

From: Allen, Meredith  
Sent: 3/11/2014 5:41:24 PM  
To: 'Kamins, Sara M.' (sara.kamins@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: RE: Cost shift

Sara,

Great. Here is the information on the post-rate reform. Hope this helps. We can also schedule a call to discuss.

Thanks,  
Meredith

To calculate the maximum impact of Rate Reform, PG&E re-calculated the residential cost shift in the E3 calculations by substituting the original E3 value for residential bill savings/kwh (37.5 cents/kwh) with a value of 20.5 cents/kwh derived from the Res Rate OIR filing submitted on February 28th.

The reduction of 17 cents/kwh multiplied by the 1,250 GWh of Residential generation amounts to a \$213 Million reduction in cost shift..

So, after Rate Reform, the annual cost shift in 2017 goes from \$448 Million to \$235 Million, or \$133,000/MW based on E3's projected 1760 MW.

More detail on derivation of revised bill savings/kwh

From the Feb 28th Res Rate OIR filing, PG&E computed a weighted average of the long-term 2-tier values from 2018 from the Scenario with a 2.1% annual increase (values of 17.7 and 21.2 cents/kwh for Tiers 1 and Tier 2 respectively). Assuming that 80% of NEM customer generation offsets Tier 2, and 20% offsets Tier 1, the weighted average avoided bill/kwh is 20.5 cents/kwh.

-----Original Message-----

From: Kamins, Sara M. [mailto:sara.kamins@cpuc.ca.gov]  
Sent: Tuesday, March 11, 2014 10:22 AM  
To: Allen, Meredith  
Subject: RE: Cost shift

Thanks! I found from your comments how you calculated the figure for pre-rate reform, but still curious about the post-rate reform number.

"According to the E3 study, the cost shift for PG&E customers in 2017 is projected to be \$448 Million annually for projected adoption of 1,760 MW, or effectively \$255,000 per MW. [FN 21]

[FN 21] This amount is derived from the 2017 "Snapshot Calculations" from the E3 Models and stated in nominal (2017\dollars), as opposed to the 2020 results stated in 2012 dollars reported in the text of the final E3 report. Further, as described in PG&E's opening comments, PG&E believes that E3 understated the magnitude of the cost shift."

Sara

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Sara Kamins  
Supervisor, Customer Generation  
California Public Utilities Commission  
(415) 703-1388

-----Original Message-----  
From: Allen, Meredith [mailto:MEAe@pge.com]  
Sent: Monday, March 10, 2014 6:53 PM  
To: Kamins, Sara M.  
Subject: Re: Cost shift

Hi Sara,

I will track down.

Thanks,  
Meredith

On Mar 10, 2014, at 5:55 PM, "Kamins, Sara M."  
<sara.kamins@cpuc.ca.gov<<mailto:sara.kamins@cpuc.ca.gov>>> wrote:

Hi Meredith,

Thanks again for the call on Friday on short notice. I have written down that PG&E used a \$255/MW cost shift figure for the calculations pre-rate reform, which was from the E3 report. Could you please point me to where this number comes from exactly? Also, how did you come up with the cost shift per MW number for post-rate reform?

Thanks, Sara

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Sara Kamins  
Supervisor, Customer Generation  
California Public Utilities Commission  
(415) 703-1388

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