

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**RESOLUTION G-3591**

**April 6, 2023**

**R E S O L U T I O N**

Resolution G-3591 consolidates and approves, with adjustments, two separate Energy Efficiency Savings and Performance Incentive awards to Southern California Gas Company for Program Years 2017-2018 and 2018-2019

**PROPOSED OUTCOME**

- Approves SoCalGas Company's final incentive award of \$3,494,989 for Program Year 2017-2018.
- Approves SoCalGas Company's final incentive award of \$3,746,301 for Program Year 2018-2019.

**SAFETY CONSIDERATIONS**

- There are no safety considerations associated with this resolution.

**ESTIMATED COST**

- This Resolution approves, with adjustments for Codes and Standards Program Management fees, Southern California Gas Company Advice Letters (AL) 5509-G, filed on September 5, 2019, and 5685-G, filed on September 1, 2020 for a total \$7,241,290 in combined incentive payments ("awards") for implementing ratepayer-funded energy efficiency programs.

By Advice Letter 5509-G, filed on September 5, 2019 and Advice Letter 5685-G, filed on September 2, 2020.

**SUMMARY**

This Resolution approves, with the adjustments directed in Decision (D).22-03-010 and D. 22 -04-034 for codes and standards advocacy category, Southern California Gas Company (SoCalGas) Efficiency Savings and Performance Incentive (ESPI) awards for program years (PY) 2017-2018 and 2018-2019.

D. 22-03-010 Ordering Paragraph (OP) 2 stated that any expenditures associated with Codes and Standards (C&S) advocacy for which SoCalGas has not yet received ESPI payment, are hereby ineligible for ESPI payment.<sup>1</sup> The award approved in this Resolution includes the C&S adjustments directed in that Order.

**2017-2018 Program Year Award**

The ESPI 2017-2018 PY is comprised of *ex post* (or, evaluated) awards for calendar year 2017 and *ex ante* (non-evaluated) awards for 2018. The final adjustment and award for SoCalGas PY 2017-2018 ESPI award is \$3,441,514, shown in Table 1.

*Table 1. 2017-2018 Final ESPI Adjusted Award to SoCalGas Co.*

<b>SoCalGas Advice Letter</b>	<b>2017-2018 Awards Requested</b>	<b>Codes and Standards Adjustment</b>	<b>2017-2018 Final Awards Approved</b>
5509-G	\$3,548,464	(\$53,475)	\$3,494,989

A list of all components of the ESPI awards in Table 2 shows the disallowance of the 2018 C&S Management ESPI award component claimed by SoCalGas in AL 5009-G. An explanation of ESPI savings components, including C&S, is found in the Discussion section of this Resolution.

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<sup>1</sup> D. 22-03-010 OP 2 <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M460/K615/460615446.PDF>

Table 2. 2017-2018 Final Adjusted SoCalGas ESPI Awards per Component

<b>Component</b>	<b>SoCalGas Claim</b>	<b>Award</b>
2017 Ex-Post Savings	\$1,010,543	\$1,010,543
2018 Ex-Ante Savings	\$1,057,188	\$1,057,188
2018 Ex-Ante Review Performance	\$1,151,043	\$1,151,043
2018 Codes & Standards Management	\$53,475	\$0
2018 Non-Resource Program Management	\$219,795	\$219,795
2017 Ex-Ante Savings True Up	\$52,483	\$52,483
2017 Non-Resource True Up	(\$1,728)	(\$1,728)
Other Adjustments	\$5,665	\$5,665
<b>Total 2017/2018 Award Payment</b>	<b>\$3,548,464</b>	<b>\$3,494,989</b>

2018-2019 Program Year Award

The ESPI 2018-2019 PY is comprised of evaluated, or *ex post* awards for calendar year 2018 and *ex ante* (non-evaluated) awards for 2019. The final adjustment and award for SoCalGas PY 2018-2019 ESPI award is \$3,746,301, shown in Table 3.

Table 3. 2018-2019 Final ESPI Adjusted Award to SoCalGas

<b>SoCalGas Advice Letter</b>	<b>2018-2019 Awards Requested</b>	<b>Codes and Standards Adjustments</b>	<b>2018-2019 Awards Approved</b>
5685-G	\$3,769,793	(\$23,492)	\$3,746,301

A list of all components of the PY 2018-2019 ESPI awards in Table 4 shows the disallowance of the Codes and Standards Management ESPI award component.

Table 4. 2018-2019 Final Adjusted SoCalGas ESPI Awards per Component

<b>Component</b>	<b>SoCalGas Claim</b>	<b>Award</b>
2018 Ex-Post Savings	\$980,096	\$980,096
2019 Ex-Ante Savings	\$715,340	\$715,340
2019 Ex-Ante Review Performance	\$1,888,205	\$1,888,205
2019 Codes & Standards	\$23,492	\$0
2019 Non-Resource Program Management	\$223,561	\$223,561
2018 Ex-Ante Savings True Up	(\$67,798)	(\$67,798)
2018 Ex-Ante Review Performance True Up	\$0	\$0
2018 Codes & Standards True Up	(\$1,695)	(\$1,695)
2018 Non-Resource True Up	\$0	\$0
Other Adjustments	\$8,592	\$8,592
<b>Total 2018/2019 Award Payment</b>	<b>\$3,769,793</b>	<b>\$3,746,301</b>

## **BACKGROUND**

### **Present ESPI Mechanism<sup>2</sup>**

In D.13-09-023, the Commission adopted the ESPI mechanism for the 2013-2014 EE program cycle and beyond. The ESPI mechanism is a set of rules for calculating incentive awards intended to motivate the Investor Owned Utilities (IOUs) to achieve their Commission-authorized energy savings goals by investing in energy efficiency programs as a core business strategy. Without such incentives, IOUs might instead devote scarce resources to supply-side procurement on which they earn a return.<sup>3</sup> By means of the ESPI mechanism, the IOUs are given annual monetary awards based on their portfolio

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<sup>2</sup> The Risk/Reward Incentive Mechanism, adopted in 2007, rewarded or penalized utilities based on evaluated energy savings for 2006-2008 and subsequent program cycles. It was discontinued in 2013 with the adoption of the Efficiency Savings and Performance Incentive mechanism. See Decisions D.16-09-019 (Pacific Gas and Electric Company), D.16- 10-008 (Southern California Edison Company), and D.17-03-003 (San Diego Gas & Electric Company and Southern California Gas Company).

<sup>3</sup> [D.13-09-023](#) at page 86

performance in the areas of energy efficiency resource programs,<sup>4</sup> non-resource programs,<sup>5</sup> and C&S advocacy programs. These awards are separate from the IOUs' authorized annual Energy Efficiency budgets and approved expenditures. They can be allocated toward capital projects or dividends. The budgets are authorized via Annual Budget Advice Letters typically submitted in September for the upcoming year.

The Commission's Utility, Audit, Finance and Compliance Branch (UAFCB) reviews each IOU's program year expenditures. The Commission approves ESPI awards consistent with D.13-09-023, which determines how these awards are to be calculated.

### **Portfolio Categories for the ESPI Mechanism**

The ESPI consists of the following components:

#### **1. Energy Efficiency Resource Savings Performance Award**

For the implementation of resource programs, the IOUs are awarded an opportunity to earn an incentive based on the amount of net lifecycle energy savings achieved. The potential earnings for the Energy Efficiency Resource Savings Performance Award are capped at nine percent of the authorized resource program budget and will be paid according to the schedule outlined below.

#### **2. C&S Program Management Fee**

For the implementation of the C&S Program, D. 13-09-023 granted the IOUs a management fee equal to 12 percent of C&S program expenditures, exclusive of administrative costs. In both AL 5509-G and 5685-G, SoCalGas requested this award for its codes and standards advocacy work.

Since the Commission has issued recent Decisions related to the ESPI C&S Management Fee for SoCalGas, this ESPI category's adjustments will be addressed in the Discussion section of this Resolution.

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<sup>4</sup> A resource program is an energy efficiency program that is intended to achieve and report quantified energy savings.

<sup>5</sup> A non-resource program is an energy efficiency program to which energy savings are not directly attributed, but which supports the energy efficiency portfolio through activities such as marketing, training and education, or emerging technology. See D.07-09-043, Section 9.1.

### **3. *Ex Ante* Review (EAR) Process Performance Award**

The Energy Division conducts an annual assessment of the IOUs conformance with the EAR requirements established by the Commission. The assessment generates a score, using a scale of 1 to 100, which is multiplied, as a percentage, by three percent of the resource program expenditures, exclusive of administrative costs. The IOUs use actual expenditures for the respective award year, as verified in the UAFCB reports. The potential earnings for the *Ex Ante* Review Process Performance Award are capped at three percent of the authorized resource program budget and is be paid according to the schedule outlined below.

D.16-08-019 ordered that ESPI scores be weighted based on the proportion of deemed savings measures and custom measures in each utility's portfolio. Further, Resolution E-5007 directed IOUs to calculate weighted total EAR performance scores based on the Commission Staff's *ex ante* workbook, if available, or on their own ex-ante savings data as uploaded into the California Energy Data and Reporting System (CEDARS) and the Energy Division Central Server on May 1<sup>st</sup> of each year.<sup>6</sup>

### **4. Non-Resource Program Management Fee**

For the implementation of non-resource programs, the IOUs will receive a management fee equal to three percent of non-resource program expenditures, exclusive of administrative costs. The IOUs will use actual expenditures for the respective award year, as verified in the UAFCB reports. The potential earnings for the Non-Resource Program Management Fee are capped at three percent of the authorized non-resource program budgets and will be paid according to the schedule outlined below.

The Commission adopted the following schedule which outlines the payment sequence associated with the individual components of the ESPI:

- Claims for ESPI awards covering the first PY of each cycle shall be made during the first following year (PY+1) for the following elements:
  - Preliminary *Ex Ante* Deemed Measure Savings Award
  - C&S Program Management Fee
  - Non-Resource Program Management Fee

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<sup>6</sup> D.16-08-019, Ordering Paragraph (OP) 19.

- Claims for ESPI awards covering the first PY of each cycle shall be made in the second following year (PY+2) for the following ESPI elements:
  - *Ex Post* Verified Custom Measure Savings Award
  - *Ex Post* Verified Deemed Measure Savings Award
  - True Up of Preliminary *Ex Ante* Deemed Measure Savings Award

In Resolution E-5007, the Commission directed the IOUs to submit a Tier 1 Advice Letter (AL) by August 1, 2019 calculating the ESPI Mechanism earnings rates and award caps for PY 2018. D.16-08-019 ordered that ESPI scores be weighted based on the proportion of deemed savings measures and custom measures in each utility's portfolio.

Commission Staff released the 2019 ESPI Guidelines on June 26, 2019, which is included as Attachment A. On July 26, 2019, SoCalGas submitted AL 5495, calculating the earnings rates and award caps for PY 2018.<sup>7</sup>

On June 14, 2019, Commission staff issued a draft Savings Performance Statement, which included the *ex post* analysis of deemed measures for PY 2017. On August 1, 2019, the Energy Division released the final Savings Performance Statement on 2017 Evaluated Energy Efficiency Savings for the 2019 ESPI.<sup>8</sup>

### **Regulatory Background and Orders to Show Cause**

Despite a prohibition in D.18-05-041 against SoCalGas from using ratepayer funds to participate in C&S advocacy, other than to transfer funds to the statewide C&S lead, the utility continued to seek savings awards for C&S in subsequent AL filings 5509-G and 5685-G.

On September 3, 2019, SoCalGas filed AL 5509-G in compliance with D.13-09-023, D.15-10-028, and D.16-08-019—but not in compliance with the prohibitions in D.18-05-041. This advice letter requested for PY 2017 and PY 2018 ESPI awards in the amount of \$3,548,464, including \$53,475 for the prohibited C&S activities.

Because of questions regarding the merits of SoCalGas's claims for C&S advocacy, the Commission issued an Order to Show Cause directing the utility to explain how it was

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<sup>7</sup> AL 5495 became effective on July 26, 2019.

<sup>8</sup> *Final Savings Performance Statement on 2017 Evaluated Energy Efficiency Savings for the 2019 Efficiency Savings and Performance Incentive Mechanism*, available at <https://www.cpuc.ca.gov/General.aspx?id=4137>.

entitled to the claims made in AL 5509-G. This Order resulted in D.22-04-034, on April 7, 2022 that imposed a penalty of \$150,000 on SoCalGas.

On September 1, 2020, SoCalGas filed AL 5685-G seeking ESPI awards for PY 2018-2019 totaling \$3,548,464 including \$23,492 for the prohibited C&S activities; Energy Division suspended this advice letter until the other matters were resolved.

On July 15, 2019, Cal Advocates filed a motion requesting the Commission initiate an order to show cause (OSC), for SoCalGas to show cause why it should not be sanctioned for violating a Commission order and Rule 1.1 of the Commission's Rules of Practice and Procedure. Cal Advocate's motion alleged SoCalGas continued to charge ratepayers for energy efficiency C&S advocacy, and that SoCalGas had submitted misleading and inaccurate information that minimized the full extent of its C&S advocacy, after the Commission ordered SoCalGas to cease such activity.

The Commission issued Presiding Officer's Decision D.22-03-010 finding SoCalGas in contempt of Rule 1.1 of the Commission's Rules of Practice and Procedure and failure to comply with D.18-05-041. SoCalGas was ordered to refund ratepayer expenditures and associated shareholder incentives; prohibited SoCalGas from recovering costs C&S activity; **and imposed a financial penalty of \$9,807,000 for violations of California Public Utilities Code Sections 2113 and 2107.**

This Resolution disposes of the remaining details of AL 5509-G and AL 5685-G, including categories for which SoCalGas may receive awards and elimination of the award amounts associated with C&S pursuant to D.18-05-041, D.22-03-010, and D.22-04-034.

### **NOTICE**

Notice of SoCalGas AL 5509-G and AL 5685-G were made by publication in the Commission's Daily Calendar. SoCalGas states that copies of the ALs were mailed and distributed in accordance with Section 4 of General Order 96-B.

### **PROTESTS**

On September 3, 2019, SoCalGas submitted AL 5509, for approval of its ESPI awards for PY 2017-2018, in the amount of \$3,548,464.

On September 23, 2019, SoCalGas' AL 5509-G, was timely protested by the California Public Advocates Office at the Commission (Cal Advocates), stating that the



Commission should withhold SoCalGas' \$53,475 PY 2018 C&S management fee until the Commission resolves open questions that have a direct bearing on the reasonableness of the requested award. Cal Advocates also advised that the Commission should withhold SoCalGas' PY 2018 C&S management fee until the Commission resolves open questions that have a direct bearing on the reasonableness of the requested award. Cal Advocates concluded that the Commission should deny SoCalGas' eligibility for shareholder performance award for C&S advocacy activities since D.18-05-041 prohibited SoCalGas from seeking ESPI awards for Codes and Standards advocacy.

SoCalGas responded to Cal Advocate's protest on October 1, 2019, stating that 2018 C&S advocacy was not denied in D.18-05-041 at the local level (i.e. within SoCalGas territory) and that although SoCalGas no longer participated in the statewide Energy Efficiency C&S advocacy program, SoCalGas was still required to fund the program using ratepayer funds. SoCalGas also stated that denying ESPI funds was inconsistent with the Decision, which shifted to a statewide program structure involving a single statewide lead program administrator and declined to consider ESPI changes resulting from any associated rewards under the ESPI structure that might accrue to the lead Program Administrator for handling a greater level of responsibility for statewide program implementation.

## **DISCUSSION**

This Resolution disposes of SoCalGas ESPI-related AL filings-- AL 5509-G, seeking awards for ex post 2017 and ex ante 2018, and, AL 5685-G, seeking awards for ex post 2018 and ex ante 2019—and implements the direction ordered by D.22-03-010 to deny the C&S component from SoCalGas Co's ESPI awards. The following sections explain how each request has been awarded.

### **Calculation of Ex Post 2017 Shareholder Incentive Award**

SoCalGas' final Energy Efficiency Incentive Award for PY 2017 is \$1,010,543, which is based on (1) the incentive award formula associated with the ESPI components prescribed in D.13-09-023 utilizing the *ex post* verified values, and as provided in the final Savings Performance Statement Report; and (2) true ups based on the Commission's UAFCB report regarding the examination of SoCalGas' 2017 EE programs. The final PY 2017 incentive award is derived as follows:

### 1. Energy Efficiency Resource Savings Performance Award

For the implementation of resource programs, SoCalGas has an opportunity to earn an incentive based on the total amount of net lifecycle savings it achieves.

According to the ESPI mechanism and the adopted earnings schedule, SoCalGas is eligible to earn an incentive from the custom and deemed activity from PY 2017, as verified *ex post* by the Commission. These awards are referred to as the *Ex Post Verified Custom Measure Savings Award* and the *Ex Post Verified Deemed Measure Savings Award*.

The final Savings Performance Statement determined SoCalGas' *ex post* verified custom and deemed measure savings in PY 2017 as 40,251,046 net lifecycle therms, inclusive of market effects.<sup>9</sup> SoCalGas multiplied the net lifecycle therm savings by the respective earnings rate coefficient.<sup>10</sup> The total earning was calculated based on the following formula:

$$[\text{Net Lifecycle Savings}] \times [\text{Earnings Rate Coefficient}] = [\text{Total Earnings}]$$

The Energy Efficiency Resource Savings Performance Award for PY 2017 is calculated as:

$$[40,251,046 / 1,000,000] \times [\$25,106] = \$1,010,543$$

### 2. 2017 *Ex Ante* Savings True Up

The final Savings Performance Statement identified differences in the expected savings incentive estimates when compared to the earnings in Resolution E-5007 for the PY 2017 Preliminary *Ex Ante* Deemed Measure Savings Award due to:

- A. Corrections of record classifications into ESPI evaluated savings custom, ESPI evaluated savings deemed, and ESPI expected savings groupings; and
- B. Application of impact evaluation-determined installation rates to evaluated not uncertain measures.

The 2017 ESPI result tables indicated the difference in the total lifecycle savings for SoCalGas to be 2,090,452 net therms (inclusive of market effects). The total adjustment was calculated based on the following formula:

$$\text{Difference of Net Lifecycle Savings} \times \text{Earnings Rate Coefficient} = \text{Total Earnings}$$
$$[2,090,452 / 1,000,000] \times [\$25,106] = \$52,483$$

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<sup>9</sup> See 2017 ESPI Results Tables, available at <https://www.cpuc.ca.gov/General.aspx?id=4137>.

<sup>10</sup> The PY 2017 earnings rate for natural gas resource savings is \$25,106 MMT/yr, approved in SoCalGas' AL 5321, et al.

### 3. 2017 UAFCB Examination True Up

In the report titled "Energy Efficiency Examination, Southern California Gas Company Program Year 2017," (2017 Examination Report<sup>11</sup>) the UAFCB listed two findings which recommended that certain PY 2017 expenditures be excluded from the 2019 ESPI. SoCalGas summarizes these findings below:

#### Finding 1

The UAFCB identified that SoCalGas' EE programs incorrectly recorded \$85,087 in PY 2017 expenditures belonging to PY 2016, resulting in an overstatement of PY 2017 non-resource expenditures reported to the Commission.<sup>12</sup> As a result, PY 2017 non-resource costs should be reduced by a total amount of \$85,087.

#### Finding 2

The UAFCB indicated in the 2017 Examination Report that SoCalGas' overstatement of PY 2017 EE program costs also caused an overstatement of the incentive award for PY 2017. The UAFCB recommends SoCalGas' 2017 Non-Resource Management Fee incentive awards be recalculated to incorporate the 2017 Examination Report's audit exception of (\$57,606).<sup>13</sup> SoCalGas calculates the true up of the PY 2017 Non-Resource program management fees as follows:  
2017 Non-Resource True Up:  $(\$57,606) \times 3\% = (\$1,728)$

### 4. Other Adjustments

SoCalGas requested an exception to include certain PY 2017 custom projects with installation dates before 2017 as eligible savings for the PY 2017 ESPI Award. As a part of the review of reported efficiency savings for PY 2017, the Commission's Energy Division issued a data request to identify certain custom projects which qualified for an exception when extended post-installation Measurement and Verification (M&V) was conducted.<sup>14</sup> In response to this data request, SoCalGas provided a list of project claims where custom projects that were installed at the end of 2016 required additional time in 2017 to complete the installation review to verify project savings. Of the nine project claims listed, four of the projects were not granted exception at that time

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<sup>11</sup> Energy Efficiency Examination, Southern California Gas Company Program Year 2017, available at [ftp.cpuc.ca.gov/utilityaudits/Energy\\_Efficiency\\_Examinations/2019/](ftp.cpuc.ca.gov/utilityaudits/Energy_Efficiency_Examinations/2019/).

<sup>12</sup> Energy Efficiency Examination, Southern California Gas Company Program Year 2017, p. 5.

<sup>13</sup> Energy Efficiency Examination, Southern California Gas Company Program Year 2017, p. 6.

<sup>14</sup> EE Stats 30776 Data Request dated March 28, 2019, "Follow up to CPUC staff's data request for a sample of SoCalGas' 2017 custom projects."

and were excluded from review and inclusion in the final Savings Performance Statement.

The evaluated lifecycle net savings (inclusive of market effects) for the four custom projects equates to 225,654 therms. The ESPI Award for this adjustment is calculated as:  $[225,654 / 1,000,000] \times [\$25,106] = \$5,665$

#### 5. Total Savings Award

The final PY 2017 incentive award claim is represented in Table 5 below.

*Table 5 Energy Efficiency Incentive Award for PY 2017*

<b>Energy Efficiency Incentive Award Earnings</b>	<b>SoCalGas</b>
2017 Energy Efficiency Resource Savings Performance Award	\$1,010,543
2017 <i>Ex Ante</i> Savings True Up	\$52,483
2017 Non-Resource True Up	(\$1,728)
Other Adjustments	\$5,665
<b>TOTAL</b>	<b>\$1,066,963</b>

#### Calculation of Ex Ante 2018 Shareholder Incentive Award

SoCalGas' initial Energy Efficiency Incentive Award for PY 2018 was \$2,482,547. This is based on the incentive award formula associated with the ESPI components prescribed in D.13-09-023 and the adjusted *ex ante* deemed measure savings determined in the final Savings Performance Statement which excludes those deemed measures identified as uncertain by the Commission.

The initial PY 2018 incentive award is calculated as the sum of four components, as shown in Table 6: Non-Resource Program Management Fee, C&S Program management fee, Ex Ante Review Process Performance Award, and Energy Efficiency Resource Savings Performance Award. This Resolution rejects and removes their claimed C&S Program Management fee.

#### C&S Adjustment for PY 2017-2018

As mentioned in the Background, C&S Management Fee is equal to 12 percent of C&S program expenditures, exclusive of administrative costs. In both AL 5509-G (PY 2017-2018) and AL 5685-G (2018-2019) SoCalGas seeks awards from the Commission for C&S Management fees.

However, following an Order to Show Cause served on SoCalGas, the Commission found evidence that SoCalGas had not worked towards adoption of more stringent C&S, and prohibited SoCalGas from using ratepayer funds for C&S advocacy based on these findings.<sup>15</sup>

In D. 22-03-010, the Commission ruled that any expenditures associated with the activities identified as C&S, for which SoCalGas has not yet received ESPI payment, are hereby ineligible for ESPI payment.<sup>16</sup>

In addition, OP 11 of D.22-03-010 and OP 12 of D. 22-04-034 state “Southern California Gas Company is not eligible to receive Efficiency Savings and Performance Incentive payments for codes and standards programs, or any codes and standards-related shareholder incentive payments that the Commission may adopt in the future” and applies to both the 2017-2018 and 2018-2019 ESPI.

The Order to Show Cause prohibited the Energy Division from processing ALs 5509-G and 5685-G until D.22-03-010 authorized Commission Staff to “proceed with disposing of Southern California Gas Company’s 2017 non-codes and standards Efficiency Savings and Performance Incentive earnings.”<sup>17</sup>

Staff includes an adjustment of the entire C&S category by (\$53,475) for the SoCalGas 2017-2018 ESPI Award.

*Table 6 SoCalGas Claimed 2018 Ex Ante Shareholder Incentive Award with C&S Program Management fee adjustment*

<b>Energy Efficiency Incentive Award</b>	<b>SoCalGas Claim</b>	<b>Award</b>
Non-Resource Program Management Fee	\$219,795	\$219,795
C&S Program Management Fee	\$53,475	\$0
Ex Ante Review Process Performance Award	\$1,151,043	\$1,151,043
Energy Efficiency Resource Savings Performance Award	\$1,057,188	\$1,057,188
<b>TOTAL</b>	<b>\$2,481,501</b>	<b>\$2,428,026</b>

<sup>15</sup> D.18-05-041 Findings 77, OP 53.

<sup>16</sup> D.22-03-010 Presiding Officer’s Decision Finding Southern California Gas Company in Contempt, in Violation of Rule 1.1 of the Commission’s Rules of Practice and Procedure, and Ordering Remedies for Failure to Comply with Commission Decision 18-05-041 Ordering Paragraph 2.

<sup>17</sup> D. 22-04-034 OP 4

## Calculation of Ex Post 2018 Shareholder Incentive Award

### 1. Energy Efficiency Resource Savings

SoCalGas' final Energy Efficiency Incentive Award for PY 2018 is \$910,603, which is based on (1) the incentive award formula associated with the ESPI components prescribed in D.13-09-023 utilizing the ex post verified values, and as provided in the final Savings Performance Statement Report; and (2) true ups based on the Commission's UAB report regarding the examination of SoCalGas' 2018 EE programs.<sup>18</sup>

### 2. Energy Efficiency Resource Savings Performance Award

The final Savings Performance Statement determined SoCalGas' ex post verified custom and deemed measure savings in PY 2018 as 48,445,235 net lifecycle therms, inclusive of market effects.<sup>19</sup> SoCalGas multiplied the net lifecycle therm savings by the respective earnings rate coefficient.<sup>20</sup> The total earning was calculated based on the following formula:

$$[\text{Net Lifecycle Savings}] \times [\text{Earnings Rate Coefficient}] = [\text{Total Earnings}]$$

The Energy Efficiency Resource Savings Performance Award for PY 2018 is calculated as:  $[48,445,235 / 1,000,000] \times [\$20,231] = \$980,096$  [Net Lifecycle Savings]  $\times$  [Earnings Rate Coefficient] = [Total Earnings] The Energy Efficiency Resource Savings Performance Award for PY 2018 is calculated as:  $[48,445,235 / 1,000,000] \times [\$20,231] = \$980,096$

Details are available in the 2018 ESPI Ex-Post Savings Performance Statement of 10th November 2020.<sup>21</sup>

### 3. 2018 Ex Ante True-up

The final Savings Performance Statement identified differences in the expected savings incentive estimates when compared to the earnings requested in SoCalGas AL 5509-G for the PY 2018 Preliminary Ex Ante Deemed Measure Savings Award due to:

- A. Corrections of record classifications into ESPI evaluated savings custom, ESPI evaluated savings deemed, and ESPI expected savings groupings; and
- B. Application of impact evaluation-determined installation rates to evaluated

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<sup>18</sup> Energy Efficiency Program Performance Audit, SoCalGas Program for the Program Year Ended December 31, 2018, available at [ftp://ftp.cpuc.ca.gov/utilityaudits/Energy\\_Efficiency\\_Audits/2020/](ftp://ftp.cpuc.ca.gov/utilityaudits/Energy_Efficiency_Audits/2020/)

<sup>19</sup> See 2018 ESPI Results Tables, available at <https://www.cpuc.ca.gov/General.aspx?id=4137>

<sup>20</sup> The PY 2018 earnings rate for natural gas resource savings is \$20,231 MMT/yr, approved in AL 5495, et al.

<sup>21</sup> Addendum – FINAL 2018 ESPI Ex-Post Savings Performance Statement 10th November 2020,

not-uncertain measures.

The 2018 ESPI results tables indicated the difference in the total lifecycle savings for SoCalGas to be (3,122,038) net Therms (inclusive of market effects).<sup>22</sup> The total adjustment was calculated based on the following formula:

$$\text{Difference of Net Lifecycle Savings} \times \text{Earnings Rate Coefficient} \times [1 + \text{SoCalGas' weighted average cost of capital}] = \text{Total true up} [(3,122,038) / 1,000,000] \times [\$20,231] \times [1 + 7.34\%] = (\$67,798)$$

#### 4. UAFCB True-up

In the report titled “Energy Efficiency Program Performance Audit, Southern California Gas Company Program for the Program Year Ended December 31, 2018,” (2018 Examination Report) the UAFCB listed one finding which recommended that certain PY 2018 expenditures be excluded from the 2020 ESPI. The findings from this report are summarized below:

##### Finding 1

SoCalGas reported \$9,296,009 in C&S and Non-Resource program expenditures and \$274,316 in corresponding ESPI management fees for PY 2018. Our audit found that \$9,274,336 in program expenditures and \$272,737 in corresponding ESPI management fees are allowable and \$21,673 in program expenditures and \$1,579 in corresponding ESPI management fees are unallowable, respectively. SoCalGas calculated the true up of the PY 2018 C&S program management fees incorporating SoCalGas’ weighted average cost of capital as follows: 2018 C&S True Up: (\$1,579) x (1 + 7.34%) = (\$1,695)

#### 5. Total Savings Award

The 2018 ex post incentive award claim is represented in Table 7.

*Table 7 2018 Ex Post Incentive Award*

<b>Component</b>	<b>Award</b>
2018 Energy Efficiency Resource Savings Performance Award	\$980,096
2018 Ex Ante Savings True Up	(\$67,798)
2018 Codes & Standards True Up	(\$1,695)
<b>TOTAL</b>	<b>\$910,603</b>

<sup>22</sup> SoCalGas’ authorized cost of capital is 7.34%, updated in SoCalGas AL 5192.

**Calculation of Ex Ante 2019 Shareholder Incentive Award**

=Energy Efficiency Resource Savings

SoCalGas’ ex ante Energy Efficiency Incentive Award for PY 2019 is \$715,340, which is based on the incentive award formula associated with the ESPI components prescribed in D.13-09-023 and the adjusted ex ante deemed measure savings determined in the final Savings Performance Statement which excludes those deemed measures. Details of the initial, or ex ante, resource savings award are available in the savings adjustment statement<sup>23</sup>, and it should be noted that only claims assigned the custom, uncertain deemed, and not-uncertain deemed categories are eligible for this award. Codes and standards, discussed in the next section, includes the adjustment required in the aforementioned Commission Decisions.

**Codes and Standards Adjustment for the PY 2018-2019 Award**

As addressed in both the background and in the discussion of the 2017-2018 ESPI award, the Commission has ruled that SoCalGas is not allowed to participate in codes and standards advocacy, nor receive awards for that ESPI category. Staff includes an adjustment of the entire Codes and Standards category by (\$23,492) for the SoCalGas 2017-2018 ESPI Award.

*Table 8 SoCalGas 2019 Ex Ante Shareholder Incentive Award with C&S Program Management fee adjustment*

<b>Component</b>	<b>SoCalGas Claim</b>	<b>Award</b>
Non-Resource Program Management Fee	\$223,561	\$223,561
C&S Program Management Fee	\$23,492	\$0
Ex Ante Review Process Performance Award	\$1,888,205	\$1,888,205
Energy Efficiency Resource Savings Performance Award	\$715,340	\$715,340
Other Adjustments	\$8,592	\$8,592
<b>TOTAL</b>	<b>\$2,859,190</b>	<b>\$2,835,698</b>

<sup>23</sup> Savings Adjustment Statement On 2018 Expected Energy Efficiency Savings for the 2019 Efficiency Savings and Performance Incentive Energy Division, December 31, 2019



### **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days' public review and 20-day comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed for comments on February 28, 2023. No comments on the draft resolution were received.

### **FINDINGS**

1. Decision 22-03-010 OP 11 states "Unless and until the Commission lifts the prohibition ordered in this decision, Southern California Gas Company is not eligible to receive Efficiency Savings and Performance Incentive payments for codes and standards programs, or any codes and standards-related shareholder incentive payments that the Commission may adopt in the future."
2. Decision 22-04-034 OP 4 authorizes Energy Division to proceed with disposing of SoCalGas's 2017 non-Codes and Standards ESPI earnings.
3. It is appropriate to modify SoCalGas' requested ESPI awards for the 2017-2018 and 2018-2019 program cycles with adjustments of \$53,475 for 2018 Codes and Standards and \$23,492 for 2019 Codes and Standards ESPI categories.

### **THEREFORE, IT IS ORDERED**

1. The request of Southern California Gas Company for ESPI awards in Advice Letter 5509-G is approved with an adjustment of -\$53,475 to the original request as directed in D.22-04-034 OP 4. SoCalGas is awarded \$3,494,989 for 2018 ESPI incentives.
2. The request of Southern California Gas Company for ESPI awards in Advice Letter 5685-G is approved with an adjustment of -\$23,492 to the original request as directed in D.22-03-010 OP 11. SoCalGas is awarded \$3,746,301 for 2019 ESPI incentives.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 6, 2023; with the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON

Rachel Peterson  
Executive Director

ALICE REYNOLDS

President

GENEVIEVE SHIROMA

DARCIE HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

Commissioners



Ronald van der Leeden

Director

Regulatory Affairs

555 W. Fifth Street, GT14D6

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Tel: 213.244.2009

Fax: 213.244.4957

[RvanderLeeden@socalgas.com](mailto:RvanderLeeden@socalgas.com)

September 3, 2019

Advice No. 5509

(U 904 G)

Public Utilities Commission of the State of California

**Subject: Energy Efficiency Incentive Award for Program Years (PY) 2017 and 2018**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) its PY 2017 and PY 2018 Energy Efficiency (EE) Incentive Mechanism award in the amount of \$3,548,464 included in Table 1 below. This submittal is made in compliance with Decisions (D.)13-09-023, D.15-10-028, and D.16-08-019.

**Table 1: Energy Efficiency Incentive Award for PY 2017 & PY 2018**

Component	Award
2017 <i>Ex Post</i> Savings	\$1,010,543
2018 <i>Ex Ante</i> Savings	\$1,057,188
2018 <i>Ex Ante</i> Review Performance	\$1,151,043
2018 Codes & Standards Program Management	\$53,475
2018 Non-Resource Program Management	\$219,795
2017 Ex-Ante Savings True Up	\$52,483
2017 Non-Resource True Up	(\$1,728)
Other Adjustments	\$5,665
<b>Total Award</b>	<b>\$3,548,464</b>

## **Background**

In D.13-09-023, the Commission adopted the Efficiency Savings and Performance Incentive (ESPI) mechanism for the 2013-2014 EE program cycle and beyond. The ESPI consists of the following components:

1. Non-Resource Program Management Fee

For the implementation of non-resource programs, the Investor Owned Utilities (IOUs) will receive a management fee equal to three percent of non-resource program expenditures, exclusive of administrative costs. The IOUs will use actual expenditures for the respective award year, as verified in the Utility, Audit, Finance, and Compliance Branch (UAFCB) reports. The potential earnings for the Non-Resource Program Management Fee are capped at three percent of the authorized non-resource program budgets and will be paid according to the schedule outlined below.

2. Codes & Standards (C&S) Program Management Fee

For the implementation of the C&S Program, the IOUs will receive a management fee equal to 12 percent of C&S program expenditures, exclusive of administrative costs. The IOUs will use actual expenditures for the respective award year, as verified in the UAFCB reports. The potential earnings for the C&S Program Management Fee are capped at 12 percent of the authorized C&S program budget and will be paid according to the schedule outlined below.

3. *Ex Ante* Review (EAR) Process Performance Award

The Energy Division will conduct an annual assessment of the IOUs conformance with the EAR requirements established by the Commission. The assessment will generate a score, using a scale of 1 to 100, which will be multiplied, as a percentage, by three percent of the resource program expenditures, exclusive of administrative costs. The IOUs will use actual expenditures for the respective award year, as verified in the UAFCB reports. The potential earnings for the *Ex Ante* Review Process Performance Award are capped at three percent of the authorized resource program budget and will be paid according to the schedule outlined below.

D.16-08-019 ordered that ESPI scores be weighted based on the proportion of deemed savings measures and custom measures in each utility's portfolio.<sup>1</sup> Further, Resolution E-5007 directed IOUs to calculate weighted total EAR performance scores based on the Commission Staff's *ex ante* workbook, if available. If the *ex-ante* workbook is not yet available, the IOUs should base their calculations on their own *ex-ante* savings data as uploaded into the California Energy Data and Reporting System (CEDARS) and the Energy Division Central Server on May 1<sup>st</sup> of each year.<sup>2</sup>

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<sup>1</sup> D.16-08-019, Ordering Paragraph (OP) 19.

<sup>2</sup> Resolution E-5007, pp. 13-14, pending Commission approval.

#### 4. Energy Efficiency Resource Savings Performance Award

For the implementation of resource programs, the IOUs are awarded an opportunity to earn an incentive based on the amount of net lifecycle energy savings achieved. The potential earnings for the Energy Efficiency Resource Savings Performance Award are capped at nine percent of the authorized resource program budget and will be paid according to the schedule outlined below.

The Commission adopted the following schedule which outlines the payment sequence associated with the individual components of the ESPI:

- Claims for ESPI awards covering the first PY of each cycle shall be made during the first following year (PY+1) for the following elements:
  - Non-Resource Program Management Fee
  - C&S Program Management Fee
  - *Ex Ante* Review Process Performance Award
  - Preliminary *Ex Ante* Deemed Measure Savings Award
  
- Claims for ESPI awards covering the first PY of each cycle shall be made in the second following year (PY+2) for the following ESPI elements:
  - *Ex Post* Verified Custom Measure Savings Award
  - *Ex Post* Verified Deemed Measure Savings Award
  - True Up of Preliminary *Ex Ante* Deemed Measure Savings Award

In Resolution E-5007, the Commission directed the IOUs to submit a Tier 1 Advice Letter by August 1, 2019 calculating the ESPI Mechanism earnings rates and award caps for PY 2018. D.16-08-019 ordered that ESPI scores be weighted based on the proportion of deemed savings measures and custom measures in each utility's portfolio.<sup>4</sup>

Commission Staff released the 2019 ESPI Guidelines on June 26, 2019, which is included as Attachment A. On July 26, 2019, SoCalGas submitted Advice Letter No. (AL) 5495, calculating the earnings rates and award caps for PY 2018.<sup>3</sup>

On June 14, 2019 Commission staff issued a draft Savings Performance Statement, which included the *ex post* analysis of deemed measures for PY 2017. On August 1, 2019, the Energy Division released the final Savings Performance Statement on 2017 Evaluated Energy Efficiency Savings for the 2019 ESPI.<sup>4</sup>

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<sup>3</sup> AL 5495 became effective on July 26, 2019.

<sup>4</sup> *Final Savings Performance Statement on 2017 Evaluated Energy Efficiency Savings for the 2019 Efficiency Savings and Performance Incentive Mechanism*, available at <https://www.cpuc.ca.gov/General.aspx?id=4137>.

## **Calculation of Final 2017 Shareholder Incentive Award**

SoCalGas' final Energy Efficiency Incentive Award for PY 2017 is \$1,061,325, which is based on (1) the incentive award formula associated with the ESPI components prescribed in D.13-09-023 utilizing the *ex post* verified values, and as provided in the final Savings Performance Statement Report; and (2) true ups based on the Commission's UAFCB report regarding the examination of SoCalGas' 2017 EE programs.<sup>5</sup> The final PY 2017 incentive award is derived as follows:

### **1. Energy Efficiency Resource Savings Performance Award**

For the implementation of resource programs, SoCalGas has an opportunity to earn an incentive based on the total amount of net lifecycle savings it achieves. According to the ESPI mechanism and the adopted earnings schedule, SoCalGas is eligible to earn an incentive from the custom and deemed activity from PY 2017, as verified *ex post* by the Commission. These awards are referred to as the *Ex Post Verified Custom Measure Savings Award* and the *Ex Post Verified Deemed Measure Savings Award*.

The final Savings Performance Statement determined SoCalGas' *ex post* verified custom and deemed measure savings in PY 2017 as 40,251,046 net lifecycle therms, inclusive of market effects.<sup>6</sup> SoCalGas multiplied the net lifecycle therm savings by the respective earnings rate coefficient.<sup>7</sup> The total earning was calculated based on the following formula:

$$[\text{Net Lifecycle Savings}] \times [\text{Earnings Rate Coefficient}] = [\text{Total Earnings}]$$

The Energy Efficiency Resource Savings Performance Award for PY 2017 is calculated as:

$$[40,251,046 / 1,000,000] \times [\$25,106] = \$1,010,543$$

### **2. 2017 Ex Ante Savings True Up**

The final Savings Performance Statement identified differences in the expected savings incentive estimates when compared to the earnings in Resolution E-5007 for the PY 2017 Preliminary *Ex Ante* Deemed Measure Savings Award due to:

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<sup>5</sup> Energy Efficiency Examination, Southern California Gas Company Program Year 2017, available at [ftp://ftp.cpuc.ca.gov/utilityaudits/Energy\\_Efficiency\\_Examinations/2019/](ftp://ftp.cpuc.ca.gov/utilityaudits/Energy_Efficiency_Examinations/2019/).

<sup>6</sup> See 2017 ESPI Results Tables, available at <https://www.cpuc.ca.gov/General.aspx?id=4137>.

<sup>7</sup> The PY 2017 earnings rate for natural gas resource savings is \$25,106 MMT/yr, approved in SoCalGas' AL 5321, et al.

- A. Corrections of record classifications into ESPI evaluated savings custom, ESPI evaluated savings deemed, and ESPI expected savings groupings; and
- B. Application of impact evaluation-determined installation rates to evaluated not-uncertain measures.

The 2017 ESPI results tables indicated the difference in the total lifecycle savings for SoCalGas to be 2,090,452 net therms (inclusive of market effects). The total adjustment was calculated based on the following formula:

Difference of Net Lifecycle Savings x Earnings Rate Coefficient = Total Earnings

$$[2,090,452 / 1,000,000] \times [\$25,106] = \$52,483$$

### 3. **2017 UAFCB Examination True Up**

In the report titled “Energy Efficiency Examination, Southern California Gas Company Program Year 2017,” (2017 Examination Report) the UAFCB listed two findings which recommended that certain PY 2017 expenditures be excluded from the 2019 ESPI. SoCalGas summarizes these findings below:

#### Finding 1

The UAFCB identified that SoCalGas’ EE programs incorrectly recorded \$85,087 in PY 2017 expenditures belonging to PY 2016, resulting in an overstatement of PY 2017 non-resource expenditures reported to the Commission.<sup>8</sup> As a result, PY 2017 non-resource costs should be reduced by a total amount of \$85,087.

#### Finding 2

The UAFCB indicated in the 2017 Examination Report that SoCalGas’ overstatement of PY 2017 EE program costs also caused an overstatement of the incentive award for PY 2017. The UAFCB recommends SoCalGas’ 2017 Non-Resource Management Fee incentive awards be recalculated to incorporate the 2017 Examination Report’s audit exception of (\$57,606).<sup>9</sup> SoCalGas calculates the true up of the PY 2017 Non-Resource program management fees as follows:  
2017 Non-Resource True Up: (\$57,606) x 3%= **(\$1,728)**

### 4. **Other Adjustments**

SoCalGas requests an exception to include certain PY 2017 custom projects with installation dates before 2017 as eligible savings for the PY 2017 Energy Efficiency

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<sup>8</sup> Energy Efficiency Examination, Southern California Gas Company Program Year 2017, p. 5.

<sup>9</sup> Energy Efficiency Examination, Southern California Gas Company Program Year 2017, p. 6.

Resource Savings Performance Award. As a part of the review of reported efficiency savings for PY 2017, the Commission's Energy Division issued a data request to identify certain custom projects which qualified for an exception when extended post-installation Measurement and Verification (M&V) was conducted.<sup>10</sup> In response to this data request, SoCalGas provided a list of project claims where custom projects that were installed at the end of 2016 required additional time in 2017 to complete the installation review to verify project savings. Of the nine project claims listed, four of the projects were not granted exception at that time and were excluded from review and inclusion in the final Savings Performance Statement.

Given similar circumstances, the remaining four project claims should be granted similar approval exception. To determine the eligible lifecycle savings for these projects, SoCalGas applied the evaluated savings estimation methodology outlined in Appendix E of the final Savings Performance Statement. The Energy Division data request response identifying the list of projects and calculation worksheet are provided in Attachment B.

The evaluated lifecycle net savings (inclusive of market effects) for the four custom projects equates to 225,654 therms. The Energy Efficiency Resource Savings Performance Award for this adjustment is calculated as:

$$[225,654 / 1,000,000] \times [\$25,106] = \$5,665$$

## 5. Total Savings Award

The final PY 2017 incentive award claim is represented in Table 2 below.

**Table 2: Energy Efficiency Incentive Award for PY 2017**

<b>Energy Efficiency Incentive Award</b>	<b>Earnings Amount</b>
2017 Energy Efficiency Resource Savings Performance Award	\$1,010,543
2017 <i>Ex Ante</i> Savings True Up	\$52,483
2017 Non-Resource True Up	(\$1,728)
Other Adjustments	\$5,665
<b>TOTAL</b>	<b>\$1,066,963</b>

## Calculation of Initial 2018 Shareholder Incentive Award

SoCalGas' initial Energy Efficiency Incentive Award for PY 2018 is \$2,482,547 which is based on the incentive award formula associated with the ESPI components prescribed in D.13-09-023 and the adjusted *ex ante* deemed measure savings determined in the final Savings Performance Statement which excludes those deemed measures identified as

<sup>10</sup> EE Stat 30776 Data Request dated March 28, 2019, "Follow up to CPUC staff's data request for a sample of SoCalGas' 2017 custom projects."



uncertain by the Commission. The remainder of the award associated with PY 2018 will be included in the 2020 Advice Letter covering the *ex post* deemed and custom measure awards, the true up of the preliminary deemed measure awards, and a true up associated with audit-verified expenditures. Tables showing additional detail regarding the derivation of the initial Energy Efficiency Incentive Award for 2018 are provided in Attachment C. The initial PY 2018 incentive award is calculated as follows.

### **1. Non-Resource Program Management Fee**

The Non-Resource Program Management Fee is calculated as an earnings award equal to three percent of non-resource program expenditures, exclusive of administrative costs. The SoCalGas programs categorized as non-resource programs for PY 2018 were included in SoCalGas AL 5495, et al. As reported in CEDARS, the non-resource program expenditures for PY 2018, excluding administrative costs, were \$7,326,488.

The Non-Resource Program Management Fee for PY 2018 is calculated as:

$$[\$7,326,488] \times [3\%] = \$219,795$$

### **2. C&S Program Management Fee**

The C&S Program Management Fee is calculated as an earnings award equal to 12 percent of C&S program expenditures, exclusive of administrative costs. As reported in CEDARS, the C&S program expenditures for PY 2018, excluding administrative costs, were \$454,340.

Around July 30, 2019, SoCalGas determined that it would modify the PY 2018 expenditures reported for energy efficiency C&S advocacy programs by reallocating certain expenditures to be charged to shareholder funding sources.<sup>11</sup> This

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<sup>11</sup> See Response of Southern California Gas Company to the motion of the Public Advocates Office for an Order to Show Cause why Southern California Gas Company should not be sanctioned for violating a Commission Order and Rule 1.1 of the Commission's Rules of Practice and Procedure, p. 11. SoCalGas engaged in minimal federal and statewide EE C&S advocacy activity following D.18-05-041 (40 days). SoCalGas engaged in federal advocacy activities during this time period based on its reasonable interpretation that D.18-05-041's prohibition of SoCalGas engaging in statewide EE C&S advocacy did not include federal advocacy activities given the decision's approval of SoCalGas', PG&E's and SCE's Business Plans, which proposed to establish a federal level of EE C&S subprogram that would be *administered locally rather than statewide*. In an abundance of caution, SoCalGas determined shortly after the issuance of the decision to not engage in federal codes and standards advocacy activity in addition to statewide codes and standards advocacy activity. SoCalGas engaged in minimal statewide EE C&S advocacy activities during this time that were either transitional in nature or which were undertaken in an attempt to wrap up ongoing projects. Although SoCalGas does not believe that its participation in these minimal activities in the first 40 days after the decision amounts to any misconduct, in an

modification revises the eligible C&S program expenditures for PY 2018 from \$454,340 to \$445,625, a reduction of \$8,715.

The Energy Division's disposition letter for SoCalGas AL 5495, et al. clarifies that:

D.18-05-041 prohibited SoCalGas from participating in statewide codes and standards advocacy other than to transfer funds to the statewide codes and standards lead for program implementation. Therefore, we expect SoCalGas to base their award claim for 2018 only on the portion of 2018 codes and standards activities for which they were actively engaged in advocacy until the prohibition stipulated in D.18-05-041 took effect.<sup>12</sup>

Pursuant to D.13-09-023, incentive awards for C&S advocacy are rewarded as a function of program expenditures.<sup>13</sup> The incentive payment equals 12% of C&S program expenditures, less administrative costs. While SoCalGas no longer engages in statewide and federal energy efficiency C&S advocacy using EE funds, pursuant to D.18-05-041, SoCalGas is still required to transfer its ratepayer funds to PG&E for use in developing energy efficiency C&S that will continue to benefit SoCalGas' customers. Therefore, SoCalGas has calculated the C&S Program Management Fee herein in accordance with the Commission's order in D.13-09-023.

The C&S Program Management Fee for PY 2018 is calculated as:

$$[\$445,625] \times [12\%] = \$53,475$$

### **3. Ex Ante Review Process Performance Award**

The *Ex Ante* Review Process Performance Award is calculated based on the performance score for each IOU, as prescribed in D.16-08-019. This score is taken as a percentage applied to three percent of EE resource program expenditures, exclusive of administrative costs. On March 27, 2019, the Commission issued SoCalGas its 2018 performance score of 56.18, which is expressed as 0.5618.<sup>14</sup> As reported in CEDARS, the resource program expenditures for PY 2018, excluding administrative costs, was \$73,799,969. D.16-08-019 ordered that ESPI scores be

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abundance of caution, it has allocated any amounts associated with these activities to shareholder funds.

<sup>12</sup> The Energy Division's disposition letter for SoCalGas AL 5495, et al. (Advice No. 4045-E (SCE), Advice Nos. 4124-G/5596-E (PG&E), and Advice Nos. 3404-G/2786-E (SDG&E)), dated August 19, 2019.

<sup>13</sup> See D.13-09-023, pp. 77-78.

<sup>14</sup> Based on the respective workpaper and custom scores of 24.74 and 31.45 provided in Final 2018 Efficiency Savings and Performance Incentive (ESPI) *Ex Ante* Review Performance Scores, dated March 27, 2019.

weighted based on the proportion of deemed savings measures and custom measures in each utility's portfolio.

SoCalGas weighted EAR performance is represented in Table 3 below.

**Table 3: Weighted EAR Performance Score**

		SCG
Custom	Lifecycle Net Therms with Market Effects	18,505,728
	Lifecycle Net MMBtu with Market Effects	1,850,573
	Weight (%) Based on MMBtu	18.82%
	EAR Score	31.45
Deemed	Lifecycle Net Therms with Market Effects	79,827,434
	Lifecycle Net MMBtu with Market Effects	7,982,743
	Weight (%) Based on MMBtu	81.18%
	EAR Score	24.73
<b>Weighted EAR Score</b>		<b>51.99</b>

The *Ex Ante* Review Process Performance Award for PY 2018 is calculated as:

$$[\$73,799,969] \times [3\%] \times 51.99\%^{15} = \$1,151,043$$

#### 4. Energy Efficiency Resource Savings Performance Award

For the implementation of resource programs, SoCalGas has an opportunity to earn an incentive based on the total amount of net lifecycle savings it achieves. According to the ESPI mechanism and the adopted earnings schedule, SoCalGas is eligible to earn an incentive from the PY 2018 deemed measure activity, excluding those deemed measures identified as uncertain by the Commission.<sup>16</sup> This is referred to as the Preliminary *Ex Ante* Deemed Measure Savings Award.

Energy Division Staff conducted a draft analysis on 2018 *ex ante* claims to propose the eligible net lifecycle savings for the purposes of calculating the 2018 Energy Efficiency Resource Savings Performance Award. For SoCalGas, this value was calculated to be 52,255,842 therms, inclusive of market effects.<sup>17</sup>

<sup>15</sup> Resolution E-5007, p. 14, classified the "Seasonal Savings" measure as a non-audit custom measure contributing toward the weighted EAR performance score. Inclusive of this measure, SoCalGas' weighted EAR score is calculated as 51.99%.

<sup>16</sup> See *2018 Efficiency Savings and Performance Incentive (ESPI) Uncertain Measures List*, available at <https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442455469>.

<sup>17</sup> See Draft Expected *ex ante* savings values for 2019 ESPI at [https://file.ac/21euCO1oZvAdy2MGxFZcfg/ATR2018\\_SCG\\_20190802.zip](https://file.ac/21euCO1oZvAdy2MGxFZcfg/ATR2018_SCG_20190802.zip).

SoCalGas multiplied the net lifecycle therm savings by the respective earnings rate coefficient.<sup>18</sup> The total earnings are calculated based on the following formula:

$$[\text{Net Lifecycle Savings}] \times [\text{Earnings Rate Coefficient}] = [\text{Total Earnings}]$$

The Energy Efficiency Resource Savings Performance Award for PY 2018 is calculated as:

$$[52,255,842 / 1,000,000] \times [\$20,231] = \$1,057,188$$

### 5. Initial Award for 2018

The initial PY 2018 incentive award claim is represented in Table 4 below.

**Table 4: Energy Efficiency Incentive Award for PY 2018**

Energy Efficiency Incentive Award	Earnings Calculated	Earnings Cap <sup>19</sup>	Earnings Claim
Non-Resource Program Management Fee	\$219,795	\$324,183	\$219,795
C&S Program Management Fee	\$53,475	\$91,293	\$53,475
<i>Ex Ante</i> Review Process Performance Award	\$1,151,043	\$2,217,250	\$1,151,043
Energy Efficiency Resource Savings Performance Award	\$1,057,188	\$6,651,749	\$1,057,188
<b>TOTAL</b>	<b>\$2,481,501</b>	<b>\$9,284,475</b>	<b>\$2,481,501</b>

### Dispensation of the Shareholder Incentive Award

D.13-09-023 directed the utilities to file a Tier 3 Advice Letter with the claim for the final PY 2017 and initial PY 2018 awards according to the schedule set forth in Attachment 6.<sup>20</sup> This submission is thus in compliance with Commission orders, and is intended to accommodate the processing schedule outlined in D.13-09-023, D.14-10-046, and D.15-10-028.

The table below summarizes the revenue requirement impact by class of service. In addition, SoCalGas provides herein as Attachment D the annual Natural Gas Transportation Rate Revenues table comparing present and proposed rates associated with inclusion of the final PY 2017 and initial PY 2018 shareholder incentive award in its gas transportation rates.

<sup>18</sup> The PY 2017 earnings rate for natural gas resource savings is \$20,231 MMT/yr, approved in SoCalGas AL 5495, et al.

<sup>19</sup> SoCalGas AL 5495, et al., p. 3.

<sup>20</sup> D.13-09-023, OP's 4 and 6.

**Table 5: Revenue Requirement Impact by Class of Service (Includes FF&U)<sup>21</sup>**

Class of Service	Applicable Rate Schedules	Increase/ (decrease) \$000's
Core	GR, GS, GM, GO-AC, G-NGVR, GL, G-10, G-AC, G-EN, G-NGV	\$3,379
Noncore	GT-NC, GT-TLS	\$184
Backbone Transportation Service (BTS) and Other Services		\$20
<b>Total</b>		<b>\$3,583</b>

**Protests**

Anyone may protest this Advice Letter to the 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 received within 20 days of the date of this Advice Letter, which is September 23, 2019. The address for mailing or delivering a protest to the Commission is:

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

Copies of the protest should also be sent via e-mail to the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No.: (213) 244-4957  
E-mail: [ROrtiz@socalgas.com](mailto:ROrtiz@socalgas.com)

**Effective Date**

OP 4 of D.13-09-023 orders SoCalGas to submit this Advice Letter as Tier 3 and, as such, requires a Resolution to be issued by the Commission. OP 4 directs the utilities to submit this as a Tier 3 Advice Letter for approval of incentive claims in accordance with the

<sup>21</sup> Revenue Requirement Impact is based on net amount of SoCalGas' PY 2017 & PY 2018 EE Incentive Mechanism award.

schedule adopted in D.13-09-023. Therefore, SoCalGas respectfully requests that it be approved by the Commission at the earliest opportunity.

**Notice**

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.13-11-005. Address change requests to the GO 96-B service list should be directed via e-mail to [tariffs@socalgas.com](mailto:tariffs@socalgas.com) or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

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Ronald van der Leeden  
Director – Regulatory Affairs

Attachments



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:

E-mail:

E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly     Quarterly     Annual     One-Time     Other:

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

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

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes     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     No

Requested effective date:

No. of tariff sheets:

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:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**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](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
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**ATTACHMENT A**

**Advice No. 5509**

**2019 ESPI Guidelines**

From:  
To:

[Petrofsky, Erica](#)  
"CarmelitaM@greenlining.org"; "CCormany@EfficiencyFirstCa.org"; "hchoy@isd.lacounty.gov";  
"Jennyb@abag.ca.gov"; "jon@McHughEnergy.com"; Ettenson, Lara; "pmiller@nrdc.org";  
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TERM-03-05-19 Brill, Thomas R; "godero@goreadusa.org"; "cdailey@wrcog.us";  
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"Chaz511@comcast.net"; "JerryL@abag.ca.gov"; "Alison.Seel@SierraClub.org"; "bruce@builditgreen.org";  
"EastBayEnergyWatch@stopwaste.org"; "Ka-Wing Poon"; Lakhnopal, Manisha; Brooks, Erin P; Gomez, Elizabeth  
B; Mansi, Lonnie; Lee, Brittny L; "Gary Golden"; Besa, Athena; Deang, Paul I; Roecks, Jennifer; "Collyer,  
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julieenergyefficiency; "cynthiakmitchell@gmail.com"; "awilliamson@semptrautilities.com"; Nih, Andrew J;  
Steinberg, Andrew; cheryl.wynn@cpuc.ca.gov; TERM-2019-05-17 Stephens, Christopher A; Hanway, Darren M;  
Kim, David; Clifton, Derrick J; Gomez, Elizabeth B; Henry, Elliott S; Brooks, Erin P; Salazar, Jeff; Martinez, Jesse  
J; Mock, Joseph; Kwok, Joyce; Kulkarni, Kapil; Ayala, Leticia B.; "mjhervey@semptrautilities.com"; Huerta, Mark  
H; Wu, Pamela; Deang, Paul I; van der Leeden, Ronald; Gomez, Vanessa S; "CHVaquerano@SALEF.org";  
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"MCampbell@OpinionDynamics.com"; "Liddell@EnergyAttorney.com"; Faustino, Annlyn; Lee, Brittny L; Kinports,  
Dean A; TERM-03-29-19 Adler, Ellen N; Somerville, Michelle; Mollen, Roland G;  
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**Subject:** [EXTERNAL] Notice of Availability - 2019 ESPI Guidelines and classifications of measures  
**Date:** Wednesday, June 26, 2019 5:32:40 PM  
**Attachments:** 2019 ESPI Filing Guidelines.xlsx  
2019 ESPI Filing 2018 Measure Classifications.xlsx

---

Interested Parties in Rulemaking 13-11-005:

Commission staff is hereby releasing the attached 2019 Efficiency Savings and Performance Incentive (ESPI) guidelines. The guidelines are also available on the [ESPI website](#).

Also attached is a spreadsheet showing the ESPI classifications of IOU measure names (submitted through CEDARS), along with corresponding savings values as reported through CEDARS.

**Ask:**

-

California investor-owned utilities (IOUs) are asked to please file a Tier 1 Advice Letter (AL) calculating the earnings rates and award caps for program year 2018 by August 1, 2019.

**Background:**

- The IOUs are encouraged to file jointly.
- The IOUs must use the templates in the guidelines document for their 2018 earnings rate and award caps AL and 2019 ESPI ALs.
- The guidelines include the ESPI\_Ex Ante Savings template that was omitted last year due to an [April 20, 2018 Commission Ruling](#) directing Commission Staff to conduct the ex ante (expected) savings process following the timeline set for the ex post (evaluated) savings in decisions D.13-09-023 and D.15-10-028. This year, Staff will informally provide adjustments to the ex ante savings in August for use in the ESPI\_Ex Ante Savings tab.

Close:

Please contact Erica Petrofsky at [erica.petrofsky@cpuc.ca.gov](mailto:erica.petrofsky@cpuc.ca.gov) with any questions.

---

**This email originated outside of Sempra Energy. Be cautious of attachments, web links, or requests for information.**

**A** IOUs must use the **2018 Earnings Rates & Caps** template provided within this workbook for their 2018 earnings rates and award caps advice letter (AL). Please also submit supporting information for the data in the template. Please make sure there are no external links in the workbook submitted. The worksheet need not be included in the 2019 Efficiency Savings and Performance Incentive (ESPI) AL.

**B** IOUs must each submit one AL for all four components of the ESPI awards. IOUs shall submit their ESPI ALs as word-searchable PDF documents with accompanying Excel workbooks.

**C** The table below must be placed on the first page (in the purpose section) of each IOU's ESPI AL. It need not be filled out in this worksheet. IOUs should add True Up lines for 2017 if appropriate.

Component	Request
2017 Ex Post Savings	
2018 Ex Ante Savings	
2018 Ex Ante Review Performance	
2018 Codes & Standards	
2018 Non-Resource	
2017 Ex Ante Savings True Up	
2017 Ex Ante Review Performance True Up	
2017 Codes & Standards True Up	
2017 Non-Resource True Up	
Other Adjustments	
<b>Total Request</b>	

**D** IOUs must reference the **Savings\_DataDictionary** worksheet in this workbook and CPUC-provided ex ante savings adjustment values to fill out the **ESPI\_Ex Ante Savings** template provided in this workbook for their 2019 ESPI ALs.

**E** IOUs must use the **ESPI\_Program Expenditures** template provided in this workbook for their 2019 ESPI ALs. Please make sure there are no external links in the workbooks submitted.

**ESPI\_Program Expenditures Worksheet Instructions**

IOUs must use their final official annual tracking data as reported in CEDARS as the basis of their ESPI AL filings.

IOUs shall report all requested data but shall only make ESPI claims for eligible expenditures in Tables 1 and 2.

Claims must include eligible funds spent in the respective program year, and exclude all funds reported as spent in previous years or committed for activities in future years.

IOUs shall input applicable information to replace the placeholder text in cells B1 and F6.

IOUs may add rows as necessary in the appropriate tables, e.g. REN/CCA programs in Table 2 and Water Energy Nexus and Finance Pilots in Table 3.

All finance programs should be categorized as Resource.

All Codes and Standards-related programs should be categorized as C&S.

IOUs shall only report IOU-administered ME&O programs in Table 1. The sum of IOU contributions to statewide ME&O should be entered in the "Statewide ME&O (energy efficiency portion only)" row.

IOUs shall footnote any data points that would benefit from explanation.

**F** IOUs should add worksheets as needed with calculations to support values claimed in their 2019 ESPI ALs.

**G** All references for the September 1st AL filings can be found on the CPUC's ESPI website: <http://www.cpuc.ca.gov/General.aspx?id=4137>

**ATTACHMENT B**

**Advice No. 5509**

**Follow up to CPUC Staff's Data Request  
for a Sample of SoCalGas' 2017 Custom Projects**

Attachment B - Other Adjustment project list

ClaimID	MeasureType	InstallationDate	NumUnits	EAAnteFirstYearGrossTherm	EAAnteFirstYearNetTherm	EAAnteRecycleGrossTherm	EAAnteRecycleNetTherm	EAAdjEUL_Vrs	EAAdjRUL_Vrs	EAAdjNTRTherm	EvalUnitTherm1stBaseline	EvalUnitTherm2ndBaseline	EvalUnitTherm3rdBaseline	EvalRRFirstYearTherm	EvalRRRecycleTherm	EvalNTRTherm	EvalEUL_Vrs	EvalRUL_Vrs	EvalExpPostFirstYearGrossTherm	EvalExpPostFirstYearNetTherm	EvalExpPostRecycleGrossTherm	EvalExpPostRecycleNetTherm
SCG-2017-3715-5001256178-10	REA	27-Dec-16	1	3572.999921	1964.854956	39293.99913	21611.20452	11	0	0.5	3969	0	0	0.732903226	0.658709677	0.63	11	0	2908.892903	1978.847174	26758.80583	19,555.85
SCG-2017-3715-5001256178-30	ER	27-Dec-16	1	494.2999957	106.9199916	308.7999914	211.8399962	6	2	0.5	216	0	0	0.732903226	0.658709677	0.63	6	2	158.3070968	107.8488238	284.5625886	193.36
SCG-2017-3715-5001256378-10	ER	21-Oct-15	1	26985.5994	14842.07967	188899.1958	103894.5577	20	7	0.5	29984	0	0	0.732903226	0.658709677	0.63	20	7	21976.37032	14943.25182	138255.2568	94,013.57
SCG-2017-3715-5001256980-10	REA	05-Dec-16	1	11240.99975	6182.549863	224819.995	123650.9973	20	0	0.5	12490	0	0	0.732903226	0.658709677	0.63	20	0	9153.96129	6224.693677	164645.6774	111,891.05

[1] Uses adjusted PV2017 GRR and 2013-2015 evaluated NTR values for non-lighting claims (in red) as described in Appendix E of the Final Savings Performance Statement on 2017 Evaluated Energy Savings

R.13-11-005 SCG Response  
 EE Stat SDGE 30776 Data Request Dated March 28, 2019  
 Follow up to CPUC staff's data request for a sample of SoCalGas' 2017 custom projects.  
 Requestor: Energy Division (Peter Lai)  
 Date Submitted: April 12, 2019

**Please forward this data request to Elizabeth Gomez and Erin Brooks. Thank you for your attention to this matter. Please contact me at peter.lai@cpuc.ca.gov if you should have any clarifying questions.**

To SoCalGas staff:

This is a follow up to CPUC staff's data request for a sample of SoCalGas' 2017 custom projects. A utility's savings claims for custom measures are considered eligible for PY 2017 ESPI payments if they are installed during calendar year 2017. An exception is made for custom projects that underwent extended post-installation Measurement and Verification (M&V) by the utilities or their implementers prior to the submission of the project claim to the Commission. The tracking data uploaded to CEDARS does not have a field that indicates which projects were subject to extended post-installation M&V.

- Please provide a list of project claims included in the PY 2017 reported claim where extended post installation M&V was conducted.
- Please identify the project claims by ClaimID and include the start and end date of the post-installation M&V data collection period. Some utility's 2017 tracking data also contains partial claims for projects that were not completed in 2017.
- Please provide a list of project claims included in the PY 2017 claim that are partial claims for projects not completed in 2017.
- Please identify the partial project claims by ClaimID.

**SCG Response:**

SoCalGas provides in the following table the list of projects by ClaimID where extended post installation M&V was conducted along with the M&V data collection start and end dates, as well as the installation review completion date of the project where the savings was finalized.

ClaimID	M&V Start Date	M&V End Date	Installation review Completion Date	Partial Claimed in 2017
SCG-2017-3710-5001166023-10	6/5/2015	12/21/2015	6/24/2016	No
SCG-2017-3710-5001171491-20	5/26/2015	12/1/2015	7/7/2016	No
SCG-2017-3710-5001173877-10	6/25/2015	12/1/2015	6/24/2016	No
SCG-2017-3715-5001173054-10	5/1/2016	4/30/2017	8/22/2017	No
SCG-2017-3715-5001173054-20	5/1/2016	4/30/2017	8/22/2017	No
SCG-2017-3715-5001229617-10	6/15/2016	12/28/2016	7/10/2017	No
SCG-2017-3715-5001229617-20	6/15/2016	12/28/2016	7/10/2017	No
SCG-2017-3710-5001259176-10	3/14/2016	4/14/2016	3/16/2017	No

SoCalGas did not have any claims in PY 2017 that are partial claims for projects not completed in 2017.



R.13-11-005 SCG Response  
EE Stat SDGE 30776 Data Request Dated March 28, 2019  
Follow up to CPUC staff's data request for a sample of SoCalGas' 2017 custom projects.  
Requestor: Energy Division (Peter Lai)  
Date Submitted: April 12, 2019

Additionally, SoCalGas provides the following table claimIDs where the projects which installed at the end of 2016 required additional time in 2017 to complete the installation review to verify project savings.

ClaimID	Installation review Completion Date	Partial Claimed in 2017
SCG-2017-3710-5001253266-10	1/17/2017	No
SCG-2017-3710-5001253266-20	1/17/2017	No
SCG-2017-3710-5001257128-10	1/19/2017	No
SCG-2017-3710-5001257170-10	4/24/2017	No
SCG-2017-3710-5001258230-10	4/11/2017	No
SCG-2017-3715-5001256178-10	2/10/2017	No
SCG-2017-3715-5001256178-30	2/10/2017	No
SCG-2017-3715-5001256378-10	3/13/2017	No
SCG-2017-3715-5001256980-10	2/27/2017	No

## **ATTACHMENT C**

**Advice No. 5509**

- Attachment C.1 – PY 2018 SoCalGas**
- Attachment C.2 – EAR Score Weighting Calculation**
- Attachment C.3 – SoCalGas 2019 ESPI Components**



**Attachment C.2 - EAR Score Weighting Calculation**

		<b>SCG</b>
<b>Custom</b>	<b>Lifecycle Net Therms with Market Effects</b>	18,505,728
	<b>Lifecycle Net MMBtu with Market Effects</b>	1,850,573
	<b>Weight (%) Based on MMBtu</b>	18.82%
	<b>EAR Score</b>	31.45
<b>Deemed</b>	<b>Lifecycle Net Therms with Market Effects</b>	79,827,434
	<b>Lifecycle Net MMBtu with Market Effects</b>	7,982,743
	<b>Weight (%) Based on MMBtu</b>	81.18%
	<b>EAR Score</b>	24.73
<b>Weighted EAR Score</b>		<b>51.99</b>

**Weighted EAR Score (%)      51.99%**















**ATTACHMENT D**

**Advice No. 5509**

**Natural Gas Transportation Rate Revenues**

**Attachment D**  
**Advice No. 5509**  
**Natural Gas Transportation Rate Revenues**  
**Southern California Gas Company**

	Present Rates			Proposed Rates			Changes			
	May-1-19	Average	May-1-19	May-1-19	Proposed	May-1-19	Revenue	Rate	% Rate	
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	Change	Change	change	
	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's	\$000's	\$/therm	%	
	A	B	C	D	E	F	G	H	I	
1	<b>CORE</b>									
2	Residential	2,435,160	\$0.87835	\$2,138,921	2,435,160	\$0.87953	\$2,141,805	\$2,884	\$0.00118	0.1%
3	Commercial & Industrial	1,023,186	\$0.43839	\$448,552	1,023,186	\$0.43885	\$449,021	\$469	\$0.00046	0.1%
4										
5	NGV - Pre SempraWide	157,095	\$0.21327	\$33,504	157,095	\$0.21345	\$33,533	\$29	\$0.00018	0.1%
6	SempraWide Adjustment	157,095	(\$0.00639)	(\$1,004)	157,095	(\$0.00641)	(\$1,007)	(\$3)	(\$0.00002)	0.3%
7	NGV - Post SempraWide	157,095	\$0.20688	\$32,500	157,095	\$0.20704	\$32,525	\$26	\$0.00016	0.1%
8										
9	Gas A/C	772	\$0.25692	\$198	772	\$0.25709	\$198	\$0	\$0.00017	0.1%
10	Gas Engine	20,699	\$0.22193	\$4,594	20,699	\$0.22193	\$4,594	\$0	\$0.00000	0.0%
11	Total Core	3,636,911	\$0.72170	\$2,624,765	3,636,911	\$0.72263	\$2,628,144	\$3,379	\$0.00093	0.1%
12	<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
13	Distribution Level Service	865,102	\$0.12626	\$109,228	865,102	\$0.12637	\$109,319	\$91	\$0.00011	0.1%
14	Transmission Level Service (2)	660,238	\$0.03184	\$21,022	660,238	\$0.03186	\$21,035	\$13	\$0.00002	0.1%
15	Total Noncore C&I	1,525,339	\$0.08539	\$130,250	1,525,339	\$0.08546	\$130,354	\$104	\$0.00007	0.1%
16										
17	<b>NONCORE ELECTRIC GENERATION</b>									
18	Distribution Level Service									
19	Pre Sempra Wide	285,096	\$0.11927	\$34,004	285,096	\$0.11939	\$34,039	\$35	\$0.00012	0.1%
20	Sempra Wide Adjustment	285,096	(\$0.00775)	(\$2,209)	285,096	(\$0.00777)	(\$2,216)	(\$7)	(\$0.00002)	0.3%
21	Distribution Level Post Sempra Wide	285,096	\$0.11152	\$31,795	285,096	\$0.11162	\$31,823	\$28	\$0.00010	0.1%
22	Transmission Level Service (2)	2,392,699	\$0.02445	\$58,507	2,392,699	\$0.02447	\$58,554	\$46	\$0.00002	0.1%
23	Total Electric Generation	2,677,795	\$0.03372	\$90,303	2,677,795	\$0.03375	\$90,377	\$74	\$0.00003	0.1%
24										
25	<b>TOTAL RETAIL NONCORE</b>									
26		4,203,134	\$0.05247	\$220,553	4,203,134	\$0.05252	\$220,731	\$178	\$0.00004	0.1%
27	<b>WHOLESALE &amp; INTERNATIONAL (excluding SDG&amp;E)</b>									
28		325,403	\$0.02329	\$7,578	325,403	\$0.02331	\$7,584	\$6	\$0.00002	0.1%
29	<b>OTHER SERVICES (SDG&amp;E, UBS, &amp; BTS)</b>									
30		1,251,556		\$356,419	1,251,556		\$356,438	\$20		
31	<b>SYSTEM TOTAL w/BTS</b>	<b>9,417,004</b>	<b>\$0.34080</b>	<b>\$3,209,314</b>	<b>9,417,004</b>	<b>\$0.34118</b>	<b>\$3,212,897</b>	<b>\$3,583</b>	<b>\$0.00038</b>	<b>0.1%</b>
32	<b>EOR Revenues</b>									
33		231,570	\$0.06082	\$14,084	231,570	\$0.06089	\$14,099	\$15	\$0.00007	0.1%
34	Total Throughput w/EOR Mth/yr	9,648,574			9,648,574					

1) These rates are for Natural Gas Transportation Service from "Citygate to Meter." The BTS rate is for service from Receipt Point to Citygate.  
2) All rates include Franchise Fees & Uncollectible charges.