

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
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August 29, 2017

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**SUBJECT: Updates to the 2015 Efficiency Savings and Performance Incentive Mechanism (ESPI) Earnings Rates and Award Caps**

On July 30, 2015, Energy Division approved PG&E's Advice Letter 3566-G/4591-E, SDG&E's Advice Letter 2709-E/2363-G, SCE's Advice Letter 3181-E, and SCG's Advice Letter 4764 with minor modifications to reflect the utilities' 2015 Energy Efficiency Compliance Filing Budgets and the classification of finance subprograms as resource. The initial non-standard disposition letter, attached to this document, incorporated information from Decision (D.) 13-09-023 that was published with a typographical error.

On July 28, 2017, the Commission issued D.17-07-014 and corrected the erroneous data from D.13-09-023.<sup>1</sup>

<sup>1</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M192/K657/192657799.PDF>

Pursuant to the decision correction, Energy Division is correcting the 2015 ESPI earnings coefficients and award caps. The correction concerns the gas coefficient only. The rest of the values in the original disposition remain unchanged.

The four Investor Owned Utilities shall use the updated gas coefficient value for the purposes of the savings award calculation on their ESPI September 1, 2017, Advice Letter.

The 2015 ESPI mechanism earnings coefficients and award caps are summarized in tables 1 and 2 below.

	EE Portfolio Earnings Cap	Portfolio Net Life Cycle Goals	2016 Portfolio Earnings Rate
Electricity (\$/GWH/yr)	\$ 35,011,467	14,995	\$ 2,335
Peak Demand (\$/MW)	\$ 17,377,970	2,438	\$ 7,127
Gas (\$/MMTH/yr)	\$ 10,272,080	455	\$ 22,586

Table 1: 2015 Statewide Earnings Rates

	2016 ESPI award Cap by Component			
	Resource Savings	EAR Performance	Codes & Standards	Non-Resource
	9% Resource Budget	3% Resource Budget	12% C&S Budget	3% Non-Resource Budget
PG&E	\$ 28,473,786	\$ 9,491,262	\$ 1,752,163	\$ 670,476
SCE	\$ 21,974,541	\$ 7,324,847	\$ 581,031	\$ 788,930
SDG&E	\$ 7,308,445	\$ 2,436,148	\$ 114,457	\$ 668,155
SCG	\$ 4,904,746	\$ 1,634,915	\$ 91,293	\$ 392,899

Table 2: 2015 ESPI Incentive Earnings Caps per Utility and Component

Sincerely,



Edward Randolph  
Director, Energy Division

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
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July 30, 2015

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Subject: Updates to the 2015 Efficiency Savings and Performance Incentive Mechanism Earnings Coefficient and Caps

To Ms. Allan, Ms. Caulson, Mr. Worden, Mr. Hoover, and Mr. Newsom:

PG&E's Advice Letter 3566-G/4591-E, SDG&E's Advice Letter 2709-E/2363-G, SCE's Advice Letter 3181-E, and SCG's Advice Letter 4764 are approved with minor modifications to reflect the utilities' 2015 Energy Efficiency Compliance Filing Budgets and the classification of finance subprograms as resource.

On February 23, 2015, in compliance with Ordering Paragraph 20 of Decision (D.)14-10-046, the utilities filed a joint advice letter to recalibrate the 2015 Efficiency Savings and Performance Incentive (ESPI) mechanism earnings coefficients and caps. Since filing the advice letters, minor budget changes have occurred to some of the utilities' 2015 budgets in response to guidance from Commission staff.<sup>1</sup> Commission staff used the final compliance filing placemats to calculate the earnings rates and caps.<sup>2</sup> Additionally, in reviewing the resource versus non-resource program categorization, Commission staff re-categorized PG&E and SDG&E's finance programs to be resource rather than non-resource, consistent with the 2013-14 ESPI cap setting.<sup>3</sup> Commission staff did not re-categorize any other resource or non-resource subprograms and used the categorizations included as Appendix A of the joint advice letter.

<sup>1</sup> The utilities' 2015 compliance filings were filed under PG&E's Advice Letter 3541-G/4550-E (including supplemental advice letters 3541-G-A/4550-E-A and 3541-G-B/4550-E-B), SCE's Advice Letter 3149-E (including supplemental advice letter 3149-E-A), SDGE's Advice Letter 2682-E/2344-G (including substitute sheets filed on January 27, 2015), and SCG's Advice Letter 4725.

<sup>2</sup> PG&E's final placemat was filed on June 15, 2015, SCE's final placemat was filed on February 10, 2015, SDG&E's final placemat was filed on January 27, 2015, and SCG's final placemat was filed on December 15, 2014.

<sup>3</sup> D.13-09-023 at page 32.

Ms. Allan, Ms. Caulson, Mr. Worden, Mr. Hoover, and Mr. Newsom  
 July 30, 2015  
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The 2015 ESPI mechanism earnings rates and award caps are summarized below.

**Table 1: 2015 Statewide Earnings Rates**

	Allocated Budget*	÷ Lifecycle Goals	= Statewide Earnings Rates
Electricity Savings (Gwh/year)	\$ 35,011,467	14,995.2	\$ 2,335
Peak Savings (MW)	\$ 17,377,970	2,438.4	\$ 7,127
Gas Savings (MMth/year)	\$ 13,850,304	454.8	\$ 30,454

\*Note: Budgets are allocated according to energy unit and then summed. PG&E and SDG&E budgets are allocated 56.7%, 28.3%, and 25% for electric, demand, and gas, respectively. SCE budget is allocated 67% electric, 33% gas. SCG budget is allocated 100% to gas.

**Table 2: 2015 ESPI Incentive Earnings Caps by Utility and Component**

	Savings (9% of resource program budget)	Ex Ante Review (3% of resource program budget)	Codes and Standards (12% of C&S program budget)	Non-resource Programs (3% of non-resource program budget)	Total
PG&E	\$ 28,473,786	\$ 9,491,262	\$ 1,752,163	\$ 670,476	\$40,387,687
SCE	\$ 21,974,541	\$ 7,324,847	\$ 581,031	\$ 788,930	\$30,669,349
SDG&E	\$ 7,308,445	\$ 2,436,148	\$ 114,457	\$ 668,155	\$10,527,205
SCG	\$ 4,904,746	\$ 1,634,915	\$ 91,293	\$ 392,899	\$7,023,853
Total	\$ 62,661,517	\$ 20,887,172	\$ 2,538,944	\$ 2,520,460	\$88,608,094

No protests were filed in response to the joint advice letter.

Sincerely,



Edward Randolph  
 Director, Energy Division