

December 19, 2014

Advice 3541-G-A/4550-E-A
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Supplemental: PG&E's 2015 Energy Efficiency Portfolio
Advice Letter In Compliance With Decision 14-10-046, Ordering
Paragraph 16**

Purpose

Pacific Gas and Electric Company (PG&E) submits this supplement to Advice 3541-G/4550-E dated December 15, 2014, in compliance with Ordering Paragraph (OP) 16 of Decision (D.) 14-10-046, "*Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets*" (Decision) and guidance from the California Public Utilities Commission (CPUC or Commission) Energy Division staff (Staff).

This supplemental advice letter includes additional information regarding PG&E's 2015 energy efficiency portfolio cost effectiveness.

Cost-Effectiveness

In Advice 3541-G-A/4550-E-A, PG&E reports that its 2015 portfolio has a Total Resource Cost (TRC) result of 1.05 and a Program Administrator Cost (PAC) result of 1.74, as further detailed in Appendix A, Table 7.1 and 7.2. The total portfolio TRC and PAC results include costs for:

- San Francisco Bay Area Regional Network (BayREN) and Marin Clean Energy (MCE)
- Codes and Standards advocacy;
- The portion of Statewide Marketing, Education and Outreach (SW ME&O) allocated to energy efficiency programs;
- \$9.2 million in carryover funds from the 2010-2012 program cycle anticipated to be spent in 2015;

- A placeholder value of \$22 million for PG&E's Efficiency Savings and Performance Incentive (ESPI) forecast of the award that would be recorded in 2015; and
- Estimated savings from the Energy Savings Assistance (ESA) program.

The TRC and PAC exclude:

- Emerging Technologies (ET) program costs;¹
- 2015 On-Bill Financing (OBF) revolving loan funds adjusted for projected loan defaults²; and
- Credit enhancements approved for the Statewide Financing Pilots in D.13-09-044.

A 5 percent default market effects adjustment is included in the total portfolio cost-effectiveness analyses to account for program spillover.^{3 4} However, Tables 7.1 and 7.2 do not include the market effects adjustment to the "Resource Portfolio" and "Resource Portfolio and Non Resource Portfolio," per the template provided by Staff.

For comparison with PG&E's EE 2015 Funding Proposal, and for clarity, PG&E is providing Table 1, below, showing a more detailed view of its resource programs and portfolio cost-effectiveness, including the 5% market effects in each value.

¹ D.12-11-015, p. 53

² D.09-09-047, p. 288.

³ D.12-11-105, p. 55 and OP 37.

⁴ A market effect is a change in the structure or functioning of a market or the behavior of participants in a market that result from one or more program efforts. Typically these efforts are designed to increase in the adoption of energy-efficient products, services or practices and are causally related to market interventions. Market effects include reductions in energy consumption and/or demand in a utility's service area caused by the presence of the DSM program, beyond program related gross or net savings of participants. These effects could result from: (a) additional energy efficiency actions that program participants take outside the program as a result of having participated; (b) changes in the array of energy-using equipment that manufacturers, dealers and contractors offer all customers as a result of program availability; and (c) changes in the energy use of non-participants as a result of utility programs, whether direct (e.g., utility program advertising) or indirect (e.g., stocking practices such as (b) above or changes in consumer buying habits)." Participant spillover is described by (a), and non-participant spillover, by (b) and (c). Some parties refer to non-participant spillover as "free-drivers." (From EM&V Protocols, April 2006). EE Policy Manual v5.

TABLE 1
PACIFIC GAS AND ELECTRIC COMPANY
2015 PORTFOLIO COST EFFECTIVENESS (1)

Line		TRC	PAC
1	Total 2015 Portfolio	1.05	1.74
2	Total 2015 Portfolio less BayREN and MCE	1.08	1.79
3	2015 for Resource Programs Only	1.11	1.88

Note (1):

Lines 1, 2 and 3 include resource programs, C&S, burden benefits, an estimate of recorded 2015 ESPI award, SW ME&O program funding adopted in D.13-12-038, EM&V, and market effects.

The TRC and PAC shown in Line 1 conservatively include a TRC for BayREN and MCE of 0 and approved 2015 budgets of \$14.1 million.

BayREN and MCE costs are excluded from Lines 2 and 3.

Line 3 removes the costs associated with PG&E's Workforce Education and Training, Integrated Demand Side Management and Financing programs to show the cost effectiveness for the portion of the portfolio that meets the CPUC's energy savings goals.

Effective Date

PG&E requests this Tier 2 advice filing be approved concurrent with Advice 3541-G/4550-E, with an effective date of January 1, 2015.

Protests

PG&E requests that the protest period not be reopened for this supplemental advice letter. Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 5, 2015, which is 17 days after the date of this filing and concurrent with the protest period of Advice 3541-G/4550-E.

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.

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:

Meredith Allen
Senior Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Rule 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, Rule 3.11).

Notice

In accordance with General Order 96-B, Rule 4, a copy of this advice letter is being sent electronically and/or via U.S. mail to parties shown on the attached list and Service Lists R.13-11-005. 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/
Meredith Allen
Senior Director, Regulatory Relations

cc: Service List for R.13-11-005

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:

☒ ELC

☒ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3541-G-A/4550-E-A**

Tier: 2

Subject of AL: **Supplemental: PG&E's 2015 Energy Efficiency Portfolio Advice Letter In Compliance With Decision 14-10-046, Ordering Paragraph 16**

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

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.14-10-046

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, 2015**

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 17 days¹ 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: Meredith Allen

Senior Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ PG&E requests that the protest period not be reopened and to be concurrent with the protest period of Advice 3451-G/4550-E.

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

AT&T	Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.
Albion Power Company	Douglass & Liddell	OnGrid Solar
Alcantar & Kahl LLP	Downey & Brand	Pacific Gas and Electric Company
Anderson & Poole	Ellison Schneider & Harris LLP	Praxair
BART	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
Barkovich & Yap, Inc.	GenOn Energy Inc.	SCD Energy Solutions
Bartle Wells Associates	GenOn Energy, Inc.	SCE
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
California Cotton Ginners & Growers Assn	Green Power Institute	SPURR
California Energy Commission	Hanna & Morton	Seattle City Light
California Public Utilities Commission	In House Energy	Sempra Utilities
California State Association of Counties	International Power Technology	SoCalGas
Calpine	Intestate Gas Services, Inc.	Southern California Edison Company
Casner, Steve	K&L Gates LLP	Spark Energy
Cenergy Power	Kelly Group	Sun Light & Power
Center for Biological Diversity	Linde	Sunshine Design
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	Tecogen, Inc.
City of San Jose	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
Clean Power	MRW & Associates	TransCanada
Coast Economic Consulting	Manatt Phelps Phillips	Utility Cost Management
Commercial Energy	Marin Energy Authority	Utility Power Solutions
Cool Earth Solar, Inc.	McKenna Long & Aldridge LLP	Utility Specialists
County of Tehama - Department of Public Works	McKenzie & Associates	Verizon
Crossborder Energy	Modesto Irrigation District	Water and Energy Consulting
Davis Wright Tremaine LLP	Morgan Stanley	Wellhead Electric Company
Day Carter Murphy	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	NRG Solar	YEP Energy
Dept of General Services	Nexant, Inc.	