Janice Berman
Senior Director
Energy Efficiency Strategy
Pacific Gas and Electric Company
245 Market Street, N6G
San Francisco, CA, 94105

February 10, 2016

VIA E-MAIL
DINA.MACKIN@CPUC.CA.GOV

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: PG&E Comments on the Jan. 26-27, 2016 Implementation of AB802 Workshop

Introduction

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide informal written comments on the recent Implementation of AB802 Workshop held to contribute to the California Public Utilities Commission (CPUC or Commission) Staff's AB802 white paper development. The Commission's thoughtful approach to implementing High Opportunity Projects and Programs (HOPPs) and holding public workshops on AB802 for all stakeholders is commendable and worthwhile.

Acknowledging Risk

PG&E acknowledges that there are risks associated with paying incentives and claiming savings "based on all estimated energy savings and energy usage reductions". In accordance with Commissioner Peterman's opening remarks, PG&E appreciates the need to recognize the risks without allowing them to impede us. A thoughtful approach to the transition to a broader application of existing conditions baseline is required in order to ensure that risks to both ratepayer investments and the validity of savings claims are commensurate with the new opportunity and potential reward reaped by the state.

Thoughtful Program Design and Evaluation Should Guide Our Path

Considering stakeholder comments in the workshop, PG&E's understanding of the issue is summarized in Table 1 on the following page. What will separate the success or failure of using existing baselines is how programs are designed, implemented, and evaluated.

Table 1 – Implications of Existing Conditions Baseline

Using existing conditions baselines	
without thoughtful program design* and evaluation	**with** thoughtful program design* and evaluation
Would result in all building activity in California being eligible for incentives	Enables targeting of inefficient buildings and technologies
Could require significant EE budget increases without commensurate savings	Allows for cost effective savings from Behavioral, Retrocommissioning and Operational interventions
Programs would suffer from increased freeridership	Provides a framework for cost effective EE Financing
The validity of the EE accounting system would be diminished by double or triple counting savings	Provides framework to provide better data about existing building efficiency to the California Energy Commission (CEC)
Increases complexity of evaluation and savings estimation methodologies	Allows for a simplified customer experience and simpler savings estimation methods
	Allows for customer centric conversations about energy use
	Acceleration of EE by removing the hurdle of getting "to-code" for some customers.

*Aspects of program design include but are not limited to: customer and measure eligibility, financial incentive mechanisms, technical assistance, deemed vs. calculated vs. metered savings approaches.

PG&E's primary focus has been on the new opportunities afforded to Program Administrators (PAs) by the baseline and savings eligibility provisions of AB802. PG&E noted at workshop that the Commission and many stakeholders are primarily focused on the risks associated with the new baseline provision, particularly with respect to existing programs which were not designed and evaluated under this framework.

While many existing programs may not warrant a baseline change or a metered evaluation approach (such as deemed upstream or Savings by Design), the new provisions provide significant opportunity for incremental savings and cost effective delivery for other existing programs once redesigned (such as Retrocommissioning or Commercial Whole Building). The biggest opportunity to influence incremental savings may be in using existing conditions baselines for new program offerings; for example: programs that directly leverage technical assistance or financing to influence project activity, or new program approaches that engage a broader set of market actors by offering simplified and transparent calculation methods.

PG&E Recommends a Phased Approach and Collaboration

AB802 requires the use of existing conditions baselines for authorized programs. PG&E suggests the Commission consider a phased approach by authorizing new or modified programs and measures to use this provision, while generally keeping previous programs and measures in place

as authorized and designed. This would allow implementation of new delivery mechanisms with significant incremental savings potential without disrupting existing programs.

PG&E plans to further develop baseline transition plans for existing programs and measures in the coming weeks. These transition plans may inform Commission Staff AB802 white paper development and will inform the PG&E's Business Plans. PG&E's initial thoughts are included in a draft framework for a baseline transition plan on Table 2 on the following page. PG&E welcomes Energy Division comments on the table and approach.

Closing

PG&E thanks the CPUC for the opportunity to review and provide comments on the CPUC Jan. 26-27, 2016 Implementation of AB802 Workshop. PG&E looks forward to continued collaboration on this effort in the future.

Sincerely,

/s/

Janice S. Berman

Table 2 - DRAFT framework for baseline transition plan for existing offerings*

Offering Category*	**Current typical baseline***	**Existing Baseline applicable?***	**Baseline Transition Comments and Timing***	**Proposal for baseline transition with or before business plans?***
Customized New Const. (Savings by Design)	Code	No	N/A	No
Customized new load measures	Code	No	N/A	No
Deemed new load measures (e.g. EV charging stations)	Code	No	N/A	No
Deemed upstream and upstream	Code	Generally No	May be opportunities, will evaluate later.	Likely No
Deemed downstream	Code	Yes, potentially: blended baseline, repair indefinitely	Consider paths suggested in WO33 for inclusion of a blended baseline when data supports it; Evaluate typically repaired and/or high impact measures for transition after AB802 Ruling.	Undecided; may include for some specific measures
Regional Direct Install Lighting	Code & existing	Yes	Include proposal with modified baseline with business plan.	Yes
Retrocommissioning programs	Code & existing	Yes	Possible HOPP or proposal with business plans, phase out current program and stand up a new one.	Yes
Customized retrofit projects	Code & existing	Yes	Include proposals with business plan.	Yes
Commercial Whole Building Demo	Code & existing	Yes	Possible HOPP proposal based on existing demonstration.	Yes

*Table populated with initial thoughts for a subset of current offerings for preliminary discussion purposes only.