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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3289
November 23, 1992

R E S O L U T I O N

RESOLUTION E-3289. PACIFIC GAS AND ELECTRIC COMPANY SUBMITS PROPOSED MODIFICATIONS TO ITS 1992 CUSTOMER ENERGY EFFICIENCY PROGRAMS BY REQUESTING AN EXPANSION OF ITS 1992 CUSTOMER ENERGY EFFICIENCY COMMERCIAL, INDUSTRIAL, AND AGRICULTURAL DIRECT RETROFIT PROGRAM MEASURES AND MODIFICATIONS TO MEASURE ENERGY SAVINGS AND COST ESTIMATES.

BY ADVICE LETTER NOS. 1392-E/1693-G AND 1392-E-A/
1693-G-A, FILED ON APRIL 17, 1992 AND ON OCTOBER 9,
1992.

SUMMARY

1. In this advice letter, Pacific Gas and Electric Company (PG&E) seeks approval to implement new and modified energy efficiency measures that PG&E proposes to include in its 1992 Customer Energy Efficiency programs, and submits the associated energy savings and cost estimates.
2. This resolution approves the utility's proposed energy savings and cost estimates, and authorizes PG&E to implement new measures and modify other measures, as proposed.

BACKGROUND

1. PG&E submitted Advice Letter 1392-E/1693-G on April 17, 1992, to request an expansion of its 1992 Customer Energy Efficiency (CEE) commercial, industrial, and agricultural direct retrofit program measures and modifications to energy savings and cost estimates. Pursuant to the Settlement Agreement adopted in Decision (D.) 90-08-068, PG&E must seek approval through an advice letter prior to implementation.
2. The proposed modifications are based on several factors:
 - 1) agreements made between the Division of Ratepayer Advocates (DRA), the California Energy Commission (CEC), and PG&E which occurred in negotiating agreements related to the savings and cost estimates submitted in Advice Letter 1350-E/1638-G, which was approved by Resolution G-2968, dated November 6, 1991;

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- 2) proposed program expansion for 1992 which was motivated by market feedback, as well as comments from the CEE Advisory Committee;
 - 3) and savings and measure cost estimates for 1992 which reflect the results of a thorough technical assessment for both new and existing measures. This assessment took place in 1991.
3. PG&E included preliminary savings and cost estimates in its filing. The Division of Ratepayer Advocates (DRA) hired Lawrence Berkeley Laboratories (LBL) to review PG&E's estimates. PG&E met with DRA and LBL in late September, 1992 to negotiate and settle on disputed estimates and methodologies. Agreements were reached for all estimates.
4. On October 9, 1992, PG&E filed revised estimates to supersede the preliminary figures filed in April. The second filing contains all of the savings and cost estimates at their final negotiated levels and includes all of the proposed new measures and modifications.
5. These procedures follow the agreements adopted in the CEE Advisory Committee, in which PG&E files its preliminary estimates in an advice letter; DRA conducts an independent review; and PG&E, DRA, and any other interested advisory committee member negotiate acceptable estimates and measures. A supplemental advice letter is then filed to request that these estimates be adopted. Finally, once adopted by the Commission, these estimates become the basis for calculation of the measures' and programs' cost-effectiveness, as well as the earnings claimed via the shareholder incentive mechanism.
6. PG&E is in the midst of its Test Year 1993 General Rate Case (GRC), Application (A.) 91-11-036. PG&E expects that a large majority of the measures in the 1992 program will be retained for 1993; therefore, PG&E is proposing that the measure-level information be approved for 1993 via this Resolution, while funding for 1993 programs will occur in the GRC. PG&E has proposed an additional change in A.91-11-036, which relates to net-to-gross ratios for various end-use categories. Any other changes to its proposed 1993 programs will be made via advice letter filing by November 15, 1992.
7. PG&E claims that this filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rules.

NOTICE

1. The advice letter was noticed by publication in the Commission Calendar and was served on the parties on PG&E's electric advice letter mailing list, in accordance with Section III of General Order 96-A.

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PROTESTS

1. No protests were filed with the Commission Advisory and Compliance Division (CACD).

DISCUSSION

1. In this advice letter, PG&E has requested that the Commission accept updated energy savings and cost estimates to be used in calculating the cost-effectiveness of PG&E's DSM measures. These estimates were thoroughly reviewed by LBL, and after some negotiations, PG&E and DRA reached agreement on all of the estimates. CACD accepts the estimates filed in Advice Letters 1392-E-A/1693-G-A as technically accurate, and acknowledges the efforts of DRA and LBL in their negotiations with PG&E.

2. PG&E offers both direct rebates and customized rebates to induce its commercial, industrial, and agricultural customers to retrofit existing equipment with energy efficient equipment. The updated and expanded measure estimates addressed in this advice letter are those for which rebates are given in the direct rebate program, which provides fixed rebates per item for the purchase of energy-saving items.

3. The goal of PG&E's direct rebate program is to influence end-users to install energy-efficient equipment. PG&E believes that the proposed modifications and expansions will enable them to better accomplish this goal. C/I/A direct rebate programs were merged into a single retrofit program available to all eligible customers, while separate applications were developed to separate measures by end use: air conditioning, agricultural, lighting, motors, refrigeration, and cooking equipment.

4. Many of the measures were eligible for rebates under the customized program in 1991. PG&E has now developed standardized calculations for these measures under the direct rebate program. PG&E believes that this will simplify the program and facilitate customer acceptance. PG&E expects that a larger percentage of its energy savings will now be realized through the direct rebate program, rather than the customized rebate program.

5. PG&E states that its retrofit program for 1992 was re-designed to respond to market demand and customer expectations, as well as to meet regulatory objectives, to leverage trade ally resources, and to increase PG&E employee productivity. CACD believes it is important to encourage these goals, which will further the accrual of DSM energy savings.

6. PG&E believes that including the measure-level information for 1993 will send a signal of continuity to its trade allies and end-users, which will help enlist their support and acceptance. PG&E states that it does intend to update the retrofit program in 1993 to incorporate market feedback and results from on-going measurement and evaluation studies. CACD

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supports continuity in DSM programs as an important objective, and encourages PG&E to closely monitor the marketplace and incorporate new information as it becomes available.

7. The proposed program modifications and additions support the Commission's position that DSM should be promoted. At this time, CACD supports the expansion of DSM, but the Commission's decision issued in the GRC will override any savings estimates and expansions approved through this Resolution.

FINDINGS

1. PG&E filed Advice Letter No. 1392-E-A/1693-G-A requesting adoption of energy savings and cost estimates to be used in cost-effectiveness analysis of PG&E's DSM programs. PG&E also proposes to modify and add DSM measures to its existing DSM programs. PG&E is not requesting any funds at this time, however, the proposals for 1993 programs will require additional funding that PG&E has requested in its GRC.

2. PG&E worked with the DRA and LBL to develop its final energy savings and cost estimates.

3. This Advice Letter supports the Commission's goal to promote demand-side management.

4. PG&E has proposed that the measure-level estimates be adopted for 1993. If there are any conflicting issues, the GRC decision in A.91-11-036 overrides this Resolution. The expansions and modifications permitted under this Resolution will not necessarily be authorized funding in the GRC. Thus, PG&E may be at risk for funding these programs above any previously-authorized funding levels.

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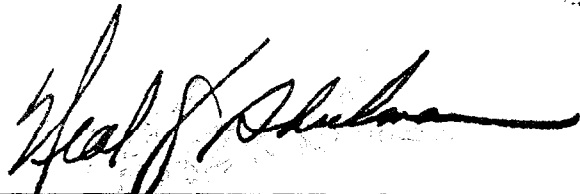
THEREFORE, IT IS ORDERED that:

(1) Pacific Gas and Electric Company shall revise its energy savings and cost estimates as proposed in Advice Letter 1392-E-A/1693-G-A. PG&E shall also modify and add new measures as proposed in the Advice Letter.

(2) Advice Letter 1392-E-A/1693-G-A shall be marked to show that it was approved by Commission Resolution E-3289.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 23, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners