

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6934E
As of May 19, 2023

Subject: Advice Letter of Pacific Gas and Electric: Additional Budget Request for the 2023 Summer Reliability Market Access Program

Division Assigned: Energy

Date Filed: 05-05-2023

Date to Calendar: 05-12-2023

Authorizing Documents: D2112011

Disposition:	Accepted
Effective Date:	06-06-2023

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

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PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov

May 5, 2023

Advice 6934-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Advice Letter of Pacific Gas and Electric: Additional Budget Request for the 2023 Summer Reliability Market Access Program

Purpose

The purpose of this advice letter is to request additional funding for PG&E's Market Access program (MAP) in 2023 and to address the topics identified by the Commission in Decision (D.) 21-12-011 Ordering Paragraph (OP) 1.

2023 MAP Budget Request

Pursuant to discussions with Energy Division (ED), Pacific Gas and Electric Company (PG&E) (i) requests Commission approval for an additional \$17,750,000 (\$17.75M) budget for PG&E's 2023 MAP. If this incremental budget request is approved, PG&E will allocate \$17,000,000 to program implementation and incentive costs, and \$750,000 to program administrator costs. If approved, PG&E's total 2023 MAP budget will be \$37,750,000, inclusive of all implementation, incentives, and administrator costs.

Background

On July 30, 2021, Governor Gavin Newsom issued a Proclamation of a State of Emergency¹ in response to the significant and accelerating impacts of climate change in California. The Proclamation stated, among other things, that the entities responsible for California's electric system—the California Public Utilities Commission (CPUC or Commission), California Independent System Operator, and California Energy Commission—should take actions to meet the purposes and directives of the Proclamation to mitigate the risk of capacity shortages.

In response to the Proclamation, the Administrative Law Judge (ALJ) in Rulemaking 13-11-005 issued an e-mail ruling on August 6, 2021, seeking input from parties on actions

¹ Proclamation of a State of Emergency, July 30, 2021, *available at*: <https://www.gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf>

that the Commission could take, specific to energy efficiency (EE) and reliability, to respond to the Governor's Proclamation and further the Commission's overall goals.

D.21-12-011, issued by the Commission on December 8, 2021, authorized up to \$185 million in incremental energy efficiency funding for program years 2022 and 2023. The largest allocation was \$150 million, statewide, for a new Market Access program (MAP) funded for 2022 and 2023.² The Decision ordered that MAP be designed to deliver peak and/or net peak demand savings using a normalized metered energy consumption (NMEC) approach to measure energy and peak demand savings in residential and commercial buildings. The Decision permitted electric investor-owned utilities (IOUs) and Marin Clean Energy (MCE) to file advice letters (ALs) requesting MAP funding within 60 days from the issuance of the Decision.

On February 7, 2022, PG&E submitted Advice 4572-G/6498-E requesting \$25M for its MAP. That budget request included \$20M in 2022 program implementation and incentive costs, and \$5M in PG&E administrator costs for both 2022 and 2023. On March 24, 2022, the Commission approved Advice 4572-G/6498-E. In its disposition, the Commission noted that, since all authorized MAP funds were not reserved, PG&E could file an additional AL by November 15, 2022. The disposition noted that such an AL would need to comply with OP 1 of D.21-12-011, except for references to items that are specific to program launch and summer 2022.

On November 15, 2022, PG&E submitted Advice 4681-G/6762-E requesting \$18M for program implementation and incentive costs for the 2023 MAP. PG&E did not request additional budget for PG&E's administrator costs for 2023 MAP in that AL because the Commission already approved funds for those costs as part of PG&E's Advice 4572-G/6498-E. In Advice 4681-G/6762-E, PG&E stated its intent to deploy a total 2023 MAP budget of \$20M, inclusive of implementation, incentives, and administrator costs. The AL noted that PG&E may request additional funds through a subsequent advice letter, as allowed in D. 21-12-011, if the 2023 MAP enrollments exhausted the \$18M budget for implementation and incentives costs. On December 19, 2022, the Commission approved that advice letter, effective December 16, 2022.

In February, the CPUC adopted D. 23-02-002 and extended the project installation deadline for MAP projects from August 1, 2023, to March 31, 2024.³

Below, PG&E addresses the topics identified by the Commission in D. 21-12-011 OP 1 as required for a MAP budget advice letter. While much of this information was included in Advice 4681-G/6762-E, PG&E has updated it to reflect the requested additional budget and information that has become available since that advice letter was filed in November 2022.

² D. 21-12-011, pp. 59-60, OP 1.

³ D. 23-02-002, OP 5.

PG&E MAP Overview

PG&E launched its MAP in June 2022. Per D.21-12-011, PG&E's 2022-2023 MAP targets summer peak (4 p.m. to 7 p.m.) and net peak (7 p.m. to 9 p.m.) savings that are measured based on NMEC methods as articulated in PG&E's MAP Measurement and Verification (M&V) Plan dated June 2, 2022.⁴ PG&E's MAP primarily targets non-residential customers and projects, though it allows participation by aggregators targeting residential customers in certain circumstances.

PG&E direct-awarded contracts to two implementers to deliver MAP in 2022. PG&E stated in Advice 4572-G/6498-E an intent to issue a competitive solicitation for a third party to implement the program in 2023. Due to time constraints, and to minimize disruption to the ongoing program, PG&E elected to continue with its selected implementers in 2023.

While PG&E outsources much of the implementation of MAP to implementers, PG&E's MAP is a "core" offering developed and owned by PG&E. PG&E has selected additional vendors for program support, customer and aggregator recruitment, and program M&V. PG&E believes that involving multiple implementers and additional service-specific vendors has enabled greater program flexibility, allowed for aggregator and customer choice, and mitigates the inherent risk in funding a program that is relatively new to the California energy efficiency market.

In implementing PG&E's MAP offerings, PG&E has met regularly with MCE, and will continue to coordinate to ensure that PG&E's and MCE's programs do not overlap with each other and that they will not cause market or customer confusion.

2023 MAP Budget Overview

This advice letter includes PG&E's request for \$17.75M for 2023 MAP implementation, incentives, and administrator costs.

PG&E has seen a high application rate to its MAP and as a result has committed its original \$18M budget for 2023 program implementation and incentives. PG&E's program implementers and aggregators have identified a pipeline of viable projects which PG&E cannot accept without requesting incremental budget. PG&E is therefore requesting an incremental budget of \$17M for implementation and incentive costs for additional projects, including those that have been identified by aggregators and are waiting in the program pipeline. With this incremental budget request, PG&E's 2023 MAP will have a total program implementation and incentives budget of \$35M.

⁴ PG&E Market Access Program Implementation Plan, Program Manual, and Measurement and Verification Plan, version 1.0. June 2, 2022. Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/market-access-program/implementation-plan/pge-implementation-plan.pdf>

PG&E is requesting an incremental budget of \$750,000 for PG&E administrator costs for 2023 MAP. Inclusive of the \$5M budget approved in PG&E's Advice 4572-G/6498-E, PG&E's total administrator cost budget for MAP in 2022 and 2023 is \$5.75M.

If the Commission approves this additional \$17.75M budget for 2023 MAP, PG&E will incorporate that amount for cost recovery via electric rates.

PG&E intends to cap total program expenditures, including all implementer and PG&E costs, at total system benefit (TSB).

Table 1. 2022-23 MAP Budget Detail for PG&E and MCE

Budget or Cost Category	Amount
2-year statewide MAP budget cap	\$150,000,000
2-year PG&E service territory MAP budget cap	\$66,750,000
MCE: 2-year MAP budget ⁵	\$6,000,000
PG&E: 2022 MAP program implementation and incentives	\$20,000,000
PG&E: 2022-2023 MAP administrator costs (e.g., marketing, solicitation, data systems, etc.)	
Previously requested	\$5,000,000
Current request	\$750,000
PG&E: 2023 MAP program implementation and incentives	
Previously requested	\$18,000,000
Current request	\$17,000,000
Total Budget Requested To-Date For 2022-2023 for PG&E Territory (including MCE)	\$66,750,000

Estimated MAP Savings

PG&E's high-level estimates of the MAP savings are shown in Table 2. The table includes both the initial forecast and an updated forecast of the savings expected to result from the original 2022-2023 MAP budget of \$43M. The updated forecast reflects projects that have a signed incentive reservation letter with PG&E's MAP and shows an increase in net kWh and total TSB but decreases in the expected peak and net-peak demand savings.

The savings forecast for the incremental budget request of \$17.75M reflects PG&E's intent to optimize the incremental \$17M implementation and incentives budget to prioritize acceptance of projects that can be installed by September 30, 2023. The forecasted savings from the incremental budget are estimated based on an average savings per project cost and thus are not specific to the exact projects in the MAP pipeline. As a

⁵ MCE AL 60-E.

result, this incremental forecast is illustrative of what PG&E believes could materialize based on program activity to-date and currently available project data.

PG&E's goal in prioritizing projects that can be installed by September 30, 2023, is to mitigate the risks of capacity shortages on the grid by maximizing MAP's impact during the hottest months of 2023. PG&E has analyzed the current project pipeline and confirmed that approximately 70% of those projects can meet a September 30, 2023, installation target. PG&E will work with its implementers to identify new projects that can meet a September 30, 2023, target deadline. If implementation and incentive funds remain after that effort, PG&E will assess the appropriateness of accepting additional new projects depending on pipeline and available budget. PG&E will not impose additional requirements on projects that have already received an incentive reservation letter through MAP.

The savings figures in Table 2 are estimated using the combined total of savings using load shapes from the Database of Energy-Efficient Resources (DEER)—which includes load shapes for HVAC, lighting, water heating, etc.—and custom load shapes—which include load shifting and net peak load shedding—for the program, and assume a peak kicker rate of \$150/MWh 4 p.m. to 7 p.m., and \$500/MWh net peak kicker 7 p.m. to 9 p.m.

Table 2: 2022-23 Forecast Metrics Under Base Assumptions

Metric	2022-2023: Total Original Budget	2022-2023: Total Original Budget (updated forecast)	Incremental Budget Request	Total Budget (updated forecast + incremental)
Program Budget⁶	\$43,000,000	\$43,000,000	\$17,750,000	\$60,750,000
Net kWh Savings	45,558,620	47,004,501	19,514,000	66,518,501
Avg. Peak kW Demand Impact (Net)⁷	8,387	6,789	2,978	9,767
Avg. Net Peak kW Demand Impact (Net)⁸	9,751	3,730	1,577	5,307
Lifecycle GHG Savings (tons)	167,129	172,433	74,449	246,882

⁶ Including program implementation, incentives, and administrator costs.

⁷ Avg. Peak kW Impact - This is the combined programmatic kW impact of projects installed before the end of Summer for hours between 4-9 PM.

⁸ Avg. Net Peak kW Impact - This is the combined programmatic kW impact of projects installed before the end of Summer for hours between 7-9 PM.

Program-Calculated TSB⁹	\$43,000,000	\$43,000,000	\$19,000,000	\$62,000,000
TSB (unadjusted avoided cost values)¹⁰	\$44,323,490	\$47,987,165	\$20,850,000	\$68,837,165

Compensation Structure

MAP compensation comprises payments to both aggregators and implementers and payments are tied to performance and actual delivery of peak savings whenever possible.

PG&E's MAP pays aggregators based on the program-calculated TSB derived from adjustments to avoided cost values, to shift value into peak periods while reducing value in off-peak periods. Aggregators are paid quarterly, based on the program-calculated TSB, net of the Lead Implementer and Portfolio Administrator costs, achieved in the previous quarter for each aggregator's portfolio. PG&E's MAP Implementation Plan¹¹ describes payment calculation methodology in detail.

Program Reporting

Since program launch, PG&E has reported MAP achievements according to the reporting process and templates developed by ED staff. PG&E will continue to report in 2023 to ensure the Commission is informed regarding the progress and accomplishments of PG&E's MAP.

Integration with Other Programs

Existing Energy Efficiency Programs

MAP is a new and unique EE offering that attracts a range of energy services companies, including PG&E third-party EE implementers. In conducting MAP in 2022, PG&E established requirements to promote incrementality, but has still observed an impact on participation in traditional EE programs. PG&E believes these may be the result of the significant imbalance in market signals stemming from aggressive peak kickers in MAP compared to non-MAP EE programs. PG&E is continuing to monitor these impacts both in support of incrementality and because there is concern that this imbalance led to projects being redirected from existing EE programs. Projects moving through MAP

⁹ Aggregators will be paid based on program-calculated TSB, which is based on adjustments to avoided cost values to include kickers for peak and net peak savings, as described in the Program Compensation and Peak Savings Kicker sections below.

¹⁰ Program expenditures will be capped at CEDARS TSB, based on unadjusted avoided cost values.

¹¹ PG&E Market Access Program Implementation Plan, Program Manual, and Measurement and Verification Plan, version 1.0. June 2, 2022. Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/market-access-program/implementation-plan/pqe-implementation-plan.pdf>

instead of existing EE programs could compromise EE portfolio goal attainment and result in higher incentives being paid for projects that may have otherwise occurred without MAP.

PG&E has discussed these concerns with ED staff and continues to work with staff to explore options that minimize program and portfolio imbalance.

Demand Response Programs

PG&E has implemented MAP while leveraging opportunities to integrate MAP with other demand-side customer offerings. Demand Response (DR) programs and pilots are especially relevant given the shared objectives of the MAP and DR programs to minimize peak energy consumption, particularly during summer days when grid reliability may be compromised due to short electricity supply.

PG&E continues to encourage non-residential MAP participants to dually enroll with PG&E's Emergency Load Reduction Program (ELRP) pilot.¹² The ELRP is a Commission-ordered DR pilot within the Emergency Reliability Order Instituting Rulemaking (R.20-11-003), which provides directly enrolled customers and third-party DR aggregators the opportunity to voluntarily reduce load during times of grid stress and emergency. In 2023, PG&E intends to continue to promote direct enrollment and participation in DR through the MAP onboarding process to non-residential MAP participants.¹³ Furthermore, PG&E will continue to look for ways to coordinate the enrollment flows of both MAP and the ELRP to streamline the customer enrollment experience.

PG&E may engage MAP and ELRP evaluation, measurement, and verification (EM&V) teams to study the results of the 2022-2023 MAP and explore how best to consider future dual participation and the stacking of program incentives between the MAP and the ELRP. These learnings may be able to be expanded more broadly across EE and DR.

Incremental Savings

PG&E is invested in the success of MAP as a market offering incremental to the EE portfolio. However, PG&E has heard from market actors that MAP is more appealing to implementers than existing EE programs because MAP has higher incentive levels and does not have a cost effectiveness threshold. Thus, while PG&E has set MAP requirements to try to ensure that projects in MAP are not diverted from the main EE portfolio, market feedback suggests that MAP savings are not entirely incremental.

¹² Participants that wish to enroll in the ELRP must meet existing ELRP eligibility and participation requirements as defined in D. 21-12-015.

¹³ This does not exclude DR aggregator participation. While the focus has been direct enrollment, DR aggregator enrollment is allowed.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than May 25, 2023, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
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 and 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

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 1 of D.21-12-011, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, June 4, 2023, which is 30 calendar days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically 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 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 submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.



ADVICE LETTER 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 E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6934-E

Tier Designation: 2

Subject of AL: Advice Letter of Pacific Gas and Electric: Additional Budget Request for the 2023 Summer Reliability Market Access Program

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.21-12-011

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:

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: 6/4/23

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 proposed¹: N/A

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

¹Discuss in AL if more space is needed.

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

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson
Title: Director, Regulatory Relations
Utility/Entity Name: Pacific Gas and Electric Company

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email: PGETariffs@pge.com

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
Braun Blaising Smith Wynne, P.C.
California Community Choice Association
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell
Downey Brand LLP
Dish Wireless L.L.C.

East Bay Community Energy Ellison
Schneider & Harris LLP
Engineers and Scientists of California

GenOn Energy, Inc.
Green Power Institute
Hanna & Morton
ICF

iCommLaw
International Power Technology
Intertie

Intestate Gas Services, Inc.

Johnston, Kevin
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McClintock IP
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.

Resource Innovations

SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Stoel Rives LLP

Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy