Decision 21-01-004 January 14, 2021

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

DECISION PROVIDING DIRECTIONS FOR IMPLEMENTATION OF SCHOOL ENERGY EFFICIENCY STIMULUS PROGRAM

Summary

This decision provides authorization and directions to the large investor owned utilities for accounting, seeking recovery, and reporting of funds for the School Energy Efficiency Stimulus Program enacted by the California Legislature.

This proceeding remains open.

1. Background

Assembly Bill (AB) 841 (Stats. 2020, Chap. 372), signed into law on September 30, 2020, establishes the School Energy Efficiency Stimulus Program (Public Utilities Code Sections 1600, *et. seq*.).[1] The School Energy Efficiency Stimulus Program (Stimulus Program) consists of the School Reopening

[1] Unless otherwise specified, all subsequent references to sections refer to the California Public Utilities Code. AB 841 also addresses transportation electrification matters; this decision only addresses the School Energy Efficiency Stimulus Program component of AB 841.

Ventilation and Energy Efficiency Verification and Repair (SRVEVR) and School Noncompliant Plumbing Fixture and Appliance (SNPFA) programs, aimed generally at improving ventilation and replacing old or inefficient plumbing fixtures to safely prepare schools for operating during the COVID-19 pandemic. AB 841 establishes a number of requirements for the California Public Utilities Commission (Commission or CPUC) regarding development and administration of the SRVEVR and SNPFA program budgets, including the funding and transfer of funds from the large investor owned utilities (IOUs)[2] to the California Energy Commission (CEC):

- By no later than February 1, 2021, the large IOUs shall submit a joint advice letter to fund a joint Stimulus Program, administered by the CEC, as part of each of their energy efficiency portfolios (Section 1610);
- The Commission shall approve the joint advice letter no later than March 1, 2021 (Section 1610);
- Each IOU shall be required to fund the Stimulus Program for program years 2021, 2022 and 2023 by:
    - An amount equal to the applicable percentage of the difference between the budget contained in each IOU's 2020 annual budget advice letter approved as of July 1, 2020, and the annual portfolio funding limitation for program year 2020 as set forth in the 2018-2025 business plan of each IOU as approved and modified in Ordering Paragraph 45 of Decision (D.) 18-05-041. The applicable percentage is 80 percent for program year 2021, 70 percent for program year 2022, and 60 percent for program year 2023 (Section 1615(a)(1)(A));

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[2] The IOUs are: 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). AB 841 applies to electrical corporations with 250,000 or more customer accounts within the state, and gas corporations with 400,000 or more customer accounts within the state.

  - Any carryover amount from unspent and uncommitted energy efficiency funds for program years 2020, 2021 or 2022 to the following year's budget (Section 1615(a)(1)(B)); and
  - Any allocated funds that remain unspent by the end of each program year may be carried over and contribute to the next year's budget for the Stimulus Program until the end of program year 2023 (Section 1615(a)(3)); and
- Funds allocated to the CEC for the Stimulus Program shall be transferred to an account specified by the CEC within 60 days after the completion of the prior energy efficiency program year (Section 1615(d)).

As directed by AB 841, a minimum of 25 percent of projects funded by the SRVEVR and SNFPA programs must be in underserved communities, and the SRVEVR and SNFPA programs must prioritize underserved communities by ensuring that all schools that are in an underserved community are offered the opportunity to apply for and receive grants before those schools that are not in an underserved community (Section 1612).

On October 7, 2020, the assigned administrative law judge (ALJ) issued a ruling detailing AB 841's budget development and program administration requirements and seeking party comments on how the Commission should implement the AB 841 requirements (AB 841 ruling). On October 16, 2020, the following parties filed comments to the AB 841 ruling: California Efficiency + Demand Management Council (the Council), Joint Committee on Energy and Environmental Policy (JCEEP),[3] Local Government Sustainable Energy Coalition, Natural Resources Defense Council, Pacific Gas and Electric Company (PG&E),

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[3] On behalf of the Association of Bay Area Governments for the San Francisco Bay Area Regional Energy Network, County of Los Angeles Office of Energy and Environmental Services for the Southern California Regional Energy Network, and County of Ventura for the Tri-County Regional Energy Network.

San Diego Gas & Electric Company (SDG&E), Small Business Utility Advocates (SBUA), Southern California Edison Company (SCE), and Southern California Gas Company (SoCalGas). On October 23, 2020, the following parties filed reply comments: City of Lancaster, the Council, the Public Advocate's Office of the Public Utilities Commission (Cal Advocates), Rural Hard to Reach Working Group, SoCalGas, and The Utility Reform Network (TURN). We address parties' specific arguments to the extent they pertain materially to the determinations we reach in this decision.

2. AB 841 requires the Commission to authorize and require funding by the large investor owned utilities for the School Energy Efficiency Stimulus Program

Most parties agree that funds for the Stimulus Program are incremental to any amounts the Commission would approve in response to the IOUs' September 1, 2020 annual budget advice letters, and would thus result in an increase in utility customer rates.

One party, JCEEP, emphasizes that the Stimulus Program will be part of the IOUs' energy efficiency portfolios. Accordingly, JCEEP asserts, the IOUs must amend or supplement their September 1, 2020 annual budget advice letters to include funding for the Stimulus Program, and the total proposed budget of those amended or supplemental advice letters must be within the budget caps previously approved in Decision 18-05-041. By this logic, JCEEP asserts, AB 841 does not itself increase IOU customer rates beyond the maximum amount already authorized by the Commission. JCEEP nevertheless acknowledges the Commission retains its independent authority to approve energy efficiency budgets that exceed the maximum amount authorized in D.18-05-041.

We do not entirely agree with JCEEP's interpretation of AB 841, for two reasons. First, AB 841 requires the IOUs to submit a joint advice letter on

February 1, 2021, explicitly to fund the Stimulus Program. There would be no need for this joint advice letter if AB 841's intent was for the IOUs to amend or supplement their September 1, 2020 annual budget advice letters to account for funding of the Stimulus Program. Second, D.18-05-041 did not itself authorize cost recovery. D.18-05-041 set an overall funding limit for energy efficiency portfolios through 2025, and provided for annual funding limits by permitting the IOUs to update their estimated annual budgets via their September 4, 2018 annual budget advice letters (for program year 2019). D.18-05-041 detailed the annual budget advice letter process by which Commission staff would approve specific budget amounts proposed by each IOU to fund its portfolio, and to recover in rates.

Without AB 841, and all else equal, the IOUs would have received authorization to recover only the specific amounts approved in response to their September 1, 2020 annual budget advice letters, and all IOUs except for SoCalGas proposed budgets that were less than the annual funding limits established by D.18-05-041. Additionally, the IOUs' program year 2020 unspent and uncommitted funds would have served to reduce the total amount the IOUs would be authorized to recover in customer rates in 2021. As a result of AB 841, the Commission must direct the IOUs to allocate their program year 2020 unspent and uncommitted funds toward the Stimulus Program budget, and authorize and direct recovery for the portion of the Stimulus Program budget that the IOUs have thus far not received authorization to recover (Section 1615(a)(1)(A)). Through these directions, AB 841 effectively requires the Commission to authorize funding that is incremental to any amounts the Commission approves in response to the IOUs' September 1, 2020 annual budget advice letters, for the Stimulus Program.

Public Utilities Code Section 451 requires that all charges rendered by public utilities must be just and reasonable. In the context of authorizing funds for energy efficiency programs, the Commission has relied on assessing whether a portfolio of programs is cost-effective to ratepayers to determine whether the associated rate increases are just and reasonable. As provided by AB 841, the state legislature has mandated the Commission to authorize ratepayer funding for the Stimulus Program, therefore the question of whether the Stimulus Program is cost-effective is moot.[4] Therefore, this decision authorizes funding for the Stimulus Program and provides further directions to the IOUs for implementing the Stimulus Program in accordance with AB 841.

3. Funding amounts for the 2021 Stimulus Program budget

The AB 841 ruling sought comments on a draft 2021 budget for the Stimulus Program. Most parties agree the amounts presented in that draft budget are correct, with the important caveat that the amounts shown for unspent and uncommitted funds from program year 2020 are estimates, and the actual amount for each IOU will not be finalized until sometime after the end of 2020. PG&E also provides a corrected amount and source for its budget approved as of July 1, 2020; we have reviewed PG&E's corrected amount and agree that it is appropriate. Therefore, for program year 2021, the following table (Table 1) shows the authorized funding level by each IOU for the Stimulus Program as of the issue date of this decision. Further direction is provided in

[4] Notwithstanding the fact that considering the Stimulus Program's cost-effectiveness is moot, Public Utilities Code Section 1617, added by AB 841, states "[e]xpenditures on the School Energy Efficiency Stimulus Program shall be found to be cost effective and shall not be considered by the commission when calculating the overall cost-effectiveness of energy efficiency portfolios of electrical corporations or gas corporations."

Section 4.4 below to account for the difference between estimated and actual unspent and uncommitted funds.

Table 1: Estimated Stimulus Program funding for 2021

		PG&E	SCE	SDG&E	SCG	Total
1	Funding limitation for program year 2020[5]	$353,321,182	$271,852,000	$116,456,311	$104,064,000	$845,693,493
2	Budget approved as of July 1, 2020[6]	$237,738,257	$147,395,384	$81,485,692	$104,064,000	$570,683,333

[5] These numbers can be found from different sources.
For PG&E, *see* table 10 of: https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4011-G-B.pdf
For SCE *see* page 32 of:
https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/b49f75_cefb5d23c5d344d9b418d7f6eda07de2.pdf
For SDG&E *see* page 8 of:
https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65_0afdb8e91c024e009ccc85c5abe661af.pdf
For SCG *see* page 4 of:
https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/b49f75_99b91ca3041049378726e95ad72b2390.pdf

[6] PG&E's spending budget request to administer energy efficiency programs for 2020 is approved by CPUC, per disposition of PG&E 2020 ABAL (December 20, 2019) (https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65_354e3c4e580f480494cf64ddc4eb06cc.pdf).
SCE's spending budget request to administer energy efficiency programs for 2020 is approved by CPUC, per disposition of SCE 2020 ABAL Disposition (December 20, 2019) (https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65_8bb95faad65f46e499ee2dba89522842.pdf).

SDG&E's spending budget request to administer energy efficiency programs for 2020 is approved by CPUC, per disposition of SDG&E 2020 ABAL (December 20, 2019) (https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65_92559c2eda55476db5cf703d379d3e5a.pdf).

SCG's spending budget request to administer energy efficiency programs for 2020 is approved by CPUC, per disposition of SCG 2020 ABAL Disposition (December 20, 2019)

		PG&E	SCE	SDG&E	SCG	Total
3	80% of difference between Items 1 and 2	$92,466,340	$99,565,293	$27,976,495	$0	$220,008,128
4	Unspent and uncommitted funds (estimate)[7]	$10,000,000	$16,923,000	$25,000,000	$5,000,000	$56,923,000
5	Total for PY 2021	$102,466,340	$116,488,293	$52,976,495	$5,000,000	$276,931,128

The annual portfolio funding limitation for program year 2020 is the total of the IOUs' budget caps as approved by D.18-05-041 and updated in each IOU's program year 2019 annual budget advice letter (submitted in September 2018). This total does not include budget limitations set for Regional Energy Networks (RENs) or Community Choice Aggregators (CCAs); as many parties pointed out, AB 841's funding directions are specific to utilities, which do not include RENs or CCAs.

(https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65_0bd80d7f68ff492c99bb8bed7b5497c1.pdf).

[7] For PG&E, please refer to tab 9, cell B20 of: https://cedars.sound-data.com/documents/download/1807/main/

For SCE, please refer to tab 3, table 3d of: https://cedars.sound-data.com/documents/download/1844/main/

For SDG&E, please refer to tab 3, table 3d of: https://cedars.sound-data.com/documents/download/1785/main/

For SCG, please refer to tab 3, table 3d of: https://cedars.sound-data.com/documents/download/1801/main/

4. Process for allocating and transferring funds for the Stimulus Program

Subdivision (d) of Section 1615 states:

> The Energy Commission may use no more than 5 percent, not to exceed five million dollars ($5,000,000) per year, of the SRVEVR Program and the SNPFA Program funds for administrating the programs, including providing technical support to program participants. The commission shall ensure that funds allocated to the Energy Commission pursuant to this section are transferred to an account specified by the Energy Commission within 60 days after the completion of the prior energy efficiency program year.

Most parties interpret the 60-day time limit as applying only to the "no more than 5 percent, not to exceed five million dollars" specified for program administration purposes. However, subdivision (d) specifically refers to "section," *i.e.*, the entirety of Section 1615, which addresses the total funding amounts for 2021, 2022 and 2023. We must reconcile this direction with the practical reality that the IOUs will not have begun collecting funds pursuant to Section 1615(a)(1)(A) until after Commission approval of their joint advice letter. We will direct the IOUs to transfer funds quarterly to the CEC, beginning on April 1, 2021. Each transfer amount shall be one quarter of the funding designated for a given year, as specified in Section 1615(a)(1).

To be clear, our approach does not comply with the 60-day requirement of subdivision (d) of Section 1615. It is not reasonable to direct the IOUs to transfer funds they have not yet collected. We could comply for program years 2022 and 2023 by directing the IOUs to collect all of program year 2021 and 2022 funds in rates during 2021, but we do not find it reasonable to order such a substantial rate increase, particularly during the current economic recession. The funding amount to be collected for 2021 alone – approximately $220 million among the three electric IOUs – are estimated to increase residential rates by the following amounts:[8]

Estimated Impact of Incremental 2021 Stimulus Program Funding				
For typical non-CARE residential bundled customers		PG&E	SDG&E	SCE
Average rate increase	Electric (per kWh and percentage)	$0.00072 0.3%	$0.00334 1.2%	$0.0014 0.7%
	Gas (per therm and percentage)	$0.005 0.3%	$0.00785 0.4%	N/A
Average monthly bill increase	Electric	$0.35	$1.23	$0.70
	Gas	$0.17	$0.18	N/A

In comments to the AB 841 ruling, SCE recommends distinguishing between allocating and transferring Stimulus Program funds. We agree with SCE's recommendation to distinguish between the allocation of Stimulus Program funds to a new sub-balancing account within the IOUs' existing energy efficiency balancing accounts, and the transfer of those funds to the CEC. PG&E makes a similar recommendation, but specifies that it must establish new balancing accounts (rather than sub-balancing accounts) to track program funds; we will direct the IOUs to establish new sub-balancing accounts or, if necessary, new balancing accounts for the allocation and transfer of Stimulus Program funds.

4.1. Potential for exceeding annual funding limits established by D.18-05-041

In comments to the AB 841 ruling, SCE and PG&E agree there is a potential for the combined sum of the Stimulus Program budget and their remaining

[8] SoCalGas's annual budget advice letter for 2021 specifies "SoCalGas's $5,000,000 in unspent/uncommitted for program year will not be amortized for 2021 and is not included in this total due to funding of Assembly Bill 841 for 2021 School Energy Efficiency Stimulus Program," SoCalGas Advice Letter 5684-A, Table 1, footnote 2.

energy efficiency portfolio budget, for a given program year, to exceed the authorized amount set by D.18-05-041. PG&E cites Ordering Paragraph 50 of D.18-05-041 as enabling staff to approve a proposed budget that exceeds the corresponding annual funding amount included in its business plan (as modified by D.18-05-041), provided that the IOU ensures the overall funding amount from the program year in question through 2025 does not exceed the corresponding funding amount approved for the IOU's business plan. In reply comments, TURN agrees with SCE's and PG&E's suggestion, to address this scenario by revising program year budgets via the annual budget advice letter process, as "the most reasonable way to reconcile the practical implications of the funding requirements of AB 841 with the Legislature's express statement that AB 841 does not authorize ratepayer funding of [energy efficiency] beyond the amounts authorized by the Commission in D.18-05-041."[9] We agree and affirm the discretion provided to staff by Ordering Paragraph 50 of D.18-05-041. The IOUs are permitted to update their expected annual funding levels in their September 1, 2021 annual budget advice letter (or the budget mechanism in place at that time), provided that the overall funding amount through 2025 does not exceed the overall funding amount in their 2018-2025 business plan (as approved by D.18-05-041) for the corresponding timeframe (2022-2025).

4.2. Process for funding 2021 Stimulus Program budgets

The IOUs' joint advice letter, to be submitted no later than February 1, 2021, shall be designated Tier 1 and include the following details:

1. Each IOU shall establish a new sub-balancing account(s) within their existing energy efficiency balancing

[9] *Reply Comments of The Utility Reform Network on Assembly Bill 841 Implementation – Budget Development and Implementation Questions*, filed October 23, 2020, at page 4.

account (or a new balancing account(s)) to record funding amounts allocated to the Stimulus Program (credits) and Stimulus Program funds transferred to the CEC (debits), and any other entries necessary for full and transparent tracking and reporting of Stimulus Program funds.

2. Each IOU's proposed 2021 funding amount for the Stimulus Program pursuant to Section 1615(a)(1)(A); for each IOU, this amount shall be the same as the amount shown in Row 3 of Table 1. Each IOU shall propose to allocate their respective amount to the new sub-balancing account(s) or balancing account(s) established pursuant to Item 1, upon Commission approval of the joint advice letter.

3. Each IOU's estimate of unspent and uncommitted funds from program year 2020; for each IOU, this amount shall be the same as the amount shown in Row 4 of Table 1. Each IOU shall propose to allocate their respective amount to the new sub-balancing account(s) or balancing account(s) established pursuant to Item 1, upon Commission approval of the joint advice letter.

4. Each IOU shall specify an amount it proposes to transfer to the CEC, no later than April 1, 2021, and quarterly thereafter. The sum of the IOUs' proposed quarterly transfer amounts must each equal one quarter of the Stimulus Program's total funding for program year 2021, as specified in Section 1615(a)(1).

5. Each IOU shall describe the funding source for program year 2021 funds proposed in Item 2, its estimate of the associated electric and gas rate impacts, and how the IOU has attempted to minimize rate impacts to customers. Each IOU shall specify when (i.e., date or month) it proposes to begin recovering the amount proposed in Item 2; each IOU may propose to implement rate recovery over an approximate 6-month period as opposed to the standard 12-month amortization schedule. To minimize bill impacts in

2021, each IOU that intends to seek recovery of funds specified by Section 1615(a)(1)(A) must propose to seek such recovery as soon as practically possible.

6. For PG&E and SDG&E: the energy efficiency portfolio budget recovery electric/gas split in effect for a given program year, in accordance with the budget recovery rules stipulated in D.15-10-028, shall apply to the Stimulus Program incremental funding for budget recovery purposes through electric and gas public purpose program rates.
7. Each IOU shall specify its anticipated Stimulus Program funding amounts for program years 2022 and 2023.

4.3. Audit of unspent and uncommitted funds from program year 2020

Regarding unspent and uncommitted fund amounts, Cal Advocates recommends that the Commission conduct an audit of unspent and uncommitted funds from program year 2020, asserting a need for transparency to ensure proper funding of the Stimulus Program. We see value in Cal Advocates' recommendation; the scope of the Utility Audits Branch's (UAB) audits does not currently include unspent and uncommitted funds. Therefore, we will direct the UAB to conduct an audit of the IOUs' unspent and uncommitted funds from program year 2020. We anticipate the UAB will produce a report, containing the results of its audit, in late 2021. Parties will have an opportunity to file comments on the completed report. If parties file comments before August 1, 2021, the IOUs shall incorporate the UAB's audit findings and address parties' comments in their September 1, 2021 annual budget advice letters (or the budget mechanism in place at that time). If parties file comments to the UAB's completed report on or after August 1, 2021, Energy Division staff may direct each IOU to supplement their September 1, 2021 annual budget advice letters (or the budget mechanism in place at that time) to update their proposed true-up amounts in accordance with the UAB's audit findings and to address parties' comments.

4.4. Guidance for 2022 and 2023 Stimulus Program budgets

Each IOU shall, via their September 1, 2021 annual budget advice letter (or the budget mechanism in place at that time), seek authorization to fund the Stimulus Program in 2022 with (1) their estimated unspent and uncommitted funds from program year 2021 and (2) and the following amounts for each IOU. Each IOU shall propose to allocate their respective funding amount to their respective Stimulus Program sub-balancing account(s) or balancing account(s).

Table 2: Stimulus Program funding for 2022, not including unspent and uncommitted funds

	PG&E	SCE	SDG&E	SCG
Applicable percentage (70%) of difference between funding limitation and 2020 budget	$80,908,048	$87,119,631	$24,479,433	$0

To account for the difference between (1) the estimated amount of unspent and uncommitted funds from program year 2020, which will be allocated to the Stimulus Program following Commission approval of the joint advice letter, and (2) the actual amount, each IOU shall detail their actual unspent and uncommitted funds from program year 2020 (in alignment with the UAB's audit findings, as described in Section 4.3), and adjust their proposed funding amount for program year 2021 to reflect the actual amount of unspent and uncommitted funds from program year 2020, via their September 1, 2021 annual budget advice letter (or the budget mechanism in place at that time).

Each IOU's September 1, 2021 annual budget advice letter (or the budget mechanism in place at that time) shall also specify an amount it proposes to transfer to the CEC, no later than April 1, 2022, and quarterly thereafter. The sum of the IOUs' proposed quarterly transfer amounts must each equal one quarter of the Stimulus Program's total funding for program year 2022, as specified in Section 1615(a)(1).

To fund the Stimulus Program in 2023, each IOU shall follow the same process as for program year 2022, and specify the following amounts for the Stimulus Program's 2023 funding.

Table 3: Stimulus Program funding for 2023, not including unspent and uncommitted funds

	PG&E	SCE	SDG&E	SCG
Applicable percentage (60%) of difference between funding limitation and 2020 budget	$69,349,755	$74,673,970	$20,982,371	$0

In comments to the proposed decision, TURN recommends an approach for returning any unspent funds to ratepayers as immediately as possible. We agree with this recommendation. Each IOU shall include unspent Stimulus Program funds as of December 1, 2026, in their 2026 year-end projected balances for purposes of calculating annual gas and electric true-up rate impacts.

No later than February 1, 2027, each IOU shall submit an advice letter detailing the actual amount of funds remaining in their Stimulus Program sub-balancing account(s) or balancing account(s), and seeking authorization to close their Stimulus Program sub-balancing account(s) or balancing account(s) and to either return any remaining funds to ratepayers or offset future energy efficiency budget collections as soon as practically possible.

5. Reporting of Schools Energy Efficiency Stimulus Program Funds

Parties generally do not support creating a significant oversight framework for the Stimulus Program but agree that some degree of tracking and reporting of program funds is necessary. SCE recommends that program budgets be reported separately in the California Energy Data and Reporting System (CEDARS) in a similar way as non-IOU program administrators' programs are reported, and the Program's costs and benefits should be tracked and reported separately in other existing reporting mechanisms such as the energy efficiency annual reports. SDG&E proposes using the monthly energy efficiency reports required in D.01-11-066 to serve as a tracking mechanism for fund transfers to the CEC. We adopt both SCE's and SDG&E's recommendations and will direct the IOUs to obtain the necessary data from the CEC to report Stimulus Program costs and benefits separately in their energy efficiency annual reports, and to track Stimulus Program rate collection and transfer amounts to the CEC in their monthly energy efficiency reports. Commission staff has discretion to provide specific direction to the IOUs on the details of these reporting requirements, including posting the monthly energy efficiency reports in a central location or otherwise ensuring easy access to the reports.

In comments to the proposed decision, SCE, PG&E and TURN request clarification and further guidance regarding which costs and benefits they must report, noting that the CEC as program administrator will have responsibility for measuring the Stimulus Program's costs and benefits. TURN further recommends we expand our reporting requirements to encompass the various requirements articulated in AB 841, including the requirement to prioritize schools in underserved communities and to ensure funds go toward projects located in the service territory of the funding utility. We are primarily concerned with ensuring the IOUs obtain the necessary data to be able to report on the costs and energy and greenhouse gas savings of the Stimulus Program. The CEC is in the process of developing guidelines for compiling these and other program performance and compliance data.

6. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. On January 4, 2021, the Council, PG&E, SDG&E, SoCalGas, SCE, and TURN filed comments. On January 8, 2021, Cal Advocates, PG&E, SDG&E, SCE, SBUA, and TURN filed reply comments. The proposed decision has been revised to reflect comments regarding the rate impacts of Stimulus Program funding, joint advice letter and reporting requirements, and process for disposing of any unspent Stimulus Program funds.

SDG&E recommends modifying the proposed decision to clarify that Stimulus Program funding is considered third party funding and incremental to the IOUs' energy efficiency portfolio budgets, and further to specify that Stimulus Program funding will have no impact on the IOUs' compliance requirements related to the outsourcing of energy efficiency programs to third parties and statewide contributions. The Council similarly stresses the importance of confirming that Stimulus Program funding is incremental to the IOUs' energy efficiency budgets, and both the Council and TURN express concern that Stimulus Program funding may "infringe" upon third party solicitations, given that Stimulus Program funding constitutes a significant portion of, and may even exceed, the IOUs' third-party compliance requirements. Section 1613 makes clear that the SRVEVR and SNPFA programs shall be considered a third-party program for compliance with D.16-08-019. We share the Council's and TURN's concern over potential adverse impacts resulting from counting Stimulus Program funding toward the IOUs' third-party compliance requirements. We intend to provide further guidance on this and other implementation details, if and as necessary, in a future decision. The utilities should continue with their solicitation schedules as approved by Commission staff until the Commission provides further guidance.

7. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Julie A. Fitch and Valerie U. Kao are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. Except for SoCalGas, all IOUs' September 1, 2020 annual budget advice letters proposed budgets that were less than the annual funding limits established by D.18-05-041.

2. The IOUs' unspent and uncommitted funds from program year 2020 would have reduced the total amount the IOUs would be authorized to recover in customer rates in 2021.

3. AB 841 requires the Commission to authorize and require incremental funding by the large IOUs for the Stimulus Program.

4. The incremental funding required by AB 841 will result in an increase to customer rates beyond any amount the Commission approves in response to the IOUs' September 1, 2020 annual budget advice letters.

5. The IOUs will not have begun collecting funds pursuant to Section 1615(a)(1)(A) until after the Commission authorizes the incremental Stimulus Program funding amounts in this decision.

6. The scope of the UAB's energy efficiency audits does not currently include unspent and uncommitted funds.

Conclusions of Law

1. It is not reasonable to direct the IOUs to transfer funds they have not yet collected.

2. It is reasonable to direct the IOUs to fund the Stimulus Program as specified in Section 4 of this decision, because the directions in Section 4 align with AB 841's funding requirements and reconcile AB 841's fund transfer requirements with the electric IOUs' need to collect incremental funds before such funds can be transferred to the CEC.

3. It is reasonable to direct the IOUs to account for funding of the Stimulus Program as specified in Section 4 of this decision, to ensure full and transparent accounting of Stimulus Program fund collections and transfers.

4. It is reasonable to direct the UAB to conduct an audit of the IOUs' unspent and uncommitted funds from program year 2020.

O R D E R

IT IS ORDERED that:

1. No later than February 1, 2021, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company must submit a joint advice letter to fund the School Energy Efficiency Stimulus Program in accordance with Public Utilities Code Section 1610 et seq. and with further directions specified in Section 4 of this decision.

2. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company

must follow the directions specified in Section 4 of this decision for accounting and funding of the School Energy Efficiency Stimulus Program.

3. The Commission's Utility Audits Branch is authorized to conduct an audit of Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company's unspent and uncommitted funds from program year 2020.

4. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company must report School Energy Efficiency Stimulus Program budgets separately in the California Energy Data and Reporting System, in alignment with how non-investor owned utility program administrators' programs are reported.

5. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company must report School Energy Efficiency Stimulus Program rate collection and transfer amounts separately in their monthly energy efficiency reports, required by Decision 01-11-066, and the costs and benefits in their energy efficiency annual reports.

6. Rulemaking 13-11-005 remains open.

This order is effective today.

Dated January 14, 2021, at San Francisco, California.

MARYBEL BATJER
President
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners