

**PACIFIC GAS AND ELECTRIC COMPANY**  
**Energy Efficiency 2018-2025 Rolling Portfolio Business Plan**  
**Application 17-01-015**  
**Data Response**

PG&E Data Request No.:	TURN_001-Q06		
PG&E File Name:	EnergyEfficiency2018-2025-RollingPortfolioBusinessPlan_DR_TURN_001-Q06		
Request Date:	February 17, 2017	Requester DR No.:	001
Date Sent:	March 6, 2017	Requesting Party:	The Utility Reform Network
PG&E Witness:	Chris Kato	Requester:	Hayley Goodson

**SUBJECT: PG&E 2018-2025 EE ROLLING PORTFOLIO BUSINESS PLAN & BUDGET. TURN DATA REQUEST TURN-PG&E-01.**

**STATEWIDE PROGRAM ADMINISTRATION**

**QUESTION 6**

On page 26 of PG&E’s application, PG&E requests that the “list of statewide programs, as opposed to the definition of ‘statewide’ not be considered ‘final’ until the Commission has issued its decision approving the Business Plans and program administrators have finalized the Implementation Plans through the CAEECC process.” PG&E points to the forthcoming “bottom-up review” encouraged by the Commission in D.16-08-019, which may suggest that changes to the statewide programs are appropriate.

- a. Please explain in detail what the bottom-up review will entail. Your response should include, but not necessarily be limited to, the following:
  - i. An explanation of the extent to which this review will encompass “all programs and their key characteristics ... across all PAs,”<sup>1</sup> as suggested in the PA presentation to CAEECC on 12/7/16, or focus only on the current statewide programs and subprograms that were identified in D.16-08-019 as appropriate for statewide treatment under the new definition;
  - ii. An explanation of how PG&E expects the review to shed light on potential efficiencies or other benefits to be gained from changing the statewide program/subprogram “structures” See D.16-08-019, p. 66 (“Program administrators are encouraged to conduct a bottom-up review of the program and subprogram structures in order to rationalize and optimize activities into the most effective and cost-effective possible configurations.”);
  - iii. The proposed scope of analysis for the bottom-up review, as posted (or to be posted) on CALMAC, per the IOUs’ joint response to Question 4 of TURN’s Nov. 9, 2016 Data Request in R.13-11-005 (addressing the draft business plans

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<sup>1</sup> This presentation is available at:  
[http://media.wix.com/ugd/0c9650\\_baf5a6c31ee546d3992689ebfb4eabff.pdf](http://media.wix.com/ugd/0c9650_baf5a6c31ee546d3992689ebfb4eabff.pdf).

of all four IOU PAs), which included the following statement: “The IOUs will post the scope of analysis on CALMAC for stakeholder review and Commission staff approval prior to embarking on this project.”

- b. Please provide a summary of all oral communications with Energy Division staff and copies of all written communications with Energy Division staff regarding the scope of the bottom-up review, how the review should take place, and timeframe for the review.
- c. Please indicate when PG&E expects the bottom-up review to commence, and when it will be completed.
- d. Specifically, what portions of the “Statewide Administration Approach” submitted jointly by PG&E as Appendix A to its Business Plan and the other PAs as part of their own Business Plans, does PG&E anticipate might change following the bottom-up review?
- e. Does PG&E envision the submission of a revised “Statewide Administration” proposal for the Commission’s and parties’ consideration in this proceeding at some future date, following the completion of the bottom-up review? If so, when?
- f. Is PG&E asking the Commission to authorize specific statewide programs and associated administrators before the bottom-up review or afterward?
- g. PG&E proposes to conduct its solicitation for the statewide C&S advocacy programs in 2017 Q3. Other IOU PAs also propose to conduct solicitations for their statewide programs starting in 2017 Q3.<sup>2</sup> Does PG&E envision that its proposed statewide program solicitation schedule might slip, pending the results of the bottom-up review?
- h. TURN may propose that the Commission consider issuing an interim decision on the most time-sensitive aspects of the Business Plans, while putting less time-sensitive issues on a slower track (such as the portfolio administration budget review TURN is going to propose). Under that scenario, would PG&E recommend that the statewide program administration proposals be addressed on the slower track to allow for the bottom-up review, or does PG&E envision that the review and any indicated changes to the statewide program proposals could take place in time for an expedited interim decision?

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<sup>2</sup> See, e.g., SDG&E Business Plan, p. 24. SoCalGas, on the other hand, plans to conduct solicitations for its statewide programs starting in 2018. (SoCalGas Business Plan, p. 29).

## ANSWER 6

- a. Southern California Edison (SCE) agreed to lead a “bottom up review,” and has taken the lead on developing the scope for this project. PG&E recommends TURN issue a data request to SCE to obtain the relevant information regarding the bottom up review.
  - i. As the lead on this project, SCE will provide information on the bottom up review.
  - ii. PG&E would expect that the bottom up review will allow PAs to better understand and compare the delivery, design, cost effectiveness, and size of each program and subprogram within each of the IOU’s portfolios. PG&E anticipates that this will result in the identification of the existing programs that are best suited for statewide treatment, along with the type of technologies best suited for statewide treatment. Additionally, PG&E anticipates the bottom up review will reveal existing programs that should be sunset or consolidated. PG&E supports the goal of rationalizing and optimizing activities into the most effective and cost-effective possible configurations, and believes the bottom up review to be an important step in doing so.
  - iii. As PG&E understands it, the scope of analysis is still in development and will be posted on CALMAC for stakeholder review by Southern California Edison.
- b. PG&E has not had any communications with Energy Division staff regarding the scope of the bottom up review, how the review should take place, or the timeframe for the review, as Southern California Edison has been designated the lead for these activities.
- c. Southern California Edison is currently leading the development of the bottom up review process. A schedule for the review has not yet been established and will be shared with the CAEECC once finalized.
- d. Any changes to the Statewide Administration Approach will be developed in response to findings from the bottom up review as well as the vetting of implementation plans through the CAEECC process.

In its “Portfolio Overview” chapter, PG&E states, “PG&E seeks confirmation that the list of statewide programs in the Guidance Decision is not final until implementation plans have been reviewed at CAEECC to avoid pre-judging the bottom up review of program structure that the program administrators are to undertake to optimize program activities.”<sup>3</sup> At the very least, PG&E anticipates that certain programs/subprograms could be closed and/or consolidated based on findings from the bottom up review.

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<sup>3</sup> PG&E Portfolio Overview Chapter, p. 48.

- e. The Statewide Administration approach may or may not be modified based on the bottom up review and vetting of implementation plans through the CAEECC process. PG&E cannot provide a specific date at this time since the schedule for the bottom up review has not yet been established
- f. Optimally, PG&E would prefer the Commission to authorize the list of statewide programs after the bottom up review is completed. PG&E’s “Portfolio Overview” chapter states, “The list of statewide programs should be finalized after program administrators have completed their reviews to confirm that programs are configured correctly and have retired unnecessary programs.”<sup>4</sup> However, PG&E does not support a delay in the approval of Business Plans. As such, PG&E requests the Commission provide program administrators flexibility in closing and/or sunseting existing statewide programs following the conclusion of the bottom up review and/or following the development of implementation plans, through the CAEECC process.
- g. PG&E proposes to conduct a solicitation for C&S Advocacy programs in Q3 2017 to ensure it can meet the Commission’s requirement to outsource 60% of its portfolio to third parties by 2020. However, PG&E also acknowledges that its solicitation timeline is subject to change based on factors such as the bottom up review and the Commission’s ruling on its application.
- h. PG&E supports an expedited review for portions of the business plan application that may otherwise be delayed should their approval be held back pending the outcome of review for items that are not time sensitive. To be clear, PG&E is hopeful that all approvals are finalized by June 29, 2017, per the proposed schedule on page 32 of the application. However, if elements of the business plan warrant a more expedited authorization, PG&E is in favor of breaking apart the various elements of the plans to expedite review. For example, authorizing the high-level strategies and associated budgets would allow the PAs to start with solicitations. This would allow the maximum amount of time for the PAs to meet the 60% third party requirement, ultimately benefiting bidders and the broader market.

PG&E is supportive of the Commission’s statewide framework, and is not seeking to delay its implementation. Further, PG&E believes a bottom-up review of statewide programs should not delay the approval of its business plan. PG&E recommends that if a bottom up review cannot be finalized in the near-term, the Commission move forward with the current set of statewide programs/subprograms, and proposed lead administrators, but allow IOUs flexibility in sunseting and/or consolidating programs per the recommendations in the final bottom up review analysis, and/or through stakeholder feedback on implementation plans via CAEECC. IOUs can use existing processes (e.g., Tier 2 Advice Letters) to close and/or modify the existing set of statewide programs/subprograms.

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<sup>4</sup> PG&E Portfolio Overview Chapter, p. 48.