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

Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.	Rulemaking 13-11-005 (Filed: November 14, 2013)

PETITION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39-M) FOR MODIFICATION OF DECISION 14-10-046

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Dated: August 30, 2016

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I. INTRODUCTION AND SUMMARY.

Pacific Gas and Electric Company (PG&E) submits this Petition for Modification of Decision (D.) 14-10-046[1/] (Petition) to the California Public Utilities Commission (CPUC or Commission) pursuant to Rule 16.4 of the Commission's Rules of Practice and Procedure (Rules). PG&E seeks authority to claim toward its goals the energy savings associated with energy efficiency incentives that PG&E will pay to customers pursuant to Assembly Bill (AB) 719.[2/] AB 719 enacted Public Utilities Code §384.5,[3/] which allows local governments to reduce their cost of ***utility-owned*** streetlighting by conversion to more efficient lighting technology.[4/] D.14-10-046, which prohibits the investor-owned utilities (IOUs) from counting these savings towards the Commission-approved goals, should be modified to state that the IOUs may count savings resulting from all streetlight efficiency projects towards their energy savings goals. The modifying decision should also authorize PG&E to count, toward its energy savings goals, the

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1/ *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets (Concludes Phase I of R.13-11-005),* D.14-10-046.

2/ AB 719, Stats. 2013, Ch. 616.

3/ All statutory references are to the Public Utilities Code unless otherwise stated.

4/ AB 719 §1 states: "It is the intent of the Legislature that electrical-corporation-owned street light poles, whose electricity use is paid by local governments, be converted to use cost-effective technology that reduces electricity consumption so that a city, county, or city and county may achieve lower utility bills for the electricity used by these street light poles."

savings associated with lighting incentives provided under PG&E's implementing rate schedule as of the effective date of the rate schedule.

II. BACKGROUND

A. PG&E is Required to Issue Incentive Payments for Streetlight Improvements.

AB 719 requires the IOUs to file a tariff to be used, at the discretion of local governments, to fund energy efficiency improvements in IOU-owned streetlights.
AB 719 states: "(T)he improvement performed pursuant to the tariff … shall be eligible for any rebate or incentives available through ratepayer-funded programs intended to increase energy efficiency."[5/]

On May 3, 2014, the Commission directed PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E), which are jointly referred to as the "investor-owned utilities" (IOUs), to file tariffs to be used by local governments receiving streetlight service from IOU-owned street lights to fund energy efficiency improvements to reduce energy consumption, in accordance with AB 719.[6/] PG&E's local government customers experience these energy savings from PG&E's replacement of High Pressure Sodium (HPS) of lamps with more efficient light emitting diode (LED) lamps at the customer's request.

In D.14-10-046, the Commission reminded the IOUs to file their AB 719 tariffs, but stated that "IOU owned street-lighting potential has been removed from the goals, and savings from compliance with AB 719 should not be counted toward goals."[7/]

On July 1, 2015, PG&E filed Advice No. 4661-E to establish its LED Streetlight Program under PG&E electric rate schedule LS-1.[8/] This rate schedule, which requires PG&E to pay

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5/ Pub. Util. Code §384.5(c).

6/ *Assigned Commissioner's Ruling Amending Scoping Memorandum and Providing Guidance on Energy Savings Goals for Program Year 2015*, R.13-11-005, ¶ 2 (Mar 3, 2014)..

7/ *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets,* D.14-10-046, p. 20.

8/ *Revision of Electric Schedule LS-1 (PG&E Owned Street and Highway Lighting) in Compliance with PUC Code Section 384.5,* Advice No. 4661-E.

incentives for LED conversion, was approved by the director of the Energy Division and became effective on January 1, 2016.[9/]

In its decision regarding energy efficiency goals for 2016 and beyond, D.15-10-028, the Commission included savings from PG&E's LED Streetlight Program in PG&E's energy savings goals.

B. New Circumstances Justify this Petition for Modification.

In accordance with Rule 16.4(d), PG&E explains why it is petitioning to modify the Decision more than a year after the effective date of D.14-10-046.

In its decision adopting the IOUs' 2016 Energy Efficiency Goals, the Commission approved goals that include efficiency savings from both IOU-owned and customer-owned streetlight*s*.[10/] As of January 1, 2016, PG&E's approved LS-1 rate schedule requires PG&E to pay incentives to local governments that participate in the tariffed program by converting IOU-owned streetlights to LED lamps. PG&E should be able to count toward its energy efficiency goals the savings from measures that are included in its goals, especially when measure entails the payment of incentives. However, the language in D.14-10-046 prohibiting the IOUs from counting savings associated with IOUs-owned streetlights has not been modified.[11/]

Accordingly, the Commission should now modify D.14-10-046 to specifically authorize energy savings consistent with expenditures under the LED Streetlight Program to count toward PG&E's goals. To avoid any potential uncertainty, the Commission should state that PG&E should count savings associated with incentives provided under electric rate schedule LS-1 for upgrades undertaken as of the schedule's effective date, which was January 1, 2016.

9/ Disposition Letter of Ed Randolph, dated December 29, 2015,

10/ *Decision re Energy Efficiency Goals for 2016 and Beyond and Energy Efficiency Rolling Portfolio Mechanics*, D.15-10-028, "2016 Goals Decision".

11/ In its comments on the proposed decision which was ultimately adopted as D.15-10-028, PG&E requested the Commission to acknowledge that savings from compliance with AB 719 should be counted toward goals. This detail was overlooked in the final decision.

III. MODIFICATION OF D.14-10-046 IS NEEDED TO PROPERLY IMPLEMENT AB 719.

A. Savings from Compliance with AB 719 are Included in the IOUs' Goals and Should Therefore be Counted Toward Energy Savings Targets.

Energy efficiency goals for 2016 and beyond were based on the Navigant study attached as Appendix 2 to D.15-10-028, *Energy Efficiency Potential and Goals Study for 2015 and Beyond* (2015 Navigant Study*)*.[12/] The 2015 Navigant Study includes goals for the IOU-owned streetlights.[13/] The two pages describing the street-lighting component are attached to this Petition for ease of reference , as the pages of the Navigant study are unnumbered. IOU-owned streetlights are included, along with non-IOU owned streetlights, within the category of "Agricultural, Industrial, Mining and Street lighting (AIMS) energy savings goals.[14/] However, D.15-10-028 did not reconsider or correct the denial of counting savings from AB 719 compliance on page 20 of D.14-10-046. Moreover, as of January 1, 2016, PG&E became obligated under schedule LS-1 to pay rebates to customers electing to participate in PG&E's LED Streetlight Program.

PG&E's continued inability to count LED Streetlight Program savings under D.14-10-046 means that PG&E's customers will bear the expense of giving local governments LED upgrade incentives without receiving credit toward their utility's energy efficiency goal. In addition, the exclusion of LED Streetlight Program savings could distort the cost-effectiveness results of converting from HPS to LED lamps, leading to errors in portfolio evaluation.

Accordingly, PG&E requests the Commission to modify D.14-10-46 to explicitly state that when IOU owned street-lighting potential is included in the IOUs' goals, savings from compliance with AB 719 should be counted toward the IOUs' energy savings targets.

12/ *See*, D.15-10-028, Findings of Fact 1, "The energy savings goals in section 3.1.2 above are aggressive yet achievable," and Conclusions of Law 4, "Navigant's calibration of the potential and goals model is reasonable." See also, D.15-10-028, p. 7, Section 3.1.2, "Today's decision adopts goals for the IOU territories based on the Revised Navigant Study, with some additional changes." As explained on pp. 6 and 7, the "Revised Navigant Study" is the May 15, 2015 version of the study included as Appendix 2 to the Rolling Portfolio decision. None of the changes affect the streetlight energy savings goal.

13/ D.15-10-028, Appendix 2, pp. 30, 33.

14/ See, 2015 Navigant Study, Section 3.4.2.4, especially tables 3-7 and 3-8.

B. AB 719 Provides Local Agencies Served by Utility Streetlights Access to the Same Energy Efficiency Savings as those Available to Customers that Own their Streetlights.

The purpose of AB 719 was to extend the availability of energy savings mechanisms used by electric consumers in general to users of utility-owned streetlights in particular. The bill analysis prepared for the Senate Energy, Utilities, and Communications (SEUC) subcommittee notes that, "This bill fills a gap in current energy efficiency programs… While customers generally have an incentive to make improvements that reduce their energy bills, local agencies that pay for energy used by inefficient older streetlights are unable to convert to efficient lights in they do not own the light poles." [15/] A subsequent SEUC analysis explained that AB 719 provides eligibility for a local government financing a streetlight improvement to use any available energy efficiency rebate or incentive.[16/]

C. Savings from Rebates Paid in Compliance with AB 719 Should be Counted Toward Utility Energy Efficiency Targets to Maintain Program Consistency and Fairness to Ratepayers.

The Legislature intended that lamp efficiency savings be offered to entities using utility-owned streetlights (LS-1 customers) via the same funding mechanisms as those used for customer-owned streetlights (LS-2 customers).[17/] In both cases, the rebates or financing are funded by the rate component provided by §381(b)(1) to achieve in-state benefits. In the context of the energy efficiency program, those benefits are recognized as energy efficiency savings.[18/] D.14-10-046 provides that the energy savings enabled by rebates and on-bill financing for LS-2 customer-owned streetlights will count toward utility savings.[19/] The energy savings achieved through rebates and financing by customers served under PG&E's LS-1 tariff likewise constitute system benefits that should be counted toward IOU energy efficiency goals.

15/ Bill Analysis, SEUC, AB 719, Date of Hearing 6/18/13, pp. 2 and 3.
16/ Bill Analysis, SEUC, AB 719, Senate Floor Analysis, 8/27/13.
17/ PG&E offers OBF and rebates, which are funded by the electric energy efficiency program created by §381(b)(1), to encourage customers that own streetlights to undertake efficiency conversions under PG&E's LS-2 tariff.
18/ Pub. Util. Code §399.8(c)(1).
19/ Non-IOU street lighting is consolidated with other program goals. D.14-10-026, p.20.

Despite the mandated use of system benefit funds for AB 719 rebates, D.14-10-046 determined that savings from compliance with AB 719 should not be counted toward 2015 goals.[20] The Commission should modify D.14-10-046 for the additional objective of creating parity between the system benefits of lamp upgrades to utility-owned and customer-owned streetlights.

D. Request for Relief.

As required by Rule 16.4 (b), PG&E provides the specific wording changes to D.14-10-46 that are needed to grant PG&E's requested relief.

1. The Commission should modify D.14-10-046 as indicated in bold font to specifically authorize energy savings consistent with AB 719:

> The Goals Ruling directed PG&E, SCE, and San Diego Gas & Electric Company (SDG&E) to file Advice Letters (ALs) with tariffs compliant with AB 719 by July 1, 2015. We repeat that directive here. This will mitigate the concerns that SCE expressed about the draft 2013 Study forecasting efficiency improvements in street lighting, by ensuring that funding is available **~~(albeit outside of incentive programs)~~** for these additional achievable savings. **~~More directly to SCE's point,~~** IOU owned street-lighting potential **~~has been~~ ~~removed from~~ is included in** the goals, and savings from compliance with AB 719 should **~~not~~** be counted toward goals. (D.14-10-046, p.20.)

2. The decision granting the Petition should also state:

> PG&E should count, toward its energy savings goals, the savings associated with incentives provided under PG&E electric rate schedule LS-1 for lighting upgrades as of the effective date of the tariff.

20/ *Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets,* D.14-10-046, pp. 19 and 20.

IV. CONCLUSION.

For all of the foregoing reasons, PG&E respectfully requests the Commission to modify D.14-10-046.

Respectfully Submitted,

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ATTACHMENT

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3.4.2.2 Agriculture

Similar to the Industrial sector, the Navigant team considered the full range of inputs and sources for the Agriculture sector to determine where new data sources exist and where existing data sources received significant updates since the 2013 Study. The Agriculture sector relies on IAC, QFER, and IEPR data. DEER and the Commercial sector Study effort also inform the Agriculture sector.

The Agriculture sector methodology is similar to the Industrial sector. The Agriculture inputs also rely on the updated Industrial sector measure de-ratings in order to reflect ISPs, program eligibility considerations, and other constraints that prevent Agriculture programs from claiming certain savings.

Navigant also accounted for the impacts of drought conditions after it correlated energy consumption increases with drought years. For example, during drought conditions water tables are lower and more energy is required of irrigation pumps to lift water to the surface. The team normalized forecast data to represent typical energy consumption in non-drought years. This was critical given that the PG Model estimates potential as a percent of energy consumption.

Finally, the other sources reviewed for the Industrial sector were also reviewed for the Agriculture sector and updates are noted in Appendix C.2.

3.4.2.3 Mining

Following the Industrial and Agriculture sectors, Navigant conducted a similar review of inputs and sources for the Mining sector. However, unlike the Industrial and Agriculture sectors, the Mining sector relies on an approach more similar to the Residential and Commercial sectors. Inputs are developed from the bottom up and define specific measures instead of more broadly defined end-uses.

Navigant determined that there are no significant updates for measure-specific parameters such as baseline and measure level efficiencies or equipment costs. However, Navigant reviewed the range of sources to both vet the 2013 Study inputs as well as identify any new or updated sources to consider that apply to the market more generally. For example, Navigant observed increasing trends in enhanced oil recovery (EOR) techniques. This relates to injecting pumps and process steam boilers where, over time, more energy in the form of injected water and steam are needed to extract oil that is becoming harder to reach. Stage 1 inputs were updated to reflect this trend.

3.4.2.4 Street Lighting

Navigant also reviewed the inputs for the Street Lighting sector as part of the Stage 1 effort. The 2015 Study generally maintains the methodology developed for the 2013 Study. Namely, Navigant used the IOU-supplied inventories and consumption data from the 2013 Study to estimate baseline and energy efficient measures for customer owned and IOU owned lamps. Navigant also requested and received

2015 street lighting inventories and consumption data from the IOUs and leveraged this data for vetting the inputs.

The most significant change to the inputs includes accounting for forecasted improvements in LED efficacies. The 2013 Study only accounted for forecasted LED cost reductions.

Finally, similar to the 2013 Study approach, the Stage 1 results reflect lamps owned by both customers and IOUs. However, Table 3-7 and Table 3-8 show owner-related metrics so that potential for a given group can be estimated separately.

Table 3-7: Percentage of Baseline and Efficient Street Lamps by Utility

Year	Efficient Lamps (%)*			Baseline lamps (%)**		
	PG&E	SCE	SDG&E	PG&E	SCE	SDG&E
2013	4%	1%	23%	96%	99%	77%
2015	26%	1%	31%	74%	99%	69%

**LED Lamps*
***Non-LED Lamps*
Source: Navigant team analysis of IOU-provided lamp inventories (2015)

Table 3-8: Percentage of Customer Owned and Utility Owned Street Lamps

Year	Customer Owned (%)			Utility Owned (%)		
	PG&E	SCE	SDG&E	PG&E	SCE	SDG&E
2013	74%	17%	81%	26%	83%	19%
2015	76%	15%	81%	24%	85%	19%

Source: Navigant team analysis of IOU-provided lamp inventories (2015)

3.5 Whole Building Initiatives

Whole-building initiatives aim to deliver savings to residential and commercial customers as a group of multiple efficiency measures that are all installed at the same time. Similar to the 2013 Study, Stage 1 of the 2015 Study includes the same whole-building initiatives. Stage 1 data updates are indicated in Table 3-9 below.