

## EM&V Plan and Timeline

The Company strives to provide useful, impactful and cost effective programs. Ongoing analysis of programs performance through Evaluation, Measurement & Verification (EM&V) is an important aspect to that end. Approximately but not more than five percent 5% of the three-year MEEIA Programs' costs budget will be spent for EM&V. The Company will work with the stakeholder group to develop an evaluation plan to determine how best to allocate and utilize the EM&V budget. The plan will address three main areas, process evaluation, impact evaluation and cost effectiveness.

The overall timeline and process described below will be used for EM&V reports:

EM&V reports will be completed for each year of the three-year MEEIA program cycle. Sixty days after the end of each program year, the EM&V contractor will circulate a draft EM&V report to all stakeholders participating in the stakeholder group and the Commission's independent EM&V Auditor ("Auditor"). This provision does not affect the requirement in the MEEIA rules for the EM&V contractors to provide copies of draft EM&V reports to stakeholders participating in the stakeholder group at the same time the draft reports are provided to the Company.

Forty five days after circulation of the draft EM&V report, the Auditor and each stakeholder group participant will provide any comments and recommendations for report changes to the EM&V contractor and to all other stakeholder group participants and the Auditor. The Signatories recognize there is a benefit to providing comments as early as possible, as providing comments and recommendations earlier to the EM&V contractor will allow for more time for the incorporation of comments and changes into subsequent drafts and the Final Report.

Prior to issuing the Final EM&V Report, the EM&V contractor will host at least one meeting with the Auditor and the stakeholder group participants to discuss the comments and recommendations for report changes. The EM&V contractor will determine what comments and/or changes are incorporated into the Final EM&V Report. Thirty days after the deadline for comments and recommendations for report changes, a Final EM&V report will be provided to all stakeholder group participants and the EM&V Auditor by the EM&V contractor. Ten days following the Final EM&V report, the Commission's Auditor will issue its final report.

Any stakeholder group participant which wants a change to the impact evaluation portion of the Final EM&V Report will have twenty one days from the issuance of the Final EM&V Report to file a request with the Commission to make such a change ("Change Request"). Any stakeholder group participant filing a Change Request will set forth all reasons and provide support for the requested change in its initial Change Request filing. Responses to a Change Request may be filed by any stakeholder group participant and are due twenty one days after the Change Request is filed. The response should set forth all reasons and provide support for opposing or agreeing with the Change Request. Within five business days after the deadline for filing a Change Request (if a Change Request is filed) the Signatories agree that the stakeholder group participants will hold a conference call/meeting to agree upon a proposed procedural schedule that results in any evidentiary hearing that is necessary to resolve the Change Request to be completed within sixty days of the filing of the Change Request, and which will recommend to the commission that the Commission issue its Report and Order resolving the Change Request within thirty days after the conclusion of such a hearing. The Signatories anticipate a hearing with live testimony may be required to resolve a Change Request, but if a hearing is not required, they agree to cooperate in good faith to obtain Commission resolution of a Change Request as soon as possible. The Signatories will be parties to a Change Request resolution proceeding without the necessity of applying to intervene. The procedural schedule for such a Change Request proceeding will provide that data request objections must be lodged within seven days and responses will be due within ten days (notifications that additional time is required to respond will also be due within seven days).

All signatories agree to accept the impact evaluation energy and demand savings (kWh and kW) estimates of the Final EM&V Report, as it may be modified by the Commission's resolution of issues in a non-appealable Order related to the impact evaluation portion of the Final EM&V Report, for purposes of calculating achievements towards targeted net energy and demand savings Earnings Opportunities.

**Table 1 Annual EM&V Timeline (2016 Program Year example)**

# of Days	Projected Date	Description
	3/1/2016	Program Year Begins
	3/1/2016	EM&V Data Collection and Analysis Starts
	2/28/2017	Program Year Ends
60	4/29/2017	EM&V Draft Completed
45	6/13/2017	Stakeholder comments due
	TBD	Stakeholder meeting
30	7/13/2017	Final Draft Report Due
10	7/23/2017	Final PSC Auditor Report due
21	8/13/2017	Grace period to file with Commission to request impact change
5	8/18/2017	Conference call if needed
21	9/3/2017	Stakeholder group responses to impact change requests to Commission are due
60	10/12/2017	Evidentiary hearings complete, 60 days from Change Request Due
30	11/11/2017	Commission Order resolving change requests
246	11/11/2017	EM&V Results Final

**EM&V use in the Throughput Disincentive Adjustment Calculation**

EM&V will be used for the calculation of the true-up of the Throughput Disincentive (both Ex Post Gross and Net to Gross adjustments subject to a floor and a cap) for the purposes of determining Net (kWh and kW) savings attributed to the programs for each year during the three year cycle. For more details on the detailed mechanics of the Throughput Disincentive true-up calculation refer to Appendix D of the Stipulation and Agreement.

Also, for the purposes of calculating the Throughput Disincentive, any measure installed after a shift in baseline conditions will reflect the baseline shift in the net kWh and kW savings attributable to that measure. The baseline shift will not apply to net kWh and kW savings attributable to any measure installed prior to the baseline shift. For example, if the baseline conditions for LED bulbs change in 2017, the Company would continue to calculate net kWh and kW savings over the entire life of the LED bulbs installed in 2016 at the original baseline conditions. However, any LED bulbs installed in 2017 or later would use the new baseline for net kWh and kW savings for the purposes of calculating the Throughput Disincentive.

**EM&V use in the Earnings Opportunity Calculation**

EM&V will be used for the calculation of Earnings Opportunity for the purposes of determining the Net (kWh and kW) savings attributed to the programs for each year during the three year cycle. For more details on the mechanics of the Earnings Opportunity calculation refer to Appendix D of Stipulation and Agreement.

Each year the EM&V contractor will review the gross program impacts and provide recommendations regarding the adjustment of gross energy and demand savings. This review will help the Company improve the design and delivery of the energy efficiency programs. At the end of the three-year MEEIA cycle the EM&V contractor will determine the net energy and demand savings based on the results of the individual program year approved EM&V report, which the Company will use to calculate the Earnings Opportunity.

Also, for the purposes of calculating the Earnings Opportunity, any measure installed after a shift in baseline conditions will reflect the baseline shift in the net kWh and kW savings attributable to that measure. The baseline shift will not apply to net kWh and kW savings attributable to any measure installed prior to the baseline shift. For example, if the baseline conditions for LED bulbs change in 2017, the Company would continue to calculate net kWh and kW savings over the entire life of the LED bulbs installed in 2016 at the original baseline conditions. However, any LED bulbs installed in 2017 or later would use the new baseline for net kWh and kW savings for the purposes of calculating the Earnings Opportunity.

**Table 2 Evaluation, Measurement & Verification Update Status of Inputs to Establish Earnings Opportunity and Throughput Disincentive Adjustment**

<b>Earnings Opportunity and Throughput Disincentive Inputs Status</b>			
Category	When is it updated?	Who updates?	Description
Net kWh/kW Savings	Ex Post Gross and Net evaluated savings calculated after each of the 3 program years.  Net to Gross Ratio savings calculated after the 3 year program cycle – excludes baseline shifts that occur after the date that the measure is installed	Initially developed by EM&V Contractor subject to feedback from parties in case and approval from commission	Ex Post Gross Energy and demand savings per measure.  Net Savings = NTG Ratio * Ex Post Gross Savings
Net To Gross ("NTG") Ratio	Annually by measure	Initially developed by EM&V Contractor subject to feedback from parties in case and approval from commission	NTG Ratio = 1 - Free ridership rate + participant spillover rate + nonparticipant spillover rate
Technical Resource Manual ("TRM")	No later than 24 months from commencement of Plan Annually on prospective basis only	Company	Listing of annual kWh/kW measure savings
Earnings Opportunity Award	After the 3 year program cycle post EM&V	Company including data (Net kWh/kW savings) provided from EM&V contractor	See Appendix E to Stipulation
Throughput Disincentive Ex Post Gross Adjustment	After the 3 year program cycle post EM&V	Company	TD recalculation using the normalized savings for each measure at customer meter per measure determined through EM&V ex-post gross analysis for each program year less TD calculation using TRM
Throughput Disincentive Net to Gross Adjustment	After the 3 year program cycle post EM&V	Company	TD recalculation using the NTG determined through EM&V for each program year less TD calculation using the NTG Factor of 0.85