

From: Baker, Simon  
Sent: 9/13/2010 3:52:46 PM  
To: Besa, Athena (ABesa@semprautilities.com)  
Arambula, Don - Edison (Don.Arambula@sce.com); Redacted  
Cc: Redacted  
Redacted Swaim, Cynthia M.  
(CMSwaim@semprautilities.com); Ramaiya, Shilpa R  
(/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd); Shore, Kevin M.  
(KShore@semprautilities.com); Kwan, Karen W. (KKwan@semprautilities.com);  
Michelle.Thomas@sce.com (Michelle.Thomas@sce.com); David.Jacot@sce.com  
(David.Jacot@sce.com); Redacted  
Redacted Bruner, Nathan J  
(NBruner@semprautilities.com); Ruiz, Carlos (CRuiz@semprautilities.com); Fogel,  
Cathleen A. (cathleen.fogel@cpuc.ca.gov); Clinton, Jeanne  
(jeanne.clinton@cpuc.ca.gov); Fitch, Julie A. (julie.fitch@cpuc.ca.gov); Yamagata,  
Joy C. (JYamagata@semprautilities.com); Wheeler, Michael  
(michael.wheeler@cpuc.ca.gov); Kwan, Karen W. (KKwan@semprautilities.com);  
Redacted  
amri.christianto@sce.com (amri.christianto@sce.com); Robinson, Candy E.  
(CERobinson@semprautilities.com)

Bcc:

Subject: ED thoughts on IOUs' modified incentive structure for the whole-house performance program

Hi All,

Based on our review of the evidence and the explanations given by the IOUs in response to our feedback, Energy Division has no further concerns about the whole-house performance program moving forward as proposed in the Modified Incentive Structure presented below (see 9/3/2010 email below). We are pleased that the IOUs changed their incentive structure in response to our input.

We are also hopefully that the IOUs will find a way to implement the performance program with statewide consistency in order to simplify implementation from the contractor and consumer perspectives. We recognize that there may be reasons to diverge from perfect statewide consistency down the road (e.g., regional differences in savings potential). As experience with the program develops over time, we acknowledge that the program design may need to be further

modified, at either the SW level or the individual IOU level. We look forward to providing input on any further modification, at the appropriate time.

Best,

Simon Eilif Baker

Supervisor, Energy Efficiency  
Planning

Climate Strategies Branch

California Public Utilities Commission -  
Energy Division

[seb@cpuc.ca.gov](mailto:seb@cpuc.ca.gov)

415-703-5649

**From:** Besa, Athena

[mailto:ABesa@semprautilities.com]

**Sent:** Friday, September 03, 2010

2:01 PM

**To:** Baker, Simon; Fogel, Cathleen A.

**Cc:** Swaim,

Cynthia M.; Arambula, Don - Edison; [Redacted] Bruner, Nathan J;

[Redacted] Michelle.Thomas@sce.com; David.Jacot@sce.com; Ruiz, Carlos;

Kwan, Karen W.; Shore, Kevin M.; 'Ramaiya, Shilpa R'; Amri.Christianto@sce.com;

[Redacted] Kwan, Karen W.; Robinson, Candy E.; Yamagata, Joy

C.

**Subject:** RE: IOU proposed changes to whole-house performance  
program incentive structure

Simon and Cathy,

Here are the responses to your questions that you posed regarding our proposed changes.

- 1) Statewide aligned Performance program incentives is a top priority. This reflects the need for clear communication to contractors and customers in this start up phase as well as the statewide

coordination

intention for both the prescriptive and the performance programs as contained in D0909047. The IOUs agree.

2) We feel that any Performance

Program incentive program must start only at 15% incentive offering; prescriptive program can take the 10% homes. SCE, SDG&E and SoCalGas respectfully disagree for the reasons identified in #3 below.

3) We

would like to understand better IOU rationale for the proposed design

change. Is it based on lowering first costs? Customer payback?

Value of

energy savings? We would appreciate seeing the incentive change rationale

written up or discussed with ED staff in more depth than has occurred so far.

SCE,

SDG&E and SoCalGas' rationale for the proposed design change is that reducing the energy savings threshold down to 10% energy savings will

greatly increase SCE's customers', and local government constituents'

ability to participate in the Performance Program and to take advantage of

the Performance Program. SCE feels that Performance Program incentive

level to start at 10% provides the smoothest bridge from Prescriptive Program to Performance Program.

Additionally, SCE has a customer base that does NOT have any type of A/C (central or ductless), therefore by

offering the on-ramping to the performance program at 10%, SCE can offer a

parity of the prescriptive program to those distinct customers.

This reduction in the threshold will also be aligned with CPUC

Decision D0909047. The Decision stated the Prescriptive Program should

reach an average minimum of 20% energy savings and the Performance Program

to continue from 20% and above. After working closely with ED and performing modeling simulations utilizing the EQuest software, the IOU

working group has come to the conclusion that the 4 core measures (air

sealing, attic insulation, duct sealing, & insulation of hot water pipes) do not reach an average minimum of 20% energy savings but it does

reach an average minimum of 10% energy savings with the addition of low flow

showerhead with thermostatic valve or thermostatic valve device.

By

starting the Performance Program threshold at 10% energy reduction, it would

still align with the structure outlined in the Decision, as well keeping to

spirit of the Decision D0909047. Essentially, the Performance Program

will continue where the Prescriptive Program left off.

4) As a follow on to #3, we think that a

gradually increasing incentive structure would make more sense as per the

considerations outlined in #3 above than the current proposal. That is,

starting from 15% average savings on upwards the incentive boost at each 5%

increment becomes greater. We would like to know IOU thoughts on this. We

believe that a skewed or graduated incentive structure would help push

customers towards higher savings measure installations. This will particularly be the case if the HERs II tool can target work scopes

towards

20% , 25%, 35% savings etc.

The IOUs are exploring the new proposed

Performance Program incentives, with the

table below representing the proposed minimums

and maximums:

Energy Savings	Incentives
10%	\$1,250
15%	TBD, graduated incentive
20%	
25%	

30%	
35%	\$4,000

Amri Christianto  
SOUTHERN CALIFORNIA EDISON  
Customer Energy  
Efficiency and Solar Division  
Tel : (626)633-3044 Pax# :  
43044  
Fax : (626)633-4892

The information in this e-mail and any attachments are for the sole use of the intended recipient and may contain privileged and confidential information. If you are not the intended recipient, any use, disclosure, copying or distribution of this message or attachment is strictly prohibited. If you believe that you have received this e-mail in error, please contact the sender immediately and delete the e-mail and all of its attachments.

From: [Redacted]  
To: <Amri.Christianto@sce.com>  
Cc: <Don.Arambula@sce.com>, "Ramaiya, Shilpa R" <SRRd@pge.com>, "Athena Besa" <abesa@semprautilities.com>, "Swaim, Cynthia M." <CMSwaim@semprautilities.com>, "Bruner, Nathan J" <NBruner@semprautilities.com>, [Redacted]  
[Redacted]  
[Redacted]  
Date: 09/01/2010 06:08 PM  
Subject: RE: IOU proposed changes to whole-house performance program incentive structure

Amri,

Per our phone call this afternoon, here is a table of the revised Advanced program energy savings

and incentive amounts. The TBD section of incentives can be discussed going forward to be consistent with cost effectiveness and market acceptance.

Energy Savings	Incentives
15%	\$1,500
20%	TBD, graduated incentive
25%	
30%	
35%	
40%	\$4,000

The PG&E team would like to help prepare a statewide response to Simon's email below. Please let me know if that is consistent with your plans and how you would like to coordinate tomorrow. I will be out of the office tomorrow morning but available via email.

Thanks!  
 Jeff  
 Jeff

**From:** Fogel, Cathleen A. [<mailto:cathleen.fogel@cpuc.ca.gov>]  
**Sent:** Wednesday, September 01, 2010 11:38 AM  
**To:** [Redacted] Amri.Christianto@sce.com; Bruner, Nathan J; Swaim, Cynthia M.  
**Cc:** david.jacot@sce.com;

Michelle.Thomas@sce.com

**Subject:** FW: IOU proposed changes to whole-house performance program incentive structure

**Importance:**  
High

All,

This just went out and should be of interest to you and your program managers.

Cheers,  
Cathy

**From:** Baker, Simon

**Sent:**

Wednesday, September 01, 2010 11:23 AM

**To:** 'Athena Besa';

'Don.Arambula@sce.com'; 'Shilpa R Ramaiya'

**Cc:** Fogel, Cathleen A.;  
Clinton, Jeanne

**Subject:** IOU proposed changes to whole-house performance program incentive structure

**Importance:**  
High

All,

We have had a chance to discuss within Energy Division this IOU proposal to alter the incentive structure for the whole-house Performance Program. This is our feedback in order of priority:

1) Statewide aligned Performance program incentives is a top priority. This reflects the need for clear communication to contractors and customers in this start up phase as well as the statewide coordination intention for both the prescriptive and the performance programs as contained in D0909047.

2) We feel that any Performance Program incentive program must start only at 15% incentive offering; prescriptive program can take the 10% homes.

3) We would like to understand better IOU rationale for the proposed

design  
change. Is it based on lowering first costs? Customer payback?  
Value of  
energy savings? We would appreciate seeing the incentive change  
rationale  
written up or discussed with ED staff in more depth than has occurred  
so far.

4) As a  
follow on to #3, we think that a gradually increasing incentive  
structure  
would make more sense as per the considerations outlined in #3  
above than  
the current proposal. That is, starting from 15% average savings on  
upwards  
the incentive boost at each 5% increment becomes greater. We  
would like to  
know IOU thoughts on this. We believe that a skewed or graduated  
incentive  
structure would help push customers towards higher savings  
measure  
installations. This will particularly be the case if the HERs II tool can  
target work scopes towards 20% , 25%, 35% savings etc.

We understand that an  
ED-IOU Whole House call is scheduled for Friday 2 pm between  
Cathy  
Fogel and the IOU Whole House program managers. We would  
request IOU  
response to the above input prior to that time. We are continuing to  
investigate the need for a PTM on this performance incentive  
structure  
change only, and have no further guidance from our legal  
department to  
report at this time. When we do, we will be in touch.

Thanks!

Best,  
Simon  
Eilif Baker  
Supervisor, Energy Efficiency  
Planning  
Climate Strategies Branch  
California Public Utilities Commission - Energy  
Division  
[seb@cpuc.ca.gov](mailto:seb@cpuc.ca.gov)  
415-703-5649

**From:** Fogel, Cathleen A.  
**Sent:**  
Friday, August 27, 2010 10:24 AM



**To:** Don.Arambula@sce.com; Baker, Simon; 'Athena Besa'; Ramaiya, Shilpa R; Clinton, Jeanne; Tapawan-Conway, Zenaida G.; Baker, Simon  
**Subject:** FW: Pending PFM of D.09-09-047 - Inclusion of proposed changes to whole-house retrofit targets

Don,

The IOUs/LA County presented some new proposed Performance incentive structure to me/ED for the first time during a meeting Aug. 19th (see attached). These proposed changes are of course quite different than the change to the prescriptive program target from 20% to 10%, as we have been discussing since May and you and Simon discussed below.

Soft launch (contractor trainings start) and Hard launch (rebates can be applied for/processed) for both the performance and the prescriptive whole house programs are scheduled now by all IOUs for September 1st and October 1st respectively. CPUC, Energy Commission and SEP recipients of course quite interested in NOT seeing either of these dates slip further; as you know the September 1st date was previously agreed to by IOUs for the hard launch.

Can you share current thinking on the IOU strategy to have Energy Upgrade Performance program rebate amounts locked down and ready to process by October 1st? Timing on a possible PFM just on this? Not sure when the next IOU-ED managers meeting is, but this may be an appropriate topic to discuss further as I think its fair to say that any slippage from the Oct. 1 hard launch would be problematic.

Thanks,

Cathy

**From:** Don.Arambula@sce.com [<mailto:Don.Arambula@sce.com>]  
**Sent:** Wednesday, August 25, 2010 9:30 AM  
**To:** Baker, Simon; Athena Besa; Shilpa R Ramaiya

**Cc:** Clinton, Jeanne;  
Tapawan-Conway, Zenaida G.; Fogel, Cathleen A.  
**Subject:** Re:  
Pending PFM of D.09-09-047 - Inclusion of proposed changes to  
whole-house  
retrofit targets

Simon  
It is included in the upcoming PFM.  
Yesterday, we received Cathy's request to file  
a separate PFM on  
Whole House so we can stay on track with the  
implementation of the program.  
We are working with our attorneys to make this  
happen.

Don  
Arambula  
SCE  
626.633.3146  
Pax 43146

**From:** "Baker, Simon"  
[simon.baker@cpuc.ca.gov]  
**Sent:** 08/24/2010 02:26 PM  
MST  
**To:** Don Arambula; <ABesa@semprautilities.com>;  
"Ramaiya, Shilpa R" <SRRd@pge.com>  
**Cc:** "Clinton,  
Jeanne" <jeanne.clinton@cpuc.ca.gov>; "Tapawan-  
Conway, Zenaida G."  
<zenaida.tapawan-conway@cpuc.ca.gov>; "Fogel,  
Cathleen A."  
<cathleen.fogel@cpuc.ca.gov>  
**Subject:** Pending PFM of  
D.09-09-047 - Inclusion of proposed changes to  
whole-house retrofit  
targets  
Hi All,

Just checking to make sure that changing the  
whole-house retrofit savings targets from 20% to 10% is still going to  
be  
included in the pending PFM, as we discussed in a previous ED/IOU  
EE mgmt  
call. We noticed after the fact from our last call that it was missing  
from the list of 7 issues you outlined.

Please confirm.  
Thanks!

Best,  
Simon Eilif Baker

Supervisor, Energy Efficiency Planning  
Climate Strategies Branch  
California Public Utilities Commission - Energy  
Division  
[seb@cpuc.ca.gov](mailto:seb@cpuc.ca.gov)  
415-703-5649