VUK/ek4 2/8/2018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013
And Related Matters.	Application 17-01-014 Application 17-01-015 Application 17-01-016 Application 17-01-017

RULING CONSOLIDATING 2018 BUDGET ADVICE LETTERS WITH APPLICATION 17-01-013 ET AL.

This ruling consolidates the 2018 energy efficiency budget advice letters of the Bay Area Regional Energy Network (BayREN), Marin Clean Energy (MCE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and Southern California Regional Energy Network (SoCalREN) (collectively, the "Program Administrators" or "PAs") with the energy efficiency 2018-2025 business plans proceeding, Application (A.) 17-01-013 et al.

Decision (D.) 15-10-028 requires the energy efficiency Program Administrators to submit advice letters annually, on the first business day of September, detailing their budgets for the next calendar year's energy efficiency portfolio.[1] D.15-10-028 further provides, in the event the Commission does not dispose of a Program Administrator's annual budget advice letter by the end of the same calendar year, the Program Administrator's prior year's budget shall remain in place until disposition of the pending advice letter.[2]

The April 4, 2017 scoping ruling detailed three potential schedules that removed the requirement for the Program Administrators to submit their 2018 annual budget advice letters until the Commission disposed of the business plans. The July 25, 2017 ruling restored D.15-10-028's requirement to submit 2018 budget advice letters on September 1, 2017, in order to ensure that budgets are evaluated on an annual basis regardless of the status of the approval of the business plans.

On September 1, 2017, the investor-owned utility (IOU) Program Administrators, MCE, BayREN and SoCalREN submitted advice letters containing their proposed budgets for 2018 energy efficiency budgets.[3]

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[1] D.15-10-028 Ordering Paragraph 4: "Each energy efficiency program administrator must file a Tier 2 advice letter containing a budget for the next calendar year's energy efficiency portfolio by the first business day in September. The Tier 2 advice letter shall contain a portfolio cost effectiveness statement and application summary tables with forecast budgets and savings by sector and program/ intervention filed in paper, with an electronic query output available in an online tool. Additionally, the Tier 2 advice letter shall provide a report on portfolio changes, annual spending, and fund shifting."

[2] D.15-10-028 Ordering Paragraph 5: "If a calendar year ends before Commission disposition of a Program Administrator's advice letter with the budget for the next calendar year, then the prior year's budget shall remain in place until disposition of the pending advice letter. Electric corporations and gas corporations shall continue to recover costs, and to make transfers community choice aggregators and regional energy networks, based on the prior year's authorized budget."

[3] Advice Letter numbers BayREN 8-E, MCE 25-E, PG&E 3881-G/5137-E, SDG&E 3111-E /2607-G, SCG 5183-G, SCE 3654-E and SoCalREN 6-E-G.

The Program Administrators' proposed budgets and Total Resource Cost (TRC) forecasts were based on the energy efficiency goals adopted in D.15-10-028 and the 2016 update to the Commission's Avoided Cost Calculator. Multiple parties submitted protests to the IOUs' and MCE's 2018 budget advice letters and supplements, citing TRC forecasts that either did not meet, or only barely met or exceeded, a 1.0 threshold. On September 21, 2017, Energy Division suspended SDG&E and SCG's advice letters, and on September 22, 2017, Energy Division suspended the remaining advice letters.

On October 30, 2017, Energy Division Staff directed the PAs to submit supplements to their budget advice letters, to reflect the updated avoided costs and energy efficiency goals most recently adopted by the Commission.[4]

On November 22, 2017, the IOU PAs and SoCalREN submitted supplements to their 2018 annual budget advice letters; and on November 30, 2017 MCE and BayREN submitted supplements to their 2018 annual budget advice letters.[5]

The following table shows the proposed budgets and TRC forecasts of the PAs' 2018 portfolios, as reflected in their September 1, 2017 annual budget advice letters and November 22, 2017 supplements.

[4] Decision 17-08-022 Adopting Interim Greenhouse Gas Adder, issued August 31, 2017; and Decision 17-09-025 Adopting Energy Efficiency Goals for 2018-2030, issued October 2, 2017.

[5] Advice Letter numbers BayREN 8-E-A, MCE 25-E-A, PG&E 3881-G-A/5137-E-A, SDG&E 3111-E-A/2607-G-A, SCG 5183-G-A, SCE 3654-E-A and SoCalREN 6-E-G-A.

Table 1

2018 Budget Request and TRC Forecast in

2018 Budget Advice Letters and Supplements

	September 1, 2017 advice letters		**November 22, 2017 supplements**	
PA	**2018 Budget Request**	**TRC (w/out Codes & Standards)**	**2018 Budget Request**	**TRC (w/out Codes & Standards)**
PG&E	$400 million	0.86	[no change]	1.01
SCG	$83.7 million	1.05	$104.1 million	1.37
SCE	$299.6 million	1.00	[no change]	1.13
SDG&E	$116.4 million	0.80	[no change]	1.09
MCE	$1.59 million	0.57	[no change]	0.69
BayREN	$16.7 million	0.2	[no change]	0.27
SoCalREN	$21.7 million	0.4	[no change]	0.71

A key issue that concerns the IOU PAs' and MCE's 2018 budget advice letters is whether these portfolios must meet a 1.0 TRC standard or a higher, 1.25 TRC threshold, that the Commission specified for 2013-2014 portfolios.[6] Given that the Commission has yet to rule on any of the proposed business

[6] D.12-11-015, at 100-101.

plans, it is reasonable to address this policy issue, with respect to the 2018 budget advice letters, in the business plans proceeding.

SCG's TRC forecast, as shown in its November 22, 2017 supplemental submission, is the only TRC forecast to exceed both the 1.0 standard and the 1.25 threshold the Commission specified for 2013-2014 portfolios. However, SCG also requests a higher level of funding -- more than 24 percent greater than its authorized 2017 budget -- to reach the goals adopted in D.17-09-025. Given this fairly significant increase, it is reasonable to address SCG's request for 2018 budget authorization in this business plans proceeding.

A separate but related issue worth noting is that the IOU PAs' 2018 annual budget advice letter submissions do not include information necessary for Energy Division Staff to determine the Energy Savings Performance Incentive (ESPI) earnings rates. In addressing the 2018-2025 business plans, we intend to provide further guidance on specific information that the PAs will be required to provide in future annual budget advice letter submissions, including the data needed to determine ESPI earnings rates.

Finally, we acknowledge there is no minimum TRC requirement applicable to BayREN and SoCalREN, therefore Energy Division Staff has the option to approve BayREN and SoCalREN's 2018 annual budget advice letters. Nevertheless, we find it reasonable to address BayREN and SoCalREN's 2018 budget requests in the context of their respective business plans, out of our general concern for the RENs to show improvements in their portfolio TRCs over time.

For the above stated reasons, it is reasonable to consolidate the energy efficiency PAs' requests for authorization of 2018 portfolios with Application (A.) 17-01-013 et al. Additionally, Rule 7.4 of the Commission's

Rules of Practice and Procedure provides that proceedings involving related questions of law or fact may be consolidated. The issues raised by the 2018 annual budget advice letters and associated documents – primarily, cost-effectiveness showings, reasonableness of costs and conformance with Commission guidance – are unquestionably within scope of the business plans proceeding.[7] Given that Staff has afforded opportunities for protests, responses and replies on the 2018 annual budget advice letters pursuant to General Order 96-B, we see no need to modify the schedule of this proceeding to further develop the record with respect to the 2018 annual budget advice letters. The energy efficiency PAs' 2018 annual budget advice letters, supplements, and associated documents (including protests, comments and responses) are included as Attachment 1 to this ruling and thereby added to the record of this proceeding.

Although we find it reasonable to consolidate the PAs' 2018 budget advice letters with A.17-01-013 et al., any party that objects to, or otherwise has concerns with this ruling's determination to consolidate the energy efficiency PAs' 2018 annual budget advice letters, may file comments in response to this ruling no later than February 20, 2018. Also, any person who is on the service list of one of the 2018 annual budget advice letters and/or who submitted comments on any of the 2018 annual budget advice letters may file comments in response to this ruling no later than February 20, 2018; those persons must request to be added to the Service List of A.17-01-013 et al. pursuant to Ruling Paragraph 5 of this ruling (below). Any person who timely files comments in response to this ruling shall

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[7] A.17-01-013 et al. *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges*, filed April 14, 2017.

automatically obtain party status without the need to file a motion for party status pursuant to Rule 1.4 of the Commission's Rules of Practice and Procedure.

As a separate but related matter, we take this opportunity to re-set expectations for when the Commission will dispose of the business plan applications and motions. It is our intention to issue a proposed decision for comment within the next several months. This ruling confirms that the March 1, 2018 deadline to submit true-up budget advice letters, as reflected in the June 9, 2017 ruling modifying the schedule of this proceeding, is suspended.

IT IS RULED that:

1. The energy efficiency Program Administrators' 2018 annual budget advice letters – BayREN 8-E, MCE 25-E, PG&E 3881-G/5137-E, SDG&E 3111-E/2607-G, SCG 5183-G, SCE 3654-E and SoCalREN 6-E-G – and associated documents are consolidated with Application 17-01-013 et al.

2. The documents included in this ruling's Attachment 1 are added to the record of Application 17-01-013 et al.

3. Any party that objects to, or otherwise has concerns with this ruling's determination to consolidate the energy efficiency Program Administrators' 2018 annual budget advice letters, may file comments in response to this ruling no later than February 20, 2018.

4. Process Office shall serve this ruling on the service list of Rulemaking (R.) 13-11-005 and the persons whose email addresses are included in Attachment 2 of this ruling.

5. Any person who is not on the Service List for Application 17-01-013 et al. and who receives notice of this ruling, pursuant to Ruling Paragraph 4 (above), and who objects to or otherwise has concerns with this ruling's determination to consolidate the energy efficiency Program Administrators' 2018 annual budget

advice letters, may file comments in response to this ruling no later than February 20, 2018. The opening paragraph of all comments filed pursuant to this provision must include the following:

a. "I was previously on the Service List for Advice Letter ____ or Rulemaking 13-11-005, and I request to be added to the Service List for Application 17-01-013 et al."
b. And the following information of the person requesting addition to the Service List for Application 17-01-013 et al.:

    Full Name
    Mailing Address (including city, state and ZIP code)
    Telephone number
    Email address

6. Any person who timely files comments in response to and pursuant to this ruling shall automatically become a party to this proceeding without the need to file a motion for party status pursuant to Rule 1.4 of the Commission's Rules of Practice and Procedure.

7. The March 1, 2018 deadline to submit true-up budget advice letters, as reflected in the June 9, 2017 ruling modifying the schedule of this proceeding, is suspended.

Dated February 8, 2018, at San Francisco, California.

/s/ VALERIE U. KAO
Valerie U. Kao
Administrative Law Judge

ATTACHMENT 1

Bay Area Regional Energy Network (BayREN) 2018 Annual Budget Advice Letter (AL) Attachments

1. BayREN AL 8-E submitted September 1, 2017

2. Energy Division Initial Suspension Notice sent September 22, 2017

3. Energy Division Letter Requesting a Supplemental to BayREN AL 8-E sent October 30, 2017

4. BayREN Supplemental AL 8-E-A submitted November 30, 2017

5. City and County of San Francisco Comments on BayREN Supplemental AL 8-E-A submitted December 12, 2017

6. City and County of San Francisco Withdraw of Comments submitted December 14, 2017

7. Energy Division Further Suspension Notice sent January 18, 2018

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. BayREN/#941

Utility type: REN

☒ ELC ☐ GAS

☐ PLC ☐ HEAT ☐ WATER

Contact Person: Jennifer Berg

Phone #: (415) 820-7947

E-mail: jberg@bayareametro.gov

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas

PLC = Pipeline HEAT = Heat WATER = Water

Tier: ☐1 ☒2 ☐3

Advice Letter (AL) #:8-E

Subject of AL: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☒ Annual One-Time ☐ Other ____________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15.10.028

Does AL replace a withdrawn or rejected AL? No. If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL[1]:N/A

Resolution Required? No

Requested effective date: October 1, 2017 No. of Tariff Sheets: N/A

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting). N/A

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Bay Area Regional Energy Network
Attn: Jennifer Berg
375 Beale Street, 7th Floor
San Francisco, CA 94105
jberg@bayareametro.gov

[1] Discuss in AL if more space is needed.

ABAG

BAY AREA Regional Energy Network

"Bay Area communities working together for a sustainable energy future."

September 1, 2017

California Public Utilities Commission
Energy Division Tariff Unit
505 Van Ness Ave.
Fourth Floor
San Francisco, CA 94102-3298

Advice Letter 8-E
(BayREN ID #941)

Subject:
BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Purpose
The purpose of this advice filing is to seek approval for the 2018 Annual Energy Efficiency Program and Portfolio Budget request for the San Francisco Bay Area Regional Energy Network ("BayREN").

The BayREN is a collaboration of the nine counties that make up the San Francisco Bay Area. Led by the Association of Bay Area Governments[2], the BayREN implements effective energy saving programs on a regional level and draws on the expertise, experience, and proven track record of Bay Area local governments to develop and administer successful climate, resource, and sustainability programs. Since its inception, the BayREN has been addressing the three areas indicated by Decision 12-11-015 in the formation and implementation of programs: filling gaps that the investor-owned utilities ("IOUs") are not serving; developing programs for hard-to-reach markets; and piloting new approaches to programs that have the potential to scale and offer innovative avenues to energy savings.

Background
In D. 14-10-046, the Commission approved the Rolling Portfolio funding, and provided that 2015 is "'year zero' insofar as we are leaving 2015 programs and funding in place until the earlier of when we provide superseding direction, or 2025."[3] In addition, funding for various financing programs, including BayREN's Multifamily Capital Advance Program ("BAMCAP"), was previously approved in D.13-09-044.[4] REN funding for 2018 was articulated in D.16-08-019: "[E]xisting approved activities [of the RENs] may have ongoing funding that was previously approved."[5]

[2] On July 1, 2017 ABAG underwent a staff consolidation with the Metropolitan Transportation Commission (MTC). ABAG and its Executive Board continue to exist and to implement programs, such as BayREN.
[3] D.14-10-046 at page 31.
[4] D.13-09-044, Ordering Paragraph 22.
[5] D.16-08-019 at page 10.

BayREN is administered by the Association of Bay Area Governments (ABAG)
Bay Area Metro Center, 375 Beal Street, Suite 700, San Francisco, California 94105-2066
(415) 820- 7947 www.BayREN.org JBerg@bayareametro.gov

D.15-10-028 established that on the first business day in September, each PA will file a Tier 2 advice letter for continued collection of Energy Efficiency (EE) funding from ratepayers. This filing, which envisions ministerial review, is intended to formalize the Program Administrator's annualized budget which shall remain in place until superseded by Commission or Commission Staff action on the new budget.[6] The September 1 due date for the annual budget advice filing was confirmed in the June 9, 2017 Administrative Law Judges' Ruling Modifying Schedule.[7] Program Administrators will be given an opportunity to submit a "true-up" budget advice letter following the approval of the Business Plan, but in the interim, have been directed to file this advice letter.

As directed by D.15-10-028 and additional guidance provided by Commission staff, BayREN has submitted via CEDARS-FM the 2018 BayREN Budget Filing Detail Report[8]; the confirmation receipt is attached hereto.

Discussion

1. BayREN 2018 Budget Request

BayREN requests a total portfolio and Evaluation, Measurement and Verification ("EM&V") budget of $16,726,486. The budget breakdown is reflected in Table 1.

Table 1: BayREN 2018 Budget

Sector/Program	*2018 Budget*
Residential	
Single Family	$7,173,249
Multifamily	$6,476,600
Cross Cutting	
Codes and Standards	$1,274,500
Financing	
Multifamily Capital Advance	$1,000,000
Commercial PACE	$251,505
PAYS	$361,146
Total Program Portfolio	**$16,537,000**
EM&V	$189,486
Total BayREN 2017 Budget	**$16,726,486**

This same budget was approved in 2017 via Disposition Letter.

[6] D.15-10-028, at pages 59-60.

[7] "[T]his modified proceeding schedule restores the annual budget advice letter filing deadline of September 1, 2017, irrespective of whether evidentiary hearings are held and/or testimony is submitted." Administrative Law Judges' Ruling Modifying Schedule, issued in A.17-01-013, et. al., at page 6.

[8] As directed by Staff, the Budget Filing Detail Report replaces Appendix A, B, and C that were required to be submitted as part of the 2017 budget Advice Letter.

BayREN requests $189,486 for EM&V for 2018 activities as authorized in D.16-08-019[9]. Budget will be distributed to sector level roadmaps and later to specific studies pending participation as necessary in the process for Commission oversight of Program Administrator EM&V projects. This amount represents BayREN's proportional share of the evaluation funds based on the total program budget.

Table 2 provides a summary of the BayREN budget request, along with the appropriate approval authority.

Table 2: BayREN 2018 Budget with Approval Authority

Funding Source	CPUC Approval	Funding Amount
BayREN Rolling Portfolio Budget	D. 14-10-046; D. 16-08-019	$12,837,000
BAMCAP Annualized Budget	D. 13-09-044	$1,000,000
PG&E Augmentation	CPUC Disposition Letter Approving AL 7-E	$2,700,000
EM&V Budget	D. 16-08-019	$189,486
	Total:	**$16,726,486**

2. Goals

BayREN 2018 program targets, provided in Table 3, reflect total "First Year Gross Savings" for KWh, kW, and Therms from CEDARS cost-effectiveness outputs for Single Family and Multifamily programs, BayREN's only resource programs.

Table 3 - EE program gross savings targets

BayREN Electric Goals for Calendar Year 2018	
BayREN Program Target: GWh/yr	2.78
BayREN Program Target: MW/yr	1.36
BayREN Program Target: MM Therms/yr	0.34

3. Cost-Effectiveness

TRC and PAC values for BayREN's Resource Portfolio are 0.22 and 0.37, respectively.

BayREN also provides a modified TRC and PAC of 0.30 and 0.50, respectively. BayREN remains committed to working with Energy Division as alternatives to the traditional cost-effectiveness metrics are developed, and welcomes engagement with staff to establish and evaluate programs against such metrics. BayREN's modified TRC and PAC is based on a revised approach to the interim GHG adder consistent with the methodology suggested by Commission Staff at the August

[9] D.16-08-019, page 82.

8, 2017 Staff Societal Cost Test Proposal Workshop and discussed in the August 24, 2017 Decision Adopting Interim Greenhouse Gas Adder.[10] This calculation was developed using:

- Cost-effectiveness tool inputs and outputs consistent with those used for BayREN's traditional TRC/PAC metrics
- The updated Interim GHG Adder Values through 2030, the $85.27/tonne value maintained for 2031-2035, a discount rate of 3%, and no values for air quality
- With these GHG Adders, the net present value for the cumulative Net CO2 Electric and Gas savings achieved over the EUL for each Resource Program

BayREN's Single Family program cost effectiveness calculation inputs are consistent with the methodology used in BayREN's previous program cycle filings, with the exception of using a NTG ratio to be consistent with the latest and proposed value in DEER. Consistent with the other implementers of Home Upgrade, in 2017 measure costs are calculated using work paper costs rather than contractor reported costs.

BayREN's multifamily program cost effectiveness calculation inputs are consistent with the methodology used in BayREN's previous program cycle filings and subsequent EM&V recommendations including refinements to the modeling methodology and using a measure-weighted Estimated Useful Life (EUL). BayREN may add a dual baseline methodology and updated Net-to-Gross ratio anticipated in the 2013-2015 Impact Evaluation in future savings calculations. These are omitted for consistency with past program cycles.

BayREN's Business Plans has identified program changes that will result in improved cost-effectiveness, in line with the Commission's request that RENs manage their programs with an eye toward long term cost-effectiveness.[11]

4. 2016 Unspent/Committed Funds

2016 unspent funds are provided in Table 4.

Table 4: BayREN 2016 Unspent Funds

Program	Unspent Amount ($)	Less: Committed ($)	Unspent Uncommitted ($)
Single Family	445,020	146,853	298,167
Multifamily	120,175	0	120,175
Codes and Standards	27,044	0	27,044
Multifamily Capital Advance	237,784	193,552	44,232
Commercial PACE	225,233	0	225,233
PAYS	37,192	0	37,192
Total[1]	**1,092,448**	**340,406**	**752,042**

[1] *Totals are rounded to the nearest dollar to reconcile with BayREN's Budget Filing Detail Report.*

[10] R-14-10-003.
[11] D16-08-019 at page 12.

BayREN had carryover commitments from 2016 in BAMCAP, a revolving loan program, from a long-term contract with Concord, the master loan servicer that is responsible for collecting the loan repayments over the period of the loan. The amount of the committed funds from this contract that were carried into 2017 is $193,552. There were also $146,853 in committed Single Family incentives.

BayREN anticipates little if any unspent funds from the 2017 budget.

5. Programs

BayREN does not intend to close any of our current programs in 2018, although if the Business Plan is approved, we will start to transition out of Home Upgrade implementation and focus our single family offering on the moderate-income homeowner, a market segment that has traditionally been left out of energy efficiency programs.

Protest
Anyone may protest this Advice Letter. The protest must state the grounds upon which it is based. The protest must be made in writing and received by the Commission within 20 days of the date this Advice Letter was filed with the Commission, or September 21, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. It is also requested that a copy of the protest be sent by email to address shown below on the same date it is mailed or delivered to the Commission.

Gerald Lahr
Assistant Director - Energy Programs
Metropolitan Transportation Commission
375 Beale Street
7th Floor
San Francisco, CA 94105
JLahr@bayareametro.gov

Effective Date
BayREN requests that this Tier 2 advice filing become effective on regular notice, October 1, 2017, which is 30 calendar days from the date of this filing.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.13-11-005. Address changes to the General Order 96-B service list should be directed to Jennifer K. Berg at jberg@bayareametro.gov or by calling 415-820-7947.

Gerald L. Lahr
Assistant Director – Energy Programs

Attachment:
CEDARS Filing Submission Receipt

ATTACHMENT TO BAYREN AL – 8E

CEDARS FILING SUBMISSION RECEIPT

The BAY portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Bay Area Regional Energy Network (BAY)

Filing Year: 2018

Submitted: 10:40:23 on 31 Aug 2017

By: Qua Vallery

Advice Letter Number: 8-E

* Portfolio Filing Summary *

- TRC: 0.1945
- PAC: 0.3002
- TRC (no admin): 0.2859
- PAC (no admin): 0.5925
- RIM: 0.3002
- Budget: $16,726,485.67

* Programs Included in the Filing *

- BAYREN01: Single Family
- BAYREN02: Multi Family
- BAYREN03: Codes and Standards Program
- BAYREN04: Financing
- BAYREN05: Evaluation Measurement and Verification

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Bay Area Regional Energy Network (BayREN)
Utility Number/Type: BayREN/#941
Advice Letter Number(s) #8-E
Date AL(s) Filed) September 1, 2017
Utility Contact Person: Jennifer Berg
Utility Phone No.: (415) 820-7947

Date Utility Notified: September 22, 2017
E-Mailed to: jberg@bayareametro.gov
ED Staff Contact: Peter Franzese
ED Staff Email: peter.franzese@cpuc.ca.gov
ED Staff Phone No.: (415) 703-1926

[X] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 22, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[x] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Peter Franzese (peter.franzese@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

STATE OF CALIFORNIA

EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017

Advice Letter
BayREN 8-E

Jennifer Berg
Bay Area Regional Energy Network
375 Beale Street, 7th Floor
San Francisco, CA 94105

Ms. Berg:

On September 1, 2017, BayREN filed Advice Letter 8-E "BayREN's 2018 energy efficiency annual budget advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought Commission approval of BayREN's 2018 energy efficiency budget request.

BayREN's cost-effectiveness as presented in the advice letter includes a TRC value of 0.30. While D.12-11-015 exempted the RENs from the cost effectiveness requirements of the other Program Administrators, the Commission would like to see the BayREN make efforts to improve their portfolio cost effectiveness. The Commission confirmed this most recently in D.16-06-046, which states "the Commission encourages RENs to manage their programs with an eye toward long-term cost-effectiveness, just as we encourage the other program administrators to do."[1]

Of particular note when considering portfolio cost-effectiveness is that BayREN's advice letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 8-E, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks BayREN to file a supplemental to Advice Letter 8-E, which will include:

- New cost effectiveness showings using Cost Effectiveness Tool (CET) version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025

[1] See D.16-08-019 pg 11.

In addition to the use of these updated parameters, BayREN's supplemental filing will also include additional portfolio scenarios, supported by outputs from the CET version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where BayREN proposes to increase a program budget, it will also provide related evidence of whether and how the budget increase will lead to increased savings from that program. If, in the process of developing this range of alternative scenarios a budget increase results, BayREN may be certain that there is not a legal prohibition to increasing the budget for 2018.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Nils B. Strindberg at nils.strindberg@cpuc.ca.gov.

Thank you.

Robert L Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

Local Governments Empowering Our Communities

November 30, 2017

California Public Utilities Commission
Energy Division Tariff Unit
505 Van Ness Ave.
Fourth Floor
San Francisco, CA 94102-3298

Advice Letter 8-E-A

(BayREN ID #941)

Subject

Supplemental: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Purpose

In response to a request dated October 30, 2017 from the Energy Division (ED)[1], the Association of Bay Area Governments, on behalf of the San Francisco Bay Area Regional Energy Network (BayREN) submits this supplement to the 2018 Energy Efficiency Annual Budget Advice Letter (AL). The ED requested that BayREN provide a new cost-effectiveness showing using the Cost Effectiveness Tool (CET) version 18.1 with the interim greenhouse gas (GHG) adder,[2] and address the 2018 goals as established in D.17-09-025. BayREN was also directed to provide additional portfolio scenarios to demonstrate possible approaches for improving overall cost-effectiveness.[3]

This supplement to AL8-E complies with ED's request. The alternative scenarios presented below are slight revisions to BayREN's current portfolio that would result in greater energy savings and cost-effectiveness and could be quickly implemented upon Commission approval. No increase in budget is requested. BayREN requests approval of the BayREN 2018 Energy Efficiency budget request, as submitted on September 1, 2017, together with the modifications to the portfolio as presented herein.

Discussion

1. *BayREN 2018 Budget Request*

There is no request to modify the total 2018 budget amount as presented in the September 1, 2017 Advice Letter.[4] The alternative scenarios presented below would be funded through fund shifts within the portfolio.

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[1] October 30, 2017 Letter from Robert Strauss re: Advice Letter BayREN 8-E.

[2] The GHG Adder was adopted in D.17-08-22, after the annual budget compliance date.

[3] While ED asked for the supplemental filing by November 22, 2017, and extension was granted until November 30, 2017.

[4] Since BayREN would shift funds between programs if the alternative scenarios are approved, these shifts were included in the Budget Filing Appendix, Tables 1-7. (*See* Attachment 1, viewable at https://mtcdrive.app.box.com/v/BayREN-AL-8-2018-Attachments.)

Scenario 1 (Baseline): Existing Portfolio with interim GHG adder using CET v18.1.

This baseline scenario reflects a continuation of the original programs approved in D.14-10-046 from the 2013-2014 Energy Efficiency cycle (with slight modifications, as detailed in BayREN's Advice Letter 8-E) using the CET v18.1 which incorporates the interim GHG adder.[8] Table 1 and 2 outline the TRC and Program Administrator Cost (PAC) values and the Goal Attainment Savings values attributed to the 2018 BayREN baseline scenario. The budget for the baseline scenario is unchanged.

Table 1: Scenario 1 TRC and PAC

Program	TRC	PAC
Single Family	0.22	0.37
Multifamily	0.32	0.53
Resource Programs	0.26	0.44
Portfolio	0.23	0.36

Table 2: Scenario 1 Goal Attainment Savings (Gross and Net)

Program	Gross kWh	Gross kW	Gross Therms	Net kWh	Net kW	Net Therms
Single Family	815,474	1,164	195,399	611,606	873	146,549
Multifamily	1,962,967	194	142,856	1,766,670	174	128,570
Resource Programs	2,778,441	1,358	338,255	2,378,276	1,047	275,120

[8] *See* Attachment 2, Scenario 1 CET Output File, viewable at https://mtcdrive.app.box.com/v/BayREN-AL-8-2018-Attachments.

possible including urgency ordinances, reduced or waived permitting fees, and contracting for expanded planning, building, and permitting capacity. However, due to the heightened focus on accelerated building timelines and the rapid onboarding of new staff, energy code compliance for these reconstruction efforts will be even more challenging than in a standard environment.

BayREN proposes to reallocate $100,000 from Single Family incentives to the Codes and Standards (C&S) program to provide dedicated energy code compliance support to communities impacted by the fire. Consistent with local municipal needs and priorities in Sonoma and Napa Counties, BayREN proposes to continue early collaboration with the Statewide Codes and Standards team to provide a range of expertise and resources specifically focused on enhancing compliance with the California Energy Efficiency Standards. Many of these resources are readily available from existing BayREN and EnergyCodeAce activities; others will be refined and/or customized upon request.

The scope of BayREN fire recovery support will depend on the needs of local jurisdictions and will be deployed to align with local responses such as the City of Santa Rosa's disaster recovery-centered permitting office. New activities proposed to supplement existing C&S initiatives include:

- In-person expert assistance with energy code requirements and interpretations
- In-person expert assistance to understand opportunities for reach codes
- In coordination with the BayREN Single Family team, provide training to contractors working in the impacted counties about green building and energy efficiency

BayREN proposes these activities to ensure reconstruction efforts achieve energy code compliance for 4,300 new residential homes. These resources are desperately needed and both local staff and elected officials have requested this support from BayREN. While these activities are not proposed as a true resource program, we believe they offer a path to developing a large, robust, and geographically concentrated data set on new construction projects. BayREN will work with the participating jurisdictions and the CalCERTS and CHEERS HERS registries to track projects and build this data set, which BayREN and partners, including the EnergyCodeAce team and the CPUC, can use to evaluate potential opportunities for energy savings claims and cost-effectiveness calculations for code compliance work.

Commercial: Small and Medium Commercial Pay for Performance Pilot Program

BayREN proposes to shift $100,000 Single Family incentives to support near term development of the Small and Medium Commercial Business Pay-for-performance (SMCB P4P) sub-program, starting in 2018. BayREN will develop the P4P framework and initiate very limited, targeted activities.

The Commercial Sector of the BayREN business plan lays out the path for BayREN to deliver a cost-effective, high-impact P4P program that targets the SMCB sector and will pilot the use of normalized metered energy consumption (NMEC) to determine savings and incentive payments.[12] Leveraging the foundation established in other local government programs, continued efforts toward this program in 2018 would allow for quicker implementation. The P4P program is designed to be cost-effective because:

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[12] *See* BayREN Energy Efficiency Business Plan 2018-2025, at pages 3.1-3.34.

significant savings potential stranded and more difficult to subsequently incentivize. Because limiting the eligible measure mix would be contrary to the BayREN multifamily program's long-term objectives[15], BayREN does **not** present this as an alternative scenario.

BayREN requests approval to move forward with these minor program modifications and believes that greater cost-effectiveness will be one of several positive results.

Table 3: Scenario 2 TRC and PAC

Program	TRC	PAC
Single Family	0.27	0.65
Multifamily	0.39	0.54
Resource Programs	0.31	0.60
Portfolio	0.27	0.48

Table 4: Scenario 2 Goal Attainment Savings (Gross and Net)

Program	Gross kWh	Gross kW	Gross Therms	Net kWh	Net kW	Net Therms
Single Family	909,496	1,296	219,713	682,122	972	164,784
Multifamily	2,044,539	203	142,847	1,840,085	183	128,562
Resource Programs	2,954,035	1,500	362,560	2,522,207	1,155	293,347

Table 5: Scenario 2 Budget

Program	2018 Budget ($)	Budget Shift	Supplemental AL Budget ($)
Single Family	$ 7,173,249	($ 200,000)	$ 6,973,249
Multifamily	$ 6,476,600	N/A	$ 6,476,600
Codes & Standards	$ 1,274,500	$ 100,000	$ 1,374,500
Financing	$ 1,612,651	$ 100,000	$ 1,712,651
PA Program Total	$ 16,537,000	N/A	$ 16,537,000
EM&V	$ 189,486	N/A	$ 189,486
Subtotal	**$16,726,486**	**N/A**	**$ 16,726,486**

[15] BayREN's multifamily whole building program has been evaluated and compared with similar programs implemented by the IOUs and the results are illustrative. The multifamily whole building impact evaluations for the IOUs (PY 2015) and the RENs (PY 2013-2015) revealed significant differences between BayREN and the IOU programs. BayREN had higher participation, delivered greater energy savings, and had higher evaluated realization rates and net-of-free-rider (NFR) values. BayREN served over three times as many projects and nearly twice as many units as all of the IOUs combined (on an annualized basis) and delivered closer to its energy savings goals (97% by btu) compared to the IOUs (20% by btu). BayREN's ex-post savings were much closer to ex-ante savings compared to the IOUs. The reports conclude that BayREN's program cost $798 to save one MMBTU compared to the IOUs program which cost $3,194 to save one MMBTU (ex-post savings). BayREN still continues to look for ways to make the multifamily more cost-effective and achieve greater energy savings.

Table 6: Scenario 3 TRC and PAC

Program	TRC	PAC
Single Family	0.33	0.84
Multifamily	0.39	0.54
Resource Programs	0.35	0.70
CodeCycle	1.69	2.72
Portfolio	0.32	0.57

Table 7: Scenario 3 Goal Attainment Savings (Gross and Net)

Program	Gross kWh	Gross kW	Gross Therms	Net kWh	Net kW	Net Therms
Single Family	1,068,279	1,523	315,100	801,209	1,142	236,325
Multifamily	2,044,539	203	142,847	1,840,085	183	128,562
CodeCycle	310,833	3,108	-558	279,750	2,797	-502
Portfolio	3,423,651	4,835	457,389	2,921,044	4,123	364,385

4. Conclusion

The Program Administrators were directed to file a "status quo" Energy Efficiency Budget Advice Letter for 2018 as a placeholder pending a decision on the business plans, with the understanding that there would be an opportunity to true-up the AL following the Decision. The alternative scenarios provided herein will result in greater portfolio cost-effectiveness showing than what was presented in the September filing. BayREN believes Scenario 2 provides the best approach for meeting long-term cost-effectiveness goals and recommends the ED approve this Scenario. BayREN includes as Attachment 5 to this Supplemental AL the updated "CEDARS Filing Confirmation" which reflects the 2018 BayREN Scenario 2. Alternatively, BayREN requests approval of Scenario 3 which similarly can begin implementation immediately.

Protests

Anyone may protest this Advice Letter. The protest must state the grounds upon which it is based. The protest must be made in writing and received by the Commission within 20 days of the date this Advice Letter was filed with the Commission, or November 30, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Advice Letter 8-E
November 30, 2017

Attachment 1

BayREN Budget Filing Appendix

(Tables 1-7)

Viewable at: https://mtcdrive.box.com/v/BayREN-AL-8-2018-Attachments

Advice Letter 8-E
November 30, 2017

Attachment 2

BayREN Scenario 1 CET Output File

Viewable at: https://mtcdrive.box.com/v/BayREN-AL-8-2018-Attachments

Advice Letter 8-E
November 30, 2017

Attachment 3

BayREN Scenario 2 CET Output File

Viewable at: https://mtcdrive.box.com/v/BayREN-AL-8-2018-Attachments

CEDARS FILING SUBMISSION RECEIPT

The BAY portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Bay Area Regional Energy Network (BAY)

Filing Year: 2018

Submitted: 12:48:35 on 22 Nov 2017

By: Qua Vallery

Advice Letter Number: 8-E-Supplemental

* Portfolio Filing Summary *

- TRC: 0.2731
- PAC: 0.4791
- TRC (no admin): 0.3702
- PAC (no admin): 0.887
- RIM: 0.4791
- Budget: $16,726,485.67

* Programs Included in the Filing *

- BAYREN01: Single Family
- BAYREN02: Multi Family
- BAYREN03: Codes and Standards Program
- BAYREN04: Financing
- BAYREN05: Evaluation Measurement and Verification

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. BayREN/#941

Utility type: REN	Contact Person: Jennifer Berg
☒ ELC ☐ GAS	Phone #: (415) 820-7947
☐ PLC ☐ HEAT ☐ WATER	E-mail: jberg@bayareametro.gov

EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	Tier: ☐1 ☒2 ☐3

Advice Letter (AL) #:8-E-A

Subject of AL: Supplemental: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☒ Annual One-Time ☐ Other ____________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15.10.028

Does AL replace a withdrawn or rejected AL? No. If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL[1]:N/A

Resolution Required? No

Requested effective date: January 1, 2018 No. of Tariff Sheets: N/A

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting). N/A

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division **Attention: Tariff Unit** **505 Van Ness Ave., 4th Flr.** **San Francisco, CA 94102** **EDTariffUnit@cpuc.ca.gov**	**Bay Area Regional Energy Network** **Attn: Jennifer Berg** **375 Beale Street, 7th Floor** **San Francisco, CA 94105** **jberg@bayareametro.gov**

[1] Discuss in AL if more space is needed.

Edwin M. Lee,
Mayor

Deborah O. Raphael,
Director

SF Environment
Our home. Our city. Our planet.
A Department of the City and County of San Francisco

December 12, 2017

California Public Utilities Commission
Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Re: A-3881-G-A/5137-E-A: Supplemental: PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4; and A-8-E: Supplemental: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request.

Dear Energy Division Tariff Unit:

The City and County of San Francisco (the "City" or "San Francisco"), acting by and through its Department of Environment ("Department"), respectfully submits the following comments in response to A-3881-G-A/5137-E-A: Supplemental: PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4,[1] and A-8-E: Supplemental: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request. Both supplemental filings respond to an Energy Division ("ED") request asking Pacific Gas and Electric Company ("PG&E") and the Bay Area Regional Energy Network ("BayREN") to provide new cost-effectiveness calculations for requested 2018 Annual programs and budgets using the Cost Effectiveness Tool (CET) version 18.1 and the interim greenhouse gas ("GHG") adder adopted in D.17-08-0022, and to address the 2018 goals as established in D.17-09-025.

In accordance with GO-96-B, General Rule 7.5.1, San Francisco respectfully asks the ED to accept these comments on A-3881-G-A/5137-E-A and A-8-E as the additional information submitted by PG&E and BayREN in their supplements has a significant impact on programs undertaken by San Francisco and available to San Francisco residents and businesses.

San Francisco urges the Commission to implement cost-effectiveness tests for PG&E's energy efficiency portfolio in a manner that retains robust programs in Hard-to-Reach markets and expresses its support for BayREN programs that will enhance energy efficiency services to Hard-to-Reach ("HTR") sectors and provide for greater equity in the delivery of energy efficiency programs.

[1] In A-3881-G-A/5137-E-A,

San Francisco Department of the Environment
1455 Market Street, Suite 1200, San Francisco, CA 94103
Telephone: (415) 355-3700 • Fax: (415) 554-6393
Email: environment@sfgov.org • SFEnvironment.org

I. The Commission Should Implement Cost-Effectiveness Tests for PG&E's Energy Efficiency Portfolio in a Manner that Retains Robust Programs in Hard-to-Reach Markets

On October 30, 2017, the ED requested PG&E to file a supplement to AL 388-G/5137-E. The letter also asked PG&E to provide "alternate scenarios…to demonstrate possible approaches to improving… portfolio cost-effectiveness".[2] In response, PG&E filed its Supplemental AL which included two (2) scenarios. Alternative Scenario #1 seeks to improve PG&E's portfolio cost-effectiveness by "Eliminating Non-Resource Programs and Resource Programs with a Total Resource Cost (TRC) Less Than 0.55".[3] Alternative Scenario #2 seeks to re-visit "The Power of NTG" – Increasing NTG Values to 0.85".[4]

San Francisco is concerned about Scenario #1, and Attachment #5, as our Local Government Partnership ("LGP"), San Francisco Energy Watch (SFEW), is one of two (2) LGPs called out as resource programs that would be eliminated under this Scenario. Although PG&E was clear that it *does not* "recommend this Scenario (#1) and is not proposing it as a viable solution as it would create inequities across customer sectors and likely disrupt market innovation..,"[5] the Scenario does serve to illustrate the problems that result from selecting individual programs for elimination based solely on TRC.

Additionally, San Francisco opposes judging any long withstanding program by its TRC over a single year. Year-end closeout requirements, in addition to other accounting issues, can result in dramatic under/overestimates of a program's TRC. For example, if many projects were paid late, but all administrative costs were included, TRC would be negatively impacted by low reported savings versus high administrative costs.

Finally, the elimination of LGPs represents a regression of the tremendous work achieved since D.12-11-015, which approved the expansion of PG&E's LGP budgets by 10%, in exchange for effective program design changes "incorporating elements that focused on achieving deeper savings and complementing existing and continuing programs".[6]

SFEW is a unique partnership-program that has been successful in scaling activities that serve the City's HTR sectors: Small and Medium Business ("SMB") and Multifamily ("MF"). Of the twenty-two (22) LGPs, SFEW is one (1) of only five (5) that deploy City staff for in-house implementation activities, and the *only* partnership that serves multifamily properties. While other energy efficiency ("EE") programs may target savings-rich properties, that often have big budgets and in-house expertise, SFEW seeks to achieve project diversity and to serve the utility needs of *all* sectors in the City. Department staff intentionally dedicate more time and technical assistance to HTR customers because they recognize the challenges and barriers that exist within the HTR sector. Through attentive project management and targeted outreach, SFEW quickly

[2] Supplemental Advice Letter, P.6
[3] Supplemental Advice Letter, P.8
[4] Supplemental Advice Letter, P.10
[5] Supplemental Advice Letter, P.7
[6] D.12-11-015, P. 85

scaled Direct Install ("DI") program delivery across San Francisco, especially in SMB corridors and high-density MF areas.

Lack of time and knowledge in energy management are often cited as the primary reasons/gaps for SMB's low participation (1-2%) in EE programs.[7] The Department's SFEW staff have filled this gap by working very closely with local SMBs to manage EE projects from inception to completion. As a result, over time the Department's SFEW staff have become trusted advocates for these businesses. In fact, since 2008 SFEW's Small Business DI program has completed over 4,000 lighting and refrigeration projects in the SMB sector, paying nearly $7,000,000 in incentives, and reducing over 40,000,000-kWh in energy consumption.[8]

These results are directly attributable to the Department's professional, in-house energy efficiency staff who regularly implement neighborhood campaigns, personally visiting ground-floor businesses to conduct marketing, outreach and education. Our partnerships with local contractors, merchant associations, the Chamber of Commerce, other governmental agencies, and PG&E are also invaluable in generating leads that enable Department SFEW staff to provide technical assistance and project implementation quality assurance. Finally, Department SFEW staff has rapidly scaled the DI model beyond the typical small business to include places of worship, small private sector educational institutions, community social services centers, and properties with 2nd story businesses that serve the community but are extremely hard-to-reach / hard-to-serve including but not limited to professional offices such as medical and practices, and boutique law and consulting firms.

SFEW's work in the MF residential sector has enjoyed similar success. The Department's SFEW staff has unlocked the energy savings potential of this sector which is notoriously difficult to serve because of split-incentives and limited access to decision makers. SFEW has developed robust, comprehensive projects and is able to make cross-referrals by customizing implementation strategies and leveraging other opportunities like the BayREN Building Enhancement program. From 2008 when it had only two (2) pipeline projects, the SFEW MF program has rapidly expanded. To date, SFEW has completed nearly 2,200 MF projects totaling over $8,000,000 in paid incentives, which have reduced over 41,000,000-kWh and 1,800,000 therms.[9] Like the success of the SFEW program in the SMB sector, the success in MF is due to Department staff's hands-on, concierge style of managing and facilitating projects from inception to completion.

The San Francisco Department of the Environment's mission is to provide solutions that advance climate protection and enhance quality of life for all San Franciscans. As such, the Department will continue to serve the HTR sectors. The energy reduction potential of a corner store located in a neighborhood that is a known food-desert pales in comparison to a high-rise building in the financial district. But both properties deserve equal access to EE programs, and the corner store

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[7] ACEEE "Growing the Energy Pie," 2015, P. 49

[8] SFEW Internal Report, "No. of Projects, Total Savings & Incentives Paid at Sites with A1 and A6 Rate Schedules," 11-30-17

[9] SFEW Internal Report, "No. of Projects, Total Savings & Incentives Paid at Multifamily," 11-30-17

requires trusted technical assistance to facilitate successful EE project development and implementation.

In Mayor Ed Lee's "State of the City Address",[10] he specifically set out a work plan that will move San Francisco towards the goal of shared prosperity. Specifically, Directive #5 -Anti-Poverty, states "For San Francisco to reach new levels of environmental achievement, our solutions to climate change and environmental sustainability must be accessible and benefit all San Franciscans. All our diverse communities and neighborhoods should share in the benefits of building a cleaner and greener City, regardless of income.... In addition, to reach our climate goals, we need a new level of engagement from all our neighborhoods and businesses".[11] Thus, the Department's directive from the Mayor aligns with its mission to engage all neighborhoods and businesses, and not only those that are easily accessible or have the highest energy-savings potential.

In conclusion, San Francisco emphatically agrees with PG&E that the elimination of programs simply based on TRC values will result in broad inequity in customer segments served. Since 2008, the SFEW program has proven its ability to scale its DI services in the SMB and MF HTR sectors, reaping sizable savings and allowing program access to a broad set of constituents. San Francisco has and will continue to undertake activities in the HTR sector because they are aligned with the Department's mission and the Mayor's directive. The Commission should similarly ensure that energy efficiency funded by all ratepayers effectively meets the needs of all ratepayer customer segments.

II. The Bay Area Regional Energy Network's Supplemental to Advice Letter 8-E Sets Forth Innovative Ideas to Meet the Needs of All Customers.

San Francisco strongly supports the Bay Area Regional Energy Network's (BayREN (#941)) Advice Letter 8-3. BayREN presented shovel-ready proposals that enable its portfolio to be more cost-effective in 2018 while leverage the success of existing programs, such as SFEW. Moreover, the Single Family and Commercial programs align well with the Mayor's vision of "Shared Prosperity" and legislative requirements for doubling EE gas and electricity savings by 2030 in California per Senate Bill (SB) 350,[12] as well as San Francisco's climate action goals. Since the proposals do not require any budget increase,[13] accelerating the implementation of these new, innovative and forward-looking programs will not burden ratepayers with additional risk.

The BayREN "Small and Medium Commercial Pay-for-Performance Pilot Program" holds the promise to deliver whole-building, comprehensive projects to San Francisco's SMB sector. As

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[10] State of the City Address, 01-15-2015, http://sfmayor.org/mayor-lees-2015-state-city-address
[11] http://sfmayor.org/shared-prosperity
[12] "Legislative Summary: What does SB350 Do?" http://www.energy.ca.gov/sb350/
[13] BayREN AL-8, P.1

detailed in its Business Plan,[14] the BayREN SMB Pay-for-Performance Program focuses on harvesting energy savings from more expensive and complex equipment upgrades such as Heating, Ventilation and Air-Conditioning (HVAC), boilers, pumps and improvements to the building envelop by matching incentives with metered energy savings. Additionally, this program will leverage existing rebate programs, including SFEW, which under the auspices of PG&E, is currently designed to primarily deliver technical assistance and incentives that support lighting retrofits. Accelerating the implementation of BayREN's innovative Program not only accelerates the "doubling of energy efficiency," but also serves to support the successes and achievements of existing programs like SFEW.

While Pay-for-Performance programs have been successfully deployed by NYSERDA and other East Coast utilities[15] in multifamily, large commercial and industrial sectors, the concept remains nascent in the SMB sector. As a result, important factors such as accuracy in measurement and verification have not been standardized. Therefore, multiple efforts and interagency/organization collaboration will lead to more rapid standardization and propagate broad adoption of this potentially powerful shift in EE program delivery, especially in the SMB sector.

San Francisco also supports the swift approval of Scenario #3, particularly the Single-Family program. Single-family homes (SFH) represent 32% of the housing stock in San Francisco or 121,473 structures. Most of these SFH structures were built prior to the adoption of statewide energy codes (pre-1978), and many include multiple households/units. San Francisco supports the BayREN Scenario #3 Single-Family program because it serves the City's aging SFH inventory with targeted outreach and removes financial barriers with standardized equipment pricing. The BayREN scenario targets "high-potential, high-impact customers in clusters of neighborhoods which contain favorable (pre-1978) building vintages and cluster[s] projects to reduce overall (upgrade) cost".[16] The program introduces standardized pricing on equipment, mimicking the success of solar photovoltaic group procurement programs. These strategies are reasonable and appealing, especially in SFH neighborhoods with disproportionally low uptake in EE programs.

In conclusion, San Francisco urges the Commission to accelerate the implementation of the innovative SMB and SFH proposals set forth in the BayREN Advice Letter 8-E. The proposal contributes to reaching the City and State's audacious energy and climate goals and expedite the realization of Mayor Lee's vision for "Shared Prosperity."

Consistent with in G.O. 96-B, General Rules, Section 3.11, San Francisco will forward this letter to PG&E and BayREN at the same time San Francisco submits it to the Energy Division.

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[14] BayREN Energy Efficiency Business Plan 2018-2025, Section 3. Commercial Sector, P.3.1 – 3.34
[15] NYSERDA Multifamily Performance Program & New Jersey Board of Public Utilities "Pay for Performance, Existing Buildings"
[16] BayREN AL-8, P.8

Sincerely,

Jessie Denver,
Energy Program Manager
San Francisco Department of the Environment
City and County of San Francisco

CC: Erik Jacobson, Pacific Gas and Electric Company, PGETariffs@pge.com
Jennifer Berg, Bay Area Regional Energy Network, jberg@bayareametro.gov

Strindberg, Nils

From:	Chu, Lowell (ENV) <lowell.chu@sfgov.org>
Sent:	Thursday, December 14, 2017 4:26 PM
To:	ED Tariff Unit
Cc:	Strindberg, Nils; Franzese, Peter; Fortune, Hazlyn
Subject:	ACTION - Please withdraw SF's comments on BayREN Advice Letter A-8-E.

To Whom It May Concern:

On December 12, 2017, the City and County of San Francisco, acting by and through its Department of Environment (the Department), submitted comments to A-3881-G-A/5137-E-A: Supplemental: PG&Es 2018 Energy Efficiency Annual Budget Advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4. In those comments, we also provided support for A-8-E: Supplemental: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request. **By this email, the Department hereby withdraws all comments that are related to BayREN's A-8-E.** This withdrawal relates only to BayREN and does not relate to our comments on PG&E Advice Letter A-3881-G-A/5137-E-A.

Regards,

Lowell Chu, LC, CEM, LEED AP
Senior Energy Efficiency Specialist
San Francisco Department of the Environment
1455 Market St., Suite 1200, San Francisco, CA 94103
lowell.chu@sfgov.orgT: (415) 355-3738 F: (415) 544-6393

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ADVICE LETTER (AL) SUSPENSION NOTICE

ENERGY DIVISION

Utility Name: Bay Area Regional Energy Network (BayREN)

Utility Number/Type: BayREN/941

Advice Letter Number(s) □8-E, 8-E-A

Date AL(s) Filed: September 1, 2017, November 30, 21017

Utility Contact Person: Jennifer Berg

Utility Phone No.: (415) 820-7947

Date Utility Notified: January 18, 2018

E-Mailed to: jberg@bayareametro.gov

ED Staff Contact: Nils □. Strindberg

ED Staff Email: nils.strindberg@cpuc.ca.gov

ED Staff Phone No.: (415) 703-1812

[ ] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning □□□□□□□□, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

□□A Commission Resolution is Required to Dispose of the Advice Letter

□□Advice Letter Requests a Commission Order

□□Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[X] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Nils □. Strindberg (nils.strindberg@cpuc.ca.gov).

cc:
EDTariffUnit

□Note: reference □Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.07-01-024

Marin Clean Energy (MCE) 2018 Annual Budget Advice Letter (AL) Attachments

1. MCE AL 25-E submitted September 1, 2017

2. ORA Protests MCE AL 25-E submitted September 21, 2017

3. GreenFan/Verified Protests MCE AL-25-E submitted September 22, 2017

4. Energy Division email accepting late Protest of GreenFan/Verified sent September 22, 2017

5. Energy Division Initial Suspension Notice sent September 22, 2017

6. MCE Reply to Protests submitted September 28, 2017

7. Energy Division Letter Requesting a Supplemental to MCE AL 25-E sent October 30, 2017

8. MCE Supplemental AL 25-E-A submitted November 30, 2017

9. Energy Division Further Suspension Notice sent January 18, 2018

September 1, 2017

CA Public Utilities Commission
Energy Division
Attention: Energy Efficiency Branch
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

Advice Letter 25-E

Re: MCE 2018 Annual Energy Efficiency Program and Portfolio Budget Request

In compliance with California Public Utilities Commission ("Commission") Decision ("D.") 15-10-028, Ordering Paragraph ("OP") 4, issued October 28, 2015,[1] and *Administrative Law Judge's Ruling Modifying Schedule* ("ALJ Ruling"), filed June 9, 2017,[2] Marin Clean Energy ("MCE") submits this advice letter filing to request its 2018 annual energy efficiency portfolio budget. D.15-10-028 called for the annual budget advice letter to be filed on the first business day in September.[3] The ALJ Ruling confirmed this date to be September 1, 2017.[4]

Effective Date: October 1, 2017

Tier Designation: Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 and D.15-10-028, this advice letter is submitted with a Tier 2 designation.

Purpose

The purpose of this advice filing is to comply with D.15-10-028, OP 4 and request MCE's 2018 energy efficiency budget.

Background

The Commission is transitioning to a rolling portfolio framework for energy efficiency programs. To this end, Program Administrators ("PAs") filed business plans in January 2017, which the Commission expects will be approved in 2018. To facilitate the transition to the rolling portfolio framework, the Commission is continuing its ten-year funding authorization that began in 2014.[5]

[1] D.15-10-028, OP 4 at p. 123-24.
[2] *Administrative Law Judge's Ruling Modifying Schedule* ("ALJ Ruling") ("A.") 17-01-013, *et al.*, filed June 9, 2017, Ruling Paragraph ("RP") 1 at p. 9.
[3] D.15-10-028, OP 4 at pp. 123-24.
[4] ALJ Ruling at pp. 6, 9.
[5] D.14-10-046, OP 21 at p. 167.

Subsequent to issuing the ten-year funding authorization in D.14-10-046, the Commission adopted related processes and rules to implement a rolling portfolio.[6] The process includes filing this annual budget advice letter to provide a range of information including: (1) the next annual budget; (2) the portfolio cost effectiveness; (3) portfolio changes; (4) fund shifting; (5) carryover or encumbered funds; and (6) the California Energy Data and Reporting System's Filing Module ("CEDARS FM") filing confirmation, which includes a cost effectiveness showing (included as Attachment A to this advice letter).[7]

In July 2017, Energy Division staff provided additional guidance on the annual budget advice letter.[8] This guidance acknowledged a number of uncertainties and changes regarding the rolling portfolio framework and cost effectiveness calculations.[9] Nonetheless, to be consistent with D.15-10-028, Energy Division staff directed PAs to file a Tier 2 advice letter using the portfolio budgets approved in D.15-10-028 and cost effectiveness inputs.[10] PAs are required to file a true-up budget advice letter in 2018.[11] Further guidance is expected from the Commission in its final decision approving business plans.[12]

Energy Division also provided an updated appendix template for purposes of this filing.[13] MCE has uploaded this completed appendix to the CEDARS FM. The appendix will be updated once the Commission approves cost effectiveness adders, business plans, and goals for 2018.[14]

<u>Discussion</u>

MCE requests a programmatic budget for 2018 in the amount of $1,586,347, which is supported by the appendix MCE filed on the CEDARS FM. MCE requests an additional $18,177 for Evaluation Measurement and Verification ("EM&V") funds.[15] MCE also provides a context for the portfolio cost effectiveness for 2018.

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6 *See* D.15-10-028; D.16-08-019.

7 D.15-10-028 at pp. 58-63, 91, OP 4 at p. 123; *see also Clarifications on Annual Budget Filings for Program Year 2017* (August 19, 2016).

8 *2018 Energy Efficiency Portfolio Filing and Reporting Budget* (July 24, 2017).

9 *Id.* ("Energy Division recognizes that many changes are afoot this year that affect portfolio savings goals and cost effectiveness, and indeed the entire portfolio mix of sectors and programs, and that the requirement for a cost effective portfolio showing may not be achievable in 2018 using these parameters and given the current uncertainties.")

10 *Id.*

11 ALJ Ruling at p. 6.

12 *Id.*

13 *2018 Energy Efficiency Portfolio Filing and Reporting Budget* (July 24, 2017).

14 *Id.*

15 D.15-10-028 at p. 87.

2018 Energy Efficiency Budget

MCE received an annual budget authorization in D.14-10-046 totaling $1,220,267.[16] In 2016, the Commission increased MCE's annual budget to $1,586,347 to account for new communities that joined MCE's service area.[17] To comply with D.16-05-004, MCE filed advice letter 16-E,[18] which incorporated the budget increase into MCE's overall portfolio budget.[19]

MCE presents its funding allocations by program and its overall 2018 Energy Efficiency Program Budget in Table 1.

Table 1: Authorized MCE 2018 Energy Efficiency Program Budget

MCE Programs	Budget
Single Family	$196,089
Multifamily	$676,437
Small Commercial	$686,790
Financing	$27,031
Program Subtotal	$1,586,347[20]
EM&V	$18,177[21]
Total	**$1,604,524**

As indicated above, MCE's requests $18,177 in EM&V funds based on MCE's approved budget for 2018. Table 2, below, presents MCE's EM&V budget as a percentage of the total EM&V PA funds distribution.

Table 2: Prospective EM&V Funds

2018 Programs Budget	4% EM&V Funding Level	Total Prospective EM&V Funds (27.5% EM&V PA Distribution)
$1,586,347	$66,098	$18,177

[16] D.14-10-046 at p. 125.
[17] D.16-05-004.
[18] D.16-05-004, OP 5 at pp. 13-14.
[19] MCE Advice Letter 16-E at p. 3.
[20] The Commission authorized this budget in D.16-05-004, OP 2 at p. 13.
[21] This amount includes only the PA distribution based on 27.5% of the total EM&V budget as indicated in the discussion in the EM&V Funds section below. MCE included 100% of the EM&V budget in the appendix uploaded to the CEDARS FM.

Portfolio Cost Effectiveness

MCE's portfolio cost effectiveness results for 2018 are:

> Total Resource Cost Test Ratio ("TRC"): .57
> Program Administrator Cost Test Ratio ("PAC"): .63

In 2013, MCE administered the first energy efficiency programs under the authority granted in Cal. Pub. Util. Code §381.1(a)-(d). These programs were initially restricted by the Commission to serve gaps in investor-owned utility ("IOU") programs and hard-to-reach markets.[22] At that time, the Commission recognized that these restrictions may cause MCE's proposals to fail the TRC test and therefore did not initially impose a minimum cost effectiveness requirement.[23] In 2014, however, the Commission lifted the restrictions[24] and imposed the same cost effectiveness standards on Community Choice Aggregators ("CCAs") as IOUs.[25] Yet, at that time MCE was not invited to file an application to update its portfolio because the 2014 programs were extended to 2015, 2016, 2017, and now 2018 while the Commission transitions to the rolling portfolio framework.[26] Although lifting the restrictions will ultimately improve MCE's ability to meet the minimum 1.25 TRC ratio, MCE's current portfolio continues to focus on hard-to-reach markets and gaps in IOU programs.

In January 2017, MCE filed a business plan requesting authority to implement a broader and cost effective portfolio that conforms to the rolling portfolio framework and Commission guidance.[27] The Commission anticipates approval of the business plan in 2018.[28]

In the interim, MCE continues to make efforts to improve the cost effectiveness of its current portfolio. Pursuant to Energy Division guidance, once the new avoided cost calculator and greenhouse gas ("GHG") adder are released and business plans approved, MCE will adjust its programs to further improve its portfolio's cost effectiveness.

Portfolio Changes

MCE began implementation of a Seasonal Savings pilot that was approved and began in the first quarter of 2017.[29] The savings figures associated with this pilot have been included in the cost effectiveness analysis for the 2018 portfolio.

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22 D.12-11-015 at pp. 45-46.
23 *Id*. p. 46.
24 D.14-01-033 at p. 14; *see also* D.14-10-046 at p. 120 (Commission clarifying the restrictions do not apply to gas programs).
25 D.14-01-033 at p. 36.
26 D.14-10-046 at pp. 30-32.
27 A.17-01-017.
28 ACR Ruling at pp. 8-9.
29 MCE Advice Letter 17-E and 17-E-A.

On July 17, 2017 the Commission approved advice letter 24-E, wherein MCE proposed to discontinue its On-Bill Repayment ("OBR") Program. The OBR Program was designed to provide low-cost financing to improve the energy efficiency of multifamily and commercial buildings. MCE decided to cancel the OBR program due primarily to low customer demand for the program. At the same time, MCE had greater than expected participation in, and customer demand for, MCE's Multifamily and Commercial programs. The previously committed Loan Loss Reserve ("LLR") funds associated with the OBR program are now included within MCE's Multifamily and Commercial 2017 budgets.[30]

Aside from the aforementioned changes, MCE is continuing its 2017 portfolio of programs in 2018, notwithstanding the proposed programmatic changes in MCE's business plan.

Fund Shifting

In budget year 2017, MCE performed one fund shift via advice letter 24-E, which the Commission approved on July 17, 2017.

MCE's 2017 fund shift and the resulting budget allocations are reflected in Table 3, below. The fund shift moved previously committed LLR funds into the Multifamily and Commercial program budgets. Because the committed LLR funds were repurposed for use in the 2017 budget, the LLR funds do not affect MCE's budget request for 2018.

MCE presents its 2017 fund shifting activity in Table 3, below.

Table 3: 2017 Fund Shifting

MCE Programs	Approved 2017 Budget	Shift Out	Shift In	Final 2017 Budget
Single Family	$233,050	-	-	$233,050
Multifamily	$667,555		$ 273,750	$ 941,305
Small Commercial	$658,711		$ 273,750	$932,461
Financing	$27,031	-	-	$27,031
LLR Fund[31]	$547,500	$547,500		$0.00
Total	**$2,133,847**			**$2,133,847**

[30] MCE Advice Letter 24-E, Table 1 at p. 3.

[31] MCE's OBR program was approved in D.12-11-015 as one of three financing pilots. MCE allocated $547,500 to a LLR fund for its Multifamily and Commercial OBR program. These funds were a one-time transfer that carried over year to year as committed funds.

Committed and Carryover Funds

Pursuant to OP 25 of D.14-10-046, MCE reports annually on unspent funds available for carryover in an advice letter filed on December 1.[32] The annual unspent funds advice letter also reports MCE's funds that are committed for use in the next budget year. The appendix to this advice letter provides a true up of MCE's 2016 unspent funds. The amount reflected in Table 7 of the appendix, however, does not include the funds that were unspent in 2016 and used to offset MCE's 2017 budget transfer from PG&E ($3,714).

Table 4, below, illustrates MCE's budgeting practice. The table presents MCE's actual 2016 unspent funds, its projected unspent funds as reported in advice letter 21-E, its 2016 committed electric funds, and how the aforementioned amounts affect the 2016 unspent funds available to offset the 2018 budget transfer.[33]

Table 4: Projection of MCE's Unspent Funds for 2018

Actual 2016 Unspent Funds (Electric Only)	Projected 2016 Unspent Funds Reported in AL 21-E (used to offset 2017 funds)	2016 Committed Funds (Electric Only)	2016 Unspent Funds Available to Offset 2018 funds	Projected 2017 Unspent Funds Available to Offset 2018 Funds
$416,165	($3,714)	($189,268)	$223,182	(To be provided in an Advice Letter on December 1, 2017

Notice

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

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[32] D.14-10-046, OP 25 at p. 168.

[33] MCE's actual 2016 unspent funds equal $416,165. This amount is reduced by $3,714, which was the projected, and now trued-up, 2016 unspent funds amount that MCE reported in advice letter 21-E to offset MCE's 2017 funds transfer. MCE's actual 2016 unspent funds are further reduced by $189,268, which is the amount of 2016 funds MCE committed to fund electricity savings in 2017. *See also* Table 7 of MCE's appendix to this advice letter.

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Nathaniel Malcolm
Policy Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6048
Facsimile: (415) 459-8095
E-mail: nmalcolm@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
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San Rafael, CA 94901
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Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

MCE is serving copies of this advice filing to the relevant parties shown on the R.13-11-005 and A.17-01-013 *et al.* service lists. For changes to this service list, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Correspondence

For questions, please contact Nathaniel Malcolm at (415) 464-6048 or by electronic mail at nmalcolm@mceCleanEnergy.org.

/s/ Nathaniel Malcolm

Nathaniel Malcolm
Policy Counsel
MARIN CLEAN ENERGY

cc: Service Lists: R.13-11-005; A.17-01-013, *et al.*

Attachment A:
CEDARS FM Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

The MCE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Marin Clean Energy (MCE)

Filing Year: 2018

Submitted: 10:42:39 on 31 Aug 2017

By: Alice Stover

Advice Letter Number: 25-E

* Portfolio Filing Summary *

- TRC: 0.5657
- PAC: 0.6262
- TRC (no admin): 1.4763
- PAC (no admin): 1.9736
- RIM: 0.6262
- Budget: $1,586,346.96

* Programs Included in the Filing *

- MCE01: Multi-Family
- MCE02: Small Commercial
- MCE03: Single Family
- MCE04: Financing Pilots

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY LSE (Attach additional pages as needed)

Marin Clean Energy

Utility type:

☑ ELC ☐ GAS

☐ PLC ☐ HEAT ☐ WATER

Nathaniel Malcolm

Phone #: 415-464-6048

E-mail: nmalcolm@mceCleanEnergy.org

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL): 25-E

Subject of AL: MCE 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Tier Designation: ☐ 1 ☑ 2 ☐ 3

Keywords (choose from CPUC listing):

AL filing type: ☐ Monthly ☐ Quarterly ☑ Annual ☐ One-Time ☐ Other ______________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL ______________________________

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: ____________________

Resolution Required? ☐ Yes ☑ No

Requested effective date: October 1, 2017 No. of tariff sheets:

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets:

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Utility Info (including e-mail)
Marin Clean Energy
Nathaniel Malcolm, Policy Counsel
(415) 464-6048
nmalcolm@mceCleanEnergy.org

[1] Discuss in AL if more space is needed.

ORA

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
http://ora.ca.gov

September 21, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

<u>Subject:</u> **The Office of Ratepayer Advocates' Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

The Office of Ratepayer Advocates (ORA) hereby submits this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

In this protest, ORA recommends the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1] In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to

[1] D.05-04-051 at 22.

costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2] The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness"[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7] The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted above, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit-to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. Table 1 below reports the cost-effectiveness results for the portfolios submitted by all PAs.[9]

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[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
[5] D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.
[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

If the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, all the PAs have failed to submit cost-effective portfolios, as shown in Table 1 below. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire statewide portfolio of EE programs statewide fails to meet minimum cost-effectiveness regardless of the operative threshold.

[10] Data for Table 1 come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

The Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented.

The likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[11]SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. The Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[12] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[13] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[14]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

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[11] SCE Advice 3149-E-B, Appendix A, Table 7.1.
[12] D.14-10-046 at 31.
[13] D.15-10-028 OP 5 at 124.
[14] D.15-10-028 at 53.

III. CONCLUSION

ORA respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

/s/ MICHAEL CAMPBELL
Michael Campbell
Program Manager

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1826
Email: Michael.Campbell@cpuc.ca.gov

September 21, 2017

Cc: Peter Franzese, Energy Division
Service List R.13-11-005
Service List A.17-01-013

greenfan®
Higher Efficiency - Less Wasted Energy
6235 Bearclaw Lane
Bozeman, MT 59715

Verified® Inc.
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Attorneys for the GreenFan® Inc. and Verified® Inc.

September 22, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Subject: **GreenFan® Inc. and Verified® Inc. Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

GreenFan® and Verified® hereby submit this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

GreenFan® and Verified® support the ORA and TURN protests and similarly recommend the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. The ABALs provide no evidence to indicate any improvement over 2016 cost effectiveness. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

As noted by ORA, Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1]

In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2]

The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness."[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7]

The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

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[1] D.05-04-051 at 22.
[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
[5] D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios are either not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted in the ORA comments, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit- to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. ORA provided cost effectiveness results for the IOU portfolios submitted by all the PAs as shown in **Table 1**.[9]

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

As noted in previous comments filed by GreenFan® and Verified®, the IOUs are averse to submitting workpapers for cost effective technologies for CPUC Ex Ante Review. This fact is reinforced in the **Table 1** showing "business as usual" forecasts of non-cost effective programs through 2018. This aversion is based on a lack of scientific understanding of the fundamental principles of energy efficiency least cost planning where the most cost effective measures are installed first. Instead some IOU programs take the opposite approach where non cost-effective measures are installed first and cost effective measures are not installed at all. For example, in the statewide residential QM programs the motor replacement measure realization rates were 0 to 71% and the expected cost effectiveness would be 0 to 0.37.[11] This example supports the ORA

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[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

[10] Data for **Table 1** come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

[11] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), Table 19, pp. 40. Motor replacement kWh realization rate was 0% for SDG&E and 71% for PG&E. The ex ante TRC for motor replacement ranged from 0.2 to 1.6 with a climate-zone weighted average TRC of 0.53. Therefore, the range of expected cost

protest regarding why the IOU EE portfolios are unlikely to be cost effective. The ABALs provide insufficient information for the CPUC (or any party to this proceeding) to understand why the proposed programs are non-cost effective, and this one of the most important reasons why the CPUC should reject the ABALs.

As ORA describes in its protest, if the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, then all the PAs have failed to submit cost-effective portfolios, as shown in **Table 1**. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire EE statewide portfolio fails to meet minimum cost-effectiveness regardless of the operative threshold.

Therefore, the Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, then past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented. Virtually all the past EM&V studies have found no evidence to support 100% of the IOU ex ante energy savings claims. In fact, most of EM&V studies have reported ex post savings far less than ex ante estimates and some have reported zero energy savings.[12]

As ORA notes in their protest, the likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[13] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective ex ante cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

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effectiveness based the EM&V report would be 0 to 0.37.

[12] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), pp. 6-9. "The savings derived from the residential QM programs has been uncertain. The 2013 Workpaper Disposition for these programs revised the QM measure group ex ante savings down substantially due to concerns about the use of incorrect maintenance techniques that could lead to either an improvement in efficiency or an increase in energy usage. The findings from the billing analysis implemented on 2013 and 2014 program participants in PG&E's and SDG&E's service territories reinforce the CPUC's concerns. SDG&E's residential QM program had no net energy savings and PG&E's had a net realization rate of 26% in 2015."

[13] SCE Advice 3149-E-B, Appendix A, Table 7.1.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. Therefore, the Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[14] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[15] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[16]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

III. CONCLUSION

GreenFan® and Verified® supports the ORA and TURN protests and respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

Dated: September 22, 2017

Sudip Kundu
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Attorneys for the GreenFan® Inc. and Verified® Inc.

Cc: Service List R.13-11-005
Service List A.17-01-013

[14] D.14-10-046 at 31.
[15] D.15-10-028 OP 5 at 124.
[16] D.15-10-028 at 53.

Strindberg, Nils

From: Strindberg, Nils
Sent: Friday, September 22, 2017 4:23 PM
To: sudip.kundu@kunduplIc.com; Karyn Gansecki; AdviceTariffManager; PGETariffs@pge.com; Ortiz, Ray; MClauson@semprautilities.com; PGETariffs@pge.com; tariffs@socalgas.com; k2c0@pge.com; nmalcolm@mcecleanenergy.org; bmenten@mceCleanEnergy.org
Subject: Energy Division accepts the late protest filed by GreenFan and Verified for 2018 EE budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency annual budget advice letters was September 21, 2017. On September 22, 2017, GreenFan and Verified filed a joint protest to the PG&E, SCE, SDG&E, SoCalGas and MCE 2018 annual energy efficiency budget advice letters. Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response and Energy Division will accept the joint protests of GreenFan and Verified. Also, per GO 96-B, Section 7.4.4 the utility has five business days from issuance of this notification to reply to the protest.

If you have any question feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

Nils B. Strindberg
CPUC, Energy Division
Energy Efficiency Branch
Metered Energy Efficiency and Emerging Programs
O: 415-703-1812
C: 415-849-8140
Nils.strindberg@cpuc.ca.gov

Strindberg, Nils

From:	Cox, Rory
Sent:	Friday, September 22, 2017 11:35 AM
To:	nmalcolm@mceCleanEnergy.org; bmenten@mcecleanenergy.org
Cc:	ED Tariff Unit; Franzese, Peter; Kane, Hal; Buch, Daniel
Subject:	Notice of Suspension of MCE Advice Letter 25-E

Utility Name: Marin Clean Energy	Date Utility Notified: September 22, 2017
Utility Number/Type: 6/ELC	E-Mailed to: nmalcolm@mceCleanEnergy.org
Advice Letter Number(s) #25-E	and bmenten@mceCleanEnergy.org
Date AL(s) Filed) September 1, 2017	ED Staff Contact: Rory Cox
Utility Contact Person: Nathaniel Malcolm	ED Staff Email: rory.cox@cpuc.ca.gov
Utility Phone No.: (415) 464-6048	ED Staff Phone No.: (415) 703-1093

[X] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 22, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[x] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Peter Franzese (peter.franzese@cpuc.ca.gov).

cc:
EDTariffUnit

Rory Cox | Energy Efficiency, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, San Francisco, CA 94102
Telephone: 415.703.1093 | http://www.cpuc.ca.gov/energyefficiency

September 28, 2017

CA Public Utilities Commission
Energy Division
Attention: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

Reply to Protest of MCE Advice Letter 25-E

Re: The Protests of the Office of Ratepayer Advocates, GreenFan, Inc., and Verified, Inc. to *MCE 2018 Annual Energy Efficiency Program and Portfolio Budget Request*

Dear Energy Division Tariff Unit:

Pursuant to General Order ("G.O.") 96-B, Rule 7.4.3, Marin Clean Energy ("MCE") hereby replies to *The Office of Ratepayer Advocates' Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)* ("ORA Protest") filed on September 21, 2017.

Pursuant to G.O. 96-B, Rule 7.4.4, MCE also hereby replies to the *GreenFan, Inc. and Verified, Inc. Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)* ("Joint Protest") filed on September 22, 2017.

I. Background

Pursuant to Decision ("D.") 15-10-028, Ordering Paragraph ("OP") 4 and *Administrative Law Judge's Ruling Modifying Schedule*, filed June 9, 2017,[1] MCE filed its 2018 Annual Energy Efficiency Program and Portfolio Budget Request on September 1, 2017.

Energy Division ("ED") issued guidance on July 24, 2017 that addressed the 2018 budget filing. This guidance acknowledged a number of uncertainties regarding the rolling portfolio framework and cost effectiveness calculations for the filing and noted that "the requirement for a cost effective showing may not be achievable using these parameters and given the current uncertainties."[2]

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[1] *Administrative Law Judge's Ruling Modifying Schedule*, Ruling Paragraph 1 at 9, Application 17-01-013, *et al*., filed June 9, 2017.

[2] *2018 Energy Efficiency Portfolio Filing and Reporting Budget* ("2018 ED Guidance"), July 24, 2017.

ED directed Program Administrators ("PAs") to use the 2017 Avoided Costs established pursuant to the Commission's updated cost effectiveness framework,[3] which dramatically reduced the cost effectiveness of programs. Moreover, given the number of factors expected in the next 6-9 months that will impact cost effectiveness, such as the Greenhouse Gas Adder and the approval of PAs' Business Plans, the Program Coordination Group ("PCG")[4] discussed deferring major changes to PAs' portfolios to achieve cost effectiveness until those factors had been resolved by the Commission. To ultimately account for these unresolved factors, ED directed PAs to file a true-up budget advice letter in 2018.[5]

II. MCE's Reply

MCE appreciates the cost effectiveness issues raised by the ORA Protest and the Joint Protest. MCE is consistently working to improve its energy efficiency portfolio to ensure effective and responsible use of ratepayer funds to achieve increased energy savings.

MCE will file a supplemental, true-up advice letter in 2018. That advice letter will comply with Commission decisions and guidance and accommodate the anticipated changes to the rolling portfolio framework and cost effectiveness tools that will occur later this year and into 2018.[6] MCE expects that its 2018 filing will address the cost effectiveness concerns raised in the aforementioned protests.

Thank you for your attention to this matter. Please do not hesitate to contact the undersigned with any questions or concerns.

Respectfully submitted,

/s/ Nathaniel Malcolm

Nathaniel Malcolm
Policy Counsel

cc: Service Lists: R.13-11-005; A.17-01-013, *et al*.

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[3] D.16-06-007, OP 2 at 26; Resolution E-4801, September 29, 2016.

[4] The PCG is a group that facilitates coordination between ED and PAs on reporting related topics.

[5] 2018 ED Guidance.

[6] *See id*.

STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017

Advice Letter
MCE 25-E

Nathaniel Malcolm
Policy Council
Marin Clean Energy
1125 Tamalpais Ave.
San Rafael, California 94901

Mr. Malcolm:

On September 1, 2017, Marin Clean Energy (MCE) filed Advice Letter 25-E "MCE 2018 Annual Energy Efficiency Program and Portfolio Budget Request," in compliance with Decision 15-10-028, Ordering Paragraph 4, in which it sought Commission approval of MCE's 2018 energy efficiency budget request.

MCE's cost-effectiveness results as presented in the Advice Letter were limited to a TRC value of .57, which is under the Commission's 1.25 threshold for portfolio cost-effectiveness.[1] Per Decision 14-01-033, MCE has not been required to meet the CPUC's cost effectiveness thresholds for the first three years of operation, a period which will end in 2018.

Of particular note when considering portfolio cost-effectiveness is that MCE's Advice Letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 3881-G/5137-E, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks MCE to file a supplemental to Advice Letter 25-E, which will include:

- New cost effectiveness showings using CET version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025

[1] See D.14-10-046 Section 3.9.1 Summary of Budgets (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years."

In order to reach portfolio saving goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost-effectiveness. MCE's supplemental filing should include a requested portfolio and budget, plus any alternative scenarios MCE may wish to propose. Alternative scenarios could offer viable options such as portfolios that may exceed current budget limits. All portfolios and budgets shall be supported by outputs from the Cost Effectiveness Tool version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where MCE proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Rory Cox at rory.cox@cpuc.ca.gov .

Thank you.

Robert L. Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

cc:
Hazlyn Fortune, CPUC
Hayley Goodson, TURN
Dan Buch, CPUC Office of Ratepayer Advocates
Sudip Kundu, Kundu PLLC (for Green Fan and Verified Inc.)
ED Tariff

November 30, 2017

CA Public Utilities Commission
Energy Division
Attention: Energy Efficiency Branch
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

Advice Letter 25-E-A

Re: Supplement to Marin Clean Energy's 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Marin Clean Energy ("MCE") filed MCE Advice Letter ("AL") 25-E on September 1, 2017 pursuant to Decision ("D.") 15-10-028, which requested MCE's 2018 annual energy efficiency program budget. On September 22, 2017, California Public Utilities Commission ("Commission") staff notified MCE that it had suspended AL 25-E. On October 30, 2017, Commission staff directed MCE to supplement MCE AL 25-E.[1] MCE now submits this supplemental filing and hereby presents an updated cost effectiveness showing and budget for MCE's 2018 energy efficiency portfolio.

Effective Date: December 30, 2017

Tier Designation: Tier 2

This advice letter is submitted with a Tier 2 designation pursuant to General Order 96-B, Energy Industry Rule 5.2 and Decision D.15-10-028, which requires energy efficiency Program Administrators ("PA") to file an annual budget advice letter as a Tier 2 filing.

Purpose

Commission staff suspended AL 25-E and directed MCE to file a supplemental advice letter to update its 2018 portfolio cost effectiveness report using the interim Greenhouse Gas ("GHG") adder adopted in D.17-08-022 and Version 18.1 of the Cost Effectiveness Tool ("CET"). Commission staff also invited MCE to propose alternative energy efficiency portfolio scenarios for its 2018 energy efficiency portfolio. This advice letter filing supplements MCE AL 25-E, filed September 1, 2017, to comply with the Commission staff directive.

[1] Correspondence from Robert L. Strauss, Energy Efficiency Branch Manager, to MCE, October 30, 2017 ("October 2017 Commission Staff Directive").

Background

A. MCE's Energy Efficiency Portfolio History

i. MCE's Current Energy Efficiency Portfolio

In 2013, MCE administered the first energy efficiency programs under the authority granted in Cal. Pub. Util. Code § 381.1(a)-(d). These energy efficiency programs were initially restricted by the Commission to serve gaps in investor-owned utility ("IOU") programs and hard-to-reach markets.[2] At that time, the Commission recognized that these restrictions might cause MCE's proposals to fail the Total Resource Cost ("TRC") test.[3] Therefore, the Commission did not impose a minimum cost effectiveness requirement on MCE's energy efficiency programs.[4]

In 2014, however, the Commission lifted MCE's programmatic restrictions[5] and imposed the same cost effectiveness standards on Community Choice Aggregators ("CCA") as IOUs.[6] As part of its analysis, the Commission acknowledged cost effectiveness hurdles new CCAs may encounter in launching new energy efficiency programs.[7] To account for these hurdles, the Commission adopted an on-ramp period of 3 years, during which time new CCA PAs would not be required to achieve a 1.25 TRC ratio for their energy efficiency portfolios.[8] The Commission also encouraged CCAs to "continue to target hard to reach markets and offer innovative programs, ***but also*** employ a mix of programs which will result in a cost-effective energy efficiency portfolio."[9]

Despite lifting the restrictions and imposing a 1.25 cost effectiveness requirement on CCAs, the Commission chose to extend the 2014 energy efficiency programs to 2015 and beyond while the Commission transitioned to the rolling portfolio framework.[10] Consequently, MCE was not invited to update its portfolio to accommodate the newly imposed cost effectiveness requirements. This was despite the Commission's expectation that CCAs would administer a cost effective mix of programs and continue to serve hard-to-reach markets.[11]

Although the Commission's decision to lift the restrictions will ultimately improve MCE's ability to meet the minimum 1.25 TRC ratio once its rolling portfolio business plan is approved, MCE's

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[2] D.12-11-015 at pp. 45-46.
[3] *Id*. at p. 46.
[4] *Id*.
[5] D.14-01-033 at p. 14; *see also* D.14-10-046 at p. 120 (Commission clarifying the restrictions do not apply to gas programs).
[6] *See* D.14-01-033 at pp. 14-15; Ordering Paragraph ("OP") 3 at p. 50 (applying IOU cost effectiveness standards to CCAs).
[7] *Id*. at p. 14.
[8] *Id*. at pp. 14-15, 32-34, OP 3 at p. 50.
[9] *Id*. at p. 15 (emphasis added).
[10] D.14-10-046 at pp. 30-32.
[11] *See* D.14-01-033 at p. 15.

current portfolio continues to focus on hard-to-reach markets and gaps in IOU programs. MCE appreciates the opportunity to serve these hard-to-reach, underserved customers; however, the Commission has acknowledged the inherent cost effectiveness challenges such portfolios face.

ii. MCE's 2015 Business Plan

MCE attempted to bring its portfolio into compliance with the new cost effectiveness standards in October 2015 when it filed an application and business plan to expand and balance its energy efficiency portfolio.[12] Although the Commission held a Prehearing Conference on MCE's application in early 2016, it took no further action on the application and eventually directed MCE to withdraw and re-file its application,[13] which it did in January 2017. Meanwhile, MCE continued with its current suite of energy efficiency programs.

iii. MCE's Pending 2017 Business Plan

In January 2017, MCE filed a second business plan, again, requesting authority to implement a broader, balanced, and cost effective portfolio to conform to the rolling portfolio framework and Commission guidance issued subsequent to MCE's initial business plan filing.[14] At that time, pursuant to Commission directive, MCE moved to withdraw its 2015 business plan application, which the Commission granted.[15]

MCE anticipates approval of the business plan in 2018,[16] at which point MCE will be able to administer a balanced and cost effective portfolio of energy efficiency programs. In the interim, MCE continues to make efforts to improve the cost effectiveness of its current portfolio. This goal, however, has been elusive because of the aforementioned restrictions. Consequently, MCE is eager to focus its attention on administering its business plan in 2018 and launching expanded energy efficiency programs.

B. MCE's 2018 Annual Budget Advice Letter (MCE AL 25-E)

The Commission is transitioning to a rolling portfolio framework for energy efficiency programs. To facilitate the transition to the rolling portfolio framework, the Commission has continued its ten-year funding authorization that began in 2014.[17]

[12] *See* Application ("A.") 15-10-014.
[13] *See* D.16-08-019, OP 2 at p. 109.
[14] *See* A.17-01-017.
[15] *See* D.16-08-019, OP 2 at p. 109.
[16] *See Administrative Law Judges' Ruling Modifying Schedule* ("ALJ Ruling") A. 17-01-013 *et al*., filed June 9, 2017 at pp. 8-9.
[17] D.14-10-046, OP 21 at p. 167.

Commission staff acknowledged a number of uncertainties and changes regarding the rolling portfolio framework and cost effectiveness calculations for the 2018 annual budget filings.[18] A June 2017 Administrative Law Judge Ruling clarified that PAs are required to file a true-up budget advice letter in 2018.[19] The ruling further indicated that the Commission would provide guidance in its final decision approving business plans.[20] Commission staff provided additional guidance on the 2018 annual budget filings in July 2017 to explain how the 2018 annual budget advice letter would fit within the context of the anticipated business plan approvals. To be consistent with D.15-10-028, Commission staff directed PAs to file a Tier 2 advice letter using the portfolio budgets approved in D.15-10-028 and cost effectiveness inputs.[21]

In compliance with Commission directive and Commission staff guidance, MCE timely filed its annual budget advice letter on September 1, 2017, which reported a TRC of .57.[22]

On September 22, 2017, GreenFan Inc. and Verified Inc. protested MCE's 2018 annual budget advice letter. MCE filed a timely reply to this protest on September 28, 2017.

Also on September 22, 2017, Commission staff issued a Notice of Suspension of MCE's 2018 annual budget advice letter.

On October 30, 2017 Commission staff directed MCE to file a supplemental annual budget advice letter by November 22, 2017.[23] Commission staff instructed MCE to: (1) provide a updated cost effectiveness showing using CET Version 18.1 and the interim GHG adder; (2) address the 2018 goals established in D.17-09-025; (3) propose a requested portfolio budget; and (4) propose any alternate scenarios that may assist MCE in achieving a cost effective 2018 energy efficiency portfolio.[24] This directive also permitted MCE to propose a budget increase, provided MCE supported the request with evidence that the budget increase would lead to increased savings and improved portfolio cost effectiveness.[25]

On October 31, 2017, Commission staff extended the deadline for MCE's supplemental filing from November 22, 2017 to November 30, 2017.

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[18] *2018 Energy Efficiency Portfolio Filing and Reporting Budget* (July 24, 2017) ("July 2017 Staff Guidance"). "Energy Division recognizes that many changes are afoot this year that affect portfolio savings goals and cost effectiveness–and indeed the entire portfolio mix of sectors and programs–and that the requirement for a cost effective portfolio showing may not be achievable in 2018 using these parameters and given the current uncertainties."
[19] ALJ Ruling at pp. 6-8
[20] *Id*. at p. 6.
[21] July 2017 Commission Staff Guidance.
[22] MCE AL 25-E.
[23] October 2017 Commission Staff Directive at p. 2.
[24] *Id*. at pp. 1-2.
[25] *Id*. at p. 2.

Discussion

MCE renews its request for a 2018 programmatic budget in the amount of $1,586,347, which is supported by the updated appendix MCE recently filed on the California Energy Data and Reporting System's Filing Module ("CEDARS FM"). The filing confirmation is included as Attachment 1 to this advice letter. The appendix and final report reflect the interim GHG adder and the CET Version 18.1.

MCE also renews its request for an additional $18,177 for Evaluation Measurement and Verification ("EM&V") funds.[26]

A. 2018 Energy Efficiency Portfolio

This supplemental filing presents MCE's current energy efficiency portfolio with an updated cost effectiveness report to reflect the interim GHG adder and the CET Version 18.1. Due to the restrictions outlined in the Background section, above, it is not possible with MCE's current portfolio to achieve a 1.25 TRC because it is comprised of program types that have shown to be less cost effective. Working within the restrictions described above, however, MCE has used the time provided by Commission staff to update elements of its portfolio proposed under the business plan application process to increase portfolio cost effectiveness in anticipation of MCE's business plan approval. MCE's modified proposed portfolio is presented in Section E, below, as an alternate scenario.

B. 2018 Energy Efficiency Budget

As stated previously, MCE requests a 2018 energy efficiency programmatic budget of $1,586,347. Table 1 shows MCE's funding allocations by program and its overall 2018 Energy Efficiency Program Budget as presented in its September 1 filing (MCE AL 25-E).

Table 1: Authorized MCE 2018 Energy Efficiency Program Budget

MCE Programs	Budget Requested in Advice Letter 25-E
Single Family	$196,089
Multifamily	$676,437
Small Commercial	$686,790
Financing	$27,031
Program Subtotal	$1,586,347[27]
EM&V	$18,177[28]
Total	**$1,604,524**

[26] D.15-10-028 at p. 87.
[27] The Commission authorized this budget in D.16-05-004, OP 2 at p. 13.
[28] This amount includes only the PA distribution based on 27.5% of the total EM&V budget as indicated in the discussion in the EM&V Funds section below. MCE included 100% of the EM&V budget in the appendix uploaded to the CEDARS FM.

As indicated above, MCE requests $18,177 in EM&V funds based on MCE's approved budget for 2018. Table 2, below, presents MCE's EM&V budget as a percentage of the total EM&V PA funds distribution.

Table 2: Prospective EM&V Funds

2018 Programs Budget	**4% EM&V Funding Level**	**Total Prospective EM&V Funds** (27.5% EM&V PA Distribution)
$1,586,347	$66,098	$18,177

C. Portfolio Cost Effectiveness

MCE's updated portfolio cost effectiveness results for 2018 using CET Version 18.1 and the interim GHG adder are:

Total Resource Cost Test Ratio ("TRC"): .69
Program Administrator Cost Test Ratio ("PAC"): .76

MCE provides an updated CEDARS FM filing confirmation for its 2018 energy efficiency portfolio, which includes a cost effectiveness showing, as Attachment 1 to this supplemental advice letter.

D. MCE's 2018 Internal Savings Goals and Targets

In D.17-09-025, the Commission established 2018 energy efficiency savings goals. Consistent with D.14-01-033 and D.14-10-046, the Commission did not impose savings goals on MCE. Nonetheless, MCE sets internal annual savings goals and targets to (1) drive program success; (2) help the state achieve its energy savings mandates; and (3) reduce the state's GHG emissions. MCE's 2018 energy savings goals and targets are set forth in Table 3, below, which are based on MCE's current portfolio.

Table 3: MCE's Internal Savings Goals and Targets

MCE Programs	**MCE 2018 Net Electric Savings Targets/Goals (kWh)**	**MCE 2018 Net Gas Savings Targets/Goals (therms)**
Single Family	0	34,848
Multifamily	416,682	32,170
Small Commercial	1,438,474	3,289
Financing	non-resource program	non-resource program
Total	**1,855,156**	**70,307**

E. MCE's Proposed Alternative 2018 Energy Efficiency Portfolio Scenario

The October 2017 Commission Staff Directive provided an opportunity for MCE to propose alternate 2018 energy efficiency portfolio scenarios.[29] Pursuant to Commission staff's request, MCE provides an alternate scenario for Commission staff's review.

Alternative Scenario – MCE's 2017 Business Plan Portfolio

As an alternate scenario to MCE's current energy efficiency portfolio, MCE proposes its business plan portfolio as filed in its January 17, 2017 application in A.17-01-017 *et al*.[30] MCE has been designing, building, and revising this portfolio since 2014. MCE has considered how to transition its current portfolio to this alternate business plan portfolio within the on-going rolling portfolio process. Given Commission staff's expedited request for this supplemental advice letter, MCE presents this portfolio as a reasoned alternative to its current, non-cost effective energy efficiency portfolio.

The business plan presents a balanced, expanded, and cost effective portfolio of energy efficiency program offerings that includes a 10-year vision of customer transformation with increasing program cost effectiveness over time.[31] This portfolio also offers an integrated delivery of programs across an expanded set of customer sectors that go beyond MCE's current Multifamily Residential, Single Family Residential, and Commercial programmatic activities. MCE's business plan expands to encompass the Industrial and Agricultural sectors and to support Workforce Development. Each of these sectors will be supported by emerging technologies and financing programs to drive enrollment and increase energy savings.[32]

While remaining consistent with the structure of its business plan as presented in A.17-01-017, MCE continues to improve its business plan measures list and explore methods to allocate costs across programs.[33] This in an on-going effort to increase savings and overall portfolio cost effectiveness to comply with evolving Commission policies and directives. The expedited schedule for this advice letter did not provide sufficient time for MCE to update and finalize cost effectiveness inputs for its business plan. MCE expects, however, to have results for its cost effectiveness analyses in early 2018. Moreover, to be consistent with the guidance provided in the

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[29] October 2017 Commission Staff Directive at p. 2.
[30] *See* A.17-01-017.
[31] *Id.* at pp. 6-7.
[32] For additional details regarding MCE's proposal, please refer to MCE's application, business plan, and supporting testimony, which can be accessed under the "Energy Efficiency Program" tab using the following link: https://www.mcecleanenergy.org/regulatorydocuments/.
[33] MCE is currently analyzing its programs to better understand how it can improve cost effectiveness under the Commission's current policies. Additionally, MCE is consulting with its program implementers and manufacturers to update measure lists in anticipation of the 2018 true-up and refiling of MCE's business plan in 2018.

ALJ Ruling,[34] MCE will provide a trued-up cost effectiveness showing once the Commission approves business plans and provides additional guidance to PAs.

Conclusion

Pursuant to Commission staff directive, MCE has provided: (1) an updated cost effectiveness showing for its current portfolio to reflect the interim GHG adder and the CET Version 18.1; (2) a 2018 budget request for its 2018 energy efficiency portfolio; (3) MCE's 2018 internal savings goals and targets to help the Commission evaluate MCE's contribution to California's statewide savings goals; and (4) one alternate portfolio scenario in addition to MCE's current energy efficiency portfolio.

Notice

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Nathaniel Malcolm
Policy Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6048
Facsimile: (415) 459-8095
E-mail: nmalcolm@mceCleanEnergy.org

and

[34] *See* ALJ Ruling at pp. 8-9.

Alice Stover
Manager of Customer Programs, Policy, and Planning
Marin Clean Energy
1125 Tamalpais Ave.
San Rafael, CA 94901
Phone: (415) 464-6030
Facsimile: (415) 459-8095
astover@mceCleanEnergy.org

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

MCE is serving copies of this advice filing to the relevant parties shown on the R.13-11-005 and A.17-01-013 *et al.* service lists. For changes to this service list, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Correspondence

For questions, please contact Nathaniel Malcolm at (415) 464-6048 or by electronic mail at nmalcolm@mceCleanEnergy.org.

/s/ Nathaniel Malcolm

Nathaniel Malcolm
Policy Counsel
MARIN CLEAN ENERGY

cc: Service Lists: R.13-11-005; A.17-01-013, *et al.*

Attachment 1:
Updated CEDARS FM Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

The MCE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Marin Clean Energy (MCE)

Filing Year: 2018

Submitted: 11:23:39 on 22 Nov 2017

By: Qua Vallery

Advice Letter Number: 25-E

* Portfolio Filing Summary *

- TRC: 0.6861
- PAC: 0.7595
- TRC (no admin): 1.7905
- PAC (no admin): 2.3938
- RIM: 0.7595
- Budget: $1,586,346.96

* Programs Included in the Filing *

- MCE01: Multi-Family
- MCE02: Small Commercial
- MCE03: Single Family
- MCE04: Financing Pilots

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY LSE (Attach additional pages as needed)	
Company name/CPUC Utility No. Marin Clean Energy	
Utility type: ☑ ELC ☐ GAS ☐ PLC ☐ HEAT ☐ WATER	Contact Person for questions and approval letters: Nathaniel Malcolm Phone #: (415) 464-6048 E-mail: nmalcolm@mcecleanenergy.org
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: MCE 25-E-A

Subject of AL: Supplement to Marin Clean Energy's 2018 Annual Energy Efficiency Program and Portfolio Budget

Tier Designation: ☐ 1 ☑ 2 ☐ 3

Keywords (choose from CPUC listing): Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ______________________________

If AL filed in compliance with a Commission order, indicate relevant Decision: Decision ("D.") 15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL ____________________________

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: ____________________

Resolution Required? ☐ Yes ☑ No

Requested effective date: December 30, 2017 No. of tariff sheets: 0

Estimated system annual revenue effect: (%): n/a

Estimated system average rate effect (%): n/a

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: n/a

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets: none

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division **Attention: Tariff Unit** **505 Van Ness Ave.** **San Francisco, CA 94102** **EDTariffUnit@cpuc.ca.gov**	**Utility Info (including e-mail)** **Marin Clean Energy** **Nathaniel Malcolm, Policy Counsel** **1125 Tamalpais Ave. San Rafael, CA 94901** **nmalcolm@mcecleanenergy.org**

[1] Discuss in AL if more space is needed.

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Marin Clean Energy

Utility Number/Type: MCE/#6

Advice Letter Number(s) #25-E, 25-E-A

Date AL(s) Filed) September 1, 2017,
November 30, 2017

Utility Contact Person: Nathaniel Malcolm

Utility Phone No.: (415) 464-6048

Date Utility Notified: January 18, 2018

E-Mailed to: nmalcolm@mcecleanenergy.com
astover@mcecleanenergy.com

ED Staff Contact: Nils B. Strindberg

ED Staff Email: nils.strindberg@cpuc.ca.gov

ED Staff Phone No.: (415) 703-1812

[ ] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning ____________, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[ ] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[X] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Nils B. Strindberg (nils.strindberg@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

Pacific Gas & Electric (PG&E) 2018 Annual Budget Advice Letter (AL) Attachments

1. PG&E AL 3881-G/5137-E submitted September 1, 2017

2. ORA Protests PG&E AL 3881-G/5137-E submitted September 21, 2017

3. TURN Protests PG&E AL 3881-G/5137-E submitted September 21, 2017

4. GreenFan/Verified Protests PG&E AL 3881-G/5137-E submitted September 22, 2017

5. Energy Division email accepting late Protest of GreenFan/Verified sent September 22, 2017

6. Energy Division Initial Suspension Notice sent September 22, 2017

7. PG&E Reply to Protests submitted September 28, 2017

8. Energy Division Letter Requesting a Supplemental to PG&E AL 3881-G/5137-E sent October 30, 2017

9. PG&E Supplemental AL 3881-G-A/5137-E-A submitted November 22, 2017

10. NRDC and “Joint Parties” Comments on Supplemental PG&E AL 3881-G-A/5137-E-A submitted on December 11, 2017

11. Energy Division email accepting NRDC and “Joint Parties” Comments sent December 12, 2017

12. City and County of San Francisco Comments on Supplemental PG&E AL 3881-G-A/5137-E-A submitted December 12, 2017

13. Energy Division Further Suspension Notice sent January 17, 2018

Pacific Gas and Electric Company®

Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

September 1, 2017

Advice 3881-G/5137-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

<u>Subject:</u> **PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4**

I. Purpose

Pacific Gas and Electric Company (PG&E) hereby submits its 2018 energy efficiency (EE) portfolio budget (2018 EE Budget) by Tier 2 advice letter (AL) in compliance with the *Decision Re Energy Efficiency Goals for 2016 and Beyond and Energy Efficiency Rolling Portfolio Mechanics,* the "Rolling Portfolio decision," (D.15-10-028)[1] and guidance from the California Public Utilities Commission (CPUC or Commission) Energy Division (ED) staff (Staff). PG&E's proposed budget of $400 million is based on the 2015 portfolio structure, with program budget adjustments to meet 2018 net goals[2] and deliver a cost-effective portfolio. This filing would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

PG&E requests that the Commission approve its 2018 EE Budget, effective as of January 1, 2018 for PG&E's approved EE programs.

II. Background

A. Regulatory Requirements

The Rolling Portfolio Decision required each program administrator to file an advice letter with a budget for the next calendar year's EE portfolio by the first business day of September each year.[3] The Commission explained:

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1 D. 15-10-028, Ordering Paragraph (OP) 4.
2 PG&E's 2018 goals are based on the net market potential included in the Energy Efficiency Potential and Goals Study for 2015 and Beyond (2015 Potential and Goals Study).
3 D.15-10-028, OP 4.

> *The decision on the business plans will not establish a particular amount for cost recovery (for IOUs) or for transfers from IOUs (for CCAs) or for contracting purposes (for RENs). It will establish a "ballpark" figure for spending for the life of the business plan. The annual advice letter filings, not the business plans, will propose detailed budgets for cost recovery, transfer, and contracting purposes.*

The "Rolling Portfolio" cannot unfold as envisioned this year because the order of events has been reversed. Instead of fine-tuning a ballpark budget established by an approved EE business plan, PG&E's 2018 EE Budget is based on PG&E's existing approved 2015 portfolio structure, with program budget adjustments to meet 2018 net market potential goals, as delineated in the 2015 Potential and Goals Study. PG&E expects to exceed its goals with its proposed 2018 EE budget (see Section III. B.).

PG&E's proposed budget ($400,087,573) includes the currently authorized funding amounts for Marin Clean Energy (MCE) and the Bay Area Regional Energy Network (BayREN). PG&E's proposed budget does not include any additional funds requested by these and other proposed program administrators (PAs) in their pending Business Plan Applications.[4] Due to the uncertainty about these budget requests, PG&E proposes to retain its authorized revenue requirement of $425,185,369 pending the Commission's decision on the Business Plan Applications. Following the decision, PG&E will revise its revenue requirement and/or return any over-collected funds in the next scheduled electric and gas rates annual true-up ALs.

The *Administrative Law Judges' Ruling Modifying Schedule*, issued June 9, 2017, re-established September 1, 2017 as the deadline for the annual budget ALs.

B. Filing Requirements

The Rolling Portfolio Decision requires the PAs to include the following information in their budget advice letters:[5]

- A portfolio cost effectiveness statement submitted in detail electronically in an online tool and referenced in the AL;
- Application summary tables with forecast budgets by sector and program/intervention;
- Report on portfolio changes, annual spending, and fund shifting.[6]

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4 The amount of funding sought by current or potential program administrators over the amount currently authorized and included in PG&E's rates is approximately $19 million in 2018 and increases each subsequent year.

5 D.15-10-028, pp. 59-60.

6 PG&E has not fund shifted in 2017.

PG&E received direction from ED Staff on May 24, 2017[7] that PG&E should not include BayREN and MCE benefits or costs in the California Energy Data and Reporting System (CEDARS) filings. PG&E's AL follows this guidance.

Staff also provided a memo on July 24, 2017 with the following guidance:[8]

- The 2018 EE Budget AL is considered "interim," as Energy Division acknowledges the changes in progress that affect portfolio savings goals and cost-effectiveness;
- PAs must use the portfolio budgets and 2018 net goals established in D.15-10-028;
- PAs must use the 2017 avoided costs found in the Cost Effectiveness Tool (CET) v.17.3.0.

ED Staff released the CET version 18.0 for PA download on August 16, 2017 to assist in PA forecasting efforts. Version 18.0 is consistent with the CET used by CEDARS.

C. Contents of this Filing

PG&E's advice letter is organized as follows:

- Budget
- Goals
- Cost Effectiveness
- Cost Recovery
- Prior Years' Unspent Funds
- 2018 Program Changes
- Evaluation, Measurement & Verification (EM&V)

In addition to the information above, PG&E's 2018 EE budget AL includes the following materials:

- Attachments
    - Attachment 1 – CEDARS Filing Confirmation
    - Attachment 2 – Appendices
    - Attachment 3 – Caps and Targets Table
    - Attachment 4 – Program Closures

[7] Email entitled "CPUC/PG&E Meeting," sent from PG&E to CPUC Staff dated May 24, 2017.

[8] Email entitled "Reporting Guidance Memo," sent from CPUC Staff to Public Coordinating Group (PCG) meeting attendees dated July 24, 2017.

III. Discussion

A. Budget

PG&E's total 2018 EE Budget of $400 million is based on PG&E's 2015 portfolio structure adopted for PG&E by the *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets,* the "Funding Authorization" or "FA" Decision (D.14-10-046),[9] with adjustments to meet 2018 net goals.

[9] D. 14-10-046. As used herein "D.14-10-046" refers to the FA decision as corrected by D.15-01-002 and D.15-01-023. The final Figure 6, "Total Approved Budgets for 2015" appears in D.15-01-023.

Table 1: PG&E Total 2018 Energy Efficiency Budgets[10]

Program Name	2018 Budget ($)
Residential	55,622,926
Commercial	64,732,629
Agricultural	17,238,326
Industrial	18,155,388
Lighting	11,131,075
Codes & Standards	16,183,839
Financing	17,658,662
Subtotal	**200,722,845**
Third Party	75,653,627
Government Partnerships	72,368,174
Subtotal	**148,021,802**
Emerging Technologies	5,629,976
Workforce Education & Training	11,038,180
Statewide DSM	547,921
Subtotal	**17,216,076**
Subtotal Utility	**365,960,723**
BayREN[11]	16,537,000
MCE[12]	1,586,347
Subtotal Nonutility	**18,123,347**
Total Programs	**384,084,070**
EM&V	**16,003,503**
Total EE Budget	**400,087,573**

Changes to sector-level budgets that exceed 15% of PG&E's 2017 approved sector-level budgets include:

- $5.1 million increase for Industrial programs
- $2.3 million decrease for Emerging Technologies (ET) programs

Additional details on program changes are included in 2018 Program Changes below (see Section F).

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[10] Statewide Marketing, Education and Outreach (SW ME&O) is requested in a separate Commission proceeding and is not reflected in the Total EE Budget. The portion of SW ME&O allocated to EE is reflected in PG&E's cost-effectiveness calculations.

[11] BayREN's currently approved 2017 budget of $16,537,000 is included in PG&E's 2018 EE Budget.

[12] MCE's currently approved 2017 budget of $1,586,347 is included in PG&E's 2018 EE Budget.

PG&E's program budget meets the 10% IOU administrative cap, 6% local marketing target, 4% EM&V cap, and the 20% requirement for competitively bid programs. [13,14] PG&E's 2018 projected caps and targets are shown in Attachment 3.

PG&E's proposed portfolio will meet or exceed its service area goals using a budget below the authorizations approved in the FA Decision. PG&E's 2018 EE budget request is reasonable and should be approved.

B. Goals

PG&E expects to exceed the energy savings goals set by the Commission for 2018.[15] The goals in the Rolling Portfolio Decision[16] and PG&E's forecasted savings are shown in Table 2 below. The CPUC-adopted energy savings goal for each IOU covers the full IOU service territory.[17] PG&E's goals include savings that will be achieved by BayREN and MCE; however, PG&E includes only its own energy savings forecast in its 2018 targets, below.

Table 2: PG&E Targets Compared to CPUC Goals

	Electric Savings (GWh/Year)	Peak Savings (MW)	Gas Savings with interactive effects (MM Therms/Year)
Programs (goals set on net basis)[18, 19]			
CPUC 2018 Goals	399	50	12.5
PG&E 2018 Targets	624	162	19.3
% of Goal	*157%*	*327%*	*155%*
Codes & Standards Advocacy (goals set on net basis)			
CPUC 2018 Goals	408	103	6.0
PG&E 2018 Targets	733	141	14.2
% of Goal	*180%*	*137%*	*236%*

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13 10% admin cap requirement based on D. 09-09-047.

14 Per the *Administrative Law Judges' Ruling Modifying Schedule*, issued June 9, 2017, pp. 5-6, until the adoption of the business plans, the third party requirements previous to D.16-08-019 are in effect.

15 PG&E used net goals as required by D. 16-08-019, Finding of Fact 9, p. 96.

16 D.15-10-028, Tables 1-3, pp. 8-9.

17 D.15-10-028, p. 8.

18 Net goals were included in the 2015 Potential and Goals Study.

19 Energy Savings Assistance (ESA) program savings are included in the program goals.

C. Cost-Effectiveness

PAs are required to demonstrate that their portfolio of EE programs results in a positive net benefit, based on the total resource cost (TRC) and program administrator cost (PAC) tests on a prospective basis during the program planning stage.[20]

PG&E forecasts a total portfolio TRC of 1.19 and PAC of 3.18 with Codes and Standards (C&S), market effects, and Efficiency Savings and Performance Incentive (ESPI) as shown in Table 3 below.

Table 3: PG&E 2018[21] Cost-Effectiveness Results

Cost-Effectiveness Scenario	2018 TRC Forecast	2018 PAC Forecast
Total Portfolio with C&S, market effects, and ESPI	1.19	3.18

TRC and PAC calculations include costs for:

- Resource and non-resource programs;
- Non-recoverable financing costs;
- PG&E's portion of Statewide Marketing, Education and Outreach (SW ME&O) allocated to EE programs;
- EM&V; and
- An estimate of $19 million for PG&E's ESPI award in 2018.

TRC and PAC calculations exclude:

- Emerging Technologies (ET) program costs;
- BayREN and MCE benefits and costs[22]
- Recoverable financing costs including: 1) 2018 On-Bill Financing (OBF) revolving loan funds adjusted for projected loan defaults; and 2) credit enhancements approved for the Statewide Financing Pilots in D.13-09-044; and
- Energy Savings Assistance (ESA) program benefits and costs.

1. Current Cost-Effectiveness Challenges

PG&E currently faces challenges in forecasting a cost-effective energy efficiency portfolio. While PG&E plans to improve cost-effectiveness in 2018 and beyond through portfolio modifications detailed in its Business Plan, challenges still remain in forecasting a cost-effective energy-efficiency portfolio due to certain structural aspects

[20] D.05-04-051, p. 43.
[21] The Cost Effectiveness Tool (CET) v.18.0 was released on August 17, 2017 and is being used to produce CE (cost-effectiveness) outputs by CEDARS.
[22] BayREN and MCE costs (including EM&V) are excluded.

of California's cost-effectiveness framework. These key structural features of the cost-effectiveness framework include subjective rulesets for cost-effectiveness inputs and the application of inputs that embody significant uncertainty, both of which are within the Commission's control. PG&E respectfully requests that the Commission consider its approach to these aspects of the cost-effectiveness framework in light of their impact on program and portfolio cost-effectiveness, redoubling efforts to use objectivity in developing rulesets for cost-effectiveness inputs. In addition to these structural aspects, there are also market-based challenges (e.g., changes to avoided costs) outside of EE industry control that present challenges in cost-effective forecasting. The structural challenges with the cost-effectiveness framework and market-based challenges are discussed in the following sections.

Cost-Effectiveness Framework Challenges

Three examples within the cost-effectiveness framework demonstrate the subjective rulesets for cost-effectiveness inputs and the application of inputs that embody significant uncertainty. These examples are participant cost definitions, net-to-gross (NTG) rules for hard-to-reach (HTR) applications, and the application of uncertain NTG estimates in forecasting. Participant costs and NTG values are major drivers in the TRC calculation.

First, participant costs include both energy and non-energy benefits in the TRC analysis. Including measure costs attributable to non-energy benefits such as comfort and other improvements unnecessarily reduces the cost-effectiveness of EE measures and programs. Second, the rules for applying HTR NTG values are subjective and overly restrictive. As noted in Resolution G-3510 Finding 14, the definition of hard-to-reach customers and subsequent NTG assumptions for their projects warrants further study.[23] The current definition of HTR and its application to NTG assignments does not appear to be based on a current nor comprehensive study of the impact of delivery type or customer demographics such as geography, socio-economic status, language, and other factors. Third, the NTG estimates applied in the TRC calculation carry significant uncertainty from insufficient decision-making documentation, unreliable self-report evaluation methods, and other sources. The uncertainty of NTG estimates was discussed extensively at the Informal NTG Workshop (July 19, 2017, CPUC), where panelists and attendees discussed multiple sources of potential measurement bias and uncertainty.

Another noteworthy challenge to forecasting cost-effectiveness within the existing framework is the current forecast duration of a single year instead of multiple years.[24] Multi-year programs that are currently under development may include forecasted costs but low or no benefits in the first year, which impacts annual cost-effectiveness

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[23] Resolution G-3510, Finding 14.

[24] Prior to the Rolling Portfolio, PAs forecasted 3-year portfolio cycles, which allowed for a longer-term view of cost-effectiveness projections.

forecasts. For example, PG&E has multiple subprograms in its 2018 portfolio, including Pay for Performance (PGE210010) and Industrial Strategic Energy Management (SEM) (PGE2103), which are in the development phase, and thus include costs for 2018, but low or no benefits. Once these subprograms ramp up, they will deliver benefits beyond 2018, and contribute positively to cost-effectiveness forecasts. However, since the complete program benefits are not reflected in the first-year view, PG&E's 2018 cost-effectiveness forecast is impacted.

Lastly, the energy savings goals that guide portfolio efforts do not fully reflect the cost-effectiveness standards the utilities are required to meet. The 2015 Potential and Goals Study uses a TRC threshold of 0.85 to determine eligible measures for inclusion in the economic potential calculation.[25] Depending on the average TRC of measures included in the study, the total energy savings potential calculated may not align with portfolio offerings that are both realistic and enable a portfolio TRC of 1.0. Thus, goals derived from the study may inherently overstate the amount of achievable cost-effective energy savings.

Market-Based Challenges

Two major market-based factors are driving diminished portfolio cost-effectiveness compared with previous years. The first factor is the new, lower avoided generation costs in the CET that have resulted in a substantial decrease in benefits. The new interim greenhouse gas adder that will be included into the avoided cost calculator,[26] will likely only partially ameliorate the negative impact of the new avoided costs.

The second major market-based factor driving diminished portfolio cost-effectiveness is the transition from highly cost-effective, high-volume deemed "widget-based" measures (e.g. compact fluorescent lights (CFLs)) to more comprehensive and expensive projects. This transition has been fueled by changes in market and energy savings potential. PG&E has capitalized on the most cost-effective "low-hanging fruit" measures in past years that are no longer viable due to market saturation, reduced energy savings potential, and/or other market changes. The remaining savings opportunities are captured through multi-faceted programs with higher implementation and/or measure costs. Measure costs are a significant driver in the TRC calculation – high measure costs relative to energy savings result in lower TRCs.

While these market-based factors may be outside of the Commission's control, PG&E respectfully requests that the Commission act on the opportunities to improve cost-effectiveness that are within the Commission's control, which are detailed in the following section.

[25] Energy Efficiency Potential and Goals Study for 2015 and Beyond, p. v.
[26] D.17-08-022

2. Opportunities to Improve Portfolio Cost-Effectiveness

PG&E's Business Plan proposes solutions to address the challenges with the cost-effectiveness framework identified above and improve the cost-effectiveness of EE portfolios moving forward.[27] PG&E recommends the Commission modify its current cost-effectiveness protocols to provide PAs with the ability to accelerate adoption of new technologies, support deep retrofits, and offer a broad portfolio of programs. Specifically, PG&E recommends that the Commission:

1. Review participant cost inputs in the TRC calculations to exclude non-energy related costs in some cases.
2. Allow effective useful lives (EULs) in excess of the current 20-year limit to encourage long-term measure installations.
3. Include Codes & Standards (C&S) advocacy savings in the evaluation of program portfolio cost-effectiveness, as well as total portfolio cost-effectiveness.
4. Exclude costs from non-resource program areas that most stakeholders would agree provide significant benefits, but for which benefits have not been quantified (e.g., Workforce Education and Training (WE&T)), as is currently done for Emerging Technologies.
5. Update savings calculations in the Database for Energy Efficiency Resources (DEER) to reflect current system peak hours.
6. Revisit the definition of HTR NTG based on a comprehensive study of the impact of delivery type and customer demographics, including geography, socio-economic status, language, and other factors.
7. Revisit the process for adopting NTG estimates to ensure all NTG estimates are rationalized using applicable evaluation data. Unreliable NTG estimates can significantly skew cost-effectiveness results.

After PG&E's Business Plan is approved, PG&E will implement its proposed portfolio modifications for 2018 and beyond, which should lead to improved cost-effectiveness. In its Business Plan Application, PG&E sets forth its vision to make a significant impact in reducing energy waste cost-effectively and maximizing the value of energy efficiency for customers, the grid, and for the state. PG&E's key strategies to improve cost-effectiveness through its Business Plan implementation include:[28]

- Deploying new program models (i.e. SEM) and third-party financial structures that spur deep investment and persistence of savings;
- Targeting customers with high energy savings potential such as targeted interventions for HVAC equipment and building shells in geographic and climate regions that deliver higher average savings;

[27] PG&E's Business Plan, Portfolio Overview chapter, pp. 45-47. Response of Pacific Gas and Electric Company (U 39 M) to Comments on Attachment A of the Scoping Memo and Ruling and to Attachment B Questions, pp. 12-13.

[28] PG&E's Business Plan, Portfolio Overview chapter, pp. 32-34.

- Focusing on technology strategies that promote deeper, more comprehensive savings for new and existing buildings such as high quality light emitting diodes (LEDs); and
- Simplifying the portfolio through the implementation of the statewide and third party program models.

PG&E will continue to further optimize the portfolio as it implements these changes by introducing new and/or modifying existing, efficient products designed to improve cost effectiveness. PG&E will also sunset existing programs that no longer meet energy savings and cost-effectiveness objectives.

D. Cost Recovery

1. Collection of PG&E's 2018 EE Budget in Rates

Table 4: Authorized EE Funding in 2018 Rates

Category	Electric Energy Efficiency Funds	Natural Gas Public Purpose Funds	Total Energy Efficiency Funds
Program Funds – Utility	$304,242,593	$85,812,013	$390,054,606
Program Funds – BayREN	$12,898,860	$3,638,140	$16,537,000
Program Funds – MCE	$1,237,351	$348,996	$1,586,347
EM&V – Utility	$12,676,775	$3,575,501	$16,252,275
EM&V – BayREN	$537,453	$151,589	$689,042
EM&V – MCE	$51,556	$14,542	$66,098
Total PG&E	**$331,644,588**	**$93,540,781**	**$425,185,369**

Notes:

(1) PG&E proposes to retain its authorized revenue requirement of $425,185,369 pending the Commission's decision on the Business Plan Applications (see Section II. A.).
(2) Revenue Fees and Uncollectible Accounts Expense (RF&U), formerly known as Franchise Fees and Uncollectible Accounts Expense (FF&U) is not included in this table but will be added to electric funding to determine the revenue requirement when recovered in rates through the Annual Electric True-Up (AET).
(3) The EE program and EM&V totals are allocated 78% electric and 22% gas in whole numbers to simplify EE cost accounting in balancing accounts, and is subject to Commission approval of the new benefit split discussed in the following section.

(4) PG&E includes BayREN's approved 2017 budget of $16,537,000 in the 2018 budget forecast.
(5) The Commission approved an increase in MCE's EE budget to $1,586,347 for the rolling cycle until 2025 unless and until modified by the Commission. (D.16-05-004).
(6) The 2018 authorized funding for BayREN and MCE has not been adjusted for any unspent 2017 program funds.
(7) PG&E is authorized to collect these funds in rates in 2018 per D.14-10-046, OP 21.[29]

2. Collection of PG&E's 2018 Demand Response portion of Integrated Demand- Side Management (IDSM) Budget in Rates

Table 5: Authorized Demand Response IDSM Funding in 2018 Rates

Category	Electric Demand Response Funds[30]
Program Funds – Utility	$3,264,000
Total PG&E	**$3,264,000**

Notes:

(1) RF&U is not included in this table but will be added to electric funding to come up with the revenue requirement when recovered in rates through the AET.

3. Electric and Gas Benefit Split

The method for splitting the EE budget for recovery in gas and electric rates and recording the EE budget and expenses in our gas and electric balancing accounts is based on the forecasted benefits of the EE portfolio for the program cycle.[31]

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[29] See also D. 14-10-046, p. 111, "Program Administrators' existing energy efficiency program funding shall be extended annually through 2015, at the 2015 annually spending levels by program administrators as approved in this Decision until the earlier of 2025 or when the Commission issues a superseding decision on funding levels. IOUs are to collect in rates the annual authorized budget levels for the program administrators in their service territory at the 2015 level, less carry-forward of unspent funds from prior portfolio cycles, until the earlier of 2025 or when the Commission issues a superseding decision on funding."

[30] Administrative Law Judge's Ruling Providing Guidance for the 2012-2014 Demand Response Applications, Rulemaking (R.) 07-01-041, August 27, 2010 directed that future authority and funding for the demand response portion of Integrated Demand-Side Management activities be considered in energy efficiency proceedings starting with the energy efficiency applications for 2013-2015. These funds were approved in the FA Decision.

[31] This method was first approved for the 2006-2008 program cycle (D.05-09-043).

PG&E's program portfolio proposed in this advice letter has a benefit split between electric and gas of 78 percent and 22 percent, respectively. This is a revision from the 84 percent electric and 16 percent gas benefit split approved in PG&E's 2017 EE budget AL.[32] The revised allocation would change the recovery of the total EE revenue requirement between electric and gas customers. Upon approval of this AL, PG&E will adjust the revenue requirements used in its EE balancing accounts to reflect the new allocation between electric and gas customers for 2018. The adjustment will be reflected in rates through the next Annual Electric True-up and PPP Gas Surcharge ALs.

E. Prior Years' Unspent Funds

1. PG&E Prior Years' Unspent Funds

Table 6 below illustrates PG&E's unspent funds for prior years' program cycles. Balances are through June 30, 2017. This data is also presented in the Appendices on Table 6 - Committed Energy Efficiency Program Funding Not Yet Spent, and Table 7 - 2016 Authorized and Spent/Unspent Detail. PG&E requests authorization to return the unspent and uncommitted funds of $11,541,267 to ratepayers as a one-time credit to offset PG&E's 2018 EE revenue collections.

Table 6: Prior Years' Unspent Funds as of June 2017

	Pre-2013	PY 2013-2015	PY 2016	Totals
Unspent & Committed				
EM&V	$499,490	$14,853,931	$15,672,827	$31,026,248
Financing Pilots	-	$6,159,112	-	$6,159,112
BayREN	-	$3,760,885	-	$3,760,885
MCE (gas funding)	-	$36,182	$104,615	$140,797
Total	**$499,490**	**$24,810,110**	**$15,777,442**	**$41,087,042**
Unspent & Uncommitted for 2018 Offset				
Utility Program Funds	$866	$369,947	$11,170,454	$11,541,267

2. PG&E's MCE Sub-account Prior Years' Unspent Funds

In D.14-10-046, the Commission instructed PG&E to offset MCE's unspent funds against payments to be made to MCE under its authorized electric EE portfolio budget.

[32] Advice Letter 3753-G-D/4901-E-D, including the revision to electric and gas rates and revenues split, was approved July 26, 2017.

MCE's authorized electric budget for the 2017 totaled $1,301,647.[33] PG&E has paid or committed to pay a total of $1,235,835 in electric payments to MCE for 2017 by the end of 2017. PG&E requests authorization to return the remaining $65,812 of unspent funds in PG&E's MCE electric sub-account to ratepayers as a one-time credit to offset PG&E's 2018 EE revenue collections. In addition, the $230,474 of unspent funds from the 2015 through 2016 periods to be refunded in 2017, was presented in the 2017 ABAL as being refunded entirely from the 2013-2015 program cycle. This has been corrected in the 2018 ABAL to reflect the proper program cycles affected by the refund. $311,915 will be refunded from the 2016 cycle, while an increase to the 2013-2015 cycle funds will be recorded for $81,441.

F. 2018 Program Changes

In this section, PG&E identifies changes to PG&E's proposed programmatic activity in compliance with the Rolling Portfolio Decision.[34] Until the Business Plan is approved, PG&E will continue to focus on implementing programs currently in its portfolio in 2018. Once its Business Plan is approved, PG&E will implement its proposed portfolio modifications for 2018 and beyond.

1. Residential Program

PG&E plans to consolidate multifamily dwelling offerings to achieve greater adoption of energy efficiency among multifamily dwelling owners and tenants. PG&E previously reported the Multifamily Upgrade Program (MUP) as part of the Energy Upgrade California (PGE21004) subprogram. In 2018, PG&E will report MUP through a distinct Energy Efficiency Groupware Application (EEGA) code for Multifamily Energy Efficiency (PGE21003). Consolidating multifamily dwelling offerings under PGE21003 will allow PG&E to more effectively track and report key metrics, including savings, participation, and cost effectiveness, for the single family and multifamily customer segments. Additionally, PG&E is enhancing the Single Point of Contact (SPOC) for the multifamily dwelling sector to organize and coordinate multifamily dwelling offerings for property managers and owners, ensuring that each multifamily property is served through the channel that most aligns with its needs.[35]

Further, PG&E anticipates selecting additional Pay for Performance (P4P) (PGE210010) subprogram aggregators via third party solicitations and increasing this budget in future years. PG&E believes that the P4P model allows for innovative program designs, has the potential to deliver higher savings per incentive dollar, and can deliver scalable programs that meet PG&E's portfolio and state policy goals.

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[33] The Commission authorized for MCE a 2017 electric budget of $1,301,647 and gas budget of $284,700 in D.16-05-004, OP 2.

[34] D.15-10-028, p. 60.

[35] PG&E Business Plan, Residential Sector chapter, p. 39.

PG&E also proposes a budget decrease for the Residential HVAC (PGE21006) subprogram in 2018 to optimize portfolio cost-effectiveness.

2. Commercial Program

PG&E plans to increase the budget for the Savings by Design (SBD) subprogram (PGE211025) to continue to support Zero Net Energy (ZNE) efforts.

PG&E proposes to decrease the Commercial Continuous Energy Improvement (CEI) (PGE21013) subprogram budget, as PG&E intends to pause the planned launch of the Step Up and Power Down initiative in a new community.

PG&E also proposes to decrease the Commercial HVAC (PGE21015) subprogram budget to optimize portfolio cost-effectiveness.

3. Agricultural Program

In 2018, PG&E will start transitioning a portion of its Food Processing engagement from the Agricultural portfolio to the Industrial Strategic Energy Management (SEM) (PGE21030) program. This will better align with the objectives set in PG&E's Business Plan. PG&E also proposes to decrease yet continue its Agricultural Continuous Energy Improvement (CEI) (PGE21033) subprogram budget, enabling PG&E to continue exploring opportunities that will contribute to PG&E's long-term vision of SEM.

4. Industrial Program

PG&E proposes to reduce the Industrial Continuous Energy Improvement (CEI) (PGE21023) budget, as PG&E is transitioning these activities to the Industrial SEM (PGE21030) subprogram, per D. 16-08-019.[36] However, SEM is expected to serve only large customers, so PG&E is keeping the Industrial CEI subprogram open to test other energy management models for small and medium businesses. This will ensure that once the Business Plan is approved, PG&E is prepared to begin implementing its long-term vision of SEM for Industrial customers of all sizes.[37]

PG&E proposes an Industrial budget increase of $5.1 million. PG&E proposes to increase the 2018 budget for the Industrial Calculated Incentives (PGE21021) subprogram as PG&E plans to renew focus on marketing and outreach, working with sales partners to build up the pipeline. Additionally, PG&E plans an increase to the Industrial Deemed Incentives (PGE21022) subprogram 2018 budget due to an expected increase in participation and new products.

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[36] D. 16-08-019, pp. 41-42.

5. Third Party Programs

PG&E evaluates its portfolio on an ongoing basis to verify programs meet portfolio goals and objectives. This review ensures ratepayer funds are used efficiently and effectively to support the state's energy efficiency goals and objectives. After reviewing the performance of its third party (3P) subprograms, PG&E requests to close the following subprograms once the implementers meet existing customer commitments: Retail Energy Efficiency Program (PGE210118) and K-12 Private Schools and Colleges Audit Retro (PGE210126).

PG&E has informed the third-party implementers of its intention to close these programs, and will continue to serve these customer segments through other programs and delivery channels. Customers interested in participating in similar offerings going forward will be referred to other PG&E programs. Specifically, for the Retail Energy Efficiency Program (PGE210118), PG&E will continue to serve these customers' lighting needs through the LED Accelerator (PGE210119) subprogram and their non-lighting needs through the Commercial Calculated Incentives (PGE21011) and Commercial Deemed Incentives (PGE21012) subprograms. For the K-12 Private Schools and Colleges Audit Retro (PGE210126) subprogram, PG&E will continue to serve these customers through local government partnerships, as well as the Commercial Calculated (PGE21011) and Commercial Deemed (PGE21012) subprograms.

Additional information on these subprograms is provided in Attachment 4. Upon approval of this AL, PG&E will proceed to close the 3P subprograms once the current projects are completed.

The Commission approved PG&E's request to close the Refinery Energy Efficiency Program (PGE21029) subprogram.[38] PG&E has budgeted for 2018 for this subprogram to finish the existing pipeline of projects.

PG&E is integrating the Moderate Income Direct Install (MIDI) activities into the Residential portfolio under the Residential Energy Fitness (PGE210011) subprogram. With MIDI and Energy Fitness being implemented by the same third party implementer this transition of MIDI to the residential sector will facilitate improved coordination and yield programmatic and administrative efficiencies. Further, MIDI will now operate independently (instead of being solely tied to prospects who do not qualify for the ESA program). Along with these administrative changes, PG&E is substantially expanding product offerings under MIDI. The program now offers a suite of high quality LED measures, HVAC measures, smart power strips, and water savings measures. MIDI serves single family homes as well as multifamily properties and will be a major vehicle for the Residential sector to serve moderate income customers and communities.

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[38] See PG&E Advice Letter 3753-G-D/4901-E-D approved July 26, 2017.

PG&E looks forward to soliciting for new third party programs in all sectors, once its Business Plan application is approved. Please refer to PG&E's third party solicitation proposal,[39,40] which outlines PG&E's proposed third party solicitations and timeline for issuing the solicitations.

6. Financing Program

PG&E plans to claim savings in 2018 for the On Bill Financing (OBF) (PGE21091) subprogram based on the *PY 2013/14 On-Bill Finance Programs: Impact Evaluation,*[41] and the approved OBF High Opportunity Program (HOPPS).[42] PG&E is also claiming savings under the On Bill Financing Alternative Pathway (PGE210911) subprogram, which will be attributable to the respective market sectors.

In addition, PG&E proposes no 2018 budget for the New Financing Offerings (PGE21093) subprogram, as this subprogram is funded from the 2013-2015 program cycle.

7. Emerging Technologies Program

PG&E's 2017 budget for the Emerging Technologies (ET) program included a one-time increase of $1.7 million to support PG&E's Assembly Bill (AB) 802 technology research and AB 793 implementation plan.[43] PG&E's proposed 2018 budget for ET decreases the budget by $2.3 million, returning the program budget to the approximate annual levels from 2013-2016.

G. EM&V

The FA Decision approved PG&E's EM&V budget of $17.2 million. PG&E proposes to decrease its 2018 EM&V budget to $15.2 million. This amount is consistent with the 4% EM&V budget cap, originally introduced in D.12-05-015 and subsequently upheld by the FA Decision, the Rolling Portfolio Decision, and the Guidance Decision.

The Guidance Decision revises the allocation of EM&V funds, beginning after the EE Business Plans are approved by the Commission, to 60% reserved for Commission staff evaluation efforts and up to 40% for program administrators, to be further divided proportionally among utilities, community choice aggregators, and regional energy

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39 Pacific Gas and Electric Company (U 39-M) Third Party Solicitation Process Proposal

40 PG&E does not have specific plans to issue RFPs under IDEAA 365 (PGE210127) as PG&E moves to the new third party and statewide program model.

41 PY 2013/14 On-Bill Finance Programs: Impact Evaluation (CALMAC Study ID CPU0161.01), p. 39.

42 See PG&E Advice Letter 3697-G-A/4812-E-A.

43 See PG&E Advice Letter 3744-G/4886-E.

networks."[44] Since the Business Plans have not yet been approved, PG&E has split its allocation of EM&V funds 72.5% for the Commission and 27.5% for PAs based on Commission direction.[45]

PG&E provides the following draft 2018 EM&V budget, with the exact amounts to be finalized during the collaborative process between PAs and Commission Staff.

Table 7: Draft 2018 EM&V Budget

	PA Total without EM&V	Ratio of PA Total without EM&V	EM&V	EM&V CPUC 72.5%	EM&V PA 27.5%	PA Total with EM&V
PG&E	$365,960,723	95.28%	$15,248,363	$11,055,064	$4,193,300	$381,209,086
BayREN	$16,537,000	4.31%	$689,042	$499,555	$189,486	$17,226,042
MCE	$1,586,347	0.41%	$66,098	$47,921	$18,177	$1,652,445
Portfolio Total	$384,084,070	100.0%	$16,003,503	$11,602,540	$4,400,963	$400,087,573

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than September 21, 2017, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

[44] Guidance Decision, OP 16.
[45] Consistent with PG&E's 2015 funding proposal (approved in PG&E Advice Letter 3541-G-C/4550-E-C), PG&E proposes to apply the split to the EM&V budget, and then add the benefits burdens amount to PG&E's portion of the EM&V budget to align with recorded expenditures.

The protest shall also be sent to PG&E either via e-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 2 advice filing become effective on January 1, 2018.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service lists for R.13-11-005, A.17-01-013 et al. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/
Erik Jacobson
Director, Regulatory Relations

Attachments

- Attachment 1 – CEDARS Filing Confirmation
- Attachment 2 – Appendices
- Attachment 3 – Caps and Targets Table
- Attachment 4 – Program Closures

cc: Peter Franzese, Energy Division
Service List R.13-11-005
Service List A.17-01-013 et al.

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:	Contact Person: Yvonne Yang
☑ ELC ☑ GAS	Phone #: (415) 973-2094
☐ PLC ☐ HEAT ☐ WATER	E-mail: QXY1@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: **3881-G/5137-E** **Tier: 2**

Subject of AL: **PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4**

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ____________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: ____________

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: ____________

Resolution Required? ☐Yes ☑No

Requested effective date: **January 1, 2018** No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

Advice 3881-G/5137-E
September 1, 2017

Attachment 1

CEDARS Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

The PGE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Pacific Gas & Electric (PGE)

Filing Year: 2018

Submitted: 12:49:13 on 01 Sep 2017

By: Jennifer Roecks

Advice Letter Number: 3881-G/5137-E

* Portfolio Filing Summary *

- TRC: 1.1941
- PAC: 3.1771
- TRC (no admin): 1.5564
- PAC (no admin): 8.345
- RIM: 0.006
- Budget: $367,687,648.26

* Programs Included in the Filing *

- PGE21001: Residential Energy Advisor
- PGE210010: Pay for Performance Pilot
- PGE210011: Residential Energy Fitness program
- PGE21002: Plug Load and Appliances
- PGE21003: Multifamily Energy Efficiency
- PGE21004: Energy Upgrade California
- PGE21005: Residential New Construction
- PGE21006: Residential HVAC
- PGE21007: California New Homes Multifamily
- PGE21008: Enhance Time Delay Relay
- PGE21009: Direct Install for Manufactured and Mobile Homes
- PGE21011: Commercial Calculated Incentives
- PGE210112: School Energy Efficiency
- PGE210119: LED Accelerator
- PGE21012: Commercial Deemed Incentives
- PGE210123: Healthcare Energy Efficiency Program
- PGE21013: Commercial Continuous Energy Improvement

- PGE210135: Water Infrastructure and System Efficiency
- PGE210139: SEI Energize Schools Program
- PGE21014: Commercial Energy Advisor
- PGE210143: Hospitality Program
- PGE21015: Commercial HVAC
- PGE21018: EnergySmart Grocer
- PGE21021: Industrial Calculated Incentives
- PGE210210: Industrial Recommissioning Program
- PGE210211: Light Industrial Energy Efficiency
- PGE210212: Compressed Air and Vacuum Optimization Program
- PGE210213: Small Petrochemical Energy Efficiency
- PGE21022: Industrial Deemed Incentives
- PGE21023: Industrial Continuous Energy Improvement
- PGE21024: Industrial Energy Advisor
- PGE21025: California Wastewater Process Optimization
- PGE21026: Energy Efficiency Services for Oil Production
- PGE21027: Heavy Industry Energy Efficiency Program
- PGE21029: Refinery Energy Efficiency Program
- PGE21030: Industrial Strategic Energy Management
- PGE21031: Agricultural Calculated Incentives
- PGE210311: Process Wastewater Treatment EM Pgm for Ag Food Processing
- PGE210312: Dairy and Winery Industry Efficiency Solutions
- PGE21032: Agricultural Deemed Incentives
- PGE21033: Agricultural Continuous Energy Improvement
- PGE21034: Agricultural Energy Advisor
- PGE21036: Industrial Refrigeration Performance Plus
- PGE21039: Comprehensive Food Process Audit & Resource Efficiency Pgm
- PGE21041: Primary Lighting
- PGE21042: Lighting Innovation
- PGE21043: Lighting Market Transformation
- PGE21051: Building Codes Advocacy
- PGE21052: Appliance Standards Advocacy
- PGE21053: Compliance Improvement
- PGE21054: Reach Codes
- PGE21055: Planning and Coordination
- PGE21056: Code Readiness
- PGE21061: Technology Development Support
- PGE21062: Technology Assessments
- PGE21063: Technology Introduction Support
- PGE21071: Centergies
- PGE21072: Connections
- PGE21073: Strategic Planning

- PGE21081: Statewide DSM Coordination & Integration
- PGE21091: On-Bill Financing (excludes Loan Pool)
- PGE210911: On-Bill Financing Alternative Pathway
- PGE21091LP: Financing Loan Pool Addition
- PGE21092: Third-Party Financing
- PGE21093: New Financing Offerings
- PGE2110011: California Community Colleges
- PGE2110012: University of California/California State University
- PGE2110013: State of California
- PGE2110014: Department of Corrections and Rehabilitation
- PGE2110051: Local Government Energy Action Resources (LGEAR)
- PGE2110052: Strategic Energy Resources
- PGE211007: Association of Monterey Bay Area Governments (AMBAG)
- PGE211009: East Bay
- PGE211010: Fresno
- PGE211011: Kern
- PGE211012: Madera
- PGE211013: Marin County
- PGE211014: Mendocino/Lake County
- PGE211015: Napa County
- PGE211016: Redwood Coast
- PGE211018: San Luis Obispo County
- PGE211019: San Mateo County
- PGE211020: Santa Barbara
- PGE211021: Sierra Nevada
- PGE211022: Sonoma County
- PGE211023: Silicon Valley
- PGE211024: San Francisco
- PGE211025: Savings by Design (SBD)
- PGE211026: North Valley
- PGE211027: Sutter Buttes
- PGE211028: Yolo
- PGE211029: Solano
- PGE211030: Northern San Joaquin Valley
- PGE211031: Valley Innovative Energy Watch (VIEW)
- PGE_EMV: Evaluation Measurement and Verification
- PGE_ESA: Energy Savings Assistance
- PGE_ESPI: Energy Savings Performance Index
- PGE_SWMEO: Statewide Marketing Education and Outreach

Advice 3881-G/5137-E
September 1, 2017

Attachment 2

Appendices

PA Name: Pacific Gas and Electric Company
Budget Year: 2018

Table 1 -Bill Payer Impacts - Rates by Customer Class

	Electric Average Rate (Res and Non-Res) $/kwh	Gas Average Rate (Res and Non-Res) $/therm	Total Average Bill Savings by Year ($)	Total Average Lifecycle Bill Savings ($)
Present Rates - System Average				
2013	$ 0.16088	$ 1.18081	$ 152,246,518	$ 1,553,692,551
2014	$ 0.16891	$ 1.24800	$ 161,566,746	$ 1,557,176,408
2015	$ 0.17094	$ 1.50984	$ 226,868,285	$ 2,396,414,536
2016	$ 0.18423	$ 1.66679	$ 263,727,662	$ 2,670,876,906
2017	$ 0.19092	$ 1.59360	$ 302,316,189	$ 3,077,002,833

Notes:

1) Average first year electric bill savings is calculated by multiplying an average electric rate with first year net kWh energy savings.
2) Average first year gas bill savings is calculated by multiplying an average gas rate with first year net therm energy savings.
3) Total average first year bill savings is the sum of Notes 1 and 2.
4) Average lifecycle electric bill savings is calculated by multiplying an average electric rate with lifecycle net kWh energy savings.
5) Average lifecycle gas bill savings is calculated by multiplying an average gas rate with lifecycle net therm energy savings.
6) Total average lifecycle bill savings is the sum of Notes 4 and 5.
7) As of 9/1/2017, the bundled average electric rate is $0.19092 per kwh before the impact of the proposed EE programs.
8) As of 7/1/2017, the bundled average gas rate is $1.558 per therm before the impact of EE programs.
9) Total Average Bill Savings by Year and Lifecycle Bill Savings include C&S net lifecycle savings and exclude ESA Programs.
10) Consistent with SPM TRC/PAC/RIM tests, all savings used from actuals and forecasts in this table are net not gross

PA Name: Pacific Gas and Electric Company
Budget Year: 2018

Table 2a - Electric Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Electric Annual Revenue $000	2016 Energy Efficiency Portion of Total Electric Annual Revenue $000	2017 Energy Efficiency Portion of Total Electric Annual Revenue $000	2018 Proposed Energy Efficiency Electric Annual Revenue Change $000	2018 Proposed Percentage Change In Electric Revenue and Rates	2016 Electric Average Rate $/kwh	2016 Energy Efficiency Portion of Electric Average Rate $/kwh	2017 Electric Average Rate $/kwh	2017 Energy Efficiency Portion of Electric Average Rate $/kwh	2018 Proposed Electric Average Rate Change $/kwh	2018 Proposed Percentage Change In Electric Revenue and Rates
Bundled											
Residential	$ 5,349,860	$ 132,612	$ 124,851	$ (42.38)	-0.001%	$0.19468	$0.00483	$0.20396	$0.00497	$0.00000	0.00%
Commercial - Small	$ 1,701,100	$ 40,255	$ 38,452	$ (12.97)	-0.001%	$0.22378	$0.00530	$0.22870	$0.00549	$0.00000	0.00%
Commercial - Medium	$ 1,087,985	$ 24,231	$ 33,958	$ (11.14)	-0.001%	$0.19662	$0.00438	$0.20346	$0.00453	$0.00000	0.00%
Commercial - Large	$ 2,014,190	$ 46,194	$ 34,938	$ (11.50)	-0.001%	$0.16812	$0.00386	$0.17785	$0.00398	$0.00000	0.00%
Streetlights	$ 67,614	$ 1,650	$ 1,521	$ (0.50)	-0.001%	$0.21420	$0.00523	$0.21969	$0.00541	($0.00001)	0.00%
Standby	$ 72,454	$ 1,574	$ 1,801	$ (0.61)	-0.001%	$0.16336	$0.00355	$0.14760	$0.00353	$0.00000	0.00%
Agricultural	$ 1,319,508	$ 27,883	$ 23,905	$ (8.11)	-0.001%	$0.17000	$0.00359	$0.17822	$0.00367	$0.00000	0.00%
Industrial	$ 1,301,839	$ 26,754	$ 27,548	$ (9.07)	-0.001%	$0.13348	$0.00274	$0.14202	$0.00284	$0.00000	0.00%
Direct Access Service											
Residential	$ 247,022	$ 8,638	$ 12,699	$ (4.31)	-0.001%	$0.13802	$0.00483	$0.15581	$0.00497	$0.00000	0.00%
Commercial - Small	$ 84,338	$ 3,080	$ 6,261	$ (2.11)	-0.001%	$0.14502	$0.00530	$0.16321	$0.00549	$0.00000	0.00%
Commercial - Medium	$ 157,755	$ 6,329	$ 8,800	$ (2.89)	-0.001%	$0.10915	$0.00438	$0.11979	$0.00453	$0.00000	0.00%
Commercial - Large	$ 328,549	$ 15,195	$ 17,525	$ (5.77)	-0.001%	$0.08337	$0.00386	$0.08850	$0.00398	$0.00000	0.00%
Agricultural	$ 11,950	$ 270	$ 361	$ (0.12)	-0.001%	$0.15922	$0.00359	$0.13925	$0.00367	$0.00000	0.00%
Industrial	$ 330,551	$ 16,364	$ 17,769	$ (5.85)	-0.002%	$0.05437	$0.00269	$0.05818	$0.00276	$0.00000	0.00%
Departed Load	$ 31,882	$ 5,676	$ 6,196	$ (2.06)	-0.006%						

Notes:
2017 total revenue from July 1, 2017 Rate Change AL 5088-E
EE portion of 2017 revenue based on EE revenue requirement in rates (former PGC and proc EE) from 2017 Annual Electric True-up AL 4902-E-A

Table 2b - Gas Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Gas Annual Revenue $000	2016 Energy Efficiency Portion of Total Gas Annual Revenue $000	2017 Energy Efficiency Portion of Total Gas Annual Revenue $000 (5)(6)	2018 Proposed Energy Efficiency Gas Annual Revenue Change $000 (3)	2018 Proposed Percentage Change In Gas Revenue and Rates (3)	2016 Gas Average Rate $/kwh	2016 Energy Efficiency Portion of Gas Average Rate $/kwh	2017 Gas Average Rate $/kwh	2017 Energy Efficiency Portion of Gas Average Rate $/kwh (4)	2018 Proposed Gas Average Rate Change $/kwh	2018 Proposed Percentage Change In Gas Revenue and Rates
Core Retail Bundled[1]											
Residential - Non-CARE	$ 2,429,825	$ 47,517	$ 47,517	$ (5,807)	-0.2%	$ 1.667	$ 0.034	$ 1.594	$ 0.036	$ (0.004)	-0.3%
Residential - CARE	$ 640,022	$ 12,516	$ 12,516	$ (1,530)	-0.2%	$ 1.331	$ 0.034	$ 1.264	$ 0.036	$ (0.004)	-0.3%
Commercial - Small	$ 572,125	$ 4,565	$ 4,565	$ (558)	-0.1%	$ 1.152	$ 0.009	$ 1.132	$ 0.009	$ (0.001)	-0.1%
Commercial/Industrial	$ 31,747	$ 1,625	$ 1,625	$ (199)	-0.5%	$ 0.873	$ 0.035	$ 0.880	$ 0.037	$ (0.004)	-0.5%
Core Retail - Transportation Only[2]											
Residential - Non-CARE	$ 39,938	$ 781	$ 781	$ (95)	-0.2%	$ 1.274	$ 0.034	$ 1.168	$ 0.036	$ (0.004)	-0.4%
Residential - CARE	$ 10,520	$ 206	$ 206	$ (25)	-0.2%	$ 0.938	$ 0.034	$ 0.838	$ 0.036	$ (0.004)	-0.5%
Commercial - Small	$ 206,062	$ 1,644	$ 1,644	$ (201)	-0.1%	$ 0.780	$ 0.009	$ 0.723	$ 0.009	$ (0.001)	-0.1%
Commercial - Large	$ 15,810	$ 809	$ 809	$ (99)	-0.5%	$ 0.538	$ 0.035	$ 0.501	$ 0.037	$ (0.004)	-0.9%
Noncore- Transportation Only[2]											
Industrial - Distribution	$ 81,199	$ 2,081	$ 2,081	$ (254)	-0.3%	$ 0.314	$ 0.009	$ 0.298	$ 0.009	$ (0.001)	-0.3%
Commercial/Industrial	$ 216,078	$ 5,628	$ 5,628	$ (688)	-0.3%	$ 0.153	$ 0.003	$ 0.150	$ 0.003	$ (0.000)	-0.3%

Notes:
1) Customers who receive gas procurement as well as transportation service from PG&E. Procurement Rate is based on the illustrative rate filed with the 2017 GRC/SGIP (AL3857-G)
2) Customers who purchase gas from non-PG&E suppliers.
3) Proposed revenue and rate changes compare to total revenues and rates effective July 1, 2017 (GRC and SGIP Implementation - Advice Letter 3857-G)
4) 2017 Energy Efficiency Revenue did not change compared to 2016. However based on D.04-08-010 an updated 3 year average billed gas volume changed the rates.
5) EE portion of 2017 revenue based on EE funding in rates (PPP-EE) from 2017 Gas PPP Surcharge AL 3778-G.
6) EE portion of 2018 revenue based on EE funding filed in PG&E Advice Letter 3753-G-D/4901-E-D and approved by the CPUC on July 26, 2017.

Pacific Gas and Electric Company
2018

Table 3 - Budget and Cost Recovery by Funding Source

	2018
2018 EE Portfolio Budget [1]	$ 425,185,369
Unspent/Uncommitted EM&V Carryover Funds from pre-2017	$ -
Unspent/Uncommitted Program Carryover Funds from pre-2017 [2]	$ 11,541,267
Total Funding Request for 2018 EE Portfolio	**$ 413,644,102**

Budget by Funding Source

2018 Authorized (Before Carryover) [1]	2018 Budget	Allocation
Electric Procurement EE Funds	$ 331,644,588	78%
Gas PPP Surcharge Funds	$ 93,540,781	22%
Total Funds	**$ 425,185,369**	**100%**

Revenue Requirement for Cost Recovery by Funding Source

2018 Authorized Funding in Rates (including pre-2017 carryover)	2018 Revenue Requirement	Allocation after Carryover adjustment
Electric Procurement EE Funds	$ 322,642,400	78%
Gas PPP Surcharge Funds	$ 91,001,702	22%
Total Funds	**$ 413,644,102**	**100%**

Unspent/Uncommitted Carryover Funds (in positive $ amonts)

Total Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016	$ -	$ 9,159,772	$ 9,159,772	$ 2,010,682	$ 11,170,454
2013-2015	$ -	$ 303,357	$ 303,357	$ 66,590	$ 369,947
Pre-2013	$ 264	$ 455	$ 719	$ 147	$ 866
Total Pre-2017	**$ 264**	**$ 9,463,583**	**$ 9,463,847**	**$ 2,077,419**	**$ 11,541,267**

EM&V Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016	$ -	$ -	$ -	$ -	$ -
2013-2015	$ -	$ -	$ -	$ -	$ -
Pre-2013	$ -	$ -	$ -	$ -	$ -
Total Pre-2017	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Program Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016	$ -	$ 9,159,772	$ 9,159,772	$ 2,010,682	$ 11,170,454
2013-2015	$ -	$ 303,357	$ 303,357	$ 66,590	$ 369,947
Pre-2013	$ 264	$ 455	$ 719	$ 147	$ 866
Total Pre-2017	**$ 264**	**$ 9,463,583**	**$ 9,463,847**	**$ 2,077,419**	**$ 11,541,267**

[1] Represents Authorized EE Funding in 2018 Rates.

[2] The Pre-2017 Unspent/Uncommitted Program Carryover Funds excludes $65,812 of MCE electric funds to be refunded to ratepayers from the 2017 program cycle.

Program Name	2013-2015 Budget, Spent, Unspent and Carryover									2016 Budget, Spent, Unspent and Car				
gram Name	2015 Authorized Budget	2015 Total Budget with Commitments & Fundshifts [1]	2015 Total Budget Spent [2]	Requested Carry Over of Pre-2013 Unspent Funds to 2016 [3]	2013-2015 Unspent/Uncomited Funds Refunded or Transferred	2013-2015 Commitments as of 12/31/15 [5]	2013-2015 Unspent/Committed Funds, Carryover to 2017 [6]	2013-2015 Cycle Expenditures Spent in 2016	Pre-2016 Unspent/Uncommitted Funds Available for 2017 offset [E-F+H-J-K] [7]	2016 Authorized Budget	2016 Fundshifts	2016 Total Budget with Commitments & Fundshifts (G+J+M+N)	2016 Cycle Expenditures Spent in 2016	201 Unspent/Unc Funds Retu Ratepa
ns Total	**61,794,379**	**83,984,802**	**83,984,802**	**4,475,456**	**-**	**12,029,803**	**-**	**(122,295)**	**122,295**	**61,794,379**	**11,336,407**	**77,606,242**	**77,606,242**	**$**
	13,531,293	23,635,570	23,635,570			-			0	13,531,293	2,500,000	16,031,293	17,534,364	$
	18,990,738	18,858,757	18,858,757			-			0	18,990,738	-	18,990,738	13,641,352	$
	1,839,507	1,522,581	1,522,581			-			0	1,839,507	-	1,839,507	675,488	$
	13,998,809	20,967,951	20,967,951	322,330		322,330		(86,905)	86,905	13,998,809	7,936,407	22,257,546	24,947,402	$
	3,958,299	5,830,541	5,830,541	4,000,000		11,554,347			-	3,958,299	500,000	8,458,299	7,179,186	$
	9,475,734	13,169,401	13,169,401	153,126		153,126		(35,390)	35,390	9,475,734	400,000	10,028,860	13,628,451	$
	-	-	-			-			-	-	-	-	-	$
	79,040,928	**84,797,377**	**84,797,377**	**7,082,579**	**-**	**25,608,086**	**-**	**-**	**-**	**79,040,928**	**20,850,000**	**106,973,507**	**99,034,373**	**$**
	25,132,514	24,103,034	24,440,383	6,682,579		11,732,639			(337,349)	25,132,514	-	31,815,093	19,123,362	$
	10,237,119	10,382,091	10,533,625	400,000		13,821,821			(151,535)	10,237,119	-	10,637,119	6,734,513	$
	18,922,890	23,144,357	23,786,931			3,588			(642,575)	18,922,890	20,850,000	39,772,890	54,790,353	$
ovement	491,754	785,604	1,126,045			-			(340,441)	491,754	-	491,754	988,777	$
	5,979,427	5,508,948	6,107,525			-			(598,577)	5,979,427	-	5,979,427	4,459,100	$
	18,277,223	20,873,344	18,802,867			50,038			2,070,476	18,277,223	-	18,277,223	12,938,268	$
	18,823,008	**18,553,570**	**18,553,570**	**0**	**-**	**2,873,652**	**-**	**-**	**0**	**18,823,008**	**-**	**18,823,008**	**18,262,460**	**$**
	10,240,375	9,443,466	8,304,778	0		2,873,652			1,138,687	10,240,375	-	10,240,375	5,747,440	$
	3,815,997	2,629,376	4,804,403			-			(2,175,027)	3,815,997	-	3,815,997	8,068,249	$
ovement	506,988	1,034,505	164,253			-			870,252	506,988	-	506,988	197,629	$
	4,259,648	5,446,223	5,280,136			-			166,087	4,259,648	-	4,259,648	4,249,142	$
	11,938,780	**14,896,434**	**12,571,310**	**1,000,000**	**-**	**15,646,040**	**-**	**-**	**2,325,124**	**11,938,780**	**-**	**12,938,780**	**11,052,656**	**$**
	8,712,285	10,052,601	9,520,724	1,000,000		15,646,040			531,877	8,712,285	-	9,712,285	6,422,285	$
	794,316	(770)	1,275,032			-			(1,275,802)	794,316	-	794,316	2,982,574	$
ement	226,407	806,463	498,997			-			307,466	226,407	-	226,407	393,031	$
	2,205,773	4,038,139	1,276,557			-			2,761,583	2,205,773	-	2,205,773	1,254,766	$
ent	-	-	-			-			-	-	-	-	-	$
	13,551,559	**13,998,772**	**11,882,102**	**-**	**-**	**-**	**-**	**-**	**2,116,670**	**13,551,559**	**(700,000)**	**12,851,559**	**12,732,856**	**$**
	11,188,130	12,981,250	10,718,482			-			2,262,768	11,188,130	-	11,188,130	11,879,081	$
	1,692,692	(650,415)	912,958			-			(1,563,373)	1,692,692	(700,000)	992,692	669,673	$
	670,738	1,667,938	250,663			-			1,417,275	670,738	-	670,738	184,102	$
	15,335,248	**15,386,387**	**12,781,513**	**-**	**-**	**-**	**-**	**-**	**2,604,873**	**15,335,248**	**279,921**	**15,615,169**	**15,615,169**	**$**
	4,482,917	8,202,476	3,296,640			-			4,905,837	4,482,917	-	4,482,917	4,087,284	$
	4,407,361	3,298,213	5,129,082			-			(1,830,869)	4,407,361	279,921	4,687,282	5,650,393	$
	3,870,071	952,088	2,776,489			-			(1,824,401)	3,870,071	-	3,870,071	4,182,764	$
	1,429,957	1,740,210	669,053			-			1,071,157	1,429,957	-	1,429,957	597,935	$
	1,144,942	1,193,401	910,251			-			283,150	1,144,942	-	1,144,942	531,663	$
	-	-	-			-			-	-	-	-	565,130	$
al	**6,292,077**	**11,281,370**	**7,997,027**	**-**	**-**	**-**	**-**	**-**	**3,284,343**	**6,292,077**	**-**	**6,292,077**	**5,821,061**	**$**
	452,119	391,364	1,220,896			-			(829,532)	452,119	-	452,119	747,678	$
	3,073,632	4,783,957	3,214,618			-			1,569,339	3,073,632	-	3,073,632	1,815,758	$
	2,766,325	6,106,050	3,561,513			-			2,544,536	2,766,325	-	2,766,325	3,257,624	$
rams Total	**12,561,342**	**13,706,885**	**10,853,110**	**-**	**-**	**-**	**-**	**-**	**2,853,775**	**12,561,342**	**(1,666,431)**	**10,894,911**	**10,166,215**	**$**
	9,721,801	10,846,380	7,934,272			-			2,912,108	9,721,801	(823,631)	8,898,170	7,896,227	$
	2,150,604	2,250,472	2,094,267			-			156,205	2,150,604	(808,292)	1,342,312	1,755,612	$
	688,937	610,033	824,571			-			(214,539)	688,937	(34,508)	654,429	514,375	$
tion Program	**714,617**	**1,105,405**	**(16,299)**	**-**	**-**	**-**	**-**	**-**	**1,121,704**	**714,617**	**-**	**714,617**	**450,154**	**$**
ration	714,617	1,105,405	(16,299)			-			1,121,704	714,617	-	714,617	450,154	$
	5,568,714	**37,954,871**	**8,205,515**	**-**	**(14,048,074)**	**-**	**8,396,816**	**3,254,387**	**4,050,079**	**5,568,714**	**(810,824)**	**13,154,706**	**3,957,816**	**$**
ol)	3,537,010	3,913,046	4,010,097						(97,051)	3,537,010	-	3,537,010	3,115,051	$
	2,031,703	5,538,183	1,391,053			-			4,147,130	2,031,703	(810,824)	1,220,879	842,764	$
	-	28,503,642	2,804,365		(14,048,074)	-	8,396,816	3,254,387	-	-	-	8,396,816	-	$
/	-	-	-			-			-	-	-	-	-	$
y Bid) Total [2]	**90,906,191**	**99,373,101**	**81,475,468**	**-**	**-**	**30,322,790**	**-**	**(105,704)**	**18,003,336**	**90,906,191**	**(16,092,119)**	**74,814,071**	**58,186,155**	**$**
Total	**10,188,301**	**9,282,160**	**9,596,381**	**-**	**-**	**-**	**-**	**(105,704)**	**(208,517)**	**10,188,301**	**(1,945,117)**	**8,243,184**	**8,768,360**	**$**
	3,801,408	3,754,223	2,289,801			-			1,464,422	3,801,408	(1,945,117)	1,856,291	1,772,777	$
	2,061,601	1,674,330	2,274,467			-			(600,137)	2,061,601	-	2,061,601	2,676,931	$
e Homes	4,325,292	3,750,358	5,018,394			-		(105,704)	(1,162,332)	4,325,292	-	4,325,292	3,743,310	$
	-	103,249	13,719			-			89,531	-	-	-	-	$
	-	-	-			-			-	-	-	-	575,343	$
bTotal	**51,591,182**	**45,943,193**	**36,508,743**	**-**	**-**	**793,249**	**-**	**-**	**9,434,450**	**51,591,182**	**(14,147,002)**	**37,444,179**	**27,279,393**	**$**
oning	-	(731,790)	(555)			-			(731,236)	-	-	-	-	$
	5,044,780	1,788,544	6,031,971			-			(4,243,427)	5,044,780	-	5,044,780	-	$
	3,421,431	3,507,961	3,653,297			457,173			(145,336)	3,421,431	-	3,421,431	2,174,599	$
	2,940,737	3,698,416	871,914			-			2,826,501	2,940,737	(2,295,212)	645,525	613,180	$
	1,329,057	1,100,704	336,521			-			764,183	1,329,057	(1,019,905)	309,153	302,296	$
	5,211,807	5,185,416	1,230,837			-			3,954,579	5,211,807	(4,030,253)	1,181,553	1,089,928	$
sive	-	2,997,504	(16,070)			-			3,013,574	-	-	-	-	$
	-	552,404	(9,831)			-			562,235	-	-	-	-	$
	1,414,293	(439,517)	2,169,000			-			(2,608,517)	1,414,293	-	1,414,293	1,448,343	$
	2,458,594	(648,152)	4,099,974			-			(4,748,125)	2,458,594	-	2,458,594	529,771	$
	-	81,414	48,111						33,303					

	2013-2015 Budget, Spent, Unspent and Carryover									2016 Budget, Spent, Unspent and Car				
gram Name	2015 Authorized Budget	2015 Total Budget with Commitments & Fundshifts [1]	2015 Total Budget Spent [2]	Requested Carry Over of Pre-2013 Unspent Funds to 2016 [3]	2013-2015 Unspent/Uncommited Funds Refunded or Transferred	2013-2015 Commitments as of 12/31/15 [5]	2013-2015 Unspent/Committed Funds, Carryover to 2017 [6]	2013-2015 Cycle Expenditures Spent in 2016	Pre-2016 Unspent/Uncommitted Funds Available for 2017 offset [E-F+H-J-K] [7]	2016 Authorized Budget	2016 Fundshifts	2016 Total Budget with Commitments & Fundshifts (G+J+M+N)	2016 Cycle Expenditures Spent in 2016	201 Unspent/Unc Funds Retu Ratepay
Retro	1,844,726	1,655,196	1,079,552			-			575,644	1,844,726	-	1,844,726	1,671,226	$
Approaches	11,844,521	2,744,592	25,320			-			2,719,272	11,844,521	(1,572,398)	10,272,122	-	$
	-	1,048,790	1,644,827			3,940			(596,037)	-	-	-	304,130	$
	-	1,590,139	504,317			-			1,085,822	-	-	-	277,389	$
	-	1,112,781	681,424			-			431,356	-	-	-	286,046	$
	-	510,892	483,003			-			27,889	-	-	-	(19,156)	$
	-	510,494	603,373			-			(92,879)	-	-	-	(26,114)	$
	-	313,678	864,820			-			(551,142)	-	-	-	598,588	$
ation	-	278,436	206,590			-			71,846	-	-	-	251,159	$
	-	(5,322)	537,061			-			(542,383)	-	-	-	517,681	$
em	-	177,533	33,092			-			144,441	-	-	-	97	$
	-	333,645	835,586			-			(501,941)	-	-	-	5,459	$
	-	-	-			-			-	-	(2,049,313)	(2,049,313)	9,748,754	$
	3,784,067	6,155,564	2,312,688			-			3,842,877	3,784,067	(3,179,921)	604,146	(356,235)	$
	2,086,213	1,896,072	916,103			294,569			979,970	2,086,213	-	2,086,213	917,469	$
	7,456,460	5,552,209	5,896,030			-			(343,822)	7,456,460	-	7,456,460	5,966,916	$
	-	472,786	83,344			-			389,442	-	-	-	41,905	$
Total	**8,227,091**	**10,018,743**	**11,457,071**	**-**	**-**	**2,118,541**	**-**	**-**	**(1,438,328)**	**8,227,091**	**-**	**8,227,091**	**5,886,232**	**$**
n	1,480,754	(209,110)	2,298,717			747,830			(2,507,828)	1,480,754	-	1,480,754	-	$
n for Ag Food	1,065,359	963,909	752,412			496,655			211,497	1,065,359	-	1,065,359	476,641	$
utions	-	-	-			-			-	-	-	-	3,390,664	$
	-	1,155,851	1,250,631			-			(94,779)	-	-	-	63,210	$
	472,638	562,401	467,690			-			94,710	472,638	-	472,638	1,157	$
s	1,419,916	2,135,688	992,145			399,735			1,143,543	1,419,916	-	1,419,916	160,199	$
	1,046,700	819,308	578,448			-			240,859	1,046,700	-	1,046,700	751	$
	1,677,221	2,486,505	2,084,509			474,322			401,996	1,677,221	-	1,677,221	-	$
esource Efficiency	1,064,504	2,104,192	3,032,519			-			(928,327)	1,064,504	-	1,064,504	1,793,610	$
otal	**20,899,617**	**34,351,982**	**23,630,116**	**-**	**-**	**27,411,000**	**-**	**-**	**10,721,867**	**20,899,617**	**-**	**20,899,617**	**16,205,955**	**$**
	1,372,850	3,071,471	1,335,323			1,373,897			1,736,148	1,372,850	-	1,372,850	1,350,434	$
	-	-	-			-			-	-	-	-	47,944	$
ency	-	-	-			-			-	-	-	-	245,729	$
	-	-	-			-			-	-	-	-	96,290	$
tion	995,518	1,238,167	595,695			253,266			642,472	995,518	-	995,518	644,407	$
ction	4,475,267	6,259,122	3,234,535			2,273,622			3,024,586	4,475,267	-	4,475,267	1,510,663	$
m	11,067,518	15,001,729	13,037,517			14,709,712			1,964,212	11,067,518	-	11,067,518	8,839,023	$
	1,678,196	1,070,652	376,427			201,081			694,225	1,678,196	-	1,678,196	18,634	$
	1,310,269	6,414,950	2,090,205			8,589,844			4,324,745	1,310,269	-	1,310,269	591,228	$
	-	583,483	2,828,643			9,577			(2,245,159)	-	-	-	2,861,492	$
	-	712,408	131,771			-			580,638	-	-	-	110	$
Party Programs	**-**	**(222,977)**	**283,158**	**-**	**-**	**-**	**-**	**-**	**(506,135)**	**-**	**-**	**-**	**46,214**	**$**
	-	(81,650)	11,523			-			(93,173)	-	-	-	-	$
es	-	(205,549)	4,699			-			(210,248)	-	-	-	-	$
	-	64,221	266,936			-			(202,714)	-	-	-	46,214	$
tal	**72,321,914**	**78,908,455**	**68,224,688**	**-**	**-**	**9,189,905**	**-**	**-**	**10,683,768**	**72,321,914**	**(3,296,953)**	**69,024,961**	**63,692,329**	**$**
	3,495,392	2,959,452	2,450,565			2,127,113			508,887	3,495,392	-	3,495,392	2,936,598	$
e University	11,801,373	11,156,606	5,666,056			5,998,323			5,490,550	11,801,373	(3,296,953)	8,504,419	4,160,265	$
	1,423,968	4,447,501	446,349			365,262			4,001,152	1,423,968	-	1,423,968	597,810	$
bilitation	3,199,909	4,309,041	357,993			510,033			3,951,048	3,199,909	-	3,199,909	1,395,816	$
sources (LGEAR)	5,500,535	5,079,566	10,810,840			-			(5,731,275)	5,500,535	-	5,500,535	8,894,255	$
	2,764,003	(6,527,308)	7,508,767			-			(14,036,074)	2,764,003	-	2,764,003	7,633,159	$
overnments	3,581,301	3,173,251	4,213,849			103,697			(1,040,598)	3,581,301	-	3,581,301	3,472,920	$
	9,262,008	11,273,322	6,720,458			-			4,552,865	9,262,008	-	9,262,008	6,597,937	$
	3,846,492	7,730,350	3,130,833			-			4,599,517	3,846,492	-	3,846,492	2,698,158	$
	3,194,412	4,669,107	2,811,185			8,692			1,857,922	3,194,412	-	3,194,412	2,497,282	$
	445,314	851,041	436,007			-			415,034	445,314	-	445,314	314,528	$
	1,334,743	1,784,706	1,179,302			11,000			605,404	1,334,743	-	1,334,743	1,221,459	$
	322,506	295,006	626,591			-			(331,586)	322,506	-	322,506	666,557	$
	549,632	376,214	519,326			-			(143,112)	549,632	-	549,632	439,889	$
	1,556,910	2,057,613	1,474,416			-			583,197	1,556,910	-	1,556,910	1,332,988	$
	936,840	279,466	878,220			-			(598,754)	936,840	-	936,840	1,169,461	$
	1,744,567	950,687	2,625,108			52,748			(1,674,422)	1,744,567	-	1,744,567	1,999,253	$
	1,184,837	1,368,579	966,840			-			401,739	1,184,837	-	1,184,837	852,691	$
	2,560,460	2,643,277	1,954,601			-			688,676	2,560,460	-	2,560,460	2,189,823	$
	1,709,718	2,364,100	2,226,417			9,885			137,683	1,709,718	-	1,709,718	1,647,877	$
	4,074,436	5,306,242	4,609,175			3,151			697,068	4,074,436	-	4,074,436	3,934,221	$
	7,832,558	12,360,636	6,611,788			-			5,748,848	7,832,558	-	7,832,558	7,039,384	$

	2013-2015 Budget, Spent, Unspent and Carryover									2016 Budget, Spent, Unspent and Car				
gram Name	2015 Authorized Budget	2015 Total Budget with Commitments & Fundshifts [1]	2015 Total Budget Spent [2]	Requested Carry Over of Pre-2013 Unspent Funds to 2016 [3]	2013-2015 Unspent/Uncomited Funds Refunded or Transferred	2013-2015 Commitments as of 12/31/15 [5]	2013-2015 Unspent/Committed Funds, Carryover to 2017 [6]	2013-2015 Cycle Expenditures Spent in 2016	Pre-2016 Unspent/Uncommitted Funds Available for 2017 offset [E-F+H-J-K] [7]	2016 Authorized Budget	2016 Fundshifts	2016 Total Budget with Commitments & Fundshifts (G+J+M+N)	2016 Cycle Expenditures Spent in 2016	201 Unspent/Unc Funds Retu Ratepay
W)	$ -	$ -	$ -			$ -			$ -	$ -	$ -	$ -	$ -	$
	$ -	$ -	$ -		$ (43,024,402)	$ -			$ (43,024,402)	$ -	$ -	$ -	$ -	$
N and CCA	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,066,080	$ -	$ (4,066,080)	$ -	$ (4,066,080)	$ -	$ -	$
d to 2016 gram [3]				$ 9,900,000					$ -		$ (9,900,000)	$ -		$
PROGRAM TOTAL	**$ 388,848,756**	**$ 473,947,429**	**$ 401,310,184**	**$ 22,458,035**	**$ (57,072,476)**	**$ 95,670,275**	**$ 12,462,896**	**$ 3,026,388**	**$ 75,485**	**$ 388,848,756**	**$ (4,066,080)**	**$ 419,703,607**	**$ 376,577,485**	**$**
	$ 17,204,418	**$ 43,427,745**	**$ 14,196,403**	**$ 2,261,982**	**$ -**	**$ 29,231,342**	**$ 18,873,781**	**$ 9,360,310**	**$ 997,251**	**$ 17,204,418**	**$ -**	**$ 38,340,181**	**$ 1,531,591**	**$**
	$ 12,200,968	$ 33,361,125	$ 10,473,870	$ 880,380	$ -	$ 22,887,233	$ 16,149,179	$ 6,738,076	$ -	$ 12,200,968	$ -	$ 29,230,527	$ 477,668	$
	$ 5,003,450	$ 10,066,620	$ 3,722,532	$ 1,381,602	$ -	$ 6,344,110	$ 2,724,603	$ 2,622,234	$ 997,251	$ 5,003,450	$ -	$ 9,109,655	$ 1,053,923	$
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
TOTAL with EM&V	**$ 406,053,174**	**$ 517,375,174**	**$ 415,506,587**	**$ 24,720,017**	**$ (57,072,476)**	**$ 124,901,618**	**$ 31,336,678**	**$ 12,386,697**	**$ 1,072,736**	**$ 406,053,174**	**$ (4,066,080)**	**$ 458,043,789**	**$ 378,109,077**	**$**
	$ 12,837,000	$ 18,163,894	$ 14,403,008	$ -		$ -	$ 3,760,885		$ -	$ 12,837,000	$ 3,700,000	$ 20,297,885	$ 17,379,767	$
	$ 1,220,267	$ 1,420,267	$ 124,539	$ -	$ (1,082,708)	$ -	$ 36,182	$ -	(81,441)	$ 1,220,267	$ 366,080	$ 1,622,529	$ 1,428,096	$
ENSE PORTFOLIO	**$ 420,110,441**	**$ 536,959,334**	**$ 430,034,134**	**$ 24,720,017**	**$ (58,155,184)**	**$ 124,901,618**	**$ 35,133,745**	**$ 12,386,697**	**$ 991,295**	**$ 420,110,441**	**$ -**	**$ 479,964,203**	**$ 396,916,939**	**$**
	$ 10,000,000	$ 32,528,389	$ 6,532,126	$ -	$ -	$ -	$ 15,682,517	$ -	$ -	$ 10,000,000	$ -	$ 25,682,517	$ 2,224,457	$
&E EE PORTFOLIO	**$ 430,110,441**	**$ 569,487,724**	**$ 436,566,260**	**$ 24,720,017**	**$ (58,155,184)**	**$ 124,901,618**	**$ 50,816,262**	**$ 12,386,697**	**$ 991,295**	**$ 430,110,441**	**$ -**	**$ 505,646,720**	**$ 399,141,396**	**$**
utreach Program	**$ 7,655,061**	**$ 6,090,704**	**$ 7,620,318**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 8,445,775**	**$ -**	**$ 8,445,775**	**$ 7,689,442**	**$**
Outreach Program	$ 1,590,250	$ 909,877	$ 1,591,046	$ -	$ -	$ -	$ -	$ -		$ -	$ -	$ -	$ -	$
Outreach Program	$ 6,064,811	$ 5,180,827	$ 6,029,272	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,445,775	$ -	$ 8,445,775	$ 7,689,442	$

Notes:

1. "2015 Total Budget with Commitments & Fundshifts" reflects funds available for 2015, from the authorized 2013-2015 Budget, less the spending in 2013 - 2014 from the 2013 - 2015 Budget.

2. "2015 Total Budget Spent" includes spending in 2015 paid from the 2013 - 2015 Budget.

3. "Requested Carry Over of pre-2013 Unspent Funds to 2016" identifies the funds PG&E is requesting to carry over to 2016 in supplemental Advice 3752-G-B/4905-E-B, which was approved on November 2, 2016. In addition to the amounts identified at the subprogram level in column G, PG&Ewas approved authorization to shift $9.9m of pre-2013 unspent funds into the Commercial Deemed Incentive program 2016 budget.

4. The CPUC approved AL 3718-G/4852-E on July 11, 2016, authorizing PG&E to return a total of $43,024,401.85 in unspent, uncommitted energy efficiency funds from its 2013-2015 program cycle to its customers; PG&E implemented this through a one-time adjustment to its gas and electric EE balancing accounts.

5. Commitments as of 12/31/2015 (column I) and as of 12/31/2016 (column R) includes incentive Commitments as of the end of the year indicated. Contractual encumbrances are not reflected. BayREN and MCE Carry Over figures represent the level of funds in PG&E's balancing accounts; this may include BayREN expenses or MCE gas expenses not yet invoiced to or accrued by PG&E as of the year indicated; the remainder is the amount potentially available for carry over; these may not match MCE or BayREN submissions.

6. 2013-2015 Unspent/Committed Funds, Carryover to 2016" Identifies unspent, committed funds that are carried over into 2016 and augment the 2016 budget, in accordance with D.12-11-015, as follows:

New Financing Offerings: In D. 15-06-008, the Commission ordered that PG&E operate for a minimum of 24 months from the point at which each pilot program enrolls its first loan. The Pilots have begun enrolling loans in 2016 indicating that the pilots will run until at least 2018. New financing pilot subprogram funds collected during 2013-2014 period are being carried over to continue to operate during this compliance period.

Funds Transferred to REN and CCA balancing accounts: In D.16-05-004 (petition to modify D.14-10-046), effective May 12, 2016, the Commission authorized for Marin Clean Energy (MCE) an annual budget increase of $366,080 for the duration of the ten-year rolling portfolio cycle unless and until modified by the Commission. The CPUC approved AL 3718-G/4852-E on July 11, 2016, authorizing PG&E to use unspent 2013-2015 unspent funds to fund the increase in MCE's 2016 budget. Advice Letter 3704-G/4826-E, effective April 29, 2016, authorized for BayREN a one-time budget increase of $3,700,000 transferred from unspent 2013-2015 cycle EE funds to the 2016 cycle.

Marin Clean Energy: MCE's 2015 authorized gas budget included $419,000. The Commission authorized a gas budget of $219,000 in D.14-10-046 and augmented the gas budget by $200,000 per PG&E Advice 3642-G/4720-E, filed 10/15/2015, approved 10/28/2015. After $382,818 of gas payments from PG&E to MCE, $36,182 is available for carryover to 2016.

7. "Pre-2016 unspent/uncommitted funds available for 2017 offset" identifies 2013–2015 cycle unspent funds at the program level. The balancing account transfer for $43 million of funds refunded to customers based on Advice Letter 3718-G/4852-E is identified on Row 154. Unspent funds from 2009 and 2010–2012 are represented in Column G. Marin Clean Energy: In 2017, PG&E will record a one-time electric EE balancing account adjustment of $230,474 to credit customer rates for unspent 2015-2016 MCE electric funds. The $230,474 was presented in the 2017 ABAL as being refunded entirely from the 2013-2015 program cycle. This has been corrected in the 2018 ABAL to reflect the proper program cycles affected by the refund. $311,915 will be refunded from the 2016 cycle, while an increase to the 2013-2015 cycle funds will be recorded for $81,441.

8. "2018 Proposed Budget" reflects the budget request for 2018, which differs from the collections requested through this advice letter of approximately $425.2 million.

9. Advice Letter 3589-G-C/4624-E-C, approved June 29, 2015, effective June 25, 2015 established the Energy Efficiency Financing Balancing Account (EEFBA), and the Credit Enhancement Balance Account (CEBA) and the On-Bill Financing Balancing Account (OBFBA) subaccounts. The $14 million referenced in cell H57 was transferred to the CEBA subaccount.

10. BayREN and MCE figures generally represent the level of funds in PG&E's balancing accounts and may not match MCE or BayREN submissions.

11. Statewide ME&O budgets for 2017 through 2019 were approved in Advice Letter 3783-G/4963-E on January 23, 2017, effective November 28, 2016. The portion of SW ME&O allocated to EE is reflected in PG&E's cost effectiveness calculations.

Main Program Name / Sub-Program Name	2017 Authorized Budget	2017 Fundshifts	2017 Total Budget	2017 Budget Spent as of 06/30/2017	2018 Proposed Budget [8]	2018 Budget Offset from Pre-2017 Carryover	2018 Funds Requested	Program Type	Market Sector	Resource or Non-resource	Program Status	Utility Grouping
	2017 Budget, Fundshifts and Spending to Date				2018 Proposed Budget							
Residential Energy Efficiency Programs Total	**$ 62,652,625**	**-**	**$ 62,652,625**	**$ 22,555,594**	**$ 55,622,926**	**$ -**	**$ 55,622,926**					
Residential Energy Advisor	$ 16,998,320	-	$ 16,998,320	$ 4,193,696	$ 14,692,263	$ -	$ 14,692,263	IOU Core/Statewide	Residential	Resource	Existing	Residential Energy Efficiency Pro
Plug Load and Appliances	$ 12,175,962	-	$ 12,175,962	$ 4,865,166	$ 10,600,377	$ -	$ 10,600,377	IOU Core/Statewide	Residential	Resource	Existing	Residential Energy Efficiency Pro
Multifamily Energy Efficiency	$ 677,058	-	$ 677,058	$ 97,075	$ 6,779,725	$ -	$ 6,779,725	IOU Core/Statewide	Residential	Resource	Existing	Residential Energy Efficiency Pro
Energy Upgrade California	$ 14,514,755	-	$ 14,514,755	$ 7,498,396	$ 10,707,759	$ -	$ 10,707,759	IOU Core/Statewide	Residential	Resource	Existing	Residential Energy Efficiency Pro
Residential New Construction	$ 5,947,372	-	$ 5,947,372	$ 3,283,449	$ 6,770,695	$ -	$ 6,770,695	IOU Core/Statewide	Residential	Resource	Existing	Residential Energy Efficiency Pro
Residential HVAC	$ 9,515,664	-	$ 9,515,664	$ 2,312,439	$ 5,318,382	$ -	$ 5,318,382	IOU Core/Statewide	Residential	Resource	Existing	Residential Energy Efficiency Pro
Pay for Performance Pilot	$ 2,823,495	-	$ 2,823,495	$ 305,372	$ 753,726	$ -	$ 753,726	Third/Local Party	Residential	Resource	Existing	Residential Energy Efficiency Pro
Commercial Programs Total	**$ 70,945,809**	**-**	**$ 70,945,809**	**$ 27,821,244**	**$ 64,732,629**	**$ -**	**$ 64,732,629**					
Commercial Calculated Incentives	$ 22,085,875	-	$ 22,085,875	$ 5,790,587	$ 23,262,758	$ -	$ 23,262,758	IOU Core/Statewide	Commercial	Resource	Existing	Commercial Energy Efficiency Pr
Savings by Design (SBD)	$ 6,136,870	-	$ 6,136,870	$ 2,017,153	$ 9,111,221	$ -	$ 9,111,221	IOU Core/Statewide	Commercial	Resource	Existing	Commercial Energy Efficiency Pr
Commercial Deemed Incentives	$ 20,590,599	-	$ 20,590,599	$ 9,799,767	$ 19,367,904	$ -	$ 19,367,904	IOU Core/Statewide	Commercial	Resource	Existing	Commercial Energy Efficiency Pr
Commercial Continuous Energy Improvement	$ 1,361,810	-	$ 1,361,810	$ 284,206	$ 240,150	$ -	$ 240,150	IOU Core/Statewide	Commercial	Non-Resource	Existing	Commercial Energy Efficiency Pr
Commercial Energy Advisor	$ 4,645,605	-	$ 4,645,605	$ 1,065,730	$ 2,123,638	$ -	$ 2,123,638	IOU Core/Statewide	Commercial	Resource	Existing	Commercial Energy Efficiency Pr
Commercial HVAC	$ 16,125,050	-	$ 16,125,050	$ 8,863,801	$ 10,626,958	$ -	$ 10,626,958	IOU Core/Statewide	Commercial	Resource	Existing	Commercial Energy Efficiency Pr
Agricultural Programs Total	**$ 15,416,439**	**-**	**$ 15,416,439**	**$ 6,019,314**	**$ 17,238,326**	**$ -**	**$ 17,238,326**					
Agricultural Calculated Incentives	$ 5,384,644	-	$ 5,384,644	$ 1,506,028	$ 9,155,062	$ -	$ 9,155,062	IOU Core/Statewide	Agricultural	Resource	Existing	Agricultural Energy Efficiency Pro
Agricultural Deemed Incentives	$ 5,677,746	-	$ 5,677,746	$ 3,106,646	$ 4,758,784	$ -	$ 4,758,784	IOU Core/Statewide	Agricultural	Resource	Existing	Agricultural Energy Efficiency Pro
Agricultural Continuous Energy Improvement	$ 226,700	-	$ 226,700	$ 56,225	$ 67,740	$ -	$ 67,740	IOU Core/Statewide	Agricultural	Non-Resource	Existing	Agricultural Energy Efficiency Pro
Agricultural Energy Advisor	$ 4,127,350	-	$ 4,127,350	$ 1,350,416	$ 3,256,739	$ -	$ 3,256,739	IOU Core/Statewide	Agricultural	Resource	Existing	Agricultural Energy Efficiency Pro
Industrial Programs Total	**$ 13,060,791**	**$ -**	**$ 13,060,791**	**$ 6,367,923**	**$ 18,155,388**	**$ -**	**$ 18,155,388**					
Industrial Calculated Incentives	$ 8,899,910	-	$ 8,899,910	$ 5,087,674	$ 12,115,800	$ -	$ 12,115,800	IOU Core/Statewide	Industrial	Resource	Existing	Industrial Energy Efficiency Prog
Industrial Deemed Incentives	$ 2,141,873	-	$ 2,141,873	$ 913,382	$ 4,157,505	$ -	$ 4,157,505	IOU Core/Statewide	Industrial	Resource	Existing	Industrial Energy Efficiency Prog
Industrial Continuous Energy Improvement	$ 135,480	-	$ 135,480	$ 66,856	$ 67,233	$ -	$ 67,233	IOU Core/Statewide	Industrial	Non-Resource	Existing	Industrial Energy Efficiency Prog
Industrial Energy Advisor	$ 1,511,322	-	$ 1,511,322	$ 229,099	$ 597,692	$ -	$ 597,692	IOU Core/Statewide	Industrial	Resource	Existing	Industrial Energy Efficiency Prog
Industrial Strategic Energy Management	$ 372,206	-	$ 372,206	$ 70,912	$ 1,217,158	$ -	$ 1,217,158	Third/Local Party	Industrial	Resource	Existing	Industrial Energy Efficiency Prog
Lighting Programs Total	**$ 12,082,245**	**-**	**$ 12,082,245**	**$ 4,984,239**	**$ 11,131,075**	**$ -**	**$ 11,131,075**					
Primary Lighting	$ 10,970,646	-	$ 10,970,646	$ 4,742,755	$ 10,711,690	$ -	$ 10,711,690	IOU Core/Statewide	Residential	Resource	Existing	Residential Energy Efficiency Pro
Lighting Innovation	$ 734,898	-	$ 734,898	$ 131,576	$ 357,652	$ -	$ 357,652	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Commercial Energy Efficiency Pr
Lighting Market Transformation	$ 376,702	-	$ 376,702	$ 109,907	$ 61,733	$ -	$ 61,733	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Commercial Energy Efficiency Pr
Codes & Standards Programs Total	**$ 17,113,967**	**-**	**$ 17,113,967**	**$ 7,006,191**	**$ 16,183,839**	**$ -**	**$ 16,183,839**					
Building Codes Advocacy	$ 4,297,883	-	$ 4,297,883	$ 2,133,023	$ 4,331,109	$ -	$ 4,331,109	IOU Core/Statewide	Cross-Cutting	Resource	Existing	Codes and Standards Progra
Appliance Standards Advocacy	$ 6,076,435	-	$ 6,076,435	$ 1,707,777	$ 4,774,497	$ -	$ 4,774,497	IOU Core/Statewide	Cross-Cutting	Resource	Existing	Codes and Standards Progra
Compliance Improvement	$ 4,347,595	-	$ 4,347,595	$ 2,127,956	$ 4,044,129	$ -	$ 4,044,129	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Codes and Standards Progra
Reach Codes	$ 526,723	-	$ 526,723	$ 258,640	$ 604,747	$ -	$ 604,747	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Codes and Standards Progra
Planning and Coordination	$ 504,030	-	$ 504,030	$ 301,707	$ 650,922	$ -	$ 650,922	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Codes and Standards Progra
Code Readiness	$ 1,361,301	-	$ 1,361,301	$ 477,088	$ 1,778,436	$ -	$ 1,778,436	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Codes and Standards Progra
Emerging Technologies Programs Total	**$ 7,930,755**	**-**	**$ 7,930,755**	**$ 1,999,745**	**$ 5,629,976**	**$ -**	**$ 5,629,976**					
Technology Development Support	$ 1,416,527	-	$ 1,416,527	$ 356,849	$ 942,398	$ -	$ 942,398	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Emerging Technologies Progra
Technology Assessments	$ 2,544,857	-	$ 2,544,857	$ 728,198	$ 1,929,215	$ -	$ 1,929,215	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Emerging Technologies Progra
Technology Introduction Support	$ 3,969,371	-	$ 3,969,371	$ 914,699	$ 2,758,363	$ -	$ 2,758,363	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Emerging Technologies Progra
Workforce Education & Training Programs Total	**$ 10,682,374**	**-**	**$ 10,682,374**	**$ 4,521,790**	**$ 11,038,180**	**$ -**	**$ 11,038,180**					
Centergies	$ 8,733,939	-	$ 8,733,939	$ 3,603,075	$ 8,564,820	$ -	$ 8,564,820	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Workforce Education & Training P
Connections	$ 1,328,476	-	$ 1,328,476	$ 752,828	$ 1,900,879	$ -	$ 1,900,879	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Workforce Education & Training P
Strategic Planning	$ 619,959	-	$ 619,959	$ 165,886	$ 572,481	$ -	$ 572,481	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Workforce Education & Training P
Statewide DSM Coordination & Integration Program Total	**$ 547,921**	**-**	**$ 547,921**	**$ 107,380**	**$ 547,921**	**$ -**	**$ 547,921**					
Statewide DSM Coordination & Integration	$ 547,921	-	$ 547,921	$ 107,380	$ 547,921	$ -	$ 547,921	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Statewide DSM Coordination & Integrat
Financing Programs Total	**$ 4,600,866**	**-**	**$ 4,600,866**	**$ 1,640,888**	**$ 4,158,662**	**$ -**	**$ 4,158,662**					
On-Bill Financing (excludes Loan Pool)	$ 1,939,167	-	$ 1,939,167	$ 1,328,472	$ 3,141,013	$ -	$ 3,141,013	IOU Core/Statewide	Cross-Cutting	Resource	Existing	Financing Programs
Third-Party Financing	$ 942,678	-	$ 942,678	$ 260,555	$ 660,195	$ -	$ 660,195	IOU Core/Statewide	Cross-Cutting	Resource	Existing	Financing Programs
New Financing Offerings [9]	$ 934,746	-	$ 934,746	$ -	$ -	$ -	$ -	IOU Core/Statewide	Cross-Cutting	Resource	Existing	Financing Programs
On Bill Financing Alternative Pathway	$ 784,275	-	$ 784,275	$ 51,861	$ 357,454	$ -	$ 357,454	IOU Core/Statewide	Cross-Cutting	Resource	Existing	Financing Programs
Third-Party Programs (Competitvely Bid) Total [2]	**$ 86,532,089**	**-**	**$ 86,532,089**	**$ 21,583,186**	**$ 75,653,627**	**$ -**	**$ 75,653,627**					
Residential Third Party Programs SubTotal	**$ 9,667,015**	**-**	**$ 9,667,015**	**$ 5,125,244**	**$ 13,319,768**	**$ -**	**$ 13,319,768**					
California New Homes Multifamily	$ 1,828,344	-	$ 1,828,344	$ 421,084	$ 1,460,826	$ -	$ 1,460,826	Third/Local Party	Residential	Resource	Existing	Residential Third Party Progra
Enhance Time Delay Relay	$ 2,902,239	-	$ 2,902,239	$ 2,303,063	$ 1,536,619	$ -	$ 1,536,619	Third/Local Party	Residential	Resource	Existing	Residential Third Party Progra
Direct Install for Manufactured and Mobile Homes	$ 3,743,632	-	$ 3,743,632	$ 1,293,968	$ 5,242,617	$ -	$ 5,242,617	Third/Local Party	Residential	Resource	Existing	Residential Third Party Progra
RSG The Smarter Water Heater	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Residential	Resource	Closed	Residential Third Party Progra
Residential Energy Fitness Program	$ 1,192,800	-	$ 1,192,800	$ 1,107,128	$ 5,079,706	$ -	$ 5,079,706	Third/Local Party	Residential	Resource	Existing	Residential Third Party Progra
Commercial Third Party Programs SubTotal	**$ 31,191,606**	**-**	**$ 31,191,606**	**$ 9,524,696**	**$ 27,827,481**	**$ -**	**$ 27,827,481**					
Monitoring-Based Persistence Commissioning	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
LodgingSavers	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
School Energy Efficiency	$ 1,512,412	-	$ 1,512,412	$ 1,431,239	$ 2,971,983	$ -	$ 2,971,983	Third/Local Party	Commercial	Resource	Existing	Commercial Third Party Progra
Energy Fitness Program	$ -	-	$ -	$ 29	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Energy Savers	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
RightLights	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Small Business Commercial Comprehensive	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Energy-Efficient Parking Garage	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Retail Energy Efficiency	$ 3,856,419	-	$ 3,856,419	$ 181,833	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
LED Accelerator	$ 4,174,961	-	$ 4,174,961	$ 380,789	$ 2,995,445	$ -	$ 2,995,445	Third/Local Party	Commercial	Resource	Existing	Commercial Third Party Progra
Monitoring-Based Commissioning	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra

Main Program Name / Sub-Program Name	2017 Budget, Fundshifts and Spending to Date: 2017 Authorized Budget	2017 Fundshifts	2017 Total Budget	2017 Budget Spent as of 06/30/2017	2018 Proposed Budget: 2018 Proposed Budget [8]	2018 Budget Offset from Pre-2017 Carryover	2018 Funds Requested	Program Type	Market Sector	Resource or Non-resource	Program Status	Utility Grouping
K-12 Private Schools and Colleges Audit Retro	$ 1,959,233	-	$ 1,959,233	$ 165,461	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Innovative Designs for Energy Efficiency Approaches (IDEEA)	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Enovity SMART	$ -	-	$ -	$ (196)	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Nexant AERCx	$ -	-	$ -	$ (0)	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
CLEAResult AERCx	$ -	-	$ -	$ 147,432	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
PECI AERCx	$ -	-	$ -	$ 93,714	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
McKinstry Laboratory Fume Hoods	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Waypoint Commercial Outreach	$ 901,094	-	$ 901,094	$ (1,154)	$ -	$ -	$ -	Third/Local Party	Commercial	Non-Resource	Closed	Commercial Third Party Progra
Data Center Air Flow and Temp Optimization	$ 512,895	-	$ 512,895	$ 184,625	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
SEI Energize Schools Program	$ 411,884	-	$ 411,884	$ 269,599	$ 316,125	$ -	$ 316,125	Third/Local Party	Commercial	Non-Resource	Existing	Commercial Third Party Progra
Mazzetti Dynamic Gas Scavenging System	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Lincus Commercial Mid-Market Program	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Hospitality Program	$ 8,828,990	-	$ 8,828,990	$ 3,089,666	$ 12,626,882	$ -	$ 12,626,882	Third/Local Party	Commercial	Resource	Existing	Commercial Third Party Progra
Air Care Plus	$ -	-	$ -	$ 263,282	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Boiler Energy Efficiency Program	$ 806,844	-	$ 806,844	$ 208,209	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
EnergySmart Grocer	$ 6,855,755	-	$ 6,855,755	$ 3,028,976	$ 6,672,373	$ -	$ 6,672,373	Third/Local Party	Commercial	Resource	Existing	Commercial Third Party Progra
Enhanced Automation Initiative	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Commercial	Resource	Closed	Commercial Third Party Progra
Agricultural Third Party Programs SubTotal	**$ 15,982,677**	**-**	**$ 15,982,677**	**$ 2,649,166**	**$ 8,589,707**	**$ -**	**$ 8,589,707**					
Dairy Industry Resource Advantage Pgm	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Agricultural	Resource	Closed	Agricultural Third Party Progra
Process Wastewater Treatment EM Pgm for Ag Food Processing	$ 1,110,018	-	$ 1,110,018	$ 165,073	$ 988,763	$ -	$ 988,763	Third/Local Party	Agricultural	Resource	Existing	Agricultural Third Party Progra
Dairy and Winery Industry Efficiency Solutions	$ 4,386,895	-	$ 4,386,895	$ 788,395	$ 3,350,121	$ -	$ 3,350,121	Third/Local Party	Agricultural	Resource	Existing	Agricultural Third Party Progra
Staples Low Pressure Irrigation DI	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Agricultural	Resource	Closed	Agricultural Third Party Progra
Dairy Energy Efficiency Program	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Agricultural	Resource	Closed	Agricultural Third Party Progra
Industrial Refrigeration Performance Plus	$ 2,266,145	-	$ 2,266,145	$ 352,251	$ 692,777	$ -	$ 692,777	Third/Local Party	Agricultural	Resource	Existing	Agricultural Third Party Progra
Light Exchange Program	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Agricultural	Resource	Closed	Agricultural Third Party Progra
Wine Industry Efficiency Solutions	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Agricultural	Resource	Closed	Agricultural Third Party Progra
Comprehensive Food Process Audit & Resource Efficiency Pgm	$ 8,219,619	-	$ 8,219,619	$ 1,343,448	$ 3,558,046	$ -	$ 3,558,046	Third/Local Party	Agricultural	Resource	Existing	Agricultural Third Party Progra
Industrial Third Party Programs SubTotal	**$ 29,690,792**	**-**	**$ 29,690,792**	**$ 4,284,080**	**$ 25,916,672**	**$ -**	**$ 25,916,672**					
Industrial Recommissioning Program	$ 1,669,289	-	$ 1,669,289	$ 129,367	$ 2,245,631	$ -	$ 2,245,631	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
Light Industrial Energy Efficiency	$ 1,120,799	-	$ 1,120,799	$ 89,653	$ 546,368	$ -	$ 546,368	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
Industrial Compressed Air System Efficiency	$ 889,186	-	$ 889,186	$ 83,663	$ 270,590	$ -	$ 270,590	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
Small Petrochemical Energy Efficiency	$ 1,228,940	-	$ 1,228,940	$ 151,226	$ 714,660	$ -	$ 714,660	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
California Wastewater Process Optimization	$ 879,788	-	$ 879,788	$ 131,471	$ 1,227,756	$ -	$ 1,227,756	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
Energy Efficiency Services for Oil Production	$ 5,028,847	-	$ 5,028,847	$ 496,447	$ 3,737,735	$ -	$ 3,737,735	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
Heavy Industry Energy Efficiency Program	$ 15,288,395	-	$ 15,288,395	$ 2,830,076	$ 13,179,841	$ -	$ 13,179,841	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
Industrial Compressed Air Program	$ -	-	$ -	$ (3,719)	$ -	$ -	$ -	Third/Local Party	Industrial	Resource	Closed	Industrial Third Party Prograr
Refinery Energy Efficiency Program	$ 952,965	-	$ 952,965	$ 22,033	$ 1,666,727	$ -	$ 1,666,727	Third/Local Party	Industrial	Resource	Closed	Industrial Third Party Prograr
Lincus WISE	$ 2,632,582	-	$ 2,632,582	$ 353,863	$ 2,327,364	$ -	$ 2,327,364	Third/Local Party	Industrial	Resource	Existing	Industrial Third Party Prograr
Ameresco Intelligent Energy Efficiency	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Industrial	Resource	Closed	Industrial Third Party Prograr
Workforce Education & Training Third Party Programs SubTotal	**$ -**	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**					
Builder Energy Code Training	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Cross-Cutting	Non-Resource	Closed	Workforce Education & Training Third Pa
Green Building Technical Support Services	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Cross-Cutting	Non-Resource	Closed	Workforce Education & Training Third Pa
Bridges to Energy Sector Opportunities	$ -	-	$ -	$ -	$ -	$ -	$ -	Third/Local Party	Cross-Cutting	Non-Resource	Closed	Workforce Education & Training Third Pa
Government Partnership Programs Total	**$ 74,542,976**	**-**	**$ 74,542,976**	**$ 19,673,281**	**$ 72,368,174**	**$ -**	**$ 72,368,174**					
California Community Colleges	$ 2,650,376	-	$ 2,650,376	$ 13,838	$ 4,448,702	$ -	$ 4,448,702	State Institutional Partnership	Public	Resource	Existing	Institutional Partnerships
University of California/California State University	$ 6,135,203	-	$ 6,135,203	$ (1,104,323)	$ 4,703,997	$ -	$ 4,703,997	State Institutional Partnership	Public	Resource	Existing	Institutional Partnerships
State of California	$ 922,797	-	$ 922,797	$ 191,253	$ 1,005,394	$ -	$ 1,005,394	State Institutional Partnership	Public	Resource	Existing	Institutional Partnerships
Department of Corrections and Rehabilitation	$ 2,036,885	-	$ 2,036,885	$ 419,248	$ 1,677,562	$ -	$ 1,677,562	State Institutional Partnership	Public	Resource	Existing	Institutional Partnerships
Local Government Energy Action Resources (LGEAR)	$ 8,687,570	-	$ 8,687,570	$ 924,674	$ 6,059,173	$ -	$ 6,059,173	Local Government Partnership	Public	Resource	Existing	Master Government Partners
Strategic Energy Resources	$ 9,885,399	-	$ 9,885,399	$ 3,373,473	$ 9,632,258	$ -	$ 9,632,258	Local Government Partnership	Public	Non-Resource	Existing	Master Government Partners
Association of Monterey Bay Area Governments (AMBAG)	$ 3,732,609	-	$ 3,732,609	$ 1,680,922	$ 3,744,061	$ -	$ 3,744,061	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
East Bay	$ 6,093,616	-	$ 6,093,616	$ 1,791,159	$ 6,129,105	$ -	$ 6,129,105	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Fresno	$ 2,601,225	-	$ 2,601,225	$ 916,776	$ 2,648,728	$ -	$ 2,648,728	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Kern	$ 2,680,280	-	$ 2,680,280	$ 779,208	$ 2,725,208	$ -	$ 2,725,208	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Madera	$ 326,472	-	$ 326,472	$ 223,123	$ 363,621	$ -	$ 363,621	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Marin County	$ 1,281,629	-	$ 1,281,629	$ 173,231	$ 1,271,550	$ -	$ 1,271,550	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Mendocino/Lake County	$ 634,221	-	$ 634,221	$ 314,088	$ 711,132	$ -	$ 711,132	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Napa County	$ 530,485	-	$ 530,485	$ 176,400	$ 557,007	$ -	$ 557,007	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Redwood Coast	$ 1,609,191	-	$ 1,609,191	$ 453,177	$ 1,598,179	$ -	$ 1,598,179	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
San Luis Obispo County	$ 1,054,111	-	$ 1,054,111	$ 466,810	$ 1,076,601	$ -	$ 1,076,601	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
San Mateo County	$ 2,271,691	-	$ 2,271,691	$ 930,138	$ 2,279,756	$ -	$ 2,279,756	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Santa Barbara	$ 973,018	-	$ 973,018	$ 256,342	$ 1,008,901	$ -	$ 1,008,901	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Sierra Nevada	$ 2,391,132	-	$ 2,391,132	$ 612,931	$ 2,422,994	$ -	$ 2,422,994	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Sonoma County	$ 1,764,538	-	$ 1,764,538	$ 799,316	$ 1,756,500	$ -	$ 1,756,500	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Silicon Valley	$ 3,793,893	-	$ 3,793,893	$ 2,754,103	$ 3,762,183	$ -	$ 3,762,183	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
San Francisco	$ 6,168,064	-	$ 6,168,064	$ 1,158,813	$ 6,315,049	$ -	$ 6,315,049	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
North Valley	$ [illegible]	-	$ [illegible]	$ [illegible]	$ [illegible]	$ -	$ [illegible]	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr

Main Program Name / Sub-Program Name	2017 Authorized Budget	2017 Fundshifts	2017 Total Budget	2017 Budget Spent as of 06/30/2017	2018 Proposed Budget [8]	2018 Budget Offset from Pre-2017 Carryover	2018 Funds Requested	Program Type	Market Sector	Resource or Non-resource	Program Status	Utility Grouping
	2017 Budget, Fundshifts and Spending to Date				2018 Proposed Budget							
Valley Innovative Energy Watch (VIEW)	$ 690,825	-	$ 690,825	$ 180,271	$ 725,163	$ -	$ 725,163	Local Government Partnership	Public	Resource	Existing	Government Partnership Progr
Funds to be returned in rates [4]	$ -	-	$ -	$ -	$ -	$ 11,541,267	$ (11,541,267)					
2013-2015 funds transferred to REN and CCA balancing accounts for 2016 [6]	$ -	-	$ -	$ -	$ -	$ -	$ -					
Pre-2013 Unspent Funds transferred to 2016 Commercial Deemed Incentives program [3]	$ -	-	$ -	$ -	$ -	$ -	$ -					
PG&E PROGRAM TOTAL	**$ 376,108,857**	**$ -**	**$ 376,108,857**	**$ 124,280,775**	**$ 352,460,723**	**$ 11,541,267**	**$ 340,919,456**					
EM&V (PA & CPUC Portions) Total	**$ 16,988,842**	**-**	**$ 16,988,842**	**$ 1,032,833**	**$ 16,003,503**	**$ -**	**$ 16,003,503**					
PG&E EM&V - CPUC	$ 11,653,492	-	$ 11,653,492	$ 210,818	$ 11,055,064	$ -	$ 11,055,064	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
PG&E EM&V - PA	$ 4,580,210	-	$ 4,580,210	$ 773,015	$ 4,193,300	$ -	$ 4,193,300	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
BayREN EM&V - CPUC	$ 499,555	-	$ 499,555	$ 49,000	$ 499,555	$ -	$ 499,555	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
BayREN EM&V	$ 189,486	-	$ 189,486	$ -	$ 189,486	$ -	$ 189,486	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
MCE EM&V - CPUC	$ 47,921	-	$ 47,921	$ -	$ 47,921	$ -	$ 47,921	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
MCE EM&V	$ 18,177	-	$ 18,177	$ -	$ 18,177	$ -	$ 18,177	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
PG&E TOTAL with EM&V	**$ 393,097,699**	**-**	**$ 393,097,699**	**$ 125,313,608**	**$ 368,464,226**	**$ 11,541,267**	**$ 356,922,959**					
BayREN [10]	$ 16,537,000	-	$ 16,537,000	$ 6,664,603	$ 16,537,000	$ -	$ 16,537,000	REN	Cross Cutting	Resource	Existing	REN
Marin Clean Energy [10]	$ 1,586,347	-	$ 1,586,347	$ 984,710	$ 1,586,347	$ 65,812	$ 1,520,535	CCA	Cross Cutting	Resource	Existing	CCA
TOTAL PG&E EE EXPENSE PORTFOLIO	**$ 411,221,046**	**-**	**$ 411,221,046**	**$ 132,962,920**	**$ 386,587,573**	**$ 11,607,079**	**$ 374,980,494**					
OBF REVOLVING LOAN POOL	$ 13,500,000	-	$ 13,500,000	$ 744,136	$ 13,500,000	$ -	$ 13,500,000	IOU Core/Statewide	Cross-Cutting	Non-Resource	Existing	Financing Programs
TOTAL PG&E EE PORTFOLIO	**$ 424,721,046**	**-**	**$ 424,721,046**	**$ 133,707,056**	**$ 400,087,573**	**$ 11,607,079**	**$ 388,480,494**					
Other EE-Related Budgets												
Statewide Marketing, Education and Outreach Program Total [12]	**$ 6,840,739**	**-**	**$ 6,840,739**	**$ 3,005,161**	**$ 6,840,978**	**$ -**	**$ 6,840,978**					
Statewide Marketing, Education and Outreach Program (Flex Alert) [11]	$ -	-	$ -	$ -	$ -	$ -	$ -					
Statewide Marketing, Education and Outreach Program [11]	$ 6,840,739	-	$ 6,840,739	$ 3,005,161	$ 6,840,978	$ -	$ 6,840,978					

PA Name: Pacific Gas and Electric Company
Budget Year: 2018

Table 5 - Total 2018 Requested and 2013-2017 Authorized Budgets ($000)

Category (2013-17 Authorized[1] and 2018 Request)	Electric Demand Response Funds	Electric Energy Efficiency Funds	Natural Gas Public Purpose Funds	Total Energy Efficiency Funds
2013-2015 Annualized Program Funds - Utility	**$3,264**	**$321,712**	**$70,620**	**$392,331**
2013-2015 Annualized Program Funds - REN		**$9,725**	**$2,135**	**$11,860**
2013-2015 Annualized Program Funds - CCA		**$1,431**	**$314**	**$1,745**
2013-2015 Annualized EM&V		**$14,073**	**$3,089**	**$17,162**
2013-2015 Total Annualized Portfolio	**$3,264**	**$346,941**	**$76,158**	**$423,099**
2016 Program Funds - Utility	**$3,264**	**$327,056**	**$71,793**	**$398,849**
2016 Program Funds - REN		**$13,560**	**$2,977**	**$16,537**
2016 Program Funds - CCA		**$1,301**	**$286**	**$1,586**
2016 EM&V		**$14,108**	**$3,097**	**$17,204**
2016 Annualized Total	**$3,264**	**$356,025**	**$78,152**	**$434,177**
2017 Program Funds - Utility	**$3,264**	**$327,271**	**$62,337**	**$389,609**
2017 Program Funds - REN		**$13,891**	**$2,646**	**$16,537**
2017 Program Funds - CCA		**$1,333**	**$254**	**$1,586**
2017 EM&V		**$14,271**	**$2,718**	**$16,989**
2017 Annualized Total	**$3,264**	**$356,766**	**$67,955**	**$424,721**
2018 Requested Program Funds - Utility	**$3,264**	**$285,449**	**$80,511**	**$365,961**
2018 Requested Program Funds - REN		**$12,899**	**$3,638**	**$16,537**
2018 Requested Program Funds - CCA		**$1,237**	**$349**	**$1,586**
2018 Requested EM&V		**$12,483**	**$3,521**	**$16,004**
2018 Total Portfolio Request	**$3,264**	**$312,068**	**$88,019**	**$400,088**

1 Authorized budget excludes reductions from past unspent funds, carryover and is consistent with funding approved in D. 09-09-047, D. 12-11-015, D.14-10-046 and D.15-10-028.

PA Name: Pacific Gas and Electric Company
Budget Year: 2018

Table 6 - Committed Energy Efficiency Program Funding Not Yet Spent

Committed funds not yet spent as of June 30, 2017 ($000)	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
Category			
Pre-2013 EM&V Funds	$410	$90	$499
Pre-2013 Program Funds - Utility	$0	$0	$0
Pre-2013 Program Funds - REN	$0	$0	$0
Pre-2013 Program Funds - CCA	$0	$0	$0
2013-2015 EM&V Funds	$12,180	$2,674	$14,854
2013-2015 Program Funds - Utility	$5,050	$1,109	$6,159
2013-2015 Program Funds - REN	$3,084	$677	$3,761
2013-2015 Program Funds - CCA	$30	$7	$36
2016 EM&V Funds	$12,852	$2,821	$15,673
2016 Program Funds - Utility	$0	$0	$0
2016 Program Funds - REN	$0	$0	$0
2016 Program Funds - CCA	$86	$19	$105
2017 to date EM&V Funds	$13,403	$2,553	$15,956
2017 to date Program Funds - Utility [1]	$82,029	$15,625	$97,654
2017 to date Program Funds - REN	$8,293	$1,580	$9,872
2017 to date Program Funds - CCA	$0	$0	$0
Total	$137,417	$27,153	$164,569

PA Name: Pacific Gas and Electric Company
Budget Year: 2018

Table 7 - 2016 Authorized and Spent/Unspent Detail

Authorized, spent and unspent program funds (Excludes EM&V and OBF Loans) ($000)	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
Category			
2016 Annualized Authorized Program Budget	**$333,717**	**$73,255**	**$406,972**
2016 Actual Spent	**$324,216**	**$71,169**	**$395,385**
2016 Unspent	**$9,501**	**$2,086**	**$11,587**
2016 Committed funds [1]	**$342**	**$75**	**$417**
2016 Unspent/uncommitted - estimated available for 2018 [2]	**$9,160**	**$2,011**	**$11,170**

[1] Represents MCE carry forward gas funds, and MCE electric funds to be refunded in 2017
[2] Excludes $167,000 of interest accrued in the balancing account.

Advice 3881-G/5137-E
September 1, 2017

Attachment 3

Caps and Targets Table

PA Name: Pacific Gas and Electric Company
Energy Efficiency 2018
2018 Proposed Budget

2018 PG&E Energy Efficiency Cap And Target Expenditure Projections							
		Expenditures			Cap & Target Performance		
Line	Budget Category	IOU	Third Party + Partnership	Total Portfolio	Percent of Budget	Cap %	Target %
1	**Administrative Costs**	**$ 13,259,103**	**$ 16,607,509**	**$ 29,866,612**			
2	IOU [1]	$ 12,138,832	$ 9,707,652	$ 21,846,484	**5.6%**	**10.0%**	
3	Third Party & Partnership	$ -	$ 6,425,686	$ 6,425,686	**4.3%**		**10.0%**
4	Target Exempt IOU Programs [2]	$ 1,120,271	$ 474,172	$ 1,594,443			
5	**Marketing and Outreach Costs [3]**	**$ 15,359,648**	**$ 5,576,540**	**$ 20,936,187**			
6	Marketing & Outreach	$ 8,518,670	$ 5,576,540	$ 14,095,209	3.6%		**6.0%**
7	Statewide Marketing & Outreach [4]	$ 6,840,978	$ -	$ 6,840,978			
8	**Direct Implementation Costs**	**$ 194,190,264**	**$ 127,808,638**	**$ 321,998,901**			
9	Direct Implementation (Incentives and Rebates)	$ 117,842,839	$ 58,119,366	$ 175,962,205			
10	Direct Implementation (Non Incentives and Non Rebates)	$ 52,515,085	$ 61,519,964	$ 114,035,049	**29.3%**		**20.0%**
11	Direct Implementation Target Exempt Programs [2]	$ 23,832,339	$ 8,169,308	$ 32,001,647			
12	**EM&V Costs (Investor Owned Utilities & Energy Division) [5,6]**	**$ 16,003,503**	$ -	**$ 16,003,503**	**4.0%**	**4.0%**	
13	**Total [7]**	**$ 238,812,518**	**$ 149,992,686**	**$ 388,805,204**			
14	**2017 Proposed Budget [8]**	**$ 250,094,887**	**$ 149,992,686**	**$ 400,087,573**			
15	**Third Party Program (3P) and Statewide Competitively Solicited Progr**	**$ 15,390,381**	**$ 86,893,731**	**$ 102,284,111**	**25.6%**		

Notes:
1. 10% cap requirement based on D. 09-09-047 is set for IOU only.
2. Target Exempt Programs are Non-Resource Programs which include: Emerging Technologies, Workforce Education & Training, Continous Energy Improvement programs, Strategic Energy Resources (SER) program, Statewide DSM Coordination & Integration Program, Lighting Innovation and Market Transformation programs, Waypoint Commercial Outreach and SEI Energize Schools third-party programs, and Codes & Standards programs (excluding Building Codes Advocacy and Appliance Standards Advocacy).
3. Statewide Marketing & Outreach (SW ME&O) is excluded from the Marketing and Outreach cost target calculation per D.13-12-038, at p. 82.
4. Statewide ME&O budgets for 2017 through 2019 were approved in Advice Letter 3783-G/4963-E on January 23, 2017, effective November 28, 2016. The portion of SW ME&O allocated to EE is reflected in PG&E's cost effectiveness calculations.
5. EM&V includes the portions allocated for BayREN and MCE which are $689,042 and $66,098 respectively.
6. Both the EM&V and the Competitively Solicited Programs percentages are based on PG&E's 2018 proposed budget of $400,087,573.
7. As directed in the Energy Efficiency Policy Manual Version 5 July 2013, page 92, this total includes SW ME&O and excludes BayREN and MCE budgets and is the denominator used to calculate the Admin, Marketing, and Direct Implementation Non-Incentives percentages.
8. PG&E's 2018 Proposed Budget of $400,087,573 excludes SWME&O budget of $6,840,978 and includes BayREN and MCE budgets of $16,537,000 and $1,586,347 respectively.

Advice 3881-G/5137-E
September 1, 2017

Attachment 4

Program Closures

Attachment 4: Program Closures

Program Name, Program ID		Retail Energy Efficiency Program, PGE210118
Implementer		Matrix Energy
Budget & Expenditures	**2017 Program Budget**[1]	$3,856,419
	Program Expenditures[2]	$181,833
	% Budget Spent	5%
Demand Reduction	**2017 Program Goal**	1,952
	Installed Savings	293
	% Savings Goal Achieved	15%
kWh Energy Savings	**2017 Program Goal**	7,884,662
	Installed Savings	596,968
	% Savings Goal Achieved	7.56%
Gas Savings	**2017 Program Goal**	N/A
	Installed Savings	N/A
	% Savings Goal Achieved	N/A
Cost Effectiveness	**TRC**[3]	0.63
Primary Justification(s) for Program Closure		The Retail Energy Efficiency Program provides energy audits and no/low cost implementation of energy efficiency measures to qualifying retail stores. Over the course of the past 1.5 years of this program has struggled to meet program and energy savings goals. Therefore, it has become necessary to close the Retail Energy Efficiency Program. Matrix Energy will be given until Sept 30, 2017 to close existing projects and the remainder of the pipeline will be processed through Commercial Calculated Incentives (PGE21011).
Steps Taken to Improve Program		The last 1.5 years of program implementation (2016-2017) proved to be challenging for this program with large variances in the pipeline and forecast. In 2016, the program goals and budget were reduced. In Q1, 2017, custom measures were introduced. The implementer was given notice that the program would be evaluated in Q2 of 2017 to gauge progress. PG&E's evaluation of the program considered executed projects and pipeline development. Due to

[1] 2017 Budget as approved in Advice Letter 3753-G-D/4901-E-D on July 26, 2017.
[2] 2017 Budget Spent as of 06/30/2017.
[3] 2016 TRC.

	safety issues, Matrix was restricted to using subcontractors to implement the program for most of 2017. While Matrix hired a subcontractor to implement projects, and improved their safety score at start of Q3, the program never gained momentum. Unfortunately, Matrix Energy has failed to convert its small existing pipeline of projects into verified savings.
Lessons Learned	Matrix Energy has undergone internal transitions and spent considerable time marketing previous customers. The program has not gained traction with the key decision makers to get projects off the ground. PG&E will continue to serve these customers' lighting needs through the LED Accelerator (PGE210119) subprogram and their non-lighting needs through the Commercial Calculated Incentives (PGE21011) Commercial Deemed Incentives (PGE21012) and Commercial Deemed Incentives (PGE21012) Commercial Calculated Incentives (PGE21011) subprograms.

Program Name, Program ID		K-12 Private Schools and Colleges Audit Retro, PGE210126
Implementer		Matrix
Budget & Expenditures	**2017 Program Budget**[4]	$1,959,233
	Program Expenditures[5]	$165,461
	% Budget Spent	8%
Demand Reduction	**2017 Program Goal**	N/A
	Installed Savings	N/A
	% Savings Goal Achieved	N/A
kWh Energy Savings	**2017 Program Goal**	3,968,254
	Installed Savings	231,800 *(as of August 1, 2017 – one more project still in process)*
	% Savings Goal Achieved	5.84%
Gas Savings	**2017 Program Goal**	N/A
	Installed Savings	N/A
	% Savings Goal Achieved	N/A
Cost Effectiveness	**TRC**[6]	.98
Primary Justification(s) for Program Closure		The program performed well in 2016. However, due to some prior safety issues, Matrix was restricted from using their own contractors to implement the program for most of 2017. The program experienced significant staff turnover in the first two quarters and struggled to build a pipeline and deliver energy savings. Matrix hired a PG&E approved subcontractor to implement projects, but the program never gained momentum. At midyear, the program did not have any signed customer commitments or new projects in the pipeline.
Steps Taken to Improve Program		PG&E and the implementer met frequently to discuss program offerings and challenges, however projects did not materialize.
Lessons Learned		Matrix was not able to overcome the staff turnover and safety issues early in the year. PG&E has other programs that can adequately serve these customers, (local government partnerships, as well as the Commercial Calculated (PGE21011) and Commercial Deemed (PGE21012) subprograms).

[4] 2017 Budget as approved in Advice Letter 3753-G-D/4901-E-D on July 26, 2017.
[5] 2017 Budget Spent as of 06/30/2017.
[6] 2016 TRC.

PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

AT&T
Albion Power Company
Alcantar & Kahl LLP
Anderson & Poole
Atlas ReFuel
BART
Barkovich & Yap, Inc.
Braun Blaising McLaughlin & Smith, P.C.
Braun Blaising McLaughlin, P.C.
CENERGY POWER
CPUC
CalCom Solar
California Cotton Ginners & Growers Assn
California Energy Commission
California Public Utilities Commission
California State Association of Counties
Calpine
Casner, Steve
Center for Biological Diversity
City of Palo Alto
City of San Jose
Clean Power
Clean Power Research
Coast Economic Consulting
Commercial Energy
Cool Earth Solar, Inc.
County of Tehama - Department of Public Works
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Dept of General Services
Division of Ratepayer Advocates
Don Pickett & Associates, Inc.
Douglass & Liddell
Downey & Brand
Ellison Schneider & Harris LLP
Evaluation + Strategy for Social Innovation
G. A. Krause & Assoc.
GenOn Energy Inc.
GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Charge Networks
Green Power Institute
Hanna & Morton
ICF
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Leviton Manufacturing Co., Inc.
Linde
Los Angeles County Integrated Waste Management Task Force
Los Angeles Dept of Water & Power
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenna Long & Aldridge LLP
McKenzie & Associates
Modesto Irrigation District
Morgan Stanley
NLine Energy, Inc.
NRG Solar
Nexant, Inc.
ORA
Office of Ratepayer Advocates
Office of Ratepayer Advocates, Electricity Planning and Policy B
OnGrid Solar
Pacific Gas and Electric Company
Praxair
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
SCE
SDG&E and SoCalGas
SPURR
San Francisco Water Power and Sewer
Seattle City Light
Sempra Energy (Socal Gas)
Sempra Utilities
SoCalGas
Southern California Edison Company
Southern California Gas Company (SoCalGas)
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
TerraVerde Renewable Partners, LLC
Tiger Natural Gas, Inc.
TransCanada
Troutman Sanders LLP
Utility Cost Management
Utility Power Solutions
Utility Specialists
Verizon
Water and Energy Consulting
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
YEP Energy
Yelp Energy

ORA

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
http://ora.ca.gov

September 21, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

<u>Subject:</u> **The Office of Ratepayer Advocates' Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

The Office of Ratepayer Advocates (ORA) hereby submits this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

In this protest, ORA recommends the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1] In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to

[1] D.05-04-051 at 22.

costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2] The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness"[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7] The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted above, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit-to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. Table 1 below reports the cost-effectiveness results for the portfolios submitted by all PAs.[9]

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[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
[5] D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.
[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

If the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, all the PAs have failed to submit cost-effective portfolios, as shown in Table 1 below. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire statewide portfolio of EE programs statewide fails to meet minimum cost-effectiveness regardless of the operative threshold.

[10] Data for Table 1 come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

The Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented.

The likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[11] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. The Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[12] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[13] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[14]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

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[11] SCE Advice 3149-E-B, Appendix A, Table 7.1.

[12] D.14-10-046 at 31.

[13] D.15-10-028 OP 5 at 124.

[14] D.15-10-028 at 53.

III. CONCLUSION

ORA respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

/s/ MICHAEL CAMPBELL
Michael Campbell
Program Manager

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September 21, 2017

Cc: Peter Franzese, Energy Division
Service List R.13-11-005
Service List A.17-01-013

TURN
THE UTILITY REFORM NETWORK
Lower bills. Livable planet.

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415-929-8876 • www.turn.org
Hayley Goodson, Staff Attorney

September 21, 2017

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Re: TURN Protest of Pacific Gas and Electric Company Advice Letter 3881-G/5137-E, Southern California Edison Company Advice Letter 3654-E, Southern California Gas Company Advice Letter 5183-G, and San Diego Gas & Electric Company Advice Letter 3111-E/2607-G (Energy Efficiency Annual Budget Advice Letters for 2018)

Dear Energy Division Tariff Unit:

On September 1, 2017, Pacific Gas and Electric Company (PG&E) submitted Advice Letter 3881-G/5137-E, Southern California Edison Company (SCE) submitted Advice Letter 3654-E, Southern California Gas Company (SoCalGas) submitted Advice Letter 5183-G, and San Diego Gas & Electric Company (SDG&E) submitted Advice Letter 3111-E/2607-G, requesting approval of their respective 2018 Energy Efficiency (EE) budgets pursuant to Decision (D.) 15-10-028.

TURN protests each utility's 2018 EE Annual Budget Advice Letter (ABAL) for the reasons presented in the protest submitted by the Office of Ratepayer Advocates (ORA) today. TURN additionally protests SCE's inclusion of CFLs in its 2018 portfolio. As explained by ORA in its protest, the Commission can reject these ABAL filings without interrupting program funding.

1. The Commission should reject the 2018 ABAL requests of PG&E, SCE, SoCalGas, and SDG&E because they do not meet the *ex ante* cost-effectiveness threshold or are unlikely to be cost-effective when implemented.

TURN has had the opportunity to review ORA's analysis of the cost-effectiveness showings included by PG&E, SCE, SoCalGas, and SDG&E in their 2018 ABALs. As ORA explains, no utility's proposed portfolio meets the 1.25 TRC threshold required at times by the Commission, and only SCE and SoCalGas meet the lower 1.00 TRC threshold required by the Commission in

D.14-10-046.[1] However, based on the past performance, ORA observes that the nominally cost-effective portfolios of SCE and SoCalGas – with a TRC of 1.00 for SCE and 1.04 for SoCalGas[2] – are unlikely to achieve cost-effectiveness in practice when implemented.

The question of what cost-effectiveness threshold should apply to the post-2017 portfolios is pending in A.17-01-013 et al., where the Commission is reviewing the 2018-2025 Business Plan applications of PG&E, SCE, SoCalGas, and SDG&E (among others). TURN has recommended in that proceeding that the Commission apply the 1.25 threshold to the Annual Budget Advice Letters for the same reason that the Commission has previously required this threshold: the risk that the implemented portfolios might not be cost-effective, due to uncertainty surrounding the energy savings benefits.[3] The Commission will presumably resolve that issue at some point in the near future.

In the meantime, TURN agrees with ORA that even with a TRC 1.0 threshold, the Commission should not have confidence that the 2018 portfolios proposed by PG&E, SCE, SoCalGas, and SDG&E are sufficiently cost-effective for Commission approval of their 2018 ABALs.

2. The Commission should reject SCE's 2018 ABAL request because SCE continues to rely on CFLs to meet the *ex ante* cost-effectiveness threshold.

SCE explains that its 2018 budget includes Primary Lighting program measures, which play a critical role in achieving a cost-effective portfolio. According to SCE, advanced compact fluorescent lamps (CFLs)[4] represent a "fraction of overall program spend" but yield "a significant amount of the forecasted program energy savings."[5] SCE acknowledges that the Commission "could reject at a later date the inclusion of CFLs in its 2018 portfolio for policy or other reasons (e.g., future adjustments to baseline in response to AB 1109)."[6] But SCE warns:

> However, based on current forecasts, SCE cannot achieve a cost effective portfolio (which excludes Codes and Standards Program) and obtain its energy

[1] *See* D.14-10-046, p. 109 (applying a 1.0 TRC threshold for 2015); D.12-11-015, pp. 99-101 (applying a 1.25 threshold for 2013-2014).

[2] *See* SCE Advice Letter 3654-E, Table 3, p. 8; SoCalGas Advice Letter 5183-G, Table 2, p. 4.

[3] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 7-10 (citing D.12-11-015).

[4] Such measures include 80+ Lumens-Per-Watt CFLs and several LED measures. SCE ABAL, p. 7, fn. 29.

[5] SCE Advice Letter 3654-E, p. 5.

[6] SCE Advice Letter 3654-E, pp. 6-7.

> savings goal if Primary Lighting measures are excluded in SCE's 2018 energy efficiency portfolio. Assuming no other changes occur to its portfolio, removing Primary Lighting from SCE's portfolio would result in a TRC (without Codes & Standards) of 0.73.[7]

In A.17-01-013 et al., TURN has recommended that the Commission prohibit incentives for CFLs in the 2018 portfolios.[8] There TURN explained that prohibiting incentives for CFLs as of January 1, 2018, would align portfolio practices with recent EM&V, recent estimates of energy efficiency potential in 2018 and beyond, and the Commission's determination in D.16-11-022 that CFLs should no longer be provided through the Energy Savings and Assistance (ESA) Program as of January 1, 2018, because customers would be better served by LEDs.[9]

For the same reasons as provided by TURN in A.17-01-013 et al., TURN protests SCE's inclusion of CFLs in its 2018 ABAL.

3. The Commission should investigate the reasonableness of SCE's "Non-Incentive Direct Implementation" costs, which appear to dramatically exceed the 20% budget target adopted in D.09-09-049.

SCE acknowledges that D.09-09-049 adopted a target for non-incentive direct implementation costs of 20% of the total portfolio budget.[10] Nonetheless, SCE reports that this cost category accounts for 38.28% of SCE's proposed 2018 budget.[11] SCE offers no explanation for exceeding the 20% target.

The Commission has interpreted the 20% target for non-incentive direct implementation costs as excluding such costs for non-resource programs, as well as other exempt programs identified in D.09-09-049.[12] The Commission has also not strictly held the utilities to the 20% target, as it is a target not a cap.[13] Even so, because SCE's non-incentive direct implementation appear to

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[7] SCE Advice Letter 3654-E, p. 7.

[8] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 40-44.

[9] D.16-11-022, pp. 113-114; Ordering Paragraph 19.

[10] SCE Advice Letter 3654-E, p. 8.

[11] SCE Advice Letter 3654-E, Table 5, pp. 8-9.

[12] *See, e.g.,* Energy Division Disposition of SCE Advice Letter 2836-E-D (2013-2014 EE Compliance Advice Letter Pursuant to D.12-11-015), Sept. 5, 2013, Attachment 1, p. 2 (citing D.09-09-049, pp. 74, 78).

[13] *Id.*

grossly exceed the 20% cap, TURN recommends that the Commission investigate the reasonableness of SCE's proposed non-incentive direct implementation costs before approving its 2018 ABAL.[14]

4. Conclusion

For the foregoing reasons, TURN recommends that the Commission reject the 2018 ABAL submitted by PG&E, SCE, SoCalGas, and SDG&E. As ORA notes, rejecting these advice letters will not interrupt program funding, pursuant to D.14-10-046 and D.15-10-028.

TURN appreciates your attention to this important matter. Please feel free to contact us if you have any questions.

Sincerely,

Hayley Goodson
Staff Attorney
The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103

Cc: Edward Randolph, Director, CPUC Energy Division, Room 4004, 505 Van Ness Avenue, San Francisco, CA 94102

Erik Jacobson, Director, Regulatory Relations, c/o Megan Lawson, PG&E (PGETariffs@pge.com)

Russell G. Worden, Managing Director, State Regulatory Operations, SCE (AdviceTariffManager@sce.com)

Laura Genao, Managing Director, State Regulatory Affairs, c/o Karyn Gansecki, SCE (Karyn.Gansecki@sce.com)

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[14] While TURN focuses on SCE's non-incentive direct implementation costs, we presume the Commission will also review the reasonableness of such costs proposed by the other Program Administrators. PG&E reports that non-incentive direct implementation costs account for 29.3% of its budget. PG&E AL 3881-G/5137-E, Attachment 3 (Caps and Targets Table). TURN is not aware of how the non-incentive direct implementation costs of SoCalGas and SDG&E compare to the 20% target.

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Parties to R.13-11-005 and A.17-01-013 et al.

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Attorneys for the GreenFan® Inc. and Verified® Inc.

September 22, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Subject: **GreenFan® Inc. and Verified® Inc. Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

GreenFan® and Verified® hereby submit this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

GreenFan® and Verified® support the ORA and TURN protests and similarly recommend the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. The ABALs provide no evidence to indicate any improvement over 2016 cost effectiveness. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

As noted by ORA, Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1]

In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2]

The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness."[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7]

The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

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[1] D.05-04-051 at 22.
[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
[5] D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios are either not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted in the ORA comments, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit- to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. ORA provided cost effectiveness results for the IOU portfolios submitted by all the PAs as shown in **Table 1**.[9]

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

As noted in previous comments filed by GreenFan® and Verified®, the IOUs are averse to submitting workpapers for cost effective technologies for CPUC Ex Ante Review. This fact is reinforced in the **Table 1** showing "business as usual" forecasts of non-cost effective programs through 2018. This aversion is based on a lack of scientific understanding of the fundamental principles of energy efficiency least cost planning where the most cost effective measures are installed first. Instead some IOU programs take the opposite approach where non cost-effective measures are installed first and cost effective measures are not installed at all. For example, in the statewide residential QM programs the motor replacement measure realization rates were 0 to 71% and the expected cost effectiveness would be 0 to 0.37.[11] This example supports the ORA

[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

[10] Data for **Table 1** come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

[11] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), Table 19, pp. 40. Motor replacement kWh realization rate was 0% for SDG&E and 71% for PG&E. The ex ante TRC for motor replacement ranged from 0.2 to 1.6 with a climate-zone weighted average TRC of 0.53. Therefore, the range of expected cost

protest regarding why the IOU EE portfolios are unlikely to be cost effective. The ABALs provide insufficient information for the CPUC (or any party to this proceeding) to understand why the proposed programs are non-cost effective, and this one of the most important reasons why the CPUC should reject the ABALs.

As ORA describes in its protest, if the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, then all the PAs have failed to submit cost-effective portfolios, as shown in **Table 1**. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire EE statewide portfolio fails to meet minimum cost-effectiveness regardless of the operative threshold.

Therefore, the Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, then past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented. Virtually all the past EM&V studies have found no evidence to support 100% of the IOU ex ante energy savings claims. In fact, most of EM&V studies have reported ex post savings far less than ex ante estimates and some have reported zero energy savings.[12]

As ORA notes in their protest, the likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[13] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective ex ante cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

---

effectiveness based the EM&V report would be 0 to 0.37.

[12] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), pp. 6-9. "The savings derived from the residential QM programs has been uncertain. The 2013 Workpaper Disposition for these programs revised the QM measure group ex ante savings down substantially due to concerns about the use of incorrect maintenance techniques that could lead to either an improvement in efficiency or an increase in energy usage. The findings from the billing analysis implemented on 2013 and 2014 program participants in PG&E's and SDG&E's service territories reinforce the CPUC's concerns. SDG&E's residential QM program had no net energy savings and PG&E's had a net realization rate of 26% in 2015."

[13] SCE Advice 3149-E-B, Appendix A, Table 7.1.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. Therefore, the Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[14] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[15] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[16]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

III. CONCLUSION

GreenFan® and Verified® supports the ORA and TURN protests and respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

Dated: September 22, 2017

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Cc: Service List R.13-11-005
Service List A.17-01-013

[14] D.14-10-046 at 31.
[15] D.15-10-028 OP 5 at 124.
[16] D.15-10-028 at 53.

Strindberg, Nils

From:	Strindberg, Nils
Sent:	Friday, September 22, 2017 4:23 PM
To:	sudip.kundu@kunduplIc.com; Karyn Gansecki; AdviceTariffManager; PGETariffs@pge.com; Ortiz, Ray; MClauson@semprautilities.com; PGETariffs@pge.com; tariffs@socalgas.com; k2c0@pge.com; nmalcolm@mcecleanenergy.org; bmenten@mceCleanEnergy.org
Subject:	Energy Division accepts the late protest filed by GreenFan and Verified for 2018 EE budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency annual budget advice letters was September 21, 2017. On September 22, 2017, GreenFan and Verified filed a joint protest to the PG&E, SCE, SDG&E, SoCalGas and MCE 2018 annual energy efficiency budget advice letters. Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response and Energy Division will accept the joint protests of GreenFan and Verified. Also, per GO 96-B, Section 7.4.4 the utility has five business days from issuance of this notification to reply to the protest.

If you have any question feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

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CPUC, Energy Division
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ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Pacific Gas and Electric Company

Utility Number/Type: U 39 M

Advice Letter Number(s) #3881-G/5137-E

Date AL(s) Filed) September 1, 2017

Utility Contact Person: Yvonne Yang

Utility Phone No.: (415) 973-2094

Date Utility Notified: September 22, 2017

E-Mailed to: QXY1@pge.com and PGETariffs@pge.com

ED Staff Contact: Peter Franzese

ED Staff Email: peter.franzese@cpuc.ca.gov

ED Staff Phone No.: (415) 703-1926

[X] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 22, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[x] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Peter Franzese (peter.franzese@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

Pacific Gas and Electric Company®

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Regulatory Relations

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September 28, 2017

California Public Utilities Commission - Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

<u>Subject:</u> **Pacific Gas and Electric Company's Reply to the Protest of Advice Letter 3881-G/5137-E (PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4)**

Dear Energy Division Tariff Unit:

Pacific Gas and Electric Company (PG&E) hereby replies to the protest to PG&E's Advice Letter (AL) 3881-G/5137-E dated September 21, 2017 from the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN), and the protests from Green Fan and Verified dated September 22, 2017 (these protests covered the ALs of the other IOUs and MCE in addition to PG&E's). PG&E's 2018 Energy Efficiency Annual Budget AL (ABAL) in Compliance with Decision 15-10-028, Ordering Paragraph 4 was filed September 1, 2017.

The protesting parties argue that the Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. For the reasons provided below and in the AL, the Commission should approve AL 3881-G/5137-E as filed, and subsequently implement the policy recommendations PG&E has made in its Business Plan application, and reiterated in AL 3881-G/5137-E, to improve, and address the structural challenges to California's cost-effectiveness framework. Any portfolio and/or program changes should be done through the March 2018 True-up AL.[1]

<u>PG&E currently faces structural challenges in forecasting a cost-effective portfolio.</u>

As detailed in the AL, PG&E currently faces structural challenges in forecasting a cost-effective energy efficiency portfolio. While PG&E plans to improve cost-effectiveness in

[1] Administrative Law Judges' Ruling Modifying Schedule, p. 8.

2018 and beyond through portfolio modifications detailed in its Business Plan, challenges remain due to certain structural aspects of California's cost-effectiveness framework. These challenges include subjective rulesets for cost-effectiveness inputs (such as participant cost definitions, net-to-gross (NTG) rules for hard-to-reach (HTR) applications, and the application of uncertain NTG estimates in forecasting), as well as the application of inputs that embody significant uncertainty. PG&E respectfully requests that the Commission implement the solutions proposed in PG&E's Business Plan.[2]

Within the current cost-effectiveness framework, PG&E would need to make drastic portfolio changes, such as the elimination of all non-resource programs and low-Total Resource Cost (TRC) resource programs, in order to meet a TRC of 1.25 without Codes and Standards (C&S).

Within the current cost-effectiveness framework, PG&E presents portfolio scenarios below in Table 1 that would, in theory, produce a portfolio with a higher TRC. These scenarios are hypothetical and illustrative, and do not account for real-life implementation considerations. Additionally, these numbers are basic excel estimates and were not calculated using the Cost-effectiveness Tool (CET).

Table 1

Scenario	**Description**	**TRC**
Baseline	PG&E's 2018 portfolio excluding C&S.	0.86
Scenario #1	All the budgets for non-resource programs are eliminated.	0.94
Scenario #2	In addition to eliminating the budgets for non-resource programs, the budgets and savings for programs with a TRC > 1.25 are doubled.	1.14
Scenario #3	In addition to eliminating the budgets for non-resource programs and doubling the budgets and savings for programs with a TRC > 1.25, the budgets for all resource programs with a TRC < 0.4 are eliminated.	1.25

To meet a portfolio TRC of 1.25, it would be necessary to eliminate all non-resource programs, eliminate resource programs with a TRC of less than 0.4, and double the budgets for resource programs with a TRC greater than 1.25 (see Scenario #3). The appendix shows the full list of program changes under Scenario #3.

Resource programs that would be eliminated include the following residential programs: Residential HVAC (PGE21006), Energy Upgrade California (PGE21004), Residential Energy Fitness program (PGE210011), Pay for Performance Pilot (PGE210010),

[2] PG&E's Business Plan, Portfolio Overview chapter, pp. 45-47. Response of Pacific Gas and Electric Company (U 39 M) to Comments on Attachment A of the Scoping Memo and Ruling and to Attachment B Questions, pp. 12-13.

Residential New Construction (PGE21005), Multifamily Energy Efficiency (PGE21003), and California New Homes Multifamily (PGE21007), as well as eight other industrial, agricultural, commercial, and cross-cutting programs, including School Energy Efficiency (PGE210112).

Programs that would have their budgets doubled include six industrial programs: Industrial Calculated Incentives (PGE21021), Compressed Air and Vacuum Optimization Program (PGE210212), Heavy Industry Energy Efficiency Program (PGE21027), Industrial Recommissioning Program (PGE210210), Water Infrastructure and System Efficiency (PGE210135), and Small Petrochemical Energy Efficiency (PGE210213).

PG&E does not believe these types of portfolio changes would be in the best interest of customers, nor would they be palatable to stakeholders.

Any portfolio changes should be done through the March 2018 True-up AL.

Should the Commission request PG&E make portfolio changes, this should be done through the March 2018 True-up AL, as described in the June 9, 2017 Administrative Law Judge's Ruling Modifying Schedule.[3]

Conclusion

PG&E currently faces structural cost-effectives framework challenges in forecasting a cost-effective portfolio. Within the current framework, PG&E would need to make drastic portfolio changes in order to forecast a TRC of 1.25 without C&S. PG&E respectfully requests that the Commission approve Advice 3881-G/5137-E as filed and subsequently move to implement solutions to address the current challenges. Should the Commission request PG&E make portfolio changes, this should be done through the March 2018 True-up AL.

/S/
Erik Jacobson
Director, Regulatory Relations

cc:
Michael Campbell, Office of Ratepayer Advocates
Hayley Goodson, The Utility Reform Network (TURN)
Sudip Kundu, Kundu PLLC

[3] Administrative Law Judges' Ruling Modifying Schedule, p. 8.

Scenario Name	Baseline	Scenario #1	Scenario #2	Scenario #3
Description	PG&E's 2018 portfolio excluding Codes and Standards (C&S).	All the budgets for non-resource programs are eliminated.	In addition to eliminating the budgets for non-resource programs, the budgets and savings for programs with a TR(greater than 1.25 are doubled.	In addition to eliminating the budgets for non-resource programs and doubling the budgets and savings for programs with a TRC greater than 1.25, the budgets for all resource programs with a TRC less than 0.4 are eliminated.
TRC	0.86	0.94	1.14	1.25

Program Changes from Baseline

Scenario #1

EEGA Code	Program Name	Change from Baseline
PGE_ESPI	Energy Savings Performance Index*	Eliminated
PGE_SWMEO	Statewide Marketing Education and Outreach	Eliminated
PGE21013	Commercial Continuous Energy Improvement	Eliminated
PGE210139	SEI Energize Schools Program	Eliminated
PGE21023	Industrial Continuous Energy Improvement	Eliminated
PGE21033	Agricultural Continuous Energy Improvement	Eliminated
PGE21042	Lighting Innovation	Eliminated
PGE21043	Lighting Market Transformation	Eliminated
PGE21053	Compliance Improvement	Eliminated
PGE21054	Reach Codes	Eliminated
PGE21055	Planning and Coordination	Eliminated
PGE21056	Code Readiness	Eliminated
PGE21061	Technology Development Support	Eliminated
PGE21062	Technology Assessments	Eliminated
PGE21063	Technology Introduction Support	Eliminated
PGE21071	Centergies	Eliminated
PGE21072	Connections	Eliminated
PGE21073	Strategic Planning	Eliminated
PGE21081	Statewide DSM Coordination & Integration	Eliminated
PGE2110052	Strategic Energy Resources	Eliminated

*The ESPI award forecasted value was assumed to be zero as an approximation for these hypothetical scenarios; PG&E submitted a supplemental Advice Letter 3880-G-A/5136-E-A on Sept 28, 2017 requesting that the Commission reduce the ESPI award to $1.47 million (down from the original request of $18.94 million). The final award amount will be determined by the Commission and is commonly less than the award amount requested by PG&E. A non-zero award would increase costs, and therefore slightly lower the resulting TRCs for these scenarios.

Scenario #2

EEGA Code	Program Name	Change from Baseline
PGE_ESPI	Energy Savings Performance Index*	Eliminated
PGE_SWMEO	Statewide Marketing Education and Outreach	Eliminated
PGE21013	Commercial Continuous Energy Improvement	Eliminated
PGE210139	SEI Energize Schools Program	Eliminated
PGE21023	Industrial Continuous Energy Improvement	Eliminated
PGE21033	Agricultural Continuous Energy Improvement	Eliminated
PGE21042	Lighting Innovation	Eliminated
PGE21043	Lighting Market Transformation	Eliminated
PGE21053	Compliance Improvement	Eliminated
PGE21054	Reach Codes	Eliminated
PGE21055	Planning and Coordination	Eliminated
PGE21056	Code Readiness	Eliminated
PGE21061	Technology Development Support	Eliminated
PGE21062	Technology Assessments	Eliminated
PGE21063	Technology Introduction Support	Eliminated
PGE21071	Centergies	Eliminated
PGE21072	Connections	Eliminated
PGE21073	Strategic Planning	Eliminated
PGE21081	Statewide DSM Coordination & Integration	Eliminated
PGE2110052	Strategic Energy Resources	Eliminated
PGE21021	Industrial Calculated Incentives	Doubled
PGE2110011	California Community Colleges	Doubled
PGE210212	Compressed Air and Vacuum Optimization Program	Doubled
PGE21027	Heavy Industry Energy Efficiency Program	Doubled
PGE211025	Savings by Design (SBD)	Doubled
PGE21031	Agricultural Calculated Incentives	Doubled
PGE21091	On-Bill Financing (excludes Loan Pool)	Doubled
PGE21039	Comprehensive Food Process Audit & Resource Efficiency Pgm	Doubled
PGE210210	Industrial Recommissioning Program	Doubled
PGE21011	Commercial Calculated Incentives	Doubled
PGE21041	Primary Lighting	Doubled
PGE210135	Water Infrastructure and System Efficiency	Doubled
PGE210213	Small Petrochemical Energy Efficiency	Doubled

Scenario #3

EEGA Code	Program Name	Change from Baseline
PGE_ESPI	Energy Savings Performance Index*	Eliminated
PGE_SWMEO	Statewide Marketing Education and Outreach	Eliminated
PGE21013	Commercial Continuous Energy Improvement	Eliminated
PGE210139	SEI Energize Schools Program	Eliminated
PGE21023	Industrial Continuous Energy Improvement	Eliminated
PGE21033	Agricultural Continuous Energy Improvement	Eliminated
PGE21042	Lighting Innovation	Eliminated
PGE21043	Lighting Market Transformation	Eliminated
PGE21053	Compliance Improvement	Eliminated
PGE21054	Reach Codes	Eliminated
PGE21055	Planning and Coordination	Eliminated
PGE21056	Code Readiness	Eliminated
PGE21061	Technology Development Support	Eliminated
PGE21062	Technology Assessments	Eliminated
PGE21063	Technology Introduction Support	Eliminated
PGE21071	Centergies	Eliminated
PGE21072	Connections	Eliminated
PGE21073	Strategic Planning	Eliminated
PGE21081	Statewide DSM Coordination & Integration	Eliminated
PGE2110052	Strategic Energy Resources	Eliminated
PGE21021	Industrial Calculated Incentives	Doubled
PGE2110011	California Community Colleges	Doubled
PGE210212	Compressed Air and Vacuum Optimization Program	Doubled
PGE21027	Heavy Industry Energy Efficiency Program	Doubled
PGE211025	Savings by Design (SBD)	Doubled
PGE21031	Agricultural Calculated Incentives	Doubled
PGE21091	On-Bill Financing (excludes Loan Pool)	Doubled
PGE21039	Comprehensive Food Process Audit & Resource Efficiency Pgm	Doubled
PGE210210	Industrial Recommissioning Program	Doubled
PGE21011	Commercial Calculated Incentives	Doubled
PGE21041	Primary Lighting	Doubled
PGE210135	Water Infrastructure and System Efficiency	Doubled
PGE210213	Small Petrochemical Energy Efficiency	Doubled
PGE21006	Residential HVAC	Eliminated
PGE21034	Agricultural Energy Advisor	Eliminated
PGE21004	Energy Upgrade California	Eliminated
PGE210010	Pay for Performance Pilot	Eliminated
PGE21014	Commercial Energy Advisor	Eliminated
PGE21024	Industrial Energy Advisor	Eliminated
PGE21029	Refinery Energy Efficiency Program	Eliminated
PGE21030	Industrial Strategic Energy Management	Eliminated
PGE21092	Third-Party Financing	Eliminated
PGE210011	Residential Energy Fitness program	Eliminated
PGE21005	Residential New Construction	Eliminated
PGE210211	Light Industrial Energy Efficiency	Eliminated
PGE21003	Multifamily Energy Efficiency	Eliminated
PGE21007	California New Homes Multifamily	Eliminated
PGE210112	School Energy Efficiency	Eliminated

STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017

Advice Letter
PG&E 3881-G/5137-E

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
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P.O. Box 770000
San Francisco, California 94177

Mr. Jacobson:

On September 1, 2017, PG&E filed Advice Letter 3881-G/5137-E "PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought Commission approval of PG&E's 2018 energy efficiency budget request.

Although PG&E's cost-effectiveness results as presented in Table 3 of the Advice Letter were limited to a TRC value of 1.19 that included savings from Codes and Standards, market effects, and ESPI considerations, that value still came in under the Commission's 1.25 threshold for portfolio cost-effectiveness[1]. Additional review of PG&E's Advice Letter filings on the CEDARS website reveal that PG&E's 2018 portfolio cost-effectiveness, when including only resource and non-resource programs and excluding savings from Codes and Standards, market effects and ESPI, has a TRC of .86, which falls significantly short of both the 1.25 value as well as the more basic value of 1.0.[2]

Of particular note when considering portfolio cost-effectiveness is that PG&E's Advice Letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice

[1] See D.14-10-046 Section 3.9.1 Summary of Budgets (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years."
[2] The Commission considers Marketing, Education and Outreach as non-resource activities. Previously the IOUs have been submitting ME&O costs as a component of the Resource programs costs. The conflating of Non-Resource activities costs with Resource programs creates unnecessary complexity for budget approvals. We therefore ask the IOUs to classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program.

Letter 3881-G/5137-E, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks PG&E to file a supplemental to Advice Letter 3881-G/5137-E, which will include:

- New cost effectiveness showings using CET version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025

In order to reach portfolio saving goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost-effectiveness. PG&E's supplemental filing should include a requested portfolio and budget, plus any alternative scenarios PG&E may wish to propose. Alternative scenarios could offer viable options such as portfolios that may exceed current budget limits. All portfolios and budgets shall be supported by outputs from the Cost Effectiveness Tool version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where PG&E proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Peter Franzese at peter.franzese@cpuc.ca.gov .

Thank you.

Robert L. Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

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November 22, 2017

Advice 3881-G-A/5137-E-A
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

<u>**Subject:**</u> **Supplemental: PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4**

I. Purpose

The purpose of this Supplemental Advice Letter (AL) is to update Pacific Gas and Electric Company's (PG&E's) 2018 Energy Efficiency (EE) Annual Budget Advice Letter submitted on September 1, 2017, in compliance with a request from Energy Division (ED).[1]

On October 30, 2017, PG&E received a letter from ED requesting PG&E to file a supplemental to AL 3881-G/5137-E to include new cost effectiveness showings using Cost-effectiveness Tool (CET) version 18.1 with the interim greenhouse gas (GHG) adder adopted in Decision (D.) 17-08-22[2] and the 2018 goals established in D.17-09-025.[3] The letter requested PG&E to include a requested portfolio and budget, plus any "alternative scenarios…to demonstrate possible approaches to improving…portfolio cost-effectiveness." [4]

This Supplemental AL includes PG&E's original portfolio cost-effectiveness showing, updated with the interim GHG adder and D.17-09-025 goals. Additionally, this filing shows alternative illustrative scenarios to demonstrate the types of portfolio changes that could increase PG&E's Total Resource Cost (TRC) cost-effectiveness test results, as requested by ED.

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1 PG&E's AL was submitted in compliance with the *Decision Re Energy Efficiency Goals for 2016 and Beyond* and *Energy Efficiency Rolling Portfolio Mechanics,* D. 15-10-028, Ordering Paragraph (OP) 4.
2 *Decision Adopting Interim Greenhouse Gas Adder*
3 *Decision Adopting Energy Efficiency Goals for 2018 – 2030*
4 October 30, 2017 Letter from Robert Strauss re: Advice Letter PG&E 3881-G/5137-E.

PG&E requests that the California Public Utilities Commission (CPUC or Commission) approve PG&E's 2018 EE budget as submitted on September 1, 2017.

II. Discussion

A. Budget

PG&E's budget request remains unchanged from its September 1, 2017, AL.[5] It is included below for reference.

PG&E's 2018 EE Budget of $400 million is based on PG&E's 2015 portfolio structure approved in *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets,* the "Funding Authorization" or "FA" Decision (D.14-10-046),[6] with adjustments to meet 2018 net goals.

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5 PG&E's budget in the updated California Energy and Data Reporting System (CEDARS) submission is identical with exception of the correction of a $21k error in EM&V budget. PG&E is not resubmitting Attachment 2 (appendix tables 1-7) because PG&E made no changes.

6 D. 14-10-046. As used herein "D.14-10-046" refers to the FA decision as corrected by D.15-01-002 and D.15-01-023. The final Figure 6, "Total Approved Budgets for 2015" appears in D.15-01-023.

Table 1: PG&E Total 2018 Energy Efficiency Budgets[7]

Program Name	2018 Budget ($)
Residential	55,622,926
Commercial	64,732,629
Agricultural	17,238,326
Industrial	18,155,388
Lighting	11,131,075
Codes & Standards	16,183,839
Financing	17,658,662
Subtotal	**200,722,845**
Third Party	75,653,627
Government Partnerships	72,368,174
Subtotal	**148,021,802**
Emerging Technologies	5,629,976
Workforce Education & Training	11,038,180
Statewide DSM	547,921
Subtotal	**17,216,076**
Subtotal Utility	**365,960,723**
BayREN[8]	16,537,000
MCE[9]	1,586,347
Subtotal Nonutility	**18,123,347**
Total Programs	**384,084,070**
Total EM&V[10]	**16,003,503**
Total EE Budget	**400,087,573**

PG&E's program budget meets the following Commission requirements for EE portfolios: 10% administrative cap, 6% local marketing target, 4% EM&V cap, and the original 20% requirement for third-party programs.[11][12]

7 Statewide Marketing, Education and Outreach (SW ME&O) funding is requested in a separate Commission proceeding and is not reflected in the Total EE Budget. The portion of SW ME&O allocated to EE is reflected in PG&E's cost-effectiveness calculations.

8 BayREN's currently approved 2017 budget of $16,537,000 is included in PG&E's 2018 EE Budget.

9 MCE's currently approved 2017 budget of $1,586,347 is included in PG&E's 2018 EE Budget.

10 Total EM&V includes BayREN and MCE EM&V in addition to PG&E EM&V.

11 10% admin cap requirement based on D. 09-09-047.

12 Per the *Administrative Law Judges' Ruling Modifying Schedule*, issued June 9, 2017, pp. 5-6, until the adoption of the business plans, the third party requirements previous to D.16-08-019 are in effect.

PG&E's proposed portfolio will meet or exceed its service area goals using a budget below the authorizations approved in the FA Decision. PG&E's 2018 EE budget request is reasonable and should be approved.

B. Goals

PG&E expects to exceed the energy savings goals set by the Commission for 2018 in D. 17-09-025.[13] [14] The goals and PG&E's forecasted savings are shown in Table 2 below. PG&E's forecasted savings remain unchanged from its September 1, 2017, filing. PG&E's forecasted savings as originally filed were high enough to meet the updated goals without changing the forecast.

The adopted energy savings goal for each investor-owned utility (IOU) covers the full IOU service territory.[15] PG&E's goals include savings that may be achieved by BayREN and Marin Clean Energy (MCE); however, PG&E includes only its own energy savings forecast in its 2018 targets, below.

Table 2: PG&E Targets Compared to CPUC Goals

	Electric Savings (GWh/Year)	Peak Savings (MW)	Gas Savings with interactive effects (MM Therms/Year)
Programs (goals set on net basis) [16] [17] [18] [19]			
CPUC 2018 Goals	448	84	17
PG&E 2018 Targets	624	162	19.3
% of Goal	*139%*	*193%*	*114%*
Codes & Standards Advocacy (goals set on net basis)			
CPUC 2018 Goals	535	120	14
PG&E 2018 Targets	733	141	14.2
% of Goal	*137%*	*118%*	*101%*

[13] *Decision Adopting Energy Efficiency Goals for 2018 – 2030 (D. 17-09-025)*
[14] PG&E used net goals as required by D. 16-08-019, Finding of Fact 9, p. 96.
[15] D.15-10-028, p. 8.
[16] Goals set per D.17-09-025.
[17] PG&E used net goals as required by D. 16-08-019, Finding of Fact 9, and p. 96.
[18] Energy Savings Assistance (ESA) program savings are included in the program goals.
[19] PG&E targets do not include market effects.

C. Cost-Effectiveness

Using the CET version 18.1, incorporating the interim GHG adder established in D.17-08-022,[20] PG&E forecasts a total portfolio TRC of 1.01 and Program Administrator Cost (PAC) of 1.45 without Codes and Standards (C&S), market effects, or Efficiency Savings and Performance Incentive (ESPI) as shown in Table 3 below.

Table 3: PG&E 2018[21] Cost-Effectiveness Results

Cost-Effectiveness Scenario	2018 TRC Forecast	2018 PAC Forecast
Total Portfolio without C&S, market effects, and ESPI	1.01	1.45
Total Portfolio with C&S, market effects, and ESPI	1.40	3.73

As detailed in the AL filed on September 1, 2017, PG&E faces structural challenges in forecasting a cost-effective EE portfolio. While PG&E will continue to optimize portfolio cost-effectiveness in 2018 and beyond through portfolio modifications detailed in its Business Plan, challenges remain due to certain structural aspects of California's cost-effectiveness framework. These challenges include subjective rulesets for cost-effectiveness inputs (such as participant cost definitions and net-to-gross (NTG) rules for hard-to-reach (HTR) applications), as well as the application of inputs that embody significant uncertainty (such as the application of uncertain NTG estimates in forecasting). Sections D and E provide more detail on these and other challenges. PG&E respectfully requests that the Commission implement the solutions proposed in PG&E's Business Plan, which are reiterated in Section F.[22]

D. Alternative Scenarios

Per ED's request,[23] PG&E developed two alternative portfolio scenarios to meet a 1.25 TRC without C&S, market effects, and ESPI costs.

- Alternative Scenario #1 eliminates all non-resource programs and resource programs with a TRC less than 0.55. Specific details on this scenario are included in Section D.ii.

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[20] D.17-08-022
[21] The Cost Effectiveness Tool (CET) v.18.1 was released on September 25, 2017 and is being used to produce CE (cost-effectiveness) outputs by California Energy and Data Reporting System (CEDARS).
[22] PG&E's Business Plan, Portfolio Overview chapter, pp. 45-47. Response of Pacific Gas and Electric Company (U 39 M) to Comments on Attachment A of the Scoping Memo and Ruling and to Attachment B Questions, pp. 12-13.
[23] October 30, 2017 Letter from Robert Strauss re: Advice Letter PG&E 3881-G/5137-E.

- Alternative Scenario #2 increases the NTG values to 0.85 for all measures with a NTG less than 0.85. Specific details on this scenario are included in Section D.iii.

In considering these two scenarios, it is important to understand key drivers of the TRC cost-effectiveness test.

i. Key Drivers of TRC

TRC is a ratio of net lifecycle benefits to costs. Importantly, the TRC test includes portfolio (program and administrative) costs and participant costs. Generally, participant costs are one of the most significant drivers in the TRC.

Another significant driver in the TRC are NTG values. NTG values are used to estimate the “free ridership” that may be occurring within programs, or, the degree to which customers would have installed the measure or equipment without the program’s financial incentive (i.e., rebate).[24] High participant costs and low NTG values, along with other factors such as low savings, short effective useful lives (EULs), and interactive effects (i.e., negative therms), result in low measure TRCs. These types of measures tend to fall under the following categories: appliances; building shell; heating, ventilation and air conditioning (HVAC); light emitting diodes (LEDs), and plug loads. Table 4 below shows the portion of key measures included in PG&E’s 2018 forecasted portfolio submitted in CEDARS with measure TRC values less than 0.85, the threshold utilized in the 2018 Potential and Goals Study to determine eligible measures for inclusion in the economic potential calculation.[25]

Table 4. 2018 Forecasted Portfolio Submitted in CEDARS

Measure Category	Percentage of Measures with TRC Below 0.85
Appliances	100%
Building Shell	100%
Plug Load	83%
HVAC	67%
LED	79%

Alternative Scenario #1 illustrates the participant cost issue as well as other factors that impact cost-effectiveness such as NTG. It highlights the trade-offs required to achieve higher portfolio cost-effectiveness within the current cost-effectiveness framework.

Alternative Scenario #2 is designed to illustrate the significance of NTG values in impacting the TRC, and demonstrate a possible future state portfolio as we transition to the new third party (3P) program model under the rolling portfolio.

[24] Energy Efficiency Policy Manual v5, p. 19
[25] Energy Efficiency Potential and Goals Study for 2018 and Beyond, p. 3.

PG&E's alternative scenarios are illustrative. At this time, PG&E does not recommend adoption of the proposed alternative scenarios in their current forms. PG&E does not believe Alternative Scenario #1 is a viable option, as it would create inequities across customer sectors and likely disrupt market innovation. PG&E recommends the concept of addressing NTG values highlighted in Alternative Scenario #2 be considered for all new 3P programs moving forward.

ii. Alternative Scenario #1: Eliminating Non-Resource Programs and Resource Programs with a TRC Less Than 0.55

Description

For this scenario, PG&E removed all non-resource programs, except for emerging technologies (ET) and C&S non-resource programs.[26] [27] Removing non-resource programs increases the TRC from 1.01 to 1.08, and reduces the budget by approximately $23 million. To meet a 1.25 TRC without C&S, market effects, and ESPI costs, PG&E removed resource programs until the portfolio TRC exceeded 1.25. This resulted in the removal of twenty resource programs with a TRC less than 0.55, bringing the total budget reduction to approximately $97 million.

This scenario is suboptimal, and should not be adopted. However, it serves to highlight multiple drivers of TRC and issues with cost-effectiveness.

Table 5: Alternative Scenario #1 Cost-effectiveness

Cost-Effectiveness Scenario	TRC	PAC
Total Portfolio without C&S, market effects, and ESPI	1.27	1.86

[26] PG&E retains ET (D.09-09-047) and C&S (D.12-11-015) in this scenario.

Table 6: Alternative Scenario #1 Budget

Program Name	2018 Requested Budget ($)	Alternative Scenario #1 Budget ($)
Residential	55,622,926	25,292,640
Commercial	64,732,629	51,741,882
Agricultural	17,238,326	13,913,847
Industrial	18,155,388	16,273,305
Lighting	11,131,075	10,711,690
Codes & Standards	16,183,839	16,183,839
Financing	17,658,662	16,641,013
Subtotal	**200,722,845**	**150,758,217**
Third Party	75,653,627	62,075,273
Government Partnerships	72,368,174	54,141,112
Subtotal	**148,021,802**	**116,216,385**
Emerging Technologies	5,629,976	5,629,976
Workforce Education & Training	11,038,180	0
Statewide DSM	547,921	0
Subtotal	**17,216,076**	**5,629,976**
Subtotal Utility	**365,960,723**	**272,604,577**
BayREN[28]	16,537,000	16,537,000
MCE[29]	1,586,347	1,586,347
Subtotal Nonutility	**18,123,347**	**18,123,347**
Total Programs	**384,084,070**	**290,727,924**
Total EM&V[30]	**16,003,503**	**12,113,664**
Total EE Budget	**400,087,573**	**302,841,588**

Table 7 below shows the forecasted savings for this scenario. PG&E would expect to exceed the goals set by the Commission in this scenario.

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28 BayREN's currently approved 2017 budget of $16,537,000 is included in PG&E's 2018 EE Budget.

29 MCE's currently approved 2017 budget of $1,586,347 is included in PG&E's 2018 EE Budget.

30 Total EM&V includes BayREN and MCE EM&V in addition to PG&E EM&V.

Table 7: Alternative Scenario #1 Forecasted Savings

	Electric Savings (GWh/Year)	Peak Savings (MW)	Gas Savings with interactive effects (MM Therms/Year)
Programs (goals set on net basis) [31] [32] [33] [34]			
CPUC 2018 Goals	448	84	17
Alternative Scenario #1 Savings	587	154	18.3
% of Goal	*131%*	*183%*	*108%*

Alternative Scenario #1 Discussion and Tradeoffs

Alternative Scenario #1 requires PG&E to eliminate non-resource programs, which are fundamental to achieving the Commission's EE goals outlined in California's Long-term EE Strategic Plan and required to support the statewide doubling of EE in existing buildings where cost-effective and feasible.

Elimination of all non-resource programs resulted in a TRC improvement of only 0.07. This illustrates that program costs (administrative, marketing, and direct implementation costs) do not move the needle as much as other factors, including participant costs and NTG.

Alternative Scenario #1 would not allow PG&E to adequately serve the residential sector, as it results in the elimination of eight out of twelve residential programs. Measures and projects in the residential sector typically have higher participant costs relative to energy savings benefits and have lower savings relative to program implementation costs than the non-residential sector. Energy Upgrade California (PGE21004) and Pay for Performance (P4P) (PGE210010) have especially high participant costs.

Low NTG values also contributed to the low TRCs of most of the eliminated residential programs. The weighted average NTG of six of the eliminated residential programs ranged from 0.45 to 0.54, compared with a weighted average NTG of 0.65 for the total remaining portfolio.

This scenario also requires significant reductions in innovative programs such as P4P (PGE210010) and Industrial Strategic Energy Management (SEM) (PGE21030) programs that use Normalized Meter-based Energy Consumption (NMEC). While these

[31] Goals set per D.17-09-025.
[32] PG&E used net goals as required by D. 16-08-019, Finding of Fact 9, and p. 96.
[33] Energy Savings Assistance (ESA) program savings are included in the program goals.
[34] PG&E targets do not include market effects.

programs offer potential for capturing more savings and reducing costs, they are especially challenged within the current cost-effectiveness framework. NMEC programs use existing conditions baselines, which require use of full measure cost (FMC), which can, in some cases, be disproportionately high compared to energy savings, resulting in low TRCs.

Additionally, NMEC programs are burdened with carrying program costs in advance of claiming savings, as these programs claim savings ex post (e.g. a year after installation) rather than ex ante (e.g. weeks after installation). In addition to the above challenges which affect both of these programs, SEM also has a significant additional costs associated with in depth trainings, workshops, and other educational components that span one year or more for each participating customer. While these programs are considered important to meeting the state's EE policy objectives, they must be eliminated under a scenario which requires a TRC of 1.25 without C&S, market effects, and ESPI.

On Bill Financing (OBF) Alternative Pathway (PGE210911), which provides financing in lieu of customer rebates, and one of PG&E's high opportunity projects and programs (HOPPs), faces similarly high forecasted participant costs, and thus a low TRC. While OBF Alternative Pathway is a critical program to effectuate one of PG&E's key Business Plan goals – "to reach a greater proportion of customers without proportional budget increases"[35] and thus scale EE – it too is eliminated.

Several other market transformational programs were also eliminated in this scenario, including those that target harder-to-reach customers like small-and-medium business and schools (San Francisco (PGE211024) and San Mateo County (PGE211019) programs, and the School Efficiency Program (PGE210112)). For the School Efficiency Program (PGE210112), high participant costs drive down the TRC.

Many programs' cost-effectiveness was impacted by interactive effects (i.e., negative therms). Negative therms occur, for example, when a customer installs an LED light fixture replacing a less efficient fluorescent light fixture. The LED gives off less heat compared to the fluorescent, theoretically causing the customer to use more heating energy. The theoretical increased energy consumption is then factored in as negative savings. This impacts programs which include lighting, plug loads, and appliance measures. For example, San Francisco (PGE211024) was especially impacted by negative therms.

See Attachment 5 for a full list of programs eliminated under Alternative Scenario #1.

PG&E does not recommend this scenario and is not proposing it as a viable solution. Rather it is intended solely to illustrate the trade-offs required, and the structural challenges under the current cost-effectiveness framework.

[35] PG&E EE Business Plan, Portfolio Overview Chapter, p. 4

This scenario was created under significantly tight time constraints. PG&E would require more time to understand the full range of ramifications and operational considerations that would be created by this scenario.

Additionally, in the allotted time for this supplemental filing, PG&E was not able to conclusively and comprehensively determine and verify all of the possible factors that contribute to the low cost-effectiveness for specific programs and measures. Because the TRC is a function of multiple inputs that vary by measure, including gross savings, load shape, climate zone, building type, NTG, measure cost, measure life, installation or realization rates, a comprehensive sensitivity analysis of the relative impact of measure inputs on measure TRC would be required to determine the magnitude of impact on cost-effectiveness of specific inputs.

iii. Alternative Scenario #2: "The Power of NTG" - Increasing NTG Values to 0.85

Description

In this scenario, PG&E's program portfolio and budget as filed on September 1, 2017, and shown in Table 1 are held constant. Rather, PG&E increased the NTG values for all measures with a NTG less than 0.85 to 0.85. This scenario is designed to illustrate how NTG significantly drives program and portfolio TRC. Additionally, this scenario is meant to demonstrate the need to offer new third party (3P) programs launched under the rolling portfolio a "clean slate" and level playing field to ensure their success under the new EE program model.

Table 8: Alternative Scenario #2 Cost-Effectiveness

Cost-Effectiveness Scenario	TRC	PAC
Total Portfolio without C&S, market effects, and ESPI	1.26	2.00

Table 9: Alternative Scenario #2 Forecasted Savings

	Electric Savings (GWh/Year)	Peak Savings (MW)	Gas Savings with interactive effects (MM Therms/Year)
Programs (goals set on net basis) [36] [37] [38] [39]			
CPUC 2018 Goals	448	84	17
Alternative Scenario #2 Savings	776	186	25.5
% of Goal	*173%*	*222%*	*150%*

Alternative Scenario #2 Discussion

As discussed above, NTG plays a critical role in the TRC test. PG&E used its current portfolio to demonstrate the impacts of NTG on program and portfolio cost-effectiveness. As shown in Table 8, updating NTG values below 0.85 to 0.85 would increase the TRC of PG&E's proposed portfolio from 1.01 to 1.26, a dramatic increase in cost-effectiveness due solely to the NTG assumptions.

While PG&E is not recommending that all of its current programs be reassigned a default NTG value of 0.85, PG&E requests that the Commission consider applying a default NTG of 0.85 for all new 3P programs launched as part of the forthcoming competitive solicitations under the rolling portfolio. This approach allows new 3P programs a clean slate, unburdened from legacy NTG values that likely are inappropriate for new innovative program designs and out-of-date.

PG&E makes this recommendation because, in most cases, the current application of NTG ratios is based on EM&V impact evaluations done at the measure-level, discounting specific programmatic and/or delivery channel influence. Under the rolling portfolio, PG&E recommends that EM&V impact evaluations focus on specific programs, rather than measures. In this way, all new 3P programs launch with a default 0.85 NTG ratio, which stays constant until such a time that the 3P program undergoes an EM&V impact evaluation. Otherwise, new 3P programs will be saddled with NTG values that are misaligned with their program design, skewing the program's cost-effectiveness and threatening their survival.

Additionally, PG&E requests that the Commission reconsider the application of existing NTG values to new portfolio programs and/or measures as they likely do not reflect the unique program characteristics of new programs.

[36] Goals set per D.17-09-025.
[37] PG&E used net goals as required by D. 16-08-019, Finding of Fact 9, and p. 96.
[38] Energy Savings Assistance (ESA) program savings are included in the program goals.
[39] PG&E targets do not include market effects.

Seventy-five percent of measures in PG&E's forecasted 2018 portfolio are based on NTG estimates from 2011 Database for Energy Efficiency Resources (DEER) that were derived from the evaluation of EE activities during the 2006-2008 program cycle. [40] The application of NTG values for programs and measures offered ten years ago to new 3P programs should be strongly reconsidered.

Indeed, the 2011 DEER Update report narrative acknowledges that the adopted 2006-2008 NTG values would change over the years subsequent to the report's 2011 release. The report suggested changes in policy, codes, business trends, rebate levels, incremental costs, and program design or sales channel would likely impact future NTG values.[41] Many, if not most, of these policy, market, and programmatic changes have occurred since 2011, and will continue to occur throughout the rolling portfolio. Therefore, NTG values should account for varying design elements (e.g., specific efficiency tiers, incentives, outreach strategies etc.), and should be aligned with the relevant program population.

An example of the outdated NTG value is the current residential default of 0.55. According to the 2018 DEER,[42] the residential default NTG value of 0.55 was sourced from the 2011 DEER Update Report.[43] The 2011 DEER Update report indicates that the default residential NTG value of 0.55 was based on the average residential NTG found in the 2006-2008 EE program evaluation.[44] A key input into the average residential NTG from the 2006-2008 impact evaluation was a NTG estimate of 0.54 for residential upstream CFLs, which are no longer included in the PG&E portfolio.

As such, PG&E finds that program participants sampled for the 2006-2008 impact evaluations, which are foundational to the NTG values still in use today, likely are not representative of today's program participants, and certainly not tomorrow's new 3P program participants. Significant differences exist in measure types, measure efficiency levels, rebate levels, program design, and other factors between current and future programs and the 2006-2008 programs. Thus, PG&E requests the Commission consider the appropriateness of using outdated NTG values for new 3P programs moving forward.

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[40] NTG support table downloaded from READI v.2.4.7 for DEER 2018, file name SupportTable_NTG.csv. The "Documentation" column R cites the source for NTG values, including the 2011 DEER Update Documentation. The NTG ID in column B of this file can be used to identify NTG values associated with measures included in PG&E's 2018 portfolio forecast. The 2011 DEER Update Documentation details the use of 2006-2008 impact evaluation results.

[41] DEER Database: 2011 Update Documentation, accessible at http://deeresources.com/files/DEER2011/download/2011_DEER_Documentation.pdf

[42] NTG support file for READI v.2.4.7

[43] DEER 2018 describes the residential default NTG value of 0.55 as applicable to "all other EEM with no evaluated NTGR; existing EEM with same delivery mechanism for more than 2 years"

[44] 2011 DEER Update report page ES-9, accessible at http://deeresources.com/files/DEER2011/download/2011_DEER_Documentation.pdf

E. Cost-Effectiveness Challenges

Current Cost-Effectiveness Challenges

Challenges exist in forecasting a cost-effective EE portfolio due to certain structural aspects of California's cost-effectiveness framework. These key structural features of the cost-effectiveness framework include subjective rulesets for cost-effectiveness inputs and the application of inputs that embody significant uncertainty, both of which are within the Commission's control. PG&E respectfully requests that the Commission consider its approach to these aspects of the cost-effectiveness framework in light of their impact on program and portfolio cost-effectiveness, redoubling efforts to use objectivity in developing rulesets for cost-effectiveness inputs. In addition to these structural aspects, there are also market-based challenges (e.g., changes to avoided costs) outside of EE industry control that present challenges in cost-effective forecasting. The structural challenges with the cost-effectiveness framework and market-based challenges are discussed in the following sections.

Cost-Effectiveness Framework Challenges

Three examples within the cost-effectiveness framework demonstrate the subjective rulesets for cost-effectiveness inputs and the application of inputs that embody significant uncertainty. These examples are participant cost definitions, NTG rules for HTR applications, and the application of uncertain NTG estimates in forecasting.

First, participant costs in the TRC analysis are required to include both energy and non-energy benefits. Including measure costs attributable to non-energy benefits such as comfort and other improvements unnecessarily reduces the cost-effectiveness of EE measures and programs. Second, the rules for applying HTR NTG values are subjective and overly restrictive. As noted in Resolution G-3510 Finding 14, the definition of HTR customers and subsequent NTG assumptions for their projects warrants further study.[45] The current definition of HTR and its application to NTG assignments does not appear to be based on a current nor comprehensive study of the impact of delivery type or customer demographics such as geography, socio-economic status, language, and other factors. Third, the NTG estimates applied in the TRC calculation carry significant uncertainty from insufficient decision-making documentation, unreliable self-report evaluation methods, and other sources. The uncertainty of NTG estimates was discussed extensively at the Informal NTG Workshop (July 19, 2017, CPUC), where panelists and attendees discussed multiple sources of potential measurement bias and uncertainty. Additionally, as noted in Alternative Scenario #2, many of the current NTG estimates date back to 2006-2008, which is problematic as we move to the new rolling portfolio program model.

[45] Resolution G-3510, Finding 14.

Another noteworthy challenge to forecasting cost-effectiveness within the existing framework is the current forecast duration of a single year instead of multiple years.[46] Multi-year programs that are currently under development may include forecasted costs but low or no benefits in the first year, which impacts annual cost-effectiveness forecasts. For example, PG&E has multiple subprograms in its 2018 portfolio, including Residential P4P (PGE210010) and Industrial SEM (PGE2103), which are in the development phase, and thus include costs for 2018, but low or no benefits. Once these subprograms ramp up, they will deliver benefits beyond 2018, and contribute positively to cost-effectiveness forecasts. However, since the complete program benefits are not reflected in the first-year view, PG&E's 2018 cost-effectiveness forecast is impacted.

Lastly, the energy savings goals that guide portfolio efforts do not fully reflect the cost-effectiveness standards the utilities are required to meet. The 2018 Potential and Goals Study used a TRC threshold of 0.85 to determine eligible measures for inclusion in the economic potential calculation.[47] Depending on the average TRC of measures included in the study, the total energy savings potential calculated may not align with portfolio offerings that are both realistic and enable a portfolio TRC of 1.0, let alone a TRC of 1.25. Thus, goals derived from the study may inherently overstate the amount of achievable cost-effective energy savings.

Market-Based Challenges

Two major market-based factors are driving diminished portfolio cost-effectiveness compared with previous years. The first factor is the new, lower avoided generation costs in the CET that have resulted in a substantial decrease in benefits.

The second major market-based factor driving diminished portfolio cost-effectiveness is the transition from highly cost-effective, high-volume deemed "widget-based" measures (e.g. compact fluorescent lights (CFLs)) to more comprehensive and expensive projects leading to higher participant costs. This transition has been fueled by changes in market and energy savings potential. PG&E has capitalized on the most cost-effective "low-hanging fruit" measures in past years that are no longer viable due to market saturation, reduced energy savings potential, and/or other market changes. The remaining savings opportunities are captured through multi-faceted programs with higher implementation and/or measure costs. As noted above, measure costs are a significant driver in the TRC calculation – high measure costs relative to energy savings result in lower TRCs.

PG&E respectfully requests that the Commission act on the opportunities to improve cost-effectiveness that are within the Commission's control, which are detailed in the following section.

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[46] Prior to the Rolling Portfolio, PAs forecasted 3-year portfolio cycles, which allowed for a longer-term view of cost-effectiveness projections.

[47] Energy Efficiency Potential and Goals Study for 2018 and Beyond, p. 3.

F. Recommended Policy Changes: Opportunities to Improve Portfolio Cost-Effectiveness

PG&E's Business Plan proposes solutions to address the challenges with the cost-effectiveness framework identified above and improve the cost-effectiveness of EE portfolios moving forward.[48] PG&E recommends the Commission modify its current cost-effectiveness protocols to provide PAs with the ability to accelerate adoption of new technologies, support deep retrofits, and offer a broad portfolio of programs. Specifically, PG&E recommends that the Commission:

1. Review participant cost inputs in the TRC calculations to exclude non-energy related costs in some cases.
2. Allow EULs in excess of the current 20-year limit to encourage long-term measure installations.
3. Include C&S advocacy savings in the evaluation of program portfolio cost-effectiveness, as well as total portfolio cost-effectiveness.
4. Exclude costs from non-resource program areas that most stakeholders would agree provide significant benefits, but for which benefits have not been quantified (e.g., WE&T), as is currently done for Emerging Technologies.
5. Update savings calculations in the DEER to reflect current system peak hours.
6. Revisit the definition of HTR NTG based on a comprehensive study of the impact of delivery type and customer demographics, including geography, socio-economic status, language, and other factors.
7. Revisit the process for adopting NTG estimates to ensure all NTG estimates are rationalized using applicable evaluation data. Unreliable NTG estimates can significantly skew cost-effectiveness results.
8. Assign a default NTG value of 0.85 to all new 3P programs launched under the rolling portfolio

Conclusion

PG&E respectfully requests that the Commission approve PG&E's 2018 EE budget as requested and implement PG&E's proposed policy changes to address the challenges with the cost-effectiveness framework.

Protests

PG&E asks that the Commission, pursuant to GO 96-B, General Rule 7.5.1, maintain the original protest and comment period designated in Advice 3881-G/5137-E and not reopen the protest period as the information in this advice letter reflects the direction of Energy Division.

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[48] PG&E's Business Plan, Portfolio Overview chapter, pp. 45-47. Response of Pacific Gas and Electric Company (U 39 M) to Comments on Attachment A of the Scoping Memo and Ruling and to Attachment B Questions, pp. 12-13.

Effective Date

PG&E requests that this Tier 2 advice filing become effective on January 1, 2018.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service lists for R.13-11-005, A.17-01-013 et al. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/
Erik Jacobson
Director, Regulatory Relations

Attachments
- Attachment 1 – CEDARS Filing Confirmation
- Attachment 5 – List of Eliminated Programs in Alternative Scenario #1

cc: Peter Franzese, Energy Division
Service List R.13-11-005
Service List A.17-01-013 et al

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:	Contact Person: Yvonne Yang
☑ ELC ☑ GAS	Phone #: (415) 973-2094
☐ PLC ☐ HEAT ☐ WATER	E-mail: QXY1@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas	
PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: **3881-G-A/5137-E-A** **Tier: 2**

Subject of AL: **Supplemental: PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4**

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ______________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: ____________________

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: ______________________________

Resolution Required? ☐Yes ☑No

Requested effective date: **January 1, 2018** No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

Advice 3881-G-A/5137-E-A
November 22, 2017

Attachment 1

CEDARS Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

The PGE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Pacific Gas & Electric (PGE)

Filing Year: 2018

Submitted: 10:56:02 on 20 Nov 2017

By: Wilson Wong

Advice Letter Number: 3881-G/5137-E

* Portfolio Filing Summary *

- TRC: 1.4038
- PAC: 3.7347
- TRC (no admin): 1.8296
- PAC (no admin): 9.8101
- RIM: 0.5685
- Budget: $367,709,086.30

* Programs Included in the Filing *

- PGE21001: Residential Energy Advisor
- PGE210010: Pay for Performance Pilot
- PGE210011: Residential Energy Fitness program
- PGE21002: Plug Load and Appliances
- PGE21003: Multifamily Energy Efficiency
- PGE21004: Energy Upgrade California
- PGE21005: Residential New Construction
- PGE21006: Residential HVAC
- PGE21007: California New Homes Multifamily
- PGE21008: Enhance Time Delay Relay
- PGE21009: Direct Install for Manufactured and Mobile Homes
- PGE21011: Commercial Calculated Incentives
- PGE210112: School Energy Efficiency
- PGE210119: LED Accelerator
- PGE21012: Commercial Deemed Incentives
- PGE210123: Healthcare Energy Efficiency Program
- PGE21013: Commercial Continuous Energy Improvement

- PGE210135: Water Infrastructure and System Efficiency
- PGE210139: SEI Energize Schools Program
- PGE21014: Commercial Energy Advisor
- PGE210143: Hospitality Program
- PGE21015: Commercial HVAC
- PGE21018: EnergySmart Grocer
- PGE21021: Industrial Calculated Incentives
- PGE210210: Industrial Recommissioning Program
- PGE210211: Light Industrial Energy Efficiency
- PGE210212: Compressed Air and Vacuum Optimization Program
- PGE210213: Small Petrochemical Energy Efficiency
- PGE21022: Industrial Deemed Incentives
- PGE21023: Industrial Continuous Energy Improvement
- PGE21024: Industrial Energy Advisor
- PGE21025: California Wastewater Process Optimization
- PGE21026: Energy Efficiency Services for Oil Production
- PGE21027: Heavy Industry Energy Efficiency Program
- PGE21029: Refinery Energy Efficiency Program
- PGE21030: Industrial Strategic Energy Management
- PGE21031: Agricultural Calculated Incentives
- PGE210311: Process Wastewater Treatment EM Pgm for Ag Food Processing
- PGE210312: Dairy and Winery Industry Efficiency Solutions
- PGE21032: Agricultural Deemed Incentives
- PGE21033: Agricultural Continuous Energy Improvement
- PGE21034: Agricultural Energy Advisor
- PGE21036: Industrial Refrigeration Performance Plus
- PGE21039: Comprehensive Food Process Audit & Resource Efficiency Pgm
- PGE21041: Primary Lighting
- PGE21042: Lighting Innovation
- PGE21043: Lighting Market Transformation
- PGE21051: Building Codes Advocacy
- PGE21052: Appliance Standards Advocacy
- PGE21053: Compliance Improvement
- PGE21054: Reach Codes
- PGE21055: Planning and Coordination
- PGE21056: Code Readiness
- PGE21061: Technology Development Support
- PGE21062: Technology Assessments
- PGE21063: Technology Introduction Support
- PGE21071: Centergies
- PGE21072: Connections
- PGE21073: Strategic Planning

- PGE21081: Statewide DSM Coordination & Integration
- PGE21091: On-Bill Financing (excludes Loan Pool)
- PGE210911: On-Bill Financing Alternative Pathway
- PGE21091LP: Financing Loan Pool Addition
- PGE21092: Third-Party Financing
- PGE21093: New Financing Offerings
- PGE2110011: California Community Colleges
- PGE2110012: University of California/California State University
- PGE2110013: State of California
- PGE2110014: Department of Corrections and Rehabilitation
- PGE2110051: Local Government Energy Action Resources (LGEAR)
- PGE2110052: Strategic Energy Resources
- PGE211007: Association of Monterey Bay Area Governments (AMBAG)
- PGE211009: East Bay
- PGE211010: Fresno
- PGE211011: Kern
- PGE211012: Madera
- PGE211013: Marin County
- PGE211014: Mendocino/Lake County
- PGE211015: Napa County
- PGE211016: Redwood Coast
- PGE211018: San Luis Obispo County
- PGE211019: San Mateo County
- PGE211020: Santa Barbara
- PGE211021: Sierra Nevada
- PGE211022: Sonoma County
- PGE211023: Silicon Valley
- PGE211024: San Francisco
- PGE211025: Savings by Design (SBD)
- PGE211026: North Valley
- PGE211027: Sutter Buttes
- PGE211028: Yolo
- PGE211029: Solano
- PGE211030: Northern San Joaquin Valley
- PGE211031: Valley Innovative Energy Watch (VIEW)
- PGE_EMV: Evaluation Measurement and Verification
- PGE_ESA: Energy Savings Assistance
- PGE_ESPI: Energy Savings Performance Index
- PGE_SWMEO: Statewide Marketing Education and Outreach

Advice 3881-G-A/5137-E-A
November 22, 2017

Attachment 5

List of Eliminated Programs in Alternative Scenario #1

Attachment #5: List of Eliminated Programs in Alternative Scenario #1

Sector	Program ID	Description	Resource/Non-Resource
Residential	PGE210010	Pay for Performance Pilot	Resource
Residential	PGE210011	Residential Energy Fitness Program	Resource
Residential	PGE21003	Multifamily Energy Efficiency	Resource
Residential	PGE21004	Energy Upgrade California	Resource
Residential	PGE21005	Residential New Construction	Resource
Residential	PGE21006	Residential HVAC	Resource
Residential	PGE21007	California New Homes Multifamily	Resource
Residential	PGE21008	Enhance Time Delay Relay	Resource
Commercial	PGE210112	School Energy Efficiency	Resource
Commercial	PGE21014	Commercial Energy Advisor	Resource
Commercial	PGE21015	Commercial HVAC	Resource
Agricultural	PGE21034	Agricultural Energy Advisor	Resource
Industrial	PGE210211	Light Industrial Energy Efficiency	Resource
Industrial	PGE21024	Industrial Energy Advisor	Resource
Industrial	PGE21029	Refinery Energy Efficiency Program	Resource
Industrial	PGE21030	Industrial Strategic Energy Management	Resource
Financing	PGE21092	Third-Party Financing	Resource
Financing	PGE210911	On Bill Financing Alternative Pathway	Resource
Government Partnerships	PGE211019	San Mateo County	Resource
Government Partnerships	PGE211024	San Francisco	Resource
Commercial	PGE21013	Commercial Continuous Energy Improvement	Non-Resource
Commercial	PGE210139	SEI Energize Schools Program	Non-Resource
Commercial	PGE21042	Lighting Innovation	Non-Resource
Commercial	PGE21043	Lighting Market Transformation	Non-Resource
Agricultural	PGE21033	Agricultural Continuous Energy Improvement	Non-Resource
Industrial	PGE21023	Industrial Continuous Energy Improvement	Non-Resource
Government Partnerships	PGE2110052	Strategic Energy Resources	Non-Resource
Statewide Demand-side Management	PGE21081	Statewide DSM Coordination & Integration	Non-Resource
Workforce Education and Training	PGE21071	Centergies	Non-Resource
Workforce Education and Training	PGE21072	Connections	Non-Resource
Workforce Education and Training	PGE21073	Strategic Planning	Non-Resource

PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

AT&T
Albion Power Company
Alcantar & Kahl LLP
Anderson & Poole
Atlas ReFuel
BART
Barkovich & Yap, Inc.
Braun Blaising Smith Wynne P.C.
CalCom Solar
California Cotton Ginners & Growers Assn
California Energy Commission
California Public Utilities Commission
California State Association of Counties
Calpine
Casner, Steve
Cenergy Power
Center for Biological Diversity
City of Palo Alto
City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Cool Earth Solar, Inc.
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Regulatory & Cogeneration Service, Inc.
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SCE
SDG&E and SoCalGas
SPURR
San Francisco Water Power and Sewer
Seattle City Light
Sempra Utilities
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.
TransCanada
Troutman Sanders LLP
Utility Cost Management
Utility Power Solutions
Utility Specialists
Verizon
Water and Energy Consulting
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy

NRDC

California Public Utilities Commission
Attn: Energy Division Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

December 11, 2017

Re: Response to SDG&E Supplemental 2018 Annual Energy Efficiency Budget Advice Letter (AL) 3111-E/2607-G and SCG Supplemental AL 5183-G as well as request for consideration of late-filed response to PG&E AL 3881-G/5137-E, and SCE AL 3654-E

Dear Energy Division,

On November 22, 2017 SDG&E Electric filed Advice Letter 3111-E/2607-G Supplemental 2018 Annual Energy Efficiency Program and Portfolio Budget Request. The Natural Resources Defense Council (NRDC), Build It Green, the California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, the San Joaquin Valley Clean Energy Organization, County of San Luis Obispo, and Ventura County Regional Energy Alliance (Joint Parties), respectfully submit this response to SDG&E's and SCG's 2018 Supplemental Energy Efficiency Budget Advice Letters and request consideration of a late-filed response to the PG&E 3881-G/5137-E and SCE 3654-E 2018 Annual Energy Efficiency Budget Advice letters, including the supplemental information.

The Joint Parties support the request that the Commission require a Total Resource Cost (TRC) test of 1.0 without codes and standards for 2018, pending a decision in A.17-01-013 et al. on this matter.[1] Alternatively, we support a requirement of a 1.25 for Program Administrator Cost (PAC) test without codes and standards.

Discussion

Ensuring that efficiency programs are providing more benefit than cost to customers is a critical component of the Commission's role. However, given the

[1] SDG&E 3111-E/2607-G Supplemental, November 22, 2017, p.6

extensive record in A.17-01-013 et al. and R.13-11-005 highlighting the issues with the current TRC assumptions, we support modifying the cost-effectiveness requirement for the 2018 Annual Energy Efficiency Budget Advice Letters while the Commission updates the policy rules as is scoped in R.13-11-005. Updating cost-effectiveness tests is also under consideration in the Integrated Distributed Energy Resources proceeding, R.14-10-003, although it remains unclear how a decision in that proceeding will impact energy efficiency.

The Joint Parties support the utilities' proposal to require a TRC of 1.0 for 2018 as the current test treats customer costs and benefits asymmetrically, producing results that are biased downward. Achieving a 1.25 TRC without codes and standards would also require major cuts to both resource and non-resource programs. Such programs provide critical offerings to customers that otherwise could not afford it – such as direct install efficiency programs – and provide ways to advance the state's workforce and equity goals, including workforce and training offerings.

Furthermore, making substantial changes to the portfolios on the eve of extensive bidding would disrupt the market, potentially delay solicitations, and ostensibly restructure the portfolio prior to determining what the market is able to deliver. Cutting programs would also cancel critical contracts for all sizes of non-profits and companies in the middle of implementation efforts, which would result is extensive job loss across the state.

Last, these efficiency programs are referenced as opportunities to support efforts in other proceedings, such as the San Joaquin Valley proceeding assessing access to natural gas services (R.15-03-010). Removing these programs unexpectedly as part of the energy efficiency advice letter process would impact customers beyond the energy efficiency proceeding.

As noted above, if Energy Division is not inclined to continue the reprieve for 2018 as set forth in D.14-10-046, we propose that the threshold of 1.25 for 2018 be required for the PAC instead. This modification for 2018 would ensure that at minimum any energy efficiency programs that are approved would be less costly than the alternative energy the utilities would have to procure as that is what the PAC explicitly assesses.

Conclusion

The Joint Parties appreciate the Commission's attention to this matter and look forward to working with stakeholders and staff to update the energy efficiency cost-effectiveness assumptions as soon as practical to ensure efficiency is accurately valued while also protecting customers.

Sincerely,

Lara Ettenson
Director, California Energy Efficiency Policy
Natural Resources Defense Council

Bruce Mast
Senior Director
Build It Green

Michelle Vigen
Senior Policy Manager
The California Efficiency and Demand Management Council

Thomas A. Enslow
Adams Broadwell Joseph & Cardozo
Counsel for the Coalition for Energy Efficiency

Pamela Bold
Executive Director
High Sierra Energy Foundation

Jodi Pincus
Executive Director
Rising Sun Energy Center

Courtney Kalashian
Executive Director
San Joaquin Valley Clean Energy Organization

Jon Griesser
Supervisor, Energy and Climate Programs
County of San Luis Obispo

Sue Hughes
Executive Director
Ventura County Regional Energy Alliance

Strindberg, Nils

From:	Strindberg, Nils
Sent:	Tuesday, December 12, 2017 11:39 AM
To:	'lettenson@nrdc.org'; 'bruce@builditgreen.org'; 'mvigen@cedmc.org'; 'bold@highsierraenergy.org'; 'pincus@risingsunenergy.org'; 'ckalashian@pesc.com'; 'JGriesser@co.slo.ca.us'; 'susan.hughes@ventura.org'; 'AdviceTariffManager'; Karyn Gansecki; Paul Kubasek; 'PGETariffs@pge.com'; 'QXY1@pge.com'
Subject:	Energy Division accepts late comments filed by "Joint Parties" on IOU 2018 Annual Budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency (EE) annual budget advice letters (ALs) that were filed on September 1, 2017, was September 21, 2017. On November 22, 2017, the IOU Program Administrators filed supplementals to the 2018 EE annual budget ALs, which included: PG&E 3881-G-A/5137-E-A; SCE 3654-E-A; SDG&E 3111-E-A/2607-G-A and SoCalGas 5183-G-A. SDG&E and SoCalGas reopened the protest and comment period in their 2018 supplemental EE annual budget ALs, while PG&E and SCE requested that the Commission pursuant to GO 96-B, General Rules 7.5.1 maintain the original protest and comment period of September 21, 2018 and not reopen the protest period for their 2018 supplemental EE annual budget ALs .

On December 11, 2017, Natural Resources Defense Council, Build It Green, The California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, San Joaquin Valley Clean Energy Organization, County of San Luis Obispo and Ventura County Regional Energy Alliance (the Joint Parties) timely filed comments on SDG&E and SoCalGas' 2018 EE annual budget ALs and requested consideration of a late filed comment for PGE and SCE's 2018 EE annual budget ALs.

Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response. Commission staff will accept the late comments by the Joint Parties.

If you have any questions feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

Nils B. Strindberg
CPUC, Energy Division
Energy Efficiency Branch
Residential Programs and Portfolio Approval
O: 415-703-1812
C: 415-849-8140
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SF Environment
Our home. Our city. Our planet.
A Department of the City and County of San Francisco

Edwin M. Lee,
Mayor

Deborah O. Raphael,
Director

December 12, 2017

California Public Utilities Commission
Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Re: A-3881-G-A/5137-E-A: Supplemental: PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4; and A-8-E: Supplemental: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request.

Dear Energy Division Tariff Unit:

The City and County of San Francisco (the "City" or "San Francisco"), acting by and through its Department of Environment ("Department"), respectfully submits the following comments in response to A-3881-G-A/5137-E-A: Supplemental: PG&E's 2018 Energy Efficiency Annual Budget Advice Letter in Compliance with Decision 15-10-028, Ordering Paragraph 4,[1] and A-8-E: Supplemental: BayREN 2018 Annual Energy Efficiency Program and Portfolio Budget Request. Both supplemental filings respond to an Energy Division ("ED") request asking Pacific Gas and Electric Company ("PG&E") and the Bay Area Regional Energy Network ("BayREN") to provide new cost-effectiveness calculations for requested 2018 Annual programs and budgets using the Cost Effectiveness Tool (CET) version 18.1 and the interim greenhouse gas ("GHG") adder adopted in D.17-08-0022, and to address the 2018 goals as established in D.17-09-025.

In accordance with GO-96-B, General Rule 7.5.1, San Francisco respectfully asks the ED to accept these comments on A-3881-G-A/5137-E-A and A-8-E as the additional information submitted by PG&E and BayREN in their supplements has a significant impact on programs undertaken by San Francisco and available to San Francisco residents and businesses.

San Francisco urges the Commission to implement cost-effectiveness tests for PG&E's energy efficiency portfolio in a manner that retains robust programs in Hard-to-Reach markets and expresses its support for BayREN programs that will enhance energy efficiency services to Hard-to-Reach ("HTR") sectors and provide for greater equity in the delivery of energy efficiency programs.

[1] In A-3881-G-A/5137-E-A,

I. The Commission Should Implement Cost-Effectiveness Tests for PG&E's Energy Efficiency Portfolio in a Manner that Retains Robust Programs in Hard-to-Reach Markets

On October 30, 2017, the ED requested PG&E to file a supplement to AL 388-G/5137-E. The letter also asked PG&E to provide "alternate scenarios…to demonstrate possible approaches to improving… portfolio cost-effectiveness".[2] In response, PG&E filed its Supplemental AL which included two (2) scenarios. Alternative Scenario #1 seeks to improve PG&E's portfolio cost-effectiveness by "Eliminating Non-Resource Programs and Resource Programs with a Total Resource Cost (TRC) Less Than 0.55".[3] Alternative Scenario #2 seeks to re-visit "The Power of NTG" – Increasing NTG Values to 0.85".[4]

San Francisco is concerned about Scenario #1, and Attachment #5, as our Local Government Partnership ("LGP"), San Francisco Energy Watch (SFEW), is one of two (2) LGPs called out as resource programs that would be eliminated under this Scenario. Although PG&E was clear that it *does not* "recommend this Scenario (#1) and is not proposing it as a viable solution as it would create inequities across customer sectors and likely disrupt market innovation..,"[5] the Scenario does serve to illustrate the problems that result from selecting individual programs for elimination based solely on TRC.

Additionally, San Francisco opposes judging any long withstanding program by its TRC over a single year. Year-end closeout requirements, in addition to other accounting issues, can result in dramatic under/overestimates of a program's TRC. For example, if many projects were paid late, but all administrative costs were included, TRC would be negatively impacted by low reported savings versus high administrative costs.

Finally, the elimination of LGPs represents a regression of the tremendous work achieved since D.12-11-015, which approved the expansion of PG&E's LGP budgets by 10%, in exchange for effective program design changes "incorporating elements that focused on achieving deeper savings and complementing existing and continuing programs".[6]

SFEW is a unique partnership-program that has been successful in scaling activities that serve the City's HTR sectors: Small and Medium Business ("SMB") and Multifamily ("MF"). Of the twenty-two (22) LGPs, SFEW is one (1) of only five (5) that deploy City staff for in-house implementation activities, and the *only* partnership that serves multifamily properties. While other energy efficiency ("EE") programs may target savings-rich properties, that often have big budgets and in-house expertise, SFEW seeks to achieve project diversity and to serve the utility needs of *all* sectors in the City. Department staff intentionally dedicate more time and technical assistance to HTR customers because they recognize the challenges and barriers that exist within the HTR sector. Through attentive project management and targeted outreach, SFEW quickly

[2] Supplemental Advice Letter, P.6
[3] Supplemental Advice Letter, P.8
[4] Supplemental Advice Letter, P.10
[5] Supplemental Advice Letter, P.7
[6] D.12-11-015, P. 85

scaled Direct Install ("DI") program delivery across San Francisco, especially in SMB corridors and high-density MF areas.

Lack of time and knowledge in energy management are often cited as the primary reasons/gaps for SMB's low participation (1-2%) in EE programs.[7] The Department's SFEW staff have filled this gap by working very closely with local SMBs to manage EE projects from inception to completion. As a result, over time the Department's SFEW staff have become trusted advocates for these businesses. In fact, since 2008 SFEW's Small Business DI program has completed over 4,000 lighting and refrigeration projects in the SMB sector, paying nearly $7,000,000 in incentives, and reducing over 40,000,000-kWh in energy consumption.[8]

These results are directly attributable to the Department's professional, in-house energy efficiency staff who regularly implement neighborhood campaigns, personally visiting ground-floor businesses to conduct marketing, outreach and education. Our partnerships with local contractors, merchant associations, the Chamber of Commerce, other governmental agencies, and PG&E are also invaluable in generating leads that enable Department SFEW staff to provide technical assistance and project implementation quality assurance. Finally, Department SFEW staff has rapidly scaled the DI model beyond the typical small business to include places of worship, small private sector educational institutions, community social services centers, and properties with 2nd story businesses that serve the community but are extremely hard-to-reach / hard-to-serve including but not limited to professional offices such as medical and practices, and boutique law and consulting firms.

SFEW's work in the MF residential sector has enjoyed similar success. The Department's SFEW staff has unlocked the energy savings potential of this sector which is notoriously difficult to serve because of split-incentives and limited access to decision makers. SFEW has developed robust, comprehensive projects and is able to make cross-referrals by customizing implementation strategies and leveraging other opportunities like the BayREN Building Enhancement program. From 2008 when it had only two (2) pipeline projects, the SFEW MF program has rapidly expanded. To date, SFEW has completed nearly 2,200 MF projects totaling over $8,000,000 in paid incentives, which have reduced over 41,000,000-kWh and 1,800,000 therms.[9] Like the success of the SFEW program in the SMB sector, the success in MF is due to Department staff's hands-on, concierge style of managing and facilitating projects from inception to completion.

The San Francisco Department of the Environment's mission is to provide solutions that advance climate protection and enhance quality of life for all San Franciscans. As such, the Department will continue to serve the HTR sectors. The energy reduction potential of a corner store located in a neighborhood that is a known food-desert pales in comparison to a high-rise building in the financial district. But both properties deserve equal access to EE programs, and the corner store

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[7] ACEEE "Growing the Energy Pie," 2015, P. 49

[8] SFEW Internal Report, "No. of Projects, Total Savings & Incentives Paid at Sites with A1 and A6 Rate Schedules," 11-30-17

[9] SFEW Internal Report, "No. of Projects, Total Savings & Incentives Paid at Multifamily," 11-30-17

requires trusted technical assistance to facilitate successful EE project development and implementation.

In Mayor Ed Lee's "State of the City Address",[10] he specifically set out a work plan that will move San Francisco towards the goal of shared prosperity. Specifically, Directive #5 -Anti-Poverty, states "For San Francisco to reach new levels of environmental achievement, our solutions to climate change and environmental sustainability must be accessible and benefit all San Franciscans. All our diverse communities and neighborhoods should share in the benefits of building a cleaner and greener City, regardless of income.... In addition, to reach our climate goals, we need a new level of engagement from all our neighborhoods and businesses".[11] Thus, the Department's directive from the Mayor aligns with its mission to engage all neighborhoods and businesses, and not only those that are easily accessible or have the highest energy-savings potential.

In conclusion, San Francisco emphatically agrees with PG&E that the elimination of programs simply based on TRC values will result in broad inequity in customer segments served. Since 2008, the SFEW program has proven its ability to scale its DI services in the SMB and MF HTR sectors, reaping sizable savings and allowing program access to a broad set of constituents. San Francisco has and will continue to undertake activities in the HTR sector because they are aligned with the Department's mission and the Mayor's directive. The Commission should similarly ensure that energy efficiency funded by all ratepayers effectively meets the needs of all ratepayer customer segments.

II. The Bay Area Regional Energy Network's Supplemental to Advice Letter 8-E Sets Forth Innovative Ideas to Meet the Needs of All Customers.

San Francisco strongly supports the Bay Area Regional Energy Network's (BayREN (#941)) Advice Letter 8-3. BayREN presented shovel-ready proposals that enable its portfolio to be more cost-effective in 2018 while leverage the success of existing programs, such as SFEW. Moreover, the Single Family and Commercial programs align well with the Mayor's vision of "Shared Prosperity" and legislative requirements for doubling EE gas and electricity savings by 2030 in California per Senate Bill (SB) 350,[12] as well as San Francisco's climate action goals. Since the proposals do not require any budget increase,[13] accelerating the implementation of these new, innovative and forward-looking programs will not burden ratepayers with additional risk.

The BayREN "Small and Medium Commercial Pay-for-Performance Pilot Program" holds the promise to deliver whole-building, comprehensive projects to San Francisco's SMB sector. As

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[10] State of the City Address, 01-15-2015, http://sfmayor.org/mayor-lees-2015-state-city-address
[11] http://sfmayor.org/shared-prosperity
[12] "Legislative Summary: What does SB350 Do?" http://www.energy.ca.gov/sb350/
[13] BayREN AL-8, P.1

detailed in its Business Plan,[14] the BayREN SMB Pay-for-Performance Program focuses on harvesting energy savings from more expensive and complex equipment upgrades such as Heating, Ventilation and Air-Conditioning (HVAC), boilers, pumps and improvements to the building envelop by matching incentives with metered energy savings. Additionally, this program will leverage existing rebate programs, including SFEW, which under the auspices of PG&E, is currently designed to primarily deliver technical assistance and incentives that support lighting retrofits. Accelerating the implementation of BayREN's innovative Program not only accelerates the "doubling of energy efficiency," but also serves to support the successes and achievements of existing programs like SFEW.

While Pay-for-Performance programs have been successfully deployed by NYSERDA and other East Coast utilities[15] in multifamily, large commercial and industrial sectors, the concept remains nascent in the SMB sector. As a result, important factors such as accuracy in measurement and verification have not been standardized. Therefore, multiple efforts and interagency/organization collaboration will lead to more rapid standardization and propagate broad adoption of this potentially powerful shift in EE program delivery, especially in the SMB sector.

San Francisco also supports the swift approval of Scenario #3, particularly the Single-Family program. Single-family homes (SFH) represent 32% of the housing stock in San Francisco or 121,473 structures. Most of these SFH structures were built prior to the adoption of statewide energy codes (pre-1978), and many include multiple households/units. San Francisco supports the BayREN Scenario #3 Single-Family program because it serves the City's aging SFH inventory with targeted outreach and removes financial barriers with standardized equipment pricing. The BayREN scenario targets "high-potential, high-impact customers in clusters of neighborhoods which contain favorable (pre-1978) building vintages and cluster[s] projects to reduce overall (upgrade) cost".[16] The program introduces standardized pricing on equipment, mimicking the success of solar photovoltaic group procurement programs. These strategies are reasonable and appealing, especially in SFH neighborhoods with disproportionally low uptake in EE programs.

In conclusion, San Francisco urges the Commission to accelerate the implementation of the innovative SMB and SFH proposals set forth in the BayREN Advice Letter 8-E. The proposal contributes to reaching the City and State's audacious energy and climate goals and expedite the realization of Mayor Lee's vision for "Shared Prosperity."

Consistent with in G.O. 96-B, General Rules, Section 3.11, San Francisco will forward this letter to PG&E and BayREN at the same time San Francisco submits it to the Energy Division.

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[14] BayREN Energy Efficiency Business Plan 2018-2025, Section 3. Commercial Sector, P.3.1 – 3.34
[15] NYSERDA Multifamily Performance Program & New Jersey Board of Public Utilities "Pay for Performance, Existing Buildings"
[16] BayREN AL-8, P.8

Sincerely,

Jessie Denver,
Energy Program Manager
San Francisco Department of the Environment
City and County of San Francisco

CC: Erik Jacobson, Pacific Gas and Electric Company, PGETariffs@pge.com
Jennifer Berg, Bay Area Regional Energy Network, jberg@bayareametro.gov

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: PG&E

Utility Number/Type: U39 M

Advice Letter Number(s) #3881-G/5137-E, #3881-G-A/5137-E-A

Date AL(s) Filed) September 1, 2017, November 22, 2017

Utility Contact Person: Yvonne Yang

Utility Phone No.: (415) 973-2094

Date Utility Notified: January 17, 2018

E-Mailed to: QXY1@pge.com and PGETariffs@pge.com

ED Staff Contact: Peter Franzese

ED Staff Email: peter.franzese@cpuc.ca.gov

ED Staff Phone No.: (415) 703-1926

[ ] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning _______, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[ ] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[X] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Peter Franzese (peter.franzese@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

San Diego Gas & Electric (SDG&E) 2018 Annual Budget Advice Letter (AL) Attachments

1. SDG&E AL 3111-E/2607-G submitted September 1, 2017

2. ORA Protests SDG&E AL 3111-E/2607-G submitted September 21, 2017

3. TURN Protests SDG&E AL 3111-E/2607-G submitted September 21, 2017

4. GreenFan/Verified Protests SDG&E AL 3111-E/2607-G submitted September 22, 2017

5. Energy Division email accepting late Protest of GreenFan/Verified sent September 22, 2017

6. Energy Division Initial Suspension Notice sent September 21, 2017

7. SDG&E Reply to Protests submitted September 28, 2017

8. SDG&E Substitution Sheets for AL 3111-E/2607-G submitted on October 3, 2017

9. Energy Division Letter Requesting a Supplemental to SDG&E AL 3111-E/2607-G sent October 30, 2017

10. SDG&E Supplemental AL 3111-E-A/2607-G-A submitted November 21, 2017

11. NRDC and "Joint Parties" Comments on Supplemental SDG&E AL 3111-E-A/2607-G-A submitted on December 11, 2017

12. Energy Division email accepting NRDC and "Joint Parties" Comments sent December 12, 2017

13. Energy Division Further Suspension Notice sent January 18, 2018

Clay Faber - Director
CA & Federal Regulatory
8330 Century Park Court
San Diego, CA 92123-1548

SDGE

A Sempra Energy utility®

September 1, 2017

ADVICE LETTER 3111-E/2607-G
(San Diego Gas & Electric Company - U902 M)

Public Utilities Commission of the State of California

SUBJECT: **SAN DIEGO GAS AND ELECTRIC COMPANY'S 2018 ANNUAL ENERGY EFFICIENCY PROGRAM AND PORTFOLIO BUDGET REQUEST**

San Diego Gas & Electric (SDG&E) hereby submits its 2018 annual energy efficiency (EE) program and portfolio budget advice letter as directed by the June 9, 2017 Administrative Law Judges' Ruling Modifying Schedule (ALJ Ruling) that revised the advice letter filing date from January 2, 2018 to September 1, 2017. All necessary supporting documentation is incorporated as Appendix A and has been uploaded to CEDARS[1].

BACKGROUND

The June 9, 2017 ALJ Ruling revised the annual advice letter filing date from January 2, 2018 to September 1, 2017. On July 24, 2017, Commission Staff issued its 2018 Energy Efficiency Portfolio Filing and Reporting Guidance. Subsequently, on August 2, 2017, Commission Staff provided the required 2018 Budget Filing Appendix that Program Administrators are to complete and upload to CEDARS[2] as part of the 2018 Compliance Filing.

The ALJ Ruling also provided for a March 1, 2018 true-up budget advice letter following the expected final decision approving SDG&E's 2018 Rolling Portfolio Business Plan application (A.17-01-014). SDG&E expects that the upcoming March 1, 2018 true-up advice letter will provide budget and savings to comply with all final decision directions, including any changes to the business sector budgets and savings goals. Furthermore, SDG&E expects that with the forthcoming decision adopting the updated EE potential and savings goals to comply with SB350, SDG&E may have to update its portfolio to meet these new savings goals as "revised post-2017 energy savings goals will guide PAs as they make their post-2017 portfolio filings."[3] Additional portfolio changes may also be needed to address changes to DEER measures that were recently approved since there has not been adequate time since the approval to update the portfolio to address these approved changes.[4]

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[1] CEDARS is available at https://cedars.sound-data.com/.
[2] See attached filing receipt confirming the supporting documentation's upload.
[3] *Administrative Law Judge's Ruling Inviting Comments on Draft Potential and Goals Study*, June 15. 2017, p. 1. The Proposed Decision of ALJs Fitch and Kao Adopting Energy Efficiency Goals for 2018-2030 was issued on August 25, 2017.
[4] Resolution E-4867 was approved on August 24, 2017.

Therefore, this advice letter reflects SDG&E's best effort to develop an interim 2018 EE budget given the following constraints:

(1) The Commission has not approved SDG&E's proposed 2018 Rolling Portfolio Business Plan application (A.17-01-014);

(2) The DEER updates for 2019, and revised versions for 2017 and 2018, were not adopted in time for SDG&E to incorporate the results into this filing;

(3) SDG&E uses the Codes & Standards savings estimates used in SDG&E's 2018 Rolling Portfolio Business Plan application (A.17-01-014);

(4) The Commission has recently adopted the updated greenhouse gas adder that will impact the cost effectiveness of the 2018 EE portfolio in R.14-10-003,[5] but the cost effectiveness tool used for this advice letter filing has not yet been updated; and

(5) The Commission has not adopted the revised post 2017 EE goals.

The appendix tables and associated program implementation plans can be found at https://cedars.sound-data.com/.

Portfolio Program Budgets

Table 1 provides the approved 2015 rolling portfolio budget as approved in D.15-01-023 and proposed in SDG&E's A.17-01-014:

Table 1: Approved EE and DRP Program Budgets ($000)

Category	Electric Demand Response Funds	Electric Energy Efficiency Funds	Natural Gas Public Purpose Funds	Total Energy Efficiency Funds
Programs Funds	$4,504	$100,618	$11,180	$111,798
EM&V	N/A	$4,192	$466	$4,658
Total	$4,504	$104,810	$11,646	$116,456

A. 2018 Demand Response Program Budgets

The following are the specific programs and budgets associated with the 2018 Demand Response Program (DRP) IDSM approved budget. These programs were approved as part of the 2015 EE Program portfolio in D.14-09-046 and Advice Letter 2951-E-A/2512-G-A.

[5] The Commission approved D.17-08-002 on August 24, 2017, which adopted an interim value for GHG avoided costs.

Table 2: SDG&E 2018 DRP Program Budgets

ProgramCode	ProgramName	Admin Budget	Marketing Budget	Direct Implementation Budget	Total Budget
3283	SW-COM-Customer Services- Audits NonRes (TA)	$120,507	$22,461	$1,489,051	$1,632,019
3284	SW-IND-Customer Services- Audits NonRes (TA)	$26,740	$12,684	$203,366	$242,790
3285	SW-AG-Customer Services- Audits (TA)	$21,098	$8,231	$174,325	$203,654
3286	Local-IDSM-ME&O-Local Marketing (DR)	$98,647	$711,491	$37,874	$848,012
3294	Local-IDSM-ME&O-Behavioral Programs (DR)	$197,939	$7,701	$1,372,224	$1,577,863
	Total DRP IDSM Budget	$464,930	$762,567	$3,276,841	$4,504,338

B. 2018 Energy Efficiency Program Budgets

The interim 2018 SDG&E programs are as follows:

Table 3: SDG&E 2018 EE Program Budgets by Program Area

Program Area	Proposed Budgets
Residential	$12,751,186
Commercial	$30,592,431
Industrial	$3,127,767
Agricultural	$677,081
Lighting	$8,397,084
Code & Standards	$1,133,144
Financing	$383,564
Subtotal Statewide Resource Programs	**$57,062,257**
Third Party Programs	$32,229,082
State & Local Government Partnerships	$8,975,572
Subtotal Non-Utility Programs	**$41,204,654**
Emerging Technologies	$1,326,630
Workforce, Education & Training	$4,896,998
Integrated Demand Side Management	$6,258,349
Other	$1,049,112
Subtotal Non-resource Programs	**$13,531,089**
Total All Programs	**$111,798,000**
EM&V	**$4,658,311**
Total EE Portfolio	**$116,456,311**

Notes: *The “Other Program” Category refers to SDG&E’s EE database system.

SDG&E notes that program funding related to the Financial Pilots originally approved in D.13-09-044 that has not been fully expensed due to implementation delays is considered “committed” funding and will be carried over into 2018. In addition, these funds are not included in the 2018 EE portfolio as directed by D.17-03-026. The following provides the relevant Commission direction:

1. D.15-06-008 discussion:

   Given the number of interdependencies impacting the launch of the programs and subsequent collection of participant data, we conclude that the 24-month term of each finance pilot should align with the enrollment of the first loan in each finance pilot launch. That is, each finance pilot will have an independent 24-month schedule initiated by the enrollment of the first loan in that particular finance pilot. Funding will follow accordingly.[6]

2. D.15-06-008, OP 2:

   "Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company (collectively IOUs) energy efficiency finance pilots shall each operate for a minimum of 24 months, beginning at the point that each pilot program enrolls its first loan, and shall provide for support of loans made under each pilot for the duration of loan terms even if/when a pilot ends."

3. D.17-03-026, Conclusion of Law 20:

   "The financing pilot programs originally ordered in D.13-09-044 and administered by CAEATFA should not be rolled into the energy efficiency rolling portfolio business plan process at this time."

SDG&E notes that its On-Bill Financing (OBF) loan fund budget of $26,003,565 is not included in the EE portfolio total budget.[7] Only other "program" costs such as program administration associated with the OBF program and defaulted loan payments will be tracked in SDG&E's EE portfolio.

C. Revenue Requirements

SDG&E provided its estimated gas and electric EE revenue requirements as reflected in the Budget Filing Appendix Table 2: Rates Revenue.[8]

The final gas and electric EE revenue requirements will be incorporated in the annual electric and natural gas Public Purpose Programs Rates advice letters, which will be filed subsequent to this advice letter.

SDG&E Portfolio Energy Savings Goals and Cost Effectiveness

SDG&E provides, in the following tables, its energy savings goals/targets and portfolio cost-effectiveness.

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[6] D.15-06-008, p. 11.
[7] See D.12-11-015, Table 13 notes, p. 104.
[8] The appendix is available at https://cedars.sound-data.com/.

Table 4: 2018 EE Portfolio Energy Savings Goals & Targets

	CPUC Goals			Portfolio Target		
	GWH	MW	MMTHERMS	GWH	MW	MMTHERMS
IOU	185.0	26.0	2.7	248.5	48.5	2.9
C&S	119.0	25.0	0.6	175.0	33.5	1.9
Total	**304.0**	**51.0**	**3.3**	**423.4**	**82.1**	**4.8**

Table 5: 2018 EE Portfolio Cost Effectiveness

TRC Ratio	PAC Ratio
1.03	1.96

SDG&E's TRC and PAC results reflect the following inputs:

1. Excludes Emerging Technology, OBF revolving loan pool, and credit enhancements;
2. Includes Codes and Standards consistent with the inputs used in SDG&E's 2018 Rolling Portfolio Business Plan application (A.17-01-014);
3. Includes Market Effects (ME) based on D.12-11-015, which adopted 5% spillover for resource programs;
4. Includes estimated Energy Savings Performance Incentive payments of $4.5 million; and
5. Includes indirect labor loaders adopted in SDG&E's 2016 GRC D.16-06-054.

SDG&E Portfolio Budget Caps/Targets

SDG&E will provide the final portfolio budget caps and targets in the March 1, 2018 true-up budget advice letter that will reflect all the approved activities and budget categories in the business plan final decision.

2018 PROGRAM CHANGES

SDG&E optimized its EE portfolio to the extent possible considering the limitations of this interim exercise as discussed in the Background section above. These changes generally include:

1. program funding changes to optimize the portfolio;
2. updated measure savings assumptions based on DEER2016 and all applicable deemed measure work paper dispositions;
3. removal of measures due to low cost effectiveness, changes in Codes & Standards, Lighting Dispositions, or lack of demand;
4. updated incentive levels to address changes, e.g., measure savings, measure costs, etc.;
5. consolidation of programs, introduction of new programs, and closing of underperforming programs; and
6. the approved HOPPs programs.

Table 6 provides a brief discussion of program changes that SDG&E proposes for 2018 that impact program implementation.

Table 6: EE and DR Program Changes

Program Code	Program Name	Brief Discussion of Changes
SDGE3209	SW-CALS - EUC WHRP – Advanced	Reduced total program budget from over $3 million in 2017 to $2 million in 2018 in anticipation of potential program changes in the Residential Sector as described in SDG&E's Business Plan Chapter 2.
SDGE3257	SW-WE&T-Strategic Planning	SDG&E will close the Strategic Planning Program in anticipation of the new WE&T Program structure outlined in SDG&E's Business Plan Chapter 8, page 213. For 2018 only, funds from Strategic Planning will be added to the Connections Program to support current contract levels. Going forward, funds will be moved into Centergies/Integrated Energy Education & Training.
SDGE3261	Local-IDSM-ME&O-Behavioral Programs (EE)	SDG&E intends to increase participation in the Behavioral program beginning in late 2017 or early 2018, adding another 150,000 households on paper and/or electronic neighbor usage comparison reports.
SDGE3303	SW-CALS - Res HVAC Code Compliance Incentive	SDG&E will close the current HVAC Code Compliance program. The HVAC Code Compliance program was designed to increase the number of permits filed for new residential HVAC installations. The program experienced extremely low customer participation in 2015, 2016, and 2017. Additionally, the recent impact evaluation (Draft Report: 2014-16 HVAC Permit and Code Compliance Market Assessment Volume 1, Appendix D, June 26, 2017), has not shown statistically significant differences in energy performance between permitted and non-permitted residential HVAC installations. SDG&E anticipates new HVAC strategies as part of the proposed Statewide HVAC programs as described in SDG&E's Business Plan Appendix A.
SDGE3307	3P-Non-Res ZELDA PRGM (Funded by IDEA)	The Commission approved closure of this program effective July 20, 2017 through Advice Letter 3090-E.
SDGE 3323	SDGE 3323 Mid-Market Dynamic Energy Efficiency Program	This program was not implemented in 2017. This program design and proposed savings were a result of a proposal from IDEEA 365, Round 4 in 2016. The vendor and SDG&E anticipated that 70% of the program's savings would come from a key measure, the RTU Fan VFD. As SDG&E and the vendor worked together for several months in an effort to update the proposed work paper and to adapt it to SDG&E's service territory and to update the savings calculations, it was determined that this would not be an option because the work paper could not be adapted without considerable expense. Because the remaining measures would not generate sustainable savings for the program or support the vendor's costs to run the program, it was mutually agreed upon by the vendor and SDG&E that the program should not be implemented.

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B and D.15-10-028 OP4. SDG&E respectfully requests that this filing become effective on January 1, 2018, which is more than 30 days from the date filed.

In the event that this advice letter is not approved in time for January 1, 2018 implementation, D.15-10-028 OP 5 provides for 2017 program continuation until such time as the advice letter is approved.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received no later than September 21, 2017 which is 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
E-mail: mcaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in A.17-01-014 and R.13-11-005, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed. Address changes should be directed to the emails or facsimile numbers above.

____
CLAY FABER
Director – California & Federal Regulatory

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:	Contact Person: Christina Sondrini
☒ ELC ☒ GAS	Phone #: (858) 636-5736
☐ PLC ☐ HEAT ☐ WATER	E-mail: csondrini@semprautilities.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: 3111-E/2607-G

Subject of AL: San Diego Gas and Electric Company's 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Keywords (choose from CPUC listing): Energy Efficiency, Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Does AL request confidential treatment? If so, provide explanation: N/A

Resolution Required? ☐ Yes ☒ No Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date 1/1/18 No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division	**San Diego Gas & Electric**
Attention: Tariff Unit	**Attention: Megan Caulson**
505 Van Ness Ave.,	**8330 Century Park Ct, CP32F**
San Francisco, CA 94102	**San Diego, CA 92123**
EDTariffUnit@cpuc.ca.gov	**mcaulson@semprautilities.com**

[1] Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission
DRA
R. Pocta
Energy Division
M. Ghadessi
M. Salinas
Tariff Unit
CA. Energy Commission
F. DeLeon
R. Tavares
Alcantar & Kahl LLP
K. Cameron
American Energy Institute
C. King
APS Energy Services
J. Schenk
BP Energy Company
J. Zaiontz
Barkovich & Yap, Inc.
B. Barkovich
Bartle Wells Associates
R. Schmidt
Braun & Blaising, P.C.
S. Blaising
California Energy Markets
S. O'Donnell
C. Sweet
California Farm Bureau Federation
K. Mills
California Wind Energy
N. Rader
Children's Hospital & Health Center
T. Jacoby
City of Poway
R. Willcox
City of San Diego
F. Ortlieb
B. Henry
L. Azar
D. Weil
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V. Gan
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A. Friedl
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Douglass & Liddell
D. Douglass
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G. Klatt
Duke Energy North America
M. Gillette
Dynegy, Inc.
J. Paul
Ellison Schneider & Harris LLP
E. Janssen
Energy Policy Initiatives Center (USD)
S. Anders
Energy Price Solutions
A. Scott
Energy Strategies, Inc.
K. Campbell
M. Scanlan
Goodin, MacBride, Squeri, Ritchie & Day
B. Cragg
J. Heather Patrick
J. Squeri
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L. Belew
J.B.S. Energy
J. Nahigian
Luce, Forward, Hamilton & Scripps LLP
J. Leslie
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D. Huard
R. Keen
Matthew V. Brady & Associates
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Pacific Gas & Electric Co.
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E. Kelly
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S. Freedman
J. Porter
School Project for Utility Rate Reduction
M. Rochman

Shute, Mihaly & Weinberger LLP
O. Armi
Solar Turbines
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Sutherland Asbill & Brennan LLP
K. McCrea
Southern California Edison Co.
M. Alexander
K. Cini
K. Gansecki
H. Romero
TransCanada
R. Hunter
D. White
TURN
M. Hawiger
UCAN
D. Kelly
U.S. Dept. of the Navy
K. Davoodi
N. Furuta
L. DeLacruz
Utility Specialists, Southwest, Inc.
D. Koser
Western Manufactured Housing
Communities Association
S. Dey
White & Case LLP
L. Cottle

Interested Parties In:
A.17-01-014
R.13-11-005

CEDARS FILING SUBMISSION RECEIPT

The SDGE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: San Diego Gas & Electric (SDGE)

Filing Year: 2018

Submitted: 15:05:46 on 01 Sep 2017

By: kurt kaufman

Advice Letter Number: 3111-E/2607-G

* Portfolio Filing Summary *

- TRC: 1.0265
- PAC: 1.9644
- TRC (no admin): 1.4946
- PAC (no admin): 4.9025
- RIM: 0.0049
- Budget: $116,456,310.97

* Programs Included in the Filing *

- SDGE3201: SW-CALS-Energy Advisor-HEES, UAT
- SDGE3203: SW-CALS-Plug Load and Appliances-HEER
- SDGE3204: SW-CALS-Plug Load and Appliances-POS Rebates
- SDGE3207: SW-CALS-MFEER
- SDGE3209: SW-CALS-EUC WHRP - Advanced
- SDGE3211: Local-CALS-Middle Income Direct Install (MIDI)
- SDGE3212: SW-CALS-Residential HVAC-QI/QM
- SDGE3213: SW-CALS - CAHP/ESMH-CA Advanced Homes
- SDGE3215: SW-COM-Strategic Energy Management
- SDGE3216: SW-COM-Customer Services-Benchmarking
- SDGE3217: SW-COM-Customer Services- Audits NonRes
- SDGE3220: SW-COM-Calculated Incentives-Calculated
- SDGE3222: SW-COM-Calculated Incentives-Savings by Design
- SDGE3223: SW-COM-Deemed Incentives-Commercial Rebates
- SDGE3224: SW-COM-Deemed Incentives-HVAC Commercial
- SDGE3225: SW-COM-Deemed Incentives-HVAC Core

- SDGE3226: SW-COM Direct Install
- SDGE3227: SW-IND-Strategic Energy Management
- SDGE3228: SW-IND-Customer Services-Benchmarking
- SDGE3229: SW-IND-Customer Services-Audits NonRes
- SDGE3230: SW-IND-Customer Services-Audits CIEEP
- SDGE3231: SW-IND-Calculated Incentives-Calculated
- SDGE3233: SW-IND-Deemed Incentives
- SDGE3234: SW-AG-Customer Services-Benchmarking
- SDGE3235: SW-AG-Customer Services-Pump Test Services
- SDGE3236: SW-AG-Customer Services-Audits
- SDGE3237: SW-AG-Calculated Incentives-Calculated
- SDGE3239: SW-AG-Deemed Incentives
- SDGE3240: SW-Lighting-Lighting Market Transformation
- SDGE3241: SW-Lighting-Lighting Innovation-ETPC MD
- SDGE3245: SW-Lighting-Primary Lighting
- SDGE3246: SW-ET-Technology Introduction Support
- SDGE3247: SW-ET-Technology Assessment Support
- SDGE3248: SW-ET-Technology Deployment Support
- SDGE3249: SW C&S; - Building Codes & Compliance Advocacy
- SDGE3250: SW C&S; - Appliance Standards Advocacy
- SDGE3251: SW C&S; - Compliance Enhancement
- SDGE3252: SW C&S; - Reach Codes
- SDGE3253: SW C&S; - Planning Coordination
- SDGE3254: SW-WE&T-Centergies;
- SDGE3255: SW-WE&T-Connections;
- SDGE3260: Local-IDSM-ME&O-Local; Marketing (EE)
- SDGE3261: Local-IDSM-ME&O-Behavioral; Programs (EE)
- SDGE3262: SW-FIN-On-Bill Finance
- SDGE3266: LInstP-CA Department of Corrections Partnership
- SDGE3267: LInstP-California Community College Partnership
- SDGE3268: LInstP-UC/CSU/IOU Partnership
- SDGE3269: LInstP-State of California /IOU
- SDGE3270: LInstP-University of San Diego Partnership
- SDGE3271: LInstP-San Diego County Water Authority Partnership
- SDGE3272: LGP- City of Chula Vista Partnership
- SDGE3273: LGP- City of San Diego Partnership
- SDGE3274: LGP- County of San Diego Partnership
- SDGE3275: LGP- Port of San Diego Partnership
- SDGE3276: LGP- SANDAG Partnership
- SDGE3277: LGP- SEEC Partnership
- SDGE3278: LGP- Emerging Cities Partnership
- SDGE3279: 3P-Res-Comprehensive Manufactured-Mobile Home

- SDGE3280: 3P-IDEA
- SDGE3281: EM&V-Evaluation; Measurement & Verification
- SDGE3282: SW-IDSM-IDSM
- SDGE3288: CRM
- SDGE3291: SW-Ind-Customer Services-Pump Test Services
- SDGE3292: SW-Com-Customer Services-Pump Test Services
- SDGE3293: SW-CALS - Residential HVAC-HVAC Core
- SDGE3302: SW-CALS - Residential HVAC Upstream
- SDGE3311: 3P - Energy Advantage Program EAP
- SDGE3313: Locational Energy Efficiency Program (LEE)
- SDGE3317: HOPPs - Building Retro-Commissioning
- SDGE3318: HOPPs - Multi Family
- SDGE3320: ESPI
- SDGE3321: Labor Loaders
- SDGE3322: 3P - Streamlined Ag Efficiency (SAE)
- SDGE3323: 3P - Mid-Market Dynamic Energy Efficiency Program (MMDEEP)
- SDGE3324: Water Energy Nexus (WEN)
- SDGE-ESAP: Energy Savings Assistance Program (ESA)

ORA

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
http://ora.ca.gov

September 21, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Subject: **The Office of Ratepayer Advocates' Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

The Office of Ratepayer Advocates (ORA) hereby submits this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

In this protest, ORA recommends the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1] In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to

[1] D.05-04-051 at 22.

costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2] The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness"[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7] The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted above, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit-to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. Table 1 below reports the cost-effectiveness results for the portfolios submitted by all PAs.[9]

[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
[5] D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.
[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

If the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, all the PAs have failed to submit cost-effective portfolios, as shown in Table 1 below. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire statewide portfolio of EE programs statewide fails to meet minimum cost-effectiveness regardless of the operative threshold.

[10] Data for Table 1 come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

The Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented.

The likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[11] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. The Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[12] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[13] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[14]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

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[11] SCE Advice 3149-E-B, Appendix A, Table 7.1.

[12] D.14-10-046 at 31.

[13] D.15-10-028 OP 5 at 124.

[14] D.15-10-028 at 53.

III. CONCLUSION

ORA respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

/s/ MICHAEL CAMPBELL

Michael Campbell
Program Manager

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California Public Utilities Commission
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Phone: (415) 703-1826
Email: Michael.Campbell@cpuc.ca.gov

September 21, 2017

Cc: Peter Franzese, Energy Division
Service List R.13-11-005
Service List A.17-01-013

TURN
THE UTILITY REFORM NETWORK
Lower bills. Livable planet.

785 Market Street, Suite 1400
San Francisco, CA 94103
415-929-8876 • www.turn.org
Hayley Goodson, Staff Attorney

September 21, 2017

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Re: TURN Protest of Pacific Gas and Electric Company Advice Letter 3881-G/5137-E, Southern California Edison Company Advice Letter 3654-E, Southern California Gas Company Advice Letter 5183-G, and San Diego Gas & Electric Company Advice Letter 3111-E/2607-G (Energy Efficiency Annual Budget Advice Letters for 2018)

Dear Energy Division Tariff Unit:

On September 1, 2017, Pacific Gas and Electric Company (PG&E) submitted Advice Letter 3881-G/5137-E, Southern California Edison Company (SCE) submitted Advice Letter 3654-E, Southern California Gas Company (SoCalGas) submitted Advice Letter 5183-G, and San Diego Gas & Electric Company (SDG&E) submitted Advice Letter 3111-E/2607-G, requesting approval of their respective 2018 Energy Efficiency (EE) budgets pursuant to Decision (D.) 15-10-028.

TURN protests each utility's 2018 EE Annual Budget Advice Letter (ABAL) for the reasons presented in the protest submitted by the Office of Ratepayer Advocates (ORA) today. TURN additionally protests SCE's inclusion of CFLs in its 2018 portfolio. As explained by ORA in its protest, the Commission can reject these ABAL filings without interrupting program funding.

1. The Commission should reject the 2018 ABAL requests of PG&E, SCE, SoCalGas, and SDG&E because they do not meet the *ex ante* cost-effectiveness threshold or are unlikely to be cost-effective when implemented.

TURN has had the opportunity to review ORA's analysis of the cost-effectiveness showings included by PG&E, SCE, SoCalGas, and SDG&E in their 2018 ABALs. As ORA explains, no utility's proposed portfolio meets the 1.25 TRC threshold required at times by the Commission, and only SCE and SoCalGas meet the lower 1.00 TRC threshold required by the Commission in

D.14-10-046.[1] However, based on the past performance, ORA observes that the nominally cost-effective portfolios of SCE and SoCalGas – with a TRC of 1.00 for SCE and 1.04 for SoCalGas[2] – are unlikely to achieve cost-effectiveness in practice when implemented.

The question of what cost-effectiveness threshold should apply to the post-2017 portfolios is pending in A.17-01-013 et al., where the Commission is reviewing the 2018-2025 Business Plan applications of PG&E, SCE, SoCalGas, and SDG&E (among others). TURN has recommended in that proceeding that the Commission apply the 1.25 threshold to the Annual Budget Advice Letters for the same reason that the Commission has previously required this threshold: the risk that the implemented portfolios might not be cost-effective, due to uncertainty surrounding the energy savings benefits.[3] The Commission will presumably resolve that issue at some point in the near future.

In the meantime, TURN agrees with ORA that even with a TRC 1.0 threshold, the Commission should not have confidence that the 2018 portfolios proposed by PG&E, SCE, SoCalGas, and SDG&E are sufficiently cost-effective for Commission approval of their 2018 ABALs.

2. The Commission should reject SCE's 2018 ABAL request because SCE continues to rely on CFLs to meet the *ex ante* cost-effectiveness threshold.

SCE explains that its 2018 budget includes Primary Lighting program measures, which play a critical role in achieving a cost-effective portfolio. According to SCE, advanced compact fluorescent lamps (CFLs)[4] represent a "fraction of overall program spend" but yield "a significant amount of the forecasted program energy savings."[5] SCE acknowledges that the Commission "could reject at a later date the inclusion of CFLs in its 2018 portfolio for policy or other reasons (e.g., future adjustments to baseline in response to AB 1109)."[6] But SCE warns:

> However, based on current forecasts, SCE cannot achieve a cost effective portfolio (which excludes Codes and Standards Program) and obtain its energy

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[1] *See* D.14-10-046, p. 109 (applying a 1.0 TRC threshold for 2015); D.12-11-015, pp. 99-101 (applying a 1.25 threshold for 2013-2014).

[2] *See* SCE Advice Letter 3654-E, Table 3, p. 8; SoCalGas Advice Letter 5183-G, Table 2, p. 4.

[3] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 7-10 (citing D.12-11-015).

[4] Such measures include 80+ Lumens-Per-Watt CFLs and several LED measures. SCE ABAL, p. 7, fn. 29.

[5] SCE Advice Letter 3654-E, p. 5.

[6] SCE Advice Letter 3654-E, pp. 6-7.

savings goal if Primary Lighting measures are excluded in SCE's 2018 energy efficiency portfolio. Assuming no other changes occur to its portfolio, removing Primary Lighting from SCE's portfolio would result in a TRC (without Codes & Standards) of 0.73.[7]

In A.17-01-013 et al., TURN has recommended that the Commission prohibit incentives for CFLs in the 2018 portfolios.[8] There TURN explained that prohibiting incentives for CFLs as of January 1, 2018, would align portfolio practices with recent EM&V, recent estimates of energy efficiency potential in 2018 and beyond, and the Commission's determination in D.16-11-022 that CFLs should no longer be provided through the Energy Savings and Assistance (ESA) Program as of January 1, 2018, because customers would be better served by LEDs.[9]

For the same reasons as provided by TURN in A.17-01-013 et al., TURN protests SCE's inclusion of CFLs in its 2018 ABAL.

3. The Commission should investigate the reasonableness of SCE's "Non-Incentive Direct Implementation" costs, which appear to dramatically exceed the 20% budget target adopted in D.09-09-049.

SCE acknowledges that D.09-09-049 adopted a target for non-incentive direct implementation costs of 20% of the total portfolio budget.[10] Nonetheless, SCE reports that this cost category accounts for 38.28% of SCE's proposed 2018 budget.[11] SCE offers no explanation for exceeding the 20% target.

The Commission has interpreted the 20% target for non-incentive direct implementation costs as excluding such costs for non-resource programs, as well as other exempt programs identified in D.09-09-049.[12] The Commission has also not strictly held the utilities to the 20% target, as it is a target not a cap.[13] Even so, because SCE's non-incentive direct implementation appear to

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[7] SCE Advice Letter 3654-E, p. 7.

[8] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 40-44.

[9] D.16-11-022, pp. 113-114; Ordering Paragraph 19.

[10] SCE Advice Letter 3654-E, p. 8.

[11] SCE Advice Letter 3654-E, Table 5, pp. 8-9.

[12] *See, e.g.,* Energy Division Disposition of SCE Advice Letter 2836-E-D (2013-2014 EE Compliance Advice Letter Pursuant to D.12-11-015), Sept. 5, 2013, Attachment 1, p. 2 (citing D.09-09-049, pp. 74, 78).

[13] *Id.*

grossly exceed the 20% cap, TURN recommends that the Commission investigate the reasonableness of SCE's proposed non-incentive direct implementation costs before approving its 2018 ABAL.[14]

4. Conclusion

For the foregoing reasons, TURN recommends that the Commission reject the 2018 ABAL submitted by PG&E, SCE, SoCalGas, and SDG&E. As ORA notes, rejecting these advice letters will not interrupt program funding, pursuant to D.14-10-046 and D.15-10-028.

TURN appreciates your attention to this important matter. Please feel free to contact us if you have any questions.

Sincerely,

Hayley Goodson
Staff Attorney
The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103

Cc: Edward Randolph, Director, CPUC Energy Division, Room 4004, 505 Van Ness Avenue, San Francisco, CA 94102

Erik Jacobson, Director, Regulatory Relations, c/o Megan Lawson, PG&E (PGETariffs@pge.com)

Russell G. Worden, Managing Director, State Regulatory Operations, SCE (AdviceTariffManager@sce.com)

Laura Genao, Managing Director, State Regulatory Affairs, c/o Karyn Gansecki, SCE (Karyn.Gansecki@sce.com)

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[14] While TURN focuses on SCE's non-incentive direct implementation costs, we presume the Commission will also review the reasonableness of such costs proposed by the other Program Administrators. PG&E reports that non-incentive direct implementation costs account for 29.3% of its budget. PG&E AL 3881-G/5137-E, Attachment 3 (Caps and Targets Table). TURN is not aware of how the non-incentive direct implementation costs of SoCalGas and SDG&E compare to the 20% target.

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Parties to R.13-11-005 and A.17-01-013 et al.

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Attorneys for the GreenFan® Inc. and Verified® Inc.

September 22, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Subject: **GreenFan® Inc. and Verified® Inc. Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

GreenFan® and Verified® hereby submit this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

GreenFan® and Verified® support the ORA and TURN protests and similarly recommend the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. The ABALs provide no evidence to indicate any improvement over 2016 cost effectiveness. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

As noted by ORA, Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1]

In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2]

The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness."[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7]

The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

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1 D.05-04-051 at 22.
2 D.09-09-047 at 68-69.
3 D.09-09-047 Conclusion of Law (COL) 1 at 353.
4 D.12-11-015 at 100-101.
5 D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
6 D.14-10-046 at 31.
7 D.15-10-028 OP 4 at 123-124.
8 D.15-10-028 OP 5 at 124.

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios are either not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted in the ORA comments, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit- to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. ORA provided cost effectiveness results for the IOU portfolios submitted by all the PAs as shown in **Table 1**.[9]

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

As noted in previous comments filed by GreenFan® and Verified®, the IOUs are averse to submitting workpapers for cost effective technologies for CPUC Ex Ante Review. This fact is reinforced in the **Table 1** showing "business as usual" forecasts of non-cost effective programs through 2018. This aversion is based on a lack of scientific understanding of the fundamental principles of energy efficiency least cost planning where the most cost effective measures are installed first. Instead some IOU programs take the opposite approach where non cost-effective measures are installed first and cost effective measures are not installed at all. For example, in the statewide residential QM programs the motor replacement measure realization rates were 0 to 71% and the expected cost effectiveness would be 0 to 0.37.[11] This example supports the ORA

[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

[10] Data for **Table 1** come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

[11] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), Table 19, pp. 40. Motor replacement kWh realization rate was 0% for SDG&E and 71% for PG&E. The ex ante TRC for motor replacement ranged from 0.2 to 1.6 with a climate-zone weighted average TRC of 0.53. Therefore, the range of expected cost

protest regarding why the IOU EE portfolios are unlikely to be cost effective. The ABALs provide insufficient information for the CPUC (or any party to this proceeding) to understand why the proposed programs are non-cost effective, and this one of the most important reasons why the CPUC should reject the ABALs.

As ORA describes in its protest, if the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, then all the PAs have failed to submit cost-effective portfolios, as shown in **Table 1**. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire EE statewide portfolio fails to meet minimum cost-effectiveness regardless of the operative threshold.

Therefore, the Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, then past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented. Virtually all the past EM&V studies have found no evidence to support 100% of the IOU ex ante energy savings claims. In fact, most of EM&V studies have reported ex post savings far less than ex ante estimates and some have reported zero energy savings.[12]

As ORA notes in their protest, the likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[13] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective ex ante cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

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effectiveness based the EM&V report would be 0 to 0.37.

[12] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), pp. 6-9. "The savings derived from the residential QM programs has been uncertain. The 2013 Workpaper Disposition for these programs revised the QM measure group ex ante savings down substantially due to concerns about the use of incorrect maintenance techniques that could lead to either an improvement in efficiency or an increase in energy usage. The findings from the billing analysis implemented on 2013 and 2014 program participants in PG&E's and SDG&E's service territories reinforce the CPUC's concerns. SDG&E's residential QM program had no net energy savings and PG&E's had a net realization rate of 26% in 2015."

[13] SCE Advice 3149-E-B, Appendix A, Table 7.1.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. Therefore, the Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[14] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[15] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[16]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

III. CONCLUSION

GreenFan® and Verified® supports the ORA and TURN protests and respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

Dated: September 22, 2017

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Cc: Service List R.13-11-005
Service List A.17-01-013

[14] D.14-10-046 at 31.
[15] D.15-10-028 OP 5 at 124.
[16] D.15-10-028 at 53.

Strindberg, Nils

From: Strindberg, Nils
Sent: Friday, September 22, 2017 4:23 PM
To: sudip.kundu@kunduplic.com; Karyn Gansecki; AdviceTariffManager; PGETariffs@pge.com; Ortiz, Ray; MClauson@semprautilities.com; PGETariffs@pge.com; tariffs@socalgas.com; k2c0@pge.com; nmalcolm@mcecleanenergy.org; bmenten@mceCleanEnergy.org
Subject: Energy Division accepts the late protest filed by GreenFan and Verified for 2018 EE budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency annual budget advice letters was September 21, 2017. On September 22, 2017, GreenFan and Verified filed a joint protest to the PG&E, SCE, SDG&E, SoCalGas and MCE 2018 annual energy efficiency budget advice letters. Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response and Energy Division will accept the joint protests of GreenFan and Verified. Also, per GO 96-B, Section 7.4.4 the utility has five business days from issuance of this notification to reply to the protest.

If you have any question feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

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CPUC, Energy Division
Energy Efficiency Branch
Metered Energy Efficiency and Emerging Programs
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ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: San Diego Gas & Electric
Utility Number/Type: U 9O2 M
Advice Letter Number(s) 3111-E / 2607-G
Date AL(s) Filed) September 1, 2017
Utility Contact Person: Christina Sondrini
Utility Phone No.: (858) 636-5736

Date Utility Notified: September 21, 2017
E-Mailed to: csondrini@semproautilities.com
and Mcaulson@semprautilities.com
ED Staff Contact: Christina Torok
ED Staff Email: Christina.torok@cpuc.ca.gov
ED Staff Phone No.: (415) 703-3300

[X] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 21, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[x] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Christina Torok (christina.torok@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

Clay Faber - Director
CA & Federal Regulatory
8330 Century Park Court
San Diego, CA 92123

September 28, 2017

Energy Division Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

RE: SAN DIEGO GAS & ELECTRIC'S REPLY TO PROTEST OF SDG&E ADVICE LETTER 3111-E/2607-G

Dear ED Tariff Unit:

Pursuant to General Order (GO) 96-B, San Diego Gas & Electric (SDG&E) hereby replies to the following protests to SDG&E's Advice Letter (AL) 3111-E/2607-G, *San Diego Gas and Electric Company's 2018 Annual Energy Efficiency Program and Portfolio Budget Request*, received from: Office of Ratepayer Advocates (ORA); The Utilities Reform Network (TURN); and Joint Protest of GreenFan® Inc. and Verified® Inc (GreenFan/Verified).

BACKGROUND

On September 1, 2017, SDG&E filed AL 3111-E/2607-G, as directed by the 2018 Energy Efficiency Portfolio Filing and Reporting Guidance issued by the Commission Staff on July 24, 2017. On September 21, 2017, ORA and TURN submitted protests to AL 3111-E/2607-G. On September 22, 2017 GreenFan/Verified submitted their late protest, which Energy Division accepted.

ORA, TURN, and GreenFan/Verified are requesting that the Commission reject SDG&E's AL on the basis that the proposed Energy Efficiency (EE) portfolios either are not cost-effective as filed or are unlikely to be cost-effective once implemented.

SDG&E'S REPLY

A. Cost Effectiveness Issues

SDG&E incorporates by reference its comments related to cost effectiveness filed on September 25, 2017.[1] Since the filing of SDG&E's Business Plan and Advice Letter 3111-E/2607-G,[2] there have been regulatory changes that will impact the final cost effectiveness of the portfolio:

(1) Energy Division approved changes to workpapers for certain lighting measures.[3]

(2) The Commission passed Resolution E-4867,[4] approving the updated measure savings and assumptions for the Database for Energy Efficiency Resources.

(3) The Commission issued D.17-08-022, which adopted an interim Greenhouse Gas (GHG) adder that reflects the CARB Cap-and-Trade APCR Price to be used in the cost effectiveness calculation.

(4) The Commission issued Proposed Decision Adopting Energy Efficiency Goals for 2018-2030 (Potential Study Ruling), dated August 25, 2017, which adopts final net EE savings goals.

The collective net impact of these regulatory changes is not known at this time. The new GHG adder provides a positive impact to the TRC, whereas changes to DEER have negative impacts to the TRC. However, the SDG&E goals that are in the Potential Study Ruling can be achieved cost effectively based on the analysis presented in the *Energy Efficiency Potential and Goals Study for 2018 and Beyond*, since these goals are a subset of the Economic Potential/Market Potential.[5] Therefore, SDG&E contends that, together with potential third-party implementers, it is possible develop a cost-effective portfolio.

In the EE Business Plan Proceeding (A.17-01-013 et. al.), SDG&E has also advocated for the Commission to require the portfolio—in its entirety—to exceed the cost effectiveness threshold of 1.0. Because of the unknown impacts of the regulatory changes, the challenge to compensate for the retirement of measures in the new DEER, and the uncertainty of the actual measures to be offered until new third parties are selected, SDG&E reiterates its request that a threshold of 1.0 for cost-effectiveness be maintained during this transition period. D.14-10-046

[1] *Opening Comments of San Diego Gas & Electric Company on Issues Raised in Proceeding*, September 25, 2017, pp. 9-10.

[2] SDG&E laid out similar assumptions in AL 3111 E/2607-G at p.2.

[3] SDG&E Workpaper *WPSDGENRLG0106_Rev5_SF_LED Lamps_FINAL_20170630*; "pass-through" approval date July 28, 2017.

[4] Resolution E-4867, Approval of the Database for Energy-Efficient Resources (DEER) Updates for 2019 and, Revised Versions 2017 and 2018 in Compliance with D.15-10-028, D.16-08-019, and Resolution E-4818, (August 24, 2017).

[5] See the Potential Study for the following definitions (at pp. 3-4):

Economic Potential: Using the results of the technical potential analysis, the economic potential is calculated as the total energy efficiency potential available when limited to only cost-effective measures.

Market Potential: The final output of the Potential Study is a market potential analysis, which calculates the energy efficiency savings that could be expected in response to specific levels of incentives and assumptions about existing CPUC policies, market influences, and barriers.

specified that the TRC and PAC test estimates are to exceed a 1.0 cost effectiveness. It states, "[t]he TRC and PAC estimates are to exceed a 1.0 cost effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years."[6] The decision further clarifies that it "recognize[s] there is a tension between that expectation and this decision setting spending levels until 2025 or we change them. We do not resolve that tension, which is a 2016 and beyond issue, here."[7] Therefore, because of the challenges described above, SDG&E requests that the Commission extend this same requirement—that the portfolio in its entirety need only to exceed the 1.0 threshold—to the 2018 EE Business Plan.[8]

B. Updating the 2018 Energy Efficiency Advice Letter

SDG&E reiterates its comments, presented to the Commission in its September 14, 2017 comments regarding the August 25, 2017 Proposed Decision Adopting Energy Efficiency Goals, opposing the refiling of this advice letter given the various changes that impact the portfolio.[9] The adoption of the final goals or the new GHG adder should not require refiling of the September 1, 2017 Energy Efficiency budget advice letter to reflect these changes.[10] Rather, the Commission should reaffirm that implementation of the new goals and GHG adder, together with all other Commission directions for the business plans, should be done through the True-up advice letter, as described in the June 9, 2017 Administrative Law Judge's Ruling Modifying Schedule. Any changes to this advice letter **will again be superseded** by the Commission's final decision and would render moot any updates to this advice letter. The March 2018 True-Up advice letter is the more appropriate vehicle to review SDG&E's compliance with all Commission direction pertaining to 2018.

In the interim, until the Commission approves the Business Plan portfolio applications and the March 2018 True-Up Advice Letter, D.15-10-028 Ordering Paragraph (OP) 5 provides for the continuation of the current portfolio to avoid disruptions to energy efficiency programs and customer services.[11] It states:

> If a calendar year ends before Commission disposition of a Program Administrator's advice letter with the budget for the next calendar year, then the prior year's budget shall remain in place until disposition of the pending advice letter. Electric corporations and gas corporations shall continue to recover costs, and to make transfers community choice aggregators and regional energy networks, based on the prior year's authorized budget.

Therefore, it would be a more efficient use of all stakeholders' and the Commission's resources to wait for complete directions from the Commission for required changes to the 2018 portfolio.

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[6] D.14-10-046, p. 109.
[7] *Id*., p.110, fn. 96.
[8] TURN (at p. 2) acknowledges that the cost effectiveness threshold is pending before the Commission in A.17-01-013 *et. al*.
[9] *San Diego Gas & Electric Company and Pacific Gas & Electric Company Comments on Proposed Decision Adopting Energy Efficiency Goals for 2018- 2030*, September 14, 2017, p. 3.
[10] The impact of the new GHG adder can be made available on CEDARS since the Cost Effectiveness Tool has been updated to incorporate the GHG adder.
[11] ORA (at p. 2) makes the same statement that the prior year's budget will remain in place pending disposition on these advice letters.

CONCLUSION

SDG&E respectfully requests that the Commission reject the protests of ORA, TURN and GreenFan/Verified. Furthermore, the Commission should reaffirm that implementation of the new goals and GHG adder, together with all other Commission directions for the EE business plans, should be done through the True-up advice letter, as described in the June 9, 2017 Administrative Law Judge's Ruling Modifying Schedule.

Sincerely,

Clay Faber
Director – California & Federal Regulatory

cc: Edward Randolph, Energy Division Director
Michael Campbell, ORA
Daniel Buch, ORA
Hayley Goodson, TURN
Sudip Kundu, GreenFan/Verified
Peter Franzese, Energy Division

California & Federal Regulatory
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October 3, 2017

PUC 110

Energy Division Tariff Unit
California Public Utilities Commission
505 Van Ness Ave., Room 4-A
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Re: Substitute Table 4 for SDG&E's Advice Letter 3111-E/2607-G

SDG&E is refiling Table 4, Carryover, in the supporting documentation originally filed with Advice Letter 3111-E/2607-G, *San Diego Gas and Electric Company's 2018 Annual Energy Efficiency Program and Portfolio Budget Request*, on September 1, 2017.

SDG&E is refiling Table 4 to reflect the following updates:

1. Updated Unspent/Uncommitted and Returned to Ratepayer funds for 2015;
2. Updated the treatment of the Financing Pilot unspent budgets to be consistent with D.17-03-026;
3. Corrected the 2017 fund shift information; and
4. Updated the 2015 EM&V for CPUC and PA sub-totals.

The updated Table 4 can be accessed at: https://cedars.sound-data.com/.

A copy of this notice will be provided to SDG&E's GO 96-B list and the service lists for A.17-01-014 and R.13-11-005.

Sincerely,

Christina Sondrini
Tariff Administration

STATE OF CALIFORNIA

EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017

Advice Letter
SDG&E 3111-E/2607- G

Clay Faber
Director, California and Federal Regulatory Affairs
San Diego Gas & Electric Company
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011

Mr. Faber:

On September 1, 2017, SDG&E filed Advice Letter 3111-E/2607-G "San Diego Gas and Electric Company's 2018 Annual Energy Efficiency Program and Portfolio Budget Request", in which it sought Commission approval of SDG&E's 2018 energy efficiency portfolio budget.

SDG&E's cost-effectiveness results as presented in Table 5 of the Advice Letter were limited to a TRC value of 1.03 with Codes & Standards. The "2018 Budget Filing Detail Report" that accompanied the Advice Letter shows a TRC of 0.80 for all programs, without Codes and Standards. Therefore, the Advice Letter submission is not compliant with Commission policy that the portfolio have a TRC of 1.25[1] or more for all programs without Codes and Standards.

SDG&E's Advice Letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 3111-E/2607-G, the Commission adopted D.17-09-025 that established revised 2018 energy savings goals. Consequently, the Advice Letter presents an incomplete picture of the portfolio and expected cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks SDG&E to file a supplemental to Advice Letter 3111-E/2607-G, which will include:

- New cost effectiveness showings using CET version 18.1, released September 25, 2017 to include the newly adopted GHG adder.

[1] See D.14-10-046 Section 3.9.1 Summary of Budgets (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years."

- 2018 energy savings goals as established in D.17-09-025[2]

In order to reach portfolio saving goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost-effectiveness. SDG&E's supplemental filing should include a requested portfolio and budget, plus any alternative scenarios SDG&E may wish to propose. Alternative scenarios could offer viable options such as portfolios that may exceed current budget limits. All portfolios and budgets shall be supported by outputs from the Cost Effectiveness Tool version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where SDG&E proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Christina Torok at christina.torok@cpuc.ca.gov .

Thank you.

Robert L. Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

cc:
Hazlyn Fortune, CPUC
Hayley Goodson, TURN
Dan Buch, CPUC Office of Ratepayer Advocates
Michael Campbell, CPUC Office of Ratepayer Advocates
Sudip Kundu, Kundu PLLC (for Green Fan and Verified Inc.)
ED Tariff

[2] The Commission considers Marketing, Education and Outreach as non-resource activities. Previously the IOUs have been submitting ME&O costs as a component of the Resource programs costs. The conflating of Non-Resource activities costs with Resource programs creates unnecessary complexity for budget approvals. We therefore ask the IOUs to classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program.

Clay Faber - Director
CA & Federal Regulatory
8330 Century Park Court
San Diego, CA 92123-1548

November 21, 2017

ADVICE LETTER 3111-E-A/2607-G-A
(San Diego Gas & Electric Company - U902 M)

Public Utilities Commission of the State of California

SUBJECT: **SUPPLEMENTAL - SAN DIEGO GAS AND ELECTRIC COMPANY'S 2018 ANNUAL ENERGY EFFICIENCY PROGRAM AND PORTFOLIO BUDGET REQUEST**

San Diego Gas & Electric (SDG&E) hereby submits this supplement to its 2018 annual energy efficiency (EE) program and portfolio budget advice letter as directed by the California Public Utilities Commission (Commission) Energy Division (CPUC Staff) by letter dated October 30, 2017.[1] All necessary supporting documentation is incorporated as Appendix A and has been uploaded to CEDARS.[2]

BACKGROUND

The June 9, 2017 ALJ Ruling revised the annual advice letter filing date from January 2, 2018 to September 1, 2017. On July 24, 2017, Commission Staff issued its 2018 Energy Efficiency Portfolio Filing and Reporting Guidance. Subsequently, on August 2, 2017, Commission Staff provided the required 2018 Budget Filing Appendix that Program Administrators are to complete and upload to CEDARS[3] as part of the 2018 Compliance Filing. Accordingly, on September 1, 2017 SDG&E filed Advice Letter 3111-E/2607-G.

On October 30, 2017, the CPUC's Energy Division requested the following additional information:

- New cost effectiveness showings using CET version 18.1, released September 25, 2017 to include newly adopted GHG adder;
- 2018 energy savings goals as established in D.17-09-025; and
- Requested portfolio and budget, plus any alternative scenarios SDG&E may wish to propose.

This supplemental advice letter reflects SDG&E's best effort to develop an updated interim 2018 EE budget given the following constraints:

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[1] Energy Division Letter from Robert Strauss to Clay Faber regarding SDG&E Advice Letter 3111-E/2607-G, October 30, 2018.
[2] CEDARS is available at https://cedars.sound-data.com/.
[3] See Attachment A, the filing receipt confirming the supporting documentation's upload.

(1) The Commission has not approved SDG&E's proposed 2018 Rolling Portfolio Business Plan application (A.17-01-014); and

(2) Not all DEER updates for 2019, and revised versions for 2017 and 2018, have been completed. SDG&E is currently developing workpapers that are slated for Phase I Ex Ante Review due 1/1/2018. SDG&E anticipates that all final updates will be available for the true-up budget advice letter to be filed on March 1, 2018 at the earliest.[4]

The updated appendix tables and associated program implementation plans can be found at https://cedars.sound-data.com/.

Updated Portfolio Program Budgets

SDG&E is requesting the same budget approved in D.15-01-023. Table 1 provides the approved 2015 rolling portfolio budget as approved in D.15-01-023 and proposed in SDG&E's A.17-01-014:

Table 1: Approved EE and DRP Program Budgets ($000)

Category	Electric Demand Response Funds	Electric Energy Efficiency Funds	Natural Gas Public Purpose Funds	Total Energy Efficiency Funds
Programs Funds	$4,504	$100,618	$11,180	$111,798
EM&V	N/A	$4,192	$466	$4,658
Total	$4,504	$104,810	$11,646	$116,456

A. 2018 Demand Response Program Budgets

The following are the specific programs and budgets associated with the 2018 Demand Response Program (DRP) IDSM approved budget. These programs were approved as part of the 2015 EE Program portfolio in D.14-09-046 and Advice Letter 2951-E-A/2512-G-A.

Table 2: SDG&E 2018 DRP Program Budgets

ProgramCode	ProgramName	Admin Budget	Marketing Budget	Direct Implementation Budget	Total Budget
3283	SW-COM-Customer Services- Audits NonRes (TA)	$120,507	$22,461	$1,489,051	$1,632,019
3284	SW-IND-Customer Services- Audits NonRes (TA)	$26,740	$12,684	$203,366	$242,790
3285	SW-AG-Customer Services- Audits (TA)	$21,098	$8,231	$174,325	$203,654
3286	Local-IDSM-ME&O-Local Marketing (DR)	$98,647	$711,491	$37,874	$848,012
3294	Local-IDSM-ME&O-Behavioral Programs (DR)	$197,939	$7,701	$1,372,224	$1,577,863
	Total DRP IDSM Budget	$464,930	$762,567	$3,276,841	$4,504,338

[4] *Administrative Law Judges' Ruling Modifying Schedule*, A.17-01-013, June 9, 2017, p.8.

B. Updated 2018 Energy Efficiency Program Budgets

The interim 2018 SDG&E proposed program area budgets are as follows:

Table 3: SDG&E 2018 EE Program Budgets by Program Area

Program Area	Proposed Budgets
Residential	$ 12,042,616
Commercial	$ 30,592,431
Industrial	$ 3,517,512
Agricultural	$ 677,081
Lighting	$ 8,397,084
Codes & Standards	$ 1,133,144
Financing	$ 383,564
Subtotal Statewide Resource Programs	**$ 56,743,433**
Third Party Programs (includes IOU Administration)	$ 32,229,083
State & Local Government Partnerships	$ 8,975,572
Subtotal Non-Utility Programs	**$ 41,204,654**
Emerging Technologies	$ 1,326,630
Workforce Education & Training	$ 4,896,998
Integrated Demand Side Management	$ 6,577,174
Other	$ 1,049,112
Subtotal Non-Resource Programs	**$ 13,849,913**
Total All Programs	$ 111,798,000
EM&V	**$ 4,658,311**
Total EE Portfolio	**$ 116,456,311**

Notes: *The "Other Program" Category refers to SDG&E's EE database system.

SDG&E notes that program funding related to the Financial Pilots originally approved in D.13-09-044 that has not been fully expensed due to implementation delays is considered "committed" funding and will be carried over into 2018. In addition, these funds are not included in the 2018 EE portfolio as directed by D.17-03-026. The following provides the relevant Commission direction:

1. **D.15-06-008 discussion:**

   Given the number of interdependencies impacting the launch of the programs and subsequent collection of participant data, we conclude that the 24-month term of each finance pilot should align with the enrollment of the first loan in each finance pilot launch.

That is, each finance pilot will have an independent 24-month schedule initiated by the enrollment of the first loan in that particular finance pilot. Funding will follow accordingly.[5]

2. **D.15-06-008, OP 2:**

"Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company (collectively IOUs) energy efficiency finance pilots shall each operate for a minimum of 24 months, beginning at the point that each pilot program enrolls its first loan, and shall provide for support of loans made under each pilot for the duration of loan terms even if/when a pilot ends."

3. **D.17-03-026, Conclusion of Law 20:**

"The financing pilot programs originally ordered in D.13-09-044 and administered by CAEATFA should not be rolled into the energy efficiency rolling portfolio business plan process at this time."

SDG&E filed a separate budget advice letter for the 2018 through 2020 financing pilot programs.[6] In addition, SDG&E notes that its On-Bill Financing (OBF) loan fund budget of $26,003,565 is not included in the EE portfolio total budget.[7] Only other "program" costs such as program administration associated with the OBF program and defaulted loan payments will be tracked in SDG&E's EE portfolio.

Revenue Requirements

SDG&E provided its estimated gas and electric EE revenue requirements as reflected in the Budget Filing Appendix Table 2: Rates Revenue.[8] No additional budget is requested to meet the newly adopted energy savings goals.

Updated SDG&E Requested Portfolio Energy Savings Goals and Cost Effectiveness

SDG&E provides, in the following updated tables per the request of Commission Staff, its energy savings goals/targets and portfolio cost-effectiveness.

Table 4: 2018 EE Portfolio Energy Savings Goals & Targets

	CPUC Goals			Portfolio Targets		
	GWH	MW	MMTherms	GWH	MW	MMTherms
IOU	75	15	1.8	239	46	2.2
C&S	125	28	1.6	175	34	1.9
Total	200	43	3.4	414	80	4.1

[5] D.15-06-008, p. 11.
[6] SDG&E Advice Letter 3147-E/2625-G.
[7] See D.12-11-015, Table 13 notes, p. 104.
[8] The appendix is available at https://cedars.sound-data.com/.

Table 5: 2018 EE Portfolio Cost Effectiveness

	TRC Ratio	PAC Ratio
Without C&S	1.09	1.43
With C&S	1.39	2.96

SDG&E's updated TRC and PAC results reflect the following:

1. Excludes Emerging Technology, OBF revolving loan pool, and credit enhancements;
2. Includes Market Effects (ME) based on D.12-11-015, which adopted 5% spillover for resource programs;
3. Includes estimated Energy Savings Performance Incentive payments of $4.5 million;
4. Includes indirect labor loaders adopted in SDG&E's 2016 GRC D.16-06-054;
5. Savings estimates for potential third-party programs are updated;
6. Updated the C&S savings; and
7. Eliminated the current SDGE3313—Locational EE program that concluded in 2017.

A. Updates to the Revised Cost Effectiveness for the Requested Portfolio and Budget

SDG&E's revised proposed portfolio targets and cost effectiveness have been updated to comply with Commission Staff Requirements: SDG&E's proposal is as follows:

- Use the updated CET Version 18.1 that incorporates the updated GHG adder values; and
- SDG&E's proposed savings targets meet or exceed 2018 savings goals adopted in D.17-09-025.

SDG&E updated the following inputs for this supplemental filing:

- Updated SDGE3280—3P-IDEEA program savings and benefits. The September 1, 2017 filing did not include savings and benefits for this program.
- Updated SDGE3261—Local-IDSM-ME&O-Behavioral Programs (EE). The budget and savings were adjusted to reflect updated assumptions.
- Updated DEER measure savings. Specifically, the following measures were updated in this supplement. Although SDG&E did not have time to incorporate all revised DEER data, these measures were prioritized for this filing due to the higher savings reduction adopted in the revised DEER. This would provide for a conservative estimate of savings from the following measures:
    - Domestic water heater
    - HVAC Tune-up

B. Discussion of Alternative Portfolio Changes to Improve Portfolio Cost Effectiveness (without Codes & Standards)

Commission Staff invited SDG&E to discuss other actions it could undertake to improve portfolio cost-effectiveness. While SDG&E's proposed portfolio as shown in Table 4 exceeds

Commission's savings goals, it remains extremely challenging to meet the 1.25 TRC threshold.[9] SDG&E has requested that the Commission extend the 2015 suspension of the TRC threshold requirement of 1.25 for the 2018 Business Plan.[10] This request is still pending in A.17-01-014. Other proposals to improve cost-effectiveness have been presented to the Commission in the same proceeding. In particular, it is useful to examine PG&E's recommendations to improve cost effectiveness, such as:

- the exclusion of participant costs not associated with EE savings;
- the exclusion of non-resource program costs, and the extension of the expected useful lives of long-lived measures to more than 20 years;
- the inclusion of Codes & Standards net benefits in the threshold calculation of cost effectiveness; and
- reexamination of net-to-gross estimates.[11]

In order to evaluate trade-offs between expanding programs with high cost-effectiveness and reducing programs with low cost effectiveness, as suggested by Commission Staff[12], SDG&E conducted a broad analysis of its portfolio to understand the impacts of specific types of programs on the portfolio. Shifting funds between less cost-effective measures/programs is not necessarily a useful exercise since SDG&E's portfolio already exceeds the savings goals and an analysis of market capacity and customer willingness to adopt incremental measures will need to be undertaken to determine the optimal measures and programs for appropriate trade-offs.

SDG&E first recalculated portfolio cost-effectiveness by eliminating all non-cost-effective resource programs. This calculation results in a TRC of 1.16 (or 116%), an improvement of only 7% and still below the 1.25 threshold. However, these programs and the services they offer are critical for providing a balanced portfolio that meets the needs of all customer sectors in SDG&E's territory. Eliminating these programs or some of the measures potentially creates disparity and inequity in EE services to various customer groups. Some of these programs provide rebates to hard-to-reach customers and customers who cannot afford the high cost of EE measures. Eliminating these programs also minimizes opportunities for market transformation. Newer measures that have not realized full commercial potential tend to be more expensive at the onset of the offering. These newer measures require time for customer acceptance, which eventually leads to lower priced products, and time for the market to continuously improve equipment quality, e.g., CFLs and LEDs.

SDG&E's second analysis recalculated portfolio cost-effectiveness by excluding all non-resource programs without reallocating the associated program budgets. The calculation results in a TRC of 1.37 (or 137%). However, removing or minimizing these programs is not an optimal solution, either. These programs primarily support educating customers that lead them to take EE actions, including participating in EE resource programs. They provide opportunities to help customers understand their energy usage and needs to encourage them to more efficiently manage their

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[9] See D.14-10-046 Section 3.9.1 Summary of Budgets, "The TRS and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years," pp.104-109.

[10] A.17-01-, p. 224.

[11] *Pacific Gas & Electric Company's Opening Comments on the Energy Efficiency Business Plans*, September 25, 2017, pp 38-42.

[12] Energy Division Letter from Robert Strauss to Clay Faber regarding SDG&E Advice Letter 3111-E/2607-G, October 30, 2018, p. 2.

energy. These programs also provide education and training opportunities for contractors and vendors that enable them to better support EE programs and the industry.

Without relief from the Commission regarding the threshold of 1.25 (without Codes & Standards) or adjustments to the method of calculating TRC, it would take more time and examination to find the optimal portfolio improvements that may improve TRC results without completely eliminating the less cost-effective parts of the portfolio that serve as catalysts for the higher performing parts of the portfolio and future EE savings.

SDG&E Portfolio Budget Caps/Targets

SDG&E will provide the final portfolio budget caps and targets in the March 1, 2018 true-up budget advice letter that will reflect all the approved activities and budget categories in the business plan final decision.

2018 PROGRAM CHANGES

SDG&E optimized its EE portfolio to the extent possible considering the limitations of this interim exercise as discussed in the Background section above. These changes generally include:

1. program funding changes to optimize the portfolio;
2. updated measure savings assumptions based on DEER2016, DEER2017, and all applicable deemed measure work paper dispositions;
3. removal of measures due to low cost effectiveness, changes in Codes & Standards, Lighting Dispositions, or lack of demand;
4. updated incentive levels to address changes, e.g., measure savings, measure costs, etc.;
5. consolidation of programs, introduction of new programs, and closing of underperforming programs; and
6. the approved HOPPs programs.

Table 6 provides a brief discussion of program changes that SDG&E proposes for 2018 that impact program implementation.

Table 6: EE and DR Program Changes

Program Code	Program Name	Brief Discussion of Changes
SDGE3209	SW-CALS - EUC WHRP – Advanced	Reduced total program budget from over $3 million in 2017 to $2 million in 2018 in anticipation of potential program changes in the Residential Sector, as described in SDG&E's Business Plan Chapter 2.
SDGE3257	SW-WE&T-Strategic Planning	SDG&E will close the Strategic Planning Program in anticipation of the new WE&T Program structure outlined in SDG&E's Business Plan Chapter 8, page 213. For 2018 only, funds from Strategic Planning will be added to the Connections Program to support current contract levels. Going forward, funds will be moved into Centergies/Integrated Energy Education & Training.
SDGE3261	Local-IDSM-ME&O-Behavioral Programs (EE)	SDG&E intends to increase participation in the Behavioral program beginning in late 2017 or early 2018, adding another 150,000 households on paper and/or electronic neighbor usage comparison reports.
SDGE3303	SW-CALS - Res HVAC Code Compliance Incentive	SDG&E will close the current HVAC Code Compliance program. The HVAC Code Compliance program was designed to increase the number of permits filed for new residential HVAC installations. The program experienced extremely low customer participation in 2015, 2016, and 2017. Additionally, the recent impact evaluation (Draft Report: 2014-16 HVAC Permit and Code Compliance Market Assessment Volume 1, Appendix D, June 26, 2017), has not shown statistically significant differences in energy performance between permitted and non-permitted residential HVAC installations. SDG&E anticipates new HVAC strategies as part of the proposed Statewide HVAC programs, as described in SDG&E's Business Plan Appendix A.
SDGE3307	3P-Non-Res ZELDA PRGM (Funded by IDEA)	The Commission approved closure of this program effective July 20, 2017 through Advice Letter 3090-E.
SDGE3313	Locational Energy Efficiency	This program was concluded with the completion of the LEE final report that was made available to the R.13-11-005, R.13-09-011, and R.14-10-003 proceeding stakeholders on October 11, 2017. SDG&E intends to incorporate lessons learned from this program to future strategies as noted in SDG&E's EE Business Plan in coordination with other relevant activities in R.13-09-011, and R.14-10-003.
SDGE 3323	SDGE 3323 Mid-Market Dynamic Energy Efficiency Program	This program was not implemented in 2017. This program design and proposed savings were a result of a proposal from IDEEA 365, Round 4 in 2016. The vendor and SDG&E anticipated that 70% of the program's savings would come from a key measure, the RTU Fan VFD. As SDG&E and the vendor worked together for several months to update the proposed work paper, adapt it to SDG&E's service territory, and update the savings calculations, it was determined the work paper could not be adapted without considerable expense, and thus that this would not be a viable option. Because the remaining measures would not generate sustainable savings for the program or support the vendor's costs to run the program, it was mutually agreed upon by the vendor and SDG&E that the program should not be implemented.

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B and D.15-10-028 OP4. SDG&E respectfully requests that this filing become effective on January 1, 2018, which is more than 30 days from the date filed.

In the event that this advice letter is not approved in time for January 1, 2018 implementation, D.15-10-028 OP 5 provides for 2017 program continuation until such time as the advice letter is approved
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PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received no later than December 11, 2017 which is 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
E-mail: mcaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in A.17-01-014 and R.13-11-005, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed. Address changes should be directed to the emails or facsimile numbers above.

CLAY FABER
Director – California & Federal Regulatory

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:
☒ ELC ☒ GAS
☐ PLC ☐ HEAT ☐ WATER

Contact Person: Christina Sondrini
Phone #: (858) 636-5736
E-mail: csondrini@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3111-E-A/2607-G-A

Subject of AL: Supplemental - San Diego Gas and Electric Company's 2018 Annual Energy Efficiency Program and Portfolio Budget Request

Keywords (choose from CPUC listing): Energy Efficiency, Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Does AL request confidential treatment? If so, provide explanation: N/A

Resolution Required? ☐ Yes ☒ No   Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date 1/1/18   No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

San Diego Gas & Electric
Attention: Megan Caulson
8330 Century Park Ct, CP32F
San Diego, CA 92123
mcaulson@semprautilities.com

[1] Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission
DRA
R. Pocta
Energy Division
M. Ghadessi
M. Salinas
Tariff Unit
CA. Energy Commission
F. DeLeon
R. Tavares
Alcantar & Kahl LLP
K. Cameron
American Energy Institute
C. King
APS Energy Services
J. Schenk
BP Energy Company
J. Zaiontz
Barkovich & Yap, Inc.
B. Barkovich
Bartle Wells Associates
R. Schmidt
Braun & Blaising, P.C.
S. Blaising
California Energy Markets
S. O'Donnell
C. Sweet
California Farm Bureau Federation
K. Mills
California Wind Energy
N. Rader
Children's Hospital & Health Center
T. Jacoby
City of Poway
R. Willcox
City of San Diego
F. Ortlieb
B. Henry
L. Azar
D. Weil
Commerce Energy Group
V. Gan
CP Kelco
A. Friedl
Davis Wright Tremaine, LLP
E. O'Neill
J. Pau
Dept. of General Services
H. Nanjo
M. Clark

Douglass & Liddell
D. Douglass
D. Liddell
G. Klatt
Duke Energy North America
M. Gillette
Dynegy, Inc.
J. Paul
Ellison Schneider & Harris LLP
E. Janssen
Energy Policy Initiatives Center (USD)
S. Anders
Energy Price Solutions
A. Scott
Energy Strategies, Inc.
K. Campbell
M. Scanlan
Goodin, MacBride, Squeri, Ritchie & Day
B. Cragg
J. Heather Patrick
J. Squeri
Goodrich Aerostructures Group
M. Harrington
Hanna and Morton LLP
N. Pedersen
Itsa-North America
L. Belew
J.B.S. Energy
J. Nahigian
Luce, Forward, Hamilton & Scripps LLP
J. Leslie
Manatt, Phelps & Phillips LLP
D. Huard
R. Keen
Matthew V. Brady & Associates
M. Brady
Modesto Irrigation District
C. Mayer
Morrison & Foerster LLP
P. Hanschen
MRW & Associates
D. Richardson
Pacific Gas & Electric Co.
J. Clark
M. Huffman
S. Lawrie
E. Lucha
Pacific Utility Audit, Inc.
E. Kelly
San Diego Regional Energy Office
S. Freedman
J. Porter
School Project for Utility Rate Reduction
M. Rochman

Shute, Mihaly & Weinberger LLP
O. Armi
Solar Turbines
F. Chiang
Sutherland Asbill & Brennan LLP
K. McCrea
Southern California Edison Co.
M. Alexander
K. Cini
K. Gansecki
H. Romero
TransCanada
R. Hunter
D. White
TURN
M. Hawiger
UCAN
D. Kelly
U.S. Dept. of the Navy
K. Davoodi
N. Furuta
L. DeLacruz
Utility Specialists, Southwest, Inc.
D. Koser
Western Manufactured Housing
Communities Association
S. Dey
White & Case LLP
L. Cottle

Interested Parties In:
A.17-01-014
R.13-11-005

CEDARS FILING SUBMISSION RECEIPT

The SDGE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: San Diego Gas & Electric (SDGE)

Filing Year: 2018

Submitted: 12:43:22 on 21 Nov 2017

By: Athena Besa

Advice Letter Number: 3111-E-A/2607-G-A

* Portfolio Filing Summary *

- TRC: 1.3902
- PAC: 2.9571
- TRC (no admin): 1.8571
- PAC (no admin): 6.356
- RIM: 0.4732
- Budget: $116,456,310.91

* Programs Included in the Filing *

- SDGE3201: SW-CALS-Energy Advisor-HEES, UAT
- SDGE3203: SW-CALS-Plug Load and Appliances-HEER
- SDGE3204: SW-CALS-Plug Load and Appliances-POS Rebates
- SDGE3207: SW-CALS-MFEER
- SDGE3209: SW-CALS-EUC WHRP - Advanced
- SDGE3211: Local-CALS-Middle Income Direct Install (MIDI)
- SDGE3212: SW-CALS-Residential HVAC-QI/QM
- SDGE3213: SW-CALS - CAHP/ESMH-CA Advanced Homes
- SDGE3215: SW-COM-Strategic Energy Management
- SDGE3216: SW-COM-Customer Services-Benchmarking
- SDGE3217: SW-COM-Customer Services- Audits NonRes
- SDGE3220: SW-COM-Calculated Incentives-Calculated
- SDGE3222: SW-COM-Calculated Incentives-Savings by Design
- SDGE3223: SW-COM-Deemed Incentives-Commercial Rebates
- SDGE3224: SW-COM-Deemed Incentives-HVAC Commercial
- SDGE3225: SW-COM-Deemed Incentives-HVAC Core

- SDGE3226: SW-COM Direct Install
- SDGE3227: SW-IND-Strategic Energy Management
- SDGE3228: SW-IND-Customer Services-Benchmarking
- SDGE3229: SW-IND-Customer Services-Audits NonRes
- SDGE3230: SW-IND-Customer Services-Audits CIEEP
- SDGE3231: SW-IND-Calculated Incentives-Calculated
- SDGE3233: SW-IND-Deemed Incentives
- SDGE3234: SW-AG-Customer Services-Benchmarking
- SDGE3235: SW-AG-Customer Services-Pump Test Services
- SDGE3236: SW-AG-Customer Services-Audits
- SDGE3237: SW-AG-Calculated Incentives-Calculated
- SDGE3239: SW-AG-Deemed Incentives
- SDGE3240: SW-Lighting-Lighting Market Transformation
- SDGE3241: SW-Lighting-Lighting Innovation-ETPC MD
- SDGE3245: SW-Lighting-Primary Lighting
- SDGE3246: SW-ET-Technology Introduction Support
- SDGE3247: SW-ET-Technology Assessment Support
- SDGE3248: SW-ET-Technology Deployment Support
- SDGE3249: SW C&S; - Building Codes & Compliance Advocacy
- SDGE3250: SW C&S; - Appliance Standards Advocacy
- SDGE3251: SW C&S; - Compliance Enhancement
- SDGE3252: SW C&S; - Reach Codes
- SDGE3253: SW C&S; - Planning Coordination
- SDGE3254: SW-WE&T-Centergies;
- SDGE3255: SW-WE&T-Connections;
- SDGE3260: Local-IDSM-ME&O-Local; Marketing (EE)
- SDGE3261: Local-IDSM-ME&O-Behavioral; Programs (EE)
- SDGE3262: SW-FIN-On-Bill Finance
- SDGE3266: LInstP-CA Department of Corrections Partnership
- SDGE3267: LInstP-California Community College Partnership
- SDGE3268: LInstP-UC/CSU/IOU Partnership
- SDGE3269: LInstP-State of California /IOU
- SDGE3270: LInstP-University of San Diego Partnership
- SDGE3271: LInstP-San Diego County Water Authority Partnership
- SDGE3272: LGP- City of Chula Vista Partnership
- SDGE3273: LGP- City of San Diego Partnership
- SDGE3274: LGP- County of San Diego Partnership
- SDGE3275: LGP- Port of San Diego Partnership
- SDGE3276: LGP- SANDAG Partnership
- SDGE3277: LGP- SEEC Partnership
- SDGE3278: LGP- Emerging Cities Partnership
- SDGE3279: 3P-Res-Comprehensive Manufactured-Mobile Home

- SDGE3280: 3P-IDEA
- SDGE3281: EM&V-Evaluation; Measurement & Verification
- SDGE3282: SW-IDSM-IDSM
- SDGE3288: CRM
- SDGE3291: SW-Ind-Customer Services-Pump Test Services
- SDGE3292: SW-Com-Customer Services-Pump Test Services
- SDGE3293: SW-CALS - Residential HVAC-HVAC Core
- SDGE3302: SW-CALS - Residential HVAC Upstream
- SDGE3311: 3P - Energy Advantage Program EAP
- SDGE3313: Locational Energy Efficiency Program (LEE)
- SDGE3317: HOPPs - Building Retro-Commissioning
- SDGE3318: HOPPs - Multi Family
- SDGE3320: ESPI
- SDGE3321: Labor Loaders
- SDGE3322: 3P - Streamlined Ag Efficiency (SAE)
- SDGE3323: 3P - Mid-Market Dynamic Energy Efficiency Program (MMDEEP)
- SDGE3324: Water Energy Nexus (WEN)
- SDGE-ESAP: Energy Savings Assistance Program (ESA)

NRDC

California Public Utilities Commission
Attn: Energy Division Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

December 11, 2017

Re: Response to SDG&E Supplemental 2018 Annual Energy Efficiency Budget Advice Letter (AL) 3111-E/2607-G and SCG Supplemental AL 5183-G as well as request for consideration of late-filed response to PG&E AL 3881-G/5137-E, and SCE AL 3654-E

Dear Energy Division,

On November 22, 2017 SDG&E Electric filed Advice Letter 3111-E/2607-G Supplemental 2018 Annual Energy Efficiency Program and Portfolio Budget Request. The Natural Resources Defense Council (NRDC), Build It Green, the California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, the San Joaquin Valley Clean Energy Organization, County of San Luis Obispo, and Ventura County Regional Energy Alliance (Joint Parties), respectfully submit this response to SDG&E's and SCG's 2018 Supplemental Energy Efficiency Budget Advice Letters and request consideration of a late-filed response to the PG&E 3881-G/5137-E and SCE 3654-E 2018 Annual Energy Efficiency Budget Advice letters, including the supplemental information.

The Joint Parties support the request that the Commission require a Total Resource Cost (TRC) test of 1.0 without codes and standards for 2018, pending a decision in A.17-01-013 et al. on this matter.[1] Alternatively, we support a requirement of a 1.25 for Program Administrator Cost (PAC) test without codes and standards.

Discussion

Ensuring that efficiency programs are providing more benefit than cost to customers is a critical component of the Commission's role. However, given the

[1] SDG&E 3111-E/2607-G Supplemental, November 22, 2017, p.6

extensive record in A.17-01-013 et al. and R.13-11-005 highlighting the issues with the current TRC assumptions, we support modifying the cost-effectiveness requirement for the 2018 Annual Energy Efficiency Budget Advice Letters while the Commission updates the policy rules as is scoped in R.13-11-005. Updating cost-effectiveness tests is also under consideration in the Integrated Distributed Energy Resources proceeding, R.14-10-003, although it remains unclear how a decision in that proceeding will impact energy efficiency.

The Joint Parties support the utilities' proposal to require a TRC of 1.0 for 2018 as the current test treats customer costs and benefits asymmetrically, producing results that are biased downward. Achieving a 1.25 TRC without codes and standards would also require major cuts to both resource and non-resource programs. Such programs provide critical offerings to customers that otherwise could not afford it – such as direct install efficiency programs – and provide ways to advance the state's workforce and equity goals, including workforce and training offerings.

Furthermore, making substantial changes to the portfolios on the eve of extensive bidding would disrupt the market, potentially delay solicitations, and ostensibly restructure the portfolio prior to determining what the market is able to deliver. Cutting programs would also cancel critical contracts for all sizes of non-profits and companies in the middle of implementation efforts, which would result is extensive job loss across the state.

Last, these efficiency programs are referenced as opportunities to support efforts in other proceedings, such as the San Joaquin Valley proceeding assessing access to natural gas services (R.15-03-010). Removing these programs unexpectedly as part of the energy efficiency advice letter process would impact customers beyond the energy efficiency proceeding.

As noted above, if Energy Division is not inclined to continue the reprieve for 2018 as set forth in D.14-10-046, we propose that the threshold of 1.25 for 2018 be required for the PAC instead. This modification for 2018 would ensure that at minimum any energy efficiency programs that are approved would be less costly than the alternative energy the utilities would have to procure as that is what the PAC explicitly assesses.

Conclusion

The Joint Parties appreciate the Commission's attention to this matter and look forward to working with stakeholders and staff to update the energy efficiency cost-effectiveness assumptions as soon as practical to ensure efficiency is accurately valued while also protecting customers.

Sincerely,

Lara Ettenson
Director, California Energy Efficiency Policy
Natural Resources Defense Council

Bruce Mast
Senior Director
Build It Green

Michelle Vigen
Senior Policy Manager
The California Efficiency and Demand Management Council

Thomas A. Enslow
Adams Broadwell Joseph & Cardozo
Counsel for the Coalition for Energy Efficiency

Pamela Bold
Executive Director
High Sierra Energy Foundation

Jodi Pincus
Executive Director
Rising Sun Energy Center

Courtney Kalashian
Executive Director
San Joaquin Valley Clean Energy Organization

Jon Griesser
Supervisor, Energy and Climate Programs
County of San Luis Obispo

Sue Hughes
Executive Director
Ventura County Regional Energy Alliance

Strindberg, Nils

From: Strindberg, Nils
Sent: Tuesday, December 12, 2017 11:39 AM
To: 'lettenson@nrdc.org'; 'bruce@builditgreen.org'; 'mvigen@cedmc.org'; 'bold@highsierraenergy.org'; 'pincus@risingsunenergy.org'; 'ckalashian@pesc.com'; 'JGriesser@co.slo.ca.us'; 'susan.hughes@ventura.org'; 'AdviceTariffManager'; Karyn Gansecki; Paul Kubasek; 'PGETariffs@pge.com'; 'QXY1@pge.com'
Subject: Energy Division accepts late comments filed by "Joint Parties" on IOU 2018 Annual Budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency (EE) annual budget advice letters (ALs) that were filed on September 1, 2017, was September 21, 2017. On November 22, 2017, the IOU Program Administrators filed supplementals to the 2018 EE annual budget ALs, which included: PG&E 3881-G-A/5137-E-A; SCE 3654-E-A; SDG&E 3111-E-A/2607-G-A and SoCalGas 5183-G-A. SDG&E and SoCalGas reopened the protest and comment period in their 2018 supplemental EE annual budget ALs, while PG&E and SCE requested that the Commission pursuant to GO 96-B, General Rules 7.5.1 maintain the original protest and comment period of September 21, 2018 and not reopen the protest period for their 2018 supplemental EE annual budget ALs .

On December 11, 2017, Natural Resources Defense Council, Build It Green, The California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, San Joaquin Valley Clean Energy Organization, County of San Luis Obispo and Ventura County Regional Energy Alliance (the Joint Parties) timely filed comments on SDG&E and SoCalGas' 2018 EE annual budget ALs and requested consideration of a late filed comment for PGE and SCE's 2018 EE annual budget ALs.

Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response. Commission staff will accept the late comments by the Joint Parties.

If you have any questions feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

Nils B. Strindberg
CPUC, Energy Division
Energy Efficiency Branch
Residential Programs and Portfolio Approval
O: 415-703-1812
C: 415-849-8140
nils.strindberg@cpuc.ca.gov

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: San Diego Gas & Electric
Utility Number/Type: U 9O2 M
Advice Letter Number(s) 3111-E / 2607-G
Date AL(s) Filed) September 1, 2017
Utility Contact Person: Christina Sondrini
Utility Phone No.: (858) 636-5736

Date Utility Notified: January 18, 2018
E-Mailed to: csondrini@semproautilities.com
and Mcaulson@semprautilities.com
ED Staff Contact: Christina Torok
ED Staff Email: Christina.torok@cpuc.ca.gov
ED Staff Phone No.: (415) 703-3300

[ ] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 21, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[x] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[X] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Christina Torok (christina.torok@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

Southern California Edison (SCE) 2018 Annual Budget Advice Letter (AL) Attachments

1. SCE AL 3654-E submitted September 1, 2017

2. ORA Protests SCE AL 3654-E submitted September 21, 2017

3. TURN Protests SCE AL 3654-E submitted September 21, 2017

4. GreenFan/Verified Protests SCE AL 3654-E submitted September 22, 2017

5. Energy Division email accepting late Protest of GreenFan/Verified sent September 22, 2017

6. Energy Division Initial Suspension Notice sent September 22, 2017

7. SCE Reply to Protests submitted September 28, 2017

8. Energy Division Letter Requesting a Supplemental to SCE AL 3654-E sent October 30, 2017

9. SCE Supplemental AL 3654-E-A submitted November 22, 2017

10. NRDC and "Joint Parties" Comments on Supplemental SCE AL 3654-E-A submitted on December 11, 2017

11. Energy Division email accepting NRDC and "Joint Parties" Comments sent December 12, 2017

12. Energy Division Further Suspension Notice sent January 18, 2018

Russell G. Worden
Managing Director, State Regulatory Operations

September 1, 2017

ADVICE 3654-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget

In compliance with Decision (D.)15-10-028, Administrative Law Judges' Ruling Modifying Schedule dated June 9, 2017, and the Energy Division's "2018 Energy Efficiency Portfolio Filing and Reporting Guidance" dated July 24, 2017, Southern California Edison Company (SCE) hereby submits for filing its interim 2018 Energy Efficiency (EE) Program Budget (including budget for IDSM) for approval by the California Public Utilities Commission ("Commission" or "CPUC"), and to provide information on SCE's modifications to certain EE programs and sub-programs as detailed below.

PURPOSE

The purpose of this filing is to provide SCE's 2018 EE annual budget and associated energy savings and cost-effectiveness results. This filing also provides explanations for EE programs that have been added, expanded, modified, or are expected to be phased out in 2018.

The supporting documents for this filing are as follows:

1. Attachment A: CEDARS Filing Confirmation;
2. Attachment B: Requested Guidance and Supporting Documentation;[1]
3. Attachment C: Description of Program Changes; and
4. Attachment D: Clarification Letter on 2018 Energy Efficiency Portfolio Filing and Reporting Guidance

[1] This attachment includes supporting information as directed by the Energy Division (ED) in its August 2, 2017 email which provided guidance and Excel templates for supporting information to be included in this advice letter.

BACKGROUND

D.15-10-028 requires each EE Program Administrator (PA) to file a Tier 2 advice letter with the PA's annual EE budget for the coming year in September of each year[2] and requires such advice letters to contain:

- Portfolio cost effectiveness statement;
- Application summary tables with forecast budgets and savings by sector and program/intervention;[3] and
- More detail than the business plans to support spending authorization and revenue requirements for rate recovery purposes.[4]

On September 1, 2016, SCE filed its 2017 Annual Energy Efficiency Program and Portfolio Budget Request (AL-3465), which requested a $279.58 million EE portfolio budget for a program portfolio that met SCE's energy savings goals and cost effectiveness thresholds. In AL-3465, SCE requested to adjust its authorized revenues to reflect the 2017 proposed EE budget. Multiple parties protested this filing, in particular to SCE's request for approval of programmatic changes in the annual budget advice letter.[5] At the request of Energy Division (ED), on July 27, 2017, SCE filed its amended 2017 Annual Energy Efficiency Program and Portfolio Budget Request (AL 3465-E-B) which excluded the requests for approval of programmatic changes and reverted to the currently authorized budget of $333.32 million which was previously authorized in D.14-10-046 (and modified by D.15-01-002). This amended advice letter was approved by the ED on July 28, 2017 with an effective date of October 1, 2016.

On July 24, 2017, ED provided the following guidance to PAs in its memo titled "2018 Energy Efficiency Portfolio Filing and Reporting Guidance."[6] According to this guidance:

- PAs are to provide "Tier 2 Advice Letters by September 1, 2017, using the portfolio budgets and 2018 goals established in D.15-10-028;"

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2 See D.15-10-028, ordering paragraph 4.

3 See D.15-10-028, p. 59.

4 See D.15-10-028, p. 62. The business plan should contain high level estimates, and the budget advice filing should contain more detail.

5 See September 21, 2016 TURN Partial Protest, pp. 1-2; and September 20-21 2016 protests from California Building Industry Association (CBIA), pp. 1-3; County of Los Angeles on Behalf of the Southern California Regional Energy Network, pp. 1-3; North American Insulation Manufacturers Association (NAIMA), pp. 1-2; Owens Corning, pp. 1-3; and Santa Barbara, San Luis Obispo and Ventura Counties pp. 1-3.

6 See Attachment D.

- [illegible]
- [illegible]
- [illegible]

2018 EE PORTFOLIO BUDGET

[illegible]

[illegible]

Table 1: 2018 EE Portfolio Budget Criteria, Descriptions, and Authority

Criteria	Applicability to 2018 Budget	Authority
[illegible]	[illegible]	[illegible]

[illegible]

	• [illegible] [illegible]ta[illegible]e[illegible]ce [illegible]t [illegible] [illegible]eate[illegible]e[illegible]a[illegible]t[illegible] [illegible].[illegible] [illegible]th[illegible]t c[illegible]e[illegible] an[illegible] [illegible]tan[illegible]a[illegible][illegible]	
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2018 EE Portfolio Savings

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Table 2: EE Portfolio Energy Savings

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Portfolio Cost-Effectiveness Table

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Table 3: TRC Cost-Effectiveness Scenario Results[illegible]

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Table 4: PAC Cost-Effectiveness Scenario Results[illegible]

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Cap and Target Table

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Table 5: Cap & Targets Forecast

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Budget Variance

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Table 6: 2018 Proposed Budget Variance Compared to Amended Business Plan Budget

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Expanded and New Programs

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Table 7: Summary of Expanded and New Programs

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Program Phase Outs

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[illegible] Plan. The budget impact[illegible] of [illegible] these programs into SCE's [illegible] budget plan increase [illegible] million.

Table 8: Summary of Programs Assumed to Be Phased Out in SCE's Amended Business Plan

Program	Type of Change	Driver	Budget Impact
[illegible]. Residential [illegible] Program (SCE-[illegible]) [illegible]	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. Sustainable Communities (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. [illegible]Planet (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. [illegible]Schools (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. Commercial [illegible] Efficiency (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. Lighting Innovation Program (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. Residential New Construction (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. American [illegible] Act (ARRA) [illegible] Financing (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget increase assumes program closure in [illegible]
[illegible]. [illegible] Planning (SCE-[illegible])	Program closure consistent with Business Plan	Optimization	Budget decrease assumes program closure in [illegible]

See Attachment [illegible] for more information about the above programs.

Portfolio Optimization

As [illegible] SCE [illegible] to maintain cost-effectiveness and [illegible]. As [illegible] in D.[illegible] to [illegible] more [illegible] SCE to meet the [illegible] while maintaining cost-effectiveness.[45] [illegible] the [illegible] SCE [illegible] and measures to reflect current market [illegible] a [illegible] analysis [illegible] and measures [illegible] each program. As a result of this optimization SCE [illegible] budget increase [illegible] million compared to the amended Business Plan budget.

[45] D.[illegible] dated October [illegible].

<u>Evaluation, Measurement, and Verification</u> (EM&V)

[illegible] the [illegible]

<u>Program Realignments</u>

[illegible] the [illegible] that ha[illegible]e [illegible]een [illegible]

Table 9: Summary of Program Realignments

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There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and [illegible] service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at [illegible]. For changes to all other service lists, please contact the Commission's Process Office at [illegible] or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

For questions, please contact [illegible] at [illegible] or by electronic mail at [illegible]@sce.com.

Southern California Edison Company

/s/ Russell G. Worden
Russell G. Worden

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Enclosures

Attachment A

CEDARS Filing Confirmation

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Attachment B

Requested Guidance and Supporting Information

Table 1 -Bill Payer Impacts - Rates by Customer Class				
	Electric Average Rate (Res and Non-Res) $/kwh	Gas Average Rate (Res and Non-Res) $/therm	Total Average Bill Savings by Year ($)	Total Average Lifecycle Bill Savings ($)
Present Rates - System Average				
2013	$0.16		$ 87,209,070	$ 981,191,659
2014	$0.17		$ 103,251,635	$ 1,090,731,032
2015	$0.16		$ 93,081,321	$ 885,855,957
2016	$0.15		$ 65,492,695	$ 704,523,862
2017	$0.15		$ 83,570,931	$ 726,322,498
2018	$0.16		$ 88,065,105	$ 840,561,019

Consistent with SPM TRC/PAC/RIM tests, all savings used from actuals and forecasts in this table are NET.

1) Average first year electric bill savings is calculated by multiplying an average electric rate with first year net kWh energy saving

2) Average first year gas bill savings is calculated by multiplying an average gas rate with first year net therm energy savings.

3) Total average first year bill savings is the sum of Notes 1 and 2.

4) Average lifecycle electric bill savings is calculated by multiplying an average electric rate with lifecycle net kWh energy saving

5) Average lifecycle gas bill savings is calculated by multiplying an average gas rate with lifecycle net therm energy savings.

6) Total average lifecycle bill savings is the sum of Notes 4 and 5.

7) Total Annual and Lifecycle Bill Savings excluded savings from Codes & Standards and ESA Programs

Table 2a - Electric Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Electric Annual Revenue $000	2016 Energy Efficiency Portion of Total Electric Annual Revenue $000	2017 Energy Efficiency Portion of Total Electric Annual Revenue $000	2018 Proposed Energy Efficiency Electric Annual Revenue Change $000	2018 Proposed Percentage Change In Electric Revenue and Rates	2016 Electric Average Rate $/kwh	2016 Energy Efficiency Portion of Electric Average Rate $/kwh	2017 Electric Average Rate $/kwh	2017 Energy Efficiency Portion of Electric Average Rate $/kwh	2018 Proposed Electric Average Rate Change $/kwh	2018 Proposed Percentage Change In Electric Revenue and Rates
[illegible]											
[illegible]	$ 4,681,802	$ 136,211	$ 125,447	$ 5,075	4.05	$0.166	$ 0.0048	$ 0.178	$ 0.0046	$ 0.0044	4.05
[illegible]	$ 3,788,150	$ 110,211	$ 105,310	$ 4,260	4.05	$0.155	$ 0.0045	$ 0.169	$ 0.0043	$ 0.0042	4.05
[illegible]	$ 1,732,157	$ 50,395	$ 48,421	$ 1,959	4.05	$0.106	$ 0.0031	$ 0.116	$ 0.0030	$ 0.0029	4.05
[illegible]	$ 377,687	$ 10,988	$ 10,479	$ 424	4.05	$0.117	$ 0.0034	$ 0.127	$ 0.0033	$ 0.0031	4.05
[illegible]	$ 124,005	$ 3,608	$ 3,309	$ 134	4.05	$0.174	$ 0.0051	$ 0.181	$ 0.0046	$ 0.0045	4.05
[illegible]											
[illegible]	$ 40,867	$ 1,189	$ 1,023	$ 41	4.05	$0.105	$ 0.0031	$ 0.105	$ 0.0027	$ 0.0026	4.05
[illegible]	$ 325,108	$ 9,459	$ 8,386	$ 339	4.05	$0.079	$ 0.0023	$ 0.079	$ 0.0020	$ 0.0019	4.05
[illegible]	$ 378,488	$ 11,012	$ 9,640	$ 390	4.05	$0.055	$ 0.0016	$ 0.055	$ 0.0014	$ 0.0014	4.05
[illegible]	$ 5,415	$ 158	$ 143	$ 6	4.05	$0.065	$ 0.0019	$ 0.067	$ 0.0017	$ 0.0016	4.05
[illegible]	$ 3,093	$ 90	$ 111	$ 4	4.05	$0.087	$ 0.0025	$ 0.121	$ 0.0031	$ 0.0030	4.05

Table 2b - Gas Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Gas Annual Revenue $000	2016 Energy Efficiency Portion of Total Gas Annual Revenue $000	2017 Energy Efficiency Portion of Total Gas Annual Revenue $000	2018 Proposed Energy Efficiency Gas Annual Revenue Change $000	2018 Proposed Percentage Change In Gas Revenue and Rates	2016 Gas Average Rate $/kwh	2016 Energy Efficiency Portion of Gas Average Rate $/kwh	2017 Gas Average Rate $/kwh	2017 Energy Efficiency Portion of Gas Average Rate $/kwh	2018 Proposed Gas Average Rate Change $/kwh	2018 Proposed Percentage Change In Gas Revenue and Rates
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											
[illegible]											

Table 3 - Budget and Cost Recovery by Funding Source

	2018
2018 [illegible]	$ 299,637,160
[illegible] 2016	$ [illegible]
[illegible] 2016	$ [illegible]
[illegible] 2013[illegible]2015	$ [illegible]
[illegible] 2013[illegible]2015	$ [illegible]
[illegible] 2010[illegible]2012	$ [illegible]
[illegible] 2010[illegible]2012	$ [illegible]
[illegible] 2010	$ [illegible]
[illegible] 2010	$ [illegible]
Total Funding Request for 2018 EE Portfolio	**$ 299,637,160**

Budget by Funding Source

2018 Authorized (Before Carryover)	2018 Budget	Allocation
[illegible] 1 [illegible]	$ 299,637,160	100[illegible]
[illegible]	$ [illegible]	
Total Funds	**$ 299,637,160**	

[illegible]1 [illegible] $15,050,000 [illegible]

Revenue Requirement for Cost Recovery by Funding Source

2018 Authorized Funding in Rates (including carryover)	2018 Revenue Requirement	Allocation after Carryover adjustment
[illegible] 1 [illegible]	$ 299,637,160	100[illegible]
[illegible]	$ [illegible]	
Total Funds	**$ 299,637,160**	

[illegible]1 [illegible] $15,050,000 [illegible]

Unspent/Uncommitted Carryover Funds (in positive $ amonts)

Total Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
2013[illegible]2015	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
2010[illegible]2012 [illegible]2[illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
[illegible]2010	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Total Pre-2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

EM&V Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
2013[illegible]2015	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
2010[illegible]2012	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
[illegible]2010	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Total Pre-2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Program Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
2013[illegible]2015	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
2010[illegible]2012	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
[illegible]2010	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Total Pre-2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Table 4 – Budget, Spent, Unspent, Carryover Details

New/Existing Program #	Main Program Name / Sub-Program Name	2013-2015 Budget, Spent, Unspent and Carryover: 2013-2015 Authorized Budget [1]	2013-2015 Total Budget with Commitments & Fundshifts	2013-2015 Total Budget Spent	Pre-2013 Commitments Remaining as of 06/30/2017	2013-2015 Unspent/Uncommited Funds Returned to Ratepayers [4]	2013-2015 Commitments as of 06/30/2017	Pre-2016 Unspent/Uncommitted Funds Available for 2018 offset	2016 Budget, Spent, Unspent and Carryover: 2016 Authorized Budget [2]	2016 Total Budget with Commitments & Fundshifts [3]	2016 Total Budget Spent	2016 Unspent/Uncommited Funds Returned to Ratepayers	2016 Commitments as of 06/30/2017	Pre-2017 Unspent/Uncommitted Funds Available for 2018 offset	2017 Budget, Fundshifts and Spending to Date: 2017 Authorized Budget [4]	2017 Fundshifts	2017 Total Budget	2017 Budget Spent as of 06/30/2017	2018 Proposed Budget: 2018 Proposed Budget	2018 Budget Offset from Pre-2016 Carryover (Col J + Col P)	2018 Funds Requested	Program Type	Market Sector	Resource or Non-resource	Program Status	Utility Grouping
SCE-13-SW-001	California Statewide Program for Residential Energy Efficiency	$ 141,427,900	$ 140,714,900	$ 135,344,250	$ 141,623	$ -	$ 5,330,390	$ -	$ 50,527,900	$ 48,577,900	$ 40,438,226	$ -	$ 5,974,871	$ -	$ 47,556,605	$ -	$ 47,556,605	$ 8,532,345	$ 39,635,928	$ -	$ 39,635,928					
SCE-13-SW-002	Statewide Commercial Energy Efficiency Program	$ 264,756,656	$ 317,762,187	$ 309,424,063	$ 641,788	$ -	$ 6,100,400	$ -	$ 93,356,656	$ 83,896,656	$ 72,906,908	$ -	$ 2,772,946	$ -	$ 82,693,857	$ -	$ 82,693,857	$ 19,654,816	$ 58,017,181	$ -	$ 58,017,181					
SCE-13-SW-003	Statewide Industrial Energy Efficiency Program	$ 41,249,085	$ 18,439,895	$ 17,598,949	$ -	$ -	$ 98,896	$ -	$ 8,449,087	$ 8,049,087	$ 4,388,986	$ -	$ 53,299	$ -	$ 5,642,436	$ -	$ 5,642,436	$ 1,631,117	$ 8,895,651	$ -	$ 8,895,651					
SCE-13-SW-004	Statewide Agriculture Energy Efficiency Program	$ 15,942,620	$ 21,026,104	$ 17,564,405	$ -	$ -	$ 247,822	$ -	$ 5,482,620	$ 5,082,620	$ 2,970,810	$ -	$ 160,562	$ -	$ 4,011,346	$ -	$ 4,011,346	$ 1,425,162	$ 3,847,188	$ -	$ 3,847,188					
SCE-13-SW-005	Lighting Program	$ 72,315,318	$ 71,080,318	$ 70,954,388	$ -	$ -	$ -	$ -	$ 35,254,239	$ 46,624,239	$ 50,280,030	$ -	$ 26,036	$ -	$ 56,620,612	$ -	$ 56,620,612	$ 28,781,859	$ 37,759,454	$ -	$ 37,759,454					
SCE-13-SW-006	Integrated Demand Side Management Program	$ 2,052,374	$ 922,374	$ 919,364	$ -	$ -	$ -	$ -	$ 697,374	$ 697,374	$ 73,191	$ -	$ -	$ -	$ 725,386	$ -	[illegible]	$ 7,047	$ -	[illegible]	[illegible]				Discontinued	
SCE-13-SW-007	Statewide Finance Program	$ 97,519,770	$ 90,828,504	$ 36,805,135	$ -	$ -	$ 51,327,428	$ -	$ 16,294,768	$ 16,294,769	$ 3,183,566	$ -	$ 10,609,512	$ -	$ 18,651,913	$ -	$ 18,651,913	$ 441,864	$ 19,364,184	$ -	$ 19,364,184					
SCE-13-SW-008	Codes and Standards Program	$ 17,739,328	$ 17,739,328	$ 14,872,559	$ -	$ -	$ 837,919	$ -	$ 5,977,851	$ 6,017,851	$ 4,954,735	$ -	$ 1,061,973	$ -	$ 6,135,154	$ -	$ 6,135,154	$ 1,047,366	$ 6,039,256	$ -	$ 6,039,256					
SCE-13-SW-009	Emerging Technologies Program	$ 31,953,610	$ 31,953,610	$ 22,674,646	$ -	$ -	$ 10,238,747	$ -	$ 10,768,180	$ 10,768,179	$ 6,940,907	$ -	$ 2,265,043	$ -	$ 9,827,862	$ -	$ 9,827,862	$ 1,619,004	$ 8,848,137	$ -	$ 8,848,137					
SCE-13-SW-010	Workforce Education & Training	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
SCE-13-L-001	Integrated Demand Side Management Pilot for Food Processing	$ 544,886	$ 257,886	$ 256,525	$ -	$ -	$ -	$ -	$ 189,886	$ 189,886	$ 3,702	$ -	$ -	$ -	$ -	$ -		$ -	$ -						Discontinued	
SCE-13-L-002	Energy Leader Partnership Program	$ 45,973,944	$ 43,374,757	$ 35,989,319	$ 920,000	$ -	$ 4,418,298	$ -	$ 12,758,860	$ 12,758,861	$ 8,866,666	$ -	$ 1,276,346	$ -	$ 13,829,652	$ -	$ 13,829,652	$ 3,678,871	$ 10,535,886	$ -	$ 10,535,886					
SCE-13-L-003	Institutional and Government Core Energy Efficiency Partnership	$ 27,952,036	$ 24,536,673	$ 20,655,542	$ 71,860	$ -	$ 3,644,479	$ -	$ 10,927,118	$ 10,927,118	$ 3,670,738	$ -	$ 1,376,747	$ -	$ 7,546,685	$ -	$ 7,546,685	$ 1,080,978	$ 7,364,823	$ -	$ 7,364,823					
	Residential Third Party Programs	$ 8,173,826	$ 11,984,626	$ 11,977,189	$ -	$ -	$ -	$ -	$ 3,022,439	$ 3,852,439	$ 3,845,960	$ -	$ -	$ -	$ 4,750,328	$ -	$ 4,750,328	$ 194,378	$ 5,928,253	$ -	$ 5,928,253					
SCE-13-TP-001	[illegible]																									
SCE-13-TP-024	[illegible]																									
	Commercial Third Party Programs	$ 48,848,375	$ 34,108,055	$ 31,553,892	$ -	$ -	$ 2,514,077	$ -	$ 14,095,663	$ 14,095,663	$ 6,510,702	$ -	$ 2,439,657	$ -	$ 10,377,574	$ -	$ 10,377,574	$ 531,861	$ 16,143,942	$ -	$ 16,143,942					
SCE-13-TP-002	[illegible]																									
SCE-13-TP-003	[illegible]																									
SCE-13-TP-004	Data Center [illegible]																									
SCE-13-TP-005	[illegible]																									
SCE-13-TP-013	[illegible]																									
SCE-13-TP-014	[illegible]																									
SCE-13-TP-017	[illegible]																									
SCE-13-TP-018	[illegible]																									
SCE-13-TP-021	[illegible]																									
	Industrial Third Party Programs	$ 72,965,811	$ 67,847,322	$ 53,026,614	$ -	$ -	$ 14,723,683	$ -	$ 20,368,334	$ 20,368,334	$ 4,735,025	$ -	$ 5,440,543	$ -	$ 22,273,758	$ -	$ 22,273,758	$ 2,016,441	$ 32,357,258	$ -	$ 32,357,258					
SCE-13-TP-006	[illegible]																									
SCE-13-TP-007	[illegible]																									
SCE-13-TP-008	[illegible]																									
SCE-13-TP-009	[illegible]																									
SCE-13-TP-010	[illegible]																									
SCE-13-TP-011	[illegible]																									
SCE-13-TP-012	[illegible]																									
SCE-13-TP-023	[illegible]																									
	Cross Cutting Third Party Programs	$ 15,899,606	$ 11,919,606	$ 8,129,105	$ -	$ -	$ 3,767,361	$ -	$ 5,337,369	$ 4,507,368	$ 1,152,382	$ -	$ 1,816,115	$ -	$ 5,071,526	$ -	$ 5,071,526	$ 197,752	$ 7,220,563	$ -	$ 7,220,563					
SCE-13-TP-019	[illegible]																									
SCE-13-TP-020	[illegible]																									
SCE-13-TP-022	[illegible]																									
	EM&V (PA & CPUC Portions) Total	$ 41,997,374	$ 41,997,374	$ 30,480,346	$ -	$ -	$ 11,517,027	$ -	$ 13,333,000	$ 13,333,000	$ 777,947	$ -	$ 12,555,053	$ -	$ 13,333,000	$ -	$ 13,333,000	$ 250,808	$ 11,985,487	$ -	$ 11,985,487					
SCE-3OV0200	[illegible]																									
SCE-3OV0100	[illegible]																									
	Total SCE Portfolio	$ 974,467,174	$ 974,467,174	$ 846,166,312	$ 1,775,271	$ 9,391,000	$ 114,766,527	$ -	$ 316,006,000	$ 316,006,000	$ 224,122,761	$ -	$ 47,828,703	$ -	$ 316,058,000	$ -	$ 316,058,000	$ 74,062,997	$ 282,323,160	$ -	$ 282,323,160					
SCE-13-REN	SoCalREN	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]		[illegible]		[illegible]		[illegible]		[illegible]					
	Total EE Portfolio	$ 1,027,529,341	$ 1,027,529,341	$ 884,330,416	$ 1,775,271	$ 21,051,000	$ 116,952,077	$ -	$ 333,320,000	$ 333,320,000	$ 236,226,015	$ -	$ 53,039,449	$ -	$ 333,320,000	$ -	$ 333,320,000	$ 74,062,997	$ 299,637,160	$ -	$ 299,637,160					

Table 5 - Total 2018 Requested and 2013-2017 Authorized Budgets ($000).

[illegible] 2013[illegible]17 [illegible][1] [illegible] 2018 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2013[illegible]2015 [illegible]	$ 11,746	$ 310,823		$ 322,569
2013[illegible]2015 [illegible]		$ 17,687		$ 17,687
2013[illegible]2015 [illegible]				$ [illegible]
2013[illegible]2015 [illegible]		$ 13,999		$ 13,999
2013-2015 Total Annualized Portfolio	$ 11,746	$ 342,510	$ [illegible]	$ 354,256
2016 [illegible]	$ 11,746	$ 302,673		$ 314,419
2016 [illegible]		$ 17,314		$ 17,314
2016 [illegible]				$ [illegible]
2016 [illegible]		$ 13,333		$ 13,333
2016 Annualized Total	$ 11,746	$ 333,320	$ [illegible]	$ 345,066
2017 [illegible]	$ 10,137	$ 302,725		$ 312,862
2017 [illegible]		$ 17,262		$ 17,262
2017 [illegible]				$ [illegible]
2017 [illegible]		$ 13,333		$ 13,333
2017 Annualized Total	$ 10,137	$ 333,320	$ [illegible]	$ 343,457
2018 [illegible]	$ 6,910	$ 270,338		$ 277,248
2018 [illegible]		$ 17,314		$ 17,314
2018 [illegible]				$ [illegible]
2018 [illegible]		$ 11,985		$ 11,985
2018 Total Portfolio Request	$ 6,910	$ 299,637	$ [illegible]	$ 306,547

1 [illegible], [illegible]. 09[illegible]09[illegible]047, [illegible]. 12[illegible]11[illegible]015, [illegible].14[illegible]10[illegible]046 [illegible].15[illegible]10[illegible]028.

Table 6 - Accrued Energy Efficiency Program Funding Not Yet Spent [1]

Accrued funds not yet spent ($000)	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
Category			
2013[illegible]2015 [illegible]	$11,517		$11,517
2013[illegible]2015 [illegible]	$103,250		$103,250
2013[illegible]2015 [illegible]	$2,186		$2,186
2013[illegible]2015 [illegible]	$0		$0
2016 [illegible]	$12,552		$12,552
2016 [illegible]	$35,276		$35,276
2016 [illegible]	$5,211		$5,211
2016 [illegible]	$0		$0
2017 [illegible] 2[illegible]	$6,414		$6,414
2017 [illegible] 2[illegible]	$77,550		$77,550
2017 [illegible] 2[illegible]	$8,631		$8,631
2017 [illegible] 2[illegible]	$0		$0
Total	**$262,587**	**$0**	**$262,587**

[1] As of June 30, 2017
[2] 2017 collected revenue less program spent through June 30, 2017

Table 7 - 2016 Authorized and Spent/Unspent Detail

Authorized, spent and unspent program funds (excludes EM&V) ($000) Category	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
2016 [illegible]	$319,987		$319,987
2016 [illegible]1[illegible]	$235,448		$235,448
2016 [illegible]			
2016 [illegible]	$40,484		$40,484
2016 [illegible] 2018	$0		$0

[illegible]1[illegible]30, 2017

Attachment C

Description of Program Changes

Description of Program Changes

Expanded and New Programs

1. **Residential Pay for Performance Program** (S[illegible])
[illegible]

2. **Public Sector Performance-Based Retrofit High Opportunity Program** (S[illegible])
[illegible]

3. **Commercial Direct Install** (S[illegible]S[illegible]D[illegible])
[illegible]

[illegible]

4. **Non-Residential HVAC Program** [illegible]

[illegible]

5. **On-Bill Financing** [illegible]

[illegible]

Program Assumed To Be Phased Out in SCE's Amended Business Plan

[illegible]

1. **Residential HVAC and Energy Upgrade California (SCE-13-SW-001E and SCE-13-SW-001D)**

[illegible]

multiple improvements since program inception. The Home Upgrade program continued to have a low cost-effectiveness [illegible] at [illegible] [illegible].

2. **Sustainable Communities** ($[illegible])
Sustainable Communities activities focus on developing strategies for the uptake and [illegible] of [illegible] new construction. [illegible] with the [illegible] Standards program, the [illegible] technologies program and [illegible], Sustainable Communities focuses on a variety of intervention and [illegible] strategies such as a multi-family [illegible] demonstration, [illegible] outreach, [illegible] training on high performance building practices, the [illegible] of the real estate and mortgage industries, behavioral aspects [illegible] with [illegible] Service Planning Organization on [illegible] infrastructure impacts.

3. **Cool Planet** ($[illegible])
The [illegible] Cool Planet program is a non-resource program that provides [illegible] business customers with education and technical training to measure and manage their energy use and greenhouse gas (GHG) emissions. Customers learn [illegible] recognition and a [illegible] measurement [illegible] with the Climate [illegible] based on meeting [illegible] energy savings [illegible] demand response program participation thresholds. [illegible] Cool Planet program also includes a [illegible] education [illegible] program that offers a clear means to quantify, compare and analyze the GHG emissions embedded in delivered water using a consistent and transparent methodology. This phase out [illegible] program [illegible] the cost-effectiveness of the overall portfolio and better align with a [illegible] Sector approach. Additionally, current customers interested in recognition and outreach will be able to do so through other offerings such as those found in the [illegible] program.

4. **Cool Schools** ($[illegible])
The focus of the Cool Schools program is to assist public and private institutions with [illegible] and conservation. Cool Schools utilizes the knowledge and communication channels of its [illegible] to provide education and financial assistance to accelerate the replacement of existing equipment reaching the end of its useful life with new more energy efficient equipment. Cool Schools has been a challenging program because of the overlap with other programs that [illegible] many of the measures making the [illegible] financial measures much less attractive to customers. [illegible] has also posed challenges as many school customers choose to utilize the [illegible] instead of achieving savings [illegible].

5. **Commercial Utility Building Efficiency** ($[illegible])
[illegible] provides audits, technical assistance and incentives to support installation of recommended EE equipment at [illegible] commercial office buildings. [illegible] changes in claimable energy savings due to [illegible] updates and changes in Industry Standard Practice (ISP) assumptions, the number of eligible measures [illegible] has been drastically reduced.

6. **Lighting Innovation Program** [illegible]
The Lighting Innovation Program developed new small scale demonstration projects and tracked results to identify measures and program models that could potentially be incorporated in the Primary Lighting Program. Within the last few years, most programs were designed and implemented achieving results that proved to be effective in helping SCE develop an incentive design for the midstream delivery channel. One of those programs that proved successful was the development of the midstream lighting program that transitioned out [illegible] and is currently implemented today within the Deemed [illegible] Program umbrella.

7. **Residential New Construction** [illegible]
The California Advanced Homes Program (CAHP) successfully moved many builders and developers beyond code; however, with the recent [illegible] new homes must achieve these standards. The program has not proven to be cost effective. SCE allocated budget to process outstanding rebates in this program. SCE will sunset CAHP and the Sustainable Communities program to focus efforts on new program design efforts that lead to zero net energy (ZNE) homes. [illegible] SCE will leverage existing partnerships to advance awareness of residential and non-residential ZNE standards through education and outreach. The [illegible] strategies [illegible] working with builders, architects and the housing industry [illegible] ultimately [illegible] to facilitate competency in the commercial and institutional space toward [illegible] ZNE mandates. SCE's Codes and Standards program is working with City of Santa Monica and other communities seeking to implement ZNE reach codes [illegible].

8. **American Reinvestment Recovery Act (ARRA)-Originated Financing** [illegible]
This program (also known as [illegible] Energy Efficiency Program) is a continuation of financing programs originally created by American Recovery and Reinvestment Act (ARRA) stimulus funding in [illegible] and implemented by local governments. The program was created to streamline the process of attaining low cost unsecured loans [illegible] to contractors and [illegible] related to help homeowners overcome the high upfront cost and complexity associated with making home energy upgrades. Improvements were meant to coordinate with and enhance the participating [illegible] Energy Upgrade California program [illegible] customer participation. However, the improved program has a relatively low conversion rate from turning interested customers into actual [illegible] projects with [illegible] and [illegible] limited evidence [illegible] direct correlation between its activities and [illegible] the program participation.

9. **Workforce, Education & Training Planning** [illegible]
SCE requests authority to streamline all three Workforce Education and Training [illegible] programs (Connections, Planning and Centergies) into one overarching [illegible] program to enhance efficiencies resulting in a clear participant pathway with a single point of contact and enhance alignment to both industry and market needs.

Program Realignments

1. **Strategic Energy Management** (SCE-[illegible])
SCE will consolidate the Agriculture Continuous Energy Improvement Program (SCE-[illegible]), Commercial Continuous Energy Improvement Program (SCE-[illegible]), and the Industrial Continuous Energy Improvement Program (SCE-[illegible]) into a single program named the Strategic Energy Management Program, which will use the program number (SCE-[illegible]) previously under the program number of the Industrial Continuous Energy Improvement. The Strategic Energy Management (SEM) program is a resource program that provides a concierge approach service in identifying, analyzing and implementing EE projects with a whole facility approach while assisting the customer through the process. SEM is a multi-year tiered program with eight workshops that span 24 months for a customer. The purpose of the workshops is to educate the customer. SEM will be designed to provide a method for verifying savings for the customer through a [illegible]. The concierge service will have one implementer and one point of contact to assist the contractor through the [illegible] and [illegible] projects with a whole building approach.

2. **Agriculture Continuous Energy Improvement Program** (SCE-[illegible])
As described above, SCE will consolidate this program into the Strategic Energy Management Program.

3. **Commercial Continuous Energy Improvement Program** (SCE-[illegible])
As described above, SCE will consolidate this program into the Strategic Energy Management Program.

4. **Industrial Continuous Energy Improvement Program** (SCE-[illegible])
As described above, SCE will consolidate this program into the Strategic Energy Management Program. SCE will retain the program number of this program to the new Strategic Energy Management Program.

5. **City of Redlands** (SCE-[illegible])
SCE has realigned its single city partnerships into regional partnerships. This will enable a city to leverage best practices from other partnership members [illegible] resources on targeted regional energy efficiency projects and improve the cost effectiveness of the partnerships. As such, the City of Redlands has joined the San Bernardino Regional Energy Leader Partnership (SANBAG). Members of regional partnerships have the same partnership program benefits and incentive levels as single city partnerships.[illegible]

6. **City of Santa Ana** (SCE-[illegible])
As described above, SCE has realigned its single city partnerships into regional partnerships. This will enable a city to leverage best practices from other partnership

---

[illegible] See Advice [illegible] which was approved by Energy Division on March [illegible] effective [illegible].

members to work together to leverage their resources on targeted regional energy efficiency projects and maximize the cost effective benefits of the partnerships. As such, the City of Santa Ana has joined the Orange County Cities Energy Leader Partnership. Members of regional partnerships will have the same partnership program benefits and incentives as a single city partnership.[illegible]

7. **Community Energy Leadership Partnership** (S[illegible])
Consistent with the effort to move toward regional partnerships described above, SCE has discontinued the Community Energy Leader Partnership (CELP) in [illegible] and moved cities within CELP to regional partnerships. SCE has moved the City of San Bernardino to SANBAG, moved the City of Moreno Valley and the City of Corona to the Western Riverside Energy Leader Partnership, and moved the City of Irvine to the Orange County Cities Energy Leader Partnership in January [illegible]. In addition, SCE moved the City of Santa Monica and the City of Santa Clarita to the West Side Community Energy Partnership in [illegible].[illegible]

8. **West Side Energy Leader Partnership** (S[illegible])
Consistent with the effort to move toward regional partnerships described above, SCE has renamed the West Side Energy Leader Partnership to the West Side Community Energy Partnership and expanded the partnership to incorporate additional cities such as the City of Santa Monica and City of Santa Clarita.[illegible]

[illegible] [illegible].
[illegible] [illegible].
[illegible] [illegible].

Attachment D

Clarification Letter on 2018 Energy Efficiency Portfolio Filing and Reporting Guidance

STATE OF CALIFORNIA Edmund G. Brown Jr., Governor

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

To: Energy Efficiency Program Administrators

From: Amy Reardon, CPUC Energy Division, Data Management and Reporting

Subject: 2018 Energy Efficiency Portfolio Filing and Reporting Guidance

July 24, 2017

This memo provides guidance on upcoming changes to energy efficiency reporting. The next EE reporting PCG is scheduled for July 25 at the CPUC, and we will discuss these items at that time. Please direct any questions you have to amy.reardon@cpuc.ca.gov.

2018 Annual Budget Filings on September 1, 2017

Decision 15-10-028 directs IOUs to submit annual compliance filings as Tier 2 Advice Letters by September 1st that include a portfolio cost effectiveness statement and application summary tables. Energy Division recognizes that many changes are afoot this year that affect portfolio savings goals and cost effectiveness—and indeed the entire portfolio mix of sectors and programs-- and that the requirement for a cost effective portfolio showing may not be achievable in 2018 using these parameters and given current uncertainties. However, a compliance filing is still needed in accordance with the "bus stop" schedule set forth in the Decision. Therefore, Energy Division directs the PAs to file conforming Tier 2 Advice Letters by September 1, 2017, using the portfolio budgets and 2018 goals established in D.15-10-028, and cost effectiveness inputs using 2017 avoided costs found in CET v.17.3.0.[1]

In effect, this filing is considered "interim." Staff will weigh the validity of any protests to the advice letters against our recognition of current ambiguity in the Proceeding, with the end goal of receiving supplemental filings as soon as possible after new goals and avoided costs are approved. Furthermore, Staff understands that upon approval of the Business Plans, the PAs will refile fully updated portfolios sometime in 2018.

Revised Budget Filing Appendices

The 2017 budget filings included three Excel-based appendices containing detailed application summary tables. After taking inventory of those appendices, we identified that nearly all of this information was now captured in the CEDARS data system, and could be queried to generate those appendices without the PAs needing to file them. Energy Division and consultants will write queries to generate the Excel workbooks that PAs filed in 2017 (Appendices A,B, and C) and will call this queried report "Budget Filing Detail Report." The rationale is that Energy Division needs the data to come from a common source—CEI submitted in CEDARS by the PAs—so there are no inconsistencies between the database and the filings.

[1] [illegible] 2017 [illegible].

Our data inventory shows that there is still a small subset of incremental data not collected in CEDARS, so a new appendix template to capture any additional needed information will be provided and discussed at the July 25th PCG meeting.

The appendices will require updating when the Commission approves the interim cost effectiveness adders and new 2018 goals.

Monthly Reporting Module in CEDARS

Energy Division has advised the PAs of a new reporting structure within CEDARS that will replace the Excel-based monthly reporting format. This new specification will be ready to test in third quarter. This Monthly Reporting Module will capture program budget fund shifts, therefore removing the requirement for the IOUs to file quarterly fund shifting reports because this report will be generated from CEDARS and posted as an Excel file. Pursuant to D. 15-10-028, advice letters are no longer necessary for fund shifting that exceeds certain thresholds.

New Reporting Schedule

At the June 14, 2017 EE Reporting Project Coordination Group (PCG) meeting, Energy Division discussed whether the staggered reporting schedule—in which the RENs/MCE report earlier than the IOUs in order to enable the IOUs to capture REN/MCE information in their reports—was still necessary once the monthly reporting module was launched in CEDARS. We expect that the new schedule, with all PAs reporting on the same timeline, will commence by September or October (depending on how testing goes for the new monthly reports.) We also agreed at the PCG that IOUs and RENs/MCE would coordinate together informally to obtain any data needed to be exchanged prior to filing their reports. The current reporting schedule can be found on EEStats and will be updated once the monthly reporting module is in effect.[2]

Water- Energy Reporting

The CEDARS quarterly program tracking claims specification now includes a water/energy table to capture savings associated with measures identified to achieve both on-site and off-site energy savings. PAs have been advised to create a proxy program ID that will record savings associated with such measures; since water/energy measures have their own cost effectiveness calculator, they will be excluded from the portfolio cost effectiveness roll up performed in CEDARS. Water/Energy savings will not be included in monthly reports once the new CEDARS Monthly Reporting Module is released.

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[2] [illegible]

Local Government Partnership Program "Dashboards"

At the June PCG, IOUs presented two types of quarterly reports for local government partnerships:

- Key Performance Indicator (KPI) report, an excel file developed especially for Energy Division staff;
- Local Government Dashboards, provided by the IOUs to individual communities showing quarterly progress.

Energy Division's assessment of the KPI report is that much of the information already exists in the CEDARS database and that this report is no longer required. Energy Division acknowledges that there is value in the Local Government Partnership dashboards to local communities, and encourages the continuance of this communications service.

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:	Contact Person: Darrah Morgan
☑ ELC ☐ GAS	Phone #: (626) 302-2086
☐ PLC ☐ HEAT ☐ WATER	E-mail: Darrah.Morgan@sce.com
	E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE			(Date Filed/ Received Stamp by CPUC)
ELC = Electric	GAS = Gas		
PLC = Pipeline	HEAT = Heat	WATER = Water	

Advice Letter (AL) #: 3654-E   Tier Designation: 2

Subject of AL: Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? ☐ Yes ☑ No

Requested effective date: 10/1/17   No. of tariff sheets: -0-

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets: None

[1] Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Telephone: (626) 302-4177
Facsimile: (626) 302-5210
E-mail: AdviceTariffManager@sce.com

Laura Genao
Managing Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

ORA

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
[illegible]

[illegible] 21, 2017

[illegible] – [illegible]
[illegible]
505 [illegible]
[illegible], [illegible] 94102

Subject: **The Office of Ratepayer Advocates' Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

[illegible],

[illegible] ors' (PAs) [illegible] 3881 [illegible] 5137 [illegible], [illegible] 3654 [illegible], [illegible] 5183 [illegible], [illegible] 3111 [illegible] 2607 [illegible], [illegible] 25 [illegible] 1, 2017 [illegible] ' 2018 [illegible] . 15 [illegible] 10 [illegible] 028, [illegible] 4.

[illegible], [illegible] Owned Utilities' [illegible] and MCE's 2018 budget advice letters due to their failure to meet the Commission's [illegible] *ex ante* [illegible] 2018 [illegible]. [illegible] .15 [illegible] 10 [illegible] 028 [illegible]. [illegible], [illegible].

I. BACKGROUND

[illegible]. [illegible] .05 [illegible] 04 [illegible] 051, [illegible] effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1] [illegible], [illegible]

---

[1] [illegible] .05 [illegible] 04 [illegible] 051 [illegible] 22.

[illegible].[2] [illegible] 1.0 [illegible], [illegible] .09 09 047, "[i]n order to meet the requirement of Public Utilities [illegible] 454.5 [illegible] 9 [illegible], [illegible], [illegible] effectiveness"[3]

[illegible] .12 11 015, [illegible] 1.25 [illegible], [illegible].[4]

[illegible] .14 10 046, [illegible] 1.0 [illegible] 2015 [illegible]. [illegible], [illegible] 1.25 [illegible].[5] [illegible] .14 10 046 [illegible] 2015 [illegible] 2025 [illegible].[6]

[illegible] .15 10 028, [illegible] 2 [illegible], [illegible], [illegible].[7] The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget woul[illegible] [illegible].[8]

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted above, the Commission's expectation in D.14 10 046 [illegible] 1.25 [illegible] .12 11 015. [illegible], [illegible], [illegible] 1.0 [illegible] 2015 [illegible] 2015. [illegible] 1 [illegible].[9]

---

2 [illegible].09 09 047 [illegible] 68 69.

3 [illegible].09 09 047 [illegible] 1 [illegible] 353.

4 [illegible].12 11 015 [illegible] 100 101.

5 [illegible].14 10 046 [illegible] 109 110. [illegible] 96 [illegible] 1.25 [illegible], [illegible].

6 [illegible].14 10 046 [illegible] 31.

7 [illegible].15 10 028 [illegible] 4 [illegible] 123 124.

8 [illegible].15 10 028 [illegible] 5 [illegible] 124.

9 [illegible], [illegible] Network, that are not currently subject to the Commission's minimum cost[illegible].

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
[illegible]	[illegible]	[illegible]	0.81	1.04	0.86
[illegible]	[illegible]	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

If the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, all the PAs have failed to submit cost-effective portfolios, as shown in Table 1 below. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire statewide portfolio of EE programs statewide fails to meet minimum cost-effectiveness regardless of the operative threshold.

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[10] Data for Table 1 come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

The Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented.

The likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[11] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. The Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[12] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[13] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[14]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

[11] SCE Advice 3149-E-B, Appendix A, Table 7.1.
[12] D.14-10-046 at 31.
[13] D.15-10-028 OP 5 at 124.
[14] D.15-10-028 at 53.

□□. CONCLUSION

ORA respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

/s/ MICHAEL CAMPBELL
Michael Campbell
Program Manager

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California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
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September 21, 2017

Cc: Peter Franzese, Energy Division
Service List R.13-11-005
Service List A.17-01-013

TURN
THE UTILITY REFORM NETWORK
Lower bills. Livable planet.

785 Market Street, Suite 1400
San Francisco, CA 94103
415-929-8876 • www.turn.org
Hayley Goodson, Staff Attorney

September 21, 2017

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Re: TURN Protest of Pacific Gas and Electric Company Advice Letter 3881-G/5137-E, Southern California Edison Company Advice Letter 3654-E, Southern California Gas Company Advice Letter 5183-G, and San Diego Gas & Electric Company Advice Letter 3111-E/2607-G (Energy Efficiency Annual Budget Advice Letters for 2018)

Dear Energy Division Tariff Unit:

On September 1, 2017, Pacific Gas and Electric Company (PG&E) submitted Advice Letter 3881-G/5137-E, Southern California Edison Company (SCE) submitted Advice Letter 3654-E, Southern California Gas Company (SoCalGas) submitted Advice Letter 5183-G, and San Diego Gas & Electric Company (SDG&E) submitted Advice Letter 3111-E/2607-G, requesting approval of their respective 2018 Energy Efficiency (EE) budgets pursuant to Decision (D.) 15-10-028.

TURN protests each utility's 2018 EE Annual Budget Advice Letter (ABAL) for the reasons presented in the protest submitted by the Office of Ratepayer Advocates (ORA) today. TURN additionally protests SCE's inclusion of CFLs in its 2018 portfolio. As explained by ORA in its protest, the Commission can reject these ABAL filings without interrupting program funding.

1. The Commission should reject the 2018 ABAL requests of PG&E, SCE, SoCalGas, and SDG&E because they do not meet the *ex ante* cost-effectiveness threshold or are unlikely to be cost-effective when implemented.

TURN has had the opportunity to review ORA's analysis of the cost-effectiveness showings included by PG&E, SCE, SoCalGas, and SDG&E in their 2018 ABALs. As ORA explains, no utility's proposed portfolio meets the 1.25 TRC threshold required at times by the Commission, and only SCE and SoCalGas meet the lower 1.00 TRC threshold required by the Commission in

D.14-10-046.[1] However, based on the past performance, ORA observes that the nominally cost-effective portfolios of SCE and SoCalGas – with a TRC of 1.00 for SCE and 1.04 for SoCalGas[2] – are unlikely to achieve cost-effectiveness in practice when implemented.

The question of what cost-effectiveness threshold should apply to the post-2017 portfolios is pending in A.17-01-013 et al., where the Commission is reviewing the 2018-2025 Business Plan applications of PG&E, SCE, SoCalGas, and SDG&E (among others). TURN has recommended in that proceeding that the Commission apply the 1.25 threshold to the Annual Budget Advice Letters for the same reason that the Commission has previously required this threshold: the risk that the implemented portfolios might not be cost-effective, due to uncertainty surrounding the energy savings benefits.[3] The Commission will presumably resolve that issue at some point in the near future.

In the meantime, TURN agrees with ORA that even with a TRC 1.0 threshold, the Commission should not have confidence that the 2018 portfolios proposed by PG&E, SCE, SoCalGas, and SDG&E are sufficiently cost-effective for Commission approval of their 2018 ABALs.

2. The Commission should reject SCE's 2018 ABAL request because SCE continues to rely on CFLs to meet the *ex ante* cost-effectiveness threshold.

SCE explains that its 2018 budget includes Primary Lighting program measures, which play a critical role in achieving a cost-effective portfolio. According to SCE, advanced compact fluorescent lamps (CFLs)[4] represent a "fraction of overall program spend" but yield "a significant amount of the forecasted program energy savings."[5] SCE acknowledges that the Commission "could reject at a later date the inclusion of CFLs in its 2018 portfolio for policy or other reasons (e.g., future adjustments to baseline in response to AB 1109)."[6] But SCE warns:

> However, based on current forecasts, SCE cannot achieve a cost effective portfolio (which excludes Codes and Standards Program) and obtain its energy

[1] *See* D.14-10-046, p. 109 (applying a 1.0 TRC threshold for 2015); D.12-11-015, pp. 99-101 (applying a 1.25 threshold for 2013-2014).

[2] *See* SCE Advice Letter 3654-E, Table 3, p. 8; SoCalGas Advice Letter 5183-G, Table 2, p. 4.

[3] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 7-10 (citing D.12-11-015).

[4] Such measures include 80+ Lumens-Per-Watt CFLs and several LED measures. SCE ABAL, p. 7, fn. 29.

[5] SCE Advice Letter 3654-E, p. 5.

[6] SCE Advice Letter 3654-E, pp. 6-7.

> savings goal if Primary Lighting measures are excluded in SCE's 2018 energy efficiency portfolio. Assuming no other changes occur to its portfolio, removing Primary Lighting from SCE's portfolio would result in a TRC (without Codes & Standards) of 0.73.[7]

In A.17-01-013 et al., TURN has recommended that the Commission prohibit incentives for CFLs in the 2018 portfolios.[8] There TURN explained that prohibiting incentives for CFLs as of January 1, 2018, would align portfolio practices with recent EM&V, recent estimates of energy efficiency potential in 2018 and beyond, and the Commission's determination in D.16-11-022 that CFLs should no longer be provided through the Energy Savings and Assistance (ESA) Program as of January 1, 2018, because customers would be better served by LEDs.[9]

For the same reasons as provided by TURN in A.17-01-013 et al., TURN protests SCE's inclusion of CFLs in its 2018 ABAL.

3. The Commission should investigate the reasonableness of SCE's "Non-Incentive Direct Implementation" costs, which appear to dramatically exceed the 20% budget target adopted in D.09-09-049.

SCE acknowledges that D.09-09-049 adopted a target for non-incentive direct implementation costs of 20% of the total portfolio budget.[10] Nonetheless, SCE reports that this cost category accounts for 38.28% of SCE's proposed 2018 budget.[11] SCE offers no explanation for exceeding the 20% target.

The Commission has interpreted the 20% target for non-incentive direct implementation costs as excluding such costs for non-resource programs, as well as other exempt programs identified in D.09-09-049.[12] The Commission has also not strictly held the utilities to the 20% target, as it is a target not a cap.[13] Even so, because SCE's non-incentive direct implementation appear to

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[7] SCE Advice Letter 3654-E, p. 7.

[8] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 40-44.

[9] D.16-11-022, pp. 113-114; Ordering Paragraph 19.

[10] SCE Advice Letter 3654-E, p. 8.

[11] SCE Advice Letter 3654-E, Table 5, pp. 8-9.

[12] *See, e.g.,* Energy Division Disposition of SCE Advice Letter 2836-E-D (2013-2014 EE Compliance Advice Letter Pursuant to D.12-11-015), Sept. 5, 2013, Attachment 1, p. 2 (citing D.09-09-049, pp. 74, 78).

[13] *Id.*

grossly exceed the 20% cap, TURN recommends that the Commission investigate the reasonableness of SCE's proposed non-incentive direct implementation costs before approving its 2018 ABAL.[14]

4. Conclusion

For the foregoing reasons, TURN recommends that the Commission reject the 2018 ABAL submitted by PG&E, SCE, SoCalGas, and SDG&E. As ORA notes, rejecting these advice letters will not interrupt program funding, pursuant to D.14-10-046 and D.15-10-028.

TURN appreciates your attention to this important matter. Please feel free to contact us if you have any questions.

Sincerely,

Hayley Goodson
Staff Attorney
The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103

Cc: Edward Randolph, Director, CPUC Energy Division, Room 4004, 505 Van Ness Avenue, San Francisco, CA 94102

Erik Jacobson, Director, Regulatory Relations, c/o Megan Lawson, PG&E (PGETariffs@pge.com)

Russell G. Worden, Managing Director, State Regulatory Operations, SCE (AdviceTariffManager@sce.com)

Laura Genao, Managing Director, State Regulatory Affairs, c/o Karyn Gansecki, SCE (Karyn.Gansecki@sce.com)

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[14] While TURN focuses on SCE's non-incentive direct implementation costs, we presume the Commission will also review the reasonableness of such costs proposed by the other Program Administrators. PG&E reports that non-incentive direct implementation costs account for 29.3% of its budget. PG&E AL 3881-G/5137-E, Attachment 3 (Caps and Targets Table). TURN is not aware of how the non-incentive direct implementation costs of SoCalGas and SDG&E compare to the 20% target.

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Parties to R.13-11-005 and A.17-01-013 et al.

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September 22, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Subject: **GreenFan® Inc. and Verified® Inc. Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

GreenFan® and Verified® hereby submit this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

GreenFan® and Verified® support the ORA and TURN protests and similarly recommend the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. The ABALs provide no evidence to indicate any improvement over 2016 cost effectiveness. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

As noted by ORA, Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1]

In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2]

The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness."[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7]

The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

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[1] D.05-04-051 at 22.
[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
[5] D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios are either not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted in the ORA comments, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit- to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. ORA provided cost effectiveness results for the IOU portfolios submitted by all the PAs as shown in **Table 1**.[9]

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

As noted in previous comments filed by GreenFan® and Verified®, the IOUs are averse to submitting workpapers for cost effective technologies for CPUC Ex Ante Review. This fact is reinforced in the **Table 1** showing "business as usual" forecasts of non-cost effective programs through 2018. This aversion is based on a lack of scientific understanding of the fundamental principles of energy efficiency least cost planning where the most cost effective measures are installed first. Instead some IOU programs take the opposite approach where non cost-effective measures are installed first and cost effective measures are not installed at all. For example, in the statewide residential QM programs the motor replacement measure realization rates were 0 to 71% and the expected cost effectiveness would be 0 to 0.37.[11] This example supports the ORA

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[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

[10] Data for **Table 1** come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

[11] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), Table 19, pp. 40. Motor replacement kWh realization rate was 0% for SDG&E and 71% for PG&E. The ex ante TRC for motor replacement ranged from 0.2 to 1.6 with a climate-zone weighted average TRC of 0.53. Therefore, the range of expected cost

protest regarding why the IOU EE portfolios are unlikely to be cost effective. The ABALs provide insufficient information for the CPUC (or any party to this proceeding) to understand why the proposed programs are non-cost effective, and this one of the most important reasons why the CPUC should reject the ABALs.

As ORA describes in its protest, if the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, then all the PAs have failed to submit cost-effective portfolios, as shown in **Table 1**. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire EE statewide portfolio fails to meet minimum cost-effectiveness regardless of the operative threshold.

Therefore, the Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, then past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented. Virtually all the past EM&V studies have found no evidence to support 100% of the IOU ex ante energy savings claims. In fact, most of EM&V studies have reported ex post savings far less than ex ante estimates and some have reported zero energy savings.[12]

As ORA notes in their protest, the likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[13] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective ex ante cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

effectiveness based the EM&V report would be 0 to 0.37.

[12] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), pp. 6-9. "The savings derived from the residential QM programs has been uncertain. The 2013 Workpaper Disposition for these programs revised the QM measure group ex ante savings down substantially due to concerns about the use of incorrect maintenance techniques that could lead to either an improvement in efficiency or an increase in energy usage. The findings from the billing analysis implemented on 2013 and 2014 program participants in PG&E's and SDG&E's service territories reinforce the CPUC's concerns. SDG&E's residential QM program had no net energy savings and PG&E's had a net realization rate of 26% in 2015."

[13] SCE Advice 3149-E-B, Appendix A, Table 7.1.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. Therefore, the Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[14] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[15] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[16]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

III. CONCLUSION

GreenFan® and Verified® supports the ORA and TURN protests and respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

Dated: September 22, 2017

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Cc: Service List R.13-11-005
Service List A.17-01-013

[14] D.14-10-046 at 31.
[15] D.15-10-028 OP 5 at 124.
[16] D.15-10-028 at 53.

Strindberg, Nils

From:	Strindberg, Nils
Sent:	Friday, September 22, 2017 4:23 PM
To:	sudip.kundu@kundupllc.com; Karyn Gansecki; AdviceTariffManager; PGETariffs@pge.com; Ortiz, Ray; MClauson@semprautilities.com; PGETariffs@pge.com; tariffs@socalgas.com; k2c0@pge.com; nmalcolm@mcecleanenergy.org; bmenten@mceCleanEnergy.org
Subject:	Energy Division accepts the late protest filed by GreenFan and Verified for 2018 EE budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency annual budget advice letters was September 21, 2017. On September 22, 2017, GreenFan and Verified filed a joint protest to the PG&E, SCE, SDG&E, SoCalGas and MCE 2018 annual energy efficiency budget advice letters. Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response and Energy Division will accept the joint protests of GreenFan and Verified. Also, per GO 96-B, Section 7.4.4 the utility has five business days from issuance of this notification to reply to the protest.

If you have any question feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

Nils B. Strindberg
CPUC, Energy Division
Energy Efficiency Branch
Metered Energy Efficiency and Emerging Programs
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ADVICE LETTER SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Edison Company

Utility Number/Type: U 338-M

Advice Letter Number(s): 3654-E

Date AL(s) Filed: September 1, 2017

Utility Contact Person: Darrah Morgan

Utility Phone No.: (626) 302-2086

Date Utility Notified: September 22, 2017

E-Mailed to: darrah.morgan@sce.com
AdviceTariffManager@sce.com

ED Staff Contact: Nils B. Strindberg

ED Staff Email: nils.strindberg@cpuc.ca.gov

ED Staff Phone No.: (415) 703-1812

INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 22, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[x] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Nils B. Strindberg at (nils.strindberg@cpuc.ca.gov).

cc:
EDTariffUnit

*Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.07-01-024

Russell G. Worden
Managing Director, State Regulatory Operations

September 28, 2017

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Reply of Southern California Edison to Various Parties' Protests of Advice Letter 3654-E

Dear Energy Division Tariff Unit:

Pursuant to General Order 96-B, Section 7.4.3, Southern California Edison Company (SCE) respectfully submits its Reply to protests filed by Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), and GreenFan Inc. and Verified Inc. (collectively, Protests) to SCE's Advice Letter (AL) 3654-E filed on September 1, 2017. In this Reply to the Protests, SCE responds to the objections contained in the Protests and requests that the Commission approve SCE's 2018 energy efficiency (EE) Annual Budget Advice Letter 3654-E as proposed, subject to SCE filing a "true-up" budget advice letter on March 1, 2018.

BACKGROUND

On February 10, 2017, SCE filed its Amended Energy Efficiency Business Plan for 2018-2025.[1] On September 1, 2017, SCE submitted its 2018 EE Annual Budget Advice Letter (AL 3654-E) in compliance with Administrative Law Judges' Ruling Modifying Schedule, issued on June 9, 2017 (ALJ Ruling).[2] On September 21, 2017, ORA and TURN each filed a protest to AL 3654-E, as well as to the other EE Program Administrators' (PA) annual budget advice letters filed in this proceeding.[3] GreenFan

1 See A.17-01-013, SCE's Amended Business Plan Application, dated February 10, 2017 ("Business Plan").

2 A.17-01-013, Administrative Law Judges' Ruling Modifying Schedule, dated June 9, 2017, p. 8. Consistent with that Ruling, SCE will also submit its true-up budget advice letter by March 1, 2018.

3 The Protests also concurrently ask the Commission to reject the budget advice letters of the other California investor-owned utilities (IOUs) – Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E) – as well as of Marin Clean Energy ("MCE").

Inc. and Verified Inc. filed an untimely joint protest to the budget advice letters on September 22, 2017 (Joint Protest), which was accepted by Energy Division.[4]

DISCUSSION

As SCE has previously noted,[5] SCE believed its 2018 EE Budget Advice Letter would be filed after the Commission's approval of SCE's Business Plan. The Commission stated in Decision (D.) 15-10-028 that, "[t]he decision on the business plan will provide guidance for PAs [Program Administrators] on funding levels to use in developing the more detailed annual budgets that PAs will file via advice letter." [6] However, the Commission's approval of the Business Plan is currently pending, and the PAs have not had a chance to conduct third party solicitations.

Given this situation, the Commission's Energy Division stated, "[i]n effect, this [Budget AL] filing is considered 'interim'."[7] The Energy Division also "recognizes that many changes are afoot this year that affect portfolio savings goals and cost effectiveness."[8] As such, in the ALJs' Ruling directed that the PAs update their advice letters on March 1, 2018, to ensure that the budget advice filing is consistent with the pending final decision of the Commission related to the Business Plan.[9] Because SCE has complied with the Commission's requirements for the annual budget advice letter filing, and given that SCE and the other PAs will be updating their budgets after the Commission decision on the Business Plan is issued, SCE requests that the Commission accept SCE's 2018 budget as proposed, subject to the March 1, 2018 update filing based on the Commission decision on the Business Plans.
Subject to the above, SCE provides the following responses to the parties' protests:

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4 GreenFan, Inc and Verified, Inc's Joint Protest merely repeats ORA's Protest (almost word-for-word) so SCE does not address the Joint Protest's argument separately in this Reply.

5 See Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget Advice Letter ("2018 Advice Letter"), p. 3, September 1, 2017.

6 D.15-10-028, p. 55; *see also* FN 105 ("If a PA has a new business plan awaiting approval before the Commission when the budget filing is due, the PA should file a budget consistent with the last approved business plan. If the Commission approves a business plan close to September, (e.g., the Commission issues a decision approving a PA's business plan in August), then the Commission may also need to set a new filing date for that PA's business plan as part of the decision approving the business plan.").

7 See Clarification Letter from Amy Reardon, CPUC Energy Division, Data Management and Reporting on 2018 Energy Efficiency Portfolio Filing and Reporting Guidance, p. 1, July 24, 2017 ("Clarification Letter").

8 Ibid.

9 Per Administrative Law Judges' Ruling Modifying Schedule, June 9, 2017, p. 6.

1. SCE's 2018 EE Budget Advice Letter Is Interim and the Commission Should Direct that Any Remaining Concerns Be Addressed in SCE's March 2018 True Up Advice Letter

As noted above, the Commission intended the annual budget advice filings to be submitted based on the direction provided by the Commission in its decision approving the PAs' business plans. Because the Business Plan has not yet been approved, Commission Staff stated that it "will weigh the validity of any protests to the advice letter against our recognition of current ambiguity in the Proceeding."[10] In light of a number of uncertainties, including the Commission's forthcoming decision on the business plan,[11] updates to energy savings goals,[12] and updates to the interim greenhouse gas (GHG) adder,[13] the Commission should focus its inquiry on whether SCE complied with the Commission's requirements for the budget advice letters. Any other issues raised should be deferred to, and addressed in SCE's March 2018 True-up Advice Letter,[14] and after Commission guidance on the Business Plan has been issued.

2. SCE's Portfolio TRC is Cost-Effective and Consistent with the Commission's Current Guidance

The Protests all allege that SCE's proposed budget is not cost-effective because it does not reach a 1.25 total resource cost (TRC) threshold.[15] However, as ORA admits in its Protest, while the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit-to-cost threshold for the TRC, there is "some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015."[16] As SCE explained previously in its Amended Business Plan, SCE believes the Commission's

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10 See Clarification Letter, p. 1.

11 Per Administrative Law Judges' Ruling Modifying Schedule, June 9, 2017, p. 8, the Commission has indicated the business plan application decision will be on the Commission agenda in December 2017.

12 The Decision Adopting Energy Efficiency Goals for 2018 – 2030 is currently on the Commission's agenda for September 28, 2017.

13 On August 24, 2017, the Commission issued its Decision Adopting Interim Greenhouse Gas Adder (D.17-08-022). The interim greenhouse gas adder has not yet been reflected in the SCE's 2018 EE portfolio budget.

14 A.17-01-013, Administrative Law Judges' Ruling Modifying Schedule, dated June 9, 2017, p. 8. Consistent with this Ruling, SCE will also submit its True-up budget advice letter by March 1, 2018.

15 See ORA Protest, pp. 3-4, September 21, 2017, TURN Protest, p. 2, September 21, 2017 and GreenFan and Verified Joint Protest, pp. 3-4, September 22, 2017.

16 ORA Protest, p. 2.

current minimum TRC threshold is 1.0 without Codes and Standards for a budget to be cost-effective, and SCE has met that minimum threshold.[17]
In D.14-10-046, the Commission reaffirmed the 1.00 TRC threshold by noting that corrections to the cost-effectiveness calculations "will materially lower TRCs" and that "to the extent they drop below 1.0 we will require portfolio adjustments to exceed that minimum threshold."[18] As ORA acknowledges, the Commission also recognized, but did not resolve, what it called a "tension" between prior TRC expectation of 1.25 and the modified expectations made for 2015.[19] Then, in D.16-08-019, the Commission did not address this tension but referred generally to the requirement that the "utility portfolio…be cost-effective on its own, prior to consideration of the costs and benefits of the codes and standards activities."[20] In addition, the most current Energy Efficiency Policy Manual, states "[t]he portfolio of energy efficiency programs are required to show a positive net benefit, based on the TRC and PAC tests, on a prospective basis during the program planning stage. Test results are usually shown as a benefit cost ratio, and a portfolio is said to have 'passed' a test if the benefit cost ratio is greater than 1."[21] Therefore, SCE's interpretation of the Commission's current guidance is that PAs are required to continue to maintain their EE portfolios with a cost-effectiveness ratio greater than 1.0, without codes and standards, until such time as the Commission issues a decision ordering otherwise.

The Commission should maintain a TRC threshold of 1.00. There are uncertainties related to cost-effectiveness of future programs because third party solicitations have not yet begun. Requiring a higher TRC threshold of 1.25 prior to the approval of PAs' business plans, as Protests suggest, without

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17 See SCE's Amended Business Plan, dated February 10, 2017, pp. 31-33. Per D.16-08-019, pp. 30-31 ("Since D.12-11-015, the costs and benefits of the utilities' codes and standards work have not been used to meet the cost-effectiveness requirements that benefits exceed costs in the utility portfolios, specifically using the total resource cost test. Instead, the costs and benefits of the codes and standards programs are used as a 'cushion' or a 'hedge' when added to the rest of the portfolio, to ensure that the overall portfolio will remain cost effective as implemented, and not just as planned. However, the rest of the utility portfolio is required to be cost-effective on its own, prior to consideration of the costs and benefits of the codes and standards activities. These requirements are not altered by this decision."). See, also, Energy Efficiency Policy Manual, which states "[t]he portfolio of energy efficiency programs are required to show a positive net benefit, based on the TRC and PAC tests, on a prospective basis during the program planning stage. Test results are usually shown as a benefit cot ratio, and a portfolio is said to have "passed" a test if the benefit cost ratio is greater than 1." EE Policy Manual, Version 5, pp. 18-19, July 2013.

18 D. 14-10-046, p. 6, footnote 3.

19 Id., p. 110 fn. 96.

20 D.16-08-019, pp. 30-31.

21 EE Policy Manual, Version 5, pp. 18-19, July 2013.

understanding the extent to which the issues above will impact PAs' TRCs, would not be prudent and may lead to the unanticipated consequences the Commission was concerned about in 2015, such as fund-shifting to meet a higher TRC.[22] At the very least, the Commission should defer this issue to its final decision related to the Business Plan.

The Protests also allege that SCE is "unlikely" to actually achieve a cost-effective portfolio (i.e., TRC greater than or equal to 1.00) because SCE's claimed energy savings could be less than forecasted energy savings.[23] In support of this claim, ORA states, "For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016."[24] This argument is misleading because the claimed TRC of 1.26 that ORA includes in its Protest was calculated for resource programs only, (rather than for resource and non-resource programs together).[25] Thus, ORA's comparison is incorrect because it is not an "apples-to-apples" comparison.

For the reasons stated above, the Commission should disregard the Parties' assertions that SCE's portfolio is not cost-effective because it failed to meet a TRC of 1.25.

3. TURN Inappropriately Assumes that the Commission Has Prohibited CFL Measures in the 2018 Portfolio

In D.15-10-028, the Commission held that the "annual budget filings are not designed to create a forum for debating the merits of particular programs..." nor are they "supposed to create a forum for debating the merits of how PAs implement particular programs."[26] However, TURN suggests that SCE should not include program incentives for CFLs beginning January 1, 2018.[27] This proposal to exclude incentives for CFLs from SCE's budget in this advice filing attempts to do exactly that which the Commission prohibited, i.e., debate the merits of how SCE implements particular programs. As such, the Commission

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22 See D.14-10-046, pp. 109-110.

23 See ORA Protest, pp. 3-4, TURN Protest, p. 2, and Joint Protest, pp. 3-4.

24 ORA Protest, p. 4; Joint Protest, p. 4.

25 See SCE Advice 3149-E-B, Appendix A. Table 7.1, Footnotes 1, 2 and 3, May, 6, 2015. The 1.26 TRC definition was provided by Energy Division and was calculated for resource programs only, and excluded the 2015 Statewide ME&O budget, Statewide Finance Program credit enhancements, and market effects. Non-resource programs were not included in this definition of TRC.

26 *See* D.15-10-028, p. 62.

27 TURN Protest at p. 2-3, and TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 40-44.

should determine that this issue is beyond the scope of this budget advice letter filing. However, if the Commission determines that inclusion/exclusion of CFL measures is within the scope of this budget advice letter, then the Commission should reject TURN's proposal regarding CFL measures on the merits, as described further in this section.

TURN argues that removing CFLs from SCE's portfolio would align with evaluation, measurement, and verification (EM&V) findings, estimated EE potential for 2018 and beyond, and D.16-11-022, which addressed CFL incentives.[28] The Commission has indicated that CFLs should be excluded from certain specific programs (e.g., Energy Savings and Assistance Program); however, the Commission has not ordered the PAs to exclude CFLs from their **entire EE** portfolios. As such, TURN is inappropriately broadening the Commission guidance on CFLs to apply to SCE's entire EE portfolio.

TURN also states that prohibiting incentives for CFLs as of January 1, 2018 would align portfolio practices with recent estimates of energy efficiency potential in 2018 and beyond.[29] SCE disagrees. The Energy Efficiency Potential and Goals Study for 2018 and Beyond includes SCE market potential from CFLs.[30]

In addition, SCE's intent is to include high-quality CFLs in its portfolio. As such, SCE's portfolio is not reliant on a portfolio of mass market CFL products. SCE has removed all lower-wattage, lower-efficacy CFL products from its portfolio—bulb types that have robust LED alternatives in the marketplace. SCE's 2018 budget includes a relatively new product category of high efficacy, efficient, and advanced CFLs that meet Commission guidance on energy efficiency.[31] If these advanced CFLs were to displace LED product installation—a concern cited by

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28 *Id.*

29 TURN Protest, p. 3. In addition, TURN's recommendation that the Commission prohibit incentives for CFLs in the 2018 portfolio and their support for that recommendation should be rejected. SCE program strategies related to channel shifting are directly related to, and consistent with, latest available EM&V findings while also indicative of how SCE has targeted incentive distribution where it is most needed. SCE's program has for the past 15 years focused on discount, drug, small hardware, and grocery delivery channels where program support is cited as an important factor to replacing lesser-efficiency bulbs as stated in the DNV-GL, Impact Evaluation of 2015 Upstream and Residential Downstream Lighting Programs, p. 120, April 1, 2017.

30 *See* Energy Efficiency Potential and Goals Study for 2018 and Beyond (Study).

31 The products are 80+ lumens/watt CFL lamps offered at 33 or 45 watts with efficacies matching or exceeding most LEDs sold in the nation.

TURN[32]—then any such displacement would be with a high-quality product by current efficiency and efficacy standards in California while meeting Energy Star color requirements for equivalent LEDs in several cases.[33]

If the Commission determines that inclusion/exclusion of CFL measures is within the scope of the budget advice letters, then the Commission should accept SCE's 2018 budget as proposed, subject to the March 1, 2018 update filing, and issue a final decision on CFL measures.

4. **TURN's Recommendation to Investigate SCE's Non-Incentive Direct Implementation Costs is Without Merit**

TURN recommends that the Commission should investigate the reasonableness of SCE's Non-Incentive Direct Implementation (NIDI) costs because they "appear to dramatically exceed the 20% budget target adopted in D.09-09-049."[34] While acknowledging that the target is not a cap, TURN suggests that SCE's NIDI costs represent 38.28% of SCE's 2018 budget and should therefore be investigated for reasonableness prior to the Commission's approval of SCE's advice letter.

TURN's understanding of the 38.28% NIDI costs referenced is inaccurate. The calculation in AL-3654-E included all NIDI budgets. Approximately $43.2 million of NIDI budget included in the Advice Letter calculation are exempt from the 20% target.[35] As shown in Table 1 below, once exempt costs are properly removed

32 TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 42-43.

33 The products would meet and surpass all known direction reflected by Commission Staff in its March and May 2017 "Comprehensive Workpaper Disposition for: Screw-In Lamps," and is consistent with applicable requirements of the California Energy Commission's (CEC) Voluntary California Quality LED Lamp Specification as they might be applied to CFLs. Additionally, SCE notes that 80+ lumens/watt CFL product type has no Title 20 efficacy restrictions since the products' brightness excludes them from the general service lamp definition subject to code requirements. Unlike general service LED A-lamps, for example, Title 20 code requirements will not prevent market availability of incandescent equivalents to the 80+ lumens/watt CFL product type. Thus, these CFLs would be able to replace incandescent lamps of equivalent brightness in 2018 if determined to be eligible for incentives.

34 TURN Protest, p. 3.

35 See CPUC's Revised Cap & Target Quarterly Report Template, Note 8, "Direct Implementation Target Exempt programs include: Codes & Standards, Emerging Technologies, Workforce Education & Training, Integrated Demand-Side Management, CALSPREE Energy Advisor, Commercial Energy Advisor, Commercial Continuous Energy Improvement, Industrial Energy Advisor, Industrial Continuous Energy Improvement,

from NIDI costs, NIDI represents 21.39% of SCE's 2018 budget. In addition, in 2018 SCE expects to incur certain costs to comply with AB 793 and AB 802.[36] SCE earmarked approximately $5.3M associated with AB 793 and AB 802 in the NIDI category, due to uncertainties with the measures and savings that will ultimately be incentivized. Not all of the $5.3M set aside will remain in NIDI as some portion will be allocated as incentives for the measures. If these new estimated compliance costs were excluded from SCE's 2018 budget, SCE estimates its NIDI costs would represent 19.99% of SCE's budget. Moving forward SCE will calculate NIDI cap excluding any exempt programs and footnote the amount removed.

Table 1: Calculation of SCE's Non-Incentive Direct Implementation (NIDI) Costs

Line	Item	Amount
1	Total Non-Incentive Direct Implementation (per AL 3654-E)	$123,544,894
2	Less: Financing Revolving Loan Pool	($15,050,000)
3	Total 2018 NIDI costs	$108,494,894
4	Less: NIDI exempt program costs	($43,173,989)
5	NIDI non-exempt program costs	65,320,905
6		
7	Total 2018 Program Budget (per AL 3654-E)	$299,637,160
8	Add: Pension and Benefits Costs	16,388,531
9	Add: Statewide ME&O Costs	6,703,611
10	Less: REN Costs	(17,314,000)
11	Subtotal	305,415,302
12		
13	% of NIDI non-exempt program cost divided by SCE's Total 2018 Program Budget (line 3 divided by line 9)	21.39%

As shown in Table 1 above, SCE's NIDI costs are slightly above the NIDI 20% budget target adopted in D.09-09-049. As such, the Commission should disregard TURN's assertion that SCE's NIDI costs "dramatically exceed the 20% budget target."[37]

Agriculture Energy Advisor, Agriculture Continuous, Financing, and all non-resource Local, Government Partnership, and Third-Party programs," November 21, 2014.

36 SCE is mandated to set funds aside for AB 793 and AB 802 implementation. In its 2018 budget, SCE included approximately $5.3 million for implementation of AB 793 and AB 802 which impacts the NIDI costs in the 2018 budget. See Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget Advice Letter, p. 10-Table 7, pp. 25-26, September 1, 2017.

37 TURN Protest, p. 3.

CONCLUSION

SCE appreciates Parties' concerns and suggestions regarding its 2018 EE Annual Budget Advice Letter. However, given the "interim" nature of this filing, and the opportunity to "true-up" based on the Commission's final decision approving SCE's business plan, SCE respectfully requests the Commission to approve SCE's AL-3654 and reconfirm its decision for the PAs to file a True-up Advice letter on March 1, 2018, after the Commission issues its decision approving PAs' business plans.

Sincerely,

/s/ Russell G. Worden
Russell G. Worden

RGW:lm:jm

cc: Edward Randolph, Director, CPUC Energy Division
James Loewen, CPUC Energy Division
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Hayley Goodson, Staff Attorney, The Utility Reform Network
Sudip Kundu, Attorney, GreenFan Inc. and Verified Inc.
Service Lists R.13-11-005 and R.17-01-013

STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017

Advice Letter
SCE 3654-E

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Ms. Genao and Mr. Worden:

On September 1, 2017, SCE filed Advice Letter 3654-E "SCE's 2018 energy efficiency annual budget advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought Commission approval of SCE's 2018 energy efficiency budget request.

SCE's cost-effectiveness results as presented in Table 3 of the advice letter included a TRC value of 1.32 that with savings from Codes and Standards, market effects, and ESPI considerations exceeds the Commission's 1.25 threshold for portfolio cost-effectiveness. However, additional review of SCE's advice letter filings on the CEDARS website reveal that SCE's 2018 portfolio cost-effectiveness, when including only resource and non-resource programs and excluding savings from Codes and Standards, market effects and ESPI, has a forecasted TRC of 1.00, which falls significantly short of the 1.25 value and indicates the portfolio does not meet the Commission's minimal requirements for cost effectiveness.[1]

Of particular note when considering portfolio cost-effectiveness is that SCE's advice letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 3654-E, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks SCE to file a supplemental to Advice Letter 3645-E, which will include:

[1] See D.14-10-046 Section 3.9.1 Summary of Budgets (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years."

- New cost effectiveness showings using Cost Effectiveness Tool (CET) version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025.[2]

In order to reach portfolio saving goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost-effectiveness. SCE's supplemental filing should include a requested portfolio and budget, plus any alternative scenarios SCE may wish to propose. Alternative scenarios could offer viable options such as portfolios that may exceed current budget limits. All portfolios and budgets shall be supported by outputs from the Cost Effectiveness Tool version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where SCE proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Nils B. Strindberg at nils.strindberg@cpuc.ca.gov.

Thank you.

Robert L. Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

cc:
Hayley Goodson, TURN
Dan Buch, CPUC Office of Ratepayer Advocates
Sudip Kundu, Kundu PLLC (for Green Fan and Verified Inc.)

[2] The Commission considers Marketing, Education and Outreach as non-resource activities. Previously the IOUs have been submitting ME&O costs as a component of the Resource programs costs. The conflating of Non-Resource activities costs with Resource programs creates unnecessary complexity for budget approvals. We therefore ask the IOUs to classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program.

SOUTHERN CALIFORNIA
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Russell G. Worden
Managing Director, State Regulatory Operations

November 22, 2017

ADVICE 3654-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Supplemental Filing to Advice 3654-E, Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget

In response to the Energy Division's (ED) Supplemental Request Letter dated October 30, 2017 (ED Letter)[1], Southern California Edison Company (SCE) hereby submits this supplemental information to its 2018 Energy Efficiency Program and Portfolio Annual Budget Advice Letter (Advice 3654-E), filed on September 1, 2017. This advice filing supplements in part.

PURPOSE

The purpose of this Advice Letter is to provide supplemental information regarding SCE's Energy Efficiency Program and Portfolio Annual Budget Advice Letter, filed on September 1, 2017, as requested in the ED Letter. SCE submits this supplemental information to make certain updates to Advice 3654-E as contained in the ED Letter. SCE's proposed portfolio and budget included herein is fundamentally unchanged from Advice Letter 3654-E filed on September 1, 2017 with the exception of implementing the following updates as requested in the ED Letter:

1. Updates on Cost Effectiveness using Costs Effectiveness Tool (CET) version 18.1 that includes greenhouse gas (GHG) adder adopted in D.17-08-022;

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1 See Attachment E, Memo 1 (ED Letter).

2. Updates reflecting 2018 savings goals as established in D.17-09-025[2]; and
3. Various portfolio scenarios as discussed with the Energy Division on November 3, 2017.

In addition, as requested in the ED Letter, this Advice Letter provides two portfolio scenarios that achieve a 1.25 TRC threshold. As further explained below, these illustrative scenarios are provided for informational purposes only. SCE is not requesting or recommending that the portfolio scenarios be adopted herein.

Background

On September 1, 2017, SCE submitted Advice Letter 3654-E in compliance with the Administrative Law Judges' Ruling Modifying Schedule, issued on June 9, 2017 (ALJ Ruling).[3] The EE portfolio and budget filed in Advice Letter 3654-E represents SCE's base case portfolio budget (Base Case) and did not include the new 2018 savings goals or the interim greenhouse gas adder that the CPUC approved in D.17-08-022 on August 24, 2017.[4] Subsequently, on October 30, 2017, SCE received the ED Letter[5] directing SCE to file a supplement to Advice Letter 3645-E that shows:

- the cost effectiveness using the Cost Effectiveness Tool (CET) version 18.1 that includes the interim GHG adder;
- the use of the 2018 savings goals established in D.17-09-025; and
- a "requested portfolio and budget, plus any alternative scenarios SCE may wish to propose."[6]

The EE portfolio and budget filed in this Supplemental Advice Letter (Updated Base Case), modifies the Base Case in compliance with direction provided in the ED Letter. The Base Case provided in Advice 3654-E produced a TRC value of 1.00. As shown in Table 3 below, the Updated Base Case results in a TRC value of 1.13.

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[2] On November 8, 2017, ED sent email instructing IOUs to disregard September 1, 2017 request to "classify all ME&O as a separate Non-Resource program", see Attachment E, Memo 2

[3] A.17-01-013, Administrative Law Judges' Ruling Modifying Schedule, dated June 9, 2017, p. 8. Consistent with that Ruling, SCE will also submit its true-up budget advice letter by March 1, 2018.

[4] See Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget Advice Letter (A3654-E) (September 1, 2017), footnote 30, p. 7.

[5] See Attachment E, Memo 1.

[6] See ED Letter, p. 2.

2018 EE Portfolio Budget

In Advice 3654-E, Table 1 has been revised to reflect the updated Commission goals approved in D.17-09-025. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Table 1: 2018 EE Portfolio Budget Criteria, Descriptions, and Authority

Criteria	Applicable to 2018 Budget	Authority
1. Cost Effectiveness	• Statutory requirement to provide cost-effective portfolio[7] • Portfolio Total Resource Cost (TRC) greater or equal to 1.00 without codes and standards[8]	• California P.U. Code, Section 454.5(b)(9)(c) • D.16-08-019
2. Energy Savings	Energy Savings • 961 GWh[9] • 206 MW[10]	• D.17-09-025
3. Portfolio Budget	Budget • $333.320 million[11]	• D.15-01-002

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7 Per California P.U. Code, Section 454.5(b)(9)(c): "The electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible."

8 Per D.16-08-019, pages 30-31, "Since D.12-11-015, the costs and benefits of the utilities' codes and standards work have not been used to meet the cost-effectiveness requirements that benefits exceed costs in the utility portfolios, specifically using the total resource cost test. Instead, the costs and benefits of the codes and standards programs are used as a "cushion" or a "hedge" when added to the rest of the portfolio, to ensure that the overall portfolio will remain cost effective as implemented, and not just as planned. However, the rest of the utility portfolio is required to be cost-effective on its own, prior to consideration of the costs and benefits of the codes and standards activities. These requirements are not altered by this decision."

9 See D.17-09-025, p.37, Reflects net savings for resource programs and codes & standards.

10 See D.17.09-025, p.38, Reflects net savings for resource programs and codes & standards.

11 SCE's 2018 proposed budget is based on SCE's 2015 Total Approved Budget adopted in D.14-10-046 and modified in D.15-01-002. The Decision approved an annual authorized budget level for 2015 which is to remain in place (less carry-forward of unspent funds from prior portfolio cycles) until the earlier of 2025 or when the Commission issues a superseding decision on funding. See OP 21.

2018 EE Portfolio Savings

In Advice 3654-E, Table 2 has been revised to reflect the updated Commission goals approved in in D.17-09-025. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Table 2: EE Portfolio Energy Savings

	2018 Forecast		
	Total	CPUC Goal	% of 2018 Goal
Energy Savings (Gross GWh)	1,466	961	153%
Demand Reduction (Gross MW)	268	206	130%
Gas Savings (Gross MMth)	N/A	N/A	N/A

Portfolio Cost-Effectiveness Table

In Advice 3654-E, Tables 3 and 4 have been revised to reflect the Updated Base Case portfolio cost-effectiveness forecasted results. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Table 3: TRC Cost-Effectiveness Scenario Results

	2018 Forecast[12]
Resource and Non-Resource Portfolios, without C&S[13]	1.13
Resource and Non-Resource Portfolios, with C&S	1.49

Table 4: PAC Cost-Effectiveness Scenario Results

	2018 Forecast
Resource and Non-Resource Portfolios, without C&S[14]	1.49

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[12] The forecasts in Tables 3 & 4 include statewide marketing, education & outreach ($6.7 million), Energy Savings Performance Incentive (ESPI) earnings ($17.6 million), and estimated pension and benefit costs ($16.5 million). Also, includes 5% spillover (market effects) for resource programs. Excludes Emerging Technology, On-Bill Financing revolving loan pool, credit enhancements, and SoCalREN.

[13] Excludes benefits and costs associated with the Codes and Standards Program.

Resource and Non-Resource Portfolios, with C&S	3.96

Cap and Target Table

In Advice 3654-E, Table 5 has been revised to provide a breakdown of the Direct Implementation Non-Incentive Exempt and Non-Exempt costs. SCE also provides additional information regarding the calculations in the footnotes. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Table 5: Cap & Targets Forecast

	Administrative	Marketing	Direct Implementation Non-Incentive (Exempt)	Direct Implementation Non-Incentive (Non-Exempt)	Incentive	EM&V	Total
SCE Programs	$15,067,527	$9,139,777	$58,223,989	$65,320,905	$122,585,475	$ -	$270,337,673
SoCal REN	$1,558,260	$865,700	$8,772,443	$ -	$6,117,597	$ -	$17,314,000
EM&V	$ -	$ -	$ -	$ -	$ -	$11,985,487	$11,985,487
Total Requested Budget	$16,625,787	$10,005,477	$66,996,432	$65,320,905	$128,703,072	$11,985,487	$299,637,160
Items Outside of EE Funding							
Statewide ME&O	$ -	$6,703,611	$ -	$ -	$ -	$ -	$6,703,611
GRC Labor Adders (Pension and Benefits)	$16,045,171	$ -	$ -	$ -	$ -	$343,360	$16,388,531
IOU Caps/Targets Forecast[15]	IOU Admin Cap[16]	IOU Marketing Target[17]		IOU Direct Impl. Target[18]	IOU Incentive Percentage[19]		

14 Excludes benefits and costs associated with the Codes and Standards Program.

15 Cap and Target calculation excludes REN's budget.

16 10% admin cap requirement based on D. 09-09-047 applies to IOU labor only. Cap calculated using: (SCE Programs Admin + Pension & Benefits) / (Total Requested Budget + SWME&O Budget + Pension & Benefits)

17 6% marketing target calculated using SCE Programs Marketing: / (Total Requested Budget + SWME&O Budget + Pension & Benefits)

18 20% DINI Target calculating using: (DINI Non-Exempt SCE Programs Budget) / (SCE Programs Budget + EM&V + SWMEO Budget + Pension & Benefits)

19 IOU Incentive Percentage of Budget calculated using: SCE Program Incentive / (Total Requested Budget + SWME&O Budget + Pension & Benefits)

9.64%	2.83%		21.39%	37.98%

Budget Variance

No changes to Table 6 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Expanded and New Programs

No changes to Table 7 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Program Phase Outs

No changes to Table 8 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Portfolio Optimization

No changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Evaluation, Measurement, and Verification (EM&V)

No changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Program Realignments

No changes to Table 9 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

Discussion

1. **SCE's EE Portfolio is Currently Cost Effective with a TRC of Above 1.0 (without C&S) Which is Consistent with Current Commission Policy**

The ED Letter observes that SCE's forecasted TRC value of 1.00 for its Base Case "falls significantly short of the 1.25 value and indicates the portfolio does not meet the

Commission's minimal requirements for cost effectiveness."[20] To support this observation, the ED Letter cites to D.14-10-046 as setting the minimum requirements for the TRC value.

The ED Letter is incorrect that SCE's Base Case does not meet the minimum threshold for cost effectiveness. As discussed in SCE's Final Comments and Reply Comments regarding its Business Plan, SCE's forecast portfolio TRC of 1.00 achieves the currently authorized Commission minimum requirements for cost effectiveness. In D.14-10-046, the Commission noted that corrections to the cost-effectiveness calculations "will materially lower TRCs" and that "to the extent they drop below 1.0 we will require portfolio adjustments to exceed that minimum threshold."[21]. Subsequently in D.16-08-019, the Commission did not address this tension but referred generally to the requirement that the "utility portfolio…be cost-effective on its own, prior to consideration of the costs and benefits of the codes and standards activities."[22] Further, the Commission's Energy Efficiency Policy Manual, states that "a portfolio is said to have "passed" a test if the benefit cost ratio is greater than 1." As such, the current Commission threshold forecast TRC requirement is 1.0 which SCE's Base Case achieves.

Because a Commission decision has not been issued that defines a compliant cost-effective threshold as 1.25, it is premature to state that SCE's portfolio cost-effectiveness is below Commission requirements. SCE recognizes that the determination of the appropriate threshold TRC value above the currently authorized 1.0 value is an issue that will be resolved in the Business Plan application proceeding which is the appropriate regulatory venue to determine this issue. Pending any Commission decision to deviate from the existing TRC threshold requirement, SCE will continue to offer a cost-effective portfolio above 1.0 that delivers value and energy savings.

2. The Updated Base Case Reflects Changes Required in the Request, but SCE's Proposed Budget Amount and Portfolio Remain Unchanged

As described in Advice 3654-E, to develop the EE portfolio and budget (Base Case), SCE "optimized its portfolio and measures to reflect current market projections by performing a bottoms-up analysis for labor, non-labor, and measures offered for each program."[23] SCE maintains that its Base Case represents an optimized portfolio based

[20] See ED Letter, p. 1
[21] D.14-10-046, p. 6, fn.3
[22] D.16-08-019, pp. 30-31
[23] See Advice 3654-E, p. 11

on realistic assumptions and market forecasts that maximize savings and meets the TRC threshold of 1.0. As discussed earlier, SCE's Updated Base Case reflects two modifications to the Base Case to incorporate the new savings goals and the GHG adder adopted in D. 17-09-025. With exception of these updates, SCE's proposed portfolio and budget is fundamentally unchanged from Advice 3654-E.,

Consistent with recent Commission guidance issued in A.17-01-013,[24] ED's guidance,[25] and the fact that a final decision in SCE's amended business plan application is pending, SCE notes that this supplement to Advice 3654-E should be considered an "interim" budget filing as SCE expects to file a "true-up" advice letter on March 1, 2018.[26] At that time, SCE's portfolio may be adjusted to meet the portfolio requirements adopted in the A.17-01-013 Decision, as well as additional guidance received from Commission staff since the filing of Advice 3654-E. For example, SCE expects it may be necessary to account for ED guidance received related to SCE's streetlight program on October 10, 2017 and October 31, 2017.[27] SCE anticipates the impact of implementing this guidance on SCE's streetlighting program may increase the EE budget and portfolio costs from SCE's Updated Base Case, resulting in a negative impact on SCE's TRC value.[28]

ALTERNATE SCENARIOS

As discussed above, SCE disagrees with ED's conclusion that SCE's Base Case EE portfolio and budget are not cost-effective. SCE maintains this issue is pending before the Commission in A.17-01-013, and should be resolved in that proceeding with an issuance of a Commission decision. Accordingly, SCE's TRC value (without codes and standards) of 1.0 is appropriate.

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[24] See September 25, 2017 Email Ruling denying September 25, 2017 SoCalGas motion to file amended business plan, which states "While the timing of these events is unfortunate, it was always anticipated as part of the structure adopted in D.15-10-028 that periodic updates to the business plans would be necessary. I anticipate that at the time the Commission renders a decision on the business plans of all of the utility program administrators, that decision will include direction on the need to update the business plans of all utility program administrators to be consistent with the new energy efficiency savings goals adopted in D.17-09-025."

[25] See Advice 3654-E, p. 6

[26] See June 9, 2017 Administrative Law Judge's Ruling Modifying Schedule, p. 8.

[27] See Attachment E, Memo 3 and Memo 4 (Streetlight Incentives).

[28] While SCE expects that implementation of this adjustment to result in an increased budget and lower TRC, SCE does not anticipate for it to result in SCE seeking a budget increase above the $333.3 million currently authorized by D.15-01-002 or a TRC less than 1.0.

While SCE is providing two scenarios that result in a TRC value of 1.25, SCE does not recommend that either of these scenarios be adopted. In the ED Letter, Energy Division also provides the following guidance regarding alternate scenarios:

> In order to reach portfolio savings goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost effectiveness. SCE's supplemental filing should include a requested portfolio and budget, plus alternate scenarios SCE may wish to propose. Alternate scenarios could offer viable options such as portfolios that may exceed current budget limits.

While Energy Division acknowledges that trade-offs may be required, SCE maintains that the Base Case budget as filed on September 1, 2017 represents an optimized portfolio whereby SCE has already considered expanding programs with high cost-effectiveness and reducing programs with low cost effectiveness in order to achieve a 1.0 TRC value.[29] Therefore, allocating additional funds to programs with high cost-effectiveness is not expected to result in incremental savings. As a result, Scenarios 1 and 2 include the elimination of some non cost-effective EE programs as shown in Tables 10 and 14 below. Table 10 below provides a high level comparison of the base case and updated base case to the two alternate 1.25 TRC scenarios. Table 14 shows provides a comparison of the program budget amount across the scenarios. **Attachment G** provides the CET v. 18.1 output for the Base Cases and Scenarios.

Table 10: Summary of Differences between Base Cases and Scenarios

	Base Case (as of Sept. 1, 2017 filing)	**Updated Base Case** (as of Nov. 22, 2017)	**Scenario 1** (1.25 TRC, w/ LED)	**Scenario 2** (1.25 TRC, w/o LED)
Summary	September 1, 2017 Advice Letter	The budget remains same as in Sept. 1, 2017 Budget AL filing. GHG adder was included.	Targeted 1.25 TRC (w/o C&S) by eliminated lowest impact programs. CFLs/A lamp LEDs remain.	Targeted 1.25 TRC (w/o C&S) by eliminated lowest impact programs. CFLs/A lamp LEDs removed.
Reflect D.17-09-025 Net Savings Goals	NO	YES	YES	YES

[29] See Advice 3654-E, p. 6

	Base Case (as of Sept. 1, 2017 filing)	**Updated Base Case** (as of Nov. 22, 2017)	**Scenario 1** (1.25 TRC, w/ LED)	**Scenario 2** (1.25 TRC, w/o LED)
Includes Market Effects	YES	YES	NO	NO
Includes ESPI	YES	YES	NO	NO
GHG Benefits adder included	NO	YES	YES	YES
CFLs & A-Lamp LEDs included	YES	YES	YES	NO
Includes Streetlight Incentives[30]	NO	NO	YES	YES
Program Portfolio Adjustment	N/A	None	40 Programs Eliminated	63 Programs Eliminated
Labor $	N/A	None	Decreased $7.82M	Decreased $20.68M

Description of SCENARIO 1

In the first alternate scenario to achieve the 1.25 TRC, SCE eliminated lowest impact programs and retained the CFL/LED A-lamps lighting measures In order to construct Scenario 1, SCE started with the Updated Base Case, and then SCE made operational adjustments to the portfolio including adding in the streetlights program cost[31] and removing programs providing incentives for residential smart thermostats, demand-controlled ventilation hoods, and high/low bay LEDs. Budgets for the Codes & Standards program, the Emerging Technologies program, and the Southern California Regional Energy Network were not changed. SCE then ranked every program by its positive contribution to the portfolio TRC. Those with the highest portfolio TRC contribution remained in the portfolio, and those that contributed to reducing the TRC below 1.25 were generally eliminated, with the exception to those that had significant contributions to savings goals.

Relative to the Updated Base Case, Scenario 1 results in a portfolio that achieves a TRC of 1.25, but a reduction of 45 GWh in program energy savings and a reduction of 10 MW in program demand savings. This is achieved by a reduction of $40 million in budget and the elimination of 40 programs.

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30 See Attachment E, Memo 3 and Memo 4.
31 See Attachment E, Memo 3 and Memo 4.

Description of SCENARIO 2

In second alternate scenario to achieve the 1.25 TRC, SCE eliminated the remaining low TRC programs and eliminated the CFL/LED A-lamps lighting programs. The primary difference between the two alternate scenarios is due to the removal of CFL and LED A-Lamps. This illustrates the impact of these Primary Lighting measures on SCE's EE portfolio cost effectiveness as explained in Advice 3654-E.[32] To construct Scenario 2, SCE built upon Scenario 1 to achieve a goal of 1.25 TRC without C&S. In order to achieve a portfolio TRC of 1.25 given this constraint required an additional round of program cuts. As with Scenario 1, programs with the lowest portfolio TRCs contribution were generally cut.

Relative to the Updated Base Case, Scenario 2 results in a portfolio with a TRC of 1.25, but a reduction in program energy savings of 310 GWh and a reduction of program demand savings of 47 MW. Under this scenario, SCE would no longer meet either the Energy Savings or Demand Reduction goal set by the Commission. In this scenario, the program budget was reduced by $138 million and 63 programs were eliminated.

Scenario Comparisons

The following comparison tables show the operational differences between the Base Cases and Scenarios.

Table 11: Budgets Summary Table

	Base Case (as of Sept. 1, 2017 filing)	**Updated Base Case** (as of Nov. 22, 2017)	**Scenario 1** (1.25 TRC, w/ LED)	**Scenario 2** (1.25 TRC, w/o LED)
SCE Resource and Non-Resource Programs	$240,400,279	$240,400,279	$201,733,963	$122,138,406
Finance Program Loan Pools[33]	$15,050,000	$15,050,000	$15,000,000	$0
Codes & Standards Programs	$6,039,256	$6,039,256	$6,039,256	$6,039,256

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32 See Advice 3654-E, pp. 6-7.

33 Scenario 1 removed the American Recovery Reinvestment Act (ARRA) program, so the $50,000 in loan pool funds were removed from the budget. Scenario 2 removed the On-Bill Financing (OBF) program, so $15 million in loan pool were removed from the budget.

	Base Case (as of Sept. 1, 2017 filing)	**Updated Base Case** (as of Nov. 22, 2017)	**Scenario 1** (1.25 TRC, w/ LED)	**Scenario 2** (1.25 TRC, w/o LED)
Emerging Technology Programs	$8,848,137	$8,848,137	$8,848,137	$8,848,137
EM&V	$11,985,486	$11,985,486	$10,372,307	$6,430,825
SoCal REN	$17,314,000	$17,314,000	$17,314,000	$17,314,000
Total Requested Budget	$299,637,159	$299,637,159	$259,307,663	$160,770,624

Reference **Attachment F** to see Table 14 that shows the budget amount at the program level.

Table 12: Metrics Summary Table

	Base Case[34] (as of Sept. 1, 2017 filing)	**Updated Base Case** (as of Nov. 22, 2017)	**Scenario 1** (1.25 TRC, w/ LED)	**Scenario 2** (1.25 TRC, w/o LED)
TRC w/o C&S (CEDARS)	1.00	1.13	N/A	N/A
TRC w/ C&S (CEDARS)	1.31	1.49	N/A	N/A
TRC w/o C&S, Mkt Effect, ESPI	N/A	1.15	1.25	1.25
TRC w/ C&S, w/o Mkt Effect, EPSI	N/A	1.46	1.53	1.60
PAC w/o C&S (CEDARS)	1.32	1.49	N/A	N/A
PAC w/ C&S (CEDARS)	3.49	3.96	N/A	N/A
PAC w/o C&S, Mkt Effect, ESPI	N/A	1.48	1.67	1.49
PAC w/ C&S, w/o Mkt Effect, EPSI	N/A	3.73	4.34	5.81

Table 13: EE Portfolio Energy Savings Summary Table[35]

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[34] GHG adder not included

	2018 Gross Goals D.15-10-028	Base Case (Gross)	2018 Net Goals D.17-09-025	Updated Base Case (Net)	Scenario 1 (Net)[36]	Scenario 2 (Net)[37]
Energy Savings (GWh) - Program	**528**	717	**409**	581	535	270
Energy Savings (GWh) - C&S	**421**	885	**552**	885	756	756
Total Energy Savings (GWh)	**949**	1,603	**961**	1,466	1,291	1,027
Demand Reduction (MW) - Program	**99**	122	**82**	97	87	50
Demand Reduction (MW) - C&S	**106**	171	**124**	171	146	146
Total Demand Reduction (MW)	**206**	293	**206**	268	233	195

PROPOSED TARIFF CHANGES

Except as noted above, this filing will not increase any rate or charge, conflict with any other schedule or rule, or cause the withdrawal of service.

TIER DESIGNATION

Pursuant to GO 96-B, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation, which is the same Tier designation as the original filing, Advice 3654-E.

EFFECTIVE DATE

This supplemental advice filing will become effective on the same day as the original filing, Advice 3654-E, which is October 1, 2017.

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[35] All SCE forecasted savings numbers include GWh and MW from ESA but does not include savings associated with SoCalREN.
[36] Removed 5% ME in calculation of Net Savings.
[37] Removed 5% ME in calculation of Net Savings.

PROTESTS

As indicated above, this Advice Letter is to provide supplemental information as specifically requested by the Energy Division. Thus, SCE asks that the Commission, pursuant to GO 96-B, General Rules 7.5.1, maintain the original protest and comment period designated in Advice 3654-E and not reopen the protest period. The modifications included in this supplemental advice filing do not make substantive changes that would affect the overall evaluation of the filing.

NOTICE

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list and R.13-11-005 Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

For questions, please contact Paul Kubasek at (626) 302-3323 or by electronic mail at Paul.Kubasek@sce.com.

Southern California Edison Company

/s/ Russell G. Worden
Russell G. Worden

RGW:do/pk:jm
Enclosures

Attachment A

CEDARS Filing Confirmation

CEDARS Filing Receipt

CEDARS FILING SUBMISSION RECEIPT

The SCE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Southern California Edison (SCE)

Filing Year: 2018

Submitted: 20:14:43 on 16 Nov 2017

By: Eric Lee

Advice Letter Number: 3654-E-A

* Portfolio Filing Summary *

- TRC: 1.4865
- PAC: 3.9612
- TRC (no admin): 1.9262
- PAC (no admin): 10.1148
- RIM: 3.9612
- Budget: $282,323,157.53

* Programs Included in the Filing *

- SCE-13-ESA: Energy Savings Assistance Program
- SCE-13-ESPI: Energy Savings Performence Incentive
- SCE-13-L-002B: City of Long Beach Energy Leader Partnership
- SCE-13-L-002C: City of Redlands Energy Leader Partnership
- SCE-13-L-002D: City of Santa Ana Energy Leader Partnership
- SCE-13-L-002F: Gateway Cities Energy Leader Partnership
- SCE-13-L-002G: Community Energy Leader Partnership
- SCE-13-L-002H: Eastern Sierra Energy Leader Partnership
- SCE-13-L-002I: Energy Leader Partnership Strategic Support
- SCE-13-L-002J: Desert Cities Energy Leader Partnership
- SCE-13-L-002K: Kern County Energy Leader Partnership
- SCE-13-L-002L: Orange County Cities Energy Leader Partnership
- SCE-13-L-002M: San Gabriel Valley Energy Leader Partnership
- SCE-13-L-002N: San Joaquin Valley Energy Leader Partnership
- SCE-13-L-002O: South Bay Energy Leader Partnership
- SCE-13-L-002P: South Santa Barbara County Energy Leader Partnership
- SCE-13-L-002Q: Ventura County Energy Leader Partnership

- SCE-13-L-002R: Western Riverside Energy Leader Partnership
- SCE-13-L-002Rollup: Energy Leader Partnership Program
- SCE-13-L-002S: High Desert Regional Energy Leader Partnership
- SCE-13-L-002T: West Side Community Energy Leader Partnership
- SCE-13-L-002U: Local Government Strategic Planning Pilot Program
- SCE-13-L-002V: North Orange County Cities
- SCE-13-L-002W: San Bernardino Association of Governments
- SCE-13-L-003A: California Community Colleges Energy Efficiency Partnership
- SCE-13-L-003B: California Dept. of Corrections and Rehabilitation EE Partnership
- SCE-13-L-003C: County of Los Angeles Energy Efficiency Partnership
- SCE-13-L-003D: County of Riverside Energy Efficiency Partnership
- SCE-13-L-003E: County of San Bernardino Energy Efficiency Partnership
- SCE-13-L-003F: State of California Energy Efficiency Partnership
- SCE-13-L-003G: UC/CSU Energy Efficiency Partnership
- SCE-13-L-003I: Public Sector Performance-Based Retrofit High Opportunity Program
- SCE-13-PB: Pension and Benefits
- SCE-13-SW-001A: Energy Advisor Program
- SCE-13-SW-001B: Plug Load and Appliances Program
- SCE-13-SW-001C: Multifamily Energy Efficiency Rebate Program
- SCE-13-SW-001D: Energy Upgrade California
- SCE-13-SW-001E: Residential HVAC Program
- SCE-13-SW-001F: Residential New Construction Program
- SCE-13-SW-001G: Residential Direct Install Program
- SCE-13-SW-002A: Commercial Energy Advisor Program
- SCE-13-SW-002B: Commercial Calculated Program
- SCE-13-SW-002C: Commercial Deemed Incentives Program
- SCE-13-SW-002D: Commercial Direct Install Program
- SCE-13-SW-002F: Nonresidential HVAC Program
- SCE-13-SW-002G: Savings By Design
- SCE-13-SW-002H: Midstream Point of Purchase Program
- SCE-13-SW-003A: Industrial Energy Advisor Program
- SCE-13-SW-003B: Industrial Calculated Energy Efficiency Program
- SCE-13-SW-003C: Industrial Deemed Energy Efficiency Program
- SCE-13-SW-003D: Strategic Energy Management Program
- SCE-13-SW-004A: Agriculture Energy Advisor Program
- SCE-13-SW-004B: Agriculture Calculated Energy Efficiency Program
- SCE-13-SW-004C: Agriculture Deemed Energy Efficiency Program
- SCE-13-SW-005A: Lighting Market Transformation Program
- SCE-13-SW-005B: Lighting Innovation Program
- SCE-13-SW-005C: Primary Lighting Program
- SCE-13-SW-006: Integrated Demand Side Management Program
- SCE-13-SW-007A: On-Bill Financing

- SCE-13-SW-007A1: On-Bill Financing Loan Pool
- SCE-13-SW-007B: ARRA-Originated Financing
- SCE-13-SW-007B1: ARRA-Originated Financing Loan Pool
- SCE-13-SW-007C: New Finance Offerings
- SCE-13-SW-008A: Building Codes and Compliance Advocacy
- SCE-13-SW-008B: Appliance Standards Advocacy
- SCE-13-SW-008C: Compliance Improvement
- SCE-13-SW-008D: Reach Codes
- SCE-13-SW-008E: Planning and Coordination
- SCE-13-SW-009A: Technology Development Support
- SCE-13-SW-009B: Technology Assessments
- SCE-13-SW-009C: Technology Introduction Support
- SCE-13-SW-010A: WE&T; Centergies
- SCE-13-SW-010B: WE&T; Connections
- SCE-13-SW-010C: WE&T; Planning
- SCE-13-SWMEO: Statewide Marketing, Education & Outreach
- SCE-13-TP-001: Comprehensive Manufactured Homes
- SCE-13-TP-002: Cool Planet
- SCE-13-TP-003: Healthcare EE Program
- SCE-13-TP-004: Data Center Energy Efficiency
- SCE-13-TP-005: Lodging EE Program
- SCE-13-TP-006: Food & Kindred Products
- SCE-13-TP-007: Primary and Fabricated Metals
- SCE-13-TP-008: Nonmetallic Minerals and Products
- SCE-13-TP-009: Comprehensive Chemical Products
- SCE-13-TP-010: Comprehensive Petroleum Refining
- SCE-13-TP-011: Oil Production
- SCE-13-TP-013: Cool Schools
- SCE-13-TP-014: Commercial Utility Building Efficiency
- SCE-13-TP-018: School Energy Efficiency Program
- SCE-13-TP-019: Sustainable Communities
- SCE-13-TP-020: IDEEA365 Program
- SCE-13-TP-021: Enhanced Retrocommissioning
- SCE-13-TP-022: Water Infrastructure Systems Energy Efficiency Program
- SCE-13-TP-023: Midsize Industrial Customer Program
- SCE-13-TP-024: AB793 Residential Pay for Performance
- SCE-3OV0100: SCE EM&V;
- SCE-3OV0200: CPUC EM&V;

Attachment E

Energy Division - Memo and Email Guidances

Memo 1: Energy Division October 30, 2017 Letter
(Request)

STATE OF CALIFORNIA
EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017

Advice Letter
SCE 3654-E

Laura Genao
Director, Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Ave, Suite 2030
San Francisco, CA 94102

Russell G. Worden
Director, Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770

Ms. Genao and Mr. Worden:

On September 1, 2017, SCE filed Advice Letter 3654-E "SCE's 2018 energy efficiency annual budget advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought Commission approval of SCE's 2018 energy efficiency budget request.

SCE's cost-effectiveness results as presented in Table 3 of the advice letter included a TRC value of 1.32 that with savings from Codes and Standards, market effects, and ESPI considerations exceeds the Commission's 1.25 threshold for portfolio cost-effectiveness. However, additional review of SCE's advice letter filings on the CEDARS website reveal that SCE's 2018 portfolio cost-effectiveness, when including only resource and non-resource programs and excluding savings from Codes and Standards, market effects and ESPI, has a forecasted TRC of 1.00, which falls significantly short of the 1.25 value and indicates the portfolio does not meet the Commission's minimal requirements for cost effectiveness.[1]

Of particular note when considering portfolio cost-effectiveness is that SCE's advice letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 3654-E, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks SCE to file a supplemental to Advice Letter 3645-E, which will include:

[1] See D.14-10-046 Section 3.9.1 Summary of Budgets (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years."

- New cost effectiveness showings using Cost Effectiveness Tool (CET) version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025.[2]

In order to reach portfolio saving goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost-effectiveness. SCE's supplemental filing should include a requested portfolio and budget, plus any alternative scenarios SCE may wish to propose. Alternative scenarios could offer viable options such as portfolios that may exceed current budget limits. All portfolios and budgets shall be supported by outputs from the Cost Effectiveness Tool version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where SCE proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Nils B. Strindberg at nils.strindberg@cpuc.ca.gov.

Thank you.

Robert L. Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

cc:
Hayley Goodson, TURN
Dan Buch, CPUC Office of Ratepayer Advocates
Sudip Kundu, Kundu PLLC (for Green Fan and Verified Inc.)

[2] The Commission considers Marketing, Education and Outreach as non-resource activities. Previously the IOUs have been submitting ME&O costs as a component of the Resource programs costs. The conflating of Non-Resource activities costs with Resource programs creates unnecessary complexity for budget approvals. We therefore ask the IOUs to classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program.

Memo 2 - November 8, 2017 Supplemental AL Update Email From ED

From: Strindberg, Nils [mailto:Nils.Strindberg@cpuc.ca.gov]
Sent: Wednesday, November 08, 2017 11:38 AM
To: Karyn Gansecki <Karyn.Gansecki@sce.com>; Laura Genao <Laura.Genao@sce.com>; AdviceTariffManager <AdviceTariffManager@sce.com>
Cc: Buch, Daniel <Daniel.Buch@cpuc.ca.gov>; hayley@turn.org; sudip.kundu@kunduplic.com; ED Tariff Unit <edtariffunit@cpuc.ca.gov>
Subject: (External):RE: Request for a supplementa to SCE's AL 3654-E

SCE Tariffs, et al.,

Please see the following note from Robert Strauss, Energy Efficiency Branch Manager, regarding the supplemental filing request of 10/30/17

Dear Ms. Genao and Mr. Worden:

On September 1, 2017, SCE filed Advice Letter 3654-E "SCE's 2018 energy efficiency annual budget advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought "Dear X,

On October 30, 2017, Energy Division asked the Program Administrators (PAs) to file a supplemental advice letter that would provide staff and stakeholders with a better understanding of portfolio cost-effectiveness for 2018 budgets by including new cost effectiveness showings using CET version 18.1 as well as updated 2018 goals established in D.17-09-025.

The letter, in footnote, 2 also included a request that the IOU PAs in their supplemental filing "classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program."

Subsequent discussions with the IOU PAs regarding the foundation of this request reveal it to be a larger policy matter that is not relevant to the more specific matter of filing supplemental 2018 energy efficiency budget advice letters. Consequently, the PAs may ignore the request in footnote 2 and exert all efforts to respond in a timely manner with the updated information pursuant to D.17-09-025.

Respectfully yours,

Robert Strauss, Program Manager
Energy Efficiency Branch

Memo 3: Memo on Streetlights - October 10, 2017

State of California

Memorandum

Date: October 10, 2017

To: Anuj Desai, SCE

Alok Singh, SCE

Cc:: Peter Lai, CPUC

From: Bryan Pena, CPUC

Subject: SCE's Street Lighting Proposal

In a meeting on August 4, 2017 and a follow-up telephone meeting on August 10, 2017, SCE discussed with CPUC staff its proposal for street lighting savings and requesting to "grandfather" a set of historical customers in the SCE acquisition pipeline who entered the purchase and asset transfer process prior to September 2015; and to establish CPUC support for an acceptable multi-year framework for savings claims in 2018 and beyond.

Specifically, SCE requests that a specific set of customers in its territory who entered the acquisition pipeline in 2015 remain eligible for LED street lighting incentives through 2020 using its submitted 2017 workpaper savings values. SCE's request is based on the understanding of the following customer types for SCE-owned street lights:

> **Acquisition Customers**: Customers in the process of purchasing SCE-owned (LS-1) street lighting. This asset transfer process takes approximately three or four years to complete before any retrofits can begin.[1]
>
> **LS-1 Option E (AB-719) Customers**: Customers of SCE-owned street lights and pay the capital cost to retrofit to LED over a period of 20 years.[2] Customers typically face a one-year turnaround time from application submission to retrofit completion.

---

[1] Customers submitted deposits prior to Sept 2015 to enter the acquisition queue.

[2] SCE has submitted a capital request of $30M per year in its 2018-2020 GRC filing to support retrofits for these customers.

Program Participation:

It has been identified that there is no currently approved workpaper under which savings resulting from this program activity can be claimed. In order to provide for any program participation in 2018 and beyond, SCE must first resolve the following issues in its workpaper SCE 17LG097 Revision 1, dated June 30, 2017, submitted for 2017 program year. The applicable workpaper defines all measures as Replace-on-Burnout (now referred to as Normal Replacement or "NR"), however, the baselines for all measures covered by that workpaper are comprised of older, HID technologies, which are representative of a pre-existing technology. Therefore, the measures defined in the workpaper are, in practice, Accelerated Replacement (AR) measures. This workpaper does not follow CPUC policy that has been in place long before 2015. AR measures are required to include a standard practice second baseline. The DEER 2016 updated directed that all AR exterior lighting measures have a second baseline of LED technologies. The projects proposed appear to be all Accelerated Replacement (AR). As a way to address these inconsistencies between the proposed projects and the proposed applicable workpaper, SCE shall revise the applicable workpaper for the 2018 program year as such:

- The measure application type must be corrected from Normal Replacement to Accelerated Replacement.
- SCE shall establish Preponderance of Evidence criteria that demonstrate that the customers, absent the incentive support, would more likely than not undertake the retrofits. This analysis must take into account the acquisition decision as well as the retrofit. All supporting data must be submitted via the normal workpaper submission process prior to any incentives being paid as with all deemed incentive offerings.
- Since the directed second baselines are LED technologies, the second period gross savings for the proposed projects shall be zero. Gross savings above the workpaper defined baselines shall be claimed for the RUL period only. The 2^{nd} baseline is LED. Therefore the 2^{nd} baseline savings is zero for the Accelerated Replacement.
- SCE shall apply the default net-to-gross value of 0.6 to the gross savings of these grandfather street lighting retrofits.

Acquisition Customers:

CPUC staff understands that there are 53 cities that entered the acquisition queue prior to September 2015 who remain in the process of purchasing and upgrading their street lighting, and that SCE is no longer entertaining new customers looking to purchase street lights.

CPUC staff does not object to maintaining program eligibility requirements, rules, and incentive for these 53 cities that entered the acquisition queue in 2015. Therefore, customers in this cohort shall be exempt from POE requirements in lieu of the eligibility requirements and other program rules in effect prior to September 2015. Incentives should also be maintained at the same levels as they were prior to September 2015.

LS-1 Option E (AB-719) Customers:

CPUC staff understands that these customers entered into agreements with SCE at varying times after AB-719 legislation was adopted and that program eligibility requirements, rules, and incentive levels tend to evolve. Therefore, customers in this cohort shall be exempt from POE requirements in lieu of the eligibility requirements and other program rules in effect at the time of customer application submittal. Incentives should also be maintained as the same levels as they were at the time of customer application submittal.

For future LS-1 Option E (AB-719) Customers and other potential program participants during 2018 and beyond, Commission staff sees no reason to allow the use of past program eligibility requirements, rules, and incentive levels. These customers shall follow all requirements imposed in the revised workpaper for the 2018 program year.

2019 Program Year:

Notwithstanding the above treatments for specific classes of customers, SCE shall conduct a standard practice study to examine the most current purchasing practices for LED street lighting retrofits, present its data and analysis, as well as propose findings to CPUC staff for review. CPUC considers that there is wide range of efficacy and performance in available LED products and that an ISP study would serve as a basis to establish deemed savings above the 2nd baseline. The results of any standard practice study, along with proposed workpaper revisions, should be submitted in a revised workpaper for the next Phase 1 workpaper review period for an effective date of January 1, 2019.

Commission staff appreciates SCE staff bringing this to our attention, and the opportunity for an open discussion of the issues.

Memo 4: ED Email Additional Guidance - October 31, 2017

From: Pena, Bryan [mailto:Bryan.Pena@cpuc.ca.gov]
Sent: Tuesday, October 31, 2017 10:09 AM
To: Cassie Cuaresma <Cassie.Cuaresma@sce.com>
Cc: Lai, Peter <peter.lai@cpuc.ca.gov>; Jeff Hirsch <james.j.hirsch@gmail.com>; Kevin Madison <kevinmadisonmeps@gmail.com>; Anuj Desai <Anuj.Desai@sce.com>; Alok Singh <Alok.Singh@sce.com>
Subject: (External):RE: (External):RE: (External):SCE Street Lighting Response Memo

Hi Cassie,

Below are the responses to your discussion points document.

Provided here is a clarification for how claims should be handled program year 2017, but otherwise is a general reiteration of the guidance first provided in the Memo. There is also a clarification that the changes to the workpaper required by the Memo should be submitted during the current Phase 1 submission period (Sep-Dec '17) or the next Phase 1 submission period (Sep-Dec '18).

(1) SCE17LG097 Revision 1, dated June 30, 2017 should be used for full-year 2017 claims. This revision of the workpaper was the ultimate result of the Phase 1 lighting disposition issued in March 1, 2017, then revised June 2, 2017. Phase 1 dispositions are retroactive to the beginning of the programs year in which they are issued. Past December 31, 2017, claims shall not be made referencing this workpaper until the workpaper changes required by the Memo dated October 10, 2017, are completed.

(2) The above reference workpaper does not require POE, therefore projects completed in 2017 do not require POE.

(3) Based on the notes in the Discussion Points document prepared by SCE, LED Street Lighting Measures will not be offered until exterior LED market assessment study is available and results incorporated into the workpaper. The memo states that the changes to the workpaper from NR/ROB to RET+POE are required for program year 2018. Alternatively, if SCE choses to delay these revisions, then changes to the workpaper from NR/ROB to RET+POE can be submitted during the next Phase 1 review cycle for implementation at the start of program year 2019 (Jan 1, 2019).

(4) (5) Savings determination (also referred to as workpaper parameters) is based on the workpaper in effect, having been subjected to the full workpaper review policy, at the time of equipment installation completion. The full workpaper review policy refers to either a Phase 1 review and retrospective application of outcomes or Phase 2 review and prospective application of outcomes, whichever is applicable. See example in (1) above.

CPUC provides conservative direction for incentive levels primarily due to the lack of specific information provided by SCE regarding how these incentive levels may or may not have changed, as well as the basis for the changes, since the initial agreements with the municipalities (referring to both customer sets). Therefore, a clarification is made here consistent with the expectations first provided in the Memo dated October 10,2017. For Acquisition Customers, rebate levels are maintained at 2015 levels. For AB-719 Customers (2017 and prior years only), rebate levels are maintained at the same levels in effect at the time of the initial agreement (as opposed to the time of customer rebate application submittal).

(6) Thank you for the correction, Commission staff notes that there were 46 cities that entered the acquisition que prior to September 2015, not 53 cities.

Thank You,

Bryan Pena, P.E.
Utilities Engineer
Energy Division
320 W. 4th Street, Suite 500 | Los Angeles, CA 90013
(213) 620 - 2680

Attachment F

Program Budget Changes

Table 14: Program Budgets

Program ID	Program Name	Base Case	Updated Base Case (Supplemental)	Scenario 1	Scenario 2
SCE-13-SW-002F	Nonresidential HVAC Program	$13,315,890	$13,315,890	$0	$0
SCE-13-TP-018	School Energy Efficiency Program	$9,808,321	$9,808,321	$0	$0
SCE-13-SW-010A	WE&T Centergies	$6,525,252	$6,525,252	$0	$0
SCE-13-TP-020	IDEEA365 Program	$3,580,495	$3,580,495	$0	$0
SCE-13-L-002B	City of Long Beach Energy Leader Partnership	$1,871,042	$1,871,042	$0	$0
SCE-13-SW-010B	WE&T Connections	$1,828,217	$1,828,217	$0	$0
SCE-13-SW-007C	New Finance Offerings	$1,426,562	$1,426,562	$0	$0
SCE-13-SW-001D	Energy Upgrade California	$1,426,258	$1,426,258	$0	$0
SCE-13-SW-001F	Residential New Construction Program	$1,189,207	$1,189,207	$0	$0
SCE-13-L-002U	Local Government Strategic Planning Pilot Program	$878,170	$878,170	$0	$0
SCE-13-L-003B	California Dept. of Corrections and Rehabilitation EE Partnership	$865,275	$865,275	$0	$0
SCE-13-L-002Q	Ventura County Energy Leader Partnership	$857,114	$857,114	$0	$0
SCE-13-L-003F	State of California Energy Efficiency Partnership	$847,213	$847,213	$0	$0
SCE-13-L-002O	South Bay Energy Leader Partnership	$838,815	$838,815	$0	$0
SCE-13-L-002T	West Side Energy Leader Partnership	$600,472	$600,472	$0	$0
SCE-13-TP-019	Sustainable Communities	$531,470	$531,470	$0	$0
SCE-13-L-002Rollup	Energy Leader Partnership Future Affinity + IGREEN	$519,597	$519,597	$0	$0
SCE-13-L-002W	San Bernardino Association of Governments	$512,569	$512,569	$0	$0
SCE-13-L-002I	Energy Leader Partnership Strategic Support (ICLEI)	$509,982	$509,982	$0	$0
SCE-13-L-002N	San Joaquin Valley Energy Leader Partnership	$480,679	$480,679	$0	$0
SCE-13-L-003C	County of Los Angeles Energy Efficiency Partnership	$413,723	$413,723	$0	$0
SCE-13-L-002L	Orange County Cities Energy Leader Partnership	$401,498	$401,498	$0	$0

Program ID	Program Name	Base Case	Updated Base Case (Supplemental)	Scenario 1	Scenario 2
SCE-13-L-002V	North Orange County Cities	$397,346	$397,346	$0	$0
SCE-13-L-002R	Western Riverside Energy Leader Partnership	$321,223	$321,223	$0	$0
SCE-13-L-002F	Gateway Cities Energy Leader Partnership	$292,787	$292,787	$0	$0
SCE-13-L-002M	San Gabriel Valley Energy Leader Partnership	$283,867	$283,867	$0	$0
SCE-13-L-002P	South Santa Barbara County Energy Leader Partnership	$280,257	$280,257	$0	$0
SCE-13-L-003E	County of San Bernardino Energy Efficiency Partnership	$246,044	$246,044	$0	$0
SCE-13-L-002S	High Desert Regional Energy Leader Partnership	$223,057	$223,057	$0	$0
SCE-13-SW-007B	ARRA-Originated Financing	$205,591	$205,591	$0	$0
SCE-13-L-002K	Kern County Energy Leader Partnership	$188,397	$188,397	$0	$0
SCE-13-L-002J	Desert Cities Energy Leader Partnership	$161,212	$161,212	$0	$0
SCE-13-L-003D	County of Riverside Energy Efficiency Partnership	$143,201	$143,201	$0	$0
SCE-13-SW-005B	Lighting Innovation Program	$141,647	$141,647	$0	$0
SCE-13-L-002H	Eastern Sierra Energy Leader Partnership	$114,832	$114,832	$0	$0
SCE-13-SW-005A	Lighting Market Transformation Program	$91,007	$91,007	$0	$0
SCE-13-TP-014	Commercial Utility Building Efficiency	$72,176	$72,176	$0	$0
SCE-13-TP-013	Cool Schools	$66,335	$66,335	$0	$0
SCE-13-SW-007B1	ARRA-Originated Financing Loan Pool	$50,000	$50,000	$0	$0
SCE-13-TP-002	Cool Planet	$44,907	$44,907	$0	$0
SCE-13-SW-010C	WE&T Planning	$26,499	$26,499	$0	$0
SCE-13-SW-004C	Agriculture Deemed Energy Efficiency Program	$212,208	$212,208	$170,280	$0
SCE-13-TP-004	Data Center Energy Efficiency	$359,269	$359,269	$351,438	$0
SCE-13-SW-002A	Commercial Energy Advisor Program	$921,635	$921,635	$905,779	$0
SCE-13-TP-005	Lodging EE Program	$1,027,742	$1,027,742	$957,846	$0

Program ID	Program Name	Base Case	Updated Base Case (Supplemental)	Scenario 1	Scenario 2
SCE-13-SW-003C	Industrial Deemed Energy Efficiency Program	$1,018,108	$1,018,108	$1,013,560	$0
SCE-13-TP-011	Oil Production	$1,250,833	$1,250,833	$1,243,271	$0
SCE-13-SW-004B	Agriculture Calculated Energy Efficiency Program	$1,383,777	$1,383,777	$1,364,750	$0
SCE-13-SW-003A	Industrial Energy Advisor Program	$1,380,621	$1,380,621	$1,369,521	$0
SCE-13-L-003A	California Community Colleges Energy Efficiency Partnership	$2,194,819	$2,194,819	$1,830,904	$0
SCE-13-TP-010	Comprehensive Petroleum Refining	$2,144,570	$2,144,570	$2,137,014	$0
SCE-13-SW-004A	Agriculture Energy Advisor Program	$2,251,203	$2,251,203	$2,217,509	$0
SCE-13-SW-003D	Strategic Energy Management	$2,508,063	$2,508,063	$2,473,180	$0
SCE-13-SW-007A	On-Bill Financing	$2,682,031	$2,682,031	$2,586,420	$0
SCE-13-L-003G	UC/CSU Energy Efficiency Partnership	$2,923,223	$2,923,223	$2,910,307	$0
SCE-13-TP-022	Water Infrastructure Systems EE Program	$3,108,598	$3,108,598	$3,088,937	$0
SCE-13-TP-021	Enhanced Retrocommissioning	$3,442,561	$3,442,561	$3,433,802	$0
SCE-13-SW-003B	Industrial Calculated Energy Efficiency Program	$3,988,859	$3,988,859	$3,904,046	$0
SCE-13-SW-002C	Commercial Deemed Incentives Program	$4,216,753	$4,216,753	$4,052,144	$0
SCE-13-TP-006	Food & Kindred Products	$5,018,926	$5,018,926	$4,869,416	$0
SCE-13-SW-001B	Plug Load and Appliances Program	$6,764,493	$6,764,493	$5,543,774	$0
SCE-13-TP-007	Primary and Fabricated Metals	$5,577,918	$5,577,918	$5,550,029	$0
SCE-13-TP-009	Comprehensive Chemical Products	$5,647,203	$5,647,203	$5,574,421	$0
SCE-13-SW-001A	Energy Advisor Program	$13,471,665	$13,471,665	$13,233,683	$0
SCE-13-SW-007A1	On-Bill Financing Loan Pool	$15,000,000	$15,000,000	$15,000,000	$0
SCE-13-SW-008D	Local Ordinances	$283,160	$283,160	$283,160	$283,160
SCE-13-SW-008E	Planning and Coordination	$334,735	$334,735	$334,735	$334,735
SCE-13-L-003I	Public Sector Performance-Based Retrofit High Opportunity Program	$534,292	$534,292	$534,292	$534,292

Program ID	Program Name	Base Case	Updated Base Case (Supplemental)	Scenario 1	Scenario 2
SCE-13-TP-024	AB793 Residential Pay for Performance	$635,984	$635,984	$635,984	$635,984
SCE-13-SW-009A	Technology Development Support	$947,652	$947,652	$947,652	$947,652
SCE-13-TP-003	Healthcare EE Program	$1,322,630	$1,322,630	$1,267,958	$1,220,929
SCE-13-SW-008A	Building Codes and Compliance Advocacy	$1,613,497	$1,613,497	$1,613,497	$1,613,497
SCE-13-SW-008B	Appliance Standards Advocacy	$1,689,676	$1,689,676	$1,689,676	$1,689,676
SCE-13-SW-008C	Compliance Improvement	$2,118,189	$2,118,189	$2,118,189	$2,118,189
SCE-3OV0100	EM&V SCE	$4,794,195	$4,794,195	$4,148,923	$2,572,330
SCE-13-TP-023	Midsize Industrial Customer Program	$2,745,013	$2,745,013	$2,737,560	$2,720,964
SCE-13-SW-009C	Technology Introduction Support	$3,214,831	$3,214,831	$3,214,831	$3,214,831
SCE-3OV0200	EM&V CPUC	$7,191,292	$7,191,292	$6,223,384	$3,858,495
SCE-13-TP-001	Comprehensive Manufactured Homes	$5,292,269	$5,292,269	$4,309,242	$4,293,178
SCE-13-SW-009B	Technology Assessments	$4,685,654	$4,685,654	$4,685,654	$4,685,654
SCE-13-SW-002H	Midstream Point of Purchase	$2,695,267	$2,695,267	$5,910,493	$5,635,278
SCE-13-SW-001G	Residential Direct Install	$6,506,818	$6,506,818	$5,834,781	$5,824,187
SCE-13-SW-002G	Savings by Design	$6,077,244	$6,077,244	$6,063,419	$6,032,631
SCE-13-SW-001C	Multifamily Energy Efficiency Rebate Program	$10,277,486	$10,277,486	$8,439,938	$7,490,143
SCE-13-TP-008	Nonmetallic Minerals and Products	$9,972,794	$9,972,794	$9,918,687	$9,846,066
SCE-13-SW-002D	Commercial Direct Install Program	$21,532,500	$21,532,500	$21,039,911	$20,484,519
SCE-13-SW-002B	Commercial Calculated Energy Efficiency Program[38]	$9,257,892	$9,257,892	$25,932,867	$25,738,648
SCE-13-SW-005C	Primary Lighting Program	$37,526,801	$37,526,801	$37,526,801	$30,881,588
SCE-13-DINI	DINI Labor for Processing of Past Commitments[39]	$0	$0	$800,000	$800,000

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[38] Scenario 1 & 2 includes 16.7 million for Streetlights program.

[39] To account for significant program closures under this scenario, SCE created a new program to process past commitments for closed programs by taking $1.16 million out of

Program ID	Program Name	Base Case	Updated Base Case (Supplemental)	Scenario 1	Scenario 2
SCE Programs Budget Total[40]		**$282,323,159**	**$282,323,159**	**$241,993,663**	**$143,456,624**
SoCalREN		$17,314,000	$17,314,000	$17,314,000	$17,314,000
Requested Budget Total		**$299,637,159**	**$299,637,159**	**$259,307,663**	**$160,770,624**
Items Outside of EE Funding, Only Included for C/E Calculations					
SCE-13-SWMEO	Statewide Marketing, Education & Outreach	$6,703,611	$6,703,611	$6,703,611	$6,703,611
SCE-13-PB	Pension and Benefits	$16,388,531	$16,388,531	$13,226,690	$7,442,288
SCE-13-ESPI	ESPI[41]	$17,600,000	$17,600,000	$0	$0

the Marketing and Outreach budget. This resulted in an $800,000 increase in DINI and $360,000 in additional P&B.

40 Budget for the New Finance Pilot filed in Advice 3692-E (November 13, 2017)

41 The ED Letter requested that SCE remove ESPI from Scenario 1 and Scenario 2.

Attachment G

CET Version 18.1 Output Summaries

CET Version 18.1 Outputs

CET Output Excel files submitted with Supplemental Filing. These files are available upon request. Please email advicetariffmanager@sce.com or fax telephone number (626) 302-6396.

1. 9.1 Filing Rerun for GHG Adder No ME.xlsx
2. 9.1 Filing C&S rerun for GHG Adder No ME.xlsx
3. Scenario 1.xlsx
4. Scenario 2.xlsx

Program costs for Emerging Technologies program and Financing Loan pools are not factored into CE calculation and have been removed. Therefore, Total Cost will not reflect budget total. SoCalREN is also not included in any of the calculations.

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

☑ ELC ☐ GAS

☐ PLC ☐ HEAT ☐ WATER

Contact Person: Darrah Morgan

Phone #: (626) 302-2086

E-mail: Darrah.Morgan@sce.com

E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas

PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3654-E-A Tier Designation: 2

Subject of AL: Supplemental Filing to 3654-E, Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? ☐ Yes ☑ No

Requested effective date: 10/1/17 No. of tariff sheets: -0-

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets: None

[1] Discuss in AL if more space is needed.

All correspondence regarding this AL filing shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Telephone: (626) 302-4177
Facsimile: (626) 302-6396
E-mail: AdviceTariffManager@sce.com

Laura Genao
Managing Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

NRDC

California Public Utilities Commission
Attn: Energy Division Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

December 11, 2017

Re: Response to SDG&E Supplemental 2018 Annual Energy Efficiency Budget Advice Letter (AL) 3111-E/2607-G and SCG Supplemental AL 5183-G as well as request for consideration of late-filed response to PG&E AL 3881-G/5137-E, and SCE AL 3654-E

Dear Energy Division,

On November 22, 2017 SDG&E Electric filed Advice Letter 3111-E/2607-G Supplemental 2018 Annual Energy Efficiency Program and Portfolio Budget Request. The Natural Resources Defense Council (NRDC), Build It Green, the California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, the San Joaquin Valley Clean Energy Organization, County of San Luis Obispo, and Ventura County Regional Energy Alliance (Joint Parties), respectfully submit this response to SDG&E's and SCG's 2018 Supplemental Energy Efficiency Budget Advice Letters and request consideration of a late-filed response to the PG&E 3881-G/5137-E and SCE 3654-E 2018 Annual Energy Efficiency Budget Advice letters, including the supplemental information.

The Joint Parties support the request that the Commission require a Total Resource Cost (TRC) test of 1.0 without codes and standards for 2018, pending a decision in A.17-01-013 et al. on this matter.[1] Alternatively, we support a requirement of a 1.25 for Program Administrator Cost (PAC) test without codes and standards.

Discussion

Ensuring that efficiency programs are providing more benefit than cost to customers is a critical component of the Commission's role. However, given the

[1] SDG&E 3111-E/2607-G Supplemental, November 22, 2017, p.6

extensive record in A.17-01-013 et al. and R.13-11-005 highlighting the issues with the current TRC assumptions, we support modifying the cost-effectiveness requirement for the 2018 Annual Energy Efficiency Budget Advice Letters while the Commission updates the policy rules as is scoped in R.13-11-005. Updating cost-effectiveness tests is also under consideration in the Integrated Distributed Energy Resources proceeding, R.14-10-003, although it remains unclear how a decision in that proceeding will impact energy efficiency.

The Joint Parties support the utilities' proposal to require a TRC of 1.0 for 2018 as the current test treats customer costs and benefits asymmetrically, producing results that are biased downward. Achieving a 1.25 TRC without codes and standards would also require major cuts to both resource and non-resource programs. Such programs provide critical offerings to customers that otherwise could not afford it – such as direct install efficiency programs – and provide ways to advance the state's workforce and equity goals, including workforce and training offerings.

Furthermore, making substantial changes to the portfolios on the eve of extensive bidding would disrupt the market, potentially delay solicitations, and ostensibly restructure the portfolio prior to determining what the market is able to deliver. Cutting programs would also cancel critical contracts for all sizes of non-profits and companies in the middle of implementation efforts, which would result is extensive job loss across the state.

Last, these efficiency programs are referenced as opportunities to support efforts in other proceedings, such as the San Joaquin Valley proceeding assessing access to natural gas services (R.15-03-010). Removing these programs unexpectedly as part of the energy efficiency advice letter process would impact customers beyond the energy efficiency proceeding.

As noted above, if Energy Division is not inclined to continue the reprieve for 2018 as set forth in D.14-10-046, we propose that the threshold of 1.25 for 2018 be required for the PAC instead. This modification for 2018 would ensure that at minimum any energy efficiency programs that are approved would be less costly than the alternative energy the utilities would have to procure as that is what the PAC explicitly assesses.

Conclusion

The Joint Parties appreciate the Commission's attention to this matter and look forward to working with stakeholders and staff to update the energy efficiency cost-effectiveness assumptions as soon as practical to ensure efficiency is accurately valued while also protecting customers.

Sincerely,

Lara Ettenson
Director, California Energy Efficiency Policy
Natural Resources Defense Council

Bruce Mast
Senior Director
Build It Green

Michelle Vigen
Senior Policy Manager
The California Efficiency and Demand Management Council

Thomas A. Enslow
Adams Broadwell Joseph & Cardozo
Counsel for the Coalition for Energy Efficiency

Pamela Bold
Executive Director
High Sierra Energy Foundation

Jodi Pincus
Executive Director
Rising Sun Energy Center

Courtney Kalashian
Executive Director
San Joaquin Valley Clean Energy Organization

Jon Griesser
Supervisor, Energy and Climate Programs
County of San Luis Obispo

Sue Hughes
Executive Director
Ventura County Regional Energy Alliance

Strindberg, Nils

From:	Strindberg, Nils
Sent:	Tuesday, December 12, 2017 11:39 AM
To:	'lettenson@nrdc.org'; 'bruce@builditgreen.org'; 'mvigen@cedmc.org'; 'bold@highsierraenergy.org'; 'pincus@risingsunenergy.org'; 'ckalashian@pesc.com'; 'JGriesser@co.slo.ca.us'; 'susan.hughes@ventura.org'; 'AdviceTariffManager'; Karyn Gansecki; Paul Kubasek; 'PGETariffs@pge.com'; 'QXY1@pge.com'
Subject:	Energy Division accepts late comments filed by "Joint Parties" on IOU 2018 Annual Budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency (EE) annual budget advice letters (ALs) that were filed on September 1, 2017, was September 21, 2017. On November 22, 2017, the IOU Program Administrators filed supplementals to the 2018 EE annual budget ALs, which included: PG&E 3881-G-A/5137-E-A; SCE 3654-E-A; SDG&E 3111-E-A/2607-G-A and SoCalGas 5183-G-A. SDG&E and SoCalGas reopened the protest and comment period in their 2018 supplemental EE annual budget ALs, while PG&E and SCE requested that the Commission pursuant to GO 96-B, General Rules 7.5.1 maintain the original protest and comment period of September 21, 2018 and not reopen the protest period for their 2018 supplemental EE annual budget ALs .

On December 11, 2017, Natural Resources Defense Council, Build It Green, The California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, San Joaquin Valley Clean Energy Organization, County of San Luis Obispo and Ventura County Regional Energy Alliance (the Joint Parties) timely filed comments on SDG&E and SoCalGas' 2018 EE annual budget ALs and requested consideration of a late filed comment for PGE and SCE's 2018 EE annual budget ALs.

Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response. Commission staff will accept the late comments by the Joint Parties.

If you have any questions feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

Nils B. Strindberg
CPUC, Energy Division
Energy Efficiency Branch
Residential Programs and Portfolio Approval
O: 415-703-1812
C: 415-849-8140
nils.strindberg@cpuc.ca.gov

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Edison Company
Utility Number/Type: U 338-M
Advice Letter Number(s) #3654-E, 3654-E-A
Date AL(s) Filed) September 1, 2017, November 22, 2017
Utility Contact Person: Darrah Morgan
Utility Phone No.: (626) 302-2086

Date Utility Notified: January 18, 2018
E-Mailed to: darrah.morgan@sce.com
AdviceTariffManager@sce.com
Karyn.Gansecki@sce.com
paul.kubasek@sce.com
ED Staff Contact: Nils B. Strindberg
ED Staff Email: nils.strindberg@cpuc.ca.gov
ED Staff Phone No.: (415) 703-1812

[ ] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning ____________, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[ ] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[X] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Nils B. Strindberg at (nils.strindberg@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

Southern California Gas (SoCalGas) 2018 Annual Budget Advice Letter (AL) Attachments

1. SoCalGas AL 5183-G submitted September 1, 2017

2. ORA Protests SoCalGas AL 5183-G submitted September 21, 2017

3. TURN Protests SoCalGas AL 5183-G submitted September 21, 2017

4. GreenFan/Verified Protests SoCalGas AL 5183-G submitted September 22, 2017

5. Energy Division email accepting late Protest of GreenFan/Verified sent September 22, 2017

6. Energy Division Initial Suspension Notice sent September 21, 2017

7. SoCalGas Reply to Protests submitted September 28, 2017

8. Energy Division Letter Requesting a Supplemental to SoCalGas AL 5183-G sent October 30, 2017

9. SoCalGas Supplemental AL 5183-G-A submitted November 22, 2017

10. SoCalGas Substitution Sheets to AL 5183-G-A submitted on December 7, 2017

11. NRDC and "Joint Parties" Comments on Supplemental submitted on December 11, 2017

12. Energy Division email accepting NRDC and "Joint Parties" Comments sent December 12, 2017

13. ORA Protests Supplemental SoCalGas AL 5183-G-A submitted December 12, 2017

14. SoCalGas Reply to Protest submitted December 19, 2017

15. Energy Division Further Suspension Notice sent January 17, 2018

Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.4957
RvanderLeeden@semprautilities.com

September 1, 2017

Advice No. 5183
(U 904 G)

Public Utilities Commission of the State of California

Subject: Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) its 2018 Energy Efficiency (EE) Program Portfolio budget. The EE Program Portfolio, along with supporting documentation, is incorporated as Appendix A, which have been uploaded to the California Energy Data and Reporting System (CEDARS) website.[1]

Purpose

This Advice Letter is filed in compliance with Ordering Paragraph (OP) 4 of Decision (D.) 15-10-028, which directs program administrators to file a Tier 2 Advice Letter containing the budget for the next calendar year's EE portfolio by the first business day in September.[2]

Background

On October 24, 2014, the Commission issued D.14-10-046, which authorizes funding for EE programs until 2025.[3] On October 22, 2015, the Commission issued D.15-10-028, which approved the EE rolling portfolio mechanics for 2016 and beyond, and

[1] https://cedars.sound-data.com
[2] D.15-10-028, pp. 123-124.
[3] D.14-10-046, p. 167.

explains that annual Advice Letter filings will propose detailed budgets for cost recovery, transfer, and contracting purposes.[4]

<u>Compliance Items</u>

In compliance with the Budget Filing Appendices 2018 guidance provided by Energy Division,[5] this Advice Letter contains the requested details, as shown in Appendix A, including the following: (1) application summary tables with forecast budgets by sector and program; and (2) incorporation of reductions and/or increases in program or sector budgets.

Appendix A has been uploaded to the CEDARS website and will be made available on http://www.socalgas.com/regulatory/R13-11-005.shtml. Appendix B of this Advice Letter provides the CEDARS Filing Confirmation which was printed from the confirmation dashboard upon confirmed completion of the filing through CEDARS.

The following are compliance requirements not addressed in Appendix A:

<u>Program Funding Levels</u>

As was the case for the SoCalGas 2015 program year budget request and approved in D.14-10-046, the 2018 funding request does not include the program budget for the SoCalGas Statewide Marketing, Education & Outreach (ME&O) program, nor the 2018 program budget for the Statewide Financing Pilots. The program year 2018 budgets for these programs were approved in D.13-12-038 and D.15-06-008, respectively. Additionally, D.17-03-026 separated the Statewide Financing Pilots from the EE portfolio.

The Southern California Regional Energy Network (SoCalREN) is submitting its own Advice Letter to implement its programs and associated budget.[6] The SoCalREN budget shown in Table 1 reflects the funds originally authorized under D.14-10-046.

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[4] D.15-10-028, p. 56.

[5] Amy Reardon, Energy Division: "Updated Budget Filing Appendices 2018," August 2, 2017, E-mail.

[6] SoCalGas requests that the SoCalREN Advice Letter should be used as the source of information to reflect the SoCalREN 2018 energy efficiency portfolio/compliance filing.

Table 1: 2018 EE Portfolio Budgets

Program Area		Total Funds ($000,s)
Residential	$	19,579
Commercial	$	11,812
Industrial	$	11,173
Agricultural	$	3,164
Codes and Standards	$	843
Financing	$	2,264
Subtotal Statewide Resource programs	**$**	**48,835**
Third Party Programs	$	16,376
State and Local Government Partnerships	$	4,846
Subtotal Other Resource programs	**$**	**21,222**
Emerging Technologies	$	1,272
Workforce, Education, and Training	$	3,129
Marketing, Education, and Outreach		N/A
Integrated Demand Side Management	$	582
Others	$	978
Subtotal Statewide Non-Resource programs	**$**	**5,962**
SoCalREN	$	4,337
Total All Programs	**$**	**80,356**
Evaluation, Measurement, and Verification	$	3,348
Grand Total	**$**	**83,703**

Notes:
1. Minor difference exist by program area due to rounding.
2. Table does not include SW ME&O program funds authorized in D.16-09-020.
3. Table does not include SW Financing Pilots program funds authorized in D.17-03-026.

Additional program level budget detail is provided in Appendix A on the CEDARS website.

<u>SoCalGas Portfolio Energy Savings, Cost-Effectiveness, and Budget Caps/Targets</u>

SoCalGas provides its energy savings forecast and portfolio cost-effectiveness (Table 2), and budget and budget caps/targets (Table 3) below:

Table 2: 2018 EE Portfolio Energy Savings Goals and Portfolio Cost-Effectiveness

With Codes & Standards

	Energy Savings	Cost-Effectiveness	
	Gross (Therms)	TRC	PAC
2018 Budget Filing Forecast	57,679,541	1.49	4.19
D.15-10-028	30,300,000		
% Forecast of Goal	190%		

Without Codes & Standards

	Energy Savings	Cost-Effectiveness	
	Gross (Therms)	TRC	PAC
2018 Budget Filing Forecast	26,890,233	1.04	1.37
D.15-10-028	18,100,000		
% Forecast of Goal	149%		

The SoCalGas Total Resource Cost (TRC) and Program Administrator Cost (PAC) cost-effectiveness results reflect the inclusion of the following inputs:

- Uses the 2017 version of the avoided cost calculator.
- A 5% market effects adjustment applied to the portfolio, as directed by D.12-11-015, OP 37.
- General Rate Case (GRC) loaders associated with the EE program labor, as directed by D.12-11-015, OP 39.[7]
- A projected shareholder incentive amount associated with the approved portfolio budget and projected therm savings activity. This assumption conforms to the methodology adopted in the Efficiency Savings and Performance Incentive (ESPI) Mechanism in D.13-09-023.

[7] On January 11, 2012, Energy Division conveyed ALJ Fitch's direction that the GRC costs are to be included in calculating the prospective portfolio budget administration cap.

Table 3: 2018 EE Portfolio Budget and Budget Caps/Targets

	Admin	Marketing	Direct	Incentives	EM&V	Total Budget
			Budgets			
2018 EE Budget	$ 8,057,171	$ 4,898,314	$ 29,272,410	$ 33,790,678	$ 3,347,927	$ 79,366,500
GRC Labor Loaders	$ 4,971,165	$ 146,666	$ 1,055,276	$ -	$ -	$ 6,173,107
OBF Loan Pool						$ -
New Financing Pilots	$ 223,132	$ 238,898	$ 559,211	$ 776,346		$ 1,797,587
Statewide ME&O		$ 2,104,539				$ 2,104,539
Total EE Funding						**$ 89,441,734**
SoCalREN						$ 4,337,000
Total EE Funding w/SoCalREN						**$ 93,778,734**
Parameter Type	Cap	Target	Target	Target	Budget	
Cap / Target Level	$ 8,726,169	$ 4,898,314	$ 17,352,192	$ 33,790,678	$ 3,347,927	
Total Budget for Calculation	$ 89,441,734	$ 89,441,734	$ 89,441,734	$ 89,441,734	$ 83,703,499	
Cap / Target Percent	9.8%	5.5%	19.4%	37.8%	4.0%	
Cap / Targets	10%	6%	20%	60%	4%	

Pursuant to OP 13 of D.09-09-047, the Commission determined that administrative costs are limited to 10% of the total authorized energy efficiency budget, and ME&O costs have a budget target of 6% of the adopted portfolio budget. Additionally, non-incentive direct implementation costs have a budget target of 20% of the total budget, and Evaluation, Measurement and Verification (EM&V) funding is set at 4% of the authorized budget level. SoCalGas has calculated its portfolio caps and targets for its 2018 portfolio and included them in Table 3 above.

SoCalGas notes the following assumptions:

- Funding for the SoCalGas On-Bill Financing Program loan pool recovered in gas transportation rates is included, but does not impact the calculations because the adopted level for 2018 is zero.
- Pursuant to D.13-12-038, the Statewide ME&O program costs are excluded from the marketing budget target.
- According to the direction contained in PG&E's Advice Letter 3356-G/4176-E, SoCalGas excluded those program costs identified by Energy Division to be exempt from the cap and target calculation.[8]

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[8] Disposition Approving PG&E's Advice Letter 3356-G/4176-E, at p. 5.

- D.14-10-046, as corrected by D.15-01-002, adopted a SoCalGas EM&V budget of $3,347,927, which is 4% of the total budget.

SoCalGas will report the status of its budget caps and targets based on actual expenditures in its quarterly reports submitted through the Commission's California Energy Efficiency Statistics (EEStats) website.

Competitively-Bid Portfolio Programs to Third Party Vendors

SoCalGas' proposed 2018 budget in Table 1 also includes $20.8 million for competitively-bid third party implemented programs, which includes local third party EE programs as well as third parties who implement SoCalGas' statewide EE programs. This constitutes 26.2% of the SoCalGas' total portfolio budget, which exceeds the Commission's current 20% requirement for competitively-bid programs.

Protests

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter, which is September 21, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@SempraUtilities.com

Effective Date

SoCalGas believes that this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. This filing is consistent with D.09-09-047. Therefore, SoCalGas respectfully requests that this filing be approved on October 2, 2017.

Notice

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service lists for R.13-11-005. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 9O4G)**

Utility type:
☐ ELC ☒ GAS
☐ PLC ☐ HEAT ☐ WATER

Contact Person: Ray B. Ortiz
Phone #: (213) 244-3837
E-mail: ROrtiz@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5183

Subject of AL: Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.09-09-047

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? ☐ Yes ☒ No

Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date: 10/2/17

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company
Attention: Ray B. Ortiz
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
ROrtiz@semprautilities.com
Tariffs@socalgas.com

[1] Discuss in AL if more space is needed.

APPENDIX A

Advice No. 5183

PA Name: Southern California Gas Company
Budget Year: 2018

Table 1 - Bill Payer Impacts - Rates by Customer Class

	Electric Average Rate (Res and Non-Res) $/kwh	Gas Average Rate (Res and Non-Res) $/therm	Total Average Bill Savings by Year ($)	Total Average Lifecycle Bill Savings ($)
Present Rates - System Average				
2013	$ -	$ 0.97	$ 25,170,200	$ 254,241,085
2014	$ -	$ 1.16	$ 31,505,918	$ 338,528,091
2015	$ -	$ 1.16	$ 29,661,771	$ 187,282,582
2016	$ -	$ 1.10	$ 39,684,666	$ 187,073,863
2017	$ -	$ 1.10	$ 41,798,315	$ 342,082,144
2018	**$ -**	**$ 1.08**	**$ 62,587,310**	**$ 361,892,480**

[1] Average first year gas bill savings is calculated by multiplying an average gas rate with first year gross therm energy sa
[2] Total Average Bill Savings by Year includes C&S and ESA Programs.
[3] Total Average Lifecycle Bill Savings does not include C&S and ESA programs.
[4] Total Average Lifecycle Bill Savings does not include C&S programs for 2016.
[5] Average lifecycle gas bill savings is calculated by multiplying an average gas rate with lifecycle gross therm energy sav
[6] Forecasted savings for 2013-2015 savings are taken from the 2015 energy efficiency annual report.
[7] Forecasted savings for 2016 savings are taken from the 2016 energy efficiency annual report.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 2a - Electric Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Electric Annual Revenue $000	2016 Energy Efficiency Portion of Total Electric Annual Revenue $000	2017 Energy Efficiency Portion of Total Electric Annual Revenue $000	2018 Proposed Energy Efficiency Electric Annual Revenue Change $000	2018 Proposed Percentage Change In Electric Revenue and Rates	2016 Electric Average Rate $/kwh	2016 Energy Efficiency Portion of Electric Average Rate $/kwh	2017 Electric Average Rate $/kwh	2017 Energy Efficiency Portion of Electric Average Rate $/kwh	2018 Proposed Electric Average Rate Change $/kwh	2018 Proposed Percentage Change In Electric Revenue and Rates

Table 2b - Gas Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Gas Annual Revenue $000	2016 Energy Efficiency Portion of Total Gas Annual Revenue $000	2017 Energy Efficiency Portion of Total Gas Annual Revenue $000	2018 Proposed Energy Efficiency Gas Annual Revenue Change $000	2018 Proposed Percentage Change In Gas Revenue and Rates	2016 Gas Average Rate $/therm	2016 Energy Efficiency Portion of Gas Average Rate $/therm	2017 Gas Average Rate $/therm	2017 Energy Efficiency Portion of Gas Average Rate $/therm	2018 Proposed Gas Average Rate Change $/therm	2018 Proposed Percentage Change In Gas Revenue and Rates
Residential	$ 218,385	$ 33,837	$ 33,890	$ 33,931	0.1%	$ 0.09955	$ 0.01542	$ 0.09842	$ 0.01491	$ 0.00002	0.0%
Core Commercial/Industrial	$ 69,289	$ 44,276	$ 44,345	$ 44,398	0.1%	$ 0.07127	$ 0.04554	$ 0.07134	$ 0.04388	$ 0.00005	0.1%
Gas Air Conditioning	$ 84	$ 64	$ 64	$ 64	0.1%	$ 0.10142	$ 0.07720	$ 0.10906	$ 0.08260	$ 0.00010	0.1%
Gas Engine	$ 1,261	$ 851	$ 852	$ 853	0.1%	$ 0.07518	$ 0.05073	$ 0.06834	$ 0.04117	$ 0.00005	0.1%
Non-Core Commercial/Industrial	$ 43,188	$ 6,544	$ 6,555	$ 6,563	0.1%	$ 0.02811	$ 0.00426	$ 0.03042	$ 0.00433	$ 0.00001	0.0%

[1] Proposed Change in Annual Revenue for Energy Efficiency programs as compared to current Energy Efficiency Revenue by customer class.
[2] Represents the change in the amounts collected through the Public Purpose Program Surcharge for Energy Efficiency.
[3] Proposed Change in the Energy Efficiency Component of the Public Purpose Program Surcharge by customer class.
[4] Represents the % change in the Energy Efficiency component of the Public Purpose Program Surcharge.
[5] Proposed revenue and rate changes compare to total revenues and rates effective January 1, 2017.
[6] Values shown associated with proposed 2018 SoCalGas EE budget to be collected in rates only. Does not include statewide ME&O budget.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 3 - Budget and Cost Recovery by Funding Source

	2018
2018 EE Portfolio Budget	$ 83,703,499
Unspent/Uncommitted EM&V Carryover Funds from 2016	$ -
Unspent/Uncommitted Program Carryover Funds from 2016	$ -
Total Funding Request for 2018 EE Portfolio	**$ 83,703,499**

Budget by Funding Source

2018 Authorized (Before Carryover)	**2018 Budget**	**Allocation**
Electric Procurement EE Funds	$ -	
Gas PPP Surcharge Funds	$ 83,703,499	100%
Total Funds	**$ 83,703,499**	

Revenue Requirement for Cost Recovery by Funding Source

2018 Authorized Funding in Rates (including 2015 carryover	**2018 Revenue Requirement**	**Allocation after Carryover adjustment**
Electric Procurement EE Funds	$ -	$ -
Gas PPP Surcharge Funds	$ 83,703,499	$ 83,703,499
Total Funds	**$ 83,703,499**	**$ 83,703,499**

Unspent/Uncommitted Carryover Funds (in positive $ amonts)

Total Unspent/Uncommitted Funds	**Electric PGC**	**Electric Procurement**	**Total Electric**	**Gas**	**Total**
2016				$ -	$ -
2013-2015				$ -	$ -
Total Pre-2016				**$ -**	**$ -**

EM&V Unspent/Uncommitted Funds	**Electric PGC**	**Electric Procurement**	**Total Electric**	**Gas**	**Total**
2016				$ -	$ -
2013-2015				$ -	$ -
Total Pre-2016				**$ -**	**$ -**

Program Unspent/Uncommitted Funds	**Electric PGC**	**Electric Procurement**	**Total Electric**	**Gas**	**Total**
2016				$ -	$ -
2013-2015				$ -	$ -
Total Pre-2016				**$ -**	**$ -**

PA Name: Southern California Gas Company
Budget Year: 2018

Table 4 - Budget, Spent, Unspent, Carryover Details

New/Existing Program #	Main Program Name / Sub-Program Name	2013-2015 Budget, Spent, Unspent and Carryover: 2015 Authorized Budget	2015 Total Budget with Commitments & Fundshifts	2015 Total Budget Spent	Pre-2013 Commitments Remaining as of 12/31/15	2013-2015 Unspent/Uncommitted Funds Returned to Ratepayers	2013-2015 Commitments as of 12/31/15	Pre-2016 Unspent/Uncommitted Funds Available for 2018 offset	2016 Budget, Spent, Unspent and Carryover: 2016 Authorized Budget	2016 Total Budget with Commitments & Fundshifts	2016 Total Budget Spent	2016 Unspent/Uncommitted Funds Returned to Ratepayers	2016 Commitments as of 12/31/16	Pre-2017 Unspent/Uncommitted Funds Available for 2018 offset	2017 Budget, Fundshifts and Spending to Date: 2017 Authorized Budget	2017 Fundshifts	2017 Total Budget	2017 Budget Spent as of 06/30/2017	2018 Proposed Budget: 2018 Proposed Budget	2018 Budget Offset from Pre-2016 Carryover (Col J + Col P)	2018 Funds Requested	Program Type	Market Sector	Resource or Non-resource	Program Status	Utility Grouping
	Residential Energy Efficiency Programs Total	**19,579,342**	**24,925,014**	**20,642,221**	**331,975**	**-**	**5,345,672**	**-**	**19,579,342**	**19,579,342**	**23,425,187**	**-**	**(3,845,845)**	**-**	**19,579,342**	**-**	**19,579,342**	**9,394,832**	**19,579,351**	**-**	**19,579,351**	**Core - SW**	**Residential**	**Resource**	**Existing**	**Residential Programs**
SCG3701	RES-Energy Advisor	757,889	1,447,393	135,132	251,832	-	689,503	-	757,889	757,889	373,030	-	384,860	-	757,889	(400,000)	357,889	315,139	757,889	-	757,889	Core - SW	Residential	Non-Resource	Existing	Energy Advisor
SCG3702	RES-Plug Load and Appliances	4,193,046	4,325,805	6,329,113	-	-	132,759	-	4,193,046	4,193,046	4,857,484	-	(664,438)	-	4,193,046	532,000	4,725,046	3,137,829	4,693,045	-	4,693,045	Core - SW	Residential	Resource	Existing	PLA
SCG3703	RES-Plug Load and Appliances - POS	2,287,108	5,400,070	2,624,813	-	-	1,212,962	-	2,287,108	2,287,108	2,414,094	-	(126,986)	-	2,287,108	(1,032,000)	1,255,108	2,747,916	2,287,108	-	2,287,108	Core - SW	Residential	Resource	Existing	PLA
SCG3704	RES-MFEER	1,328,972	2,758,647	851,267	-	-	1,429,675	-	1,328,972	1,328,972	617,625	-	711,348	-	1,075,172	(1,690,000)	(614,828)	375,936	1,075,172	-	1,075,172	Core - SW	Residential	Resource	Existing	MFEER
SCG3705	RES-Home Upgrade Program	6,767,345	4,867,345	7,033,701	-	-	-	-	6,767,345	6,767,345	12,021,934	-	(5,254,589)	-	6,371,145	4,955,000	11,326,145	2,016,656	5,871,155	-	5,871,155	Core - SW	Residential	Resource	Existing	Whole House
SCG3706	RES-Residential HVAC	1,409,054	2,552,157	16,558	-	-	1,143,103	-	1,409,054	1,409,054	514,956	-	894,098	-	1,409,054	(2,000,000)	(590,946)	8,815	1,409,054	-	1,409,054	Core - SW	Residential	Resource	Existing	HVAC
SCG3707	RES-RNC	2,835,928	3,573,599	3,651,638	80,143	-	737,670	-	2,835,928	2,835,928	2,626,065	-	209,864	-	2,472,928	(365,000)	2,107,928	792,240	2,472,928	-	2,472,928	Core - SW	Residential	Resource	Existing	New Construction
SCG3808	RES-HOPPS-CWHMBS Program	-	-	-	-	-	-	-	-	-	-	-	-	-	650,000	-	650,000	-	650,000	-	650,000	Core - SW	Residential	Resource	Existing	HOPPs
SCG3810	RES-AB793-REMTS Program	-	-	-	-	-	-	-	-	-	-	-	-	-	363,000	-	363,000	-	363,000	-	363,000	Core - SW	Residential	Resource	New	AB793
	Commercial Programs Total	**10,737,344**	**13,717,775**	**9,562,312**	**173,000**	**-**	**2,980,431**	**-**	**10,737,344**	**10,737,344**	**12,144,119**	**-**	**(1,406,776)**	**-**	**11,812,344**	**-**	**11,812,344**	**1,384,971**	**11,812,344**	**-**	**11,812,344**	**Core - SW**	**Commercial**	**Resource**	**Revised**	**Commercial Programs**
SCG3708	COM-Energy Advisor	516,008	603,508	498,213	-	-	87,500	-	516,008	516,008	367,470	-	148,538	-	516,008	-	516,008	152,720	516,008	-	516,008	Core - SW	Commercial	Non-Resource	Existing	Energy Advisor
SCG3709	COM-CEI	200,329	251,699	410,114	-	-	51,370	-	200,329	200,329	149,945	-	50,384	-	200,329	-	200,329	45,350	200,329	-	200,329	Core - SW	Commercial	Non-Resource	Existing	CEI
SCG3710	COM-Calculated Incentives	5,195,394	7,411,710	3,567,649	173,000	-	2,716,316	-	5,195,394	5,195,394	5,997,773	-	(802,379)	-	3,445,394	-	3,445,394	(1,417,669)	3,445,394	-	3,445,394	Core - SW	Commercial	Resource	Existing	Calculated Incentives
SCG3711	COM-Deemed Incentives	4,497,331	5,122,576	5,063,505	-	-	125,245	-	4,497,331	4,497,331	5,416,731	-	(919,400)	-	4,497,331	1,000,000	5,497,331	2,613,963	4,497,331	-	4,497,331	Core - SW	Commercial	Resource	Existing	Deemed Incentives
SCG3712	COM-NonRes HVAC	328,282	328,282	22,831	-	-	-	-	328,282	328,282	159,324	-	168,958	-	328,282	-	328,282	511	328,282	-	328,282	Core - SW	Commercial	Resource	Existing	HVAC
SCG3805	COM-Direct Install Program	-	-	-	-	-	-	-	-	-	52,877	-	(52,877)	-	1,750,000	(1,000,000)	750,000	(10,271)	1,750,000	-	1,750,000	Core - SW	Commercial	Resource	Existing	Direct Install
SCG3807	COM-HOPPS-CRR Program	-	-	-	-	-	-	-	-	-	-	-	-	-	480,000	-	480,000	367	480,000	-	480,000	Core - SW	Commercial	Resource	Existing	HOPPs
SCG3809	COM-AB793-CEMTL Program	-	-	-	-	-	-	-	-	-	-	-	-	-	595,000	-	595,000	-	595,000	-	595,000	Core - SW	Commercial	Resource	New	AB793
	Industrial Programs Total	**11,173,217**	**25,628,955**	**7,667,056**	**665,187**	**-**	**14,995,738**	**-**	**11,173,217**	**9,010,293**	**6,090,093**	**-**	**2,920,200**	**-**	**11,173,217**	**-**	**11,173,217**	**1,482,292**	**11,173,217**	**-**	**11,173,217**	**Core - SW**	**Industrial**	**Resource**	**Existing**	**Industrial Programs**
SCG3713	IND-Energy Advisor	615,730	615,730	175,899	-	-	-	-	615,730	615,730	158,394	-	457,336	-	615,730	-	615,730	32,701	615,730	-	615,730	Core - SW	Industrial	Non-Resource	Existing	Energy Advisor
SCG3714	IND-CEI	324,017	686,549	518,353	-	-	362,532	-	324,017	324,017	209,012	-	115,005	-	324,017	-	324,017	51,920	324,017	-	324,017	Core - SW	Industrial	Non-Resource	Existing	CEI
SCG3715	IND-Calculated Incentives	9,184,880	23,267,336	6,024,838	665,187	-	14,622,456	-	9,184,880	7,021,956	4,406,250	-	2,615,706	-	9,184,880	-	9,184,880	957,016	9,184,880	-	9,184,880	Core - SW	Industrial	Resource	Existing	Calculated Incentives
SCG3716	IND-Deemed Incentives	1,048,590	1,059,340	947,966	-	-	10,750	-	1,048,590	1,048,590	1,316,438	-	(267,848)	-	1,048,590	-	1,048,590	440,655	1,048,590	-	1,048,590	Core - SW	Industrial	Resource	Existing	Deemed Incentives
	Agricultural Programs Total	**4,238,506**	**8,239,149**	**919,296**	**-**	**-**	**4,000,642**	**-**	**4,238,506**	**4,238,506**	**2,330,444**	**-**	**1,908,062**	**-**	**3,163,506**	**-**	**3,163,506**	**683,983**	**3,163,506**	**-**	**3,163,506**	**Core - SW**	**Agricultural**	**Resource**	**Existing**	**Agricultural Programs**
SCG3717	AG-Energy Advisor	39,703	84,457	25,585	-	-	44,754	-	39,703	39,703	28,141	-	11,562	-	39,703	-	39,703	13,077	39,703	-	39,703	Core - SW	Agricultural	Non-Resource	Existing	Energy Advisor
SCG3718	AG-CEI	32,200	81,258	34,603	-	-	49,058	-	32,200	32,200	7,703	-	24,497	-	32,200	-	32,200	4,792	32,200	-	32,200	Core - SW	Agricultural	Non-Resource	Existing	CEI
SCG3719	AG-Calculated Incentives	3,663,775	7,570,605	330,050	-	-	3,906,830	-	3,663,775	3,663,775	1,597,602	-	2,066,172	-	2,588,775	-	2,588,775	319,057	2,588,775	-	2,588,775	Core - SW	Agricultural	Resource	Existing	Calculated Incentives
SCG3720	AG-Deemed Incentives	502,829	502,829	529,058	-	-	-	-	502,829	502,829	696,997	-	(194,169)	-	502,829	-	502,829	347,057	502,829	-	502,829	Core - SW	Agricultural	Resource	Existing	Deemed Incentives
	Emerging Technologies Programs Total	**1,272,335**	**2,322,344**	**1,083,188**	**-**	**-**	**510,010**	**-**	**1,272,335**	**1,272,335**	**1,032,080**	**-**	**240,255**	**-**	**1,272,335**	**-**	**1,272,335**	**375,346**	**1,272,335**	**-**	**1,272,335**	**Core - SW**	**Cross Cutting**	**Non-Resource**	**Existing**	**Emerging Technology Programs**
SCG3721	ET-Technology Development Support	63,575	843,590	180,963	-	-	240,015	-	63,575	63,575	111,763	-	(48,188)	-	63,575	-	63,575	62,850	63,575	-	63,575	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
SCG3722	ET-Technology Assessment Support	508,588	1,549,623	687,183	-	-	41,036	-	508,588	508,588	506,850	-	1,738	-	508,588	-	508,588	135,602	508,588	-	508,588	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
SCG3723	ET-Technology Introduction Support	700,172	(70,869)	215,042	-	-	228,959	-	700,172	700,172	373,856	-	326,316	-	564,172	-	564,172	143,766	700,172	-	700,172	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
SCG3806	Water AMI Pilot	-	-	-	-	-	-	-	-	-	39,811	-	(39,811)	-	136,000	-	136,000	33,129	-	-	-	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
	Codes & Standards Programs Total	**842,591**	**1,889,500**	**552,494**	**-**	**-**	**1,046,909**	**-**	**842,591**	**842,591**	**1,161,066**	**-**	**(318,475)**	**-**	**842,591**	**-**	**842,591**	**588,788**	**842,591**	**-**	**842,591**	**Core - SW**	**Cross Cutting**	**Codes and Standards**	**Existing**	**Codes and Standards**
SCG3724	C&S-Building Codes & Compliance Advocacy	209,995	264,211	229,153	-	-	54,216	-	209,995	209,995	477,044	-	(267,049)	-	209,995	-	209,995	139,858	209,995	-	209,995	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3725	C&S-Appliance Standards Advocacy	167,482	486,512	92,067	-	-	319,030	-	167,482	167,482	237,348	-	(69,867)	-	167,482	-	167,482	117,734	167,482	-	167,482	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3726	C&S-Compliance Enhancement	251,207	452,555	163,320	-	-	201,348	-	251,207	251,207	259,016	-	(7,809)	-	251,207	-	251,207	143,814	251,207	-	251,207	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3727	C&S-Reach Codes	85,374	284,817	22,469	-	-	199,443	-	85,374	85,374	29,942	-	55,431	-	85,374	-	85,374	20,998	85,374	-	85,374	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3728	C&S-Planning Coordination	128,533	401,405	45,486	-	-	272,872	-	128,533	128,533	157,716	-	(29,183)	-	128,533	-	128,533	166,384	128,533	-	128,533	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
	Workforce Education & Training Programs Total	**3,128,997**	**3,567,970**	**2,901,274**	**-**	**-**	**438,973**	**-**	**3,128,997**	**3,128,997**	**2,689,640**	**-**	**439,357**	**-**	**3,128,997**	**-**	**3,128,997**	**1,352,156**	**3,128,997**	**-**	**3,128,997**	**Core - SW**	**Cross Cutting**	**Non-Resource**	**Existing**	**WE&T Programs**
SCG3729	WE&T-Centergies	2,548,697	2,718,916	2,482,481	-	-	45,218	-	2,548,697	2,548,697	2,416,109	-	132,588	-	2,548,697	-	2,548,697	1,247,010	2,548,697	-	2,548,697	Core - SW	Cross Cutting	Non-Resource	Existing	WE&T Programs
SCG3730	WE&T-Connections	429,952	581,148	406,751	-	-	151,196	-	429,952	429,952	239,824	-	190,128	-	429,952	-	429,952	85,011	429,952	-	429,952	Core - SW	Cross Cutting	Non-Resource	Existing	WE&T Programs
SCG3731	WE&T-Strategic Planning	150,348	267,906	12,042	-	-	242,558	-	150,348	150,348	33,707	-	116,641	-	150,348	-	150,348	20,135	150,348	-	150,348	Core - SW	Cross Cutting	Non-Resource	Existing	WE&T Programs
	Statewide DSM Coordination & Integration Program Total	**581,750**	**581,750**	**305,327**	**-**	**-**	**-**	**-**	**581,750**	**581,750**	**461,469**	**-**	**120,281**	**-**	**581,750**	**-**	**581,750**	**183,731**	**581,750**	**-**	**581,750**	**Core - SW**	**Cross Cutting**	**Non-Resource**	**Existing**	**DSM Integration Programs**
SCG3734	IDSM-IDSM	581,750	581,750	305,327	-	-	-	-	581,750	581,750	461,469	-	120,281	-	581,750	-	581,750	183,731	581,750	-	581,750	Core - SW	Cross Cutting	Non-Resource	Existing	DSM Integration Programs
	Financing Programs Total	**2,264,324**	**14,168,750**	**3,016,404**	**-**	**-**	**11,904,426**	**-**	**2,264,324**	**2,264,324**	**1,513,227**	**-**	**751,098**	**-**	**2,264,324**	**-**	**2,264,324**	**760,246**	**2,264,324**	**-**	**2,264,324**	**Core - SW**	**Cross Cutting**	**Resource**	**Existing**	**Financing Programs**
SCG3735	FIN-On-Bill Financing	878,579	2,552,784	248,700	-	-	1,674,204	-	878,579	878,579	206,866	-	671,713	-	878,579	-	878,579	121,286	878,579	-	878,579	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
SCG3736	FIN-ARRA-Originated Financing	1,385,745	4,353,385	637,307	-	-	2,967,640	-	1,385,745	1,385,745	283,889	-	1,101,856	-	1,385,745	(133,327)	1,252,418	159,341	1,385,745	-	1,385,745	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
SCG3737	FIN-New Financing Offerings	-	7,099,895	1,337,892	-	-	7,099,895	-	-	-	1,202,716	-	(1,202,716)	-	-	133,327	133,327	329,800	-	-	-	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
SCG3803	FIN-California Hub for EE Financing	-	162,687	792,505	-	-	162,687	-	-	-	(180,245)	-	180,245	-	-	-	-	149,821	-	-	-	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
	Institutional Partnership Programs Total	**1,350,130**	**3,239,183**	**735,566**	**-**	**-**	**1,889,053**	**-**	**1,350,130**	**1,350,130**	**712,024**	**-**	**638,106**	**-**	**1,350,130**	**-**	**1,350,130**	**212,483**	**1,350,130**	**-**	**1,350,130**	**Govt Partnerships**	**Govt Partnerships**	**Non-Resource**	**Existing**	**Government Partnerships**
SCG3738	LInstP-CA Department of Corrections Partnership	256,482	784,805	98,265	-	-	528,323	-	256,482	256,482	107,426	-	149,056	-	256,482	-	256,482	6,921	256,482	-	256,482	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3739	LInstP-California Community College Partnership	372,082	478,141	337,260	-	-	106,059	-	372,082	372,082	310,994	-	61,088	-	372,082	-	372,082	101,415	372,082	-	372,082	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3740	LInstP-UC/CSU/IOU Partnership	471,035	1,132,792	220,579	-	-	661,757	-	471,035	471,035	213,724	-	257,311	-	471,035	-	471,035	89,899	471,035	-	471,035	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3741	LInstP-State of CA/IOU Partnership	250,531	843,445	79,462	-	-	592,914	-	250,531	250,531	79,881	-	170,650	-	250,531	-	250,531	14,248	250,531	-	250,531	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
	Government Partnership Programs Total	**3,495,821**	**8,116,448**	**2,221,304**	**-**	**-**	**4,620,627**	**-**	**3,495,821**	**3,495,821**	**2,049,858**	**-**	**1,445,963**	**-**	**3,495,821**	**-**	**3,495,821**	**852,296**	**3,495,821**	**-**	**3,495,821**	**Govt Partnerships**	**Govt Partnerships**	**Non-Resource**	**Existing**	**Government Partnerships**
SCG3742	LGP-LA Co Partnership	227,492	564,975	138,376	-	-	337,483	-	227,492	227,492	146,448	-	81,044	-	227,492	-	227,492	24,714	227,492	-	227,492	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3743	LGP-Kern Co Partnership	104,789	144,754	72,650	-	-	39,965	-	104,789	104,789	80,481	-	24,308	-	104,789	-	104,789	22,820	104,789	-	104,789	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3744	LGP-Riverside Co Partnership	141,676	386,753	58,199	-	-	245,077	-	141,676	141,676	61,526	-	80,150	-	141,676	-	141,676	24,485	141,676	-	141,676	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3745	LGP-San Bernardino Co Partnership	142,985	371,734	53,912	-	-	228,749	-	142,985	142,985	48,651	-	94,334	-	142,985	-	142,985	23,152	142,985	-	142,985	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3746	LGP-Santa Barbara Co Partnership	123,769	229,564	83,261	-	-	105,795	-	123,769	123,769	88,470	-	35,299	-	123,769	-	123,769	50,583	123,769	-	123,769	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3747	LGP-South Bay Cities Partnership	156,042	434,310	252,363	-	-	107,518	-	156,042	156,042	144,005	-	12,037	-	156,042	-	156,042	78,543	156,042	-	156,042	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3748	LGP-San Luis Obispo Co Partnership	102,309	159,048	109,753	-	-	28,109	-	102,309	102,309	68,311	-	33,997	-	102,309	-	102,309	31,510	102,309	-	102,309	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3749	LGP-San Joaquin Valley Partnership	115,285	205,749	89,649	-	-	90,464	-	115,285	115,285	79,676	-	35,609	-	115,285	-	115,285	35,713	115,285	-	115,285	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3750	LGP-Orange County Cities Partnership	153,703	380,407	63,531	-	-	226,704	-	153,703	153,703	61,057	-	92,645	-	153,703	-	153,703	29,494	153,703	-	153,703	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3751	LGP-SEEC Partnership	147,698	217,796	167,230	-	-	70,098	-	147,698	147,698	179,830	-	(32,132)	-	147,698	-	147,698	37,866	147,698	-	147,698	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3752	LGP-Community Energy Partnership	139,684	155,179	143,856	-	-	15,495	-	139,684	139,684	134,172	-	5,512	-	139,684	-	139,684	11,835	-	-	-	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3753	LGP-Desert Cities Partnership	18,034	49,638	10,645	-	-	31,604	-	18,034	18,034	12,019	-	6,015	-	18,034	-	18,034	5,522	18,034	-	18,034	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3754	LGP-Ventura County Partnership	171,544	346,207	92,825	-	-	203,293	-	171,544	171,544	133,084	-	38,460	-	171,544	-	171,544	62,062	171,544	-	171,544	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3755	LGP-Local Government Energy Efficiency Pilots	215,000	516,574	1,926	-	-	472,324	-	215,000	215,000	4,181	-	210,819	-	215,000	-	215,000	133	215,000	-	215,000	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3773	LGP-New Partnership Programs	299,443	643,443	(523)	-	-	645,845	-	299,443	(2,402)	(140)	-	(2,262)	-	48,590	-	48,590	(2)	288,926	-	288,926	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3774	LGP-LG Regional Resource Placeholder	325,955	436,297	337,172	-	-	110,342	-	325,955	325,955	247,456	-	78,499	-	325,955	-	325,955	106,449	325,955	-	325,955	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3776	LGP-Gateway Cities Partnership	174,765	518,646	63,584	-	-	343,881	-	174,765	174,765	57,790	-	116,975	-	174,765	-	174,765	28,742	174,765	-	174,765	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3777	LGP-San Gabriel Valley COG Partnership	249,015	729,458	116,053	-	-	480,443	-	249,015	249,015	118,029	-	130,986	-	249,015	-	249,015	77,384	249,015	-	249,015	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3778	LGP-City of Santa Ana Partnership	79,437	185,192	58,407	-	-	105,755	-	79,437	79,437	41,698	-	37,739	-	79,437	-	79,437	17,484	-	-	-	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3779	LGP-West Side Community Energy Partnership	47,822	138,724	35,340	-	-	90,902	-	47,822	47,822	42,112	-	5,710	-	47,822	-	47,822	11,699	139,564	-	139,564	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3780	LGP-City of Simi Valley Partnership	48,213	130,703	22,205	-	-	82,490	-	48,213	48,213	12,158	-	36,055	-	24,107	-	24,107	(260)	-	-	-	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3781	LGP-City of Redlands Partnership	61,966	148,669	32,131	-	-	86,703	-	61,966	61,966	33,848	-	28,117	-	61,966	-	61,966	13,781	-	-	-	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3782	LGP-City of Beaumont Programs	53,770	105,403	31,398	-	-	51,633	-	53,770	53,770	15,392	-	38,377	-	26,885	-	26,885	(312)	-	-	-	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3783	LGP-Western Riverside Energy Partnership	195,427	524,132	126,310	-	-	328,705	-	195,427	195,427	110,691	-	84,736	-	195,427	-	195,427	50,367	195,427	-	195,427	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3801	LGP-North Orange County Cities Partnership	-	243,495	60,994	-	-	91,250	-	-	152,245	81,925	-	70,320	-	152,245	-	152,245	71,478	152,245	-	152,245	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3802	LGP-San Bernardino Regional Energy Partnership	-	149,600	58	-	-	-	-	-	149,600	46,987	-	102,613	-	149,600	-	149,600	37,053	149,600	-	149,600	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
	Third-Party Programs Total	**16,375,717**	**25,165,637**	**15,810,947**	**23,300**	**-**	**8,789,921**	**-**	**16,375,717**	**18,538,641**	**17,589,931**	**-**	**948,710**	**-**	**16,375,717**	**-**	**16,375,717**	**7,131,548**	**16,375,707**	**-**	**16,375,707**	**3P**	**Cross Cutting**	**Resource**	**Existing**	**3P Programs**
	Residential Third Party Programs SubTotal	**9,818,249**	**14,319,890**	**8,581,113**	**-**	**-**	**3,942,501**	**-**	**9,818,249**	**9,995,809**	**8,719,052**	**-**	**1,276,757**	**-**	**9,869,014**	**39,660**	**9,908,674**	**4,627,931**	**9,869,014**	**-**	**9,869,014**	**3P**	**Residential**	**Resource**	**Existing**	**Residential 3P Programs**
SCG3759	3P-On Demand Efficiency	2,545,075	2,737,411	2,762,678	-	-	192,336	-	2,545,075	2,545,075	2,092,435	-	452,640	-	2,545,075	-	2,545,075	1,201,872	2,545,075	-	2,545,075	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3760	3P-HERS Rater Training Advancement	638,326	691,704	560,557	-	-	53,378	-	638,326	638,326	606,072	-	32,254	-	563,326	-	563,326	135,003	563,326	-	563,326	3P	Residential	Non-Resource	Existing	Residential 3P Programs
SCG3761	3P-MF Home Tune-Up	1,141,315	1,237,310	917,965	-	-	95,994	-	1,141,315	1,141,315	684,028	-	457,288	-	1,141,315	(1,694,597)	(553,282)	9,852	-	-	-	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3762	3P-CLEO	265,080	265,080	280,899	-	-	-	-	265,080	265,080	268,946	-	(3,866)	-	265,080	13,085	278,165	138,851	265,080	-	265,080	3P	Residential	Non-Resource	Existing	Residential 3P Programs
SCG3763	3P-MF Direct Therm Savings	1,535,809	2,140,379	1,698,955	-	-	604,570	-	1,535,809	1,535,809	1,060,260	-	475,548	-	1,535,809	1,694,597	3,230,406	303,781	2,677,124	-	2,677,124	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3764	3P-LivingWise	803,634	981,203	987,793	-	-	-	-	803,634	981,194	1,000,243	-	(19,049)	-	803,634	26,575	830,209	702,747	803,634	-	803,634	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3765	3P-Manufactured Mobile Home	2,889,009	6,083,035	1,304,505	-	-	2,938,219	-	2,889,010	2,889,010	2,905,441	-	(16,431)	-	2,889,010	-	2,889,010	2,095,852	2,889,010	-	2,889,010	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3799	3P-IDEEA365-HBEEP	-	183,769	67,761	-	-	58,004	-	-	-	101,627	-	(101,627)	-	125,765	-	125,765	39,972	125,765	-	125,765	3P	Commercial	Non-Resource	Existing	Residential 3P Programs
	Commercial Third Party Programs SubTotal	**1,773,593**	**6,191,023**	**3,459,997**	**23,300**	**-**	**2,373,323**	**-**	**1,773,593**	**5,628,100**	**5,590,544**	**-**	**37,555**	**-**	**3,758,415**	**(608,806)**	**3,149,609**	**1,324,565**	**3,758,415**	**-**	**3,758,415**	**3P**	**Commercial**	**Resource**	**Existing**	**Commercial 3P Programs**
SCG3756	3P-Energy Challenger	-	3,633	(1,275)	-	-	3,633	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3P	Commercial	Non-Resource	Cancelled	Commercial 3P Programs
SCG3758	3P-PREPPS	1,226,515	816,509	537,528	23,300	-	430,345	-	1,226,515	1,048,955	690,528	-	358,427	-	846,529	-	846,529	177,023	846,529	-	846,529	3P	Commercial	Resource	Existing	Commercial 3P Programs
SCG3766	3P-Save Gas	-	608,806	4,504	-	-	608,806	-	-	-	-	-	-	-	-	(608,806)	(608,806)	496	-	-	-	3P	Commercial	Resource	Cancelled	Commercial 3P Programs
SCG3793	3P-IDEEA365-Instant Rebates! Point-of-Sale Foodservice Rebate Pro	547,078	2,144,793	1,915,728	-	-	177,968	-	547,078	3,320,427	4,171,726	-	(851,299)	-	847,078	-	847,078	899,220	847,078	-	847,078	3P	Commercial	Resource	Existing	Commercial 3P Programs
SCG3794	3P-IDEEA365-Water Loss Control Program	-	18,354	168,839	-	-	18,354	-	-	-	-	-	-	-	-	-	-	110	-	-	-	3P	Commercial	Non-Resource	Cancelled	Commercial 3P Programs
SCG3795	3P-IDEEA365-Commercial Sustainable Development Program	-	181,420	322,759	-	-	181,420	-	-	-	85,301	-	(85,301)	-	-	-	-	(58,541)	-	-	-	3P	Commercial	Non-Resource	Cancelled	Commercial 3P Programs
SCG3796	3P-IDEEA365-ODE for Campus Housing	-	357,123	70,241	-	-	143,441	-	-	197,893	375,489	-	(177,596)	-	213,682	-	213,682	92,066	213,682	-	213,682	3P	Commercial	Resource	Existing	Commercial 3P Programs
SCG3797	3P-IDEEA365-Energy Advantage Program for Small Business	-	529,267	285,057	-	-	122,105	-	-	233,754	65,272	-	168,482	-	277,162	-	277,162	53,820	277,162	-	277,162	3P	Commercial	Non-Resource	Existing	Commercial 3P Programs
SCG3798	3P-IDEEA365-Connect	-	380,258	153,952	-	-	113,153	-	-	36,974	137,945	-	(100,971)	-	207,105	-	207,105	57,817	207,105	-	207,105	3P	Commercial	Non-Resource	Existing	Commercial 3P Programs
SCG3800	3P-IDEEA365-Clear Ice	-	1,150,859	2,664	-	-	574,098	-	-	-	35,701	-	(35,701)	-	576,761	-	576,761	16,789	576,761	-	576,761	3P	Commercial	Resource	Existing	Commercial 3P Programs
SCG3804	3P-IDEEA365-On-Premise Ozone Laundry	-	-	-	-	-	-	-	-	790,097	28,582	-	761,515	-	790,097	-	790,097	85,765	790,097	-	790,097	3P	Commercial	Resource	Existing	Commercial 3P Programs
	Industrial Third Party Programs SubTotal	**745,183**	**1,272,714**	**1,368,707**	**-**	**-**	**120,556**	**-**	**745,183**	**2,908,107**	**1,169,159**	**-**	**1,738,948**	**-**	**745,183**	**-**	**745,183**	**163,078**	**1,331,655**	**-**	**1,331,655**	**3P**	**Industrial**	**Resource**	**Existing**	**Industrial 3P Programs**
SCG3757	3P-Small Industrial Facility Upgrades	745,183	1,272,714	1,368,707	-	-	120,556	-	745,183	2,908,107	1,169,159	-	1,738,948	-	745,183	-	745,183	163,078	1,331,655	-	1,331,655	3P	Industrial	Resource	Existing	Industrial 3P Programs
	Cross Cutting Third Party Programs SubTotal	**4,038,692**	**3,382,011**	**2,401,130**	**-**	**-**	**2,353,541**	**-**	**4,038,692**	**6,625**	**2,111,175**	**-**	**(2,104,550)**	**-**	**2,003,105**	**569,146**	**2,572,251**	**1,015,974**	**1,416,623**	**-**	**1,416,623**	**3P**	**Cross Cutting**	**Non-Resource**	**Existing**	**Cross Cutting 3P Programs**
SCG3768	3P-CA Sustainability Alliance	602,191	602,191	790,242	-	-	-	-	602,191	602,191	510,606	-	91,585	-	527,191	82,677	609,868	259,932	440,000	-	440,000	3P	Cross Cutting	Non-Resource	Existing	Cross Cutting 3P Programs
SCG3769	3P-PoF	550,891	597,845	516,677	-	-	46,955	-	550,891	550,891	513,588	-	37,303	-	475,891	-	475,891	268,465	330,000	-	330,000	3P	Cross Cutting	Non-Resource	Existing	Cross Cutting 3P Programs
SCG3770	3P-PACE	690,265	690,265	699,051	-	-	-	-	690,265	690,265	702,438	-	(12,173)	-	615,265	13,627	628,892	263,594	261,875	-	261,875	3P	Cross Cutting	Non-Resource	Existing	Cross Cutting 3P Programs
SCG3771	3P-Innovative Designs for Energy Efficiency Activities (IDEEA365)	2,195,346	1,491,710	395,160	-	-	2,306,587	-	2,195,346	(1,836,721)	384,544	-	(2,221,265)	-	384,758	472,842	857,601	223,983	384,748	-	384,748	3P	Cross Cutting	Resource	Existing	Cross Cutting 3P Programs
	Other Programs (itemize and programs added here)	**978,500**	**978,500**	**1,266,494**	**-**	**-**	**-**	**-**	**978,500**	**978,500**	**1,648,406**	**-**	**(669,906)**	**-**	**978,500**	**-**	**978,500**	**576,920**	**978,500**	**-**	**978,500**	**Other**	**Cross Cutting**	**Non-Resource**	**Existing**	**Other**
SCG3775	CRM	978,500	978,500	1,266,494	-	-	-	-	978,500	978,500	1,648,406	-	(669,906)	-	978,500	-	978,500	576,920	978,500	-	978,500	Other	Cross Cutting	Non-Resource	Existing	Other
	SoCal Gas PROGRAM TOTAL	**76,018,572**	**132,540,974**	**66,683,882**	**1,193,462**	**-**	**56,522,403**	**-**	**76,018,572**	**76,018,572**	**72,847,544**	**-**	**3,171,029**	**-**	**76,018,572**	**-**	**76,018,572**	**24,979,293**	**76,018,572**	**-**	**76,018,572**					
SCG3772	**EM&V (SoCal Gas & CPUC Portions) Total**	**3,347,927**	**10,720,322**	**2,138,655**	**454,730**	**-**	**7,372,395**	**-**	**3,347,927**	**3,347,927**	**3,260,673**	**-**	**87,254**	**-**	**3,347,927**	**-**	**3,347,927**	**1,476,641**	**3,347,927**	**-**	**3,347,927**	**EM&V**	**Cross Cutting**	**Non-Resource**	**Existing**	**EM&V**
72.5%	EM&V - CPUC	2,427,344	8,200,542	1,550,587	454,730	-	5,773,198	-	2,427,344	2,427,344	2,481,780	-	(54,436)	-	2,427,344	-	2,427,344	1,229,135	2,427,344	-	2,427,344	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
27.5%	EM&V - PA	920,583	2,519,780	588,068	-	-	1,599,198	-	920,583	920,583	778,893	-	141,690	-	920,583	-	920,583	247,506	920,583	-	920,583	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
	SoCal Gas TOTAL with EM&V	**79,366,499**	**143,261,297**	**68,822,537**	**1,648,192**	**-**	**63,894,798**	**-**	**79,366,499**	**79,366,499**	**76,108,217**	**-**	**3,258,282**	**-**	**79,366,499**	**-**	**79,366,499**	**26,455,934**	**79,366,499**	**-**	**79,366,499**					
	SoCalREN	4,337,000	10,533,517	(1,088,340)	-	-	6,196,517	-	4,337,000	4,337,000	6,726,653	-	(2,389,653)	-	4,337,000	-	4,337,000	11,040,841	4,337,000	-	4,337,000	REN	Cross Cutting	Resource	Existing	REN
	TOTAL SoCal Gas EE PORTFOLIO	**83,703,499**	**153,794,814**	**67,734,197**	**1,648,192**	**-**	**70,091,315**	**-**	**83,703,499**	**83,703,499**	**82,834,870**	**-**	**868,630**	**-**	**83,703,499**	**-**	**83,703,499**	**37,496,774**	**83,703,499**	**-**	**83,703,499**					

Note:
[1] The requested budget for PY2018 does not include the program budget for the SoCalGas Statewide Marketing, Education & Outreach (ME&O) program or the 2018 program budget for the Statewide Financing Pilots. The program year 2018 budgets for these programs were approved in D.15-06-008 and D.16-09-020, respectively.
[2] SoCalGas considers 2016 and 2017 to be a bridge period to 2013-2017 Program cycle.
[3] 2018 budget for LGP programs SCG3778, SCG3781, and SCG3752 reflects pending advice letter AL5130 where the funds have been transfer to SCG3773.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 5 - Total 2018 Requested and 2013-2017 Authorized Budgets ($000).

Category (2013-17 Authorized[1] and 2018 Request)	Electric Demand Response Funds	Electric Energy Efficiency Funds	Natural Gas Public Purpose Funds	Total Energy Efficiency Funds
2013-2015 Annualized Program Funds - Utility			**$ 79,470**	**$ 79,470**
2013-2015 Annualized Program Funds - REN			**$ 4,388**	**$ 4,388**
2013-2015 Annualized Program Funds - CCA			**$ -**	**$ -**
2013-2015 Annualized EM&V			**$ 3,550**	**$ 3,550**
2013-2015 Total Annualized Portfolio			**$ 87,408**	**$ 87,408**
2016 Program Funds - Utility			**$ 76,018**	**$ 76,018**
2016 Program Funds - REN			**$ 4,337**	**$ 4,337**
2016 Program Funds - CCA			**$ -**	**$ -**
2016 EM&V			**$ 3,348**	**$ 3,348**
2016 Annualized Total			**$ 83,703**	**$ 83,703**
2017 Program Funds - Utility			**$ 76,018**	**$ 76,018**
2017 Program Funds - REN			**$ 4,337**	**$ 4,337**
2017 Program Funds - CCA			**$ -**	**$ -**
2017 EM&V			**$ 3,348**	**$ 3,348**
2017 Annualized Total			**$ 83,703**	**$ 83,703**
2018 Requested Program Funds - Utility			**$ 76,018**	**$ 76,018**
2018 Requested Program Funds - REN			**$ 4,337**	**$ 4,337**
2018 Requested Program Funds - CCA			**$ -**	**$ -**
2018 Requested EM&V			**$ 3,348**	**$ 3,348**
2018 Total Portfolio Request			**$ 83,703**	**$ 83,703**

[1] Authorized budget excludes reductions from past unspent funds, carryover and is consistent with funding approved in D. 09-09-047, D. 12-11-015, D.14-10-046 and D.15-10-028.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 6 - Committed Energy Efficiency Program Funding Not Yet Spent

Committed funds not yet spent ($000). Category	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
2013-2015 EM&V Funds		$ 7,372	$ 7,372
2013-2015 Program Funds - Utility		$ 56,522	$ 56,522
2013-2015 Program Funds - REN		$ 6,196	$ 6,196
2013-2015 Program Funds - CCA		$ -	$ -
2016 EM&V Funds		$ 87	$ 87
2016 Program Funds - Utility		$ 3,171	$ 3,171
2016 Program Funds - REN		$ (2,390)	$ (2,390)
2016 Program Funds - CCA		$ -	$ -
2017 to date EM&V Funds		$ 1,871	$ 1,871
2017 to date Program Funds - Utility		$ 51,039	$ 51,039
2017 to date Program Funds - REN		$ (6,704)	$ (6,704)
2017 to date Program Funds - CCA		$ -	$ -
Total		$ 117,164	$ 117,164

PA Name: Southern California Gas Company
Budget Year: 2018

Table 7 - 2016 Authorized and Spent/Unspent Detail

Authorized, spent and unspent program funds (excludes EM&V) ($000) Category	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
2016 Annualized Authorized Program Budget		$ 80,356	$ 80,356
2016 Actual Spent		$ 79,574	$ 79,574
2016 Unspent			
2016 Committed funds		$ 782	$ 782
2016 Unspent/uncommitted - estimated available for 2018		$ -	$ -

APPENDIX B

Advice No. 5183

CEDARS Filing Submission Receipt

CEDARS FILING SUBMISSION RECEIPT

The SCG portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Southern California Gas (SCG)

Filing Year: 2018

Submitted: 20:24:51 on 30 Aug 2017

By: Andrew NIh

Advice Letter Number: 5183

* Portfolio Filing Summary *

- TRC: 1.4922
- PAC: 4.1903
- TRC (no admin): 1.932
- PAC (no admin): 11.6182
- RIM: 4.1903
- Budget: $79,366,499.16

* Programs Included in the Filing *

- SCG3701: RES-Energy Advisor
- SCG3702: RES-Plug Load and Appliances
- SCG3703: RES-Plug Load and Appliances - POS
- SCG3704: RES-MFEER
- SCG3705: RES-Home Upgrade Program
- SCG3706: RES-Residential HVAC
- SCG3707: RES-RNC
- SCG3708: COM-Energy Advisor
- SCG3709: COM-CEI
- SCG3710: COM-Calculated Incentives
- SCG3711: COM-Deemed Incentives
- SCG3712: COM-NonRes HVAC
- SCG3713: IND-Energy Advisor
- SCG3714: IND-CEI
- SCG3715: IND-Calculated Incentives
- SCG3716: IND-Deemed Incentives
- SCG3717: AG-Energy Advisor

- SCG3718: AG-CEI
- SCG3719: AG-Calculated Incentives
- SCG3720: AG-Deemed Incentives
- SCG3721: ET-Technology Development Support
- SCG3722: ET-Technology Assessment Support
- SCG3723: ET-Technology Introduction Support
- SCG3724: C&S-Building; Codes & Compliance Advocacy
- SCG3725: C&S-Appliance; Standards Advocacy
- SCG3726: C&S-Compliance; Enhancement
- SCG3727: C&S-Reach; Codes
- SCG3728: C&S-Planning; Coordination
- SCG3729: WE&T-Centergies;
- SCG3730: WE&T-Connections;
- SCG3731: WE&T-Strategic; Planning
- SCG3733: SW-ME&O-ME;&O;
- SCG3734: IDSM-IDSM
- SCG3735: FIN-On-Bill Financing
- SCG3736: FIN-ARRA-Originated Financing
- SCG3737: FIN-New Financing Offerings
- SCG3738: LInstP-CA Department of Corrections Partnership
- SCG3739: LInstP-California Community College Partnership
- SCG3740: LInstP-UC/CSU/IOU Partnership
- SCG3741: LInstP-State of CA/IOU Partnership
- SCG3742: LGP-LA Co Partnership
- SCG3743: LGP-Kern Co Partnership
- SCG3744: LGP-Riverside Co Partnership
- SCG3745: LGP-San Bernardino Co Partnership
- SCG3746: LGP-Santa Barbara Co Partnership
- SCG3747: LGP-South Bay Cities Partnership
- SCG3748: LGP-San Luis Obispo Co Partnership
- SCG3749: LGP-San Joaquin Valley Partnership
- SCG3750: LGP-Orange County Cities Partnership
- SCG3751: LGP-SEEC Partnership
- SCG3753: LGP-Desert Cities Partnership
- SCG3754: LGP-Ventura County Partnership
- SCG3755: LGP-Local Government Energy Efficiency Pilots
- SCG3757: 3P-Small Industrial Facility Upgrades
- SCG3758: 3P-PREPPS
- SCG3759: 3P-On Demand Efficiency
- SCG3760: 3P-HERS Rater Training Advancement
- SCG3762: 3P-CLEO
- SCG3763: 3P-MF Direct Therm Savings

- SCG3764: 3P-LivingWise
- SCG3765: 3P-Manufactured Mobile Home
- SCG3768: 3P-CA Sustainability Alliance
- SCG3769: 3P-PoF
- SCG3770: 3P-PACE
- SCG3771: 3P-Innovative Designs for Energy Efficiency Activities (IDEEA365)
- SCG3772: EM&V-Evaluation; Measurement & Verification
- SCG3773: LGP-New Partnership Programs
- SCG3774: LGP-LG Regional Resource Placeholder
- SCG3775: CRM
- SCG3776: LGP-Gateway Cities Partnership
- SCG3777: LGP-San Gabriel Valley COG Partnership
- SCG3779: LGP-West Side Community Energy Partnership
- SCG3783: LGP-Western Riverside Energy Partnership
- SCG3793: 3P-IDEEA365-Instant Rebates! Point-of-Sale Foodservice Rebate Program
- SCG3796: 3P-IDEEA365-ODE for Campus Housing
- SCG3797: 3P-IDEEA365-Energy Advantage Program for Small Business
- SCG3798: 3P-IDEEA365-Connect
- SCG3799: 3P-IDEEA365-HBEEP
- SCG3800: 3P-IDEEA365-Clear Ice
- SCG3801: LGP-North Orange County Cities Partnership
- SCG3802: LGP-San Bernardino Regional Energy Partnership
- SCG3803: SW-FIN-California Hub for EE Financing
- SCG3804: 3P-IDEEA365-On-Premise Ozone Laundry
- SCG3805: SW-COM-Direct Install Program
- SCG3806: Water AMI Pilot
- SCG3807: COM-HOPPS-CRR Program
- SCG3808: RES-HOPPS-CWHMBS Program
- SCG3809: COM-AB793-CEMTL Program
- SCG3810: RES-AB793-REMTS Program
- SCG-ESAP: Energy Savings Assistance Program
- SCG-ESPI: ESPI Incentives
- SCG-GRCL: GRC Labor Loaders

ORA

Office of Ratepayer Advocates
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September 21, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

<u>**Subject:**</u> **The Office of Ratepayer Advocates' Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017) – Energy Efficiency Annual Budget Advice Letters)**

Dear Energy Division Tariff Unit,

The Office of Ratepayer Advocates (ORA) hereby submits this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

In this protest, ORA recommends the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1] In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to

[1] D.05-04-051 at 22.

costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2] The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness"[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

In D.15-10-028, the Commission ordered each EE PA to file an annual Tier 2 advice letter containing, among other things, its proposed budget and portfolio cost-effectiveness statement.[7] The Commission also provided that if a PA's ABAL did not receive a disposition from the Commission by the end of the calendar year in which it was filed, the prior year's budget would remain in place until disposition of the pending advice letter.[8]

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted above, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit-to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. Table 1 below reports the cost-effectiveness results for the portfolios submitted by all PAs.[9]

---

[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
[5] D.14-10-046 at 109-110. The Commission also recognized in footnote 96 that there is a tension between its expectation of returning to a 1.25 TRC/PAC threshold and the potential for substantial changes to budgets, but did not resolve the tension in that decision.
[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.
[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
PGE	BAY	Resource and NonResource (no C&S)	0.39	0.35	0.20
PGE	MCE	Resource and NonResource (no C&S)	0.27	0.91	0.57
SCE	SCE	Resource and NonResource (no C&S)	1.00	1.02	1.01
SCE	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SCG	SCG	Resource and NonResource (no C&S)	0.74	1.22	1.05
SCG	SCR	Resource and NonResource (no C&S)	0.05	0.33	0.40
SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

If the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, all the PAs have failed to submit cost-effective portfolios, as shown in Table 1 below. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire statewide portfolio of EE programs statewide fails to meet minimum cost-effectiveness regardless of the operative threshold.

[10] Data for Table 1 come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

The Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented.

The likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[11] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. The Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[12] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[13] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[14]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

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[11] SCE Advice 3149-E-B, Appendix A, Table 7.1.

[12] D.14-10-046 at 31.

[13] D.15-10-028 OP 5 at 124.

[14] D.15-10-028 at 53.

III. CONCLUSION

ORA respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

/s/ MICHAEL CAMPBELL
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Program Manager

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September 21, 2017

Cc: Peter Franzese, Energy Division
Service List R.13-11-005
Service List A.17-01-013

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September 21, 2017

CPUC Energy Division
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Email: EDTariffUnit@cpuc.ca.gov

Re: TURN Protest of Pacific Gas and Electric Company Advice Letter 3881-G/5137-E, Southern California Edison Company Advice Letter 3654-E, Southern California Gas Company Advice Letter 5183-G, and San Diego Gas & Electric Company Advice Letter 3111-E/2607-G (Energy Efficiency Annual Budget Advice Letters for 2018)

Dear Energy Division Tariff Unit:

On September 1, 2017, Pacific Gas and Electric Company (PG&E) submitted Advice Letter 3881-G/5137-E, Southern California Edison Company (SCE) submitted Advice Letter 3654-E, Southern California Gas Company (SoCalGas) submitted Advice Letter 5183-G, and San Diego Gas & Electric Company (SDG&E) submitted Advice Letter 3111-E/2607-G, requesting approval of their respective 2018 Energy Efficiency (EE) budgets pursuant to Decision (D.) 15-10-028.

TURN protests each utility's 2018 EE Annual Budget Advice Letter (ABAL) for the reasons presented in the protest submitted by the Office of Ratepayer Advocates (ORA) today. TURN additionally protests SCE's inclusion of CFLs in its 2018 portfolio. As explained by ORA in its protest, the Commission can reject these ABAL filings without interrupting program funding.

1. The Commission should reject the 2018 ABAL requests of PG&E, SCE, SoCalGas, and SDG&E because they do not meet the *ex ante* cost-effectiveness threshold or are unlikely to be cost-effective when implemented.

TURN has had the opportunity to review ORA's analysis of the cost-effectiveness showings included by PG&E, SCE, SoCalGas, and SDG&E in their 2018 ABALs. As ORA explains, no utility's proposed portfolio meets the 1.25 TRC threshold required at times by the Commission, and only SCE and SoCalGas meet the lower 1.00 TRC threshold required by the Commission in

D.14-10-046.[1] However, based on the past performance, ORA observes that the nominally cost-effective portfolios of SCE and SoCalGas – with a TRC of 1.00 for SCE and 1.04 for SoCalGas[2] – are unlikely to achieve cost-effectiveness in practice when implemented.

The question of what cost-effectiveness threshold should apply to the post-2017 portfolios is pending in A.17-01-013 et al., where the Commission is reviewing the 2018-2025 Business Plan applications of PG&E, SCE, SoCalGas, and SDG&E (among others). TURN has recommended in that proceeding that the Commission apply the 1.25 threshold to the Annual Budget Advice Letters for the same reason that the Commission has previously required this threshold: the risk that the implemented portfolios might not be cost-effective, due to uncertainty surrounding the energy savings benefits.[3] The Commission will presumably resolve that issue at some point in the near future.

In the meantime, TURN agrees with ORA that even with a TRC 1.0 threshold, the Commission should not have confidence that the 2018 portfolios proposed by PG&E, SCE, SoCalGas, and SDG&E are sufficiently cost-effective for Commission approval of their 2018 ABALs.

2. The Commission should reject SCE's 2018 ABAL request because SCE continues to rely on CFLs to meet the *ex ante* cost-effectiveness threshold.

SCE explains that its 2018 budget includes Primary Lighting program measures, which play a critical role in achieving a cost-effective portfolio. According to SCE, advanced compact fluorescent lamps (CFLs)[4] represent a "fraction of overall program spend" but yield "a significant amount of the forecasted program energy savings."[5] SCE acknowledges that the Commission "could reject at a later date the inclusion of CFLs in its 2018 portfolio for policy or other reasons (e.g., future adjustments to baseline in response to AB 1109)."[6] But SCE warns:

> However, based on current forecasts, SCE cannot achieve a cost effective portfolio (which excludes Codes and Standards Program) and obtain its energy

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[1] *See* D.14-10-046, p. 109 (applying a 1.0 TRC threshold for 2015); D.12-11-015, pp. 99-101 (applying a 1.25 threshold for 2013-2014).

[2] *See* SCE Advice Letter 3654-E, Table 3, p. 8; SoCalGas Advice Letter 5183-G, Table 2, p. 4.

[3] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 7-10 (citing D.12-11-015).

[4] Such measures include 80+ Lumens-Per-Watt CFLs and several LED measures. SCE ABAL, p. 7, fn. 29.

[5] SCE Advice Letter 3654-E, p. 5.

[6] SCE Advice Letter 3654-E, pp. 6-7.

savings goal if Primary Lighting measures are excluded in SCE's 2018 energy efficiency portfolio. Assuming no other changes occur to its portfolio, removing Primary Lighting from SCE's portfolio would result in a TRC (without Codes & Standards) of 0.73.[7]

In A.17-01-013 et al., TURN has recommended that the Commission prohibit incentives for CFLs in the 2018 portfolios.[8] There TURN explained that prohibiting incentives for CFLs as of January 1, 2018, would align portfolio practices with recent EM&V, recent estimates of energy efficiency potential in 2018 and beyond, and the Commission's determination in D.16-11-022 that CFLs should no longer be provided through the Energy Savings and Assistance (ESA) Program as of January 1, 2018, because customers would be better served by LEDs.[9]

For the same reasons as provided by TURN in A.17-01-013 et al., TURN protests SCE's inclusion of CFLs in its 2018 ABAL.

3. The Commission should investigate the reasonableness of SCE's "Non-Incentive Direct Implementation" costs, which appear to dramatically exceed the 20% budget target adopted in D.09-09-049.

SCE acknowledges that D.09-09-049 adopted a target for non-incentive direct implementation costs of 20% of the total portfolio budget.[10] Nonetheless, SCE reports that this cost category accounts for 38.28% of SCE's proposed 2018 budget.[11] SCE offers no explanation for exceeding the 20% target.

The Commission has interpreted the 20% target for non-incentive direct implementation costs as excluding such costs for non-resource programs, as well as other exempt programs identified in D.09-09-049.[12] The Commission has also not strictly held the utilities to the 20% target, as it is a target not a cap.[13] Even so, because SCE's non-incentive direct implementation appear to

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[7] SCE Advice Letter 3654-E, p. 7.

[8] TURN Comments on Supplemental Information Provided by the Program Administrators and Other Issues Raised by the Business Plans, filed in A.17-01-013 et al. on June 22, 2017, pp. 40-44.

[9] D.16-11-022, pp. 113-114; Ordering Paragraph 19.

[10] SCE Advice Letter 3654-E, p. 8.

[11] SCE Advice Letter 3654-E, Table 5, pp. 8-9.

[12] *See, e.g.,* Energy Division Disposition of SCE Advice Letter 2836-E-D (2013-2014 EE Compliance Advice Letter Pursuant to D.12-11-015), Sept. 5, 2013, Attachment 1, p. 2 (citing D.09-09-049, pp. 74, 78).

[13] *Id.*

grossly exceed the 20% cap, TURN recommends that the Commission investigate the reasonableness of SCE's proposed non-incentive direct implementation costs before approving its 2018 ABAL.[14]

4. Conclusion

For the foregoing reasons, TURN recommends that the Commission reject the 2018 ABAL submitted by PG&E, SCE, SoCalGas, and SDG&E. As ORA notes, rejecting these advice letters will not interrupt program funding, pursuant to D.14-10-046 and D.15-10-028.

TURN appreciates your attention to this important matter. Please feel free to contact us if you have any questions.

Sincerely,

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The Utility Reform Network
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San Francisco, CA 94103

Cc: Edward Randolph, Director, CPUC Energy Division, Room 4004, 505 Van Ness Avenue, San Francisco, CA 94102

Erik Jacobson, Director, Regulatory Relations, c/o Megan Lawson, PG&E (PGETariffs@pge.com)

Russell G. Worden, Managing Director, State Regulatory Operations, SCE (AdviceTariffManager@sce.com)

Laura Genao, Managing Director, State Regulatory Affairs, c/o Karyn Gansecki, SCE (Karyn.Gansecki@sce.com)

[14] While TURN focuses on SCE's non-incentive direct implementation costs, we presume the Commission will also review the reasonableness of such costs proposed by the other Program Administrators. PG&E reports that non-incentive direct implementation costs account for 29.3% of its budget. PG&E AL 3881-G/5137-E, Attachment 3 (Caps and Targets Table). TURN is not aware of how the non-incentive direct implementation costs of SoCalGas and SDG&E compare to the 20% target.

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Parties to R.13-11-005 and A.17-01-013 et al.

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September 22, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Subject: **GreenFan® Inc. and Verified® Inc. Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas and Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E (September 1, 2017 – Energy Efficiency Annual Budget Advice Letters)**

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GreenFan® and Verified® hereby submit this protest to the energy efficiency (EE) Program Administrators' (PAs) annual budget advice letters (ABALs): Pacific Gas and Electric Company (PG&E) Advice 3881-G/5137-E, Southern California Edison Company (SCE) Advice 3654-E, Southern California Gas Company (SoCalGas) Advice 5183-G, San Diego Gas and Electric Company (SDG&E) Advice 3111-E/2607-G, and Marin Clean Energy (MCE) Advice 25-E (September 1, 2017). The advice letters request approval of the PAs' 2018 EE budgets pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

GreenFan® and Verified® support the ORA and TURN protests and similarly recommend the Commission reject all four Investor-Owned Utilities' (IOUs) and MCE's 2018 budget advice letters due to their failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs in their 2018 Annual Budget Advice Letter (ABAL) filings and/or the likelihood that their portfolios will fail to be cost-effective when implemented. The ABALs provide no evidence to indicate any improvement over 2016 cost effectiveness. ORA highlights that rejection of the ABALs will not adversely affect EE programs since D.15-10-028 already provides a remedy to ensure funding stability in the event that the Commission does not approve the ABALs. Therefore, no additional remedy is required at this time.

I. BACKGROUND

As noted by ORA, Commission policy requires that EE portfolios must be cost-effective in order to approve funding. In D.05-04-051, the Commission affirmed that a prospective showing of cost-effectiveness for the entire portfolio "is a threshold condition for eligibility for ratepayer funds."[1]

In order to establish the cost-effectiveness of EE portfolios, the Commission relies upon a dual test and requires that PAs establish that their portfolios meet a specified threshold of benefits to costs using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test.[2]

The threshold is typically a benefits-to-costs ratio substantially greater than a 1.0 because, as the Commission explained in D.09-09-047, "[i]n order to meet the requirement of Public Utilities Code Section 454.5(b)(9)(c) to approve cost-effective energy efficiency programs, and to set just and reasonable rates, it is prudent policy to adopt a margin of safety for the calculation of cost-effectiveness."[3]

In D.12-11-015, the Commission required that TRC values for prospective portfolios exceed a 1.25 benefit-to-cost ratio, and specified that the calculation should exclude savings and costs associated with spillover effects and codes and standards (C&S) programs.[4]

In D.14-10-046, the Commission modified the cost-effectiveness threshold to 1.0 for the PAC and TRC for 2015 EE portfolios in order to accommodate the transition to rolling portfolios. However, the Commission also noted that it would require a TRC of 1.25 or above for subsequent years for all IOU PAs as well as MCE.[5] D.14-10-046 also extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[6]

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[1] D.05-04-051 at 22.
[2] D.09-09-047 at 68-69.
[3] D.09-09-047 Conclusion of Law (COL) 1 at 353.
[4] D.12-11-015 at 100-101.
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[6] D.14-10-046 at 31.
[7] D.15-10-028 OP 4 at 123-124.
[8] D.15-10-028 OP 5 at 124.

II. DISCUSSION

A. The Commission should reject the IOUs' and MCE's ABALs because the PAs' proposed EE portfolios are either not cost-effective as filed or are unlikely to be cost-effective when implemented.

As noted in the ORA comments, the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit- to-cost ratio threshold for the TRC and PAC that it established in D.12-11-015. There is, however, some ambiguity regarding whether the lower 1.0 threshold established for 2015 continues to apply since the budget authorization under which the PAs continue to operate has been unchanged since program year 2015. ORA provided cost effectiveness results for the IOU portfolios submitted by all the PAs as shown in **Table 1**.[9]

Table 1: Total Resource Cost Results by Program Administrator[10]

IOU	PA	Scenario	2016 Claimed	2017 Forecast	2018 Forecast
PGE	PGE	Resource and NonResource (no C&S)	0.81	1.04	0.86
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SDGE	SDGE	Resource and NonResource (no C&S)	0.96	1.16	0.80
SW Total	SW Total	Resource and NonResource (no C&S)	0.97	1.02	0.88

As noted in previous comments filed by GreenFan® and Verified®, the IOUs are averse to submitting workpapers for cost effective technologies for CPUC Ex Ante Review. This fact is reinforced in the **Table 1** showing "business as usual" forecasts of non-cost effective programs through 2018. This aversion is based on a lack of scientific understanding of the fundamental principles of energy efficiency least cost planning where the most cost effective measures are installed first. Instead some IOU programs take the opposite approach where non cost-effective measures are installed first and cost effective measures are not installed at all. For example, in the statewide residential QM programs the motor replacement measure realization rates were 0 to 71% and the expected cost effectiveness would be 0 to 0.37.[11] This example supports the ORA

[9] The table includes two PAs, the Bay Area Regional Energy Network and Southern California Regional Energy Network, that are not currently subject to the Commission's minimum cost-effectiveness thresholds.

[10] Data for **Table 1** come from the Commission's California Energy Data and Reporting System (CEDARS), accessed on September 20, 2017. The data do not exclude emerging technologies budgets and, therefore, result in minor discrepancies when compared with the cost-effectiveness showings in PAs' ABAL filings. However, the discrepancies are minor (no more than 0.01 difference) and do not alter ORA's substantive recommendations.

[11] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), Table 19, pp. 40. Motor replacement kWh realization rate was 0% for SDG&E and 71% for PG&E. The ex ante TRC for motor replacement ranged from 0.2 to 1.6 with a climate-zone weighted average TRC of 0.53. Therefore, the range of expected cost

protest regarding why the IOU EE portfolios are unlikely to be cost effective. The ABALs provide insufficient information for the CPUC (or any party to this proceeding) to understand why the proposed programs are non-cost effective, and this one of the most important reasons why the CPUC should reject the ABALs.

As ORA describes in its protest, if the appropriate cost-effectiveness threshold is a minimum 1.25 benefit/cost ratio excluding codes and standards and market effects, then all the PAs have failed to submit cost-effective portfolios, as shown in **Table 1**. If the appropriate cost-effectiveness threshold is 1.0, then PG&E, SDG&E, and MCE fail to meet the minimum cost-effectiveness threshold while SoCalGas and SCE just barely meet the minimum (at 1.05 and 1.01, respectively). Taken together, the entire EE statewide portfolio fails to meet minimum cost-effectiveness regardless of the operative threshold.

Therefore, the Commission should reject the IOUs' and MCE's ABALs because their proposed EE portfolios either are not cost-effective as filed or are unlikely to be cost-effective when implemented. All PAs fail to meet the 1.25 threshold and three fail to even meet the 1.0 threshold. Further, even if the Commission were to determine that the 1.0 cost-effectiveness threshold continues to be operative, then past program results show that nominally cost-effective portfolios (SCE and SoCalGas) are unlikely to achieve cost-effectiveness in practice when implemented. Virtually all the past EM&V studies have found no evidence to support 100% of the IOU ex ante energy savings claims. In fact, most of EM&V studies have reported ex post savings far less than ex ante estimates and some have reported zero energy savings.[12]

As ORA notes in their protest, the likelihood of failure to meet cost-effectiveness upon implementation can be seen in the reported (unevaluated) cost-effectiveness result in the "2016 Claimed" column. When implemented, all IOUs but SCE failed to meet a minimum 1.0 TRC threshold and SCE only met the lower 1.0 threshold by the slimmest of margins (1.00). The discrepancies between forecast TRC and reported TRC are striking. For 2015 and 2016, SCE forecast a portfolio TRC of 1.26 but after implementation reported a portfolio TRC only 1.00 for 2016.[13] SoCalGas forecast a portfolio TRC of 1.27 in the same period but reported a portfolio TRC of only 0.74 for 2016.

Given the track record of significantly lower cost-effectiveness achievements when compared to prospective ex ante cost-effectiveness showings, even the marginally cost-effective prospective 2018 portfolio showings from SCE and SoCalGas are likely to be significantly below even the lower 1.0 threshold when implemented. This gap between prospective cost-effectiveness showing and actual reported cost-effectiveness results is precisely the reason the Commission required a "margin of safety" and adopted a minimum cost-effectiveness threshold significantly above 1.0 in D.09-09-047 and D.12-11-015.

effectiveness based the EM&V report would be 0 to 0.37.

[12] Impact Evaluation of 2015 Commercial Quality Maintenance Programs (HVAC3), pp. 6-9. "The savings derived from the residential QM programs has been uncertain. The 2013 Workpaper Disposition for these programs revised the QM measure group ex ante savings down substantially due to concerns about the use of incorrect maintenance techniques that could lead to either an improvement in efficiency or an increase in energy usage. The findings from the billing analysis implemented on 2013 and 2014 program participants in PG&E's and SDG&E's service territories reinforce the CPUC's concerns. SDG&E's residential QM program had no net energy savings and PG&E's had a net realization rate of 26% in 2015."

[13] SCE Advice 3149-E-B, Appendix A, Table 7.1.

EE portfolios that are not cost-effective are an unjust and unreasonable burden to ratepayers. Therefore, the Commission should reject the four IOUs' and MCE's 2018 ABALs accordingly.

B. The Commission has provided a remedy to ensure funding stability in the event that the Commission does not approve the annual ABALs.

As noted above, D.14-10-046 extended annual funding authorization at 2015 levels through 2025 or until the Commission provided superseding direction.[14] Furthermore, the Commission provided in D.15-10-028 that a prior year's budget remains in place until the disposition of a pending ABAL.[15] Failure to meet cost-effectiveness thresholds does not automatically defund EE programs, but instead triggers the filing of a new business plan via application.[16]

Since the Commission has not yet approved the PAs' EE Business Plans in Application (A.) 17-01-013 and authorized funding has not changed since program year 2015, the PA's funding can continue at its current levels whether or not the Commission approves their 2018 ABALs. The failure to meet cost-effectiveness thresholds requires that the PAs submit business plans – as they have already done. Therefore, no additional remedy is required by the Commission at this time.

III. CONCLUSION

GreenFan® and Verified® supports the ORA and TURN protests and respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

Dated: September 22, 2017

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Cc: Service List R.13-11-005
Service List A.17-01-013

14 D.14-10-046 at 31.
15 D.15-10-028 OP 5 at 124.
16 D.15-10-028 at 53.

Strindberg, Nils

From: Strindberg, Nils
Sent: Friday, September 22, 2017 4:23 PM
To: sudip.kundu@kundupllc.com; Karyn Gansecki; AdviceTariffManager; PGETariffs@pge.com; Ortiz, Ray; MClauson@semprautilities.com; PGETariffs@pge.com; tariffs@socalgas.com; k2c0@pge.com; nmalcolm@mcecleanenergy.org; bmenten@mceCleanEnergy.org
Subject: Energy Division accepts the late protest filed by GreenFan and Verified for 2018 EE budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency annual budget advice letters was September 21, 2017. On September 22, 2017, GreenFan and Verified filed a joint protest to the PG&E, SCE, SDG&E, SoCalGas and MCE 2018 annual energy efficiency budget advice letters. Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response and Energy Division will accept the joint protests of GreenFan and Verified. Also, per GO 96-B, Section 7.4.4 the utility has five business days from issuance of this notification to reply to the protest.

If you have any question feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

Nils B. Strindberg
CPUC, Energy Division
Energy Efficiency Branch
Metered Energy Efficiency and Emerging Programs
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ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Gas Company
Utility Number/Type: U 9O4G
Advice Letter Number(s) #5183
Date AL(s) Filed) September 1, 2017
Utility Contact Person: Ray B. Ortiz
Utility Phone No.: (213) 244-3837

Date Utility Notified: September 21, 2017
E-Mailed to: ROritz@semproautilities.com and Tariffs@socalgas.com
ED Staff Contact: Peter Biermayer
ED Staff Email: peter.biermayer@cpuc.ca.gov
ED Staff Phone No.: (415) 703-2384

[X] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 21, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[x] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Peter Biermayer (peter.biermayer@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

Ronald van der Leeden
Director
Regulatory Affairs

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Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.4957
RvanderLeeden@semprautilities.com

September 28, 2017

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: **Reply to Protest of SoCalGas Advice No. (AL) 5183, Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018**

Dear Tariff Unit:

Pursuant to General Order (GO) 96-B, Southern California Gas Company (SoCalGas) hereby replies to the protests of the Office of Ratepayer Advocates (ORA), and The Utility Reform Network (TURN), dated September 21, 2017, and GreenFan Inc. (GreenFan) and Verified Inc. (Verified), dated on September 22, 2017, to SoCalGas AL 5183.

Background

On September 1, 2017, SoCalGas filed AL 5183, which complies with Ordering Paragraph (OP) 4 of D.15-10-028. SoCalGas seeks approval of its 2018 Energy Efficiency (EE) Program Portfolio budget. In compliance with the Budget Filing Appendices 2018 guidance provided by Energy Division,[1] AL 5183 contained the requested details, including the following: (1) application summary tables with forecast budgets by sector and program; and (2) incorporation of reductions and/or increases in program or sector budgets.

On October 24, 2014, the Commission issued D.14-10-046, which authorized funding for EE programs until 2025.[2] On October 28, 2015, the Commission issued D.15-10-028, which approved the EE rolling portfolio mechanics for 2016 and beyond, and explains that annual advice letter filings will propose detailed budgets for cost recovery, transfer, and contracting purposes.[3]

On September 21, 2017, ORA and TURN filed protests to the Investor-Owned Utilities' (IOUs) advice letters (SoCalGas AL 5183, Pacific Gas & Electric Company AL 3881-G/5137-E, San

[1] Amy Reardon, Energy Division: "Updated Budget Filing Appendices 2018," August 2, 2017, Email.
[2] D.14-10-046, p. 167.
[3] D.15-10-028, p. 56.

Diego Gas & Electric Company AL 3111-E/2607-G, and Southern California Edison Company AL 3654-E). On September 22, 2017, GreenFan and Verified filed late protests to the IOUs' advice letters. On September 22, 2017, the Energy Division accepted the late-filed protest and directed the utilities to respond within five business days of the filing date.

ORA, TURN, and GreenFan and Verified Protest

In their protests, ORA, TURN, GreenFan and Verified argue that the Commission should reject AL 5183 because they do not meet the cost-effectiveness threshold or are unlikely to be cost-effective when implemented.[4]

ORA, GreenFan and Verified note that the Commission's expectation in D.14-10-046 was to return to the 1.25 benefit-to-cost threshold for the TRC and PAC that is established in D.12-11-015.[5] ORA explains that there is some ambiguity regarding whether the lower 1.0 threshold established in 2015 continues to apply since the budget authorization under which the Program Administrators (PAs) continue to operate has been unchanged since program year 2015.[6] GreenFan and Verified note that the annual budget advice letters provide no evidence to indicate any improvement over 2016 cost-effectiveness.[7] Both parties go on to explain that the rejection of the IOUs' advice letters will not adversely affect EE programs since the Commission has already provided a remedy to ensure funding stability in the event that the Commission does not approve the annual budget advice letters.[8]

Similarly, TURN agrees with ORA. TURN notes that while the question of what cost-effectiveness threshold should apply to the post-2017 portfolios is pending in A.17-01-013 et. al., the Commission should not have confidence that the 2018 portfolios proposed by the IOUs are sufficiently cost-effective for Commission approval.[9]

SoCalGas' Reply to the Protest

SoCalGas respectfully disagrees with the opinions of ORA, TURN, GreenFan and Verified because SoCalGas' annual budget advice letter is cost-effective as filed, compliant with Commission direction and should be approved.

AL 5183 is cost-effective as filed and in compliance with Commission directive. D.14-10-046 that directed the IOUs to submit Tier 2 advice letter compliance filings that reflect budget adjustments and provide estimated Total Resource Costs (TRC) estimates that exceed a 1.0 cost-effectiveness threshold, not the 1.25.[10] Table 2 of AL 5183 shows SoCalGas' portfolio cost-effectiveness with a TRC of 1.49 (with Codes & Standards), and a TRC of 1.04 (without Codes & Standards). Both numbers are in compliance with the direction found in D.14-10-046. ORA states that if the cost-effectiveness threshold is a minimum 1.25, excluding codes & standards and market effects, then all program administrators have failed to submit cost-

[4] ORA Protest, p. 1. TURN Protest, p. 1. GreenFan and Verified Protest, p. 1.
[5] ORA Protest, pp. 2-4. GreenFan and Verified Protest, pp. 3-4.
[6] ORA Protest, p. 2.
[7] GreenFan and Verified Protest, p. 1.
[8] ORA Protest, p. 4. GreenFan and Verified Protest, p. 5.
[9] TURN Protest, p. 2.
[10] D.14-10-046, at p. 109.

effective portfolios.[11] The Commission has noted that this requirement is a prospective showing that has not been resolved. In D.14-10-046, the Commission made clear that while they expect the TRC and Program Administrator Cost values to be at or above 1.25 in subsequent years, they recognize there is tension between that expectation and the decision, and as such, do not resolve that tension.[12] As TURN stated in its protest, the question of what cost-effectiveness threshold should apply to the post-2017 portfolios is pending before the Commission in the Business Plan Application proceeding (A.17-01-013 et. al.), and the cost-effectiveness threshold issue has not been resolved. Until this issue is determined, PAs must oblige by current rules. The Energy Efficiency Policy Manual requires PAs to show cost-effective portfolios on a prospective basis, stating "a prospective showing of cost-effectiveness using the Dual-Test for the entire portfolio of ratepayer-funded energy efficiency activities and programs…is a threshold condition for eligibility for ratepayer funds."[13] As such, SoCalGas is compliant by meeting the prospective 1.0 cost-effectiveness threshold in its 2018 annual budget advice letter.

Additionally, SoCalGas' advice letter request is supported by the fact that the Commission approved an identical request filed by SoCalGas on September 1, 2016. In AL 5023-A, SoCalGas sought approval of its annual EE budget for program year 2017, consistent with D.15-10-028. On June 8, 2017, the Commission approved AL 5023-A. In D.15-10-028, the Commission noted that if a PA has a new business plan awaiting approval before the Commission when the budget filing is due, the PA should file a budget consistent with the last approved business plan.[14] Consistent with this direction, SoCalGas filed AL 5128 with an annual budget consistent with that of AL 5023-A. As such, the Commission should approve SoCalGas' request for approval of its annual EE budget for program year 2018.

Lastly, SoCalGas agrees with San Diego Gas & Electric Company's and Pacific Gas & Electric Company's comments presented to the Commission on September 14, 2017 regarding the Proposed Decision Adopting Energy Efficiency Goals for 2018 – 2030, in that they do not support refiling this 2018 advice letter given the various changes that impact the portfolio.[15] Rather, the Commission should reaffirm that implementation of the new goals expected to be adopted on September 28, 2017 and the greenhouse gas (GHG) adder directed by D.17-08-022,[16] together with all other Commission directions for the business plans, should be done through the true-up advice letter, as described in the June 9, 2017 Administrative Law Judge's Ruling Modifying Schedule. Any changes to AL 5183 to account for new goals adopted, or to include the impact of the GHG adder, will again be superseded by the Commission's final decision on Energy Efficiency Business Plans and would render moot any updates to this advice letter. The Commission should approve AL 5183, and then assess compliance with all Commission direction pertaining to 2018 in the March 2018 true-up advice letter.

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[11] ORA Protest, at p. 3.
[12] *See* D.14-10-046, Footnote 96 at p. 110.
[13] *See* Energy Efficiency Policy Manual, Version 6, July 2013, at p. 22.
[14] *See* D.15-10-028, Footnote 105 at p. 59.
[15] *San Diego Gas & Electric Company and Pacific Gas & Electric Company Comments on Proposed Decision Adopting Energy Efficiency Goals for 2018- 2030*, September 14, 2018, p. 3.
[16] The Commission issued D.17-08-022, which adopted an interim GHG adder that reflects the CARB Cap-and-Trade APCR Price to be used in the cost-effectiveness calculation.

Conclusion

In accordance with SoCalGas' reply to ORA, TURN, and GreenFan and Verified protests, SoCalGas respectfully requests that the Commission reject these protests and approve AL 5183 as filed.

Sincerely,

/s/ Ronald van der Leeden
Ronald van der Leeden
Director – Regulatory Affairs

cc: Edward Randolph, Director, Energy Division
Peter Franzese, Energy Division
Hayley Goodson, The Utility Reform Network
Erik Jacobson, c/o Megan Lawson, Pacific Gas & Electric Company
Russell G. Worden, Southern California Edison Company
Laura Genao, c/o Karyn Gansecki, Southern California Edison Company
Ray B. Ortiz, SoCalGas
Megan Caulson, San Diego Gas & Electric Company
Sudip Kundu, Attorney for GreenFan and Verified
Michael Campbell, Office of Ratepayer Advocates
Service List R.13-11-005

STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017 Advice Letter #5183-G

Ronald van der Leeden
Director, Regulatory Affairs
c/o Ray B. Ortiz
Southern California Gas Company
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011

Mr. van der Leeden:

On September 1, 2017, SoCalGas filed Advice Letter 5183-G "Southern California Gas Company Annual Energy Efficiency Budget Filings for Program Year 2018" in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought Commission approval of SoCalGas' 2018 energy efficiency budget request.

Although SoCalGas' cost-effectiveness results as presented in Table 2 of the Advice Letter were limited to a TRC value of 1.04 without Codes & Standards, that value still came in under the Commission's 1.25 threshold for portfolio cost-effectiveness[1].

Of particular note when considering portfolio cost-effectiveness is that SoCalGas' Advice Letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 5183-G, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks SoCalGas to file a supplemental to Advice Letter 5183-U-904-G, which will include:

- New cost effectiveness showings using CET version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025.[2]

[1] See D.14-10-046 Section 3.9.1 Summary of Budgets (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015: rather than the 1.25 we usually require, and will require for subsequent years."

In order to reach portfolio saving goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost-effectiveness. SoCalGas's supplemental filing should include a requested portfolio and budget, plus any alternative scenarios SoCalGas may wish to propose. Alternative scenarios could offer viable options such as portfolios that may exceed current budget limits. All portfolios and budgets shall be supported by outputs from the Cost Effectiveness Tool version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where SoCalGas proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Peter Biermayer at peter.biermayer@cpuc.ca.gov .

Thank you.

Robert L. Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

cc:
Hazlyn Fortune, CPUC
Hayley Goodson, TURN
Dan Buch, CPUC Office of Ratepayer Advocates
Sudip Kundu, Kundu PLLC (for Green Fan and Verified Inc.)
ED Tariff

[2] The Commission considers Marketing, Education and Outreach as non-resource activities. Previously the IOUs have been submitting ME&O costs as a component of the Resource programs costs. The conflating of Non-Resource activities costs with Resource programs creates unnecessary complexity for budget approvals. We therefore ask the IOUs to classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program.

SoCalGas
A Sempra Energy utility

Ronald van der Leeden
Director
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November 22, 2017

Advice No. 5183-A
(U 904 G)

Public Utilities Commission of the State of California

Subject: Supplement - Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) its 2018 Energy Efficiency (EE) Program Portfolio budget. The EE Program Portfolio, along with supporting documentation, is incorporated as Appendix A, which have been uploaded to the California Energy Data and Reporting System (CEDARS) website.[1]

Purpose

This supplemental filing replaces in its entirety Advice Letter No. (AL) 5183, Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018, filed on September 1, 2017. This supplemental filing is pursuant to the Energy Division request to supplement AL 5183 to include the following:[2]

- New cost-effectiveness showing using Cost Effectiveness Tool (CET) version 18.1, released September 25, 2017 and includes interim greenhouse gas (GHG) adder; and
- 2018 goals as established in D.17-09-025.

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[1] https://cedars.sound-data.com.
[2] On October 30, 2017, the Commission's Energy Division issued a letter (Energy Division Letter) requesting such information.

This supplemental filing also requests an increase to SoCalGas' Energy Efficiency Portfolio Budget for 2018. Following the direction of the Commission[3] and Energy Division, SoCalGas designates AL 5183-A as a Tier 3 AL.

Background

On October 24, 2014, the Commission issued Decision (D.) 14-10-046, which authorizes funding for EE programs until 2025.[4] On October 22, 2015, the Commission issued D.15-10-028, which approved the EE rolling portfolio mechanics for 2016 and beyond, and explained that annual AL filings will propose detailed budgets for cost recovery, transfer, and contracting purposes.[5]

On October 2, 2017, the Commission issued D.17-09-025, which adopted new energy savings goals for ratepayer-funded energy efficiency program portfolios for 2018 and beyond. On September 25, 2017 SoCalGas filed a motion for relief to file an amended Business Plan to seek incremental funding to meet the Commission's increased gas energy efficiency goals.

On October 30, 2017, SoCalGas received a letter from Energy Division, which in addition to requesting this supplemental AL, stated, "In instances where SoCalGas proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit."

On November 13, 2017, ALJ Fitch issued an e-mail ruling denying SoCalGas' motion to amend its Business Plan. In that ruling, the ALJ also stated, "Finally, in its procedural email requesting an update on timing of ruling on its motion, SoCalGas mentioned direction from Commission staff with respect to supplementing the 2018 budget advice letter filings to reflect the updated energy savings goals. This supplemental advice letter filing may be an avenue for SoCalGas to pursue in the interim prior to further Commission direction with respect to updating the business plans, anticipated in the form of a decision in this proceeding."

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[3] On November 13, 2017, Administrative Law Judge (ALJ) Julie A. Fitch issued an e-mail ruling finding it reasonable for SoCalGas to file a Tier 3 AL to reflect updated energy savings goals and seek budget changes.
[4] D.14-10-046, p. 167.
[5] D.15-10-028, p. 56.

Compliance Items

In compliance with the Budget Filing Appendices 2018 guidance provided by Energy Division,[6] this AL contains the requested details, as shown in Appendix A, including the following: (1) application summary tables with forecast budgets by sector and program; and (2) incorporation of reductions and/or increases in program or sector budgets.

Appendix A has been uploaded to the CEDARS website and will be made available on http://www.socalgas.com/regulatory/R13-11-005.shtml. Appendix B of this AL provides the CEDARS Filing Confirmation which was printed from the confirmation dashboard upon confirmed completion of the filing through CEDARS.

SoCalGas presents in this supplemental filing a single portfolio and budget which achieves the Commission's 1.25 threshold[7] for portfolio cost-effectiveness and the 2018 goals as established in D.17-09-025. Given the disproportionate impact of the 2018 goals update for natural gas energy efficiency, SoCalGas believes this approach is the most appropriate to meet the Commission's prospective portfolio requirements and goals set forth. Additionally, this supplemental filing provides comparative cost-effectiveness information, where appropriate, regarding the impact of the interim GHG adder in the avoided cost calculator to SoCalGas' September 1, 2017 filed portfolio and budget.

Program Funding Levels

As was the case for the SoCalGas 2015 program year budget request and approved in D.14-10-046, the 2018 funding request does not include the program budget for the SoCalGas Statewide Marketing, Education & Outreach (ME&O) program, nor the 2018 program budget for the Statewide Financing Pilots. The program year 2018 budgets for these programs were approved in D.16-09-020 and D.13-09-044, respectively. Additionally, D.17-03-026 separated the Statewide Financing Pilots from the EE portfolio.

The Southern California Regional Energy Network (SoCalREN) is submitting its own AL to implement its programs and associated budget.[8] The SoCalREN budget shown in Table 1 reflects the funds originally authorized under D.14-10-046.

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[6] Amy Reardon, Energy Division: "Updated Budget Filing Appendices 2018," August 2, 2017, E-mail.

[7] *See* D.14-10-046 Section 3.9.1 Summary of Budget (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015: rather than the 1.25 we usually require, and will require for subsequent years."

[8] SoCalGas requests that the SoCalREN AL should be used as the source of information to reflect the SoCalREN 2018 energy efficiency portfolio/compliance filing.

Table 1: 2018 EE Portfolio Budgets

Program Area		Total Funds ($000,s)
Residential	$	29,973
Commercial	$	12,812
Industrial	$	19,407
Agricultural	$	3,164
Codes and Standards	$	843
Financing	$	2,264
Subtotal Statewide Resource programs	**$**	**68,463**
Third Party Programs	$	16,376
State and Local Government Partnerships	$	4,846
Subtotal Other Resource programs	**$**	**21,222**
Emerging Technologies	$	1,272
Workforce, Education, and Training	$	3,129
Marketing, Education, and Outreach		N/A
Integrated Demand Side Management	$	582
Others	$	978
Subtotal Statewide Non-Resource programs	**$**	**5,962**
SoCalREN	$	4,337
Total All Programs	**$**	**99,984**
Evaluation, Measurement, and Verification	$	4,166
Grand Total	**$**	**104,150**

Notes:
1. Minor difference exist by program area due to rounding
2. Table does not include SW ME&O program funds authorized in D.16-09-020
3. Table does not include SW Financing Pilots program funds authorized in D.13-09-044

Updates to SoCalGas' Portfolio Budget

SoCalGas' approved Energy Efficiency Portfolio budget for program years 2017 and prior was $83.7 million.[9] The newly adopted savings goals in D.17-09-025 represents a significant increase to the 2018 energy savings goals for SoCalGas from 13.4 million net therms to 20.27 million net therms in 2018,[10] an increase of 54% compared to the

[9] As provided in D.15-10-028, SoCalGas' Business Plan budget represents its best estimates of spending for the life of the Business Plan. *See* D.15-10-028, p. 55.
[10] SoCalGas' net savings goals without Codes & Standards derived from incremental net market potential for the SoCalGas territory in the 2018 Potential Goal Study results viewer, retrieved at ftp://ftp.cpuc.ca.gov/gopher-

projected savings contained in SoCalGas' 2018 portfolio budget, and a total increase of 62% over the life of the Business Plan for program years 2018 through 2025, filed January 17, 2017. As such, SoCalGas requests an increase of $20.4 million in 2018 to accommodate the increase in energy efficiency activity needed to achieve the incremental potential identified in the newly adopted savings goals. Table 1 above reflects SoCalGas' proposed portfolio budget for program year 2018.

Additional program level budget detail is provided in Appendix A on the CEDARS website.

The changes in SoCalGas' amended budget are specifically made to the following sectors: Residential, Commercial, Industrial, and Evaluation, Measurement, and Verification (EM&V).[11]

Residential Sector

SoCalGas seeks an increase to the Residential Sector budget of $10 million in 2018 to support the 1.78 million net therm increase identified in the Energy Efficiency Potential and Goals Study for 2018 and Beyond (2018 Potential Study) when compared to SoCalGas' filed Business Plan.[12] The majority of increase in natural gas savings potential in the residential sector comes from the incorporation of behavior programs. According to the analysis conducted by Navigant in the 2018 Potential Study, this increase in natural gas savings potential will require approximately an additional $20 million in funding for behavioral programs every year over the life of the Business Plan for program years 2018 through 2025. The analysis did not account for a transition from SoCalGas' current Advanced Meter Infrastructure (AMI) pilot program to a full program in the energy efficiency program portfolio. Currently, behavioral savings are funded through the SoCalGas Advanced Meter project, D.10-04-027, and upon completion of the Advanced Meter project at the end of 2017, SoCalGas will incorporate successful behavioral programs and techniques into the energy efficiency portfolio.

As a result of the learnings from SoCalGas' AMI behavior programs, SoCalGas believes that it can deliver residential behavior programs more cost-effectively than the analysis contained in the 2018 and Beyond Potential Goals and Study. In addition to the funding

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data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx. *See* D.17-09-025 Section 2.1 Realistic, Aggressive Yet Achievable Goals regarding the use of market potential to set post 2017-goals (p. 7).

[11] Changes to EM&V are made to meet the Commission requirements set forth in D.14-10-046 which direct 4% of program administrators' budgets be set aside for EM&V.

[12] 2018 Residential sector savings target of 3.98 million net therms as identified in the total incremental market potential for SoCalGas of the 2018 Potential Goal Study results viewer, retrieved at ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx. 2018 Residential sector savings target of 2.80 million net therms. SoCalGas, Energy Efficiency Business Plan, p. 67.

required to implement residential energy efficiency behavior programs, SoCalGas also requests additional funding to achieve non-behavior increases in residential potential. The incremental budget will be used to fund additional energy efficiency appliance rebates as well as implement residential direct install activities targeted at moderate income customers, hard to reach customers, and disadvantaged communities.

Commercial Sector

SoCalGas seeks an increase to the Commercial Sector budget of $1 million in 2018 to support additional behavioral energy savings potential identified in the 2018 Potential Study.[13] To ensure the commercial sector goals are achieved, the funding will be used to further enhance commercial behavior programs such as the Building Operator Certification which trains and educates commercial building operators about how to save energy by encouraging them to adopt energy-efficient behaviors and make building changes that reduce energy use. SoCalGas' AMI will be a major component of this certification. The commercial behavior activities will be coordinated with Workforce Education & Training.

Industrial Sector

The 2018 Potential Study identified an increase the industrial sector goals by more than 4.1 million net therms when compared to SoCalGas' Business Plan.[14] In order to achieve this increase in potential, SoCalGas will require an additional $8.4 million in 2018. The additional industrial sector budget will support an increase in third-party programs for SoCalGas' industrial mining customers in an effort to address the challenges encountered by the mining industry. In addition to supporting the mining industry, the incremental industrial budget will be used to reengage small to medium customers to implement a comprehensive resource acquisition strategy to capture greater energy savings.

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[13] 2018 Commercial sector behavioral savings target of 0.50 million net therms as identified in the incremental behavioral potential for SoCalGas of the 2018 Potential Goal Study results viewer, retrieved at ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx.

[14] 2018 industrial and mining sector savings target of 9.27 million net therms as identified in the total incremental market potential for SoCalGas of the 2018 Potential Goal Study results viewer, retrieved at ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx. 2018 Industrial sector savings target (which incorporates savings from the mining sector) of 5.15 million net therms. SoCalGas, Energy Efficiency Business Plan, p. 159.

SoCalGas Portfolio Energy Savings, Cost-Effectiveness, and Budget Caps/Targets

SoCalGas provides its energy savings forecast and portfolio cost-effectiveness (Table 2) and budget and budget caps/targets (Table 3) below:

Table 2: 2018 EE Portfolio Energy Savings Goals and Portfolio Cost-Effectiveness[15]

With Codes & Standards

	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	53,392,638	1.87	4.66
D.17-09-025	46,000,000		
% Forecast of Goal	116%		

Without Codes & Standards

	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	22,603,330	1.37	1.75
D.17-09-025	20,000,000		
% Forecast of Goal	113%		

The SoCalGas Total Resource Cost (TRC) and Program Administrator Cost (PAC) cost-effectiveness results reflect the inclusion of the following inputs:

- Uses the new cost-effectiveness showings in CET version 18.1, released September 25, 2017 and includes the interim GHG adder.
- A 5% market effects adjustment applied to the portfolio, as directed by D.12-11-015, OP 37.
- General Rate Case (GRC) loaders associated with the EE program labor, as directed by D.12-11-015, Ordering Paragraph (OP) 39.[16]
- A projected shareholder incentive amount associated with the approved portfolio budget and projected therm savings activity. This assumption conforms to the

[15] Information provided in Table 2 is based on SoCalGas' proposed budget for program year 2018.
[16] On January 11, 2012, Energy Division conveyed ALJ Fitch's direction that the GRC costs are to be included in calculating the prospective portfolio budget administration cap.

methodology adopted in the Efficiency Savings and Performance Incentive (ESPI) Mechanism in D.13-09-023.

Table 3: 2018 EE Portfolio Budget and Budget Caps/Targets[17]

			Budgets			
	Admin	Marketing	Direct	Incentives	EM&V	Total Budget
2018 EE Budget	$ 9,271,372	$ 5,755,116	$ 38,376,677	$ 42,243,408	$ 4,166,000	$ 99,812,573
GRC Labor Loaders	$ 5,578,957	$ 150,700	$ 1,099,653	$ -	$ -	$ 6,829,310
OBF Loan Pool						$ -
New Financing Pilots	$ 223,132	$ 238,898	$ 559,211	$ 776,346		$ 1,797,587
Statewide ME&O		$ 2,104,539				$ 2,104,539
Total EE Funding						**$ 110,544,010**
SoCalREN						$ 4,337,000
Total EE Funding w/SoCalREN						**$ 114,881,010**
Parameter Type	Cap	Target	Target		Budget	
Cap / Target Level	$ 10,146,564	$ 5,755,116	$ 28,178,981	$ 42,243,408	$ 4,166,000	
Total Budget for Calculation	$ 110,544,010	$ 110,544,010	$ 110,544,010	$ 110,544,010	$ 104,149,573	
Cap / Target Percent	9%	5%	25%	38%	4%	
Cap / Targets	10%	6%	20%	60%	4%	

Pursuant to OP 13 of D.09-09-047, the Commission determined that administrative costs are limited to 10% of the total authorized energy efficiency budget, and ME&O costs have a budget target of 6% of the adopted portfolio budget. SoCalGas has calculated its portfolio caps and targets for its 2018 portfolio and included them in Table 3 above.

SoCalGas notes the following assumptions:

- Funding for the SoCalGas On-Bill Financing Program loan pool recovered in gas transportation rates is included, but does not impact the calculations because the adopted level for 2018 is zero.
- Pursuant to D.13-12-038, the Statewide ME&O program costs are excluded from the marketing budget target.
- According to the direction contained in PG&E's AL 3356-G/4176-E, SoCalGas excluded those program costs[18] identified by Energy Division to be exempt from the cap and target calculation.[19]

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[17] Information provided in Table 3 is based on SoCalGas' proposed budget for program year 2018.

[18] Pursuant to Energy Division, programs exempt from Direct Implementation Non-Incentive Budget (DINI) costs target include non-resource programs or subprograms (i.e., Emerging Technologies, Workforce Education and Training, Lighting Market Transformation, local and statewide Integrated Demand Side Management, Continuous Energy Improvement, Strategic Energy Resources, and Ozone Laundry) and other exempt programs (i.e., Codes and

- D.14-10-046, as corrected by D.15-01-002, adopted a SoCalGas EM&V budget of $4,166,000, which is 4% of the total budget.

SoCalGas will report the status of its budget caps and targets based on actual expenditures in its quarterly reports submitted through the Commission's CEDARS website.

Program Closures

As part of SoCalGas' updated portfolio, SoCalGas plans to close the following programs in 2018, shown in Table 4. These programs have been in the market for two to three years without any significant market penetration. Given the dynamic changes in EE and the lack of market acceptance within each of the programs respective sub segment, these programs are no longer viable.

Table 4: SoCalGas Program Closures for Program Year 2018

Program Number	Main Program Name/Sub-Program Name	Reason for Program Closure
SCG3796	3P-IDEEA365-ODE for Campus Housing	Due to a new Commercial Recirculation Pump Control Workpaper, the savings for this program were significantly reduced, to the point where the program could no longer be delivered in a cost-effective manner.
SCG3797	3P-IDEEA365-Energy Advantage Program for Small Business	The results of the program showed that the program's identification of energy savings were significantly low compared to the program expenditures. The program has delivered below goal results with increasing costs and declining cost-effectiveness for the past two consecutive years, a trend which continued through 2017.
SCG3799	3P-IDEEA365-HBEEP	The scope of the Historic Building Energy Efficiency Program (HBEEP) encompassed the recruitment and enrollment of historic building home owners into energy efficiency rebate

Standards, and Finance programs), and non-resource DINI costs embedded in Government Partnerships.

[19] Disposition Approving PG&E's AL 3356-G/4176-E, at p. 5.

		and incentive programs (e.g., Home Upgrade/Advanced Home Upgrade Programs). As the Home Upgrade/advance Home Upgrade Programs ramp up, the HBEEP program will be incorporated and implemented as part of the Home Upgrade/Advanced Home Upgrade Programs.
SCG3800	3P-IDEEA365-Clear Ice	The program was intended to deliver gas savings from new and existing ice rinks but has not produced any projects since 2015. Since inception, the program has delivered below goal results with increasing costs.

<u>Competitively-Bid Portfolio Programs to Third Party Vendors</u>

SoCalGas' proposed 2018 budget in Table 1 also includes $34.3 million for competitively-bid third party implemented programs, which includes local third-party EE programs as well as third parties who implement SoCalGas' statewide EE programs. This constitutes 33% of the SoCalGas' total portfolio budget, which exceeds the Commission's current 20% requirement for competitively-bid programs.

<u>September 1, 2017 filing Comparison</u>

The following portfolio energy savings and cost-effectiveness information regarding SoCalGas' September 1, 2017 filing have been provided in Table 5 identifying the impacts of the interim GHG adder in the avoided cost calculator update directed in D.17-08-022. While the portfolio and budget information of the September 1, 2017 filing meets the Commission's TRC threshold of 1.25 without codes and standards,[20] savings achieved are forecasted to be below the updated 2018 goals. This showing is provided for informational purposes only.

[20] Energy Division Letter, p. 1.

Table 5: September 1, 2017 Filing Information on 2018 EE Portfolio Energy Savings Goals and Portfolio Cost-Effectiveness

With Codes & Standards

	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	47,968,816	1.91	5.37
D.17-09-025	46,000,000		
% Forecast of Goal	104%		

Without Codes & Standards

	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	17,179,508	1.34	1.74
D.17-09-025	20,000,000		
% Forecast of Goal	86%		

The SoCalGas TRC and PAC cost-effectiveness results reflect the inclusion of the following inputs:

- Uses the new cost effectiveness showings in CET version 18.1, released September 25, 2017 and includes interim GHG adder.
- A 5% market effects adjustment applied to the portfolio, as directed by D.12-11-015, OP 37.
- GRC loaders associated with the EE program labor, as directed by D.12-11-015, OP 39.[21]
- A projected shareholder incentive amount associated with the approved portfolio budget and projected therm savings activity. This assumption conforms to the methodology adopted in the ESPI Mechanism in D.13-09-023.

Revenue Requirements

The table below summarizes the revenue requirement impact by class of service. In addition, SoCalGas provides herein as Appendix B the Gas Bill Payer Impacts table comparing present and proposed rates associated with the inclusion of SoCalGas' proposed 2018 budget in its gas transportation rates.

Table 6: Revenue Requirement by Customer Class

Customer Class	Applicable Rate	Increase/(Decrease)

[21] On January 11, 2012, Energy Division conveyed ALJ Fitch's direction that the GRC costs are to be included in calculating the prospective portfolio budget administration cap.

	Schedules	($000s)
Core	GR, GS, GM, GO-AC, G-NGVR, GL, G-10, G-AC, G-EN, G-NGV	$17,157
Non-Core	GT-NC, GT-TLS	$1,421
Total		**$18,578**

Protests

Anyone may protest this AL to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this AL, which is December 12, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@SempraUtilities.com

Effective Date

In accordance with the Energy Division letter, this AL is designated as Tier 3 pursuant to General Order (GO) 96-B and, as such, requires a Commission resolution to approve. SoCalGas respectfully requests that this AL be approved by the Commission at the earliest opportunity, and made effective on October 2, 2017, which is 30 days from the date AL 5183 was filed.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service lists for R.13-11-005 and A.17-01-013, et. al. Address change requests to the GO 96-B service list should be directed by electronic mail to tariffs@socalgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 9O4G)**

Utility type:
☐ ELC ☒ GAS
☐ PLC ☐ HEAT ☐ WATER

Contact Person: Ray B. Ortiz
Phone #: (213) 244-3837
E-mail: ROrtiz@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5183-A

Subject of AL: Supplement - Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.17-09-025, D.09-09-047

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? ☐ Yes ☒ No

Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date: 10/2/17

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company
Attention: Ray B. Ortiz
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
ROrtiz@semprautilities.com
Tariffs@socalgas.com

[1] Discuss in AL if more space is needed.

APPENDIX A

Advice No. 5183-A

PA Name: Southern California Gas Company
Budget Year: 2018

Table 1: Bill Payer Impacts - Rates by Customer Class

	Electric Average Rate (Res and Non-Res) $/kwh	Gas Average Rate (Res and Non-Res) $/therm	Total Average Bill Savings by Year ($)	Total Average Lifecycle Bill Savings ($)
Present Rates - System Average				
2013	$ -	$ 0.97	$ 25,170,200	$ 254,241,085
2014	$ -	$ 1.16	$ 31,505,918	$ 338,528,091
2015	$ -	$ 1.16	$ 29,661,771	$ 187,282,582
2016	$ -	$ 1.10	$ 39,684,666	$ 187,073,863
2017	$ -	$ 1.10	$ 41,798,315	$ 342,082,144
2018	**$ -**	**$ 1.16**	**$ 75,659,548**	**$ 487,708,103**

[1] Average first year gas bill savings is calculated by multiplying an average gas rate with first year gross therm energy savings.
[2] Total Average Bill Savings by Year includes C&S and ESA Programs.
[3] Total Average Lifecycle Bill Savings does not include C&S and ESA programs.
[4] Total Average Lifecycle Bill Savings does not include C&S programs for 2016.
[5] Average lifecycle gas bill savings is calculated by multiplying an average gas rate with lifecycle gross therm energy savings.
[6] Forecasted savings for 2013-2015 savings are taken from the 2015 energy efficiency annual report.
[7] Forecasted savings for 2016 savings are taken from the 2016 energy efficiency annual report.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 2a: Electric Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Electric Annual Revenue $000	2016 Energy Efficiency Portion of Total Electric Annual Revenue $000	2017 Energy Efficiency Portion of Total Electric Annual Revenue $000	2018 Proposed Energy Efficiency Electric Annual Revenue Change $000	2018 Proposed Percentage Change In Electric Revenue and Rates	2016 Electric Average Rate $/kwh	2016 Energy Efficiency Portion of Electric Average Rate $/kwh	2017 Electric Average Rate $/kwh	2017 Energy Efficiency Portion of Electric Average Rate $/kwh	2018 Proposed Electric Average Rate Change $/kwh	2018 Proposed Percentage Change In Electric Revenue and Rates

Table 2b: Gas Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Gas Annual Revenue $000	2016 Energy Efficiency Portion of Total Gas Annual Revenue $000	2017 Energy Efficiency Portion of Total Gas Annual Revenue $000	2018 Proposed Energy Efficiency Gas Annual Revenue Change $000	2018 Proposed Percentage Change In Gas Revenue and Rates	2016 Gas Average Rate $/Therm	2016 Energy Efficiency Portion of Gas Average Rate $/Therm	2017 Gas Average Rate $/Therm	2017 Energy Efficiency Portion of Gas Average Rate $/Therm	2018 Proposed Gas Average Rate Change $/Therm	2018 Proposed Percentage Change In Gas Revenue and Rates
Residential	$ 218,385	$ 33,837	$ 33,890	$ 41,183	21.5%	$ 0.09955	$ 0.01542	$ 0.09842	$ 0.01491	$ 0.00300	3.0%
Core Commercial/Industrial	$ 69,289	$ 44,276	$ 44,345	$ 53,888	21.5%	$ 0.07127	$ 0.04554	$ 0.07134	$ 0.04388	$ 0.00943	13.2%
Gas Air Conditioning	$ 84	$ 64	$ 64	$ 77	21.5%	$ 0.10142	$ 0.07720	$ 0.10906	$ 0.08260	$ 0.01778	16.3%
Gas Engine	$ 1,261	$ 851	$ 852	$ 1,036	21.5%	$ 0.07518	$ 0.05073	$ 0.06834	$ 0.04117	$ 0.00886	13.0%
Non-Core Commercial/Industrial	$ 43,188	$ 6,544	$ 6,555	$ 7,965	21.5%	$ 0.02811	$ 0.00426	$ 0.03042	$ 0.00433	$ 0.00093	3.1%

[1] Proposed Change in Annual Revenue for Energy Efficiency programs as compared to current Energy Efficiency Revenue by customer class.
[2] Represents the change in the amounts collected through the Public Purpose Program Surcharge for Energy Efficiency.
[3] Proposed Change in the Energy Efficiency Component of the Public Purpose Program Surcharge by customer class.
[4] Represents the % change in the Energy Efficiency component of the Public Purpose Program Surcharge.
[5] Proposed revenue and rate changes compare to total revenues and rates effective January 1, 2017.
[6] Values shown associated with proposed 2018 SoCalGas EE budget to be collected in rates only. Does not include statewide ME&O budget.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 3: Budget and Cost Recovery by Funding Source

	2018
2018 EE Portfolio Budget	$ 104,149,573
Unspent/Uncommitted EM&V Carryover Funds from 2016	$ -
Unspent/Uncommitted Program Carryover Funds from 2016	$ -
Total Funding Request for 2018 EE Portfolio	**$ 104,149,573**

Budget by Funding Source

2018 Authorized (Before Carryover)	2018 Budget	Allocation
Electric Procurement EE Funds	$ -	
Gas PPP Surcharge Funds	$ 104,149,573	100%
Total Funds	**$ 104,149,573**	

Revenue Requirement for Cost Recovery by Funding Source

2018 Authorized Funding in Rates (including 2015 carryover	2018 Revenue Requirement	Allocation after Carryover adjustment
Electric Procurement EE Funds	$ -	$ -
Gas PPP Surcharge Funds	$ 104,149,573	$ 104,149,573
Total Funds	**$ 104,149,573**	**$ 104,149,573**

Unspent/Uncommitted Carryover Funds (in positive $ amounts)

Total Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016				$ -	$ -
2013-2015				$ -	$ -
Total Pre-2016				**$ -**	**$ -**

EM&V Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016				$ -	$ -
2013-2015				$ -	$ -
Total Pre-2016				**$ -**	**$ -**

Program Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016				$ -	$ -
2013-2015				$ -	$ -
Total Pre-2016				**$ -**	**$ -**

PA Name: Southern California Gas Company
Budget Year: 2018

Table 4: Budget, Spent, Unspent, Carryover Details

New/Existing Program #	Main Program Name / Sub-Program Name	2013-2015 Budget, Spent, Unspent and Carryover: 2015 Authorized Budget	2015 Total Budget with Commitments & Fundshifts	2015 Total Budget Spent	Pre-2013 Commitments Remaining as of 12/31/15	2013-2015 Unspent/Uncommited Funds Returned to Ratepayers	2013-2015 Commitments as of 12/31/15	Pre-2016 Unspent/Uncommitted Funds Available for 2018 offset	2016 Budget, Spent, Unspent and Carryover: 2016 Authorized Budget	2016 Total Budget with Commitments & Fundshifts	2016 Total Budget Spent	2016 Unspent/Uncommited Funds Returned to Ratepayers	2016 Commitments as of 12/31/16	Pre-2017 Unspent/Uncommitted Funds Available for 2018 offset	2017 Budget, Fundshifts and Spending to Date: 2017 Authorized Budget	2017 Fundshifts	2017 Total Budget	2017 Budget Spent as of 06/30/2017	2018 Proposed Budget: 2018 Proposed Budget	2018 Budget Offset from Pre-2016 Carryover (Col J + Col P)	2018 Funds Requested	Program Type	Market Sector	Resource or Non-resource	Program Status	Utility Grouping
	Residential Energy Efficiency Programs Total	$ 19,579,342	$ 24,925,014	$ 20,642,221	$ 331,975	$ -	$ 5,345,672	$ -	$ 19,579,342	$ 19,579,342	$ 23,425,187	$ -	$ (3,845,845)	$ -	$ 19,579,342	$ -	$ 19,579,342	$ 9,394,532	$ 29,973,342	$ -	$ 29,973,342	Core - SW	Residential	Resource	Existing	Residential Programs
SCG3701	RES-Energy Advisor	$ 757,889	$ 1,447,393	$ 135,132	$ 251,832	$ -	$ 689,503	$ -	$ 757,889	$ 757,889	$ 373,030	$ -	$ 384,860	$ -	$ 757,889	$ (400,000)	$ 357,889	$ 315,139	$ 6,757,889	$ -	$ 6,757,889	Core - SW	Residential	Resource	Existing	Energy Advisor
SCG3702	RES-Plug Load and Appliances	$ 4,193,046	$ 4,325,805	$ 6,329,113	$ -	$ -	$ 132,759	$ -	$ 4,193,046	$ 4,193,046	$ 4,857,484	$ -	$ (664,438)	$ -	$ 4,193,046	$ 532,000	$ 4,725,046	$ 3,137,829	$ 5,693,046	$ -	$ 5,693,046	Core - SW	Residential	Resource	Existing	PLA
SCG3703	RES-Plug Load and Appliances - POS	$ 2,287,108	$ 5,400,070	$ 2,624,813	$ -	$ -	$ 1,212,962	$ -	$ 2,287,108	$ 2,287,108	$ 2,414,094	$ -	$ (126,986)	$ -	$ 2,287,108	$ (1,032,000)	$ 1,255,108	$ 2,747,916	$ 3,287,108	$ -	$ 3,287,108	Core - SW	Residential	Resource	Existing	PLA
SCG3704	RES-MFEER	$ 1,328,972	$ 2,758,647	$ 851,267	$ -	$ -	$ 1,429,675	$ -	$ 1,328,972	$ 1,328,972	$ 617,625	$ -	$ 711,348	$ -	$ 1,075,172	$ (1,690,000)	$ (614,828)	$ 375,936	$ 1,075,172	$ -	$ 1,075,172	Core - SW	Residential	Resource	Existing	MFEER
SCG3705	RES-Home Upgrade Program	$ 6,767,345	$ 4,867,345	$ 7,033,701	$ -	$ -	$ -	$ -	$ 6,767,345	$ 6,767,345	$ 12,021,934	$ -	$ (5,254,589)	$ -	$ 6,371,145	$ 4,955,000	$ 11,326,145	$ 2,016,656	$ 6,674,145	$ -	$ 6,674,145	Core - SW	Residential	Resource	Existing	Whole House
SCG3706	RES-Residential HVAC	$ 1,409,054	$ 2,552,157	$ 16,558	$ -	$ -	$ 1,143,103	$ -	$ 1,409,054	$ 1,409,054	$ 514,956	$ -	$ 894,098	$ -	$ 1,409,054	$ (2,000,000)	$ (590,946)	$ 8,815	$ 3,000,054	$ -	$ 3,000,054	Core - SW	Residential	Resource	Existing	HVAC
SCG3707	RES-RNC	$ 2,835,928	$ 3,573,599	$ 3,651,638	$ 80,143	$ -	$ 737,670	$ -	$ 2,835,928	$ 2,835,928	$ 2,626,065	$ -	$ 209,864	$ -	$ 2,472,928	$ (365,000)	$ 2,107,928	$ 792,240	$ 2,472,928	$ -	$ 2,472,928	Core - SW	Residential	Resource	Existing	New Construction
SCG3808	RES-HOPPS-CWHMBS Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 650,000	$ -	$ 650,000	$ -	$ 650,000	$ -	$ 650,000	Core - SW	Residential	Resource	Existing	HOPPs
SCG3810	RES-AB793-REMTS Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 363,000	$ -	$ 363,000	$ -	$ 363,000	$ -	$ 363,000	Core - SW	Residential	Resource	New	AB793
	Commercial Programs Total	$ 10,737,344	$ 13,717,775	$ 9,562,312	$ 173,000	$ -	$ 2,980,431	$ -	$ 10,737,344	$ 10,737,344	$ 12,144,119	$ -	$ (1,406,776)	$ -	$ 11,812,344	$ -	$ 11,812,344	$ 1,384,971	$ 12,812,344	$ -	$ 12,812,344	Core - SW	Commercial	Resource	Revised	Commercial Programs
SCG3708	COM-Energy Advisor	$ 516,008	$ 603,508	$ 498,213	$ -	$ -	$ 87,500	$ -	$ 516,008	$ 516,008	$ 367,470	$ -	$ 148,538	$ -	$ 516,008	$ -	$ 516,008	$ 152,720	$ 1,516,008	$ -	$ 1,516,008	Core - SW	Commercial	Resource	Existing	Energy Advisor
SCG3709	COM-CEI	$ 200,329	$ 251,699	$ 410,114	$ -	$ -	$ 51,370	$ -	$ 200,329	$ 200,329	$ 149,945	$ -	$ 50,384	$ -	$ 200,329	$ -	$ 200,329	$ 45,350	$ 200,329	$ -	$ 200,329	Core - SW	Commercial	Resource	Existing	CEI
SCG3710	COM-Calculated Incentives	$ 5,195,394	$ 7,411,710	$ 3,567,649	$ 173,000	$ -	$ 2,716,316	$ -	$ 5,195,394	$ 5,195,394	$ 5,997,773	$ -	$ (802,379)	$ -	$ 3,445,394	$ -	$ 3,445,394	$ (1,417,669)	$ 3,445,394	$ -	$ 3,445,394	Core - SW	Commercial	Resource	Existing	Calculated Incentives
SCG3711	COM-Deemed Incentives	$ 4,497,331	$ 5,122,576	$ 5,063,505	$ -	$ -	$ 125,245	$ -	$ 4,497,331	$ 4,497,331	$ 5,416,731	$ -	$ (919,400)	$ -	$ 4,497,331	$ 1,000,000	$ 5,497,331	$ 2,613,963	$ 4,497,331	$ -	$ 4,497,331	Core - SW	Commercial	Resource	Existing	Deemed Incentives
SCG3712	COM-NonRes HVAC	$ 328,282	$ 328,282	$ 22,831	$ -	$ -	$ -	$ -	$ 328,282	$ 328,282	$ 159,324	$ -	$ 168,958	$ -	$ 328,282	$ -	$ 328,282	$ 511	$ 328,282	$ -	$ 328,282	Core - SW	Commercial	Resource	Existing	HVAC
SCG3805	COM-Direct Install Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,877	$ -	$ (52,877)	$ -	$ 1,750,000	$ (1,000,000)	$ 750,000	$ (10,271)	$ 1,750,000	$ -	$ 1,750,000	Core - SW	Commercial	Resource	Existing	Direct Install
SCG3807	COM-HOPPS-CRR Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 480,000	$ -	$ 480,000	$ 367	$ 480,000	$ -	$ 480,000	Core - SW	Commercial	Resource	Existing	HOPPs
SCG3809	COM-AB793-CEMTL Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 595,000	$ -	$ 595,000	$ -	$ 595,000	$ -	$ 595,000	Core - SW	Commercial	Resource	New	AB793
	Industrial Programs Total	$ 11,173,217	$ 25,628,955	$ 7,667,056	$ 665,187	$ -	$ 14,995,738	$ -	$ 11,173,217	$ 9,010,293	$ 6,090,093	$ -	$ 2,920,200	$ -	$ 11,173,217	$ -	$ 11,173,217	$ 1,482,292	$ 19,407,217	$ -	$ 19,407,217	Core - SW	Industrial	Resource	Existing	Industrial Programs
SCG3713	IND-Energy Advisor	$ 615,730	$ 615,730	$ 175,899	$ -	$ -	$ -	$ -	$ 615,730	$ 615,730	$ 158,394	$ -	$ 457,336	$ -	$ 615,730	$ -	$ 615,730	$ 32,701	$ 615,730	$ -	$ 615,730	Core - SW	Industrial	Non-Resource	Existing	Energy Advisor
SCG3714	IND-CEI	$ 324,017	$ 686,549	$ 518,353	$ -	$ -	$ 362,532	$ -	$ 324,017	$ 324,017	$ 209,012	$ -	$ 115,005	$ -	$ 324,017	$ -	$ 324,017	$ 51,920	$ 324,017	$ -	$ 324,017	Core - SW	Industrial	Resource	Existing	CEI
SCG3715	IND-Calculated Incentives	$ 9,184,880	$ 23,267,336	$ 6,024,838	$ 665,187	$ -	$ 14,622,456	$ -	$ 9,184,880	$ 7,021,956	$ 4,406,250	$ -	$ 2,615,706	$ -	$ 9,184,880	$ -	$ 9,184,880	$ 957,016	$ 15,184,880	$ -	$ 15,184,880	Core - SW	Industrial	Resource	Existing	Calculated Incentives
SCG3716	IND-Deemed Incentives	$ 1,048,590	$ 1,059,340	$ 947,966	$ -	$ -	$ 10,750	$ -	$ 1,048,590	$ 1,048,590	$ 1,316,438	$ -	$ (267,848)	$ -	$ 1,048,590	$ -	$ 1,048,590	$ 440,655	$ 3,282,590	$ -	$ 3,282,590	Core - SW	Industrial	Resource	Existing	Deemed Incentives
	Agricultural Programs Total	$ 4,238,506	$ 8,239,149	$ 919,296	$ -	$ -	$ 4,000,642	$ -	$ 4,238,506	$ 4,238,506	$ 2,330,444	$ -	$ 1,908,062	$ -	$ 3,163,506	$ -	$ 3,163,506	$ 683,983	$ 3,163,506	$ -	$ 3,163,506	Core - SW	Agricultural	Resource	Existing	Agricultural Programs
SCG3717	AG-Energy Advisor	$ 39,703	$ 84,457	$ 25,585	$ -	$ -	$ 44,754	$ -	$ 39,703	$ 39,703	$ 28,141	$ -	$ 11,562	$ -	$ 39,703	$ -	$ 39,703	$ 13,077	$ 39,703	$ -	$ 39,703	Core - SW	Agricultural	Non-Resource	Existing	Energy Advisor
SCG3718	AG-CEI	$ 32,200	$ 81,258	$ 34,603	$ -	$ -	$ 49,058	$ -	$ 32,200	$ 32,200	$ 7,703	$ -	$ 24,497	$ -	$ 32,200	$ -	$ 32,200	$ 4,792	$ 32,200	$ -	$ 32,200	Core - SW	Agricultural	Resource	Existing	CEI
SCG3719	AG-Calculated Incentives	$ 3,663,775	$ 7,570,605	$ 330,050	$ -	$ -	$ 3,906,830	$ -	$ 3,663,775	$ 3,663,775	$ 1,597,602	$ -	$ 2,066,172	$ -	$ 2,588,775	$ -	$ 2,588,775	$ 319,057	$ 2,588,775	$ -	$ 2,588,775	Core - SW	Agricultural	Resource	Existing	Calculated Incentives
SCG3720	AG-Deemed Incentives	$ 502,829	$ 502,829	$ 529,058	$ -	$ -	$ -	$ -	$ 502,829	$ 502,829	$ 696,997	$ -	$ (194,169)	$ -	$ 502,829	$ -	$ 502,829	$ 347,057	$ 502,829	$ -	$ 502,829	Core - SW	Agricultural	Resource	Existing	Deemed Incentives
	Emerging Technologies Programs Total	$ 1,272,335	$ 2,322,344	$ 1,083,188	$ -	$ -	$ 510,010	$ -	$ 1,272,335	$ 1,272,335	$ 1,032,080	$ -	$ 240,255	$ -	$ 1,272,335	$ -	$ 1,272,335	$ 375,346	$ 1,272,335	$ -	$ 1,272,335	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
SCG3721	ET-Technology Development Support	$ 63,575	$ 843,590	$ 180,963	$ -	$ -	$ 240,015	$ -	$ 63,575	$ 63,575	$ 111,763	$ -	$ (48,188)	$ -	$ 63,575	$ -	$ 63,575	$ 62,850	$ 63,575	$ -	$ 63,575	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
SCG3722	ET-Technology Assessment Support	$ 508,588	$ 1,549,623	$ 687,183	$ -	$ -	$ 41,036	$ -	$ 508,588	$ 508,588	$ 506,850	$ -	$ 1,738	$ -	$ 508,588	$ -	$ 508,588	$ 135,602	$ 508,588	$ -	$ 508,588	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
SCG3723	ET-Technology Introduction Support	$ 700,172	$ (70,869)	$ 215,042	$ -	$ -	$ 228,959	$ -	$ 700,172	$ 700,172	$ 373,856	$ -	$ 326,316	$ -	$ 564,172	$ -	$ 564,172	$ 143,766	$ 700,172	$ -	$ 700,172	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
SCG3806	Water AMI Pilot	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 39,611	$ -	$ (39,611)	$ -	$ 136,000	$ -	$ 136,000	$ 33,129	$ -	$ -	$ -	Core - SW	Cross Cutting	Non-Resource	Existing	Emerging Technology Programs
	Codes & Standards Programs Total	$ 842,591	$ 1,889,500	$ 552,494	$ -	$ -	$ 1,046,909	$ -	$ 842,591	$ 842,591	$ 1,161,066	$ -	$ (318,475)	$ -	$ 842,591	$ -	$ 842,591	$ 588,788	$ 842,591	$ -	$ 842,591	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3724	C&S-Building Codes & Compliance Advocacy	$ 209,995	$ 264,211	$ 229,153	$ -	$ -	$ 54,216	$ -	$ 209,995	$ 209,995	$ 477,044	$ -	$ (267,049)	$ -	$ 209,995	$ -	$ 209,995	$ 139,858	$ 209,995	$ -	$ 209,995	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3725	C&S-Appliance Standards Advocacy	$ 167,482	$ 486,512	$ 92,067	$ -	$ -	$ 319,030	$ -	$ 167,482	$ 167,482	$ 237,348	$ -	$ (69,867)	$ -	$ 167,482	$ -	$ 167,482	$ 117,734	$ 167,482	$ -	$ 167,482	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3726	C&S-Compliance Enhancement	$ 251,207	$ 452,555	$ 163,320	$ -	$ -	$ 201,348	$ -	$ 251,207	$ 251,207	$ 259,016	$ -	$ (7,809)	$ -	$ 251,207	$ -	$ 251,207	$ 143,814	$ 251,207	$ -	$ 251,207	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3727	C&S-Reach Codes	$ 85,374	$ 284,817	$ 22,469	$ -	$ -	$ 199,443	$ -	$ 85,374	$ 85,374	$ 29,942	$ -	$ 55,431	$ -	$ 85,374	$ -	$ 85,374	$ 20,996	$ 85,374	$ -	$ 85,374	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
SCG3728	C&S-Planning Coordination	$ 128,533	$ 401,405	$ 45,486	$ -	$ -	$ 272,872	$ -	$ 128,533	$ 128,533	$ 157,716	$ -	$ (29,183)	$ -	$ 128,533	$ -	$ 128,533	$ 166,384	$ 128,533	$ -	$ 128,533	Core - SW	Cross Cutting	Codes and Standards	Existing	Codes and Standards
	Workforce Education & Training Programs Total	$ 3,128,997	$ 3,567,970	$ 2,901,274	$ -	$ -	$ 438,973	$ -	$ 3,128,997	$ 3,128,997	$ 2,689,640	$ -	$ 439,357	$ -	$ 3,128,997	$ -	$ 3,128,997	$ 1,352,156	$ 3,128,997	$ -	$ 3,128,997	Core - SW	Cross Cutting	Non-Resource	Existing	WE&T Programs
SCG3729	WE&T-Centergies	$ 2,548,697	$ 2,718,916	$ 2,482,481	$ -	$ -	$ 45,218	$ -	$ 2,548,697	$ 2,548,697	$ 2,416,109	$ -	$ 132,588	$ -	$ 2,548,697	$ -	$ 2,548,697	$ 1,247,010	$ 2,548,697	$ -	$ 2,548,697	Core - SW	Cross Cutting	Non-Resource	Existing	WE&T Programs
SCG3730	WE&T-Connections	$ 429,952	$ 581,148	$ 406,751	$ -	$ -	$ 151,196	$ -	$ 429,952	$ 429,952	$ 239,824	$ -	$ 190,128	$ -	$ 429,952	$ -	$ 429,952	$ 85,011	$ 429,952	$ -	$ 429,952	Core - SW	Cross Cutting	Non-Resource	Existing	WE&T Programs
SCG3731	WE&T-Strategic Planning	$ 150,348	$ 267,906	$ 12,042	$ -	$ -	$ 242,558	$ -	$ 150,348	$ 150,348	$ 33,707	$ -	$ 116,641	$ -	$ 150,348	$ -	$ 150,348	$ 20,135	$ 150,348	$ -	$ 150,348	Core - SW	Cross Cutting	Non-Resource	Existing	WE&T Programs
	Statewide DSM Coordination & Integration Program Total	$ 581,750	$ 581,750	$ 305,327	$ -	$ -	$ -	$ -	$ 581,750	$ 581,750	$ 461,469	$ -	$ 120,281	$ -	$ 581,750	$ -	$ 581,750	$ 183,731	$ 581,750	$ -	$ 581,750	Core - SW	Cross Cutting	Non-Resource	Existing	DSM Integration Programs
SCG3734	IDSM-IDSM	$ 581,750	$ 581,750	$ 305,327	$ -	$ -	$ -	$ -	$ 581,750	$ 581,750	$ 461,469	$ -	$ 120,281	$ -	$ 581,750	$ -	$ 581,750	$ 183,731	$ 581,750	$ -	$ 581,750	Core - SW	Cross Cutting	Non-Resource	Existing	DSM Integration Programs
	Financing Programs Total	$ 2,264,324	$ 14,168,750	$ 3,016,404	$ -	$ -	$ 11,904,426	$ -	$ 2,264,324	$ 2,264,324	$ 1,513,227	$ -	$ 751,098	$ -	$ 2,264,324	$ -	$ 2,264,324	$ 760,246	$ 2,264,324	$ -	$ 2,264,324	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
SCG3735	FIN-On-Bill Financing	$ 878,579	$ 2,552,784	$ 248,700	$ -	$ -	$ 1,674,204	$ -	$ 878,579	$ 878,579	$ 206,866	$ -	$ 671,713	$ -	$ 878,579	$ -	$ 878,579	$ 121,286	$ 878,579	$ -	$ 878,579	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
SCG3736	FIN-ARRA-Originated Financing	$ 1,385,745	$ 4,353,385	$ 637,397	$ -	$ -	$ 2,967,640	$ -	$ 1,385,745	$ 1,385,745	$ 283,889	$ -	$ 1,101,856	$ -	$ 1,385,745	$ (133,327)	$ 1,252,418	$ 159,341	$ 1,385,745	$ -	$ 1,385,745	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
SCG3737	FIN-New Financing Offerings	$ -	$ 7,099,895	$ 1,337,892	$ -	$ -	$ 7,099,895	$ -	$ -	$ -	$ 1,202,716	$ -	$ (1,202,716)	$ -	$ -	$ 133,327	$ 133,327	$ 329,800	$ -	$ -	$ -	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
SCG3803	FIN-California Hub for EE Financing	$ -	$ 162,687	$ 792,505	$ -	$ -	$ 162,687	$ -	$ -	$ -	$ (180,245)	$ -	$ 180,245	$ -	$ -	$ -	$ -	$ 149,821	$ -	$ -	$ -	Core - SW	Cross Cutting	Resource	Existing	Financing Programs
	Institutional Partnership Programs Total	$ 1,350,130	$ 3,239,183	$ 735,566	$ -	$ -	$ 1,889,053	$ -	$ 1,350,130	$ 1,350,130	$ 712,024	$ -	$ 638,106	$ -	$ 1,350,130	$ -	$ 1,350,130	$ 212,483	$ 1,350,130	$ -	$ 1,350,130	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3738	LInstP-CA Department of Corrections Partnership	$ 256,482	$ 784,805	$ 98,265	$ -	$ -	$ 528,323	$ -	$ 256,482	$ 256,482	$ 107,426	$ -	$ 149,056	$ -	$ 256,482	$ -	$ 256,482	$ 6,921	$ 256,482	$ -	$ 256,482	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3739	LInstP-California Community College Partnership	$ 372,082	$ 478,141	$ 337,260	$ -	$ -	$ 106,059	$ -	$ 372,082	$ 372,082	$ 310,994	$ -	$ 61,088	$ -	$ 372,082	$ -	$ 372,082	$ 101,415	$ 372,082	$ -	$ 372,082	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3740	LInstP-UC/CSU/IOU Partnership	$ 471,035	$ 1,132,792	$ 220,579	$ -	$ -	$ 661,757	$ -	$ 471,035	$ 471,035	$ 213,724	$ -	$ 257,311	$ -	$ 471,035	$ -	$ 471,035	$ 89,899	$ 471,035	$ -	$ 471,035	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3741	LInstP-State of CA/IOU Partnership	$ 250,531	$ 843,445	$ 79,462	$ -	$ -	$ 592,914	$ -	$ 250,531	$ 250,531	$ 79,881	$ -	$ 170,650	$ -	$ 250,531	$ -	$ 250,531	$ 14,248	$ 250,531	$ -	$ 250,531	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
	Government Partnership Programs Total	$ 3,495,821	$ 8,116,448	$ 2,221,304	$ -	$ -	$ 4,620,627	$ -	$ 3,495,821	$ 3,495,821	$ 2,049,858	$ -	$ 1,445,963	$ -	$ 3,495,821	$ -	$ 3,495,821	$ 852,296	$ 3,495,821	$ -	$ 3,495,821	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3742	LGP-LA Co Partnership	$ 227,492	$ 564,975	$ 138,376	$ -	$ -	$ 337,483	$ -	$ 227,492	$ 227,492	$ 146,448	$ -	$ 81,044	$ -	$ 227,492	$ -	$ 227,492	$ 24,714	$ 227,492	$ -	$ 227,492	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3743	LGP-Kern Co Partnership	$ 104,789	$ 144,754	$ 72,650	$ -	$ -	$ 39,965	$ -	$ 104,789	$ 104,789	$ 80,481	$ -	$ 24,308	$ -	$ 104,789	$ -	$ 104,789	$ 22,820	$ 104,789	$ -	$ 104,789	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3744	LGP-Riverside Co Partnership	$ 141,676	$ 386,753	$ 58,199	$ -	$ -	$ 245,077	$ -	$ 141,676	$ 141,676	$ 61,526	$ -	$ 80,150	$ -	$ 141,676	$ -	$ 141,676	$ 24,485	$ 141,676	$ -	$ 141,676	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3745	LGP-San Bernardino Co Partnership	$ 142,985	$ 371,734	$ 53,912	$ -	$ -	$ 228,749	$ -	$ 142,985	$ 142,985	$ 48,651	$ -	$ 94,334	$ -	$ 142,985	$ -	$ 142,985	$ 23,152	$ 142,985	$ -	$ 142,985	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3746	LGP-Santa Barbara Co Partnership	$ 123,769	$ 229,564	$ 83,261	$ -	$ -	$ 105,795	$ -	$ 123,769	$ 123,769	$ 88,470	$ -	$ 35,299	$ -	$ 123,769	$ -	$ 123,769	$ 50,583	$ 123,769	$ -	$ 123,769	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3747	LGP-South Bay Cities Partnership	$ 156,042	$ 434,310	$ 252,363	$ -	$ -	$ 107,518	$ -	$ 156,042	$ 156,042	$ 144,005	$ -	$ 12,037	$ -	$ 156,042	$ -	$ 156,042	$ 78,543	$ 156,042	$ -	$ 156,042	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3748	LGP-San Luis Obispo Co Partnership	$ 102,309	$ 159,048	$ 109,753	$ -	$ -	$ 28,109	$ -	$ 102,309	$ 102,309	$ 68,311	$ -	$ 33,997	$ -	$ 102,309	$ -	$ 102,309	$ 31,510	$ 102,309	$ -	$ 102,309	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3749	LGP-San Joaquin Valley Partnership	$ 115,285	$ 205,749	$ 89,649	$ -	$ -	$ 90,464	$ -	$ 115,285	$ 115,285	$ 79,676	$ -	$ 35,609	$ -	$ 115,285	$ -	$ 115,285	$ 35,713	$ 115,285	$ -	$ 115,285	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3750	LGP-Orange County Cities Partnership	$ 153,703	$ 380,407	$ 63,531	$ -	$ -	$ 226,704	$ -	$ 153,703	$ 153,703	$ 61,057	$ -	$ 92,645	$ -	$ 153,703	$ -	$ 153,703	$ 29,494	$ 153,703	$ -	$ 153,703	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3751	LGP-SEEC Partnership	$ 147,698	$ 217,796	$ 167,230	$ -	$ -	$ 70,098	$ -	$ 147,698	$ 147,698	$ 179,830	$ -	$ (32,132)	$ -	$ 147,698	$ -	$ 147,698	$ 37,866	$ 147,698	$ -	$ 147,698	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3752	LGP-Community Energy Partnership	$ 139,684	$ 155,179	$ 143,856	$ -	$ -	$ 15,495	$ -	$ 139,684	$ 139,684	$ 134,172	$ -	$ 5,512	$ -	$ 139,684	$ -	$ 139,684	$ 11,835	$ -	$ -	$ -	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3753	LGP-Desert Cities Partnership	$ 18,034	$ 49,638	$ 10,645	$ -	$ -	$ 31,604	$ -	$ 18,034	$ 18,034	$ 12,019	$ -	$ 6,015	$ -	$ 18,034	$ -	$ 18,034	$ 5,522	$ 18,034	$ -	$ 18,034	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3754	LGP-Ventura County Partnership	$ 171,544	$ 346,207	$ 92,825	$ -	$ -	$ 203,293	$ -	$ 171,544	$ 171,544	$ 133,084	$ -	$ 38,460	$ -	$ 171,544	$ -	$ 171,544	$ 62,062	$ 171,544	$ -	$ 171,544	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3755	LGP-Local Government Energy Efficiency Pilots	$ 215,000	$ 516,574	$ 1,926	$ -	$ -	$ 472,324	$ -	$ 215,000	$ 215,000	$ 4,181	$ -	$ 210,819	$ -	$ 215,000	$ -	$ 215,000	$ 133	$ 215,000	$ -	$ 215,000	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3773	LGP-New Partnership Programs	$ 299,443	$ 643,443	$ (523)	$ -	$ -	$ 645,845	$ -	$ 299,443	$ (2,402)	$ (140)	$ -	$ (2,262)	$ -	$ 48,590	$ -	$ 48,590	$ (2)	$ 288,926	$ -	$ 288,926	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3774	LGP-LG Regional Resource Placeholder	$ 325,955	$ 436,297	$ 337,172	$ -	$ -	$ 110,342	$ -	$ 325,955	$ 325,955	$ 247,456	$ -	$ 78,499	$ -	$ 325,955	$ -	$ 325,955	$ 106,449	$ 325,955	$ -	$ 325,955	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3776	LGP-Gateway Cities Partnership	$ 174,765	$ 518,646	$ 63,584	$ -	$ -	$ 343,881	$ -	$ 174,765	$ 174,765	$ 57,790	$ -	$ 116,975	$ -	$ 174,765	$ -	$ 174,765	$ 28,742	$ 174,765	$ -	$ 174,765	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3777	LGP-San Gabriel Valley COG Partnership	$ 249,015	$ 729,458	$ 116,053	$ -	$ -	$ 480,443	$ -	$ 249,015	$ 249,015	$ 118,029	$ -	$ 130,986	$ -	$ 249,015	$ -	$ 249,015	$ 77,384	$ 249,015	$ -	$ 249,015	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3778	LGP-City of Santa Ana Partnership	$ 79,437	$ 185,192	$ 58,407	$ -	$ -	$ 105,755	$ -	$ 79,437	$ 79,437	$ 41,698	$ -	$ 37,739	$ -	$ 79,437	$ -	$ 79,437	$ 17,484	$ -	$ -	$ -	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3779	LGP-West Side Community Energy Partnership	$ 47,822	$ 138,724	$ 35,340	$ -	$ -	$ 90,902	$ -	$ 47,822	$ 47,822	$ 42,112	$ -	$ 5,710	$ -	$ 47,822	$ -	$ 47,822	$ 11,699	$ 139,564	$ -	$ 139,564	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3780	LGP-City of Simi Valley Partnership	$ 48,213	$ 130,703	$ 22,205	$ -	$ -	$ 82,490	$ -	$ 48,213	$ 48,213	$ 12,158	$ -	$ 36,055	$ -	$ 24,107	$ -	$ 24,107	$ (260)	$ -	$ -	$ -	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3781	LGP-City of Redlands Partnership	$ 61,966	$ 148,669	$ 32,131	$ -	$ -	$ 86,703	$ -	$ 61,966	$ 61,966	$ 33,848	$ -	$ 28,117	$ -	$ 61,966	$ -	$ 61,966	$ 13,781	$ -	$ -	$ -	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3782	LGP-City of Beaumont Programs	$ 53,770	$ 105,403	$ 31,398	$ -	$ -	$ 51,633	$ -	$ 53,770	$ 53,770	$ 15,392	$ -	$ 38,377	$ -	$ 26,885	$ -	$ 26,885	$ (312)	$ -	$ -	$ -	Govt Partnerships	Govt Partnerships	Non-Resource	Cancelled	Government Partnerships
SCG3783	LGP-Western Riverside Energy Partnership	$ 195,427	$ 524,132	$ 126,310	$ -	$ -	$ 328,705	$ -	$ 195,427	$ 195,427	$ 110,691	$ -	$ 84,736	$ -	$ 195,427	$ -	$ 195,427	$ 50,367	$ 195,427	$ -	$ 195,427	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3801	LGP-North Orange County Cities Partnership	$ -	$ 243,495	$ 60,994	$ -	$ -	$ 91,250	$ -	$ -	$ 152,245	$ 81,925	$ -	$ 70,320	$ -	$ 152,245	$ -	$ 152,245	$ 71,478	$ 152,245	$ -	$ 152,245	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
SCG3802	LGP-San Bernardino Regional Energy Partnership	$ -	$ 149,600	$ 58	$ -	$ -	$ -	$ -	$ -	$ 149,600	$ 46,987	$ -	$ 102,613	$ -	$ 149,600	$ -	$ 149,600	$ 37,053	$ 149,600	$ -	$ 149,600	Govt Partnerships	Govt Partnerships	Non-Resource	Existing	Government Partnerships
	Third-Party Programs Total	$ 16,375,717	$ 25,165,637	$ 15,810,947	$ 23,300	$ -	$ 8,789,921	$ -	$ 16,375,717	$ 18,538,641	$ 17,589,931	$ -	$ 948,710	$ -	$ 16,375,717	$ (0)	$ 16,375,717	$ 7,131,548	$ 16,375,718	$ -	$ 16,375,718	3P	Cross Cutting	Resource	Existing	3P Programs
	Residential Third Party Programs SubTotal	$ 9,818,249	$ 14,319,890	$ 8,581,113	$ -	$ -	$ 3,942,501	$ -	$ 9,818,249	$ 9,995,809	$ 8,719,052	$ -	$ 1,276,757	$ -	$ 9,869,014	$ 39,660	$ 9,908,674	$ 4,627,931	$ 10,722,749	$ -	$ 10,722,749	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3759	3P-On Demand Efficiency	$ 2,545,075	$ 2,737,411	$ 2,762,678	$ -	$ -	$ 192,336	$ -	$ 2,545,075	$ 2,545,075	$ 2,092,435	$ -	$ 452,640	$ -	$ 2,545,075	$ -	$ 2,545,075	$ 1,201,872	$ 2,545,019	$ -	$ 2,545,019	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3760	3P-HERS Rater Training Advancement	$ 638,326	$ 691,704	$ 560,557	$ -	$ -	$ 53,378	$ -	$ 638,326	$ 638,326	$ 606,072	$ -	$ 32,254	$ -	$ 563,326	$ -	$ 563,326	$ 135,003	$ 416,586	$ -	$ 416,586	3P	Residential	Non-Resource	Existing	Residential 3P Programs
SCG3761	3P-MF Home Tune-Up	$ 1,141,315	$ 1,237,310	$ 917,965	$ -	$ -	$ 95,994	$ -	$ 1,141,315	$ 1,141,315	$ 684,028	$ -	$ 457,288	$ -	$ 1,141,315	$ (1,694,597)	$ (553,282)	$ 9,852	$ -	$ -	$ -	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3762	3P-CLEO	$ 265,080	$ 265,080	$ 280,899	$ -	$ -	$ -	$ -	$ 265,080	$ 265,080	$ 268,946	$ -	$ (3,866)	$ -	$ 265,080	$ 13,085	$ 278,165	$ 138,851	$ 265,080	$ -	$ 265,080	3P	Residential	Non-Resource	Existing	Residential 3P Programs
SCG3763	3P-MF Direct Therm Savings	$ 1,535,809	$ 2,140,379	$ 1,698,955	$ -	$ -	$ 604,570	$ -	$ 1,535,809	$ 1,535,809	$ 1,060,260	$ -	$ 475,548	$ -	$ 1,535,809	$ 1,694,597	$ 3,230,406	$ 303,781	$ 2,373,406	$ -	$ 2,373,406	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3764	3P-LivingWise	$ 803,634	$ 981,203	$ 987,793	$ -	$ -	$ -	$ -	$ 803,634	$ 981,194	$ 1,000,243	$ -	$ (19,049)	$ -	$ 803,634	$ 26,575	$ 830,209	$ 702,747	$ 1,051,552	$ -	$ 1,051,552	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3765	3P-Manufactured Mobile Home	$ 2,889,009	$ 6,083,035	$ 1,304,505	$ -	$ -	$ 2,938,219	$ -	$ 2,889,010	$ 2,889,010	$ 2,905,441	$ -	$ (16,431)	$ -	$ 2,889,010	$ -	$ 2,889,010	$ 2,095,852	$ 4,071,106	$ -	$ 4,071,106	3P	Residential	Resource	Existing	Residential 3P Programs
SCG3799	3P-IDEEA365-HBEEP	$ -	$ 183,769	$ 67,761	$ -	$ -	$ 58,004	$ -	$ -	$ -	$ 101,627	$ -	$ (101,627)	$ -	$ 125,765	$ -	$ 125,765	$ 39,972	$ -	$ -	$ -	3P	Commercial	Non-Resource	Cancelled	Residential 3P Programs
	Commercial Third Party Programs SubTotal	$ 1,773,593	$ 6,191,023	$ 3,459,997	$ 23,300	$ -	$ 2,373,323	$ -	$ 1,773,593	$ 5,628,100	$ 5,590,544	$ -	$ 37,555	$ -	$ 3,758,415	$ (608,806)	$ 3,149,609	$ 1,324,565	$ 2,797,478	$ -	$ 2,797,478	3P	Commercial	Resource	Existing	Commercial 3P Programs
SCG3756	3P-Energy Challenger	$ -	$ 3,633	$ (1,275)	$ -	$ -	$ 3,633	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	3P	Commercial	Non-Resource	Cancelled	Commercial 3P Programs
SCG3758	3P-PREPPS	$ 1,226,515	$ 816,509	$ 537,528	$ 23,300	$ -	$ 430,345	$ -	$ 1,226,515	$ 1,048,955	$ 690,528	$ -	$ 358,427	$ -	$ 846,529	$ -	$ 846,529	$ 177,023	$ 784,074	$ -	$ 784,074	3P	Commercial	Resource	Existing	Commercial 3P Programs
SCG3766	3P-Save Gas	$ -	$ 608,806	$ 4,504	$ -	$ -	$ 608,806	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (608,806)	$ (608,806)	$ 496	$ -	$ -	$ -	3P	Commercial	Resource	Cancelled	Commercial 3P Programs
SCG3793	3P-IDEEA365-Instant Rebates! Point-of-Sale Foodservice Rebate Pro	$ 547,078	$ 2,144,793	$ 1,915,728	$ -	$ -	$ 177,968	$ -	$ 547,078	$ 3,320,427	$ 4,171,726	$ -	$ (851,299)	$ -	$ 847,078	$ -	$ 847,078	$ 899,220	$ 1,034,553	$ -	$ 1,034,553	3P	Commercial	Resource	Existing	Commercial 3P Programs
SCG3794	3P-IDEEA365-Water Loss Control Program	$ -	$ 18,354	$ 168,839	$ -	$ -	$ 18,354	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 110	$ -	$ -	$ -	3P	Commercial	Non-Resource	Cancelled	Commercial 3P Programs
SCG3795	3P-IDEEA365-Commercial Sustainable Development Program	$ -	$ 181,420	$ 322,759	$ -	$ -	$ 181,420	$ -	$ -	$ -	$ 85,301	$ -	$ (85,301)	$ -	$ -	$ -	$ -	$ (58,541)	$ -	$ -	$ -	3P	Commercial	Non-Resource	Cancelled	Commercial 3P Programs
SCG3796	3P-IDEEA365-ODE for Campus Housing	$ -	$ 357,123	$ 70,241	$ -	$ -	$ 143,441	$ -	$ -	$ 197,893	$ 375,489	$ -	$ (177,596)	$ -	$ 213,682	$ -	$ 213,682	$ 92,066	$ -	$ -	$ -	3P	Commercial	Resource	Cancelled	Commercial 3P Programs
SCG3797	3P-IDEEA365-Energy Advantage Program for Small Business	$ -	$ 529,267	$ 285,057	$ -	$ -	$ 122,105	$ -	$ -	$ 233,754	$ 65,272	$ -	$ 168,482	$ -	$ 277,162	$ -	$ 277,162	$ 53,820	$ -	$ -	$ -	3P	Commercial	Non-Resource	Cancelled	Commercial 3P Programs
SCG3798	3P-IDEEA365-Connect	$ -	$ 380,258	$ 153,952	$ -	$ -	$ 113,153	$ -	$ -	$ 36,974	$ 137,945	$ -	$ (100,971)	$ -	$ 207,105	$ -	$ 207,105	$ 57,817	$ 224,255	$ -	$ 224,255	3P	Commercial	Non-Resource	Existing	Commercial 3P Programs
SCG3800	3P-IDEEA365-Clear Ice	$ -	$ 1,150,859	$ 2,664	$ -	$ -	$ 574,098	$ -	$ -	$ -	$ 35,701	$ -	$ (35,701)	$ -	$ 576,761	$ -	$ 576,761	$ 16,789	$ -	$ -	$ -	3P	Commercial	Resource	Cancelled	Commercial 3P Programs
SCG3804	3P-IDEEA365-On-Premise Ozone Laundry	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 790,097	$ 28,582	$ -	$ 761,515	$ -	$ 790,097	$ -	$ 790,097	$ 85,765	$ 754,596	$ -	$ 754,596	3P	Commercial	Resource	Existing	Commercial 3P Programs
	Industrial Third Party Programs SubTotal	$ 745,183	$ 1,272,714	$ 1,368,707	$ -	$ -	$ 120,556	$ -	$ 745,183	$ 2,908,107	$ 1,169,159	$ -	$ 1,738,948	$ -	$ 745,183	$ -	$ 745,183	$ 163,078	$ 1,331,655	$ -	$ 1,331,655	3P	Industrial	Resource	Existing	Industrial 3P Programs
SCG3757	3P-Small Industrial Facility Upgrades	$ 745,183	$ 1,272,714	$ 1,368,707	$ -	$ -	$ 120,556	$ -	$ 745,183	$ 2,908,107	$ 1,169,159	$ -	$ 1,738,948	$ -	$ 745,183	$ -	$ 745,183	$ 163,078	$ 1,331,655	$ -	$ 1,331,655	3P	Industrial	Resource	Existing	Industrial 3P Programs
	Cross Cutting Third Party Programs SubTotal	$ 4,038,692	$ 3,382,011	$ 2,401,130	$ -	$ -	$ 2,353,541	$ -	$ 4,038,692	$ 6,625	$ 2,111,175	$ -	$ (2,104,550)	$ -	$ 2,003,105	$ 569,146	$ 2,572,251	$ 1,015,974	$ 1,523,836	$ -	$ 1,523,836	3P	Cross Cutting	Non-Resource	Existing	Cross Cutting 3P Programs
SCG3768	3P-CA Sustainability Alliance	$ 602,191	$ 602,191	$ 790,242	$ -	$ -	$ -	$ -	$ 602,191	$ 602,191	$ 510,606	$ -	$ 91,585	$ -	$ 527,191	$ 82,677	$ 609,868	$ 259,932	$ 440,000	$ -	$ 440,000	3P	Cross Cutting	Non-Resource	Existing	Cross Cutting 3P Programs
SCG3769	3P-PoF	$ 550,891	$ 597,845	$ 516,677	$ -	$ -	$ 46,955	$ -	$ 550,891	$ 550,891	$ 513,588	$ -	$ 37,303	$ -	$ 475,891	$ -	$ 475,891	$ 268,465	$ 330,000	$ -	$ 330,000	3P	Cross Cutting	Non-Resource	Existing	Cross Cutting 3P Programs
SCG3770	3P-PACE	$ 690,265	$ 690,265	$ 699,051	$ -	$ -	$ -	$ -	$ 690,265	$ 690,265	$ 702,438	$ -	$ (12,173)	$ -	$ 615,265	$ 13,627	$ 628,892	$ 263,594	$ 260,265	$ -	$ 260,265	3P	Cross Cutting	Non-Resource	Existing	Cross Cutting 3P Programs
SCG3771	3P-Innovative Designs for Energy Efficiency Activities (IDEEA365)	$ 2,195,346	$ 1,491,710	$ 395,160	$ -	$ -	$ 2,306,587	$ -	$ 2,195,346	$ (1,836,721)	$ 384,544	$ -	$ (2,221,265)	$ -	$ 384,758	$ 472,842	$ 857,600	$ 223,983	$ 493,571	$ -	$ 493,571	3P	Cross Cutting	Resource	Existing	Cross Cutting 3P Programs
	Other Programs (itemize and programs added here)	$ 978,500	$ 978,500	$ 1,266,494	$ -	$ -	$ -	$ -	$ 978,500	$ 978,500	$ 1,648,406	$ -	$ (669,906)	$ -	$ 978,500	$ -	$ 978,500	$ 576,920	$ 978,500	$ -	$ 978,500	Other	Cross Cutting	Non-Resource	Existing	Other
SCG3775	CRM	$ 978,500	$ 978,500	$ 1,266,494	$ -	$ -	$ -	$ -	$ 978,500	$ 978,500	$ 1,648,406	$ -	$ (669,906)	$ -	$ 978,500	$ -	$ 978,500	$ 576,920	$ 978,500	$ -	$ 978,500	Other	Cross Cutting	Non-Resource	Existing	Other
	SoCal Gas PROGRAM TOTAL	$ 76,018,572	$ 132,540,974	$ 66,683,882	$ 1,193,462	$ -	$ 56,522,403	$ -	$ 76,018,572	$ 76,018,572	$ 72,847,544	$ -	$ 3,171,029	$ -	$ 76,018,572	$ (0)	$ 76,018,572	$ 24,979,293	$ 95,646,573	$ -	$ 95,646,573					
SCG3772	**EM&V (SoCal Gas & CPUC Portions) Total**	$ 3,347,927	$ 10,720,322	$ 2,138,655	$ 454,730	$ -	$ 7,372,395	$ -	$ 3,347,927	$ 3,347,927	$ 3,260,673	$ -	$ 87,254	$ -	$ 3,347,927	$ -	$ 3,347,927	$ 1,476,641	$ 4,166,000	$ -	$ 4,166,000	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
72.5%	EM&V - CPUC	$ 2,427,344	$ 8,200,542	$ 1,550,587	$ 454,730	$ -	$ 5,773,198	$ -	$ 2,427,344	$ 2,427,344	$ 2,481,780	$ -	$ (54,436)	$ -	$ 2,427,344	$ -	$ 2,427,344	$ 1,229,135	$ 3,020,447	$ -	$ 3,020,447	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
27.5%	EM&V - PA	$ 920,583	$ 2,519,780	$ 588,068	$ -	$ -	$ 1,599,198	$ -	$ 920,583	$ 920,583	$ 778,893	$ -	$ 141,690	$ -	$ 920,583	$ -	$ 920,583	$ 247,506	$ 1,145,553	$ -	$ 1,145,553	EM&V	Cross Cutting	Non-Resource	Existing	EM&V
	SoCal Gas TOTAL with EM&V	$ 79,366,499	$ 143,261,297	$ 68,822,537	$ 1,648,192	$ -	$ 63,894,798	$ -	$ 79,366,499	$ 79,366,499	$ 76,108,217	$ -	$ 3,258,282	$ -	$ 79,366,499	$ (0)	$ 79,366,499	$ 26,455,934	$ 99,812,573	$ -	$ 99,812,573					
	SoCalREN	$ 4,337,000	$ 10,533,517	$ (1,088,340)	$ -	$ -	$ 6,196,517	$ -	$ 4,337,000	$ 4,337,000	$ 6,726,653	$ -	$ (2,389,653)	$ -	$ 4,337,000	$ -	$ 4,337,000	$ 11,040,841	$ 4,337,000	$ -	$ 4,337,000	REN	Cross Cutting	Resource	Existing	REN
	TOTAL SoCal Gas EE PORTFOLIO	$ 83,703,499	$ 153,794,814	$ 67,734,197	$ 1,648,192	$ -	$ 70,091,315	$ -	$ 83,703,499	$ 83,703,499	$ 82,834,870	$ -	$ 868,630	$ -	$ 83,703,499	$ (0)	$ 83,703,499	$ 37,496,774	$ 104,149,573	$ -	$ 104,149,573					

Notes:
[1] The requested budget for PY2018 does not include the program budget for the SoCalGas Statewide Marketing, Education & Outreach (ME&O) program or the 2018 program budget for the Statewide Financing Pilots. The program year 2018 budgets for these programs were approved in D.13-09-044 and D.16-09-020, respectively.
[2] SCG considers 2016 and 2017 to be a bridge period to 2013-2017 Program cycle.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 5: Total 2018 Requested and 2013-2017 Authorized Budgets ($000)

Category (2013-17 Authorized[1] and 2018 Request)	Electric Demand Response Funds	Electric Energy Efficiency Funds	Natural Gas Public Purpose Funds	Total Energy Efficiency Funds
2013-2015 Annualized Program Funds - Utility			$ 79,470	$ 79,470
2013-2015 Annualized Program Funds - REN			$ 4,390	$ 4,390
2013-2015 Annualized Program Funds - CCA			$ -	$ -
2013-2015 Annualized EM&V			$ 3,550	$ 3,550
2013-2015 Total Annualized Portfolio			**$ 87,410**	**$ 87,410**
2016 Program Funds - Utility			$ 76,019	$ 76,019
2016 Program Funds - REN			$ 4,337	$ 4,337
2016 Program Funds - CCA			$ -	$ -
2016 EM&V			$ 3,348	$ 3,348
2016 Annualized Total			**$ 83,704**	**$ 83,704**
2017 Program Funds - Utility			$ 76,019	$ 76,019
2017 Program Funds - REN			$ 4,337	$ 4,337
2017 Program Funds - CCA			$ -	$ -
2017 EM&V			$ 3,348	$ 3,348
2017 Annualized Total			**$ 83,704**	**$ 83,704**
2018 Requested Program Funds - Utility			$ 95,647	$ 95,647
2018 Requested Program Funds - REN			$ 4,337	$ 4,337
2018 Requested Program Funds - CCA			$ -	$ -
2018 Requested EM&V			$ 4,166	$ 4,166
2018 Total Portfolio Request			**$ 104,150**	**$ 104,150**

[1] Authorized budget excludes reductions from past unspent funds, carryover and is consistent with funding approved in D. 09-09-047, D. 12-11-015, D.14-10-046 and D.15-10-028.

PA Name: Southern California Gas Company
Budget Year: 2018

Table 6: Committed Energy Efficiency Program Funding Not Yet Spent

Committed funds not yet spent ($000)	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
Category			
2013-2015 EM&V Funds		$ 7,372	$ 7,372
2013-2015 Program Funds - Utility		$ 56,522	$ 56,522
2013-2015 Program Funds - REN		$ 6,197	$ 6,197
2013-2015 Program Funds - CCA		$ -	$ -
2016 EM&V Funds		$ 87	$ 87
2016 Program Funds - Utility		$ 3,171	$ 3,171
2016 Program Funds - REN		$ (2,390)	$ (2,390)
2016 Program Funds - CCA		$ -	$ -
2017 to date EM&V Funds		$ 1,871	$ 1,871
2017 to date Program Funds - Utility		$ 51,039	$ 51,039
2017 to date Program Funds - REN		$ (6,704)	$ (6,704)
2017 to date Program Funds - CCA		$ -	$ -
Total		$ 117,165	$ 117,165

PA Name: Southern California Gas Company
Budget Year: 2018

Table 7: 2016 Authorized and Spent/Unspent Detail

Authorized, spent and unspent program funds (excludes EM&V) ($000)	Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
Category			
2016 Annualized Authorized Program Budget		$ 80,356	$ 80,356
2016 Actual Spent		$ 79,574	$ 79,574
2016 Unspent			
2016 Committed funds		$ 782	$ 782
2016 Unspent/uncommitted - estimated available for 2018		$ -	$ -

APPENDIX B

Advice No. 5183-A

CEDARS Filing Submission Receipt

CEDARS FILING SUBMISSION RECEIPT

The SCG portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Southern California Gas (SCG)

Filing Year: 2018

Submitted: 18:50:11 on 21 Nov 2017

By: Paul Deang

Advice Letter Number: 5183-A

* Portfolio Filing Summary *

- TRC: 1.874
- PAC: 4.6576
- TRC (no admin): 2.5227
- PAC (no admin): 12.9066
- RIM: 4.6576
- Budget: $99,812,573.28

* Programs Included in the Filing *

- SCG3701: RES-Energy Advisor
- SCG3702: RES-Plug Load and Appliances
- SCG3703: RES-Plug Load and Appliances - POS
- SCG3704: RES-MFEER
- SCG3705: RES-Home Upgrade Program
- SCG3706: RES-Residential HVAC
- SCG3707: RES-RNC
- SCG3708: COM-Energy Advisor
- SCG3709: COM-CEI
- SCG3710: COM-Calculated Incentives
- SCG3711: COM-Deemed Incentives
- SCG3712: COM-NonRes HVAC
- SCG3713: IND-Energy Advisor
- SCG3714: IND-CEI
- SCG3715: IND-Calculated Incentives
- SCG3716: IND-Deemed Incentives
- SCG3717: AG-Energy Advisor

- SCG3718: AG-CEI
- SCG3719: AG-Calculated Incentives
- SCG3720: AG-Deemed Incentives
- SCG3721: ET-Technology Development Support
- SCG3722: ET-Technology Assessment Support
- SCG3723: ET-Technology Introduction Support
- SCG3724: C&S-Building; Codes & Compliance Advocacy
- SCG3725: C&S-Appliance; Standards Advocacy
- SCG3726: C&S-Compliance; Enhancement
- SCG3727: C&S-Reach; Codes
- SCG3728: C&S-Planning; Coordination
- SCG3729: WE&T-Centergies;
- SCG3730: WE&T-Connections;
- SCG3731: WE&T-Strategic; Planning
- SCG3733: SW-ME&O-ME;&O;
- SCG3734: IDSM-IDSM
- SCG3735: FIN-On-Bill Financing
- SCG3736: FIN-ARRA-Originated Financing
- SCG3737: FIN-New Financing Offerings
- SCG3738: LInstP-CA Department of Corrections Partnership
- SCG3739: LInstP-California Community College Partnership
- SCG3740: LInstP-UC/CSU/IOU Partnership
- SCG3741: LInstP-State of CA/IOU Partnership
- SCG3742: LGP-LA Co Partnership
- SCG3743: LGP-Kern Co Partnership
- SCG3744: LGP-Riverside Co Partnership
- SCG3745: LGP-San Bernardino Co Partnership
- SCG3746: LGP-Santa Barbara Co Partnership
- SCG3747: LGP-South Bay Cities Partnership
- SCG3748: LGP-San Luis Obispo Co Partnership
- SCG3749: LGP-San Joaquin Valley Partnership
- SCG3750: LGP-Orange County Cities Partnership
- SCG3751: LGP-SEEC Partnership
- SCG3753: LGP-Desert Cities Partnership
- SCG3754: LGP-Ventura County Partnership
- SCG3755: LGP-Local Government Energy Efficiency Pilots
- SCG3757: 3P-Small Industrial Facility Upgrades
- SCG3758: 3P-PREPPS
- SCG3759: 3P-On Demand Efficiency
- SCG3760: 3P-HERS Rater Training Advancement
- SCG3762: 3P-CLEO
- SCG3763: 3P-MF Direct Therm Savings

- SCG3764: 3P-LivingWise
- SCG3765: 3P-Manufactured Mobile Home
- SCG3768: 3P-CA Sustainability Alliance
- SCG3769: 3P-PoF
- SCG3770: 3P-PACE
- SCG3771: 3P-Innovative Designs for Energy Efficiency Activities (IDEEA365)
- SCG3772: EM&V-Evaluation; Measurement & Verification
- SCG3773: LGP-New Partnership Programs
- SCG3774: LGP-LG Regional Resource Placeholder
- SCG3775: CRM
- SCG3776: LGP-Gateway Cities Partnership
- SCG3777: LGP-San Gabriel Valley COG Partnership
- SCG3779: LGP-West Side Community Energy Partnership
- SCG3783: LGP-Western Riverside Energy Partnership
- SCG3793: 3P-IDEEA365-Instant Rebates! Point-of-Sale Foodservice Rebate Program
- SCG3798: 3P-IDEEA365-Connect
- SCG3801: LGP-North Orange County Cities Partnership
- SCG3802: LGP-San Bernardino Regional Energy Partnership
- SCG3803: SW-FIN-California Hub for EE Financing
- SCG3804: 3P-IDEEA365-On-Premise Ozone Laundry
- SCG3805: SW-COM-Direct Install Program
- SCG3806: Water AMI Pilot
- SCG3807: COM-HOPPS-CRR Program
- SCG3808: RES-HOPPS-CWHMBS Program
- SCG3809: COM-AB793-CEMTL Program
- SCG3810: RES-AB793-REMTS Program
- SCG-ESAP: Energy Savings Assistance Program
- SCG-ESPI: ESPI Incentives
- SCG-GRCL: GRC Labor Loaders

SoCalGas
A Sempra Energy utility

Ray B. Ortiz
Regulatory Tariff Manager

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
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Fax: 213.244.4957
ROrtiz@semprautilities.com

December 7, 2017

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Re: **Substitute Sheet for Southern California Gas Company (SoCalGas) Advice No. (AL) 5183-A**

Enclosed are an original and one copy of the substitute sheet for AL 5183-A, *Supplement - Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018*, filed on November 22, 2017.

It was discovered that the Advice Letter Filing Summary inadvertently identified the filing as Tier 2. The filing should be designated as a Tier 3 filing. The substitute sheet reflects the correct tier designation.

Please replace the Advice Letter Filing Summary with the enclosed substitute sheet.

If you have any questions, please contact me.

Sincerely,

/s/ Ray B. Ortiz

Ray B. Ortiz
Regulatory Tariff Manager

Enclosures

cc: All recipients of SoCalGas AL 5183-A

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:	Contact Person: Ray B. Ortiz
☐ ELC ☒ GAS	Phone #: (213) 244-3837
☐ PLC ☐ HEAT ☐ WATER	E-mail: ROrtiz@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5183-A

Subject of AL: Supplement - Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.17-09-025, D.09-09-047

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? ☐ Yes ☒ No   Tier Designation: ☐ 1 ☐ 2 ☒ 3

Requested effective date: 10/2/17   No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division	**Southern California Gas Company**
Attention: Tariff Unit	**Attention: Ray B. Ortiz**
505 Van Ness Ave.,	**555 West 5th Street, GT14D6**
San Francisco, CA 94102	**Los Angeles, CA 90013-1011**
EDTariffUnit@cpuc.ca.gov	**ROrtiz@semprautilities.com**
	Tariffs@socalgas.com

[1] Discuss in AL if more space is needed.

NRDC

California Public Utilities Commission
Attn: Energy Division Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

December 11, 2017

Re: Response to SDG&E Supplemental 2018 Annual Energy Efficiency Budget Advice Letter (AL) 3111-E/2607-G and SCG Supplemental AL 5183-G as well as request for consideration of late-filed response to PG&E AL 3881-G/5137-E, and SCE AL 3654-E

Dear Energy Division,

On November 22, 2017 SDG&E Electric filed Advice Letter 3111-E/2607-G Supplemental 2018 Annual Energy Efficiency Program and Portfolio Budget Request. The Natural Resources Defense Council (NRDC), Build It Green, the California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, the San Joaquin Valley Clean Energy Organization, County of San Luis Obispo, and Ventura County Regional Energy Alliance (Joint Parties), respectfully submit this response to SDG&E's and SCG's 2018 Supplemental Energy Efficiency Budget Advice Letters and request consideration of a late-filed response to the PG&E 3881-G/5137-E and SCE 3654-E 2018 Annual Energy Efficiency Budget Advice letters, including the supplemental information.

The Joint Parties support the request that the Commission require a Total Resource Cost (TRC) test of 1.0 without codes and standards for 2018, pending a decision in A.17-01-013 et al. on this matter.[1] Alternatively, we support a requirement of a 1.25 for Program Administrator Cost (PAC) test without codes and standards.

Discussion

Ensuring that efficiency programs are providing more benefit than cost to customers is a critical component of the Commission's role. However, given the

[1] SDG&E 3111-E/2607-G Supplemental, November 22, 2017, p.6

extensive record in A.17-01-013 et al. and R.13-11-005 highlighting the issues with the current TRC assumptions, we support modifying the cost-effectiveness requirement for the 2018 Annual Energy Efficiency Budget Advice Letters while the Commission updates the policy rules as is scoped in R.13-11-005. Updating cost-effectiveness tests is also under consideration in the Integrated Distributed Energy Resources proceeding, R.14-10-003, although it remains unclear how a decision in that proceeding will impact energy efficiency.

The Joint Parties support the utilities' proposal to require a TRC of 1.0 for 2018 as the current test treats customer costs and benefits asymmetrically, producing results that are biased downward. Achieving a 1.25 TRC without codes and standards would also require major cuts to both resource and non-resource programs. Such programs provide critical offerings to customers that otherwise could not afford it – such as direct install efficiency programs – and provide ways to advance the state's workforce and equity goals, including workforce and training offerings.

Furthermore, making substantial changes to the portfolios on the eve of extensive bidding would disrupt the market, potentially delay solicitations, and ostensibly restructure the portfolio prior to determining what the market is able to deliver. Cutting programs would also cancel critical contracts for all sizes of non-profits and companies in the middle of implementation efforts, which would result is extensive job loss across the state.

Last, these efficiency programs are referenced as opportunities to support efforts in other proceedings, such as the San Joaquin Valley proceeding assessing access to natural gas services (R.15-03-010). Removing these programs unexpectedly as part of the energy efficiency advice letter process would impact customers beyond the energy efficiency proceeding.

As noted above, if Energy Division is not inclined to continue the reprieve for 2018 as set forth in D.14-10-046, we propose that the threshold of 1.25 for 2018 be required for the PAC instead. This modification for 2018 would ensure that at minimum any energy efficiency programs that are approved would be less costly than the alternative energy the utilities would have to procure as that is what the PAC explicitly assesses.

Conclusion

The Joint Parties appreciate the Commission's attention to this matter and look forward to working with stakeholders and staff to update the energy efficiency cost-effectiveness assumptions as soon as practical to ensure efficiency is accurately valued while also protecting customers.

Sincerely,

Lara Ettenson
Director, California Energy Efficiency Policy
Natural Resources Defense Council

Bruce Mast
Senior Director
Build It Green

Michelle Vigen
Senior Policy Manager
The California Efficiency and Demand Management Council

Thomas A. Enslow
Adams Broadwell Joseph & Cardozo
Counsel for the Coalition for Energy Efficiency

Pamela Bold
Executive Director
High Sierra Energy Foundation

Jodi Pincus
Executive Director
Rising Sun Energy Center

Courtney Kalashian
Executive Director
San Joaquin Valley Clean Energy Organization

Jon Griesser
Supervisor, Energy and Climate Programs
County of San Luis Obispo

Sue Hughes
Executive Director
Ventura County Regional Energy Alliance

Strindberg, Nils

From: Strindberg, Nils
Sent: Tuesday, December 12, 2017 11:39 AM
To: 'lettenson@nrdc.org'; 'bruce@builditgreen.org'; 'mvigen@cedmc.org'; 'bold@highsierraenergy.org'; 'pincus@risingsunenergy.org'; 'ckalashian@pesc.com'; 'JGriesser@co.slo.ca.us'; 'susan.hughes@ventura.org'; 'AdviceTariffManager'; Karyn Gansecki; Paul Kubasek; 'PGETariffs@pge.com'; 'QXY1@pge.com'
Subject: Energy Division accepts late comments filed by "Joint Parties" on IOU 2018 Annual Budget ALs

Hi All,

The deadline to file protests or comments on the Program Administrators 2018 energy efficiency (EE) annual budget advice letters (ALs) that were filed on September 1, 2017, was September 21, 2017. On November 22, 2017, the IOU Program Administrators filed supplementals to the 2018 EE annual budget ALs, which included: PG&E 3881-G-A/5137-E-A; SCE 3654-E-A; SDG&E 3111-E-A/2607-G-A and SoCalGas 5183-G-A. SDG&E and SoCalGas reopened the protest and comment period in their 2018 supplemental EE annual budget ALs, while PG&E and SCE requested that the Commission pursuant to GO 96-B, General Rules 7.5.1 maintain the original protest and comment period of September 21, 2018 and not reopen the protest period for their 2018 supplemental EE annual budget ALs .

On December 11, 2017, Natural Resources Defense Council, Build It Green, The California Efficiency and Demand Management Council, the Coalition for Energy Efficiency, High Sierra Energy Foundation, Rising Sun Energy Center, San Joaquin Valley Clean Energy Organization, County of San Luis Obispo and Ventura County Regional Energy Alliance (the Joint Parties) timely filed comments on SDG&E and SoCalGas' 2018 EE annual budget ALs and requested consideration of a late filed comment for PGE and SCE's 2018 EE annual budget ALs.

Per GO 96-B, Section 7.4.4 the Industry Division may consider a late protest or response. Commission staff will accept the late comments by the Joint Parties.

If you have any questions feel free to contact myself or Peter Franzese at (peter.franzese@cpuc.ca.gov).

Thanks,
Nils

Nils B. Strindberg
CPUC, Energy Division
Energy Efficiency Branch
Residential Programs and Portfolio Approval
O: 415-703-1812
C: 415-849-8140
nils.strindberg@cpuc.ca.gov

ORA

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
http://ora.ca.gov

December 12, 2017

California Public Utilities Commission – Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Subject: **The Office of Ratepayer Advocates' Protest to Southern California Gas Company Advice 5183-A (November 22, 2017 – Supplement – Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018)**

Dear Energy Division Tariff Unit,

The Office of Ratepayer Advocates (ORA) hereby submits this protest to the Southern California Gas Company's (SoCalGas) energy efficiency (EE) annual budget advice letter, supplemental advice letter (AL) 5183-A. In the advice letter, SoCalGas requests approval of its 2018 EE portfolio budget pursuant to Decision (D.) 15-10-028, Ordering Paragraph (OP) 4.

In this protest, ORA recommends the Commission reject SoCalGas' requested increase in its 2018 portfolio budget. Requests for ratepayer funding that have not first been considered through the Commission's formal process are inappropriate for the advice letter process and could set a precedent for future requests for ratepayer funding that circumvent the Commission's established procedure and undermine parties' due process rights. Consistent with the process set forth in Decision (D.) 15-10-028, the supplemental AL should be withdrawn and SoCalGas should seek Commission authorization for additional EE funding by filing a new business plan application.

I. BACKGROUND

ORA protested all four of the Investor-Owned Utilities' (IOUs) and Marin Clean Energy's 2018 budget advice letters – including SoCalGas AL 5183 – due to the program administrators' failure to meet the Commission's required *ex ante* cost-effectiveness thresholds for EE programs and the likelihood that their portfolios will fail to be cost-effective when implemented.[1] In its original protest, ORA recommended that the Commission reject the 2018 budget advice letters and highlighted that rejection will not adversely affect EE programs since D.15-10-028 already

[1] *The Office of Ratepayer Advocates' Protest to Pacific Gas and Electric Company Advice 3881-G/5137-E, Southern California Edison Company Advice 3654-E, Southern California Gas Company Advice 5183-G, San Diego Gas & Electric Company Advice 3111-E/2607-G, and Marin Clean Energy Advice 25-E*, submitted September 21, 2017.

provides a remedy to ensure funding stability in the event that the Commission does not approve the annual budget advice letters. ORA has not withdrawn its protests to the 2018 budget advice letters, and continues to recommend that the Commission reject them, and continue funding at previous levels until the Commission issues a decision in the EE business plan proceeding, Application (A.) 17-01-013 et al.

On October 30, 2017, the Commission's Energy Division sent a letter to SoCalGas requesting that SoCalGas file a supplement to AL 5183. Energy Division's letter requested that SoCalGas update its 2018 budget advice letter with the new cost-effectiveness inputs released in September 2017, as well as the new 2018 energy savings goals established in D.17-0[illegible]-025. Energy Division's letter noted that D.14-10-0[illegible] set a maximum annual budget that SoCalGas cannot exceed without subsequent Commission approval. The letter also stated that "[a] tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit."[2]

On November 13, 2017, Administrative Law Judge (ALJ) Julie Fitch issued an email ruling (Ruling) in proceeding A.17-01-013 denying a SoCalGas motion to amend its business plan application and increase its proposed EE budgets. The Ruling noted that SoCalGas had concerns regarding how it would meet new savings goals approved in D.17-0[illegible]-025 with its current approved budget. However, the Ruling denied SoCalGas' motion to amend its business plan and stated that "[w]hile the timing of these events is unfortunate, it was always anticipated as part of the structure adopted in D.15-10-028 that periodic updates to the business plans would be necessary."[3]

On November 22, 2017, SoCalGas filed a supplement, AL 5183-A, to its 2018 budget advice letter. The supplemental filing requests approval of $18,578,000 in additional EE program funding, a 22 percent increase over 2017 approved funding. SoCalGas requested that AL 5183-A be designated Tier 3 and be subject to Commission resolution. Citing the Energy Division request for a supplemental and the Ruling, SoCalGas' advice letter contends that this submission of a Tier 3 advice letter requesting additional EE funding follows "the direction of the Commission and Energy Division."[4]

II. DISCUSSION

A. [illegible]

Per the instructions in the October 30, 2017 letter from Energy Division, AL 5183-A requests categorization as a Tier 3 advice letter. However, there is no standing Commission order that authorizes SoCalGas to seek increased funding for its 2018 EE portfolio via a Tier 3 advice letter. On the contrary, D.15-10-028 included a trigger mechanism that requires the filing of a

[2] Letter from Robert L. Strauss, Energy Efficiency Branch Manager, Energy Division to Ronald van der Leeden, Director, Regulatory Affairs, SoCalGas, dated October 30, 2017.
[3] *E-mail Ruling Denying September 25, 2017 Southern California Gas Company Motion to File Amended Business Plan, or For Related Relief*, issued November 13, 2017, pp. 10-11.
[4] AL 5183-A, p. 2.

new EE business plan application under certain conditions, including when a program administrator is unable to stay within the budget parameters of the last-approved EE business plan.[5]

Nothing in D.15-10-028 or any subsequent Commission decision has authorized program administrators to seek an increase in EE program funding via an advice letter. While SoCalGas points to the letter from Energy Division to argue that a Tier 3 advice letter is an appropriate vehicle to request additional funds, Energy Division lacks the authority to make such a determination. SoCalGas also claims the Ruling found "it reasonable for SoCalGas to file a Tier 3 AL to reflect updated energy savings goals and seek budget changes."[6] However, the Ruling makes no determination that a Tier 3 AL is appropriate and SoCalGas provides no citation to a section of the Ruling that would support such a claim. Thus, the Ruling does not actually authorize SoCalGas to request additional funding via Tier 3 advice letter, and it does not include any order that would authorize such a request.

Indeed, even if SoCalGas' representations about the Ruling were correct, the Commission's General Order 96-B, Rule 5.3([illegible]) makes clear that a Tier 3 advice letter requesting an increase in rates is only appropriate when the rate increase request "has been authorized by statute or by other Commission order to be requested by advice letter."[7] Since SoCalGas requests funds that have not previously been authorized by the Commission, AL 5183-A must be modified to eliminate the additional funding request, rejected, or withdrawn. SoCalGas' request for additional funds requires a new application or other Commission-approved process for updating business plans.

III. CONCLUSION

ORA respectfully requests the Commission adopt the recommendations contained herein.

Respectfully submitted,

/s/ MICHAEL CAMPBELL

Michael Campbell
Program Manager

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-182[illegible]
Email: Michael.Campbell@cpuc.ca.gov

December 12, 2017

[5] D.15-10-028, p. 5[illegible]-57.
[6] AL 5138-A, footnote 3, p. 2.
[7] Unlike an ALJ Ruling, a Commission Order reflects and requires the agreement of the Commission as a body.

Cc: Edward Randolph, Director, Energy Division
Peter Biermayer, Energy Division
Ray Ortiz, Tariff Manager, SoCalGas
Service List R.13-11-005
Service List A.17-01-013

SoCalGas
A Sempra Energy utility

Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
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RvanderLeeden@semprautilities.com

December 19, 2017

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: **Reply to Protest of SoCalGas Advice No. (AL) 5183-A, Supplement - Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018**

Dear Tariff Unit:

Pursuant to General Order (GO) 96-B, Southern California Gas Company (SoCalGas) hereby replies to the protest of the Office of Ratepayer Advocates (ORA), dated December 12, 2017, to SoCalGas AL 5183-A.

Background

On November 22, 2017, at the direction of the California Public Utilities Commission (Commission) and the Commission's Energy Division, SoCalGas filed AL 5183-A, seeking approval of an increase to its Energy Efficiency (EE) Portfolio Budget for Program Year (PY) 2018, providing new cost-effectiveness information based on the Cost Effectiveness Tool version 18.1 and 2018 goals established in Decision (D.) 17-09-025.

ORA Protest

In its protest, ORA recommends that the Commission reject SoCalGas' requested increase in its 2018 EE Portfolio Budget and that AL 5183-A be withdrawn because there is no prior Commission authorization allowing for such a request. Furthermore, ORA argues that SoCalGas should seek Commission authorization for additional EE funding by filing a new Business Plan application.

SoCalGas' Reply to the Protest

SoCalGas disagrees with the assertions of ORA, and the Commission should reject ORA's protest and approve AL 5183-A.

SoCalGas' requested budget increase is in line with Commission rules and guidance. ORA argues that D.15-10-028 included a trigger mechanism that requires the filing of a new energy efficiency Business Plan application under certain conditions, including when a program administrator is unable to stay within budget parameters, and as a result SoCalGas must file a new application.[1] SoCalGas agreed that the newly adopted savings goals might amount to a "trigger" and called this out in its motion for relief to file an amended Business Plan, filed on September 25, 2017, but pointed out that the "trigger" provision did not apply because there was no adopted Business Plan yet.[2] Then, on November 13, 2017, Administrative Law Judge (ALJ) Fitch issued an e-mail ruling denying SoCalGas' motion to amend its Business Plan. In the ruling, ALJ Fitch acknowledged that "SoCalGas, in its motion, correctly pointed out that the 'trigger' events identified in D.15-10-028, such as a change in goals, were intended to be utilized once an approved business plan is already in place. The Commission has not made a specific provision for updates prior to the adoption of the business plans."

In the ruling, ALJ Fitch also noted the "direction from Commission staff with respect to supplementing the 2018 budget advice letter filings to reflect the updated energy savings goals" and stated that "this supplemental advice letter filing may be an avenue for SoCalGas to pursue in the interim prior to further Commission direction with respect to updating the business plans." Through this ruling, and through guidance from Commission staff,[3] SoCalGas was provided an interim process to request incremental funding – the Tier 3 Advice Letter. AL 5183-A was in response to the direction provided by ALJ Fitch and Commission Staff, and as such, the next appropriate procedural vehicle to make such a request. Notably, in neither communication from ALJ Fitch or the Commission Staff was SoCalGas directed to file a new Business Plan, and in fact, the ruling stated that "this proceeding will continue to consider the business plan originally filed by SoCalGas."[4] SoCalGas urges Commission Staff to reject ORA's protest and approve AL 5183-A for the budget for 2018.

As discussed in AL 5183-A, maintaining the 2018 budget at 2017 levels will have direct impacts on energy efficiency programs.[5] While SoCalGas' September 1, 2017 budget filing comparison regarding the 2018 portfolio meets the Commission's

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[1] ORA Protest at pp. 2-3.
[2] SoCalGas Motion to File an Amended Business Plan, September 25, 2017.
[3] Energy Division Memo Requesting Supplemental Budget Advice Letters, October 30, 2017.
[4] E-mail Ruling of ALJ Fitch, November 13, 2017.
[5] AL 5183-A at pp. 10-11.

Total Resource Cost threshold of 1.25 without codes and standards, savings are forecasted to be below the updated 2018 goals – at 86%.[6] SoCalGas strongly believes it needs the additional funding requested in AL 5183-A to respond to and meet the Commission's energy savings goals, especially in the short term where goals increase substantially and there is no opportunity to solicit new programs.

Conclusion

In accordance with SoCalGas' reply to ORA's protest, SoCalGas respectfully requests that the Commission reject the protest and approve AL 5183-A as filed.

Sincerely,

/s/ Ronald van der Leeden
Ronald van der Leeden
Director – Regulatory Affairs

cc: Edward Randolph, Director, Energy Division
Peter Biermayer, Energy Division
Michael Campbell, ORA
Daniel Buch, ORA
Linda Serizawa, ORA
Darwin Farrar, ORA
Alexander Cole, ORA
Zhen Zhang, Commission Legal Division
Ray Ortiz, SoCalGas
Service List R.13-11-005
Service List A.17-01-013

[6] AL 5183-A at p. 11.

ADVICE LETTER SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Gas Company

Utility Number/Type: [illegible] G

Advice Letter Number(s) 5183-A

Date AL(s) Filed) November 22, 2017

Utility Contact Person: Ray [illegible]. Ortiz

Utility Phone No.: (213) 2[illegible]-3837

Date Utility Notified: January 17, 2018

E-Mailed to: ROrtiz@semprautilities.com and Tariffs@socalgas.com,

ED Staff Contact: Peter Biermayer

ED Staff Email: peter.biermayer@cpuc.ca.gov

ED Staff Phone No.: ([illegible]15) 703-238[illegible]

[illegible] INITIAL SUSPENSION [illegible] DA[illegible]

This is to notify that the above-indicated AL is suspended for up to 120 days beginning Month- day-year, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

A Commission Resolution is Required to Dispose of the Advice Letter

Advice Letter Requests a Commission Order

Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[illegible] FURTHER SUSPENSION [illegible]

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Peter Biermayer (peter.biermayer@cpuc.ca.gov).

cc:
ED Tariff Unit

*Note: reference Decision D.02-02-0[illegible], dated February 21, 2002, and Rule 7.5 in appendix A of D.07-01-02[illegible]

Southern California Regional Energy Network (SoCalREN) 2018 Annual Budget Advice Letter (AL) Attachments

1. SoCalREN AL 6-E-G submitted September 1, 2017

2. Energy Division Initial Suspension Notice sent September 22, 2017

3. Energy Division Letter Requesting a Supplemental to SoCalREN AL 6-E-G sent October 30, 2017

4. SoCalREN Supplemental AL 6-E-G-A submittedNovember 22, 2017

5. Energy Division Further Suspension Notice sent January 18, 2018

County of Los Angeles
INTERNAL SERVICES DEPARTMENT
1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2101
FAX: (323) 264-7135

"To enrich lives through effective and caring service"

September 01, 2017

Advice No. #6-E-G
(CPUC Identification #940)

Public Utilities Commission of the State of California

SUBJECT: COMPLIANCE FILING REGARDING SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK 2018 ENERGY EFFICIENCY PROGRAM PORTFOLIO CHANGES AND FUNDING REQUEST

Purpose

The Southern California Regional Energy Network (SoCalREN) submits this Advice Letter to the California Public Utilities Commission (Commission), in compliance with Ordering Paragraph 4 of Decision (D.) 15-10-028 and the Administrative Law Judges' Ruling Modifying Schedule, issued June 9, 2017 ("Modifying Schedule Ruling") in proceeding A.17-01-013 (et al.), which restored the annual budget advice letter filing deadline of September 1, 2017. This Advice Letter provides budget, programmatic adjustments and updated supporting documentation for energy efficiency programs the SoCalREN will offer in 2018.

Background

The SoCalREN was authorized in 2012 by the Commission to harness the resources and unique capabilities of public agencies to deliver innovative and effective energy efficiency solutions. Programs successfully underway align with the recommended local government actions detailed in the Energy Efficiency Strategic Plan and are on track to achieve deep energy savings. The SoCalREN is building the capacity and expertise essential for public agencies to meet California's energy goals. This Advice Letter details the SoCalREN program offerings for 2018 based on implementing the current authorized filed programs throughout 2018. Once program administrator Business Plans are approved in proceeding A.17-01-013 (et al.), a subsequent compliance filing will be filed in March 2018 as directed in the Modifying Schedule Ruling.[1]

Discussion

The programs detailed in this Advice Filing for 2018 are continuations of the programs approved in D.14-10-046 which were continuing programs from the 2013-2014 cycle with slight modifications due to SoCalREN's continuous commitment to optimize program budgets and driving objective to increase the overall cost effectiveness of the portfolio. This has resulted in significant program budget reductions for programs which have been deemed either (1) unsuccessful in achieving cost-effective savings, or (2) attained all objectives over successive bridge years. SoCalREN's goal with this budget filing is to continue a strong pivot to drive SoCalREN's existing portfolio towards an increasing cost-effective path which mirrors its strategies outlined in its January 2017 Business Plan filing. These SoCalREN programs include Residential and Business (aka EUC), Financing, Southern California Regional Energy Center (aka Public Agency). With this Advice Letter, the SoCalREN responds to Commission direction from D.15-10-028, to provide updated budgets, requested programmatic changes and any supporting documentation by September 1st annually. The SoCalREN has utilized the 2017 bridge year (1) to conduct deep program performance assessments and program refinements, (2) to expand and position highly-effective solicitation approaches (including Requests for Abstracts and Pay-for-Performance), and (3) to revise its approach to marketing, education and outreach (ME&O) toward greater analytics, strategies and tactics that lend themselves to heightened traceability and may provide a more reliable nexus between ME&O action and programmatic outcomes.

In addition, SoCalREN has discussed the information provided in the Advice Letter with its utility partners, SCE and SoCalGas, to ensure alignment of programmatic details and overall budget funding.[2]

The overall proposed 2018 Residential & Business Programs budget was reduced by $24,552 compared to the 2017 approved budget. Sub program budgets have been adjusted to move funding to cost effective programs such as MultiFamily. Flex Path Incentives program has been decreased due to the spiraling cost effectiveness year over year. Low Income Single Family Residential was not impacted and remains the same. The Multifamily budget has been

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[1] Administrative Law Judges' Ruling Modifying Schedule, A.17-01-013 (et al.), issued June 9, 2017, p. 6.
[2] Per discussion with SCE and SoCalGas, 2016-2017 uncommitted funds were not included in this Advice Filing and instead will be trued up in the March 2018 budget compliance filing.

increased due to strong market acceptance and increasing TRC (**1.3** and increasing) coupled with a significant reduction in implementation costs allowing more funds to be allocated to customer incentives. In addition, cost reductions occurred in Flex Path Incentives, Local Marketing and Outreach, Green Building Labeling, and Contractor Outreach and Training to allow funding to expand program activities for Multifamily, which has a significantly higher TRC than the single family resource program. These cost reductions are a direct result of a portfolio optimization project started in January 2017 by SoCalREN Administration.

The overall Southern California Regional Energy Center (SoCalREC, aka. Public Agency) budget was increased by $456,802. The primary drivers for this increase are to optimize subprograms and true up budget allocations between Aggregated Regional Procurement and Integrated Comprehensive Whole Building Retrofits. Additionally, we are increasing our Workforce Development budget as SoCalREN focuses on creating more green jobs in the energy efficiency (EE) field.

As a direct result to the increase in the public sector, the overall proposed 2018 Financing budget was reduced by $432,250. This reduction is possible due to SoCalREN's focus on leveraging existing statewide financing offerings while migrating away from LLR style offerings. In addition, SoCalREN will continue to create new partnerships around Commercial PACE as the uptake continues amongst commercial property owners. SoCalREN is dedicated to finding cost efficient financing solutions for Public Agency customers, multifamily property owners, and residential customers to help drive a greater adoption of deep comprehensive retrofits.

Subprogram	**2017 Approved Budget**	**2018 Proposed Budget**	**Difference**
A: Residential & Business Programs	$10,577,552	$10,553,000	-24,552
B: Financing	$2,779,250	$2,347,000	-432,250
C: SoCalREC (Public Agency)	$8,294,198	$8,751,000	+456,802
Total SoCalREN	$21,651,000	$21,651,000	

Last and per Energy Staff direction,[3] the SoCalREN includes in this Advice Letter the "CEDARS Filing Confirmation" which can be found in Attachment A.

[3]Per Energy Division Staff direction received at the July 25, 2017 PCG Meeting.

Funds Requested

SoCalREN has been approved by CPUC a total budget of $21,651,000 for 2018 per D.15-10-028 Figure 6. A summary budget is provided below.

Budget by Subprogram

Subprogram	2018
A: Residential & Business Programs	$10,553,000
B: Financing	$2,347,000
C: SoCalREC (Public Agency)	$8,751,000
Total SoCalREN	$21,651,000

Protests

Anyone may protest this Advice Letter. The protest must state the grounds upon which it is based. The protest must be made in writing and received by the Commission within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. It is also requested that a copy of the protest be sent by email to addresses shown below on the same date it is mailed or delivered to the Commission.

Demetra J. McBride
Environmental Initiatives Division Manager
County of Los Angeles Office of Energy + Environment
1100 North Eastern Avenue
Los Angeles, CA 90063-3200
(323) 881-3971
DMcbride@isd.lacounty.gov

Effective Date

Per D. 14-10-046 this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalREN respectfully requests that this Advice Letter be made effective on October 1, 2017, which is 30 calendar days after the date filed.

Notice

A copy of this Advice Letter is being sent to the Commission's service lists for R.13-11-005 and A.17-01-013 (et al.). For changes to R.13-11-005 or A.17-01-013 (et al.) service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at process_office@cpuc.ca.gov.

Respectfully Submitted,

/s/ Demetra J. McBride

Demetra J. McBride
Environmental Initiatives Division Manager
County of Los Angeles Office of Energy + Environment
1100 North Eastern Avenue
Los Angeles, CA 90063-3200
(323) 881-3971
DMcbride@isd.lacounty.gov

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Southern California Regional Energy Network (#940)

Utility type:

☒ ELC ☒ GAS

☐ PLC ☐ HEAT ☐ WATER

Contact Person: Demetra McBride

Phone #: (323) 881-3971

E-mail: DMcbride@isd.lacounty.gov

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

Tier: ☐1 ☒2 ☐3

Advice Letter (AL) #: ____________________________

Subject of AL: Compliance Filing Regarding Southern California Regional Energy Network 2018 Energy Efficiency Program Portfolio Changes and Funding Request

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other ____________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Resolution Required? ☒ Yes ☐ No

Requested effective date: 10/1/2017 No. of Tariff Sheets: N/A

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: Updated Program Implementation Plans and Supporting Information for the SoCalREN's energy efficiency programs in compliance with D.15-10-028

Pending advice letters that revise the same tariff sheets: ____________________

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Utility Info (including e-mail)
Demetra J. McBride
Environmental Initiatives Division Manager
County of Los Angeles Office of Energy + Environment
1100 North Eastern Avenue
Los Angeles, CA 90063-3200
DMcbride@isd.lacounty.gov

[1] Discuss in AL if more space is needed.

Attachment A

CEDARS Filing Confirmation

The Appendix is also available on CEDARS at this link:

https://cedars.sound-data.com/

Supplemental information on SoCalREN's portfolio, including Program Implementation Plans and forecast data, is available at the same link.

CEDARS FILING SUBMISSION RECEIPT

The SCR portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Southern California Regional Energy Network (SCR)

Filing Year: 2018

Submitted: 18:04:42 on 30 Aug 2017

By: Sheena Tran

Advice Letter Number: 6-E-G

* Portfolio Filing Summary *

- TRC: 0.403
- PAC: 0.4357
- TRC (no admin): 1.028
- PAC (no admin): 1.2718
- RIM: 0.4357
- Budget: $21,651,000.00

* Programs Included in the Filing *

- SCR-EUC-A1: Local Marketing and Outreach
- SCR-EUC-A2: Green Building Labeling
- SCR-EUC-A3: Flex Path Incentives
- SCR-EUC-A4: Contractor Outreach and Training
- SCR-EUC-A5: Multifamily Incentives
- SCR-EUC-A6: Low-Income Single Family Residential
- SCR-FIN-B1: Public Building Loan Loss Reserve
- SCR-FIN-B2: EUC Residential Loan Loss Reserve
- SCR-FIN-B4: Non-Residential PACE
- SCR-FIN-B5: Public Agency Revolving Loan Fund
- SCR-REC-C1: Aggregated Regional Procurement
- SCR-REC-C2: Integrated Comprehensive Whole Building Retrofits
- SCR-REC-C3: Regional Climate Action and Energy Plan
- SCR-REC-C4: Water-Energy Nexus
- SCR-REC-C5: Regional Energy Project Tracking and Permitting (CEEPMS)
- SCR-REC-C6: Marketing, Outreach, Education, and Training
- SCR-REC-C7: Workforce Development

ADVICE LETTER SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Regional Energy Network (SoCalREN)

Utility Number/Type: SoCalREN □□□0

Advice Letter Number(s): □□-E-G

Date AL(s) Filed: September 1, 2017

Utility Contact Person: Demetra McBride

Utility Phone No.: (323) 881-3□71

Date Utility Notified: September 22, 2017

E-Mailed to: DMcbride@isd.lacounty.gov

ED Staff Contact: Peter Franzese

ED Staff Email: peter.franzese@cpuc.ca.gov

ED Staff Phone No.: (□15) 703-1□2□

□ INITIAL SUSPENSION (□□□ DAYS)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning September 22, 2017, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

□ A Commission Resolution is Required to Dispose of the Advice Letter

□ Advice Letter Requests a Commission Order

□ Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

□ FURTHER SUSPENSION (□□□ DAYS)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Peter Franzese (peter.franzese@cpuc.ca.gov).

cc:
ED Tariff Unit

□ Note: reference Decision D.02-02-0□□, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-02□

STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2017

Advice Letter
SoCalREN 6-E-G

Demetra J. McBride
Environmental Initiatives Division Manager
County of Los Angeles Office of Energy + Environment
1100 North Eastern Avenue
Los Angeles, CA 90063

Ms McBride:

On September 1, 2017, SoCalREN filed Advice Letter 6-E-G "SoCalREN's 2018 energy efficiency annual budget advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought Commission approval of SoCalREN's 2018 energy efficiency budget request.

SoCalREN's cost-effectiveness as presented in the advice letter includes a TRC value of 0.40. While D.12-11-015 exempted the RENs from the cost effectiveness requirements of the other Program Administrators, the Commission would like to see the SoCalREN make efforts to improve their portfolio cost effectiveness. The Commission confirmed this most recently in D.16-06-046, which states "the Commission encourages RENs to manage their programs with an eye toward long-term cost-effectiveness, just as we encourage the other program administrators to do."[1]

Of particular note when considering portfolio cost-effectiveness is that SoCalREN's advice letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 6-E-G, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks SoCalREN to file a supplemental to Advice Letter 6-E-G, which will include:

- New cost effectiveness showings using Cost Effectiveness Tool (CET) version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025

[1] See D.16-08-019 pg 11.

In addition to the use of these updated parameters, SoCalREN's supplemental filing will also include additional portfolio scenarios, supported by outputs from the CET version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where SoCalREN proposes to increase a program budget, it will also provide related evidence of whether and how the budget increase will lead to increased savings from that program. If, in the process of developing this range of alternative scenarios a budget increase results, SoCalREN may be certain that there is not a legal prohibition to increasing the budget for 2018.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Nils B. Strindberg at nils.strindberg@cpuc.ca.gov.

Thank you.

Robert L. Strauss

Robert L. Strauss
Energy Efficiency Branch Manager
Energy Division

County of Los Angeles
INTERNAL SERVICES DEPARTMENT
1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2101
FAX: (323) 264-7135

"To enrich lives through effective and caring service"

November 22, 2017

Advice No. #6-E-G-A
(CPUC Identification #940)

Public Utilities Commission of the State of California

SUBJECT: SUPPLEMENT: COMPLIANCE FILING REGARDING SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK 2018 ENERGY EFFICIENCY PROGRAM PORTFOLIO CHANGES AND FUNDING REQUEST

The Southern California Regional Energy Network (SoCalREN) submits this Advice Letter to the California Public Utilities Commission (Commission), in compliance with Ordering Paragraph 4 of Decision (D.) 15-10-028 and the Administrative Law Judges' Ruling Modifying Schedule, issued June 9, 2017 ("Modifying Schedule Ruling") in proceeding A.17-01-013 (et al.), which restored the annual budget advice letter filing deadline of September 1, 2017.

The Commission's direction for this Supplement created a unique shift from conventional portfolio design, which is dominated by market transformation, sector focus, or mass-stakeholder collaborative constructs followed by a savings calculus. Instead, the Commission directed Program Administrators (PAs) to reverse the portfolio development strategy, ***backing into*** *design from a specific cost-effectiveness threshold. This runs somewhat counter to the framework established under D.12-11-015 that established the scope of REN Programs; however, the SoCalREN appreciates this disruption for the critical doors it has opened. This approach: 1) promotes design flexibility and access; (2) highlights a paradox in non-IOU portfolios that arguably perpetuates a faulty interpretation of the cost-effectiveness of non-IOU portfolios; and (3) has liberated the SoCalREN to use equal candor and innovation in addressing the stubborn immutability of Single Family performance. This Supplement speaks more directly to these matters below under "Paragraph E: Future Scenario Considerations".*

Purpose

This supplemental filing provides supplementary information to SoCalREN's Advice No. 6-E-G, filed on September 1, 2017. This supplement has been prepared in response to Energy Division's request that SoCalREN file a supplement to Advice Letter 6-E-G, which includes:[1]

- New cost-effectiveness showings using Cost Effectiveness Tool (CET) v18.1, released September 25, 2017, and including interim GHG adder.
- 2018 goals as established in D.17-09-025
- In addition to the use of the above updated parameters, SoCalREN's supplemental filing must also include additional Portfolio scenarios, supported by outputs from the CET version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness.

SoCalREN filed Advice Letter 6-E-G on September 1, 2017 using CET v18.0 (2017 Avoided Cost version), which was the approved version at the time of the September 1st filing. Therefore, SoCalREN utilized the most current version available at the time of filing to determine the TRC & PAC for SoCalREN's 2018 Portfolio. Subsequently, the new GHG adder was adopted in D.17-08-022 for use in the avoided costs calculator and was released September 25, 2017. The Commission adopted 2018 energy savings goals established in D.17-09-025, also issued after the PAs' September 1st budget compliance filings were submitted. The SoCalREN now submits this supplemental advice letter, in order to (1) adjust values using CET v18.1 (2018 Avoided Cost version) and incorporating parameters newly-adopted by the Commission, (2) proffer alternative scenarios, and (3) provide the Energy Division an updated portfolio cost-effectiveness for the SoCalREN 2018 portfolio.

Background

The SoCalREN was authorized in 2012 by the Commission to harness the resources and unique capabilities of public agencies to deliver innovative and effective energy efficiency solutions. Programs successfully underway align with the recommended local government actions detailed in the Energy Efficiency Strategic Plan and are on track to achieve deep energy savings. A rigorous 2017 assessment process and design adjustments have increased performance of the SoCalREN Multifamily Program by roughly 2100% from its 2016 savings. The SoCalREN has built the capacity and expertise essential for public agencies to meet California's energy goals, and has even been recruited by incumbent IOUs to support Public

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[1] Energy Division Letter to SoCalREN 2018 on Budget, dated October 30, 2017.

Agency activities under their Local Government Partnerships. SoCalREN's original 2018 Annual Budget Advice Letter (ABAL) 6-E-G detailed the SoCalREN program offerings for 2018 based on implementing the current authorized programs throughout 2018. This supplemental 2018 ABAL 6-E-G-A deviates from its original 2018 ABAL and reflects new scenarios - three (3) in total - that would modify the SoCalREN program offerings for 2018 based on implementing improved and achievable portfolio cost-effective strategies. SoCalREN provides in Attachments A, B, and C the results of these additional scenarios for Commission Staff reference and consideration.

Once program administrator Business Plans are approved in proceeding A.17-01-013 (et al.), a subsequent compliance filing will be filed in March 2018 as directed in the Modifying Schedule Ruling.[2]

Discussion

SoCalREN submits in this supplemental advice filing responses to Energy Division Staff's direction per the letter received on October 30, 2017.[3] SoCalREN has prepared a baseline scenario and two (2) additional scenarios using CET v18.1 (output files attached). The two (2) additional scenarios provide new approaches to increasing portfolio cost-effectiveness by optimizing the current portfolio of CPUC approved programs. The baseline portfolio scenario provides a "status quo" comparison with no changes to the original filed Advice Letter portfolio of programs, adjusted for the adoption and application of the CET v.18.1. The two additional scenarios submitted within this filing show how changes in program strategies can positively affect overall portfolio performance and cost-effectiveness.

Scenario 1 reflects the simple discontinuation of *prima facie* non-cost-effective programs. Scenario 2 reflects the discontinuation of (*prima facie*) non-cost-effective programs while optimizing cost-effective programs which incorporate pay for performance incentive strategies to generate driving deeper energy savings achieved. SoCalREN also has worked on scenarios which could provide **greater cost-effective portfolios** than Scenario 1 & 2, yet due to time constraints, SoCalREN was unable to include them in this filing. We look forward to further developing these new scenarios as part of our 2018 Business Plan RFA process, and the Commission's further consideration.

[2] Administrative Law Judges' Ruling Modifying Schedule, A.17-01-013 (et al.), issued June 9, 2017, p. 6.
[3] Energy Division Letter to SoCalREN 2018 on Budget, dated October 30, 2017.

Portfolio scenario parameters, assumptions, and applicable budget modifications are detailed below for each portfolio scenario modeled. Justification for Scenario 2, portfolio uploaded to CEDARs, is also provided. Detailed CET output files from all modeled scenarios in CET v18.1 are provided as reference in Attachment A, B and C.

A. SoCalREN Baseline Scenario: Recalculate existing using CET v18.1

The 2018 Baseline Scenario provided in this filing reflects a continuation of the original programs approved in D.14-10-046 from the 2013-2014 cycle (with slight modifications, as detailed in SoCalREN's original 2018 ABAL filing Advice Letter 6-E-G) adjusted for application of CET v18.1, released September 25, 2017, which includes the interim GHG adder. Table 1 and 2 below outline the TRC values and the Goal Attainment Savings values attributed to the 2018 SoCalREN baseline scenario.

Table 1. SoCalREN Baseline Scenario Cost-Effectiveness Calculation[4]

CET Output (Version 18.1)		
Portfolio TRC	**Single Family Program TRC**	**Multifamily Program TRC**
0.44	0.14	1.25

Table 2. SoCalREN Baseline Scenario Savings Goal Attainment[5]

CET Output (Version 18.1)		
Goal Attainment KWh	**Goal Attainment KW**	**Goal Attainment Therms**
8,304,733[6]	2,049	227,802

1) Baseline Scenario - Budget Assumptions

Baseline scenario remains unchanged to the budget filed in SoCalREN's 2018 ABAL 6-E-G. No budget modifications were addressed in this scenario.

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[4] Please see Attachment A_SoCalREN Baseline Scenario

[5] *Ibid.*

[6] This calculation does <u>not</u> include SoCalREN performance and delivery under its Public Agency Upgrade Program, which by example is projected in 2017 to generate 12.5 Million kWh in energy savings. Current rules of attribution result in SoCalREN ***solely*** having to claim the cost of this Program without the ability to claim any of the savings (which is assumed by Southern California Edison, free of any ownership of Program cost).

B. SoCalREN Scenario 1: Discontinue Non-Cost-Effective Programs

Scenario 1 reflects the discontinuation of non-cost-effective programs and the re-allocation of funds to cost-effective programs. Scenario 1 assumes SoCalREN's discontinuation of the Single Family Home Upgrade program, with funding re-allocated to the Multifamily program. Also, this scenario reflects "status quo" as filed in its 2018 ABAL 6-E-G for Public Agency and Financing sub programs. Table 3 and 4 below outline the TRC values and the goal attainment savings values attributed to the 2018 SoCalREN **Scenario 1**.

Table 3. SoCalREN Scenario 1 Cost-Effectiveness Calculation[7]

CET Output (Version 18.1)		
Portfolio TRC	**Single Family Program TRC**	**Multifamily Program TRC**
0.55	------	1.19

Table 4. SoCalREN Scenario 1 Savings Goal Attainment[8]

CET Output (Version 18.1)		
Goal Attainment KWh	**Goal Attainment KW**	**Goal Attainment Therms**
10,236,357[9]	2,064	255,143

1) Scenario 1 - Budget Assumptions

Scenario 1 assumes program budget reductions for programs which have been deemed either unsuccessful in achieving cost-effective savings, or where objectives have been fully satisfied and exhausted over the bridge years supporting development of the 'rolling portfolio' cycle. SoCalREN continues to demonstrate a continued focus on optimizing SoCalREN's existing portfolio and establishing an escalating path of energy savings, resourcefulness, and cost-effectiveness.

The overall proposed 2018 Residential & Business Programs budget remains unchanged as the Baseline Portfolio scenario, however sub-program budgets have been adjusted to move funding

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[7] Please see Attachment B_SoCalREN Scenario 1
[8] *Ibid.*
[9] See footnote 4 above regarding calculus of cost vs. energy "earnings" (or savings) in non-IOU and the SoCalREN Portfolios.

to cost-effective programs, specifically the Multifamily program. The scenario reflects a Multifamily program budget increase of $2,000,000 compared to the Multifamily program budget in the baseline scenario, as a result of shifting Residential Home Upgrade and Flex Path funding from these under-performing programs to the high-performing Multifamily initiative. The Flex Path Incentives program has been defunded primarily due to downward-spiraling cost-effectiveness year over year. The Multifamily program budget increase is due to a strong market acceptance, cost-effective TRC, and significant reductions in implementation costs, allowing more funds to be allocated to customer incentives. Low Income Single Family Residential was not impacted and remains the same. The original ABAL also included budget reductions in Local Marketing and Outreach, Green Building Labeling, and Contractor Outreach and Training to allow increased funding for program activities in Multifamily, which has a significantly higher TRC than the Single Family resource program. These cost reductions present a portfolio optimization project started in January 2017 by SoCalREN, with demonstrated success – an approximate 2100% increase in energy savings and a significant improvement in TRC.

The overall Southern California Regional Energy Center (SoCalREC, aka. Public Agency), Workforce Development, and Financing budgets are unchanged as originally filed in SoCalREN's 2018 ABAL 6-E-G

C. SoCalREN Scenario 2: Multifamily Program with Tiered Incentives

Scenario 2 also reflects the discontinuation of non-cost-effective programs and re-allocation of funds to programs with demonstrated cost-effectiveness and programmatic performance, yet also incorporates more aggressive program strategies to further increase cost-effectiveness. **Scenario 2** assumes SoCalREN's Single Family Home Upgrade program is discontinued with resources now allocated to the Multifamily program. This scenario pursues even greater multifamily energy savings, however, through a tiered incentive structure providing larger incentives for projects incorporating comprehensive measures that produce greater savings per multifamily project. Further, this scenario adds a 50% incentive paid cap for each project. **Scenario 2** also reflects "status quo" as filed in its 2018 ABAL 6-E-G for its Public Agency and Financing sub-programs. Table 5 and 6 below outline the TRC values and the Goal Attainment Savings values attributed to the 2018 SoCalREN Portfolio **Scenario 2**.

Table 5. SoCalREN Scenario 2 Cost-Effectiveness Calculation[10]

CET Output (Version 18.1)		
Portfolio TRC	**Single Family Program TRC**	**Multifamily Program TRC**
0.72	------	1.40

Table 6. SoCalREN Scenario 2 Savings Goal Attainment[11]

CET Output (Version 18.1)		
Goal Attainment KWh	**Goal Attainment KW**	**Goal Attainment Therms**
14,400,000[12]	2,642	326,583

1) Budget Assumptions

Scenario 2 includes the same budget assumptions as **Scenario 1**.

D. Scenario Submitted

Based on the results and the output files using CET v18.1, SoCalREN believes **Scenario 2** provides the best approach to improving and realizing a continued path to increased Portfolio cost-effectiveness. This approach mitigates continuing strategies not cost-effective for ratepayers, or optimally effective in meeting the State's bold energy goals. **Scenario 2** has been submitted to CEDARs for Commission consideration and confirmation of submittal is located in Attachment D of this filing.

E. Future Scenario Considerations

Due to time constraints SoCalREN limits its submittal to three (3) scenarios. The work required for scenario development and this Supplement identified other key modifications to consider, which may stimulate yet even greater return on investment of ratepayer dollars under the Energy Efficiency Portfolio. This deeper plan development, scenario-building and calculation requires more detailed analyses and analytics which the current timeframe could not accommodate. We urge the Commission to create a standing path for increasing levels of savings-based change and Portfolio-building, as the Supplement directive stimulated our

[10] Please see Attachment C_SoCalREN Scenario 2
[11] *Ibid.*
[12] See footnote 4 above regarding calculus of cost vs. energy "earnings" (or savings) in non-IOU and the SoCalREN Portfolios.

thinking on how other program design modifications could further optimize portfolio cost-effectiveness via targeted measure groupings, market supply chain approaches, and financing options to drive more comprehensive projects.

For example, the SoCalREN is confident that its current Portfolio could be measured as an "attainment" (~1.0) portfolio TRC provided it was able to receive direct or "ghost" attribution savings for its Public Agency Sector program which, for purposes of SoCalREN cost-effectiveness, is currently treated as a non-resource program. In brief, the SoCalREN is burdened on paper with assuming all the costs and expenses of that Program, without a concurrent ability to claim the energy savings measurably generated by it. Instead, the SoCalREN generates the savings, but only serves as a pass-through for those savings to migrate to and be claimed by the incumbent IOU. The IOU, however, is not compelled to factor the program's cost. Given greater time to identify the best solution for assessing "ghost" attribution savings, programs currently labeled non-resource could provide improvements to, and attainment levels for, Portfolio cost-effectiveness.

Also, while SoCalREN presented Scenarios 1 & 2 with no Single Family programs, the intent of SoCalREN is to develop single family cost-effective solutions in 2018 through an RFA-RFP process. We do not believe that the State's goals are best served by alienating or sidelining the Single Family market, despite its obvious challenges. The IOUs have voiced a preference to pursue mid- and upstream solutions; and we support and encourage this approach by them. The IOUs may be more (but not exclusively) suited for this role. At the same time, the SoCalREN posits that non-IOU PAs may be better suited to innovate downstream programs and deliver greater savings than the history of residential programs illustrates. This approach is consistent with D. 12-11-015, which assigned to RENs program options where IOUs could not or would not operate.

We have used the 2017 cycle to develop potential downstream solutions, and the SoCalREN plans to work collaboratively with our IOU partners once the Business Plans have been approved to identify gaps in the Single Family residential offerings where SoCalREN can implement a cost-effective program. SoCalREN plans to have a Single Family cost-effective pilot implemented in 2019 or sooner.

2018 Proposed Budget

The scenarios submitted utilized modifications to program budgets which did not modify the larger subprogram budgets listed below in Table 7. For SoCalREN's original 2018 ABAL, filed on September 1, 2017, the subprogram budget for the Public Agency Sector was increased and the Financing budget was reduced. This reduction is due to SoCalREN's focus on leveraging existing statewide financing and Commercial PACE offerings while migrating away from Loan Loss Reserve (LLR) style financing offerings (a mechanism we contend imparts limited impact). The SoCalREN will continue to create new financing offerings, leveraging existing private markets and Commercial PACE programs. SoCalREN is dedicated to finding cost-effective financing solutions for Public Agency Sector customers, Multifamily property owners, and Residential customers to help drive a greater adoption of deep, comprehensive retrofits.

Table 7. Subprogram Approved and Proposed Budget Comparison

Subprogram	2017 Approved Budget	2018 Proposed Budget	Difference
A: Residential & Business Programs	$10,577,552	$10,553,000	-24,552
B: Financing	$2,779,250	$2,347,000	-432,250
C: SoCalREC (Public Agency)	$8,294,198	$8,751,000	+456,802
Total SoCalREN	$21,651,000	$21,651,000	

Last and per Energy Staff direction,[13] the SoCalREN includes in this Advice Letter the updated "CEDARS Filing Confirmation" which reflects 2018 SoCalREN Scenario 2 and can be found in Attachment D.

Funds Requested

SoCalREN has been approved by CPUC a total budget of $21,651,000 for 2018 per D.15-10-028 Figure 6. A summary budget is provided below.

Budget by Subprogram

Subprogram	2018
A: Residential & Business Programs	$10,553,000
B: Financing	$2,347,000
C: SoCalREC (Public Agency)	$8,751,000
Total SoCalREN	$21,651,000

2018 Goals as Established in D.17-09-025

[13] Per Energy Division Staff direction received at the July 25, 2017 PCG Meeting.

While the 2018 goals established in D.17-09-025 do not apply to SoCalREN directly, they are provided in response to Commission Staff's request made in the Energy Division Letter to SoCalREN 2018 on Budget, dated October 30, 2017. Tables 8, 9 and 10 reflect the adopted energy savings goals established in D.17-09-025 and represent SoCalREN's partner IOU service territory values, specifically Southern California Edison (SCE) and Southern California Gas Company (SoCalGas).

Table 8. SCE Territory Annual Electric Savings Goals (GWh)[14]

Southern California Edison		
Incentive Programs	**Codes & Standards**	**Total**
409	552	961

Table 9. SCE Territory Annual Demand Savings Goals (MW)[15]

Southern California Edison		
Incentive Programs	**Codes & Standards**	**Total**
82	124	206

Table 10. SoCalGas Territory Annual Gas Savings Goals (MMTherms)[16]

Southern California Gas Company		
Incentive Programs	**Codes & Standards**	**Total**
20	26	46

Protests

Anyone may protest this Advice Letter. The protest must state the grounds upon which it is based. The protest must be made in writing and received by the Commission within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

[14] D.17-09-025, p. 37.
[15] *Ibid, p. 38.*
[16] *Id, p. 39.*

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. It is also requested that a copy of the protest be sent by email to address shown below on the same date it is mailed or delivered to the Commission.

Demetra J. McBride
Environmental Initiatives Division Manager
County of Los Angeles Office of Energy +
Environment
1100 North Eastern Avenue
Los Angeles, CA 90063-3200
(323) 881-3971
DMcbride@isd.lacounty.gov

Effective Date

Per D. 14-10-046 this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalREN respectfully requests that this Advice Letter be made effective on December 22, 2017, which is 30 calendar days after the date filed.

Notice

A copy of this Advice Letter is being sent to the Commission's service lists for R.13-11-005 and A.17-01-013 (et al.). For changes to R.13-11-005 or A.17-01-013 (et al.) service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at process_office@cpuc.ca.gov.

Respectfully Submitted,

/s/ Demetra J. McBride
Demetra J. McBride
Environmental Initiatives Division Manager
County of Los Angeles Office of Energy +
Environment
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(323) 881-3971
DMcbride@isd.lacounty.gov

Attachment A

CET (Version 18.1) SoCalREN Baseline Scenario Output Files

Please see file SoCalREN Baseline Scenario_CET Output.xls

Attachment B

CET (Version 18.1) SoCalREN Scenario 1 Output Files

Please see file SoCalREN Scenario 1_CET Output.xls

Attachment C

CET (Version 18.1) SoCalREN Scenario 2 Output Files

Please see file SoCalREN Scenario 2_CET Output.xls

Attachment D

CEDARS Filing Confirmation

The Appendix is also available on CEDARS at this link:

https://cedars.sound-data.com/

Supplemental information on SoCalREN’s portfolio, including Program Implementation Plans and forecast data, is available at the same link.

CEDARS FILING SUBMISSION RECEIPT

The SCR portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Southern California Regional Energy Network (SCR)

Filing Year: 2018

Submitted: 09:50:50 on 21 Nov 2017

By: Sheena Tran

Advice Letter Number: 6-E-G-A

* Portfolio Filing Summary *

- TRC: 0.7172
- PAC: 0.8349
- TRC (no admin): 1.6272
- PAC (no admin): 2.3922
- RIM: 0.8349
- Budget: $21,651,000.00

* Programs Included in the Filing *

- SCR-EUC-A1: Local Marketing and Outreach
- SCR-EUC-A2: Green Building Labeling
- SCR-EUC-A3: Flex Path Incentives
- SCR-EUC-A4: Contractor Outreach and Training
- SCR-EUC-A5: Multifamily Incentives
- SCR-EUC-A6: Low-Income Single Family Residential
- SCR-FIN-B1: Public Building Loan Loss Reserve
- SCR-FIN-B2: EUC Residential Loan Loss Reserve
- SCR-FIN-B4: Non-Residential PACE
- SCR-FIN-B5: Public Agency Revolving Loan Fund
- SCR-REC-C1: Aggregated Regional Procurement
- SCR-REC-C2: Integrated Comprehensive Whole Building Retrofits
- SCR-REC-C3: Regional Climate Action and Energy Plan
- SCR-REC-C4: Water-Energy Nexus
- SCR-REC-C5: Regional Energy Project Tracking and Permitting (CEEPMS)
- SCR-REC-C6: Marketing, Outreach, Education, and Training
- SCR-REC-C7: Workforce Development

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Southern California Regional Energy Network (#940)

Utility type:

☒ ELC ☒ GAS

☐ PLC ☐ HEAT ☐ WATER

Contact Person: Demetra McBride

Phone #: (323) 881-3971

E-mail: DMcbride@isd.lacounty.gov

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

Tier: ☐1 ☒2 ☐3

Advice Letter (AL) #: 6-E-G-A

Subject of AL: Supplement: Compliance Filing Regarding Southern California Regional Energy Network 2018 Energy Efficiency Program Portfolio Changes and Funding Request

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Resolution Required? ☒ Yes ☐ No

Requested effective date: 12/22/2017 No. of Tariff Sheets: N/A

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: Supporting Information for the SoCalREN's energy efficiency programs in compliance with D.15-10-028

Pending advice letters that revise the same tariff sheets:

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Utility Info (including e-mail)
Demetra J. McBride
Environmental Initiatives Division Manager
County of Los Angeles Office of Energy + Environment
1100 North Eastern Avenue
Los Angeles, CA 90063-3200
DMcbride@isd.lacounty.gov

[1] Discuss in AL if more space is needed.

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Regional Energy Network (SoCalREN)
Utility Number/Type: SoCalREN/#940
Advice Letter Number(s) #6-E-G, 6-E-G-A
Date AL(s) Filed) September 1, 2017, November 22, 2017
Utility Contact Person: Demetra McBride
Utility Phone No.: (323) 881-3971

Date Utility Notified: January 18, 2018
E-Mailed to: DMcbride@isd.lacounty.gov
ED Staff Contact: Nils B. Strindberg
ED Staff Email: nils.strindberg@cpuc.ca.gov
ED Staff Phone No.: (415) 703-1812

[ ] INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning __________, for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] A Commission Resolution is Required to Dispose of the Advice Letter

[ ] Advice Letter Requests a Commission Order

[ ] Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

[X] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Nils Strindberg (nils.strindberg@cpuc.ca.gov).

cc:
EDTariffUnit

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 7.5 in appendix A of D.O7-01-024

(END OF ATTACHMENT 1)

ATTACHMENT 2

Consolidated list of IOUs' GO 96-B service lists and contacts for respondents to 2018 annual budget advice letters

aburgh@ci.irvine.ca.us
aclark@calpine.com
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(END OF ATTACHMENT 2)