

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy BranchRESOLUTION E-3296
November 23, 1992

R E S O L U T I O N

RESOLUTION E-3296. SAN DIEGO GAS AND ELECTRIC COMPANY REQUESTS COMMISSION AUTHORIZATION TO MODIFY ELEMENTS IN ITS NONRESIDENTIAL ENERGY EFFICIENCY INCENTIVES AND NONRESIDENTIAL NEW CONSTRUCTION DEMAND SIDE MANAGEMENT PROGRAM CATEGORIES.

BY ADVICE LETTER 857-E, FILED ON OCTOBER 6, 1992.

SUMMARY

1. In Advice Letter 857-E San Diego Gas and Electric Company (SDG&E) requests permission to modify its nonresidential Demand-Side Management (DSM) programs as follows:

1. Add new elements to the Lighting Retrofit Program in its Nonresidential Energy Efficiency Incentives program category.

2. Add new elements to the Lighting Efficiency Incentives Program in its Nonresidential New Construction program category.

The proposed additions are energy efficiency measures (EEMs) available to customers on a "prescriptive" basis. These prescriptive elements would be subject to the same savings verification procedures and shareholder incentive treatment as those authorized for other prescriptive measures currently available in the Lighting Retrofit and Lighting Efficiency Incentives programs.

2. This Resolution approves the utility's request.

3. This Resolution clarifies that addition of the new program does not alter the DSM earnings cap of \$9 million established in Decision (D.) 91-12-074.

BACKGROUND

1. The DSM Collaborative Decision, D.90-08-068, authorized SDG&E to spend \$1,028,873 on its 1991 Nonresidential New Construction programs and \$7,793,560 on its Nonresidential Energy Efficiency Incentives programs. While the decision authorized SDG&E to spend \$359,191 on the "Lighting Efficiency

Incentives" program, it authorized SDG&E to spend all of the Nonresidential Energy Efficiency Incentives funds on the Lighting Retrofit program. Actual spending on these programs in 1991 was \$803,399 and \$8,253,981, respectively.

2. D.91-12-074 authorizes 1992 SDG&E expenditures of \$379,031 on its Lighting Efficiency Incentives program and \$9,287,159 on its Lighting Retrofit program.

3. SDG&E's Nonresidential New Construction and Energy Efficiency Incentives programs are eligible for shareholder incentives. D.90-08-068 establishes that shareholders may earn 13.5% of the net present value of the total resource costs of each program.

4. The measures SDG&E proposes to make available on a prescriptive basis in the Lighting Efficiency Incentives and Lighting Retrofit programs are currently available through the same programs on a custom basis.

5. When offering EEMs on a custom basis the utility must conduct site-specific energy use studies to estimate expected load impacts of EEMs. Often the utility is compelled to hire consultants to conduct these custom studies. The utility may avoid these studies by using standardized load impact estimates when offering measures offered on a prescriptive basis.

6. Resolution E-3283 authorized SDG&E to add several prescriptively offered measures to its Nonresidential New Construction program.

7. D.91-12-074 also established a \$9 million shareholder incentive ceiling and adopted savings verification procedures for SDG&E's 1992 DSM programs as identified in the Modified Attrition Filing interim decision, D.91-10-046.

NOTICE

This advice letter was noticed in accordance with Section III of General Order 96-A by publication in the Commission Calendar and service to the SDG&E advisory group and parties on SDG&E's advice filing mailing list.

PROTESTS

The Commission Advisory and Compliance Division has not received protests to this advice letter.

DISCUSSION

1. The proposed program modifications would make certain EEMs available to participants on a standard, prescriptive basis. Although these measures are currently available on a custom basis through the Lighting Retrofit and Lighting Efficiency Incentives programs, the utility believes offering them on a standard basis will enable them to capture more cost-effective EEMs.

2. Promoting EEMs on a custom basis is costly and time-consuming because it involves complex energy-use simulations. By offering measures on a standard basis, the utility would be enabled to offer customer incentives and document energy savings estimates without these custom studies. This would reduce program costs and minimize customer inconvenience.

3. The utility proposes to offer the measures on a prescriptive basis because the energy savings associated with these measures is relatively independent of the environment in which they are installed, which reduces the value in conducting site-specific studies.

4. Currently, both of the affected programs offer selected measures on a prescriptive basis.

5. Shareholders are authorized to earn 13.5% of the net present value of the total resource costs for both of the affected programs.

6. Authorization of the proposed program will not impact the \$9 million shareholder incentives ceiling established in D.91-12-074.

7. The changes proposed in this Advice Letter do not directly or indirectly impact current levels or distributions of funding across SDG&E's DSM programs.

8. Members of the SDG&E DSM advisory committee expressed support for the utilities proposal to offer the measures on a prescriptive basis as proposed in this advice letter.

9. Resolution E-3283 approved a similar proposal for the SDG&E's Nonresidential New Construction program. The Commission has authorized similar programs for other utilities.

FINDINGS

1. SDG&E filed Advice Letter No. 857-E to request permission to provide certain measures on a standard basis in its Lighting Retrofit and Lighting Efficiency Incentives programs.

2. The proposed program will enable SDG&E to capture more cost-effective opportunities for energy-efficiency.

3. The addition of these measures would not affect the funding, shareholder incentive mechanism or cap on shareholder incentives as established in D.91-12-074.

4. The prescriptive measures should be subject to the same savings verification procedures as established for other prescriptive measures in these programs.

5. Approval of the changes proposed in this advice letter will not result in any rate or charge beyond that currently authorized.

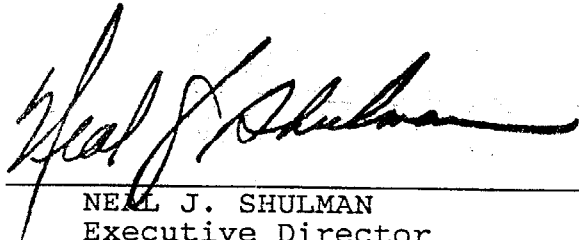
November 23, 1992

THEREFORE, IT IS ORDERED that:

1. The proposal of San Diego Gas and Electric Company to offer certain measures on a prescriptive basis in its Nonresidential Lighting Retrofit and Energy Efficiency Incentives programs is approved.
2. There is no change to the earnings cap established in Decision 91-12-074.
3. Advice Letter 857-E shall be marked to show that it was approved by Commission Resolution E-3296.

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:



NEIL J. SHULMAN
Executive Director

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