverse group.

The Value of Collaboratives

Collaboratives for energy efficiency have a long and successful history. Energy efficiency programs are undertaken for many reasons and are intended to meet distinct needs of many market actors. Collaboratives are particularly useful mechanisms to evaluate energy efficiency program design because the design and implementation of these programs involve a mix of market, social, and technology factors that can be difficult to frame and organize in a utility regulatory forum. Through the more open and flexible process, collaboratives can create a better understanding of the objectives of the various parties and address their needs. For example, utilities strive to provide nondiscriminatory rates to all customer classes; however, ratepayer-funded energy efficiency programs offer services to a subgroup of customers that are paid for by everyone.[5] This nontraditional situation presents questions that can benefit from the discussion and support of stakeholders.

Collaboratives can be an inclusive vehicle for bringing together the diverse set of interested stakeholders on energy efficiency programs. Some of the potential participants, such as social service agencies, environmental groups, or town planning boards, can be entities who do not typically engage in utility matters and who may be unfamiliar with the processes and procedures of a formal proceeding. Individuals like retailers, contractors, and other program delivery trade allies may not have the time or expertise to participate in a formal evidentiary-type process but can offer insight through collaboratives based on their business experience. Collaboratives offer these groups and individuals an opportunity to both learn about the intricacies of utility practices and participate directly in the creation of programs without engaging in a commission docket.

By engaging with a broader group, collaboratives can also help bring transparency to the use of ratepayer funds in energy efficiency, which can avert criticism, build supportive constituencies, and promote further innovation.

[4] A small number of jurisdictions assign oversight of energy efficiency to an agency other than the commission. For example, the Minnesota Department of Commerce, including the state energy office, oversees energy efficiency. In addition, the State of Delaware and the District of Columbia have operated for some years with state energy office oversight of energy efficiency.

[5] Typically, commissions recognize that benefits are created for both participants and nonparticipants in energy efficiency efforts.

Additionally, as a result of their flexible processes, collaboratives can be deployed in many different situations. Present disagreements, future planning, and mid-stream program changes in response to unexpected program performance can all be vetted in a collaborative. Collaboratives can also help to frame and organize the tremendous amount of data that are necessary to implement energy efficiency programs, drawing on their wide base of participants. Collaboratives are uniquely designed in response to a particular context.

Types of Collaboratives

Energy efficiency collaboratives are hard to compare side-by-side because they vary greatly in a number of respects, as discussed in this guide, and are typically designed for a specific jurisdiction. However, this guide seeks to highlight a few common elements and draw conclusions on the overall effectiveness of specific characteristics of collaboratives. This guide examines each type of collaborative's origin, scope, decision-making method, membership, duration, and available resources, as well as how they interact with and influence their respective commissions.

From this analysis, four different types of collaboratives are evident: enhanced collaboratives, permanent statewide collaboratives, utility-specific collaboratives, and temporary collaboratives. This guide defines these as follows:

- Enhanced collaborative: Characterized by a significant operating budget, statutory permanence, and a broad array of specific tasks and responsibilities
- Permanent statewide collaborative: Created to address issues for all electric utilities (and possibly gas as well) in the state; is permanent as the result of statute, commission order, or track record; has a smaller budget relative to an enhanced collaborative; and could rely more on peer review and input to complete tasks rather than on dedicated staff
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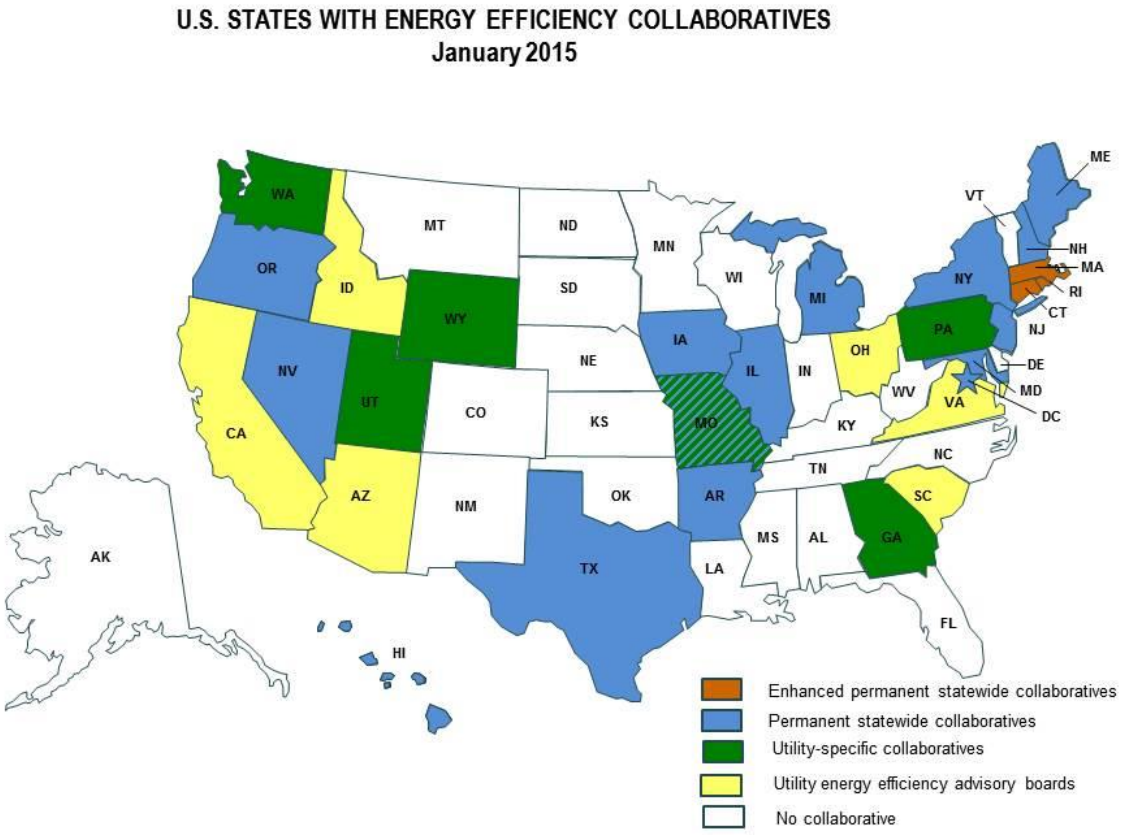
In addition to the four types of collaboratives, the guide recognizes a similar mechanism referred to as a "utility advisory board." This is an entity created either by the utility or the commission, operating under the direction of the utility, that provides input to the utility regarding energy efficiency matters. This guide also examines how utility advisory boards and states without energy efficiency collaboratives grapple with the issues collaboratives typically address.

Based on a survey for this guide:

- 3 states have enhanced collaboratives: Massachusetts, Rhode Island, and Connecticut
- 15 states have permanent statewide collaboratives: NV, OR, TX, AR, MO,[6] IA, IL, MI, NY, MD, DC, NJ, NH, ME, and HI
- 6 states have utility-specific collaboratives: WA, WY, UT, MO, GA, and PA
- 6 states have energy efficiency utility advisory boards: ID, AZ, OH, VA, CA, and SC.

Temporary collaboratives are not listed above or reflected in the map in Figure 1.

[6] Missouri regulations call for both statewide and individual utility collaboratives. To date, the statewide collaborative has yet to function, but the Public Service Commission (PSC) has indicated an interest in creating such an entity.



Source: The Regulatory Assistance Project

Figure 1. U.S. states with energy efficiency collaboratives

Note: Maine and Oregon employ third-party entities to deliver statewide energy efficiency programs for most utilities in their state. These entities are governed by boards of directors that fulfill some, but not all, of the functions of collaboratives and, therefore, have been classified as permanent collaboratives.

The Increasing Importance of Collaboratives

Initial collaborative efforts were primarily focused on program design. As comprehensive, sophisticated programs have evolved, so too have the purpose, usefulness, and focus of collaboratives.

Increasingly, customers as a group are seen as a vital and strategic demand-side power sector resource with distinct advantages over other resources. As a result, the pace of evolution in energy efficiency programs, measures, and evaluation is accelerating and new stakeholders are participating in program deliberations, all while savings can be more difficult to quantify. New issues are emerging, driven by advancing technology, market transformation, increasing energy efficiency budgets, and the desire to reach hard-to-reach populations such as low-income households. States with energy efficiency collaboratives are likely to find themselves better able to respond to these trends and utilize this resource.

The right design and structure of a collaborative is necessary for it to be useful, and the goal of this guide is to inform and provide context for decision makers as they design new or improve existing energy efficiency collaboratives.

Next is an examination of the four categories of collaboratives, discussing their origin, scope, decision-making method, membership, duration, available resources, and how they interact with and influence their respective commissions, as well as some examples of their accomplishments and challenges. Drawing from that discussion, this guide then highlights some key issues to consider when designing a collaborative.

Enhanced Permanent Statewide Collaboratives

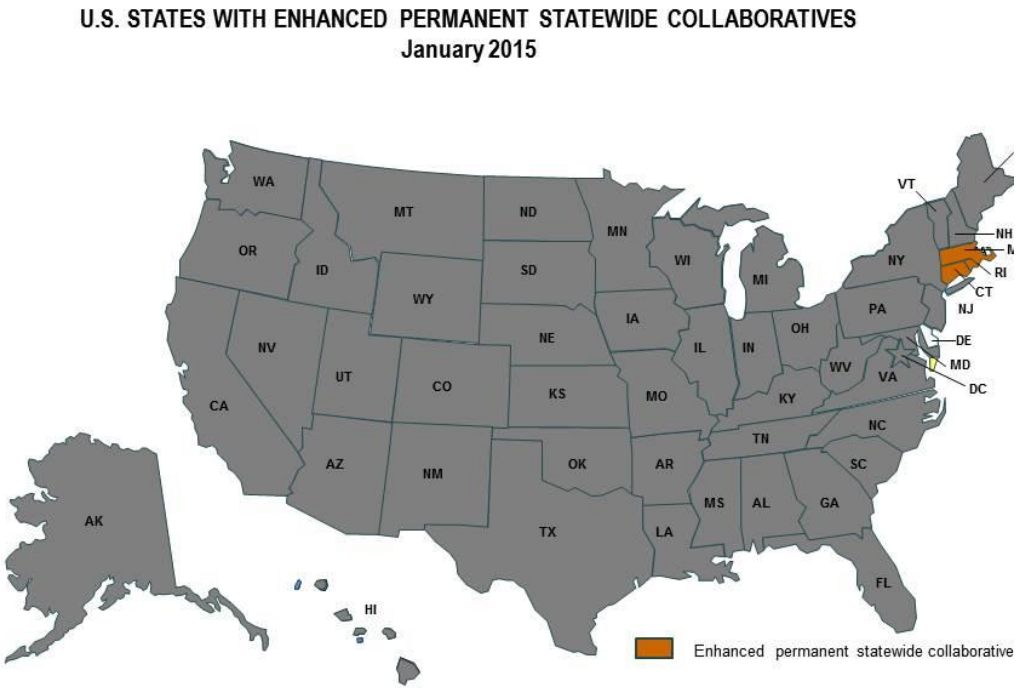


Figure 2. U.S. states with enhanced permanent statewide collaboratives

An enhanced permanent statewide collaborative (from herein referred to as an "enhanced collaborative"), as defined by this guide, is characterized by a significant operating budget, statutory permanence, and a broad array of specific tasks and responsibilities. Three states were found to have this type of collaborative: Connecticut, Massachusetts, and Rhode Island.

Scope and Structure

Enhanced collaboratives generally have a statewide scope[7] and operate at a high level, maintaining staff, engaging consultants, and preparing recommendations. Their significant operating budgets[8] are used for regular meetings, subcommittee activities, and extensive reporting. Generally, they are exempt from *ex parte* communication rules, as the commissioners have the final say, which allows the deliberations of the collaborative process to be more robust and transparent.

[7] Some have differing responsibilities and duties regarding municipal and cooperative electric companies. With all types of collaboratives, where municipal and cooperative utilities are not regulated, they are invited to participate, and often do, as their interests allow.

[8] The Connecticut collaborative has a budget of roughly $700,000 out of a total energy efficiency budget for the state of $220 million. The Massachusetts consultant team work plan has a budget of about $1.5 million. See: http://ma-eeac.org/wordpress/wp-content/uploads/Consultant-Team-Year-2014-Approved-Workplan1.pdf. The Rhode Island Council receives approximately 1.2% of the system benefits charge, or $1.2 million, to support its activities.

Most enhanced collaboratives are called "board" or "council" because they have formal requirements for their membership structure established in the state statute.[9] Typically, voting members include heads of appropriate state agencies (or their designate), as well as representatives from consumer, industrial, trade, and environmental groups. The board members and chairs can be selected in different ways—in Connecticut, the commission appoints members, and those members elect a chair and vice chair. In Massachusetts, the Department of Public Utilities appoints the members based on a sector representation included in the statute and the Department of Energy Resources representative always chairs the council. And in Rhode Island, the members are appointed by the governor with the advice and consent of the Senate, specifying which of these members are to serve as chair and vice chair.

The facilitation of enhanced collaboratives varies by state, but each has a high-level staff person heading the collaborative. In Connecticut, an executive secretary employed by the board to support its appointed chair facilitates the board's proceedings. In Massachusetts, there is a team of consultants who act as agents of and advisors to the council. These consultants regularly report to the council at large about efforts related to their specific area of expertise, such as industrial programs, residential programs, evaluation, avoided costs, and other policy issues. The council annually publishes a listing of its priorities for the coming year to shape the consultants' work plans and to inform the program administrators[10] of their priorities. The stakeholder engagement process in these collaboratives can be regulated by statute to varying degrees. Both the Rhode Island and Connecticut legislation obligates the board to implement a stakeholder participation process to allow individuals to have a voice in the process of energy efficiency program design. The Massachusetts charter does not specifically call for stakeholder engagement, but agenda time is set aside to allow stakeholders to present their point of view.

These enhanced collaboratives are generally created or modified as part of a shift in the state's energy efficiency approach. The original Connecticut board[11] was created in response to the shift to retail competition in 1998; when the board was updated in 2007 and renamed the Connecticut Energy Efficiency Board, it was part of a revamp of the utility energy efficiency structure undertaken by the legislature.[12] In Massachusetts, the Energy Efficiency Advisory Council was created as part of the Green Communities Act,[13] which substantially increased the focus and pace of energy efficiency and renewable energy activities in Massachusetts. In these cases, the legislature desired to create a mechanism to oversee the development and administration of energy efficiency programs and assure transparency in the execution of the mandated energy efficiency goals. In Rhode Island, the Energy Efficiency and Resource Management Council was established in 2006 to guide implementation of that state's comprehensive energy reform law that tripled efficiency budgets.[14] In each state, legislation required the acquisition of all cost-effective energy efficiency.

Each of these enhanced statewide permanent collaborative boards was legislatively created as a component of a shift in structure or emphasis in the state's energy efficiency approach. As major changes were proposed, these states felt it necessary to engage a more rigorous and inclusive process to inform their program efforts.

[9] For Massachusetts, see: https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter169, paragraph 22. The Connecticut Legislature created the Energy Conservation Management Board pursuant to Section 33 of PA 98-28 (CGS § 16-245m), An Act Concerning Electric Restructuring. In Rhode Island, the Energy Efficiency and Resources Management Council was created by the Comprehensive Energy Conservation, Efficiency and Affordability Act in 2006.

[10] The program administrators include the investor-owned electric and natural gas utilities in the state as well as a municipal aggregator.

[11] "Energy Conservation Management Board" is the name of this earlier body.

[12] Energize Connecticut. (2014). *Connecticut Energy Efficiency Board.* Retrieved from: http://www.energizect.com/about/eeboard.

[13] An Act Relative to Green Communities. (2008). Massachusetts Session Laws, Chapter 169, Section 22. Available at: https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter169https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter169.

[14] Rhode Island Energy Efficiency and Resource Management Council. (2014). Retrieved from: http://www.rieermc.ri.gov/.

As the issues and challenges of energy efficiency programs evolve, the role and function of the councils change as well. For example, in Connecticut in 2005, the board expanded its efforts[15] to cover gas utility programs and was given new responsibilities in evaluating the state's energy efficiency programs.

Decision Making and Influence

Enhanced collaboratives are equipped with the necessary tools as well as a statutory mandate to conduct a thorough examination of the utility programs and filings. They become the acknowledged venue where energy efficiency issues are worked through and stakeholder input is incorporated into program plans. Although the commission remains the final arbiter of issues addressed by the enhanced collaborative, it tends to rely on the findings and recommendations of the collaborative.

Enhanced collaboratives generally have a formal process in which voting members decide an issue. Program administrators often participate as non-voting members of the board and provide their perspective on key issues. In Rhode Island, state law requires the Energy Efficiency and Resource Management Council (EERMC) to propose energy savings targets for utility programs, the final proposal of which is agreed upon by majority vote. Once this planning exercise has been completed, the Rhode Island Public Utilities Commission (PUC) is charged with regulatory review and approval of the proposed budgets and savings targets.[16]

In Massachusetts, the Energy Efficiency Advisory Council (EEAC) operates primarily through a consensus process, though this is a custom rather than a mandate. The statute only requires a vote of approval, so in those rare cases in which consensus cannot be reached, the EEAC operates by majority vote.[17] Where there is significant disagreement, items are reconsidered to address the major concerns. After being vetted through the collaborative process, energy efficiency plans must be reviewed and approved by the Department of Public Utilities (DPU). The DPU approval process considers program designs, budgets, cost effectiveness, and other compliance issues related to the Green Communities Act. If the program administrators do not agree with an EEAC decision, they can bring the issue before the DPU.

Accomplishments and Challenges

All of the enhanced collaboratives produce an annual report[18,19,20] summarizing the energy efficiency accomplishments in the state, as well as the activities of the collaborative. Additionally, because of their budget and expertise, enhanced collaboratives are able to take on other various studies and projects. For example, the Massachusetts EEAC funded a study to assess expected economic conditions in the state that could have an effect on energy efficiency efforts. In Rhode Island, the EERMC, with other groups, developed Standards for Energy Efficiency and Conservation Procurement and System Reliability ("Standards") for the PUC's review and approval. The Standards serve as an administrative roadmap, defining the roles and responsibilities for the different programs involved and laying out a clear process for achieving the goals of least-cost procurement.

These studies and projects can be done to improve deemed savings estimates, develop avoided costs, or evaluate new technologies, sometimes in conjunction with other states. In New England, all six states, with representation from utilities, public advocates, stakeholders, and collaborative consultants, participate in a joint effort to develop

[15] The Connecticut Energy Efficiency Board's oversight was expanded with the passage of 2005 legislation to include the energy efficiency programs of the Connecticut Municipal Electric Energy Cooperative and the state's natural gas utilities.

[16] Comprehensive Energy Efficiency, Conservation, and Affordability Act. (2006). § 39-1.27.7.1 (f).

[17] EEAC Bylaws as Adopted. (2013, May). Article 8. Available at: http://www.ma-eeac.org/Docs/2_General%20Info/EEAC%20Bylaws%20As%20Adopted%20-%20Final%20Revisions%205-16-13.pdf.

[18] Rhode Island Energy Efficiency and Resources Management Council. (2014). *Annual Report to the General Assembly*. Retrieved from: http://www.rieermc.ri.gov/documents/annual/4_EERMC_April%202014.pdf.

[19] Energize Connecticut. (2013). *Energy Efficiency Board Annual Legislative Reports.* Retrieved from: http://www.energizect.com/about/eeboard/annualreports.

[20] Massachusetts EEAC. (2013). *Annual Reports.* Retrieved from: http://ma-eeac.org/results-reporting/annual-reports/.

avoided costs to be used in measure and program screening. The utilities are ultimately responsible for the results of the study, but collaborative consultants advise the process.

Although the budget and time required for this type of collaborative is large, much of the work is necessary for some entity to undertake to properly support energy efficiency programs. Additionally, the inclusive planning and evaluation efforts undertaken by the collaboratives can greatly enhance the delivery and design of programs, making better use of the program funds.

Permanent Statewide Collaboratives

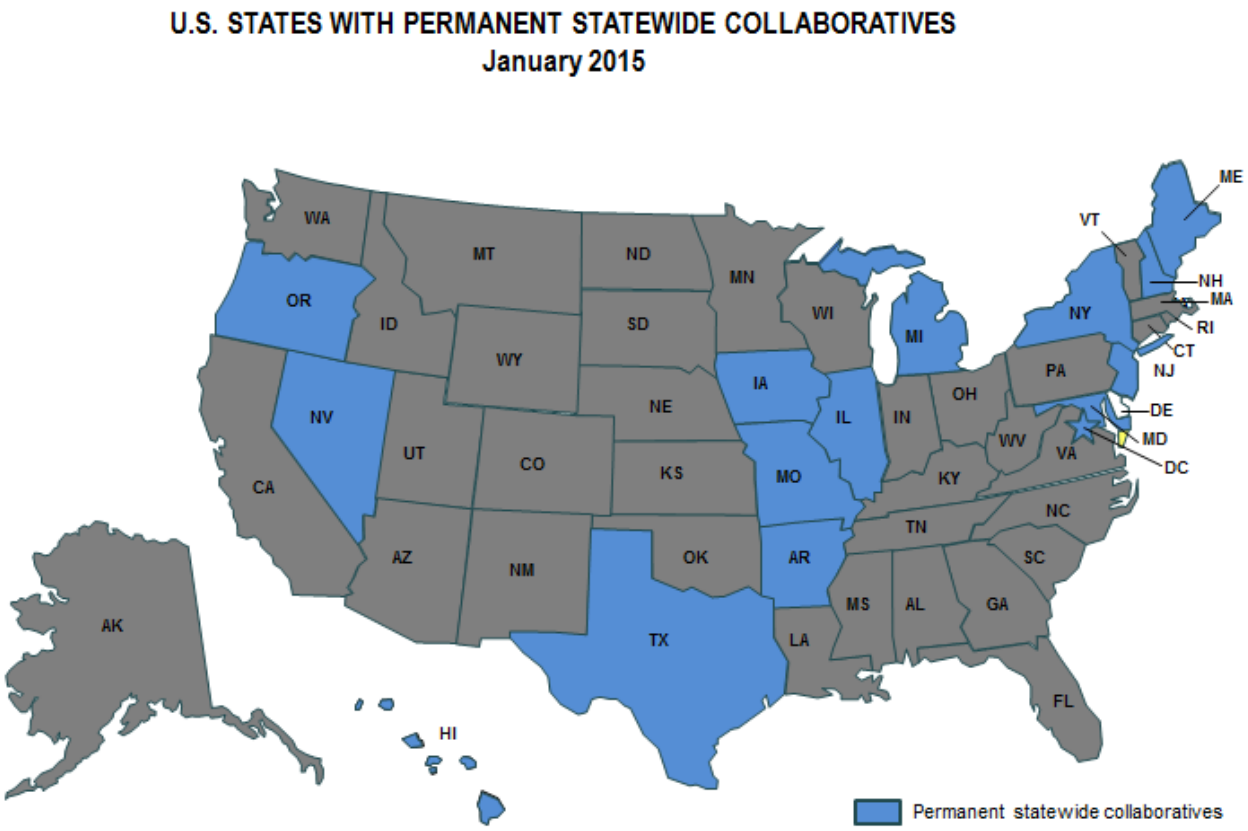


Figure 3. U.S. states with permanent statewide collaboratives

Note: Maine and Oregon employ third-party entities to deliver statewide energy efficiency programs for most utilities in their state. These entities are governed by boards of directors that fulfill some, but not all, of the functions of collaboratives and, therefore, have been classified as permanent collaboratives.

A "permanent statewide collaborative" is defined herein as a collaborative that addresses issues for all electric utilities in the state (and possibly natural gas as well) that is permanent as the result of statute, commission order, or its track record; has a smaller budget relative to an enhanced collaborative; and may rely more on peer review and input to complete tasks than on dedicated staff. Fifteen states have established permanent statewide collaborative groups to facilitate the exchange of information on energy efficiency programs.

Maine and Oregon: States that have Third-Party Efficiency Programs. Energy efficiency is delivered by third-party providers in Maine and Oregon—Efficiency Maine and the Energy Trust of Oregon. All Maine utilities participate in Efficiency Maine, whereas only large utilities in Oregon participate in the Energy Trust of Oregon. Small utilities, municipalities, and cooperatives in Oregon do energy efficiency outside of the Energy Trust of Oregon.

The third-party programs in these states have boards of directors that oversee the activities of the program administrators, make policy decisions, and undertake some of the functions of a collaborative; therefore, they have been classified as permanent collaboratives. However, note that these boards may operate in more of a management oversight role than most collaboratives, as not all of their meetings are open and stakeholder involvement is not a principal objective of their activities.

Scope and Structure

Voluntary peer review is a tool that is used very effectively by some collaboratives. All collaborative participants have different motivations for their efforts, but all share the desire to make efficiency programs operate effectively.

Permanent statewide collaborative groups have a relatively small budget and rely heavily on peer review and stakeholder input to provide feedback to utility program managers in a more informal but open process.

Many statewide collaboratives rely on an outside facilitator who acts as a neutral party and guides the discussion, sets agendas for meetings, and prepares any written reports developed by the group. Illinois is an example of a state that uses an outside facilitator who is responsible for maintaining a website, working with the group to prepare an agenda, and organizing and moderating meetings. Because these collaboratives largely rely on volunteer peer review[21] to accomplish many of their tasks, the role of the facilitator takes on an important function. A facilitator must organize and motivate the members of the collaborative, making sure they perceive that they are having an impact on the programs at hand.

Other collaboratives rely on commission staff or a state agency to provide administrative support. Whoever facilitates the meetings remains independent of all parties in the negotiations. New Hampshire Energy Efficiency and Sustainable Energy Board is administratively attached to the New Hampshire PUC, with board members representing state agencies, utilities, and public interest groups.[22] The members and a designated chair manage the board meetings, and the PUC staffs the meetings. The board lacks statutory authority, dedicated staff, and a budget but is able to bring together a variety of stakeholders to discuss relevant energy efficiency issues and provide a forum for exchange of ideas.

The membership structure for these collaboratives varies greatly. Some actively seek input or mandate participation from various stakeholders similar to enhanced collaboratives. The membership list can be legislatively or commission mandated, with some having members appointed by the governor. Utilities can be required by the

[21] Arkansas employs a technical reviewer. See: Johnson, K., & Klucher, M. (Undated). *All Together Now! How Collaboration Works in Arkansas.* Available at: http://www.iepec.org/confdocs/papers/2014/Katherine%20Johnson.pdf.

[22] New Hampshire statutes Title 10 Section 125-O:5-a. See http://www.puc.state.nh.us/EESE.htm.

PUC to participate, and some may participate voluntarily. Frequently state agency heads are represented, as are trade groups, environmental representatives, low-income groups, and businesses.

Initially, in Arkansas, the Parties Working Collaboratively was envisioned as a short-term exercise focused on start-up issues for energy efficiency. However, the group has proven to be such a valuable asset that it continues providing input today.

Duties of the permanent statewide collaborative evolve as the issues faced by the jurisdiction evolve. Frequently, a collaborative, initially focused on a narrow set of issues, sees its role expand as the commission and the participants realize the value the collaborative model can bring to the regulatory process. For example, the Parties Working Collaboratively (PWC) group in Arkansas was established by the commission to work through the start-up issues with designing energy efficiency programs.[23] The input of the PWC proved valuable, and it remains today as an influential forum focused on energy efficiency programs in Arkansas. One interesting feature of the PWC is that it regularly files motions with the commission that include both minority and majority positions.

Collaboratives can also be used to focus on a single issue that is particularly troublesome. For example, the Maryland legislature passed the EmPOWER Maryland Energy Efficiency Act of 2008, calling for a 15% reduction in per capita energy demand by 2015.[24] The state then needed to consider what energy efficiency goals should be set after 2015, so they formed the EmPOWER Planning Group facilitated by the Maryland Energy Administration, which is now focused on the 2015–2017 utility program cycle.

The Missouri Commission has uniquely established both utility-specific25 and statewide26 collaborative groups, which are open to the public. The utility-specific groups have been operating for some time, but there has been a reluctance to utilize the statewide group as anything more than an annual symposium on energy efficiency issues. However, at its most recent statewide collaborative meeting, the commission requested that the collaborative explore the idea of creating a statewide technical resources manual (TRM), as well as deliberate other statewide issues, such as planning for U.S. Environmental Protection Agency Rule 111(d) compliance, comprehensive energy planning, and the potential for combined heat and power in the state.

Decision Making and Influence

Permanent statewide collaboratives tend to do less decision making and more providing a forum for discussion. The collaboratives themselves may not make a formal, or informal, statement of position directly to the commission. In order for the collaboratives to be influential, the utility program managers must be willing to listen to the ideas presented and address them if there is merit. Well-functioning permanent statewide collaboratives become the key venue through which important energy efficiency issues are debated.

Some of these collaboratives can receive specific tasks by the commission or through their charter. On these tasks, the collaboratives can cut down on the time and cost of a formal contested hearing process by developing stakeholder consensus and still allowing for industry peer review. The chair of the Arkansas Commission noted that the statewide collaborative shortened the amount of time required to complete tasks.[27] In a recent procurement

[23] See Johnson, K. and Klucher, M. (undated) All Together Now! How Collaboration Works in Arkansas. Available at: http://www.iepec.org/conf-docs/papers/2014/Katherine%20Johnson.pdf.

[24] Public Utilities Article, Md. Code, Ann. Section 7-211 http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gpu&section=7-211&ext=html&session=2014RS&tab=subject5.

EmPOWER Maryland Energy Efficiency Act of 2008. Retrieved from: http://mlis.state.md.us/2008rs/bills/hb/hb0374e.pdf.

[25] 4 CSR 240.20-094(8)(A) Missouri Code of State Regulations, 4 CSR 240.20-094(8)(A). Available at: http://www.sos.mo.gov/adrules/csr/current/4csr/4c240-20.pdf.

[26] Missouri Code of State Regulations. Available at:, 4 CSR 240.20-094(8)(B) Available at: http://www.sos.mo.gov/adrules/csr/current/4csr/4c240-20.pdf.

[27] Johnson, K., & Klucher, M. (Undated). *All Together Now! How Collaboration Works in Arkansas*. Available at: http://www.iepec.org/conf-docs/papers/2014/Katherine%20Johnson.pdf.

proceeding in Illinois, the commission referred three issues to the collaborative, noting "*…procurement proceedings are not the ideal forum for considering complex economic issues and the Commission urges the parties to make serious efforts to reach consensus on at least some of these issues.*"[28]

Additional influence can come from commission staff attending collaborative meetings. In the case where the collaborative does not file a position, commission staff can still be made aware of the issues through the collaborative deliberations and advise the commission. Attendance at the meetings also gives the commission an early look at utility plans and stakeholder positions. Alternatively, some commissions choose not to participate at all in collaborative deliberations so as not to be unfairly influenced outside of their formal processes. When forming a collaborative, the commission would need to consider which of these approaches works best for it.

The presence of a permanent statewide collaborative can give stakeholders two chances to prevail, one in the collaborative and a second before the commission. Or if the collaborative itself does not file a position with the commission, a party can present an issue at the commission proceedings that has already been discussed during the collaborative process, with the benefit of honing its arguments during the collaborative discussion.

Accomplishments and Challenges

Permanent statewide collaboratives have been successful at providing a forum for general critiques of program design. They have allowed a diverse set of interveners to become familiar with the issues involved in energy efficiency program design and contribute to the development of improved programs.

In addition, collaboratives can take on specific tasks, such as the development and maintenance of a TRM. For example, in Michigan, as a result of a commission order,[29] the Energy Optimization Collaborative has developed a formal process to update the Michigan Energy Measures Database. Under the direction of the commission staff, stakeholders participate in monthly meetings to accomplish this task. The process includes a prioritization of which measures to update, followed by field verification studies, if necessary, to establish state-specific values, and finally a process to adopt the new values.

In Michigan, the Energy Optimization Collaborative is responsible for implementing a process to continually update the Michigan Energy Measures Database. They prioritize those measures to update and then establish and verify appropriate values.

The PWC in Arkansas has completed four versions of a TRM, which includes evaluation measurement and verification (EM&V) protocols that govern a wide range of energy efficiency activities. The annual updating process for the TRM includes input from all affected parties, a technical manager, and consultants. The following flow chart illustrates the process, including where the PWC provides feedback at key points in the process.

[28] Illinois Commerce Commission. (2014, December 17). *Order. Docket No. 14-0588*, p. 224.

[29] Case numbers U-15805 and U-15806.

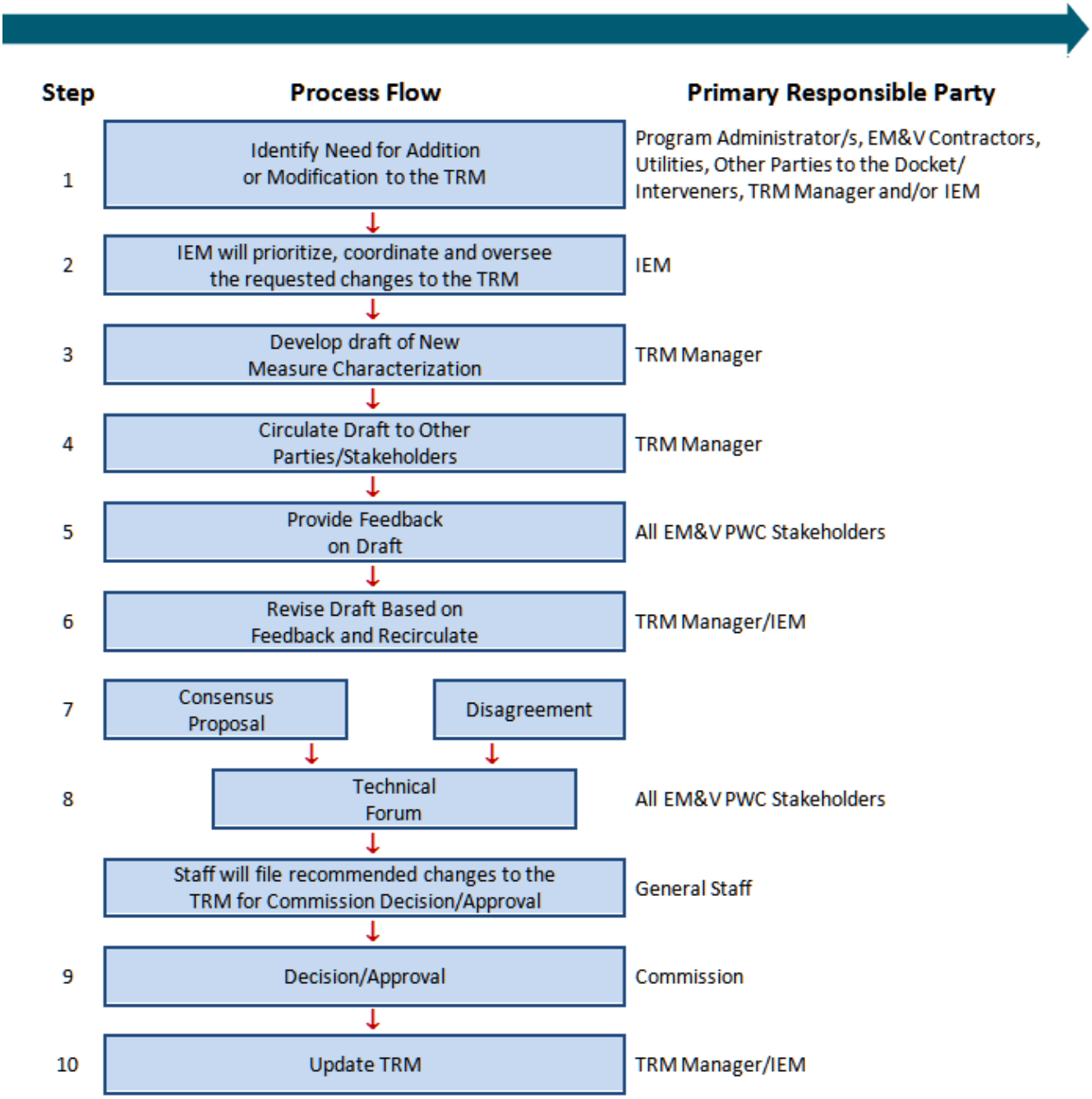


Figure 4. Technical resource manual flow chart[30]

Additionally, in Illinois, the collaborative engages in an annual TRM update and is currently working on an energy efficiency policy manual.[31]

Some participants, particularly utility staff, can be reluctant to participate in statewide collaboratives when they are only concerned about a single utility. On the other hand, many advocates like the statewide approach because they can deal with issues once and avoid having to participate in duplicative meetings. For the former group, the preferable format may be the utility-specific collaborative, which is discussed next.

[30] Johnson, K., & Klucher, M. (Undated). *All Together Now! How Collaboration Works in Arkansas.* Available at: http://www.iepec.org/conf-docs/papers/2014/Katherine%20Johnson.pdf.

[31] Illinois Energy Efficiency Stakeholder Advisory Group. (2014). Retrieved from: http://www.ilsag.info/.

Utility-Specific Collaboratives

A utility-specific collaborative is defined herein as a collaborative set up to receive stakeholder input for a single utility, otherwise operating similarly to a permanent statewide collaborative. Such collaboratives are found in Georgia, Idaho, Pennsylvania, Utah, Washington, and Wyoming.[32]

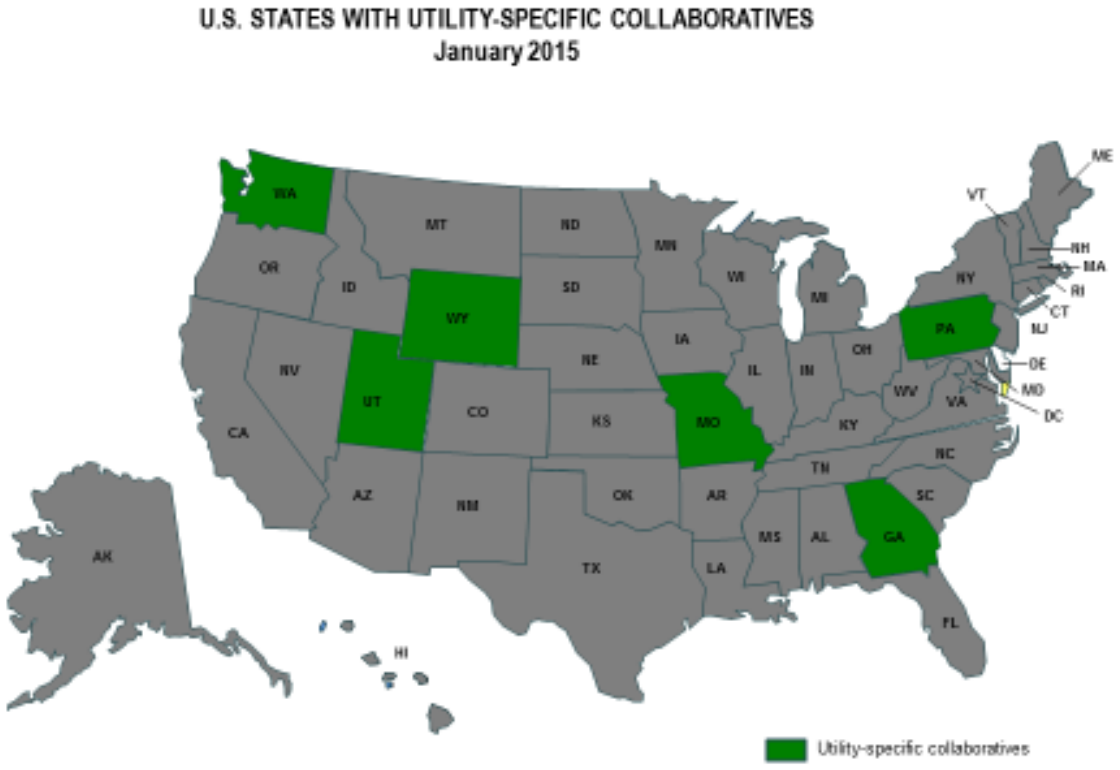


Figure 5. U.S. states with utility-specific collaboratives

Scope and Structure

Generally, single-utility collaboratives are the result of a commission decision mandating that a utility discuss its energy efficiency efforts with stakeholders. They are different from utility customer advisory groups, discussed later in this guide, in that they tend to be facilitated by the commission, open to anyone who wants to attend, and are expected to produce results to be used in commission findings and orders. There may not be formal members and generally have no budget or funding, so they rely on the volunteer peer efforts of interested stakeholders.

In Utah, there is a statewide collaborative in place; however, recently there arose a need for deliberations involving sensitive and confidential data pertaining to individual utilities. Rocky Mountain Power and other

[32] Technically, the Rhode Island council is also a utility-specific collaborative because just one utility sells electricity and gas in this small state.

participants in the broader collaborative received a 2012 commission ruling[33] that approved a demand-side management steering committee, comprised of individuals who can receive confidential and proprietary information for specific utilities and engage in settlement discussions.

In its 2010 order[34] approving Georgia Power's Integrated Resource Plan, the Georgia Commission included a demand-side management planning process that requires Georgia Power to work with a stakeholder collaborative to implement a nine-step planning process to develop and manage its energy efficiency programs.[35] A commission staff person served as the facilitator of the demand-side management working group, coordinating its meetings and serving as a liaison between the working group members and Georgia Power. With working group participation, the utility completed the planning process in 2013.[36]

The scope and structure of these collaboratives varies widely. Some are active in all phases of utility program operation, whereas others focus on a particular aspect. Some meet regularly to provide feedback, and others meet only to provide input on a filing to a commission.

Decision Making and Influence

Utility-specific collaboratives are established to provide feedback to the energy efficiency program administrator of a single utility. As in statewide collaboratives, the commission staff frequently participates in the meetings and can learn about issues from the stakeholder discussion. Many have been operating for several years and the commission learns to rely on them for input.

The Avista External Energy Efficiency Advisory Board collaborative in Idaho is an example of a single-utility collaborative that the commission relies on to provide feedback to program managers. It has a central role in developing programs and assuring that programs are operating efficiently.[37]

Accomplishments and Challenges

One success story can be found in Pennsylvania. In 2009, the Pennsylvania General Assembly passed Act 129, which required electric distribution companies in Pennsylvania to achieve specific energy savings for their customers.[38] As part of the implementation process, the Pennsylvania PUC ordered all affected electric distribution companies "to offer and engage in informal discussions with the statutory advocates and interested stakeholders during the pre-filing development of the plans."[39] The term "stakeholder" was never specifically defined, but it was interpreted broadly by the commission. The utility stakeholder groups participated in the initial planning task and then, having proved valuable, continued meeting through the second phase of implementation of Act 129 during 2012–2013.

[33] Utah PUC. (2012, May 23). In the Matter of a Request for Agency Action for Creation of a DSM Steering Committee for DSM Issues involving Sensitive, Confidential or Proprietary Information or Settlement Negotiations. Docket No. 12-035-69. Available at: http://www.psc.utah.gov/utilities/electric/elecindx/2012/documents/2262231203569RO.pdf.

[34] http://facts.psc.state.ga.us/Public/GetDocument.aspx?ID=129660.

[35] Georgia PUC. (2010). In RE: Georgia Power Company's Application for Approval of Its 2010 Integrated Resource Plan. Docket No. 31082. Available at: http://facts.psc.state.ga.us/Public/GetDocument.aspx?ID=129660.

[36] The "Nine Step Planning Process" arose out of a commission decision approving a settlement in an IRP case. See: http://pbadupws.nrc.gov/docs/ML1019/ML101960367.pdf. p 14.

[37] See, for example: Idaho PUC. (2014). Direct Testimony of Lynn Anderson. Case No. VU- O4-1. Available at: http://www.puc.idaho.gov/fileroom/cases/gas/AVU/AVUG0401/staff/20040622ANDERSON%20DIRECT.PDF.

[38] See: Pennsylvania Energy Efficiency and Conservation Program, 66 Pa. C.S. §2806.1 et seq. Available at: http://www.legis.state.pa.us/WU01/LI/LI/CT/HTM/66/00.028.006.001..HTM.

[39] Pennsylvania Public Utility Commission. (2009, January 15). Implementation Order Re: Energy Efficiency and Conservation Program, Docket No. M-2008-2069887. Retrieved from: http://www.puc.pa.gov/electric/pdf/Act129/EEC_Implementation_Order.pdf.

Temporary Collaboratives

Temporary collaboratives have been utilized in a number of different ways across a range of states.

These collaboratives can be created to focus on a single issue, with the idea that once the issue has been resolved or presented to the commission, the collaborative would disband. In this way, temporary collaboratives are similar to other commission strategies, such as workshops, to vet issues outside the process constraints of evidentiary hearings.

Mississippi

A number of states created temporary collaborative processes to help establish new energy efficiency initiatives. The Mississippi collaborative was formed in response to federal legislation. In a December 2009 decision,[40] the Mississippi Public Service Commission considered, but ultimately rejected, certain federal integrated resource planning standards enumerated in the Energy Independence and Security Act of 2007,[41] stating that Mississippi ratepayers would be better served by energy efficiency standards tailored to fit the specific needs of the state. On January 15, 2010, the commission opened the docket "Order Establishing Docket to Investigate the Development and Implementation of Energy Efficiency Programs and Standards (Docket No: 2010-AD-2).

Several commenters suggested that a series of collaborative discussions would be an appropriate way to examine the issues with energy efficiency program design as well as provide interested stakeholders an opportunity to participate. The commission issued an open invitation to parties, including the jurisdictional utilities, the electric power associations in Mississippi, and other interested groups, to participate in collaborative discussions. The commission received 17 requests to intervene and all were approved.

The collaborative met three times in late 2010 with the meetings directed by a facilitator. The process resulted in the adoption of a new rule, Rule 29, guiding the implementation of energy efficiency programs in the state.[42] As stated in the commission's final order, "Rule 29 was developed…to promote the efficient use of electricity and natural gas by implementing energy efficiency programs and standards in Mississippi."[43]

Minnesota

Minnesota also had a temporary collaborative in 2007, which was launched by legislation,[44] to help implement the state's new energy efficiency goal of 1.5% savings. The group examined issues like utility-side energy efficiency, behavioral programs, and barriers to achieving the 1.5% goal.

Kentucky

In Kentucky in 2010, the Department for Energy Development and Independence felt that state energy efficiency efforts were stymied by a lack of consensus regarding how to value and quantify the impacts of efficiency efforts, and that collaboration was necessary to realize the goals set out in their state energy plan. They received support from the U.S. Department of Energy to engage stakeholders and launched a comprehensive and voluntary stakeholder engagement process called Stimulating Energy Efficiency in Kentucky (SEE KY).[45]

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[40] Mississippi PUC. (2008). *Order Establishing Docket. Case No. 2008-AD-477.* Retrieved from: http://www.psc.state.ms.us/InsiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIVEQ&docid=245948.

[41] 16 USC § 2621(d).

[42] Miss. Code Ann. §§77-3-1et seq. (2013).

[43] Mississippi PUC. (2010). *Final Order Adopting Rule. Case No. 2010-AD-2.* Available at: http://www.psc.state.ms.us/InsiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIVEQ&docid=310904, p 2.

[44] See: https://www.revisor.mn.gov/bills/text.php?session=ls85&number=SF145&session_number=0&session_year=2007&version=list.

[45] Kentucky Energy and Environment Cabinet. (2011). Stimulating Energy Efficiency in Kentucky webpage. Accessed on January 2, 2015. Available at: http://energy.ky.gov/Programs/Pages/SEE-KY.aspx.

SEE KY operated over a 2-year period. It involved group meetings as well as extensive one-on-one meetings[46] with more than 100 stakeholders, including representatives from utilities, industry, local businesses, trade organizations, housing associations, the advocacy community, regulators, and members of the Kentucky General Assembly. The collaborative benefitted greatly from the contributions of subject matter experts. The American Council for an Energy-Efficient Economy was engaged to identify a compendium of best practices from other states.47 The Midwest Energy Efficiency Alliance was hired to facilitate the stakeholder engagement process and identify options for meeting Kentucky's efficiency goals.

The SEE KY process produced "The Action Plan for Energy Efficiency." The plan incorporated a series of voluntary efficiency measures that were developed during the interviews and broader stakeholder engagement process. In addition, a reporting tool was developed to collect utility data in order to quantify the energy efficiency program accomplishments of the major utilities in the state. The Kentucky investor-owned utilities agreed to report using this tool.[48] Although the formal SEE KY collaborative has been completed, momentum from the effort has continued through the plan's implementation, including an engagement with stakeholders on the manufactured housing industry and financing energy efficiency retrofits.

Kentucky's stakeholder collaborative lasted 2 years, included over 100 diverse stakeholders, and produced the "Action Plan for Energy Efficiency."

Vermont

In the early 1990s, when ratepayer-funded energy efficiency programs were a novel concept, the Vermont Public Service Board undertook a traditional evidence-based hearing approach to developing the policies that would govern energy efficiency programs, such as what cost-effectiveness test to use. However, there was much that was not known. A collaborative was set up to engage consultants, regulators, and the public to develop detailed program plans, budgets, and savings targets. Once these tasks were complete, the collaborative disbanded.

In some cases, changes in the overall structure of the energy efficiency program delivery mechanism render an existing collaborative group unnecessary. More recently, Vermont organized a collaborative group to advise the independent energy efficiency provider. For a number of reasons, the state chose to change the structure of the energy efficiency provider from a contract-based model to a more permanent appointed model. This new structure made the workings of the collaborative less important and it was ended.

In other cases, the work of a temporary collaborative on a single issue proves so worthwhile that it continues, and the collaborative becomes permanent, as seen with the Arkansas Parties Working Collaboratively group discussed earlier in the guide.[49]

[46] U.S. Department of Energy. DOE Implementation Model. *Stimulating Energy Efficiency in Kentucky Through Collaborative Stakeholder Engagement.* Available at: http://energy.gov/eere/wipo/state-energy-program.

[47] Kentucky Energy and Environment Cabinet. (2011). *Stimulating Energy Efficiency in Kentucky*. Retrieved from: http://energy.ky.gov/Programs/Pages/SEE-KY.aspx. See also: ACEEE Energy Efficiency Cost Resource Assessment for Kentucky. Available at: http://database.aceee.org/state/kentucky.

[48] *Ibid*.

[49] For example, the Arkansas collaborative to create energy efficiency rules in 2006 led directly to the ongoing Parties Working Collaboratively effort.

Utility Energy Efficiency Advisory Boards

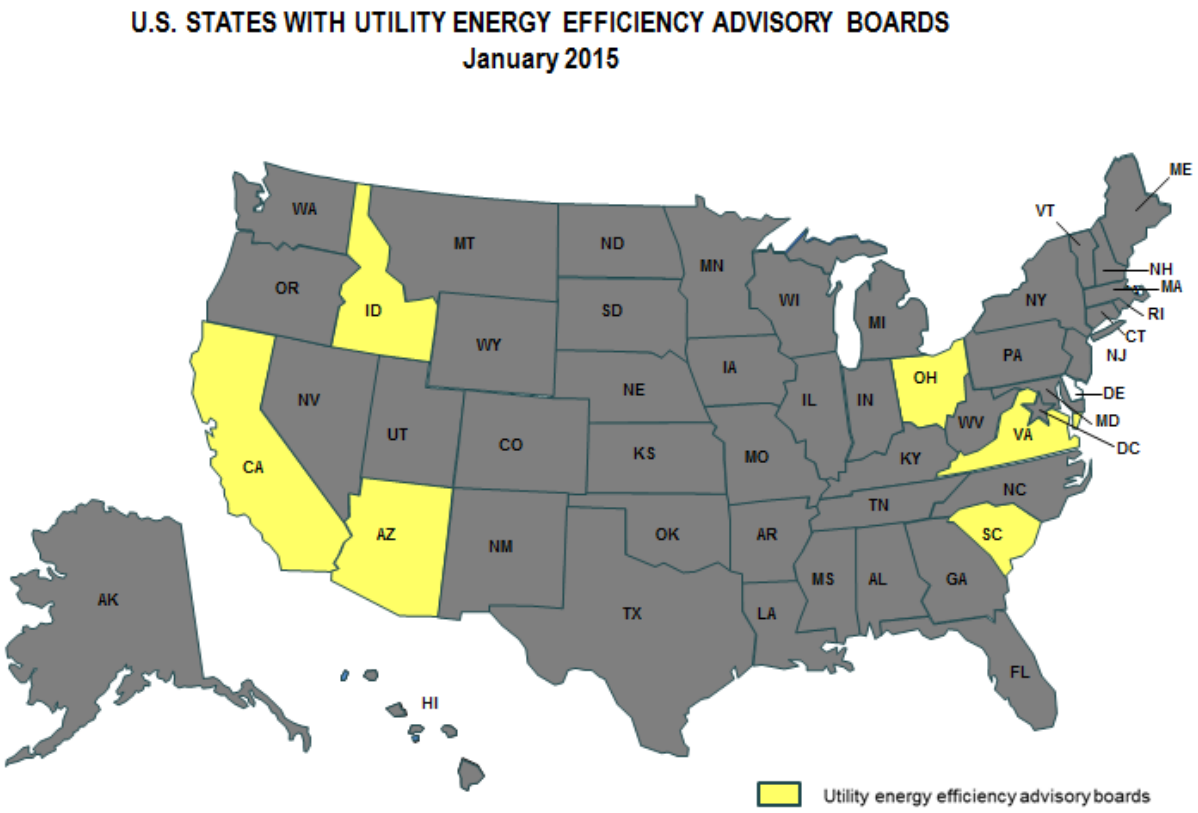


Figure 6. U.S. states with utility energy efficiency advisory boards

A "utility energy efficiency advisory board" is an entity created either by the utility or the commission that operates under the direction and control of the utility and provides input to the utility program managers regarding energy efficiency matters. It is fairly common for utilities to have customer advisory groups on general utility issues, so this is a familiar tool but one that is focused specifically on energy efficiency programs. With utility advisory boards, the utility generally dictates the level of transparency afforded the activities of the group.

For example, South Carolina Electric & Gas Company (SCE&G) has a formal energy efficiency advisory group created as a result of a commission order.[50] The group is composed of a number of stakeholders "…to consider and make recommendations to SCE&G with respect to efficiency potential studies, new program ideas, modifications to existing programs, outreach and education programs and funding, and EM&V (Evaluation Measurement & Verification) plans." Stakeholders in California recently launched the California Technical Forum, which will advise the utilities regulated by the California PUC on savings estimates and other technical information in a transparent and easily accessible manner.[51]

[50] Docket No. 2009-261-E, Order No. 2010-472.

[51] Beitel, A., Mejia, A., & Miller, P. (2014). California Technical Forum (Cal TF): A New Collaborative for Peer-Reviewing Technical Information. ACEEE Summer Study on Energy Efficiency in Buildings. Available at: www.aceee.org/files/proceedings/2014/data/papers/8-1074.pdf.

Generally, utility advisory boards function as a sounding board for the program administrator, providing feedback on utility plans and proposals. Unless there has been some effort on the part of the utility or advisory board to establish a level of trust with the commission, the board does not provide significant assistance to the commission in its deliberations.

Issues to Consider in Designing an Energy Efficiency Collaborative

Each of the collaboratives examined herein have unique benefits to fit different needs. When setting one up, states will need to consider, or reconsider, what type of energy efficiency collaborative best meets their needs. Permanent statewide collaboratives have proven useful for providing general critiques of energy efficiency program design, owning specific tasks on behalf of the commission, and allowing a community of interveners to become familiar with the issues involved in energy efficiency program design. Collaboratives focused on a single utility can allow for resolution of specific, localized situations. Collaboratives can be formed to focus on a single issue with the intent to dissolve the group after the issue has been resolved. Collaboratives can also evolve from temporary or utility-specific to more permanent as their value expands or, alternatively, can disband as the energy efficiency landscape alters.

Regardless of the type of collaborative a state decides to implement, there are a few overarching principles that should be considered prior to implementation of any of them. These include a clear objective; rules of the road; public, transparent, and inclusive; evaluation of efforts; a strong experienced facilitator; and influence with commission.[52]

A Clear Objective

Whoever is initiating the collaborative—the legislature, commission, or utility—needs to establish a clear objective for the group. It should be communicated clearly whether it is a single purpose collaborative to create a TRM or a mandate to review and comment on ongoing utility program changes. Someone should also be responsible for tracking progress toward the stated goal and reporting that progress.

Rules of the Road

An important element to a successful collaborative is having clearly defined operating rules. Some collaboratives have developed codes of conduct[53] to ensure all participants are aware of their limitations within the process. A simple document laying out the group's procedures can facilitate participation from all parties, which can especially help new members that are less familiar with the issues and landscape. Clear, transparent processes can also make the group more conducive to considering alternative perspectives and focus on collective problem solving, when everyone feels like they know how to be heard. Perceived or real biases or conflicts can be dealt with by ensuring balanced participation from many types of stakeholders.

Public, Transparent, and Inclusive

Meetings and meeting materials should be freely accessible. A website for the collaborative is an obvious location for meeting notices, copies of presentations, agendas, minutes, and other documents used by the collaborative in its deliberations. Commission websites can also be used for this purpose, encouraging all stakeholders to attend.

Evaluation of Efforts

Periodic assessment of the value of collaboratives are important to validate their continuation, refine their mission, redesign operating practices, and so forth. It is important to have a regular checkup that the group is not meeting for the sake of meeting and is making real progress toward its objective(s) as mentioned earlier.

[52] These recommendations are based on: Beitel, A., & Johnson, C. (2014). Illinois Energy Efficiency Stakeholder Advisory Group. Briefing to Commissioner Colgan.

[53] California Draft Code of Independence/Code of Conduct. (2013, December). For the California Technical Forum (CAL TF). Available at: http://www.caltf.org/s/Draft-Cal-TF-Code-of-Independence-Code-of-Conduct-12-10-13.pdf.

Strong, Experienced Facilitator

Individuals who attend collaborative meetings are likely to have diverse and strongly held positions. An experienced facilitator can ensure all attendees are given a chance to express their views from the most dominating voices to the less experienced participants. The facilitator should be in charge of preparing agendas, after appropriate input, as well as post-meeting minutes and materials. The facilitator will also manage the schedule of the collaborative, be accountable for progress, and manage the volunteer participants. An ideal facilitator would have familiarity with the issues but be independent of any participating stakeholder group.

In cases in which participants acts as conveners, the process may still run well, but they risk bringing their own biases to the process. There are good reasons, like expense, for a collaborative to eschew a dedicated facilitator, but participants should recognize the tradeoff of this approach.[54]

Influence with Commission

A collaborative is most useful if it can provide an engaging forum for stakeholders to discuss energy efficiency program matters, as well as contribute directly to regulatory efficiency. A virtuous cycle can be created if a collaborative does quality work and the commission gives weight to the findings and conclusions of the collaborative.

If, however, the commission finds that it is routinely repeating the work of the collaborative or second-guessing the consensus judgment of the participants, that is evidence that the collaborative may not be meeting its potential as an efficient tool.

Conclusion

Roughly half of the states have implemented some form of collaborative group to aid commissions and utilities in developing and operating energy efficiency programs and to provide a venue for stakeholder input. Energy efficiency collaboratives have demonstrated value in many routine and extraordinary ways. They help the commissions organize and sort through the large amount of data inherent in program operation. Collaboratives can be a vehicle to bring expertise into program evolution. They provide a transparent forum for stakeholders to bring their experience and interests into programs. Collaboratives can provide unique value to energy efficiency efforts in any jurisdiction. As programs evolve with new technology and methods, new baselines, and customer attitudes, the sophistication necessary to manage and direct programs will increase. By tapping the energy, experience, and expertise of a diverse set of stakeholders, collaboratives are effectively providing guidance to both program managers and commissions.

Where collaboratives have been successful, participants have found that they provide an effective process to address issues flexibly, at times and in ways that are well suited to resolution. This value comes in the form of cost savings, decision quality, and certainty. The collaboratives regularly deliver quality evidence and outcomes upon which commissions can rely.[55] Where collaboratives are not used, some participants prefer traditional commission practices to resolve issues; program administrators manage the flow of information into commission proceedings, and commissions are content with this approach.

If not managed properly, collaboratives can provide the appearance of progress where none is actually happening. Participants in a successful collaborative must engage with the willingness to honestly discuss issues and find resolution. Promoting this discussion among stakeholders is important, but commissions must use their power to put pressure on collaboratives to achieve results. They must provide motivation to get participants to bridge differences. There is no guarantee that a collaborative will produce results. The risks inherent in investing in a

[54] In Massachusetts, the chair of the council is also a voting council member. This can create challenges, making it difficult for the Department of Energy Resources to appropriately represent their agency while also running council meetings.

[55] See, for example: Johnson, K., & Klucher, M. (undated). *All Together Now! How Collaboration Works in Arkansas.* Available at: http://www.iepec.org/conf-docs/papers/2014/Katherine%20Johnson.pdf.

collaborative is that a lot of time could be spent with no progress being made or that much of the work will have to be redone in front of the regulator.

The range of practices across the United States indicates, as with many matters of utility regulation, that there is no single answer to the best structure for oversight and management of energy efficiency. Yet committing to a collaborative can be a statement of commitment to energy efficiency as a vital utility activity and as a grid resource.

The appendix provides specific examples of collaboratives in the United States. The nature of changes in energy efficiency in terms of technology, program design innovation, and program size indicates sound reasons for states and their utility commissions to periodically revisit their choices and consider their forward-looking needs as well as the experiences from elsewhere. This guide stands as an aid for public officials interested in assessing how energy efficiency oversight matters can be resolved.

Appendix. Collaborative Profiles

Enhanced Permanent Statewide Collaboratives

Connecticut

Name: Connecticut Energy Efficiency Board

Origin: Statute—CT Public Act 11-80 Section 33

Geography: Statewide

Membership: Members appointed by the Commissioner of Energy and Environmental Protection

Duration: Ongoing

Coverage: Electric and Gas

Website: http://www.energizect.com/about/eeboard

Origin: The Energy Efficiency Board (EEB), first known as the Energy Conservation Management Board, was created by the legislature in 1998 pursuant to Section 33 of PA 98-28 (CGS § 16-245m), An Act Concerning Electric Restructuring, to advise and assist the two large investor-owned utility electric companies in development and implementation of comprehensive energy efficiency programs. In 2005, the board's name was changed to the Connecticut Energy Efficiency Board, and its oversight was expanded to include the energy programs of the Connecticut Municipal Electric Energy Cooperative and the natural gas utilities—Connecticut Natural Gas Corporation, Southern Connecticut Gas Company, and Yankee Gas Services (Conn. Gen. Stat. §§ 16-245m, 7-233y and 16-32f).

Scope/Functions/Topics: The EEB's role is to advise and assist the electric distribution companies and gas companies in the development of combined energy efficiency, conservation, and load management plans; assist the electric distribution and gas companies in implementing such plans; collaborate with the Connecticut Green Bank to further the goals of such plan; coordinate the programs and activities funded by the Clean Energy Fund and the Energy Efficiency Fund; and report to the General Assembly. Utility program administrators are non-voting members of the board.

The EEB guides the expenditures and planning for the Connecticut Energy Efficiency Fund (CEEF). The CEEF is funded by various sources, including customer contributions, money from the Regional Greenhouse Gas Initiative, and the ISO New England forward capacity market payments, among others. These funds are used to support energy efficiency and renewable energy programs in Connecticut. In addition, the EEB assists the Department of Energy and Environment (DEEP) with evaluating CEEF-funded programs.

Group Decision Making: The board makes findings and recommendations regarding any program over which it has jurisdiction. Its review of the program plans, budgets, and savings goals proposed by the program administrators is a key piece of the review process undertaken by the commission. Decisions are made through motions from the floor, followed by votes (the board has 10 voting members and 5 non-voting utility members). A majority vote is necessary for a motion to pass. The EEB approves the utility conservation and load management plans before sending them to the commissioner of DEEP for final approval.

Membership: The board members are appointed to their positions by the Commissioner of Energy and Environmental Protection and serve for 5 years, after which they may be reappointed. By statute, voting members include representatives of (1) DEEP, (2) the Office of the Attorney General, (3) the Office of Consumer Counsel, and (4) an environmental group knowledgeable in energy conservation program collaboratives; (5) the electric distribution companies in whose territories the activities take place for such programs; (6) a statewide manufacturing association; (7) a chamber of commerce; (8) a statewide business association; (9) a statewide retail

organization; (10) a statewide farm association; (11) a municipal electric energy cooperative created pursuant to Chapter 101a of the Connecticut General Statutes; and (12) residential customers. Representatives of gas companies, electric distribution companies, and the municipal electric energy cooperative shall be non-voting members of the board. The members of the board elect a chairperson from the voting members. Utility representatives are non-voting members.

Duration: The board was created in statute and will be functional until such time as the statute is modified.

Influence: DEEP approves program plans, budgets, and savings targets. The board undertakes detailed analysis of the energy efficiency programs and plans proposed by the program administrators and submits a recommendation to DEEP. It prepares and submits detailed comments and a recommendation regarding the program proposals, budgets, and targets proposed by the program administrators.

Role of the Commission: The Public Utilities Regulatory Authority is not represented on the board and does not participate in the process on a regular basis. DEEP serves on the board and participates on a regular basis.

Massachusetts

Name: Massachusetts Energy Efficiency Advisory Council

Geographical Coverage: Statewide

Origin: Statute

Membership: 15 voting members appointed by the Department of Public Utilities, based on a sector representation included in statute. Non-voting members are from the electric and gas distribution companies, municipal aggregators, heating oil business, and energy efficiency business.

Duration: Ongoing

Coverage: Electric and Gas

Website: http://ma-eeac.org/

Origin: The Massachusetts Energy Efficiency Advisory Council originated in the Green Communities Act of 2008,[56] which contained a number of new and expanded policies regarding energy use and energy efficiency.

Scope/Functions/Topics: The council reviews and approves energy efficiency program plans and budgets; works with program administrators in preparing efficiency resource assessments; and determines the economic, system reliability, climate, and air quality benefits of efficiency and load management resources. In addition, the council recommends long-term efficiency and load management goals.

Group Decision Making: Approval of efficiency and demand resource plans and budgets requires a two-thirds majority vote.

Membership: The Department of Public Utilities appoints the 15 voting members representing a variety of energy efficiency stakeholders, as well as 15 non-voting members, including the program administrators and other stakeholders. Meetings are open to the public, and stakeholders are given the opportunity to examine the analysis developed for the group and provide their perspective on program and policy issues.

Duration: The council was created in statute and will be functional until such time as the statute is modified.

Resources: The council is chaired by the Massachusetts Department of Energy Resources Commissioner. The council is authorized in statute to propose a budget not to exceed 1% of utility program expenditures.

[56] See: https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter169, Section 22.

Influence: The council prepares an analysis of the energy efficiency plans proposed by the utility and reviews and approves programs. The council also offers advice and guidance to the program administrators as they develop program plans. The DPU ultimately approves program plans, budgets, and savings targets as submitted by the program administrators. The council monitors the progress of the programs in achieving their goals, conducts formal program evaluations, and submits an annual report to the commission.

Role of the Commission: The commission does not participate in the process on a regular basis. The Department of Energy Resources supports the council in its daily activities.

Rhode Island

Name: Rhode Island Energy Efficiency and Resource Management Council

Geographical Coverage: Statewide

Origin: Statute—RI Gen. Laws § 42-140.1 et seq

Membership: 13 members (9 voting) appointed by the governor

Duration: Ongoing

Coverage: Electric and Gas

Website: http://www.rieermc.ri.gov/

Origin: The EERMC originated in the Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006, which revamped much of the existing energy efficiency legislation in Rhode Island. The EERMC's responsibilities were expanded in 2010 to include the evaluation of the cost effectiveness of utility energy efficiency procurement plans. The council reports its findings to the PUC.

Scope/Functions/Topics: The council advises the PUC on matters relating to energy efficiency programs, renewable energy procurement, low-income consumers, and distributed energy resources.

Group Decision Making: The council may make findings and recommendations regarding changes to any program over which it has jurisdiction. It participates in commission processes relating to energy efficiency and also provides advice to utilities regarding their programs. Decisions are made through motions from the floor, followed by votes. The council has nine voting members and four non-voting members, including utility representation.

Membership: The governor appoints the 13 council members, including representatives from energy-using sectors and utility representatives. Meetings are open to the public, so stakeholders can critically examine the analysis developed through the group and provide their perspective on program and policy issues. One of the purposes of the council, stated in the legislation, is to "provide consistent, comprehensive, informed and publicly accountable stakeholder involvement in energy efficiency, conservation and resource development."

Duration: The council was created in statute and will be functional until such time as the statute is modified.

Resources: Council activities are facilitated by the Rhode Island Office of Energy Resources (OER). The OER's director also serves as the council's executive director. The council has a budget of roughly $1.2 million, the majority of which is spent on consultants to assist in the program review and evaluation process. The council receives approximately 1.2% of the electric and gas system benefits charge to support its activities.

Influence: The PUC approves program plans, budgets, and savings targets. The council prepares an analysis of the energy efficiency plans proposed by the utilities and submits this to the PUC. The council also monitors the progress of the programs in achieving their goals and submits an annual report to the commission.

Role of the Commission: Other than the duties outlined previously, the commission does not participate in the process on a regular basis. The OER supports the council in its daily activities.

Permanent Statewide Collaboratives

Arkansas

Name: Parties Working Collaboratively

Geographical Coverage: Statewide

Origin: The commission issued the order establishing the energy efficiency collaborative on June 30, 2006.[57]

Membership: Open

Duration: Ongoing

Coverage: Electric and gas

Website: None

Origin: In 2006, the Arkansas Public Service Commission issued an order creating a statewide collaborative process addressing the development of utility-funded (electric and gas) energy efficiency programs for that state.

Scope/Functions/Topics: The initial effort of the collaborative was a report[58] issued in late 2006, addressing the major issues discussed during the 3 months of intensive deliberations following the commission's order. Many of the recommendations in the report were incorporated into the commission's subsequent order mandating "quick start" programs, issued in the fall of 2007. The role of the PWC has gradually expanded from initial design work to creating and maintaining a TRM. The PUC is considering assigning some policy-related tasks to the PWC in the future.

Group Decision Making: The objective of the group is to forge consensus around issues and incorporate those areas of agreement into the projects undertaken by the PWC. In this way filings presented to the commission are reduced to a consensus filing by the PWC, supplemented by dissenting opinions from the parties, if any. The process involves actively engaging stakeholders early in the planning process to critically examine the myriad of issues present in developing energy efficiency programs and managing their evolution. To maintain transparency and to ensure progress, the PWC has developed a set of procedural guidelines.[59]

Membership: Meetings are open to the public and, through this process, all stakeholders are able to critically examine the analysis developed through the group and provide their perspective on program and policy issues.

Duration: Active since 2006 and supported by commission order, the collaborative continues to function as a primary instrument in support of energy efficiency programs.

Resources: The PWC is staffed by the general staff of the public service commission. The general staff represents all affected parties in commission proceedings and is not part of the decision-making process of the commission. When a project is assigned to the PWC that requires expenditure of funds, the PWC submits an estimate of the cost of the project to the commission for approval, and following approval, issues a request for proposals for the project. Once a contractor is chosen, they are responsible for communication with the PWC members regarding that project and organizing the workflow for that project.

[57] See: http://www.apscservices.info/pdf/06/06-004-r_18_1.pdf.

[58] See: https://www.rapnetonline.net/sites/Publishing/Completed%20Documents/RAP_Sedano_FinalReportOnARPSCCollaborative_Docket06-004-R_2006_10_31.pdf.

[59] See: http://www.apscservices.info/pdf/13/13-002-u_153_1.pdf.

Influence: The group is advisory in nature. However, consensus reached by the parties carries some weight with the commission. Furthermore, the process itself has raised the level of dialogue among participants allowing an informed discussion, and possibly agreement, among the diverse parties. Filings made by the PWC are prepared by the general staff and circulated for edits and approval among the parties to a case prior to filing. Any party is free to disagree with any aspect of the general filing and free to make their case before the commission.

Role of the Commission: The Arkansas Public Service Commission has two groups of staff, the commission staff and the general staff. The commission staff supports the commission in its deliberations, and the general staff represents the interests of consumers and utilities and does not participate in commission deliberations. The process is staffed by the general staff of the commission, whereas the commission staff does not participate in the PWC discussions.

Illinois

Name: Illinois Energy Efficiency Stakeholder Advisory Group

Origin: Commission order

Geography: Statewide

Membership: Open

Duration: Ongoing

Coverage: Electric and Gas

Website: http://www.ilsag.info/

Budget: $200,000 for facilitator, $200,000 for special projects (TRM update)

Origin: The Illinois Energy Efficiency Stakeholder Advisory Group (SAG) was established by the Illinois Commerce Commission (ICC) in several orders issued in 2008. In its orders approving the first 3-year utility energy efficiency plans (February 2008), the ICC established the SAG to review progress toward achieving their energy efficiency and demand response goals and to provide input to the program administrators on energy efficiency program modifications and improvements where warranted.

Scope/Functions/Topics: The stakeholder group's responsibilities include, but are not limited to, reviewing final program designs; establishing agreed-upon performance metrics for measuring portfolio and program performance; reviewing plan progress against metrics and against statutory goals; reviewing program additions or discontinuations; reviewing new proposed programs for the next program cycle; and reviewing program budget shifts between programs for which the change is more than 20%.[60] The SAG initially covered only electric programs (2008–2010, owing to legislation creating only electric programs) and then expanded to cover gas programs in 2011 when new legislation created gas energy efficiency programs.[61]

Membership: Participation is open to anyone. To date, participants have included representatives from utilities, the ICC staff, the Department of Commerce and Economic Opportunity, environmental groups, consumer groups, evaluators, and energy efficiency practitioners. Meetings and other group activities are facilitated by the SAG facilitator, Future Energy Enterprises, LLC.

Role of the Commission: The ICC has repeatedly determined that SAG is strictly an advisory body and has no decision-making authority. The utilities are solely responsible for prudently managing their energy efficiency programs and reaching their energy savings goals. The ICC formally reviews the utilities' energy efficiency plans, expenditures, achievements toward reaching their energy savings goals, and annual Illinois Statewide Technical

[60] Final Order, 07-0540 at 32 (ComEd); Final Order, 07-0539 at 24 (Ameren).

[61] See: Nicor Gas Final Order, 13-0549; Peoples Gas-North Shore Gas Final Order, 13-0550.

Reference Manual for Energy Efficiency (IL-TRM) updates through ICC-docketed proceedings. The commission regularly refers items to the SAG for its consideration. The SAG has a role of sharing information and experience among energy efficiency stakeholders. The SAG was involved with developing the IL-TRM for the state's utilities (initial version approved in ICC Docket No. 12-0528) as well as the IL-TRM Policy Document (approved in ICC Docket No. 13-0077) and discusses EM&V and other technical issues related to energy efficiency programs. It has met monthly since 2008. The technical advisory committee, a subcommittee of the SAG, meets regularly to coordinate and works to reach consensus on the annual updates to the IL-TRM that ultimately get submitted to the ICC for approval.

In January 2014, the ICC expanded the duties of the SAG. The SAG is now responsible for the creation of the Illinois Energy Efficiency Policy Manual (ICC Docket Nos. 13-0495, 13-0498, 13-0499, 13-0549, and 13-0550). The SAG is also tasked with vetting certain outstanding total resource cost test issues (ICC Docket No. 14-0588).[62]

Maryland

Name: EmPOWER Planning Group

Geographical Coverage: Statewide

Origin: The Maryland Energy Administration (MEA) in consultation with Maryland commission staff

Membership: Open

Duration: Ongoing

Coverage: Electric

Website: https://sites.google.com/site/empowerplanning/home

Origin: In 2008, Maryland enacted an aggressive energy savings law by passing the EmPOWER Energy Efficiency Maryland Act of 2008, which called for a 15% reduction in per capita electric energy consumption and demand by 2015. Requirements of the law cover the four largest investor-owned utilities and the largest cooperative (97% of load). To establish goals, including perhaps ones for gas, and to continue energy efficiency programs, the MEA developed a process to evaluate what avoided costs should be used in program evaluation. Input from stakeholders is developed through this EmPOWER planning group. Additionally, commission staff established workgroups to solicit new program ideas and program-specific groups to improve on existing programs.

Scope/Functions/Topics: The aim of the group is to actively engage stakeholders early in the planning process to critically examine assumptions and methodologies used in program design and cost-effectiveness testing.

Group Decision Making: The goal is to forge as much consensus around issues as possible, incorporate those areas of agreement into the program plans and designs presented to the MEA by the utilities, and ultimately file. However, the group reporting format also allows for dissenting positions. Any recommendations, consensus and dissenting, must be approved by the Maryland commission.

Membership: Meetings are open to the public and, through this process, all stakeholders are able to critically examine the analysis developed through the group and provide their perspective on program and policy issues.

Duration: The group is currently focused on changes to be made to the 2015–2017 program cycle of the utilities. The Maryland utilities filed 2015–2017 plans on September 1 and approval is pending. These filed plans included the largely agreed-upon avoided costs except for non-energy benefits. Once a statewide potential study is completed by year-end, it is expected that the planning group will reconvene to discuss post-2015 goals, and it is expected that utilities will file additions/changes to the 2016–2017 portion of the plans.

[62] See: Ameren IL Final Order, 13-0498; ComEd Final Order, 13-0495; DCEO Final Order, 13-0499.

Resources: Group activities are facilitated by the MEA. There is no intervener funding or specific budget for activities of the group. The group did discuss the results of a recent statewide avoided-costs study funded by the MEA, providing input to the process and to the consultant doing the work.

Influence: The group is advisory in nature. However, the process itself has raised the level of dialogue among participants and has forged consensus on many issues that could have been litigated before the commission. As a result, more hearing time can be spent discussing the policy goals of the EmPOWER program, rather than the details of the avoided-cost calculations.

Role of the Commission: Staff from the Maryland Public Service Commission is deeply involved with the process and participates on a regular basis.

Ultimately it is the utilities that must submit their plans to the commission for approval. However, it is hoped that incorporation of the work of the planning group into the program submissions by each utility will make for a quicker and easier approval process for those plans.

At a minimum, all participants have a deeper understanding of the issues surrounding program development and an appreciation for the respective positions of the other parties.

Temporary Collaboratives

Kentucky

Name: Stimulating Energy Efficiency in Kentucky (SEE KY)

Geographical Coverage: Statewide

Origin: Government

Membership: Select individuals for one-on-one interviews

Duration: Completed

Coverage: Electric and Gas

Origin: In 2008, Kentucky released its energy plan, Intelligent Energy Choices for Kentucky's Future: Kentucky's 7-Point Strategy for Energy Independence, which identified strategies by which the state could improve its energy profile. The plan made a strong endorsement of energy efficiency as a favored strategy as the cleanest, most cost-effective way to achieve the percentage savings envisioned in the plan. The governor set a goal to reduce Kentucky's projected 2025 total energy demand by 18% through efficiency, mainly from the natural gas and electric sectors through achieving a 1% annual savings in those sectors. Kentucky's Department for Energy Development and Independence (DEDI) felt that a key component of realizing this goal was to coordinate ongoing energy efficiency efforts and to collaborate on techniques to expand those efforts. Kentucky was awarded funding from the U.S. Department of Energy to support SEE KY.[63] One component of this plan included a comprehensive stakeholder engagement process to develop recommendations for Kentuckians to make their state more energy efficient. A non-governmental organization, Midwest Energy Efficiency Alliance, facilitated the process.

Scope/Functions/Topics: The format chosen was to conduct one-on-one interviews with 80–100 selected individuals or groups within the state who were interested in energy efficiency policy. From these interviews, a set of central themes was developed, summarizing the issues that emerged from the discussions. The issues were then discussed by the group as a whole in a series of three meetings.

[63] U.S. Department of Energy. DOE Implementation Model. *Stimulating Energy Efficiency in Kentucky Through Collaborative Stakeholder Engagement.* Available at: http://energy.gov/eere/wipo/state-energy-program.

Group Decision Making: The intent of the group was to engage in collaborative discussions around the topics developed in the interviews, supplemented with other issues as they emerged. A facilitator ensured that the group was able to discuss the topics in the three-meeting schedule. The output of the three meetings plus interviews was then synthesized into a set of high-ranking action items by the facilitator. This report and the subsequent action plan were then reviewed by the group at large. Participants were encouraged to remain active in the planning process as it proceeded.

Membership: The collaborative members were chosen by a steering committee and reflected their previous interest in energy efficiency topics.

Duration: The collaborative met three times at the end of 2012 and continues to work on refining the recommendations. Since that time, stakeholder feedback has led to the initiation of several efforts by the project team to develop action items from the plan, including a group to discuss industrial efficiency efforts and a manufactured housing advisory group.

Resources: Group activities were facilitated by an independent facilitator. There was no intervener funding or specific budget for activities allocated to the collaborative.

Influence: The collaborative produced several reports summarizing the findings of the group. The relationships and the focus on energy efficiency created as part of the collaborative have led to the development of a reporting tool used by the Kentucky DEDI to collect and report on progress toward achieving the 18% goal.

Role of the Commission: Staff from the commission attended all meetings and participated in the discussions.

Minnesota

Name: The 1.5% Energy Efficiency Solutions Project

Origin: Commission

Coverage: Statewide

Membership: Open

Duration: Completed report

Coverage: Electric and gas

Name: The Energy Savings Goal Study

Origin: Statute

Coverage: Statewide

Membership: Open

Duration: Completed

Coverage: Electric and gas

Minnesota has had several stakeholder group processes that were short-term and aimed at addressing a specific set of energy-related issues. Each stakeholder group was active for less than 1 year and produced reports at the end of its tenure.

The 1.5% Energy Efficiency Solutions Project

Minnesota passed the Next Generation Energy Act of 2007 in 2007. The act established a statewide efficiency savings goal of 1.5% of annual retail electric and natural gas sales. Since the passage of the Next Generation Energy Act, a number of policy issues emerged that represented barriers to achieving the goals intended in the act. In 2010, in an effort to resolve these policy barriers, the Minnesota Department of Commerce, Office of Energy Security elected to convene a collaborative working group to identify and prioritize those policy barriers and to recommend both short- and long-term solutions. The project was facilitated by the Minnesota Environmental Initiative.

The group was charged to deliver three outcomes:

1. Develop a list of policy barriers to achieving the 1.5% annual energy efficiency savings goal
2. Identify up to four priority barriers for which consensus or majority recommendations can be developed within a short-term process and recommend solutions to those four priority barriers
3. Develop a list of recommendations that may require longer-term efforts to develop and implement.

The report of the working group developed several recommendations to fulfill their charge, including:

- A list of 10 barriers to achieving the 1.5% energy efficiency savings goal
- A list of 18 strategies to address issues within four priority barriers
- A list of nine long-term and research and development recommendations for the four priority barriers.[64]

Upon completion of its tasks, the working group was disbanded.

Energy Savings Goal Study

October 2013–January 2014

Legislation[65] was passed in 2013 to establish the Energy Savings Goal Study. This legislature directed the Department of Commerce's Division of Energy Resources to conduct meetings with stakeholders and members of the public to produce a report on findings and legislative recommendations.

Mississippi

Name: Mississippi Energy Efficiency Collaborative

Geographical Coverage: Statewide

Origin: Commission

Membership: Open, requiring approval by the commission to intervene

Duration: Completed

Coverage: Electric and gas

Origin: The Energy Independence and Security Act of 2007 (16 USC § 2621(d)) required states to consider "Integrated Resource Planning, rate design modifications to promote energy efficiency investments, consider smart grid investments and smart grid information standards" in the course of regulatory review and policy for utilities in each state. In a December 2009 order, the commission chose not to adopt the federal standards; it acknowledged the importance and potential of energy efficiency but felt that such standards should be tailored to

[64] Minnesota Environmental Initiative. (2011). *1.5% Energy Efficiency Solutions Project*. Available at: http://mn.gov/commerce/energy/images/1_5EESolutionsFinalReport_Appendices.pdf.

[65] House File 729 (H.F. 729), 4th Engrossment, Article 12 Section 8.

fit the needs of Mississippi ratepayers. In January 2010, the commission issued an Order Establishing Docket to Investigate the Development and Implementation of Energy Efficiency Programs and Standards.[66]

The commission agreed with several commenters that a collaborative process would be an effective way to develop state-specific energy efficiency standards, and it invited interested parties to intervene in the docket.

Scope/Functions/Topics: The order directed the group to consider a broad range of fundamental issues regarding the establishment of energy efficiency programs in the state, including:

- The types of energy efficiency programs that will produce the quickest and most cost-effective results for the various customer classes within Mississippi
- The appropriate cost/benefit test to use in screening potential energy efficiency programs
- The cost recovery of energy efficiency programs as well as adopting a rewards structure for successful energy efficiency programs
- The establishment of an overall funding level for energy efficiency programs and measures
- The best methods for tracking and measuring energy efficiency program penetration and effectiveness
- The development of state energy and demand savings goals and targets
- The establishment of an integrated resource plan with energy efficiency as a priority resource.

Group Decision Making: The intent of the group was to engage in collaborative discussions around the topics outlined by the commission. A facilitator ensured that the group was able to discuss the assigned topics in the three-meeting schedule. The output of the group with dissenting opinions was presented to the commission for a final decision.

Membership: All interested persons and all electric and natural gas utilities over which the commission has ratemaking authority, as well as all electric power associations in Mississippi, were invited to become parties to the docket and to submit written testimony or comments.

Duration: The collaborative met three times at the end of 2010, after which a report was submitted to the commission outlining the findings.

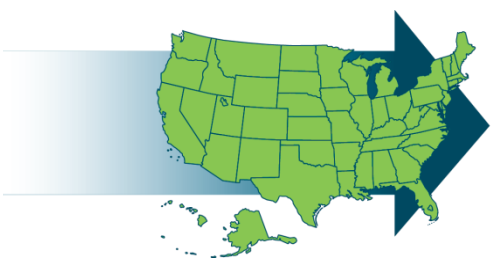
Resources: Group activities were facilitated by an independent facilitator. There was no intervener funding or specific budget for activities allocated to the collaborative.

Influence: The collaborative produced a draft set of *Guiding Principles for the Development and Implementation of Energy Efficiency Standards and Programs in Mississippi*, along with several dissenting sets of principles. The commission used these drafts to produce a final set, which was adopted in an order.[67]

Role of the Commission: Staff from the commission attended all meetings and participated in the discussions.

[66] Mississippi PUC. (2010). *Order Establishing Docket. Case No. 2010-AD-2.* Available at: http://www.psc.state.ms.us/InsiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIVEQ&docid=246730.

[67] Mississippi PUC. (2010). *Order Issuing Proposed Rules. Case No. 2010-AD-2.* Available at: http://www.psc.state.ms.us/InsiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIVEQ&docid=274170.



SEE Action

STATE & LOCAL ENERGY EFFICIENCY ACTION NETWORK