



Clay Faber
Regulatory Affairs
8330 Century Park Court
San Diego, CA 92123-1548

Tel: 858-654-3563
Fax: 858-654-1788
CFaber@semprautilities.com

July 28, 2014

ADVICE LETTER 2627-E/2309-G
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REQUEST FOR 2013-2014 ENERGY EFFICIENCY PROGRAM FUND
SHIFTING APPROVAL**

San Diego Gas & Electric Company (SDG&E) hereby transmits for filing with the California Public Utilities Commission (Commission) approval for 2013-2014 energy efficiency (EE) program fund shifts that are required in compliance with Decision (D.) 09-09-047.

PURPOSE

In compliance with D.09-09-047, SDG&E seeks authority to fully implement the specified fund shifts to ensure a successful portfolio and the maximum achievement of energy savings for the 2013-2014 EE programs, as described herein.

- SW Com Direct Install Program (SDGE3226)
- SW-COM-Calculated Incentive RCx (SDGE3221)
- Third Party IDEEA365 (SDGE3280)

BACKGROUND

D.09-09-047 provides fund shifting rules for the 2013-2014 EE programs. Pursuant to D.09-09-047, this Advice Letter includes requests for fund shifts that cannot currently be made within existing IOU authority. With the increased demand for program services for certain EE programs described below, it is necessary to shift funds among program categories that exceeds SDG&E's authority granted by the Commission to further shift program funds as described below to prevent to closure of these programs.

" . . . (the IOUs) shall file an Advice Letter for shifts of funds of more than 15% per annum within and between any of the twelve statewide energy efficiency programs, third-party programs, or governmental programs for the entire portfolio cycle."¹

¹ D. 09-09-047, OP 43 b.

SDG&E's FUND SHIFT REQUEST**A. Description of Fund Shift Requests****(1) SW-COM-Direct Install Program (SDGE3226)**

The Direct Install program has experienced ongoing success and is expected to exhaust its entire budget by September 2014. By increasing program funding by about 22% (\$3,809,000), the program will be able to achieve appropriately 123% of its energy-saving goals. Already successful, the program received another surge of interest on July 23, 2014 when local TV station KUSI interviewed a local business customer who had participated in the program and was very pleased with the results. This positive publicity has further emphasized the need for additional funding.

(2) SW-COM-Calculated Incentive RCx Program (SDGE3221)

The SW-COM-Calculated Incentive RCx (SDGE3221) Program has identified higher than anticipated therm savings, roughly about 800% of their goal due to the fact that several of the buildings have higher than average savings potential, especially on the therm side. Providers are paid based on savings and, as a result, they are motivated to identify all possible measures and maximize the savings that a customer will choose to implement. As a result of this, additional funding for the Pay for Performance portion of the budget is needed to complete projects with the current list of committed customers.

(3) New Third Party IDEEA365 Program (SDGE3280)

As part of its continuing effort to introduce new program ideas through other third party implementers, SDG&E has conducted its third round of solicitations resulting in a new third-party program. SDG&E will be discussing its recommendation in the next week prior to entering contract negotiations with the final awardees.

The IDEA 365 has identified 3 programs that are anticipated to be contracted by Q3 2014 totaling \$1.5M. This includes one commercial resource program (Program 1), one crosscutting non-resource program (Program 2) and one residential resource program (Program 3). As the selections have not been officially finalized and all bidders notified, SDG&E cannot provide specific details at this time. Program Implementation Plans will be submitted through EESStats once all contracts are finalized and signed. Therefore, an additional \$1,000,000 is needed to fund all selected new third-party programs.

B. Fund Shifting Sources

Budget projections for the following programs have excess funding due to slower than expected uptake of projects and lower than budgeted expenditures. As a result, programs will reflect significant unspent funds if immediate action is not taken:

1. SW-COM Calculated Incentives (SDGE3220),
2. SW-COM-Calculated Incentives-Savings by Design (SDGE3222),
3. SW-CALS-Plug Load and Appliances-HEER (SDGE3203),
4. SW-CALS - EUC WHRP - Advanced (SDGE3209),
5. SW-AG-Deemed (SDGE3239),

6. SW-AG-Calculated (SDGE3237),
7. SW-IND-Calculated Incentives (SDGE3231),
8. SDG&E Partnership Programs (SDGE3272, SDGE3266, SDGE3267, SDGE3268, and SDGE3269)
9. SW-Lighting-Primary Lighting (SDGE3245)
10. SW-CALS - CAHP/ESMH-CA Advanced Homes (SDGE3213),

SW COM Calculated Incentives Program (SDGE3220)

The program is expected to have remaining funding largely due to new 2013 Title 24 standards coming into effect during this program cycle. SDG&E expects that due to the new standards significantly increase in the EE baseline customers will be challenged to increase their project savings over this new baseline. Additionally, the Staff has directed the IOUs to address all DEER measures in the rebates program, thus lowering the expected demand for custom/calculated incentives for these DEER measures.

SW-COM-Calculated Incentives-Savings by Design Program (SDGE3222)

The program is expected to have remaining funding largely due to new 2013 Title 24 standards coming into effect during this program cycle. SDG&E expects that due to the new standards significantly increase in the EE baseline customers will be challenged to increase their project savings over this new baseline. Additionally, the project timelines for new construction project installation usually extend into future years thus relieving the immediate demand for incentives in the current year. SDG&E can address future installation incentive payments from funds in the actual year of project completion and installation.

SW-CALS-Plug Load and Appliances-HEER (SDGE3203)

The program has funding available to shift due to the delay in program implementation of enhanced program strategies. SDG&E undertook improvements to program strategy that included understanding program impacts of new measures and designing tactics to integrate changes seamlessly. Due to the late implementation of these new strategies, SDG&E does not anticipate requiring all the allocated program funds for the remainder of 2014.

SW-CALS - EUC WHP - Advanced (SDGE3209)

The Home Upgrade program has available funding due to a slower than expected uptake of projects.

SW Ag Deemed (SDGE3239) and SW Ag Calculated (SDGE3237)

Due to low market potential for the agricultural sector in the SDG&E service territory, it is not expected that the budget for this program will be expended fully at the end of 2014.

SW-IND-Calculated Incentives (SDGE3231)

The program is expected to have remaining funding largely due to new 2013 Title 24 standards coming into effect during this program cycle. SDG&E expects that due to the new standards significantly increase in the EE baseline customers will be challenged to increase their project savings over this new baseline. Additionally, the Staff has directed the IOUs to address all

DEER measures in the rebates program, thus lowering the expected demand for custom/calculated incentives for these DEER measures.

SDG&E Partnership Programs (SDGE3272, SDGE3266, SDGE3267, SDGE3268, and SDGE3269)

Partnership programs have available funding due to slower than expected uptake of projects due to delay in approvals from partner stakeholders as well as anticipated impacts of Title 24. Additionally, budget expenditures are lower than expected because of a decreased need for consulting services.

SW-Lighting-Primary Lighting (SDGE3245)

The Primary Lighting program has available funding due to successful program deployment tactics which resulted in more efficiencies that require less funds.

SW-CALS - CAHP/ESMH-CA Advanced Homes (SDGE3213)

The CAHP/ESMH-CA Advanced Homes program has available funding due to slower than expected uptake of projects.

C. ENERGY EFFICIENCY PROGRAM FUND SHIFTING AMOUNTS

This Fund-Shift is proposing to shift \$4,950,000 in total.

Please refer to the Statewide Commercial Fund Shift Summary attached herein as Attachment A for specific allocations.

\$590,000 from the SW-COM Calculated Incentives (SDGE3220),
\$410,000 from SW-COM-Calculated Incentives-Savings by Design (SDGE3222),
\$600,000 from SW-CALS-Plug Load and Appliances-HEER (SDGE3203),
\$400,000 from SW-CALS - EUC WHRP - Advanced (SDGE3209),
\$342,000 from SW-Ag-Deemed (SDGE3239),
\$908,000 from SW-Ag-Calculated (SDGE3237),
\$400,000 from SW-Ind-Calculated (SDGE3231)
\$188,000 from L-GovP01 City of Chula Vista Partnership (SDGE3272),
\$44,000 from L-InstP01 CDCR Partnership (SDGE3266),
\$106,000 from the L-InstP02 CCC Partnership (SDGE3267),
\$210,000 from the L-InstP03 UC/CSU Partnership (SDGE3268),
\$52,000 from L-InstP04 SOC Partnership (SDGE3269),
\$500,000 from SW-CALS - CAHP/ESMH-CA Advanced Homes (SDGE3213),
\$200,000 from SW-Lighting-Primary Lighting (SDGE3245)

Funding from the above named programs will be allocated as follows:

\$3,009,000 will be shifted to the SW-COM-Direct Install (SDGE3226),
\$941,000 will be shifted to SW-COM-Calculated Incentive RCx (SDGE3221),
\$1,000,000 will be shifted to 3P-IDEEA365 (SDGE3280)

D. ENERGY EFFICIENCY PROGRAM FUND SHIFTING DETAILS**\$3,009,000 shifted to the SW-COM-Direct Install (SDGE3226)**

For funds allocated to SDG&E's SW-COM-Direct Install (SDGE3226) program, 100% of additional funds will be allocated to "Direct Implementation – Non Labor" This category is used to pay third party contractors on a pay-for-performance basis. The funding will be used on measures that the program is currently offering.

\$941,000 shifted to SW-COM-Calculated Incentive RCx (SDGE3221)

For funds allocated to the SW-COM-Calculated Incentive RCx (SDGE3221) Program the additional funds will be allocated between Direct Implementation – Non Labor (\$100,000), and Direct Implementation – Incentives (\$841,000) and will be used to pay the implementer time & materials, third party contractors, and implementer and customer incentives.

\$1,000,000 shifted to 3P-IDEEA 365 (SDGE3280)

For funds allocated to 3P-IDEEA 365 (SDGE3280), 100% of the funds will be allocated to third-party programs. The split between cost categories for each program has not yet been determined.

E. Energy Savings

As a result of the total fund shift, the SW-COM-Direct Install (SDGE3226) and the SW-COM-Calculated Incentive RCx (SDGE3221) are expected to achieve the following incremental kWh, kW and therms energy savings goals for 2013-2014:

SW-COM-Direct Install (SDGE3226) - 2013-2014. Savings estimates are for the total additional amount of \$3,809,000.			
	kWh	kW	Therms
Current (Originally Filed)	31,820,791.00	7,794.00	-9,572.00
Incremental	8,715,590.76	2,275.12	-35,588.23
Total	40,536381.76	10,069.12	-45,160.23

SW-COM-Calculated Incentive RCx (SDGE3221) – 2013-2014	
	Therms
Current (Originally Filed)	88,382
Incremental	566,000
Total	654,382

Notice of Other Program Fund Shifts

Additionally SDG&E proposes to fund-shift for the following programs which fall within allowable guidelines and do not require approval through Advice Letter. SDG&E provides the information to provide a comprehensive picture of the current state of SDG&E's program portfolio.

1. SW-COM-Deemed (SDGE3223) - Program participation has increased significantly from 2013 to 2014 and is expected to exhaust its entire budget. As a result, SDG&E will shift \$2,750,000 to SW-COM-Deemed (SDGE3223) from SW-COM Calculated Incentives (SDGE3220).
2. SW-COM-Direct Install (SDGE3226) - Of the \$3,809,000 that SDG&E is shifting to SW-COM-Direct Install (SDGE3226), \$800,000 will be coming from Local-CALS - Middle Income Direct Install (MIDI) (SDGE3211) and is within the allowed guidelines.

EFFECTIVE DATE

SDG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore SDG&E respectfully requests that this advice letter become effective August 27, 2014 which is 30 calendar days after the date filed.

PROTEST

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impacts, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the CPUC, which is August 17, 2014. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. **A copy of the protest should also be sent via both e-mail and facsimile to the addresses shown below on the same date it is mailed or delivered to the Commission:**

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1879
E-mail: MCaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service list A.08-07-023, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1879 or by e-mail at SDG&ETariffs@semprautilities.com.

CLAY FABER
Director – Regulatory Affairs

(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Christina Sondrini

Phone #: (858) 636-5736

E-mail: csondrini@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2627-E/2309-G

Subject of AL: Request for 2013-2014 Energy Efficiency Program Fund Shifting Approval

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.09-09-047

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL

N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹:

N/A

Does AL request confidential treatment? If so, provide explanation:

N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date 8/27/14

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

San Diego Gas & Electric
Attention: Megan Caulson
8330 Century Park Ct, Room 32C
San Diego, CA 92123
mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

S. Cauchois
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Cameron

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

Children's Hospital & Health Center

T. Jacoby

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynergy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell

M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg

J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard

R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

Pacific Gas & Electric Co.

J. Clark

M. Huffman

S. Lawrie

E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

San Diego Regional Energy Office

S. Freedman

J. Porter

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Southern California Edison Co.

M. Alexander
K. Cini
K. Gansecki
H. Romero

TransCanada

R. Hunter
D. White

TURN

M. Hawiger

UCAN

D. Kelly

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties In:

A.08-07-023

**SAN DIEGO GAS AND ELECTRIC
ADVICE LETTER 2627-E/2309-G**

Attachment A - Statewide Commercial Fund Shift Summary

Advice letter required

Third Party Programs	SW-COM-Direct Install (SDGE3226)	\$3,009,000
SW Commercial EE Programs	SW-COM-Calculated Incentives-Savings by Design (SDGE3222)	(\$410,000)
Local Partnerships	L-InstP03 UC/CSU Partnership (SDGE3268)	(\$210,000)
Local Partnerships	L-InstP02 CCC Partnership (SDGE3267)	(\$100,000)
Local Partnerships	LGovP01 City of Chula Vista Partnership (SDGE3272)	(\$188,000)
SW Agricultural Programs	SW-Ag-Deemed (SDGE3239)	(\$293,000)
SW Agricultural Programs	SW-Ag-Calculated (SDGE3237)	(\$908,000)
SW CALSPREE	SW-CALS - CAHP/ESMH-CA Advanced Homes (SDGE3213)	(\$500,000)
SW CALSPREE	SW-CALS - EUC WHRP - Advanced (SDGE3209)	(\$400,000)
Third Party Programs	SW-COM-Calculated Incentive RCx (SDGE3221)	\$941,000
Statewide Industrial	SW-Ind-Calculated (SDGE3231)	(\$200,000)
SW Commercial EE Programs	SW-COM Calculated Incentives (SDGE3220)	(\$590,000)
Local Partnerships	L-Instp01 CDCR Partnership (SDGE3266)	(\$44,000)
Local Partnerships	L-InstP04 SOC Partnership (SDGE3269)	(\$52,000)
Local Partnerships	L-InstP02 CCC Partnership (SDGE3267)	(\$6,000)
SW Agricultural Programs	SW-Ag-Deemed (SDGE3239)	(\$49,000)
Third Party Programs	IDEEA (SDGE3280)	\$1,000,000
SW Lighting Programs	SW-Lighting-Primary Lighting (SDGE3245)	(\$200,000)
SW CALSPREE	SW-CALS-Plug Load and Appliances-HEER (SDGE3203)	(\$600,000)
Statewide Industrial	SW-Ind-Calculated (SDGE3231)	(\$200,000)

NO advice letter required

SW Commercial EE Programs	SW-Com-Deemed (SDGE3223)	\$2,750,000
SW Commercial EE Programs	SW-COM Calculated Incentives (SDGE3220)	(\$2,750,000)

NO advice letter required

Third Party Programs	SW-COM-Direct Install (SDGE3226)	\$800,000
Third Party Programs	Local-CALS - Middle Income Direct Install (MIDI) (SDGE3211)	(\$800,000)