

A.17-01-014
SDG&E 2018-2025 EE Rolling Portfolio Business Plan
TURN Data Request TURN-SDG&E-01 Dated February 24, 2017
Question 8
Submitted: March 20, 2017

Statewide Program Administration

8. In Appendix B of SDG&E's Business Plan, SDG&E explains the methodology it used to modify its 2017 portfolio mix to achieve a TRC over 1.0 using the updated avoided costs. See p. 232. Regarding this methodology:
- a. Please provide additional information about the major changes to the measure mix resulting from this methodology, including the individual measures that received larger or smaller funding allocations (with changes of 10% or more).
 - b. Please explain how SDG&E modified its cost-effectiveness input assumptions regarding Home Upgrade in response to its observation that "eliminating Home Upgrade would improve the portfolio TRC by approximately 5%."

SDG&E Response:

8.a.

SDG&E's Business Plan Forecast was based on its September 2016 Advice Letter forecast for 2017. There were changes to both the measure assumptions and non-measure cost assumptions from the 2017 Forecast to the Business Plan Forecast. Note that SDG&E's Business Plan Forecast is intended to represent the time period of 2018 through 2020, rather than simply 2018. Therefore, not all of these changes will occur in 2018. The assumptions changes are summarized below:

- 1) Reduce the ESPI forecast to \$3 million consistent with recent activity.
- 2) Remove the following Measures: a) High-Performance Heat Pump Water Heater 50gal, b) High-Performance Heat Pump Water Heater 75gal, c) Duct Test and Seal 1976-1994, and d) Duct Test and Seal 1995-2005 – due to high negative net benefits (benefits – costs).
- 3) Align the cost of "Water Saving Kits" to expected future costs at \$20/kit.
- 4) Reduce the incremental cost for pool pumps from \$600 to \$286 consistent with workpaper updates.
- 5) Based on cost trends and contracted values reduce the incremental measure costs of LED lamps and fixtures by 50%. Note that much of the LED cost data was very dated ~ 2012.
- 6) Increase the upstream lighting measure quantities to levels consistent on a percentage of savings with 2016 activity, but approximately 25% higher than the 2017 Forecast in terms of kWh savings.
- 7) Decrease the upstream LED lamp rebate level by 25% to account for anticipated lower product costs.
- 8) Increase activity in SDG&E's nonresidential custom/calculated incentive programs by 25%.
- 9) Adjust the incremental measure costs for RCx HOPPs downward by 50% as projected costs were inconsistent with recent analysis.
- 10) Increase the anticipated savings from behavioral program efforts to account for expected future participation and measurement and verification (M&V) studies.

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8.b. For exploratory purposes, SDG&E forecasted portfolio TRC without the Home Upgrade program. Removing Home Upgrade budget and savings would increase the Business Plan TRC benefit/cost ratio by 5% (5 basis points). SDG&E included Home Upgrade in the filed budget, this finding was included in Appendix B to highlight the difficulty in forecasting both a comprehensive and cost effective portfolio.