

PACIFIC GAS AND ELECTRIC COMPANY
Energy Efficiency 2018-2025 Rolling Portfolio Business Plan
Application 17-01-015
Data Response

PG&E Data Request No.:	TURN_001-Q15		
PG&E File Name:	EnergyEfficiency2018-2025-RollingPortfolioBusinessPlan_DR_TURN_001-Q15		
Request Date:	February 17, 2017	Requester DR No.:	001
Date Sent:	March 6, 2017	Requesting Party:	The Utility Reform Network
PG&E Witness:	Chris Kato	Requester:	Hayley Goodson

SUBJECT: PG&E 2018-2025 EE ROLLING PORTFOLIO BUSINESS PLAN & BUDGET. TURN DATA REQUEST TURN-PG&E-01.

PORTFOLIO MEASURE COMPOSITION AND INTERVENTION STRATEGIES

QUESTION 15

Following up on the IOUs' joint response to Question 11 of TURN's Nov. 9, 2016 Data Request in R.13-11-005 (addressing the draft business plans of all four IOU PAs), as it pertains to PG&E:

- a. Please update your response, if appropriate in light of your Business Plan, to indicate whether you intend to require or encourage, as a general matter, either higher incentives for greater degree of energy efficiency above code requirements or variation in incentive levels by geography through your implementation plans and solicitations. If you do not expect to require or encourage implementers to offer higher, please include in your response an explanation of why you believe this is reasonable given the possibility of stranding achievable, above-code, savings over the life of the new measure.
- b. Please specify all instances in your 2016 and 2017 portfolios in which incentives for replace-on-burnout interventions are either higher for greater degree of energy efficiency above code requirements or vary by geography.
- c. Please specify all instances in your 2016 and 2017 portfolios in which incentives for early retirement interventions are either higher for greater degree of energy efficiency above code requirements or vary by geography.

ANSWER 15

a. Yes, PG&E anticipates encouraging innovative and/or variations of incentive structures that take into consideration above code requirements, geography, and opportunities to reduce stranded potential. In PG&E's Portfolio Overview chapter, we highlight several key areas of focus in regard to this question. For example, with the move to normalized meter-based savings and default existing condition baseline policies, PG&E plans to modify incentive structures to ensure energy efficiency programs capture savings that would not otherwise occur without significantly increasing portfolio budgets.

Pay-for-performance incentives and tiered incentive structures to motivate above-code savings prevent “lost opportunities” and ensure high quality “equipment/hardware, installation, operations, and maintenance practices” are tactics that PG&E will explore with program implementers (Portfolio Overview chapter p.33). Additionally, PG&E plans to use AMI data to better understand site-specific customer energy usage, and tailor offerings that benefit customers most in need of specific energy efficiency offerings, while at the same time achieving higher energy savings and more valuable peak load reduction.

While PG&E will provide energy efficiency offerings for its entire customer base, PG&E plans to target customers who are expected to yield the greatest energy savings, energy bill reductions, and grid-value location specific resources (Portfolio Overview chapter p.34). This idea is explored in some detail in PG&E’s Residential chapter (pp. 29-32), and Commercial chapter (pp.37-38). Finally, PG&E plans to continue its targeted demand-side management (TDSM) activities to alleviate distribution grid capacity constraints that would otherwise require a traditional wires investment to resolve. By providing higher incentives in these areas, PG&E has been able to motivate the market and drive increased participation in energy efficiency programs. PG&E provides more detail on TDSM in its Residential chapter (pp.50-51), Commercial chapter (p.57), Public chapter (p.40), Industrial chapter (p.41), and Agricultural chapter (p.37).

PG&E also uses data analytics to reach out to customers in rural areas and those that are considered hard-to-reach, as detailed in the Public sector chapter. However, specific incentive mechanisms for savings relative to code requirements or geography is measure-level information that will ultimately be provided in implementation plans, to be developed following the approval of business plans, and under the new statewide program administration and third party program models set forth in D.16-08-019. Therefore, measure-level projections will not be available until implementation plans have been developed.

b. PG&E’s 2016 and 2017 resource savings EE portfolios can be generally categorized as either Deemed or Custom. The incentive structure for replace-on-burnout measures are standardized across customized offerings and vary for deemed offerings. See table below for delivery level responses:

Delivery	Greater Degree of Efficiency	Geography
Custom	Every replace-on-burnout measure offered through a custom program (including core, 3P in res and non-res) provide incentives based on first year demand and annual energy savings above code (or standard practice) baseline at a set rate per unit saved. As such, every measure offered through custom provides higher incentives for greater efficiency, assuming the greater degree of efficiency yields more savings.	Incentives for replace-on-burnout interventions vary by geography with PG&E’s Targeted Demand Side Management incentives. The goal of the initiative is to develop a framework wherein customer-side programs can be integrated into a least cost planning framework to support distribution or transmission system reliability. Targeted substations are: Bell Haven (Palo Alto), Linden (East Stockton), Rincon (Santa Rosa), and Sycamore / Notre

		<p>Dame (Chico).</p> <p>Non-res customers receive an additional \$100/kW incentive for performing EE projects. These projects may include replace on burnout measures.</p> <p>Residential customers receive an additional \$400 for installation of ≥ 14 SEER/12 EER, and an additional \$200 for installation of variable speed pool pumps in targeted areas.</p>
Deemed	<p>Much of PG&E's deemed portfolio provides set rebate amounts for given measures, for technologies that meet minimum efficiency requirements. These minimum efficiency requirements are typically above-code. As a result, rebates for many measures are not provided for technologies that are marginally better than code.</p> <p>The Deemed portfolio does offer higher rebates for a greater degree of efficiency for recessed LED lighting, Commercial HVAC, and the retail products platform.</p> <ul style="list-style-type: none"> • LED troffers and retrofit kits (for 2'x4', 2'x2', 1'x4' fixtures) measures offer greater incentive rates for higher efficiencies, see Atch1_TURN_01_Recessed_LED. • Commercial HVAC_Q15 midstream/upstream typically offer a Tiered incentive relative to system efficiency, see Atch2_TURN_01_Comm_HVAC_Q15. • Retail Products Platform, a market transformation program provides tiered incentives for a number of consumer products, see Atch3_TURN_01_RPP_Q15. 	<p>Incentives for replace-on-burnout interventions vary by geography with PG&E's Targeted Demand Side Management incentives. Residential customers receive an additional \$400 for installation of ≥ 14 SEER/12 EER, and an additional \$200 for installation of variable speed pool pump in targeted areas.</p>

c. PG&E's 2016 and 2017 resource savings EE portfolios can be generally categorized as either Deemed or Custom. The incentive structure for Early Retirement measures are standardized across customized offerings and vary for deemed offerings. See table below for delivery level responses:

Delivery	Greater Degree of Efficiency	Geography
Custom	<p>Every Early Retirement measure offered through a custom program (including core, 3P in res and non-res) provide incentives based on first year demand and annual energy savings relative to an existing conditions baseline at a set rate per unit saved. As a general rule in 2016 and to-date in 2017, all Early Retirement measures must exceed code. As such, every Early Retirement measure offered through custom provides higher incentives for greater efficiency (relative directly to existing conditions and includes above code savings), assuming the greater degree of efficiency yields more savings.</p>	<p>Incentives for early retirement interventions vary by geography with PG&E's Targeted Demand Side Management incentives. Non-res customers receive an additional \$100/kW incentive for performing EE projects in the targeted areas. These projects may include early retirement measures.</p>
Deemed	<p>Energy Upgrade California (PGE21004), is the only deemed offering in 2016 and currently planned for 2017 that offers Early Retirement measures. Within that program there are two measures for which greater incentives are provided for a higher degree of efficiency:</p> <ol style="list-style-type: none"> 1. Efficient Gas Furnace: <ol style="list-style-type: none"> a. \$350 for 92% AFUE b. \$400 for 95% AFUE 2. Efficient Gas Water Heater <ol style="list-style-type: none"> a. \$200 for EF = 0.67 b. \$300 for EF = 0.70 	N/A

Enclosed Attachment (s):

-  Atch1_TURN_01_Recessed_LED_Q15.pdf
-  Atch2_TURN_01_Comm_HVAC_Q15.xlsx
-  Atch3_TURN_01_RPP_Q15.pdf