February 3, 2020

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

MCE Advice Letter 40-E

Re: Rebates that Exceed Measure Costs in MCE's 2020 Annual Budget Advice Letter

Pursuant to the disposition letter ("Disposition") of Marin Clean Energy's ("MCE") 2020 Annual Budget Advice Letter[1] ("2020 ABAL") from December 20, 2019, MCE hereby provides the rationale for including rebates that exceed measure costs under the 2020 ABAL.

Tier Designation

This Advice Letter ("AL") has a Tier 1 designation pursuant to the Disposition of the 2020 ABAL.

Effective Date

Pursuant to General Order 96-B, MCE respectfully requests that this Tier 1 AL become effective by February 4, 2020.

Background

MCE filed the 2020 ABAL on September 3, 2019. On September 23, 2019, the Public Advocates Office at the California Public Utilities Commission ("Cal Advocates") filed a protest of MCE's 2020 ABAL which included several recommendations regarding MCE's and other Program Administrators' ("PA") ABAL filings.

In its protest, Cal Advocates identifies several measure where rebates exceed the cost of the measure and argues that the forecasted rebate level and measure costs may contribute to an overly optimistic forecast of MCE's portfolio results.[2] The Disposition directed MCE make corrections to incentive and measure costs or provide a rationale for the rebate amount within 45 days.[3]

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[1] MCE Advice Letter 37-E.

[2] Cal Advocates Protest at 39-40.

[3] See Disposition of MCE's ABAL at 7.

Purpose

The purpose of this advice letter filing is for MCE to provide a rationale for including rebates that exceed measure in the 2020 ABAL filing.

Rationale for Including Rebates that Exceed Measure Costs

The California Public Utilities Commission ("Commission") acknowledges "that there may be limited program design purposes where the cash rebate to the customer exceeds measure installation costs."[4] A primary justification for MCE's Strategic Energy Management ("SEM") programs is that they support the low- and no-cost measures and savings opportunities, where incentives are likely to exceed measure costs.

While the Total Resource Cost Test ("TRC") is the primary measure of energy efficiency portfolio cost-effectiveness, the Dual Test is the appropriate means to evaluate MCE's portfolio and address Cal Advocates' incentive concerns. California adopted the Dual Test in its policy rules to address these types of circumstances and to ensure that Program Administrators ("PAs") are not overspending on incentives to achieve overly optimistic TRC results.[5] If MCE proposed disproportionate incentive amounts, its portfolio would pass the TRC test, but fail the Program Administrator Cost ("PAC") test. MCE's 2020 portfolio passed both tests of cost-effectiveness.

Dual Cost-Effectiveness Test

The Commission allows for incentives to exceed measure costs where justified. In such instances, the TRC and the PAC tests are applied together as the Dual Test.[6] This is because incentives are not explicitly accounted for in the TRC calculation. The TRC test compares the benefits to society as a whole with the participant's cost of installing the measure plus the cost of energy efficiency program administration (non-incentive costs).[7] The PAC test compares the PA's avoided cost benefits with energy efficiency expenditures (incentives plus administrative costs).[8] In other words, the PAC should be evaluated along with the TRC because the primary purpose of the PAC test in such instances is to ensure that customer incentives are limited while not radically altering the results of the TRC test with high net benefits.[9] MCE's 2020 portfolio meets the additional Dual Test requirement to ensure incentives will not be disproportionately spent within its portfolio.

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[4] See D.06-06-063 at 72.

[5] See D.06-06-063 at 72.

[6] See Energy Efficiency Policy Manual at 18.

[7] See California Standard Practice Manual at 23.

[8] See California Standard Practice Manual at 23.

[9] See D.06-06-063 at 72.

Strategic Energy Management Overview

MCE's SEM offering is expected to have low measure costs with high savings and reasonable incentives. MCE includes a cohort-style SEM offering in its nonresidential program portfolio, consisting of a holistic, whole facility approach that leverages pre- and post-participation energy model comparisons to measures savings. SEM engagement in California requires a two-year customer commitment, which involves training workshops, facility audits, data-sharing, and measurement and verification activities.[10]

While capital projects may be identified and completed over the course of a SEM engagement, traditional custom or deemed energy efficiency projects are treated separately and are excluded from the SEM energy models. Conversely, MCE's SEM is specifically focused on low- or no-cost projects, in the identification of behavioral, retro-commissioning or operational ("BRO") opportunities.

These opportunities are identified in close collaboration with participants, and are documented in the Opportunity Register which is developed for each participant, per the California Industrial SEM Design Guide.[11] Level of effort within an Opportunity Register is documented in a consistent manner, assigning rankings to measures, used in conjunction with an associated estimate of hours and capital costs required to complete the recommendations to estimate projects costs. In short, measure costs are significantly lower under SEM programs than they are under custom, deemed, or upstream programs, since there may be no equipment purchase associated with a measure at all.

For the reasons aforementioned, MCE believes that SEM and other program designs focused on realizing low-cost savings opportunities that may otherwise be stranded represent the type of exception that the CPUC had in mind in D.06-06-063.

Conclusion

MCE respectfully provides the rationale for including rebates that exceed measure costs under its 2020 ABAL.

Notice

A copy of this AL is being served on the official Commission service lists for Rulemaking R.13-11-005.

For changes to these service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

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[10] See California Industrial SEM Design Guide at 4.

[11] See California Industrial SEM Design Guide at 66.

Protests

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 electronically to the attention of:

Jana Kopyciok-Lande
Senior Policy Analyst
MARIN CLEAN ENERGY
1125 Tamalpais Ave.
San Rafael, CA 94901
Phone: (415) 464-6044
Facsimile: (415) 459-8095
jkopyciok-lande@mceCleanEnergy.org

Alice Havenar-Daughton
Director of Customer Programs
MARIN CLEAN ENERGY
1125 Tamalpais Ave.
San Rafael, CA 94901
Phone: (415) 464-6030
Facsimile: (415) 459-8095
ahavenar-daughton@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.

Correspondence

For questions, please contact Jana Kopyciok-Lande at (415) 464-6044 or by electronic mail at jkopyciok-lande@mceCleanEnergy.org.

/s/ Jana Kopyciok-Lande

Jana Kopyciok-Lande
Senior Policy Analyst
MARIN CLEAN ENERGY

cc: Service List: R.13-11-005

California Public Utilities Commission

ADVICE LETTER SUMMARY

ENERGY UTILITY

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

Company name/CPUC Utility No.: Marin Clean Energy

Utility type:
☑ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Jana Kopyciok-Lande
Phone #: (415) 464-6044
E-mail: jkopyciok-lande@mcecleanenergy.org
E-mail Disposition Notice to: jkopyciok-lande@mcecleanenergy.org

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 40-E

Tier Designation: 1

Subject of AL: To provide a rationale for including rebates that exceed measure costs in the 2020 ABAL filing.

Keywords (choose from CPUC listing):

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted 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: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information: N/A
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☑ No

Requested effective date: 2/4/20

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]: N/A

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

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

Clear Form

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Jana Kopyciok-Lande
Title: Senior Policy Counsel
Utility Name: Marin Clean Energy
Address: 1125 Tamalpais Ave
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State: California Zip: 94901
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Facsimile (xxx) xxx-xxxx: 415-459-8095
Email: jkopyciok-lande@mcecleanenergy.org

Name: Alice Havenar-Daughton
Title: Director of Customer Programs
Utility Name: Marin Clean Energy
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City: San Rafael
State: California Zip: 94901
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Clear Form

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

Clear Form