BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Reform the Commission's Energy Efficiency Risk/Reward Incentive Mechanism.	Rulemaking 12-01-005 (Filed January 12, 2012)

SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) COMMENTS ON PROPOSED DECISION ADOPTING EFFICIENCY SAVINGS AND PERFORMANCE INCENTIVE MECHANISM

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I. INTRODUCTION

San Diego Gas & Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas") (together referred to as the "Joint Utilities") respectfully submit comments on the Proposed Decision ("PD") Adopting Energy Efficiency Savings and Performance Incentive ("ESPI") Mechanism of ALJ Pulsifer in the above captioned proceeding.

II. EXECUTIVE SUMMARY

The Joint Utilities appreciate the PD's acknowledgement of the difficulties and issues that arise out an *ex post* review process, and note that the methodology ultimately embraced was commended by multiple parties -- with support contingent on enhancements to consistently reflect core principles innate to an effective incentive mechanism.[1] The proposal, as modified from what was set forth in the Assigned Commissioner's Ruling Soliciting Comments Regarding Efficiency Savings and Performance Incentive Design for Energy Efficiency 2013-2014 Portfolio (the "ACR"), should be commended for bringing such diverse parties together in broad strokes for such a complex matter. As stated in earlier comments on the ACR, the ESPI

[1] As have been discussed in depth in earlier comments by the Joint Parties, and as expounded upon by the Commission in its *White Paper*. See "Proposed Energy Efficiency Risk-Reward Incentive Mechanism and EM&V Activities," prepared by the Energy Division, April 1, 2009.

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components proposed by the Joint Parties are the Commission's best option to ensure a transparent, reliable, useful, and minimally controversial incentive mechanism as a tool to meet the Commission's energy efficiency ("EE") goals.

However, the PD errs in failing to embrace an *ex ante* approach to energy savings and performance incentives. The Joint Utilities outline changes below that should be made to the PD in order to ensure that the adopted ESPI mechanism is able to effectively accomplish its objectives.

III. COMMENTS ON SPECIFIC ISSUES

The Joint Utilities comments focus on the following specific issues as areas of improvement for the PD.

A. THE EFFICIENCY SAVINGS AND PEFORMANCE INCENTIVE SHOULD RELY ON AN *EX ANTE* APPROACH

In Comments on the ACR, the Joint Utilities expressed agreement with the National Resources Defense Council ("NRDC") and Pacific Gas and Electric Company ("PG&E") that an *ex ante* approach to the ESPI will create a clearer, more transparent incentive mechanism. However, the PD opts for a modified version of the *ex post* approach initially outlined in the ACR. Such an approach will lead to an overly complex and contentious mechanism that lacks transparency. An *ex ante* approach would establish a series of metrics that will remain constant and known through the end of the program cycle, allowing utility management to respond to the savings signals those values provide, and eventually receiving an incentive consistent with those actions taken.

The PD attempts to explain that concerns which were adopted and expressed by the Commission just three years ago in D.10-12-049 are no longer applicable:

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> We recognize that basing ESPI payments on ex post evaluations presents significant challenges, which is why we shifted to an ex ante approach in finalizing the 2006-2009 RRIM awards. In D.10-12-049, we explained our rationale for this approach, stating:
>
> > "It was/is unreasonable to expect the utilities to anticipate the very substantial changes in a number of the key parameters over the three year cycle that drive their energy efficiency program results. Furthermore, given the after-the-fact timing of Energy Division's updates to these parameters, we find that the IOUs did not have the opportunity to modify their portfolios on the basis of this updated information in a way that would allow them to substantially avoid the adverse impacts of those updated assumptions on estimated program performance. Irrespective of the accuracy of the updates adopted by Energy Division, we find that the incentive mechanism as implemented was/is unfair to the utilities, in that it bases its results on assumptions the utilities cannot be reasonably expected to anticipate; and further, when those changed assumptions come to light, cannot be reasonably expected to respond to in a way that enables them to substantially avoid the adverse impacts on the estimated performance of their programs (D.10-12-049 at 39)."
>
> Our thinking and views on the use of ex post evaluations in calculating incentive payments has evolved since issuing D.10-12-049, however, based on further reflection, changed circumstances, and our experiences with the 2010-2012 ex ante lock down. While ex post evaluations may become known only after the close of the period being evaluated, it is wrong to conclude that the IOUs' incentive to maximize EE portfolio savings is impeded as a result of such timing.
>
> The IOUs do not require advance certainty as to ex post results in order to have an incentive to manage 2013-2014 EE program savings in an effective manner. In fact, uncertainty as to ex post results will keep the IOUs from becoming complacent in managing EE programs. By being subject to risks of ex post evaluations, an IOU cannot assume the amount of incentive earnings per measure is a foregone conclusion, without regard to actual savings realized. Instead, the IOU will be motivated to actively manage programs to maximize EE savings in order to maximize ESPI earnings. If the IOU achieves actual savings beyond ex ante estimates, incentive earnings will increase accordingly. If actual savings falls short of ex ante estimates, however, incentive earnings will be reduced."
> (PD, at pp. 48-49.)

The Joint Utilities submit that factual and legal circumstances have not changed in a meaningful way since the issuance of D.10-12-049 that would justify this change in views and policy. It remains unreasonable to expect the utilities to anticipate changes in key parameters over the two year cycle that drive their energy efficiency program results. The Investor Owned Utilities ("IOUs") would still lack any meaningful opportunity in the same year to modify their

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portfolios on the basis of this updated information in a way that would allow them to substantially avoid the adverse impacts of those updated assumptions on estimated program performance. It would even be difficult to make such adjustments the following year, given the finalization of *ex post* results occurs mid-year, and further *ex post* changes of an unknown magnitude are possible affecting both the current and subsequent year(s). An *ex post* evaluation mechanism remains flawed, in that it bases its results on assumptions the utilities cannot be reasonably expected to anticipate and because, when those changed assumptions come to light, utilities cannot be reasonably expected to respond to in a way that enables them to substantially avoid the adverse impacts on the estimated performance of their programs.

The PD finds that it is wrong to conclude that IOUs' incentive to maximize EE savings is impeded by uncertainty of *ex post* determinations and speculates that uncertainty will keep IOUs from becoming complacent. In this regard, the Joint Utilities note that there is little risk of complacency. The Joint Utilities, as well as the other IOUs have departments with employees dedicated to the EE mission, and the Joint Utilities' goal is always to maximize cost-effective EE.

At page 3, the PD states that the Commission's principles are: (1) clear performance goals; (2) clear understanding how performance will be measured in relation to goals; (3) timely and transparent process for measurement; and, (4) incentives sufficient to motivate. The *ex post* process undermines principles 2 through 4, as it introduces uncertainty as to how performance is measured since results won't be static or able to be projected, in the past has not been timely or transparent, and undermines incentive due to unpredictability. To wit, if the *ex ante* potential is a $5 million dollar award, but *ex post* review lowers that potential significantly (or even if it just

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fosters anticipation of a lower potential), the IOU will be less likely to be responsive to the signals of a mechanism.

Unfortunately, the PD unnecessarily revisits the elements of contention that the Commission once strived to remove. The *ex ante* approach proposed by the Joint Utilities, coupled with verification of measure installations and an annual audit of IOU expenditures, will meet the desires of parties and the objectives of the Commission. It would establish a series of metrics that will remain constant and known through the end of the program cycle, allowing utility management to respond to the savings signals those values provide, and eventually receiving an incentive consistent with those actions taken.

Lastly, Joint Utilities note that for the 2006 – 2008 program cycle, shareholder incentives were significantly lower based on the *ex post* results. If the Commission grants a shareholder award predominantly based on an *ex post* review, the maximum level of earnings should be attenuated appropriately. The PD sets the maximum level of earnings below the national average of 10 to 11 percent of EE budgets, instead using a rate of 9.1 percent, with consideration given to the 7.1 percent recommendation by TURN. (See PD at Section 6.1.1., pp. 26 – 32.) The Joint Utilities submit that based on Commission precedent that a total potential award below the national average is less fitting of mechanisms that are predominantly weighted on *ex post* review. The Joint Utilities urge the Commission to employ lessons learned from the past and continue to refine the *ex ante* approach, rather than revert to *ex post* reviews, thereby providing more certainty and stability in the expected earnings. This would be consistent with the Joint Utilities' rationale for supporting a lower earnings cap. If the Commission determines that a significant portion of the mechanism should be subjected to *ex post* evaluation, then the Commission should correspondingly match the risk with the potential reward cap.

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B. ALL DEEMED MEASURES SHOULD BE INCLUDED IN THE EX ANTE COMPONENT OF THE RESOURCE COMPONENT OF ESPI

The Joint Utilities believe that the PD takes a positive step in recognizing that deemed measures can be treated in an *ex ante* framework. Unfortunately, the *ex post* aspects of the mechanism that would be adopted under the PD would add an additional layer of subjectivity and complexity to the process. If an *ex post* approach is pursued in part, rather that select certain deemed measures to be subjected to *ex post* treatment each year (see PD Attachment 3 for 2013 deemed measures), the Joint Utilities submit that all deemed measures should be treated under the *ex ante* framework. The CPUC's Phase II workpaper process already allows for the Energy Division staff ("ED") to review and analyze deemed measures that are identified as having a high level of uncertainty mid-cycle. Furthermore, the Database of Energy Efficient Resources ("DEER") is updated mid-cycle for code changes. This provides assurance that deemed measures can be treated effectively through *ex ante* review.

However, if the Commission adopts the *ex post* evaluation for a specified list of deemed measures every year and at the same time the Commission expects utility management to "bear the responsibility of the managing its portfolio based on its best judgment at the time regarding estimated savings and cost-effectiveness of portfolio programs,"[2] then the Commission should also allow the utilities to manage their own evaluation work of their portfolios, including verification of their savings assumptions, according to their own schedule and determination of necessary information so that they can have the results in a timely fashion to make the necessary course corrections. Currently, all EM&V work requires Energy Division's approval where they review both: (1) the consultant selected; and, (2) whether or not it duplicates or overlaps ED's

[2] PD, page 50.

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own EM&V work.[3] If utility management is responsible for making decisions on their portfolios, then utilities should not have to wait for this *ex post* EM&V work that are typically available after the year, which would be too late for the utility to adjust its portfolio. This was one of the major shortfalls of the EM&V work used in the 2006-2008 program cycle. Therefore, the Joint Utilities recommend that the Commission allow: (1) IOUs conduct their own interim studies to verify their portfolio savings assumptions; (2) spend EM&V funds on these studies; and (3) the utility, through its regular EM&V meetings with Energy Division and providing information to the project tracking system, coordinate these interim studies rather than require Energy Division's approval to perform these studies.

C. ADMINISTRATIVE COSTS SHOULD BE INCLUDED IN THE ESPI MECHANISM

The PD would exclude administrative costs from the management fee components of the ESPI mechanism. The Joint Utilities submit that this unnecessarily penalizes IOUs for allocating personnel to meet program objectives. Administrative costs are necessary and prudent expenditures to implement these kinds of programs, which further California state policy goals. Many of the non-resource programs, and Codes and Standards ("C&S"), are designed to achieve long-term market transformation objectives. As such, they are resource intensive and driven primarily by administrative costs (conduct trainings, seminars, provide education collateral, etc.).

The proper safeguards are already in place to ensure that IOUs will allocate the appropriate level of administrative personnel and resources to effectively meet the program objectives. Administrative costs are already capped at ten percent. This cost cap provides adequate protection against excessive and unnecessary IOU administrative expenses.

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[3] D.10-04-029, OP 4, page 55.

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D. ESPI CAN BE IMPROVED UPON BY REMOVING THE CAP ON EARNINGS BY CATEGORY

The Joint Utilities submit that an earnings cap should provide an earnings signal to management, and bound ratepayer exposure. If a utility achieves beyond its cap by ESPI category, but within the total ESPI cap amount, the Commission should allow the full earnings claim. This is because earnings at higher levels are typically more difficult and reflect greater achievement.

The Joint Utilities stipulate this is prudent because the ESPI categories are framed in a manner whereby all these different activities support the primary goal of achieving long-term savings. The utility is not in a position to ignore any one particular award category in favor of others. Utilities would not ignore resource savings given their core mission, goal requirements, and because that has the greatest earnings potential. In order to ensure that their savings assumptions are reliable and current, the utilities cannot ignore the EAR component that enumerates the requirements for savings assumptions and workpapers to be approved by Energy Division and minimize the adverse impacts on customer projects. Appropriate attention to C&S and non-resource programs is required in order to have long-term successful portfolios. C&S supports the achievement of long-term savings and the Commission's Energy Efficiency Strategic Plan. Non-resource programs, such as Workforce Education & Training program, contractor training and certification programs or K-12 school program are essential in ensuring that various market players understand and support energy efficiency and provide the man power to deliver program services that will ultimately lead to installation of energy savings measures.

In sum, should utilities fall short of maximum earnings in some categories but excel in others, the Commission should continue to support achievements in all categories to the highest

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attainable level. This can be accentuated by removing the individual incentive award caps and maintaining only a total portfolio incentive cap.

E. THE NET TO GROSS RATIO USED TO DETERMINE THE CAP SHOULD BE SEPARATED INTO ONE FOR ELECTRIC AND ONE FOR GAS ENERGY EFFICIENCY PROGRAMS

The Joint Utilities agree with the PD that the earnings cap should reflect a stretch target that challenges IOUs for superior performance. (See PD at p. 38.) However, for gas efficiency programs, the PD's methodology for developing the resource savings earnings rate ventures beyond a stretch into the realm of the impossible. The net-to-gross Factor ("NTG") for gas efficiency programs are typically lower than their electric counterparts.

Due to the nature of the EE market, specifically the large amount of gas potential in the industrial sector, gas programs tend to be overwhelmingly custom, which has a lower NTG than deemed programs, which are more suitable for lighting applications. For example, 64 percent of the projected savings for SoCalGas come from custom measures, and 92 percent for SDG&E. However, on the electric side, SDG&E projects only 30 percent of savings are associated with custom measures. Since the PD applies an across the board NTG of 0.80 to both electric and gas efficiency programs, it creates an inequitable situation that disadvantages gas efficiency programs and SoCalGas in particular.

For example, in the 2013-2014 portfolio adopted by the Commission, SoCalGas' average NTG is 0.54 while Southern California Edison Company's ("SCE's") average NTG is 0.65. Given this systematic disparity, the PD should create a separate stretch NTG for gas efficiency programs and one for electric efficiency programs. If an average NTG of 0.80 target is desirable for electric efficiency programs, Joint Utilities submit that an average NTG of 0.70 target is suitable for gas efficiency programs. Based on the differences between the portfolios of

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SoCalGas and SCE described above, a 10 basis point difference in the average NTGs would help overcome the bias inherent in the current PD methodology.

Historically, the Commission has made allowances for the distinctions between gas and electric energy efficiency methodologies. The Energy Division staff recommendation in D.12-05-015 Attachment A, on direction from the Commission, also recommends separate NTGs for electric versus gas measures. Their recommendation states, "Measures and projects that contain a mix of electric and gas technologies shall have separate NTG values applied to their respective gas and electric savings."[4] With the majority of gas programs evaluated in a manner that has historically resulted in a far lower NTG determination, the establishment of a separate gas NTG target is an important distinction for the ESPI. Therefore, the Joint Utilities recommend that the NTG target for all utility gas portfolios be set at 0.70.

F. THE CUSTOM PROCESS SHOULD NOT BE SUBJECT TO UNNECESSARY EX ANTE REVIEW

The Joint Utilities recommend that the ESPI should rely on an *ex ante* approach. If, however, the Commission retains *ex post* evaluation as the basis to for incentive claims for custom projects, Joint Utilities believe an *ex ante* process is not necessary. The *ex ante* process is resource intensive, results in project delays which can be significant, and contributes to uncertainty for customers. On the other hand, should the Commission determine that the custom projects will all be subject to *ex post* EM&V, then the laborious *ex ante* custom project process is duplicative and wasteful use of scarce EM&V resources. There is no need for an *ex ante* process if the *ex post* process will determine the final savings.

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[4] D.12-05-015 Attachment A, page 28.

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G. ADDITIONAL CORRECTIONS SHOULD BE MADE TO THE PD

The Joint Utilities submit that the PD does not properly categorize SoCalGas' energy efficiency portfolio into the resource and non-resource components of the mechanism. Attachment A contains a summary of SoCalGas' program categories and the impact on the components of the ESPI mechanism. This information was provided previously as part of the January 14, 2013 Advice Letter 4449 and the April 23, 2013 Supplemental Advice Letter 4449-A. The PD should be revised to correctly categorize the IOU portfolios.

The Joint Utilities also believe the setting of the earnings rate coefficient for the resource savings component of ESPI needs to be reviewed for methodological consistency. Specifically, utilities with Energy Savings Assistance ("ESA") Programs (that perform installation of EE measures for low income customers) that generate savings do not include such savings achievements in their earnings claim. The Commission needs to be mindful NOT to include the ESA Program savings in the earnings goal, otherwise it would introduce a methodological flaw with inconsistency between settings the earning potential and programs that are eligible for savings attribution. Thus, the setting of goal for earnings purposes should be set at 100 percent of goal LESS the ESA Program savings.

IV. CONCLUSION

The Joint Utilities appreciate the opportunity to provide further input to the Commission's process for establishing a performance incentive for EE programs. The PD represents advances in the formation of a successful mechanism, but would greatly benefit from modifications as suggested herein, with the emphasis to align with the Commission's core principles of clarity / transparency, timeliness and responsiveness to incentives. The Joint Utilities believe a fundamental return in full to *ex ante* parameters for the ESPI is the most

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important change. If the Commission concludes that it will return to *ex post* evaluation for a portion of the EE portfolio, the Joint Utilities ask other modifications are made to address other areas of improvement or correction as necessary.

Respectfully submitted

By *______/s/ Thomas R. Brill__________*

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Attachment A – SoCalGas Re classification of Resource & Non Resource Programs

The Proposed Decision incorrectly categorizes SoCalGas' programs into resource and non resource components. SoCalGas identifies the correct classification of its programs and presents the information in the chart below:

Program ID	Program Name	PD Classification	SCG Classification	Total Budget	Non Administrative Budget
SCG3701	SW CALS Energy Advisor	Resource	Non Resource	$ 1,510,991	$ 1,415,610
SCG3702	SW CALS Plug Load and Appliances	Resource	Resource	$ 11,269,369	$ 10,766,837
SCG3703	SW CALS Plug Load and Appliances POS	Resource	Resource	$ 4,218,529	$ 4,189,574
SCG3704	SW CALS MFEER	Resource	Resource	$ 2,767,910	$ 2,633,367
SCG3705	SW CALS EUC WHUP	Resource	Resource	$ 13,344,626	$ 12,460,108
SCG3706	SW CALS Residential HVAC	Resource	Non Resource	$ 406,434	$ 391,826
SCG3707	SW CALS RNC	Resource	Resource	$ 5,613,382	$ 5,132,330
SCG3708	SW COM Energy Advisor	Resource	Non Resource	$ 1,016,008	$ 932,429
SCG3709	SW COM CEI	Resource	Non Resource	$ 399,999	$ 379,504
SCG3710	SW COM Calculated Incentives	Resource	Resource	$ 9,239,849	$ 8,631,590
SCG3711	SW COM Deemed Incentives	Resource	Resource	$ 6,964,101	$ 5,670,066
SCG3712	SW COM NonRes HVAC	Resource	Non Resource	$ 655,965	$ 619,412
SCG3713	SW IND Energy Advisor	Resource	Non Resource	$ 1,216,007	$ 1,136,416
SCG3714	SW IND CEI	Resource	Non Resource	$ 645,999	$ 610,762
SCG3715	SW IND Calculated Incentives	Resource	Resource	$ 25,258,193	$ 23,611,441
SCG3716	SW IND Deemed Incentives	Resource	Resource	$ 2,083,532	$ 1,754,165
SCG3717	SW AG Energy Advisor	Resource	Non Resource	$ 78,013	$ 71,234
SCG3718	SW AG CEI	Resource	Non Resource	$ 64,221	$ 60,768
SCG3719	SW AG Calculated Incentives	Resource	Resource	$ 3,545,233	$ 3,136,397
SCG3720	SW AG Deemed Incentives	Resource	Resource	$ 1,067,167	$ 923,421
SCG3721	SW ET Technology Development Support	Non Resource	Non Resource	$ 125,757	$ 116,706
SCG3722	SW ET Technology Assessment Support	Non Resource	Non Resource	$ 1,006,034	$ 933,631
SCG3723	SW ET Technology Introduction Support	Non Resource	Non Resource	$ 1,384,936	$ 1,285,105
SCG3724	SW C&S Building Codes & Compliance Advocacy	Codes & Standards	Codes & Standards	$ 417,252	$ 376,212
SCG3725	SW C&S Appliance Standards Advocacy	Codes & Standards	Codes & Standards	$ 332,773	$ 300,370
SCG3726	SW C&S Compliance Enhancement	Codes & Standards	Codes & Standards	$ 499,128	$ 451,554
SCG3727	SW C&S Reach Codes	Codes & Standards	Codes & Standards	$ 169,652	$ 153,365
SCG3728	SW C&S Planning Coordination	Codes & Standards	Codes & Standards	$ 255,423	$ 230,277
SCG3729	SW WE&T Centergies	Non Resource	Non Resource	$ 4,999,972	$ 4,547,659
SCG3730	SW WE&T Connections	Non Resource	Non Resource	$ 854,580	$ 802,182

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Program ID	Program Name	PD Classification	SCG Classification	Total Budget	Non Administrative Budget
SCG3731	SW WE&T Strategic Planning	Non Resource	Non Resource	$ 300,001	$ 284,188
SCG3734	SW IDSM IDSM	Non Resource	Non Resource	$ 650,000	$ 575,839
SCG3735	SW FIN On Bill Financing	Resource	Resource	$ 1,727,378	$ 1,616,711
SCG3736	SW FIN ARRA Originated Financing	Resource	Resource	$ 3,200,000	$ 3,200,000
SCG3737	SW FIN New Financing Offerings	Resource	Resource	$ 10,267,622	$ 10,267,622
SCG3738	LInstP CA Department of Corrections Partnership	Resource	Non Resource	$ 518,394	$ 370,033
SCG3739	LInstP California Community College Partnership	Resource	Non Resource	$ 703,435	$ 517,805
SCG3740	LInstP UC/CSU/IOU Partnership	Resource	Non Resource	$ 946,060	$ 687,963
SCG3741	LInstP State of CA/IOU Partnership	Resource	Non Resource	$ 545,717	$ 386,734
SCG3742	LGP LA Co Partnership	Resource	Non Resource	$ 433,946	$ 359,527
SCG3743	LGP Kern Co Partnership	Resource	Non Resource	$ 208,464	$ 152,855
SCG3744	LGP Riverside Co Partnership	Resource	Non Resource	$ 294,117	$ 240,095
SCG3745	LGP San Bernardino Co Partnership	Resource	Non Resource	$ 289,717	$ 228,918
SCG3746	LGP Santa Barbara Co Partnership	Resource	Non Resource	$ 229,294	$ 138,910
SCG3747	LGP South Bay Cities Partnership	Resource	Non Resource	$ 307,932	$ 234,598
SCG3748	LGP San Luis Obispo Co Partnership	Resource	Non Resource	$ 214,563	$ 132,685
SCG3749	LGP San Joaquin Valley Partnership	Resource	Non Resource	$ 194,289	$ 129,557
SCG3750	LGP Orange Co Partnership	Resource	Non Resource	$ 271,938	$ 204,500
SCG3751	LGP SEEC Partnership	Resource	Non Resource	$ 295,394	$ 248,735
SCG3752	LGP Community Energy Partnership	Resource	Non Resource	$ 252,647	$ 174,015
SCG3753	LGP Desert Cities Partnership	Resource	Non Resource	$ 50,600	$ 39,966
SCG3754	LGP Ventura County Partnership	Resource	Non Resource	$ 336,161	$ 236,783
SCG3755	LGP Local Government Energy Efficiency Pilots	Resource	Non Resource	$ 430,000	$ 400,000
SCG3773	LGP New Partnership Programs	Resource	Non Resource	$ 596,871	$ 447,653
SCG3774	LGP LG Regional Resource Placeholder	Resource	Non Resource	$ 644,867	$ 551,673
SCG3776	LGP Gateway Cities Partnership	Resource	Non Resource	$ 326,123	$ 254,846
SCG3777	LGP San Gabriel Valley COG Partnership	Resource	Non Resource	$ 480,505	$ 378,245
SCG3778	LGP City of Santa Ana Partnership	Resource	Non Resource	$ 143,792	$ 91,987
SCG3779	LGP West Side Cities Partnership	Resource	Non Resource	$ 98,133	$ 54,564
SCG3780	LGP City of Simi Valley Partnership	Resource	Non Resource	$ 98,508	$ 62,565
SCG3781	LGP City of Redlands Partnership	Resource	Non Resource	$ 120,067	$ 71,987
SCG3782	LGP City of Beaumont Partnership	Resource	Non Resource	$ 102,645	$ 64,846
SCG3783	LGP Western Riverside COG Partnership	Resource	Non Resource	$ 391,255	$ 291,104
SCG3756	3P Energy Challenger	Resource	Non Resource	$ 86,145	$ 82,632
SCG3757	3P Small Industrial Facility	Resource	Resource	$ 1,488,713	$ 1,471,069

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Program ID	Program Name	PD Classification	SCG Classification	Total Budget	Non Administrative Budget
	Upgrades				
SCG3758	3P PREPS	Resource	Resource	$ 1,780,368	$ 1,755,449
SCG3759	3P On Demand Efficiency	Resource	Resource	$ 4,741,898	$ 4,689,844
SCG3760	3P HERS Rater Training Advancement	Resource	Non Resource	$ 1,273,174	$ 1,128,811
SCG3761	3P MF Home Tune Up	Resource	Resource	$ 2,141,314	$ 2,103,909
SCG3762	3P CLEO	Resource	Non Resource	$ 528,034	$ 497,328
SCG3763	3P MF Direct Therm Savings	Resource	Resource	$ 4,079,334	$ 4,039,317
SCG3764	3P LivingWise	Resource	Resource	$ 1,989,023	$ 1,964,434
SCG3765	3P Manufactured Mobile Home	Resource	Resource	$ 5,538,733	$ 5,499,316
SCG3766	3P SaveGas	Resource	Resource	$ 1,047,332	$ 1,029,526
SCG3768	3P CA Sustainability Alliance	Resource	Non Resource	$ 1,201,613	$ 1,163,608
SCG3769	3P PoF	Resource	Non Resource	$ 1,099,068	$ 1,061,693
SCG3770	3P PACE	Resource	Non Resource	$ 1,378,404	$ 1,347,328
SCG3771	3P Innovative Designs for Energy Efficiency Activities (IDEEA365)	Resource	Resource	$ 5,425,397	$ 4,838,272
SCG3775	CRM	Non Resource	Non Resource	$ 1,497,811	$

After correcting for the categorization error, the budgets and caps should be revised as presented in the following table:

SCG Revised Budgets and Caps			
Earnings Category	Budget	Earnings Cap %	Earnings Cap
EE Resource Savings	$ 121,384,764	8%	$ 9,710,781
Ex Ante Review (EAR)	$ 121,384,764	2%	$ 2,427,695
Codes & Standards	$ 1,511,778	10%	$ 151,178
Non Resource Programs	$ 26,597,817	3%	$ 797,935

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