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San Diego, CA 92123

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February 7, 2022

ADVICE LETTER 3951-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: San Diego Gas & Electric Company's Energy Efficiency (EE) Request for Authorization for San Diego Gas & Electric Market Access Program (MAP) Funding Pursuant To Decision 21-12-011

PURPOSE

Pursuant to Decision (D.) 21-12-011 and Governor Newsom's Emergency Proclamation of July 2021, to expedite clean energy projects and relieve demand on the electrical grid during extreme weather events, San Diego Gas & Electric Company (SDG&E) hereby submits this Tier 2 advice letter to notify the California Public Utilities Commission ("Commission" or "CPUC") of SDG&E's request for authorization to implement SDG&E's Market Access Program (MAP) designed to achieve net peak savings that are incremental to the energy efficiency goals adopted in D.21-09-037.

BACKGROUND

In response to the Governor's Emergency Proclamation, an Administrative Law Judge (ALJ) e-mail Ruling was issued in R.13-05-011 on August 6, 2021, which noted that the Commission is undertaking actions in many proceedings to identify opportunities to expedite or accelerate clean energy project development as soon as possible, particularly for the summers of 2022 and 2023.

Parties to R.13-05-011 were asked to submit proposals for specific Commission actions that could result in projects installed and delivering benefits by June 1, 2022 and/or June 1, 2023. The Commission considered the various proposals and, on December 2, 2021, issued Decision 21-12-011, which ordered, among other things, that a separate incremental budget for Market Access programs be established to allow SDG&E and the other IOUs and MCE to create programs to address the summer reliability need described by the Emergency Proclamation.

Ordering Paragraph 1 of D. 21-12-011 requires that SDG&E submit this Tier 2 advice letter to access the Market Access program funds. Each of the required information elements is provided below.

DISCUSSION

(a) Requested budget

OP 1 states that an "incremental budget of $150 million in the territories of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) shall be allocated, according to the proportions included in Decision 19-12-021, Table 1, and subtracting Southern California Gas Company's portion".

SDG&E calculates its proportional share of the $150 million to be $22.8 million using the following methodology:

D.19-12-021 Table 1. IOU Funding Shares for Market Transformation

IOU	Electric Funding Split*	Gas Funding Split*	Market Transformation Funding Split**
PG&E	44.5%	50.4%	45.5%
SDG&E	15.5%	7.8%	14.0%
SCE	40.0%	0.0%	32.5%
SoCalGas	0.0%	41.8%	8.0%

D.19-12-021 Table 1. Subtracting SoCalGas

IOU	Electric Funding Split*	Gas Funding	Market Transformation	Summer Reliability Funding Split
PG&E	44.5%	50.4%	45.5%	49.5%
SDG&E	15.5%	7.8%	14.0%	15.2%
SCE	40.0%	0.0%	32.5%	35.3%
Total			92.0%	100.0%

Allocated Summer Reliability Funding is $150 million x 15.2% = $22.8 million

SDG&E plans to work with its contractor network to address the 2022 and 2023 summer peak and net peak load periods to the greatest extent possible and thus requests the entire allocation of $22.8 million for its Market Access program.

(b) Anticipated net peak demand savings and Total System Benefits, for both 2022 and 2023

Table 1 below provides the expected peak and net peak demand savings and the Total System Benefit (TSB) anticipated for 2022 and 2023 for SDG&E's Market Access program. Two key aspects of the program design as described in section 4.1.1 of D.21-12-011 are that the Market Access program should set standard contractor incentives to apply to all participating contractors, and that eligible, participating contractors may select any measures (as long as they are incremental to the EE portfolio). Due to the open-ended nature of the potential measures, the values in Table 1 are only estimates. SDG&E will report on actual savings and TSB as the program is implemented and monitor the value created by the program.

Table 1 – SDG&E Peak & Net Peak Demand Savings and TSB

Year	Peak Demand Savings (kW)	Net Peak Demand Savings (kW)	TSB
2022	1,600	1,100	$5,800,000
2023	5,000	3,200	$17,500,000

(c) Description of compensation structure to encourage net peak demand reductions and any bonuses or penalties that will be applied

SDG&E plans to base Implementer incentives upon the TSB created by each project. SDG&E intends to then convert the total TSB incentive amount into an average hourly incentive and adjust this average incentive by increasing it for summer peak and summer net peak hours and reducing it for all other hours. The intent of this adjustment is to encourage implementers to focus on achieving savings in the summer peak and net peak hours without increasing the overall project TSB.

SDG&E will apply the following principles to MAP performance payments:

- The incentive associated with summer peak hours will be substantially higher than the non-summer peak hours.
- The incentive associated with summer net peak hours will be higher than the incentive for peak hours. (e.g., net peak incentive could be twice the peak incentive)
- The TSB incentive rate will be standardized across all methods of delivering net metered savings; however
- If SDG&E deems it necessary to treat Residential projects differently than Non-Residential projects because of implementer response to the program, then differences in TSB incentives or payment schedule may be created. SDG&E believes this flexibility may be necessary to ensure all customers have the potential to contribute to summer reliability.
- Total performance payments for a project may not exceed the TSB generated by that project, discounted to account for program administration costs, nor can they exceed the full project cost.

SDG&E will monitor the effectiveness of the program and may adjust incentives to improve program demand savings during peak and net peak times.

(d) Description of how programs will apply a "kicker" or peak and net peak times, for June through September of 2022 and 2023

Once SDG&E determines the average annual TSB incentive, the incentives for non-summer peak hours will be reduced and the incentives for summer peak hours will be increased so that the total annual TSB incentive does not change. Thus, participating implementers will be offered a "kicker" for installing measures that save more energy during the summer peak and net peak hours. SDG&E plans to offer a higher incentive for demand reduction during net peak hours as compared to peak hours.

SDG&E expects that the value of the performance payment for summer peak periods will be approximately 2 – 6 times the non-summer peak hours, and summer net-peak incentive values will be approximately 2 times summer peak incentive values.

(e) Description of the reporting process, including at least monthly reporting specific to these programs

Once an implementer has reported installation of a measure(s) or initiated some other type of treatment, SDG&E will provide the customer/meter information to SDG&E's NMEC engineer who will begin the population-based savings determination process. SDG&E will monitor the number of program enrollments, the associated building types, measures installed, the creation of comparative populations, and measured savings. SDG&E will report this data to the Energy Division as directed. It is anticipated that SDG&E will report forecasts of expected summer peak and net peak savings.

SDG&E also intends to provide implementers with reporting that allows them to see the measured savings they are generating.

(f) Description of any plans to integrate long-lasting energy efficiency deployment with near-term opportunities like demand response, and including a description of how energy efficiency and other savings will be disaggregated and paid for

SDG&E does not plan to integrate the Market Access Program with any near-term demand response program. Customers who participate in DR events will have their savings participation accounted for and withdrawn from the final evaluation within the NMEC calculations. Thus, ensuring the true value of the savings seen within the Market Access Program.

(g) Description of how programs will be designed to achieve savings that are incremental to the main energy efficiency portfolio

To ensure that energy savings are incremental to those obtained by SDG&E existing EE portfolio, only measures and methodologies that are incremental to SDG&E’s existing EE portfolio will be allowed.

Should an installation at one customer site include both standard EE measures and Market Access measures, SDG&E’s NMEC Engineer will adjust the measured savings appropriately. The actual methodology used will be determined by the NMEC Engineer.

(h) Description of plan for launching program in time to deliver savings during summer 2022

As requested below, the effective date of this advice letter is anticipated to be March 9, 2022. Once the advice letter is effective, SDG&E will start to finalize the program design details and participation process. Program descriptions and procedures will be posted to SDG&E’s website and communicated to interested parties.

SDG&E plans to actively engage with potential and participating implementers to obtain a high participation level. Additionally, SDG&E will leverage its existing implementer network to enable Market Access measures to be installed during existing customer visits. Leveraging our existing implementers is anticipated to allow for a quick start to the program with other implementors joining the program as quickly as they are able. Thus, initial installations should be performed prior to the summer of 2022.

<u>EFFECTIVE DATE</u>

SDG&E believes this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B and Decision 21-12-011. SDG&E respectfully requests that this submittal be approved effective March 9, 2022, 30 days from the date filed.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be submitted electronically and must be received by February 28, 2022, which is 21 days from the date filed. There is no restriction on who may file a protest.

The protest should be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. A copy of the protest should also be sent via e-mail to the address shown below on the same date it is delivered to the Commission.

Attn: Greg Anderson
Regulatory Tariff Manager
E-mail: GAnderson@sdge.com
SDGETariffs@sdge.com

NOTICE

A copy of this submittal has been served on the utilities and interested parties shown on the attached list, and to service lists R.13-11-0005 by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by email to SDGETariffs@sdge.com.

/s/ Clay Faber

CLAY FABER
Director – Regulatory Affairs

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: San Diego Gas & Electric (U902-E)

Utility type:
- [x] ELC
- [ ] GAS
- [ ] WATER
- [ ] PLC
- [ ] HEAT

Contact Person: Norma Toothman
Phone #: 619-605-9877
E-mail: NLToothman@sdge.com
E-mail Disposition Notice to: SDGETariffs@sdge.com

EXPLANATION OF UTILITY TYPE
ELC = Electric | GAS = Gas | WATER = Water
PLC = Pipeline | HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 3951-E

Tier Designation: 2

Subject of AL: San Diego Gas & Electric Company's Energy Efficiency (EE) Request for Authorization for San Diego Gas & Electric Market Access Program (MAP) Funding Pursuant To Decision 21-12-011

Keywords (choose from CPUC listing): Compliance

AL Type: [ ] Monthly [ ] Quarterly [ ] Annual [ ] One-Time [x] Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.21-12-011

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? [ ] Yes [x] No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution required? [ ] Yes [x] No

Requested effective date: 3/9/22

No. of tariff sheets: N/A

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

[1]Discuss in AL if more space is needed.

Clear Form

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 Email: EDTariffUnit@cpuc.ca.gov	Name: Greg Anderson Title: Utility Name: San Diego Gas & Electric Address: 8330 Century Park Court, CP32C City: San Diego State: California Zip: 92123 Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email: GAnderson@sdge.com
	Name: SDG&E Tariff Department Title: Utility Name: San Diego Gas & Electric Company Address: 8330 Century Park Court; CP 31D City: San Diego State: California Zip: 92123 Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email: SDGETariffs@Sdge.com

Clear Form

General Order No. 96-B
ADVICE LETTER SUBMITTAL MAILING LIST

cc: (w/enclosures)

Public Utilities Commission
CA. Public Avocates (CalPA)
R. Pocta
F. Oh
Energy Division
M. Ghadessi
M. Salinas
L. Tan
R. Ciupagea
K. Navis
Tariff Unit

CA Energy Commission
B. Penning
B. Helft

Advantage Energy
C. Farrell

Alcantar & Kahl LLP
M. Cade
K. Harteloo

AT&T
Regulatory

Barkovich & Yap, Inc.
B. Barkovich

Biofuels Energy, LLC
K. Frisbie

Braun & Blaising, P.C.
S. Blaising
D. Griffiths

Buchalter
K. Cameron
M. Alcantar

CA Dept. of General Services
H. Nanjo

California Energy Markets
General

California Farm Bureau Federation
K. Mills

California Wind Energy
N. Rader

Cameron-Daniel, P.C.
General

City of Poway
Poway City Hall

City of San Diego
L. Azar
J. Cha
D. Heard
F. Ortlieb
H. Werner
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Clean Energy Renewable Fuels, LLC
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J. Pau

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D. Douglass
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Ellison Schneider Harris & Donlan LLP
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C. Kappel

Energy Policy Initiatives Center (USD)
S. Anders

Energy Regulatory Solutions Consultants
L. Medina

Energy Strategies, Inc.
K. Campbell

EQ Research
General

Goodin, MacBride, Squeri, & Day LLP
B. Cragg
J. Squeri

Green Charge
K. Lucas

Hanna and Morton LLP
N. Pedersen

JBS Energy
J. Nahigian

Keyes & Fox, LLP
B. Elder

Manatt, Phelps & Phillips LLP
D. Huard
R. Keen

McKenna, Long & Aldridge LLP
J. Leslie

Morrison & Foerster LLP
P. Hanschen

MRW & Associates LLC
General

NLine Energy
M. Swindle

NRG Energy
D. Fellman

Pacific Gas & Electric Co.
M. Lawson
M. Huffman
Tariff Unit

RTO Advisors
S. Mara

SCD Energy Solutions
P. Muller

SD Community Power
L. Fernandez
L. Utouh

Shute, Mihaly & Weinberger LLP
O. Armi

Solar Turbines
C. Frank

SPURR
M. Rochman

Southern California Edison Co.
K. Gansecki

TerraVerde Renewable Partners LLC
F. Lee

TURN
M. Hawiger

UCAN
D. Kelly

US Dept. of the Navy
K. Davoodi

US General Services Administration
D. Bogni

Valley Center Municipal Water Distr
G. Broomell

Western Manufactured Housing Communities Association
S. Dey

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Service List
R.13-11-005