PACIFIC GAS AND ELECTRIC COMPANY
Energy Efficiency 2018-2025 Rolling Portfolio Business Plan
Application 17-01-015
Data Response

PG&E Data Request No.:	TURN_001-Q04		
PG&E File Name:	EnergyEfficiency2018-2025-RollingPortfolioBusinessPlan_DR_TURN_001-Q04		
Request Date:	February 17, 2017	Requester DR No.:	001
Date Sent:	March 6, 2017	Requesting Party:	The Utility Reform Network
PG&E Witness:	Chris Kato	Requester:	Hayley Goodson

SUBJECT: PG&E 2018-2025 EE ROLLING PORTFOLIO BUSINESS PLAN & BUDGET. TURN DATA REQUEST TURN-PG&E-01.

ENERGY EFFICIENCY POLICY REQUESTS

QUESTION 4

On page 23 of PG&E's application, PG&E requests that the Commission permit it to exclude from cost-effectiveness calculations "costs associated with all non-resource programs, such as Workforce Education and Training, which are clearly aligned with the Strategic Plan and are essential to meeting state policy goals." Regarding this request:

a. Please clarify whether PG&E's request applies to the TRC and PAC test calculations.

b. Is PG&E requesting to exclude the costs of non-resource programs irrespective of whether the Commission applies a 1.0 or 1.25 cost-effectiveness threshold to the EE Business Plan applications? (SDG&E and SoCalGas have expressly sought clarification that a 1.0 threshold should apply, while SCE has assumed a 1.0 threshold should apply.[1]) Please explain why or why not.

c. Please list the non-resource programs discussed in PG&E's Business Plan that PG&E seeks to exclude from cost-effectiveness calculations and explain how each such program meets PG&E's criteria of being "clearly aligned with the Strategic Plan" and "essential to meeting the state policy goals."

d. In support of this proposal, PG&E asserts, "The Commission currently excludes Emerging Technologies from the energy efficiency cost-effectiveness calculations and the On Bill Financing Loan pool." Please provide citations to Commission decision(s) directing that the costs of these two programs should be excluded from prospective cost-effectiveness calculations, including any rationale(s) offered by the Commission for this policy.

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1 *See* SDG&E Business Plan, Appendix A (Commission Clarifications Needed for A Successful Business Plan), p. 224; SoCalGas Business Plan, Appendix F (Policy Considerations), pp. 541-542; SCE Amended Business Plan, Section III.H, pp. 31-33 (redline).

e. Is PG&E requesting both to exclude non-resource program costs and include the cost and benefits of C&S, plus spillover effects, in cost-effectiveness calculations, or just one practice or the other? Please explain the basis for your answer.

f. How does PG&E suggest that the Commission evaluate the reasonableness of PG&E's proposed non-resource program budgets, if the costs of these programs are not required to be included as part of calculating total portfolio cost-effectiveness? Does PG&E expect that performance metrics would be the sole check on PG&E's accountability for spending ratepayer dollars on non-resource programs?

ANSWER 4

a. PG&E's request applies to both the TRC and PAC tests.

b. Yes, as a 1.0 is the threshold by which an EE portfolio can be deemed cost-effective.

c. PG&E believes any current or future non-resource programmatic activity delineated in the California Energy Efficiency Strategic Plan (CEESP), AB 758 Existing Buildings Energy Efficiency Action Plan, SB 350 Low Income and Disadvantaged Communities Barrier study, or other such guidance documents, should be considered for this treatment. The table below provides an overview of the **existing** non-resource program activities that PG&E believes should be excluded from cost-effectiveness criteria.

Programmatic Activity	Rationale
Workforce Education and Training (WE&T) Program	The WE&T program provides substantial benefits associated with educating practitioners on how to do high-quality, energy efficiency improvements or new construction work – see Appendix E to the WE&T chapter of the business plan for a list of EM&V study results. The benefits of having a highly qualified and skilled workforce are not included in cost-effectiveness assessments (i.e. savings associated with WE&T programs have not been included to date). Therefore, PG&E believes that until savings associated with WE&T are quantified and included in cost-effectiveness analyses, the costs of this program should be removed.
Commercial Continuous Energy Improvement Agriculture Continuous Energy Improvement Industrial Continuous Energy	The Continuous Energy Improvement subprograms provide strategic planning tools and resources for long-term integrated energy planning targeted to executive and board-level management within the commercial, agriculture, and industrial sectors. The importance of working with decision makers to secure

Improvement	long-term commitments to energy efficiency is identified in the CEESP for the commercial,[2] industrial,[3] and agriculture sectors.[4] PG&E contends that until the benefits associated with transforming the market and reducing energy intensity through technical and management opportunities are included in cost effectiveness calculations, the associated costs of these efforts should be removed from cost effectiveness assessments.
Lighting Innovation Lighting Market Transformation	These subprograms lead to the development and testing of emerging lighting technologies that are incorporated into existing energy efficiency programs and achieve market transformation over time. The lighting market transformation subprogram has the overarching goal to support the strategic direction outlined in the CEESP.[5] It also provides guidance to the lighting innovation subprogram in the development of pilots, trials, and scaled field projects aimed at achieving the CEESP's goals. These subprograms should be excluded from the cost effectiveness calculation because the effectiveness of their work is quantified when measures are transferred into existing energy efficiency programs in the long-term.
Emerging Technologies Program (ETP)	The goal of the ETP is to support increased energy efficiency market demand and technology supply by contributing to the development, assessment, and introduction of new and underutilized energy efficiency measures

[2] California Energy Efficiency Strategic Plan, p. 36.

[3] California Energy Efficiency Strategic Plan, p. 43.

[4] California Energy Efficiency Strategic Plan, p. 50-51.

[5] Statewide Program Implementation Plan: Lighting Program, p. 2-3; California Energy Efficiency Strategic Plan, p. 95.

	and facilitating their adoption as measures supporting California's aggressive energy and demand savings goals.[6] The ETP aims to strengthen the linkages and feedback loops between ETP and other EE programs to support the CEESP's goals and strategies for research and technology, the "big bold initiatives," and related solutions such as advanced lighting measures.[7] Accordingly, the costs associated with these efforts should not be incorporated into cost effectiveness calculations until the benefits they deliver in support of the CEESP can also be quantified and included.
Integrated Demand Side Management (IDSM)	IDSM efforts look for DSM integration opportunities, identify integration barriers, promote the advancement of integration through IOU program staff, and use lessons learned and best practices to establish a continuous improvement process.[8] PG&E's IDSM efforts align with the CEESP because they were initiated partly in response to the CEESP's vision for greater DSM coordination and integration.[9] Since a framework for integrated cost-effectiveness is not yet in place, these non-resource coordination and integration efforts should not be included in cost-effectiveness calculations.
Government Partnerships—Strategic	The Strategic Energy Resources subprogram helps communities

6 Program Implementation Plan Statewide Program: Emerging Technologies, p. 1.

7 California Energy Efficiency Strategic Plan, p. 6, 79-84, 95-112.

8 Program Implementation Plan Statewide Program: Integrated Demand-Side Management, p. 3.

9 California Energy Efficiency Strategic Plan, p. 67-69.

Energy Resources	overcome barriers to energy efficiency by empowering their creativity to demonstrate new approaches to energy and GHG reduction that aligns with the CEESP's vision for local governments.[10] This includes support for the Statewide Energy Efficiency Collaborative (SEEC) and Statewide Local Government Energy Efficiency Best Practices Coordinator. The costs associated with these strategic, long-term efforts should not be included in cost effectiveness calculations because the benefits they provide have not also been quantified for inclusion.

d. **Emerging Technologies**: The Commission clarifies emerging technologies costs should not be included in cost-effectiveness calculations in both D.09-09-047 and D.12-11-015. Specifically, the Commission states, "In order to be eligible for ratepayer funding, each utility portfolio and the entire statewide portfolio must pass both tests [TRC/PAC] on a prospective basis, considering all costs of the programs. These include costs not assignable to individual programs, such as overhead, planning, and EM&V, **but also do not include ETP costs**."[11]

On-Bill Financing: The Commission finds on-bill financing should not be included in cost-effectiveness calculations in D.09-09-047. In its discussion of costs associated with financing programs, the Commission states, "…we are convinced that the Standard Practice Manual for cost-effectiveness does not require that ratepayer funds used to establish a revolving loan fund…needs to be treated as a 'cost' or 'program expense.' Thus we are inclined to remove the value of any revolving loan funds from the utilities' portfolio cost-effectiveness calculations."[12]

e. PG&E is proposing to exclude non-resource costs of non-resource programs (i.e., WE&T), as well as include the costs and benefits of C&S and spillover. These issues are distinct issues. For example, maintaining a well-trained workforce is not related to appropriately accounting for net savings and is not related to treating codes and standards consistently with programs.

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[10] Local Program Implementation Plan: Government Partnerships, p. 36; California Energy Efficiency Strategic Plan, p. 85.

[11] D.09-09-047, p. 69. D.12-11-015, p. 52.

[12] D.09-09-047, p. 288.

f. PG&E believes that performance metrics would be a much more useful tool for evaluating the effectiveness of this program than a cost-benefit test that includes the costs of this program, but doesn't include its benefits. PG&E has provided such metrics for consideration as part of its business plan. For example, for details on WE&T metrics, please see section L of the WE&T chapter in PG&E's business plan.