BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Contracts Resulting From Its 2014 Energy Storage Request for Offers (ES RFO).

Application 15-12-003
(Filed December 1, 2015)


Application 15-12-004
(Filed December 1, 2015)

COMMENTS OF MARIN CLEAN ENERGY, SONOMA CLEAN POWER AUTHORITY, THE CITY OF LANCASTER, ALLIANCE FOR RETAIL ENERGY MARKETS, DIRECT ACCESS CUSTOMER COALITION, AND SHELL ENERGY NORTH AMERICA (U.S.) LP TO SCOPEING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE

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May 2, 2016
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OF THE STATE OF CALIFORNIA

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I. INTRODUCTION

II. BACKGROUND

MCE is the first operational CCA within California. MCE currently provides generation services to approximately 171,000 customer accounts in Marin County, unincorporated Napa County, and the cities of Richmond, San Pablo, El Cerrito and Benicia. MCE customers receive electricity generation service from MCE, and PG&E provides distribution, transmission, and billing services to those customers. SCP currently provides service to over 200,000 customers throughout Sonoma County.\(^1\) SCP is committed to reducing greenhouse gas (“GhG”) emissions, supporting local jobs and providing competitively priced service from renewable sources like solar, wind, geothermal and hydropower. SCP’s customers receive procurement and generation services from SCP, and receive transmission, distribution and other services from PG&E.

Lancaster is a community of approximately 160,000 residents located in northern Los Angeles County, in the High Desert region of the western Mojave Desert, which is rich in solar resources. As a means of pursuing alternative energy solutions, principally solar energy, in hopes of bettering the current and future environmental and economic conditions of its community and region, the Lancaster City Council approved Lancaster’s CCA program, known as Lancaster Choice Energy (“LCE”), which now serves approximately 55,000 customers. LCE’s customers receive generation services from Lancaster, and receive transmission, distribution, billing and other services from SCE.

AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in California’s direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with

\(^1\) Communities currently participating in SCP’s CCA program include the City of Cloverdale, the City of Cotati, the City of Petaluma, the City of Rohnert Park, the City of Santa Rosa, the City of Sebastopol, the City of Sonoma, and the Town of Windsor, as well as all of the unincorporated areas in Sonoma County.
respect to the issues addressed herein. DACC is a regulatory alliance of educational, commercial, industrial and governmental customers who have opted for direct access to meet some or all of their electricity needs. In the aggregate, DACC member companies represent over 1,900 MW of demand that is met by both direct access and bundled utility service and about 11,500 GWH of statewide annual usage.

Shell Energy is a marketer of natural gas and electricity to wholesale and retail customers throughout California and the western United States. As a gas and electricity marketer, Shell Energy offers energy and environmental products to retail customers to enable them to achieve energy cost savings, service reliability and GhG emissions reduction goals. As an Energy Service Provider (“ESP”), Shell Energy has its own energy storage procurement obligations and its energy storage costs must be recovered, if at all, from its direct access customers.

The CCA and DA Parties have participated in various energy storage proceedings to ensure that procurement of energy storage resources by the Investor Owned Utilities (“IOUs”) does not cause any cost shifting that would unfairly impact CCA and DA customers. The CCA and DA Parties have continuously advocated that the Commission adopt a uniform indifference methodology for energy storage that accurately reflects the market value of the resource that is subject to cost recovery under the PCIA. These comments are a continuation of that effort.

III. RESPONSES TO SCOPI NG MEMO QUESTIONS

The Scoping Memo seeks comments on three questions regarding the PCIA calculation. The CCA and DA Parties’ comments on those questions are set forth below.

1) What attributes of energy storage should be captured in the market price benchmark?

The Market Price Benchmark (“MPB”) should capture: i) the full market value of storage, and ii) all of the value streams associated with energy storage.
The MPB must acknowledge the full market value of storage as well as the nascent state of the storage industry. With both of these factors in mind, the current market value of new storage technology is reflected solely in the market price itself. As the Commission previously acknowledged in Decision ("D.") 14-10-045, there is no published index that reflects the market value of storage. As the market matures and the market value of energy storage technologies becomes more transparent, the MPB should capture future changes in market value and any stranded costs that may develop over time.

In addition, the MPB should reflect various value streams associated with energy storage. These values include energy, capacity and renewable integration value, system level benefits, ancillary services, reliability for distributed generation resources, and the ability to meet state-imposed storage mandates. As the Commission is aware, however, these value streams can be difficult to value on an individual basis.

2) Have SCE and PG&E correctly characterized the asset types of their energy storage contracts? If not, how should the contracts be characterized? Why?

Asset characterization, or “regulatory function” to use the terminology in D. 14-10-045, is important because it governs cost recovery. While the IOUs characterize the energy resources in their applications as generation assets for purposes of cost recovery, it remains unclear whether they should be classified as pure generation resources.

The identification of generation resources in the energy storage context is no simple matter. As the Commission stated in D. 14-10-045, the question of whether an energy storage

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2 Scoping Memo at 4.
3 *Pacific Gas and Electric Company: Results of 2014 Energy Storage Solicitation Prepared Testimony* at 7-10 -7-11; SCE Testimony at 46.
 Comment of CCA and DA Parties on Scoping Memo and Ruling

asset qualifies as a generation asset for purposes of cost recovery depends on a number of factors.\(^4\)

*Proposed* ES projects that could be eligible for and apply for PCIA treatment in the fourth category related to generation/market bundled services for the 2014-2016 solicitation are more difficult to forecast and will depend on a number of factors including but not limited to the type of bids received by the IOUs, storage “configuration” of newly eligible technologies that provide market services (all or in part), [ ] and RFO requirements, etc. Therefore, at the early stages of the energy storage procurement, we do not know potential PCIA-related projects beyond those existing projects that have already been deemed eligible for PCIA treatment as listed above.

There may be other factors also, not explicitly listed in D.14-10-045, that can be used to characterize generation assets. At this point, given the complexity of this question and the uncertainty about what factors should be used and how they should be applied to energy storage assets, the IOUs have not made a compelling argument that the assets serve a pure generation function.

The concerns of the CCA and DA Parties about the IOUs’ characterization of energy storage assets is directly related to the various functions that energy storage may serve, which the Commission has acknowledged on several occasions. For example, the Commission stated in a previous decision that energy storage “is multi-functional and can be used at the transmission, generation, and distribution levels” and therefore a “one-size fits all” approach is unwarranted.\(^5\)

In addition, the Commission acknowledged in the Order Instituting Rulemaking (“OIR”) implementing Assembly Bill (“AB”) 2514, the landmark legislation on energy storage, that the State’s guiding principles for storage include grid optimization, renewable energy integration,

\(^4\) D.14-10-045 at 44 (citations omitted).

\(^5\) D.12-08-016 at 26, 31.
and the reduction of GhG emissions. More recently, the Commission stated that energy storage is a “non-generation resource” that nevertheless may serve some generation-related functions. As mentioned above, energy storage may also provide capacity value, system level benefits, ancillary services and reliability for distributed generation resources, as well as the ability to meet state-imposed storage mandates.

Further action from the Commission may clarify how to characterize energy storage assets for purposes of cost recovery. The Commission plans to address multiple-use applications as part of Rulemaking (“R.”) 15-03-011, which is dedicated to energy storage policy issues. Cost recovery for multiple-use storage is a specific concern of the Commission in this regard. Hopefully, additional light can also be shed on asset characterization in that proceeding to guide the IOUs and the parties on how to classify storage resources.

Regardless, the IOUs have outlined their proposal to apply the PCIA to energy storage as if it were a traditional generation resource in the Joint IOU Protocol, ignoring the unique attributes of storage and the Commission’s recognition of these attributes. The Joint IOU Protocol places a value on energy storage at the same MPB that is used for all energy in the portfolio. That approach ignores the unique attributes of energy storage and contradicts the Commission’s prior determination in D. 14-10-045 that the “existing market benchmark is not suited to determine the above market cost for energy storage projects.”

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7 D.14-10-045 at 31.
8 Assigned Commissioner and Assigned Administrative Law Judge’s Scoping Memo and Ruling Seeking Party Comments, January 5, 2016, at 6-8.
9 D.14-10-045 at 45.
3) In light of your comments on Issues 1 and 2, would you modify the Joint IOU Protocol for the recovery of above-market energy storage costs in the PCIA? If so, how? Please be as descriptive as possible, using numerical examples where applicable.

The Joint IOU Protocol fails to capture the unique attributes of energy storage that the Commission recognized in D.14-10-045 by assuming that the energy supplied from energy storage resources should effectively be valued at precisely the same benchmark price as traditional generation. In doing so, the Joint IOU Protocol misconstrues the value of energy storage and overstates the stranded costs of the resource, effectively shifting costs from bundled customers to CCA and DA customers. Such cost shifting is impermissible under the law and well-established Commission precedent.

At the same time, the Commission should also recognize that costs cannot and should not be “stranded” immediately upon the execution of a contract. Rather, costs become stranded over time as market conditions change. This is particularly true for energy storage projects procured by the IOUs, as they are required to be cost-effective under AB 2514.10 A cost-effective resource should not have any stranded costs associated with it in the early years of its development and operation.

Accordingly, the CCA and DA Parties have developed an alternative methodology for the PCIA as it applies to energy storage, which reflects both the market value of storage and the fact that present contract costs for storage represent the best market price for the resource. The CCA and DA Parties propose to modify the PCIA by incorporating a “Storage Adder” analogous to the Renewable Adder that is used to determine the market value of renewable power contracts.

10 “On or before March 1, 2012, the commission shall open a proceeding to determine appropriate targets, if any, for each load-serving entity to procure viable and cost effective energy storage systems to be achieved by December 31, 2015, and December 31, 2020.” Public Utilities Code § 2836(a)(1)(emphasis added).
The overall process used to determine the PCIA for energy storage resources under the CCA and DA Parties’ proposal is as follows:

**Step 1: Estimate the current cost of energy storage projects**

Under the CCA and DA Parties’ proposal, the IOUs will provide the Energy Division with the costs and capacity of Commission-approved energy storage projects (in MW) that became operational in the current year, or are expected to become operational in the ERRA forecast year. The costs and capacity will be the amounts included in the ERRA forecast. The IOUs’ storage costs ($/MW) will be calculated by aggregating the IOUs’ recent storage costs and dividing that figure by the aggregate capacity of these resources. A single storage benchmark would be used for all three IOUs.

**Step 2: Develop the storage adder for the market price benchmark**

The Storage Adder will be derived from current IOU storage contracts. Specifically, the Storage Adder will be calculated annually by the Energy Division based on data submitted by the IOUs in the same October 1 advice letter that is currently submitted to provide data necessary for the calculation of the MPB Renewable Adder. The formula for the determination of the Storage Adder is as follows:

\[
\text{Storage Adder} = \frac{\sum (\text{IOU storage capacity for PCIA vintage year } \nu) \cdot (\text{storage benchmark})}{\sum \text{MWh supplied Total Portfolio for PCIA Vintage year } \nu}
\]

Additional detail on the CCA and DA Parties’ proposal for the MPB formula, based on D.11-12-018 and including the Storage Adder, is set forth in Attachment A.

**IV. CONCLUSION**

The CCA and DA Parties thank Commissioner Peterman and Assigned Administrative Law Judges Cooke and DeAngelis for their thoughtful consideration of these comments.

Comments of CCA and DA Parties on Scoping Memo and Ruling
regarding the development of the PCIA for energy storage, and urge the Commission to adopt the CCA and DA Parties’ proposal.

Respectfully Submitted,

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May 2, 2016
ATTACHMENT A
Attachment A -- Proposed Formula to Calculate the Market Price Benchmark

Revised MPB for year \( n \) and Vintage Total Portfolio \( v \) = \( \{ (1-\text{RPS}\% \cdot V) \times \text{BROWN} + (\text{RPS}\% \cdot V) \times \text{GREEN} + \text{CAP ADDER} \cdot V + \text{STORAGE ADDER} \cdot V \} \times (\text{LOSSES}) \)

Where:

- \( n \) = year covered by the calculation, e.g. \( n=2012 \) for the MPB for 2012.
- \( v \) = PCIA vintage year
- \( \text{RPS}\% \) = The fraction of RPS compliant electric energy in the URG [Utility Resource Generation] Total Portfolio for PCIA Vintage year \( v \) in year \( n \).
- \( \text{BROWN} \) = Weighted average of peak and off-peak forward prices for year \( n \), weighting based on, for each IOU, the IOU bundled load profile data for the most recent year that is publicly available. Peak and off-peak forward prices based on published data for NP15/SP15 as per D.06-07-030. ($/MWh)
- \( \text{GREEN} \) = 0.68 \times \text{URGgreen} + 0.32 \times (\text{BROWN} + \text{DOEadder})

Where:

- \( \text{URGgreen} \) = \{\{\text{Forecasted cost in year } n \text{ of RPS power contracts and IOU-owned projects starting deliveries in year } n \text{ and } n-1\} - [\text{NQC of those contracts/projects} \times \text{CAP VALUE}]\}/[\text{Total forecasted deliveries from those contracts in year } n] ($/MWh) The forecasted cost of all Renewable Energy Credit (REC)-only contracts will also include the cost of energy associated with those REC-only contracts, equal to BROWN \times \text{forecasted deliveries from those REC-only contracts in year } n.
- \( \text{DOEadder} \) = Simple average of the premiums of the renewable programs in states within Western Electricity Coordinating Council (WECC), as identified in the database compiled by the National Renewable Energy Laboratory for the US Department of Energy. If multiple premiums are identified for the same utility and/or program, all shall be included in the average. ($/MWh)
- \( \text{CAP ADDER} \) = \{\text{Sum of NQC for all resources in the URG Total Portfolio for PCIA Vintage year } v \times \text{CAP VALUE}\}/\text{forecast of the sum of MWh supplied by URG Total Portfolio for PCIA Vintage year } v\}
- \( \text{CAP VALUE} \) = the going forward cost (sum of insurance, ad valorem and fixed operations and maintenance costs) of a combustion turbine as determined per the most recent California Energy Commission (CEC) Comparative Costs of California Central Station Electricity Generation Report for a small simple cycle merchant plant. Per Table 4 of 2010 CEC report:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>$9.63 per kW-year</td>
</tr>
<tr>
<td>Ad Valorem</td>
<td>$13.09 per kW-year</td>
</tr>
</tbody>
</table>

Attachment A – Proposed Formula to Calculate the Market Price Benchmark
Fixed O&M: $27.45 per kW-year
Total Going Forward Costs (CAP VALUE): $50.17 per kW-year

**STORAGE ADDER** = (Sum of installed capacity for all storage resources in the URG Total Portfolio for PCIA Vintage year \( v \) * STORAGE VALUE)/forecast of the sum of MWh supplied by URG Total Portfolio for PCIA Vintage year \( v \)

*Where:

**STORAGE VALUE** = \((\text{Forecasted cost in year } n \text{ of storage power contracts and IOU-owned projects starting deliveries in year } n \text{ and } n-1) / \text{Total installed capacity from those contracts in year } n \) (\$/MW))

**LOSSES** = Line loss factors per D.07-01-030: PG&E 1.06; SCE 1.053; SDG&E 1.043

The Energy Division would calculate the **BROWN, GREEN and STORAGE** elements to the formula, based on inputs provided by each IOU. The IOUs would calculate the Market Price Benchmarks for each Vintage, based upon the **GREEN, BROWN, and STORAGE** values provided by Energy Division, the **CAP VALUE** above, and the RPS percentages, NQCs, storage capacity and energy of each URG Total Portfolio. These calculations would be provided to Energy Division for verification.
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning Energy
Efficiency Rolling Portfolios, Policies, Programs,
Evaluation, and Related Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

COMMENTS OF MARIN CLEAN ENERGY ON PROPOSED DECISION
GRANTING MARIN CLEAN ENERGY’S PETITION TO MODIFY
DECISION 14-10-046

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April 28, 2016
COMMENTS OF MARIN CLEAN ENERGY ON PROPOSED DECISION GRANTING MARIN CLEAN ENERGY’S PETITION TO MODIFY DECISION 14-10-046


I. THE POTENTIAL DELAY IN THE APPROVAL OF MCE’S 2016 BUSINESS PLAN MAY REQUIRE THAT MCE FILE SIMILAR PETITIONS IN THE FUTURE

The Proposed Decision appropriately recognizes the need for MCE’s 2016 energy efficiency budget to be higher than the initial budget approved in Decision (“D.”) 14-10-046 due to the “sizable increase in the number of customers MCE needs to serve.” However, the Proposed Decision also highlights that MCE will be left with an “unclear regulatory path for

1 Proposed Decision, at 6 and 9 (Conclusions of Law 4).

Comments of Marin Clean Energy on Proposed Decision
seeking additional funding” for its energy efficiency budgets in the future even if MCE continues to grow and additional funding is warranted.  

Since filing this Petition for Modification, MCE has welcomed additional communities to its service. Specifically, the cities of Calistoga, St. Helena, Napa, American Canyon, and Yountville, Lafayette, and Walnut Creek have all voted to join MCE. As a result of including all of these communities, MCE will be serving approximately 40 percent more customer accounts in 2017 relative to 2015 and will see an increase of approximately 59% in its load compared to 2016.

Despite this significant growth, MCE is not currently requesting the Commission modify the Proposed Decision. However, if the business plan approval process is delayed into 2017, MCE is providing notice that it may need to file a similar request to this Petition for Modification to ensure that it is best able to serve its customers with an appropriate and sufficiently funded portfolio of energy efficiency programs.

II. CONCLUSION

MCE fully supports the Proposed Decision. By filing these comments, MCE only seeks to notify the Commission that the uncertain regulatory path for seeking additional funding for MCE’s energy efficiency programs coupled with MCE’s continued growth may require that MCE make a similar request with regard to its 2017 budget as it has made through this Petition for Modification with regard to its 2016 budget. Accordingly, MCE appreciates the opportunity to submit these comments on the Proposed Decision.

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2 Proposed Decision, at 6.
Respectfully submitted,

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April 28, 2016

Comments of Marin Clean Energy on Proposed Decision
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


Rulemaking 13-11-005
(Filed November 14, 2013)

REPLY COMMENTS OF MARIN CLEAN ENERGY ON PROPOSED DECISION GRANTING MARIN CLEAN ENERGY’S PETITION TO MODIFY DECISION 14-10-046

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May 3, 2016
REPLY COMMENTS OF MARIN CLEAN ENERGY ON PROPOSED DECISION GRANTING MARIN CLEAN ENERGY’S PETITION TO MODIFY DECISION 14-10-046


I. THE PROPOSED INCREASE SHOULD ALSO INCLUDE GAS FUNDING

MCE’s Energy Efficiency (“EE”) programs achieve both electric and natural gas savings. Therefore, the 30% increase to program funding should apply to both electric and gas funding. The Commission should direct that a portion of the total increase in EE funds should be allocated for gas funding. Consistent with D.14-10-033, Pacific Gas & Electric (“PG&E”) should be directed to “enter into a contract with MCE… to use funds for gas public purposes charges to pay in whole or in part for MCE energy efficiency programs that have a gas savings component.”1 Thus, using the application of the Commission’s formula of applying a 30% increase in budget to reflect MCE’s 2015 budget, the budget adjustment would include the following increases:

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1 D.14-10-033, Ordering Paragraph 26 at 168.
<table>
<thead>
<tr>
<th></th>
<th>MCE EE Electric Funds</th>
<th>MCE EE Gas Funds</th>
<th>Total EE Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 Budget²</td>
<td>$1,001,267</td>
<td>$219,000</td>
<td>$1,220,267</td>
</tr>
<tr>
<td>Proposed 2016</td>
<td>$300,380</td>
<td>$65,700</td>
<td>$366,080</td>
</tr>
<tr>
<td>Budget Increase (30% increase)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 Total Proposed Budget</td>
<td>$1,301,647</td>
<td>$284,700</td>
<td>$1,586,347</td>
</tr>
</tbody>
</table>

This yields a total 2016 proposed budget of $1,586,347, consistent with the Commission’s determination in the Proposed Decision.

II. MCE AGREES WITH ORA’S RECOMMENDATION TO CLARIFY THE “ONE-TIME” FUNDING INCREASE APPLIES TO ITS ANNUAL BUDGET MOVING FORWARD

In the Office of Ratepayer’s Comments on the Proposed Decision, it comments “the Commission should note the fact that the proposed increase…is not for a single year but for a 30% increase in MCE’s annual budget for the remainder of the existing 10-year rolling portfolio cycle or until the Commission issues a superseding decision on funding levels.”³ MCE concurs.

III. CONCLUSION

MCE thanks the Commission for its careful consideration and ability to foresee the on-the-ground realities faced by EE program administrators. By increasing MCE’s 2016 EE program budget due to inclusion of new communities within MCE’s service area, the Commission has illustrated its deft understanding of the real-world implications of its policy decisions.

² As approved in D.14-10-033, Ordering Paragraphs 21, 24, and 26 at 167-168.
Reply Comments of Marin Clean Energy on Proposed Decision
Respectfully submitted,

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May 3, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a
Consistent Regulatory Framework for the
Guidance, Planning, and Evaluation of Integrated
Distributed Energy Resources.

Rulemaking 14-10-003
(Filed October 2, 2014)

COMMENTS OF MARIN CLEAN ENERGY
ON THE ASSIGNED COMMISSIONER’S RULING INTRODUCING A DRAFT
REGULATORY INCENTIVES PROPOSAL FOR DISCUSSION AND COMMENT

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May 9, 2016
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IV. Question 5: Are there Other Disincentives to the Deployment of DERs that this Proposal Does Not Address that Should be Considered at the Same Time? If so, Please Explain. .............................................................................................................................................. 5

V. Question 6: Is the Suggested Process for Identifying and Approving DER Projects that Would Generate an Incentive Reasonable and Appropriate? How Could the Process be Improved?...................................................................................................................................... 6

VI. Question 9: What Would be the Appropriate Role of the IOUs Themselves in the Deployment of Cost-Effective DERs? Should Direct IOU Participation in DER Deployment be Encouraged, Foreclosed, or Allowed with Certain Caveats? Please Fully Explain Your Answer. .......................................................................................................................................... 7

VII. Conclusion .............................................................................................................................................. 7
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a
Consistent Regulatory Framework for the
Guidance, Planning, and Evaluation of Integrated
Distributed Energy Resources.

Rulemaking 14-10-003
(Filed October 2, 2014)

COMMENTS OF MARIN CLEAN ENERGY
ON THE ASSIGNED COMMISSIONER’S RULING INTRODUCING A DRAFT
REGULATORY INCENTIVES PROPOSAL FOR DISCUSSION AND COMMENT

I. INTRODUCTION

Pursuant to the directions set forth in the Assigned Commissioner’s Ruling Introducing a Draft Regulatory Incentives Proposal for Discussion and Comment (“Ruling”) issued on April 4, 2016, Marin Clean Energy (“MCE”) respectfully submits the following comments. MCE does not respond to all questions presented, however these comments reflect the order of questions in the Ruling.

MCE’s comments focus on these key issues:

• A shareholder incentive may not motivate the Investor Owned Utilities (“IOUs”) to produce the desired results. If the Commission decides to move forth with an incentive, the Commission should adopt a performance-based ratemaking structure to ensure that the IOUs would achieve the objectives that will meaningfully benefit ratepayers.

• The Commission should preserve competitive neutrality between Load Serving Entities (“LSEs”) by prohibiting the IOUs from subsidizing generation components of the pilot with transmission and distribution funds, or procure
Distributed Energy Resources ("DERs") on behalf of other LSEs in their service areas.

- The Commission should address existing barriers that reduce incentives for DER deployment, such as the costs and time associated with interconnection, and access to adequate data to determine locational value of DERs.

II. QUESTION 2: WOULD AN INCENTIVE PROGRAM SUCH AS THAT DESCRIBED ABOVE ACHIEVE THE OBJECTIVE OF PROMOTING THE COST-EFFECTIVE DEPLOYMENT OF DERs? IF NOT, WHY NOT?

The pilot as proposed would not sufficiently provide meaningful signals to the IOUs to pursue cost-effective DER deployment. The IOUs may still choose to avoid cost-effective DER projects, especially if they provide a lower return for shareholders. The pilot’s proposed requirement for cost-effective DER projects results in the overall cost for the DER project, including shareholder incentives and taxes, being lower than the traditional distribution grid investment. If the shareholder incentive for both DER projects and traditional distribution investment projects is based on the same cost of capital and return on equity, then the more cost-effective project will result in a lower shareholder incentive.

While this may provide the basis for the Commission’s proposal to provide an incentive to spur DER deployment, this may also provide a perverse incentive for IOUs to create undesirable results. For instance, the Risk Reward Incentive Mechanism ("RRIM")¹ was adopted with the intention to motivate the IOUs to achieve greater Energy Efficiency ("EE") savings through innovative program design and implementation. Instead, resources were used to conduct,

¹ This incentive has since been re-named the “Energy Savings Performance Incentive” or “ESPL.”
defend, and revise Energy Measurement and Verification ("EM&V") protocols and processes.\textsuperscript{2} While the disputes led to higher RRIM earnings through short-term savings, RRIM did not lead to long-term market transformation programs.\textsuperscript{3}

To motivate the IOUs to support the distribution grid in a cost-effective manner, the Commission should consider a performance-based ratemaking regime for maintaining the distribution grid and facilitating DER market innovation and transformation. In order for the IOUs to receive shareholder incentive, the deployed distribution assets would have to meet certain performance metrics set by the Commission. Performance-based ratemaking can potentially remove the perverse incentive of traditional cost-of-service ratemaking for IOUs to maximize shareholder value through overinvestment. The Commission should also consider incorporating market transformation milestones into the performance metrics and goals.

Finally, the pilot does not consider the possibility that an incentive may not address the challenge of cost-effective DER deployment. The Ruling stated that the Commission is ill-equipped to determine when and where DER deployment will cost-effectively avoid distribution investment, and implied that the IOUs would be better equipped. This assumption does not consider that the IOUs could be similarly ill-equipped, and that DERs have been and continue to be disruptive for the IOUs’ planning. For example, many parties to the Distributed Resource Plan ("DRP") Rulemaking proceeding have noted that the IOUs’ plans are deficient in several aspects, indicating that the IOUs may not possess the information at the level of specificity needed. The protest of the Solar Energy Industry Association ("SEIA") indicated that the IOUs failed to provide the analysis necessary to streamline the interconnection process, and misrepresented the

\textsuperscript{2} Rulemaking (R.) 09-01-019, Assigned Commissioner’s Ruling To Refresh The Record On Outstanding Issues at 4 (August 30, 2011).

\textsuperscript{3} Id. at 6.
abilities of DERs to provide benefits and services. As The Utility Reform Network (“TURN”) stated in its protest, the applications of the IOUs heavily emphasized on procuring utility-owned DERs, instead of understanding how to maximize the value of third-party owned DERs. These protests demonstrate that the IOUs may not have the ability to investigate the most cost-effective strategies to maximize the value of existing DERs on the distribution grid.

III. QUESTION 3: WHAT ALTERNATIVE APPROACHES SHOULD THE COMMISSION CONSIDER AT THIS TIME?

The Commission could create a “loading order” for distribution grid projects. All cost-effective DERs would be first in the loading order, followed by traditional upgrades. If the Commission ultimately decides to provide a shareholder incentive, a performance-based ratemaking model should be adopted. Incentive payments would be made to the IOUs only if program goals could be met.

Alternatively, the Commission can consider a Distribution System Operator (“DSO”) model that focuses IOUs on operating and maintaining the distribution system, analogous to the California Independent System Operator’s (“CAISO”) management of transmission assets. This concept was explored in the Commission’s 2015 Electricity Utility Business and Regulatory Models report, and in Jon Wellinghoff’s article, Rooftop Parity. Under this model, the DSO would maintain distribution system safety and reliability, provide transparent system access to third parties and customers, and implement market mechanisms. In this role, a DSO would

5 R.14-08-013, Protest of TURN at 7.
oversee optimal DER deployment, and allow technology product and service providers, generation providers, and regulated utilities to meet customers’ needs.

IV. **QUESTION 5: ARE THERE OTHER DISINCENTIVES TO THE DEPLOYMENT OF DERS THAT THIS PROPOSAL DOES NOT ADDRESS THAT SHOULD BE CONSIDERED AT THE SAME TIME? IF SO, PLEASE EXPLAIN.**

The proposal does not address existing barriers to interconnecting DERs, such as cost and timeliness. The proposed pilot also does not address issues related to access to data for the purpose of understanding the locational value of DERs. These barriers create disincentives for DER deployment, and should be resolved before pilot approval. Otherwise some of these issues may be further exacerbated by the pilot.

To address interconnection issues, the Commission should consider the order of DER projects queued for interconnection approval. By giving priorities to projects that could mitigate distribution grid investment, the IOUs may be able to expedite the interconnection of those projects to resolve grid issues. In addition, the Commission should consider revamping the interconnection process to increase certainty on the timing for approval. Delays in interconnection create a barrier that disincentivizes DER deployment. Under the pilot, the IOUs may be motivated to systematically delay DER interconnection that would otherwise mitigate distribution grid investment to help justify proposed investments that earn shareholder incentives.

While the Commission intends to resolve issues related to data access in the DRP proceeding, adequate access to data is crucial for optimizing DER deployment. If non-IOU parties are unable to access appropriate data, either due to information asymmetry or because the IOUs lack the capacity to produce desired data, it would be difficult to determine whether the
deployed DERs would meet their intended grid needs. MCE recommends that these pilots should not be launched without data access issues being properly addressed.

V. QUESTION 6: IS THE SUGGESTED PROCESS FOR IDENTIFYING AND APPROVING DER PROJECTS THAT WOULD GENERATE AN INCENTIVE REASONABLE AND APPROPRIATE? HOW COULD THE PROCESS BE IMPROVED?

First and foremost, MCE urges the Commission to maintain competitive neutrality among LSEs by prohibiting the cross-subsidization of generation costs by transmission and distribution investments. Many DERs have generation attributes, and allowing the IOUs to procure these with distribution and transmission funds would result in unfair subsidization of the IOU generation rate at the cost of the customers of other LSEs. While the Ruling stated that the cost-effectiveness for these DER deployments may include “system level costs for the procurement of energy,”8 the generation costs should be borne solely by those receiving the generation benefits. The Commission can ensure competitive neutrality among LSEs by aligning generation costs and benefits.

Second, while MCE generally supports an ex post evaluation of the cost-effectiveness of DER deployment that results in determining shareholder incentives, the existing cost effectiveness methodology used for Energy Efficiency (“EE”) is complex for non-IOU administrators to employ. A simpler methodology that centers on societal costs and benefits of greenhouse gas reductions should be developed to conduct the evaluation.

Third, the length of the proposed process may result in outdated information being used to justify the IOUs’ DER procurement to avoid distribution investment. The proposed process will take many months, if not years, before a contract is approved. During this process, the needs

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8 Ruling at 10.
of the distribution grid may change, and the opportunities identified by the IOUs previously may no longer meet the latest grid needs. Additionally, this delay may discourage third party participation in the market resulting in less innovation.

The Commission should consider eliminating the requirement to file a Tier 3 Advice Letter for each proposed DER to shorten the time between identifying the opportunity and the DER project execution. Instead, the Commission could implement a quarterly reporting requirement with an annual cost-effectiveness showing. The Commission should consider focusing its time primarily on the retrospective evaluation of whether the DER project is cost-effective. A positive determination in this evaluation should be a condition for the IOUs to receive any shareholder incentives.


IOUs should play the role of a DSO and receive shareholder incentives when they can demonstrate performance-based achievements. As DSOs, the IOUs would have a limited role and can focus their roles as an information clearinghouse for third-parties and customers. This allows the DSOs to provide price signals to third-parties through an open platform that promotes grid neutrality of DERs and can ensure availability of data that would distinguish high priority locations and associated pricing schemes.

VII. **CONCLUSION**

MCE thanks Assigned Commissioner Florio and Assigned Administrative Law Judge Hymes for the opportunity to provide these comments on the Ruling.
Respectfully submitted,

/s/ C.C. Song

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May 9, 2016
TESTIMONY OF MARIN CLEAN ENERGY ON PACIFIC GAS AND ELECTRIC COMPANY’S APPLICATION FOR 2017 GENERAL RATE CASE PHASE 1

APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E), AMONG OTHER THINGS, TO INCREASE RATES AND CHARGES FOR ELECTRIC AND GAS SERVICE EFFECTIVE ON JANUARY 1, 2017.
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I. Introduction

Marin Clean Energy (“MCE”) is a Community Choice Aggregator (“CCA”) that has been serving customers within the Pacific Gas and Electric Company (“PG&E”) service territory since 2010. MCE was the first operational CCA in California, and currently provides electric service to over 175,000 retail customers in Marin County, unincorporated Napa County, and the cities of Richmond, San Pablo, El Cerrito, and Benicia. The towns and cities within Napa County, the City of Lafayette and the City of Walnut Creek have recently joined MCE and are expected to receive MCE service this year. This is expected to increase MCE’s total customer accounts served to approximately 250,000 by late 2016. MCE is primarily involved in this proceeding to guarantee that its customers are not negatively impacted by PG&E’s proposed cost recovery methodologies.

MCE customers are commonly referred to as “unbundled” customers because they do not receive their generation and distribution electricity services from a single provider, in this case PG&E. MCE’s customers receive their generation services from MCE while continuing to receive distribution, transmission, and billing services from PG&E. PG&E provides consolidated billing services for MCE customers and also administers certain programs for which unbundled customers are equally eligible, including California Alternate Rates for Energy (“CARE), some Demand Response (“DR”) programs, and Energy Efficiency (“EE”) programs. MCE is also an EE Program Administrator for both bundled and unbundled customers within its

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1 The towns and cities within Napa County are the City of American Canyon, City of Napa, Town of Yountville, City of St. Helena, and City of Calistoga.
service territory. Because MCE customers receive generation and distribution services from separate entities, shifting of costs from generation to distribution rate components of PG&E’s bundled service can result in inequitable and anti-competitive impacts on MCE and its customers.

In this testimony, MCE identifies two issues that adversely impact its customers. These issues are as follows: 1) the methodology used for allocating PG&E’s Public Purpose Program (“PPP”) overhead expenses to the distribution rate component based upon labor factors needs to be revised to improve its competitive neutrality; and 2) legal costs associated with developing PG&E’s Power Purchase Agreements (“PPAs”) should be allocated solely to its generation rate.

II. MCE Proposes Revisions to PG&E PPP Overhead Allocation Methodology to Improve Competitively Neutrality

A. Current Overhead Allocation Methodology Assigns Overhead to the Distribution Function

The methodology employed by PG&E to allocate Administrative and Generation (“A&G”) overhead costs to its Unbundled Cost Categories (“UCC”) based upon Operations and Maintenance (“O&M”) labor ratios was revised in the 2014 GRC Settlement (“2014 Settlement”). MCE, The Utility Reform Network (“TURN”), and PG&E agreed to allocate a portion of A&G expenses from distribution to Customer Program revenues. Costs associated

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2 D.14-10-046 at 32.
3 The five major UCCs include: Electric Distribution, Gas Distribution, Electric Generation, Network Transmission, and Gas Transmission and Storage (“GT&S”). PG&E does not seek recovery of the latter two UCCs within the GRC and labels these UCCs as non-GRC A&G expenses.
4 Exhibit PG&E-2 Chapter 7, Section C.
5 Decision 14-08-032, pg. 579.
with certain employee benefits and payroll taxes were allocated to Customer Programs and balancing accounts attributable to the Customer Programs as the result of the 2014 Settlement.\textsuperscript{6}

Though the 2014 Settlement resolved some cost-shifting issues, it did not resolve all of them. The labor allocator methodology must be further revised to ensure that excessive overhead is not charged to the distribution rate.

PG&E’s GRC overhead costs are allocated to generation (\textit{i.e.} Electric Generation) and distribution (\textit{i.e.} Electric Distribution and Gas Distribution) rate components based upon the ratio of O&M labor factors attributable to each of these distinctly difference services.\textsuperscript{7} Based upon the proposed methodology in the PG&E 2017 GRC Phase 1, labor factors relating to PPP Administration would be attributed to the distribution rate. While some of these costs will be collected directly from PG&E’s EE programs through the PPP Benefit Adjustment, as agreed in the 2014 Settlement, the rest of these overhead costs will be collected solely from the distribution rate.

PPP related labor makes up 5.9\% of PG&E’s total labor costs, and still has significant impact on MCE’s customers after applying the PPP Benefit Adjustment. It is improper to assign any EE PPP related labor costs to the distribution labor allocators because it skews the allocation of PG&E overhead costs to distribution rate components and inappropriately shifts costs to unbundled customers. Specifically, i) energy efficiency PPP programs are generation resources, ii) energy efficiency PPP programs are not monopoly services akin to distribution, and iii) allocating energy efficiency PPP costs to the distribution rate results in cross-subsidization and anti-competitive impacts.

\textsuperscript{6} \textit{Id.}

\textsuperscript{7} Exhibit PG&E-10 WP 7-11 for the complete breakout of O&M labor factors by which PG&E is proposing to allocate overhead costs.
i. **Energy Efficiency is a generation resource, not a distribution resource**

EE is a generation resource, and is the first in the procurement loading order. This was established in the Commission’s 2003 Energy Action Plan, and reiterated in D.07-12-052 and D.12-01-033. By allocating EE overhead costs to the non-generation rates of an IOU’s service, CCAs are forced to compete against a subsidized IOU generation rate. This would also result in the double payment of EE programs by MCE customers, to both MCE and PG&E. Accordingly, PG&E should allocate all PPP labor costs to its generation function, not its distribution function.

Provision of EE by PG&E is not a distribution service. Various entities provide PPP-funded EE programs, including MCE. MCE provides only generation services and so any overhead not allocated to MCE’s energy efficiency programs is, by definition, collected from MCE’s generation ratepayers. PG&E’s rate collection should be consistent with this approach. PG&E’s role as EE administrator should not in any way subsidize its competitive generation function.

ii. **Cross-subsidization would cause significant disparate impact on CCA customers**

Shifting EE-related labor costs to the generation function would unfairly impact CCA customers because the majority of PPP labor costs are attributable to EE-related labor. According to PG&E’s October 7 Response to MCE Data Request 1, approximately $60.5 million of the $77.1 million in PPP labor costs are attributed to EE programs. Of the $60.5 million, around $48.7 million is recovered through electric distribution, and the rest through gas distribution. Based on these figures, EE labor costs represent 5.5% of PG&E’s total O&M labor costs (compared to 7% attributable to all PPP labor). According to this same Response the

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8 D.12-11-015.
9 PG&E Response to MCE Data Request 1, Question 18. (See Attachment 1.)
10 PG&E Response to MCE Data Request 2, Question 3. (See Attachment 2.)
next largest program, based upon labor costs, was the Demand Response (“DR”) program, which costs $7.6 million (or 0.78% of PG&E’s total O&M labor). The 2014 Recorded Adjusted GRC deducted $18.8 million of PPP Benefit Adjustment from the electric distribution A&G expenses, but $41.6 million of EE-related labor costs are still improperly allocated to electric and gas distribution, representing 3.2% of PG&E’s total O&M labor costs.

There has been no showing by PG&E that the remainder of the PPPs represented in the total PPP labor factors should be considered monopoly services akin to distribution. Including PPP labor costs in the overhead allocation would effectively subsidize the generation function because it would reduce the share of overhead that would otherwise be allocated to generation.

iii. Cross-subsidization and anti-competitive impacts occur if any energy efficiency PPP labor is included in distribution labor allocators

Including the EE labor factors in the distribution labor allocator will continue to shift overhead costs excessively onto the distribution components of PG&E customers’ bills. The result for CCA customers is that they would be paying an artificially high distribution rate that subsidizes PG&E’s generation rate. This is unfair to CCA customers and has an anti-competitive impact.

For bundled customers who receive both generation and distribution services from PG&E, this cost shifting – also known as cross-subsidization – would go largely unnoticed; however, unbundled customers would be subsidizing PG&E bundled customers by paying a portion of the generation-related overhead costs through their distribution charges, which PG&E continues to collect from its unbundled customers.

B. More EE-Related PPP Should Be Allocated to the Generation Line Item

MCE believes that EE-related PPP should be allocated to PG&E’s generation line item, so PG&E’s overhead collection methodology would be consistent with other EE providers, such
as MCE. Because CCAs also have the ability to elect or apply to be EE providers, PG&E should exclude EE-related labor from the overhead allocation so that the competitive generation function is assigned the same share of overhead as would be the case if PG&E did not administer these EE-related PPPs. Considering PG&E forecasts its A&G overhead costs to be over $1.3 billion dollars, this shift would result in a subsidy of $60.5 million dollars of overhead costs from the distribution rate to the generation rate. (See Tables 1 & 2 for detailed calculations). Though this shift would represent a small amount relative to PG&E’s total overhead expenses, it would make PG&E’s overhead allocation methodology more competitively neutral.

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11 Exhibit PG&E-10, p. 7-12 at line 13.
Table 1: PG&E’s O&M Labor Factors by UCC w/ and w/o PPP Labor

<table>
<thead>
<tr>
<th>Unbundled Cost Category (UCC)</th>
<th>2014 Recorded Adjusted Labor12 ($000)</th>
<th>%</th>
<th>MCE Proposed Labor Factor Methodology by UCC ($000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Department</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EG - Power Generation - GRC</td>
<td>322,486</td>
<td>24.67%</td>
<td>371,164</td>
<td>28.39%</td>
</tr>
<tr>
<td>EG - Energy Efficiency</td>
<td>N/A</td>
<td></td>
<td>48,678</td>
<td>3.72%</td>
</tr>
<tr>
<td>EG - Power Generation - Non-GRC</td>
<td>1,531</td>
<td>0.12%</td>
<td>1,531</td>
<td>0.12%</td>
</tr>
<tr>
<td>ET - Network Transmission</td>
<td>81,083</td>
<td>6.20%</td>
<td>81,083</td>
<td>6.20%</td>
</tr>
<tr>
<td>ED - Electric Distribution</td>
<td>473,501</td>
<td>36.22%</td>
<td>424,823</td>
<td>32.50%</td>
</tr>
<tr>
<td>ED - Electric Distribution (w/o EE-Specific PPP Admin)</td>
<td>424,823</td>
<td>32.50%</td>
<td>424,823</td>
<td>32.50%</td>
</tr>
<tr>
<td>Electric Department Total</td>
<td>879,035</td>
<td>67.24%</td>
<td>879,035</td>
<td>67.24%</td>
</tr>
<tr>
<td>Gas Department</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GG – Gas Generation</td>
<td>N/A</td>
<td></td>
<td>11,791</td>
<td>0.009%</td>
</tr>
<tr>
<td>GT - Gas Transmission and Storage</td>
<td>117,382</td>
<td>8.98%</td>
<td>117,382</td>
<td>8.98%</td>
</tr>
<tr>
<td>GD - Gas Distribution</td>
<td>310,867</td>
<td>23.78%</td>
<td>299,076</td>
<td>22.88%</td>
</tr>
<tr>
<td>GD - Gas Distribution (w/o EE-Specific PPP Admin)</td>
<td>299,076</td>
<td>22.88%</td>
<td>299,076</td>
<td>22.88%</td>
</tr>
<tr>
<td>GD – EE-Specific Public Purpose Program Administration</td>
<td>11,791</td>
<td>0.99%</td>
<td>(Reallocated to Generation Function)</td>
<td>N.A.</td>
</tr>
<tr>
<td>Gas Department Total</td>
<td>428,249</td>
<td>32.76%</td>
<td>428,249</td>
<td>32.76%</td>
</tr>
<tr>
<td>PG&amp;E Total Labor</td>
<td>1,307,284</td>
<td>100.00%</td>
<td>1,307,284</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

12 PG&E-10 WP 7-11.
### Table 2: Changes in A&G Overhead After EE Labor Allocation

**A&G Overhead Allocations for 2014**

<table>
<thead>
<tr>
<th></th>
<th>PPP Labor in Distribution ($000)</th>
<th>PPP Labor in Generation ($000)</th>
<th>Change in Allocations (Δ ($000))</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>$784,368 (60.00%)</td>
<td>$723,899 (55.38%)</td>
<td>-$60,469 (4.62%)</td>
<td></td>
</tr>
<tr>
<td>Generation</td>
<td>$322,486 (24.67%)</td>
<td>$382,955 (28.40%)</td>
<td>$60,469 (3.73%)</td>
<td></td>
</tr>
<tr>
<td>Non-GRC</td>
<td>$1,531 (0.12%)</td>
<td>$1,531 (0.12%)</td>
<td>$0 (0%)</td>
<td></td>
</tr>
</tbody>
</table>

**Total Company 2017 A&G Overhead Expense Forecast ($000)**

$1,307,284

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**III. Generation-Related Legal Costs Should Not Be Allocated via the UCC Methodology**

PG&E currently charges costs such as PPA review for PG&E’s generation Line Of Business (“LOB”) to overhead, rather than the generation function. As a result, these costs are spread across all LOB using the Unbundled Cost Categories (“UCC”) Labor Factor methodology. This cost allocation is improper.

These and similar PG&E costs directly related to the generation LOB should not be considered A&G costs since they relate to a specific function (i.e. generation), and therefore should not be allocated across generation and distribution rates. These costs should be isolated from other costs incurred by the Legal Department and recovered directly through PG&E’s generation function.

Based on PG&E’s Response to MCE’s Data Request, PG&E incurred $934,960 of labor costs for both internal and external attorney and paralegal time for work related to PPAs. The percentage of overall work hours billed by the Law department for PPA review was 5.2% in

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13 PG&E to MCE Data Request 1, Question 10. (See Attachment 3.)
By moving this annual cost exclusively to PG&E’s generation function, the generation revenue requirement would increase by approximately $644,936, while the electricity distribution revenue requirement would decrease by about $306,293 and the gas distribution revenue requirement would reduce by $306,293. (See Table 3 for calculation.) There would be a slight impact on the UCC labor factor.

Table 3: Reallocation of PPA Legal Costs

<table>
<thead>
<tr>
<th>PG&amp;E 2014 Legal Costs Related to PPA Review</th>
<th>Total Company 2017 A&amp;G Overhead Expense Forecast ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,307,284</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014 Legal Costs by Applying UCC Labor Factor</th>
<th>Reallocated 2014 Legal Costs</th>
<th>Change in Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Distribution</td>
<td>$338,643 36.22%</td>
<td>$0 N/A</td>
<td>-$338,643</td>
</tr>
<tr>
<td>Electricity Generation</td>
<td>$230,654 24.67%</td>
<td>$934,960 N/A</td>
<td>$644,936</td>
</tr>
<tr>
<td>Gas Distribution</td>
<td>$306,293 23.78%</td>
<td>$0 N/A</td>
<td>-$306,293</td>
</tr>
</tbody>
</table>

IV. Conclusion

PG&E’s proposals for the 2017 General Rate Case should be modified in two ways to improve the competitive neutrality of the overall Application. (i) PG&E should reassign any EE-related PPP labor costs from the distribution function to the generation function. (ii) PG&E should allocate all PPA-related legal costs solely to its generation revenue requirement. These recommendations are reasonable and easily actionable. These recommended changes would

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14 PG&E to MCE Data Request 1, Question 12. (See Attachment 4.)
15 The shift of PPA-related labor costs would result in insignificant changes to UCC Labor Factor proposed by MCE in Table 1 and Table 2.
further allow PG&E to implement its 2017 GRC Phase I in a considerably more competitively neutral manner than initially proposed.
Attachment 1:

MCE Data Request 1, Question 18 and Corresponding PG&E Response
QUESTION 18

Regarding administrative and general expenses related to the Public Purpose Program (PPP) (Exhibit 10, Chapter 7):

Please provide a breakdown of both direct and indirect PPP-related labor by energy efficiency and non-energy efficiency program types.

ANSWER 18

The labor associated with both energy and non-energy efficiency program types are shown below:

<table>
<thead>
<tr>
<th>PPP Program</th>
<th>Amount ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Energy Efficiency MWCs</td>
<td>53,976</td>
</tr>
<tr>
<td>LIBA - Low Income (Public Purpose Program)</td>
<td>6,451</td>
</tr>
<tr>
<td>CARE - Calif. Altern. Rate for Energy</td>
<td>3,158</td>
</tr>
<tr>
<td>FERA - Family Elect. Rate Assistance</td>
<td>26</td>
</tr>
<tr>
<td>CSIBA - California Solar Initiative Bal.</td>
<td>1,197</td>
</tr>
<tr>
<td>CSITPMA - CSI Therm GAS Memo Account</td>
<td>426</td>
</tr>
<tr>
<td>SGIP - Self Generation Incentive Program</td>
<td>593</td>
</tr>
<tr>
<td>DREBA - Demand Response Expenditures</td>
<td>7,637</td>
</tr>
<tr>
<td>SWMEOBA - Statewide Market, Ed, &amp; Outreach</td>
<td>44</td>
</tr>
<tr>
<td>DPMA - Dynamic Pricing Memorandum Account</td>
<td>2,497</td>
</tr>
<tr>
<td>DREBA-DR 2-way Incentives</td>
<td>0</td>
</tr>
<tr>
<td>Customer Data Access</td>
<td>149</td>
</tr>
<tr>
<td>Greenhouse Gas Exp Memorandum Acct RCC</td>
<td>710</td>
</tr>
<tr>
<td>Energy Data Center Memorandum Acct RCC</td>
<td>110</td>
</tr>
<tr>
<td>SmartMeter - Cap MWC 97 - Exp MWC ID</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77,113</strong></td>
</tr>
</tbody>
</table>
Attachment 2:
MCE Data Request 2, Question 3 and Corresponding PG&E Response
QUESTION 3

Regarding administrative and general expenses related to the Public Purpose Program (PPP) (Exhibit 10, Chapter 7):

In PG&E’s response to question 18 of MCE’s first Data Request the following table was provided:

<table>
<thead>
<tr>
<th>PPP Program</th>
<th>Amount ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Energy Efficiency MWCs</td>
<td>$53,976</td>
</tr>
<tr>
<td>LIBA-Low Income (Public Purpose Program)</td>
<td>$6,451</td>
</tr>
<tr>
<td>CARE - Calif. Altern. Rate for Energy</td>
<td>$3,158</td>
</tr>
<tr>
<td>FERA - Family Elect. Rate Assistance</td>
<td>$26</td>
</tr>
<tr>
<td>CSIBA - California Solar Initiative Bal.</td>
<td>$1,197</td>
</tr>
<tr>
<td>CSITPMA - CSI Therm GAS Memo Account</td>
<td>$426</td>
</tr>
<tr>
<td>SGIP - Self Generation Incentive Program</td>
<td>$593</td>
</tr>
<tr>
<td>DREBA - Demand Response Expenditures</td>
<td>$7,637</td>
</tr>
<tr>
<td>SWMEOBA - Statewide Market, Ed, &amp; Outreach</td>
<td>$44</td>
</tr>
<tr>
<td>DPMA - Dynamic Pricing Memorandum Account</td>
<td>$2,497</td>
</tr>
<tr>
<td>DREBA-DR 2-way Incentives</td>
<td>-</td>
</tr>
<tr>
<td>Customer Data Access</td>
<td>$149</td>
</tr>
<tr>
<td>Greenhouse Gas Exp Memorandum Acct RCC</td>
<td>$710</td>
</tr>
<tr>
<td>Energy Data Center Memorandum Acct RCC</td>
<td>$110</td>
</tr>
<tr>
<td>SmartMeter - Cap MWC 97 - Exp MWC ID</td>
<td>$3</td>
</tr>
<tr>
<td>Other</td>
<td>$136</td>
</tr>
<tr>
<td>Total</td>
<td>$77,113</td>
</tr>
</tbody>
</table>

For the programs listed in the table above please provide the following additional information:

a. Which of the programs listed above relate exclusively to PG&E’s Electric Distribution Line of Business (LOB)?

b. Which of the programs listed above relate exclusively to PG&E’s Gas Distribution LOB?
c. Are any of the programs listed above shared between both PG&E’s Electric and Gas Distribution LOBs?
   i. If so please provide the split of these programs labor costs between the two LOBs.

d. Which of the programs listed above are Energy Efficiency-related programs?

e. Which of the programs listed above are not Energy Efficiency-related programs?

**ANSWER 3**

a – c) The table below shows the split of 2014 PPP Program labor costs between gas and electric distribution LOBs. Please note that there are some minor inaccurate allocations, as FERA and CSIBA should be all electric and CSITPMA should be all gas; these result in an immaterial labor % change between electric and gas.

<table>
<thead>
<tr>
<th>PPP Program</th>
<th>Electric ($000)</th>
<th>Gas ($000)</th>
<th>Total ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Energy Efficiency MWCs</td>
<td>43,450</td>
<td>10,525</td>
<td>53,976</td>
</tr>
<tr>
<td>LIBA-Low Income (Public Purpose Program)</td>
<td>5,193</td>
<td>1,258</td>
<td>6,451</td>
</tr>
<tr>
<td>CARE - Calif. Altern. Rate for Energy</td>
<td>2,543</td>
<td>616</td>
<td>3,158</td>
</tr>
<tr>
<td>FERA - Family Elect. Rate Assistance</td>
<td>21</td>
<td>5</td>
<td>26</td>
</tr>
<tr>
<td>CSIBA - California Solar Initiative Bal. Account</td>
<td>964</td>
<td>233</td>
<td>1,197</td>
</tr>
<tr>
<td>CSITPMA - CSI Therm Gas Memo Account</td>
<td>343</td>
<td>83</td>
<td>426</td>
</tr>
<tr>
<td>SGIP - Self Generation Incentive Program</td>
<td>439</td>
<td>154</td>
<td>593</td>
</tr>
<tr>
<td>DREBA - Demand Response Expenditures</td>
<td>7,637</td>
<td>-</td>
<td>7,637</td>
</tr>
<tr>
<td>SWMEOBA - Statewide Market, Ed, &amp; Outreach</td>
<td>35</td>
<td>8</td>
<td>44</td>
</tr>
<tr>
<td>DPMA - Dynamic Pricing Memorandum Account</td>
<td>2,497</td>
<td>-</td>
<td>2,497</td>
</tr>
<tr>
<td>DREBA-DR 2-way Incentives</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Customer Data Access</td>
<td>149</td>
<td>-</td>
<td>149</td>
</tr>
<tr>
<td>Greenhouse Gas Expense Memorandum Acct</td>
<td>710</td>
<td>-</td>
<td>710</td>
</tr>
<tr>
<td>Energy Data Center Memorandum Acct</td>
<td>110</td>
<td>-</td>
<td>110</td>
</tr>
<tr>
<td>SmartMeter  (Cap MWC 97; Expense MWC ID)</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>105</td>
<td>31</td>
<td>136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64,198</strong></td>
<td><strong>12,915</strong></td>
<td><strong>77,113</strong></td>
</tr>
</tbody>
</table>

d – e) The energy efficiency-related programs are Customer Energy Efficiency MWCs, LIBA-Low Income (Public Purpose Program), and SWMEOBA-Statewide Marketing, Education, & Outreach. All other programs are not energy efficiency-related.
Attachment 3:

MCE Data Request 1, Question 10 and Corresponding PG&E Responses
QUESTION 10

Regarding PG&E’s law department and related cost (Exhibit 9, Chapter 5):

Please provide itemized expenses associated with legal support, advice, and counsel on PG&E’s Power Purchase Agreement.

ANSWER 10

For purposes of this response, PG&E understands the phrase “expenses associated with legal support, advice, and counsel” to refer to (1) the costs of time for internal PG&E attorneys and paralegals; and (2) outside counsel invoices and other external legal costs. PG&E understands the reference to work on “PG&E’s Power Purchase Agreements” as relating to the negotiation, execution, administration and request for offer (RFO) preparation of energy procurement contracts. These figures do not include work associated with contract disputes.

In 2014, PG&E incurred $840,457 of labor costs for internal attorney and paralegal time, and $94,503 in outside counsel and other external legal costs for work on PG&E’s Power Purchase Agreements.
Attachment 4:

MCE Data Request 1, Question 12 and Corresponding PG&E Responses
QUESTION 12

Regarding PG&E's law department and related cost (Exhibit 9, Chapter 5):

Please provide the percentage of the overall work hours billed by the law department that was devoted to PPA review since the last GRC cycle.

ANSWER 12

For purposes of this response, PG&E understands the phrase “percentage of the overall work hours billed by the law department that was devoted to PPA review” to refer to time recorded by attorneys and paralegals internal to PG&E, related specifically to the negotiation, execution, administration and request for offer (RFO) preparation of energy procurement contracts as a percentage of overall time recorded by attorneys and paralegals internal to PG&E related to all matters. Additionally, PG&E understands the phrase “since the last GRC cycle” to mean the years 2011, 2012, 2013 and 2014.

The percentage of overall work hours billed by the Law department for PPA review is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Overall Work Hours*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4.1%</td>
</tr>
<tr>
<td>2012</td>
<td>4.4%</td>
</tr>
<tr>
<td>2013</td>
<td>4.0%</td>
</tr>
<tr>
<td>2014</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

* Paralegals did not record time by project in 2012 and 2013.
Exhibit A

Statement of Qualifications of Jeremy Waen

Q1 Mr. Waen, please state your name, position, and address.

A1 My name is Jeremy Waen. I am a Regulatory Analyst at Marin Energy Authority. My business address is 1125 Tamalpais Avenue, San Rafael, California 94901.

Q2 Please describe your background.

A2 I am a full-time employee at Marin Clean Energy where I fulfill the role of Senior Regulatory Analyst. I participate in proceedings on MCE’s behalf on a wide range of topics that include, among others, greenhouse gas allowances, energy efficiency and cost allocation. Prior to working at MCE, I served as an Energy Analyst at the San Francisco Public Utilities Commission (“SFPUC”) as part of their Regulatory and Legislative Affairs group within the Department of Power. There I participated in regulatory matters with the CPUC and CARB relating to SFPUC’s interests as both an emerging Community Choice Aggregation, and a Publicly Owned Utility. Prior to that, I worked as an advocate for distributed generation of renewable energy with the Clean Coalition. I hold a Masters of Public Administration in Sustainable Management from the Presidio Graduate School, located in San Francisco, California. My resume is attached as Exhibit B.

Q3 What is the purpose of your testimony?

A3 I am sponsoring “Testimony of the Marin Clean Energy on Pacific Gas and Electric Company’s Application for 2017 General Rate Case Phase 1.”

Q4 Does this conclude your statement of qualifications?

A4 Yes it does.
Exhibit B
Resume of Jeremy Waen
JEREMY WAEN | REGULATORY ANALYST
MARIN ENERGY AUTHORITY | 781 LINCOLN AVE, SUITE 320 | SAN RAFAEL, CA 94901

EXPERIENCE
Regulatory Analyst - Marin Energy Authority - San Rafael, CA January 2012 - Present
Volunteer Associate - Clean Coalition - Palo Alto, CA June 2010 - July 2011
Consultancy Intern - Collective Invention - Berkeley, CA 2009 - 2011
Research Assistant - Lawrence Livermore National Laboratory - Livermore, CA Summer 2006
Research Assistant - Caltech & NASA Jet Propulsion Laboratories - Pasadena, CA Summer 2004

EDUCATION
MPA in Sustainable Management - Presidio Graduate School - San Francisco, CA May 2011
BA in Chemistry - Reed College - Portland, OR May 2006

PRESENTATIONS & EVENTS
Young Professionals in Energy International Summit – 2nd Annual - Las Vegas, NV April, 2012
ACS Summer School - Green Chemistry & Sustainable Energy - Montreal, Canada June-July, 2011
Young Professionals in Energy International Summit - 1st Annual - Las Vegas, NV April, 2011
United Nations Framework Convention on Climate Change COP16 - Cancun, Mexico December, 2010

HIGHLIGHTS
POLICY: Monitoring numerous proceedings at CPUC, CEC, & CARB for their impacts on Community Choice Aggregators (CCA). Advocating for fair and equitable CCA regulations through formal comments, protests, & testimony.


ENGAGEMENT: Networking with NGOs, government agencies, industry associations, & activist groups about clean energy policy. Volunteering as event coordinator for San Francisco Bay Area Chapter of Young Professionals in Energy.

STRATEGY: Consulted with local and regional governments: City of Brisbane & Joint Policy Committee.

IMPLEMENTATION: Investigated urban redevelopment of retired naval base in the City of Alameda, CA. Engaged city staff, councils, utilities, businesses, citizens, and impacted tenants to propose alternate sustainable strategies.

SCIENCE: Researched multiple clean technology topics in both laboratory and literature including flow-cell batteries for grid energy storage, batteries for electric vehicles, and waste remediation. Focused on sustainable green chemistry.

FACILITATION: Supported scenario-planning session on systems thinking and life cycle assessment for US EPA’s “Resource Conservation Challenge 2010 Workshop.” Interviewed participants, compiled results, and proposed action.

FIELD WORK: Conducted successful 3-man month-long pilot-scale mine tailing remediation in Namibia, Africa. Fostered strong team development despite foreign environment, multinational participants, and hazardous conditions.
JEREMY WAEN

PREPARED TESTIMONY

1. CPUC Application 12-06-002
   Opening Testimony of the Marin Energy Authority on Pacific Gas and Electric Company’s Application for

2. CPUC Application 12-03-001
   Testimony of the Marin Energy Authority on Pacific Gas and Electric Company’s Application for Approval of
   Economic Development Rate for 2012-2017 (August 24, 2012)

3. CPUC Application 12-04-020
   Testimony of the Marin Energy Authority on Pacific Gas and Electric Company’s Application to Establish a
   Green Option Tariff (October 19, 2012)
Exhibit C

Statement of Qualifications of C.C. Song

Q1  C.C. Song, please state your name, position, and address.

A1  My name is C.C. Song. I am the Regulatory Analyst at Marin Clean Energy. My business address is 1125 Tamalpais Avenue, San Rafael, CA 94901.

Q2  Please describe your background.

A2  I am a full-time employee for the Marin Clean Energy where I fulfill the role of Regulatory Analyst. I participate in proceedings on MCE’s behalf on a wide range of topics that include, among others, utility ratemaking, distributed energy resources, and implementation of state policies on the electricity sector. Prior to working at MCE, I was a Program Manager at the Luskin Center for Innovation at the University of California, Los Angeles Luskin School of Public Affairs. There I managed research projects and grant proposals related to factors that drive electric vehicle deployment, and developed electric vehicle service equipment siting analyses for local agencies. I hold a Master of Public Policy from the University of California, Los Angeles, and a Bachelor of Arts in Political Science and Creative Writing from the University of Michigan located in Ann Arbor, Michigan. My resume is attached as Exhibit D.

Q3  What is the purpose of your testimony?

A3  I am sponsoring the “Testimony of the Marin Clean Energy on Pacific Gas and Electric Company’s Application for 2017 General Rate Case Phase 1.”

Q4  Does this conclude your statement of qualifications?

A4  Yes.
Exhibit D

Resume of C.C. Song
EXHIBIT D: RESUME OF C.C. SONG

Education

University of California, Los Angeles, Luskin School of Public Affairs (Graduated 2015)
  Master in Public Policy
  Concentration in Energy and Environmental Policy

University of Michigan, Ann Arbor (Graduated 2008)
  B.A. Political Science, B.A. English, B.A. Creative Writing, B.A.
  University Honors

Experience

Marin Clean Energy
  San Rafael, CA
  Jul. 2015-Present
  Regulatory Analyst
  - Authored analysis and regulatory documents for CPUC proceedings related to emerging technologies, including electric vehicle, demand response, renewable energy.
  - Drafted comments to advocate for MCE and community choice aggregation at the California Energy Commission and the California Independent System Operator.
  - Managed energy efficiency and electricity rate implementation projects.

Eos Consulting
  Los Angeles, CA
  Policy Analyst
  - Analyzed and recommended economic development, workforce development, and technology acceleration and adoption policies for implementations at the Los Angeles Department of Water and Power.
  - Designed policy analysis relevant to sustainability and economic development, including land use, transportation, economic development, affordable housing, government incentives, and zoning in the City of Los Angeles.
  - Conducted interviews with industry and civic leaders on economic development opportunities and barriers to inform local government investment recommendations.
  - Produced interview guidelines, research summaries, and interview questions for research focus groups.

Luskin Center for Innovation, UCLA
  Los Angeles, CA
  Project Manager, Electric Vehicles Program
  - Managed electric vehicle siting analysis projects and drafted analysis for local government implementations.
  - Conducted quantitative and qualitative research on California’s plug-in electric vehicle policy incentives to inform state regulation updates.
  - Managed grant administration for grant awards over $400k for various initiatives related to electric vehicles and grid infrastructure.
- Maintained communications with various regulatory agencies, including the California Public Utilities Commission, California Energy Commission, and South Coast Air Quality Management District.

Rebuild the Dream  
Los Angeles, CA  
Sept. 2011- Aug. 2013  Program Associate/Executive Assistant to the President

- Prepared talking points on a variety of public policies for the President’s media and public appearances.
- Maintained a database of VIP, donor, and celebrity contacts for fundraising and publicity.
- Developed communications strategies with progressive think tanks on economic policies.
- Organized staff retreats logistics, and assisted in facilitating training and strategy sessions.

Greenlining Institute  
Berkeley, CA  
Sept. 2010-Aug. 2011  Green Assets Fellow

- Conducted research and analysis on environmental and energy legislative proposals and policies being implemented through regulatory agencies.
- Participated in drafting legislative proposals and working with statewide environmental coalitions to advance environmental policies.
- Analyzed the impact of AB 32 electric sector cap-and-trade revenue allocation and assisted Legal Counsel in formulating drafting regulations in regulatory rulemaking proceedings at the California Public Utilities Commission.
- Determined program’s policy priorities and hired personnel to manage new policy priorities.
- Managed grant proposals and grant reporting with foundations.

C.C. Song  

PREPARED TESTIMONY

1. CPUC Application 15-02-009
### Section 4

**Other Intervenor Positions**

<table>
<thead>
<tr>
<th>MCE Position:</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCE requests that PG&amp;E move its legal costs related to Power Purchase Agreements (PPA) exclusively to PG&amp;E’s generation function. These costs should not be considered administrative and general costs since they relate specifically to PG&amp;E’s generation function, and should be isolated from other costs incurred by PG&amp;E’s Legal Department.</td>
</tr>
<tr>
<td>MCE proposes that PG&amp;E allocate $934,960 of PPA related legal costs to electricity generation, instead of spreading it across all line of business.(^1)</td>
</tr>
</tbody>
</table>

\(^1\) *Exhibit MCE, Page 9, Table 3.*
Section 1

PACIFIC GAS AND ELECTRIC COMPANY

2017 GENERAL RATE CASE APPLICATION 15-09-001

Summary of Differences by Issue by Major Work Category: Expense

PG&E Exhibit: 10 Results of Operation  Chapter: 7 Administrative and General Expenses

Major Work Category: N/A  Witness: Gutierrez (PG&E)/ Jeremy Waen (MCE-1)/ C.C. Song (MCE-2)

Issue:

Energy Efficiency Related Public Purpose Program Overhead Allocation

Section 4

Other Intervenor Positions

MCE requests PG&E to revise its labor allocator methodology by allocating Energy Efficiency (EE) related overhead expenses from electric and gas distribution to electric and gas generation. It is improper to assign any EE Public Purpose Program (PPP) related labor costs to the distribution labor allocators because it skews the allocation of PG&E overhead costs to distribution rate components and inappropriately shifts costs to unbundled customers.

EE is a generation resource, and is the first in the procurement loading order, established in the Commission’s 2003 Energy Action Plan, and reiterated in D.07-12-052 and D.12-01-033. By allocating EE overhead costs to the non-generation rates of PG&E’s service, MCE is forced to compete against a subsidized IOU generation rate. Further, because CCAs also have the ability to be EE program administrators and collect only generation revenues, PG&E should exclude energy efficiency related labor from the distribution overhead allocation. This would allow consistency in EE related rate collection, prevent cross subsidization of PG&E’s generation rate, and avoid double payment of EE programs by MCE customers.

MCE proposes these changes to PG&E’s 2017 forecast: $371.2 million for electric generation related administrative and general expense, $424.8 million for electric distribution related administrative and general expense, $11.8 million for gas generation related administrative and general expense, and $299.1 million for gas distribution related administrative and general expense.\(^1\) Labor factors should also be adjusted to reflect these changes: 28.39% for electric and gas generation, and 55.38% for electric and gas distribution.\(^2\)

\(^1\)Exhibit MCE, Page 7, Table 1.
\(^2\)Exhibit MCE, Page 8, Table 2.
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric
Company (U902E) for Authority to Implement
Optional Pilot Program to Increase Customer
Access to Solar Generated Electricity.

Application 12-01-008
(Filed January 17, 2012)

Application 12-04-020
Application 14-01-007

And Related Matters.

COMMENTS OF MARIN CLEAN ENERGY
ON THE PROPOSED DECISION

Shalini Swaroop
Regulatory & Legislative Counsel
MARIN CLEAN ENERGY
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San Rafael, CA 94901
Telephone: (415) 464-6040
Facsimile: (415) 459-8095
E-Mail: sswaroop@mceCleanEnergy.org

May 2, 2016
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COMMENTS OF MARIN CLEAN ENERGY
ON THE PROPOSED DECISION

I. INTRODUCTION


II. BACKGROUND

MCE is the first operational CCA within California. MCE is also one of two currently operational CCAs within PG&E’s service territory, the second being Sonoma Clean Power (“SCP”). MCE currently provides generation services to approximately 176,000 customer accounts within seventeen distinct communities.1 MCE’s customers receive generation services

1 Communities currently participating in MCE’s CCA include: the City of Belvedere, City of Benicia, Town of Corte Madera, City of El Cerrito, Town of Fairfax, City of Larkspur, City of Mill Valley, County of Marin, County of Napa, City of Novato, City of Richmond, Town of

MCE Comments on Proposed Decision
from MCE, and receive transmission, distribution, billing and other services from Pacific Gas and Electric Company (“PG&E”). Customers that choose to participate in MCE’s CCA service are subjected to several non-bypassable charges (“NBC”) including the Power Charge Indifference Adjustment (“PCIA”) and the Cost Allocation Mechanism (“CAM”).

MCE has been engaged in these consolidated proceedings since early within their procedural records (2012) to ensure that CCA customers and programs are not adversely impacted by the creation of competitive programs operated by the Investor-Owned Utilities (“IOUs”). MCE’s primary interest in Phase 4 of the instant proceeding is to make sure that the Commission complies with Senate Bill (“SB”) 43, the enabling legislation for these programs, such that “no costs are shifted from participating customers to nonparticipating ratepayers”2 due to the authorization and implementation of both the Green Tariff Shared Renewables (“GTSR”) and Enhanced Community Renewables (“ECR”) programs.

III. COMMENTS ON THE PROPOSED DECISION

3.5.2. Calculating the Greenhouse Gas Emission Rate for Retail Electricity Projects

MCE agrees with the Commission’s determination in Ordering Paragraph 11 of the PD:

11. Until such time as a statewide methodology is adopted for calculating greenhouse gas emissions associated with a retail product, the Green Tariff Shared Renewables program may not be marketed to potential subscribers by making specific claims about portfolio greenhouse gas emissions for specific products.3

Ross, Town of San Anselmo, City of San Pablo, City of San Rafael, City of Sausalito, Town of Tiburon. On April 21, 2016, MCE’s Board of Directors voted to include the following new cities within their joint powers authority agreement: Napa, American Canyon, Calistoga, Yountville, St. Helena, Walnut Creek, and Lafayette. Service to these seven communities is expected to begin in late 2016.

3 PD at 42.
The Commission is current that “there is currently no statewide methodology to calculate a greenhouse gas emissions rate associated with the generation resources in a load-serving entity’s retail products…”\textsuperscript{4} The Commission may also be aware of Assembly Bill 1110, sponsored by Assembly Member Phil Ting, to address this issue. Assembly Bill 1110 is currently pending in the legislature, making any determinations on emissions calculations both inconsistent and premature to potential policy direction from the legislature. Therefore, MCE agrees with the Commission’s determination that emissions information should be excluded until such a time that consistent methodology is determined, either through legislative or regulatory processes at the relevant agencies.

IV. CONCLUSION

MCE thanks Assigned Commissioner Picker and Assigned Administrative Law Judge DeAngelis for the opportunity to provide these comments on the Proposed Decision.

Respectfully submitted,

/s/ Shalini Swaroop

Shalini Swaroop
Regulatory & Legislative Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Telephone: (415) 464-6040
Facsimile: (415) 459-8095
E-Mail: sswaroop@mceCleanEnergy.org

May 2, 2016

\textsuperscript{4} PD at 31.
Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development of, California Renewables Portfolio Standard Program.

Rulemaking 15-02-020
(Filed February 26, 2015)

COMMENTS OF MARIN CLEAN ENERGY
ON ADMINISTRATIVE LAW JUDGE’S RULING REQUESTING COMMENT ON IMPLEMENTATION OF ELEMENTS OF SENATE BILL 350 RELATING TO PROCUREMENT UNDER THE CALIFORNIA RENEWABLE PORTFOLIO STANDARD

C.C. Song
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MARIN CLEAN ENERGY
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San Rafael, CA 94901
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E-Mail: csong@mceCleanEnergy.org

May 5, 2016
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I. INTRODUCTION

Pursuant to the directions set forth in the Administrative Law Judge’s Ruling Requesting Comment on Implementation of Elements of Senate Bill 350 Relating to Procurement under the California Renewables Portfolio Standard (“Ruling”) issued on April 15, 2016, Marin Clean Energy (“MCE”) respectfully submits the following comments on the Ruling. MCE limits its responses to questions that directly impact procurement planning of Community Choice Aggregation (“CCA”) programs. However, MCE may offer additional input through Reply Comments.

II. BACKGROUND

MCE is the first CCA in California, and was founded on the mission to address climate change by promoting the development of renewable energy sources and the use of energy efficiency products.¹ MCE’s customers receive electricity generation services from MCE, while Pacific Gas and Electric Company (“PG&E”) continues to provide those customers with

¹ MCE’s mission statement is available at: https://www.mcecleanenergy.org/about-us/
transmission, distribution, and billing services. MCE offers three generation products: the default Light Green product, which consists of 52% renewable sources; the voluntary Deep Green product, which consists of 100% renewable sources; and the voluntary Local Sol product, where the annual energy usage of participating customers is matched with an equivalent quantity of solar electricity produced at a generating facility located within Novato, California, within MCE’s service area.

MCE currently serves approximately 175,000 customer accounts in Marin County, unincorporated Napa County, and the cities of Richmond, El Cerrito, San Pablo, and Benicia. Cities and towns in Napa County,² and the cities of Lafayette and Walnut Creek in Contra Costa County have recently joined MCE and will begin receiving MCE generation services later in 2016. These community inclusion events will increase MCE’s total customer accounts to approximately 270,000 with a 500 MW peak load.

III. RESPONSES OF MCE TO QUESTIONS IN RULING

MCE does not respond to all questions, and only offers responses to questions provided in the Ruling that directly impact MCE’s renewable energy procurement.

A. Compliance Periods

1. Is There any reason for the Commission to treat the three specified compliance periods differently from the multi-year compliance periods established by SB 2(IX) and implemented by the Commission in D.11-12-020?

MCE recommends that the Commission should maintain the same treatment established in SB 2(IX) for these compliance periods.

² The incorporated cities and town in Napa County include the City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, and the Town of Yountville.
2. **Should the Commission establish additional three-year compliance periods subsequent to 2030 now? Why or why not?**

At this time, MCE recommends that compliance periods only be established for calendar years extending through 2030. Establishing compliance periods subsequent to 2030 is premature, and MCE recommends that the Commission monitor statewide progress towards the 50% Renewable Portfolio Standard (“RPS”) mandate (by 2030) before establishing pertinent program elements that will impact compliance activities thereafter.

3. **If the Commission should establish additional compliance periods now, how many compliance periods (or how far into the future) should be established? Please provide rationale for your choice.**

As noted in MCE’s response to question #2, MCE does not believe that the Commission should establish additional compliance periods beyond 2030 at this point in time.

**B. Procurement Quantity Requirements**

4. **Is there any reason for the Commission to treat the PQRs for the three compliance periods through 2030 differently from the PQRs established for the compliance periods through 2020?**

MCE does not offer a response to question #4 at this time.

5. **Should the Commission establish PQRs for any compliance periods subsequent to 2030 now? Why or why not?**

The Commission should not establish Procurement Quantity Requirements (“PQRs”) for compliance periods beyond 2030. Establishing PQRs for the post-2030 period is premature at this point in time. As suggested in MCE’s response to question #2, the Commission should consider monitoring progress towards California’s 50% RPS procurement mandate (by 2030) before making any programmatic decisions affecting compliance after 2030.
6. Is there any reason for the Commission to treat the PQRs for any compliance periods subsequent to 2030 differently from the PQRs established for earlier compliance periods?

Consistent with MCE’s response to question #5, MCE suggests that the Commission defer any decisions related to post-2030 PQR treatment until progress towards the 2030 50% RPS procurement mandate is sufficiently monitored. For example, MCE would recommend addressing post-2030 PQR treatment in the 2028-2029 calendar years, following ongoing monitoring of statewide progress towards the 2030 50% RPS procurement mandate.

7. If the Commission should establish PQRs for compliance periods subsequent to 2030, should any of the future PQRs exceed 50 percent of retail sales?

SB 350 does not impose a minimum procurement requirement in excess of 50% after 2030. Therefore the Commission should not establish PQRs outside the scope of what is contemplated in SB 350.

C. Long-Term Contracts and UOG or Other Ownership Agreements

8. Should the Commission require that the long-term contracts, UOG, or ownership agreements used to comply with Section 399.13(b) be signed, or entered into commercial operation, on or after January 1, 2021? Why or why not?

The Commission should not require retail sellers to acquire new long-term contracts, UOG, or ownership agreements to comply with Section 399.13(b). Existing long-term contracts should be counted toward any long-term contracting requirement. Adding this requirement would create the need for potentially unnecessary procurement and related costs. Additionally, if this requirement were instituted, CCAs who launch a short number of years before 2021 would be incentivized to procure on a short-term basis until the compliance period begins. This not only
contravenes the intent of Section 399.13(b), but also incentivizes inefficient procurement practices.

9. If the Commission should not require that the contracts, UOG, or ownership agreements be new, how should retail sellers demonstrate that a sufficient proportion of the renewable energy credits (RECs) they are claiming for compliance with RPS procurement requirements are associated with long-term contracts for RPS-eligible electricity generation?

MCE recommends that any long-term contract, regardless of execution date, be counted towards applicable long-term contracting requirements established by SB 350. Current RPS reporting materials provide sufficient information to determine the execution date and tenure of renewable energy contracts that may be counted towards the long-term contracting requirement.

10. Should the Commission require documentation of the contractual or other arrangements that could show compliance with Section 399.13(b) requirements that is different from the documentation currently required to demonstrate compliance with RPS procurement requirements?

Sufficient information is already provided through the current RPS reporting process to determine compliance obligations.

11. If the Commission should require different documentation, what should be required? Please provide a rationale for your choice.

MCE does not offer a response to question #11 at this time.

12. Should the Commission set rules for compliance with Section 399.13(b) now? Why or why not?

MCE supports setting rules for compliance with Section 399.13(b) now in order to allow retail sellers additional time to plan procurement activities accordingly, particularly if the Commission decides that the rules should differ from the existing rules. This particularly affects
CCAs that have yet to launch and begin service. The Commission should establish an on-ramp for compliance for CCAs who begin service after January 1, 2017 in order to allow these CCAs to engage in responsible and measured procurement to comply with SB 350.

**D. Procurement Eligible to be Counted as Excess Procurement**

MCE does not offer responses to most questions in this section at this time. MCE’s response to Question 17 is below.

17. **Should the Commission require that the contracts, and/or UOG and/or other ownership agreements meeting the requirements of Section 399.16(b)(1) be signed, or enter into commercial operation, on or after January 1, 2021?**

This requirement should not be implemented because it may result in retail sellers incurring excess procurement costs.

**E. Early Compliance with New Long-Term Contracting Provisions**

MCE does not offer responses to questions in this section at this time.

**IV. CONCLUSION**

MCE thanks Assigned Commissioner Peterman and Assigned Administrative Law Judge Simon for the opportunity to provide these comments on the implementation of RPS procurement related to SB 350.
Respectfully submitted,

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May 5, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


Application 16-03-001 (Filed March 1, 2016)

(U39-E)

JOINT PROTEST BY MARIN CLEAN ENERGY AND SONOMA CLEAN POWER AUTHORITY

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April 11, 2016
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Application 16-03-001 (Filed March 1, 2016)

JOINT PROTEST BY MARIN CLEAN ENERGY AND SONOMA CLEAN POWER AUTHORITY

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California (“Commission”), Marin Clean Energy (“MCE”) and the Sonoma County Power Authority (“SCPA”), which manage and operate Community Choice Aggregation (“CCA”) programs (collectively “CCA Parties”), hereby file this protest to Pacific Gas and Electric Company’s (“PG&E”) application for approval of its 2016-2017 energy storage agreements and related cost recovery (“Energy Storage Application”). Notice of PG&E’s Energy Storage Application first appeared in the Daily Calendar on March 1, 2016, and the time for filing protests was subsequently extended to April 11, 2016. In accordance with Rules 2.6 (a) and 1.15, this protest is timely filed.

1 MCE and SCPA understand that Southern California Edison Company (“SCE”) filed an application to authorize procurement of energy storage systems during the 2016-2017 biennial procurement period (A.16-03-002). MCE and SCPA are not filing a protest to SCE’s application, but City of Lancaster is filing a procurement that parallels the concerns described in this protest.

I. SUMMARY OF PROTEST OF CCA PARTIES

The CCA Parties recommend: i) PG&E’s Application to be denied; ii) Applications to be consolidated; and iii) evidentiary hearings to be held, at least for the purpose of examining the Power Charge Indifference Adjustment (“PCIA”) The CCA Parties are concerned that PG&E’s proposal to apply the PCIA to energy storage will unfairly impact CCA customers. As the proposal currently stands, PG&E proposes to classify energy storage assets as traditional generation resources. In addition, PG&E has not met the burden of proof to show the existence of stranded costs, as directed by the Commission’s Decision (“D.”) 14-10-045.3 Because of these shortcomings, the Commission should deny PG&E’s Energy Storage Application without prejudice. Alternatively, should the Commission approve PG&E’s application, it should be approved on the condition that the PCIA applied should be substantially modified to reflect the actual value of energy storage and related stranded costs, if any.

The CCA Parties respectfully request that the IOU energy storage applications be consolidated to resolve the PCIA issue, on the basis that this policy could potentially result in rate impact on millions of CCA customers across California within different Investor Owned Utilities (“IOU”) service territories, especially as the number of CCAs increases.4 5 The consolidation can ensure that any cost recovery implementation conducted by the IOUs does not impede CCAs’ ability to procure energy storage to meet their own energy storage targets, and that CCA customers are not subject to disparate rate impact.

3 D.14-10-045 at 46. The Commission placed the burden of proof on the utilities to “demonstrate circumstances that warrant PCIA treatment for specific proposed energy storage generation/market projects procured for bundled service.”

Joint Protest by Marin Clean Energy and Sonoma Clean Power Authority
Finally, the Commission should hold evidentiary hearings in this proceeding. There are factual issues related to cost recovery that need to be addressed within the record in order to approve PG&E’s energy storage application. While the CCA Parties have identified several preliminary matters of concern to receive due consideration, they also anticipate sending discovery requests related to various matters in the Energy Storage Application. The CCA Parties anticipate further review and analysis of these matters. Accordingly, the CCA Parties reserve the right to address and protest issues as they arise. As such, the information presented below includes only preliminary concerns and objections related to the Energy Storage Applications.

II. BACKGROUND

MCE was the first CCA program to provide electricity service in California and currently provides generation services to approximately 170,000 customer accounts within seventeen distinct communities. MCE’s mission is to address climate change by reducing energy related GHG emissions and securing energy supply, price stability, energy efficiency and local economic and workforce benefits. MCE views the deployment of energy storage throughout its service territory as a key resource for enabling MCE to realize its objectives. MCE’s customers receive generation services from MCE, and receive transmission, distribution, billing and other services from PG&E.

SCPA is the second operational CCA program in California, and currently serves about 198,000 accounts serving a population of approximately 450,000, which includes all of Sonoma County except for the City of Healdsburg, which has its own municipal utility. SCPA operates

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6 Communities currently participating in MCE’s CCA program include: the City of Belvedere, City of Benicia, Town of Corte Madera, City of El Cerrito, Town of Fairfax, City of Larkspur, City of Mill Valley, County of Marin, County of Napa, City of Novato, City of Richmond, Town of Ross, Town of San Anselmo, City of San Pablo, City of San Rafael, City of Sausalito, Town of Tiburon.

7 See http://www.mcecleanenergy.org/about-us/.
Joint Protest by Marin Clean Energy and Sonoma Clean Power Authority

under a Joint Powers Agreement and is governed by a nine-member Board of Director comprised of appointees from the participating cities and the County of Sonoma. Like MCE, SCPA’s customers receive generation services from SCPA, and receive transmission, distribution, billing and other services from PG&E.

Pursuant to D.13-10-040, CCA programs are obligated to “procure energy storage equal to 1 percent of their 2020 annual peak load by 2020 with the projects online and delivering no later than the end of 2024.” 8 CCA program customers may ultimately be responsible for “costs associated with energy storage procured on their behalf at the time they were bundled service customers.” 9 Because CCA program customers are not only obligated to pay for energy storage procured by their current energy provider, but may also be obligated to pay the costs of energy storage procured by one of the IOUs, and potentially pay such costs indefinitely, the CCA Parties take a strong interest in energy storage policy, particularly as it relates to cost recovery.

III. PROTEST

PG&E’s Energy Storage Application should be denied because its proposal for cost recovery is methodologically flawed. Specifically, the PCIA should be modified to more accurately capture the actual value of energy storage as opposed to traditional generation resources. Energy storage resources, as a new technology, are significantly more expensive than traditional generation resources, and CCAs are separately subject to a requirement to develop their own energy storage resources. PG&E’s proposal to impose the PCIA on CCA customers is based on the assumption that the fair market value of storage resources is exactly the same as the fair market

8 D.13-10-040 at 47.
9 D.13-10-040 at 47.
value of traditional generation resources. This is obviously false, and would unfairly shift the costs associated with this new technology from PG&E to CCA customers.

PG&E has repeatedly failed to meet the burden of proof established by the Commission to show the existence of any stranded costs resulting from energy storage procurement.\(^\text{10}\) Given the serious consequences of adopting such a cost recovery policy, the IOU energy storage applications should be consolidated, at least with respect to the PCIA issue.

### A. PCIA Should Not Be Applied Until the Commission Has Approved a Reasonable Calculation Methodology

The Commission should not approve any cost recovery through PCIA until a decision has been reached in the consolidated IOU energy storage application proceeding (A.15-12-004). In the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, dated on March 25, 2016, the Commission consolidated PG&E’s and Southern California Edison’s (“SCE”) energy storage applications to address the issues of reasonableness of the contracts, market price benchmark for energy storage, and asset categorization.\(^\text{11}\) To resolve the disagreements on PCIA, the Commission issued a forthcoming workshop, and a schedule for parties to provide comments and testimonies to identify attributes that should be captured in the market price benchmark, and how the IOUs should characterize their storage contracts.\(^\text{12}\) In addition, the Ruling reaffirmed that the duration of the PCIA for bundled storage resources is 10 years.\(^\text{13}\)

During the previous energy storage application cycle, the Commission issued D.14-10-045 and authorized the use of the PCIA mechanism for energy storage, provided that a suitable PCIA methodology could be developed.\(^\text{14}\)

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\(^{10}\) D.14-10-045 at 46.

\(^{11}\) Ruling at 3.

\(^{12}\) Ruling at 4-5.

\(^{13}\) D.14-10-045 at 37.

\(^{14}\) D.14-10-045 at 36.
However, for the purpose of the first solicitation, we *authorize* the use of the PCIA mechanism to recover above-market costs associated with DA and other departing load for energy storage projects procured for bundled service, subject to Commission approval. It is not reasonable for the Commission to *approve* actual stranded cost recovery of energy storage procurement prior to there being an approved PCIA methodology for determining above market stranded cost and a sufficient showing of the existence of these stranded costs. We defer the issue of PCIA allowance for bundled service storage procured in subsequent solicitations to a future proceeding.

Importantly, the Commission also decided that the “IOUs have the *burden of proof* to demonstrate circumstances that warrant PCIA treatment for specific proposed energy storage generation/market projects procured for bundled service.”15 Since the PCIA issue has remained unresolved, and a separate proceeding is examining PCIA related issues, the Commission should not approve the proposed cost recovery method until a decision has been reached.

**B. The Energy Storage Application Should Be Consolidated with SCE’s and SDG&E’s Applications**

The issue of the PCIA’s application to energy storage should be addressed in a single proceeding for reasons of efficiency, timeliness, and uniformity. The Commission has already set the precedent of consolidating energy storage applications, including the IOUs’ 2015-2016 applications.16 The CCA parties find it reasonable to again consolidate the 2016-2017 energy storage applications to address PCIA issues expeditiously, in order to establish a more efficient process for the Commission and the parties to address this important issue, to reach a timely resolution on the merits of the energy storage applications, and to generate a uniform cost recovery policy in all three IOU service territories. There are currently three energy storage application proceedings pending, and addressing the PCIA in each of these proceedings will be inefficient, and may lead to delays and mixed results.

15 D.14-10-045 at 37.
16 Ruling at 6, dated March 25, 2016.
IV. PROCEDURAL MATTERS

As requested in Rule 2.6(d), the CCA Parties provide the following responses:

A. Proposed Category

The instant proceeding is appropriately categorized at “ratesetting.”

B. Need for Hearing

The CCA Parties believe that evidentiary hearings will be necessary for the purpose of addressing PCIA-related issues. As mentioned above, the Commission has previously recognized that there are factual issues to address in order for the Commission to establish an adequate record to approve PG&E’s Energy Storage Application.\(^\text{17}\) These factual issues include the development of a PCIA methodology that accurately captures the attributes of storage assets, and the identification of stranded costs that can be attributed to energy storage borne by departing load. Such a record cannot be developed without evidentiary hearings.

C. Issues to Be Considered

The CCA Parties are still evaluating the Energy Storage Application and issues associated with PG&E’s request, and therefore the CCA Parties reserve the right to identify issues that should be addressed in this proceeding. The issues described herein are intended to preliminarily inform PG&E and the Commission of certain preliminary issues with which the CCA Parties have concerns.

D. Proposed Schedule

The CCA Parties object to the proposed schedule set forth by PG&E in the Energy Storage Application.\(^\text{18}\) The proposed schedule omits hearings, which are necessary to develop adequate record in this proceeding based on the Commission’s prior energy storage decisions. Given that

\(^{17}\) D.14-10-045 at 47.  
\(^{18}\) A.16-03-001 at 18.
cost recovery issues will be determined in A.15-12-004, and the serious consequences that may result from the Commission’s ultimate decision on cost recovery issues, it is more realistic to expect that the Commission will arrive at a decision at the end of this calendar year. Finally, the schedule should also be reconsidered for consolidation of this application proceeding with the energy storage applications of the other IOUs.

V. SERVICE LIST

Filings and other communications to this proceeding should be served on the following individuals:

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VI. CONCLUSION

For the reasons stated above, the CCA Parties request that the Energy Storage Application be denied without prejudice, or alternatively, approve PG&E’s Energy Storage Application with
substantial modifications to the PCIA formula that reflect the actual value of energy storage. In addition, the CCA Parties request that evidentiary hearings be held in this proceeding, and finally that PG&E’s and SCE’s energy storage applications be consolidated.

The CCA Parties thank the Commission, Commissioner Peterman, and Administrative Law Judge Cooke for their attention to these comments.

Respectfully Submitted,

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April 11, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2013-2014 Statewide Marketing, Education and Outreach Program and Budget (U39M).

And Related Matters.

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COMMENTS OF MARIN CLEAN ENERGY
ON POST-DECISION WORKSHOP ON STATEWIDE MARKETING, EDUCATION AND OUTREACH

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April 22, 2016
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II. Background ........................................................................................................................................... 1

III. The Governance Structure Should Provide CCAs with the Same Roles as Investor Owned Utilities and Regional Energy Networks...................................................................................... 2

IV. Conclusion ........................................................................................................................................... 3
I. INTRODUCTION

Pursuant to the directions set forth in the Decision on Phase 3 Issues: Post-2016 Statewide Marketing, Education and Outreach Activities (“Decision”) adopted on March 17, 2016, Marin Clean Energy (“MCE”) respectfully submits the following comments. MCE focuses its comments on the governance structure of the statewide Marketing, Education and Outreach (“ME&O”) Program. As the number of Community Choice Aggregators (“CCAs”) continues to increase, and some of them may plan to be Energy Efficiency (“EE”) Program Administrators, the statewide ME&O governance structure should provide opportunities for CCAs to be robustly engaged.

II. BACKGROUND

MCE is the first operational CCA within California. MCE currently provides generation service to over 175,000 customer accounts throughout Marin County, unincorporated Napa County, and the Cities of Richmond, San Pablo, El Cerrito, and Benicia. MCE’s customers receive
generation services from MCE, and receive transmission, distribution, billing and other services from PG&E. There are two additional CCAs currently serving customers within California—Sonoma Clean Power (“SCP”) within PG&E’s service territory, and Lancaster Choice Energy (“LCE”) within Southern California Edison’s (“SCE”) territory. Two more CCAs, CleanPower SF and Peninsula Clean Energy, are expected to respectively begin customer enrollment in May and August 2016.

MCE intends to be actively engaged in this proceeding to ensure the competitive neutrality of the statewide ME&O program. MCE will also participate as a part of the Scoring Committee to select the statewide ME&O administrator.

III. THE GOVERNANCE STRUCTURE SHOULD PROVIDE CCAS WITH THE SAME ROLES AS INVESTOR OWNED UTILITIES AND REGIONAL ENERGY NETWORKS

The governance structure of the statewide ME&O should appropriately acknowledge CCAs’ ability to administer EE programs,¹ and CCAs should be given the same roles as Investor Owned Utilities (“IOUs”) and Regional Energy Networks (“RENs”). MCE has been administering EE programs since 2013, and has filed the first application under the rolling portfolio for a CCA Program Administrator to propose a comprehensive and balanced EE portfolio.²

As Program Administrators of EE programs, CCAs should play a central role to support the implementation of the statewide ME&O program, and be consulted by the third party ME&O administrator. MCE urges the Commission to indicate CCAs as an entity that is both “supportive” and “consulted” in the final governance structure chart.

¹ Decision (D.) 14-01-033 lifted restrictions for CCAs to only serve hard to reach markets, and imposed the same cost-effectiveness standards on CCAs as IOUs.
² A.15-10-014
IV. CONCLUSION

MCE thanks Assigned Commissioner Peterman and Assigned Administrative Law Judge Stephen Roscow for the opportunity to provide these comments.

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April 22, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application for Rehearing of Resolution
E-4770 filed by San Diego Gas & Electric
Company (U 902 E)

RESPONSE OF MARIN CLEAN ENERGY TO
APPLICATION FOR REHEARING OF RESOLUTION E-4770

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May 3, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application for Rehearing of Resolution
E-4770 filed by San Diego Gas & Electric
Company (U 902 E)

A.16-04-016
(Filed April 18, 2016)

RESPONSE OF MARIN CLEAN ENERGY TO
APPLICATION FOR REHEARING OF RESOLUTION E-4770

Pursuant to Rule 16.4 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Marin Clean Energy (“MCE”) respectfully submits this response to the Application of Rehearing of Resolution E-4770 (“Resolution”) filed by San Diego Gas & Electric Company (“SDG&E”). The Resolution ordered SDG&E, Southern California Edison Company, and Pacific Gas and Electric Company (collectively the investor-owned utilities or “IOUs”) to:

hold a solicitation using a Renewable Auction Mechanism procurement process … for facilities that can use biofuel from [identified] high hazard zones [a “BioRAM solicitation”], as designated pursuant to the Governor’s Tree Mortality Emergency Proclamation.1

In its Application for Rehearing, SDG&E alleges the Resolution commits legal error in two ways. First, SDG&E claims that “[t]he Resolution committed legal error in reaching th[e] conclusion[]”2 that the IOUs’ request for allocation of the costs of BioRAM procurement were “outside the scope” of the Resolution. Second, SDG&E argues that “failure of the Resolution to approve a form of cost recovery that applies to all benefitting customers is legal error.”3

1 Resolution E-4770, at 18 (Ordering Paragraph 1).
2 SDG&E Application for Rehearing, at 2.
3 SDG&E Application for Rehearing, at 3.
For the reasons described below, the Commission should reject SDG&E’s Application for Rehearing because the Commission did not commit legal error by either determining that ordering cost allocation through the Cost Allocation Mechanism (“CAM”) is outside the scope of the Resolution, or by refusing to adopt a cost allocation method in the Resolution. Additionally, even assuming, arguendo, that the Commission did commit legal error and should have allocated the costs of required BioRAM procurement to all retail customers, the cost allocation proposals SDG&E advances — i.e., adopting a new non-bypassable charge (a “BioRAM NBC”) or, alternatively, through CAM treatment — are legally flawed and should be rejected.

I. THE COMMISSION HAS DISCRETION TO DETERMINE THE SCOPE OF ITS RESOLUTION

SDG&E asserts that “[i]f the Commission had authority to impose the costs of the BioRAM solicitation … on SDG&E’s customers through the Resolution, it also has authority to appropriately allocate them to all benefitting customers.”4 However, whether the Commission has the authority to allocate costs in whatever manner it deems appropriate and lawful is not at issue in determining whether the Commission committed legal error in the Resolution. Accordingly, the Commission should reject SDG&E’s claim of legal error.

Just because the Commission has the authority to do something does not mean that it must take such action; it is an established principle that the Commission has the discretion to determine the scope of a proceeding.5 The Commission has the discretion to determine that cost allocation is outside the scope of this Resolution and has not committed legal error in making

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4 SDG&E Application for Rehearing, at 2–3 (emphasis added).
5 See, e.g., D.04-04-015, mimeo at 63 (“[T]he Assigned Commissioner has discretion to define the scope of a proceeding. In this instance, the Assigned Commissioner determined that an incremental approach should be taken to address changed circumstances. In many of our proceeding we have phased the consideration of issues. Such an approach is not legal error.”)
this determination. 6 Notably, in D.14-10-045, the Commission similarly determined that CAM authorization was “out of scope” of the energy storage procurement framework proceeding for the three large IOUs. 7 Accordingly, the Commission should reject SDG&E’s first claim of legal error.

II. SDG&E CITES NO LEGAL PRECEDENT OR UNDERLYING AUTHORITY TO SUPPORT ITS CONTENTION THAT THE COMMISSION SHOULD HAVE ADOPTED A COST ALLOCATION METHOD IN THE RESOLUTION

SDG&E asserts that the Commission also commits legal error by not adopting a cost allocation method in the Resolution. SDG&E repeats this basic and unsupported assertion in various ways throughout its Application for Rehearing. 8 However, in order to establish that the Commission committed legal error, a party must actually demonstrate legal error; simply asserting legal error is insufficient.

SDG&E provides no supporting legal precedent or underlying authority to demonstrate that the Commission was legally required to approve a cost allocation mechanism in adopting the BioRAM solicitation. SDG&E cites no law, regulation, or principle that the Commission has allegedly contravened. Furthermore, SDG&E alleges no abuse of discretion or arbitrary and capricious action perpetrated by the Commission. Accordingly, the Commission should reject SDG&E’s second claim of legal error.

6 See, e.g., D.06-06-070, mimeo at 6; D.04-09-063, mimeo at 57. Similarly, the Commission typically determines costs in GRC Phase I proceedings and then defers determining cost allocation and rate design issues to GRC Phase 2 proceedings.

7 See, e.g., D.14-10-045, mimeo, at 47, 108 (Findings of Fact No. 22), 114 (Conclusions of Law No. 18)

8 SDG&E Application for Rehearing, at 3; 6-7.
III.  SDG&E’S PROPOSALS TO ALLOCATE PUBLIC SAFETY-RELATED COSTS THROUGH THE ESTABLISHMENT OF A NON-BYPASSABLE CHARGE OR THROUGH CAM TREATMENT ARE LEGALLY FLAWED

Even assuming, arguendo, the Commission did commit legal error and should have allocated the costs of required BioRAM procurement to all retail customers, the cost allocation proposals the IOUs advance of adopting a new BioRAM NBC or, alternatively, through using existing CAM treatment are legally flawed and should be rejected.

No statutory authority exists to allocate public safety-related costs through a non-bypassable charge (“NBC”). California Public Utilities Code section 381(a)–(b) authorizes the Commission to require IOUs to create a “separate rate component” as “a nonbypassable element of the local distribution service … collected on the basis of usage” to fund programs “that enhance system reliability and provide in-state benefits[,]” with respect to energy efficiency, renewable energy, and research and development. Even though ancillary benefits of BioRAM procurement include system reliability and additional renewable energy, it does not fit the abovementioned statutory objectives because the primary objective of the BioRAM solicitation is to protect public safety and property from tree mortality related hazards9 — an objective for which there is no statutory authority to create a separate rate component.10

Similarly, no statutory authority exists to allocate public safety-related costs through the CAM. Under California Public Utilities Code section 365.1(c)(2), CAM treatment is reserved for the cost of new IOU-procured resources “that the [C]ommission determines are needed to meet system or local area reliability needs for the benefit of all customers in the [IOU’s] distribution service territory ….” Again, the biomass-fueled generation resources that will result

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9 See Resolution E-4770, at 7.
10 Furthermore, CCAs enjoy additional protections to their procurement autonomy under Public Utilities Code section 366.2(k), which further limits the imposition of NBCs on CCAs.
from BioRAM solicitation may have ancillary reliability benefits, but are *primarily* intended to protect public safety and property from tree mortality-related hazards and are not specifically needed to meet system or local area reliability needs.

Thus, even if the Commission committed legal error, the Commission should reject SDG&E’s Application for Rehearing because SDG&E’s cost allocation proposals are legally flawed.

**IV. CONCLUSION**

For the reasons set forth above, the Commission should deny SDG&E’s Application for Rehearing.

Respectfully submitted,

/s/ Elizabeth Kelly
Elizabeth Kelly
General Counsel

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May 3, 2016
Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Marin Clean Energy (“MCE”) is a Community Choice Aggregator (“CCA”) that has been providing electricity generation service to customers within Pacific Gas and Electric Company’s (“PG&E”) service territory since 2010. MCE was the first operational CCA in California, and currently provides electric service to over 175,000 retail customers in Marin County, unincorporated Napa County, and the cities of Richmond, San Pablo, El Cerrito, and Benicia. The towns and cities within Napa County, the City of Lafayette, and the City of Walnut Creek have recently joined MCE and are expected to receive MCE service this year. This is expected to increase MCE’s total customer accounts served to approximately 250,000 by late 2016.

MCE appreciates the opportunity to provide comments on the CAISO’s Revised Straw Proposal on Regional Resource Adequacy (“RA”). As a Load Serving Entity (“LSE”), MCE meets California’s RA standards by procuring qualifying capacity sufficient to meet MCE’s projected peak demand plus a 15% planning reserve margin. In addition to this general requirement, MCE must ensure that mandated proportions of such capacity resources are procured from local reliability areas defined by the California ISO. Historically, MCE relied on one full requirements contracts with a single counterparty to supply all of its energy, capacity, and renewable energy requirements, including its RA requirements. In recent years, however, MCE has developed its own energy procurement function and now satisfies its system, local, and flexible RA capacity requirements through a combination of short- and long-term contracts with various counterparties. In addition, MCE has long-term capacity rights under several of its power purchase agreements, which will provide a portion of MCE’s local RA needs over the next ten years. Notably, MCE entered into these existing contracts for RA on the basis of the current Maximum Import Capability (“MIC”) process and existing RA transfer capacity constraints.

MCE recognizes that the ISO needs to develop a set of rules for RA that can work effectively in a regional, multi-state environment. To help ensure the efficient and reliable operation of a western regional balancing authority, the ISO must implement regional RA rules that encourage new LSEs to join the expanded balancing authority while at the same time respecting the pre-existing rights and contractual arrangements of LSEs that are already within the California ISO. The ISO also needs to ensure that the new regional RA rules it develops – particularly with
respect to MIC requirements and a potential zonal approach to RA – do not have unintended consequences or harm market competition.

MCE offers specific comments on the following portions of the ISO’s revised straw proposal: (1) the MIC proposal; and (b) internal RA transfer capability constraints (i.e. the zonal RA proposal).

1. **Maximum Import Capability**

MCE acknowledges that some limited changes to the current MIC allocation process may be necessary to accommodate new market entrants and take advantage of the non-simultaneous peak loads that would occur in different areas within the expanded balancing authority area. However, as the ISO notes in the Revised Straw Proposal, it is absolutely critical that when designing these new rules the ISO protect the pre-existing arrangements and contractual obligations that already exist between entities on particular interties. At a minimum, the ISO needs to ensure that pre-existing contracts for RA capacity are unaffected by any changes the ISO may require to the MIC methodology.

2. **Zonal RA**

On a conceptual level, MCE does not oppose the ISO’s proposal to develop a zonal RA concept under which the ISO would establish RA zones, zonal import limits, and zonal RA requirements for each RA zone and the LSEs serving load in each of the defined RA zones. But it is essential that the ISO thoroughly consider the impact that a zonal RA approach could have on all different types of LSEs, including community choice aggregators.

For instance, MCE is concerned that a zonal RA approach could put CCAs at a competitive disadvantage to the larger California Investor Owned Utilities (“IOUs”). CCAs cover a relatively-small geographic area and exist entirely within the boundaries of the larger IOUs. If a zonal RA approach allowed the IOUs access to cheaper RA capacity resources from a larger geographic area that could be used to meet the IOUs’ RA requirements, CCAs with smaller footprints may not be able to access these same capacity resources. Assuming that RA resources in California will be more expensive than potential out-of-state RA options, CCAs such as MCE could unfairly be put at a competitive disadvantage if they are not able to access these out-of-state resources to meet their RA obligations.

As the ISO continues to develop its zonal RA proposal, MCE recommends that the ISO continue to focus some of the fundamental requirements that underpin the RA market, including that LSEs must adhere to regional capacity boundaries and transmission constraints when contracting for RA and that RA value should be accounted for where the load is actually located. MCE looks forward to continuing to work with the ISO on these important issues.

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1 See ISO Revised Straw Proposal, at 25.
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


Application 15-12-004/ Application 15-12-003
(Filed December 1, 2015)

MARIN CLEAN ENERGY
NOTICE OF EX PARTE COMMUNICATION

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April 12, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


Application 15-12-004/ Application 15-12-003  
(Filed December 1, 2015)

MARIN CLEAN ENERGY  
NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following ex parte communication. Jeremy Waen, Senior Regulatory Analyst for MCE, and CC Song, Regulatory Analyst for MCE, met in-person at the California Public Utilities Commission offices with Ehren Seybert, Energy Advisor to Commissioner Peterman, at 1:40 pm on April 11, 2016. The meeting lasted approximately 5 minutes and no written material was presented during the course of this meeting.

During this meeting, MCE asked for more clarity on the procedural next steps for this proceeding. To gain further clarity on the procedural matters related to energy storage Power Charge Indifference Adjustment (“PCIA”), MCE asked inquired if the Commission intends to create a separate track to address PCIA, or if all matters are meant to be addressed through the upcoming workshop and comments.

Respectfully submitted,

/s/ Catalina Murphy

Catalina Murphy  
Legal Assistant  
MARIN CLEAN ENERGY

1  
MCE Notice of Ex Parte
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


Application R.15-03-011
(Filed March 26, 2015)

MARIN CLEAN ENERGY
NOTICE OF EX PARTE COMMUNICATION

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April 12, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


Application R.15-03-011
(Filed March 26, 2015)

MARC CLEAN ENERGY
NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following ex parte communication. Jeremy Waen, Senior Regulatory Analyst for MCE, and CC Song, Regulatory Analyst for MCE, met in-person at the California Public Utilities Commission offices with Ehren Seybert, Energy Advisor to Commissioner Peterman, at 1:30 pm on April 11, 2016. The meeting lasted approximately 10 minutes and no written material was presented during the course of this meeting.

During this meeting, MCE requested clarity on the procedural next steps for this proceeding. MCE stated the need for the Commission to create a tracking and reporting process for voluntarily adopted energy storage devices that receive Self-Generation Incentive Program (“SGIP”) funds within Community Choice Aggregation (“CCA”) service areas. MCE also requested the Commission to provide guidance in Track 2 of the proceeding on the storage procurement targets of emerging CCAs.
Respectfully submitted,

/s/ Catalina Murphy

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April 12, 2016
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.

Application 15-10-014
(Filed October 27, 2015)

MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION

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April 18, 2016
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.

Application 15-10-014
(Filed October 27, 2015)

MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean
Energy (“MCE”) hereby gives notice of the following ex parte communication. The
communication was held in-person on April 18, 2016 at the California Public Utilities Commission
offices in San Francisco, CA at 3:30 PM and lasted approximately 15 minutes. The meeting was
initiated by Marin Clean Energy and included Beckie Menten, MCE Director of Customer
Programs, Mike Callahan-Dudley, MCE Regulatory Counsel, and Nick Chaset, Advisor to
President Picker. The communication also contained an informational handout which is included
in Attachment A of this Notice.

In the meeting, Ms. Menten explained MCE’s official submission of its recent Energy
Efficiency application filing and asked about the status of the proceeding schedule and emphasized
the need for clarity in the proceeding on timing. Ms. Menten described MCE’s central focus on
transforming the customer process and experience through a robust single point of contact
(“SPOC”) that would lead to decline in necessary incentives. Ms. Menten also explained MCE's
intention to become the default Program Administrator in order to meet the Total Resource Cost
(“TRC”) cost-effectiveness. Ms. Menten then explained the content in the informational handout
including the growth in savings resulting from MCE's multifamily program. She also discussed
the Integrated Demand Energy Resources components of the proceeding and confirmed that
MCE’s Energy Efficiency application included administrative work to streamline access to funding streams for our customers, but clarified that MCE would be fund raising for incentives.

Respectfully submitted,

/s/ Catalina Murphy

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April 18, 2016
ATTACHMENT A
MCE has been implementing ratepayer funded energy efficiency programs as an independent Program Administrator since 2012. In October 2015, MCE submitted an application to the California Public Utilities Commission (CPUC) to be the “provider of choice” or “default administer” for customers within its service territory.

MCE’s existing portfolio has innovated and succeeded in serving hard to reach market sectors. The plan articulated in MCE’s latest application would enable it to build a balanced, cost-effective portfolio with innovative and meaningful solutions for each customer sector.

KEY INNOVATIONS
MCE’s Energy Efficiency application represents a bold departure from the status quo of well-intentioned but often confusing and siloed offerings. Key innovations include:

- **SINGLE POINT OF CONTACT (SPOC)** streamlines access to diverse resource programs and provides superior customer service.

- **SOPHISTICATED CUSTOMER RELATIONSHIP MANAGEMENT TOOL** tracks interactions and provides a “menu of nudges” for follow up and continued opportunities.

- **INTEGRATED PLATFORM** promotes comprehensive and tailored solutions across resources (water, renewables, electric vehicles, storage, and energy efficiency).

- **DECLINING INCENTIVES MODEL**, based on the success of the California Solar Initiative, whereby reductions in rebates are triggered by program participation benchmarks.

![Graph showing declining incentives model](chart.png)

**Max Rebate Level**

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<th>Participation Rate (as % of 10-Year Goal)</th>
<th>1%</th>
<th>5%</th>
<th>10%</th>
<th>25%</th>
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<td>Max Rebate Level</td>
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<td>60%</td>
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ABOUT MCE
MCE’s mission is to address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers while providing local economic and workforce benefits. For more information about MCE, please visit mceCleanEnergy.org or call 1 (888) 632-3674.
A COMPETITIVE OPPORTUNITY FOR ENERGY EFFICIENCY
MCE's energy efficiency programs have enabled more than 4,900 residents and businesses to collectively save energy equivalent to the annual electricity use of about 156 homes. Looking ahead, MCE plans to expand its energy efficiency programs, offering more ways to help customers reduce greenhouse gas emissions and save money.

In just three years, MCE has achieved a seven-fold increase in electricity savings, while forging strong partnerships and developing sophisticated tools to take its offerings to the next level.

COMMITMENT TO GREENHOUSE GAS REDUCTIONS
California's changing climate requires a response that focuses on deep, rapid and widespread adoption of mitigation strategies. As a local government agency with strong community partnerships and a locally appointed Board of Directors, MCE is well-positioned to transform the energy efficiency landscape. Connections with other agencies (i.e. waste and water districts) provides a platform for seamless integration of conservation resources. Through MCE's energy efficiency and renewable energy activities, 47,128 tons of CO₂ have been avoided. Marin County met its Climate Action Plan goals eight years early. Energy efficiency is projected to represent nearly one-third of MCE's carbon emission reductions.

A BOLD PATH FORWARD
The application delivers a roadmap to utilize the maximum resources available to combat the growing threat of climate change, transform the landscape of resource conservation efforts, and achieve California's ambitious goals. MCE anticipates a ruling from the CPUC on the status of its application in early 2016.

In three years, MCE has tripled its portfolio of energy efficiency savings, while forging strong partnerships and sophisticated tools to take its offerings to the next level.

2015 MCE ENERGY EFFICIENCY PROGRAM OUTCOMES

HOME PROGRAM
554 customized Energy Action Plans created
mceCleanEnergy.org/myEnergyTool

BUSINESS PROGRAM
1,274,660 kWh saved
$237,107 in rebates
mceCleanEnergy.org/business-savings

MULTIFAMILY PROGRAM
315,814 kWh & 29,755 Therms saved
RESULTING IN $80,103 IN ENERGY BILL SAVINGS

7,861,459 gallons of water saved
RESULTING IN $15,723 IN WATER BILL SAVINGS
mceCleanEnergy.org/multifamily-savings
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017.

And Related Matters.

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MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION

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April 19, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison
Company (U338E) for Approval of its Energy
Savings Assistance and California Alternate Rates
for Energy Programs and Budgets for Program

And Related Matters.

Application 14-11-007
(Filed November 18, 2014)

Application 14-11-009
Application 14-11-010
Application 14-11-011

MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following ex parte communication. The communication was initiated by MCE and occurred in-person on April 18, 2016 at the California Public Utilities Commission offices in San Francisco, CA at 3:50 PM and lasted approximately 5 minutes. The meeting was between Beckie Menten, MCE Director of Customer Programs, Mike Callahan-Dudley, MCE Regulatory Counsel, and Nick Chaset, Advisor to President Picker.

In the meeting Ms. Menten asked about procedural updates for the Low-Income Energy Efficiency proceeding. Ms. Menten explained that MCE had submitted a pilot application in 2015. Ms. Menten explained MCE's low-income multi-family pilot application, the advantages and need for streamlining low-income program funding, and energy efficiency program funding.
Respectfully submitted,

/s/ Catalina Murphy

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April 19, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


Rulemaking 13-11-005
(Filed November 14, 2013)

MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION

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April 19, 2016
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA


MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following written ex parte communication. The communication was initiated by MCE and occurred in-person on April 18, 2016 at 3:45 PM at the California Public Utilities Commission (“CPUC”) offices in San Francisco, California and lasted less than 5 minutes. The meeting was between Beckie Menten, MCE Director of Customer Programs, Mike Callahan-Dudley, MCE Regulatory Counsel, and Nick Chaset, Advisor to President Picker.

In the meeting, Ms. Menten and Mr. Callahan-Dudley discussed the desire for MCE to incorporate Advanced Metering Infrastructure (AMI) Data into the measurement and verification aspect of its Energy Efficiency Program. Ms. Menten and Mr. Callahan-Dudley also discussed incorporating the AMI Data into the Energy Efficiency Program design to assist with target outreach.

Respectfully submitted,

/s/ Catalina Murphy

Catalina Murphy
Legal Assistant

MCE Notice of Ex Parte Communication