PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID 15339

ENERGY DIVISION **RESOLUTION E-4807**

December 15, 2016

R E S O L U T I O N

Resolution E-4807. Approves, with adjustments, the requests of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SCG) Efficiency Savings and Performance Incentive (ESPI) awards for program years 2014 (ex-post) and 2015 (ex-ante).

PROPOSED OUTCOME:

- Approve energy efficiency shareholder incentive awards as per Table 1.

IOU	Total Request	Total Award
PG&E	$19,082,173	$16,683,343
SCE	$22,650,741	$17,556,648
SDG&E	$5,060,900	$3,950,769
SCG	$4,048,696	$3,927,252

Table 1: IOU ESPI awards PY 2014 & 2015

- Authorize the IOUs to include the above awards in their Energy Efficiency (EE) balancing accounts.

SAFETY CONSIDERATIONS:

- This Resolution is not expected to have an impact on safety.

ESTIMATED COST:

- This Resolution approves energy efficiency shareholder incentives as detailed in Table 1.

By Advice Letters (AL) PG&E AL 3755-G/4908-E, SCE AL 3464-E, SDG&E AL 2950-E/2511-G, SCG AL 5024, filed on September 1, 2016, PG&E AL 3755-G-A/4908-E-A filed on October 7, 2016, SCE AL 3464-E-A, filed on October 10, 2016 and SDG&E AL 2950-E-A/2511-G-A filed on October 20, 2016.

TABLE OF CONTENTS:

SUMMARY

This Resolution addresses PG&E, SCE, SDG&E, and SCG's[1] Advice Letters seeking approval of program year 2014 and partial 2015 Efficiency Savings and Performance Incentive (ESPI) awards in compliance with D.12-12-032, D.13-09-023 and Appendix 5 of D.15-10-028. This resolution modifies PG&E, SCE, SDG&E, and SCG' ALs and approves the incentives, as detailed in Table 2.

Component	PG&E	SCE	SDG&E	SCG
2014 Ex-Post Savings	$13,658,382	$11,738,029	$1,937,665	$2,029,846
2015 Ex-Ante Savings	$4,830,780	$4,815,567	$854,791	$933,590
2015 Ex-Ante Review Performance	$2,557,456	$781,936	$833,949	$587,866
2015 Codes & Standards	$960,451	$581,031	$97,416	$57,944
2015 Non-Resource	$605,852	$539,355	$186,878	$320,545
2014 Ex-Ante Savings True Up	($83,705)	($408,841)	$48,873	$239
2014 EAR Performance True Up	($12,503)	($2,786)	-	($2,778)
2014 Codes & Standards True Up	($2,737)	($26,073)	($6,646)	-
2014 Non-Resource True Up	($7,633)	($461,570)	($2,158)	-
2006-2008 RRIM Settlement Adjustment	($5,823,000)	-	-	-
Total Award	$16,683,343	$17,556,648	$3,950,769	$3,927,252

Table 2: IOUs ESPI awards PY 2014 & 2015 per component

[1] Hereafter collectively referred to as the Investor Owned Utilities (IOUs)

BACKGROUND

I. 2006 - 2008 Incentive Mechanism

The California Public Utilities Commission (CPUC) adopted a shareholder incentive mechanism for energy efficiency programs beginning with the 2006-08 portfolios to motivate IOU management to pursue energy efficiency as a core business strategy. Significant controversy over the 2006-08 incentive mechanism, however, caused the CPUC to reconsider the incentive mechanism structure. The Commission opened a proceeding (R.12-01-005) to consider reforms to the original mechanism. R.12-01-005 was split to address an incentive policy for the 2010-12 cycle separate from an incentive policy for the 2013-14 cycle and beyond.

On September 2015, with Decision D.15-09-026 the Commission re-opened Rulemaking (R.) 09-01-019, the Order Instituting Rulemaking to Examine the Commission's Energy Efficiency Risk/Reward Incentive Mechanism (RRIM), to re-examine three Decisions involving the energy efficiency shareholder incentive awards for the 2006-2008 energy efficiency portfolios of the four IOUs.

On September 2016, the Commission adopted D.16-09-019, which requires PG&E to return $29,115,011 over a five-year period, starting with the ESPI awards granted in the 2016 calendar year.[2]

On October 13, 2016, the Commission adopted Decision 16-10-008, which requires SCE to return $13.5 million to ratepayers in three installments. Ordering Paragraph 2(a) stipulates that the first $4.5 million credit will occur within 30 calendar days of the Commission's approval of the Settlement or the Commission's approval of SCE's 2016 ESPI, whichever comes later. SCE is also authorized to accelerate the refund installments by refunding the present value of the three-year stream of refund installments via a one-time payment of the net present value of the total payments. For purposes of present value, the discount rate shall equal 7.9 percent; SCE's authorized weighted average cost of capital.[3]

---

[2] D.16-09-019, Attachment A

[3] SCE Settlement OP. 2.D

On September 30, 2016 SDG&E and SCG sent an email to the service list in R.09-01-019 stating they have made significant progress on settlement negotiations with The Utility Reform Network (TURN) and the Office of Ratepayer Advocates (ORA) and are working on drafting the settlement documentation and motion. On October 31, 2016, ORA sent a status update to note that SDG&E, SCG, TURN, and ORA have continued to make progress on drafting the settlement agreements and requested another extension to finalize the settlement, with a status update expected on November 30, 2016.

II. 2013 - 2014 ESPI Mechanism

The Efficiency Savings and Performance Incentive (ESPI) mechanism was adopted on September 5, 2013 in D.13-09-023[4]. Later on, Decision D.15-10-028[5] updated the timelines for ESPI review to comply with the new EE planning, budget, and review processes adopted in the same Decision. The framework of the ESPI program was retained.

The ESPI mechanism is a multi-component incentive structure intended to motivate IOUs to invest not only in energy efficiency savings (i.e., resource programs), but also in non-resource programs where energy efficiency is marketed and promoted but energy savings are not quantified at this time (e.g., workforce, education, and training and marketing, education, and outreach). The ESPI's four components are:

A. **Energy Efficiency Resource Savings:** A performance award for ex-ante locked down and ex-post verified net lifecycle resource program[6] energy savings measured in MW, GWh and MMTh. This component is capped at 9% of the resource program budget (excluding funding dedicated to administrative activities, codes and standards programs, EM&V, and CCA/RENs).

[4] D.13-09-023

[5] D.15-10-028

[6] A resource program is defined as an energy efficiency program that is intended to achieve and report quantified energy savings.

Per D.13-09-023, the energy savings performance award is split between ex-ante (i.e., estimated savings pre-implementation) and ex-post (i.e., evaluated savings post implementation) savings values. IOUs may file for incentive payments for ex ante savings in the year following the program year (i.e., in 2016 for program year 2015) and for ex post savings two years following the program year (i.e., in 2016 for program year 2014). Ex-post savings values will apply to custom measures and deemed measures on the ESPI Uncertain List[7] for the corresponding year. Ex-ante values will apply to deemed measures not on the ESPI Uncertain List[8] for the corresponding year.

B. **Ex-Ante Review (EAR) Process Performance**: A performance award for IOUs ex-ante review conformance of up to 3% of authorized resource program expenditures, excluding administrative costs.

D.13-09-023 prescribes that the ex-ante review performance award be the product of the final IOU score and the earnings cap for the component. Each IOU's score is based on their respective ex-ante review activities in accordance with a set of 10 metrics that generally cover four common themes:

1. Timeliness in adopting policies
2. Quality of submittals
3. Consideration of existing DEER guidance and previous feedback in the development of workpapers and custom project deliverables
4. Collaboration with Commission staff/Pro-activeness

On July 14, 2015 Commission staff issued a mid-year review where utilities were given the opportunity to provide comments. Final Ex-Ante Review Performance reports were publicly released April 4, 2016.[9] Table 3 shows a comparison of the IOUs' 2014 and 2015 scores.

7 2014 Uncertain Measure List for 2014 Ex-Post Claims (D.13-09-023, appendix 3)

8 2015 Uncertain Measure List for 2015 Ex-Ante Claims

9 2015 Draft Ex-Ante Savings Adjustment Statement

IOU	2014 Score (%)	2015 Score (%)
PG&E	53	40.84
SCE	58	41.91
SDG&E	68	43.79
SCG	69.5	41.91

Table 3: Ex Ante Review Process Performance Score 2014 vs. 2015

C. **Codes and Standards (C&S):** A management fee for the IOUs advocacy of codes and standards. This award equals 12% of the authorized C&S program expenses, , excluding administrative costs, and

D. **Non-Resource Programs:** A management fee for implementing non-resource[10] programs equal to 3% of the authorized non-resource program expenses, excluding administrative costs.

For the purposes of calculating the ESPI awards, program expenditures shall not exceed authorized budgets. Rewards shall also be capped at each component's maximum cap respectively.

Per D.13-09-023, the IOUs must rely on public versions of the CPUC Utility Audit, Finance and Compliance Branch (UAFCB) reports to determine the actual expenditures to calculate their respective incentive awards.

2015 Earning Rate and Incentive Earnings Cap

The incentive earnings caps for each component and each IOU adopted in D.13-09-023 and updated in 2015[11] are as follows:

[10] A non-resource program is defined as an energy efficiency program where energy savings are not directly attributed but the program supports the energy efficiency portfolio through activities such as marketing or improved access to training and education.

[11] 2015 ESPI Earning Coefficients and Caps

Component	PG&E	SCE	SDG&E	SCG
Energy Efficiency Resource Savings	$28,473,786	$9,491,262	$1,752,163	$670,476
Ex-ante review performance award	$21,974,541	$7,324,847	$581,031	$788,930
C&S program management fee	$7,308,445	$2,436,148	$114,457	$668,155
Non-Res. program management fee	$4,904,746	$1,634,915	$91,293	$392,899
2015 Total Cap	$40,387,687	$30,669,349	$10,527,205	$7,023,853

Table 4: 2015 Award Caps by Component and IOU

For all energy savings, the incentive award is calculated using the statewide earnings rates adopted in D.13-09-023, updated in 2015[12]. The use of statewide earnings rates allows each unit of energy saved to earn an incentive award. The adopted statewide earnings rates are:

- Electricity: $2,335/GWh
- Peak Demand: $7,127/MW-Yr
- Natural Gas: $30,454/MMth

NOTICE

Notice of PG&E AL 3755-G/4908-E, SCE AL 3464-E, SDG&E AL 2950-E/2511-G, SCG AL 5024, PG&E AL 3755-G-A/4908-E-A, SCE AL 3464-E-A, and SDG&E AL 2950-E-A/2511-G-A were made by publication in the Commission's Daily Calendar. PG&E, SCE, SDG&E, and SCG state that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

[12] ibid

PROTESTS

No protests were filed in response to PG&E AL 3755-G/4908-E, SCE AL 3464-E, SDG&E AL 2950-E/2511-G, SCG AL 5024, PG&E AL 3755-G-A/4908-E-A, SCE AL 3464-E-A, and SDG&E AL 2950-E-A/2511-G-A.

DISCUSSION

Discrepancies in Expenditure Data

On August 1, 2016 Commission Staff sent out ESPI Guidelines[13] to the IOUs for their September 1, Advice Letter (AL) Submissions. The IOUs generally conformed to the guidelines, however, in reviewing the ALs, Commission found several inconsistencies between the claims, the AL attachments, and the direction given to IOUs in the 2014 Audit reports issued by the Utility Audit, Finance and Compliance Branch (UAFCB)[14]. IOUs must use the guidelines for 2017 ESPI ALs as a template for their 2017 ESPI submissions.

Despite gradual improvements made in IOUs' accounting processes there are still continuous discrepancies between the data reported to the audit branch, data submitted through the Monthly and Quarterly reports, data submitted to the Energy Division Central Server (ED CS), and data submitted in the ESPI ALs. The inconsistencies are prevalent in program classification, cost categorization and expenditure values. The Commission will be continuing to address the IOUs' accounting issues in the Phase 3 of R.13-11-005.

For this year's ESPI calculations Commission staff collaborated with the IOUs' EE personnel, the Commission audit branch and the Commission EE data team to resolve discrepancies in expenditure and energy savings data, however, where reconciliation could not be made between the IOU-claimed values in the AL and the IOUs' claims submitted to the ED CS, the values from ED CS were utilized for the purpose of award calculations.

---

13 2016 Energy Division ESPI Guidelines

14 2014 UAFCB Audit Reports

Adjustments to Program Expenditure Data

This Resolution makes the following adjustments to the IOUs expenditure values used to verify the ESPI awards:

Commission made adjustments to the IOUs' claims based on the recommendations in the 2014 audit reports. The adjustments were calculated considering each IOU's respective authorized rate of return[15].

Commission staff also mapped program classifications in the AL against the IOUs' Advice Letter submissions[16] in February 2015. Program reclassification is not allowed mid-cycle. Several program classifications were corrected as a result of this mapping exercise.

Consistent with the Resource and Non-Resource program classification in the Energy Efficiency Policy Manual[17], for the purposes of ESPI calculations, Commission included expenditures related to any Third Party or State/Local Government Program, which reported energy efficiency savings, as part of the Resource category. Similarly for any Resource program that has no energy efficiency savings reported, the program expenditures were excluded from the total resource expenditures for the purposes of ESPI reward calculations.

In addition, consistent with Commission's order of including unspent uncommitted funds, plus interest, from previous budget cycles towards the next year revenue requirements,[18] Commission considered 2014 committed (not reported as spent in the previous ESPI filing) funds as an addition to the 2015 authorized budgets.[19] Similarly, committed funds from the 2015 budget for post-2015 activities and payment were excluded from the ESPI award calculations.

[15] PG&E 8.06%, SCE 7.90%, SDG&E 7.79%, SCG 8.02%

[16] PGE AL 3566-G/4591-E, SCE AL 3181-E, SDGE AL 2709-E/2363-G and SCG AL 4764

[17] Energy Efficiency Policy Manual, Version 5, July 2013, P.57, 61

[18] Decision 12-11-015, OP. 38

[19] D.14-10-046 at P.107-109

And the IOUs' 2015 program expenditures were capped at the authorized levels.[20]

Going onward the IOUs must track and report all unspent uncommitted and committed energy efficiency balancing account funds, including interest, from prior years in each ESPI AL and budget filings. Actual unspent and uncommitted funds from prior years, plus interest, shall be used to offset the revenue requirements approved for the following year. In addition, IUOs shall only make claims on funds spent in the respective program year. Claims must exclude all funds reported as spent in previous years and all committed expenditures for activities in future years.

The Commission has also repeatedly addressed the overspending on the Direct Install Non Incentive (DINI) expenditures and has required the utilities to minimize their non-incentive expenditures to achieve the 20% DINI cost target.[21] Therefore for this year's ESPI calculations the Commission is treating any resource DINI expenditures beyond the 20% cap as an administrative expense and, therefore, excluded from shareholder incentive calculations.

Adjustments to Ex-Ante Energy Savings Data

This Resolution makes the following adjustments to energy savings values used to verify the ESPI ex-ante savings awards:

1. Use of the quarterly reported claims data stored on the ED CS to calculate deemed ESPI savings in place of savings accomplishments provided in the IOUs' advice letters,
2. Proper application of Early Retirement (ER) policy and related effective and remaining useful life (EUL and RUL) values for, ER, retrofit add-on (REA) measures and measures with savings calculated over existing baselines,
3. Proper application of net-to-gross (NTG) values,
4. Application of DEER EUL for screw-in compact fluorescent lamps (CFLs),

[20] Sum of the 2015 authorized budgets and the 2014 committed funds

[21] D.09-09-047 and again in D.12-11-015

5. Revisions to SCE ER claims for commercial packaged HVAC equipment to reflect available evidence based on review of current and historical claims by all IOUs, and
6. Proper application of CPUC Decision direction for schools that allows only above code savings to be claimed.

This Resolution increases savings to account for the use of the EDCS quarterly report values but, overall, reduces savings below the values in the advice letters once adjustments listed above (and further described below) are applied. Except for SCG, whose savings increased slightly compared to its advice letter, this Resolution reduces all other IOUs' savings compared to values submitted with advice letters.

For ER application and RUL value adjustments, the Commission adjusted RUL values that were consistent with DEER requirements. Some measures claimed savings above an existing baseline but were not identified as ER and so were claiming the first period savings for the entire EUL. Commission revised these savings to be ER and applied the correct RUL and second period savings. Commission also revised retrofit add-on measures so that the EUL of the measure is equal to the lower of the RUL of the modified system or equipment or the EUL of the add-on component. Additionally, Commission identified and revised misclassified measures such as ER or replace-on-burnout (ROB) measures identified as REA.

For NTG adjustments, Commission staffs' review focused on three areas: hard-to-reach, emerging technology, and locational (or constrained area) NTG values. There are fewer uses of the hard-to-reach and emerging technology NTG values in the 2015 claims compared to the 2014 claims. Commission staff revised hard-to-reach NTG values to the standard DEER values when it was clear from program documentation that the served customers could not qualify as hard-to-reach customers[22]. For emerging technologies, Commission revised the NTG to the standard DEER values where the measure technology had been in program offerings for more than four, or if any IOUs was claiming the same measure but using the standard DEER value. Locational programs serving transmission,

[22] See CPUC resolution G-3497 (December 18, 2014) at 61

distribution, or generation constrained areas may claim an NTG of 0.85, however, customer incentives must also be "the higher of 75% of incremental measure cost, or what is available under prior policies.[23]" Commission staff observed very little increase in incentives for identical measures in constrained areas. For measures in constrained areas with incentives at least five percent greater than incentives for identical measures in non-constrained areas, Commission accepted the 0.85 NTG value and revised all other claims to the standard DEER NTG values.

If the utilities believe that the NTG values are over-corrected, they are directed to provide the requisite supporting documentation, consistent with existing Commission policy, for the measures for which the higher NTG is believed warranted in their 2017 advice letter for the 2015 program year custom project and uncertainty list savings awards and "true up."

Aligned with prior Commission direction[24], Commission also excluded savings for measures that had application dates, identified in the EDCS quarterly data, prior to January 1, 2015. In the last year ESPI filing (Ex-ante 2014 claims), some IOUs had included claims for savings for measures installed before 2014. Resolution G-3510 forfeited such awards and directed IOUs to only include measures installed in the respective year of claims for the next year submission. IOUs were also directed to indicate in their data submissions what year each measure is installed. None of the IOUs complied with these directions in their 2016 submissions.

Going forward the IOUs should only include savings for measures installed in the same year they are claiming incentives for. IOUs should indicate the measure installation date in their data submissions.

---

[23] D.14-10-046 OP 9

[24] This annual installation date based claims requirement was introduced in D.04-09-060 (page 33 and OP 14) , clarified in and reiterated in D.05-04-051 (page 55, Findings of Fact 36-42, Conclusion of Law 3, Ordering Paragraph 17), D.05-09-043 (page 84) and again in Resolution G-3510.

Commission reviewed and revised, as needed, all screw-in CFL claims to have the correct DEER EUL value of 5.06. It appears that IOUs are claiming the DEER EUL of 9.67 without also applying the DEER required degradation multiplier of 0.523.[25] In previous years, screw-in CFLs were on the uncertain measures list, subject to ex post evaluations for final savings. In 2016, the Commission updated the DEER EUL to be equal to the product of the EUL year value and the degradation multiplier. Therefore, it is expected that, all future claims will have the correct EUL value with no future adjustments being required

The Commission staff reviewed the details of the SCE savings claims for its commercial HVAC ER program. Those claims were adjusted to be in conformance with the previous CPUC direction as well as staff direction to SCE staff regarding the requirements on the claims for that specific program. Commission direction regarding requirements for ER claims clearly places a burden on SCE to only submit such claims after an examination of evidence supporting or refuting such claims is done[26]. Commission staff examined and compared the claims across all IOUs for installations of commercial packaged HVAC equipment from 2010 through the second quarter of 2016. The comparison of statewide trends to the SCE activity claims were used as a way to verify the fraction of ER claims that reasonably represent actual ER installations.[27] The Commission adjusted the early retirement portion of SCE's package HVAC claims by applying a gross savings adjustment of 0.25, to reflect

[25] The DEER2008 EUL update included a "switching degradation factor" of 0.523 for indoor residential screw-in CFLs. Explicit calculations of EULs for CFLs are included in the DEER 2008 update documentation showing that the final EUL in years is always multiplied by the degradation factor.

[26] D.12-05-015 at 346

[27] D.13-090023 at 51: "For measures that are not on the "deemed but high uncertainty" measure list, only the measure count will be subject to verification in calculating ESPI earnings (as well as any errors in the ex-ante parameter values and calculations included in the claim, of course). The installation rate represents the actual number of an EE measure (e.g., efficient lighting, advanced heating systems) put in place as compared to the claimed amount. We authorize Commission staff to adjust IOU claimed measure counts with verified installation rates for any EE measures in the portfolio, including those deemed measures not identified as highly uncertain."

that the majority of SCE early retirement claims are more likely in actuality normal replacement installations. This change reduces early retirement claims and associated savings by 75%.[28].

All K-12 schools and community college measures and projects are specifically identified in the claims. Some measures are identified as early retirement; however, IOUs are only allowed to claim above code savings for these measures[29]. The Commission has revised any early retirement claims so that the claimed second period savings becomes the first period savings as well, which results in only the above-code savings being credited for the entire EUL.

A workbook of all the reported, reviewed and adjusted program expenditures and energy savings values, and a summary of the details of the savings review are available on the Commission ESPI website.[30]

This resolution modifies PG&E, SCE, SDG&E, and SCG's requested awards and approves the incentives, as detailed herein:

[28] Detailed analysis and documentation of all IOU's package HVAC claims are provided on the CPUC's ESPI website.

[29] See D.14-10-046 at 77: "We will credit PAs with gross above-code savings, and allow a .85 NTG ratio for those savings (before market and spillover effects).

[30] CPUC ESPI website

1. Pacific Gas and Electric (PG&E)

PG&E requests $19,082,173 in their 2016 ESPI AL submission as detailed below:

Component	**Request** (Sup. AL Oct 07)
2014 Ex-Post Savings	$13,658,382
2015 Ex-Ante Savings	$5,191,401
2015 Ex-Ante Review Performance	$3,835,082
2015 Codes & Standards	$1,463,926
2015 Non-Resource	$855,012
2014 Ex-Ante Savings True Up	($77,462)
2014 Ex-Ante Review Performance True Up	($11,571)
2014 Codes & Standards True Up	($2,533)
2014 Non-Resource True Up	($7,064)
2006-2008 RRIM Adjustment	($5,823,000)
Total Request	**$19,082,173**

Table 5: PG&E 2016 ESPI Claim as Filed in AL3755-G-A/4908-E-A

1.1 Energy Efficiency Resource Savings

- 2014 Ex-Post Energy Savings

ESPI Component	Request	Award
2014 Ex-Post Savings	$13,658,382	$13,658,382

- 2015 Ex-Ante Energy Savings

ESPI Component	2015 Cap	Request	Award
2015 Ex-Ante Savings	$28,473,786	$5,191,401	$4,894,256

1.2 Ex-Ante Review (EAR) Process Performance

PG&E's workpaper activities at the beginning of 2015 demonstrated an intention to collaborate with Commission staff, particularly on high profile workpapers. By the mid-year feedback, Commission staff had reviewed six recent workpapers and provided an individual assessment of each, including detailed edits of the submitted ex ante data to demonstrate the corrections needed for format, consistency, and accuracy. The mid-year assessment also noted that, while PG&E was making some strides towards compliance with the 2013-2014 Lighting Retrofit dispositions, elements of the 2015 Lighting Retrofit Guidance memo issued in January 2015 had not yet been incorporated.

For PG&E's custom projects in 2015, Commission staff reviewed both single projects and large groups of selected custom project applications. The 2015 review activities were tracked across 49 CPUC Tracking IDs encompassing several hundred custom projects. Commission staff remains concerned with how PG&E's program staff and its Third Party implementers continue to amplify customer expectations for large energy efficiency incentive amounts before a complete review is done for major assumptions, eligibility, or program attribution. Allowing customer expectations to be set high for project types with a history of issues, or those with complex market, baseline, or measurement problems sets up potential customer satisfaction issues when significant deficiencies are identified for their project.

PG&E and Third Party implementers need to address more of the issues up front and early in the "project lead" stage rather than allowing expectations to rise and leaving it to Commission review process to identify problems. The number of projects selected for review that have significant issues raises great concerns about the vast majority of projects that are not selected for review. The legitimacy of these concerns is supported by the continued low gross and net realization rates found by the ex post evaluations of custom activities for 2014. This is a troubling example of an apparent lack of reasonable judgment in PG&E program staff's stewardship of ratepayer funds that requires serious PG&E management attention.

In accordance with D.13-09-023, for this award component PG&E is eligible to earn up to three percent of resource program expenditures, less administrative spend. PG&E's final 2015 ex-ante performance score was 40.84/100.[31] In Commission staff's analysis of PG&E's expenditures, we found several inconsistencies between PG&E's filed expenditures and data submitted by PG&E to the ED Central Sever. Several adjustments were made, per the earlier discussion in this resolution and displayed in the workbook available on the CPUC ESPI Website

ESPI Component	2015 Cap	Request	Award
2015 EAR Performance	$9,491,262	$3,835,082	$2,557,456

1.3 Codes and Standards (C&S)

Per D.13-09-023, the codes and standards program management fee is equal to 12% of the C&S program expenditures, less administrative spend. The different value calculated by the Commission results from the difference in PG&E's reported expenditure in their AL versus the values submitted to the ED CS.

ESPI Component	2015 Cap	Request	Award
2015 C&S Management Fee	$1,752,163	$3,835,082	$960,451

1.4 Non-Resource Programs

Per D.13-09-023, the non-resource program management fee is equal to three percent of non-resource program expenditures, not to exceed authorized budget, less administrative spend.

[31] 2015 Draft Ex-Ante Savings Adjustment Statement

ESPI Component	2015 Cap	Request	Award
2015 Non-Resource Management Fee	$670,476	$855,012	$605,852

PG&E requested an award value beyond the 2015 non-resource program award cap. A similar request was made by PG&E for the 2014 rewards and was rejected by the Commission. The Commission's purpose in adopting award caps is to offer a reasonable earning opportunity to IOUs while also ensures that ratepayers are not funding unreasonable costs.[32]

Moreover, PG&E's 2015 expenditures on the non-resource programs exceed the 2015 authorized budget for non-resource programs. IOU shareholder incentives are awarded based on adopted budgets rather than expenditures shifted mid-cycle. For the purposes of ESPI award calculations, the expenditures are adjusted and capped based on the 2015 authorized budget.

1.5 True Ups

In AL 3755-G-A/4908-E-A PG&E included ex-ante savings adjustment as identified in Commission Staff's 2014 Ex-Post ESPI Final Performance Statement Report issued on August 1, 2016[33] as well as adjustments for the 2014 EAR performance awards based on based on PG&E's own finding of accounting errors. On October 7, 2016 PG&E in their supplemental AL further included adjustments based on the 2014 UAFCB audit reports.[34]

The primary reason for PG&E's true-up of 2014 Ex-ante Savings is the reconciliation of record classification into custom ex-post, deemed ex-post, and ex-ante savings incentive groups. There were two major groups of claims that required reconciliation: (1) Claims in both the ex-ante savings incentive in Resolution G-3510 that are now included in the deemed ex-post savings incentive

[32] D.13-09-023 FOF.19

[33] 2014 Ex-Post ESPI Final Performance Statement Report

[34] Memorandum Issues June 30,2016 , Observations 4,7,15,18

(covered under the Report) and (2) Claims not included in the ex-ante savings incentive in Resolution G-3510 that are also not included in the deemed ex-post savings incentive in the Report. Furthermore, Commission applied an ex-post installation rate to the ex-ante records, per D.13-09-023.

Commission has also considered PG&E's authorized rate of return (8.06%) in calculating the true ups (except for the 2006-2008 RRIM adjustments).

In addition, on September 15, 2016, the Commission adopted D.16-09-019 that approved the RRIM settlement for PG&E. The Settlement Agreement requires PG&E to reduce its request for a shareholder incentive by $5,823,000 per year, for five years, until it has offset a total of $29.1 million of PG&E's EE revenue requirement that would otherwise be collected in rates.

Component	**Request**	**Award**
2014 Ex-Ante Savings True Up	($77,462)	($83,705)
2014 EAR Performance True Up	($11,571)	($12,503)
2014 Codes & Standards True Up	($2,533)	($2,737)
2014 Non-Resource True Up	($7,064)	($7,633)
2006-2008 RRIM Adjustment	($5,823,000)	($5,823,000)

PG&E's final 2016 award values including all adjustments are shown below:

Component	Award
2014 Ex-Post Savings	$13,658,382
2015 Ex-Ante Savings	$4,830,780
2015 Ex-Ante Review Performance	$2,557,456
2015 Codes & Standards	$960,451
2015 Non-Resource	$605,852
2014 Ex-Ante Savings True Up	($83,705)
2014 Ex-Ante Review Performance True Up	($12,503)
2014 Codes & Standards True Up	($2,737)
2014 Non-Resource True Up	($7,633)
2006-2008 RRIM Settlement Adjustment	($5,823,000)
Total Award	**$16,683,343**

Table 6: PG&E 2016 ESPI awards

This award is $2,398,830 less than the amount requested in AL 3755-G-A/4908-E-A.

2. Sothern California Edison (SCE)

SCE requests $22,650,741 in their 2016 ESPI AL submission as detailed below:

Component	Request (AL Sep 01)
2014 Ex-Post Savings	$11,738,029
2015 Ex-Ante Savings	$7,487,372
2015 Ex-Ante Review Performance	$3,015,717
2015 Codes & Standards	$581,031
2015 Non-Resource	$659,439
2014 Ex-Ante Savings True Up	($378,907)
2014 Ex-Ante Review Performance True Up	-
2014 Codes & Standards True Up	($24,164)
2014 Non-Resource True Up	($427,776)
2006-2008 RRIM Adjustment	-
Total Request	**$22,650,741**

Table 7: SCE 2016 Incentive Award Claim as Filed in SCE AL3464-E-A

2.1 Energy Efficiency Resource Savings

- 2014 Ex-Post Energy Savings

ESPI Component	Request	Award
2014 Ex-Post Savings	$11,738,029	$11,738,029

- 2015 Ex-Ante Energy Savings

ESPI Component	2015 Cap	Request	Award
2015 Ex-Ante Savings	$21,974,541	$7,487,372	$4,815,567

2.2 Ex-Ante Review (EAR) Process Performance

SCE's workpaper activities at the beginning of 2015 showed improvement over 2014 in terms of data submittals; however, we observed very little movement to incorporate previous decisions, input and direction. One encouraging exception was SCE's efforts to develop an approach to document and properly claim "hard-to-reach" net-to-gross values, which requires coordination across workpaper development, field implementation and claims reporting disciplines.

In 2015, the Commission staff custom projects ex ante review activities spanned across 24 different custom projects. We found that SCE's Engineering Team exhibited genuine interest to collaborate and work with Commission staff to improve their project reviews due diligence.

In accordance with D.13-09-023, SCE is eligible to earn up to three percent of resource program expenditures, less administrative spend, for the ex-ante review performance award. SCE's final 2015 ex-ante performance score was 41.91/100.[35] In Commission staff's analysis of SCE's expenditures, we found major discrepancies between SCE's filed expenditures and data submitted by SCE to the ED CS. The differences in values between the two sources are often as large as two orders of magnitude. We suspect that SCE submission of data had been done incorrectly. Several adjustments were made on the data per the earlier discussion in this resolution. The adjustments are shown in the workbook on the CPUC ESPI website[36].

ESPI Component	2015 Cap	Request	Award
2015 EAR Performance	$7,324,847	$3,015,717	$781,936

2.3 Codes and Standards (C&S)

Per D.13-09-023, the codes and standards program management fee is equal to 12% of the C&S program expenditures, less administrative spend. SCE's C&S expenditures exceed the calculated award exceeds the 2015 C&S award cap. Hence the award is equal to the 2015 C&S award cap.

[35] 2015 Draft Ex-Ante Savings Adjustment Statement

[36] CPUC ESPI website

ESPI Component	2015 Cap	Request	Award
2015 C&S Management Fee	$581,031	$581,031	$581,031

2.4 Non-Resource Programs

Per D.13-09-023, the non-resource program management fee is equal to three percent of non-resource program expenditures, less administrative spend. The different value calculated by ED results from the difference in SCE's reported expenditure in their AL versus the values submitted to the ED CS.

ESPI Component	2015 Cap	Request	Award
2015 Non-Resource Management Fee	$788,930	$659,439	$539,355

2.5 True Ups

SCE included ex-ante savings adjustments as identified in Commission Staff's 2014 Ex-Post ESPI Final Performance Statement Report issued on August 1, 2016[37] as well as adjustments based on the 2014 UAFCB audit reports.[38]

The primary reason for SCE's true-up of 2014 ex-ante savings is the reconciliation of record classification into custom ex-post, deemed ex-post, and ex-ante savings incentive groups. There were two major groups of claims that required reconciliation: (1) Claims in both the ex-ante savings incentive in Resolution G-3510 that are now included in the deemed ex-post savings incentive (covered under the Report) and (2) Claims not included in the ex-ante savings incentive in Resolution G-3510 that are also not included in the deemed ex-post savings incentive in the Report. Furthermore, Commission applied an ex-post installation rate to the ex-ante records, per D.13-09-023.

[37] 2014 Ex-Post ESPI Final Performance Statement Report

[38] Memorandum Issues June 30,2016 , Observations 4,7,8,16

Commission has also considered SCE's authorized rate of return (7.90%) in calculating the true ups (except for the 2006-2008 RRIM adjustments).

Component	Request	Award
2014 Ex-Ante Savings True Up	($378,907)	($408,841)
2014 Ex-Ante Review Performance True Up	-	($2,786)
2014 Codes & Standards True Up	($24,164)	($26,073)
2014 Non-Resource True Up	($427,776)	($461,570)
2006-2008 RRIM Settlement Adjustment	-	-

SCE's final 2016 ESPI award values including all adjustments are shown below:

Component	Award
2014 Ex-Post Savings	$11,738,029
2015 Ex-Ante Savings	$4,815,567
2015 Ex-Ante Review Performance	$781,936
2015 Codes & Standards	$581,031
2015 Non-Resource	$539,355
2014 Ex-Ante Savings True Up	($408,841)
2014 Ex-Ante Review Performance True Up	($2,786)
2014 Codes & Standards True Up	($26,073)
2014 Non-Resource True Up	($461,570)
2006-2008 RRIM Settlement Adjustment	-
Total Award	**$17,556,648**

Table 8: SCE's 2016 ESPI awards

This award is $5,094,093 less than the amount requested in SCE AL 3464-E.

3. San Diego Gas & Electric (SDG&E)

SDG&E requests $5,087,784 in their 2016 ESPI AL submission as detailed below:

Component	Request (AL Sep 01)
2014 Ex-Post Savings	$1,937,665
2015 Ex-Ante Savings	$1,563,003
2015 Ex-Ante Review Performance	$1,137,075
2015 Codes & Standards	$97,416
2015 Non-Resource	$315,451
2014 Ex-Ante Savings True Up	$45,341
2014 Ex-Ante Review Performance True Up	-
2014 Codes & Standards True Up	($6,165)
2014 Non-Resource True Up	($2,002)
2006-2008 RRIM Adjustment	-
Total Request	**$5,087,784**

Table 9: SDG&E 2016 ESPI Claim as Filed in SDG&E AL2950-E-A/2511-G-A

3.1 Energy Efficiency Resource Savings

- 2014 Ex-Post Energy Savings

ESPI Component	Request	Award
2014 Ex-Post Savings	$1,937,665	$1,937,665

- 2015 Ex-Ante Energy Savings

ESPI Component	2015 Cap	Request	Award
2015 Ex-Ante Savings	$7,308,445	$1,563,003	$854,791

3.2 Ex-Ante Review (EAR) Process Performance

For the 2015 workpaper review assessment, Commission staff continued to observe a high level of SDG&E staff activity oriented toward improving the overall quality of workpapers and accompanying ex-ante data submissions as well as streamlining the review process. However, with the exception of a couple of workpaper examples, SDG&E staff seem to have made no progress in their workpaper submissions since the preliminary review stage resulting in overall performance that declined in 2015 as compared to 2014.

As for the 2015 custom projects review assessment, Commission's ex-ante review activities touched 11 SDG&E custom projects. SDG&E's engineering team continues to show sincere attentiveness to better understand and implement the Commission directions, policies, and Commission's expectations for custom project reviews. Despite the fact that there is a lot of room for improvement, SDG&E staff scored the highest points in the ESPI custom ex ante review among the four investor-owned utilities. Commission expects to see improvements throughout 2016 in both SDG&E's internal custom project reviews and tracking and follow-up on projects selected for the ex-ante review.

In accordance with D.13-09-023, SDG&E is eligible to earn up to three percent of resource program expenditures, less administrative spend, for the ex-ante review performance award. SDG&E's final 2015 ex-ante performance score was 43.79/100.[39] In the analysis of SDG&E's expenditures, we found several inconsistencies between SDG&E's filed expenditures and data submitted by SDG&E to the ED CS. Several adjustments were made per the earlier discussion in this resolution and shown in the workbook at the CPUC ESPI Website.[40]

ESPI Component	2015 Cap	Request	Award
2015 EAR Performance	$2,436,148	$1,137,075	$833,949

[39] 2015 Draft Ex-Ante Savings Adjustment Statement

[40] CPUC ESPI website

3.3 Codes and Standards (C&S)

Per D.13-09-023, the codes and standards program management fee is equal to 12% of the C&S program expenditures, less administrative spend.

ESPI Component	2015 Cap	Request	Award
2015 C&S Management Fee	$114,457	$97,416	$97,416

3.4 Non-Resource Programs

Per D.13-09-023, the non-resource program management fee is equal to three percent of non-resource program expenditures, less administrative spend. The different value we calculated results from the difference in SDG&E's reported expenditure in their AL versus the values submitted to the ED Central Server. SDG&E's non-resource expenditures also exceeded 2015 authorized budgets and were therefore adjusted to the cap.

ESPI Component	2015 Cap	Request	Award
2015 Non-Resource Management Fee	$668,155	$306,668	$186,878

3.5 True Ups

SDG&E included ex-ante savings adjustment as identified in Commission Staff's 2014 Ex-Post ESPI Final Performance Statement Report issued on August 1, 2016[41] as well as adjustments based on the 2014 UAFCB audit reports[42].

The primary reason for SDG&E's true-up of 2014 ex-ante savings is the reconciliation of record classification into custom ex-post, deemed ex-post, and ex-ante savings incentive groups. There were two major groups of claims that required reconciliation: (1) Claims in both the ex-ante savings incentive in

[41] 2014 Ex-Post ESPI Final Performance Statement Report

[42] Memorandum Issues June 30,2016 , Observations 4,5,9

Resolution G-3510 that are now included in the deemed ex-post savings incentive (covered under the Report) and (2) Claims not included in the ex-ante savings incentive in Resolution G-3510 that are also not included in the deemed ex-post savings incentive in the Report. Furthermore, Commission applied an ex-post installation rate to the ex-ante records, per D.13-09-023.

Commission has also considered SDG&E's authorized rate of return (7.79%) in calculating the true ups (except for the 2006-2008 RRIM adjustments).

ESPI Component	Request	Award
2014 Ex-Ante Savings True Up	$45,341	$48,873
2014 Ex-Ante Review Performance True Up	-	-
2014 Codes & Standards True Up	($6,165)	($6,646)
2014 Non-Resource True Up	($2,002)	($2,158)

SDG&E's final 2016 ESPI award values including all adjustments are shown below:

Component	Award
2014 Ex-Post Savings	$1,937,665
2015 Ex-Ante Savings	$854,791
2015 Ex-Ante Review Performance	$833,949
2015 Codes & Standards	$97,416
2015 Non-Resource	$186,878
2014 Ex-Ante Savings True Up	$48,873
2014 Ex-Ante Review Performance True Up	-
2014 Codes & Standards True Up	($6,646)
2014 Non-Resource True Up	($2,158)
2006-2008 RRIM Settlement Adjustment	-
Total Award	**$3,950,769**

Table 10: SDG&E 2016 ESPI awards

This award is $1,137,015 less than SDG&E's request in AL2950-E-A/2511-G-A.

4. **Sothern California Gas (SCG)**

SCG requests $4,048,696 in their 2016 ESPI AL submission as detailed below:

Component	Request (AL Sep 01)
2014 Ex-Post Savings	$2,029,846
2015 Ex-Ante Savings	$1,024,615
2015 Ex-Ante Review Performance	$600,299
2015 Codes & Standards	$59,009
2015 Non-Resource	$337,278
2014 Ex-Ante Savings True Up	$221
2014 Ex-Ante Review Performance True Up	($2,572)
2014 Codes & Standards True Up	-
2014 Non-Resource True Up	-
2006-2008 RRIM Settlement Adjustment	-
Total Request	**$4,048,696**

Table 11: SCG 2016 ESPI Claim as Filed in SCG AL5024

4.1 Energy Efficiency Resource Savings

- 2014 Ex-Post Energy Savings

ESPI Component	Request	Award
2014 Ex-Post Savings	$2,029,846	$2,029,846

- 2015 Ex-Ante Energy Savings

ESPI Component	2015 Cap	Request	Award
2015 Ex-Ante Savings	$4,904,746	$1,024,615	$933,590

4.2 Ex-Ante Review (EAR) Process Performance

In 2015, Commission staff observed continued efforts on the part of SCG to improve their workpaper development processes, increase their level measure and project critical analysis, improve utilization of DEER values and methods, and streamline the ex-ante review process.

Overall, the number of SCG's custom projects reviewed by Commission staff decreased significantly in 2015. Review activities spanned across only seven projects. Despite the very low activity level, we are disappointed in SCG staff's handling of these ex-ante review selected custom projects. We remain concerned that SCG program staff and its Third Party implementers set high customer expectations for large incentive awards before any appropriate project review is undertaken.

In accordance with D.13-09-023, SCG is eligible to earn up to three percent of resource program expenditures, less administrative spend, for the ex-ante review performance award. SCG's final 2015 ex-ante performance score was 41.91/100.[43] In Commission's analysis of SCG's expenditures, we found several inconsistencies between SCG's filed expenditures and data submitted by SCG to the ED Central Sever. Several adjustments were made per the earlier discussion in this resolution and in the workbook available at the CPUC ESPI Website.[44]

ESPI Component	2015 Cap	Request	Award
2015 EAR Performance	$1,634,915	$600,299	$582,543

4.3 Codes and Standards (C&S)

Per D.13-09-023, the codes and standards program management fee is equal to 12% of the C&S program expenditures, less administrative spend.
The codes and standards management fee is calculated as:

ESPI Component	2015 Cap	Request	Award
2015 C&S Management Fee	$91,293	$59,009	$57,944

[43] 2015 Draft Ex-Ante Savings Adjustment Statement

[44] CPUC ESPI website

4.4 Non-Resource Programs

Per D.13-09-023, the non-resource program management fee is equal to three percent of non-resource program expenditures, less administrative spend. The non-resource program management fee is calculated as:

ESPI Component	2015 Cap	Request	Award
2015 Non-Resource Management Fee	$392,899	$337,278	$320,545

4.5 True Ups

SCG included ex-ante savings adjustment as identified in Commission's 2014 Ex-Post ESPI Final Performance Statement Report issued on August 1, 2016[45] as well as adjustments based on the 2014 UAFCB audit reports.[46] UAFCB had also identified additional accounting errors in the non-resource program expenditures however they had not suggested modifications as the difference would have led to insignificant reward adjustments.[47]

The primary reason for SCG's true-up of 2014 Ex-ante savings is the reconciliation of record classification into custom ex-post, deemed ex-post, and ex-ante savings incentive groups. There were two major groups of claims that required reconciliation: (1) Claims in both the ex-ante savings incentive in Resolution G-3510 that are now included in the deemed ex-post savings incentive (covered under the Report) and (2) Claims not included in the ex-ante savings incentive in Resolution G-3510 that are also not included in the deemed ex-post savings incentive in the Report. Furthermore, Commission applied an ex-post installation rate to the ex-ante records, per D.13-09-023.

Commission has also considered SCG's authorized rate of return (8.02%) in calculating the true ups (except for the 2006-2008 RRIM adjustments).

---

45 2014 Ex-Post ESPI Final Performance Statement Report

46 Memorandum Issues June 30,2016 , Observations 4,16,19

47 ibid Obs. 7

Component	Request	Award
2014 Ex-Ante Savings True Up	$221	$239
2014 Ex-Ante Review Performance True Up	($2,572)	($2,778)
2014 Codes & Standards True Up	-	-
2014 Non-Resource True Up	-	-

SCG's final 2016 ESPI award values including all adjustments are shown below:

Component	Award
2014 Ex-Post Savings	$2,029,846
2015 Ex-Ante Savings	$933,590
2015 Ex-Ante Review Performance	$587,866
2015 Codes & Standards	$57,944
2015 Non-Resource	$320,545
2014 Ex-Ante Savings True Up	$239
2014 Ex-Ante Review Performance True Up	($2,778)
2014 Codes & Standards True Up	-
2014 Non-Resource True Up	-
2006-2008 RRIM Settlement Adjustment	-
Total Award	**$3,927,252**

Table 12: SCG 2016 ESPI awards

This award is $121,444 less than the amount claimed in SCGAL 5024.

COMMENTS

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

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

1. Commission Decision D.13-09-023 directs the IOUs to file an annual Tier 3 Advice Letter to claim energy efficiency shareholder incentive awards.
2. No protests were filed for PG&E AL 3755-G/4908-E, SCE AL 3464-E, SDG&E AL 2950-E/2511-G, SCG AL 5024, PG&E AL 3755-G-A/4908-E-A, SCE AL 3464-E-A, and SDG&E AL 2950-E-A/2511-G-A.
3. This Resolution approves the IOUs' 2014 (PY+2) and 2015 (PY+1) incentive awards with modifications.
4. The PY+1 component of the payments are based on the IOUs' reported expenditures submitted data to the Energy Division Central Server. The second installation of the 2015 incentive awards will reconcile any differences between utility-reported and Commission-audited data.
5. Given that the CPUC data on file are comprised of publicly available, utility-filed quarterly and monthly reports, we rely on the CPUC data to verify and confirm the IOUs' filings. The 2015 ESPI Ex-Ante Workbook[48] shows the program expenditures and savings values, respectively, both from the IOUs' advice letters and those submitted to Energy Division as part of the quarterly reports.
6. PG&E's 2016 incentive claim request was filed consistent with the directions of D.13-09-023. The filed incentive claim, however, is not consistent with the utility-reported expenditure and savings data on file at the CPUC. PG&E's claim was also corrected based on the EE Policy Manual directives and Decision 14-10-046, authorizing the 2015 program year budget. In total, PG&E is awarded $2,398,830 less than the amount claimed in PG&E AL 3755-G-A/4908-E-A.

[48] Available on the CPUC ESPI website

7. SCE's 2014 and 2015 incentive claim was filed consistent with the directives of D.13-09-023. We found discrepancies between SCE's filed expenditures and savings and the CPUC data on file. SCE's claim was also corrected based on the EE Policy Manual directives and Decision 14-10-046, authorizing the 2015 program year budget. In total, SCE is awarded $5,094,093 less than the amount claimed in SCE AL 3464-E-A.

8. SDG&E's 2014 and 2015 incentive claim was filed consistent with the directives of D.13-09-023. We found several inconsistencies between SDG&E's filed expenditures and savings and the CPUC data on file. SDG&E's claim was also corrected based on the EE Policy Manual directives and Decision 14-10-046, authorizing the 2015 program year budget. In total, SDG&E is awarded $1,137,015 less than the amount claimed in SDG&E AL 2950-E-A/2511-G-A.

9. SCG's 2014 and 2015 incentive claim was filed consistent with the directives of D.13-09-023. We found discrepancies between SCG's filed expenditures and savings and the CPUC data on file. SCG's claim was also subjected to the EE policy Manual directives and Decision 14.10.046, authorizing 2015 Budget. In total, SCG is awarded $121,444 less than the amount claimed in SCG AL 5024.

THEREFORE IT IS ORDERED THAT:

1. The request of Pacific Gas and Electric Company (PG&E) for Efficiency Savings and Performance Incentive (ESPI) awards as made in Advice Letter 3755-G-A/4908-E-A is modified from the original request. PG&E is awarded $16,683,343 for the 2016 Efficiency Savings and Performance Incentive (ESPI) award.

2. Pacific Gas and Electric Company is authorized to record its 2016 incentive award totaling $16,683,343 in its electric and gas balancing accounts according to the authorized 2013-14 electric and gas budget split of 82% electric and 18% gas.

3. The request of Southern California Edison Company (SCE) for Efficiency Savings and Performance Incentive (ESPI) awards as made in Advice 3464-E-A is modified from the original request. SCE is awarded $17,556,648 for the 2016 Efficiency Savings and Performance Incentive (ESPI) award.

4. The $17,556,648 award can be recovered in SCE's rates through its Base Revenue Requirement Balancing Account for its rates effective in 2017.

5. The request of San Diego Gas & Electric Company (SDG&E) for Efficiency Savings and Performance Incentive (ESPI) awards as made in Advice Letter 2950-E-A/2511-G-A is modified from the original request. SDG&E is awarded 3,950,769 for the 2016 ESPI awards.

6. San Diego Gas & Electric Company is authorized to record its 2016 incentive award totaling $ 3,950,769 in its electric and gas Rewards and Penalties Balancing Accounts. The 2016 incentive award will be allocated according to the authorized 2013-14 electric and gas budget split of 90% electric and 10% gas.

7. The request of Southern California Gas Company (SCG) for Efficiency Savings and Performance Incentive (ESPI) awards as made in Advice Letter 5024 is modified from the original request. SCG is awarded $ 3,927,252 for the 2016 ESPI awards.

8. Southern California Gas Company is authorized to record its 2016 incentive award totaling $ 3,927,252 in its Rewards and Penalties Balancing Account for recovery in its core (94%) and non-core (6%) customer rates.

9. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SCG) must track and report all unspent uncommitted and committed energy efficiency balancing account funds, including interest, from prior years in each ESPI AL and budget filings. Actual unspent and uncommitted funds from prior years, plus interest, shall be used to offset the revenue requirements approved for the following year.

10. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SCG) shall only make claims on funds spent in the respective program year. Claims must exclude all funds reported as spent in previous years and all committed expenditures for activities in future years.

11. Reiterating previous Commission direction, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SCG)

should only include savings for measures installed in the same year they are claiming incentives for. IOUs should indicate the measure installation date in their data submissions.

12. Within 30 days of the approval of this Resolution, Commission Staff will issue the 2017 ESPI guidelines for the utilities Sep 01, 2017 ESPI submissions.

13. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SCG) must use the guidelines for 2017 ESPI ALs as a template for their 2017 ESPI submissions.

14. Within 60 days of the approval of this Resolution, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a Tier 1 Advice Letter calculating the earning rates and award caps for program year 2016. The submission must include a comprehensive list of the utilities' energy efficiency programs and budget placements in compliance with the guidelines for 2017 ESPI ALs.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 15, 2016; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director