

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 16, 2017

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2017 MAY 16 P 2:08

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2017-00047

*Ex Parte:* In the matter of Adopting  
New Rules Governing the Evaluation,  
Measurement, and Verification of the  
Effects of Utility-Sponsored Demand-Side  
Management Programs

ORDER FOR NOTICE AND HEARING

On November 30, 2016, the State Corporation Commission ("Commission") issued an Order on Evaluation in Case No. PUE-2016-00022<sup>1</sup> wherein it directed the Commission Staff ("Staff") to draft proposed rules governing the evaluation, measurement, and verification of the effects of utility-sponsored demand-side management programs of general applicability to both electric and natural gas utilities ("Proposed Rules"). The Staff has prepared the Proposed Rules, which are attached hereto.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Proposed Rules should be considered for adoption; public notice of the Proposed Rules should be given; an opportunity for interested persons and entities to provide input through written and/or oral comments on the Proposed Rules should be provided; and a public hearing should be scheduled for the receipt of oral comments on the Proposed Rules.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2017-00047.

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<sup>1</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of receiving input for evaluating the establishment of protocols, a methodology, and a formula to measure the impact of energy efficiency measures*, Case No. PUE-2016-00022, Doc. Con. Cen. No. 161140091, Order on Evaluation (Nov. 30, 2016).

(2) The proposed new rules entitled "Rules Governing the Evaluation, Measurement, and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs," recommended to be set out at 20 VAC 5-318-10 through 20 VAC 5-318-60, are attached hereto and made a part of this Order for Notice and Hearing.

(3) The Clerk of the Commission is hereby directed to provide a copy of this Order for Notice and Hearing, together with the Proposed Rules, to the following: Virginia Department of Mines, Minerals and Energy; Virginia Electric and Power Company; Appalachian Power Company; Kentucky Utilities Company d/b/a Old Dominion Power Company; Appalachian Natural Gas Distribution Company; Atmos Energy; Columbia Gas of Virginia, Inc.; Roanoke Gas Company; Southwestern Virginia Gas Company; Virginia Natural Gas, Inc.; Washington Gas Light Company; and the Office of the Attorney General, Division of Consumer Counsel.

(4) Within five (5) business days of the filing of this Order for Notice and Hearing with the Clerk of the Commission, the Staff shall transmit electronically or by first class mail copies of this Order for Notice and Hearing, together with the Proposed Rules, to persons and entities providing comments in Case No. PUE-2016-00022 and any other persons or entities identified by the Staff as potentially having an interest in this matter. The Staff shall promptly file with the Clerk of the Commission a certificate of transmission or mailing and include a list of names and addresses of the persons and entities to whom the Order for Notice and Hearing was transmitted or mailed.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order for Notice and Hearing, together with the Proposed Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources promptly shall post a copy of this Order for Notice and Hearing, together with the Proposed Rules, on the Commission's website.

(7) On or before July 28, 2017, any interested person may file written comments on the Proposed Rules with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to submit comments electronically may do so on or before July 28, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00047.

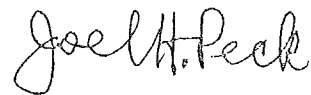
(8) On or before August 11, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a Staff Report concerning comments submitted to the Commission addressing the Proposed Rules.

(9) A public hearing shall be convened on September 8, 2017, at 9 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive comments regarding the Proposed Rules under consideration in this matter. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff. While no commenter is required to attend the public hearing, those persons or entities who filed written comments may attend the public hearing to provide a summary of their written comments, to add any further comments they may have, and to answer any questions the Commissioners may have regarding those comments.

(10) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219. A copy also shall be sent to the Commission's Office of General Counsel and Division of Public Utility Regulation.

A True Copy  
Teste:



Clerk of the  
State Corporation Commission

STATE CORPORATION COMMISSION

CH 318 EM&V of the Effects of Utility-Sponsored Demand-Side Management Programs

CHAPTER 318

RULES GOVERNING THE EVALUATION, MEASUREMENT, AND VERIFICATION OF THE  
EFFECTS OF UTILITY-SPONSORED DEMAND-SIDE MANAGEMENT PROGRAMS

**20VAC5-318-10. Purpose and applicability.**

A. This chapter sets forth minimum requirements for Virginia's utilities related to evaluating, measuring, and verifying the effects of utility-sponsored DSM programs consisting of demand response and energy efficiency measures. This chapter should not be construed as limiting the ability of the commission or its staff to evaluate information in addition to or beyond that identified herein, or to use evaluation processes and procedures beyond those contained herein.

B. This chapter shall apply to all public utilities seeking commission approval of a DSM program and to all public utilities with DSM programs that have received prior commission approval.

**20VAC5-318-20. Definitions.**

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Commission" means the Virginia State Corporation Commission.

"DSM" means demand-side management.

"EM&V" means evaluation, measurement, and verification.

"Emerging technologies" means technologies including, but not limited to, automated measurement and verification software, advanced metering, building management systems, data analytics, and load monitoring systems.

**20VAC5-318-30. Administrative procedures for EM&V planning and reporting.**

A. A utility filing for implementation of new DSM measures or programs shall file a plan for the EM&V of the proposed measures or programs as part of its application. Such plan shall comply with the standard requirements for planning filings contained in 20VAC5-318-40.

B. A utility reporting the results of DSM measures or programs shall comply with the standard requirements for EM&V reporting contained in 20VAC5-318-50.

**20VAC5-318-40. Standard requirements for EM&V planning filings.**

A. In all filings required by 20VAC5-318-30, the source of all data or estimates used as inputs for proposed DSM measures or programs, in descending order of preference, shall be:

1. Utility-specific data, if available and practical;
2. Virginia-specific data, if utility-specific data is unavailable or impractical. When Virginia-specific data is used, the utility shall provide an explanation as to why utility-specific data is unavailable or impractical;
3. Data from non-Virginia jurisdictions or sources, if neither utility-specific data nor Virginia-specific data is available or practical;
  - a. When data from non-Virginia jurisdictions or sources is used, the utility shall provide an explanation as to why utility-specific data is unavailable or impractical.
  - b. When data from non-Virginia jurisdictions or sources is used, the utility shall provide an explanation as to why Virginia-specific data is unavailable or impractical as well as the sources of all data, to include:

(1) Titles, version numbers, publication dates, and page numbers of all source documents, as appropriate; and

(2) An explanation as to why, in the utility's assessment, use of this data is appropriate.

B. EM&V planning documents shall include all workpapers, support documents, assumptions, and equations used in developing the proposed measures or programs.

C. EM&V planning documents shall include measure-level estimates of kilowatt, kilowatt-hour, and dekatherm savings as appropriate. An estimate that has been adjusted for free-ridership as well as an estimate that has not been adjusted for free-ridership should be included as appropriate.

D. EM&V planning documents for proposed DSM measures or programs shall include an explanation of eligibility requirements for each rate schedule to which the measures or programs are being offered and estimates of participation by customers taking service under each eligible rate schedule as appropriate.

E. EM&V planning documents for proposed DSM measures or programs shall include a comparison of the estimated annual measure or program savings to the annual usage of an average customer in each rate schedule to which the measures or programs are being offered. This will include calculation of the expected savings as a percentage of the annual usage of the eligible average customer.

F. EM&V planning documents for DSM measures or programs shall include a description of the controls to be used by the utility to verify proper installation of the proposed measures and programs, as appropriate. Additionally, plans shall require the contractors and subcontractors that will be implementing the measures or programs to record details of serviced or replaced equipment, to include, at minimum:

1. Nameplate efficiency ratings; and

2. Serial numbers.

G. Generally, EM&V planning proposals should comply with Options A, B, C, or D from the International Performance Measurement and Verification Protocol (March 2002). However, the commission recognizes that each utility has unique characteristics and new or modified DSM measures are constantly being developed. As such, alternative methodologies may be considered with sufficient supporting documentation and explanation of appropriateness.

H. Utilities are encouraged to consider use of emerging technologies, including, but not limited to, "advanced measurement and verification" or "evaluation, measurement and verification 2.0" when appropriate and cost effective.

**20VAC5-318-50. Standard requirements for EM&V reporting.**

A. Utility reporting of the results of its approved DSM measures or programs should be consistent with and contrasted to the EM&V plan set forth in the filings for approval of such measures or programs or as otherwise specified in a commission order approving such measures or programs. The commission recognizes that each utility has unique characteristics and new or modified energy efficiency measures are constantly being developed. As such, alternative methodologies may be included in reporting provided that sufficient supporting documentation and explanation of appropriateness of alternative methodologies is provided.

B. EM&V reports concerning any existing measures or programs shall utilize utility-specific data when updating the analysis of the cost effectiveness of each measure, program, or portfolio to the most accurate extent possible.

C. Any changes to or variances from originally filed inputs and assumptions shall be documented and explained.



D. EM&V reports shall describe the methodologies by which the measured data was collected, including, at minimum:

1. The sampling plan; and
2. Statistical calculations upon which the reported data is based.

E. EM&V reports for any ongoing DSM measures or programs shall include an explanation of eligibility requirements for each rate schedule to which the measures or programs are being offered.

F. EM&V reports for any ongoing DSM measures or programs shall include a comparison of the measured annual measure or program savings estimates to the annual usage of an average customer in each rate schedule to which the measures or programs is being offered. A comparison to originally submitted estimated savings for the measures or programs shall also be provided. This will include a calculation of the expected savings as a percentage of the annual usage of the eligible average customer.

G. EM&V reports for any ongoing DSM measures or programs shall include a description of the controls undertaken by the utility to verify proper installation of the measures or programs, as appropriate. Additionally, reports shall include details provided by any contractors or subcontractors of serviced or replaced equipment, to include, at minimum:

1. Nameplate efficiency ratings; and
2. Serial numbers.

**20VAC5-318-60. Waiver.**

The commission may waive any or all parts of this chapter for good cause shown.