

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

In the Matter of the Application of Marin Clean
Energy for Approval of the 2016 Energy
Efficiency Business Plan.

A.15-10-_____

**APPLICATION OF MARIN CLEAN ENERGY FOR APPROVAL OF THE 2016 ENERGY
EFFICIENCY BUSINESS PLAN**

Michael Callahan-Dudley
Regulatory Counsel
Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901
Telephone: (415) 464-6045
Facsimile: (415) 459-8095
E-Mail: mcallahan-dudley@mceCleanEnergy.org

October 27, 2015

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	BACKGROUND	2
III.	MCE’S EXPANDED PROGRAM OFFERINGS ARE NECESSARY, INNOVATIVE, AND PROMOTE MARKET TRANSFORMATION	4
	A. Expanded Programs are Necessary to Meet the TRC Ratio of 1.25.....	4
	B. MCE’s Approaches to Energy Efficiency are Innovative.....	5
	1. MCE’s Ten Year Vision Incorporates Market Transformation	5
	2. MCE’s Energy Efficiency Programs Integrate the Full Spectrum of Demand-Side Resources.....	6
	C. MCE’s Long-Term Vision of Cost Effectiveness is Reasonable in Light of the Market Transformation Strategy	6
IV.	MCE’S REQUEST TO BE DESIGNATED AS THE DEFAULT PA IS REASONABLE	7
	A. The Commission should Prevent Overlap between CCA and IOU Programs to Ensure Equity and Cost Effectiveness.....	8
	B. The Public Utilities Code Supports a CCA Role as Default PA.....	9
	C. Assigning CCAs the Role of Default PA is a Manageable Solution to Address Overlap with IOU Programs	10
V.	MCE’S TIMING FOR FILING THE APPLICATION IS REASONABLE.....	11
VI.	THE COMMISSION SHOULD ADDRESS THE INCLUSION OF NEW COMMUNITIES WITHIN A CCA’S SERVICE TERRITORY.....	12
VII.	MCE NEEDS THE BUSINESS PLAN APPROVED PRIOR TO DEVOTING RESOURCES TO DEVELOP MANUALS AND RULES.....	13
VIII.	STATEMENT OF MCE’S PREPAREDNESS FOR EVALUATION.....	13
IX.	THE COMMISSION SHOULD CONTINUE TO PROVIDE MCE WITH GAS FUNDING UNDER CONTRACT WITH PG&E	14
X.	STATUTORY AUTHORITY AND COMPLIANCE WITH THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE	14
	A. Statutory Authority – Pub. Util. Code § 381.1(a)-(d).....	14
	B. Categorization - Rule 2.1.(c).....	15
	C. Need for Hearing - Rule 2.1(c)	16
	D. Issues to be Considered - Rule 2.1(c)	16
	E. Proposed Schedule – Rule 2.1(c)	16
	F. Legal Name and Principal Place of Business – Rule 2.1(a)	17
	G. Correspondence and Communication Regarding This Application - Rule 2.1.(b)	17
	H. Articles of Incorporation – Rule 2.2	18

I. Rule 3.2 Requirements	18
J. Notice and Service of Application	18
K. List of Supporting Documents.....	19
XI. REQUEST FOR COMMISSION ORDERS	20
XII. CONCLUSION	21

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Marin Clean
Energy for Approval of the 2016 Energy Efficiency
Business Plan

A.15-10-_____

**APPLICATION OF MARIN CLEAN ENERGY FOR APPROVAL OF THE 2016 ENERGY
EFFICIENCY BUSINESS PLAN**

I. INTRODUCTION

Pursuant to Article 2 of the Rules of Practice and Procedure¹ of the California Public Utilities Commission (“Commission”), Marin Clean Energy (“MCE”) respectfully submits this application for approval of MCE’s 2016 Energy Efficiency Business Plan (“Business Plan”). MCE is California’s first operational Community Choice Aggregator (“CCA”) in the state and the first to provide energy efficiency (“EE”) programs under California Public Utility Code² § 381.1. This is also a landmark filing because it is the first application for EE programs under the rolling portfolio framework developed by the Commission in Rulemaking (“R.”) 13-11-005.³

MCE seeks approval of an expanded set of programs with this application. These expanded programs are necessary to achieve the Total Resource Cost (“TRC”) ratio threshold. These programs embody innovative strategies including: (1) a ten year vision of market transformation; and (2) integration of demand-side resources through a customer-centric Single Point of Contact (“SPOC”). The Business Plan also incorporates a long-term vision of cost

¹ All subsequent references to rules are to the Rules of Practice and Procedure unless otherwise indicated.

² All subsequent references to codes are to the California Public Utility Code unless otherwise indicated.

³ D.14-10-046 ended funding cliffs by authorizing a ten year rolling budget. D.15-10-XXX establishes additional processes for the rolling portfolio framework.

effectiveness to support the market transformation strategy. These expanded programs ensure MCE is administering a cost-effective portfolio and providing comprehensive services to its communities.

The Business Plan and this application request a CCA designation as the default program administrator (“PA”) in its service territory to improve program coordination, equity, and cost effectiveness. This request also addresses the challenge of program overlap among multiple PAs, an issue now ripe for review under this application. MCE files this application early to ensure the overlap issue is timely addressed in Phase II and to offer maximum time for IOUs to address the issue of overlapping programs within their own rolling portfolio applications.

MCE additionally requests resolution of two ongoing policy issues related to budgets: (1) MCE proposes a mechanism to address CCA service territory expansion to allow for inclusion of new communities within existing approved programs without triggering a Business Plan update; and (2) MCE requests continuation of gas funding⁴ to address climate change and achieve therms savings through comprehensive building upgrades. The Commission should provide resolution on these budget issues to ensure MCE and other CCAs have the tools they need to be effective PAs.

II. BACKGROUND

The Commission is transitioning to a ten year rolling portfolio framework for EE programs.⁵ The Commission anticipates the rolling portfolio framework will eliminate market barriers and transaction costs because of the increased certainty of long-term funding, while also balancing the need for appropriate stewardship of ratepayer funds.⁶ The Commission took a

⁴ D.14-10-046, Ordering Paragraph 26 at p. 168.

⁵ Phase II of R.13-11-005.

⁶ Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies,

significant step toward implementing a rolling portfolio when it ended funding cliffs for PAs.⁷ The Commission originally intended to invite rolling portfolio applications in 2015.⁸ The Commission will soon invite PAs to file their initial rolling portfolio applications no later than September 2016.⁹

In 2013, MCE administered the first EE programs under the authority granted in § 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.¹⁰ The Commission subsequently concluded that these restrictions may cause MCE’s proposals to fail the TRC test and did not initially impose a minimum cost-effectiveness requirement.¹¹ In 2014, the Commission lifted the restrictions¹² and imposed the same cost-effectiveness standards on CCAs as IOUs.¹³ However, MCE has not been invited to file an application since the restrictions were lifted, as the 2014 programs were extended to 2015 and beyond while the Commission transitioned to the rolling portfolio.¹⁴ Lifting the restrictions improves MCE’s ability to meet the minimum 1.25 TRC ratio because very few cost-effective opportunities exist within the gaps in IOU programs and hard to reach markets. This filing constitutes the first application under the rolling portfolio and marks the first opportunity for a CCA PA to propose a comprehensive and balanced EE portfolio.

Programs, Evaluation, and Related Issues, R.13-11-005 at p. 8-9.

⁷ D.14-10-046, Ordering Paragraph 21 at p. 167.

⁸ D.14-10-046 at p. 31.

⁹ D.15-10-028 at p. 52.

¹⁰ D.12-11-015 at p. 45-46.

¹¹ D.12-11-015 at p. 46.

¹² 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).

¹³ D.14-01-033 at p. 36.

¹⁴ D.14-10-046 at p. 30-32.

III. MCE'S EXPANDED PROGRAM OFFERINGS ARE NECESSARY, INNOVATIVE, AND PROMOTE MARKET TRANSFORMATION

In anticipation of administering an expanded set of programs, MCE has developed a Business Plan¹⁵ and created detailed implementation plans¹⁶ over eighteen months¹⁷ consistent with the recent decision setting forth the process under the rolling portfolio framework.¹⁸ That decision directed Commission staff to issue guidance on the format of applications in the near future.¹⁹ MCE anticipates the Commission will issue a second decision in Phase II of Rulemaking 13-11-005 establishing additional rules.²⁰ MCE will update its Business Plan and implementation plans as needed to ensure compliance with Commission rules and staff guidance.

The expanded programs proposed in this application are necessary for MCE to achieve a cost-effective portfolio. The proposal contains numerous innovative strategies including a ten-year approach to market transformation and integration of demand-side resources through a robust SPOC. MCE respectfully requests the Commission approve its Business Plan.

A. Expanded Programs are Necessary to Meet the TRC Ratio of 1.25

A fundamental component of MCE's Business Plan is the inclusion of new programs

¹⁵ The Business Plan is available at the link included in section X.K (supporting documents) below and in the Notice of Availability served concurrently with this application.

¹⁶ The Implementation Plans are available at the links included in section X.K (supporting documents) below and in the Notice of Availability served concurrently with this application. Once the Commission-maintained online system for submitting implementation plans is established, MCE will submit its implementation plans through that system. *See* D.15-10-028 at p. 57-58.

¹⁷ This eighteen month process included presentation of the business plan and strategies at publicly noticed meetings; incorporation of public comments; and adoption of the business and implementation plans by MCE's Board of Directors, comprised of local elected officials. See Appendix E in the Business Plan for more detail.

¹⁸ D.15-10-028.

¹⁹ D.15-10-028 at p. 56-57.

²⁰ D.15-10-028 at p. 90-91.

that ensure a comprehensive, balanced, and cost-effective portfolio. Since MCE's current portfolio was limited to serving gaps in IOU programs and hard to reach markets, it currently achieves a lower TRC ratio than IOU programs. Removal of these restrictions allows MCE to propose comprehensive and balanced portfolios. Comprehensive and balanced portfolios are necessary to achieve the same TRC ratio as IOUs, currently a 1.25 TRC ratio. MCE embraces this shift by proposing new programs in the industrial, large commercial, and agricultural sectors as well as expanding its existing programs in the small commercial, single-family, and multifamily sectors. MCE anticipates the new portfolio will be significantly more cost effective than MCE's existing portfolio.²¹ Commission authorization to administer these expanded programs is a necessary step toward MCE achieving a 1.25 TRC ratio.

B. MCE's Approaches to Energy Efficiency are Innovative

MCE's Business Plan is innovative and supports Commission policy objectives. MCE's ten-year vision for EE embraces market transformation through declining incentives for measures. The plan also integrates the full spectrum of demand-side resources including EE and water-saving measures to provide customers with more tools to manage their energy use. The plan responds to the changing needs of the energy market by integrating demand-side management strategies and increasing utilization of advanced metering infrastructure ("AMI") for measurement and verification and customer satisfaction.

1. MCE's Ten Year Vision Incorporates Market Transformation

MCE leverages the ten-year planning horizon in the rolling portfolio to embrace EE market transformation. This strategy enhances the customer experience because it promotes solutions based on dynamic value propositions and customer needs. The proposal includes a

²¹ See Business Plan at p. 65 (stating portfolio level TRC ratio over next 10 years).

mechanism that ties incentive levels to adoption rates; as adoption of a measure increases, the incentives for that measure decrease. This mechanism phases out mature technologies automatically, avoiding a contentious regulatory process, and supports emerging technologies through higher initial incentives. MCE's emphasis on transforming EE moves beyond a project-by-project approach to foster a culture where EE is the norm, a program design originally anticipated by the Long Term Energy Efficiency Strategic Plan.²²

2. MCE's Energy Efficiency Programs Integrate the Full Spectrum of Demand-Side Resources

MCE integrates demand-side resources through a customer-centric approach. The Business Plan describes MCE's SPOC for customers. The SPOC acts as a facilitator and participant-advocate and remains engaged through project completion. The SPOC assists customers in maximizing the work done on a project through providing and bundling demand-side opportunities, phasing projects to incorporate additional technologies over time, and increasing the availability of financing. A Customer Relationship Management ("CRM") system will complement the work performed by the SPOC. These elements will support the integration of demand-side resources, maintaining an ongoing relationship with customers, and new approaches to managing energy.

C. MCE's Long-Term Vision of Cost Effectiveness is Reasonable in Light of the Market Transformation Strategy

MCE proposes a long-term approach to cost effectiveness that enables innovative strategies, such as market transformation. The declining incentive structure in MCE's market transformation strategy results in an increasing TRC ratio as participation rates increase. The

²² The Long Term Energy Efficiency Strategic Plan, jointly adopted by the CEC and the CPUC, calls for a market in which ratepayer subsidies are no longer necessary. January 2011 Update, Section 1.3 at p. 4-5. Avail. at http://www.cpuc.ca.gov/NR/rdonlyres/A54B59C2-D571-440D-9477-3363726F573A/0/CAEnergyEfficiencyStrategicPlan_Jan2011.pdf.

initial TRC ratio of 0.99²³ in the first year of the plan will be balanced by higher TRC ratios²⁴ as total costs and program incentives decline over time. MCE anticipates exceeding a TRC ratio of 1.25 on average across the full ten-year planning horizon. This long-term approach to cost effectiveness is reasonable to enable innovative program strategies.

In addition to the effects of the market transformation strategy, MCE expects to see an increase in the portfolio level TRC ratio as the newly expanded programs mature. The Commission recognized this effect in establishing the TRC “on-ramp” for CCA PAs in their first three years of operation.²⁵ This application marks MCE’s first opportunity to propose a portfolio free of the restrictions to gaps in IOU programs and hard to reach markets. MCE is filing a comprehensive and balanced portfolio that expands existing programs and creates new programs in new sectors. It will take time to develop the infrastructure and project pipeline to ensure these programs are successful. MCE has experienced a rapid ramp up of existing programs, with savings increasing 45% between 2013 and 2014 alone.²⁶ MCE expects the TRC ratio to increase as the programs become more established.

IV. MCE’S REQUEST TO BE DESIGNATED AS THE DEFAULT PA IS REASONABLE

This application provides sufficient facts to support the Commission acting to address

²³ MCE developed this TRC ratio with E3 calculators that are included with this application at the links indicated in section X.K below and referenced in the Notice of Availability served concurrently with this application. The E3 calculators utilized the DEER2016 updates that were available as of October 1, 2015. MCE will update the E3 calculators and provide them to Energy Division staff as the DEER2016 updates are finalized. MCE also anticipates implementation of existing baselines under Assembly Bill 802 (2015) will necessitate further updates to MCE’s E3 calculators.

²⁴ The Business Plan projects the following trajectory for MCE’s TRC ratio: 0.99 in Years 1-2, 1.44 in Years 3-4, 1.56 in Years 5-7, and 1.7 in Years 8-10. At p. 65.

²⁵ D.14-01-033 at p. 14.

²⁶ Electric savings as reported in the MCE 2013 and 2014 Annual Reports. Available online at: <http://eestats.cpuc.ca.gov>.

program overlap between a CCA PA and an IOU PA. The Commission has taken note that program overlap may present challenges but has declined to address overlap until the factual situation arose in a program, application, or advice letter.²⁷ The Commission has suggested that overlap may be addressed in a proceeding devoted to a particularized MCE request for funding.²⁸ This application constitutes the factual scenario and initiates a proceeding devoted to a particularized MCE request for funding. Now is the time for the Commission to address program overlap among CCAs and IOUs.

A. The Commission should Prevent Overlap between CCA and IOU Programs to Ensure Equity and Cost Effectiveness

Program overlap between CCAs and IOUs should be prevented to ensure equity and improve the cost effectiveness of EE programs. The Commission has authority to prevent overlap between CCA PAs and IOU PAs in the name of equity and cost effectiveness.²⁹ Allowing overlap between MCE’s programs and Pacific Gas & Electric Company’s (“PG&E’s”) programs is inequitable because IOUs have advantages over CCAs that prevent competitive neutrality, including a broader geographic service territory with greater opportunities for high-TRC ratio projects³⁰ as well as access to more customer data (e.g. prior participation data).

Other equity issues arise in the context of program shopping. PG&E employs account reps that receive financial incentives for referring customers to PG&E’s EE programs, instead of

²⁷ D.14-01-033 at p. 36.

²⁸ D.15-08-010 at p. 9.

²⁹ “The commission may order an adjustment to the share of energy efficiency program activities directed to a community choice aggregator's territory if necessary to ensure an equitable and cost-effective allocation of energy efficiency program activities.” Cal. Pub. Util. Code § 381.1(c).

³⁰ This is due to factors such as generally hotter climate zones and a larger proportion of industrial and commercial customers.

the program that best suits a customer’s needs. Multiple programs serving the same customers also present challenges for implementing distinct program strategies because they allow customers to shop among programs for the highest incentives. This dynamic undermines the potential for MCE’s market transformation strategy to effect true transformation because customers may simply choose MCE’s program in early years due to relatively high incentives and PG&E’s program in later years as MCE’s incentives decline. Overlapping programs also reduce cost effectiveness because multiple PAs end up devoting resources to the same projects. These challenges create equity and cost-effectiveness concerns that should be alleviated by assigning CCAs the role of default PA.

Instead of pitting PAs against each other, the Commission should encourage partnerships between CCAs and IOUs. These partnerships should reward IOUs for meaningful collaboration with CCA programs tied to referrals and data sharing related to program participation. Establishing the CCA as default PA and providing incentives to collaborate will encourage effective cooperation between CCAs and IOUs while avoiding equity and cost-effectiveness concerns related to overlapping programs.

B. The Public Utilities Code Supports a CCA Role as Default PA

The Public Utilities Code supports MCE’s request that CCAs be recognized as default EE PAs. The Code assigns the sole responsibility for generation procurement activities for CCA customers to the CCA.³¹ MCE has that responsibility for approximately 80% of the accounts within its service territory.³² The Public Utilities Code and the Commission have recognized EE

³¹ “A community choice aggregator shall be solely responsible for all generation procurement activities on behalf of the community choice aggregator's customers, except where other generation procurement arrangements are expressly authorized by statute.” Cal. Pub. Util. Code § 366.2(a)(5).

³² The other CCAs currently operating in California are similarly dominant in their service

as a procurement resource, and at the top of the loading order.³³ This authority, in conjunction with the primary role of CCAs in electric procurement service within their service territories support a role for CCAs to become default PAs for the primary procurement resource, EE, within their service territory.

C. Assigning CCAs the Role of Default PA is a Manageable Solution to Address Overlap with IOU Programs

As discussed above, the Commission should address overlap by providing CCAs a right of first refusal to select the EE programs they administer in their service territory. Under this status, if a CCA elects to administer a program, other PAs may not offer a duplicative program in the same area. This satisfies the statutory requirement to accommodate the need for broader statewide and regional programs³⁴ because those programs are not displaced; they are simply administered through a different channel: the CCA.

The CCA should also be designated as fiscal administrator for those statewide programs it chooses. For these programs, the CCA is held to the statewide guidance on program design but can also claim attribution for projects in the CCA territory. This is particularly relevant, though not limited, to work conducted through the Home Upgrade program, since 80% of MCE customer accounts are single-family residential customers.

Other administrators will not be displaced from delivering programs in the CCA's territory. Those PAs have two options: (1) administer programs the CCA did not choose to

territory with a 20% or lower opt-out rate.

³³ § 454.5(b)(9)(C) indicates: “the electrical corporation will first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.” *See also* State of California Energy Action Plan I, 2003 at p. 4 (defining a loading order with energy efficiency as the primary resource); and the Energy Efficiency Policy Manual at p. 1 (noting energy efficiency is a procurement resource and first in the loading order).

³⁴ Cal. Pub. Util. Code § 381.1(f)(3).

administer; and (2) work with the CCA to administer programs.³⁵ The Commission should pursue a manageable solution to address program overlap and assign CCAs the role of default PA to choose the programs they administer in their service territory.

V. MCE’S TIMING FOR FILING THE APPLICATION IS REASONABLE

MCE’s choice to file this application at this time is reasonable in light of: (1) the need to resolve program overlap with sufficient lead time to guide other applications; and (2) the need for MCE to launch a comprehensive portfolio to maintain portfolio cost effectiveness. The Commission has stated that existing CCA PAs should file applications at the same time as IOU PAs.³⁶ However, the Commission also stated that PAs “that want to make bigger programmatic changes than permissible under fund shifting rules can bring advice letters and/or applications to us for review....”³⁷ The Commission has also indicated that Phase II of R.13-11-005 is temporally appropriate for changes to 2016 portfolios to maintain portfolio cost effectiveness for all PAs except RENS.³⁸ The Commission should designate CCAs as default PAs in a timely manner so the IOUs can prepare their first rolling portfolio applications accordingly. Early resolution will avoid the need for IOUs to amend applications and avoid years of implementation challenges resulting from program overlap. MCE files this application in advance of IOUs due to the challenges presented by program overlap.

MCE is beyond its third year of EE program administration and is required to achieve a TRC ratio of 1.25. However, MCE is still administering a portfolio restricted to gaps in IOU

³⁵ Cooperation is encouraged with third parties, local governments, and IOUs. And the Commission may include a component in the Energy Savings Performance Incentive that rewards for collaboration.

³⁶ D.14-01-033 at p. 15.

³⁷ D.14-10-046 at p. 32.

³⁸ Assigned Commissioner and Administrative Law Judge’s Ruling and Scoping Memorandum Regarding Implementation of Energy Efficiency “Rolling Portfolios” (Phase II of Rulemaking 13-11-005) filed Feb. 24, 2015 at p. 7.

programs and hard to reach markets. Nearly two years have passed since those restrictions were lifted.³⁹ MCE needs an opportunity to launch expanded programs if it is expected to achieve a 1.25 TRC ratio. Delaying MCE's application until September 2016⁴⁰ would push MCE's launch of comprehensive programs to 2017 at the earliest. Once launched, these programs will take additional time to ramp up operations and develop project pipelines. This delay is unacceptable in light of MCE's obligation to meet a 1.25 TRC ratio. The Commission should approve this application in a timely manner to provide MCE an opportunity to launch expanded programs.

VI. THE COMMISSION SHOULD ADDRESS THE INCLUSION OF NEW COMMUNITIES WITHIN A CCA'S SERVICE TERRITORY

CCAs have the potential to include new communities within their service territory at any time.⁴¹ The Commission's recent decision created a new budget process under the rolling portfolio framework.⁴² The new process uses annual budget advice letters to request the actual authorized budget, while the Business Plan is intended to provide a general sense of the budget supported by program strategies.⁴³ MCE currently anticipates inclusion of additional communities over the course of the ten-year Business Plan. MCE includes a methodology in the Business Plan to support budget advice letters that proportionally increase the budget to account for service territory expansion.⁴⁴ This methodology allows the budget to expand based on the original *pro rata* share of the budget by customer. To account for the cost differences in delivering programs to different types of customers, the *pro rata* share will be calculated for

³⁹ D.14-01-033 at p. 14.

⁴⁰ This date was discussed as the latest date the Commission would invite applications in the recent decision in Phase II of R.13-11-005. D.15-10-028 at p. 52.

⁴¹ In 2015, MCE expanded its service territory to include unincorporated Napa County and the cities of San Pablo, Benicia, and El Cerrito. As a result of this expansion, MCE is serving approximately 30% more customers.

⁴² D.15-10-028 at p. 54-57.

⁴³ D.15-10-028 at p. 55-56.

⁴⁴ Business Plan at p. 58.

both residential and non-residential customers separately. Inclusion of this mechanism reduces regulatory churn because it avoids the need for MCE to prepare and for the Commission to review a new business plan each time a new community is included in MCE's service territory. The Commission should address the budget impacts of CCA service territory expansion by approving MCE's Business Plan including the methodology for proportionally increasing budgets.

VII. MCE NEEDS THE BUSINESS PLAN APPROVED PRIOR TO DEVOTING RESOURCES TO DEVELOP MANUALS AND RULES

MCE supports the Commission's guidance for PAs to prepare program manuals and rules to provide clarity to customers and implementers as a component of the implementation plans.⁴⁵ However, preparing comprehensive manuals and rules in advance of Business Plan approval is not feasible for MCE. This application and Business Plan propose a significantly expanded portfolio of programs and substantial resources are needed to prepare the required materials. It is infeasible for MCE to prepare these materials prior to knowing what market sectors and funding levels will be approved. Once the Business Plan is approved, MCE will have the necessary certainty related to its portfolio market sectors and funding to prepare the manuals and rules in advance of program launch.

VIII. STATEMENT OF MCE'S PREPAREDNESS FOR EVALUATION

MCE designed its portfolio of programs to collect the necessary data and perform adaptive management to ensure effective evaluation of its proposed portfolio. The Commission requires a statement of evaluation "preparedness."⁴⁶ The statement relates to: (1) data collection strategies or intervention to ensure ease of reporting; and (2) internal performance analysis

⁴⁵ D.15-10-028, Appendix 4 at p. 2-3.

⁴⁶ D.15-10-028 at p. 44-45.

during deployment.⁴⁷ MCE focuses on implementing a greater use of AMI data in on-going program measurement and verification.⁴⁸ MCE will also utilize the SPOC as an opportunity to gain real time feedback from both customers and contractors regarding improved strategies for program implementation, and will implement program improvements in real time, engaging in adaptive management.⁴⁹ Through collecting data and conducting internal performance analysis, MCE is prepared to ensure successful evaluation of its portfolio.

IX. THE COMMISSION SHOULD CONTINUE TO PROVIDE MCE WITH GAS FUNDING UNDER CONTRACT WITH PG&E

MCE requests the Commission continue to provide MCE with gas funding under contract with PG&E as directed in the 2015 funding decision.⁵⁰ Over the next ten years, MCE will continue to address each building in its program comprehensively, including gas savings measures within EE programs. The Business Plan includes therm savings targets that will help California meet its climate goals. MCE requests the Commission continue gas funding under contract with PG&E to accomplish its savings targets. While MCE requests continuation of gas funding under the existing mechanism, the Commission may need to reexamine how gas funding is provided to CCAs at a later time.

X. STATUTORY AUTHORITY AND COMPLIANCE WITH THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE

A. Statutory Authority – Pub. Util. Code § 381.1(a)-(d)

MCE is applying to administer EE programs under the authority granted in Pub. Util. Code § 381.1(a)-(d).

⁴⁷ *Id.*

⁴⁸ Business Plan at p. 31.

⁴⁹ Business Plan at p. 30.

⁵⁰ D.14-10-046, Ordering Paragraph 26 at p. 168.

B. Categorization - Rule 2.1.(c)

MCE proposes that this application be categorized as a “ratesetting” proceeding under Rule 7.1(e)(2) because it does not clearly fit into any of the categories as defined by Rules 1.3(a), 1.3(d), and 1.3(e). MCE also proposes the Commission generally apply the rules for ratesetting proceedings including *ex parte* rules and excluding Rule 3.2.⁵¹

MCE’s application does not meet the definition of adjudicatory in Rule 1.3(a) because it is neither an enforcement investigation nor a complaint.

MCE’s application does not clearly fit the definition of quasi-legislative under Rule 1.3(d) because it has both quasi-legislative components and components specific to MCE. The quasi-legislative components include policies or rules for a class of regulated entities known as CCAs, such as the request for default PA status. The specific components include the request for funding for MCE’s own programs. Since this application contains components other than quasi-legislative, it is not clearly a quasi-legislative proceeding under Rule 1.3(d).

EE applications filed by IOUs generally meet the definition of “ratesetting” in Rule 1.3(e). This is due to the Commission approving rates for each IOU to collect funds to pay for the EE programs. However, the Commission does not set rates via a CCA application because CCAs are not in the role of revenue collection.⁵² A CCA EE application has a ratesetting impact.⁵³ But the CCA application does not actually involve the Commission setting rates and thus is not a ratesetting application under Rule 1.3(e).

MCE proposes that this application be categorized as a “ratesetting” proceeding under

⁵¹ The justification for excluding Rule 3.2 requirements is discussed in subsection X.I below (Rule 3.2 Requirements).

⁵² “For example, PG&E, not [MCE], collects the money that funds the EE programs that [MCE] administers.” D.14-01-033 at p. 17.

⁵³ IOUs may use CCA applications to determine the rate changes they propose in their own applications.

Rule 7.1(e)(2) because it does not clearly fit into any of the categories as defined by Rules 1.3(a), 1.3(d), and 1.3(e).

C. Need for Hearing - Rule 2.1(c)

MCE endeavored to provide a sufficient record via the application materials to obviate the need for evidentiary hearings. MCE does not recommend hearings at this time. If the need for hearings arises, MCE requests that the resulting hearing schedule allows the Commission to render a final decision on this application by end of May 2016. MCE’s proposed schedule is set forth in subsection X.E, below.

D. Issues to be Considered - Rule 2.1(c)

MCE’s application requests the Commission approve MCE’s Business Plan, including:

- MCE’s EE programs in new and existing market sectors;
- The ten year vision of cost effectiveness to support MCE’s market transformation strategy;
- The designation of CCAs as default PAs to improve program coordination;
- The proposed methodology for adjusting the annual budget to account for newly included communities; and
- The continuation of gas funding for CCA PAs.

E. Proposed Schedule – Rule 2.1(c)

MCE proposes the following schedule for consideration of its application:

File Application	October 27, 2015
Protests Due	November 26, 2015
Reply to Protests	December 8, 2015
Prehearing Conference	December 15, 2015
Scoping Memo	December 23, 2015
Opening Comments	January 8, 2016

Reply Comments	January 15, 2016
Proposed Decision	February 15, 2016
Opening Comments on Proposed Decision	March 7, 2016
Reply Comments on Proposed Decision	March 14, 2016
Final Decision	April 2016

MCE notes that intervenor testimony, rebuttal testimony, and briefing are not included in this schedule because they did not appear necessary for the 2013-2014 applications.⁵⁴ Additionally, this application serves a different purpose under the rolling portfolio framework from prior applications. This application requests approval of MCE’s high level strategies and a general budget as opposed to a specific authorized budget with specific implementation plans. MCE anticipates that applications under a rolling portfolio framework can be resolved more expediently than prior EE applications. However, MCE understands the need for additional testimony and briefing may arise and necessitate a deviation from the proposed schedule.

F. Legal Name and Principal Place of Business – Rule 2.1(a)

The legal name of the Applicant is Marin Clean Energy. MCE’s principal place of business is San Rafael, California. Its address is 1125 Tamalpais Avenue, San Rafael, CA 94901. MCE is a joint powers authority formed under the laws of California.

G. Correspondence and Communication Regarding This Application - Rule 2.1.(b)

All correspondence and communications regarding this Application should be addressed to:

⁵⁴ A.12-07-011 et al.

Michael Callahan-Dudley
Regulatory Counsel
Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, California, 94901
Telephone: (415) 464-6045
Fax: (415) 459-8095
E-mail: mcallahan-dudley@mcecleanenergy.org

Martha Serianz
Regulatory & Legislative Coordinator
Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, California, 94901
Telephone: (415) 464-6043
Fax: (415) 459-8095
E-Mail: mserianz@mcecleanenergy.org

H. Articles of Incorporation – Rule 2.2

MCE is a community choice aggregator operating as a joint powers authority (“JPA”) organized under California law. MCE commenced operations as a JPA on December 19, 2008. MCE is engaged in the provision of electric generation services under the authority granted in Code § 366.2 and EE programs under the authority granted in Code § 381.1. A copy of MCE’s current Amended Joint Powers Agreement, executed January 8, 2015 is available on MCE’s website.⁵⁵

I. Rule 3.2 Requirements

The Rule 3.2 requirements do not apply to this application because MCE does not request authority to increase rates or to implement changes that would result in increased rates. IOU’s perform revenue collection for EE programs and typically provide the materials called for under Rule 3.2 in their EE applications. As discussed above in subsection X.B (Categorization - Rule 2.1(c)), MCE is not in a position of revenue collection for EE programs. Thus it is inappropriate for MCE to propose specific rate changes related to this application. The only information called for under Rule 3.2 that MCE can feasibly provide is not meaningful to a ratesetting decision in the context of EE programs. Therefore, it is unreasonable to impose the requirements of Commission Rule 3.2 to this application.

J. Notice and Service of Application

A copy of the application and Notice of Availability of supporting documents are being served on the parties of record in R.13-11-005, Commissioner Peterman, and Administrative

⁵⁵ As of the date of this filing, the most recent Joint Powers Agreement is available at <http://mcecleanenergy.org/wp-content/uploads/2015/10/MarinEnergyAuthorityJPA-1.8.15.pdf>.

Law Judge Edmister.

K. List of Supporting Documents

MCE includes the following links to documents to support this application. These documents are available at <http://mcecleanenergy.org/regulatorydocuments/> under MCE 2016 Energy Efficiency Application and at the direct links provided below. These links are also provided in the separate Notice of Availability served concurrently with this application:

- Testimony of Marin Clean Energy Regarding its Application for Approval of the 2016 Energy Efficiency Business Plan
 - <http://mcecleanenergy.org/wp-content/uploads/2015/10/10-27-2015-MCE-EE-Application-Testimony.pdf>
- Marin Clean Energy 2016 Energy Efficiency Business Plan
 - <http://mcecleanenergy.org/wp-content/uploads/2015/10/MCE-2016-Energy-Efficiency-Business-Plan.pdf>
- Publicly Accessible Implementation Plans by Sector: informally included for information purposes only.⁵⁶
 - Single-Family Residential Sector: <http://mcecleanenergy.org/wp-content/uploads/2015/10/Single-Family-Residential-Sector.pdf>
 - Multifamily Residential Sector: <http://mcecleanenergy.org/wp-content/uploads/2015/10/Multifamily-Residential-Sector.pdf>
 - Commercial Sector: <http://mcecleanenergy.org/wp-content/uploads/2015/10/Commercial-Sector.pdf>
 - Industrial Sector: <http://mcecleanenergy.org/wp-content/uploads/2015/10/Industrial-Sector.pdf>
 - Agricultural Sector: <http://mcecleanenergy.org/wp-content/uploads/2015/10/Agricultural-Sector.pdf>
 - Workforce Development: <http://mcecleanenergy.org/wp->

⁵⁶ D.15-10-028 at p. 40 (implementation plans are not formally filed with the Commission).

content/uploads/2015/10/Workforce-Development.pdf

- E3 Calculator Input and Output Files
 - Portfolio (Input): <http://mcecleanenergy.org/wp-content/uploads/2015/10/MCEE32016PORTFOLIOYRS12E3IOFiles.xlsx>
 - Single-Family Residential Sector: <http://www.mcecleanenergy.org/wp-content/uploads/2015/10/MCE-E3-2016-RESIDENTIAL-SINGLE-FAMILY-E3-IO-Files.xlsx>
 - Multifamily Residential Sector: <http://www.mcecleanenergy.org/wp-content/uploads/2015/10/MCE-E3-2016-RESIDENTIAL-MULTIFAMILY-E3-IO-Files.xlsx>
 - Commercial Sector: <http://www.mcecleanenergy.org/wp-content/uploads/2015/10/MCE-E3-2016-COMMERCIAL-E3-IO-Files.xlsx>
 - Industrial Sector: <http://www.mcecleanenergy.org/wp-content/uploads/2015/10/MCE-E3-2016-INDUSTRIAL-E3-IO-Files.xlsx>
 - Agricultural Sector: <http://www.mcecleanenergy.org/wp-content/uploads/2015/10/MCE-E3-2016-AGRICULTURAL-E3-IO-Files.xlsx>

XI. REQUEST FOR COMMISSION ORDERS

MCE respectfully requests the Commission approve this application in its entirety by issuing orders to accomplish the following:

- Approve MCE's application
- Approve MCE's Business Plan including:
 - Approve MCE's EE programs in new and existing market sectors;
 - Approve the ten year vision of cost effectiveness to support MCE's market transformation strategy;
 - Designate CCAs as default PAs to improve program coordination;
 - Approve the proposed methodology for adjusting the annual budget to

account for newly included communities; and

- Continue the gas funding for CCA PAs.

XII. CONCLUSION

MCE respectfully requests the Commission approve this application in its entirety and expeditiously.

Respectfully Submitted,

Michael Callahan-Dudley

By: /s/Michael Callahan-Dudley

Michael Callahan-Dudley

Regulatory Counsel
Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901
Telephone: (415) 464-6045
Facsimile: (415) 459-8095
E-Mail: mcallahan-dudley@mceCleanEnergy.org

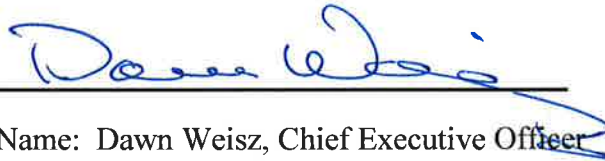
October 27, 2015

VERIFICATION

I, the undersigned, say:

I am an officer of Marin Clean Energy, a Community Choice Aggregator, and am authorized to make this verification on its behalf. The statements in the foregoing *Application of Marin Clean Energy for Approval of the 2016 Energy Efficiency Business Plan* are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct. Executed on October 27, 2015, at San Rafael, California.



Name: Dawn Weisz, Chief Executive Officer