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Edward Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: PG&E Compliance with Commission Decision (D.) 14-01-033

Dear Mr. Randolph:

This letter is written to inform you that Pacific Gas and Electric Company (PG&E) has changed its cost allocation in 2014 for the amounts approved by the Commission for Marin Clean Energy's (MCE's) 2013-2014 energy efficiency pilots, approved in Decision (D.) 12-11-015, so that all amounts paid to MCE are based on rates. This is only an accounting adjustment to comply with the decision and does not affect the amount of PG&E's payment to MCE.

In 2012, MCE (formerly Marin Energy Authority) applied to administer energy efficiency funds in its service area and to Public Utilities Section 381.1. In Decision 12-11-015, the Commission approved MCE's energy efficiency pilots and directed PG&E to pay quarterly payments to MCE in 2013 and 2014. MCE's 2013-2014 Pilots include gas measures and anticipate obtaining significant gas savings.

PG&E's currently approved net benefit (expense) ratio is 82% electric and 18% gas and is applied to the recovery of the total 2013-2014 energy efficiency portfolio in gas public purpose program (PPP) surcharges on electric PPP rates. This allocation also applied to the payments made to MCE, pursuant to an Energy Division disposition letter dated June 10, 2013 approving MCE's Program Implementation Plan. Disposition letter states "With respect to PG&E's budget comments, staff agrees with PG&E that allocation of MEA's program revenue requirement between PG&E's electric and gas customers should be under the same net benefit basis as the remainder of the EE portfolio. Staff has

¹ MCE's 2013-2014 supplemental PIP compliance filing forecasts approximately 600,000 therms of gas savings allocated to four programs

determined that this is a reasonable allocation for any program which offers electric and gas measures.²

Recently, the Commission issued Decision 14-01-033, which defines the rules for Community Choice Aggregators (CCAs) seeking to administer energy efficiency funds pursuant to Public Utilities Code Section 381.1. In this Decision, the Commission decided "Community Choice Aggregators submitting applications to administer programs to Section 381.1 shall receive funding only for electricity savings programs." The Commission also determined that it: "lack[s] statutory authority under Section 381.1 to mandate payment to CCAs of gas public purpose funds for programs that CCAs administer pursuant to Section 381." (Conclusion of Law 3.)³

PG&E has revised its rates effective January 1, 2014, to recover MCEE program costs from electric customers only so that monthly payments to MCEE offered in D.12-11-015 will be made exclusively from electric funds to comply with Decision 14-01-033. This change is being made prospectively as PG&E believes D.14-01-033, which became effective in January 2014, supersedes the Energy Division's disposition of MCEE compliance advice letter on this matter.

If you have additional questions, please contact [Redacted] at [Redacted] or [Redacted].

Sincerely,



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² Energy Division disposition letter approving MEA-003-CCA and MEA-005-CCA, Marin Energy Authority 2013-2014 Energy Efficiency Compliance Filings Pursuant to D.12-11-015, dated June 10, 2013.

³ D.14-01-033, OP 9; See also COL 3: "We lack statutory authority under Section 381.1 to mandate payment to CCAs of gas public purpose funds for programs that CCAs administer pursuant to Section 381."