

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 3, 2014

Advice Letter: 4654-G

Rasha Prince, Director
Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

SUBJECT: Request to Remove Incentive Cap to Drive Deeper Savings for the Energy Upgrade California™ Advanced Home Upgrade Program of SDG&E, SoCalGas, SoCal Edison, and PG&E

Dear Ms. Prince:

Advice Letter 4654-G is effective as of July 11, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Clay Faber - Director
Regulatory Affairs
8330 Century Park Court
San Diego, CA 92123-1548

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cfaber@semprautilities.com

June 11, 2014

Advice Letter 2611-E/2299-G

(San Diego Gas & Electric Company - U902-M)

Advice Letter 4654

(Southern California Gas Company – U904-G)

Advice Letter 3052-E

(Southern California Edison Company – U338-E)

Advice Letter 3483-G/4442-E

(Pacific Gas and Electric Company - U39-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: REQUEST TO REMOVE INCENTIVE CAP TO DRIVE DEEPER SAVINGS FOR THE ENERGY UPGRADE CALIFORNIA™ ADVANCED HOME UPGRADE PROGRAM OF SAN DIEGO GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY AND PACIFIC GAS AND ELECTRIC COMPANY

PURPOSE

Pursuant to Decision (D.) 05-09-043, San Diego Gas & Electric Company (SDG&E), on behalf of itself, Southern California Gas Company (SoCalGas), Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E) (together the Investor-Owned Utilities (IOUs)), hereby submits this Tier 2 Advice Letter (AL) to request removal of the incentive cap for the Advanced Home Upgrade Program (AHUP) part of the Statewide Residential Energy Efficiency (EE) Program's Energy Upgrade California™ Home Upgrade Subprogram (Home Upgrade).

In order to drive deeper energy savings for more homeowners and to meet the directives of the California Public Utilities Commission (Commission) to achieve average annual energy savings of 20 percent in home retrofit projects through AHUP, this advice letter requests Commission approval to remove the incentive cap for AHUP projects, which would result in incentive level changes greater than 50 percent.

BACKGROUND

In D.09-09-047, the Commission set a goal for the IOUs' Whole House (now Home Upgrade) programs at a minimum 20 percent average annual energy savings per home. In D.10-12-054 for Whole House Performance Programs (now Advanced Home Upgrade) and D.12-05-015, the Commission reiterated its intention of ensuring that the program continues to achieve an average of 20 percent energy savings per home.

In D.12-11-015, the Commission approved the IOUs' 2013-2014 EE program portfolios, including the residential Home Upgrade Subprogram, formerly called Energy Upgrade California (EUC). This Subprogram was implemented by the IOUs following approval of their respective compliance advice letters filed on January 14, 2013, and as supplemented.¹

On March 1, 2013, the Commission issued the Ex Ante Tool Review Findings Disposition for EUC Custom ('Advanced') Measure Saving (Disposition). The Disposition required that the modified adjustment factors in Table A of the Disposition be applied to the IOUs' ex ante estimates for the 2010-2012 and 2013-2014 portfolio cycles. The application of the adjustment factors would have resulted in lower incentives for customers participating in AHUP under the incentive structure of the approved 2013-2014 program and would be expected to reduce program uptake.

In June 2014, the IOUs submitted updates to their respective Program Implementation Plans (PIPs) through the Energy Division's PIP Addendum process² modifying the AHUP Incentive structure to include a per-kWh and per-therm kicker to the base incentives that are tied directly to the energy savings percentage achieved in a home, plus to raise the incentive cap from \$4,500 to \$6,500.

INCENTIVE LEVEL CHANGES

Approval of this request would remove the incentive cap and enable additional customer incentives to conduct comprehensive home energy retrofits that deliver deeper energy savings. Removing the incentive cap will help the program better reach customers in larger, more energy-intensive homes, while continuing to support customers with smaller homes.

To ensure that program funds will continue to be available for all participants, the IOUs will regularly monitor the volume of AHUP projects and average incentive pay-out amounts in each of their service territories. The IOUs will actively monitor 2014 incentive budget expenditures to ensure existing budgets are not exceeded. If program monitoring indicates that the 2014 budget may be exceeded, the IOUs may reinstate an incentive cap. Each IOU may reinstate a cap based on individual service territory, budget, and/or goal-achievement needs. If an IOU reinstates an incentive cap for the AHUP, participating contractors will be provided advanced notification and changes will be incorporated on the program website.

Upon approval of this AL, the IOUs will update their respective California Statewide Program for Residential Energy Efficiency (CALSPREE) PIPs through the PIP Addendum process.

¹ SDG&E AL 2448-E/2167-G, PG&E AL 3356-G-A&B/ 4176-E-A&B, SCE AL 2836-E/E-A/E-B/E-C/E-D; and; SoCalGas AL 4449-G.

² Energy Efficiency Policy Manual Version 5 (July 2013), pp.26-27.

EFFECTIVE DATE

The IOUs designate this filing as a Tier 2 Advice letter subject to Energy Division disposition (effective after disposition) pursuant to GO 96-B. The IOUs respectfully request that this filing be approved and become effective on July 11, 2014, which is 30 calendar days after the date of filing.

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 made in writing and must be received no later than July 1, 2014, which is 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also 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 both e-mail and facsimile to the addresses shown below on the same date it is mailed or delivered to the Commission:

For SDG&E:

Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C San Diego, CA 92123-1548
Facsimile No. (858) 654-1879
E-mail: MCaulson@semprautilities.com

For SoCalGas:

Sid Newsom
Tariff Manager – GT14D6
555 West 5th Street
Los Angeles, CA 90013-1011
Facsimile: (213) 244-4957
E-mail: snewsom@semprautilities.com

For SCE:

Megan Scott-Kakures
Vice President, Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Leslie E. Starck
Senior Vice President, Regulatory Policy & Affairs c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

For PG&E:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service lists R.09-11-014 and A.12-07-001, et al, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1879 or by email to SDG&ETariffs@semprautilities.com.

CLAY FABER
Director – Regulatory Affairs

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Christina Sondrini

Phone #: (858) 636-5736

E-mail: csondrini@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2611-E/2299-G, et. al.

Subject of AL: Request to Remove Incentive Cap to Drive Deeper Savings for the Energy Upgrade California™ Advanced Home Upgrade Program of SDG&E, SCG, SCE and PG&E

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.05-09-043

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 AL¹:

N/A

Does AL request confidential treatment? If so, provide explanation:

N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 7/11/14

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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 proposed¹: N/A

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

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

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

EDTariffUnit@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

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

cc: (w/enclosures)

Public Utilities Commission

DRA

S. Cauchois
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Cameron

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell

C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

Children's Hospital & Health Center

T. Jacoby

City of Poway

R. Willcox

City of San Diego

J. Cervantes

G. Lonergan

M. Valerio

Commerce Energy Group

V. Gan

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill

J. Pau

Dept. of General Services

H. Nanjo

M. Clark

Douglass & Liddell

D. Douglass

D. Liddell

G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell

M. Scanlan

Godin, MacBride, Squeri, Ritchie & Day

B. Cragg

J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luze, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard

R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

Pacific Gas & Electric Co.

J. Clark

M. Huffman

S. Lawrie

E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

San Diego Regional Energy Office

S. Freedman

J. Porter

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Southern California Edison Co.

M. Alexander

K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Hawiger

UCAN

D. Kelly

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties In:

R.09-11-014

A.12-07-001

A.12-07-002

A.12-07-003

A.12-07-004