

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

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

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

And Related Matters.

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

**MOTION OF MARIN CLEAN ENERGY TO AMEND
THE SCOPE OF THE PROCEEDING**

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May 18, 2015

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Pursuant to Rule 11.1 of the California Public Utility Commission's (Commission) Rules of Practice and Procedure, Marin Clean Energy (MCE) respectfully submits this Motion to Amend the Scope of the Proceeding. MCE thanks the assigned Administrative Law Judge (ALJ) Colbert and Commissioner Sandoval for their consideration of this motion.

MCE previously made a similar motion in the Pacific Gas & Electric Energy Electric Revenue Requirements and Rates (ERRA) proceeding.¹ In an email ruling on May 7, ALJ Tsen indicated that a more appropriate form for the issue raised is Application 14-11-010. The formal ruling of this email is pending. Therefore, MCE is raising the issue in this forum per the direction of ALJ Tsen.

MCE respectfully requests the Commission amend the scope of the proceeding in Section P, the section addressing how the California Alternate Rates for Energy (CARE) interacts with the Green Tariff Shared Renewables (GTSR) and Energy Cost Recovery Rate Structures to: (1)

¹ Application 14-05-024 and Application 14-08-023.

include consideration of the issue of whether Community Choice Aggregator (CCA) customers enrolled in the California Alternate Rates for Energy (CARE) program within Pacific Gas & Electric's (PG&E's) service territory should be charged the Power Charge Indifference Adjustment (PCIA) exit fee when their corollaries in different investor owned utility (IOU) service territories do not; and (2) hold a Public Participation Hearing (PPH) in the City of Richmond on this issue.

I. INTRODUCTION

MCE is California's first CCA program and has served customers since May 2010. MCE provides electricity generation services to approximately 165,000 customer accounts throughout Marin County, Richmond, unincorporated Napa County, San Pablo, El Cerrito, and Benicia. MCE's customers receive electricity generation services from MCE, and receive transmission, distribution, billing and other services from PG&E.

The PCIA is an exit fee that is applied inconsistently to CARE customers throughout the state. PG&E currently charges CARE customers the PCIA; SCE and SDG&E do not. However, on May 1, 2015, SCE filed Advice Letter 3214-E, which aims to begin charging CCA Medical Baseline and CARE customers in SCE's service territory the PCIA. This transition would greatly affect Southern California's first CCA, Lancaster Choice Energy, as 45% of its residential customers receive the CARE or Medical Baseline discount. SCE is the only IOU proposing to levy PCIA exit fees on CCA Medical Baseline customers. However, as SCE has raised the issue in an Advice Letter filing, MCE limits this motion's request to an examination of this issue solely within PG&E's service territory to streamline processes already in motion.

The Commission has given specific direction on properly accounting for departing load and minimizing exit fees; however, the IOUs have not taken sufficient steps to achieve those

Commission requirements. Because of this inconsistent treatment and the inadequate procurement planning by PG&E, CARE customers in PG&E's service territory now bear higher exit fees. MCE CARE customers have been inequitably impacted by this procurement. Additionally, with the rapid development of CCA programs throughout the state, a consistent treatment of CARE customers and the PCIA is necessary to avoid customer confusion and geographic inequity. MCE respectfully requests the Commission amend the scope of the proceeding in Section P, the section addressing the interaction of the CARE discount with the GTSR and Energy Cost Recovery Rate Structures to: (1) include consideration of the issue of whether Community Choice Aggregator (CCA) customers enrolled in the California Alternate Rates for Energy (CARE) program within Pacific Gas & Electric's (PG&E's) service territory should be charged the Power Charge Indifference Adjustment (PCIA) exit fee when their corollaries in different investor owned utility (IOU) service territories do not; and (2) hold a Public Participation Hearing (PPH) in the City of Richmond on this issue.

II. PCIA IS INCONSISTENTLY APPLIED TO CARE CUSTOMERS THROUGHOUT THE STATE, RESULTING IN UNFAIR CHARGES TO PG&E CARE CUSTOMERS

A. The PCIA Exit Fee is Inconsistently Applied by the IOUs

The PCIA exit fee is charged to CCA customers in order to compensate the IOU for the unavoidable above-market cost of power procured on a customer's behalf before the customer departed IOU service. Generally, unbundled customers, those who receive generation and transmission and distribution services from different companies, pay the PCIA exit fee. However, unbundled medical baseline customers are not charged the PCIA exit fee throughout the state. In SCE and SDG&E territories, unbundled CARE customers do not pay the PCIA exit

fee.² On the other hand, in PG&E’s service territory, unbundled CARE customers are charged the PCIA exit fee.³ These discrepancies are illustrated in the table below.

Which CCA Customers Are Charged PCIA?	PG&E	SCE	SDG&E
CCA Customers (not CARE or Medical Baseline)	Yes	Yes	Yes ⁴
CCA CARE Customers	Yes	No ⁵	No
CCA Medical Baseline Customers	No	No ⁶	No

A consistent treatment of the applicability of PCIA to CARE customers is necessary to clarify state policy and ensure equitable treatment of low-income ratepayers statewide.

B. The PG&E PCIA Exit Fee is Not Imposed on CCA Customers in Accordance with Direction by the Commission

Exit fees levied upon CCA departing customers were designed for conscientious implementation. The Commission required the IOUs to procure responsibly and properly account for CCA departing load within their procurement plans. Since customers are not responsible for

² “[SDG&E] California Alternate Rates for Energy (CARE) and Medical Baseline Customers: Consistent with Resolution E-3813, effective June 19, 2003, CARE and Medical Baseline customers are also exempt from the DWR-CCA power charge and Utility power procurement cost component. CARE and Medical Baseline customers are not exempt from the charges under the customer’s otherwise applicable rate schedule.” SDG&E Schedule CCA-CRS at Sheet 2. “[SCE] California Alternate Rates for Energy (CARE) and medical baseline eligible CCA customers are treated in a similar manner to Direct Access customers with respect to CRS. Thus, CARE and medical baseline eligible CCA Service Customers are exempt from the DWRBC, and the PCIA.” SCE Schedule CCA-CRS at Sheet 10.

³ “[PG&E]California Alternative Rates for Energy (CARE) and medical baseline customers that take CCA service are exempt from paying the DWR Bond Charge. Medical baseline customers are also exempt from the PCIA portion of the CCA CRS.” PG&E Electric Schedule CCA-CRS at Sheet 2.

⁴ SDG&E does not currently have a residential PCIA. D.15-01-051 at 101.

⁵ As noted previously, SCE has filed Advice Letter 3214-E to apply the PCIA to CCA CARE customers.

⁶ SCE Advice Letter 3214-E also aims to apply the PCIA to Medical Baseline customers.

the PCIA exit fee once the customers' load is projected to depart, these projections are extremely important. In 2012, the Commission found that PG&E had not properly projected for CCA departing load. Therefore, due to its faulty load projections, the exit fees currently charged to CCA CARE customers do not comport with the Commission's direction on fairness and minimizing these exit fees. MCE respectfully requests that the Commission includes the consideration of this issue within the scope of the instant proceeding.

1. Exit Fees Were Designed for Conscientious Implementation

Section 330(t) of the California Public Utilities Code (P.U. Code) indicates the "transition to a competitive generation market should... provide the investors in these electrical corporations with a fair opportunity to fully recover the costs associated with commission approved generation-related assets and obligations, and be completed as expeditiously as possible."⁷

In D.97-08-056, the Commission stated, "It is not our intent to deny utilities an opportunity to recover reasonable costs which they actually must incur, but we must balance this with our need to ensure that ratepayers are not paying for costs that no longer exist."⁸ Indeed, the Commission further considered, "As a matter of policy, we question the fairness of transferring risk to captive customers."⁹

In its consideration of the application of the Cost Responsibility Surcharge (CRS), the precursor to the PCIA, the Commission considered the approach for CCA customers, "the approach we adopt for how to develop a CRS for each generation of CCA should, to the extent

⁷ Emphasis added.

⁸ D.97-08-056 at 24, emphasis added.

⁹ *Id.* at 31.

possible, balance...: accuracy, equity among different generations of CCAs, administrative simplicity, and certainty for CCAs and the utilities.”¹⁰

In interpreting P.U. Code Section 366.2(d)(1), the Commission reasoned it “provides that the costs associated with CCA’s procurement of power for local residents and businesses must not require remaining utility customers to assume additional costs, that is, those power procurement costs that would be unavoidable when the utility loses customers to the CCA.”¹¹

2. The Commission Has Mandated Utilities Must Procure Responsibly and Account for CCA in their Procurement Plans

In considering responsible utility procurement, the Commission indicated how to minimize these unavoidable procurement costs associated with CCA load departure:

The objective of AB 117 in requiring CCAs to pay a CRS is to protect the utilities and their bundled utility customers from paying for the liabilities incurred on behalf of CCA customers. Our complementary objective is to minimize the CRS (and all utilities liabilities that are not required) and promote good resource planning by the utilities.¹²

The Commission further discussed, “utility resource plans will need to balance supply security with enough flexibility to accommodate many market contingencies in addition to those associated with the CCA program.”¹³ Therefore, the Commission required, “as long as the

¹⁰ D.04-12-046 at 27.

¹¹ *Id.* at 23, emphasis added. *See also* P.U. Code Section 366.2(d)(1): “It is the intent of the Legislature that each retail end-use customer that has purchased power from an electrical corporation on or after February 1, 2001, should bear a fair share of the Department of Water Resources’ electricity purchase costs, as well as electricity purchase contract obligations incurred as of the effective date of the act adding this section, that are recoverable from electrical corporation customers in commission-approved rates. It is further the intent of the Legislature to prevent any shifting of recoverable costs between customers.”

¹² *Id.* at 29, emphasis added.

¹³ *Id.*

utilities have made reasonable assumptions about future electricity demand, the CRS must include all stranded costs that occur when customers transfer their accounts to the CCA.”¹⁴

D.04-12-048 detailed the mechanisms of balancing responsible procurement with CCA departing load. The Commission ordered, “In future procurement plans, the IOUs shall incorporate reasonable anticipated CCA departing load. The assumption of the Commission is that the IOUs shall acknowledge potential CCA departing load and identify which city and/or county has expressed intent to pursue aggregation, including MW estimates of this departing load, in future procurement plans.”¹⁵ The Commission also reasoned that through this process, the stranded costs levied on CCA departing load customers would be minimized.¹⁶

3. Customers Are Not Responsible for PCIA Exit Fees If their Departing Load Has Been Projected

The Commission has determined if the IOU has projected and removed the departing load from its procurement planning processes, the “fair share” of exit fees for those departing customers is considered zero and they are excluded from paying the non-bypassable charges (NBCs) identified in earlier decisions.¹⁷

¹⁴ *Id.* at 29 – 30. *See also* Conclusion of Law 12: “The utilities should establish a CRS, consistent with the is order and DWR’s model, to allow the utilities to recover costs of power purchase commitments that become stranded as a result of the CCA initiating service. Such costs include DWR bond and power purchase contracts, utility power purchase commitments and balances in power purchase accounts but should not include costs that may have been avoidable or are not otherwise attributable to the CCA’s customers.” D. 04-12-046 at 65.

¹⁵ D.04-12-048, Ordering Paragraph 9 at 239. *See also* D.04-12-048 at 55 (“Future IOU procurement plans shall incorporate reasonable anticipated CCA departing load. A prospective CCA provider should inform the utility of its intentions as early in the planning cycle as possible. IOU plans shall acknowledge potential CCA departing load by identifying the CCA, estimated departing load, and the implication for utility procurement liabilities.”).

¹⁶ *Id.* at 60 (“As the utilities will be acquiring their new resource needs through the competitive and transparent procurement process that we are adopting, it is our expectation that there should be little if any stranded costs.”).

¹⁷ D.08-09-012 at 23-24.

Conversely, if the projected departing load is not incorporated into the IOU's forecasts, those customers are deemed to be responsible for exit fees through the PCIA. For CCAs, the point of notice to the IOU of departing load was either: (i) a submission of a Binding Notice of Intent (BNI) that the load is going to depart, or (ii) the date of the actual departure of the load.¹⁸

The Commission also recognized the need may arise to consider these processes again at a later date, "If, due to future changing circumstances, the processes adopted by this decision for determining the D.04-12-048 NBC [PCIA] become unworkable, unbalanced, or unfair, parties may propose and request modifications to the form of the NBC or how the NBC should be determined or calculated."¹⁹

4. PG&E Did Not Project CCA Departing Load and Subsequently Over-Procured for its Load. Therefore, CCA CARE Customers Should Not Be Responsible for its Avoidable PCIA Charges.

In its 2012 Decision Approving Modified Bundled Procurement Plans, the Commission noted that PG&E did not include accurate forecasts of load served by MCE.²⁰ MCE further argued that PG&E did not comply with Senate Bill 695 (2009) pertaining to "increased certainty regarding future direct access loads."²¹ As a result of PG&E's unlawful load forecasting, the Commission mandated, "It is appropriate to use more accurate load forecasts for [MCE], consistent with SB 695...."²²

Given the Commission precedent regarding PCIA exit fees applied to load that had not been forecasted to depart, PG&E's violation of Commission direction has resulted in the

¹⁸ D.04-12-048 and D.05-12-041.

¹⁹ D.08-09-012, Ordering Paragraph 8, at 108.

²⁰ D.12-01-033 at 30 – 31. At the time, MCE was referred to as MEA or the Marin Energy Authority.

²¹ *Id.*

²² *Id.*

increased application of PCIA exit fees to MCE's customers. Because PG&E had not properly forecasted departing CCA load, even after MCE's load had already departed, the PCIA exit fee was not implemented conscientiously, the utility did not procure responsibly, and customers are bearing the financial burden for PG&E's error. This oversight has particularly affected MCE's CARE customers, who have paid \$1.6 million to PG&E in PCIA exit fees since 2010.

5. The Commission Should Expand the Scope of the Proceeding Because CCA CARE Customers Should Not Be Responsible for Irresponsible Procurement and Unfair Implementation of Exit Fees

In 2005, the Commission made a preliminary determination that the CARE discount should not be applied to the CRS, the precursor to the PCIA, for CCA customers.²³ This decision was made before any CCAs existed or were operational in California. In addition, the practical effect of this decision merits examination because of the inconsistent application of the PCIA exit fee to CARE customers throughout IOU service territories.

PG&E investors have received more than a "fair opportunity to fully recover costs"²⁴ associated with CCA departing load. Instead, MCE customers are paying for "costs that no longer exist"²⁵ because PG&E failed to include CCA departing load into its load projections even after that load had departed and in violation of SB 695.²⁶ These costs were not "unavoidable" in accordance with Commission direction.²⁷

Indeed, PG&E did not make "reasonable assumptions about departing load,"²⁸ "promote good resource planning,"²⁹ or "incorporate reasonable anticipated CCA load."³⁰ Given PG&E's

²³ D.05-12-041 at 52-53.

²⁴ P.U. Code Section 330(t).

²⁵ D.97-08-056 at 24.

²⁶ D.12-01-033 at 30 – 31.

²⁷ D.04-12-046 at 23.

²⁸ *Id.* at 29.

failure to accurately forecast CCA departing load after the actual date of departure, MCE CARE customers should not be held responsible for PCIA exit fees. The PCIA exit fee, particularly as it affects CARE customers, has become “unworkable, unbalanced, [and] unfair.”³¹ MCE respectfully requests that the issue of PCIA applicability to PG&E CARE customers is included within the scope of this proceeding to further investigate the issue and determine a consistent Commission policy for these vulnerable customers.

III. CCA CARE CUSTOMERS IN PG&E’S SERVICE TERRITORY SHOULD NOT BE PENALIZED FOR CHOOSING A RENEWABLE ENERGY ALTERNATIVE

Opportunities to reduce greenhouse gas emissions should not be limited to those who can easily afford it. MCE empowers universal access to cleaner electricity of all of its communities through its affordable renewable energy options.

In D.89-09-044, the Commission authorized the low income ratepayer assistance (LIRA) program, the precursor to today’s CARE program. In creating the LIRA program, the Commission noted, “This program is simple—simple to understand, simple to explain, simple to compute. Simplicity of understanding and explanation will facilitate outreach and explanation”³² Since its inception, simplicity has been at the heart of the CARE program and the inconsistent application of the PCIA throughout the state complicates and undermines the CARE discount.

According to the *Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs* (Assessment), “the low-income mean energy burden is

²⁹ *Id.* at 29 – 30.

³⁰ *Id.*, Ordering Paragraph 9, at 239.

³¹ D.08-09-012, Ordering Paragraph 8, at 108.

³² D.89-09-044 at 7.

estimated at 1.8 times the general population's mean energy burden."³³ This mean energy burden is further exacerbated among low-income households in PG&E's service territory as well as Climate Zones 1 - 5.³⁴ MCE's entire service territory is located both within PG&E's service territory and within Climate Zones 1 – 5.

A. MCE CARE Customers Have Been Inequitably Impacted

In 2014, MCE CARE customers paid approximately \$1.2 million in PCIA exit fees. The annual cost to an average MCE residential CARE customer is over \$60. These fees increased by a factor of ten in rates for residential customers from 2013 to 2014.³⁵ Because it is not discounted or eliminated, the PCIA exit fee is a significant portion of a MCE CARE customer's electric bill. The current PCIA methodology also contributes to the issue because residential customers are often charged the highest PCIA exit fee, which can be approximately 70% higher than the PCIA exit fee charged to commercial and industrial customers.³⁶ Simply put, the methodology and the application of PCIA to MCE CARE customers results in higher costs and inequitable fees to the community's most vulnerable populations. This hinders, if not violates, the Commission's duty to maintain just and reasonable rates.

B. MCE Requests a PPH in Richmond on this Issue

Of the accounts it is currently serving, the City of Richmond has the highest percentage of CARE customers within MCE's service territory and also has the highest rate of enrollment in

³³ Assessment Volume 1: Summary Report at 3-28. Available at: <http://www.energydataweb.com/cpucFiles/pdaDocs/1016/ESA%20CARE%20LI%20Needs%20Assessment%20Final%20Report%20-%20Volume%201%20-%202012-16-13.pdf>

³⁴ *Id.* at ix.

³⁵ For example, the PCIA fee with a 2010 vintage for a residential customer increased from \$0.00126 per kilowatt hour to \$0.01331. The fee for a 2013 vintage for a residential customer increased from \$0.001246 to \$0.01278. *See* A.12-06-002, PG&E Testimony at 9-4; A.13-05-015, PG&E Testimony at 11-6.

³⁶ The 2015 Proposed PCIA for the E-20 T industrial rate was \$0.00653 per kilowatt hour versus \$0.01090 per kilowatt hour for a residential customer. A.14-05-024, PG&E Testimony at 11-5.

MCE's 100% renewable energy product, Deep Green. MCE customers in the City of Richmond have a deeply held interest in clean energy and greenhouse gas emissions, possibly because of the petroleum refinery located within Richmond.

African-American, non-English speaking, and non-Spanish speaking customers are also associated with a higher mean energy burden among low-income households.³⁷ The City of Richmond's population is 26.6% Black or African-American and 17% of Richmond households speak a language other than English or Spanish at home.³⁸ Approximately 34% of MCE's residential customers in Richmond receive the CARE discount on their electric bills. In May 2015, MCE began serving customers in San Pablo, a community fully surrounded by Richmond. Of potential MCE residential accounts in San Pablo, 47% are enrolled in the CARE program.³⁹

Therefore, MCE requests that the Commission schedule a Public Participation Hearing in the City of Richmond to solicit community input and feedback from MCE's most affected communities on the applicability of the PCIA exit fee to CCA CARE customers within PG&E's service territory. The Mayor of Richmond, Tom Butt, has offered the use of the city's civic center facilities to host this public participation hearing.

³⁷ Assessment at ix.

³⁸ Richmond City Facts, available at:

<http://www.ci.richmond.ca.us/DocumentCenter/Home/View/8348>

³⁹ Both Richmond and San Pablo are located within Contra Costa County. These communities have a long history of intervention on low-income issues before the Commission. In I.88-07-009, Contra Costa County successfully argued that the monthly meter service for PG&E low-income customers on time of use rates should be waived in order to maximize potential savings for low-income customers. D.89-07-062 at 10-11. The Commission determined these fees would be "recovered along with other LIRA program costs." D.89-09-044 at 15-16.

IV. BURGEONING CCA DEVELOPMENT IN CALIFORNIA DEMANDS A CONSISTENT TREATMENT FOR PCIA APPLICABILITY TO CARE CUSTOMERS

A number of local government jurisdictions throughout California have begun to allocate funds and resources into feasibility studies for CCA, the first step in the process of forming a CCA. Geographically, these communities range from Arcata to San Diego, encompassing every IOU service territory. Inconsistent treatment of CARE customers and the PCIA exit fee not only raises fundamental issues of fairness, but also inconsistent statewide policy for these developing CCAs.⁴⁰ To illustrate the extent of communities developing CCA plans, this is a list of jurisdictions that have devoted governmental resources to exploring CCA or have active CCAs:

- Alameda County
- City of Arcata
- City of El Cerrito
- City of Lancaster
- Los Angeles County
- Marin County
- Monterey County
- City of Mountain View
- Napa County
- City of Richmond
- San Benito County
- San Diego County
- San Francisco City and County
- San Mateo County
- City of San Pablo
- Santa Barbara County

⁴⁰ The County of Santa Barbara is served by both PG&E and SCE. Should the policy remain unexamined, potential Santa Barbara CCA CARE customers in PG&E's service territory would be charged higher fees than members of their own community encompassed within SCE's service territory.

- Santa Cruz County
- Sonoma County
- City of Sunnyvale

As these communities develop their own CCA implementation plans and programs, the inconsistent application of the PCIA to CARE customers will have a greater impact on the state's CARE-eligible population.

V. CONCLUSION

The PCIA exit fee is applied inconsistently to CARE customers throughout the state. The Commission has given direction to the IOUs on the proper implementation and consideration of exit fees. Additional direction has been given to include CCA departing load into procurement planning forecasts. However, PG&E was found to be inconsistent with state statute and did not comport with this Commission directive. As a result, CARE customers in PG&E's service territory now bear higher exit fees. This leads to inequitable treatment of CARE customers and vulnerable populations throughout the state, and especially in PG&E's service territory. The issue bears further consideration given the burgeoning development of CCA programs throughout the state.

MCE respectfully requests the Commission amend the scope of the proceeding in Section P, the section addressing the interaction of the CARE discount with the GTSR and Energy Cost Recovery Rate Structures to: (1) include consideration of the issue of whether Community Choice Aggregator (CCA) customers enrolled in the California Alternate Rates for Energy (CARE) program within Pacific Gas & Electric's (PG&E's) service territory should be charged the Power Charge Indifference Adjustment (PCIA) exit fee when their corollaries in different investor owned utility (IOU) service territories do not; and (2) hold a Public Participation

Hearing (PPH) in the City of Richmond on this issue. MCE thanks ALJ Colbert and Commissioner Sandoval for their consideration.

Respectfully submitted,

/s/ Shalini Swaroop

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June 8, 2015

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Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following *ex parte* communication. The communication was initiated by MCE and occurred in writing via email at approximately 11:00 AM on June 8, 2015. MCE sent one email to Jamie Ormond, Advisor to Commissioner Sandoval. The email is provided in Attachment A of this notice. A written hand-out was also included as an attachment to the email and is included in Attachment B of this notice.

Respectfully submitted,

/s/ Martha Serianz

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June 8, 2015

ATTACHMENT A

From: [Michael Callahan-Dudley](#)
To: [Ormond, Jamie](#)
Cc: [Martha Serianz](#)
Subject: Summary: MCE's Low-Income Energy Efficiency Pilot
Date: Monday, June 08, 2015 10:54:22 AM
Attachments: [LIFT Pilot Handout.pdf](#)

Dear Advisor Ormond,

I have attached a one page summary of Marin Clean Energy's (MCE) proposed Low-Income Families and Tenants (LIFT) pilot program. This pilot was proposed in MCE's intervenor testimony in the low-income proceedings (A.14-11-007 et. al). The LIFT pilot will test strategies to alleviate participation barriers among low-income individuals, leverage the energy efficiency programs to provide more comprehensive services to participants, and pilot fuel switching for greenhouse gas related benefits. MCE is committed to serving all of its communities including low-income and disadvantaged communities through providing high-quality and affordable energy services. If you or Commissioner Sandoval have any questions about the pilot, please feel free to contact me.

Thank you,

Michael Callahan-Dudley

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ATTACHMENT B



MCE’s Low-Income Families and Tenants (LIFT) Program

MCE proposed the LIFT program to better serve income qualified single-family and multifamily homes that do not participate in existing programs for a variety of reasons. The program will leverage existing energy efficiency programs, facilitate the installation of heat pumps where they are safe and cost-effective, develop mobile platforms of information for low-income individuals, and provide a matching savings program and subsidized financing for energy efficiency investments.

LIFT Budget, Targets, and Savings Summary				
Sector	Proposed Budget (ESAP) ¹	kWh	Therms	Units
Multifamily	\$3,770,358	568,105	27,170	2,470
Single-family	\$846,324	23,831	2,371	300
Total	\$4,616,682	595,275	26,202	2,770

Multifamily Performance Metrics		Single-Family Performance Metrics	
Tenants to Receive Education	1,500	Participants Receiving ‘Alerts’	90
Heat Pumps Installed	370	Homes Provided with Education	150
Properties Referred to MASH ²	15	Homes Referred to SASH ³	100
Properties Enrolled in Financing	15	Properties Enrolled in Financing	45

LIFT Multifamily Components:

- Expanding on existing energy efficiency programs for income qualified customers to provide additional incentives and achieve deeper energy savings.
- Using an alternative enrollment processes to reduce concerns related to privacy and immigration status.
- Creating opportunities for fuel switching away from natural gas combustion appliances to heat pumps to support cleaner and more efficient energy use while resolving health and safety concerns.
- Providing accessible On-Bill Repayment options for financing energy efficiency improvements.

LIFT Single-Family Components:

- Launching a mobile platform based behavioral program that encourages low and no cost changes to reduce energy use and save money.
- Depositing funds equal to twice the energy saved to reinforce the existing savings; these funds can be spent on additional energy savings investments.
- Providing accessible On-Bill Repayment options for financing energy efficiency improvements.

¹ The budget for the LIFT program will funded from the Energy Savings Assistance Programs.

² Multifamily Affordable Solar Homes program.

³ Single-Family Affordable Solar Homes program.



Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
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Sloan C. Bailey
Town of Corte Madera

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City of San Pablo

Andrew McCullough
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Ray Withy
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Emmett O'Donnell
Town of Tiburon

Marin Clean Energy
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May 20, 2015

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102-3298

Re: Protest of Marin Clean Energy to Southern California Edison ("SCE") Advice Letter 3214-E Regarding Modification of the California Alternate Rate for Energy ("CARE") and Medical Baseline Exemption to Elements of the Cost Responsibility Surcharge

Dear Energy Division:

On May 1, 2015, SCE served the advice letter ("Advice Letter") entitled *Modification of the California Alternate for Energy and Medical Baseline Exemption to Elements of the Cost Responsibility Surcharge*.

I. MCE Opposes SCE's Attempt to Raise Rates on its Most Vulnerable Customers

Marin Clean Energy ("MCE") protests this Advice Letter because of its particular impact on low-income Community Choice Aggregation customers and enrolled in the Medical Baseline program. Effectively, SCE is proposing to raise the current electricity rates of its most disadvantaged customers. Not only is SCE's proposal procedurally improper, it also would create significant and disparate impacts on SCE's most vulnerable customers.

SCE's argument revolves around the Cost Responsibility Surcharge ("CRS"), part of which is the Power Charge Indifference Adjustment ("PCIA"). The PCIA exit fee is charged to CCA customers in order to compensate the IOU for the unavoidable above-market cost of power procured on a customer's behalf before the customer departed IOU service. Currently, neither CARE customers nor Medical Baseline customers are responsible for these fees in SCE's service territory. It is particularly important to note that no other utility in the state levies the proposed fees on medical baseline customers. Only Pacific Gas and Electric Company ("PG&E") levies the PCIA on CARE customers, an issue MCE is currently protesting in A.14-05-024. SCE is a Party to that proceeding.

The Commission has long-standing protections for California's most vulnerable communities, particularly those customers enrolled in the CARE and Medical Baseline programs.¹ AL 3214-E proposes to raise fees on those communities to the detriment of these vulnerable customer groups. In MCE's service territory, these fees amount to over \$60 per year for an average CARE customer account and represent approximately 10% of a MCE CARE customer's bill.

II. SCE's Proposal to Charge CARE and Medical Baseline Customers the PCIA is Unjust and Unreasonable

Section 451 of the California Public Utilities Code indicates, "All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful."

In D.97-08-056, the Commission stated, "It is not our intent to deny utilities an opportunity to recover reasonable costs which they actually must incur, but we must balance this with our need to ensure that ratepayers are not paying for costs that no longer exist."² Indeed, the Commission further considered, "As a matter of policy, we question the fairness of transferring risk to captive customers."³

In D.04-12-046, the Commission required that each utility make "reasonable assumptions about future electricity demand." These assumptions thereafter inform procurement decisions that lead to "stranded costs" that contribute to the CRS and PCIA exit fees. In the 13 years that have elapsed since that decision, SCE had ample opportunity to plan for load departures. At this point, there should be almost no costs that SCE could not have anticipated and planned for with CCA load departure within its service territory.

The consequence of this lack of planning is that these exit fees are no longer "reasonable," but rather continue unchecked in perpetuity for CCA customers. SCE's proposal in AL 3214-E not only reaffirms these unreasonable exit fees but also unjustly extends them onto its most vulnerable customers. The Commission must examine these issues in a forum that allows it to fully examine whether these charges are just and reasonable; an advice letter process is not the appropriate forum to undertake a sweeping rate change that will only impact the state's most protected customer classes.

For these reasons, SCE's Advice Letter 3214-E should be denied.

Respectfully Submitted,

Elizabeth Kelly
Legal Director
Marin Clean Energy

¹ California Public Utilities Code, Section 382(b) reads: "... the commission shall ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures."

² D.97-08-056 at 24, emphasis added.

³ *Id.* at 31.

cc:

A.14-05-024 et al. Service List

A.14-11-007 et al. Service List

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

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

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

**COMMENTS OF MARIN CLEAN ENERGY ON STAFF ROLLING PORTFOLIO
WHITE PAPER**

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May 26, 2015

Summary of Recommendations

Improvement of Technical Systems

- The Commission should implement improvements to Commission systems only when the improvements are complete.
- The Commission should adopt an annual (“bus stop”) approach to accounting changes, database requirements and reporting requirements.
- The Commission should clarify whether the program oversight database integrates the *ex ante* process with savings claims for reporting.

Proceeding Schedule

- The portfolio update track should include issues related to expansions of CCA service territories.
- The portfolio update track should consider impacts of a mid-cycle application on existing portfolios in the portfolio track of the proceeding.
- The portfolio update track should include consideration of creating a balancing account or a similar financial mechanism for CCA PAs.

Dispute Resolution Process

- The Commission should define a formal process to resolve implementation issues among PAs that includes a dedicated Commission staff member that acts as an ombudsman to evaluate and resolve the dispute.

Budget Carryover

- The Commission should establish a CCA-specific rule to use unspent funds in excess of 20% of the annual budget to offset the budget transfers for future budget years.
- Credit enhancements used for financing programs should be given special consideration by the Commission.

EM&V Results

- The Commission should implement a more timely process for incorporating EM&V results into portfolio design and seek time efficiencies in the EM&V process through an expanded use of Advanced Meter Infrastructure data.

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**COMMENTS OF MARIN CLEAN ENERGY ON STAFF ROLLING PORTFOLIO
WHITE PAPER**

Pursuant to the directions set forth in the Administrative Law Judge’s *R.13-11-005 Email Ruling (1) Requesting Comments on Staff White Paper “Energy Efficiency “Rolling Portfolio” Cycle Implementation” and (2) Establishing Informal Comment Period in Response to Workshop on Energy Efficiency Baselines* (“Ruling”) issued on May 5, 2015, Marin Clean Energy (“MCE”) respectfully submits the following comments. MCE helped develop the original Joint Party¹ proposal discussed the Energy Division (“ED”) staff white paper entitled *Energy Efficiency “Rolling Portfolio” Cycle Implementation* (“White Paper”). MCE collaborated with the Joint Parties to develop joint comments on the White Paper that will be filed separately. MCE provides these comments to address issues of particular relevance to Community Choice Aggregators (“CCAs”).

MCE is the only CCA currently administering energy efficiency (“EE”) programs overseen by the California Public Utilities Commission (“Commission”). MCE is encouraged by the

¹ Joint Parties include: San Francisco Bay Area Regional Energy Network, Center for Sustainable Energy, California Energy Efficiency Industry Council, Local Government Sustainable Energy Coalition, Marin Clean Energy, Natural Resources Defense Council, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, and Southern California Regional Energy Network. The Utility Reform Network (TURN) was unable to coordinate due to time constraints and The Office of Ratepayer Advocates (ORA) chose to file independent comments.

alignment between the joint party proposal and the White Paper. MCE finds that the White Paper adds value to the proposed Rolling Portfolio process.

In these Comments, MCE addresses five key issues: (1) the Commission’s development of technical tools and systems; (2) the need to include CCA-specific issues in the portfolio update track of the proceeding schedule; (3) the adoption of a dispute resolution process to resolve implementation issues among Program Administrators (“PAs”) in a formalized and timely manner; (4) the adoption of a CCA specific accounting rule related to unspent funds to reduce administrative burdens on CCAs, IOUs, and the Commission; and (5) the timely integration of evaluation measurement and verification (“EM&V”) results into program design.

I. MCE RECOMMENDATIONS TO IMPROVE THE COMMISSION’S TECHNICAL SYSTEMS

Regarding the Commission’s technical systems, MCE makes the following recommendations: (1) implement improvements to Commission systems only when the improvements are complete; (2) adopt an annual (“bus stop”) approach to accounting changes, database requirements and reporting requirements; and (3) clarify whether the program oversight database² integrates the *ex ante* process with savings claims for reporting.

A. Improvements to the Commission’s Technical Systems Should Be Deployed Only Once They Are Complete

MCE supports implementing improvements to Commission systems only when the improvements are complete. Launching systems prematurely can result in profound administrative burdens. For example, the launch of the 2013 savings claims system was intended to merge a PA’s savings claims information with the Database for Energy Efficient Resources (“DEER”) to

² White Paper at p. 8.

streamline the savings claim reporting process. MCE embraced this new system and invested significant resources to develop and populate a database for savings claims capable of interfacing with the new system. Two years later, the Commission requested MCE reassemble and transmit the same savings claims with additional information because the 2013 savings claims system was never fully integrated with DEER. MCE recommends the Commission ensure the new systems are actually functional prior to implementation to minimize unnecessary resource expenditures that ultimately affect cost-effectiveness of programs.

B. Annual Improvements Should Be Made to Accounting, Database, and Reporting Systems

MCE recommends the Commission adopt an annual “bus stop” approach to accounting changes and updates to database or reporting requirements. The Commission currently implements changes to accounting and reporting requirements on an *ad hoc* basis. This creates a dynamic reporting environment that demands considerable PA time and resources to adapt systems each time a change is implemented. CCA PAs do not have comparable capacity to IOU PAs to address *ad hoc* improvements.

An approach that is analogous to the “bus stop” concept in the Joint Parties’ proposal will alleviate the administrative burden. MCE recommends accounting and reporting changes are coordinated and implemented once annually to reduce the dynamic nature of reporting and to reduce the administrative burden on PAs.

MCE recognizes the implementation of the rolling portfolio process may require many accounting and reporting changes for PAs. In the event these changes may not be possible to implement at a single point in time, MCE recommends the PA’s submittal of the 2016 EE programs as the triggering event to introduce the annual accounting and reporting update.

C. The Commission Should Clarify Whether the Program Oversight Database Integrates the *Ex Ante* Process

MCE also seeks clarification on whether the program oversight database³ integrates the *ex ante* process with savings claims for reporting. In the 2013 – 2014 cycle, ED attempted to introduce a system that would have linked savings claims with the *ex ante* process. MCE supports this approach if the system is rolled out with input from all PAs and is not implemented until fully complete.

II. THE COMMISSION SHOULD INCLUDE CCA-SPECIFIC ISSUES IN THE PORTFOLIO UPDATE TRACK OF THE PROCEEDING SCHEDULE

MCE supports the proceeding schedule with five tracks as presented in the Gantt chart under the Joint Party proposal. However, the Commission may adopt the staff recommendation to consolidate the tracks into two overarching tracks.⁴

If the Commission adopts the staff recommendation for two tracks, MCE recommends the explicit inclusion of CCA-specific issues in the portfolio update track if it adopts the staff recommendation for two overarching tracks.

CCAs are unique PAs and possess unique characteristics. There are a number of issues MCE has identified that should be incorporated into the portfolio update track specifically to address CCA needs: (1) expansions of CCA service territories should be included in the portfolio update track; (2) the Commission should consider impacts of a mid-cycle application on existing portfolios in the portfolio track of the proceeding; and (3) the portfolio update track should include consideration of creating a balancing account or a similar financial mechanism for CCA PAs.

³ White Paper at p. 8.

⁴ White Paper at p. 35.

Regardless of whether the Commission ultimately chooses to pursue the Joint Party proposal or the Staff White Paper proposal, these CCA-specific issues need to be addressed in this proceeding.

A. Expansions of CCA Service Territories Should Be Included in the Portfolio Update Track

The first issue arises when a CCA expands its service territory in the middle of a program cycle. A CCA must choose between several unappealing options: (1) spread the existing budget across the expanded service territory resulting in less funding per capita; (2) delay providing EE programs to the newly expanded areas until the next program cycle (which could be 10 years in the new structure); or (3) file a petition for modification of the last budget decision requesting an expanded budget. The appropriate process of applying for further EE funds due to expansions of CCA service territories should be included in the portfolio update track to facilitate a predictable and timely outcome.

B. The Commission Should Consider the Impacts of a Mid-Cycle Application on Existing Portfolios in the Portfolio Track of the Proceeding

The second issue that should be included in the portfolio track is how to handle a new CCA launching in the middle of a program cycle. Each CCA has a statutory right to administer EE programs.⁵ CPUC Decision 14-01-033 allows a new CCA administrator to bring a mid-cycle filing for funding, but the Decision does not contemplate how to manage the impacts to other portfolios within the region, including issues such as funding adjustments and program overlap. The Commission should consider the impacts of a mid-cycle application on existing portfolios in the portfolio track of the proceeding.

⁵ Cal. Pub. Util. Code § 381.1.

C. The Portfolio Update Track Should Include Consideration of Creating a Balancing Account or a Similar Financial Mechanism for CCA PAs

The third issue that affects CCAs that should be considered in the portfolio update track is the absence of a balancing account. Balancing accounts allow IOU PAs to smooth program funding when there is a delay approving budgets at the Commission and to fund new initiatives or pilots without seeking an expanded budget. Fund shifting is also more possible in a larger PA service territory with diverse climate zones than with a smaller PA. CCAs do not have similar balancing accounts and are therefore unable to provide comparable service to the IOUs when balancing accounts are utilized. The portfolio update track should include consideration of creating a balancing account or similar mechanism for CCAs.

These issues are not exhaustive but are illustrative of the unique challenges faced by CCAs. MCE recommends all CCA-specific issues be initially included in the portfolio update track due to their impact on programs already being implemented and in need of immediate Commission guidance.

III. THE COMMISSION SHOULD ADOPT A DISPUTE RESOLUTION PROCESS TO RESOLVE IMPLEMENTATION ISSUES AMONG PAs

MCE supports a formal dispute resolution process that is available to stakeholders. MCE also recommends the Commission adopt a dispute resolution process to resolve implementation issues among PAs. An implementation issue among PAs may be characterized as a PA impeding progress toward full execution of another PA's authorized programs. MCE has experienced a number of implementation issues with Pacific Gas and Electric Company ("PG&E"). These have

included obtaining access to Advanced Metering Infrastructure (“AMI”) data and implementing On-Bill Repayment (“OBR”) programs for EE improvements.⁶

MCE recommends the Commission define a formal process to resolve implementation issues among PAs. MCE supports ED’s exclusion of CCA claims that IOUs have violated the code of conduct⁷ from the dispute resolution process outlined in the White Paper. However, MCE recommends an alternate process to address implementation issues that includes a dedicated Commission staff member that acts as an ombudsman to evaluate and resolve the dispute. The ombudsman should be advised by ED staff, establish a timeline for resolution, hold each PA accountable to the timeline, and ideally will develop institutional memory that will aid in expedient resolution.

IV. UNSPENT FUNDS OF CCA PAS IN EXCESS OF 20% SHOULD BE USED TO OFFSET THE REVENUE REQUIREMENTS FOR FUTURE PROGRAM YEARS

Regarding budget carryovers, the White Paper recognized that smaller PAs, such as Regional Energy Networks and CCAs, have particular concerns regarding unspent funds.⁸ Staff indicated recommendations on accounting issues were not yet ready.⁹ MCE has two recommendations regarding budget carryovers: (1) the Commission should establish a CCA-specific rule to use unspent funds in excess of 20% of the annual budget to offset the budget transfers for future budget years; and (2) credit enhancements used for financing programs should be given special consideration.

⁶ Although MCE and Pacific Gas & Electric have come to resolution on these issues, the process took over a year and involved ED action.

⁷ Governed by Decision 12-12-036.

⁸ White Paper at p. 19.

⁹ White Paper at p. 19.

A. The Commission Should Establish a CCA-Specific Rule to Use Unspent Funds in Excess of 20% of the Annual Budget to Offset the Budget Transfers for Future Budget Years

MCE recommends the Commission establish a CCA-specific rule to use unspent funds in excess of 20% of the annual budget to offset the budget transfers for future budget years. This process was used for MCE's 2015 and 2016 program years. MCE's unspent funds for the 2013-2014 program cycle exceeded the annualized budget for the 2015 program year. These funds were used to completely offset the budget transfer PG&E would have made to MCE for the 2015 budget. The remaining excess will be used to offset the budget transfer PG&E will make to MCE for the 2016 budget. Allowing excess funds to offset CCA budget transfers for future years reduces the number of transfers and the associated administrative burden.

This rule will still allow for a CCA to request to carryover unspent funds in excess of 20% through a Tier 2 Advice Letter. It simply changes the accounting for those excess funds beyond the 20% eligible for carryover. This rule helps address some of the accounting complications faced by CCAs due to the lack of a balancing account.

B. Credit Enhancements Used for Financing Programs Should Be Given Special Consideration

MCE recommends that when the Commission does develop suggestions for accounting rules, credit enhancements used for financing programs be given special consideration. In the event of loan loss reserve funds, these funds sit in accounts for the life of the loans, up to 15 years in some cases, to protect the financial institution against losses incurred through participation in the on-bill repayment program. These funds should be excluded from the calculation of "unspent" funds.

V. EVALUATION, MEASUREMENT, & VERIFICATION (“EM&V”) RESULTS SHOULD BE INCORPORATED INTO PORTFOLIOS IN A TIMELY MANNER

MCE recommends the Commission implement a timely process for incorporating EM&V results into portfolio design. The White Paper outlines a 30 month period from the time a program concludes to the time EM&V results can begin to be incorporated into portfolio design.¹⁰ This timeframe is similar to the status quo and should be more responsive to the realities of the EE market.

New technologies, such as light emitting diodes (“LEDs”), can achieve tremendous energy savings, and may have additional benefits,¹¹ relative to their predecessor technologies. These technologies are rapidly undergoing significant improvement and decrease in cost. The lag time for incorporating EM&V results maintains uncertainty in the value of new technologies and may delay their implementation unnecessarily. The investment in AMI creates the possibility for rapid innovation in technologies which will need to be monitored quickly to ensure PAs have access to new opportunities. At the same time, AMI creates the possibility to shorten the feedback loop on the EM&V process. The Commission should implement a more timely process for incorporating EM&V results into portfolio design and seek time efficiencies in the EM&V process through an expanded use of AMI data.

VI. MCE SEEKS CLARIFICATION ON BUSINESS PLAN FILINGS

In the White Paper, ED staff suggests that PAs should include in the White Paper proposals for “how to change the portfolio to meet the portfolio savings and cost effectiveness

¹⁰ White Paper at pp. 29-30.

¹¹ LEDs provide an additional health and safety benefit over compact fluorescent lights due to the absence of mercury vapor.

requirements.”¹² MCE seeks clarification on this matter. Does Commission staff intend for PAs to indicate the process by which their Business Plans would be updated? Or does the White Paper perhaps intend PAs to describe the conditions under which a Business Plan “re-vamp” would be triggered? If the former, MCE believes the matter is inappropriate for a process proposed by PAs and should also include robust opportunities for stakeholder review.

VII. CONCLUSION

MCE thanks Assigned Commissioner Peterman and Administrative Law Judge Edmister for the opportunity to provide these comments on the White Paper.

Respectfully submitted,

/s/ Michael Callahan-Dudley

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May 26, 2015

¹² White Paper at p. 7.

**BEFORE THE PUBLIC UTILITIES COMMISSION
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Order Instituting Rulemaking Concerning Energy
Efficiency Rolling Portfolios, Policies, Programs,
Evaluation, and Related Issues.

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

**MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION WITH
MATTHEW TISDALE**

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June 2, 2015

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

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

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

**MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION WITH
MATTHEW TISDALE**

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following *ex parte* communication. The communication was initiated by MCE and occurred in-person on June 2, 2015 at approximately 11:00 AM at the California Public Utilities Commission (“CPUC”) offices in San Francisco, California. The communication was between Beckie Menten, MCE Energy Efficiency Director, and Michael Callahan-Dudley, MCE Regulatory Counsel, and Matthew Tisdale, Advisor to Commissioner Florio. The meeting lasted approximately 45 minutes. A written hand-out was provided and is included in Attachment A of this notice.

In the meeting, Ms. Menten described a pilot program MCE is developing to integrate demand-side resources and provided Mr. Tisdale the attached document summarizing the pilot. Ms. Menten discussed the budget and several features of the program including a single point of contact for customers, an integrated web-based application for all the resources, and staff support to develop partnerships with agencies offering incentives and related programs. Ms. Menten indicated the pilot would coordinate several MCE programs to provide comprehensive offerings

to the customer. These MCE programs include energy storage, demand response, energy efficiency, and a proposed low-income energy efficiency pilot currently under consideration in the California Alternate Rates for Energy (“CARE”) and Energy Savings Assistance Program (“ESAP”) applications. Ms. Menten also mentioned incorporating market transformation more comprehensively into energy efficiency programs.

Ms. Menten described an audit tool that would be developed under the pilot to provide suggestions for customer-level optimization of resources. Ms. Menten noted the evaluation, measurement and verification of the pilot would incorporate advanced metering infrastructure data and customer surveys. Ms. Menten described a long-term goal of integrating demand-side resources as providing grid benefits and satisfying resource adequacy requirements.

Respectfully submitted,

/s/ Martha Serianz

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June 2, 2015

ATTACHMENT A



MCE’s Integrated Demand-Side Management (IDSMS) Pilot

MCE supports addressing climate change through cost-effective integration of demand-side resources. MCE’s IDSMS pilot integrates a host of demand-side resources with its existing energy efficiency program starting in 2016. The pilot features a single point of contact (SPOC) and an integrated application to improve each customer’s access to the full range of available resources. The budget for the pilot supports the integration and coordination of resources beyond energy efficiency. MCE’s energy efficiency program will be accounted for separately and will continue to operate within the Commission’s policies and approved budgets.

Proposed Annual Budget for MCE Integrated Demand Side Management Pilot		
Item	Detail	Budget
Staff	Staff will research funds, execute MOUs with other agencies, oversee development of integrated application	\$200,000
Integrated Application	IT work to develop an online application tool to collect customer information and streamline data collection (first year cost only)	\$250,000
Integrated Audit Tool	MCE will further develop its tool to evaluate carbon impacts at the customer level	\$75,000
EM&V	AMI and participant surveys will determine the impact of the program on carbon reductions	\$100,000
Total	Annual Budget Above Proposed for Two Years (2016 – 2018)	\$1,000,000

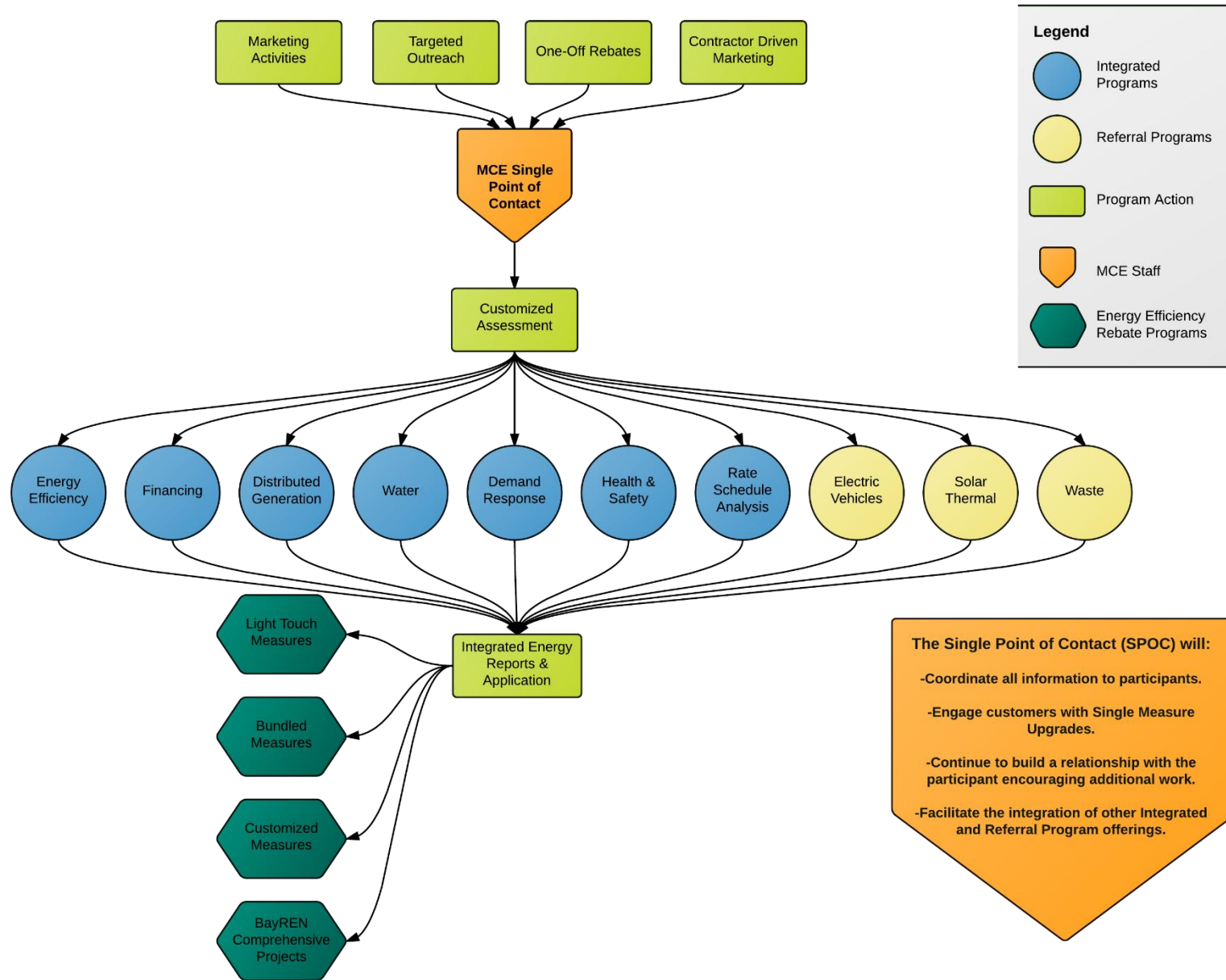
MCE’s IDSMS pilot will leverage existing and proposed energy efficiency and demand response programs to provide customers with a suite of products and services to comprehensively manage their energy use. MCE will partner with water agencies, health and safety agencies, and other organizations to expand the offerings and provide additional customer incentives to adopt demand-side resources. The SPOC will coordinate with each organization and maintain a relationship with the customer that will support adoption of new resources over time (see Multi-Family Program Flow Chart on back).

MCE will leverage existing program efforts, including:

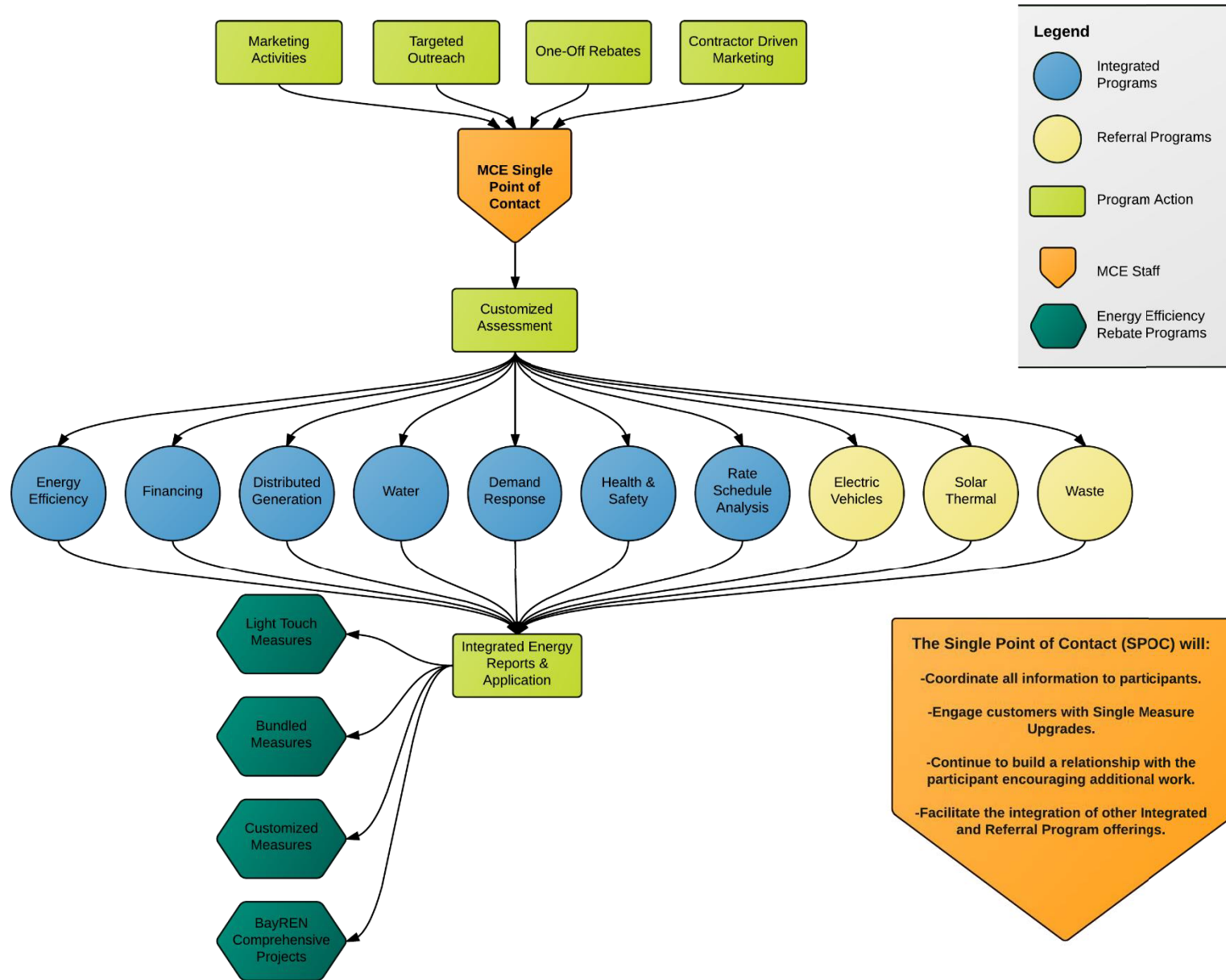
- Existing partnerships with water agencies to deliver rebates on their behalf
- Existing demand response programs, including partnerships with Schneider Electric and Tesla for aggregated biddable load shifting resources
- Existing and proposed energy efficiency programs, including a proposed low income pilot

MCE’s IDSMS Pilot will launch as soon as possible following program approval with a goal of providing services in the first half of 2016.

MCE Proposed Integrated Demand Side Management Program Multifamily



MCE Proposed Integrated Demand Side Management Program Multifamily



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June 5, 2015

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

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

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

**MARIN CLEAN ENERGY NOTICE OF EX PARTE COMMUNICATION
WITH JULIE FITCH**

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, Marin Clean Energy ("MCE") hereby gives notice of the following *ex parte* communication. The communication was initiated by MCE and occurred on June 3, 2015 at approximately 3:00PM at the California Public Utilities Commission ("CPUC") offices in San Francisco, California. The communication was between Beckie Menten, MCE Energy Efficiency Director, Shalini Swaroop, MCE Regulatory Counsel, Michael Callahan-Dudley, MCE Regulatory Counsel and Julie Fitch, Advisor to Commissioner Peterman, and lasted approximately 25 minutes.

Ms. Menten described the components and timing of Marin Clean Energy's ("MCE") energy efficiency program for 2016. Ms. Menten described single point of contact; integrating elements including distributed generation, demand response, and energy efficiency; and more meaningful market transformation over a number of years. Ms. Menten described a proposal for a Community Choice Aggregator first right of refusal to provide energy efficiency programs within their service territory in order to achieve the Total Resource Cost test designed for program administrators with a larger geographic footprint.

Ms. Menten also described a set of issues related to MCE's 2015 energy efficiency program. Ms. Menten expressed the potential need for an expanded budget for gas savings measures due to MCE's project pipeline and expanded service territory.

Respectfully submitted,

/s/ Martha Serianz

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COMMENTS OF MARIN CLEAN ENERGY ON PHASE II WORKSHOP 3

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May 28, 2015

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Efficiency Rolling Portfolios, Policies, Programs,
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Rulemaking 13-11-005
(Filed November 14, 2013)

COMMENTS OF MARIN CLEAN ENERGY ON PHASE II WORKSHOP 3

Pursuant to the directions set forth in the *Administrative Law Judge's Ruling RE Comments on Phase II Workshop 3* ("Ruling") issued on April 1, 2015, Marin Clean Energy ("MCE") respectfully submits the following comments on the Phase II Workshop 3. MCE follows the order of questions presented in the Ruling, preserves the general question numbering, and omits questions where no comment is provided.

MCE supports reevaluating the appropriate roles for statewide and third party programs. It is important to provide clarity to the structure of energy efficiency ("EE") programs such that all program administrators ("PAs") and implementers are accurately identified. Coordination among PAs and implementers should be encouraged and details of this coordination should be made available in PAs' filings. Local government PAs should be granted a right of first refusal to serve their constituents with EE programs to avoid overlapping EE programs within PA service territories. There are a number of programs or components of programs that are appropriate for third party administration or a statewide approach. However, the Commission should exercise caution to avoid relying solely on third parties or statewide approaches.

I. STATEWIDE ENERGY EFFICIENCY PROGRAMS

A. Current Implementation Approach of IOU Statewide Programs

1. On the supply side, utility-owned generation projects have been required to compete “head-to-head” with independent power producer bids in RFOs. Could/should that same approach be taken in energy efficiency portfolios?

Allowing a diversity of Program Administrators (“PAs”) or implementers to bid for administering energy efficiency (“EE”) programs or implementation services may be appropriate in specific contexts.

Demand side management bidding programs, such as standard offer programs, can offer administrative efficiencies and can capture significant savings at a lower cost. However, these programs would be best suited to sectors that are not at risk for stranded assets. For example, EE programs for industrial customers may be appropriate for competitive bidding. Independent entities can specialize in the technical knowledge necessary to cater programs to each industrial customer. Industrial EE projects may also provide sufficient profit motives to encourage a robust pool of bids due to the potential for large energy savings with low transaction costs relative to other market sectors. While specific market segments may be appropriate for competitive bidding, this approach should not be applied universally.

There are concerns with relying on competitive bidding for all EE programs or implementation services. Hard to reach populations are likely to be excluded from or deemphasized in bids because the transaction costs to achieve savings are high relative to other populations. The evaluation criteria for selecting bids may also produce unintended consequences. If cost-effectiveness is the primary evaluation metric, independent bidders may simply maximize cost-effectiveness and sacrifice deep savings. They may focus on a single measure or only the low-hanging fruit and not realize the full potential from a customer’s

participation. These concerns should be addressed in any system that relies on competitive bidding for program administration or implementation services.

2. Are statewide programs designed to support efficiency measure pathways to code adoption in coordination with the IOUs' Codes and Standards advocacy?
 - a. If not, should they be?

Code enforcement programs administered by the IOUs do not adequately address the barriers faced by permitting and enforcement offices. These programs do provide training to local permit offices to better understand applicable codes. However, the local permit offices are primarily constrained due to lack of personnel resources. Those offices understandably prioritize health and safety code compliance over energy code compliance. The existing enforcement programs should do more than provide education; they should identify and address personnel resource constraints. Local governments, as the entities in the position of enforcing code compliance, should be able to apply for energy code enforcement programs to guide resources to where they would be most helpful in increasing the rates of code compliance.

MCE has received anecdotal reports that payback periods can be substantially similar when comparing projects with rebates and code compliance to projects without rebates or compliance. In order to incentivize customers to achieve code compliance, rebates need to be sufficient to effect a relatively shorter payback period. This may be achieved with an adder for demonstrated permit and code compliance.

- b. Does the business plan concept proposed by the joint stakeholders incorporate a "pathway to code" concept?

It is unclear whether the current form of the business plan concept contemplates a "pathway to code." A clear pathway to code should be incorporated into the final rolling

portfolio process. One means to achieve this is a required element that describes code compliance partnerships between PAs and the local governments in their service territories.

B. Should We Standardize Current Statewide Programs?

1. Should we standardize current statewide programs across Program Administrators (PAs)?

Standardization of statewide programs across PAs should be limited to components that are not susceptible to regional differences or are best achieved at scale. For example, statewide program policies and governing regulations, like contractor requirements, may be standardized. However, many programs benefit from an understanding of local market conditions such as the availability of a qualified local workforce. Administration at the local level may also allow for developing new best practices.

2. What kinds of programs lend themselves to statewide leadership on design and implementation?
3. Would it make sense to develop mid-stream and upstream programs at the statewide level to more fully leverage the state's buying power with manufacturers and/or retailers, rather than have each utility develop separate mid-stream and upstream programs?

While standardization of statewide programs administered by multiple PAs should be limited to specific components of those programs, there are certain types of programs that may be appropriate for a single, statewide administrator. One example is codes and standards (“C&S”) advocacy. This relates only to advocating for more stringent statewide codes and standards for EE (*e.g.* Title 24) and excludes work to strengthen C&S enforcement through education and support for local governments or advocacy work on local codes and standards (*e.g.* the City of Berkeley’s Residential Energy Conservation Ordinance). A single entity could be

tasked with advocating for more stringent statewide C&S because those standards are consistent across the state.

The current savings attributed to IOUs for codes and standards advocacy is justified as a means to ensure IOU EE PAs do not advocate for lower standards simply to make their programs appear more cost-effective. However, IOUs are no longer the only PAs and the same justification should be extended to attribute savings to each PA participating in C&S advocacy. The potential rise in the number of EE PAs means the savings and associated expense of ratepayer dollars for C&S advocacy may greatly increase in size and complexity. With an increasing number of PAs receiving compensation for C&S advocacy, the justification for attributing savings gives way to the need for reasonable use of ratepayer funds. The Commission should consider cleaving off statewide C&S advocacy for a single statewide administrator.

Upstream and mid-stream programs should be developed and administered at the statewide level. Relying on the state's buying power, or concentrating the buying power for upstream and mid-stream programs into a single administrator will bring down the price of related EE measures. Additionally, a single PA would reduce the transaction costs to coordinate with statewide retailers. These efficiencies justify establishing a statewide PA to design and administer upstream and mid-stream programs.

The Commission should also allow local or regional PAs to propose and administer local or regional mid-stream programs. Local or regional mid-stream programs are appropriate when a specific EE technology has tremendous potential on a regional basis (*e.g.* heat pumps). Additionally, a great number of retailers in the state do not have a statewide footprint; many retailers are completely encompassed within a single PA's service territory. A retailer with a statewide footprint may maintain regionally-specific inventories or may not want to stock a new

EE product in locations throughout the state. Local or regional PAs should be able to propose mid-stream programs to take advantage of these regional opportunities. While statewide mid-stream programs have tremendous potential, there should be a clear path for local and regional PAs to propose smaller scale programs specific to their service territories.

Another program appropriate for statewide standardization and administration is contractor certification. The state currently administers a licensing system for contractors that includes background checks. PAs may have their own certification programs with redundant or superfluous measures including additional background checks and requirements the state does not impose. These certifications impose a burden on contractors and may impose a barrier to relocating to another PAs service territory with more stringent requirements. These certifications are not consistent across the state and may not be necessary. The Commission should confine the certification of contractors to a statewide standard that may be limited to the licensing requirements.

As discussed above, statewide demand side management bidding programs can offer efficiencies. Standard offer programs can achieve large savings with relatively low administrative burden or transaction cost. They may also enable diverse market actors and create pathways for innovative practices and programs. However, these programs are best suited to sectors that are not at risk for stranded assets. Competitively bid programs involve a siloed focus that is bounded by the terms of the governing contract. Sectors that are suitable for robust dynamic programs are not appropriate for statewide design and competitive bidding.

4. Can/should we simultaneously have regional variations for similar programs (e.g., commercial lighting) *and* have an overlapping single statewide program for the benefit of those with a statewide footprint?

As discussed above in the context of C&S or upstream and mid-stream programs, MCE supports the existence of statewide programs with overlapping regional or local programs. There

are specific areas where such overlapping programs may be appropriate. However, it is important to note that clear delineation and coordination are necessary to ensure efficient and equitable administration of programs.

PAs with overlapping service territories should have clearly defined roles and geographic scopes to avoid duplicative program offerings. As an example of defining roles, a statewide upstream program should not simultaneously exist with a regional upstream program focused on the same product. In this case, the statewide program with greater buying power should simply coordinate with the regional PA to ensure the PA's needs are met through the statewide program. While defined roles and coordination are necessary, they are not sufficient to resolve all issues with overlapping service territories.

The challenge of defining the geographic scope arises when multiple PAs offer the same program in the same area. This challenge exists today between local government partnerships ("LGPs") and third party programs. The solution used in many regions today allows LGPs to have the "right of first refusal" to serve customers within their service territory. For example, hotels are a sector that may be served by either the "Lodging Savers" Third Party Program or by the Local Government Partnership Small Commercial programs. In the County of Marin, the Marin County Energy Watch Partnership is given the choice of either serving these hotel customers or ceding them to the third party program. Clearly defining the scope of programs for PAs with overlapping service territories will address concerns about duplicative administration. This right of first refusal should be mapped over all PAs to ensure local government PAs with service territories that overlap with an IOU have the first option to serve their constituents.

MCE is experiencing challenges with overlapping geographic service territories today. MCE's service territory overlaps with Pacific Gas and Electric Company ("PG&E"). PG&E

customer account representatives are paid with ratepayer funds and earn a commission, in part, based on the number of kWh savings they can refer to existing PG&E programs. This payment structure has created an incentive for these account representatives to sell only those programs that attribute savings to the PG&E portfolio, rather than to refer to the program that offers the greatest benefit to the customer.

MCE does not believe that this challenge can be overcome through parity in the commission structure.¹ The most elegant solution to this challenge is to establish the right of first refusal for all local government PAs. If the account representative, or anyone for that matter, can only refer a customer to a single program serving a geographic area, the challenges of overlapping programs are resolved. MCE recommends a hierarchy that allows local governments, CCAs, and any local or regional PAs within an IOU service territory to assert a right to administer programs in their service territory and displace the IOU and IOU-contracted third party implementers. This hierarchy allows communities to rely on IOU programs if they do not wish to administer their own and empowers them to design their own locally-tailored programs.

5. Would the proposed business plan approach envisioned by the joint stakeholders' proposal lend itself to a more standardized statewide approach? If so, how? If not, why not?

At this point MCE is not aware of any aspect of the business plan approach that expressly attempts to standardize statewide approaches. However, the business plan approach is intended to include a description of the coordination between PAs on regional and statewide programs.

¹ An account representative may encounter several factors that contribute to a desire to refer customers to a PG&E program over another PA's program. These include pressure from management to maximize savings attributed to PG&E, familiarity with PG&E's programs, and ease of referral through explaining only one program. These factors are not exhaustive and are challenging to address independently or manage on an ongoing basis.

MCE supports including descriptive elements related to coordination. These elements should describe the roles of each PA and how overlapping jurisdiction between programs will be coordinated, and may be useful for the Commission to determine whether specific programs could be standardized on a statewide basis.

C. Should We Replace Some Statewide Approaches with Regional Approaches?

1. Are there particular “statewide” programs that we should re-label as regional or local?
2. If so, which programs and why?

A number of statewide programs should be re-labeled as regional or local. LGPs and code enforcement programs should be labeled as local programs because their reach is local and they will vary greatly depending on the characteristics and priorities of the locality they serve. Home Upgrade and Zero-Net Energy programs should also be labeled local because the measures and strategies will vary dramatically based on the climate and resources available (e.g. heat pumps may be more successful in hot climate zones where they are more cost-effective). These programs should be labeled regional because the climate and resources available will vary dramatically across an IOU’s service territory.

Workforce Education and Training (“WE&T”) should consist of a combination of statewide and regional or local programs. The statewide training efforts (e.g. Title 24) should be complimented by local or regional training programs that address the local C&S, local market readiness, and local climates.

D. Should We Modify the Mechanics of Statewide Program Administration?

1. Do the portfolios have too many programs? If so, how could we modify the statewide PA mechanics help to reduce them?

IOU PAs have too many programs. This creates customer confusion and makes it difficult for evaluators to gain a comprehensive understanding of their portfolios. The proposed business plan approach should reduce the number of programs into consolidated sector-level or subsector-level programs. MCE supports this consolidation and provides two recommendations to further address portfolio complexity. First, MCE recommends using AMI data to stratify users into high, mid, and low consumers of energy. Portfolios could incorporate suites of strategies to address each of these strata instead of developing a comprehensive set of strategies that may be applied to all customers. Second, MCE recommends adoption of performance incentives as a substitute for the measure by measure approach. The incentives could be structured to reward energy savings accomplished through whatever measures the PA or customer elects. AMI data could contribute significantly towards quantifying site specific savings estimates in a performance based program.

2. Should we move to a third-party administrator for some statewide program(s); if so which one(s)?

MCE provides a partial response to this question under the consolidated comments to questions 1.B.2 and 1.B.3 above. However, MCE also cautions against relying heavily on third parties and especially on competitive bidding for EE programs. Relying exclusively on third parties may be appropriate in some defined, technology specific markets with a workforce that has very specialized training. However, it may also result in lost opportunities for savings. Competitive third party programs may simply focus on a single measure or only attempt to capture the most cost-effective energy savings (*i.e.* the low hanging fruit). The focus on shallow cost-effective savings is a rational choice for private third party entities. This dynamic provides additional support for applying the right of first refusal for local governments described above; a

CCA should be able to administer its own program that offers a more comprehensive set of solutions than the statewide third party administrator.

MCE also proposes here that a third-party administrator be selected to run a statewide data coordination program (“Statewide Data Program”) to serve all PAs. This program will collect usage and participation data and coordinate the provision of that data with each PA. Each PA will report customer participation to the Statewide Data Program and will be eligible to use the program to determine past participation. The program will also collect AMI data for potential use in verification of savings and to support integrated demand-side programs. The program can develop privacy protections including confidentiality and use agreements related to the shared data. The Commission could impose enforceable regulations to create an additional layer of privacy protection. This statewide program will support an EE landscape with a large number of diverse PAs with overlapping service territories and will be useful if EE is integrated with other demand-side resources. It will also provide a single resource for the Commission to identify and monitor EE related efforts. To build upon existing CPUC efforts in providing greater access to data, this entity could be housed in a state research institution such as on a University of California campus or within the California Energy Commission.

II. THIRD-PARTY ENERGY EFFICIENCY PROGRAMS

A. How Do IOUs Configure and Solicit 3P Programs to Meet Policy Objectives?

1. What distinguishes a “Third Party Program” from other forms of non-IOU implementation? Is this distinction worth maintaining?
2. How do IOUs decide what programs to pursue via “Third Party Program” solicitations versus via their statewide programs?
3. What is the process for and likelihood of “Third Party Programs” that are not successful or that have run their course being terminated, or on the other hand, of scaling up and “graduating” to becoming statewide programs?

The fundamental and critical distinction is between a PA and an implementer. A third party may fill either role depending on the activities they are undertaking. The distinction between a PA and an implementer is worth maintaining to provide a structure and accountability for overseeing and managing the various ratepayer funded EE activities throughout the state. A PA is responsible to the Commission for the ultimate design of a program and for achieving the program's goals. PAs include IOUs, RENs, CCAs, and statewide third party PAs² that are independently accountable to the Commission. An implementer provides services under contract with a PA to support the PA's program. An implementer is not responsible to the Commission for achieving the program's goals. An implementer may perform similar functions to a PA, as is the case with some of the IOU third party implementers, but is ultimately responsible to the PA and not the Commission.

The Commission has relied on IOUs to oversee third party implementers. However, the Commission should not rely on the IOUs to perform oversight or act as the contract manager for statewide third party PAs. Leaving IOUs in a management role over statewide third party PAs may unnecessarily compensate IOUs for the work conducted independently by statewide third party PAs. If statewide third party PAs are responsible for the design and ultimately for achieving the goals of their programs, they should be separate from IOUs and should be directly managed by the Commission.

MCE recommends maintaining the PAs' oversight role over implementers with opportunities for coordination. Each implementer should report to the PA for which they provide services. The PA should remain responsible for the goals of their program and for ensuring the implementers are providing services in furtherance of those goals. If an implementer's footprint

² These may include statewide C&S advocacy, the Statewide Data Program suggested in these comments, and any other statewide program that is administered by a single entity.

extends into multiple PAs' service territories, each PA should have the ability to coordinate services with that implementer. The PAs may develop a memorandum of understanding that describes this coordination. At minimum, the coordination should be described in the PA's business plan or implementation plan and be reported on in the annual reports.

4. To what extent are Third-Party Program bidders able to propose their own program designs?
5. How much latitude is there for Third-Party Program bidders to propose:
 - a. target market sector or segment?
 - b. geographic scope of coverage? (within a utility service area, or to serve multiple service areas); and,
 - c. set of end uses or measures to be included or permitted?

Third party bidders may have great flexibility in proposing their own program designs. The concerns about a third party sweeping the low hanging fruit persist and may be addressed through bidding criteria or other forms of Commission oversight.

B. Changes to Third Party Approaches

2. Should co-pays be required for direct install programs; if so, why?

Co-pay requirements should depend on the technology and program policies. Co-pays can provide an incentive or "hook" to encourage adoption of additional measures (e.g. buy two measures to get a third measure for free). On the other hand, eliminating the co-pay can help increase adoption of unfamiliar emerging technologies. The Commission should avoid incentivizing customers to adopt only the most cost-effective measures through simplistic or standardized co-pay options.

5. What process(es) could be adopted to ensure program designs and implementation procedures or practices take full advantage of identifying opportunities for improvements and higher performance outcomes

The Commission should institute several processes to improve the current programs. The Commission should ensure a clear structure of the actors delivering EE services. This structure

should include PAs and implementers. PAs are responsible to the Commission for meeting EE goals. Implementers are not responsible to the Commission for meeting goals, but do deliver EE services under an agreement with a PA. The Commission should also establish the right of first refusal for local government PAs. Establishing this structure will clarify the roles, especially for third parties, and enable better coordination among multiple PAs and implementers.

The Commission should also include stakeholder participation and strategic data-driven program design. The Commission should ensure program designs are vetted with stakeholder groups, similar to what is recommended in the business plan approach. Program design should also take advantage of AMI data to stratify customers into usage groups or market segments. Strategies developed around usage patterns may greatly improve the administrative efficiency and overall success of EE programs.

7. How might statewide or regional/local programs integrate their resources and activities to support some of the strategies identified in the current CEC Existing Buildings EE Action Plan (AB 758), as discussed by Martha Brook of the CEC at the March 23 workshop? (see: <http://www.energy.ca.gov/ab758/documents/index.html>) E.g. coordination with building benchmarking activities, or using customer data to assist in targeting best prospects for EE adoption.

All PAs should integrate the CEC Draft Existing Building EE Action Plan's ("Action Plan") goals and strategies into their business plan. This may be done either through a discrete element or by weaving the goals and strategies throughout the business plan. For example, an implementer of a commercial program could utilize the proposed expansion of the non-residential building benchmarking program (strategy 1.2) to encourage customers to take action now.³ The "Statewide Data Administrator" proposed above would support Action Plan strategy

³ "Draft California Existing Buildings Energy Efficiency Action Plan," p. 45 March, 2015. California Energy Commission.

2.1.⁴ Establishing a clear first right of refusal policy for local government administrators and implementers could pave the way for greater participation and innovation in the local government sector, aligned with strategy 1.7 of the Action Plan.⁵ It is worth noting that many of the strategies in the Action Plan are non-resource strategies and may reduce a PA’s cost-effectiveness if they are integrated comprehensively. The Commission should attempt to harmonize the strategies in the Action Plan with the evaluation criteria used to assess cost-effectiveness.

8. Are there national utility or EE industry sources of program design best practices, and implementation benchmarks or best practices that should receive greater attention by PAs and implementers in California?

MCE suggests several sources of information to improve program design and implementation. One source is the California Technical Forum (“CalTF”). MCE provided comments on Phase II Workshop 1 explaining the value of the CalTF in the creation of transparent, vetted *ex ante* savings estimates. Another example is the Vermont Energy Efficiency Investment Corporation. This non-profit, non-IOU administers the statewide efficiency program in Vermont. Finally, MCE suggests referring to the Massachusetts Renewable Portfolio Standard. Massachusetts allows energy efficiency to contribute to meeting the standard and thus incorporates EE into the procurement strategy.

C. Possible Third Party Approach to Statewide Programs

1. Should a single PA administer some statewide program(s) for the entire state; if so which one(s)?

⁴ *Ibid*, p. 58.

⁵ *Ibid*, p. 55.

MCE finds that there can be benefit to statewide third party PAs applying to the Commission to provide specific statewide program components. For example, the Center for Sustainable Energy administers the statewide marketing education and outreach (“ME&O”) program for the entire state and has provided coordination across IOUs that is beneficial for marketing at a statewide level. Each PA should also administer a locally-tailored ME&O programs specific to their other EE programs.

3. Would some kind of “challenge” program be helpful, such as the long-ago “Golden Carrot” competition, or in more recent years an X- prize competition?

MCE supports inclusion of local or regional “challenge” programs. These programs should be identified in PAs’ business plans and should incorporate the use of AMI data.

III. CONCLUSION

MCE thanks Assigned Commissioner Peterman and Administrative Law Judge Edmister for the opportunity to provide these comments on the Phase II Workshop 3.

Respectfully submitted,

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April 13, 2015

**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
Demand-Side Resource Programs.

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

**COMMENTS OF MARIN CLEAN ENERGY
ON JOINT ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
RULING REQUESTING RESPONSES TO QUESTIONS**

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May 15, 2015

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

**COMMENTS OF MARIN CLEAN ENERGY
ON JOINT ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
RULING REQUESTING RESPONSES TO QUESTIONS**

I. INTRODUCTION

Pursuant to the directions set forth in the *Joint Assigned Commissioner and Administrative Law Judge's Ruling Requesting Responses to Questions* ("Ruling") issued on April 15, 2015, Marin Clean Energy ("MCE") respectfully submits the following comments on foundational issues in this Rulemaking. MCE does not respond to all questions presented, however these comments are organized generally to track the order of questions in the Ruling.

MCE supports the California Public Utilities Commission's ("Commission") efforts to pursue the integration of demand-side resources ("IDSR"). These efforts are critical to reduce greenhouse gas ("GHG") emissions and affordably meet California's climate goals. MCE recommends the Commission incorporate reducing GHG emissions as an overarching goal for the IDSR with several subgoals as defined below. These comments include expansion and reprioritization of the problems stated in the Ruling. Finally, MCE provides recommendations for addressing grid benefits and incorporating the IDSR with system planning.

II. DISTINGUISHING INTEGRATED DEMAND-SIDE MANAGEMENT FROM THE INTEGRATION OF DEMAND-SIDE RESOURCES

The Ruling requests parties to provide definitions and distinctions between IDSR and integrated demand-side management (“IDSM”). MCE provides a preliminary discussion here in response to the Ruling but exclusively references IDSR in the remainder of the comments to avoid confusion. Both IDSR and IDSM deal with demand-side resources (“DSR”).¹ IDSR is the regulatory process of eliminating siloes and unifying demand-side metrics and proceedings in order to integrate DSR into CPUC planning and implementation. IDSR will develop the framework and programs that will be overseen by the Commission.

IDSM is the operation and maintenance of integrated DSRs. IDSM is a technical function that involves coordinating the resources and optimizing them to maximize benefits. IDSR will create a regulatory framework that will support IDSM. In that way, IDSR is a prerequisite to IDSM. MCE recommends the Commission adopt these definitions to provide clarity to all participants in this proceeding.

III. THE COMMISSION SHOULD CREATE AN OVERARCHING DSR GHG GOAL WITH SUBGOALS

The Commission should select one overarching goal for the IDSR that addresses GHG emissions. California has substantial goals related to addressing climate change.² The annual

¹ Some parties may refer to these resources as Distributed Energy Resources (“DERs”). MCE recommends the Commission adopt a broad definition of DSRs to include resources beyond energy efficiency and demand response. Other resources should include at least distributed generation, energy storage, smart grid, water-energy measures, electric vehicle hardware, and innovative rate design.

² Assembly Bill 32 (2006) requires the state to return to 1990 GHG emission levels by 2020. Cal. Health & Safety Code § 38550. Governor Brown’s Executive Order B-30-15 calls for a 40 percent reduction in GHG emissions below 1990 levels by 2030. Governor Schwarzenegger’s Executive Order S-3-05 calls for an 80 percent reduction in GHG emissions below 1990 levels by 2050. Governor Brown also established several goals related to climate change including

costs of mitigating the impacts of climate change across the United States may exceed \$500 billion by 2050.³ Adopting GHG emissions reductions as the overarching goal for IDSR is useful to guide program policies and activities to achieve the state’s climate goals and avoid costly mitigation. The overarching goal should be to realize the full potential for DSR to reduce GHG emissions.

While the subgoals may not all directly relate to GHG emissions, they should be pursued with the overarching GHG emissions goal as a guide. For example, maintaining the affordability and reliability of the electric grid are critical functions of the Commission that are not directly related to GHG emissions. However, the Commission could maximize affordability and reliability of the grid while pursuing the overarching goal of reducing GHG emissions.

The subgoals for IDSR should reflect the realities of the market, customer decision-making, and the challenges with administering a comprehensive program. MCE recommends the Commission adopt the following subgoals for IDSR:

Embrace Customer Needs: One of the most important subgoals is to embrace customer needs. The Commission can design a theoretically perfect program from a top-down perspective; however customer decision-making will dictate the success of the program.

Support Competitive Markets: The Commission’s IDSR should not introduce unfair competition into existing competitive markets for DSRs. This may be accomplished through defining clear roles and rules for investor-owned utilities (“IOUs”), local governments, and private market actors. The Commission should avoid creating IDSR programs that compete with

embracing fuel switching and doubling energy efficiency in existing buildings by 2030 in his most recent inaugural address on January 5, 2015.

³ The Cost of Climate Change. Natural Resources Defense Council. May 2008. Table 1 at p. 2. Available at <http://www.nrdc.org/globalwarming/cost/cost.pdf>.

private actors in a competitive market for customers. A successful IDSR program will not crowd-out but will incorporate and support competitive markets.

Reduce Energy Use: This goal is directly linked to the overarching goal of reducing GHG emissions. However, there is an advantage to placing the goal of reducing energy use within the context of reducing GHG emissions. The advantage is a system that promotes a less carbon intensive source of energy, for example fuel switching.

Provide Grid Benefits: It is critical to identify the value of IDSR in order to establish and allocate incentives to encourage adoption. The potential benefits of IDSR to the grid include but are not limited to avoiding additional infrastructure, improving grid resiliency, incorporating more renewables, and reducing the cost of generation through load shifting. The Commission should incorporate these benefits to the IDSR and should use these benefits to justify incentives.

Maximize the Adoption of Resources: The success of the IDSR will depend heavily on which DSRs are adopted. Many customers may not adopt a comprehensive suite of resources during their initial participation in a program. Customers may interface with a provider that offers a limited set of DSRs. Customers may want to invest in one technology at a time to make sure it is working before adopting additional DSRs. It is important to accommodate a customer's desires because it results in a positive experience and encourages incorporation of additional resources over time in order to maximize the adoption of DSRs.

Encourage Automation: Automation may alleviate some of the challenges related to administering comprehensive and integrated DSR programs. Access to these automation tools should be equally accessible by DSR providers, such as CCAs.⁴ Automation may be appropriate

⁴ MCE has found that there is a need to require foresight in development of tools and data to ensure that CCA customers have equitable access to those tools and data. For example, transfers

in the context of transactions such as participation in the California Independent System Operator's ("CAISO") ancillary services markets. It may also be appropriate for the ongoing management and operation of integrated DSRs. These resources may be automated within a single customer's system, such as with a whole building energy management system that is connected to battery storage, distributed generation, and incorporating behavioral strategies including pre-cooling. DSRs may also be automated across many customers' systems, such as with aggregated demand response programs. The accounting of DSRs should be automated to the greatest extent possible. This accounting may include identifying the existing resources on the ground and tracking the activity and benefits provided by those resources. Automation will help maximize the benefits of DSRs while reducing operational and transaction costs.

IV. THE COMMISSION SHOULD EXPAND UPON THE PROBLEMS IDENTIFIED IN WORKSHOPS

MCE recommends the Commission adopt additions and clarifications to the problems presented in the Ruling. The following includes a revised prioritization of the problems with additional language underlined and proposed elimination of language struck-through.

Problem 1: GHG Emissions Reductions are Not Adequately Incorporated: Current DSR policies and programs do not sufficiently prioritize GHG emissions reductions. The emphasis is on energy savings, load shifting, and avoiding investments in infrastructure. The state's priority to address climate change is not prioritized in existing program designs or policy frameworks.

of advanced metering infrastructure data to CCAs had not been part of the original data system design, causing delays and roadblocks for CCA and CCA customer availability of data. Other IOU tools, such as the MyEnergy tool has not been designed for CCA customers to access the entirety of their information, making the tool of limited use to unbundled customers.

Problem 2: The Private Market is Separate from Regulatory Programs: The Commission’s IDSR lacks a clear path to integrate new technologies or diverse market actors into the framework. IDSR should seek to avoid the dual system that exists in energy efficiency, namely, that Commission programs and private market actions operate completely independently from one another. If IDSR does not avoid this dual system, it will be difficult to track the impact of private market activity on achieving the state’s climate goals.

Problem 3: Lack of Consumer Education: Consumers of energy throughout the state lack an understanding of the purpose and opportunities associated with integrating DSRs. Information related to the myriad of private actors and siloed Commission programs is dispersed and burdensome to collect. Additionally, application cycles and implementation partners vary between the different DSRs, making it complicated to combine multiple DSRs in one project. This information and access barrier precludes many potential consumers from engaging with or integrating multiple DSRs.

Problem 4: Savings Estimate Systems are Rigid and Opaque: The Database for Energy Efficient Resources (“DEER”) is complex and inaccessible for both potential consumers and providers of DSRs. The DEER system is not flexible enough to incorporate new technologies in a timely manner, and savings values are not calculated in a transparent, open public forum. The savings estimate systems used for IDSR need to assist market actors’ engagement with programs and understanding of the process for integrating new technologies. The Commission should not replicate the DEER system nor adapt it for the IDSR. Other forums like the California Technical Forum may be more appropriate to develop savings estimate systems for the IDSR.

Problem 5: ~~Problem 1: Market Failure of Revenue Streams:~~ A party who invests in DSRs demand-side resources (usually the building owner) typically cannot fully capture the full value of the bill reductions that flow from that investment, either because ownership of buildings often changes hands during the lifetime of the investment or because the building owner does not pay the utility bill. This also strongly deters third-party investment in otherwise cost-effective measures, especially energy efficiency, due to the inability of the investor to fully capture the related benefit stream. Further, some cost savings, such as avoided distribution upgrades, may not be captured at all due to the reality that avoided transmission and distribution costs are averaged across the whole system. These factors reduce the customer's motivation to contribute toward system cost savings that the customer will never capture. Revenue streams do not incorporate a societal cost of carbon that reflects the substantial cost of climate mitigation and adaptation.

Problem 6: ~~Problem 2: Lack of Access to Data and Tools:~~ Third parties Non-IOU entities are limited in their ability to identify and serve customers because they lack ~~the data needed to understand where the electric system needs on:~~ 1) customer adoption of existing DSRs, 2) customer energy usage, and 3) the locational benefits of demand-side solutions for the electric system., what integrated or demand-side service can provide those solutions, and which customers are eligible and should be targeted. Tools developed to serve DSM needs and objectives must be equally available to all customers and DSR market participants. That is, whether the customer receives generation service from a CCA, DSRs from third parties, or services from local governments, the data, tools and technology should be platform-neutral.

Problem 7: ~~Problem 3: Demand-Side Resources do not Adequately Impact System Planning, Investments & Operations:~~ No recommended changes to the description.

Problem 8: ~~Problem 4:~~ Current Efforts Do Not Address Grid Needs: DSR Demand-side resource policies and incentives do not align with the needs of transmission and distribution system operators. It is also difficult to establish policies and incentives based on the locational value of adding DSRs to the grid because the locational value is dynamic. As additional DSRs are added to one location, the value of adding more resources in that same location changes. It is unclear how sensitive the locational value is to adding additional resources. The integration of DSRs demand-side resources should resolve problems for the grid and, ideally, reduce grid revenue requirements.

Problem 9: ~~Problem 5:~~ Current Efforts are too Focused on Rate-Based versus Performance Based: The existing regulatory framework rewards utilities for installing transmission and distribution infrastructure by allowing them to book those capital expenditures as rate base. This creates a disincentive for utilities to avoid capital cost through effective acquisition of DSRs demand-side resources. Likewise, no performance incentives currently incent utilities to procure integrated DSRs demand-side resources.⁵ The roles of IOUs, local governments, and private actors in the market are not defined to address this disincentive.

Problem 10: ~~Problem 6:~~ Current Efforts are Not Forward Looking: Integrated DSR demand-side resource policies and incentives must embrace tomorrow's technologies and meet tomorrow's customer and system needs, not yesterday's.

Problem 11: ~~Problem 7:~~ Integration is Divorced from Rate-Making: No recommended changes to the description.

⁵ It should be noted that the Energy Savings Performance Incentive does incent IOUs to provide energy efficiency.

V. **GRID BENEFITS AND SYSTEM PLANNING SHOULD BE INCORPORATED INTO THE IDSR**

MCE recommends integrating DSRs with utility system planning, investment, and operation, as well as CAISO planning and operations as the DSR market matures. Integrating these systems is important to maximize benefits of the IDSR and maximize the incentives available to promote the IDSR. Additionally, linking the integrated DSR market to utility and CAISO planning provides an opportunity for the market to naturally meet the needs of the grid over time. Creating a direct link is the best strategy to actually avoid infrastructure.

Connecting the integrated DSR market to utility and CAISO planning can be partly accomplished through formalizing the transactions and resources for bidding into defined markets. Transactions may be formalized for multiple discrete elements of the market. The distribution resource planning process provides the foundation for formalizing transactions with the IOUs to provide locational benefits and avoid infrastructure. Larger customers may be able to directly bid into various CAISO markets. DSR providers may be able to aggregate smaller customers and bid into CAISO markets at the provider level.⁶

One of the most valuable outcomes of this proceeding would be to encourage third parties or utilities to deliver, and customers to adopt, integrated DSRs. Once the Commission's integrated programs are more matured, the metrics from those programs should feed in to the LTPP as discussed. However, at this time, incorporating the IDSR into system planning processes may be premature.

⁶ Existing demand response aggregators provide an illustrative parallel to this provider level concept.

1. The Commission Should Avoid Duplication of Efforts with the Distribution Resources Plan Proceeding

MCE recommends the Commission integrate the distribution resources plans proceeding⁷ into this proceeding instead of delineating roles and maintaining separation. This may be accomplished in part through allowing distribution resource plans (“DRPs”) to guide the locational incentives for the IDSR. The Commission may further integrate the two by allowing data about the IDSR to feed back into DRPs as grid needs are met. There is a concern about sensitivity of distribution grid to upgrades; if the DRP planning cycle is too long, the plans may become obsolete. MCE provides for the convenience of the Commission the attached summary of the flow of decision-making across the Commission,⁸ the CAISO, and the California Energy Commission (“CEC”).

The IDSR, DRP, Long-Term Procurement Plans (“LTPP”), and other processes at the CAISO and CEC should all factor in to the development and incorporation of a unified statewide plan for procurement. One method to accomplish this would be to set goals, determine cost-effectiveness standards, and approve proposed plans in the IDSM and DRP proceedings. These components could be distilled into assumptions and scenarios (“A&S”) that would feed into the A&S for the LTPP.

2. The Commission Should Consider Strategies to Monetize the Long Run Benefits of DSRs in a Context of Changing Ownership and Occupancy

MCE recommends two discrete strategies for consideration to address issues related to allocation of benefits with varied ownership and occupancy. First, the Commission should consider third party ownership of IDSM systems that serve two markets: (1) the customer

⁷ R.14-08-013.

⁸ See Attachment A.

seeking for energy savings and (2) the CAISO or CPUC seeking grid benefits. Second, the Commission should explore expanded use of financing tied to the meter or building, rather than the occupant. This type of financing can overcome some of the challenges related to changing ownership, occupancy, and the split incentive issue between landlords and tenants.

3. The Commission Should Convert the Benefits of DSRs into Incentives Embedded into Rate Design and Customer-Facing Programs

MCE recommends the Commission incorporate the benefits of DSRs into multiple financial incentives. Benefits should be incorporated through rate design, support for incentives (e.g. rebates), and programs (e.g. on-bill repayment). Creating a varied system of incentive structures provides multiple tools for the Commission to achieve the goals for the IDSR.

In order to support a robust market of integrated DSR, the rate design should reflect a clear, sustained and quantifiable value proposition for owners and third parties. For example, a pure time-of-use rate could result in uncertainty of the rate of return benefit for a DSR. Without certainty as to the benefit, uptake of integrated DSRs could be limited.

///

VI. CONCLUSION

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

Respectfully submitted,

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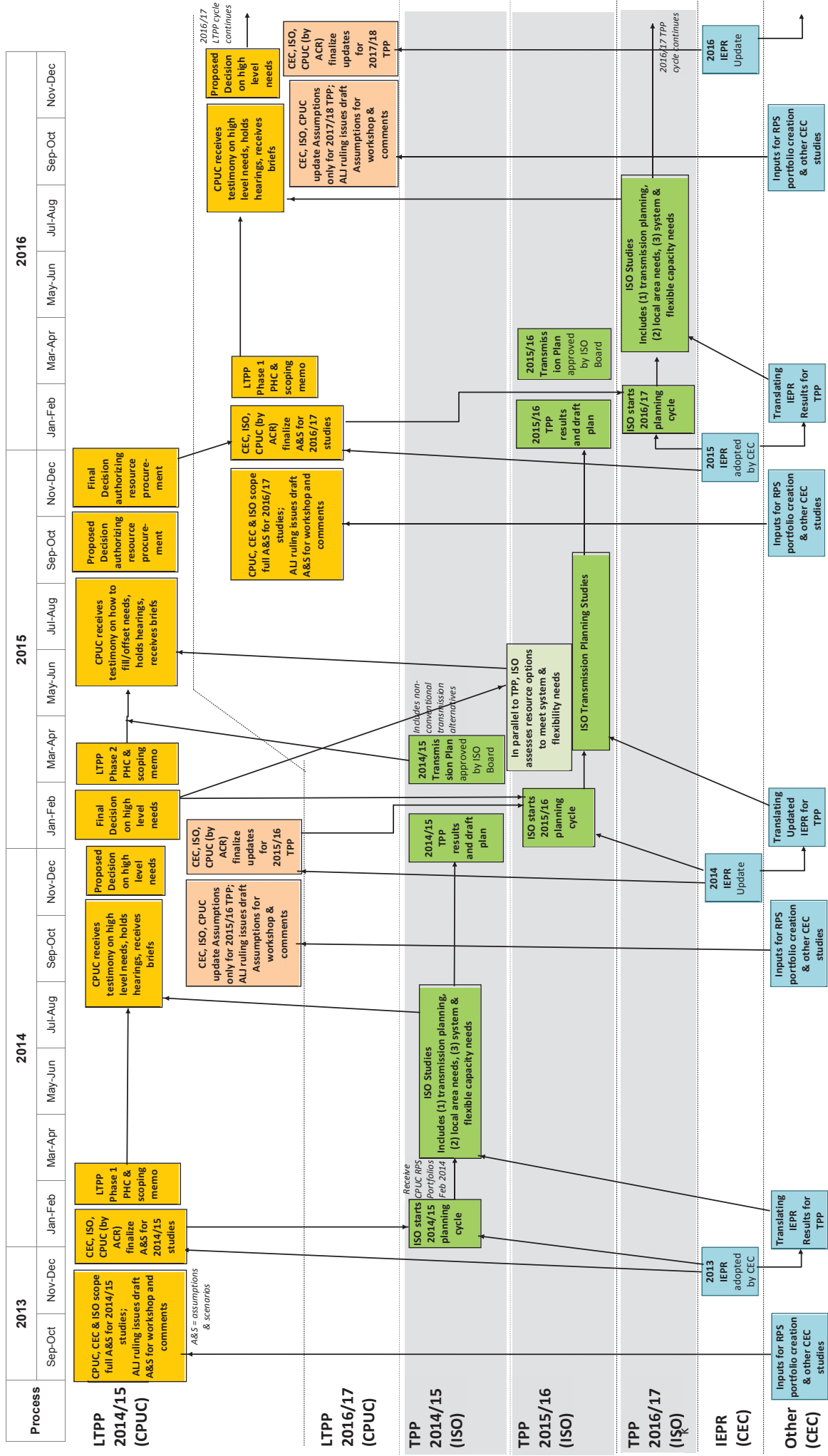
May 15, 2015

Attachment A

LTPP, TPP and IEPR Process Alignment for the CPUC, CAISO and CEC

LTTP, TPP and IEPR Process Alignment for CPUC, CAISO and CEC

v. 3.8 – 4/18/14



**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 12-06-013
(Filed June 21, 2012)

**COMMENTS OF MARIN CLEAN ENERGY
ON PROPOSED DECISION
ON RESIDENTIAL RATE REFORM**

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May 8, 2015

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SUBJECT INDEX

1. All Marketing, Outreach, and Education (“ME&O”) relating to the residential rate reforms must be competitively neutral and compliant with Senate Bill (“SB”) 790 (Leno, 2011) and the CCA Code of Conduct adopted in Commission Decision (“D.”) 12-12-036.
2. The Investor-Owned Utilities’ (“IOU”) rates must not include Zero Minimum Bill (“ZMB”) provisions because of the clear anticompetitive impact of ZMB provisions on unbundled customers.

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Testimony of Marin Clean Energy Regarding the Competitive Neutrality of the Investor Owned Utilities' Phase 1 Proposals for 2015-2017 Residential Rate Revisions, September 15, 2014 .	2, 3

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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 12-06-013
(Filed June 21, 2012)

**COMMENTS OF MARIN CLEAN ENERGY
ON PROPOSED DECISION
ON RESIDENTIAL RATE REFORM**

I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

Pursuant to Rule 14.3 of the California Public Utility Commission's ("Commission") Rules of Practice and Procedure, Marin Clean Energy ("MCE")¹ respectfully submits the following comments on the Proposed Decision. MCE thanks both the assigned Administrative Law Judges ("ALJ") McKinney and Halligan, and Commissioner Picker for their detailed consideration of the numerous issues raised by parties throughout the lengthy record of this proceeding as is evident by the thorough discussion within the Proposed Decision ("PD").

These comments address two key areas directly impacting Community Choice Aggregation ("CCA") customers:

1. All Marketing, Outreach, and Education ("ME&O") relating to the residential rate reforms must be competitively neutral and compliant with Senate Bill ("SB") 790

¹ MCE is California's first operational CCA. MCE's present service territory spans across four counties within California, and MCE presently serves a total of approximately 170,000 accounts. The communities presently served by MCE include the entirety of Marin County, unincorporated Napa County, and the Cities of Richmond, San Pablo, El Cerrito, and Benicia.

(Leno, 2011) and the CCA Code of Conduct adopted in Commission Decision (“D.”) 12-12-036.

2. The Investor-Owned Utilities’ (“IOU”) rates must not include Zero Minimum Bill (“ZMB”) provisions because of the clear anticompetitive impact of ZMB provisions on unbundled customers.

II. BACKGROUND

MCE’s involvement within the Residential Ratemaking proceeding has been moderate due to the agencies’ limited regulatory resources. MCE believes it is paramount for the both the actual residential rate changes and the communications regarding these residential rate changes be *entirely* competitively neutral in terms of potential impacts to the Load-Serving Entity (“LSE”) competitive market. Put another way, both bundled and unbundled residential ratepayers should be impacted comparably by these rate changes, and all communications to these ratepayers should be of comparable quality and detail regardless of whether these communications are directed to bundled or unbundled customers.

To this end, MCE has identified two key concerns out of myriad issues raised within this proceeding that must be addressed to preserve competitive neutrality among LSEs: (i) the competitive neutrality of ME&O regarding the residential rate reform, and (ii) the prohibition of the ZMB provision from IOU’s rates. MCE presented both Intervenor Testimony on September 15, 2014² and Legal Briefing on January 5, 2015³ addressing these matters within the record of the instant proceeding.

² Testimony of Marin Clean Energy Regarding the Competitive Neutrality of the Investor Owned Utilities’ Phase 1 Proposals for 2015-2017 Residential Rate Revisions, September 15, 2014 (“MCE Testimony”).

³ Opening Brief of Marin Clean Energy, January 5, 2015 (“MCE Opening Brief”).

MCE requests that the PD address the need for competitive neutrality with regards to ME&O. MCE supports the PD’s prohibition on ZMB provisions in the residential rates impacted in this proceeding.

III. MATTERS OF COMPETITIVE NEUTRALITY WITHIN THE PD

A. Competitive Neutrality of Marketing, Education, and Outreach

As presented in both MCE’s Testimony and Brief, all Marketing, Education, and Outreach relating to the residential rate reform, pursuant to Assembly Bill (“AB”) 327 (Perea, 2013), must be compliant with SB 790 (Leno, 2011) and the CCA Code of Conduct so that they are competitively neutral and do not harm CCAs.⁴⁵ Though the PD does discuss ME&O in detail,⁶ it is silent regarding competitive neutrality, SB 790, and the CCA Code of Conduct. To avoid potential legal error the PD should be revised to include the following:

Findings of Fact

XX. The residential rate reform contemplated herein will impact both bundled and unbundled ratepayers.

XX. PG&E’s My Energy rate comparison tool is not presently available for unbundled ratepayers.

Conclusions of Law

XX. All marketing, education, and outreach conducted by the utilities, including that which relates to the residential rate reform contemplated herein, must be compliant with the CCA Code of Conduct adopted in D.12-12-036, pursuant to SB 790 (Leno, 2011).

⁴ MCE Testimony at 8-15.

⁵ MCE Opening Brief at 7-11.

⁶ PD at 229-234.

XX. All marketing, education, and outreach conducted by utilities relating to the residential rate reform pursuant to AB 327 (Perea, 2013) must be competitively neutral with regards to load-serving entities and the residential ratepayers that they serve.

B. Competitive Neutrality and the Zero Minimum Bill Provision

The PD correctly recognizes that PG&E's ZMB violates the CCA Code of Conduct.⁷ The PD also states that the need for a ZMB provision is insufficiently justified by PG&E,⁸ and it would be inappropriate to expand its application to all rates as PG&E proposed.⁹ These Findings of Fact and Conclusions of Law are accurate and appropriate, and the Commission should preserve them in any further revisions to the PD.

IV. CONCLUSION

MCE thanks the assigned ALJs and Commissioner for their attention to its narrow concerns among myriad complex rate reforms contemplated during the course of this proceeding. For the reasons set forth above, the Commission should strive to preserve competitive neutrality among LSEs when enacting the residential rate reform put forth in the PD.

Respectfully submitted,

/s/ Jeremy Waen

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May 8, 2015

⁷ PD, Finding of Fact 182

⁸ PD, Finding of Fact 181

⁹ PD, Conclusion of Law 43

APPENDIX A

PROPOSED REVISIONS TO FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

Findings of Fact

XX. The residential rate reform contemplated herein will impact both bundled and unbundled ratepayers.

XX. PG&E's My Energy rate comparison tool is not presently available for unbundled ratepayers.

Conclusions of Law

XX. All marketing, education, and outreach conducted by the utilities, including that which relates to the residential rate reform contemplated herein, must be compliant with the CCA Code of Conduct adopted in D.12-12-036, pursuant to SB 790 (Leno, 2011).

XX. All marketing, education, and outreach conducted by utilities relating to the residential rate reform pursuant to AB 327 (Perea, 2013) must be competitively neutral with regards to load-serving entities and the residential ratepayers that they serve.

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

Order Instituting Rulemaking to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap.

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

**MARIN CLEAN ENERGY
NOTICE OF EX PARTE COMMUNICATION**

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

Order Instituting Rulemaking to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap.

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

**MARIN CLEAN ENERGY
NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following *ex parte* communication. Shalini Swaroop, Regulatory Counsel for MCE, and Jeremy Waen, Senior Regulatory Analyst for MCE, met in-person at the California Public Utilities Commission offices with Melicia Charles, Energy Advisor to Commissioner Peterman, at 1:30 pm on May 12, 2015. The meeting lasted approximately 30 minutes and was limited to discussion of past and present Commission Rulemakings relating to Energy Storage (“ES”), namely R.15-03-011 and its predecessor R.10-12-007.

MCE voiced concerns regarding the present language within D.13-10-040, which limits SGIP-funded ES deployment to only being countable towards the Investor-Owned Utilities' ES procurement targets. MCE presented its recent collaboration with the College of Marin and Tesla Motors Inc. to install on-site ES to reduce the college's demand charges. MCE staff provided a very active role in facilitating the development of this ES resource. The resource will be on the premises of a MCE customer within MCE's service territory, yet per D.13-10-040 MCE is not presently able to claim credit for the development of this resource towards its ES procurement

target. MCE discussed possible procedural means towards enabling CCAs to count SGIP-funded ES deployment towards CCA-specific ES procurement targets.

MCE also raised questions regarding how customer-sited ES deployment would be counted within a CCA's service territory when that ES deployment occurs due to actions taken expressly by customers and third-party developers. Lastly, MCE staff briefly discussed how the Power Charge Indifference Adjustment (PCIA) might be applied to ES resources.

Respectfully submitted,

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May 14, 2015

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

Application of San Diego Gas & Electric Company
(U 902 E) for Approval of Public Utilities Code
Section 748.5 Customer Outreach Plan for 2014
and 2015.

And Related Matters.

Application 13-08-026
(Filed August 30, 2013)

Application 13-08-027
Application 13-09-001
Application 13-09-002
Application 13-09-003

OPENING BRIEF OF MARIN CLEAN ENERGY

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May 29, 2015

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

Application of San Diego Gas & Electric Company (U 902 E) for Approval of Public Utilities Code Section 748.5 Customer Outreach Plan for 2014 and 2015.

Application 13-08-026
(Filed August 30, 2013)

And Related Matters.

Application 13-08-027
Application 13-09-001
Application 13-09-002
Application 13-09-003

OPENING BRIEF OF MARIN CLEAN ENERGY

I. INTRODUCTION

Pursuant to the directions set forth in the *E-Mail Ruling Regarding Opening and Reply Briefs* issued on May 19, 2015 by Administrative Law Judge (“ALJ”) Halligan, Marin Clean Energy (“MCE”) respectfully submits the following brief regarding issues related to the California Climate Credit raised in the February 6m 2015 scoping memo; issues discussed during the May 15, 2015 Energy Division workshop or raised in the workshop report filed by Southern California Edison (“SCE”); and on-bill messaging.

II. BACKGROUND

MCE is the first operational Community Choice Aggregation (“CCA”) program within California. MCE currently provides generation services to approximately 165,000 customer accounts throughout Marin County, unincorporated Napa County, and the cities of Richmond, El Cerrito, San Pablo, and Benicia. MCE’s customers receive generation services from MCE, while continuing to receive transmission, distribution, billing and other services from Pacific Gas and Electric Company (“PG&E”).

MCE was founded by visionary leadership to empower its communities in order to reduce their greenhouse gas (“GHG”) emissions and combat the growing threat due to climate change. Since its formation, MCE has designed its electricity-related products and programs with the objective of creating affordable, sustainable GHG-reductions through electricity usage for its communities while stimulating local economic development. MCE has been involved in the instant consolidated Applications and the related GHG Rulemaking (“R.”) 11-03-012 since their inception. MCE’s main concerns are: (1) the successful implementation of the Assembly Bill 32 (2006) (“AB 32”), the Global Warming Solutions Act, and its programs, such as the Cap-and-Trade (“C&T”) Program; and (2) preventing anti-competitive implementation of these programs to the detriment of CCA customers.

III. RESPONSES TO FEBRUARY 6, 2015 SCOPING ISSUE QUESTIONS

- 1. The specific goals the GHG education and outreach program should achieve. For instance, should the program seek to educate customers about GHG emissions generally? California’s Cap-and-Trade program specifically? The mechanics of how the climate credit is generated? (etc.).**

The creation of the California Climate Credit (“CCC”) results from the state’s ambitious climate change mitigation strategies. The education and outreach relating to the CCC should reflect this purpose and indicate why greenhouse gas (“GHG”) reductions are necessary and become a tool for further education on methods to combat climate change. Furthermore, this communication to customers must minimize customer confusion, such as being in a language that is accessible to the ratepayer’s unique needs. However, MCE remains mindful of the need to administer this education and outreach in a frugal, cost-effective manner. Therefore, MCE does not endorse explaining the mechanics of the CCC in these communication efforts and instead recommends focusing education on specific actions consumers can take to increase the impact of their climate credit towards addressing climate change.

2. **What entities should conduct GHG education and outreach, what is the appropriate annual budget level, and how should success be measured.**

MCE has repeatedly emphasized the need for a neutral third-party to administer the GHG education and outreach so that it is conducted in a competitively neutral manner. In D.12-12-033, the Commission directed the IOUs “to develop and administer a *competitively neutral customer outreach and education* program on behalf of all customers receiving greenhouse gas allowance revenue, including customers of Community Choice Aggregator and Direct Access providers.”¹

In Resolution E-4611, the Commission recognized the IOUs’ blatant violation of the Commission’s order. Particularly, the Commission noted, “*PG&E and SCE freely admit they did not comply with D.12-12-033* when they failed to consult with CCA and DA providers before hiring the marketing firm pursuant to OP 12. [...] the fact that they initially failed to comply with the requirement to coordinate with other ESPs *indicates a lack of interest, desire or ability on the part of the IOUs to administer the climate dividend in a competitively neutral manner.*”²

Resolution E-4611 further reassigned the interim role of administrator for outreach and education relating to the 2013-2014 launch of the CA Credit to the Center for Sustainable Energy³ (“CSE”), as noted in the February Scoping Ruling. For this reason and many prior anti-CCA transgressions made by the IOUs,⁴ MCE remains stalwart in its recommendation on the necessity of neutral, third-party administration of GHG education and outreach.

¹ D.12-12-033, Ordering Paragraph 11, *emphasis added*.

² Resolution E-4611 on page 11, *emphasis added*.

³ CSE was formerly named California Center for Sustainable Energy or CCSE.

⁴ During MCE’s initial launch in 2010, PG&E performed numerous unsavory and ultimately illegal marketing tactics with the clear intent of deterring the communities and ratepayers within Marin from participating in MCE’s service. Such tactics ultimately led to the legislature enacting Senate Bill 790 (2012) to protect CCAs from further anti-competitive marketing tactics by the IOUs.

As for considerations of appropriate annual budget levels and measures for administrative success, MCE abstains from commenting on these matters at this time. MCE reserves the right to provide comments on this topic at a later point within the proceeding.

3. **Whether the GHG/Climate Credit education and outreach conducted under the auspices of the Energy Upgrade California effort fulfills the requirements of Public Util. Code § 748.5, to ensure that funds are not spent for duplicative efforts.**

MCE abstains from commenting on this matter at this time. MCE reserves the right to provide comments on this topic at a later point within the proceeding.

4. **How should the Commission coordinate the GHG education and outreach mandated by Public Util. Code § 748.5 and the ongoing Energy Upgrade California effort.**

The GHG education and outreach mandate and the ongoing Energy Upgrade California efforts are complementary efforts. For this reason, communication efforts should be coordinated and consolidated through dual program administration led by a single neutral, third-party. CSE has conducted effective communications efforts on both of these fronts in the past; MCE recommends CSE should continue to be tasked with administering these communications going forward.

5. **Should the GHG/Climate Credit education and outreach be used as a vehicle to promote specific high-priority energy efficiency or energy management actions.**

If the “high-priority energy efficiency or energy management actions” directly result in GHG reductions and thereby help address the threat of Climate Change, there is no issue with GHG/CCC education and outreach being utilized as a vehicle to promote such actions. However,

any such call to action must be done in a competitively neutral manner, in accordance with D.12-12-033.⁵

6. **Over what period should GHG education and outreach continue, through 2016 only, or for the duration of the Cap-and-Trade period?**

Given the continuing threat of climate change, it is appropriate to conduct GHG education and outreach for the present full duration of the C&T program period (and potentially beyond if the legislature extends the duration of C&T program).

7. **What kind of campaign(s) should the administrator(s) develop, and what should their goals be (e.g., should each year of education and outreach focus on a different high priority message or outreach tactic).**

MCE does not have specific strategic recommendations at this time regarding types of outreach campaigns that should be developed; though MCE reserves the right to provide comments on this topic at a later point within the proceeding. It is also very likely for the GHG education and outreach efforts to need to shift focus over time as new opportunities and threats relating to Climate Change arise. Therefore, it would be prudent for the Commission to allow the administrator of these efforts a certain degree of flexibility to shift the nature of the messaging as electricity and climate conditions change.

8. **Should the Commission relax the constraints it placed on the investor-owned utilities in D.12-12-033 and Resolution E-4611 so that the Commission can leverage channels that the utilities control (e.g. newsletters, websites).**

MCE has previously expressed concern that utilizing the IOU newsletters and websites increases the potential for misrepresentation and may contain impermissible cross-promotion for other IOU services. For example, a customer who believes the CCC is given by the IOU and not due to a state program may choose an IOU program over a program offered by another Load-

⁵ D.12-12-033, Ordering Paragraph 11.

Serving Entity. Furthermore, any messaging done by the utility increases the likelihood of creating an anti-competitive dynamic that the Commission specifically directed the IOUs to address in D.12-12-033.⁶

A third-party administration has a better opportunity to create competitively neutral messaging than the IOUs. Therefore, should the Commission utilize IOU communication channels, the messaging should be created by a neutral third-party administrator and be vetted by Commission staff for adherence to D.12-12-033.⁷ Any communications efforts by the IOUs should direct the audience towards to the CCC-specific website, rather than the IOUs' websites.

9. Whether the Commission should invest in messaging research to assist it, the utilities and/or outreach administrators understand the best way to communicate to the public why they are receiving a Climate Credit.

When the Commission initially authorized the CCC and related outreach and education, a significant amount of money (\$500,000) was appropriated to hire a consultant to help with initial messaging and outreach research.⁸ Targetbase was ultimately selected by the IOUs as the consultancy to conduct this research. The value and depth of analysis produced by this initial research is debatable, though it did come to the sound conclusion that “a statewide education and outreach program should be coordinated by a single, centralized, non-IOU administrator.”⁹

While the Commission should not preclude the possibility of additional investments in messaging research, the burden of proof to justify a need for such expenses should reside with the administrator of the GHG outreach and education efforts. In the event that the administrator determines that it does not have the appropriate marketing research and knowledge in-house, the

⁶ *Id.*

⁷ *Id.*

⁸ *See* Decision 12-12-033 at Ordering Paragraphs 12-13.

⁹ *See* “California Climate Dividend Public Outreach Program,” Targetbase, July 1, 2013.

administrator should approach the Commission either through an Application or an Advice Letter review process to request a set-aside of C&T-related revenues to fund such market research. Perhaps it would be prudent for the Commission to impose certain reasonable limitations on such fund requests (such as a cap of the amount of funding possibly requested on a per request basis) so that these requests can be submitted through the less cumbersome Advice Letter process.

IV. ISSUES DISCUSSED AT THE MAY 15, 2015 ENERGY DIVISION WORKSHOPS OR RAISED IN THE WORKSHOP REPORT FILED BY SCE

1. Branding Efforts Should Be Competitively Neutral

MCE recommends that if logos and branding is used, all companies should be represented equally and branding should be reviewed by the CPUC and a neutral third party administrator with input from CCAs and other LSEs. However, MCE also recommends that messaging channels are minimized to promote cost-effectiveness and minimize customer confusion. In addition, MCE has limited marketing staff available compared to the IOUs, so opportunities for input should also be streamlined.

Importantly, any utility messaging should be carefully monitored to ensure that marketing adheres to the CCA Code of Conduct, specifically with regards to marketing services that are only exclusively available to bundled customers, such as the Green Tariff Shared Renewables program or particular demand response programs.

2. Funding Should Be Provided Proactively to Smaller Entities

CCAs do not have the financial capacity to create large balancing accounts comparable to the IOUs. Any funding for CCC-related marketing and outreach must be provided in advance of proposed activities on a regular timeline to ensure timely implementation.

V. ON-BILL MESSAGING

MCE recommends particular content for on-bill messaging aside from the need for the content to be competitively neutral. In addition, MCE recommends April messaging focus on reducing summer usage while the October messaging focuses on reducing heating and promoting weatherization.

Further customer awareness may be built through small tweaks. For example, the bills presented this April to ratepayers within PG&E's service territory included an addition relating to the CCC to the "Your Account Summary" section of the bill, located on the first page above the fold. This addition included a \$ logo and the language "Current charges include a discount of \$24.76 for CA Climate Credit." Because this individual on-bill reference to the CCC provides no reference to who is responsible for this credit (i.e. the State of California), MCE has had several customers inquire and request to opt-out of CCA service because they believe this credit is from PG&E and they would no longer be eligible for it if they take CCA service. To minimize customer confusion, the message should have its language adjusted to include a reference to where the credit is coming from, such as:

A) "Current charges include a discount of \$24.76 for CA Climate Credit *provided to you by the State of California.*"

Or

B) "Current charges include a \$24.76 CA Climate Credit from the State."

While option A provides the most clarity, option B revises the language with a comparable number of characters to the original language. The section of the bill where this language is present is the most visible, and therefore most viewed portion of customers' bills. For this reason extra care should be taken when including CCC-related messaging in this section.

VI. RESEARCH

As for considerations of further research on delivering the CCC, MCE abstains from commenting on these matters at this time. MCE reserves the right to provide comments on this topic at a later point within the proceeding.

VII. CONCLUSION

MCE thanks Assigned Commissioner Peterman and Assigned Administrative Law Judge Halligan for the opportunity to provide these comments relating to the scope of the continued considerations of education and outreach objectives and administration for the CCC.

Respectfully submitted,

/s/ Shalini Swaroop

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May 29, 2015



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June 2, 2015

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

Re: Protest of Marin Clean Energy to Pacific Gas and Electric Company's ("PG&E") Advice Letter 4639-E Customer-Side Implementation Advice Letter for Green Tariff Shared Renewables ("GTSR") and Enhanced Community Renewables ("ECR") Programs

Dear Energy Division:

On May 13, 2015, PG&E served the advice letter ("Advice Letter") 4639-E entitled *Green Tariff Shared Renewables Customer-Side Implementation Advice Letter (CSIAL)*. Marin Clean Energy ("MCE") protests this Advice Letter, because the proposed customer-side implementation plan lacks details regarding how the Power Charge Indifference Adjustment ("PCIA") will be applied to GTSR and ECR participants, how the PCIA charges will be communicated and presented to customers, and whether or not former GTSR and ECR participants would be subject to Transitional Bundled Service ("TBS") requirements similar to other forms of departing load.

Overview of Concerns and Recommendations:

MCE believes Energy Division should recognize and clarify that GTSR and ECR participants are considered departing load in terms of PG&E's general bundled procurement practices and should be treated comparably to other forms of departing load within PG&E's service territory. This parity regarding treatment of departing load should include:

- (i) Clear and comparable presentment of the PCIA charge on GTSR and ECR participants' bills;
- (ii) Similar treatment of customer and resource vintages in terms of the methodology for how the PCIA is assigned to GTSR- and ECR-participating customers; and
- (iii) Comparable TBS requirements for GTSR and ECR customers returning to bundled service.

Background:

MCE has been closely involved in the proceedings relating to the GTSR and ECR programs since April of 2012, when PG&E's first Green Option proposal was presented to the Commission for consideration in the form of an Application. MCE's participation has focused on ensuring MCE's customers, and CCA customers in general, are not harmed by the creation of these GTSR and ECR programs. In particular, MCE seeks to ensure that the GTSR and ECR programs' design and implementation be competitively neutral.

Even after the Commission approved Decision ("D.") 15-01-051, which authorized the existence of these programs, MCE has remained an active participant in the implementation processes, including participating in both the Joint Investor-Owned Utilities ("IOUs") –hosted webinar on the Joint Procurement Implementation Advice Letter ("JPIAL") and the PG&E-hosted webinar on its CSIAL. Through these webinars, MCE provided informal verbal and written comments to the IOUs regarding their GTSR and ECR program implementation proposals, so as to minimize the need to protest and delay their Advice Letter process. However, the concerns of MCE have not been addressed as discussed below.

1) *PCIA Charge Presentment in Both Tariffs and Customers' Bills*

MCE has concerns regarding the manner in which PG&E chooses not to clearly present the applicability of the PCIA charge to GTSR and ECR program participants through *both* the draft Tariff and the draft Bill Presentment examples. GTSR and ECR program participants are assigned stranded cost recovery under the PCIA, similar to other types of departing load. As such, PG&E should present the PCIA-related charges for these customers within the applicable tariffs and on their bills in a manner comparable to other departing load customer types, namely Community Choice Aggregation ("CCA") customers and Direct Access ("DA") customers. Presently, PG&E presents the PCIA Charge as a separate line item within the "Electric Delivery Charges" portion of CCA customers' bills. The same presentment should be used for GTSR and ECR program participants. Obscuring the presence of the PCIA by hiding it within the GTSR and ECR programmatic charges will create customer confusion and may steer ratepayers to leave CCA service for GTSR or ECR service in attempt to avoid paying the PCIA. The PCIA should appear as a separate charge on GTSR and ECR program customers' bills in a similar manner to which PCIA charges are presented on CCA customers' bills. Additionally, PG&E's GTSR- and ECR-specific tariff sheets should provide clear language presenting the PCIA charge as a separate and distinct charge from the programmatic charges.

2) *PCIA Vintaging Methodology Must Be Made Clear*

Unlike Southern California Edison's comparable Advice Letter filing, PG&E's CSIAL provides no details regarding how the vintages of the PCIA will be assigned to GTSR and ECR program participants. It would be unreasonable to approve this Advice Letter without additional detail on this matter being provided by PG&E. Energy Division should direct PG&E to clarify *both* how it plans to assign PCIA customer vintages to GTSR and ECR program participants, *and* whether these PCIA customer vintages will be assigned to the particular customer's account (*i.e.* Service Account or SA) or the customer's property (*i.e.* Service Point or SP).

3) Former GTSR and ECR Participants Must Be Subject to Transitional Bundled Service Requirements Upon Leaving These Programs

Presently when either CCA or DA customers elect to return to PG&E's bundled service those customers are obligated under PG&E Rule 22.1 (Direct Access Service Switching Exemption Rules) to either (1) elect Transitional Bundled Service (TBS) as prescribed in Rule 22.1 or (2) take Bundled Service prior to the end of the mandatory six-month notice period required to elect Bundled Service as prescribed in Rule 22.1.¹ Just as GTSR and ECR programs participants are recognized as a different type departing load and therefore subjected to stranded cost recovery under the PCIA, these customers should also be obligated to abide by the Transitional Bundled Service requirements outlined within PG&E Rule 22.1. Regardless of whether a formerly departing load customer has previously taken service through CCA, DA, GTSR, or ECR, PG&E will have to adjust and procure to meet the new bundled portfolio load resulting from that customer's choice to return to bundled service. Hence, Energy Division should both clarify that GTSR and ECR program participants are also subject to TBS requirements similar to other forms of departing load, and direct PG&E to revise the corresponding program tariffs to disclose this fact to customers.

Conclusion:

MCE thanks the attention of the Commission and its Energy Division staff to considering this protest to PG&E's Advice Letter 4639-E *Green Tariff Shared Renewables Customer-Side Implementation Advice Letter (CSIAL)*.

Respectfully Submitted,

/s/ Jeremy Waen

Jeremy Waen
Senior Regulatory Analyst
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CC:

Service List A.12-01-008, *et al.*

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Meredith Allen, Senior Director of Regulatory Relations at PG&E, PGETariffs@pge.com

¹ See Transitional Bundled Service Electric Commodity Prices(TBCC) at <http://www.pge.com/tariffs/tbcc/>



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June 2, 2015

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

Re: Protest of Marin Clean Energy to Southern California Edison Company's ("SCE") Advice Letter 3219-E Customer-Side Implementation Advice Letter for Green Tariff Shared Renewables ("GTSR") and Enhanced Community Renewables ("ECR") Programs

Dear Energy Division:

On May 13, 2015, SCE served the advice letter ("Advice Letter") 3219-E entitled *Green Tariff Shared Renewables Customer-Side Implementation Advice Letter*. Marin Clean Energy ("MCE") protests this Advice Letter, because the proposed customer-side implementation plan lacks details regarding how the Power Charge Indifference Adjustment ("PCIA") will be applied to GTSR and ECR participants, how the PCIA charges will be communicated and presented to customers, and whether or not former GTSR and ECR participants would be subject to Transitional Bundled Service ("TBS") requirements similar to other forms of departing load.

Overview of Concerns and Recommendations:

MCE believes Energy Division should recognize and clarify that GTSR and ECR participants are considered departing load in terms of SCE's general bundled procurement practices and should be treated comparably to other forms of departing load within SCE's service territory. This parity regarding treatment of departing load should include:

- (i) Clear and comparable presentment of the PCIA charge on GTSR and ECR participants' bills and relating tariffs;
- (ii) Similar treatment of customer and resource vintages in terms of the methodology for how the PCIA is assigned to GTSR- and ECR-participating customers; and
- (iii) Comparable TBS requirements for GTSR and ECR customers returning to bundled service.

Background:

MCE has been closely involved in the proceedings relating to the GTSR and ECR programs since April of 2012, when Pacific Gas and Electric Company's ("PG&E") first Green Option proposal was presented to the Commission for consideration in the form of an Application. MCE's participation has focused on ensuring MCE's customers, and CCA customers in general, are not harmed by the creation of these GTSR and ECR programs. In particular, MCE seeks to ensure that the GTSR and ECR programs' design and implementation be competitively neutral.

Even after the Commission approved Decision ("D.") 15-01-051, which authorized the existence of these programs, MCE has remained an active participant in the implementation processes, including participating in both the Joint Investor-Owned Utilities ("IOUs") –hosted webinar on the Joint Procurement Implementation Advice Letter ("JPIAL") and the PG&E-hosted webinar on its CSIAL. Through these webinars, MCE provided informal verbal and written comments to the IOUs regarding their GTSR and ECR program implementation proposals, so as to minimize the need to protest and delay their Advice Letter process. However, the concerns of MCE have not been addressed as discussed below.

1) *PCIA Charge Presentment in Both Tariffs and Customers' Bills*

MCE has concerns regarding the manner in which SCE chooses present the applicability of the PCIA charge to GTSR and ECR program participants through *both* the draft Tariff and the draft Bill Presentment examples. GTSR and ECR program participants are assigned stranded cost recovery under the PCIA, similar to other types of departing load. As such, SCE should present the PCIA-related charges for these customers within the applicable tariffs and on their bills in a manner comparable to other departing load customer types, namely Community Choice Aggregation ("CCA") customers and Direct Access ("DA") customers. Presently, SCE presents the PCIA Charge as a separate line item within CCA customers' bills. The same presentment should be used for GTSR and ECR program participants.

Though SCE's proposal to combine the presentment of both the PCIA and Competition Transition Charge (CTC) together into a single line-item titled "GTSR Indifference Adjustment" is a step better than PG&E's proposal to roll PCIA charges in with the GTSR and ECR programmatic charges, SCE's proposal would still treat GTSR and ECR customers' bills differently from CCA customers' bills and would likely result in customer confusion that may steer ratepayers to leave CCA service for GTSR or ECR service in attempt to avoid paying the PCIA. The PCIA should appear as a separate charge on GTSR and ECR program customers' bills in a similar manner to which PCIA charges are presented on CCA customers' bills. Additionally, SCE's GTSR- and ECR-specific tariff sheets should provide clear language presenting the PCIA charge as a separate and distinct charge from both the programmatic charges and the CTC.

2) *PCIA Vintaging Methodology Must Be Made Clear*

SCE's CSIAL does provide the most detail out of the three IOUs' CSIALs regarding PCIA vintaging, and MCE thanks SCE for that. However there is still need for additional detail. While SCE does explain that PCIA customer vintages will be assigned to the GTSR and ECR program participants in a manner similar to CCA and DA customers,¹ SCE does not provide

¹ See Footnote 57 of SCE's CSIAL at 17.

details regarding how these PCIA customer vintages will be assigned. Energy Division should direct SCE to clarify whether these PCIA customer vintages will be assigned to the particular customer's account (i.e. Service Account or SA) or the customer's property (i.e. Service Point or SP).

3) Former GTSR and ECR Participants Must Be Subject to Transitional Bundled Service Requirements Upon Leaving These Programs

Presently when either CCA or DA customers elect to return to SCE's bundled service those customers are obligated under SCE Rule 22.1 (Switching Exemption Guidelines) to either (1) elect Transitional Bundled Service (TBS) as prescribed in Rule 22.1 or (2) take Bundled Service prior to the end of the mandatory six-month notice period required to elect Bundled Service as prescribed in Rule 22.1.² Just as GTSR and ECR programs participants are recognized as a different type departing load and therefore subjected to stranded cost recovery under the PCIA, these customers should also be obligated to abide by the Transitional Bundled Service requirements outlined within SCE Rule 22.1. Regardless of whether a formerly departing load customer has previously taken service through CCA, DA, GTSR, or ECR, SCE will have to adjust and procure to meet the new bundled portfolio load resulting from that customer's choice to return to bundled service. Hence, Energy Division should both clarify that GTSR and ECR program participants are also subject to TBS requirements similar to other forms of departing load, and direct SCE to revise the corresponding program tariffs to disclose this fact to customers.

Conclusion:

MCE thanks the attention of the Commission and its Energy Division staff to considering this protest to SCE's Advice Letter 3219-E *Green Tariff Shared Renewables Customer-Side Implementation Advice Letter*.

Respectfully Submitted,

/s/ Jeremy Waen

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² See Transitional Bundled Service Electric Commodity Prices(TBCC) at <http://www.pge.com/tariffs/tbcc/>



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June 2, 2015

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

Re: Protest of Marin Clean Energy to San Diego Gas and Electric Company's ("SDG&E") Advice Letter 2745-E Customer-Side Implementation Advice Letter for Green Tariff Shared Renewables ("GTSR") and Enhanced Community Renewables ("ECR") Programs

Dear Energy Division:

On May 13, 2015, SDG&E served the advice letter ("Advice Letter") 2745-E entitled *Submittal of San Diego Gas and Electric's Customer Side Implementation Plan for its Green Tariff and Enhanced Community Renewable Program in Compliance with Decision 15-01-051*. Marin Clean Energy ("MCE") protests this Advice Letter, because the proposed customer-side implementation plan lacks details regarding how the Power Charge Indifference Adjustment ("PCIA") will be applied to GTSR and ECR participants, how the PCIA charges will be communicated and presented to customers, and whether or not former GTSR and ECR participants would be subject to Transitional Bundled Service ("TBS") requirements similar to other forms of departing load.

Overview of Concerns and Recommendations:

MCE believes Energy Division should recognize and clarify that GTSR and ECR participants are considered departing load in terms of SDG&E's general bundled procurement practices and should be treated comparably to other forms of departing load within SDG&E's service territory. This parity regarding treatment of departing load should include:

- (i) Clear and comparable presentment of the PCIA charge on GTSR and ECR participants' bills and relating tariffs;
- (ii) Similar treatment of customer and resource vintages in terms of the methodology for how the PCIA is assigned to GTSR- and ECR-participating customers; and
- (iii) Comparable TBS requirements for GTSR and ECR customers returning to bundled service.

Background:

MCE has been closely involved in the proceedings relating to the GTSR and ECR programs since April of 2012, when Pacific Gas and Electric Company's ("PG&E") first Green Option proposal was presented to the Commission for consideration in the form of an Application. MCE's participation has focused on ensuring MCE's customers, and CCA customers in general, are not harmed by the creation of these GTSR and ECR programs. In particular, MCE seeks to ensure that the GTSR and ECR programs' design and implementation be competitively neutral.

Even after the Commission approved Decision ("D.") 15-01-051, which authorized the existence of these programs, MCE has remained an active participant in the implementation processes, including participating in both the Joint Investor-Owned Utilities ("IOUs") –hosted webinar on the Joint Procurement Implementation Advice Letter ("JPIAL") and the PG&E-hosted webinar on its CSIAL. Through these webinars, MCE provided informal verbal and written comments to the IOUs regarding their GTSR and ECR program implementation proposals, so as to minimize the need to protest and delay their Advice Letter process. However, the concerns of MCE have not been addressed as discussed below.

1) *PCIA Charge Presentment in Both Tariffs and Customers' Bills*

Unlike both PG&E and Southern California Edison Company ("SCE"), SDG&E *correctly* proposes to present PCIA charges as a separate line-item on the bills for GTSR and ECR program participants.¹ SDG&E also presents a thorough explanation of the PCIA within the GTSR and ECR program tariffs.² MCE does not protest this portion of SDG&E's Advice Letter. In fact, MCE supports SDG&E's approach and believes it should be used as a model for revisions to PG&E's and SCE's CSIALs.

2) *PCIA Vintaging Methodology Must Be Made Clear*

Unlike Southern California Edison's comparable Advice Letter filing, SDG&E's CSIAL provides no details regarding how the vintages of the PCIA will be assigned to GTSR and ECR program participants. It would be unreasonable to approve this Advice Letter without additional detail on this matter being provided by SDG&E. Energy Division should direct SDG&E to clarify *both* how it plans to assign PCIA customer vintages to GTSR and ECR program participants, *and* whether these PCIA customer vintages will be assigned to the particular customer's account (i.e. Service Account or SA) or the customer's property (i.e. Service Point or SP).

3) *Former GTSR and ECR Participants Must Be Subject to Transitional Bundled Service Requirements Upon Leaving These Programs*

Presently when either CCA or DA customers elect to return to SDG&E's bundled service those customers are obligated under SDG&E Rule 25.1 (Switching Exemptions) to either (1) elect Transitional Bundled Service (TBS) as prescribed in Rule 25.1 or (2) take Bundled Service prior to the end of the mandatory six-month notice period required to elect Bundled Service as

¹ See SDG&E CSIAL at Appendix B and Appendix C

² See SDG&E CSIAL at Appendix A

prescribed in Rule 25.1.³ Just as GTSR and ECR programs participants are recognized as a different type departing load and therefore subjected to stranded cost recovery under the PCIA, these customers should also be obligated to abide by the Transitional Bundled Service requirements outlined within SDG&E Rule 25.1. Regardless of whether a formerly departing load customer has previously taken service through CCA, DA, GTSR, or ECR, SDG&E will have to adjust and procure to meet the new bundled portfolio load resulting from that customer's choice to return to bundled service. Hence, Energy Division should both clarify that GTSR and ECR program participants are also subject to TBS requirements similar to other forms of departing load, and direct SDG&E to revise the corresponding program tariffs to disclose this fact to customers.

Conclusion:

MCE thanks the attention of the Commission and its Energy Division staff to considering this protest to SDG&E's Advice Letter 2745-E *Submittal of San Diego Gas and Electric's Customer Side Implementation Plan for its Green Tariff and Enhanced Community Renewable Program in Compliance with Decision 15-01-051*.

Respectfully Submitted,

/s/ Jeremy Waen

Jeremy Waen
Senior Regulatory Analyst
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CC:

Service List A.12-01-008, *et al.*

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³ See Schedule EECC-TBS Electric Energy Commodity Cost - Transitional Bundled Service at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-SCHEDS_EECC-TBS.pdf

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

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and Consider Long-
Term Procurement Plans.

R.13-12-010
(Filed December 19, 2013)

**EX PARTE COMMUNICATION BETWEEN
MARIN CLEAN ENERGY AND SCOTT MURTISHAW**

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May 29, 2015

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**EX PARTE COMMUNICATION BETWEEN
MARIN CLEAN ENERGY AND SCOTT MURTISHAW**

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, Marin Clean Energy (“MCE”) hereby gives notice of the following *ex parte* communication. The communication was initiated by MCE and occurred on May 27, 2015 at approximately 10:30AM at the California Public Utilities Commission offices. The communication was between Jeremy Waen, MCE Senior Regulatory Analyst, and Scott Murtishaw, Advisor to Commissioner Picker, and lasted approximately 30 minutes. The communication was primarily oral. One handout was presented to Mr. Murtishaw listing recommended scoping questions for the Community Choice Aggregation (“CCA”) specific track scoped within Phase 2 of the current Long-Term Procurement Plan proceeding, Rulemaking (“R.”) 13-12-010. This handout is presented as Attachment A to this Notice.

In the meeting, MCE provided Mr. Murtishaw with its recommendations for what should be considered within the CCA-specific segment of Phase 2 within this proceeding. MCE outlined a series of questions that could be used by the Commission to provide scope for this part of the proceeding (see Attachment A). These questions focused on aspects of the Power Charge Indifference Adjustment (“PCIA”) and the Cost Allocation Mechanism (“CAM”) that should be

reformed. MCE also provided commentary on the Investor-Owned Utilities' Bundled Procurement Plans ("BPP") that were filed in October of 2014 and expressed support for the "Alternative Scenario" approach presented by Pacific Gas and Electric Company ("PG&E") within its filing. Lastly, MCE inquired as to the status of and schedule for addressing the CCA-specific matters within Phase 2 that were identified as within procedural scope in the May 6, 2014 Scoping Memo within this current LTPP proceeding.

Respectfully submitted,

/s/ Martha Serianz

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May 29, 2015

ATTACHMENT A



**Regarding R.13-12-010 Long-Term Procurement Plans
Phase 2 – Rules Relating to CCAs**

LTPP Scoping Memo (May 6, 2014):

“12. Changes to the Commission’s rules regarding the treatment of CCAs and DA, including those adopted related to the CAM per SB 695, SB 790, D.11-05-005 and any relevant previous decisions.

The CCA and DA rules issues in question 12 may be considered in a separate decision from other Phase 2 issues.”

Recommendations for Scoping Questions on Rules Regarding Treatment of CCAs:

Power Charge Indifference Adjustment (PCIA) Matters:

- *Based on increased knowledge and history, is it now appropriate to implicitly reflect CCA departing load in the IOUs’ load forecasts in a manner that is comparable to municipal departing load (“MDL”) and customer generation departing load (“CGDL”)?*
- *As an alternative or complement to any CCA DL Rule addressing the issue described above (implicit reflection of CCA load in the IOUs’ load forecasts), should the Commission modify or refine its 10-year rule regarding cost recovery based on changed circumstances and in the interest of promoting other Commission goals?*
- *How should IOUs’ Bundled Procurement Plans (BPP) reflect both ongoing load departures due to active CCAs and forecast future load departures due to new CCAs?*
- *What period of time is reasonable for the IOUs’ to adjust their procurement to reallocate resources previously “stranded” due to CCA departing load?*
- *How should load growth due to new service points within communities served by CCAs be treated within IOUs’ BPPs and therefore the PCIA?*

Cost Allocation Mechanism (CAM) Matters:

- *How should the CAM mechanism be changed to maximize CCAs’ abilities to self-procure capacity resources, pursuant to California Public Utilities (P.U.) Code Section 380(b)(4)?*
- *How should the Commission enable CCAs to self-procure resources for system and local reliability needs, pursuant to California P.U. Code Section 380(b)(4)?*
- *How should the Commission account for procurement by CCAs when determining system and local reliability needs, as part of the LTPP process?*
- *How should the CAM capacity allocation process be improved to minimize over-procurement of capacity by CCAs to meet their Resource Adequacy (RA) obligations?*