

# 2021 Draft Annual Budget Advice Letter



San Diego Gas & Electric Company (SDG&E)



# 2021 Planning

## Guiding Principles

- Plan portfolio to meet savings and cost-effectiveness goals set by the Commission
- Continue to make progress towards minimum 60 percent third-party implementation requirement
- Prepare to weather the impact of COVID-19 pandemic continuing into 2021, by working with customers, contractors, the CPUC and other stakeholders to re-stimulate the economy
- Ensure portfolio planning accounts for our contractual obligations

# 2020 Implementation Challenges

- For 2020, SDG&E is forecasting approximately 35% unspent budget vis-à-vis our ABAL due to:
  - Lower than planned participation in our customer-dependent downstream programs due to COVID-19 slowdown
  - Unspent budget planned for solicitations that have been significantly delayed
- Examples of interventions that are currently being employed or under consideration include:
  - Increase incentives
  - Implement contractor bonuses
  - Revise OBF terms and conditions to assist customers
  - Improve virtual inspections
  - Fund shift to meet customer need and/or support better performing measures and programs

# 2021 Planning

## Addressing Challenges

In 2021, the biggest challenge is the potential prolonged impacts of COVID-19 on the economy

- SDG&E-implemented programs contribute greater than 47% of kWh and 40% of Therms forecasted
  - 31% of kWh and 18% of Therms savings are from the residential Behavioral program
  - Balance is from programs serving our public, industrial and agricultural customers, savings are forecasted conservatively, with majority of custom projects already in our program pipeline.
- Third Party-implemented local and statewide programs contribute greater than 50% of savings
  - 45% of kWh and 49% of Therms savings are from local 3P programs
  - 8% of kWh and 11% of Therms savings are from statewide 3P programs
  - We are prepared to collaborate with and support our 3Ps through creative and novel tactics and interventions to help customers reduce their energy use and bills during COVID-19.

# 2021 Planning

## Portfolio Planning Process

### Bottom-Up Planning

#### Program Staff input:

- SDG&E Implemented Program Budgets, Measures and Incentive levels
- New 3P Local and Statewide contracted and forecasted elements – budget, representative measures, incentives and savings
- July 2020 approved Workpapers

### Address Expiring Contracts & Non-Cost Effective Programs:

- Expiring Contracts are not being renewed if solicitations are scheduled or in progress. Review Customer Participation Needs
- Non-Cost Effective Programs - Review Customer Participation Needs, Eliminate if Customer needs can be met, Impacted 3P contractors notified

### Improve Cost-Effectiveness of Remaining SDG&E-Implemented Programs:

- Reduce and/or Eliminate Non-Cost Effective Measures
- Adjust quantities to align with current pipeline and projected market potential

### Review output and Optimize Portfolio:

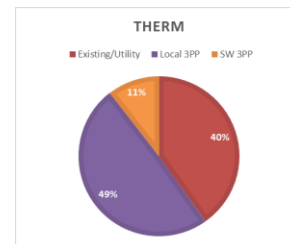
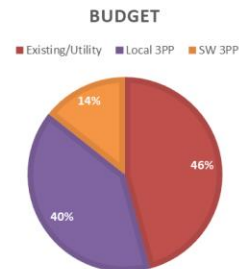
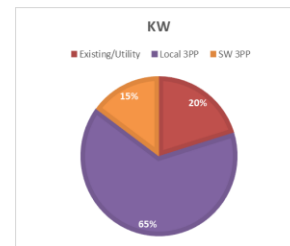
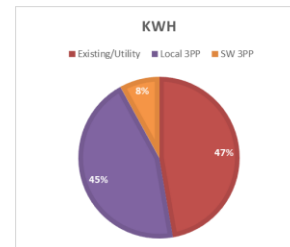
- Ascertain if savings and cost-effectiveness goals met
- Optimize measures, quantities and costs to meet portfolio TRC 1.25 and savings goals

# SDG&E 2021 Forecast

## Budget, Cost-Effectiveness and Net Energy Savings

**DRAFT**

Sector	Program Year (PY) 2021 Budget	SDG&E PY2021 FORECAST ENERGY SAVINGS (Net)		
		kWh	kW	Therms
Residential	\$18,879,760	55,022,864	3,197	2,185,339
Commercial	\$44,445,326	62,754,724	9,507	2,204,469
Industrial	\$2,598,417	5,557,755	1,047	529,623
Agriculture	\$1,088,884	1,756,235	225	28,667
Emerging Tech	\$1,664,261			
Public	\$2,954,143	5,103,885	607	580,180
WE&T	\$4,733,875			
Finance	\$390,563			
OBF Loan Pool	\$0			
<b>IOU Subtotal (does not include ESA savings)</b>	<b>\$76,755,229</b>	<b>130,195,462</b>	<b>14,582</b>	<b>5,528,277</b>
<b>CPUC Savings Goal ( w/o C&amp;S)</b>		<b>90,000,000</b>	<b>17,000</b>	<b>2,200,000</b>
<b>Forecast savings as % of CPUC Savings Goal (w/o C&amp;S)</b>		<b>145%</b>	<b>86%</b>	<b>251%</b>
Codes and Standards	\$3,000,216	336,579,388	73,068	2,244,932
<b>IOU EM&amp;V</b>	<b>\$3,323,144</b>			
<b>IOU PY Spending Budget Request<sup>1</sup></b>	<b>\$83,078,589</b>			
<b>(LESS) IOU Uncommitted and Unspent Carryover Balance<sup>2</sup></b>	<b>\$25,000,000</b>			
<b>IOU PY Budget Recovery Request<sup>3</sup></b>	<b>\$58,078,589</b>			
<b>IOU Authorized PY Budget Cap (D.18-05-041)</b>	<b>\$116,456,000</b>			
<b>CCA PY Budget Recovery Request (excl. CCA Uncommitted/Unspent Carryover)<sup>4</sup></b>	<b>\$0</b>			
<b>REN PY Budget Recovery Request (excl. REN Uncommitted/Unspent Carryover)<sup>4</sup></b>	<b>\$0</b>			
<b>Total PA (IOU+CCAs+RENs ) PY Recovery Budget<sup>5</sup></b>	<b>\$58,078,589</b>			
<b>IOU Forecast PY TRC (No Codes &amp; Standards)</b>	<b>1.26</b>			
<b>IOU Forecast PY PAC (No Codes &amp; Standards)</b>	<b>1.47</b>			



# 2021 Cost-Effectiveness

## SDG&E Portfolio Overview

- Does not include market effects
- Uses the 2021 avoided costs and the updated CET
- Uses workpapers that are approved by staff as of July 17, 2020
- Includes funding for eTRM per DEER 2022 Draft Resolution (E-5082)
- For third-party program forecasts, “Representative Measures” used per CPUC Guidance:
  - For newly contracted programs, based on information within the contract
  - For programs in active solicitation, based on values within the RFA/RFP materials
  - For SW programs not run by SDG&E, based on values provided by Statewide Lead PAs

Cost-Effectiveness Calculation	TRC	PAC
Without C&S	1.26	1.47
With C&S	2.16	6.42

# Proposed Changes

## Portfolio and Programs

- SDG&E's portfolio request is approximately \$83 million to meet the increased goal in 2021.
- SDG&E's proposed portfolio responds to the year over year increase in savings goals while meeting the target TRC at or greater than 1.25 by:
  - Reducing or eliminating non-cost-effective measures
  - Closing programs at the end of 2020 and during program year 2021, due to expiring contracts and for which new 3P programs are anticipated to launch in 2021

SDGE3203 SW - CALS- Plug Load and Appliances - HEER	SDGE3250 SW C&S - Appliance Standards Advocacy
SDGE3207 SW- CALS - MFEER	SDGE3279 3P-Res-Comprehensive Manufactured-Mobile Home
SDGE3209 SW - CALS - EUC WHRP - Advanced	SDGE3282 SW-IDSMS-IDSMS
SDGE3249 SW C&S - Building Codes & Compliance Advocacy	SDGE4061 Facility Assessment Services
Local Government and certain Institutional Partnerships	



# Third-Party Solicitations

## SDG&E 2021 Transition Plan

- The following SDG&E local sectors will have third party program implementers in 2021
  - Small Commercial
  - Large Commercial
  - Multi-Family
  - Single Family
  - K-12
  - Federal
- Execution of contracts expected to occur in 2020 and 2021, with Advice Letter approval anticipated within 60-90 days of contract execution
- Development and filing of program Implementation Plans within 60 days of Advice Letter approval
- SDG&E will ramp down its corresponding programs as third party programs ramp up and begin implementation

# Third-Party Solicitations

## SDG&E Schedule

Year		2020												2021												2022												
Quarter		Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			
Month		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Local/Commercial	Small (<20kW)	Interview/Contract Negotiation																																				
Local/Commercial	Large (>20kW)	Interview/Contract Negotiation																																				
Local/Residential	Multi-Family	Interview/Contract Negotiation																																				
SW/Res/Com	Commercial/Residential HVAC	RFP	Interview/Contract Negotiation																																			
SW/Residential	PLA	RFP Prep	RFP				Interview/Contract Negotiation																															
Local/Residential	Single Family	RFP Prep	RFP				Interview/Contract Negotiation																															
Local/Public	Federal	RFA	RFP Prep	RFP				Interview/Contract Negotiation																														
Local/Public	K-12	RFA	RFP Prep	RFP				Interview/Contract Negotiation																														
Local/Public	Local Governments								RFA Prep					RFA	RFP Prep		RFP	Interview/Contract Negotiation																				
Local/Agriculture	Agriculture Growers														RFA Prep		RFA	RFP Prep		RFP	Interview/Contract Negotiation																	
Local/Residential	Behavioral															RFA Prep		RFA	RFP Prep		RFP	Interview/Contract Negotiation																
Local/Industrial	Industrial / Port Tenants														RFA Prep		RFA	RFP Prep		RFP	Interview/Contract Negotiation																	
SW/Res/Com	SW Downstream Residential HVAC Pilot																		RFA Prep		RFA	RFP Prep		RFP	Interview/Contract Negotiation													

# Statewide Programs

## SDG&E Lead

Statewide Program*	2021 Program Budget (Total for all contributing IOUs)	Actual Launch Date (MM/YYYY)	Percent Electric	2021 Program Budget by IOU**			
				PG&E	SDG&E	SCE	SCG
Res HVAC QI/QM	\$ -	Apr-2023	80%	\$ -	\$ -	\$ -	\$ -
Plug Load and Appliance	\$ 21,750,000	Apr-2021	80%	\$ 9,918,000	\$ 3,036,300	\$ 6,977,400	\$ 1,818,300
Upstream HVAC (Comm + Res)	\$ 10,341,930	Jan-2021	80%	\$ 4,715,920	\$ 1,443,733	\$ 3,317,691	\$ 864,585
				46%	14%	32%	8%

- Actual Launch date assumes a 60-90 day approval for the Advice Letter and another 60 days to develop and upload the Implementation Plan with an additional 30 days of Program Ramp Up
- Program spending does not begin until AL is approved

THANK YOU