July 19, 2016

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

Advice Letter 16-E

Re: Planned Program Activities, Expenditures, and Cost-Effectiveness Analysis for Increased Energy Efficiency Budget

In compliance with the California Public Utilities Commission's ("Commission") Decision ("D.") 16-05-004, Ordering Paragraph ("OP") 5, issued on May 20, 2016, Marin Clean Energy ("MCE") submits this filing to detail planned program activities, expenditures, and cost-effectiveness analysis associated with its increased budget authorized in D.16-05-004.

Effective Date: August 18, 2016

Tier Designation: Tier 1

Pursuant to General Order 96-B, Energy Industry Rule 5.1 and D.16-05-004[1] this advice letter is submitted with a Tier 1 designation.

Purpose

The purpose of this filing is to comply with D.16-05-004 and provide details about the planned program activities, expenditures, and cost-effectiveness analysis associated with the budget increase granted in that decision.

Background

MCE filed a Petition for Modification of D.14-10-046 ("PFM") on January 25, 2016. The PFM requested a 30% increase in MCE's energy efficiency ("EE") budget to account for a growing service area. In 2015, Unincorporated Napa County and the cities of San Pablo, Benicia, and El Cerrito joined MCE's service area which represents a 30% increase in customer accounts. The Commission granted MCE's PFM in part with a slight modification in D.16-05-004. The Commission authorized a 30% budget increase for both gas and electric funds[2] and ordered MCE

[1] D.16-05-004, OP 5 at p. 13.
[2] D.16-05-004, OP 2 at p. 13.

to file a Tier 1 advice letter detailing the planned program activities, expenditures, and cost-effectiveness analysis associated with its increased budget.[3]

Since filing the PFM, MCE welcomed additional communities that will enroll in MCE service in 2016. These communities include the cities of Calistoga, St. Helena, Napa, American Canyon, Yountville, Lafayette, and Walnut Creek and represent an approximately 40% increase in customer accounts relative to 2015. While the additional budget under the PFM is not sufficient to meet the needs of these new communities, MCE will devote a portion of the additional funds to activities in these communities as discussed below.

<u>Planned Program Activities and Expenditures</u>

As a result of D.16-05-004, MCE received an additional $300,380 in electric funding and $65,700 in gas funding for a total increase of $366,080.[4] The funds will be used primarily in MCE's new communities, including those that will enroll in MCE service in 2016. The funds will be divided evenly between MCE's Small Commercial Program and MCE's Multifamily Program to support the activities discussed below. Table 1 provides a detailed budget, by budget category, for each of the programs receiving additional funding under the PFM.

Table 1: Program Budget Impact

Program and Budget Category		2016 Budget Approved in AL 15-E	%	Additional Budget from PFM Dollars	New 2016 Budget
Multifamily Program		**$484,515**		**$183,040**	**$667,555**
	Admin	$30,408	0%	-	$30,408
	Direct Implementation	$284,837	60%	$107,699	$392,536
	Incentive	$159,520	40%	$75,341	$234,861
	Marketing & Outreach	$9,750	0%	-	$9,750
Small Commercial Program		**$475,671**		**$183,040**	**$658,711**
	Admin	$31,538	7%	$12,136	$43,674
	Direct Implementation	$210,692	44%	$79,179	$289,871
	Incentive	$204,441	43%	$80,566	$285,007
	Marketing & Outreach	$29,000	6%	$11,159	$40,159

Table 2 provides MCE's updated portfolio budget by program to demonstrate the allocation of additional funding authorized by the PFM.

[3] D.16-05-004, OP 5 at p. 13.
[4] D.16-05-004 at p. 7.

Table 2: Portfolio Budget Impact

Program	2016 Budget Approved in AL 15-E	Additional Budget from PFM	New 2016 Budget
Multifamily	$484,515	$183,040	$667,555
Small Commercial	$475,671	$183,040	$658,711
Single Family	$233,050		$233,050
Financing	$27,031		$27,031
Total	**$1,220,267**	**$366,080**	**$1,586,347**

Multifamily Program

MCE's Multifamily Program will receive the remaining $183,040 of the additional funds. The majority of the funds will be used to support three new program strategies with the remainder going to support incentives for new and existing communities. These strategies were developed based on findings MCE made about the multifamily sector including: (1) multifamily EE projects take 1-3 years to complete; (2) there are no multifamily properties in Unincorporated Napa County; and (3) Benicia tends to have smaller multifamily buildings (*i.e.* 2-8 units). MCE's strategies focus on providing technical assistance to properties in new communities (to develop a project pipeline) and allocating additional incentives for projects throughout the service territory.

The three strategies supported with the additional funds are designed to (1) develop a pipeline of projects in MCE's new communities, (2) target smaller properties and projects that are not a good fit for other programs, and (3) offer a stand-alone direct install service as a means of generating referrals for the more comprehensive program offerings.

MCE will conduct general outreach and provide technical assistance to develop the multifamily project pipeline. MCE has also identified a class of properties that are not well served by other multifamily programs due to lack of eligibility (*e.g.* smaller projects that do not meet minimum savings requirements of other programs). MCE will target outreach and technical assistance to these properties to fill gaps in existing programs.

As part of the general outreach strategy, MCE will partner with Rising Sun to expand the scope of their Green House Call program. This offering is a standalone service to generate interest and awareness of MCE's comprehensive multifamily program while also providing energy and financial savings to support the community. The Green House calls will be focused initially on San Pablo and El Cerrito. This strategy includes providing training for youths that conduct assessments and perform direct installations of energy and water-saving measures at no cost to residents.

Any additional funds will be directed to incentives for projects throughout MCE's service territory. The incentives for EE measures in new and existing communities will help MCE continue to achieve savings concurrently with building a project pipeline.

The strategies of developing a pipeline and targeting underserved properties will focus on the cities of San Pablo, El Cerrito, Benicia, Calistoga, St. Helena, Napa, American Canyon, Yountville, Walnut Creek, and Lafayette. MCE will coordinate with its implementer and the Bay Area Regional Energy Network ("BayREN") to conduct outreach and provide technical assistance.

Table 3 below provides the specific budget allocations and the anticipated program impacts for each Multifamily Program strategy.

Table 3: Multifamily Program Activities and Expenditures

<table>
<tr><th>Strategy</th><th>Budget</th><th>Program Impacts</th></tr>
<tr><td>Green House Calls</td><td>$85,000</td><td>- 200 units served
- 500 units contacted
- 30,000 kWh
- 3,000 therms
- 8 youths trained
- 27 hours paid training per youth
- 96 hours paid for Green House Calls</td></tr>
<tr><td>Identify Properties Not Eligible for Other Multifamily Programs</td><td rowspan="2">$22,699</td><td>5 properties receive technical assistance</td></tr>
<tr><td>Conduct Outreach to Build Multifamily Project Pipeline and Relationships</td><td>10-20 presentations, meeting, calls to homeowners associations, property managers, developers, and local government staff with collateral</td></tr>
<tr><td>Incentives to New and Existing Communities</td><td>$75,341</td><td>2-4 projects</td></tr>
<tr><td>Total</td><td>$183,040</td><td>-</td></tr>
</table>

Small Commercial Program

MCE's Small Commercial Program will receive $183,040 of the additional funds. These funds will be used on three program strategies. First, MCE will expand the budget and scope for MCE's current Small Commercial Program to broaden and deepen its reach in the cities of San Pablo, Benicia and El Cerrito. Second, MCE will leverage normalized metered energy savings to evaluate opportunities for streamlining the current small commercial program measurement and verification ("M&V") protocols. This effort will focus initially in MCE's new communities and may provide useful information to the Commission in implementing AB 802 (2015). Third, MCE will deepen its focus on HVAC to address the challenge of motivating small and medium-sized business ("SMB") customers to pursue comprehensive projects. MCE will offer incentives for retrofit controls and the replacement of inefficient HVAC units with high-efficiency upgrades, while leveraging operations and maintenance ("O&M") service contractors as the lead source. Table 4 below provides the specific budget allocations and the anticipated program impacts for each small commercial program strategy.

Table 4: Small Commercial Program Activities and Expenditures

Strategy	Budget	Program Impacts
Continue Commercial Efforts in New Communities	$98,040	350,000 kWh
Leverage Normalized Metered Savings	$25,000	M&V protocol in support of AB802
Target Comprehensive SMB projects	$60,000	Program Development[5]
Total	**$183,040**	**-**

Cost-Effectiveness Showing

As directed in D.16-05-004,[6] MCE conducted a cost-effectiveness analysis which included updating the Energy and Environmental Economics Inc. ("E3") calculators for the two programs which will receive funding under the PFM: (1) the Multifamily Program and (2) the Small Commercial Program. The analysis is based on the entire budget for each program, including the additional funds authorized in the PFM. The results of the analysis reflect that the Multifamily Program will achieve additional savings from direct install activity. However, much of the funding is associated with technical assistance and pipeline development which is anticipated to yield savings in 2017. The results for the Small Commercial Program reflect that additional savings are anticipated in 2016 due to similar project types in existing and new MCE communities, while some program expenditures will likely yield savings in 2017 (*e.g.* efforts to capture more comprehensive small commercial projects.) The results of the E3 analysis are provided below in Table 5.

Table 5: Cost-Effectiveness Results for 2016

Program	Total Resource Cost Ratio ("TRC")	Program Administrator Cost Ratio ("PAC")
Multifamily Program	0.81	0.91
Small Commercial Program	1.14	1.46

Appendices

The E3 calculators developed to provide the results in Table 5 are included as appendices to this advice letter:

Appendix A - MCE-PFM-E3Adjustment-Commercial-ValuesOnly-2016_0713
Appendix B - MCE-PFM-E3Adjustment-Multifamily-ValuesOnly-2016_0713

[5] MCE anticipates spending this initial budget on program development, including pipeline development, and expects to see program impacts in early 2017.
[6] D.16-05-004, OP 5 at p. 13-14.

Due to the size of these appendices, they have been made available at: https://www.mcecleanenergy.org/regulatorydocuments under the section for Advice Letter 16-E. This information is also provided in a separate Notice of Availability.

Notice

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

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

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

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

Michael Callahan-Dudley
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and

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

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

Correspondence

For questions, please contact Michael Callahan-Dudley at (415) 464-6045 or by electronic mail at mcallahan-dudley@mceCleanEnergy.org.

/s/ Michael Callahan-Dudley

Michael Callahan-Dudley
Regulatory Counsel
MARIN CLEAN ENERGY

cc: Service List R.13-11-005

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY

ENERGY UTILITY

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

Marin Clean Energy

Utility type:	Michael Callahan-Dudley
☑ ELC ☐ GAS	Phone #: 415-464-6045
☐ PLC ☐ HEAT ☐ WATER	E-mail: mcallahan-dudley@mceCleanEnergy.org

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

Advice Letter (AL): 16-E

Subject of AL: Planned Program Activity, Expenditures, and Cost-Effectiveness Analysis for Increased Energy Efficiency Budget

Tier Designation: ☑ 1 ☐ 2 ☐ 3

Keywords (choose from CPUC listing):

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.16-05-004

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

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

Resolution Required? ☐ Yes ☑ No

Requested effective date: August 18, 2016 No. of tariff sheets:

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

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

Tariff schedules affected:

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets:

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

CPUC, Energy Division	**Utility Info (including e-mail)**
Attention: Tariff Unit	**Marin Clean Energy**
505 Van Ness Ave.,	**Michael Callahan-Dudley, Regulatory Counsel**
San Francisco, CA 94102	**(415) 464-6045**
EDTariffUnit@cpuc.ca.gov	**mcallahan-dudley@mceCleanEnergy.org**

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