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November 22, 2017

**ADVICE 3654-E-A  
(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Supplemental Filing to Advice 3654-E, Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget

In response to the Energy Division's (ED) Supplemental Request Letter dated October 30, 2017 (ED Letter)<sup>1</sup>, Southern California Edison Company (SCE) hereby submits this supplemental information to its 2018 Energy Efficiency Program and Portfolio Annual Budget Advice Letter (Advice 3654-E), filed on September 1, 2017. This advice filing supplements in part.

**PURPOSE**

The purpose of this Advice Letter is to provide supplemental information regarding SCE's Energy Efficiency Program and Portfolio Annual Budget Advice Letter, filed on September 1, 2017, as requested in the ED Letter. SCE submits this supplemental information to make certain updates to Advice 3654-E as contained in the ED Letter. SCE's proposed portfolio and budget included herein is fundamentally unchanged from Advice Letter 3654-E filed on September 1, 2017 with the exception of implementing the following updates as requested in the ED Letter:

1. Updates on Cost Effectiveness using Costs Effectiveness Tool (CET) version 18.1 that includes greenhouse gas (GHG) adder adopted in D.17-08-022;

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<sup>1</sup> See Attachment E, Memo 1 (ED Letter).

2. Updates reflecting 2018 savings goals as established in D.17-09-025<sup>2</sup>; and
3. Various portfolio scenarios as discussed with the Energy Division on November 3, 2017.

In addition, as requested in the ED Letter, this Advice Letter provides two portfolio scenarios that achieve a 1.25 TRC threshold. As further explained below, these illustrative scenarios are provided for informational purposes only. SCE is not requesting or recommending that the portfolio scenarios be adopted herein.

## **Background**

On September 1, 2017, SCE submitted Advice Letter 3654-E in compliance with the Administrative Law Judges' Ruling Modifying Schedule, issued on June 9, 2017 (ALJ Ruling).<sup>3</sup> The EE portfolio and budget filed in Advice Letter 3654-E represents SCE's base case portfolio budget (Base Case) and did not include the new 2018 savings goals or the interim greenhouse gas adder that the CPUC approved in D.17-08-022 on August 24, 2017.<sup>4</sup> Subsequently, on October 30, 2017, SCE received the ED Letter<sup>5</sup> directing SCE to file a supplement to Advice Letter 3645-E that shows:

- the cost effectiveness using the Cost Effectiveness Tool (CET) version 18.1 that includes the interim GHG adder;
- the use of the 2018 savings goals established in D.17-09-025; and
- a "requested portfolio and budget, plus any alternative scenarios SCE may wish to propose."<sup>6</sup>

The EE portfolio and budget filed in this Supplemental Advice Letter (Updated Base Case), modifies the Base Case in compliance with direction provided in the ED Letter. The Base Case provided in Advice 3654-E produced a TRC value of 1.00. As shown in Table 3 below, the Updated Base Case results in a TRC value of 1.13.

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<sup>2</sup> On November 8, 2017, ED sent email instructing IOUs to disregard September 1, 2017 request to "classify all ME&O as a separate Non-Resource program", see Attachment E, Memo 2

<sup>3</sup> A.17-01-013, Administrative Law Judges' Ruling Modifying Schedule, dated June 9, 2017, p. 8. Consistent with that Ruling, SCE will also submit its true-up budget advice letter by March 1, 2018.

<sup>4</sup> See Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget Advice Letter (A3654-E) (September 1, 2017), footnote 30, p. 7.

<sup>5</sup> See Attachment E, Memo 1.

<sup>6</sup> See ED Letter, p. 2.

## 2018 EE Portfolio Budget

In Advice 3654-E, Table 1 has been revised to reflect the updated Commission goals approved in D.17-09-025. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

**Table 1: 2018 EE Portfolio Budget Criteria, Descriptions, and Authority**

Criteria	Applicable to 2018 Budget	Authority
1. Cost Effectiveness	<ul style="list-style-type: none"><li>Statutory requirement to provide cost-effective portfolio<sup>7</sup></li><li>Portfolio Total Resource Cost (TRC) greater or equal to 1.00 without codes and standards<sup>8</sup></li></ul>	<ul style="list-style-type: none"><li>California P.U. Code, Section 454.5(b)(9)(c)</li><li>D.16-08-019</li></ul>
2. Energy Savings	Energy Savings <ul style="list-style-type: none"><li>961 GWh<sup>9</sup></li><li>206 MW<sup>10</sup></li></ul>	<ul style="list-style-type: none"><li>D.17-09-025</li></ul>
3. Portfolio Budget	Budget <ul style="list-style-type: none"><li>\$333.320 million<sup>11</sup></li></ul>	<ul style="list-style-type: none"><li>D.15-01-002</li></ul>

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<sup>7</sup> Per California P.U. Code, Section 454.5(b)(9)(c): “The electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.”

<sup>8</sup> Per D.16-08-019, pages 30-31, “Since D.12-11-015, the costs and benefits of the utilities’ codes and standards work have not been used to meet the cost-effectiveness requirements that benefits exceed costs in the utility portfolios, specifically using the total resource cost test. Instead, the costs and benefits of the codes and standards programs are used as a “cushion” or a “hedge” when added to the rest of the portfolio, to ensure that the overall portfolio will remain cost effective as implemented, and not just as planned. However, the rest of the utility portfolio is required to be cost-effective on its own, prior to consideration of the costs and benefits of the codes and standards activities. These requirements are not altered by this decision.”

<sup>9</sup> See D.17-09-025, p.37, Reflects net savings for resource programs and codes & standards.

<sup>10</sup> See D.17-09-025, p.38, Reflects net savings for resource programs and codes & standards.

<sup>11</sup> SCE’s 2018 proposed budget is based on SCE’s 2015 Total Approved Budget adopted in D.14-10-046 and modified in D.15-01-002. The Decision approved an annual authorized budget level for 2015 which is to remain in place (less carry-forward of unspent funds from prior portfolio cycles) until the earlier of 2025 or when the Commission issues a superseding decision on funding. See OP 21.

## 2018 EE Portfolio Savings

In Advice 3654-E, Table 2 has been revised to reflect the updated Commission goals approved in D.17-09-025. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

**Table 2: EE Portfolio Energy Savings**

	2018 Forecast		
	Total	CPUC Goal	% of 2018 Goal
Energy Savings (Gross GWh)	1,466	961	153%
Demand Reduction (Gross MW)	268	206	130%
Gas Savings (Gross MMth)	N/A	N/A	N/A

## Portfolio Cost-Effectiveness Table

In Advice 3654-E, Tables 3 and 4 have been revised to reflect the Updated Base Case portfolio cost-effectiveness forecasted results. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

**Table 3: TRC Cost-Effectiveness Scenario Results**

	2018 Forecast <sup>12</sup>
Resource and Non-Resource Portfolios, without C&S <sup>13</sup>	1.13
Resource and Non-Resource Portfolios, with C&S	1.49

**Table 4: PAC Cost-Effectiveness Scenario Results**

	2018 Forecast
Resource and Non-Resource Portfolios, without C&S <sup>14</sup>	1.49

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<sup>12</sup> The forecasts in Tables 3 & 4 include statewide marketing, education & outreach (\$6.7 million), Energy Savings Performance Incentive (ESPI) earnings (\$17.6 million), and estimated pension and benefit costs (\$16.5 million). Also, includes 5% spillover (market effects) for resource programs. Excludes Emerging Technology, On-Bill Financing revolving loan pool, credit enhancements, and SoCalREN.

<sup>13</sup> Excludes benefits and costs associated with the Codes and Standards Program.

Resource and Non-Resource Portfolios, with C&S	3.96
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## Cap and Target Table

In Advice 3654-E, Table 5 has been revised to provide a breakdown of the Direct Implementation Non-Incentive Exempt and Non-Exempt costs. SCE also provides additional information regarding the calculations in the footnotes. No other changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

**Table 5: Cap & Targets Forecast**

	Administrative	Marketing	Direct Implementation Non-Incentive (Exempt)	Direct Implementation Non-Incentive (Non-Exempt)	Incentive	EM&V	Total
SCE Programs	\$15,067,527	\$9,139,777	\$58,223,989	\$65,320,905	\$122,585,475	\$ -	\$270,337,673
SoCal REN	\$1,558,260	\$865,700	\$8,772,443	\$ -	\$6,117,597	\$ -	\$17,314,000
EM&V	\$ -	\$ -	\$ -	\$ -	\$ -	\$11,985,487	\$11,985,487
Total Requested Budget	\$16,625,787	\$10,005,477	\$66,996,432	\$65,320,905	\$128,703,072	\$11,985,487	\$299,637,160
Items Outside of EE Funding							
Statewide ME&O	\$ -	\$6,703,611	\$ -	\$ -	\$ -	\$ -	\$6,703,611
GRC Labor Adders (Pension and Benefits)	\$16,045,171	\$ -	\$ -	\$ -	\$ -	\$343,360	\$16,388,531
IOU Caps/Targets Forecast <sup>15</sup>	IOU Admin Cap <sup>16</sup>	IOU Marketing Target <sup>17</sup>		IOU Direct Impl. Target <sup>18</sup>	IOU Incentive Percentage <sup>19</sup>		

<sup>14</sup> Excludes benefits and costs associated with the Codes and Standards Program.

<sup>15</sup> Cap and Target calculation excludes REN's budget.

<sup>16</sup> 10% admin cap requirement based on D. 09-09-047 applies to IOU labor only. Cap calculated using: (SCE Programs Admin + Pension & Benefits) / (Total Requested Budget + SWME&O Budget + Pension & Benefits)

<sup>17</sup> 6% marketing target calculated using SCE Programs Marketing: / (Total Requested Budget + SWME&O Budget + Pension & Benefits)

<sup>18</sup> 20% DINI Target calculating using: (DINI Non-Exempt SCE Programs Budget) / (SCE Programs Budget + EM&V + SWME&O Budget + Pension & Benefits)

<sup>19</sup> IOU Incentive Percentage of Budget calculated using: SCE Program Incentive / (Total Requested Budget + SWME&O Budget + Pension & Benefits)

9.64%

2.83%

21.39%

37.98%

### **Budget Variance**

No changes to Table 6 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

### **Expanded and New Programs**

No changes to Table 7 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

### **Program Phase Outs**

No changes to Table 8 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

### **Portfolio Optimization**

No changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

### **Evaluation, Measurement, and Verification (EM&V)**

No changes to this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

### **Program Realignments**

No changes to Table 9 or to other parts of this section are being made from Advice 3654-E filing as submitted on September 1, 2017.

### **Discussion**

#### **1. SCE's EE Portfolio is Currently Cost Effective with a TRC of Above 1.0 (without C&S) Which is Consistent with Current Commission Policy**

The ED Letter observes that SCE's forecasted TRC value of 1.00 for its Base Case "falls significantly short of the 1.25 value and indicates the portfolio does not meet the

Commission's minimal requirements for cost effectiveness."<sup>20</sup> To support this observation, the ED Letter cites to D.14-10-046 as setting the minimum requirements for the TRC value.

The ED Letter is incorrect that SCE's Base Case does not meet the minimum threshold for cost effectiveness. As discussed in SCE's Final Comments and Reply Comments regarding its Business Plan, SCE's forecast portfolio TRC of 1.00 achieves the currently authorized Commission minimum requirements for cost effectiveness. In D.14-10-046, the Commission noted that corrections to the cost-effectiveness calculations "will materially lower TRCs" and that "to the extent they drop below 1.0 we will require portfolio adjustments to exceed that minimum threshold."<sup>21</sup> Subsequently in D.16-08-019, the Commission did not address this tension but referred generally to the requirement that the "utility portfolio...be cost-effective on its own, prior to consideration of the costs and benefits of the codes and standards activities."<sup>22</sup> Further, the Commission's Energy Efficiency Policy Manual, states that "a portfolio is said to have "passed" a test if the benefit cost ratio is greater than 1." As such, the current Commission threshold forecast TRC requirement is 1.0 which SCE's Base Case achieves.

Because a Commission decision has not been issued that defines a compliant cost-effective threshold as 1.25, it is premature to state that SCE's portfolio cost-effectiveness is below Commission requirements. SCE recognizes that the determination of the appropriate threshold TRC value above the currently authorized 1.0 value is an issue that will be resolved in the Business Plan application proceeding which is the appropriate regulatory venue to determine this issue. Pending any Commission decision to deviate from the existing TRC threshold requirement, SCE will continue to offer a cost-effective portfolio above 1.0 that delivers value and energy savings.

## **2. The Updated Base Case Reflects Changes Required in the Request, but SCE's Proposed Budget Amount and Portfolio Remain Unchanged**

As described in Advice 3654-E, to develop the EE portfolio and budget (Base Case), SCE "optimized its portfolio and measures to reflect current market projections by performing a bottoms-up analysis for labor, non-labor, and measures offered for each program."<sup>23</sup> SCE maintains that its Base Case represents an optimized portfolio based

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<sup>20</sup> See ED Letter, p. 1

<sup>21</sup> D.14-10-046, p. 6, fn.3

<sup>22</sup> D.16-08-019, pp. 30-31

<sup>23</sup> See Advice 3654-E, p. 11

on realistic assumptions and market forecasts that maximize savings and meets the TRC threshold of 1.0. As discussed earlier, SCE's Updated Base Case reflects two modifications to the Base Case to incorporate the new savings goals and the GHG adder adopted in D. 17-09-025. With exception of these updates, SCE's proposed portfolio and budget is fundamentally unchanged from Advice 3654-E.,

Consistent with recent Commission guidance issued in A.17-01-013,<sup>24</sup> ED's guidance,<sup>25</sup> and the fact that a final decision in SCE's amended business plan application is pending, SCE notes that this supplement to Advice 3654-E should be considered an "interim" budget filing as SCE expects to file a "true-up" advice letter on March 1, 2018.<sup>26</sup> At that time, SCE's portfolio may be adjusted to meet the portfolio requirements adopted in the A.17-01-013 Decision, as well as additional guidance received from Commission staff since the filing of Advice 3654-E. For example, SCE expects it may be necessary to account for ED guidance received related to SCE's streetlight program on October 10, 2017 and October 31, 2017.<sup>27</sup> SCE anticipates the impact of implementing this guidance on SCE's streetlighting program may increase the EE budget and portfolio costs from SCE's Updated Base Case, resulting in a negative impact on SCE's TRC value.<sup>28</sup>

## **ALTERNATE SCENARIOS**

As discussed above, SCE disagrees with ED's conclusion that SCE's Base Case EE portfolio and budget are not cost-effective. SCE maintains this issue is pending before the Commission in A.17-01-013, and should be resolved in that proceeding with an issuance of a Commission decision. Accordingly, SCE's TRC value (without codes and standards) of 1.0 is appropriate.

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<sup>24</sup> See September 25, 2017 Email Ruling denying September 25, 2017 SoCalGas motion to file amended business plan, which states "While the timing of these events is unfortunate, it was always anticipated as part of the structure adopted in D.15-10-028 that periodic updates to the business plans would be necessary. I anticipate that at the time the Commission renders a decision on the business plans of all of the utility program administrators, that decision will include direction on the need to update the business plans of all utility program administrators to be consistent with the new energy efficiency savings goals adopted in D.17-09-025."

<sup>25</sup> See Advice 3654-E, p. 6

<sup>26</sup> See June 9, 2017 Administrative Law Judge's Ruling Modifying Schedule, p. 8.

<sup>27</sup> See Attachment E, Memo 3 and Memo 4 (Streetlight Incentives).

<sup>28</sup> While SCE expects that implementation of this adjustment to result in an increased budget and lower TRC, SCE does not anticipate for it to result in SCE seeking a budget increase above the \$333.3 million currently authorized by D.15-01-002 or a TRC less than 1.0.



While SCE is providing two scenarios that result in a TRC value of 1.25, SCE does not recommend that either of these scenarios be adopted. In the ED Letter, Energy Division also provides the following guidance regarding alternate scenarios:

In order to reach portfolio savings goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost effectiveness. SCE's supplemental filing should include a requested portfolio and budget, plus alternate scenarios SCE may wish to propose. Alternate scenarios could offer viable options such as portfolios that may exceed current budget limits.

While Energy Division acknowledges that trade-offs may be required, SCE maintains that the Base Case budget as filed on September 1, 2017 represents an optimized portfolio whereby SCE has already considered expanding programs with high cost-effectiveness and reducing programs with low cost effectiveness in order to achieve a 1.0 TRC value.<sup>29</sup> Therefore, allocating additional funds to programs with high cost-effectiveness is not expected to result in incremental savings. As a result, Scenarios 1 and 2 include the elimination of some non cost-effective EE programs as shown in Tables 10 and 14 below. Table 10 below provides a high level comparison of the base case and updated base case to the two alternate 1.25 TRC scenarios. Table 14 shows provides a comparison of the program budget amount across the scenarios. **Attachment G** provides the CET v. 18.1 output for the Base Cases and Scenarios.

**Table 10: Summary of Differences between Base Cases and Scenarios**

	<b>Base Case</b> (as of Sept. 1, 2017 filing)	<b>Updated Base Case</b> (as of Nov. 22, 2017)	<b>Scenario 1</b> (1.25 TRC, w/ LED)	<b>Scenario 2</b> (1.25 TRC, w/o LED)
<b>Summary</b>	September 1, 2017 Advice Letter	The budget remains same as in Sept. 1, 2017 Budget AL filing. GHG adder was included.	Targeted 1.25 TRC (w/o C&S) by eliminated lowest impact programs. CFLs/A lamp LEDs remain.	Targeted 1.25 TRC (w/o C&S) by eliminated lowest impact programs. CFLs/A lamp LEDs removed.
<b>Reflect D.17-09-025 Net Savings Goals</b>	NO	YES	YES	YES

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<sup>29</sup> See Advice 3654-E, p. 6

	<b>Base Case</b> (as of Sept. 1, 2017 filing)	<b>Updated Base Case</b> (as of Nov. 22, 2017)	<b>Scenario 1</b> (1.25 TRC, w/ LED)	<b>Scenario 2</b> (1.25 TRC, w/o LED)
<b>Includes Market Effects</b>	YES	YES	NO	NO
<b>Includes ESPI</b>	YES	YES	NO	NO
<b>GHG Benefits adder included</b>	NO	YES	YES	YES
<b>CFLs &amp; A-Lamp LEDs included</b>	YES	YES	YES	NO
<b>Includes Streetlight Incentives<sup>30</sup></b>	NO	NO	YES	YES
<b>Program Portfolio Adjustment</b>	N/A	None	40 Programs Eliminated	63 Programs Eliminated
<b>Labor \$</b>	N/A	None	Decreased \$7.82M	Decreased \$20.68M

### Description of SCENARIO 1

In the first alternate scenario to achieve the 1.25 TRC, SCE eliminated lowest impact programs and retained the CFL/LED A-lamps lighting measures. In order to construct Scenario 1, SCE started with the Updated Base Case, and then SCE made operational adjustments to the portfolio including adding in the streetlights program cost<sup>31</sup> and removing programs providing incentives for residential smart thermostats, demand-controlled ventilation hoods, and high/low bay LEDs. Budgets for the Codes & Standards program, the Emerging Technologies program, and the Southern California Regional Energy Network were not changed. SCE then ranked every program by its positive contribution to the portfolio TRC. Those with the highest portfolio TRC contribution remained in the portfolio, and those that contributed to reducing the TRC below 1.25 were generally eliminated, with the exception to those that had significant contributions to savings goals.

Relative to the Updated Base Case, Scenario 1 results in a portfolio that achieves a TRC of 1.25, but a reduction of 45 GWh in program energy savings and a reduction of 10 MW in program demand savings. This is achieved by a reduction of \$40 million in budget and the elimination of 40 programs.

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<sup>30</sup> See Attachment E, Memo 3 and Memo 4.

<sup>31</sup> See Attachment E, Memo 3 and Memo 4.

## Description of SCENARIO 2

In second alternate scenario to achieve the 1.25 TRC, SCE eliminated the remaining low TRC programs and eliminated the CFL/LED A-lamps lighting programs. The primary difference between the two alternate scenarios is due to the removal of CFL and LED A-Lamps. This illustrates the impact of these Primary Lighting measures on SCE's EE portfolio cost effectiveness as explained in Advice 3654-E.<sup>32</sup> To construct Scenario 2, SCE built upon Scenario 1 to achieve a goal of 1.25 TRC without C&S. In order to achieve a portfolio TRC of 1.25 given this constraint required an additional round of program cuts. As with Scenario 1, programs with the lowest portfolio TRCs contribution were generally cut.

Relative to the Updated Base Case, Scenario 2 results in a portfolio with a TRC of 1.25, but a reduction in program energy savings of 310 GWh and a reduction of program demand savings of 47 MW. Under this scenario, SCE would no longer meet either the Energy Savings or Demand Reduction goal set by the Commission. In this scenario, the program budget was reduced by \$138 million and 63 programs were eliminated.

## Scenario Comparisons

The following comparison tables show the operational differences between the Base Cases and Scenarios.

**Table 11: Budgets Summary Table**

	<b>Base Case</b> (as of Sept. 1, 2017 filing)	<b>Updated Base Case</b> (as of Nov. 22, 2017)	<b>Scenario 1</b> (1.25 TRC, w/ LED)	<b>Scenario 2</b> (1.25 TRC, w/o LED)
<b>SCE Resource and Non-Resource Programs</b>	\$240,400,279	\$240,400,279	\$201,733,963	\$122,138,406
<b>Finance Program Loan Pools<sup>33</sup></b>	\$15,050,000	\$15,050,000	\$15,000,000	\$0
<b>Codes &amp; Standards Programs</b>	\$6,039,256	\$6,039,256	\$6,039,256	\$6,039,256

<sup>32</sup> See Advice 3654-E, pp. 6-7.

<sup>33</sup> Scenario 1 removed the American Recovery Reinvestment Act (ARRA) program, so the \$50,000 in loan pool funds were removed from the budget. Scenario 2 removed the On-Bill Financing (OBF) program, so \$15 million in loan pool were removed from the budget.

	<b>Base Case</b> (as of Sept. 1, 2017 filing)	<b>Updated Base Case</b> (as of Nov. 22, 2017)	<b>Scenario 1</b> (1.25 TRC, w/ LED)	<b>Scenario 2</b> (1.25 TRC, w/o LED)
<b>Emerging Technology Programs</b>	\$8,848,137	\$8,848,137	\$8,848,137	\$8,848,137
<b>EM&amp;V</b>	\$11,985,486	\$11,985,486	\$10,372,307	\$6,430,825
<b>SoCal REN</b>	\$17,314,000	\$17,314,000	\$17,314,000	\$17,314,000
<b>Total Requested Budget</b>	\$299,637,159	\$299,637,159	\$259,307,663	\$160,770,624

Reference **Attachment F** to see Table 14 that shows the budget amount at the program level.

**Table 12: Metrics Summary Table**

	<b>Base Case<sup>34</sup></b> (as of Sept. 1, 2017 filing)	<b>Updated Base Case</b> (as of Nov. 22, 2017)	<b>Scenario 1</b> (1.25 TRC, w/ LED)	<b>Scenario 2</b> (1.25 TRC, w/o LED)
<b>TRC w/o C&amp;S (CEDARS)</b>	1.00	1.13	N/A	N/A
<b>TRC w/ C&amp;S (CEDARS)</b>	1.31	1.49	N/A	N/A
<b>TRC w/o C&amp;S, Mkt Effect, ESPI</b>	N/A	1.15	1.25	1.25
<b>TRC w/ C&amp;S, w/o Mkt Effect, EPSI</b>	N/A	1.46	1.53	1.60
<b>PAC w/o C&amp;S (CEDARS)</b>	1.32	1.49	N/A	N/A
<b>PAC w/ C&amp;S (CEDARS)</b>	3.49	3.96	N/A	N/A
<b>PAC w/o C&amp;S, Mkt Effect, ESPI</b>	N/A	1.48	1.67	1.49
<b>PAC w/ C&amp;S, w/o Mkt Effect, EPSI</b>	N/A	3.73	4.34	5.81

**Table 13: EE Portfolio Energy Savings Summary Table<sup>35</sup>**

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<sup>34</sup> GHG adder not included

	<b>2018 Gross Goals D.15- 10-028</b>	<b>Base Case (Gross)</b>	<b>2018 Net Goals D.17- 09-025</b>	<b>Updated Base Case (Net)</b>	<b>Scenario 1 (Net)<sup>36</sup></b>	<b>Scenario 2 (Net)<sup>37</sup></b>
<b>Energy Savings (GWh) - Program</b>	<b>528</b>	717	<b>409</b>	581	535	270
<b>Energy Savings (GWh) - C&amp;S</b>	<b>421</b>	885	<b>552</b>	885	756	756
<b>Total Energy Savings (GWh)</b>	<b>949</b>	1,603	<b>961</b>	1,466	1,291	1,027
<b>Demand Reduction (MW) - Program</b>	<b>99</b>	122	<b>82</b>	97	87	50
<b>Demand Reduction (MW) - C&amp;S</b>	<b>106</b>	171	<b>124</b>	171	146	146
<b>Total Demand Reduction (MW)</b>	<b>206</b>	293	<b>206</b>	268	233	195

## **PROPOSED TARIFF CHANGES**

Except as noted above, this filing will not increase any rate or charge, conflict with any other schedule or rule, or cause the withdrawal of service.

## **TIER DESIGNATION**

Pursuant to GO 96-B, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation, which is the same Tier designation as the original filing, Advice 3654-E.

## **EFFECTIVE DATE**

This supplemental advice filing will become effective on the same day as the original filing, Advice 3654-E, which is October 1, 2017.

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<sup>35</sup> All SCE forecasted savings numbers include GWh and MW from ESA but does not include savings associated with SoCalREN.

<sup>36</sup> Removed 5% ME in calculation of Net Savings.

<sup>37</sup> Removed 5% ME in calculation of Net Savings.

## **PROTESTS**

As indicated above, this Advice Letter is to provide supplemental information as specifically requested by the Energy Division. Thus, SCE asks that the Commission, pursuant to GO 96-B, General Rules 7.5.1, maintain the original protest and comment period designated in Advice 3654-E and not reopen the protest period. The modifications included in this supplemental advice filing do not make substantive changes that would affect the overall evaluation of the filing.

## **NOTICE**

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list and R.13-11-005 Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Paul Kubasek at (626) 302-3323 or by electronic mail at [Paul.Kubasek@sce.com](mailto:Paul.Kubasek@sce.com).

**Southern California Edison Company**

/s/ Russell G. Worden  
Russell G. Worden

RGW:do/pk:jm  
Enclosures

**Attachment A**  
**CEDARS Filing Confirmation**

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## CEDARS Filing Receipt

### CEDARS FILING SUBMISSION RECEIPT

The SCE portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Southern California Edison (SCE)

Filing Year: 2018

Submitted: 20:14:43 on 16 Nov 2017

By: Eric Lee

Advice Letter Number: 3654-E-A

#### \* Portfolio Filing Summary \*

- TRC: 1.4865
- PAC: 3.9612
- TRC (no admin): 1.9262
- PAC (no admin): 10.1148
- RIM: 3.9612
- Budget: \$282,323,157.53

#### \* Programs Included in the Filing \*

- SCE-13-ESA: Energy Savings Assistance Program
- SCE-13-ESPI: Energy Savings Performance Incentive
- SCE-13-L-002B: City of Long Beach Energy Leader Partnership
- SCE-13-L-002C: City of Redlands Energy Leader Partnership
- SCE-13-L-002D: City of Santa Ana Energy Leader Partnership
- SCE-13-L-002F: Gateway Cities Energy Leader Partnership
- SCE-13-L-002G: Community Energy Leader Partnership
- SCE-13-L-002H: Eastern Sierra Energy Leader Partnership
- SCE-13-L-002I: Energy Leader Partnership Strategic Support
- SCE-13-L-002J: Desert Cities Energy Leader Partnership
- SCE-13-L-002K: Kern County Energy Leader Partnership
- SCE-13-L-002L: Orange County Cities Energy Leader Partnership
- SCE-13-L-002M: San Gabriel Valley Energy Leader Partnership
- SCE-13-L-002N: San Joaquin Valley Energy Leader Partnership
- SCE-13-L-002O: South Bay Energy Leader Partnership
- SCE-13-L-002P: South Santa Barbara County Energy Leader Partnership
- SCE-13-L-002Q: Ventura County Energy Leader Partnership



- SCE-13-L-002R: Western Riverside Energy Leader Partnership
- SCE-13-L-002Rollup: Energy Leader Partnership Program
- SCE-13-L-002S: High Desert Regional Energy Leader Partnership
- SCE-13-L-002T: West Side Community Energy Leader Partnership
- SCE-13-L-002U: Local Government Strategic Planning Pilot Program
- SCE-13-L-002V: North Orange County Cities
- SCE-13-L-002W: San Bernardino Association of Governments
- SCE-13-L-003A: California Community Colleges Energy Efficiency Partnership
- SCE-13-L-003B: California Dept. of Corrections and Rehabilitation EE Partnership
- SCE-13-L-003C: County of Los Angeles Energy Efficiency Partnership
- SCE-13-L-003D: County of Riverside Energy Efficiency Partnership
- SCE-13-L-003E: County of San Bernardino Energy Efficiency Partnership
- SCE-13-L-003F: State of California Energy Efficiency Partnership
- SCE-13-L-003G: UC/CSU Energy Efficiency Partnership
- SCE-13-L-003I: Public Sector Performance-Based Retrofit High Opportunity Program
- SCE-13-PB: Pension and Benefits
- SCE-13-SW-001A: Energy Advisor Program
- SCE-13-SW-001B: Plug Load and Appliances Program
- SCE-13-SW-001C: Multifamily Energy Efficiency Rebate Program
- SCE-13-SW-001D: Energy Upgrade California
- SCE-13-SW-001E: Residential HVAC Program
- SCE-13-SW-001F: Residential New Construction Program
- SCE-13-SW-001G: Residential Direct Install Program
- SCE-13-SW-002A: Commercial Energy Advisor Program
- SCE-13-SW-002B: Commercial Calculated Program
- SCE-13-SW-002C: Commercial Deemed Incentives Program
- SCE-13-SW-002D: Commercial Direct Install Program
- SCE-13-SW-002F: Nonresidential HVAC Program
- SCE-13-SW-002G: Savings By Design
- SCE-13-SW-002H: Midstream Point of Purchase Program
- SCE-13-SW-003A: Industrial Energy Advisor Program
- SCE-13-SW-003B: Industrial Calculated Energy Efficiency Program
- SCE-13-SW-003C: Industrial Deemed Energy Efficiency Program
- SCE-13-SW-003D: Strategic Energy Management Program
- SCE-13-SW-004A: Agriculture Energy Advisor Program
- SCE-13-SW-004B: Agriculture Calculated Energy Efficiency Program
- SCE-13-SW-004C: Agriculture Deemed Energy Efficiency Program
- SCE-13-SW-005A: Lighting Market Transformation Program
- SCE-13-SW-005B: Lighting Innovation Program
- SCE-13-SW-005C: Primary Lighting Program
- SCE-13-SW-006: Integrated Demand Side Management Program
- SCE-13-SW-007A: On-Bill Financing

- SCE-13-SW-007A1: On-Bill Financing Loan Pool
- SCE-13-SW-007B: ARRA-Originated Financing
- SCE-13-SW-007B1: ARRA-Originated Financing Loan Pool
- SCE-13-SW-007C: New Finance Offerings
- SCE-13-SW-008A: Building Codes and Compliance Advocacy
- SCE-13-SW-008B: Appliance Standards Advocacy
- SCE-13-SW-008C: Compliance Improvement
- SCE-13-SW-008D: Reach Codes
- SCE-13-SW-008E: Planning and Coordination
- SCE-13-SW-009A: Technology Development Support
- SCE-13-SW-009B: Technology Assessments
- SCE-13-SW-009C: Technology Introduction Support
- SCE-13-SW-010A: WE&T; Centergies
- SCE-13-SW-010B: WE&T; Connections
- SCE-13-SW-010C: WE&T; Planning
- SCE-13-SW-MEO: Statewide Marketing, Education & Outreach
- SCE-13-TP-001: Comprehensive Manufactured Homes
- SCE-13-TP-002: Cool Planet
- SCE-13-TP-003: Healthcare EE Program
- SCE-13-TP-004: Data Center Energy Efficiency
- SCE-13-TP-005: Lodging EE Program
- SCE-13-TP-006: Food & Kindred Products
- SCE-13-TP-007: Primary and Fabricated Metals
- SCE-13-TP-008: Nonmetallic Minerals and Products
- SCE-13-TP-009: Comprehensive Chemical Products
- SCE-13-TP-010: Comprehensive Petroleum Refining
- SCE-13-TP-011: Oil Production
- SCE-13-TP-013: Cool Schools
- SCE-13-TP-014: Commercial Utility Building Efficiency
- SCE-13-TP-018: School Energy Efficiency Program
- SCE-13-TP-019: Sustainable Communities
- SCE-13-TP-020: IDEEA365 Program
- SCE-13-TP-021: Enhanced Retrocommissioning
- SCE-13-TP-022: Water Infrastructure Systems Energy Efficiency Program
- SCE-13-TP-023: Midsize Industrial Customer Program
- SCE-13-TP-024: AB793 Residential Pay for Performance
- SCE-30V0100: SCE EM&V;
- SCE-30V0200: CPUC EM&V;

## **Attachment E**

### **Energy Division - Memo and Email Guidances**

**Memo 1:** Energy Division October 30, 2017 Letter  
(Request)

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## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



October 30, 2017

Advice Letter  
SCE 3654-E

Laura Genao  
Director, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Ave, Suite 2030  
San Francisco, CA 94102

Russell G. Worden  
Director, Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, CA 91770

Ms. Genao and Mr. Worden:

On September 1, 2017, SCE filed Advice Letter 3654-E "SCE's 2018 energy efficiency annual budget advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought Commission approval of SCE's 2018 energy efficiency budget request.

SCE's cost-effectiveness results as presented in Table 3 of the advice letter included a TRC value of 1.32 that with savings from Codes and Standards, market effects, and ESPI considerations exceeds the Commission's 1.25 threshold for portfolio cost-effectiveness. However, additional review of SCE's advice letter filings on the CEDARS website reveal that SCE's 2018 portfolio cost-effectiveness, when including only resource and non-resource programs and excluding savings from Codes and Standards, market effects and ESPI, has a forecasted TRC of 1.00, which falls significantly short of the 1.25 value and indicates the portfolio does not meet the Commission's minimal requirements for cost effectiveness.<sup>1</sup>

Of particular note when considering portfolio cost-effectiveness is that SCE's advice letter filing does not include the GHG adder adopted in D.17-08-022 for use in the avoided costs calculator when analyzing the cost-effectiveness of distributed energy resources. In addition, subsequent to filing Advice Letter 3654-E, the Commission adopted D.17-09-025 that established 2018 energy savings goals. Consequently, the advice letter presents an incomplete picture of portfolio cost-effectiveness for 2018.

In order to gain a better understanding of portfolio cost-effectiveness for 2018, Energy Division asks SCE to file a supplemental to Advice Letter 3645-E, which will include:

<sup>1</sup> See D.14-10-046 Section 3.9.1 Summary of Budgets (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015; rather than the 1.25 we usually require, and will require for subsequent years."

- New cost effectiveness showings using Cost Effectiveness Tool (CET) version 18.1, released September 25, 2017 and includes interim GHG adder
- 2018 goals as established in D.17-09-025.<sup>2</sup>

In order to reach portfolio saving goals and cost-effectiveness requirements, trade-offs will be required between expanding programs with high cost-effectiveness and reducing programs with low cost-effectiveness. SCE's supplemental filing should include a requested portfolio and budget, plus any alternative scenarios SCE may wish to propose. Alternative scenarios could offer viable options such as portfolios that may exceed current budget limits. All portfolios and budgets shall be supported by outputs from the Cost Effectiveness Tool version 18.1, in order to demonstrate possible approaches to improving and realizing portfolio cost-effectiveness. In instances where SCE proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit.

Please file the supplemental advice letter by no later than November 22, 2017.

If you have any questions, please contact Nils B. Strindberg at [nils.strindberg@cpuc.ca.gov](mailto:nils.strindberg@cpuc.ca.gov).

Thank you.



Robert L. Strauss  
Energy Efficiency Branch Manager  
Energy Division

cc:

Hayley Goodson, TURN  
Dan Buch, CPUC Office of Ratepayer Advocates  
Sudip Kundu, Kundu PLLC (for Green Fan and Verified Inc.)

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<sup>2</sup> The Commission considers Marketing, Education and Outreach as non-resource activities. Previously the IOUs have been submitting ME&O costs as a component of the Resource programs costs. The conflating of Non-Resource activities costs with Resource programs creates unnecessary complexity for budget approvals. We therefore ask the IOUs to classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program.

## **Memo 2 - November 8, 2017 Supplemental AL Update Email From ED**

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From: Strindberg, Nils [<mailto:Nils.Strindberg@cpuc.ca.gov>]  
Sent: Wednesday, November 08, 2017 11:38 AM  
To: Karyn Gansecki <[Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)>; Laura Genao <[Laura.Genao@sce.com](mailto:Laura.Genao@sce.com)>;  
AdviceTariffManager <[AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)>  
Cc: Buch, Daniel <[Daniel.Buch@cpuc.ca.gov](mailto:Daniel.Buch@cpuc.ca.gov)>; [hayley@turn.org](mailto:hayley@turn.org); [sudip.kundu@kundupllc.com](mailto:sudip.kundu@kundupllc.com); ED Tariff  
Unit <[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)>  
Subject: (External):RE: Request for a supplementa to SCE's AL 3654-E

SCE Tariffs, et al.,

Please see the following note from Robert Strauss, Energy Efficiency Branch Manager, regarding the supplemental filing request of 10/30/17

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Dear Ms. Genao and Mr. Worden:

On September 1, 2017, SCE filed Advice Letter 3654-E "SCE's 2018 energy efficiency annual budget advice letter in Compliance with Decision 15-10-028, Ordering Paragraph 4", in which it sought "Dear X,

On October 30, 2017, Energy Division asked the Program Administrators (PAs) to file a supplemental advice letter that would provide staff and stakeholders with a better understanding of portfolio cost-effectiveness for 2018 budgets by including new cost effectiveness showings using CET version 18.1 as well as updated 2018 goals established in D.17-09-025.

The letter, in footnote, 2 also included a request that the IOU PAs in their supplemental filing "classify all ME&O as a separate Non-Resource program and submit all ME&O costs (in both forecasted budgets and actual expenditures) within that specific non-resource ME&O program."

Subsequent discussions with the IOU PAs regarding the foundation of this request reveal it to be a larger policy matter that is not relevant to the more specific matter of filing supplemental 2018 energy efficiency budget advice letters. Consequently, the PAs may ignore the request in footnote 2 and exert all efforts to respond in a timely manner with the updated information pursuant to D.17-09-025.

Respectfully yours,

Robert Strauss, Program Manager  
Energy Efficiency Branch

## Memo 3: Memo on Streetlights - October 10, 2017

State of California

### Memorandum



**Date:** October 10, 2017  
**To:** Anuj Desai, SCE  
Alok Singh, SCE  
**Cc::** Peter Lai, CPUC  
**From:** Bryan Pena, CPUC  
**Subject:** SCE's Street Lighting Proposal

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In a meeting on August 4, 2017 and a follow-up telephone meeting on August 10, 2017, SCE discussed with CPUC staff its proposal for street lighting savings and requesting to "grandfather" a set of historical customers in the SCE acquisition pipeline who entered the purchase and asset transfer process prior to September 2015; and to establish CPUC support for an acceptable multi-year framework for savings claims in 2018 and beyond.

Specifically, SCE requests that a specific set of customers in its territory who entered the acquisition pipeline in 2015 remain eligible for LED street lighting incentives through 2020 using its submitted 2017 workpaper savings values. SCE's request is based on the understanding of the following customer types for SCE-owned street lights:

**Acquisition Customers:** Customers in the process of purchasing SCE-owned (LS-1) street lighting. This asset transfer process takes approximately three or four years to complete before any retrofits can begin.<sup>1</sup>

**LS-1 Option E (AB-719) Customers:** Customers of SCE-owned street lights and pay the capital cost to retrofit to LED over a period of 20 years.<sup>2</sup> Customers typically face a one-year turnaround time from application submission to retrofit completion.

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<sup>1</sup> Customers submitted deposits prior to Sept 2015 to enter the acquisition queue.

<sup>2</sup> SCE has submitted a capital request of \$30M per year in its 2018-2020 GRC filing to support retrofits for these customers.



**Program Participation:**

It has been identified that there is no currently approved workpaper under which savings resulting from this program activity can be claimed. In order to provide for any program participation in 2018 and beyond, SCE must first resolve the following issues in its workpaper SCE 17LG097 Revision 1, dated June 30, 2017, submitted for 2017 program year. The applicable workpaper defines all measures as Replace-on-Burnout (now referred to as Normal Replacement or "NR"), however, the baselines for all measures covered by that workpaper are comprised of older, HID technologies, which are representative of a pre-existing technology. Therefore, the measures defined in the workpaper are, in practice, Accelerated Replacement (AR) measures. This workpaper does not follow CPUC policy that has been in place long before 2015. AR measures are required to include a standard practice second baseline. The DEER 2016 updated directed that all AR exterior lighting measures have a second baseline of LED technologies. The projects proposed appear to be all Accelerated Replacement (AR). As a way to address these inconsistencies between the proposed projects and the proposed applicable workpaper, SCE shall revise the applicable workpaper for the 2018 program year as such:

- The measure application type must be corrected from Normal Replacement to Accelerated Replacement.
- SCE shall establish Preponderance of Evidence criteria that demonstrate that the customers, absent the incentive support, would more likely than not undertake the retrofits. This analysis must take into account the acquisition decision as well as the retrofit. All supporting data must be submitted via the normal workpaper submission process prior to any incentives being paid as with all deemed incentive offerings.
- Since the directed second baselines are LED technologies, the second period gross savings for the proposed projects shall be zero. Gross savings above the workpaper defined baselines shall be claimed for the RUL period only. The 2<sup>nd</sup> baseline is LED. Therefore the 2<sup>nd</sup> baseline savings is zero for the Accelerated Replacement.
- SCE shall apply the default net-to-gross value of 0.6 to the gross savings of these grandfather street lighting retrofits.

**Acquisition Customers:**

CPUC staff understands that there are 53 cities that entered the acquisition queue prior to September 2015 who remain in the process of purchasing and upgrading their street lighting, and that SCE is no longer entertaining new customers looking to purchase street lights.

CPUC staff does not object to maintaining program eligibility requirements, rules, and incentive for these 53 cities that entered the acquisition queue in 2015. Therefore, customers in this cohort shall be exempt from POE requirements in lieu of the eligibility requirements and other program rules in effect prior to September 2015. Incentives should also be maintained at the same levels as they were prior to September 2015.

**LS-1 Option E (AB-719) Customers:**

CPUC staff understands that these customers entered into agreements with SCE at varying times after AB-719 legislation was adopted and that program eligibility requirements, rules, and incentive levels tend to evolve. Therefore, customers in this cohort shall be exempt from POE requirements in lieu of the eligibility requirements and other program rules in effect at the time of customer application submittal. Incentives should also be maintained as the same levels as they were at the time of customer application submittal.

For future LS-1 Option E (AB-719) Customers and other potential program participants during 2018 and beyond, Commission staff sees no reason to allow the use of past program eligibility requirements, rules, and incentive levels. These customers shall follow all requirements imposed in the revised workpaper for the 2018 program year.

**2019 Program Year:**

Notwithstanding the above treatments for specific classes of customers, SCE shall conduct a standard practice study to examine the most current purchasing practices for LED street lighting retrofits, present its data and analysis, as well as propose findings to CPUC staff for review. CPUC considers that there is wide range of efficacy and performance in available LED products and that an ISP study would serve as a basis to establish deemed savings above the 2<sup>nd</sup> baseline. The results of any standard practice study, along with proposed workpaper revisions, should be submitted in a revised workpaper for the next Phase 1 workpaper review period for an effective date of January 1, 2019.

Commission staff appreciates SCE staff bringing this to our attention, and the opportunity for an open discussion of the issues.

## Memo 4: ED Email Additional Guidance - October 31, 2017

From: Pena, Bryan [mailto:Bryan.Pena@cpuc.ca.gov]  
Sent: Tuesday, October 31, 2017 10:09 AM  
To: Cassie Cuaresma <Cassie.Cuaresma@sce.com>  
Cc: Lai, Peter <peter.lai@cpuc.ca.gov>; Jeff Hirsch <james.j.hirsch@gmail.com>; Kevin Madison <kevinmadisonmeps@gmail.com>; Anuj Desai <Anuj.Desai@sce.com>; Alok Singh <Alok.Singh@sce.com>  
Subject: (External):RE: (External):RE: (External):SCE Street Lighting Response Memo

Hi Cassie,

Below are the responses to your discussion points document.

Provided here is a clarification for how claims should be handled program year 2017, but otherwise is a general reiteration of the guidance first provided in the Memo. There is also a clarification that the changes to the workpaper required by the Memo should be submitted during the current Phase 1 submission period (Sep-Dec '17) or the next Phase 1 submission period (Sep-Dec '18).

(1) SCE17LG097 Revision 1, dated June 30, 2017 should be used for full-year 2017 claims. This revision of the workpaper was the ultimate result of the Phase 1 lighting disposition issued in March 1, 2017, then revised June 2, 2017. Phase 1 dispositions are retroactive to the beginning of the programs year in which they are issued. Past December 31, 2017, claims shall not be made referencing this workpaper until the workpaper changes required by the Memo dated October 10, 2017, are completed.

(2) The above reference workpaper does not require POE, therefore projects completed in 2017 do not require POE.

(3) Based on the notes in the Discussion Points document prepared by SCE, LED Street Lighting Measures will not be offered until exterior LED market assessment study is available and results incorporated into the workpaper. The memo states that the changes to the workpaper from NR/ROB to RET+POE are required for program year 2018. Alternatively, if SCE chooses to delay these revisions, then changes to the workpaper from NR/ROB to RET+POE can be submitted during the next Phase 1 review cycle for implementation at the start of program year 2019 (Jan 1, 2019).

(4) (5) Savings determination (also referred to as workpaper parameters) is based on the workpaper in effect, having been subjected to the full workpaper review policy, at the time of equipment installation completion. The full workpaper review policy refers to either a Phase 1 review and retrospective application of outcomes or Phase 2 review and prospective application of outcomes, whichever is applicable. See example in (1) above.

CPUC provides conservative direction for incentive levels primarily due to the lack of specific information provided by SCE regarding how these incentive levels may or may not have changed, as well as the basis for the changes, since the initial agreements with the municipalities (referring to both customer sets). Therefore, a clarification is made here consistent with the expectations first provided in the Memo dated October 10, 2017. For Acquisition Customers, rebate levels are maintained at 2015 levels. For AB-719 Customers (2017 and prior years only), rebate levels are maintained at the same levels in effect at the time of the initial agreement (as opposed to the time of customer rebate application submittal).

(6) Thank you for the correction, Commission staff notes that there were 46 cities that entered the acquisition queue prior to September 2015, not 53 cities.

Thank You,



Bryan Pena, P.E.  
Utilities Engineer  
Energy Division  
320 W. 4<sup>th</sup> Street, Suite 500 | Los Angeles, CA 90013  
(213) 620 - 2680

**Attachment F**  
**Program Budget Changes**



**Table 14: Program Budgets**

<b>Program ID</b>	<b>Program Name</b>	<b>Base Case</b>	<b>Updated Base Case (Supplemental)</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
SCE-13-SW-002F	Nonresidential HVAC Program	\$13,315,890	\$13,315,890	\$0	\$0
SCE-13-TP-018	School Energy Efficiency Program	\$9,808,321	\$9,808,321	\$0	\$0
SCE-13-SW-010A	WE&T Centergies	\$6,525,252	\$6,525,252	\$0	\$0
SCE-13-TP-020	IDEEA365 Program	\$3,580,495	\$3,580,495	\$0	\$0
SCE-13-L-002B	City of Long Beach Energy Leader Partnership	\$1,871,042	\$1,871,042	\$0	\$0
SCE-13-SW-010B	WE&T Connections	\$1,828,217	\$1,828,217	\$0	\$0
SCE-13-SW-007C	New Finance Offerings	\$1,426,562	\$1,426,562	\$0	\$0
SCE-13-SW-001D	Energy Upgrade California	\$1,426,258	\$1,426,258	\$0	\$0
SCE-13-SW-001F	Residential New Construction Program	\$1,189,207	\$1,189,207	\$0	\$0
SCE-13-L-002U	Local Government Strategic Planning Pilot Program	\$878,170	\$878,170	\$0	\$0
SCE-13-L-003B	California Dept. of Corrections and Rehabilitation EE Partnership	\$865,275	\$865,275	\$0	\$0
SCE-13-L-002Q	Ventura County Energy Leader Partnership	\$857,114	\$857,114	\$0	\$0
SCE-13-L-003F	State of California Energy Efficiency Partnership	\$847,213	\$847,213	\$0	\$0
SCE-13-L-002O	South Bay Energy Leader Partnership	\$838,815	\$838,815	\$0	\$0
SCE-13-L-002T	West Side Energy Leader Partnership	\$600,472	\$600,472	\$0	\$0
SCE-13-TP-019	Sustainable Communities	\$531,470	\$531,470	\$0	\$0
SCE-13-L-002Rollup	Energy Leader Partnership Future Affinity + IGREEN	\$519,597	\$519,597	\$0	\$0
SCE-13-L-002W	San Bernardino Association of Governments	\$512,569	\$512,569	\$0	\$0
SCE-13-L-002I	Energy Leader Partnership Strategic Support (ICLEI)	\$509,982	\$509,982	\$0	\$0
SCE-13-L-002N	San Joaquin Valley Energy Leader Partnership	\$480,679	\$480,679	\$0	\$0
SCE-13-L-003C	County of Los Angeles Energy Efficiency Partnership	\$413,723	\$413,723	\$0	\$0
SCE-13-L-002L	Orange County Cities Energy Leader Partnership	\$401,498	\$401,498	\$0	\$0

<b>Program ID</b>	<b>Program Name</b>	<b>Base Case</b>	<b>Updated Base Case (Supplemental)</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
SCE-13-L-002V	North Orange County Cities	\$397,346	\$397,346	\$0	\$0
SCE-13-L-002R	Western Riverside Energy Leader Partnership	\$321,223	\$321,223	\$0	\$0
SCE-13-L-002F	Gateway Cities Energy Leader Partnership	\$292,787	\$292,787	\$0	\$0
SCE-13-L-002M	San Gabriel Valley Energy Leader Partnership	\$283,867	\$283,867	\$0	\$0
SCE-13-L-002P	South Santa Barbara County Energy Leader Partnership	\$280,257	\$280,257	\$0	\$0
SCE-13-L-003E	County of San Bernardino Energy Efficiency Partnership	\$246,044	\$246,044	\$0	\$0
SCE-13-L-002S	High Desert Regional Energy Leader Partnership	\$223,057	\$223,057	\$0	\$0
SCE-13-SW-007B	ARRA-Originated Financing	\$205,591	\$205,591	\$0	\$0
SCE-13-L-002K	Kern County Energy Leader Partnership	\$188,397	\$188,397	\$0	\$0
SCE-13-L-002J	Desert Cities Energy Leader Partnership	\$161,212	\$161,212	\$0	\$0
SCE-13-L-003D	County of Riverside Energy Efficiency Partnership	\$143,201	\$143,201	\$0	\$0
SCE-13-SW-005B	Lighting Innovation Program	\$141,647	\$141,647	\$0	\$0
SCE-13-L-002H	Eastern Sierra Energy Leader Partnership	\$114,832	\$114,832	\$0	\$0
SCE-13-SW-005A	Lighting Market Transformation Program	\$91,007	\$91,007	\$0	\$0
SCE-13-TP-014	Commercial Utility Building Efficiency	\$72,176	\$72,176	\$0	\$0
SCE-13-TP-013	Cool Schools	\$66,335	\$66,335	\$0	\$0
SCE-13-SW-007B1	ARRA-Originated Financing Loan Pool	\$50,000	\$50,000	\$0	\$0
SCE-13-TP-002	Cool Planet	\$44,907	\$44,907	\$0	\$0
SCE-13-SW-010C	WE&T Planning	\$26,499	\$26,499	\$0	\$0
SCE-13-SW-004C	Agriculture Deemed Energy Efficiency Program	\$212,208	\$212,208	\$170,280	\$0
SCE-13-TP-004	Data Center Energy Efficiency	\$359,269	\$359,269	\$351,438	\$0
SCE-13-SW-002A	Commercial Energy Advisor Program	\$921,635	\$921,635	\$905,779	\$0
SCE-13-TP-005	Lodging EE Program	\$1,027,742	\$1,027,742	\$957,846	\$0

<b>Program ID</b>	<b>Program Name</b>	<b>Base Case</b>	<b>Updated Base Case (Supplemental)</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
SCE-13-SW-003C	Industrial Deemed Energy Efficiency Program	\$1,018,108	\$1,018,108	\$1,013,560	\$0
SCE-13-TP-011	Oil Production	\$1,250,833	\$1,250,833	\$1,243,271	\$0
SCE-13-SW-004B	Agriculture Calculated Energy Efficiency Program	\$1,383,777	\$1,383,777	\$1,364,750	\$0
SCE-13-SW-003A	Industrial Energy Advisor Program	\$1,380,621	\$1,380,621	\$1,369,521	\$0
SCE-13-L-003A	California Community Colleges Energy Efficiency Partnership	\$2,194,819	\$2,194,819	\$1,830,904	\$0
SCE-13-TP-010	Comprehensive Petroleum Refining	\$2,144,570	\$2,144,570	\$2,137,014	\$0
SCE-13-SW-004A	Agriculture Energy Advisor Program	\$2,251,203	\$2,251,203	\$2,217,509	\$0
SCE-13-SW-003D	Strategic Energy Management	\$2,508,063	\$2,508,063	\$2,473,180	\$0
SCE-13-SW-007A	On-Bill Financing	\$2,682,031	\$2,682,031	\$2,586,420	\$0
SCE-13-L-003G	UC/CSU Energy Efficiency Partnership	\$2,923,223	\$2,923,223	\$2,910,307	\$0
SCE-13-TP-022	Water Infrastructure Systems EE Program	\$3,108,598	\$3,108,598	\$3,088,937	\$0
SCE-13-TP-021	Enhanced Retrocommissioning	\$3,442,561	\$3,442,561	\$3,433,802	\$0
SCE-13-SW-003B	Industrial Calculated Energy Efficiency Program	\$3,988,859	\$3,988,859	\$3,904,046	\$0
SCE-13-SW-002C	Commercial Deemed Incentives Program	\$4,216,753	\$4,216,753	\$4,052,144	\$0
SCE-13-TP-006	Food & Kindred Products	\$5,018,926	\$5,018,926	\$4,869,416	\$0
SCE-13-SW-001B	Plug Load and Appliances Program	\$6,764,493	\$6,764,493	\$5,543,774	\$0
SCE-13-TP-007	Primary and Fabricated Metals	\$5,577,918	\$5,577,918	\$5,550,029	\$0
SCE-13-TP-009	Comprehensive Chemical Products	\$5,647,203	\$5,647,203	\$5,574,421	\$0
SCE-13-SW-001A	Energy Advisor Program	\$13,471,665	\$13,471,665	\$13,233,683	\$0
SCE-13-SW-007A1	On-Bill Financing Loan Pool	\$15,000,000	\$15,000,000	\$15,000,000	\$0
SCE-13-SW-008D	Local Ordinances	\$283,160	\$283,160	\$283,160	\$283,160
SCE-13-SW-008E	Planning and Coordination	\$334,735	\$334,735	\$334,735	\$334,735
SCE-13-L-003I	Public Sector Performance-Based Retrofit High Opportunity Program	\$534,292	\$534,292	\$534,292	\$534,292



Program ID	Program Name	Base Case	Updated Base Case (Supplemental)	Scenario 1	Scenario 2
SCE-13-TP-024	AB793 Residential Pay for Performance	\$635,984	\$635,984	\$635,984	\$635,984
SCE-13-SW-009A	Technology Development Support	\$947,652	\$947,652	\$947,652	\$947,652
SCE-13-TP-003	Healthcare EE Program	\$1,322,630	\$1,322,630	\$1,267,958	\$1,220,929
SCE-13-SW-008A	Building Codes and Compliance Advocacy	\$1,613,497	\$1,613,497	\$1,613,497	\$1,613,497
SCE-13-SW-008B	Appliance Standards Advocacy	\$1,689,676	\$1,689,676	\$1,689,676	\$1,689,676
SCE-13-SW-008C	Compliance Improvement	\$2,118,189	\$2,118,189	\$2,118,189	\$2,118,189
SCE-3OV0100	EM&V SCE	\$4,794,195	\$4,794,195	\$4,148,923	\$2,572,330
SCE-13-TP-023	Midsize Industrial Customer Program	\$2,745,013	\$2,745,013	\$2,737,560	\$2,720,964
SCE-13-SW-009C	Technology Introduction Support	\$3,214,831	\$3,214,831	\$3,214,831	\$3,214,831
SCE-3OV0200	EM&V CPUC	\$7,191,292	\$7,191,292	\$6,223,384	\$3,858,495
SCE-13-TP-001	Comprehensive Manufactured Homes	\$5,292,269	\$5,292,269	\$4,309,242	\$4,293,178
SCE-13-SW-009B	Technology Assessments	\$4,685,654	\$4,685,654	\$4,685,654	\$4,685,654
SCE-13-SW-002H	Midstream Point of Purchase	\$2,695,267	\$2,695,267	\$5,910,493	\$5,635,278
SCE-13-SW-001G	Residential Direct Install	\$6,506,818	\$6,506,818	\$5,834,781	\$5,824,187
SCE-13-SW-002G	Savings by Design	\$6,077,244	\$6,077,244	\$6,063,419	\$6,032,631
SCE-13-SW-001C	Multifamily Energy Efficiency Rebate Program	\$10,277,486	\$10,277,486	\$8,439,938	\$7,490,143
SCE-13-TP-008	Nonmetallic Minerals and Products	\$9,972,794	\$9,972,794	\$9,918,687	\$9,846,066
SCE-13-SW-002D	Commercial Direct Install Program	\$21,532,500	\$21,532,500	\$21,039,911	\$20,484,519
SCE-13-SW-002B	Commercial Calculated Energy Efficiency Program <sup>38</sup>	\$9,257,892	\$9,257,892	\$25,932,867	\$25,738,648
SCE-13-SW-005C	Primary Lighting Program	\$37,526,801	\$37,526,801	\$37,526,801	\$30,881,588
SCE-13-DINI	DINI Labor for Processing of Past Commitments <sup>39</sup>	\$0	\$0	\$800,000	\$800,000

<sup>38</sup> Scenario 1 & 2 includes 16.7 million for Streetlights program.

<sup>39</sup> To account for significant program closures under this scenario, SCE created a new program to process past commitments for closed programs by taking \$1.16 million out of

Program ID	Program Name	Base Case	Updated Base Case (Supplemental)	Scenario 1	Scenario 2
<b>SCE Programs Budget Total<sup>40</sup></b>		<b>\$282,323,159</b>	<b>\$282,323,159</b>	<b>\$241,993,663</b>	<b>\$143,456,624</b>
SoCalREN		\$17,314,000	\$17,314,000	\$17,314,000	\$17,314,000
<b>Requested Budget Total</b>		<b>\$299,637,159</b>	<b>\$299,637,159</b>	<b>\$259,307,663</b>	<b>\$160,770,624</b>
<b>Items Outside of EE Funding, Only Included for C/E Calculations</b>					
SCE-13-SWMEO	Statewide Marketing, Education & Outreach	\$6,703,611	\$6,703,611	\$6,703,611	\$6,703,611
SCE-13-PB	Pension and Benefits	\$16,388,531	\$16,388,531	\$13,226,690	\$7,442,288
SCE-13-ESPI	ESPI <sup>41</sup>	\$17,600,000	\$17,600,000	\$0	\$0

the Marketing and Outreach budget. This resulted in an \$800,000 increase in DINI and \$360,000 in additional P&B.

<sup>40</sup> Budget for the New Finance Pilot filed in Advice 3692-E (November 13, 2017)

<sup>41</sup> The ED Letter requested that SCE remove ESPI from Scenario 1 and Scenario 2.

**Attachment G**  
**CET Version 18.1 Output Summaries**

### **CET Version 18.1 Outputs**

CET Output Excel files submitted with Supplemental Filing. These files are available upon request. Please email [advicetariffmanager@sce.com](mailto:advicetariffmanager@sce.com) or fax telephone number (626) 302-6396.

1. 9.1 Filing Rerun for GHG Adder No ME.xlsx
2. 9.1 Filing C&S rerun for GHG Adder No ME.xlsx
3. Scenario 1.xlsx
4. Scenario 2.xlsx

Program costs for Emerging Technologies program and Financing Loan pools are not factored into CE calculation and have been removed. Therefore, Total Cost will not reflect budget total. SoCalREN is also not included in any of the calculations.

# 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.: Southern California Edison Company (U 338-E)

Utility type:

☒ ELC      ☐ GAS  
☐ PLC      ☐ HEAT      ☐ WATER

Contact Person: Darrah Morgan

Phone #: (626) 302-2086

E-mail: [Darrah.Morgan@sce.com](mailto:Darrah.Morgan@sce.com)

E-mail Disposition Notice to: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

### EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3654-E-A

Tier Designation: 2

Subject of AL: Supplemental Filing to 3654-E, Southern California Edison Company's 2018 Energy Efficiency Program and Portfolio Annual Budget

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 #:

Decision 15-10-028

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: 10/1/17      No. of tariff sheets: -0-

Estimated system annual revenue effect: (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

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

Tariff schedules affected: N/A

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

Pending advice letters that revise the same tariff sheets: None

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

**All correspondence regarding this AL filing shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

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