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Energy Division Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Re: PG&E's Comments on Advice Letter MEA-003-CCA – Revisions to Marin Energy Authority's 2013-2014 Energy Efficiency Program Implementation Plan

Pacific Gas and Electric Company (PG&E) submits the following comments on Advice Letter (AL) MEA-003-CCA filed by Marin Energy Authority (MEA) on January 14, 2013, in compliance with the California Public Utilities Commission's (CPUC or Commission) 2013-2014 Energy Efficiency Portfolio Decision (D.) 12-11-015 (EE Decision).

MEA's AL includes an updated program implementation plan (PIP) for its four subprograms (Attachment A, clean and blackline):

- Multi-family Program
- Small Commercial Program
- Single-Family Utility Demand Reduction Program
- Financing Pilots

MEA also updated its EE budget and savings (Attachment B), cost-effectiveness calculators (Attachment C) and a compliance matrix (Attachment D) as required by the EE Decision.

PG&E has reviewed MEA's AL and attachments and, consistent with General Order 96-B, has identified the following matters that Energy Division may wish to consider in its evaluation of the advice letter.

1. Multi-Family Program

MEA states that "projects involving combustion appliances may be required to undergo specific testing and verification per the legal requirements of the California Building Code" (PIP blackline pp. 95-96). This does not comply with the EE

Decision (p. 25) because it does not follow the Building Performance Institute (BPI) Building Analyst (BA) Standard which is vetted and used by the home performance industry for comprehensive home retrofits. The BPI BA standards state: "A preliminary and post-installation safety inspection of all combustion appliances must be completed whenever changes to the building envelope and/or heating system are part of the work scope." PG&E takes the combustion safety issues associated with the Energy Upgrade California (EUC) program very seriously. Contractors and Raters in PG&E's service area participating in the EUC program are already trained to follow these safety requirements. MEA should use contractors approved to work in the EUC program who have training on safety issues conforming to the BPA BA standards.

One of MEA's Multi-Family Energy Efficiency Program (MFEEP) program eligibility requirements is that the property has not participated in an Investor-Owned Utility (IOU) or Regional Energy Network (REN) program for the same measure set (PIP, blackline, Table 7, p. 21). PG&E agrees with this requirement and notes that it is consistent with the EE Decision.[1] To the extent confidential customer information is needed to ensure no duplicate payments for the same measure, MEA and PG&E will need to ensure that confidential customer information is exchanged in a way that meets the privacy and information security requirements under the CPUC's privacy rules adopted in D.11-07-056 and D.12-08-045.

PG&E notes that the number of units shown on Table 3 – Quantitative Program Targets (PIP, blackline, p. 18) sums to 1,680 units. This may be an error as it does not match the total shown on page 17 of 750 units.

MEA says that it will use "approved program software" to calculate program savings.[2] Since the savings will be added to the IOUs' savings to determine progress towards Commission goals, MEA and the RENs should measure program savings consistent with the methods used to calculate savings for the IOUs' programs. PG&E notes that any software used to calculate incentives should be approved by the CPUC and be consistent with CPUC-approved savings values.

2. Financing Pilots

a. On Bill Repayment (OBR) Billing

PG&E and MEA are discussing billing protocols and legal requirements that would apply to any loan for which PG&E will bill on behalf of MEA. Electric Rule 23 under which PG&E currently provides billing services to MEA does not

[1] D.12-11-015, Conclusion of Law 44: "MEA and the RENs should coordinate with the utilities in their areas to ensure that customers do not receive duplicate incentive payments for the same energy efficiency measure or project."

[2] "The Technical Advisor will utilize spreadsheet tools and potentially approved program software to calculate projected savings" (PIP, blackline, p. 23)

address third-party energy efficiency loans or protocols applicable to billing for third parties. PG&E requests that MEA add language to its PIP to recognize PG&E's role in the billing process and add to its Implementation Timeline (PIP, blackline, p. 96) integration with PG&E's billing system and a requirement to enter into an agreement with PG&E to provide billing services for its OBR program. In addition, MEA's PIP should clarify that its OBR program will be offered only to MEA's Community Choice Aggregator (CCA) customers and will not be offered to customers who have opted out and do not have a billing relationship with MEA.

MEA suggests that its OBR program will be attractive to lenders because it will result in shut-off of energy services (PIP, blackline, p. 113). Shut off for non-payment of energy charges is not permitted by Rule 23 for MEA's electric customers.[3] Instead, as described by MEA, if a customer loan is in default, the customer will revert to PG&E energy service (PIP, blackline, p. 106). Upon reverting to PG&E service, the loan installments will no longer be placed on PG&E's bills as PG&E would otherwise be required to serve as a debt collector for MEA, and would be subject to liability under Federal and State debt collection laws. Should a MEA customer default on a loan, MEA would be obligated to pursue any debt collection for non-payment of the loan installments, and energy service termination would not be a remedy.

b. Ten Percent Savings Adder Due to OBR

To account for financing savings, MEA added 10 percent additional savings to each of its other programs for which OBR will be an option (PIP, blackline, pp. 94-95). The proposal is based on interest rate sensitivity presented in the Cadmus Group's On-Bill Financing Process Evaluation and Market Assessment completed in March 2012. MEA should use the same energy saving assumptions as the other pilots approved in the EE Decision, once these methods have been determined, to conform counting of benefits between programs.

c. Financing Program Targets

MEA should reconcile its financing program Quantitative Program Targets shown on Table 2 (PIP, blackline, p. 92) with the supporting narrative (PIP, blackline, pp. 92-93) as they are inconsistent.

[3] Rule 23 U (2) states: PG&E shall not disconnect electric service to the customer for the non-payment of CCA charges.

3. Budget

MEA's MFEEP PIP includes both electric and gas measures (PIP, blackline, p. 16). It would therefore be appropriate to allocate MEA's program revenue requirement between PG&E's electric and gas customers under the same net benefit basis as the rest of the EE portfolio, rather than just to electric customers (EE Decision, Table 12). PG&E requests that Energy Division's authorization of the advice letter instruct PG&E to allocate the revenue requirement between electric and gas, in the same proportion used for the rest of the EE portfolio.

As described in its *Matrix of Requested Additional Information for Compliance Filing and Summary and Location of Response* (Matrix), MEA will return any 2013-2014 EE cycle unspent funds to ratepayers by July 1, 2015, except loan loss reserve funds committed to financial institutions. PG&E suggests clarifying that the unspent funds will be returned through PG&E's rates approved by the Commission.

4. Cost Effectiveness Analysis

As directed by the Commission, MEA's cost-effectiveness analysis generally follows the approved methodology (EE Decision, OP 2). MEA excluded the financing E3 calculator into the overall program roll-up, purportedly due to its low cost-effectiveness (PIP, blackline, p. 95). However, financing pilot costs must be included in the E3 calculators and not excluded, even if the overall total resource costs (TRC) result is very low. The Commission's rules do not allow a pilot to be removed from the total portfolio analysis simply because the pilot is small and not cost-effective.

PG&E's additional comments on MEA's cost-effectiveness analysis and E3 calculators provided in the advice letter are listed below:

- MEA's roll-up E3 calculator does not tie to the sum of the four subprogram E3 calculators. For example, the budget in the roll-up E3 is $4,015,204 but the total of all the sub-programs is $4,048,582. There is also a variance in the savings and cost effectiveness numbers.
- The three small commercial rows are labeled "custom", but incorrectly use a gross realization rate (GRR) value of 1.0, instead of 0.9. Therefore, energy savings are overstated by 10 percent for these rows.
- The small commercial rows show therm savings but do not identify the combustion type, which impacts the avoided cost benefits calculation.
- All of the measures have an Effective Useful Life (EUL) of 14.33 years with the exception of one measure with 25 years. The maximum EUL for energy efficiency measures is 20 years (Energy Efficiency Policy Manual, p. 16);

therefore, the calculator should be revised to reduce the EUL to no more than 20 years.

- Some of the measures have incentives in both Column M for downstream measures and Columns N to P for direct install measures. One measure cannot be both downstream and direct install.
- The Financial E3 measures have a value of 1.0 for both the GRR and the In-service Rate (ISR). If these are custom measures, then the energy savings are overstated by 10 percent since the GRR factor should be 0.9.
- Spillover rate of 5 percent is not applied in the E3 calculators, which is inconsistent with Commission guidance provided to the Utilities to apply the spillover rate to the portfolio (EE Decision, Ordering Paragraph (OP) 37).

5. Conclusion

PG&E respectfully requests that MEA be required to revise its PIP as discussed above.

Sincerely,

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cc: Edward Randolph, Director, Energy Division
Jeremy Waen, Marin Energy Authority
Elizabeth Kelly, Marin Energy Authority