Appendix A:

Net Energy and Demand Savings Data Used In Calculating Earnings Formula

NRDC used the data in Appendix A to develop the proposed earnings equation discussion above.

Table A1: Projected Net Energy and Demand Savings for 2013-14[1]

Row			PG&E	SCE	SoCal Gas	SDG&E	Total
1	Forecasted Net Lifecycle Savings for 2013-14 (GWh)		13,699	19,030	58	3,971	36,758
2	Forecasted Net Annual Savings for 2013-14 (GWh)		1,641	1,811	4.58	400	3,857
3	Electric portfolio average EUL	Row 1 / Row 2	8.3	10.5	12.7	9.9	9.5
4	Forecasted Net Annual Demand Savings for 2013-14 (MW)		258	316	3	67	643
5	Forecasted Net Lifecycle Demand Savings for 2013-14 (MW)	Row 3 x Row 4	2,151	3,318	36	662	6,128
6	Forecasted Net Lifecycle Savings for 2013-14 (MMTherms)		344	N/A	560	31	935

[1] Net lifecycle electric energy and natural gas savings data, and net annual electric demand savings data, was provided by each utility in response to NRDC's data request, July 2012. NRDC calculated the forecasted net "lifecycle demand" savings by multiplying the net annual electric demand savings for each utility by the electric portfolio average EUL (calculated by dividing the net lifecycle electric energy savings by the net annual electric energy savings).

Appendix B:

NRDC's Proposed Incentive Mechanism Scaled Using Gross Savings

If the CPUC opts to not lock down all NTG values ex-ante as we recommend, then NRDC urges the Commission to scale earnings using gross savings. (Note that this would be gross savings for programs, but savings for codes and standards would continue to be net.) NRDC provides our proposed earnings formula based on gross savings below, using the data in Table B1.

Table B1: Projected Gross Energy and Demand Savings for 2013-14[2]

Row			PG&E	SCE	SoCal Gas	SDG&E	Total
1	Forecasted Gross Lifecycle Savings for 2013-14 (GWh)*		18,667	23,067	166	5,899	47,799
2	Forecasted Gross Annual Savings for 2013-14 (GWh)		2,128	2,183	N/A	568	4,897
3	Electric portfolio average EUL	Row 1 / Row 2	8.8	10.6	12.7**	10.4	9.8
4	Forecasted Gross Annual Demand Savings for 2013-14 (MW)		351	380	7	86	824
5	Forecasted Gross Lifecycle Demand Savings for 2013-14 (MW)	Row 3 x Row 4	3,080	4,010	93	891	8,069
6	Forecasted Gross Lifecycle Savings for 2013-14 (MMTherms)		569	N/A	809	94	1,472

* Includes program savings reported as gross and savings from codes and standards reported as net.
**Based on the EUL calculated in Table A1 using net data.

[2] Gross lifecycle electric energy and natural gas savings data, and gross annual electric demand savings data, was collected from the utilities' applications and information provided by each utility in response to NRDC's data request, September 2012. NRDC calculated the forecasted gross "lifecycle demand" savings by multiplying the gross annual electric demand savings for each utility by the electric portfolio average EUL (calculated by dividing the gross lifecycle electric energy savings by the gross annual electric energy savings).

Using this gross savings data produces the following earning equation to replace the equation described in Step 5 in our comments:

Earnings = 1.9% of electric energy earning target ($) per 1,000 GWh gross lifecycle +
1.1% of electric demand earning target ($) per 100 MW gross lifecycle +
0.6% of natural gas earning target ($) per 10 MMTh gross lifecycle

As discussed in Steps 2 and 3, NRDC proposes the following the earnings targets (at 110% of forecasted performance):

- Electric energy: $113 million
- Electric demand: $38 million
- Natural gas: $27 million

Using these earnings targets, the total earnings equation would become:

Earnings ($M) = $0.0022M / gross lifecycle GWh + $0.0043M / gross lifecycle MW + $0.0169 / gross lifecycle MMTh.