BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2017 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (U 39 E).	Application 16-06-003 (Filed June 1, 2016)

OPENING COMMENTS OF MARIN CLEAN ENERGY AND SONOMA CLEAN POWER AUTHORITY ON THE PROPOSED DECISION

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December 5, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2017 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (U 39 E).	Application 16-06-003 (Filed June 1, 2016)

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ON THE PROPOSED DECISION

In accordance with the *Scoping Memo And Ruling Of Assigned Commissioner*, dated August 19, 2016 ("Scoping Memo") and Rule 14.3 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California ("Commission"), Marin Clean Energy ("MCE") and Sonoma Clean Power Authority ("SCPA") (collectively, "Joint CCA Parties") hereby submit opening comments on the *Proposed Decision of Administrative Law Judge S. Pat Tsen* ("Proposed Decision").

I. INTRODUCTION AND SUMMARY

The investor-owned utilities' ("IOUs") respective Energy Resource Recovery Account ("ERRA") proceedings have been designated by the Commission as the forum within which parties may address issues related to the Power Charge Indifference Adjustment ("PCIA").[1] As the Commission is aware, the PCIA is an important, yet thorny, subject matter, implicating a host of issues surrounding the competitive posture of Community Choice Aggregators and the

[1] *See* Decision ("D.")06-07-030 at 57 and D.08-09-012 at 69-70.

viability of Community Choice Aggregation ("CCA") programs. The Joint CCA Parties have participated in this ERRA proceeding with the principal purpose of addressing Pacific Gas and Electric Company's ("PG&E") proposals affecting the PCIA.

The Joint CCA Parties are encouraged that, as of late in particular, the Commission has been fulfilling its pledge to further consider PCIA-related issues.[2] Importantly, in last year's PG&E ERRA proceeding (A.15-06-001) the Commission directed that a separate process be established to address the methodologies and inputs used for calculating the PCIA.[3] The Joint CCA Parties are encouraged that substantive work has begun to occur in this key area.[4] Moreover, in this year's ERRA proceeding the assigned Commissioner ruled that additional PCIA-related issues should be given further consideration in a consolidated proceeding involving all IOUs.[5] The Joint CCA Parties commend the Commission for taking incremental steps, consistent with D.13-08-023, to further consider PCIA-related issues. The Commission's steps are in accord with legislative intent and Commission policy calling for the removal of unreasonable barriers to the consideration, formation and implementation of CCA programs.[6]

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[2] *See, e.g.,* D.13-08-023 at 17 ("The Commission remains committed to ensuring that Community Choice Aggregators and other non-utility [load-serving entities] may compete on a fair and equal basis with regulated utilities. Towards this end, we will continue to consider both the mechanics and overall fairness of cost allocation and departing load charge methodologies proposed in the future, with the specific goal of avoiding cross-subsidization.").

[3] *See* D.15-12-022 at 14-15.

[4] *See* D.16-09-044 at 19-20 (directing the formation of a working group to examine issues related to the PCIA, and to present recommendations to the Commission on reforms).

[5] *See Assigned Commissioner's Ruling Amending Scope by Creating a Second Phase*, dated November 7, 2016 ("ACR") at 2. *See also* Proposed Decision at 13.

[6] *See* Senate Bill ("SB") 790 (2011), § 2(a) ("It is the policy of the state to provide for the consideration, formation, and implementation of community choice aggregation programs…."). *See also* D.12-12-036 at 6 (citing SB 790, § 2(h), and Pub. Util. Code § 707(a)(4)(A)) ("In SB 790, the legislature directed the Commission to develop rules and procedures that 'facilitate the development of community choice aggregation programs, … foster fair competition, and … protect against cross-subsidization paid by ratepayers.'").

With respect to the Proposed Decision in this year's ERRA proceeding, the Joint CCA Parties offer the following list of recommended changes to the Proposed Decision, as further described below and in the attached appendix setting forth specific changes and related findings of facts and conclusions of law:

- The Proposed Decision should be clarified to ensure that the Commission's further consideration of PCIA-related issues would apply to CCA customers as well as direct access ("DA") customers. Clearly, certain discrete issues are circumscribed and apply only to DA customers, such as the disposition of PG&E's *current* negative indifference amount balance. However, most other issues should not be circumscribed, and involve policy issues that impact CCA customers as well as DA customers.

- The Proposed Decision should be expanded to include a conclusion that PG&E's ERRA testimony in future proceedings should contain additional information about PG&E's Green Tariff Shared Renewables ("GTSR") program. This matter was addressed at the evidentiary hearing, is uncontested by PG&E, and would lead to a more well-informed decision in future ERRA proceedings.

- The Proposed Decision should be modified to eliminate unsupported statements that unnecessarily paint a portrait of PG&E's early renewable energy contracting efforts, as related to CCA customers. This matter has not been litigated, is not within the scope of this proceeding and it would be unfair and unlawful to allow these statements to have precedential effect.

II. COMMENTS

A. Issues Surrounding PCIA-Related Proposals Should Not Be Unduly Limited To DA Customers

As noted above, the Joint CCA Parties acknowledge that certain aspects of the Commission's consideration of "PCIA-related Proposals" relate solely to DA customers.[7] For

[7] As used herein, the term "PCIA-related Proposals" principally means (1) the proposal by PG&E in this proceeding to eliminate the negative indifference amount balance (*see* ACR at 1) and (2) the proposal by the DA parties in the other IOUs' ERRA proceedings to eliminate the PCIA charge for certain PCIA vintages (*see* ACR at 1-2). As related to the second element, PG&E has already (and prematurely) eliminated the PCIA charge for its customers (which otherwise would have been *negative*). (*See* MCE Opening Brief at 15-16.) In this regard, reconsideration of PG&E's unauthorized action should also occur within the context of the Commission's consideration of "PCIA-related Proposals."

example, the Commission has found that PG&E's *current* negative indifference amount balance relates to PCIA vintages that are exclusively populated by DA customers.[8] However, the scope of the PCIA-related Proposals extends beyond this issue. Two examples demonstrate this point. First, PG&E's proposal with respect to eliminating the negative indifference amount balance for pre-2009 vintages could also affect or influence how *future* negative indifference amount balances are handled. PG&E's proposals in the Diablo Canyon Power Plant ("Diablo") proceeding (A.16-08-006) provide poignant illustrations of the need to consider future effects associated with the PCIA-related Proposals. For one thing, PG&E has shown that it is not unreasonable to foresee a future circumstance in which *all* PCIA vintages, including those populated by CCA customers, experience negative indifference amount balances.[9] Consideration of PCIA-related Proposals should occur with an eye toward the real possibility that negative indifference amount balances may occur in the future. For another thing, PG&E's proposal in the Diablo proceeding has shown that PG&E is ever-wont to bifurcate charges so that the offsetting effect of negative amounts do not reduce overall charges. The Commission has repeatedly found that PG&E's proposals violate the bundled customer indifference principle.[10]

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[8] *See* D.14-12-043 at 19; Finding of Fact 16.

[9] As noted by the Joint CCA Parties and City and County of San Francisco in their joint comments on PG&E's November Update, PG&E has provided information showing how the PCIA would decrease by *approximately 33 percent* if Diablo were not included in PG&E's indifference calculations, all things otherwise equal. (*See* CCA Parties November Update Comments at 6-7.)

[10] *See* MCE Opening Brief at 9-10 (describing repeated instances where PG&E's separate charge proposal would violate the bundled customer indifference principle, including D.07-05-005 at 19 ["PG&E's proposed modification would not result in bundled customer indifference. By recognizing only positive indifference amounts, but not tracking offsetting effects attributable to negative indifference, PG&E's proposed method could result in a permanent net positive indifference amount charged to DA/DL customers. The indifference charge is intended to capture the applicable above-market procurement costs. Indifference is achieved when there is neither an under-or-over recovery of such indifference charges from DA/DL customers."]).

In the Diablo proceeding, PG&E has yet-again proposed a separate non-bypassable charge. The Commission's consideration of PCIA-related Proposals should be conducted with an eye toward how negative indifference amount balances should *continue* to be used as an *overall* offset or credit, so that bundled customer indifference is preserved.

Second, consideration of whether or not it is appropriate to eliminate the PCIA charge for pre-2009 vintages directly affects CCA customers. As stated above and supported in MCE's opening brief, PG&E has prematurely eliminated the PCIA charge for pre-2009 vintages.[11] In this regard, CCA customers have been directly affected because the PCIA for pre-2009 vintages would currently be *negative* had PG&E not impermissibly eliminated the charge. PG&E's premature elimination of the negative PCIA has *artificially* lowered generation rates for PG&E's bundled service customers – in contravention of the Commission's commitment to ensure "fair and equal" competition between Community Choice Aggregators and IOUs.[12]

Other examples can be offered to show that consideration of PCIA-related Proposals could directly and materially impact CCA customers, particularly if this consideration altered the Commission's policies with respect to bundled customer indifference. Suffice to say, however, consideration of the PCIA-related Proposals is broader than merely pre-2009 vintage customers, and therefore the Commission's consideration of this matter should not be limited to DA customer interests.

As noted in the ACR, scoping discussion will occur at or in connection with the upcoming prehearing conference in the consolidated proceeding.[13] This should be the time at which parties make arguments about the scope of the Commission's consideration of the PCIA-

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[11] *See* MCE Opening Brief at 15-16.

[12] *See* note 2, above. *See also* MCE's Opening Brief at 16; notes 58 and 59.

[13] *See* ACR at 3.

related Proposals. As such, the Proposed Decision should be modified in order to not preclude consideration of legitimate issues as part of the consolidated proceedings. The Joint CCA Parties have proposed language in the attached appendix to address this matter.

B. The Proposed Decision Should Include A Brief Discussion And Conclusion With Respect To Further Information On PG&E's GTSR Program

Substantial attention in this proceeding was directed to whether or not PG&E provided sufficient information as part of its initial application to describe how GTSR load is factored into the calculation of the PCIA, and related matters. In addition to MCE's protest, these matters were addressed as part of the evidentiary hearing, MCE's opening brief, PG&E's reply brief, and administrative law judge ("ALJ") Tsen's *E-mail Ruling Identifying and Entering PG&E-5 Into the Evidentiary Record*, dated September 16, 2016. In light of this discussion, the Proposed Decision should be expanded to include further discussion and a conclusion with respect to information about PG&E's GTSR program.

Exhibit PG&E-5 provides a narrative explanation on certain matters relating to the PCIA, as well as a quantitative analysis of how the GTSR program affects overall procurement costs. The Joint CCA Parties request that the Proposed Decision be expanded to include a requirement that PG&E provide, as part of its testimony supporting future ERRA applications, information comparable to that which is included in Exhibit PG&E-5. Moreover, the Joint CCA Parties request that PG&E work with the Joint CCA Parties to identify and present other information related to how GTSR load is factored into the calculation of the PCIA. PG&E does not object to this request.[14] As such, the Proposed Decision should be expanded to include these requirements, as further described in the attached appendix.

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14 *See* PG&E Reply Brief at 12-13 ("PG&E is more than willing to work with MCE to identify additional information that MCE believes is needed in future ERRA Forecast Applications.")

C. Unsupported Statements About The Efficacy Of PG&E's Early Renewable Energy Contracting Efforts Should Be Deleted

The Proposed Decision makes the following statements:

> Many of the above-market contracts in PG&E's portfolio are for renewable resources procured in the early years of California's Renewable Portfolio Standard (RPS) program and were relatively higher cost because the technologies and programs were developing. *** This early contracting, as required by legislation and approved by the Commission, served its intended purpose and promoted the development of a robust renewable resource market. CCA customers now enjoy lower renewable energy costs in part due to these early contracts.[15]

The Joint CCA Parties request that these statements be deleted. The statements are unsupported by evidence in the record. Indeed, the scope of issues to be considered in this proceeding does not allow for parties' submittal of evidence or arguments pertaining to these statements. Had the Joint CCA Parties been given an opportunity to explore and address these matters, the Commission should reasonably expect that evidence and arguments would have been proffered showing that, among other things, the widespread emergence of CCA programs and the emphasis of these programs on enhanced renewable resource development were contributing, if not dominating, factors in lowering renewable energy costs. The Joint CCA Parties should be given an opportunity to make this showing if the Commission deems this to be a relevant fact with respect to PG&E's PCIA. If not, the statements made in the Proposed Decision are unnecessary and unsupported, and would unduly prejudice the Joint CCA Parties in any future consideration of these matters. As such, the statements should be deleted.

III. PROPOSED CHANGES

In accordance with Rule 14.3(c), and in light of the discussion above, the Joint CCA Parties request that the changes set forth in the attached appendix be made to the Proposed Decision.

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15 Proposed Decision at 11.

IV. CONCLUSION

The Joint CCA Parties thank ALJ Tsen and Commissioner Florio for their attention to the matters discussed herein.

Respectfully submitted,

/s/ Jeremy Waen

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December 5, 2016

Appendix
to the
Opening Comments of Marin Clean Energy
And Sonoma Clean Power Authority
on the Proposed Decision

In accordance with Rule 14.3(c), Marin Clean Energy and Sonoma Clean Power Authority request that the following changes be made to the Proposed Decision (as shown in redline/track format):

Page 2-3	We reserve our decision on the issue of negative indifference associated with expired Department of Water Resources (DWR) contracts <u>and related PCIA issues</u> to the second phase of this proceeding.
Page 4	On November 7, 2016, the assigned Commissioner issued an amended scoping memorandum reserving the ~~limited~~ issue of <u>the applicability of the PCIA to pre-2009 PCIA vintages</u> and negative indifference ~~amounts associated with pre-2009 DWR contracts costs~~ for resolution in Phase 2 of this proceeding.
Page 10	MCE recommends that PG&E provide additional information in future ERRA applications about the applicability of the PCIA to GTSR customers. <u>PG&E is willing to provide this additional information in collaboration with MCE. As such, PG&E should be directed to provide additional information about the applicability of the PCIA to GTSR customers, as generally described in information provided by PG&E as Exhibit PG&E-5</u>.
Page 11	~~Many of the above-market contracts in PG&E's portfolio are for renewable resources procured in the early years of California's Renewable Portfolio Standard (RPS) program and were relatively higher cost because the technologies and programs were developing. Contracts signed by PG&E were reviewed and approved by the Commission and were found to be just and reasonable at the time they were entered into. This early contracting, as required by legislation and approved by the Commission, served its intended purpose and promoted the development of a robust renewable resource market. CCA customers now enjoy lower renewable energy costs in part due to these early contracts. These early contracts were entered into on behalf of all customers of PG&E at the time, and departing customers should pay their fair share of the costs rather than shifting them to bundled customers.~~

Pages 13	In order to afford sufficient time to consider the issues related to the negative indifference ~~amount~~ ~~associated with pre-2009 DA customers~~, we reserve this limited issue to be resolved in the second phase of this proceeding.
Page 19 (Finding of Fact 10)	The issues related to negative indifference ~~amounts associated with pre-2009 vintages~~ should be afforded sufficient time and consideration.
Page 20 (Conclusion of Law 3)	The Commission should adopt a process for including CCA load forecasts in future ERRA Forecast Applications for PG&E as proposed by PG&E and modified in this Decision, namely, the process should not replace CCAs' ability to conduct discovery or modify PG&E's obligations to forecast departing load from all reasonable sources.
New Conclusion of Law	PG&E should provide additional information about the applicability of the PCIA to GTSR customers, as generally described in information provided by PG&E as Exhibit PG&E-5.
Page 21 (Conclusion of Law 4)	The issues related to ~~the disposition/retirement of the~~ negative indifference ~~amounts and pre-2009 vintages associated with pre-2009 DA customers,~~ should be reserved for Commission resolution in phase two of this proceeding.
Page 22 (Ordering Paragraph 4)	The Commission reserves the issues related to ~~disposition/retirement of~~ the negative indifference ~~amounts associated with pre-2009 Direct Access customers,~~ to phase two of this proceeding.

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December 12, 2016

Via Regular Mail and Electronic Mail

Mr. Edward Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Re: Protest to SDG&E Advice Letter 3008-E

Dear Mr. Randolph:

The California Community Choice Association ("CalCCA") hereby protests Advice Letter 3008-E ("Advice Letter"), submitted by San Diego Gas & Electric Company ("SDG&E") on November 21, 2016. The Advice Letter proposes a revised Compliance Plan to enable SDG&E to create an Independent Marketing Division ("IMD") to market and lobby against Community Choice Aggregation ("CCA") programs. SDG&E's previously proposed Compliance Plan (Advice Letter 2822-E), was rejected by the California Public Utilities Commission ("Commission") in Resolution E-4874 (August 18, 2016).

As discussed below, SDG&E's revised Compliance Plan fails to meet the requirements of Resolution E-4874. Among other things, SDG&E's revised proposal still fails to functionally separate SDG&E's marketing affiliate from SDG&E's ratepayer-funded utility operations. Moreover, SDG&E has prematurely commenced marketing efforts. Accordingly, CalCCA respectfully requests that the Commission's Energy Division: (i) immediately provide notice to SDG&E of the suspension of the Advice Letter under the provisions of General Order 96-B, General Rule 7.3.4(2); (ii) promptly provide written notice to SDG&E that it is precluded from marketing or lobbying during the pendency of the Energy Division's review of the Advice Letter; and (iii) reject without prejudice the Advice Letter.

INTRODUCTION

CalCCA is a California nonprofit organization representing the interests of California's Community Choice Aggregators. CalCCA's voting members are the operating CCA programs in California – CleanPower SF, Lancaster Choice Energy, Marin Clean Energy ("MCE"), Peninsula Clean Energy, Silicon Valley Clean Energy, and Sonoma Clean Power. MCE and the City of Lancaster participated extensively in the Commission's consideration of SDG&E Advice Letter 2822-E.

One of CalCCA's objectives is to ensure a fair playing field for existing and prospective Community Choice Aggregators. As the Legislature explicitly recognized in Senate Bill ("SB") 790 (2011), one of the greatest threats to CCAs is the Investor Owned Utilities' ("IOUs") use of their "inherent market power," derived from their relationships with customers and access to ratepayer funds, to oppose CCA programs. CalCCA's membership is well aware of the tremendous resources at the IOUs' disposal, and the difficulty of forming a CCA program in the face of IOU anti-CCA lobbying and marketing efforts. SB 790 and the Commission's CCA Code of Conduct were adopted to prevent IOUs from abusing their inherent market power.[1] They forbid the use of ratepayer funds and resources to market or lobby against CCA, and require that all anti-CCA lobbying or marketing be conducted by an Independent Marketing Division ("IMD"), either structured as an internal division of the company or as an affiliate, that is physically and functionally separate from the IOU.

As this is the first attempt by an IOU to form an IMD under the CCA Code of Conduct, the Commission's choices here will likely provide a template for the other IOUs. This makes it all the more important to ensure that SDG&E's Compliance Plan does not include loopholes that allow it to subsidize its IMD with ratepayer funds or resources, or to otherwise lessen the protections provided in the CCA Code of Conduct.

PROTEST

1. **The Commission Should Immediately Order SDG&E to Cease and Desist From Further Marketing and Lobbying Efforts Until The Commission Has Approved SDG&E's Compliance Plan**

General Rules 7.3.4(2) and 7.5.2 state that normally the filing of a protest will suspend the effectiveness of the advice letter. Moreover, General Rule 7.3.4(2) provides that if an advice letter is protested "the advice letter will become effective upon written approval by the reviewing Industry Division." Accordingly, consistent with General Rule 7.5.2, the Energy Division should give notice of the suspension of the Advice Letter.

Rule 22 of the CCA Code of Conduct provides that an IOU may not market or lobby against CCA programs until its compliance plan has been approved by the Commission. In its original advice letter (Advice Letter 2822-E), SDG&E sought to have its compliance plan "deemed" effective and approved, which did not happen as a result of Resolution E-4874. As such, SDG&E filed the Advice Letter. However, instead of waiting for the required Commission approval of the Advice Letter and SDG&E's revised Compliance Plan, SDG&E has prematurely initiated anti-CCA marketing activities. Specifically, SDG&E's affiliate, Sempra Services Corporation ("SSC"), has established and launched a new entity called "Clean Energy Advisors." The attached communication (Appendix A) indicates that Clean Energy Advisors "was formed by [SSC] to begin an important dialogue with San Diegans about our shared energy future." Referring to CCA programs, Clean Energy Advisors states that it "encourage[s] stakeholders to work with their current electricity provider to develop new alternatives that can best meet customer needs."

Clean Energy Advisors is engaged in marketing against CCAs by encouraging local government leaders to rely on SDG&E to develop alternatives to a CCA program for their communities. Such activity is premature and therefore impermissible. The Commission should direct SDG&E to cease and desist from further marketing and/or lobbying regarding CCA programs until such time as the revised Compliance Plan is approved.

2. **SDG&E Incorrectly Asserts That It Has Not Formed an IMD**

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[1] All further references to General Rules are to the advice letter rules contained in General Order 96-B. References to the CCA Code of Conduct are to the *Code of Conduct and Expedited Complaint Procedure* adopted by the Commission in Decision ("D.")12-12-036 and set forth as Attachment A thereto.

SDG&E's revised Compliance Plan attempts to circumvent the CCA Code of Conduct (and Resolution E-4874) by drawing a distinction between its existing affiliate, SSC, and an IMD that may be established in the future. SDG&E states that SSC "may engage in speech that could trigger the application of the CCA [Code of Conduct]."[2] SDG&E also states, however, that it "has not established an [IMD]."[3] This statement directly contradicts SDG&E's statement in its original Compliance Plan that the purpose of the Compliance Plan was to "[appraise] the CPUC of [SDG&E's] intent to establish an independent marketing division... responsible for all marketing and lobbying... concerning community choice aggregation."[4]

To be clear, and as acknowledged by SDG&E in Advice Letter 2822-E, an IMD may take the form of an "affiliate" or an internal division within SDG&E. Whether SDG&E creates a separate affiliate or an internal "division" to market or lobby with respect to the CCA program, the entity is subject to both the Commission's affiliate transaction rules and the CCA Code of Conduct.

3. SDG&E's Proposed Definition of "Shared Services" Improperly Includes the "Regulatory Affairs," "Legal," "Communications," and "Public Affairs" Groups

SB 790 and the CCA Code of Conduct explicitly forbid the use of ratepayer funds and resources to support utility marketing or lobbying against CCA. They also require that all anti-CCA lobbying or marketing be conducted by an IMD, either structured as an internal division of the company or as an affiliate, that is physically and functionally separate from the IOU.

In the Advice Letter, SDG&E states that its Compliance Plan "has been revised to comply with Resolution E-4874"[5] including amending its "procedures and mechanisms for ensuring compliance" with Rule 13 of the CCA Code of Conduct.[6] Rule 13 of the CCA Code of Conduct provides that the IOU may share with its IMD certain "governance," "oversight" and "support" functions and personnel. However, SDG&E's revised Compliance Plan significantly broadens the definition of "shared services" to include, among other functions, "regulatory affairs," "legal," "communications," and "public affairs."[7] SDG&E's expansive definition of "shared services" ignores Resolution E-4874 and therefore should be rejected. The advocacy function performed by these groups is not merely a "governance" or an "oversight" function.

In Resolution E-4874, the Commission directed as follows:

> [SDG&E] shall not share with its Independent Marketing Division, employees or agents (including contractors or consultants) who are themselves involved in marketing or lobbying. 'Involved in marketing or lobbying' shall be interpreted by review of the job functions of the personnel in question. This review shall focus on the duties and responsibilities of the personnel, not merely the title or department.[8]

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2 Revised Compliance Plan at 1.

3 *Id.*

4 Original Compliance Plan at 2.

5 Advice Letter at 1.

6 *Id.* at 2.

7 *See* Revised Compliance Plan at 11-12.

8 Resolution E-4874 at 23, Ordering Paragraph 7.

Contrary to Resolution E-4874, SDG&E continues to include, as permitted "shared services," groups that provide advocacy with regard to CCA programs in regulatory and legal proceedings, and groups that express SDG&E's views in the public marketplace. These groups, which provide "marketing" and "lobbying" functions, should not be included among the "corporate oversight" and "governance" groups that Rule 13 of the CCA Code of Conduct recognizes as permissible shared services.

Furthermore, in Resolution E-4874, the Commission stated the following:

> Because the language of COC [Code of Conduct] Rule 13 specifically prohibits the sharing of personnel that 'are themselves engaged in marketing or lobbying' and does not specify the departments or titles of such personnel, we are concerned that unless the job functions are used in complying with this COC, it would circumvent the purpose of the COC. If job functions are not used as the determinant, the electrical corporation could use certain titles such as communications, public affairs, or regulatory relations for personnel actually engaged in lobbying and marketing.[9]

The Commission continued:

> "Consequently, the prohibition against sharing of personnel that 'are themselves engaged in marketing or lobbying' shall be interpreted by a holistic review of the job functions of the personnel in question. This review will focus on the duties and responsibilities of the personnel, not merely their title or department."[10]

SDG&E fails to demonstrate whether, and if so how, SDG&E reviewed the job functions of the personnel in the "regulatory affairs," "legal," "communications," and "public affairs" groups. As directed in Resolution E-4874, any personnel engaged in (or supporting personnel engaged in) marketing or lobbying activities must be excluded from the definition of "shared services." The Advice Letter and accompanying revised Compliance Plan fail to provide the "holistic review" required for these job functions. In fact, SDG&E's revised Compliance Plan does nothing to address the concern expressed by the Commission in Resolution E-4874 that personnel in these "shared services" departments are engaged, to a greater or lesser degree (or supporting) lobbying or marketing activities.

For example, SDG&E's legal department frequently takes positions in Commission proceedings that are directly opposed to CCA positions. Even legal assistants, although not directly engaged in advocacy or "lobbying," will likely be supporting attorneys or regulatory affairs representative who do. Allocating any of the costs of this legal assistant to utility ratepayers would result in a direct subsidy to the IMD.

SDG&E's expansive definition of "shared services," if approved, would undermine the purpose of the CCA Code of Conduct. To prevent cross-pollination of costs and services between the utility and its IMD, any personnel who engage in advocacy or marketing against the CCA program, or who provide support for persons engaged in marketing or lobbying against the CCA program, must be identified, and the costs of these personnel (and associated resources) must be charged exclusively to the IMD. Otherwise, SDG&E's ratepayers will subsidize the IMD, the potential will exist for SDG&E personnel to share non-public information with IMD personnel, and SDG&E and the IMD may engage in joint lobbying against the CCA program.

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9 Resolution E-4874 at 15.

10 *Id.*

CONCLUSION

If approved, SDG&E's revised Compliance Plan will be the first of its kind. As shown above, SDG&E has failed to meet the requirements of SB790 and the CCA Code of Conduct. The Commission should direct SDG&E to cease and desist from marketing or lobbying with respect to CCA programs, through an internal division or an affiliate, until such time as a revised Compliance Plan is approved. In accordance with D.12-12-036, SDG&E may not engage in such marketing or lobbying (or provide "shared services" in support of such efforts) until such time as the parameters have been established.

In addition, in order to ensure that all the costs of marketing or lobbying against CCA are borne exclusively by shareholders, the "legal," "communications," "regulatory affairs," and "public affairs" functions (including "support" for these functions) should be excluded from "shared services." If and when SDG&E's IMD is approved, all marketing and lobbying advocacy should be conducted through staff and resources that are retained and paid for exclusively by the IMD.

CONTACT INFORMATION

CalCCA requests that it be added to the service list for the Advice Letter. Please direct all correspondence and communication regarding this matter to:

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San Rafael, CA 94901
(415) 464-6689
info@CalCCA.org

Thank you for your consideration of this protest.

Sincerely,

/s/ Dawn Weisz

Dawn Weisz
Secretary

Copy (via e-mail): CPUC Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov)
Megan Caulson, SDG&E (MCaulson@semprautilities.com)
Service List: R.12-02-009

CalCCA
California Community Choice Association

Appendix A:

SEMPRA - CLEAN ENERGY ADVISORS

Sempra

CLEAN ENERGY ADVISORS

Helping Achieve San Diego's Climate Action Plan Goals

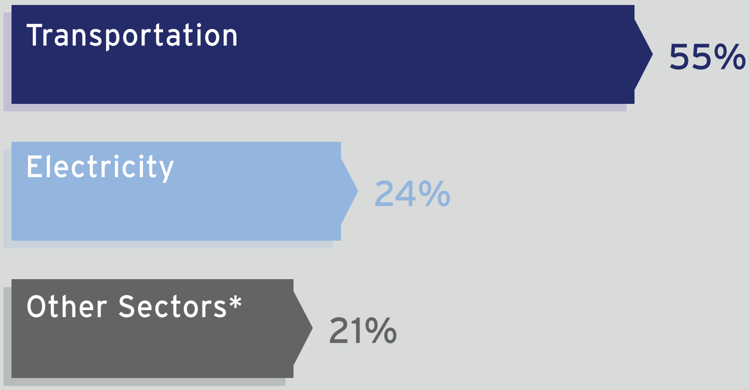
CleanEnergyAdvisors.org

Who We Are

Clean Energy Advisors is a separate entity from San Diego Gas and Electric (SDG&E) whose mission is to begin an ongoing and candid dialogue about how we can collectively pursue a cleaner energy future for San Diego. Our goal is to provide a balanced and fact-based perspective regarding California's changing energy landscape. It is our intention to engage in a realistic conversation to ensure that all electricity customers in San Diego continue to have access to clean, affordable power.

> "California's energy landscape is changing rapidly. Now more than ever, we need to begin a comprehensive dialogue about San Diegans' energy options."
>
> -Frank Urtasun
> Clean Energy Advisors

Primary Contributors to Greenhouse Gas Emissions in San Diego



**Includes natural gas, solid waste, wastewater and other.*
Data sourced from the City of San Diego Climate Action Plan.

A Path to a Clean Energy Future

San Diego is at the forefront of California's energy future, promoting some of the most progressive and comprehensive energy goals in the country. The region's current utility and energy provider is a leader in this effort, promoting renewable energy use that exceeds California's current renewables portfolio standard. While this is quite an accomplishment, we recognize the need to pursue even greater reductions in greenhouse gas emissions and the need for a comprehensive conversation that ensures all stakeholders weigh in and are well-informed about all of their energy options.

Clean Energy Advisors' vision is a future in which the modern grid and new customer-owned technologies operate as a network in ways that reduce emissions, minimize costs and empower customers with new options, while ensuring that all customers have access to affordable low-carbon energy alternatives. In order to achieve these goals, we must begin thoughtful and collaborative conversations about our energy options and how we best achieve our common goals.

Next Steps

As a separate entity from SDG&E, Clean Energy Advisors was formed by Sempra Services Corporation to begin an important dialogue with San Diegans about our shared energy future. It is critical that community members, stakeholders, elected officials and energy providers take part in the energy conversation and become a part of the greater clean energy solution for San Diego. Through open forums, dialogue and collaboration, we believe reaching and exceeding these energy goals is possible. We look forward to engaging in this dialogue and appreciate the opportunity to participate in the conversation in a fact-based manner.

A Shared Vision: Questions & Answers

With newly adopted goals for renewable energy usage and greenhouse gas emissions reductions, California's energy landscape is changing rapidly. In order to ascertain our shared goal for a cleaner energy future for San Diego, we must answer a few important questions about where we are and how we can collaboratively work toward more impactful energy solutions.

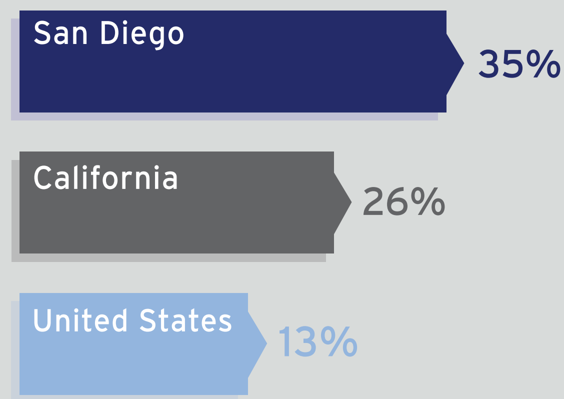
1. **What are some of the energy issues facing San Diego?**

   San Diego is one of the most energy progressive regions in all of the United States. Like many other metropolitan areas throughout the country, however, there are ways we can improve in order to make more efficient and informed energy use decisions. It is critical that we collectively discuss our need for greater clean energy options, infrastructure, storage and procurement. Ultimately, we must begin developing collaborative solutions that support our overall shared goals: reduce emissions, minimize costs and empower choice, while providing all stakeholders with clean, affordable energy. Clean Energy Advisors will start a dialogue about how to best address these issues and how to secure a clean energy future for San Diego.

2. **What is being done countywide to increase renewables and decrease greenhouse gas emissions?**

   The County and City of San Diego have begun conducting comprehensive studies that look at achieving attainable reductions in greenhouse gases through different sustainability measures. In December 2015, the City of San Diego published its Climate Action Plan, which identified different measures for limiting greenhouse gas emissions. These include improving energy, building and water efficiency in non-residential and residential buildings; obtaining greater renewable energy resources; implementing greener transportation strategies; limiting waste; and maintaining flexibility and resiliency in future planning moving forward. These measures are a great first step in achieving our shared goals. We must, however, continue to explore all of our options and new technologies, how to execute these measures in the most efficient way and outline the most appropriate path moving forward, so that all San Diegans have access to clean, affordable power.

San Diego is a Leader in Renewable Resources in the United States



Data sourced from the California Energy Commission and the United States Energy Information Administration for 2015.

3. **What are my energy consumption options as a San Diego consumer?**

   It is important to consult your current energy provider to understand your options as a San Diego energy consumer. Due to the rapidly changing energy environment in California, energy consumption options are growing and becoming more refined. Many regions and cities are exploring options like community choice aggregation (CCA), direct access service and distributed generation (DG) in order to vet the most clean and cost effective means of energy procurement. We strongly support green energy options and customer choice, and encourage decision makers and residents to consider the fiscal and legal ramifications associated with such programs when evaluating their energy options. We also encourage stakeholders to work with their current electricity provider to develop new alternatives that can best meet customer needs.

If you have questions about how we collectively secure a clean energy future for San Diego or would like to learn more about Clean Energy Advisors, please contact ***Frank Urtasun*** *by phone at* ***(619) 696-2233*** *or by email at* ***furtasun@SempraServices.com****.*

Sempra

December 6, 2016

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

Advice Letter 17-E-A

Re: Supplement to Request for Approval of MCE Seasonal Savings Pilot Program

Marin Clean Energy ("MCE") filed Advice Letter ("AL") 17-E on August 18, 2016, which requested approval of MCE's Seasonal Saving Pilot Program. On September 16, 2016 the California Public Utilities Commission ("Commission") staff notified MCE that it had suspended AL 17-E while working with MCE to develop additional details related to the Evaluation, Measurement, and Verification ("EM&V") plan. MCE now submits this supplemental filing to update the EM&V plan for its Seasonal Savings Pilot Program.

Effective Date: December 12, 2016

Purpose

Commission staff suspended MCE AL 17-E and worked with MCE to finalize the EM&V plan for MCE's Seasonal Savings Pilot Program. This advice filing supplements MCE's AL 17-E filed on August 18, 2016 and provides the EM&V plan developed with Commission Staff.

Background

The purpose of a pilot project is to test a new and innovative concept, partnership, or program design that is intended to address a specific area of concern or gap in existing programs.[1] The Commission articulated ten criteria for proposed pilots in D.09-09-047.[2] The Energy Efficiency Policy Manual restates those criteria.[3] MCE plans to launch the Seasonal Savings Pilot Program, an innovative program designed to investigate the potential cost-effective savings in utilizing smart thermostat technology to remotely modify set points on Heating, Ventilation, and Air Conditioning ("HVAC") equipment. MCE engaged with Energy Division through the ideation process to address each of the criteria in MCE's pilot program design. The results of that process

[1] D.09-09-047 at p. 48.
[2] D.09-09-047 at p. 48-49.
[3] Energy Efficiency Policy Manual, Section XII.12 at p. 8-9.

with some additional implementation details of the MCE Seasonal Savings Pilot Program were provided in AL 17-E as Attachment A: MCE Seasonal Savings Pilot Plan.

Revisions to AL 17-E's Attachment A: MCE Seasonal Savings Pilot Plan

This supplemental AL revises the MCE Seasonal Savings Pilot Plan submitted to the Commission as Attachment A to AL 17-E. Specifically, this supplemental AL replaces the language in Section 13 of the MCE Seasonal Savings Pilot Plan with the language provided in Attachment 1, below.

Under the revised pilot plan, Det Norske Veritas Germanischer Lloyd ("DNV GL") will serve as an independent consultant to support the EM&V work for MCE's Seasonal Savings Pilot Program. In this role, DNV GL will coordinate with Nest and other Investor Owned Utilities ("IOU") to collect the data necessary to conduct EM&V activities. The plan leverages work on Seasonal Savings programs between MCE and IOUs to generate richer insights into the success of the program. In part, DNV GL will coordinate with IOUs to collect Advanced Metering Infrastructure ("AMI") data to conduct billing analysis. The revised EM&V plan also involves a Statewide Seasonal Savings working group made up of stakeholders that will create a post-season measurement and verification ("M&V") survey that will be hosted by a third party M&V firm.

Funding for the Pilot

As MCE indicated in its AL 17-E, MCE intends to fund the MCE Seasonal Savings Pilot Program out of MCE's existing single family program budget.

Notice

MCE respectfully requests a waiver of the protest period to enable expedient approval of the pilot and launch of the pilot this winter. MCE notes that no protests were received related to MCE AL 17-E.

If the protest period is not waived, 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
Regulatory Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6045
Facsimile: (415) 459-8095
E-mail: mcallahan@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6034
Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

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@mceCleanEnergy.org.

/s/ Michael Callahan

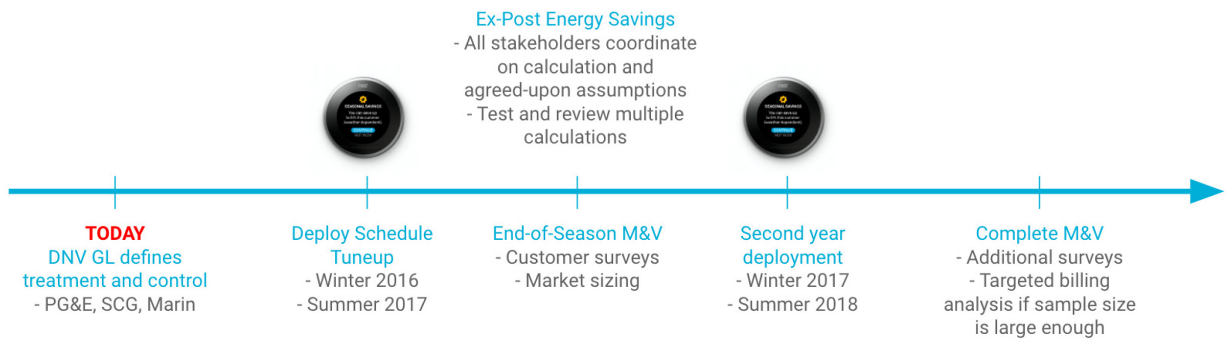
Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY

cc: Service List R.13-11-005

Attachment 1:
California Seasonal Savings Evaluation Plan

California Seasonal Savings Evaluation Plan

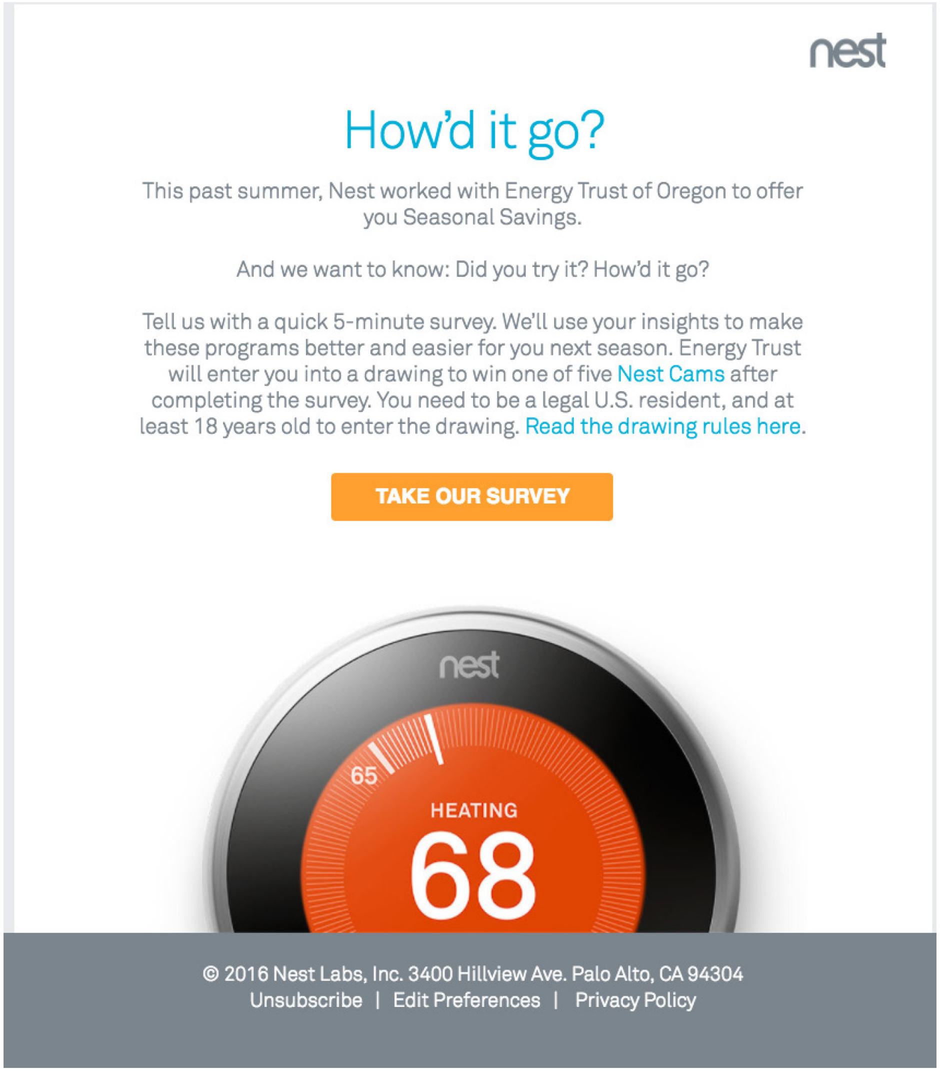
November 22, 2016



Evaluation Plan Steps

1. Treatment and control group randomization by DNV GL.
    a. ***Timing:*** *to be completed prior to the deployment of the Seasonal Savings program to end-use customers.*
    b. Nest provides DNV GL with customer identification number list and sample quotas for each group (by zip code and/or climate zone).
    c. DNV GL does randomization to the treatment and control groups and returns data to Nest.
    d. This step to be completed for Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SCG), and Marin Clean Energy (MCE) program deployments.

2. Statewide Seasonal Savings working group creates post-season Measurement and Verification (M&V) survey to be deployed to customers via email (email from Nest, survey hosted by third party M&V firm; sample used for this same step by Energy Trust of Oregon in Summer 2016 included below).



a. Nest to provide DNV GL with draft survey instrument that will be used to get customer feedback and also to get as much customer identification as possible.
b. Note: To clarify, this survey form and results should be hosted by an M&V consultant, not by Nest. Nest will simply facilitate the delivery of the survey link to customers via an email.
c. Statewide team provides survey results to DNV GL (if they aren't running the survey itself).
d. Assessment of market/install base size
    i. Nest provides DNV GL with counts of customers by zip code
    ii. DNV GL reviews data to see if a verification scheme, via random dialing telephone surveys, is feasible:

1. DNV GL samples on zip code, primarily focusing on high-penetration zip codes, but also looking at a few of the lower penetration zip codes.
2. DNV GL develops a short telephone survey to assess Nest ownership.
3. DNV GL conducts a fairly large telephone survey that employs random digit dialing to validate Nest penetration estimates. This survey wouldn't be a true validation of the Nest customer population, but would at least provide evidence that Nest counts provide a reasonable estimate of population size.
4. Note: There is a need to ensure that, given device counts, this method will work. Should also include relevant study of third party market research on this product space, which is plentiful.

e. DNV GL validates that customers are in service territory.

3. Methods for converting Heating, Ventilation, and Air Conditioning (HVAC) runtime reduction to energy savings.
    a. ***Timing:*** *to be completed in parallel with program launch and prior to ex-post savings estimates are made*
    b. Nest to provide documentation on conversion from runtime to therms for initial estimates.
    c. DNV GL to review for adequacy (in parallel to program deployment, recommend that ex ante team review this piece, as it includes engineering calculations that the ex ante team has expertise in).
    d. Full statewide working group determine what updates need to be made to calculation methodology and assumptions.
    e. Note: Program Administrators will either claim no savings for this program or will consider savings via an ex-post savings claim.

4. Preliminary program analysis
    a. After completion of Winter and Summer seasons, Nest provides data and preliminary analysis.
    b. DNV GL suggests that analysis should include all pilot customers and control, and a separate analysis should be conducted – if possible – on the customers who have self-identified themselves via the email survey above.

5. Nest provides data and analysis code to DNV GL for verification.
    a. DNV GL reviews Nest work and potentially reruns Nest models plus variants to probe on the run time estimates and to verify/adjust the Nest analysis.
    b. Note: There is a need to ensure proper privacy and contractual protections are in-place before any detailed data sharing can begin.

Billing Analysis (if data set is large enough)

1. Large sample points and significantly more customer participation could enable a billing analysis.

2. Note: All statewide parties and program participants agree that a billing analysis will not be valuable until the customer response is large enough to warrant such an analysis. A billing analysis performed on too small a subset will not offer a realistic result.

3. However, the billing analysis would mainly serve to provide an independent analysis of per-home savings that can be compared against the ex-post approach of using a runtime analysis, combined with engineering calculations, to estimate savings.

4. Steps for potential billing analysis:
    a. For all identified customers, DNV GL requests an extract of Advanced Metering Infrastructure (AMI) data (hourly for electricity, daily for natural gas) from PG&E and SCG. Customer identification comes from multiple sources:
        i. Nest follow up surveys that request customers to identify themselves
        ii. PG&E customer list from thermostat study (TBD)
        iii. Customer lists from rebated Nest thermostats (TBD)
    b. The utilities provide requested data to DNV GL
    c. DNV GL merges AMI data with customer information (collected for all residential customers from the IOUs as part of general evaluation activities) and weather data (also collected for general evaluation work).
    d. Note: Data sharing must comply with necessary data sharing contractual agreements.
    e. DNV GL conducts a standard billing analysis using the billing data provided for identified Nest customers.

<u>Key Issues identified by DNV GL to be addressed by above plan</u>:

- Determining unit savings
- Identifying accurate population counts to expand savings to
- Identifying participants

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:

☑ ELC ☐ GAS

☐ PLC ☐ HEAT ☐ WATER

Michael Callahan

Phone #: 415-464-6045

E-mail: mcallahan@mceCleanEnergy.org

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL): 17-E-A

Subject of AL: Supplement to Request for Approval of MCE Seasonal Savings Pilot Program

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.09-09-047

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: December 12, 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
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Utility Info (including e-mail)
Marin Clean Energy
Michael Callahan, Regulatory Counsel
(415) 464-6045
mcallahan@mceCleanEnergy.org

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

August 18, 2016

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

Advice Letter 17-E

Re: Request for Approval of MCE Seasonal Savings Pilot Program

Consistent with California Public Utilities Commission's ("Commission") Decision ("D.") 09-09-047, filed September 24, 2009[1] and the Energy Efficiency Policy Manual,[2] Marin Clean Energy ("MCE") requests approval of the MCE Seasonal Savings Pilot Program.

Effective Date: September 18, 2016

Tier Designation: Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 this advice letter is submitted with a Tier 2 designation.

Purpose

The purpose of this advice filing is to seek approval of the MCE Seasonal Savings Pilot Program and utilize budget from suspended activities in MCE's single family program to fund the proposed pilot.

Background

The purpose of a pilot project is to test a new and innovative concept, partnership, or program design that is intended to address a specific area of concern or gap in existing programs.[3] The Commission articulated ten criteria for proposed pilots in D.09-09-047.[4] The Energy Efficiency Policy Manual restates those criteria.[5] MCE plans to launch the Seasonal Savings Pilot Program, an innovative program designed to investigate the potential cost-effective savings in utilizing smart thermostat technology to remotely modify set points on Heating, Ventilation, and Air

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1 D.09-09-047 at p. 48-49.
2 Energy Efficiency Policy Manual, Version 5, July 2013, Section XII.12 at p. 8-9, available at http://www.cpuc.ca.gov/NR/rdonlyres/7E3A4773-6D35-4D21-A7A2-9895C1E04A01/0/EEPolicyManualV5forPDF.pdf.
3 D.09-09-047 at p. 48.
4 D.09-09-047 at p. 48-49.
5 Energy Efficiency Policy Manual, Section XII.12 at p. 8-9.

Conditioning ("HVAC") equipment. MCE engaged with Energy Division through the ideation process to address each of the criteria in MCE's pilot program design. The results of that process with some additional implementation details of the MCE Seasonal Savings Pilot Program are provided in this advice letter as Attachment A: MCE Seasonal Savings Pilot Plan.

MCE Seasonal Savings Pilot Program

The MCE Seasonal Savings Pilot Program will test an innovative approach to achieving energy savings with energy management technology. This pilot is different from the energy efficiency studies intended to produce a work paper based on energy savings from smart thermostats themselves (*i.e.* "out-of-the-box" efficiency, where customers begin to save energy as soon as they install and begin to use the device).

The Nest Learning Thermostat has already been proven to save energy out-of-the-box. There are a large number of third party measurement and verification ("M&V") studies that have been conducted on the Nest Learning Thermostat and other smart thermostats, including studies underway in partnership with the California investor-owned utilities ("IOUs").[6] The results of these studies indicate that Nest Learning Thermostats can drive savings equal to approximately:

- 10%-12% of heating usage, and
- 15% of electrical cooling usage in homes with central air conditioning.

The Seasonal Savings pilot program takes the Nest Learning Thermostat energy savings one step further by providing customers with incremental energy savings throughout a particular heating or cooling season. The thermostat does this by making micro set point adjustments to the thermostat's schedule for those customers who have opted in to the program over a three week period. The result is cost-effective, incremental energy savings and customer engagement. Nest has run this program elsewhere in the United States but not yet in Northern California's unique climate zones. The attached white paper (Attachment B) summarizes the results of Nest's recent Seasonal Savings deployment in Massachusetts. Of note:

- Participants' set points declined by an average of 1.3°F over the course of the three week algorithm.
- The Program reduced heating usage by an average of 3.5% over the course of the winter, based on a weather-adjusted analysis of run times that included a control group from neighboring states. These savings include the effect of the impact reductions over time.

This program will help to bolster the California-specific energy savings data available to the broader energy program stakeholder group currently studying energy savings. These are driven by smart thermostats like the Nest Learning Thermostats. The current efforts include studies by California's IOUs focused on out-of-the-box efficiency and demand response. While the pilot is proposed specifically in conjunction with Nest, the lessons learned from this pilot will be

[6] https://nest.com/downloads/press/documents/energy-savings-white-paper.pdf.

relevant to any energy management technology that is equipped with controls that allow access to customer thermostat settings.

The details on the pilot design are provided in the MCE Seasonal Savings Pilot Plan, included as Attachment A to this advice letter. This plan includes the results of the ideation process completed by MCE and Energy Division staff prior to submission of this advice letter. The plan includes elements such as the experimental design; the pilot metrics; and an Evaluation, Measurement, and Verification ("EM&V") plan.

Funding for the Pilot

MCE intends to fund the MCE Seasonal Savings Pilot Program out of MCE's existing single family program budget. MCE has recently suspended activities in its Single Family program, creating an opportunity to support an innovative new pilot concept.

Suspension of My Energy Tool

MCE's My Energy Tool is an online engagement tool that helps customers understand their energy usage and receive information about low and no-cost options to save energy. At the time MCE developed the tool, it was an innovative offering that did not exist among the Program Administrators ("PAs"). Since then, a common vendor was retained under contract to the statewide Marketing, Education, and Outreach consultant to develop a similar tool available to all ratepayers in California at no additional cost to MCE. This tool rendered MCE's program duplicative. A recent evaluation report found that MCE's Home Utility Reports ("HURs") program, the core resource activity in MCE's single family program, was not achieving statistically significant savings.[7] In response to the evaluation, MCE suspended the HURs program.[8] In recognition of the newly available statewide tool and to ensure effective use of ratepayer funds, MCE concluded the vendor agreement that covered both the MCE Single Family Home Utility Reports ("HURs") program and MCE's My Energy Tool. The remaining budget from MCE's MyEnergyTool for 2016-2017 is sufficient to fund the MCE Seasonal Savings Pilot Program as shown in Table 1 below. The Seasonal Savings Pilot expenses will be divided equally between Winter 2016 and Summer 2017.

[7] Impact Evaluation of 2014 Marin Clean Energy Home Utility Report Program (Final Draft), DNVGL (March 1, 2016) available at http://www.energydataweb.com/cpucFiles/pdaDocs/1445/Res3_4_MCE_HURS2014_FINALdraft_forPublicComments.pdf.
[8] MCE Advice Letter 15-E, filed March 17, 2016 available at https://www.mcecleanenergy.org/wp-content/uploads/2015/11/17_MCE-_Advice_Letter_15-E.pdf.

Table 1: MyEnergyTool Budget Available to Fund Seasonal Savings Pilot

Single Family Program	2016 Budget	2017 Budget	Total
Seasonal Savings Pilot	$30,000	$30,000	**$60,000**
Available MyEnergyTool Budget*	$63,000	$126,000	**$189,000**

*The Available MyEnergyTool Budget includes six months of the 2016 budget and the full 2017 budget for MCE's MyEnergyTool.

<u>Notice</u>

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
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Michael Callahan-Dudley
Regulatory Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6045
Facsimile: (415) 459-8095
E-mail: mcallahan-dudley@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6034
Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

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

Attachment A:
MCE Seasonal Savings Pilot Plan

MCE SEASONAL SAVINGS PILOT PLAN

The MCE Seasonal Savings Pilot Plan is structured using the criteria provided in the Ideation Process document[9] that restates and supplements the pilot criteria articulated by the Commission.[10]

1. **A specific statement of the concern, gap, or problem that the pilot seeks to address and the likelihood that the issue can be addressed cost-effectively through utility programs. This statement should include any market research done to support the statement of gap and the solution proposed.**

Customers continue to adopt new consumer electronics products that have a significant impact on their energy use. Programs must be tested that specifically target the energy savings that can be delivered in a more connected world. In addition to the energy efficiency studies leading to a work paper based on energy savings from smart thermostats themselves (i.e. "out-of-the-box" efficiency), it is important to test concepts like Seasonal Savings that help to deliver even more energy savings to customers in a particular geography. This type of energy efficiency service marks a new strategy for delivering energy savings and engaging customers.

The Nest Learning Thermostat has already been proven to save energy out-of-the-box (i.e. customers begin to save energy as soon as they install and begin to use the device). The number of third party M&V studies that have been conducting on the Nest Learning Thermostat, and other smart thermostats, continues to grow. Nest has summarized some of these results, along with data from its own study, in a white paper that is available online.[11] In summary, Nest Learning Thermostats drive savings equal to approximately:

- 10%-12% of heating usage.
- 15% of electrical cooling usage in homes with central air conditioning.

The MCE Seasonal Savings Pilot takes the Nest Thermostat energy savings one step further by providing customers with incremental energy savings throughout a particular heating or cooling season. It does this by making micro set point adjustments to a customer's schedule - after receiving their permission - over a three week period. The result is incremental energy savings and customer engagement. Nest has run this program elsewhere in the United States but not yet in Northern California's unique climate zones. The attached white paper (Attachment B) summarizes the results of Nest's recent Seasonal Savings deployment in Massachusetts. Of note:

- Participants' set points declined by an average of 1.3°F over the course of the three week algorithm.
- Seasonal Savings reduced heating usage by an average of 3.5% over the course of the winter based on a weather-adjusted analysis of run times that included a control group from neighboring states. These savings include the effect of the impact reductions over time.

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[9] Ideation Process at p. 8, available online at http://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=5292.
[10] D.09-09-047 at p. 48-49.
[11] https://nest.com/downloads/press/documents/energy-savings-white-paper.pdf.

This program will help to bolster the California-specific energy savings data available to the broader energy program stakeholder group currently studying energy savings that are driven by smart thermostats like the Nest Learning Thermostats. These current efforts include studies by California's IOUs focused on out-of-the-box efficiency and demand response.

2. **Whether and how the project will address a Strategic Plan goal or strategy and market transformation.**

This project aligns with the following broader goals and strategies:

Document	Section	Description	How Aligned?
CA Energy Efficiency Strategic Plan (LTEESP)[12]	Policy tools for market transformation[13]	Technical Assistance	By remotely configuring customers' thermostat set points, with their permission, this pilot will ensure that customers' knowledge barriers don't hamper the progress of critical efficiency initiatives.
		Emerging Technologies	This pilot will demonstrate the energy saving potential of an innovative strategy (set point configuration) used to optimize an emerging technology (smart thermostats).
	"Big Bold" Energy Efficiency Strategies[14]	All new residential construction in California will be zero net energy by 2020.	This pilot will demonstrate the potential role smart thermostats can play in helping residential customers achieve zero net energy homes.
		Heating, Ventilation and Air Conditioning (HVAC) will be transformed to ensure that its energy performance is optimal for California's climate.	This pilot will shed light on the potential energy savings to be gleaned from making the management of residential HVAC systems "smarter." The pilot will be constrained to MCE's service territory (i.e., the North Bay Area's temperate climate).

[12] LTEESP (January 2011) available at http://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=5303.
[13] LTEESP at p. 5.
[14] LTEESP at p. 6.

	DSM Coordination & Integration[15]	Energy efficiency, energy conservation, demand response, advanced metering, and distributed generation technologies are offered as elements of an integrated solution that supports energy and carbon reduction goals.	If energy savings are demonstrated through this pilot and funds are made available to administer similar programs in the future, then rebates for smart thermostats could be offered to customers who don't yet have them. Expanding the pool of customers with smart thermostats and acclimating residential customers to the remote control of their devices are two important steps towards enrolling customers in automated demand response programs.
AB 793 (2015)	Section 717	"The commission shall require an electrical or gas corporation to…[d]evelop a program no later than January 1, 2017…to provide incentives to a residential or small or medium business customer to acquire energy management technology for use in the customer's home or place of business….The electrical or gas corporation shall work with third parties, local governments, and other interested parties in developing the program. The electrical or gas corporation shall establish incentive amounts based on savings estimation and baseline policies adopted by the commission….For purposes of this section, 'energy management technology' may include a product, service, or software that allows a customer to better understand and manage	By demonstrating energy savings this pilot will help establish savings estimates and incentive levels for similar programs focused on providing incremental and ongoing energy savings from smart thermostats, and thereby move the State closer to fulfilling the directives outlined in AB 793 regarding providing residential customers with energy management technology.

15 LTEESP at p. 67-69.

		electricity or gas use in the customer's home or place of business…."	
SB 350 (2015)	Sections 2 & 6	"To double the energy efficiency savings in electricity and natural gas final end uses of retail customers through energy efficiency and conservation."[16] "The targets established in subdivision (c) may be achieved through energy efficiency savings and demand reduction resulting from a variety of programs that include, but are not limited to, the following…(8) Programs of electrical or gas corporations, local publicly owned electric utilities, or community choice aggregators, that achieve energy efficiency savings through operational, behavioral, and retrocommissioning activities...."[17]	This pilot will help the State achieve its goals of doubling energy efficiency savings through the improved operation of previously installed energy management devices.
California Existing Buildings Energy Efficiency Action Plan (EBEEAP)[18]	Consumer-Focused Energy Efficiency, Program Design Enhancement (Strategy 2.2)	"Revamp efficiency program designs to respond better to customer needs and values, as well as industry practice.... Design programs based upon actual, verified performance rather than 'deemed' savings. Design programs to incorporate building operations and behavior."[19]	This pilot is focused on optimizing energy savings in existing buildings through improved operation of previously installed energy management devices.

[16] SB 350, Section 2(a)(2).
[17] SB 350 Section 6(d).
[18] EBEEAP (September 2015) available at http://docketpublic.energy.ca.gov/PublicDocuments/15-IEPR-05/TN205919_20150828T153953_Existing_Buildings_Energy_Efficiency_Action_Plan.pdf.
[19] EBEEAP at p. 2.

3. **Specific goals, objectives and end points for the project (end points should clearly state how this project is expected to be scaled up in the portfolio or modify an existing offering in the portfolio)**

Goals:

- Study the impact of deployable energy efficiency in California's northern bay area climate zones.
- Engage customers with an energy program on an ongoing basis (i.e. in successive seasons) to deliver persistent savings.
- Deliver incremental energy savings above and beyond that provided by the smart thermostat device itself.

End Points:
Two distinct end points exist for this program. The first comes after the completion of the Winter 2016/17 heating season in which Seasonal Savings will be deployed. At that point, a report on the heating energy savings will be prepared. The second end point will come after the completion of the Summer 2017 season, at which point a report of the cooling savings will be prepared.

Scaling:
After successful completion of the two reports mentioned above, this program can quickly scale to all Nest Thermostat customers in MCE's service area, which is a base that continues to grow. As such, the program will continue to grow as the Nest install base grows, driven in the future by incentives and rebates for additional smart thermostat programs.

Key Performance Indicators (KPIs):

- % of eligible customers opting in to the program should be greater than 50%.
- Energy savings should exceed 1.5% of HVAC usage.

Additional Metrics of Interest:

- Average temperature set point change of treatment vs. control, which is illustrative of the change driven by the algorithm.
- Total number of participants who opted out of the program.

4. **New and innovative design, partnerships, concepts or measure mixes that have not yet been tested or employed.**

Nest's Seasonal Savings program is a novel software service that can be delivered to residential customers to increase the energy savings delivered by their smart thermostat. Nest has deployed Seasonal Savings to customers in other parts of North America, but has not yet deployed the algorithm in a climate similar to the northern Bay Area. As such, this is a first-of-its-kind pilot.

5. **A clear budget and explanation of funding source.**

Item	Budget	Funding Source
Program Implementation Cost (Nest Contract)	$40,000	MCE Single Family Program
MCE Staff Costs	$20,000[20]	MCE Single Family Program
Total Budget	**$60,000**	MCE Single Family Program

The EM&V budget and funding source will be determined in coordination with Energy Division staff. MCE is interested in the possibility of leveraging other evaluation work to limit the expense associated with evaluating this pilot. MCE currently does not have access to EM&V funds. Energy Division staff has expressed an interest in ensuring the study is completed, but additional discussion is needed to resolve the question. MCE is filing this advice letter now in order to ensure the possibility that the pilot can launch to customers this winter. Once the budget and funding source for the EM&V study is determined, MCE will file a supplemental advice letter to provide those additional details. The EM&V Plan is provided below in Section 13.

6. **Program performance metrics or non-resource objectives and success criteria**

See KPIs in item number 3.

7. **Timeframe to complete the project and obtain results within a portfolio cycle (subject to R.13-11-005 Phase 2 determination) - projects should not be continuations of programs from previous PAs portfolios.**

- First season = Winter, 2016/17
- Second season = Summer, 2017
- In this case, the end of a season is defined by the point at which the weather changes such that most customers no longer require significant heating or cooling load (i.e. the beginning of a shoulder season).

8. **Information on relevant baselines metrics or a plan to develop baseline information against which the project outcomes can be measured.**

- See KPIs in item number 3.
- Program participants must have a Nest Learning Thermostat installed at the time of program deployment. Savings will be measured relative to customers who have a Nest Learning Thermostat but are not enrolled in the Seasonal Savings program.

[20] Assuming 25% of a full-time equivalent employee.

9. **A concrete strategy to identify and disseminate best practices and lessons learned from the pilot project to all California utilities and to transfer those practices to programs, as well as a schedule and plan to expand the pilot project to utility and hopefully statewide usage, including expected funding source for the planned new program or program modification if known.**

MCE and Nest will work together to submit a draft report and hold a workshop/webinar to share results of the pilot. MCE will leverage its relationships with other emerging community choice aggregators, local government agencies and community benefits organizations to try and ensure that the program activities, if deemed successful, are repeated and scaled. Assuming the pilot demonstrates cost-effective savings, the expected funding source for expanding Seasonal Savings and other similar programs would be Commission administered EE funds collected from ratepayers. Importantly, any recommendations for future program design or work paper development will be technology neutral, as opposed to recommending the Nest technology specifically.

10. **PA staff project manager and assigned EM&V liaison- names and contact info.**

Name	Title	Role	Contact Info
Daniel Genter	MCE Program Specialist	MCE project manager	dgenter@mcecleanenergy.org
Beckie Menten	MCE Director of Customer Programs	MCE secondary contact	bmenten@mcecleanenergy.org
Jeremy Battis	Local Government and Regional Initiatives Statewide Lead Analyst at the Commission	Energy Division lead	jeremy.battis@cpuc.ca.gov
Peter Franzese	Regulatory Analyst at the Commission	Energy Division secondary and EM&V lead	peter.franzese@cpuc.ca.gov

11. **Ex-Ante Review data collection form (see last slide in this deck)**

The project savings claims are based solely on evaluated *ex post* savings, thus no *ex ante* showing is needed at this time.

12. **Methodologies to test the cost-effectiveness of the project.**

The pilot will utilize a standard total resource cost ("TRC") calculation. Of particular interest in the model will be the Net-to-Gross ("NTG") value. Because customers cannot purchase Seasonal Savings on their own (i.e. it must be delivered by an energy partner), MCE proposes a NTG of 100% for this program (i.e. by definition, no customers would have done this on their own without the program).

13. A proposed EM&V plan and PCG plan

EM&V Study Approach

Nest's Seasonal Savings algorithm deployment lends itself very well to the Intent-to-Treat ("ITT") EM&V approach, a style of Randomized Control Trial ("RCT"), because three groups are naturally created by the deployment:

1. A control group consisting of Nest Thermostat owners in MCE service area to whom the algorithm is *not* deployed.
2. A treatment group consisting of Nest Thermostat owners in MCE service area to whom the algorithm *is* deployed, which is broken into two groups:
    a. Customers who accept the deployment and participate in Seasonal Savings
    b. Customers who decline the deployment and do not participate in Seasonal Savings

M&V Plan

Part 1: Pre-Deployment

The Nest team will set up the deployment of Seasonal Savings to ensure that the Intent-to-Treat strategy can be used. To do so, the Nest team will take the following steps:

1. Identify all eligible Nest Thermostats within MCE's service area
2. Separate the devices into two groups: treatment and control
    a. These groups will be created randomly to facilitate the RCT component of the ITT methodology
    b. The relative sizing of the groups will be mutually agreed upon by the Nest and MCE teams (e.g. it can be evenly split 50/50, weighted toward treatment, etc).
3. Nest then deploys Seasonal Savings to the treatment group

Part 2: Post-Deployment

Following the deployment of Seasonal Savings, Nest will provide the EM&V vendor individual thermostat data (without personally identifiable information) to facilitate the evaluation of set point/runtime differences between the treatment and control groups. Nest will also analyze the data and offer insights, including a preliminary calculation of savings.

Example of the ITT Strategy and its Benefits

1. Assume, for this example, that there are 5,000 potential Seasonal Savings participants in the MCE service area
2. Withhold the algorithm deployment from a portion of those eligible customers, assume 1,000 customers
3. Deploy the algorithm to the remaining 4,000 customers
4. A portion of the 4,000 will opt-in, assume 70% opt-in
5. As a result of the opt-in, 2,800 participants run the algorithm

6. This creates 3 distinct groups:
    - 1,000 randomized control group customers for whom the offer and algorithm were withheld
    - 1,200 customers who chose not to allow the algorithm to run
    - 2,800 customers who ran the algorithm
7. Allows us to measure the unbiased treatment effect (i.e. we can measure against a group who would have received the offer under normal circumstances). These three customer groups now allow us to measure the savings of intending to treat, rather than just of treating, which eliminates even the selection bias that can occur in a standard RCT (i.e. standard RCTs even have selection bias because you aren't able to know which customers wouldn't have run an algorithm or service)

MCE will discuss the pilot and EM&V Plan with the Residential Project Coordination Group ("PCG") 2. Any changes to the EM&V Plan that result from the discussion with the Residential PCG-2 will be included in the supplemental advice letter filing referred to above.

14. Proposed Peer Review Group ("PRG") (or list of leads to engage in proposal development/project tracking. May include industry, advocates, etc.)

This pilot does not require a PRG.[21]

15. Any other relevant information requested by Commission staff to support review.

No other information was requested by Commission staff.

[21] Energy Efficiency Policy Manual, Version 5, July 2013, Section XX at p. 40-41, available at http://www.cpuc.ca.gov/NR/rdonlyres/7E3A4773-6D35-4D21-A7A2-9895C1E04A01/0/EEPolicyManualV5forPDF.pdf.

Attachment B:
Nest Seasonal Savings
Massachusetts Department of Energy Resources
Impact Evaluation

Executive Summary

The Massachusetts Department of Energy Resources contracted with Nest Labs in December 2014 to deploy Nest's Seasonal Savings algorithm to all Nest customers in Massachusetts in January 2015 with the goal of reducing residential energy usage in the winter of 2015. This report provides an analysis of the energy savings achieved by the algorithm.

Seasonal Savings offers Nest customers a way to improve the efficiency of their thermostat settings by making small adjustments to the programmed set points over a three week period and learning when and by how much the set points could be adjusted without impacting comfort.

The key findings of the evaluation include:

- A total of 20,104 thermostats completed the Seasonal Savings algorithm – equal to 54% of all eligible thermostats in Massachusetts
- Participants' set points declined by an average of 1.3°F over the course of the three week algorithm
- About half of the initial set point reduction was taken back by the end of the winter. The extreme weather and snow-related school and business closings appear to have adversely affected the impacts.
- Seasonal Savings reduced heating usage by an average of 3.5% over the course of the winter based on a weather-adjusted analysis of run times that included a control group from neighboring states. These savings include the effect of the impact reductions over time.
- The heating savings are estimated to have reduced energy bills by $21 per thermostat and $44 per customer, yielding aggregate savings of $427,000. These savings only include impacts from mid-January 2015 through April 2015. They do not include any future savings and also exclude other smaller sources of savings from customers who dropped out and from ancillary electric use of heating systems.

The evaluation found that Seasonal Savings was an effective approach for reducing heating energy use cost-effectively. The savings potential may be larger in winters with less extreme weather.

Program Participation

Nest identified 37,586 thermostats in Massachusetts for potential algorithm deployment. Customers must have an active Nest account; have activated their Nest thermostat by December 25, 2014 (to have sufficient time to develop a schedule); and must have heating controlled by the thermostat. Customers were offered Seasonal Savings on their thermostat (and app) and had to opt-in to participate. The offer was sent out to the thermostats on January 12, 2015. A total of 20,104 thermostats completed the Seasonal Savings process and opted to keep their new schedule. Table 1 summarizes the participation process.

Table 1. Seasonal Savings Participation

Participation	# Thermostats	% of Thermostats
Total Population Sent	37,586	100%
Not Received (not on-line)	1,904	5.1%
Did Not Qualify (primarily devices not in heating mode)	3,108	8.3%
Did Not Opt-In	10,555	28.1%
Exited Early	1,915	5.1%
Completed Seasonal Savings	**20,104**	**53.5%**

About 13% of the targeted customers either did not receive the offer or did not qualify to participate. Overall, 28% of the customers (32% of those qualified) did not choose to participate. About 85% of those who opted to participate completed the Seasonal Savings algorithm.

The timing of the Seasonal Savings algorithm proved to be challenging. The algorithm ran from January 12th through early February[22]. Massachusetts experienced record snowfall with multiple major storms and numerous days of school and business closings. The two biggest storms of the season occurred on January 27th and February 2nd -- both during the three week Seasonal Savings algorithm period. Three more major snow events occurred between February 8th and 15th. These record storms altered occupancy patterns and likely had an adverse impact on the Seasonal Savings algorithm's ability to identify more

[22] 90% of thermostats completed the algorithm by February 5th and 99% completed by February 10th

efficient set point schedules. The extreme weather also may have led customers to revert back toward less efficient set points during the remainder of the winter.

Analysis Methods

Nest employed two primary analysis approaches to assessing the energy savings from Seasonal Savings.

- The first approach compares customer schedules before and after running Seasonal Savings and calculates the average change in set point. This change in set point temperature is then multiplied by the estimated heating savings per degree change in set point that has been empirically determined by large scale data analysis Nest has performed on the climate zone level. A second comparison is performed using the set points from 8 weeks after the algorithm finished to assess the longevity of the impacts.
- The second approach is similar to a standard pre/post billing data analysis used for energy efficiency program evaluation – analyzing daily run time as a function of weather. The analysis included two methods – a customer level pre/post weather normalized usage analysis and a pooled regression modeling approach that also explored adjustments for snowfall and Away mode.

The set point approach has the advantage of being directly observable for all customers and, given the short time frame, would not typically require a control group to adjust for population trends -- although the extreme weather led that to not be the case in this instance. The disadvantages include the uncertainty in the relationship between set point changes and heating run-time (which varies by customer and by the timing and magnitude of the changes) and that the approach ignores the impacts of Away mode and manual adjustments to set points -- only looking at changes in the schedule.

The run time approach has the advantage of directly analyzing the outcome of interest -- the run time of the heating system -- and doesn't depend on a model of how set points affect seasonal heating use and implicitly includes the impact of all set point adjustments. The main disadvantages of the run time approach are that the relationship between run time and outdoor temperature may not be well determined for some thermostats and that run time varies with factors other than outdoor temperature (e.g., wind, solar gain, occupancy pattern changes due to holidays and snow storms, etc.) and so the approach requires a control group, which may not be readily available or well matched.

Control Group

A control group[23] was selected to estimate how set points and run time would have changed without Seasonal Savings. For the set point analysis, a control group may not be required in most cases since customer schedules tend to change gradually over time. But due to the extreme weather in Massachusetts during the algorithm deployment and over the rest of the season, we included a control group for both analyses.

The Seasonal Savings algorithm was run for all eligible customers in Massachusetts and so the control group needed to be drawn from other states. We used Nest customers in all adjacent states (RI, NH, CT, VT, NY) that were located in counties that border Massachusetts. To better match the control customers to the participants, we divided Massachusetts into 5 regions: Boston & South Shore, North Shore, Cape, Central, and West. The control group for each region was created from Nest customers in bordering counties of neighboring states.

Table 2. Regions and Control Group

Region	Massachusetts Counties	Control Counties
Boston / South Shore	Bristol, Norfolk, Plymouth, Suffolk	Providence RI
North Shore / NE	Essex, Middlesex	Hillsborough NH, Rockingham NH, York, ME
Central	Hampden, Hampshire, Worcester	Cheshire NH, Hartford CT, Tolland CT, Windham CT,
Western	Berkshire, Franklin	Bennington VT, Columbia NY, Litchfield CT, Rensselaer NY, Windham VT
Cape/Islands	Barnstable, Dukes, Nantucket	Bristol RI, Newport RI

The control group differed from the participants in several respects, even within region. There were differences in pre period average set points that were mostly traceable to differences in heating fuels (more bulk fuel in control group) and the use of Away mode (e.g., vacation homes on the Cape). For the run-time analysis we stratified the population on these factors to better match the control customers to the participants.

Findings: Set Points Approach

The set point analysis was based on comparing participant's schedules immediately before and after running the Seasonal Savings algorithm and also analyzing the schedule 8 weeks later to assess the short-term persistence of the changes. Prior Nest analysis had estimated

[23] Technically speaking it's a comparison group. "Control group" is for use in a randomized control trial.

that each 1°F change in heating set point should reduce heating energy use by 4% for homes in Massachusetts. Table 3 summarizes the set point analysis results for customers that completed Seasonal Savings and for the control group.

Table 3. Heating Savings: Set Point Changes °F

	SS Participants	Control	Net Difference
Average set point before SS	65.10	64.58	0.52
Average set point after SS	63.82	64.65	-0.83
Average set point after 8 weeks	64.57	64.74	-0.17
Average set point change	**-1.29**	**+0.06**	**-1.35 ±0.03**
Average set point change after 8 weeks	**-0.52**	**+0.14**	**-0.67 ±0.04**
Estimated Savings: initial	5.2%	-0.2%	5.4%
Estimated Savings: after 8 weeks	2.1%	-0.6%	2.7%
Estimated Savings: Average over period	3.6%	-0.4%	4.0%

The average heating set point declined by 1.29°F (±0.02°F) after Seasonal Savings. The control group set point increased by an average of 0.06°F (±0.02 °F), implying a net 1.35°F set point reduction for participants. At 4% savings per degree set point, heating savings of 5.4% would be expected. But 8 weeks after Seasonal Savings the net set point reduction was only half as large and so estimated savings dropped to 2.7%. Assuming a linear decline over the 8 weeks, average savings are estimated at 4.0% of heating use for the period (or 4.2% if weighted by degree days).

For Seasonal Savings customers that exited early, a comparable analysis found an average set point reduction (net of control group) of 0.61°F immediately after SS and 0.19°F at the end of 8 weeks, leading to estimated average savings of 1.6% (2.4% declining to 0.8%).

The distribution of average set point changes for participants that completed Seasonal Savings is shown in Figure 1 (excluding about 1% of cases with more extreme changes).

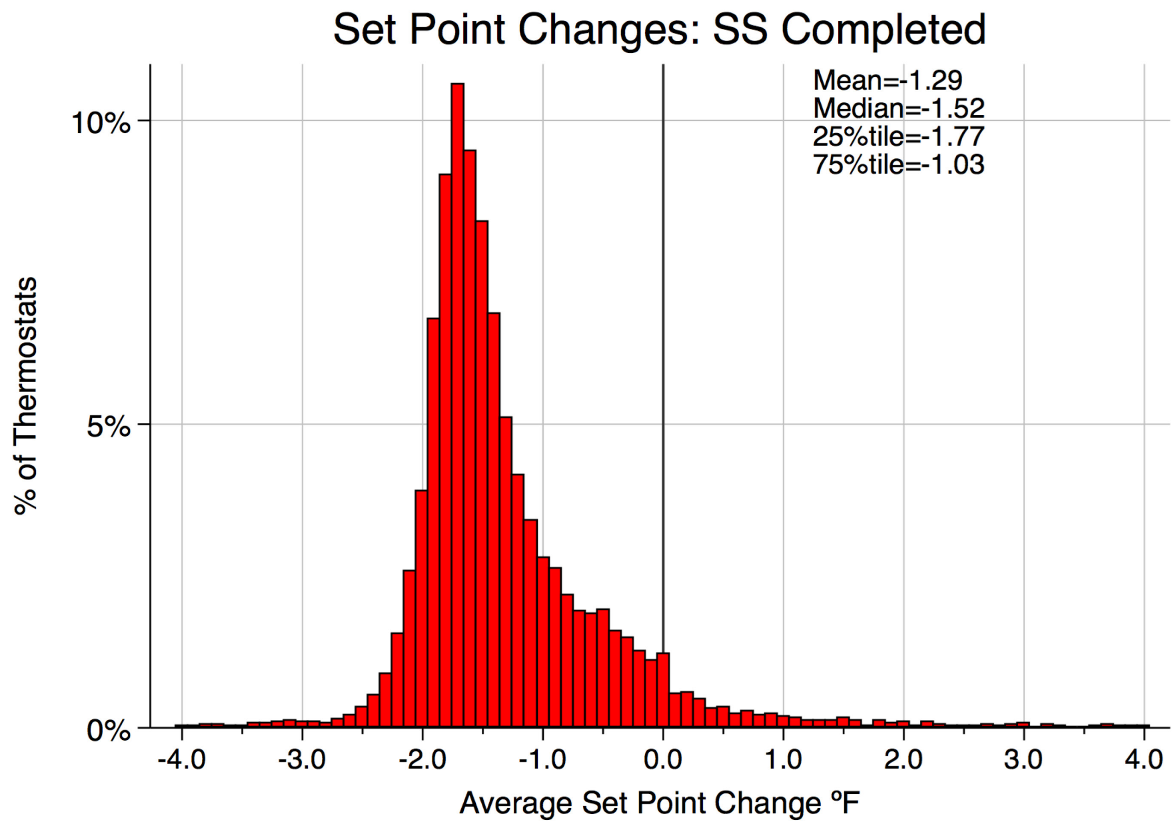

Figure 1. Distribution of schedule set point changes after Seasonal Savings

The plot shows that the most common change in set point was about a 1.7°F reduction but the distribution is skewed right leading to a mean value lower than the median or mode.

Figure 2 repeats this histogram but changes the vertical scale so that it can be compared to a histogram for the control group using the same scale..

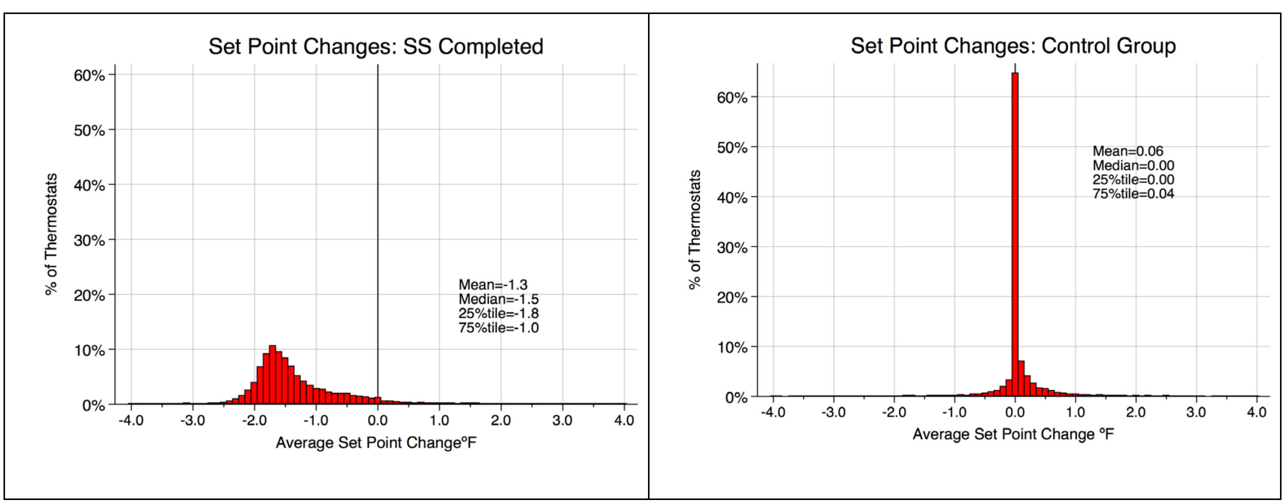

Figure 2. Distribution of schedule set point changes vs. Control Group

The spike at zero for the control group shows that more than 60% of the control group had essentially no change in average set point over the period. There is no segment of the control group that experienced the large set point changes found among participants—showing that self-selection could not explain the large shift in set points over the period.

Figure 3 shows the distribution of set point changes 8 weeks after Seasonal Savings.

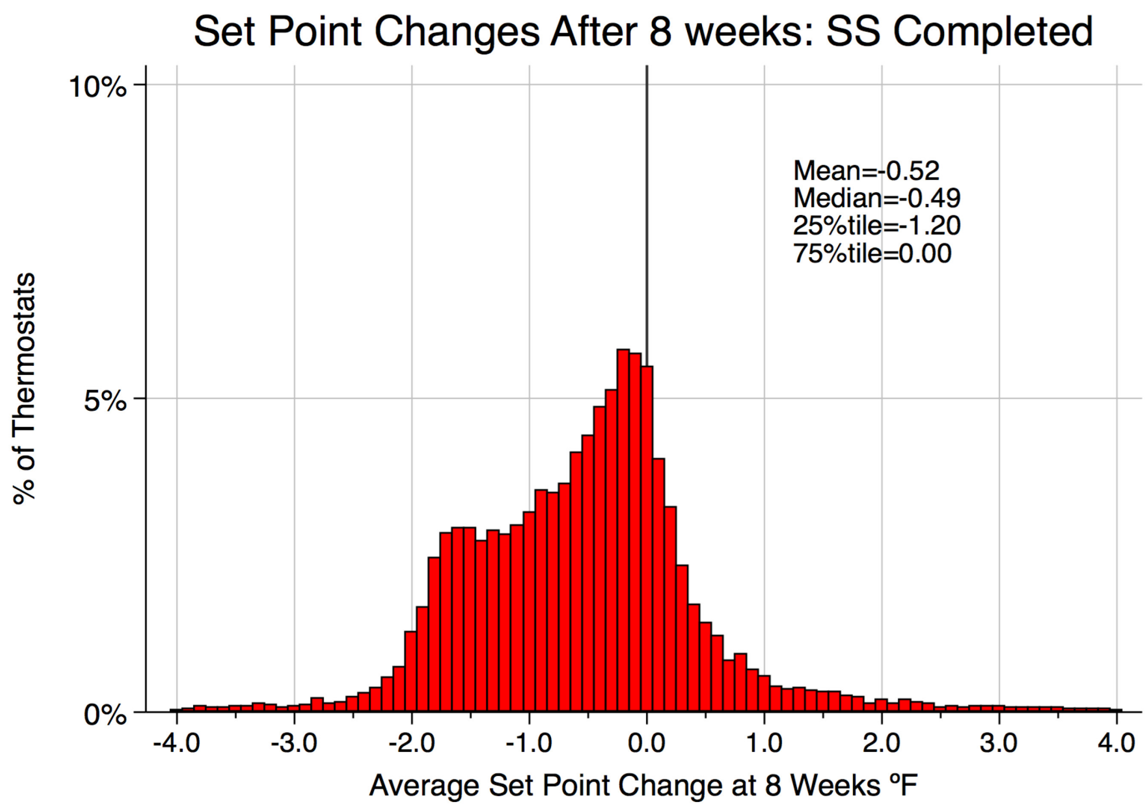

Figure 3. Distribution of schedule set point changes 8 weeks after Seasonal Savings

The distribution shape changed as some customers have apparently reverted back to something close to their old schedules while a significant fraction maintained their new schedules. The control group distribution appeared about the same although the mean set point change increased to 0.14°F.

The hourly profile of the immediate set point changes is shown in Figure 3.

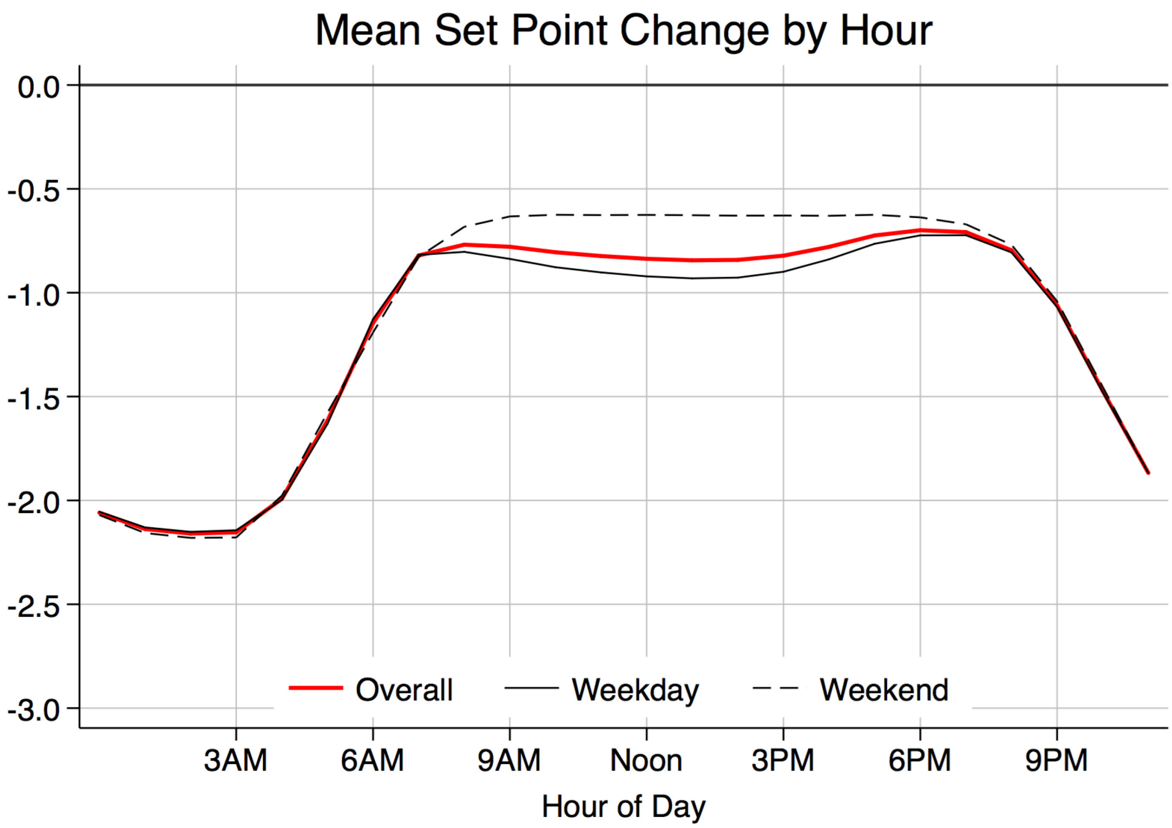

Figure 3. Mean set point changes by hour of day

The plot shows that set point reductions averaged more than 2°F during the night and less than 1°F during the middle of the day. The night setback changes were similar for weekdays and weekends but the daytime reductions were larger on weekdays than weekends -- an expected finding. The smallest changes in set points occurred when people were waking up in the morning and in the prime evening hours. The Seasonal Savings algorithm captures the largest set point improvements at times when they have the least impact on comfort.

A more detailed look at the set point changes is provided in Figure 4, which is the same data as presented in Figure 3, but also shows the distribution of the changes in set point for each hour using a box plot. The plot shows the mean change as the horizontal black line on each box and shows the median as the white break between the red boxes. The red boxes extend out to the 25th and 75th percentiles. The lines extend out to the 10th and 90th percentiles.

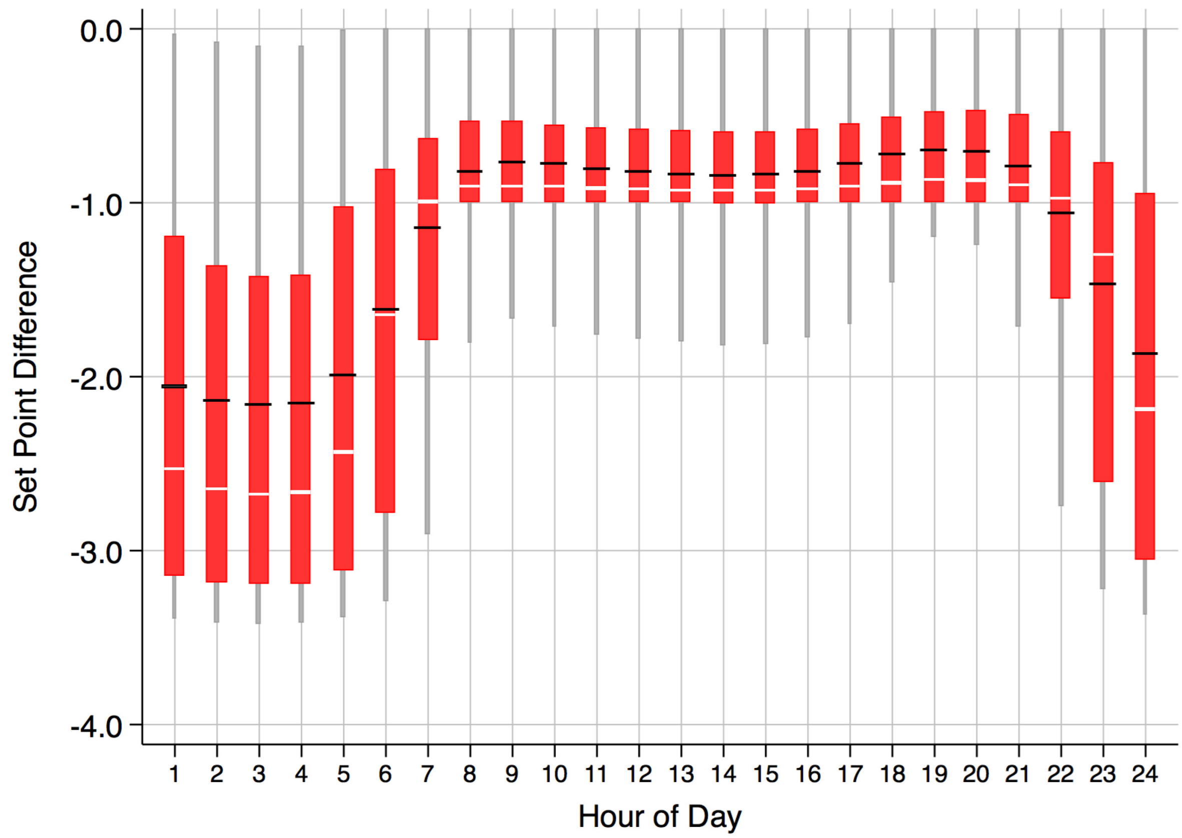

Figure 4. Distribution of set point changes by hour of day

The plot shows how the typical (median) temperature reductions are more than 2.5°F at night and just below 1°F during the day. The lower bound 10th percentiles show that the period of 6PM - 8PM has the least flexibility in set points -- the 10th percentile line barely extends below the -1°F line.

Set Point Changes Over Time

We analyzed the changes in the set point schedules over time in greater detail to better understand the apparent decline in algorithm impacts.

Figure 5 plots the heating schedule set points over the course of this past winter for three groups of customers: Seasonal Savings participants, customers who opted not to participate in Seasonal Savings or dropped out prior to completion, and a control group of customers from neighboring states. The graph shows data for the North Shore region (Northeastern MA and adjacent counties in NH and ME) region. The set points plotted are a 7-day moving average (the average of the prior 7 days for each date). The blue points along the top of the graph show the dates of snowstorms in Eastern Massachusetts.

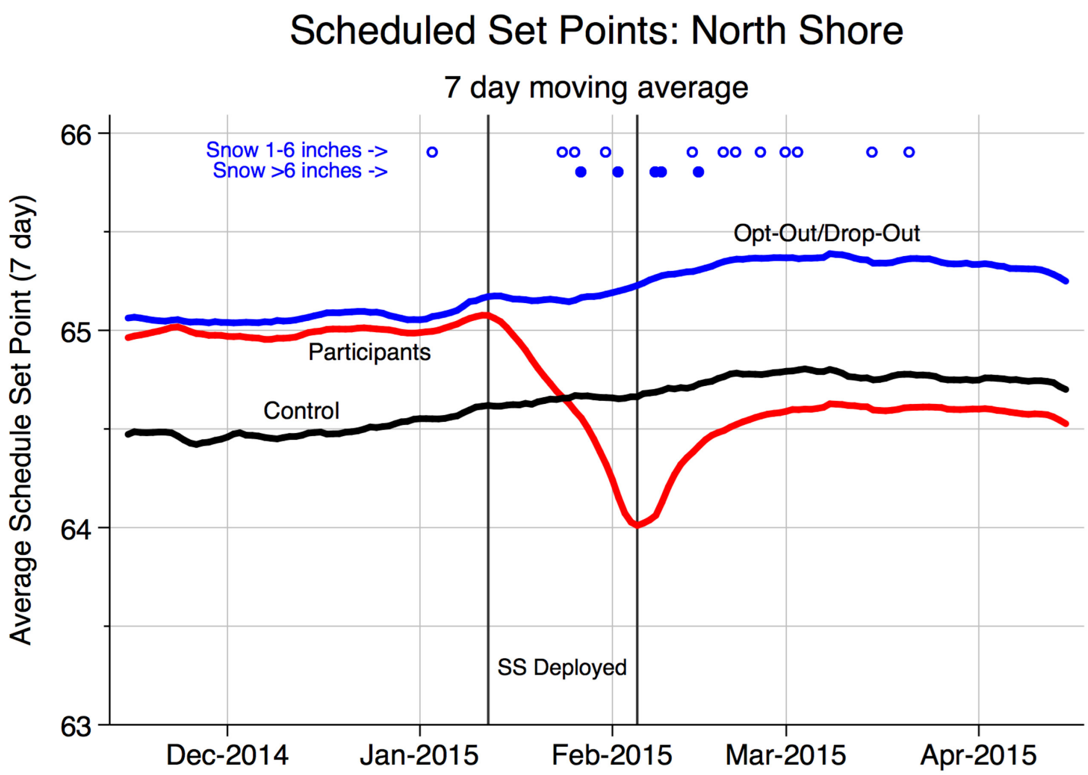

Figure 5. Scheduled Set Points Over Time: North Shore

Prior to deployment of Seasonal Savings, the Massachusetts customers had higher set points than the control group by about a half degree. The participants then show a clear drop of more than 1°F during the algorithm deployment and then a fairly significant increase in the few weeks after Seasonal Savings finished – giving back about half the gains. During this same period the control group and the opt-out groups both experienced gradual but clear increases in set points. The graph show similar behavior over time for the control group and the opt-out group, suggesting that the opt-out group may have served as a viable control group.

A few weeks after the algorithm ran, the set points had stabilized for all three groups, implying that any degradation in impacts occurred quickly and then leveled out. A key question is what role the multiple major snow storms played in suppressing the impact of Seasonal Savings and especially in the set point increases in the following few weeks.

Figure 6 explores the changes in greater detail -- plotting the change in set point for each date compared to the same day seven days prior (therefore accounting for day of week variations).

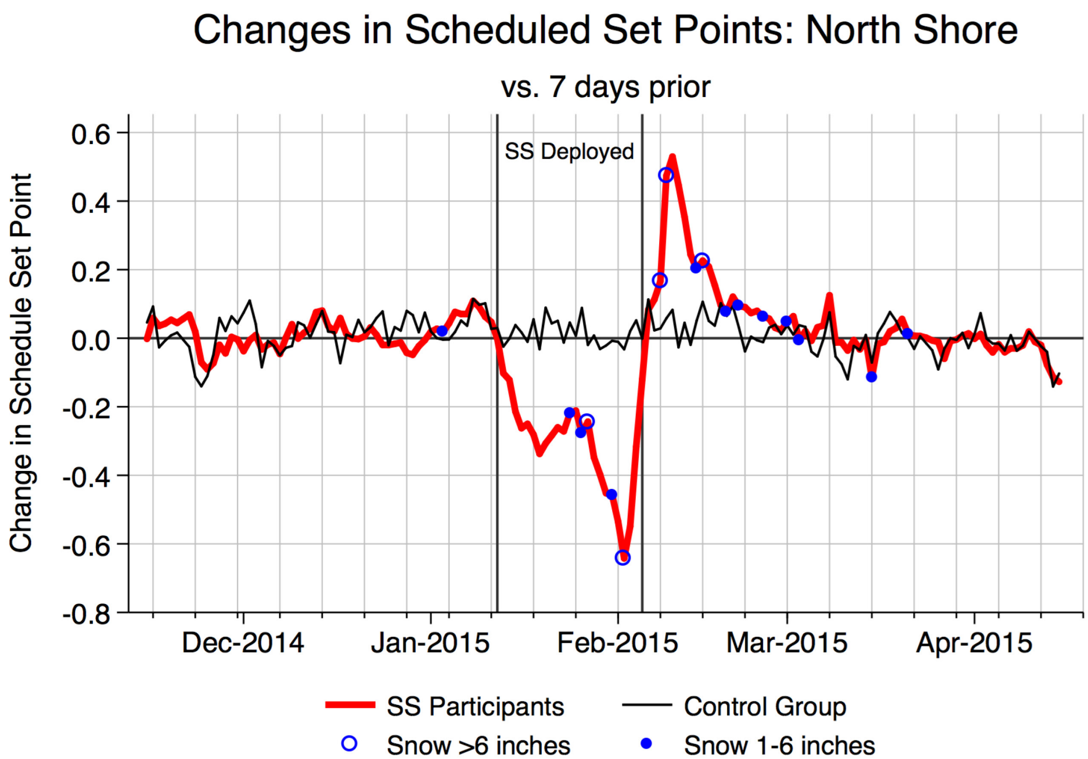

Figure 6. Change in Scheduled Set Point vs. 7 days prior

For clarity, this plot only shows participants and the control group and snowstorms are shown as symbols on the line. It appears that snowstorms may have reduced the algorithm impacts (snow coinciding with the stutter in the set point declines around the middle of the deployment) and also contributed to the reversion in set points shortly after the algorithm completed. After about two or three weeks, participant set point changes settled down and became similar to the control group. The post-deployment decline in algorithm impacts was immediate and short lived, suggesting no further on-going degradation in savings after the initial couple of weeks. Other regions showed similar.

Data from next winter will be needed to confirm that the remaining savings persist, but it appears that they may have based on this data.

Run Time Analysis

The run-time based analysis employed two methods that are each based on standard billing data analysis approaches – a house-level pre/post treatment/comparison weather normalization and a pooled fixed effects econometric analysis. The house level analysis provides useful insights into savings variability but the pooled model is easier to replicate, involves fewer analytical decisions, and can potentially account for the impacts of snowfall and Away mode on run time.

Findings: House Level Run Time Analysis

The house level weather normalization analysis employed a variable-base degree day ratio estimation. Ratio estimation results were screened for reliability based on having at least 10 days of data in the pre and post treatment periods and having a reasonable model fit as indicated by a CV(RMSE) of less than 65%. In addition, a small fraction of cases with extreme changes in usage were classified as outliers (% change in usage greater than 2.5 interquartile ranges from the median percent change in usage). The data screening caused about 25% overall attrition, with the vast majority due to the CV(RMSE) requirement.

An initial analysis was performed based on the standard definition of the post-treatment period as starting when the algorithm deployment finished. This analysis found a net 3.5% reduction in run time, equal to 29 hours in annual runtime reduction. But the significant changes in set points in the few weeks after deployment suggests that this annualized savings value may over-state actual impacts. The ratio estimation was repeated with the post-treatment period starting on the day the algorithm deployed so that the full savings over the course of the winter could be assessed. The impacts for the actual post treatment period through the end of April 2015 were then calculated based on these results. The analysis is summarized in Table 4.

Table 4. Heating Savings: Run-Time Analysis VBDD ratio estimation

		Annual Runtime (hours/year)			
Group	**# T-stats**	**Pre**	**Post**	**Savings**	**%Savings**
Seasonal Savings	14,883	826	776	50	6.1% ±0.4%
Control Group	7,442	797	773	23	2.9% ±0.6%
Net Annual Savings				**27 ±6**	**3.2% ±0.7%**
Net Savings Jan 2015 – Apr 2015				**17.4 ±3.6**	**3.2% ±0.7%**

Note: ± values are 95% confidence intervals on the means

Weather-adjusted annualized run-time for the Seasonal Savings participants declined by 50 hours but the control group experienced an average 23 hour reduction yielding a net savings estimate of 27 hours per year. These savings equal 3.2% of heating use. The savings actually achieved from deployment through the end of April are estimated at 17 hours of run time based on the actual weather experienced.

Savings were estimated to be a little larger for homes with gas heat compared to those with other types of heat (3.6% vs. 2.3%) but the difference was not statistically significant.

Participants in the analysis had an average of 1.9 Nest thermostats per home. Overall, 58% of participants had one Nest thermostat, 28% had two thermostats, and 14% had three or more thermostats. The estimated net savings were larger for homes with two or more thermostats -- averaging 32 hours of run time per thermostat (3.8% ±1.0% heating savings). Based on available customer-reported data, home size averaged 2,572 sq.ft. overall but was 1,811 sq.ft. for homes with one thermostat compared to 3,016 sq.ft. for homes with multiple thermostats (2,558 sq.ft. for homes with two thermostats, and 3,610 sq.ft. for homes with three or more thermostats).

The 3.2% savings reported in Table 4 are a little less than the 4.0% savings reported in Table 3 from the set point analysis averaged over the 8 weeks. But this difference should be expected given two potential sources of over-estimation in the set point analysis -- being based solely on schedule set points (omitting the impact of Away mode and manual adjustments) and the larger set point reductions at night (which may save less than 4%/°F since night set back temperatures aren't always binding).

Findings: Pooled Run Time Analysis

The pooled run time analysis involved using a single regression model of the daily run time for all participants and control group customers. This type of pooled modeling is commonly employed in billing data analysis studies. Two different model specifications were analyzed:

1. a base model that fit daily heating run time as a function of heating degree days (HDD base 60°F), and indicator variables for participation and for the post treatment period and interactions between degree days and participation and also the post treatment period.
2. An expansion of the base model to include variables for snowfall and for time spent in Away mode and an interaction between Away mode and HDD60. Away mode was considered an exogenous factor unrelated to Seasonal Savings participation. The purpose of the expanded model was to account for additional factors expected to affect heating run time and develop more precise estimates.

The models were fit using a fixed-effects regression model that included thermostat-specific effects. Differences in the relative size of the control group for each region and the potential for different impacts in different regions led to fitting a separate model for each region and then combining the estimated impacts based on the size of the participant population in each region.

The models defined the pre and post treatment periods as before and after January 12, 2015 – just as in the ratio estimation approach. The inclusion of the algorithm deployment period should lead to slightly lower percent savings but capture a greater overall level of savings. The results of this analysis are summarized in Table 5. The detailed regression modeling output is shown in Table 6.

Table 5. Heating Savings: Run Time Analysis Pooled Fixed Effects

		Analysis Sample Size		% Heating Savings	
Region	% Pop	Participants	Device-Days	Base Model	Full Model
Boston & South Shore	34.3%	6,645	1,343,505	4.0% ±0.4%	4.0% ±0.4%
North Shore /NE	46.2%	9,501	2,057,098	2.5% ±0.3%	2.9% ±0.3%
Central	9.2%	1,900	735,816	4.3% ±0.4%	4.2% ±0.4%
Western	1.8%	246	427,004	-1.9% ±1.4%	-1.1% ±1.4%
Cape/islands	8.5%	923	300,106	5.9% ±0.9%	5.2% ±0.9%
Total	**100%**	**19,215**	**4,863,529**	**3.4%** ±0.4%	**3.5%** ±0.4%

Table 6. Pooled Fixed Effects Model Output

	Boston/ S Shore		North Shore / NE		Central		Western		Cape/Islands	
Model specification->	Basic	Full	Basic	Full	Basic	Full	Basic	Full	Basic	Full
# observations	1,343,505	1,343,505	2,057,098	2,057,098	735,816	735,816	427,004	427,004	300,106	300,106
SS customers	6,645	6,645	9,501	9,501	1,900	1,900	246	246	923	923
Control Customers	1,860	1,860	3,572	3,572	2,798	2,798	2,502	2,502	974	974
Coefficients / t-stats										
hdd60	0.1728	0.1838	0.156	0.1666	0.1671	0.1758	0.1561	0.1744	0.1615	0.1788
	286.15	305.19	357.94	381.2	338.88	350.39	212.04	226.28	158.53	173.94
hdd60_treat	-0.0008	-0.0005	0.0182	0.0155	-0.0008	-0.0019	0.0148	0.0081	0.0079	0.0094
	-1.12	-0.79	35.64	30.88	-1.11	-2.47	5.76	3.34	5.42	6.69
Post	-0.0167	-0.0151	0.0337	0.0347	0.1495	0.1399	-0.0472	0.0278	-0.2519	-0.2192
	-0.87	-0.8	2.21	2.32	9.16	8.68	-1.75	1.09	-8.05	-7.25
post_treat	0	-0.0024	0.013	-0.003	0.0432	0.0325	0.2919	0.2788	-0.0696	-0.1173
	0	-0.11	0.74	-0.18	1.68	1.28	3.09	3.13	-1.55	-2.71
post_hdd60	-0.0006	-0.0012	-0.0052	-0.005	-0.0035	-0.0032	-0.0022	-0.0022	0.0112	0.0102
	-0.82	-1.7	-10.21	-9.98	-6.07	-5.64	-2.58	-2.7	9.1	8.52
post_hdd60_treat	-0.0063	-0.0062	-0.0044	-0.0045	-0.008	-0.0075	-0.0061	-0.0069	-0.0068	-0.0039
	-7.76	-7.85	-7.45	-7.63	-9.01	-8.55	-2.07	-2.5	-3.77	-2.24
awayhrs		0.0124		-0.0007		0.0078		-0.0625		-0.0364
		17.37		-1.15		7.79		-52.38		-29.79
awayhrs_hdd60		-0.003		-0.0025		-0.0026		-0.0024		-0.0026
		-121.78		-135.53		-80.03		-73.69		-62.62
snowfall		-0.0007		-0.0037		-0.0084		-0.0108		0.0391
		-0.72		-5.27		-4.63		-3.23		11.68
constant	-0.3555	-0.3846	-0.4317	-0.398	-0.5017	-0.5032	-0.7175	-0.0491	-0.3632	-0.0499
	-50.5	-50.95	-70.61	-61.64	-48.4	-46.05	-33.76	-2.12	-21.94	-2.66

Both pooled models estimated that Seasonal Savings reduced heating usage by about 3.5% -- very close to the 3.2% found from the house level ratio estimation approach. The addition of the snowfall and Away mode variables barely affected the overall estimated savings but did reduce the variance in estimates across regions – implying that the estimates are more reliable.

The estimated savings varied by region, but the estimates for the Western and Cape/Island regions were based on fairly small samples with larger uncertainty and only represent about 10% of the overall participant population.

The run time savings for this past winter were calculated using the actual elapsed heating degree days and days. The resulting estimate is a 15.1 hour reduction in run time – a little less than the 17.4 hours estimated from the ratio estimation approach. The slightly higher percent savings yet slightly lower absolute hours savings can be explained by differences in the sample composition and weighting – the ratio estimation sample is about 25% smaller primarily due to screening criteria on the thermostat-specific model fit.

Peak Day Impacts

One of the goals of the analysis was to estimate the impacts of Seasonal Savings on peak day gas throughput. We used the pooled model results to estimate the savings on the ten peak days of heating system run time in the post treatment period. Heating system run time on these ten peaks days ranged from 7 to 9 hours and averaged 7.6 hours. For the 14,756 gas heated homes, the aggregate reduction in peak day gas use is estimated at 305 Mcf and ranged from 282 Mcf to 361 Mcf.

Fuel and Cost Savings

The three analysis methods provided fairly consistent estimates of the impacts of Seasonal Savings – 3.2%-3.5% for the run time analysis results and about 4.0% for the analysis based on set points. Considering the potential biases and the advantages and disadvantages of each approach, we believe the pooled fixed effects estimate using the full model is the best estimate to use for the overall savings. Converting this estimate into fuel and cost savings requires making assumptions about system fuel input rates and appropriate energy costs.

We estimated an average heating system input rate of 80,000 Btu/hour based on data from a recent evaluation of the Massachusetts High Efficiency Heating Equipment program[24]. As a cross check, we calculated the implied annual gas heating usage using this input rate and the 826 hours of average annualized run time from the ratio estimation, yielding 661 therms per thermostat. This value is about 13% less than the 760 therm annual household average natural gas use estimate on the DOER web site[25] but it makes sense given the frequency of multi-system homes.

[24] see p.53 in http://ma-eeac.org/wordpress/wp-content/uploads/High-Efficiency-Heating-Equipment-Impact-Evaluation-Final-Report.pdf

[25] see http://www.mass.gov/eea/energy-utilities-clean-tech/misc/household-heating-costs.htm

We used the same 80 Kbtu/hr estimated input for all fuels, although it is likely an under-estimate for oil (equal to just 0.58 gph).

For the few homes with electric heat pumps, we assumed an overall seasonal efficiency of 2.5 COP and adjusted the Btu input accordingly. For energy costs, we estimated $1.55/therm of natural gas, $3.13/gallon of heating oil, $3.09/gallon of propane, and $0.15/kWh of electricity based on data from the DOER web site.

Table 7 summarizes the fuel and cost savings based on these heating system input rates and energy costs and using the 2015 run time savings of 15.1 hours from the pooled model.

Table 7. Fuel and Cost Savings: Winter 2015

		Savings/Unit		Savings/Home		Aggregate Savings	
Fuel	**% Units**	**Fuel**	**$**	**Fuel**	**$**	**Fuel**	**$**
Natural Gas (therms)	73.4%	12.1	$18.72	25.0	$38.76	178,257	$276,297
Oil (gals)	20.7%	8.7	$27.20	18.3	$57.12	36,096	$112,982
Propane (gals)	3.4%	13.0	$40.14	31.2	$96.33	8,748	$27,031
Electric (kWh)	2.6%	142	$21.24	256.3	$38.45	73,455	$11,018
Total	**100%**		$21.26		$44.47		$427,329

The overall savings is estimated at about $21 per thermostat, $44 per customer and more than $400,000 in aggregate.

The fuel and cost savings reported don't include three more sources of additional savings:

- savings that occurred (or will occur) after April 2015
- savings for customers who opted in to Seasonal Savings but exited early (although they showed some set point reductions)
- savings in electricity consumption of fuel-fired heating systems due to furnace fans, boiler pumps, and other electric use. These savings may have been about $1 per thermostat.

The overall savings from these factors may be significant relative to the savings reported in Table 7.

Further Observations

In addition to the issue of excluding savings after April 2015 and from early exit customers, there are two other factors that may have limited the savings from this specific deployment of the Seasonal Savings algorithm:

1. The record setting snowfall and associated school and business closings during this past winter coincided with the algorithm deployment and may have reduced the impacts from Seasonal Savings and contributed to the decline in savings over time.
2. The algorithm wasn't deployed until January 12^{th} and ran through early/mid February, limiting the savings to about half the winter. If the algorithm had been deployed at the start of December, the savings for this winter would have been about 40% larger than the 15 hours reported here.

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): 17-E

Subject of AL: Request for Approval of MCE Seasonal Savings Pilot Program

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.09-09-047

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: September 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.

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)

OPENING COMMENTS OF MARIN CLEAN ENERGY ON THE PROPOSED DECISION ADDRESSING COMPETITIVE SOLICITATION FRAMEWORK AND UTILITY REGULATORY INCENTIVE PILOT

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November 30, 2016

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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)

OPENING COMMENTS OF MARIN CLEAN ENERGY
ON THE PROPOSED DECISION ADDRESSING COMPETITIVE SOLICITATION FRAMEWORK AND UTILITY REGULATORY INCENTIVE PILOT

I. INTRODUCTION

Pursuant to Rule 14.3 and the directions set forth in the *Proposed Decision Addressing Competitive Solicitation Framework and Utility Regulatory Incentive Pilot* ("PD") issued on November 10, 2016, Marin Clean Energy ("MCE") respectfully submits the following comments on the PD.

MCE supports the majority of the PD, but strongly urges the Commission to direct the Energy Division ("ED") to work with a third party to produce an unbiased Pilot Evaluation Report, in consultation with the Investor-Owned Utilities ("IOUs"). Additionally, MCE asks the Commission to confirm that the Pilot Evaluation Report will include the costs and benefits associated with the pilot.

II. THE ENERGY DIVISION SHOULD CONTRACT WITH A THIRD PARTY TO CONDUCT THE POST-PILOT EVALUATION

The Commission should direct the ED to manage the development of the Pilot Evaluation Report instead of the Investor Owned Utilities ("IOUs") to neutrally reflect the lessons learned from the pilot, and the costs and benefits associated with the pilot. Relying on the IOUs to complete the Pilot Evaluation Report with input from the Distribution Planning Advisory Group ("DPAG") and the Procurement Review Group ("PRG") creates several problems. First, placing the IOUs in the role of evaluating the results of their own pilots may create a conflict of interest. Second, the process of reviewing the Pilot Evaluation Report will likely be resource intensive, and members of the DPAG and the PRG may not have sufficient time to provide input. For these reasons, MCE recommends that the Commission adopt the Office of Ratepayer Advocate's ("ORA") proposal, in which the ED will contract with an independent third party to conduct the performance evaluation. The third party should consult with the IOUs, as well as the DPAG and the PRG, in the planning and execution of the study.[1]

The Commission has committed an error of fact by stating in the PD that it "has required the Utilities to pursue pilots and submit evaluation reports on pilots," and therefore it is reasonable for the Utilities to evaluate the performance of their own pilots.[2] The PD does not reflect the fact that the Commission also has an established history of allowing the ED to conduct performance evaluations for Energy Efficiency ("EE") programs. For example, Decision (D.) 05-01-055 directed the ED to work with third-party evaluators to independently perform evaluation on programs and pilots in order to avoid potential conflict of interest.[3] The Commission should continue to support this precedent in the IDER proceeding, so the achievements of the pilot can be measured and evaluated independently and avoid any conflict of interest.

Additionally, in order for the DPAG and the PRG to provide meaningful input on the evaluation, participating entities will need to contribute significant staff resources, thus creating a barrier for those who have resource constraints. Selecting a third-party evaluator through the Commission's existing Request for Proposal ("RFP") process will relieve the burden on the

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[1] ORA Opening Comments to the Ruling, September 15, 2016 at pages 5-6.
[2] PD at 48.
[3] D. 05-01-055 at page 115.

members in the DPAG and the PRG, and this does not preclude them from providing feedback on the evaluation before distributing it to a wider group of stakeholders.

MCE strongly urges the Commission to reconsider directing the ED to manage the performance evaluation instead of allowing the IOUs to conduct their own evaluation. Though this pilot's scale may be limited, the Pilot Evaluation Report can play a large role in shaping future pilots, programs, and policies that can change the electricity industry business model. Therefore, it is vital for the evaluation to be done without any conflict of interest, in order to objectively present the pilot's successes and identify areas that need improvement.

III. THE PILOT EVALUATION REPORT SHOULD INCLUDE THE DISTRIBUTED ENERGY RESOURCE CONTRACT COSTS

The Commission should confirm that the Pilot Evaluation Report will include the costs and benefits associated with each IOU's pilot to avoid committing and error of law and ensure that the pilot does not result in a shifting of costs between CCA and IOU customers.[4] The Pilot Evaluation Report should provide an estimate for the proposed allocation in the IOUs' Generate Rate Case ("GRC") applications. This approach is currently implied, but should be explicitly stated. Specifying the costs and benefits would provide the necessary transparency that allows parties to examine whether the costs and benefits are appropriately assigned to the generation and distribution functions based on the principle adopted in the PD. The assignment of these costs and benefits will determine billing for bundled and unbundled customers.

MCE agrees with the PD that "the value of any energy, generation capacity, and ancillary services provided by the distributed energy resources should be recovered from bundled customers

[4] Public Utilities Code Section 365.2 directs the Commission to "ensure that departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load."

through the Energy Resource Recovery Account."[5] MCE also supports the Commission directing the IOUs to include the distributed energy resource ("DER") contract costs in their next GRC applications.[6] To ensure that the costs and values of DERs are attributed accurately in a transparent manner, such information should made available in the Pilot Evaluation Report. Doing so would allow stakeholders to review the potential cost allocation and ensure that cost-shifting does not occur between unbundled and bundled ratepayers.

IV. CONCLUSION

MCE thanks Assigned Commissioner Florio and Assigned Administrative Law Judge Hymes for the opportunity to provide these comments on the PD.

Respectfully submitted,

/s/ C.C. Song

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November 30, 2016

[5] PD at page 55.
[6] PD at page 55.

Appendix A

MCE's Proposed Changes to Ordering Paragraphs of the Proposed Decision

Findings of Fact

77. There are many examples where the Commission has required the ~~Utilities to pursue pilots and submit evaluation reports~~ Energy Division to manage an independent third-party to conduct performance evaluation of Utility-administered energy programs.

Order

11. The Commission's Energy Division will implement Step Four of the Utility Regulatory Incentive Mechanism Pilot (Incentive Pilot) by hosting a workshop to discuss the contents of the advice letters filed pursuant to Ordering Paragraph 10. The Energy Division will ~~also~~ establish a schedule to allow for protests or response to the advice letters following the workshop and, subsequently, issue a proposed resolution addressing the advice letters. The Energy Division will also leverage the existing Request for Proposal practice to select an independent evaluator for the Incentive Pilot. These tasks should be concluded within ten months following the issuance of this decision.

14. No later than 90 days following the filing of the Tier One Advice Letter in Ordering Paragraph 13, ~~Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (jointly, the Utilities)~~ the independent third party shall complete Step Seven of the Utility Regulatory Incentive Mechanism Pilot (Incentive Pilot), by filing the first of the two-part Incentive Pilot evaluation. With input from the Distribution Planning Advisory Group (Distribution Planning Advisory Group), Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company

(jointly, the Utilities), the first part of the evaluation shall thoroughly respond to the following questions:…

15. No later than 90 days following the filing of the Tier One Advice Letter in Ordering Paragraph 13, ~~Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (jointly, the Utilities)~~ the independent third party shall complete Step Seven of the Utility Regulatory Incentive Mechanism Pilot (Incentive Pilot), by filing the first of the two-part Incentive Pilot evaluation.

17. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company are authorized to create memorandum accounts to track the incremental administrative costs of the Incentive Pilot. The recorded costs shall be included in the Pilot Evaluation Report.

19. The cost of the annual payments to the distributed energy resource provider shall be considered pre-approved for recording in a balancing account and recovery in the next general rate case for that utility. The contract costs and the value of any energy, generation capacity, and ancillary services shall be included in the Pilot Evaluation Report. Pacific Gas and Electric Company's, San Diego Gas & Electric Company's, and Southern California Edison Company's distribution spending request in their general rate cases shall be reviewed to ensure that no double recovery of traditional distribution spending occurs.

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)

REPLY COMMENTS OF MARIN CLEAN ENERGY ON THE PROPOSED DECISION ADDRESSING COMPETITIVE SOLICITATION FRAMEWORK AND UTILITY REGULATORY INCENTIVE PILOT

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December 5, 2016

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BEFORE THE PUBLIC UTILITIES COMMISSION
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REPLY COMMENTS OF MARIN CLEAN ENERGY ON THE PROPOSED DECISION ADDRESSING COMPETITIVE SOLICITATION FRAMEWORK AND UTILITY REGULATORY INCENTIVE PILOT

I. INTRODUCTION

Pursuant to Rule 14.3 and the directions set forth in the *Proposed Decision Addressing Competitive Solicitation Framework and Utility Regulatory Incentive Pilot* ("PD") issued on November 10, 2016, Marin Clean Energy ("MCE") respectfully submits the following reply comments.

MCE's reply comments respond to the comments submitted by the California Energy Efficiency Industry Council ("CEEIC") and the alternative cost recovery proposal put forth by the Joint Utilities. MCE recommends:

- The Commission should reject CEEIC's comments related to non-Investor Owned Utilities ("IOU") Load Serving Entities ("LSEs"), as those comments do not address any factual or legal errors, and contain flawed arguments.
- The Commission should also reject the Joint Utilities' proposal to review proposed cost allocation methodology through Tier 2 advice letters instead of the next General Rate Case ("GRC").

- The Commission should continue to direct the IOUs to include the costs and benefits of the DER contracts in the next GRC to avoid cost-shifting between the generation and distribution functions.

II. THE COMMISSION SHOULD NOT ASSIGN ANY WEIGHT TO CEEIC'S COMMENTS RELATED TO NON-IOU LSES

Rule 14.3 of the Commission Rules of Practice and Procedure indicates that parties may file comments on a proposed decision that "focus on factual, legal, or technical errors" in the proposed decision.[1] CEEIC's comments related to non-IOU LSEs do not address any errors, and are not supported by any applicable law. Those comments should be accorded no weight as stated in Rule 14.3.

CEEIC states in its opening comments that the PD is silent on the role of non-IOU LSEs.[2] This is not a factual, legal, or technical error, and is an attempt to introduce new evidence into the record. This is inappropriate at this point of the proceeding, and the Commission should reject CEEIC's comments in accordance with Rule 14.3(c).

Furthermore, the Competitive Solicitation Framework Working Group ("CSFWG") report labeled the non-IOU LSE discussion as a "Non-Element Discussion" because it "did not directly support one of the Scoping Memo and Ruling elements."[3] The non-IOU LSE discussion was clearly out of the scope of the CSFWG, and did not relate to any of the seven elements spelled out in the Scoping Memo issued on March 24, 2016.[4] Thus, the role of non-IOU LSEs does not merit any discussion in the PD.

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[1] Rule 14.3 of the Commission Rules of Practice and Procedure at page 77.
[2] Opening Comments of CEEIC at page 10.
[3] CSFWG Report at page 55.
[4] PD at page 6.

III. <u>CEEIC'S COMMENTS CONTAIN CRITICAL ERRORS AND SHOULD BE REJECTED</u>

In addition to violating Rule 14.3, CEEIC's comments commit several factual and legal errors. First, in its Proposed Changes to Findings of Fact, CEEIC claims that because CCAs are government agencies, they cannot be market participants in the competitive marketplace.[5] This argument is fundamentally flawed as there is no prohibition in state law against government entities competing in the open market, and CCAs already directly compete with IOUs in the electricity marketplace as electricity generation service providers. To an extent, CCAs are government entities that are specifically established to compete with the private sector to spur healthy competition, customer choice, and innovation.

Furthermore, the bids submitted to an Energy Efficiency ("EE") Program Administrator will not be analogous the bids submitted to a distribution investment deferral solicitation. Whereas the distribution investment deferral solicitation bids have to provide specific services, such as voltage support and reliability,[6] EE program bids will not have to meet those requirements. CCAs will not have the ability to extrapolate the information EE providers will potentially bid into the IOUs' distribution deferral solicitation simply based on bids submitted to CCAs' EE programs.

Finally, specific safeguards can be established to ensure that solicitation requirements are open and fair, and any legitimate concerns, as opposed to broad assumptions, about CCAs having an unfair advantage could be specifically addressed to achieve competitive neutrality. These measures could include disclosure requirements, specific agreements between the CCA and its suppliers regarding use of shared information, and bidding as public-private partnerships. In some

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[5] Opening Comments of CEEIC at page 13.
[6] PD at page 8.

cases, a CCA and a private entity could also negotiate agreements to not compete on certain solicitations.

IV. THE TIER 2 ADVICE LETTERS SUBMITTED BY JOINT UTILITIES DOES NOT OFFER SUFFICIENT TRANSPARENCY ON COST ALLOCATION

The Joint Utilities' recommendation to include the cost allocation of DER contracts in Tier 2 advice letters should be rejected.[7] Tier 2 advice letters are insufficient for the purpose of ensuring that the costs of the Distributed Energy Resource ("DER") contracts are allocated properly to the generation and distribution functions. At the time of the Tier 2 advice letter filing, the IOUs may not know the full value of energy, generation capacity, and ancillary services that may incur by the contracts. Therefore, the IOUs may not be able to accurately assign costs and benefits to the generation and distribution functions, which would lead to inappropriate cost-shifting between bundled and unbundled ratepayers.

The Commission should uphold the proposal in the PD and direct the IOUs to include the DER contract costs in their next GRC applications. Doing so will ensure that the costs and values of DERs are attributed accurately in a transparent manner.

V. CONCLUSION

MCE thanks Assigned Commissioner Florio and Assigned Administrative Law Judge Hymes for the opportunity to provide these comments on the PD.

[7] Opening Comments of Joint Utilities at page 5.

Respectfully submitted,

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements	))))))	Rulemaking 16-02-007 (Filed February 11, 2016)

INFORMAL COMMENTS OF THE CITY OF LANCASTER,
MARIN CLEAN ENERGY AND SONOMA CLEAN POWER AUTHORITY
ON THE STAFF WHITE PAPER

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements	))))))	Rulemaking 16-02-007 (Filed February 11, 2016)

INFORMAL COMMENTS OF THE CITY OF LANCASTER, MARIN CLEAN ENERGY AND SONOMA CLEAN POWER AUTHORITY ON THE STAFF WHITE PAPER

Pursuant to instructions provided by the Energy Division of the Public Utilities Commission of the State of California ("Commission"), the City of Lancaster ("Lancaster"), Marin Clean Energy ("MCE"), and Sonoma Clean Power Authority ("SCPA") (collectively, "CCA Parties") hereby submit informal comments in response to the Commission Staff White Paper on *Implementing GHG Planning Targets in the Integrated Resource Planning Process* ("White Paper"), which was distributed to parties in the Integrated Resource Planning ("IRP") proceeding on November 15, 2016.

I. General Comment

The CCA Parties welcome the opportunity to provide feedback on the White Paper. The CCA Parties appreciate the complexity of the task before the Commission, and believe that the White Paper is a reasonable first step that contains positive elements to build upon. At the same time, the CCA Parties are concerned by the fact that the White Paper proposes an implementation process that sets Greenhouse Gas ("GHG") targets for all categories of Load Serving Entities ("LSE"), including Investor-Owned Utilities ("IOU"), Energy Service Providers ("ESP"), and Community Choice Aggregators. The Commission should not apply this "one size fits all" approach, especially because doing so would exceed the Commission's jurisdiction, and would be clearly inconsistent with Senate Bill ("SB") 350's treatment of Community Choice Aggregators' IRPs.

The Commission's statutory authority over Community Choice Aggregators' IRPs is limited and circumscribed. The Commission does not have general jurisdiction over Community Choice Aggregators. With regard to Community Choice Aggregator procurement, Public Utilities Code Section 366.2(a)(5) specifically limits the Commission's jurisdiction to those areas where Commission oversight has been "expressly authorized by statute."[1] All aspects of Community Choice Aggregator's IRPs, including decisions regarding how to meet GHG targets and how to evaluate GHG target compliance, are a part of Community Choice Aggregator procurement planning. Thus, under Section 366.2(a)(5), Community Choice aggregators have independent authority over GHG target compliance issues.

Under the Proposed Process in the White Paper, the Commission would be responsible for using the statewide GHG planning target adopted for the electric sector by the California Air Resources Board ("CARB") to develop GHG reduction targets for all LSEs. The White Paper offers four possible approaches for achieving this. Under all four options, the Commission would determine *how* GHG target compliance would be measured, and would evaluate, and presumably approve or deny, each LSE's IRP based on the Commission's determination as to whether the IRP meets Commission-imposed GHG targets. Specifically, the Commission would assign LSE-specific GHG targets (Options 1 and 2); evaluate LSE plans to determine whether, in the Commission's judgment, the plan is consistent with overall GHG goal (Option 3); or require that LSEs use a proxy price for carbon to develop their portfolios (Option 4), and thereby demonstrate to the Commission that these portfolios are reasonable.

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1 All further statutory references are to the Public Utilities Code, unless otherwise noted.

Several elements of the Proposed Process would significantly exceed the Commission's statutory jurisdiction over Community Choice Aggregators. Neither SB 350 nor any other statute *expressly* grants the Commission the authority to:

- Set GHG targets for Community Choice Aggregators, including statewide, regional, or LSE-specific targets. SB 350 clearly vests this authority in CARB.
- Make any binding determination regarding a Community Choice Aggregator's share of any GHG target set by CARB.
- Require that Community Choice Aggregators' IRPs be developed using Commission-imposed inputs, assumptions, or methodologies, including those related to GHG emissions.
- Require that Community Choice Aggregators' IRPs be based on, or comply with, the Commission's reference system plan or preferred plan, including those aspects related to GHG targets.
- Approve, deny, or modify Community Choice Aggregators' IRPs based on any factor, including compliance with GHG targets. This authority is vested entirely in each Community Choice Aggregator's board of directors.

The White Paper has not cited any statute that would grant the Commission authority to set or enforce GHG targets for Community Choice Aggregators. The White Paper states that Section 454.52(a)(1) provides the Commission with statutory authority to set and implement GHG targets for LSEs as part of the IRP process. This Section states, in relevant part:

> Commencing in 2017, and to be updated regularly thereafter, the Commission shall adopt a process for each load-serving entity, as defined in Section 380, to file an integrated resource plan, and a schedule for periodic updates to the plan, to ensure that load-serving entities do the following:
>
> (A) Meet the greenhouse gas emissions reduction targets established by the State

> Air Resources Board, in coordination with the commission and the Energy Commission, for the electricity sector and each load- serving entity that reflect the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030.

The White Paper's universal reliance on this language is misplaced. While Section 454.52(a) sets forth a general rule for LSEs, Section 454.52(b)(3) unambiguously provides an exemption to this rule for Community Choice Aggregators, and provides an alternative set of requirements. Section 454.52(b)(3) states, in relevant part:

> The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of Section 366.2, and shall achieve the following:
>
> (A) Economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in paragraph (1) of subdivision (a).

There are several significant differences between the general IRP process set forth in Section 454.52(a) relating to other LSEs and the separate IRP process set forth in Section 454.52(b)(3) for Community Choice Aggregators. Under the general rule, other LSEs are required to "file" their IRPs with the Commission according to a Commission-adopted process, while under the CCA-specific rule, Community Choice Aggregators are merely required to "provide" their IRPs to the Commission. Under the general rule, other LSEs' IRPs are required to "meet" the GHG requirements established by CARB, while under the CCA-specific rule, Community Choice Aggregators' IRPs are required to be "consistent with" GHG goals. Finally, under the general rule, read in the context of the Commission's general jurisdiction over other LSEs, the Commission has the authority to approve, deny, or modify other LSEs' IRPs. In contrast, in the CCA-specific rule, the authority to approve, deny, or modify a Community Choice Aggregator's IRP is vested entirely in the Community Choice Aggregator's governing board.[2]

Given the Commission's lack of substantive jurisdiction over Community Choice Aggregators' IRPs, several aspects of the White Paper would be problematic if applied to Community Choice Aggregators. In general, a GHG implementation process that allows the Commission to unilaterally set GHG targets for Community Choice Aggregators requires that Community Choice Aggregators prepare their IRPs in a manner prescribed by the Commission, or attempts to approve, deny, or modify a Community Choice Aggregator's IRP, would exceed the Commission's jurisdiction and would violate the separate process for Community Choice Aggregator IRPs set forth in Section 454.52(b)(3).

As a practical matter, the CCA Parties anticipate that Community Choice Aggregators will closely collaborate with the Commission in developing IRPs that are "consistent with" the GHG reduction targets adopted by CARB. However, collaboration must be voluntary and must occur in a manner that respects Community Choice Aggregators' procurement independence. Moreover, this collaborative approach must not blur jurisdictional lines by merging or otherwise integrating the statute's separate IRP requirements and process for Community Choice Aggregators with those applicable to other ESPs. All parties are best served by a collaborative approach that recognizes that the Commission and Community Choice Aggregators are fellow public agencies that are committed to the public good and are working towards the same

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[2] Although Section 454.52(b)(3) does require that Community Choice Aggregators provide their IRPs to the Commission for "certification," this requirement only grants the Commission ministerial authority over Community Choice Aggregator IRPs. In the context of the Commission's regulation of Community Choice Aggregators, the meaning of the term "certification" is firmly established, and does not include substantive authority to approve or reject a Community Choice Aggregator's filing. (See D.05-12-041, p. 14, finding that absent express statutory language otherwise, Commission's authority to "certify" a Community Choice Aggregator's implementation plan does not grant the Commission the authority to approve or disapprove an implementation plan or modifications to it).

statutorily-established goals.

II. Responses to Specific Questions

Question 1:

Are the five objectives for GHG target-setting consistent with statutory, Commission, or other requirements for the IRP process? If not, please identify the objective, explain the inconsistency, and suggest how the inconsistency should be resolved.

Response to Question 1:

Several of the objectives set forth in the White Paper, if applied to Community Choice Aggregators, would be inconsistent with SB 350 or other statutory requirements, or would otherwise exceed the Commission's jurisdiction.

If applied to Community Choice Aggregators, Objective 1 would significantly exceed the Commission's jurisdiction. Objective 1 states: "GHG planning targets should be developed jointly by the CPUC, California Air Resources Board, and California Energy Commission [("CEC")] in a manner that is transparent and accessible to the public." However, under SB 350, CARB has the sole authority to "establish" GHG planning targets, while the role of the Commission and CEC is limited to "consulting" CARB on the targets.[3] SB 350 does not grant the Commission the authority or responsibility to "jointly develop" any GHG targets. The CCA Parties do not take a position on whether the Commission's general jurisdiction over other LSEs provides it with the authority to assign GHG targets over other LSEs. However, given the Commission's limited jurisdiction over Community Choice Aggregators and the fact that SB 350 does not expressly grant the Commission the authority to set GHG targets for Community Choice Aggregators, Objective 1 is not appropriate for Community Choice Aggregators.

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[3] Section 454.52(a)(1)(A).

Objective 1 should be rewritten to either expressly exclude Community Choice Aggregators or to accurately reflect CARB's authority and the Commission's and CEC's consulting roles under SB 350.

Objective 2 states: "Any GHG target-setting methodology adopted should be applied in an equitable manner across all CPUC-jurisdictional entities that are required to file IRPs." This objective is directly contrary to SB 350 and should be eliminated. As discussed in detail above, SB 350 establishes a separate IRP processes for Community Choice Aggregators and IOUs. Although Community Choice Aggregators are required to file their IRPs with the Commission for "certification;" and their IRPs are required to "be consistent with" the GHG targets established by CARB, ultimate authority to determine whether Community Choice Aggregators' IRPs meet GHG targets is vested solely in the Community Choice Aggregators' respective boards of directors. Any attempt by the Commission to treat Community Choice Aggregators "equitably" by requiring them to meet CPUC-developed GHG targets would directly violate SB 350.

Objective 3 states: "GHG reduction goals should be the primary drivers of investment and procurement authorized in the CPUC IRP process, while enabling each LSE to serve its customers reliably and at just and reasonable rates." This objective should be modified to specifically state that it does not apply to Community Choice Aggregators. Nothing in SB 350, or any other statute, expressly grants the Commission the authority to authorize, deny, or require procurement by Community Choice Aggregators through the IRP process. In addition, Community Choice Aggregators' rates and cost considerations are not Commission-jurisdictional matters.

Objective 4 states: "GHG planning targets should facilitate planning by providing clear metrics for LSEs to use in developing their IRPs." The Commission should clarify that this objective does not apply to Community Choice Aggregators. Nothing in SB 350, or any other statute, gives the Commission the authority to set GHG planning targets for Community Choice Aggregators, or to direct how Community Choice Aggregators develop their IRPs (including by establishing GHG metrics). Rather, SB 350 clearly vests CARB with the authority to set GHG targets, vests each Community Choice Aggregator with the authority to independently determine how it will develop its IRP, and vests each Community Choice Aggregator's governing board with the authority to approve or deny the IRP based on a number of factors, including whether the IRP is "consistent with" CARB GHG targets.

Question 2:

Are there any additional objectives for GHG target-setting that should be included? If so, describe the objective and explain why it should be included.

Response to Question 2:

The CCA Parties recommend that the following objective be added:

> GHG planning targets should be implemented in a manner that preserves CCA procurement independence, prevents IOU procurement on behalf of CCA customers, and minimizes non-bypassable charges.

Question 3:

Given the established criteria for evaluating the various GHG implementation options, as reflected in the objectives, which Option for GHG target-setting do parties prefer: 1, 2, 3, 4, or something else? Please provide your rationale with reference to the objectives, and provide as much detail as possible regarding any alternative approaches.

Response to Question 3:

As discussed above, neither SB 350 nor any other statue expressly grants the Commission the authority to set GHG targets for Community Choice Aggregators, nor does the Commission have the authority to direct how a Community Choice Aggregator's IRP meets GHG targets, or to approve or deny a Community Choice Aggregator's IRP based on GHG target compliance. As such, the Commission does not have the authority to impose any of the options presented in the White Paper on Community Choice Aggregators.

However, the CCA Parties clearly recognize the value in closely collaborating with the Commission in all aspects of the IRP process, including developing individual Community Choice Aggregator GHG targets and ensuring that Community Choice Aggregator IRPs are consistent with all targets adopted by CARB. Subject to the assumption that Community Choice Aggregator participation in the Proposed Process is voluntary, the CCA Parties prefer Option 2. Assembly Bill ("AB") 1110 (2016) already requires that LSEs provide a "power content label" that includes GHG emissions intensity. From an efficiency standpoint, it makes sense to adopt an approach that allows LSEs to kill two birds with one stone by using the same analysis in both their power content labels and their IRPs. Adopting Option 2 as a general approach also provides the benefit of ensuring that the Commission has sufficient data to assess whether all LSEs, in aggregate, meet GHG targets, and to perform comparisons among different LSEs. Even if a Community Choice Aggregator chooses to develop its IRP using a different methodology to assess GHG target compliance, the Commission would still be able to use that Community Choice Aggregator's power content label data to assess system-wide GHG compliance or compare GHG performance.

Question 4:

Is it necessary for the CPUC and CEC to divide the electric sector target between the two types of entities they regulate (LSEs and POUs)? Should the CPUC and CEC use the same methodology for calculating GHG planning targets for their respective regulated entities (LSEs and POUs)? Please explain your rationale and identify the methodology that best accomplishes that goal.

Response to Question 4:

Under SB 350, CARB has sole authority and responsibility to set GHG targets. Thus, it is CARB, not the Commission or CEC, that has the authority to determine whether, or how, to divide the electric sector target. To the extent that the Commission intends to raise this matter in consulting with CARB, the CCA Parties recommend that CARB first develop a general, statewide electric sector GHG target, and then divide that target between LSEs and POUs for implementation purposes, in order to respect jurisdictional boundaries.

The CCA parties do not take a position on whether the CEC has the authority to calculate and impose POU-specific GHG targets. However, as discussed above, neither SB 350 nor any other statute grants the Commission authority to impose mandatory, LSE-specific GHG targets for Community Choice Aggregators. As discussed in response to Question 3, the CCA Parties believe that the best methodology for calculating GHG planning targets would be based on GHG emissions intensity, as set forth in Option 2.

Question 5:

What electricity market, regulatory, and/or operational implementation issues may emerge under the chosen Option? Please identify potential solutions to the issues identified.

Response to Question 5:

The CCA Parties do not take a position on Question 5.

Question 6:

How should the CPUC determine adherence to GHG planning targets under the chosen Option? Is an ex-post reporting protocol necessary, and if so, should the CPUC rely on the GHG intensity reporting protocol that the CEC will develop pursuant to Assembly Bill 1110 (Ch. 656, Stats of 2016)?

Response to Question 6:

The Commission should not attempt to impose a top-down approach in which the Commission attempts to assess and enforce Community Choice Aggregators' GHG target adherence. Such an approach would exceed the Commission's jurisdiction, as the Commission does not have the authority to determine whether a Community Choice Aggregator has adhered to GHG planning targets. SB 350 unambiguously vests the authority to approve or deny a Community Choice Aggregator's IRP in each Community Choice Aggregator's board, an authority that clearly extends to questions of GHG target compliance. In contrast, the Commission's role is limited to certifying that it has received the IRP, and nothing in SB 350 or any other statute expressly grants the Commission any authority to assess or enforce Community Choice Aggregator GHG compliance.

In addition to exceeding the Commission's authority, the Commission assessing Community Choice Aggregator GHG target adherence would serve no purpose. Like the Commission, Community Choice Aggregators are public agencies that operate for the benefit of the public. Community Choice Aggregators and the Commission are equally dedicated to the mission of limiting GHG emissions, and Community Choice Aggregators are fully capable of assessing their own GHG compliance. Unlike the for-profit utilities, whose procurement is subject to the Commission's general jurisdiction, Community Choice Aggregators do not have a profit incentive that needs to be checked by Commission regulation. To the contrary, accountability to the public – including accountability for GHG target compliance – is built into Community Choice Aggregators by design. A Community Choice Aggregator's governing board is composed of elected officials who, in addition to being accountable to their constituents, are likely to have a better sense of their Communities' needs than the Commission.

The CCA Parties do not take a position on the necessity of an ex-post reporting protocol, other than to note that any such protocol should be strictly voluntary for Community Choice Aggregators.

III. Conclusion

The CCA Parties thank the Energy Division for its consideration of these informal comments.

Dated: November 30, 2016

Respectfully submitted,

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BEFORE THE PUBLIC UTILITIES COMMISSION
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Pursuant to instructions provided by the Energy Division of the Public Utilities Commission of the State of California ("Commission"), the City of Lancaster ("Lancaster"), Marin Clean Energy ("MCE"), and Sonoma Clean Power Authority ("SCPA") (collectively, "CCA Parties") hereby submit their reply to various parties' November 30, 2016 Comments on the Commission Staff White Paper on *Implementing GHG Planning Targets in the Integrated Resource Planning Process* ("White Paper"), which was distributed to parties in the Integrated Resource Planning ("IRP") proceeding on November 15, 2016.

I. Reply To Comments On The Commission's GHG Target-Setting Authority

A number of parties submitted comments that appear to endorse a role for the Commission with respect to greenhouse gas ("GHG") matters that significantly exceeds the role for the Commission set forth in Senate Bill ("SB") 350, as well as the Commission's statutory authority generally. For instance:

- Southern California Edison ("SCE"), Pacific Gas & Electric ("PG&E") and San Diego Gas & Electric ("SDG&E") (collectively, "IOUs") each argue that the White Paper's GHG target setting methodology should be applied to all Load Serving Entities ("LSEs") and Publicly Owned Utilities ("POUs").
- PG&E argues that Objective 1 should be treated as a "must have" and that any GHG planning target must be developed *jointly* by state agencies.

- PG&E and SDG&E recommend that the Commission's objectives include achieving least-cost, best-fit, while The Utility Reform Network ("TURN") recommends that Objective 3 be modified to include the Commission's obligation to ensure just and reasonable rates.
- Many of the responses to White Paper Question 4 (Is it necessary for the Commission and California Energy Commission ("CEC") to divide the electric sector target?) presuppose that the Commission and CEC have the authority to set entity-specific GHG targets above and beyond any target(s) adopted by California Air Resources Board ("CARB"). In addition, several parties' comments recommend that the same methodology be used to calculate GHG targets across all LSEs.
- In indicating their preferred options, it appears that many commenters proceeded on the incorrect assumption that their preferred option would apply on a mandatory basis to *all* types of LSEs, including Community Choice Aggregators.
- Several parties, including PG&E, TURN, and the Office of Ratepayer Advocates ("ORA"), asserted that the Commission should assess and enforce adherence to Commission-imposed GHG targets, without addressing SB 350's separate IRP process for Community Choice Aggregators or the Commission's lack of authority to set or enforce GHG targets for Community Choice Aggregators.

Applied to Community Choice Aggregators, all of the above-listed comments are problematic for the same reason – they endorse a role for the Commission that exceeds the authority given by the Legislature to the Commission over Community Choice Aggregators' IRPs. The role of the Commission envisioned by these parties violates both the separate IRP process for Community Choice Aggregators set forth by Public Utilities Code Section 454.52(b)(3), and also the principle of procurement independence codified at Public Utilities Code Section 366.2(a)(5).[1] These and other statutory provisions set apart Community Choice Aggregators for unique treatment by the Commission. As has been expressed previously by the CCA Parties, while Community Choice Aggregators are certainly willing to collaborate and

[1] All further statutory references are to the Public Utilities Codes, unless otherwise noted.

cooperatively interact with the Commission on IRP matters, jurisdictional divides and procurement autonomy need to be respected and upheld.

Neither SB 350 nor any other statute grants the Commission the authority to set or impose any sort of GHG target for Community Choice Aggregators, including a target based on a Community Choice Aggregator's share of any electricity sector GHG target adopted by CARB. Under SB 350, only CARB has the authority to set mandatory GHG targets, and the Commission's role is limited to "consulting" CARB in its target setting.[2] Although the Commission may have the authority to set additional GHG targets, including LSE-specific shares of the CARB electricity-sector target, over LSEs that are subject to the Commission's general jurisdiction, Community Choice Aggregators do not fall under the Commission's general jurisdiction. As there is no specific statute that expressly grants the Commission the authority to set Community Choice Aggregator GHG targets, the Commission does not have this authority.

Further, neither SB 350 nor any other statute grants the Commission the authority to approve, deny, or modify a Community Choice Aggregator's IRP. SB 350 provides a separate IRP process for Community Choice aggregators, and vests final authority over such IRPs in the Community Choice Aggregators' respective governing boards. This authority properly includes the authority to assess and enforce IRP compliance, including compliance with GHG targets.

SCE, PG&E, and SDG&E's proposal modify the White Paper's objectives to state that the GHG target-setting methodology and GHG targets should apply to all LSEs and POUs. This approach would exceed the Commission's jurisdiction over Community Choice Aggregators. As

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[2] Pub. Util. Code Section 454.52(a)(1)(A) states that IRPs must meet the GHG reduction targets "established by the State Air Resources Board, in consultation with the commission and the Energy Commission, for the electricity sector and each load serving entity."

stated above, the Commission has not been granted the authority to set GHG targets for Community Choice Aggregators.

PG&E's argument that all GHG targets should be developed jointly by the Commission, CEC, and CARB ignores the clear roles and jurisdictional lines that SB 350 defines for each agency. While collaboration and coordination is certainly contemplated, SB 350 grants CARB the sole authority to establish mandatory GHG targets. Although the Commission may have the authority to set LSE-specific GHG targets for those entities it exercises general jurisdiction over, nothing in SB 350 or any other statute gives the Commission such authority over Community Choice Aggregators.

PG&E, SDG&E, and TURN's requests that "least-cost best-fit" or "just and reasonable rates" considerations be embedded into the GHG methodology further demonstrate the wisdom of the Legislature's decision to not grant the Commission authority to set Community Choice Aggregator GHG targets. Neither CCA procurement costs nor CCA rates fall within the Commission's jurisdiction. Any attempt to wedge Community Choice Aggregators into a regulatory framework driven, in part, by such considerations would exceed the Commission's jurisdiction and violate operational independence accorded Community Choice Aggregators by the Legislature.

In their responses to Question 4, both TURN and the California Large Energy Consumers Association ("CLECA") appear to presuppose that the Commission and CEC have authority to set mandatory entity-specific GHG targets above and beyond any target(s) adopted by CARB. As applied to Community Choice Aggregators, this presupposition is incorrect. The Commission does not have the statutory authority to set, assess, or enforce any sort of GHG target for Community Choice Aggregators, and the Commission cannot, and should not, take any action to apply the CARB electricity sector target to Community Choice Aggregators on a mandatory basis.

PG&E, TURN, and ORA's positions that the Commission should have a role in assessing and enforcing adherence to Commission-imposed GHG targets is incorrect as applied to Community Choice Aggregators. Participation by Community Choice Aggregators in any assessment mechanism adopted by the Commission must be voluntary and collaborative.

II. Reply To TURN Comments

TURN's Comments raise several issues of significant interest to the CCA Parties. While the CCA Parties recognize and applaud TURN's commitment to a robust GHG reduction process, the CCA Parties do not believe that the issues raised by TURN, as they relate to Community Choice Aggregators, are within the Commission's jurisdiction or authority. TURN's Comments also raise several substantive issues, discussed below. However, as an initial matter, the CCA Parties briefly address the shadow cast by TURN's comments, namely, the view that Community Choice Aggregators' recent emergence as a major player in the procurement of Western electricity has been detrimental to renewable resource development and GHG goals. This view is as short-sighted as it is false.

Thus far, Community Choice Aggregators in California have all been founded to empower local communities to play a greater role in renewable energy adoption and GHG emissions reduction. To meet the aggressive renewable energy procurement goals set by their respective boards, Community Choice Aggregators *initially* relied on existing generating resources. As a practical matter, this approach was necessary and appropriate, as it would have been problematic to coordinate the launch of individual Community Choice Aggregators with the commercial operation of new renewable generating resources. Such an approach would have imposed considerable risk – compliance and planning, in particular – and would have jeopardized fulfillment of clean energy commitments. As Community Choice Aggregators grew, gained experience and continued to demonstrate successful operating track records, their respective supply portfolios quickly diversified, reflecting increasing and highly commendable commitments to new, California-based renewable generating resources.

In many cases, Community Choice Aggregators facilitated considerable development of *local* renewable generating resources through competitive solicitation activities and Feed-In Tariff programs. For instance, MCE currently has 20 megawatts of renewable energy projects online, under construction, or soon to be construction within its service area.[3] In addition, MCE has more than 341 megawatts of *new, California* renewable energy online and under development to meet its customers' electricity demand.[4] The scale of this commitment should not be lost on parties; 341 megawatts is *nearly 70 percent* of MCE's peak load. Similarly, SCPA has entered into several long-term agreements resulting in the construction of new renewable resources, including a 46 megawatt California wind facility and a 70-megawatt California solar facility. Other Community Choice Aggregators programs, such as Lancaster, have been instrumental in supporting *local* renewable resource development despite relatively limited operating history. Through its contracting efforts, Lancaster supported the development of a new, 10 megawatt local solar array, which recently achieved commercial operation. There are numerous other examples of the significant renewable project development successes that have been supported by the resource planning and procurement efforts of Community Choice Aggregators.

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[3] For MCE's local renewable projects, see https://www.mcecleanenergy.org/local-projects/.

[4] For MCE's renewable projects throughout California, see https://www.mcecleanenergy.org/wp-content/uploads/2016/10/MCE-New-California-Renewable-Projects-Overview-1.pdf.

A. Unbundled Renewable Energy Credits ("RECs")

TURN asserts that that many LSEs, particularly Community Choice Aggregators, treat unbundled RECs from existing facilities across the Western grid as GHG offsets. According to TURN, because the null power from these facilities is not subjected to GHG regulation or attribution, purchase of RECs may create the appearance of GHG reductions without actually achieving reductions. TURN notes, specifically, that CARB does not recognize unbundled RECs as a valid compliance instrument under cap-and-trade regulations.

As an initial matter, it is helpful to openly recognize that TURN's positions and comments understandably flow from its particular biases. Biases toward alternative accounting approaches are influenced by a variety of factors, including the following: (1) existing resource commitments and the extent to which such commitments do or do not include unbundled REC purchases and (2) geographic preferences, meaning that the individual entity that objects to the application of unbundled RECs during portfolio GHG accounting typically has a bias for in-state or local resource utilization (as opposed to purchases from out-of-state renewable generators.

The CCA Parties have several issues with TURN's objection to the use of RECs by Community Choice Aggregators. First, as a procedural matter and for the reasons stated above, whether Community Choice Aggregators may or may not use RECs to satisfy GHG targets is not a Commission jurisdictional issue and thus should not be considered in this proceeding. For the purposes of IRP, authority to determine whether or not RECs may be used to satisfy any mandatory GHG target set by CARB is vested entirely in Community Choice Aggregators' respective governing boards.

Second, the CCA Parties disagree with TURN's substantive claim that purchases of

RECs may create the appearance of GHG reductions without actually achieving reductions. Auditable ownership and retirement of a REC, bundled or unbundled, is the industry-accepted, standard mechanism for demonstrating procurement of and general responsibility for the environmental benefits associated with electric power production by a specific generator. In practical terms, when an LSE owns and retires a REC, it substantiates any claim related to the environmental impacts and benefits associated with such energy production. In the Western grid, use of the Western Renewable Energy Generation Information System ("WREGIS") ensures that such claims are not double-counted because the certificate holder, and only the certificate holder, may realize such certificates. This process is commonly used to memorialize the purchase of renewable energy and avoid duplicative claims related to the purchase of renewable energy over time. Any other claim (than that of the certificate holder) regarding the environmental impacts and benefits associated with such power production could not be similarly substantiated.

Third, TURN's concerns about the weight of unbundled REC purchases in retail-level emissions reporting matters appear to have been largely resolved by Assembly Bill ("AB") 1110. In this regard, CARB does not have jurisdiction over retail-level emissions reporting, which commonly accounts for the impacts of any REC-supported purchase (bundled and unbundled) when determining attributed emissions associated with an energy supply portfolio. It does not seem beneficial to the CCA Parties for the Commission to spend time and resources on a question that is not only outside the Commission's jurisdiction, but also appears to have been resolved by the Legislature.

Fourth, TURN overstates the use of unbundled REC purchases by Community Choice Aggregators. As an initial matter, TURN's claim that many Community Choice Aggregators treat unbundled RECs as GHG offsets is unsubstantiated, is not based on actual CCA procurement policies and practices, and therefore is factually incorrect. More practically, however, most existing Community Choice Aggregators, such as SCPA, CleanPowerSF, Peninsula Clean Energy, and Silicon Valley Clean Energy, have guiding policies that direct staff to not procure unbundled RECs. Moreover, only 3% of MCE's portfolio consists of unbundled RECs, which is the permissible under existing statute.[5]

Finally, TURN's position on this issue runs contrary to established economic theory. As RECs come only from renewable facilities, it follows that the more that RECs (or any GHG-free resource) are in demand, the more renewable (or GHG-free) facilities will be built to supply them. TURN would apparently say that the sudden purchase of 10,000 existing, already manufactured Nissan Leaf vehicles by consumers would not have any impact on the production of new Leafs, because, after all, the purchased Leafs already exist, and purchasers are just engaging in "vehicle-shifting." TURN's position is contrary to the elementary law of supply and demand.

B. Firmed and Shaped Renewable Energy Imports

TURN asserts that many LSEs, particularly Community Choice Aggregators, treat purchases of "firmed and shaped" renewables from out-of-state resources as zero GHG procurement. According to TURN, CARB is proposing to treat all imports not coming from a specified zero-GHG resource as subject to cap-and-trade compliance requirements. TURN argues that imported energy subject to cap-and-trade compliance requirements should not be treated as zero-GHG in the IRP process.

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[5] Again, the scale of resource commitments should not be lost on parties. As noted above, MCE has 341 megawatts of *new, California* renewable energy online and under development to meet its customers' electricity demand, representing *70 percent* of MCE's peak load

TURN's argument is, again, beyond the Commission's jurisdiction, as the Commission does not have statutory authority to set or enforce GHG targets for Community Choice Aggregators, nor does it have the authority to approve, deny, or modify a Community Choice Aggregator's IRP based on GHG target compliance. Thus, the Commission does not have the authority to determine whether imported power in a Community Choice Aggregator's IRP should be granted zero-GHG treatment.

Beyond jurisdictional concerns, the CCA Parties question the utility of addressing this issue in the IRP proceeding. The CCA Parties understand that the scenario outlined by TURN has only occurred in a few isolated instances. In addition, TURN's argument that the Commission should adopt a policy based on a "proposal" before CARB is both premature and based on outdated information. The CCA Parties understand that the position of CARB staff with regard to continuation of this adjustment has changed, now favoring an as-is approach, which would leave the current adjustment process in tact post-2020.[6]

C. Imports of Hydroelectric Power

TURN asserts that Community Choice Aggregators have recently been purchasing large volumes of out-of-state legacy hydroelectric resources to justify claims that their overall supply portfolio has lower GHG emissions than IOUs. TURN expresses concern that the massive available supply of such resources means that compliance with IRP planning targets could be achieved in large part through additional purchases from legacy hydroelectric resources, rather than procurement that stimulates *incremental* production of zero-GHG electricity.

Again, this issue is well outside the Commission's jurisdiction and should not be

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[6] Cap-and-Trade Regulation Post-2020 Allocation to Electrical Distribution Utilities Informal Staff Proposal at page 4. October 14, 2016.

addressed in the IRP proceeding. In addition, there are a host of other practical and policy issues that must also be considered in any meaningful examination of the role of hydroelectric resources in attaining zero-GHG targets. As a practical matter, TURN's arguments appear to overestimate the availability of out-of-state hydroelectric resources and the self-correcting nature of markets. The supply of Western hydroelectric resources is finite, and any effort by LSEs to pursue this particular resource will be met with market factors that reflect the limited nature of this resource, ultimately creating pressure to develop incremental resources. As a policy matter, TURN's arguments appear to unduly minimize the important role hydroelectric resources play in policies that promote zero-GHG electricity.

D. Electricity Imports and Secondary Dispatch

TURN argues that the Commission should consider general issues associated with electricity imports from outside of the California Independent System Operator ("CAISO") balancing authority. According to TURN, the lack of GHG regulatory and disclosure requirements in other Western states means that the impact of LSEs in other states previously served by low-GHG resources that switch to higher emissions resources as a result of purchases by California LSEs may not be reflected.

Again, this issue, applied to Community Choice Aggregators, is outside the Commission's jurisdiction. Moreover, neither the Commission nor CARB has any jurisdiction over carbon emissions by out-of-state LSEs due to their out-of-state procurement. TURN's request that the Commission account for the GHG impacts of out-of-state resource shifting also appears to be highly unpractical. CARB does not have regional oversight, and its ability to regulate and measure emissions is limited to the jurisdictional entities within its borders. That said, however, for reasons briefly described above, temporary out-of-state resource shifting will likely be self-correcting. As other western states follow California's example and move toward clean power (by adopting their own RPS and GHG reduction targets and programs, for instance), any initial resource shifting will be corrected.

III. Non-Bypassable Charges

As its Preferred Option, the Independent Energy Producers Association ("IEPA") proposes a hybrid approach combining Option 1 and Option 3. This hybrid approach would include a non-bypassable charge for investment and procurement actions taken by IOUs as part of the IRP process that may be stranded later due to load departure.

The CCA Parties strongly oppose the imposition of new non-bypassable charges based on the IRP process. Non-bypassable charges inherently violate the basic statutory right of ratepayers to aggregate their loads and choose their own power sources. The Commission has a duty to protect this right, and may only impose non-bypassable charges on CCA customers when expressly authorized by the Legislature, typically only when absolutely necessary to achieve a pressing need. The proper way for the Commission and the IOUs to prevent stranded costs is to adequately and accurately account for expected load departure. In light of the significant growth of CCA programs in upcoming years, the Commission should be very guarded in the amount of long-term procurement authority given to the IOUs, so as to not require or authorize long-term procurement in excess of an IOU's expected future load minus expected load departure.

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IV. Conclusion

The CCA Parties thank the Energy Division for its consideration of these informal reply comments.

Dated: December 7, 2016

Respectfully submitted,

/s/ Scott Blaising

Scott Blaising
David Peffer
Dan Griffiths
Ty Tosdal, *of Counsel*
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December 23, 2016

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

Advice Letter 18-E-A

Re: Supplement to MCE Advice Letter 18-E-A – 2017 Annual Energy Efficiency Program and Portfolio Budget Request

Pursuant to General Order 96-B, Rule 7.5.1, Marin Clean Energy ("MCE") provides this supplement to Advice Letter 18-E submitted September 15, 2016 ("Supplement") for the purpose of making one summation revision in Advice Letter 18-E and providing notice that revisions have been made to the appendices that were filed on the California Energy Data and Reporting System's Filing Module ("CEDARS FM") to support the budget request in Advice Letter 18-E.

The Advice Letter 18-E, as revised by this Supplement, is provided as Exhibit A. The original Advice Letter 18-E as submitted on September 15 is provided as Exhibit B. A redline showing the changes from the original Advice Letter 18-E to the revised version attached as Exhibit A is provided as Exhibit C.

Correction to Table 1 on Page 2

Table 1 in Advice Letter 18-E does not properly sum the listed budget amounts. It lists the "Total" as $1,690,952, but the correct "Total" amount should be $1,682,689. Accordingly, MCE's total requested 2017 Energy Efficiency Program Budget is $1,682,689.

Revision to Supporting Appendices

In addition to this correction, this supplement provides notice that minor revisions were made to the appendices filed on CEDARS FM in support of the budget request in the advice letter. These revisions include: (i) in Table 1.2 of Appendix A, correcting transposition errors in the savings by sector and end-use values; (ii) in Tab B.1 of Appendix B, adding the missing value for Total Direct Implementation Budget Spent in 2015 for the Financing Program; and (iii) in Tab 2 of Appendix C, proportionally distributing the EM&V funds between Electric Energy Efficiency Funds and Natural Gas Public Purpose Funds, fixing summing errors in the Totals row, and including EM&V costs for Program Years 2013–2016 in the 2017 Total Portfolio Request.

MCE requests that the protest period for Advice Letter 18-E not be reopened given that the only revision to the advice letter is nothing more than the correction of a summation error.

If additional information is required, please do not hesitate to contact me at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

Sincerely,

/s/ Michael Callahan

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY

Exhibits
cc: Marin Clean Energy General Order 96-B Advice Letter Service List
Service List R.13-11-005

Exhibit A

September 15, 2016

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

Advice Letter 18-E

Re: MCE 2017 Annual Energy Efficiency Program and Portfolio Budget Request

In compliance with the California Public Utilities Commission's ("Commission") Decision ("D.") 15-10-028, Ordering Paragraph ("OP") 4, issued October 22, 2015, Marin Clean Energy ("MCE") submits this advice letter filing to request the 2017 annual energy efficiency portfolio budget. D.15-10-028 called for the advice letter to be filed on the first business day in September.[1] On August 29, 2016, the Commission's Executive Director Timothy Sullivan authorized MCE's request for an extension to file the advice letter by September 15, 2016.

Effective Date: October 15, 2016

Tier Designation: Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 and D.15-10-028, this advice letter is submitted with a Tier 2 designation.

Purpose

The purpose of this advice filing is to comply with D.15-10-028, OP 4 and request MCE's 2017 annual energy efficiency program and portfolio budget.

Background

The Commission is in the process of transitioning to a rolling portfolio framework for energy efficiency programs. The Commission started with a ten-year funding authorization.[2] Subsequently, the Commission adopted related processes and rules to implement a rolling portfolio.[3] The process includes filing this annual budget advice letter to provide a range of information including: (1) the next annual budget; (2) the portfolio cost effectiveness; (3) portfolio changes; (4) fund shifting; (5) carryover or encumbered funds; and (6) the electronic

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[1] D.15-10-028, OP 4 at p. 123-24.
[2] D.14-10-046, OP 21 at p. 167.
[3] *See* D.15-10-028; D.16-08-019.

query output from the online filing of the application summary tables (included as Attachment A).[4] Energy Division staff provided guidance on the advice letter.[5]

Discussion

MCE requests a budget for 2017 supported by the appendices that were filed on the California Energy Data and Reporting System's Filing Module ("CEDARS FM"). MCE's 2017 budget includes the Commission's authorized EM&V funds. MCE also provides a context for the portfolio cost effectiveness for 2017.

2017 Energy Efficiency Budget

MCE received an annual budget authorization in D.14-10-046 totaling $1,220,267.[6] In 2016, the Commission increased MCE's annual budget to $1,586,347 to account for new communities that joined MCE's service area.[7] MCE filed advice letter 16-E to comply with the decision that increased the budget[8] and included the budget allocation to each MCE program.[9] MCE's requested budget for 2017 continues that allocation of funding for each program as shown in Table 1 below.

Table 1: Authorized MCE 2017 Energy Efficiency Program Budget

MCE Programs	Budget
Single Family	$233,050
Multi-Family	$667,555
Small Commercial	$658,711
Financing	$27,031.00
Program Subtotal	**$1,586,347**
Evaluation Measurement and Verification ("EM&V")	$96,342[10]
Total	**$1,682,689**

[4] D.15-10-028 at p. 58-63.
[5] Clarifications on Annual Budget Filings for Program Year 2017 (August 19, 2016), Commission Energy Division.
[6] D.14-10-046 at p. 125.
[7] D.16-05-004.
[8] D.16-05-004, OP 5 at p. 13-14.
[9] MCE Advice Letter 16-E at p. 3.
[10] This amount includes only the PA distribution based on 27.5% of the total EM&V budget as indicated in the discussion in the EM&V Funds section below. MCE included 100% of the EM&V budget in the appendices uploaded to the CEDARS FM.

EM&V Funds

As a component of the budget, MCE includes authorized EM&V funding. EM&V funds for program years 2013-2016 are based on a gross up of MCE's 2013-2016 annual program budgets and are summarized in Table 2 below. Pacific Gas and Electric Company's ("PG&E") EM&V budget request was based on a total budget that included MCE's authorized budget.[11] These funds have been collected from customers, but MCE has not received EM&V funds from PG&E. Table 2 below provides the outstanding EM&V funds that PG&E has collected based on MCE's budgets.

Table 2: Retrospective EM&V Funds

Years	Program Budget	EM&V Budget	Total Budget	EM&V Portion of Total
2013-14	$4,015,205[12]	$167,300	$4,182,505	4%
2015	$1,220,267[13]	$50,844	$1,271,111	4%
2016	$1,586,347[14]	$66,097	$1,652,444	4%
Total	**$6,821,819**	**$284,241**	**$7,106,060**	**4%**

The EM&V funds collected based on MCE's budgets from 2013-2016 equals $284,241, as provided in Table 2 above. MCE's distribution of these funds is based on a PA portion of 27.5%.[15] Thus MCE's distribution from 2013-2016 program years is $78,166 in EM&V funds. MCE requests that these funds be transferred according to the procedure defined in D. 16-08-019.[16]

The EM&V funds, based on MCE's approved budget for 2017, equal $18,176 as indicated below in Table 3.

[11] MCE's 2013-14 budget was included when determining the EM&V budget for 2013-2014 portfolios. *See* D.12-11-015 at p. 96 ("[A] portion of the energy efficiency budget is set aside for EM&V activities at the level of 4% of the total energy-efficiency funds, including those allocated for REN and [MCE] activities…."). The Commission also used MCE's annual budget in the calculation of the 4% of EM&V budgets for the 2015-2025 program years. Figure 6 in D.15-01-023 illustrates that the EM&V budget for Pacific Gas and Electric Company's ("PG&E's") service area was based, in part, on MCE's annual budget. D.15-01-023 at p. 1-2.

[12] The Commission authorized a combined 2013-2014 budget for MCE in D.12-11-015 totaling $4,015,205. D.12-11-015 at p. 50-51.

[13] The Commission authorized an annual program budget for MCE spanning the years 2015-2025 totaling $1,220,267. D.14-10-046 at p. 125.

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

[15] The Commission increased the portion of EM&V funds available to the PA from 27.5% to 40% starting once the business plans are approved. D.16-08-019 at p. 80-81.

[16] "Approved budgets for CCA administrators shall be transferred on January 15 of every year by the relevant utility." D.16-08-019, OP 16 at p. 112.

Table 3: Prospective EM&V Funds

2017 Programs Budget	4% EM&V Funding Level	27.5% EM&V PA Distribution	**Total Prospective EM&V Funds**
$1,586,347[17]	$66,097	$18,176	**$18,176**

MCE's 2017 budget request includes $96,342 in EM&V funds for program years 2013-2017, which is included in MCE's budget request in Table 1, and reflected in the Appendices.

<u>Portfolio Cost Effectiveness</u>

MCE's portfolio cost-effectiveness results for 2017 are:

Total Resource Cost Test Ratio ("TRC"): 0.91

Program Administrator Cost Test Ratio ("PAC"): 1.01

In 2013, MCE administered the first EE programs under the authority granted in § 381.1(a)-(d). These programs were initially restricted by the Commission to serve gaps in investor-owned utility ("IOU") programs and hard-to-reach markets.[18] The Commission subsequently concluded that these restrictions may cause MCE's proposals to fail the TRC test and did not initially impose a minimum cost-effectiveness requirement.[19] In 2014, the Commission lifted the restrictions[20] and imposed the same cost-effectiveness standards on CCAs as IOUs.[21] However, MCE has not been invited to file an application since the restrictions were lifted, as the 2014 programs were extended to 2015, 2016, and now 2017 while the Commission is transitioning to the rolling portfolio.[22] Lifting the restrictions improves MCE's ability to meet the minimum 1.25 TRC ratio because very few cost-effective opportunities exist within the gaps in IOU programs and hard-to-reach markets.

MCE has been working to improve the cost-effectiveness of its offerings through comprehensive changes to its portfolio. In October 2015, MCE filed a business plan that proposed expanded offerings to multiple new customer sectors and a more balanced portfolio intended to achieve long-term cost effectiveness.[23] While a prehearing conference was convened for this application on February 1, 2016, no further Commission action occurred. While the Commission has not made any additional progress on the comprehensive update of MCE's portfolio, MCE has continued to make efforts aimed at improving the cost effectiveness of its portfolio. These efforts are discussed below in Portfolio Changes.

[17] D.16-05-004, OP 2 at p. 13.
[18] D.12-11-015 at p. 45-46.
[19] D.12-11-015 at p. 46.
[20] D.14-01-033 at p. 14. *See also* D.14-10-046 at p. 120 (Commission clarifying the restrictions do not apply to gas programs).
[21] D.14-01-033 at p. 36.
[22] D.14-10-046 at p. 30-32.
[23] A.15-10-014.

Portfolio Changes

In 2016, MCE took several steps to improve the cost effectiveness of its portfolio. MCE suspended the Home Utility Reports ("HURs") component of its Single Family program in response to an evaluation that indicated the HURs were not producing savings. MCE shifted those funds into the Multifamily and Small Commercial Programs.[24] In 2017, MCE will continue the suspension of the HURs. MCE has also requested authority to provide a Seasonal Savings pilot that, if approved, will be administered in 2016 and 2017.[25] MCE anticipates the Seasonal Savings pilot will increase the cost effectiveness of MCE's portfolio. However, as the savings associated with this pilot will be purely on an *ex post* basis, these savings figures have not been included in the cost-effectiveness analysis for the 2017 portfolio. MCE anticipates achieving a higher cost effectiveness in its portfolio due to the pilot results. Apart from these changes, MCE is continuing its 2016 portfolio of programs in 2017.

Fund Shifting

D.16-05-004 approved MCE's most recent budget.[26] The budget allocation was provided in MCE advice letter 16-E.[27] MCE has performed no fund shifting since that allocation was approved.

Carryover or Encumbered Funds

MCE's encumbered funds consist entirely of loan loss reserve ("LLR") funds associated with MCE's Financing program. MCEs Financing program was first authorized in D.12-11-015.[28] This program included LLR funds used to leverage private financing for Single Family, Multifamily, and Small Commercial customers. MCE closed its Single Family On-Bill Repayment component and utilized a portion of the LLR funds for program activity in 2015, leaving a small portion to support one outstanding loan.[29] The remaining LLR funds are available to support loans for Multifamily and Small Commercial customers. These LLR funds are shown in Table 4 below.

Table 4: MCE's Encumbered Funds

LLR Accounts	Encumbered
Single Family	$500
Multifamily and Small Commercial	$548,000
Total	**$548,500**

[24] MCE Advice Letter 15-E.
[25] MCE Advice Letter 17-E.
[26] D.16-05-004.
[27] MCE Advice Letter 16-E at p. 3.
[28] D.12-11-015 at p. 49-51.
[29] MCE Advice Letter 10-E.

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
Regulatory Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6045
Facsimile: (415) 459-8095
E-mail: mcallahan@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6034
Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

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 at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

/s/ Michael Callahan

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY

cc: Service List R.13-11-005

Attachment A:
CEDARS Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

The MCE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Marin Clean Energy (MCE)

Filing Year: 2017

Submitted: 17:09:58 on 15 Sep 2016

By: Beckie Menten

Advice Letter Number: 11-E

* Portfolio Filing Summary *

- TRC: 0.9138
- PAC: 1.0126
- TRC (no admin): 2.3839
- PAC (no admin): 3.1969
- RIM: 1.0126
- Budget: $1,586,346.78

* Programs Included in the Filing *

- MCE01: Multi-Family
- MCE02: Small Commercial
- MCE03: Single Family
- MCE04: Financing Pilots

Exhibit B

September 15, 2016

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

Advice Letter 18-E

Re: MCE 2017 Annual Energy Efficiency Program and Portfolio Budget Request

In compliance with the California Public Utilities Commission's ("Commission") Decision ("D.") 15-10-028, Ordering Paragraph ("OP") 4, issued October 22, 2015, Marin Clean Energy ("MCE") submits this advice letter filing to request the 2017 annual energy efficiency portfolio budget. D.15-10-028 called for the advice letter to be filed on the first business day in September.[1] On August 29, 2016, the Commission's Executive Director Timothy Sullivan authorized MCE's request for an extension to file the advice letter by September 15, 2016.

Effective Date: October 15, 2016

Tier Designation: Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 and D.15-10-028, this advice letter is submitted with a Tier 2 designation.

Purpose

The purpose of this advice filing is to comply with D.15-10-028, OP 4 and request MCE's 2017 annual energy efficiency program and portfolio budget.

Background

The Commission is in the process of transitioning to a rolling portfolio framework for energy efficiency programs. The Commission started with a ten-year funding authorization.[2] Subsequently, the Commission adopted related processes and rules to implement a rolling portfolio.[3] The process includes filing this annual budget advice letter to provide a range of information including: (1) the next annual budget; (2) the portfolio cost effectiveness; (3) portfolio changes; (4) fund shifting; (5) carryover or encumbered funds; and (6) the electronic

[1] D.15-10-028, OP 4 at p. 123-24.
[2] D.14-10-046, OP 21 at p. 167.
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query output from the online filing of the application summary tables (included as Attachment A).[4] Energy Division staff provided guidance on the advice letter.[5]

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MCE requests a budget for 2017 supported by the appendices that were filed on the California Energy Data and Reporting System's Filing Module ("CEDARS FM"). MCE's 2017 budget includes the Commission's authorized EM&V funds. MCE also provides a context for the portfolio cost effectiveness for 2017.

2017 Energy Efficiency Budget

MCE received an annual budget authorization in D.14-10-046 totaling $1,220,267.[6] In 2016, the Commission increased MCE's annual budget to $1,586,347 to account for new communities that joined MCE's service area.[7] MCE filed advice letter 16-E to comply with the decision that increased the budget[8] and included the budget allocation to each MCE program.[9] MCE's requested budget for 2017 continues that allocation of funding for each program as shown in Table 1 below.

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Evaluation Measurement and Verification ("EM&V")	$96,342[10]
Total	**$1,690,952**

4 D.15-10-028 at p. 58-63.
5 Clarifications on Annual Budget Filings for Program Year 2017 (August 19, 2016), Commission Energy Division.
6 D.14-10-046 at p. 125.
7 D.16-05-004.
8 D.16-05-004, OP 5 at p. 13-14.
9 MCE Advice Letter 16-E at p. 3.
10 This amount includes only the PA distribution based on 27.5% of the total EM&V budget as indicated in the discussion in the EM&V Funds section below. MCE included 100% of the EM&V budget in the appendices uploaded to the CEDARS FM.

EM&V Funds

As a component of the budget, MCE includes authorized EM&V funding. EM&V funds for program years 2013-2016 are based on a gross up of MCE's 2013-2016 annual program budgets and are summarized in Table 2 below. Pacific Gas and Electric Company's ("PG&E") EM&V budget request was based on a total budget that included MCE's authorized budget.[11] These funds have been collected from customers, but MCE has not received EM&V funds from PG&E. Table 2 below provides the outstanding EM&V funds that PG&E has collected based on MCE's budgets.

Table 2: Retrospective EM&V Funds

Years	Program Budget	EM&V Budget	Total Budget	EM&V Portion of Total
2013-14	$4,015,205[12]	$167,300	$4,182,505	4%
2015	$1,220,267[13]	$50,844	$1,271,111	4%
2016	$1,586,347[14]	$66,097	$1,652,444	4%
Total	**$6,821,819**	**$284,241**	**$7,106,060**	**4%**

The EM&V funds collected based on MCE's budgets from 2013-2016 equals $284,241, as provided in Table 2 above. MCE's distribution of these funds is based on a PA portion of 27.5%.[15] Thus MCE's distribution from 2013-2016 program years is $78,166 in EM&V funds. MCE requests that these funds be transferred according to the procedure defined in D. 16-08-019.[16]

The EM&V funds, based on MCE's approved budget for 2017, equal $18,176 as indicated below in Table 3.

[11] MCE's 2013-14 budget was included when determining the EM&V budget for 2013-2014 portfolios. *See* D.12-11-015 at p. 96 ("[A] portion of the energy efficiency budget is set aside for EM&V activities at the level of 4% of the total energy-efficiency funds, including those allocated for REN and [MCE] activities…."). The Commission also used MCE's annual budget in the calculation of the 4% of EM&V budgets for the 2015-2025 program years. Figure 6 in D.15-01-023 illustrates that the EM&V budget for Pacific Gas and Electric Company's ("PG&E's") service area was based, in part, on MCE's annual budget. D.15-01-023 at p. 1-2.

[12] The Commission authorized a combined 2013-2014 budget for MCE in D.12-11-015 totaling $4,015,205. D.12-11-015 at p. 50-51.

[13] The Commission authorized an annual program budget for MCE spanning the years 2015-2025 totaling $1,220,267. D.14-10-046 at p. 125.

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

[15] The Commission increased the portion of EM&V funds available to the PA from 27.5% to 40% starting once the business plans are approved. D.16-08-019 at p. 80-81.

[16] "Approved budgets for CCA administrators shall be transferred on January 15 of every year by the relevant utility." D.16-08-019, OP 16 at p. 112.

Table 3: Prospective EM&V Funds

2017 Programs Budget	4% EM&V Funding Level	27.5% EM&V PA Distribution	**Total Prospective EM&V Funds**
$1,586,347[17]	$66,097	$18,176	**$18,176**

MCE's 2017 budget request includes $96,342 in EM&V funds for program years 2013-2017, which is included in MCE's budget request in Table 1, and reflected in the Appendices.

<u>Portfolio Cost Effectiveness</u>

MCE's portfolio cost-effectiveness results for 2017 are:

Total Resource Cost Test Ratio ("TRC"): 0.91
Program Administrator Cost Test Ratio ("PAC"): 1.01

In 2013, MCE administered the first EE programs under the authority granted in § 381.1(a)-(d). These programs were initially restricted by the Commission to serve gaps in investor-owned utility ("IOU") programs and hard-to-reach markets.[18] The Commission subsequently concluded that these restrictions may cause MCE's proposals to fail the TRC test and did not initially impose a minimum cost-effectiveness requirement.[19] In 2014, the Commission lifted the restrictions[20] and imposed the same cost-effectiveness standards on CCAs as IOUs.[21] However, MCE has not been invited to file an application since the restrictions were lifted, as the 2014 programs were extended to 2015, 2016, and now 2017 while the Commission is transitioning to the rolling portfolio.[22] Lifting the restrictions improves MCE's ability to meet the minimum 1.25 TRC ratio because very few cost-effective opportunities exist within the gaps in IOU programs and hard-to-reach markets.

MCE has been working to improve the cost-effectiveness of its offerings through comprehensive changes to its portfolio. In October 2015, MCE filed a business plan that proposed expanded offerings to multiple new customer sectors and a more balanced portfolio intended to achieve long-term cost effectiveness.[23] While a prehearing conference was convened for this application on February 1, 2016, no further Commission action occurred. While the Commission has not made any additional progress on the comprehensive update of MCE's portfolio, MCE has continued to make efforts aimed at improving the cost effectiveness of its portfolio. These efforts are discussed below in Portfolio Changes.

[17] D.16-05-004, OP 2 at p. 13.
[18] D.12-11-015 at p. 45-46.
[19] D.12-11-015 at p. 46.
[20] D.14-01-033 at p. 14. *See also* D.14-10-046 at p. 120 (Commission clarifying the restrictions do not apply to gas programs).
[21] D.14-01-033 at p. 36.
[22] D.14-10-046 at p. 30-32.
[23] A.15-10-014.

Portfolio Changes

In 2016, MCE took several steps to improve the cost effectiveness of its portfolio. MCE suspended the Home Utility Reports ("HURs") component of its Single Family program in response to an evaluation that indicated the HURs were not producing savings. MCE shifted those funds into the Multifamily and Small Commercial Programs.[24] In 2017, MCE will continue the suspension of the HURs. MCE has also requested authority to provide a Seasonal Savings pilot that, if approved, will be administered in 2016 and 2017.[25] MCE anticipates the Seasonal Savings pilot will increase the cost effectiveness of MCE's portfolio. However, as the savings associated with this pilot will be purely on an *ex post* basis, these savings figures have not been included in the cost-effectiveness analysis for the 2017 portfolio. MCE anticipates achieving a higher cost effectiveness in its portfolio due to the pilot results. Apart from these changes, MCE is continuing its 2016 portfolio of programs in 2017.

Fund Shifting

D.16-05-004 approved MCE's most recent budget.[26] The budget allocation was provided in MCE advice letter 16-E.[27] MCE has performed no fund shifting since that allocation was approved.

Carryover or Encumbered Funds

MCE's encumbered funds consist entirely of loan loss reserve ("LLR") funds associated with MCE's Financing program. MCEs Financing program was first authorized in D.12-11-015.[28] This program included LLR funds used to leverage private financing for Single Family, Multifamily, and Small Commercial customers. MCE closed its Single Family On-Bill Repayment component and utilized a portion of the LLR funds for program activity in 2015, leaving a small portion to support one outstanding loan.[29] The remaining LLR funds are available to support loans for Multifamily and Small Commercial customers. These LLR funds are shown in Table 4 below.

Table 4: MCE's Encumbered Funds

LLR Accounts	Encumbered
Single Family	$500
Multifamily and Small Commercial	$548,000
Total	**$548,500**

[24] MCE Advice Letter 15-E.
[25] MCE Advice Letter 17-E.
[26] D.16-05-004.
[27] MCE Advice Letter 16-E at p. 3.
[28] D.12-11-015 at p. 49-51.
[29] MCE Advice Letter 10-E.

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
Regulatory Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6045
Facsimile: (415) 459-8095
E-mail: mcallahan@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6034
Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

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 at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

/s/ Michael Callahan

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY

cc: Service List R.13-11-005

Attachment A:
CEDARS Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

The MCE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Marin Clean Energy (MCE)

Filing Year: 2017

Submitted: 17:09:58 on 15 Sep 2016

By: Beckie Menten

Advice Letter Number: 11-E

* Portfolio Filing Summary *

- TRC: 0.9138
- PAC: 1.0126
- TRC (no admin): 2.3839
- PAC (no admin): 3.1969
- RIM: 1.0126
- Budget: $1,586,346.78

* Programs Included in the Filing *

- MCE01: Multi-Family
- MCE02: Small Commercial
- MCE03: Single Family
- MCE04: Financing Pilots

Exhibit C

September 15, 2016

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

Advice Letter 18-E

Re: MCE 2017 Annual Energy Efficiency Program and Portfolio Budget Request

In compliance with the California Public Utilities Commission's ("Commission") Decision ("D.") 15-10-028, Ordering Paragraph ("OP") 4, issued October 22, 2015, Marin Clean Energy ("MCE") submits this advice letter filing to request the 2017 annual energy efficiency portfolio budget. D.15-10-028 called for the advice letter to be filed on the first business day in September.[1] On August 29, 2016, the Commission's Executive Director Timothy Sullivan authorized MCE's request for an extension to file the advice letter by September 15, 2016.

Effective Date: October 15, 2016

Tier Designation: Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 and D.15-10-028, this advice letter is submitted with a Tier 2 designation.

Purpose

The purpose of this advice filing is to comply with D.15-10-028, OP 4 and request MCE's 2017 annual energy efficiency program and portfolio budget.

Background

The Commission is in the process of transitioning to a rolling portfolio framework for energy efficiency programs. The Commission started with a ten-year funding authorization.[2] Subsequently, the Commission adopted related processes and rules to implement a rolling portfolio.[3] The process includes filing this annual budget advice letter to provide a range of information including: (1) the next annual budget; (2) the portfolio cost effectiveness; (3) portfolio changes; (4) fund shifting; (5) carryover or encumbered funds; and (6) the electronic

[1] D.15-10-028, OP 4 at p. 123-24.
[2] D.14-10-046, OP 21 at p. 167.
[3] *See* D.15-10-028; D.16-08-019.

query output from the online filing of the application summary tables (included as Attachment A).[4] Energy Division staff provided guidance on the advice letter.[5]

Discussion

MCE requests a budget for 2017 supported by the appendices that were filed on the California Energy Data and Reporting System's Filing Module ("CEDARS FM"). MCE's 2017 budget includes the Commission's authorized EM&V funds. MCE also provides a context for the portfolio cost effectiveness for 2017.

2017 Energy Efficiency Budget

MCE received an annual budget authorization in D.14-10-046 totaling $1,220,267.[6] In 2016, the Commission increased MCE's annual budget to $1,586,347 to account for new communities that joined MCE's service area.[7] MCE filed advice letter 16-E to comply with the decision that increased the budget[8] and included the budget allocation to each MCE program.[9] MCE's requested budget for 2017 continues that allocation of funding for each program as shown in Table 1 below.

Table 1: Authorized MCE 2017 Energy Efficiency Program Budget

MCE Programs	Budget
Single Family	$233,050
Multi-Family	$667,555
Small Commercial	$658,711
Financing	$27,031.00
Program Subtotal	**$1,586,347**
Evaluation Measurement and Verification ("EM&V")	$96,342[10]
Total	**$1,682,689~~$1,690,952~~**

[4] D.15-10-028 at p. 58-63.
[5] Clarifications on Annual Budget Filings for Program Year 2017 (August 19, 2016), Commission Energy Division.
[6] D.14-10-046 at p. 125.
[7] D.16-05-004.
[8] D.16-05-004, OP 5 at p. 13-14.
[9] MCE Advice Letter 16-E at p. 3.
[10] This amount includes only the PA distribution based on 27.5% of the total EM&V budget as indicated in the discussion in the EM&V Funds section below. MCE included 100% of the EM&V budget in the appendices uploaded to the CEDARS FM.

EM&V Funds

As a component of the budget, MCE includes authorized EM&V funding. EM&V funds for program years 2013-2016 are based on a gross up of MCE's 2013-2016 annual program budgets and are summarized in Table 2 below. Pacific Gas and Electric Company's ("PG&E") EM&V budget request was based on a total budget that included MCE's authorized budget.[11] These funds have been collected from customers, but MCE has not received EM&V funds from PG&E. Table 2 below provides the outstanding EM&V funds that PG&E has collected based on MCE's budgets.

Table 2: Retrospective EM&V Funds

Years	Program Budget	EM&V Budget	Total Budget	EM&V Portion of Total
2013-14	$4,015,205[12]	$167,300	$4,182,505	4%
2015	$1,220,267[13]	$50,844	$1,271,111	4%
2016	$1,586,347[14]	$66,097	$1,652,444	4%
Total	**$6,821,819**	**$284,241**	**$7,106,060**	**4%**

The EM&V funds collected based on MCE's budgets from 2013-2016 equals $284,241, as provided in Table 2 above. MCE's distribution of these funds is based on a PA portion of 27.5%.[15] Thus MCE's distribution from 2013-2016 program years is $78,166 in EM&V funds. MCE requests that these funds be transferred according to the procedure defined in D. 16-08-019.[16]

The EM&V funds, based on MCE's approved budget for 2017, equal $18,176 as indicated below in Table 3.

[11] MCE's 2013-14 budget was included when determining the EM&V budget for 2013-2014 portfolios. *See* D.12-11-015 at p. 96 ("[A] portion of the energy efficiency budget is set aside for EM&V activities at the level of 4% of the total energy-efficiency funds, including those allocated for REN and [MCE] activities…."). The Commission also used MCE's annual budget in the calculation of the 4% of EM&V budgets for the 2015-2025 program years. Figure 6 in D.15-01-023 illustrates that the EM&V budget for Pacific Gas and Electric Company's ("PG&E's") service area was based, in part, on MCE's annual budget. D.15-01-023 at p. 1-2.

[12] The Commission authorized a combined 2013-2014 budget for MCE in D.12-11-015 totaling $4,015,205. D.12-11-015 at p. 50-51.

[13] The Commission authorized an annual program budget for MCE spanning the years 2015-2025 totaling $1,220,267. D.14-10-046 at p. 125.

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

[15] The Commission increased the portion of EM&V funds available to the PA from 27.5% to 40% starting once the business plans are approved. D.16-08-019 at p. 80-81.

[16] "Approved budgets for CCA administrators shall be transferred on January 15 of every year by the relevant utility." D.16-08-019, OP 16 at p. 112.

Table 3: Prospective EM&V Funds

2017 Programs Budget	4% EM&V Funding Level	27.5% EM&V PA Distribution	**Total Prospective EM&V Funds**
$1,586,347[17]	$66,097	$18,176	**$18,176**

MCE's 2017 budget request includes $96,342 in EM&V funds for program years 2013-2017, which is included in MCE's budget request in Table 1, and reflected in the Appendices.

<u>Portfolio Cost Effectiveness</u>

MCE's portfolio cost-effectiveness results for 2017 are:

Total Resource Cost Test Ratio ("TRC"): 0.91
Program Administrator Cost Test Ratio ("PAC"): 1.01

In 2013, MCE administered the first EE programs under the authority granted in § 381.1(a)-(d). These programs were initially restricted by the Commission to serve gaps in investor-owned utility ("IOU") programs and hard-to-reach markets.[18] The Commission subsequently concluded that these restrictions may cause MCE's proposals to fail the TRC test and did not initially impose a minimum cost-effectiveness requirement.[19] In 2014, the Commission lifted the restrictions[20] and imposed the same cost-effectiveness standards on CCAs as IOUs.[21] However, MCE has not been invited to file an application since the restrictions were lifted, as the 2014 programs were extended to 2015, 2016, and now 2017 while the Commission is transitioning to the rolling portfolio.[22] Lifting the restrictions improves MCE's ability to meet the minimum 1.25 TRC ratio because very few cost-effective opportunities exist within the gaps in IOU programs and hard-to-reach markets.

MCE has been working to improve the cost-effectiveness of its offerings through comprehensive changes to its portfolio. In October 2015, MCE filed a business plan that proposed expanded offerings to multiple new customer sectors and a more balanced portfolio intended to achieve long-term cost effectiveness.[23] While a prehearing conference was convened for this application on February 1, 2016, no further Commission action occurred. While the Commission has not made any additional progress on the comprehensive update of MCE's portfolio, MCE has continued to make efforts aimed at improving the cost effectiveness of its portfolio. These efforts are discussed below in Portfolio Changes.

[17] D.16-05-004, OP 2 at p. 13.
[18] D.12-11-015 at p. 45-46.
[19] D.12-11-015 at p. 46.
[20] D.14-01-033 at p. 14. *See also* D.14-10-046 at p. 120 (Commission clarifying the restrictions do not apply to gas programs).
[21] D.14-01-033 at p. 36.
[22] D.14-10-046 at p. 30-32.
[23] A.15-10-014.

Portfolio Changes

In 2016, MCE took several steps to improve the cost effectiveness of its portfolio. MCE suspended the Home Utility Reports ("HURs") component of its Single Family program in response to an evaluation that indicated the HURs were not producing savings. MCE shifted those funds into the Multifamily and Small Commercial Programs.[24] In 2017, MCE will continue the suspension of the HURs. MCE has also requested authority to provide a Seasonal Savings pilot that, if approved, will be administered in 2016 and 2017.[25] MCE anticipates the Seasonal Savings pilot will increase the cost effectiveness of MCE's portfolio. However, as the savings associated with this pilot will be purely on an *ex post* basis, these savings figures have not been included in the cost-effectiveness analysis for the 2017 portfolio. MCE anticipates achieving a higher cost effectiveness in its portfolio due to the pilot results. Apart from these changes, MCE is continuing its 2016 portfolio of programs in 2017.

Fund Shifting

D.16-05-004 approved MCE's most recent budget.[26] The budget allocation was provided in MCE advice letter 16-E.[27] MCE has performed no fund shifting since that allocation was approved.

Carryover or Encumbered Funds

MCE's encumbered funds consist entirely of loan loss reserve ("LLR") funds associated with MCE's Financing program. MCEs Financing program was first authorized in D.12-11-015.[28] This program included LLR funds used to leverage private financing for Single Family, Multifamily, and Small Commercial customers. MCE closed its Single Family On-Bill Repayment component and utilized a portion of the LLR funds for program activity in 2015, leaving a small portion to support one outstanding loan.[29] The remaining LLR funds are available to support loans for Multifamily and Small Commercial customers. These LLR funds are shown in Table 4 below.

Table 4: MCE's Encumbered Funds

LLR Accounts	Encumbered
Single Family	$500
Multifamily and Small Commercial	$548,000
Total	**$548,500**

[24] MCE Advice Letter 15-E.
[25] MCE Advice Letter 17-E.
[26] D.16-05-004.
[27] MCE Advice Letter 16-E at p. 3.
[28] D.12-11-015 at p. 49-51.
[29] MCE Advice Letter 10-E.

Notice

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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
Regulatory Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6045
Facsimile: (415) 459-8095
E-mail: mcallahan@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6034
Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

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.

<u>Correspondence</u>

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

<u>/s/ Michael Callahan</u>

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY

cc: Service List R.13-11-005

Attachment A:
CEDARS Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

The MCE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Marin Clean Energy (MCE)

Filing Year: 2017

Submitted: 17:09:58 on 15 Sep 2016

By: Beckie Menten

Advice Letter Number: 11-E

* Portfolio Filing Summary *

- TRC: 0.9138
- PAC: 1.0126
- TRC (no admin): 2.3839
- PAC (no admin): 3.1969
- RIM: 1.0126
- Budget: $1,586,346.78

* Programs Included in the Filing *

- MCE01: Multi-Family
- MCE02: Small Commercial
- MCE03: Single Family
- MCE04: Financing Pilots

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: ☑ ELC ☐ GAS ☐ PLC ☐ HEAT ☐ WATER	Michael Callahan Phone #: (415) 464-6045 E-mail: mcallahan@mcecleanenergy.org
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 18-E-A

Subject of AL: MCE 2017 Annual Energy Efficiency Program and Portfolio Budget Request

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.15-10-028

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: October 15, 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: none

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
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
edtariffunit@cpuc.ca.gov

Utility Info (including e-mail)
Marin Clean Energy
Michael Callahan, Regulatory Counsel
(415) 464-6045
mcallahan@mcecleanenergy.org

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

November 18, 2016

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

Advice Letter 20-E

Re: Request for Approval to Shift Funds

In compliance with the California Public Utilities Commission's ("Commission") Decision ("D.") 09-09-047, Ordering Paragraph ("OP") 43, filed September 24, 2009 and the Energy Efficiency Policy Manual,[1] Marin Clean Energy ("MCE") submits this filing to request a fund shift among MCE's programs to accommodate project commitments and anticipated spending for the remainder of 2016.

Effective Date: December 18, 2016

Tier Designation: Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 this advice letter is submitted with a Tier 2 designation.

Purpose

The purpose of this advice letter filing is to seek approval to fund shift among MCE's programs to accommodate project commitments and anticipated spending for the remainder of 2016.

Background

MCE currently administers a Multi-Family Program with growing participation since its launch in 2013. Historically, enrollment in this program has exceeded capacity, and the Commission previously authorized MCE to shift funds to this program to accommodate the demand.[2] MCE's Multi-Family program requires additional funding to continue to serve the project pipeline and support program implementation through 2016.

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[1] Version 5, July 2013, Section II.7 at p. 13, available at http://www.cpuc.ca.gov/NR/rdonlyres/7E3A4773-6D35-4D21-A7A2-9895C1E04A01/0/EEPolicyManualV5forPDF.pdf.

[2] MCE Advice Letter ("AL") 15-E.

Multi-Family Program Activity

MCE's Multi-Family Program has grown significantly since its launch in 2013. MCE's Multi-Family Program provides targeted outreach and training to multi-family property owners, contractors, and tenants. This program focuses on supporting and providing incentives for energy efficiency retrofits in multi-family buildings. In addition to the implementation activities planned for the remainder of 2016, a set of large projects that have been under development in MCE's project pipeline are anticipated to commit to a scope of work this year. While the installation of measures for these projects may begin in 2016, the projects are anticipated to complete in 2017.

The current Multi-Family budget is insufficient to cover the scope of work for these projects. MCE is requesting the fund shifts described below to cover any costs incurred in 2016 with the remainder being committed to complete the projects in 2017. These shifts are not expected to cover the entire cost of these projects, and MCE will use a portion of the 2017 Multi-Family budget to cover the remainder of the project costs incurred in 2017. As such, MCE proposes to shift funds, as described below, into its Multi-Family Program budget to accommodate these projects and complete other implementation activities in 2016.

Fund Shifting for MCE's 2016 Budget

MCE requests authority to shift funds from its Small Commercial and Single Family programs to its Multi-Family Program to support the Multi-Family Program's forecasted expenditures for project commitments and implementation activities through the end of 2016. The proposed fund shift is included in Tables 1 and 2, below.[3]

Table 1: Requested Fund Shifts in MCE's 2016 Budget (MCE AL 19-E Approved)

MCE Programs	Approved 2016[4]	Fund Shifts	Final 2016
Single Family	$228,050	($34,314)	$193,736
Multi-Family	$667,555	$269,691	$937,246
Small Commercial	$658,711	($235,377)	$423,334
Financing	$32,031	-	$32,031
Total	**$1,586,347**	**-**	**$1,586,347**

[3] MCE filed MCE AL 19-E on October 24, 2016. MCE AL 19-E requested a $5,000 fund shift from MCE's Single Family Program to its Financing Program. MCE AL 19-E is pending approval by Commission staff as of the filing date for this AL (MCE AL 20-E). Tables 1 & 2 illustrate two scenarios: (1) Table 1 represents the fund shifts requested in this AL if staff approves MCE AL 19-E; and (2) Table 2 represents the fund shifts requested in this AL if staff does not approve MCE AL 19-E.

[4] MCE's budget was originally approved in D.14-10-046. Pursuant to D.16-05-004 and MCE AL 16-E, MCE's annual budget increased by $366,080 to accommodate newly enrolled communities in MCE's service area in 2015.

Table 2: Requested Fund Shifts in MCE's 2016 Budget (MCE AL 19-E Not Approved)

MCE Programs	Approved 2016[5]	Fund Shifts	Final 2016
Single Family	$233,050	($34,314)	$198,736
Multi-Family	$667,555	$269,691	$937,246
Small Commercial	$658,711	($235,377)	$423,334
Financing	$27,031	-	$27,031
Total	**$1,586,347**	**-**	**$1,586,347**

MCE requests authorization to shift funds out of the Small Commercial Program and Single Family Program into the Multi-Family Program. The Small Commercial and Single Family programs are anticipated to have remaining funds at the end of 2016. As such, MCE proposes to shift $235,377 out of the Small Commercial Program and $34,314 out of the Single Family Program to support the Multi-Family Program. The funds that remain in the Small Commercial and Single Family budgets will continue to support the current incentives and outreach activities in those programs.

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:

[5] *See* Footnote 4, above.

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6045
Facsimile: (415) 459-8095
E-mail: mcallahan@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6034
Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

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 at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

/s/ Michael Callahan

Michael Callahan
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
☑ ELC ☐ GAS	Phone #: 415-464-6045
☐ PLC ☐ HEAT ☐ WATER	E-mail: mcallahan@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): 20-E

Subject of AL: Request for Approval to Shift Funds

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: N/A

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: December 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, Regulatory Counsel**
San Francisco, CA 94102	**(415) 464-6045**
EDTariffUnit@cpuc.ca.gov	**mcallahan@mceCleanEnergy.org**

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

December 1, 2016

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

Advice Letter 21-E

Re: Identification of Unspent Funds from Marin Clean Energy's 2016 Energy Efficiency Programs Available for the 2017 Program Budget

Pursuant to Decision ("D.") 14-10-046, *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets (Concludes Phase I of R.13-11-005)*, Marin Clean Energy ("MCE") submits Advice Letter ("AL") 21-E to identify unspent energy efficiency ("EE") funds for MCE's 2017 EE programs.[1]

Effective Date: December 31, 2016

Tier Designation: This advice filing has a Tier 2 designation pursuant to Ordering Paragraph ("OP") 25 of D.14-10-046, which requires MCE "to file a Tier 2 Advice Letter on December 1, 2014 . . . and on December 1 of each successive year until 2024, identifying carry-forward amounts for the next year."[2]

Purpose

This compliance filing provides the unspent funds amount required by OP 25 of D.14-10-046. In addition to identifying unspent funds from the 2016 year, this AL provides a true-up of accounting in the 2015 unspent funds AL (MCE AL 11-E.) The true-up of MCE's 2015 unspent fund: (1) excludes unspent gas funds; and (2) accounts for actual spending, as opposed to projected, through the end of 2015. MCE also presents the quarterly electric funds transfers from Pacific Gas and Electric Company ("PG&E") to MCE for the 2017 budget based on offsets calculated using the identified unspent funds.

Background

a. MCE ALs Pending Approval

As of this AL filing, MCE has several ALs pending disposition before Commission staff.[3]

[1] D.14-10-046, OP 25 at 168.

[2] D.14-10-046, OP 25 at 168.

[3] AL 17-E (filed August 18, 2016); AL 18-E (filed September 15, 2016); AL 19-E (filed October 24, 2016); and AL 20-E (filed November 18, 2016.)

For the sake of simplicity, this filing presumes approval of these ALs. This AL can be updated with supplemental materials if directed by Commission staff or if any of these pending dispositions impact the figures included in this AL.

b. Basis for Unspent Funds Available for Carryover

The funding for EE programs is provided by ratepayers, collected by the Investor Owned Utilities ("IOUs") on authority of the Commission, and subsequently distributed by the IOUs. In MCE's case, PG&E distributes the Commission-approved budget directly to MCE.

Pursuant to D.14-10-046, MCE is required to file an annual Tier 2 AL on December 1 that identifies unspent funds that can be carried over into the next program year to reduce the amount of electrical funds PG&E needs to transfer to MCE.[4]

In D.14-10-046, the Commission extended the 2013-2014 annual EE program budgets through 2025.[5] The Commission directed PG&E to transfer EE budgets annually to MCE, less any amount MCE identifies as unspent.[6] Table 1 provides a breakdown of the total 2017 budget by electricity and gas funds including programmatic activities and Evaluation, Measurement, and Verification ("EM&V") activities.

Table 1: 2017 Budget by Electricity and Gas Funds, Including EM&V Funds

	Electricity Funds	**Natural Gas Funds**	**Totals**
Authorized 2017 Program Funds[7]	$1,301,647	$284,700	$1,586,347
Authorized EM&V Funding[8]	$87,309	$9,034	$96,342
Budget for 2017	$1,388,956	$293,734	$1,682,689

MCE receives electricity funds and gas funds through separate processes.[9] MCE receives electric EE funds from PG&E on a prospective, quarterly basis.[10] In contrast to the electric funds, MCE invoices PG&E for gas funds on a retrospective, monthly basis.[11] Although MCE's approved

[4] D.14-10-046, OP 25 at 168.

[5] D.14-10-046, OP 21 at 167.

[6] D.14-10-046 at 125; OP 24, 25, 26 at 167-68.

[7] This approved annual budget includes $1,301,647 in electricity funds and $284,700 in natural gas funds. D.16-05-004, OP 2 at 13.

[8] MCE's Annual Budget AL (AL 18-E) requests the authorized EM&V budget be transferred to MCE, which increases the total 2017 budget by $96,342. MCE will allocate the EM&V funding between electric and gas based on the same proportions as in MCE's underlying annual budgets.

[9] *See* D.14-10-046 at 119-20; OP 24, 26 at 167-68.

[10] D.14-10-046, OP 24 at 167-68.

[11] D.14-10-046 at 119; OP 26 at 168. In D.14-10-046, the Commission directed PG&E to contract with MCE for the provision of gas funding for MCE's EE gas savings. The monthly

annual budget includes both gas and electric funds, MCE does not receive gas funds for which it does not invoice. Therefore under the current rules, unspent (i.e. non-invoiced) gas funds should not be included as "unspent" in MCE's annual unspent funds ALs.

True-up of 2015 Unspent Funds

In December 2015, pursuant to D.14-10-046, MCE filed the 2015 Unspent Funds AL and a supplement, AL 11-E and AL 11-E-A. MCE erroneously included non-invoiced gas funds in its 2015 unspent funds amount. As a result, MCE overstated the unspent funds available for carryover into 2016. Table 1 provides a true-up of MCE's 2015 unspent funds calculation to exclude 2015 non-invoiced gas funds.

Table 2 also provides a true-up of the 2015 unspent funds calculation to reflect MCE's actual spending through the end of 2015. The Commission has recognized that because of the December 1 filing requirement, MCE would have to base the unspent funds on a projection of spending for the year.[12] The Commission suggested MCE "use its best estimates for the months for which it does not yet have actual spending data."[13] ALs 11-E and 11-E-A projected spending through the end of 2015. As such, MCE provides a true-up of the 2015 unspent funds to reflect actual spending through the end of 2015.

Table 2, below, illustrates the true-up of unspent funds from 2015 which factors in the: (1) non-invoiced gas funds; and 2) actual spending through the end of 2015.

Table 2: True-up of 2015 Unspent Funds Available for Carryover

2015 Unspent Gas Funds	True-up Based on Actual Spend through the End of 2015	Total 2015 Unspent Funds Adjustments
($40,037)	$117,049	$77,012

The true-up of unspent funds from 2015 results in $77,012 in unspent funds from 2015 available to offset the 2017 budget transfers from PG&E to MCE.

Identification of 2016 Unspent Funds Available for Carryover to 2017

The total unspent EE funds from 2016 available for MCE's 2017 EE program is $80,726 as provided in Table 3 below.
Since this filing is made before the end of 2016, it includes a projection of 2016 program expenditures. As Table 2 illustrates, the trued-up 2015 spending and correction for non-invoiced gas funds results in $77,012 in additional unspent funds from 2015. Table 3 provides the total

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invoicing arrangement is embodied in the gas funding contract entered into pursuant to that decision.

[12] D.14-10-046 at 126.

[13] D.14-10-046 at 126.

unspent funds from 2015 and 2016 available for carryover to offset the 2017 budget transfers from PG&E. Table 4 below provides the quarterly electric payments PG&E will transfer to MCE for the 2017 budget, which is reduced by the carryover amount from Table 3.

Table 3: Identified Unspent EE Funds Available for Carryover to 2017

2015 Unspent Funds Adjustments	2016 Unspent Electric Funds	2016 Unspent Gas Funds	Unspent Funds Available for Carryover
$77,012	$3,714	N/A[14]	**$80,726**

Table 4: Electricity Funds Payment Schedule

2017 Electric Budget	Unspent Funds Available for Carryover	2017 Electric Budget Less Carryover	2017 Quarterly Electric Payments
$1,388,956	($80,726)	$1,308,230	**$327,057.42**

MCE will continue to invoice PG&E on a retrospective, monthly basis for any gas expenditures incurred in 2017.

Conclusion

MCE identifies a total of $80,726 in unspent funds available to offset the 2017 budget transfers from PG&E. MCE also provides the quarterly electric payments for 2017 in the amount of $327,057.42 based on the unspent funds.

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, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

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

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

[14] As stated above, the total unspent EE funds available for carryover excludes unspent gas funds.

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1125 Tamalpais Ave.
San Rafael, CA 94901
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Facsimile: (415) 459-8095
bmenten@mceCleanEnergy.org

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 at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

/s/ Michael Callahan_
Michael Callahan
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)

Company name/CPUC Utility No. Marin Clean Energy

Utility type:	Contact Person for questions and approval letters: Michael Callahan
☑ ELC ☐ GAS	Phone #: (415) 464-6045
☐ PLC ☐ HEAT ☐ WATER	E-mail: mcallahan@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) #: MCE 21-E

Subject of AL: Identification of Unspent Funds from Marin Clean Energy's 2016 Energy Efficiency Programs Available for the 2017 Program Budget

Tier Designation: ☐ 1 ☑ 2 ☐ 3

Keywords (choose from CPUC listing): Compliance

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

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

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

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

Resolution Required? ☐ Yes ☑ No

Requested effective date: December 31, 2016 No. of tariff sheets: 0

Estimated system annual revenue effect: (%): n/a

Estimated system average rate effect (%): n/a

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

Tariff schedules affected: n/a

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets: none

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, Regulatory Counsel
San Francisco, CA 94102	1125 Tamalpais Ave. San Rafael, CA 94901
EDTariffUnit@cpuc.ca.gov	mcallahan@mcecleanenergy.org

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

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation and Rate Design (U 39M)	)))))	A.16-06-013 (Filed June 30, 2016)

MOTION OF MARIN CLEAN ENERGY FOR CONSOLIDATION

Jeremy Waen
Senior Regulatory Analyst
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1125 Tamalpais Avenue
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Facsimile: (415) 459-8095
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December 23, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation and Rate Design (U 39M)	)))))	A.16-06-013 (Filed June 30, 2016)

MOTION OF MARIN CLEAN ENERGY
FOR CONSOLIDATION

In accordance with Rule 11.1 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California ("Commission"), Marin Clean Energy ("MCE") hereby submits this motion to consolidate certain issues raised by Pacific Gas and Electric ("PG&E") in this Application, ("A.") 16-06-013 ("Phase 2 Application") into Rulemaking ("R.")12-06-013. MCE has party status in A.16-06-013 and R.12-06-013. MCE is filing this motion concurrently in both proceedings, and will be serving a courtesy copy of this motion to the service list for Southern California Edison Company's ("SCE") Rate Design Window Proceeding, A.16-09-003, where similar issues and requests are being addressed.

In its Phase 2 Application and accompanying testimony, PG&E proposes to eliminate the existing Power Charge Indifference Adjustment ("PCIA") exemption for Medical Baseline ("MB") customers ("MB Exemption"). For the reasons set forth below, all investor-owned utility ("IOU") proposals to eliminate or modify the PCIA exemption for MB and California Alternate Rates for Energy ("CARE") customers, including PG&E's proposal to eliminate the MB Exemption, should be given in-depth consideration by the Commission in a single, consolidated proceeding, namely, R.12-06-013. In addition, these proposals fall within the scope of R.12-06-013 and are most appropriately addressed in R.12-06-013. As such, MCE respectfully requests that the Commission issue a ruling directing: (1) that PG&E's MB

Exemption proposal in A.16-06-013 be withdrawn; (2) that PG&E submit its MB Exemption proposal in R.12-06-013; and (3) that all proposals to eliminate or modify the PCIA Exemption for CARE and MB customers be addressed in a consolidated manner in R.12-06-013.[1]

I. PROCEDURAL BACKGROUND

The IOUs originally exempted departing load MB and CARE customers from the PCIA. In D.07-09-004, the Commission approved a settlement agreement that, among other things, approved a PG&E proposal to remove the PCIA exemption for CARE customers ("CARE Exemption"). To date, PG&E's MB Exemption and SCE's CARE and MB Exemptions have remained in place.

MCE was formed after the settlement agreement approved in D.07-09-004 was adopted. As such, MCE was unable to oppose PG&E's proposal to eliminate the CARE Exemption. However, at various times MCE has asked the Commission to review PG&E's past action in eliminating the CARE Exemption.[2] Most recently, in A.14-11-007 MCE submitted a motion to amend the scope of the proceeding to "include consideration of the issue of whether Community Choice Aggregator customers enrolled in the [CARE] program within [PG&E's] service territory should be charged the [PCIA] exit fee when their corollaries in different investor owned utility service territories do not." This motion was denied.

In 2016, PG&E and SCE have proposed to eliminate elements of the PCIA exemption. In A.16-06-013, PG&E has requested that the MB Exemption be eliminated. Similarly, in A.16-09-003, SCE's 2016 Rate Design Window Application, SCE has sought to eliminate both the CARE Exemption and the MB Exemption for SCE's departing load customers.

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[1] As further described below, the City of Lancaster recently filed companion motions in R.12-06-013 and A.16-09-003 seeking similar action by the Commission.

II. DISCUSSION

A. All Challenges To The CARE Exemption And MB Exemption Should Be Given In-Depth Consideration In A Single, Consolidated Proceeding

The Commission should give in-depth consideration to all issues related to the CARE Exemption and MB Exemption in a single proceeding covering all IOUs. The IOUs' various proposals to eliminate the PCIA exemptions raise practical and policy issues that have the potential to affect large numbers of highly vulnerable current and future Community Choice Aggregation ("CCA") customers. The exemptions serve a fundamental policy goal – protecting the most vulnerable departing load customers from market disruptions. This goal remains as important today as it was when the exemptions were first implemented. As a practical matter, eliminating the MB Exemption and CARE Exemption would cause direct financial harm the most vulnerable CCA customers by subjecting them to the PCIA – a fee that is variable, unpredictable, and outside their control. Given the success of existing CCA programs and the significant load migration to CCA programs expected in coming years, the IOUs' proposals could affect hundreds of thousands of vulnerable CARE and MB customers by subjecting them to higher, less predictable electricity bills.

Given the practical and policy impacts associated with the IOUs' proposals, these proposals should be given a thorough, in-depth review by the Commission in an appropriate proceeding. The IOUs' approach to date has been just the opposite. The IOUs have raised their proposals to eliminate the PCIA exemptions in a piecemeal manner, as side issues in proceedings whose primary focus is neither the CARE and MB programs nor the PCIA. PG&E's proposal to eliminate the MB Exemption, for instance, is one of many major ratemaking issues raised in

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[2] Proceedings where MCE has raised this issue include A.14-05-024 and A.14-11-007.

PG&E's Phase 2 Application. PG&E's Phase 2 Application buries the MB Exemption proposal among these other, higher-profile issues. For example, the MB Exemption proposal receives a single sentence of discussion in PG&E's Phase 2 Application,[3] and less than three pages of discussion in PG&E's accompanying testimony, most of which is procedural background rather than substantive support for PG&E's proposal.[4] This raises the significant danger that the MB Exemption proposal will fall through the cracks, and will not receive the kind of in-depth attention that the proposal's certain impact on CCA programs and vulnerable ratepayers merits.

The IOUs' piecemeal approach to challenging the PCIA exemptions raises several other problems. Challenging the PCIA exemptions in proceedings that are primarily focused on other issues (not CARE, MB, or PCIA issues) reduces the likelihood that all interested parties will participate. Parties with an interest in the PCIA exemption issue are much more likely to participate in a single, consolidated proceeding on the issue, especially if the PCIA exemptions are considered in a CARE, MB, or PCIA-specific proceeding that most interested parties are already involved in. It is unduly burdensome to require parties whose primary interest is the PCIA exemptions to participate in separate proceedings for each IOU, especially separate proceedings with a primary focus on other issues.

The IOUs' approach is also problematic because considering the same issue in multiple separate proceedings raises the danger of inconsistent and contradictory results. This may further exacerbate the already inconsistent application of the PCIA exemptions. Considering the same issue in multiple proceedings is also inefficient, wasting Commission, intervenor, and IOU resources on duplicative and possibly contradictory efforts. Finally, the IOUs' approach limits

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3 A.16-06-013, PG&E Application, at 9.

4 A.16-06-013, PG&E Prepared Testimony, Exhibit PG&E-1, at 1-16 through 1-18.

the Commission's bandwidth and ability to review issues surrounding the PCIA exemptions holistically: both across IOUs and in the context of the CARE and MB programs as a whole. All of these problems can be remedied by addressing the CARE Exemption and MB Exemption in a single proceeding for all IOUs.

B. R.12-06-013 Is The Best Venue To Consider PG&E's Proposal To Eliminate The MB Exemption

The Commission should consider PG&E's proposal to eliminate the MB Exemption – as well as all SCE's proposal to eliminate or modify the CARE Exemption and MB Exemption – in R.12-06-013. PG&E's proposal to eliminate the MB Exemption, SCE's proposal to eliminate the CARE Exemption and MB Exemption, and general questions regarding the reasonableness of the PCIA exemptions fall within the scope of R.12-06-013. As the Commission stated in its Order Instituting Rulemaking, R.12-06-013 has a broad focus: to "examine current residential rate design" while "ensur[ing] for the foreseeable future that rates are both equitable and affordable while meeting the Commission's rate and policy objectives for the residential sector. *This is especially true in terms of ensuring that low income customers have access to enough electricity to meet their basic needs at an affordable cost*."[5]

The City of Lancaster has already filed a Motion to Consolidate SCE's proposal to eliminate its CARE Exemption and MB Exemption – originally raised in SCE's Rate Design Window Application (A.16-09-003) – into Phase 3 of R.12-06-013.[6] MCE supports Lancaster's arguments, and agrees with Lancaster that Phase 3 of R.12-06-013 would be an appropriate forum to consider these issues. As assigned administrative law judge ("ALJ") McKinney ruled:

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5 R.12-06-013, Order Instituting Rulemaking, at 1-2. (Emphasis added.)

6 *See Motion of the City of Lancaster for Consolidation*, dated November 2, 2016.

> ...the potential to restructure the CARE discount is a Phase 3 issue in R1206013. R1206014 has set forth a process that includes gathering and evaluating data on the effectiveness of the current discount structure. In addition, R1206013 is examining the structure of the CARE discount in the context of the entire residential rate structure, including the impact on non-CARE customers.[7]

The CARE Exemption is an integral part of the CARE discount and program for departing load customers. Proposals to eliminate the CARE Exemption directly relate to the "structure of the CARE discount in the context of the entire residential rate structure" and as such are Phase 3 issues. Given the close relationship between the CARE and MB programs, the fact that the PCIA exemption for both programs is structurally similar, the fact that any decision regarding the CARE Exemption will necessarily affect the MB Exemption, and the efficiency to be gained by considering the CARE and MB Exemptions jointly, the Commission should consider both the CARE and MB Exemptions in Phase 3 of R.12-06-013.

In the alternative, the Commission should consider opening an additional phase in R.12-06-013 to consider the CARE Exemption and MB Exemption. In any event, MCE believes that the CARE Exemption and MB Exemption are sufficiently important, from both a policy and practical perspective, to warrant consideration in a consolidated manner.

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[7] R.12-06-013, Email Ruling of ALJ McKinney, dated October 26, 2016

III. CONCLUSION

MCE appreciates the Commission's consideration of the matters addressed herein.

Dated: December 23, 2016 Respectfully submitted,

/s/ Jeremy Waen

Jeremy Waen
Senior Regulatory Analyst
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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	)	Rulemaking No. 12-06-013 (Filed June 21, 2012)

MOTION OF MARIN CLEAN ENERGY FOR CONSOLIDATION

Jeremy Waen
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1125 Tamalpais Avenue
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December 23, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	))))))))	Rulemaking No. 12-06-013 (Filed June 21, 2012)

MOTION OF MARIN CLEAN ENERGY
FOR CONSOLIDATION

In accordance with Rule 11.1 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California ("Commission"), Marin Clean Energy ("MCE") hereby submits this motion to consolidate certain issues raised in Pacific Gas and Electric's ("PG&E") Application, ("A.") 16-06-013 ("Phase 2 Application") into Rulemaking ("R.")12-06-013. MCE has party status in A.16-06-013 and R.12-06-013. MCE is filing this motion concurrently in both proceedings, and will be serving a courtesy copy of this motion to the service list for Southern California Edison Company's ("SCE") Rate Design Window Proceeding, A.16-09-003, where similar issues and requests are being addressed.

In its Phase 2 Application and accompanying testimony, PG&E proposes to eliminate the existing Power Charge Indifference Adjustment ("PCIA") exemption for Medical Baseline ("MB") customers ("MB Exemption"). For the reasons set forth below, all investor-owned utility ("IOU") proposals to eliminate or modify the PCIA exemption for MB and California Alternate Rates for Energy ("CARE") customers, including PG&E's proposal to eliminate the MB Exemption, should be given in-depth consideration by the Commission in a single, consolidated proceeding, namely, R.12-06-013. In addition, these proposals fall within the scope of R.12-06-013 and are most appropriately addressed in R.12-06-013. As such, MCE respectfully requests that the Commission issue a ruling directing: (1) that PG&E's MB Exemption proposal in A.16-06-013 be withdrawn; (2) that PG&E submit its MB Exemption proposal in R.12-06-013; and (3) that all proposals to eliminate or modify the PCIA Exemption for CARE and MB customers be addressed in a consolidated manner in R.12-06-013.[1]

I. PROCEDURAL BACKGROUND

The IOUs originally exempted departing load MB and CARE customers from the PCIA. In D.07-09-004, the Commission approved a settlement agreement that, among other things, approved a PG&E proposal to remove the PCIA exemption for CARE customers ("CARE Exemption"). To date, PG&E's MB Exemption and SCE's CARE and MB Exemptions have remained in place.

MCE was formed after the settlement agreement approved in D.07-09-004 was adopted. As such, MCE was unable to oppose PG&E's proposal to eliminate the CARE Exemption. However, at various times MCE has asked the Commission to review PG&E's past action in eliminating the CARE Exemption.[2] Most recently, in A.14-11-007 MCE submitted a motion to amend the scope of the proceeding to "include consideration of the issue of whether Community Choice Aggregator customers enrolled in the [CARE] program within [PG&E's] service territory should be charged the [PCIA] exit fee when their corollaries in different investor owned utility service territories do not." This motion was denied.

In 2016, PG&E and SCE have proposed to eliminate elements of the PCIA exemption. In A.16-06-013, PG&E has requested that the MB Exemption be eliminated. Similarly, in A.16-

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[1] As further described below, the City of Lancaster recently filed companion motions in R.12-06-013 and A.16-09-003 seeking similar action by the Commission.

[2] Proceedings where MCE has raised this issue include A.14-05-024 and A.14-11-007.

09-003, SCE's 2016 Rate Design Window Application, SCE has sought to eliminate both the CARE Exemption and the MB Exemption for SCE's departing load customers.

II. DISCUSSION

A. All Challenges To The CARE Exemption And MB Exemption Should Be Given In-Depth Consideration In A Single, Consolidated Proceeding

The Commission should give in-depth consideration to all issues related to the CARE Exemption and MB Exemption in a single proceeding covering all IOUs. The IOUs' various proposals to eliminate the PCIA exemptions raise practical and policy issues that have the potential to affect large numbers of highly vulnerable current and future Community Choice Aggregation ("CCA") customers. The exemptions serve a fundamental policy goal – protecting the most vulnerable departing load customers from market disruptions. This goal remains as important today as it was when the exemptions were first implemented. As a practical matter, eliminating the MB Exemption and CARE Exemption would cause direct financial harm the most vulnerable CCA customers by subjecting them to the PCIA – a fee that is variable, unpredictable, and outside their control. Given the success of existing CCA programs and the significant load migration to CCA programs expected in coming years, the IOUs' proposals could affect hundreds of thousands of vulnerable CARE and MB customers by subjecting them to higher, less predictable electricity bills.

Given the practical and policy impacts associated with the IOUs' proposals, these proposals should be given a thorough, in-depth review by the Commission in an appropriate proceeding. The IOUs' approach to date has been just the opposite. The IOUs have raised their proposals to eliminate the PCIA exemptions in a piecemeal manner, as side issues in proceedings whose primary focus is neither the CARE and MB programs nor the PCIA. PG&E's proposal to eliminate the MB Exemption, for instance, is one of many major ratemaking issues raised in

PG&E's Phase 2 Application. PG&E's Phase 2 Application buries the MB Exemption proposal among these other, higher-profile issues. For example, the MB Exemption proposal receives a single sentence of discussion in PG&E's Phase 2 Application,[3] and less than three pages of discussion in PG&E's accompanying testimony, most of which is procedural background rather than substantive support for PG&E's proposal.[4] This raises the significant danger that the MB Exemption proposal will fall through the cracks, and will not receive the kind of in-depth attention that the proposal's certain impact on CCA programs and vulnerable ratepayers merits.

The IOUs' piecemeal approach to challenging the PCIA exemptions raises several other problems. Challenging the PCIA exemptions in proceedings that are primarily focused on other issues (not CARE, MB, or PCIA issues) reduces the likelihood that all interested parties will participate. Parties with an interest in the PCIA exemption issue are much more likely to participate in a single, consolidated proceeding on the issue, especially if the PCIA exemptions are considered in a CARE, MB, or PCIA-specific proceeding that most interested parties are already involved in. It is unduly burdensome to require parties whose primary interest is the PCIA exemptions to participate in separate proceedings for each IOU, especially separate proceedings with a primary focus on other issues.

The IOUs' approach is also problematic because considering the same issue in multiple separate proceedings raises the danger of inconsistent and contradictory results. This may further exacerbate the already inconsistent application of the PCIA exemptions. Considering the same issue in multiple proceedings is also inefficient, wasting Commission, intervenor, and IOU resources on duplicative and possibly contradictory efforts. Finally, the IOUs' approach limits

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[3] A.16-06-013, PG&E Application, at 9.

[4] A.16-06-013, PG&E Prepared Testimony, Exhibit PG&E-1, at 1-16 through 1-18.

the Commission's bandwidth and ability to review issues surrounding the PCIA exemptions holistically: both across IOUs and in the context of the CARE and MB programs as a whole. All of these problems can be remedied by addressing the CARE Exemption and MB Exemption in a single proceeding for all IOUs.

B. R.12-06-013 Is The Best Venue To Consider PG&E's Proposal To Eliminate The MB Exemption

The Commission should consider PG&E's proposal to eliminate the MB Exemption – as well as all SCE's proposal to eliminate or modify the CARE Exemption and MB Exemption – in R.12-06-013. PG&E's proposal to eliminate the MB Exemption, SCE's proposal to eliminate the CARE Exemption and MB Exemption, and general questions regarding the reasonableness of the PCIA exemptions fall within the scope of R.12-06-013. As the Commission stated in its Order Instituting Rulemaking, R.12-06-013 has a broad focus: to "examine current residential rate design" while "ensur[ing] for the foreseeable future that rates are both equitable and affordable while meeting the Commission's rate and policy objectives for the residential sector. *This is especially true in terms of ensuring that low income customers have access to enough electricity to meet their basic needs at an affordable cost*."[5]

The City of Lancaster has already filed a Motion to Consolidate SCE's proposal to eliminate its CARE Exemption and MB Exemption – originally raised in SCE's Rate Design Window Application (A.16-09-003) – into Phase 3 of R.12-06-013.[6] MCE supports Lancaster's arguments, and agrees with Lancaster that Phase 3 of R.12-06-013 would be an appropriate forum to consider these issues. As assigned administrative law judge ("ALJ") McKinney ruled:

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5 R.12-06-013, Order Instituting Rulemaking, at 1-2. (Emphasis added.)

6 *See Motion of the City of Lancaster for Consolidation*, dated November 2, 2016.

> ...the potential to restructure the CARE discount is a Phase 3 issue in R1206013. R1206014 has set forth a process that includes gathering and evaluating data on the effectiveness of the current discount structure. In addition, R1206013 is examining the structure of the CARE discount in the context of the entire residential rate structure, including the impact on non-CARE customers.[7]

The CARE Exemption is an integral part of the CARE discount and program for departing load customers. Proposals to eliminate the CARE Exemption directly relate to the "structure of the CARE discount in the context of the entire residential rate structure" and as such are Phase 3 issues. Given the close relationship between the CARE and MB programs, the fact that the PCIA exemption for both programs is structurally similar, the fact that any decision regarding the CARE Exemption will necessarily affect the MB Exemption, and the efficiency to be gained by considering the CARE and MB Exemptions jointly, the Commission should consider both the CARE and MB Exemptions in Phase 3 of R.12-06-013.

In the alternative, the Commission should consider opening an additional phase in R.12-06-013 to consider the CARE Exemption and MB Exemption. In any event, MCE believes that the CARE Exemption and MB Exemption are sufficiently important, from both a policy and practical perspective, to warrant consideration in a consolidated manner.

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[7] R.12-06-013, Email Ruling of ALJ McKinney, dated October 26, 2016

III. CONCLUSION

MCE appreciates the Commission's consideration of the matters addressed herein.

Dated: December 23, 2016 Respectfully submitted,

/s/ Jeremy Waen

Jeremy Waen
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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2017 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation (U 39 E).	))))))))	Application 16-06-003 (Filed June 1, 2016)

NOTICE OF *EX PARTE* COMMUNICATION

Pursuant to Rule 8.4 of the California Public Utilities Commission's ("Commission") 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 through two e-mails transmitted on December 14, 2016 by Scott Blaising, outside regulatory counsel for MCE, to Sepideh Khosrowjah, chief of staff for Commissioner Mike Florio, and Matthew Tisdale, energy advisor to Commission Mike Florio. In accordance with Rule 8.3(c)(3), MCE concurrently served a copy of the e-mails on the service list for this proceeding. The two e-mails, and their associated attachments, are attached hereto.

Dated: December 19, 2016

Respectfully submitted,

/s/ Scott Blaising

Scott Blaising
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Counsel for Marin Clean Energy

Scott Blaising

From: Scott Blaising
Sent: Wednesday, December 14, 2016 1:15 PM
To: Sepideh Khosrowjah (sepideh.khosrowjah@cpuc.ca.gov); Matthew Tisdale (matthew.tisdale@cpuc.ca.gov)
Cc: Douglass@EnergyAttorney.com; zz1@cpuc.ca.gov; Austin.yang@sfgov.org; EK@a-klaw.com; nes@a-klaw.com; CRMd@pge.com; JWaen@mceCleanEnergy.org; SMarshall@LeanEnergyUS.org; SShupe@SonomaCleanPower.org; MBoccadoro@WestCoastAdvisors.com; Scott Blaising; KMills@cfbf.com; Ann Trowbridge; Barbara@BarkovichAndYap.com; RegRelCPUCCases@pge.com; LDRi@pge.com; MMCL@pge.com; nreardon@sonomacleanpower.org; mrw@mrwassoc.com; CPUCdockets@eq-research.com; John.Montanye@sce.com; Russell.Archer@SCE.com; KGill@SempraUtilities.com; Sue Mara; RegCleanPowerSF@SFWater.org; James Hendry; P1W8 @pge.com; PxEg@pge.com; sjm001@sbcglobal.net; tlindl@kfwlaw.com; regulatory@mceCleanEnergy.org; Camille Stough; Cameron@EESConsulting.com; bl1@cpuc.ca.gov; cc2@cpuc.ca.gov; ce1@cpuc.ca.gov; dz1@cpuc.ca.gov; sha@cpuc.ca.gov; pc5@cpuc.ca.gov; spt@cpuc.ca.gov; scl@cpuc.ca.gov; sc8@cpuc.ca.gov
Subject: A.16-06-003 (PG&E ERRA); Ex Parte Communication

SDGE ERRA PD - Redline Excerp...

Sepideh and Matthew –

I am writing this e-mail on behalf of Marin Clean Energy. In accordance with Rule 8.3(c)(3), this e-mail is being served on all parties to A.16-06-003.

I am writing to request that the final decision in PG&E's ERRA proceeding include comparable language to that which has been included in SDG&E's agenda decision in its ERRA proceeding. As you know, pursuant to rulings in each of the IOUs' ERRA proceedings, a separate second phase has been established to examine issues related to the PCIA and negative indifference amounts, principally involving pre-2009 vintages. Yesterday, a redlined agenda decision was issued in SDG&E's ERRA proceeding that orders SDG&E's PCIA rates to be subject to adjustment or elimination pending the outcome of the second phase. (See attached excerpt.) To preserve this issue and to promote comparability among the IOUs on this issue, I request that the final decision in PG&E's ERRA proceeding include comparable ordering paragraphs to those that were introduced in SDG&E's ERRA agenda decision. Specifically, an ordering paragraph should be included, stating that PG&E's "Pre-2009 vintage Power Charge Indifference Adjustment rates are subject to adjustment or confirmed elimination, pending the outcome of the second phase of this proceeding."

Thank you in advance for your consideration of this request

Scott Blaising
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18. Given that no hearings were held in the current proceeding, we should change our preliminary and Scoping Memo determination regarding hearings, to no hearings necessary.

ORDER

IT IS ORDERED that:

1. San Diego Gas & Electric Company's 2017 request for the following ratesetting inputs are adopted as follows: 1) an Energy Resource Recovery Account forecast revenue requirement of an estimated $1,357.197 million; 2) Ongoing Competition Transition Charge forecast revenue requirement of $~~23.689~~23.681 million; 3) 2016 Local Generation Charge of $43.511 million; and 4) San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.038 million.

2. San Diego Gas & Electric Company's proposed 2017 Local Generation Charge rates are approved.

3. San Diego Gas & Electric Company's proposed 2017 Power Charge Indifference Adjustment Rates for the 2009 through 2017 Vintages are approved.

4. ~~3.~~ A determination whether San Diego Gas & Electric Company's pre-2009 vintage Power Charge Indifference Adjustment rates were properly calculated is postponed to a second phase of this proceeding to be heard in 2017.

5. San Diego Gas & Electric Company is permitted to implement the pre-2009 vintage Power Charge Indifference Adjustment Rates, pending resolution of the second phase of this proceeding.

6. The pre-2009 vintage Power Charge Indifference Adjustment Rates are subject to adjustment or elimination, pending the outcome of the second phase of this proceeding.

From: Scott Blaising
Sent: Wednesday, December 14, 2016 5:44 PM
To: Sepideh Khosrowjah (sepideh.khosrowjah@cpuc.ca.gov); Matthew Tisdale (matthew.tisdale@cpuc.ca.gov)
Cc: Douglass@EnergyAttorney.com; zz1@cpuc.ca.gov; Austin.yang@sfgov.org; EK@a-klaw.com; nes@a-klaw.com; CRMd@pge.com; JWaen@mceCleanEnergy.org; SMarshall@LeanEnergyUS.org; SShupe@SonomaCleanPower.org; MBoccadoro@WestCoastAdvisors.com; KMills@cfbf.com; Ann Trowbridge; Barbara@BarkovichAndYap.com; RegRelCPUCCases@pge.com; LDRi@pge.com; MMCL@pge.com; nreardon@sonomacleanpower.org; mrw@mrwassoc.com; CPUCdockets@eq-research.com; John.Montanye@sce.com; Russell.Archer@SCE.com; KGill@SempraUtilities.com; Sue Mara; RegCleanPowerSF@SFWater.org; James Hendry; P1W8@pge.com; PxEg@pge.com; sjm001 @sbcglobal.net; tlindl@kfwlaw.com; regulatory@mceCleanEnergy.org; Camille Stough; Cameron@EESConsulting.com; bl1@cpuc.ca.gov; cc2@cpuc.ca.gov; ce1@cpuc.ca.gov; dz1 @cpuc.ca.gov; sha@cpuc.ca.gov; pc5@cpuc.ca.gov; spt@cpuc.ca.gov; scl@cpuc.ca.gov; sc8 @cpuc.ca.gov
Subject: A.16-06-003 (PG&E ERRA) - Additional Ex Parte Communication

A.16-05-001 SCE ERRA Agenda D...

Sepideh and Matthew –

As I did before, I am copying the service list in A.16-06-003, and I will file and serve a notice of this and the prior communication. Earlier this evening, I received a copy of the redlined agenda decision in SCE's ERRA proceeding (A.16-05-001). As you know, a ruling was issued in each of the IOUs' ERRA proceedings establishing a second phase to examine the PCIA for pre-2009 vintage customers, among other issues. As the assigned law judge did in SDG&E's ERRA proceeding (see below), the assigned law judge in SCE's ERRA proceeding specifically set the PCIA for pre-2009 vintage customers as being subject to refund/adjustment. (See attached excerpt.) Accordingly, I renew my request that the final decision in PG&E's ERRA proceeding include language that expressly makes the PCIA for pre-2009 vintage customers subject to refund/adjustment. This is an industry-wide matter, not a utility-specific matter, and customers in each of the IOUs' service areas should be treated comparably.

Thank you for your consideration of this request.

Scott Blaising
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blaising@braunlegal.com

From: Scott Blaising
Sent: Wednesday, December 14, 2016 1:15 PM
To: Sepideh Khosrowjah (sepideh.khosrowjah@cpuc.ca.gov) <sepideh.khosrowjah@cpuc.ca.gov>; Matthew Tisdale

(matthew.tisdale@cpuc.ca.gov) <matthew.tisdale@cpuc.ca.gov>
Cc: Douglass@EnergyAttorney.com; zz1@cpuc.ca.gov; Austin.yang@sfgov.org; EK@a-klaw.com; nes@a-klaw.com; CRMd@pge.com; JWaen@mceCleanEnergy.org; SMarshall@LeanEnergyUS.org; SShupe@SonomaCleanPower.org; MBoccadoro@WestCoastAdvisors.com; Scott Blaising <blaising@braunlegal.com>; KMills@cfbf.com; Ann Trowbridge <atrowbridge@daycartermurphy.com>; Barbara@BarkovichAndYap.com; RegRelCPUCCases@pge.com; LDRi@pge.com; MMCL@pge.com; nreardon@sonomacleanpower.org; mrw@mrwassoc.com; CPUCdockets@eq-research.com; John.Montanye@sce.com; Russell.Archer@SCE.com; KGill@SempraUtilities.com; Sue Mara <sue.mara@rtoadvisors.com>; RegCleanPowerSF@SFWater.org; James Hendry <jhendry@sfwater.org>; P1W8@pge.com; PxEg@pge.com; sjm001@sbcglobal.net; tlindl@kfwlaw.com; regulatory@mceCleanEnergy.org; Camille Stough <stough@braunlegal.com>; Cameron@EESConsulting.com; bl1@cpuc.ca.gov; cc2@cpuc.ca.gov; ce1@cpuc.ca.gov; dz1@cpuc.ca.gov; sha@cpuc.ca.gov; pc5@cpuc.ca.gov; spt@cpuc.ca.gov; scl@cpuc.ca.gov; sc8@cpuc.ca.gov
Subject: A.16-06-003 (PG&E ERRA); Ex Parte Communication

<< File: SDG&E ERRA PD - Redline Excerpt.pdf >>
Sepideh and Matthew –

I am writing this e-mail on behalf of Marin Clean Energy. In accordance with Rule 8.3(c)(3), this e-mail is being served on all parties to A.16-06-003.

I am writing to request that the final decision in PG&E's ERRA proceeding include comparable language to that which has been included in SDG&E's agenda decision in its ERRA proceeding. As you know, pursuant to rulings in each of the IOUs' ERRA proceedings, a separate second phase has been established to examine issues related to the PCIA and negative indifference amounts, principally involving pre-2009 vintages. Yesterday, a redlined agenda decision was issued in SDG&E's ERRA proceeding that orders SDG&E's PCIA rates to be subject to adjustment or elimination pending the outcome of the second phase. (See attached excerpt.) To preserve this issue and to promote comparability among the IOUs on this issue, I request that the final decision in PG&E's ERRA proceeding include comparable ordering paragraphs to those that were introduced in SDG&E's ERRA agenda decision. Specifically, an ordering paragraph should be included, stating that PG&E's "Pre-2009 vintage Power Charge Indifference Adjustment rates are subject to adjustment or confirmed elimination, pending the outcome of the second phase of this proceeding."

Thank you in advance for your consideration of this request

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investor-owned utilities (IOUs). In order to afford sufficient time to consider the issues related to the pre-2009 vintage PCIA applicable to direct access customers of all California IOUs, the Commission will reserve this limited issue to be addressed and resolved in the second phase of this proceeding in 2017.[23] Should we determine in the Phase 2 proceeding, that the pre-2009 vintage PCIA no longer applies to direct access customers, SCE will be ordered to refund to those customers, any such PCIA revenues collected on or after January 1, 2017.

4. SCE's November Update to its 2017 Forecast Application and Opening Briefing

SCE's November Update[24] revises the 2017 ERRA forecast revenue requirement of $4.149 billion in SCE's 2017 Forecast Application[25] to $4.485 billion, as a result of: 1) an increase of $271 million in estimated fuel and purchased power costs, 2) an increase of $34 million due to updated estimates of year end 2016 ERRA and New System Generation balancing account balances, and 3) an increase of $30 million for the net impact of updated GHG Cap-and-Trade Costs and GHG allowance revenues[26] SCE's November Update includes a Table II-2 that compares the updated 2017 revenue requirements to the revenue requirement used to set rates presently in effect. The $4.485 billion total updated 2017 forecast is comprised of $4.584 billion for Fuel and Purchased Power costs (an increase of $247.5 million from 2016), a reduction of $94 million from an overcollected balance in the ERRA Balancing Account ($264.5 million higher than 2016), a zero balance in the Energy Settlements Memorandum

[23] As noted in the November 10, 2016 "*Assigned Commissioner's Ruling Amending Scope by Creating a Second Phase,*" it is likely that the second phase of this proceeding will be consolidated with those of the other IOUs – PG&E and SDG&E.

[24] *See* SCE-06, "Updated Testimony ERRA 2017 Forecast of Operations dated November 10, 2016" (November Update).

[25] 2017 Forecast Application at 1.

[26] See November Update at 3.