September 15, 2016

CA Public Utilities Commission
Energy Division
Attention: Energy Efficiency Branch
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

Advice Letter 18-E

Re: MCE 2017 Annual Energy Efficiency Program and Portfolio Budget Request

In compliance with the California Public Utilities Commission's ("Commission") Decision ("D.") 15-10-028, Ordering Paragraph ("OP") 4, issued October 22, 2015, Marin Clean Energy ("MCE") submits this advice letter filing to request the 2017 annual energy efficiency portfolio budget. D.15-10-028 called for the advice letter to be filed on the first business day in September.[1] On August 29, 2016, the Commission's Executive Director Timothy Sullivan authorized MCE's request for an extension to file the advice letter by September 15, 2016.

Effective Date: October 15, 2016

Tier Designation: Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 and D.15-10-028, this advice letter is submitted with a Tier 2 designation.

Purpose

The purpose of this advice filing is to comply with D.15-10-028, OP 4 and request MCE's 2017 annual energy efficiency program and portfolio budget.

Background

The Commission is in the process of transitioning to a rolling portfolio framework for energy efficiency programs. The Commission started with a ten-year funding authorization.[2] Subsequently, the Commission adopted related processes and rules to implement a rolling portfolio.[3] The process includes filing this annual budget advice letter to provide a range of information including: (1) the next annual budget; (2) the portfolio cost effectiveness; (3) portfolio changes; (4) fund shifting; (5) carryover or encumbered funds; and (6) the electronic

[1] D.15-10-028, OP 4 at p. 123-24.
[2] D.14-10-046, OP 21 at p. 167.
[3] *See* D.15-10-028; D.16-08-019.

query output from the online filing of the application summary tables (included as Attachment A).[4] Energy Division staff provided guidance on the advice letter.[5]

Discussion

MCE requests a budget for 2017 supported by the appendices that were filed on the California Energy Data and Reporting System's Filing Module ("CEDARS FM"). MCE's 2017 budget includes the Commission's authorized EM&V funds. MCE also provides a context for the portfolio cost effectiveness for 2017.

2017 Energy Efficiency Budget

MCE received an annual budget authorization in D.14-10-046 totaling $1,220,267.[6] In 2016, the Commission increased MCE's annual budget to $1,586,347 to account for new communities that joined MCE's service area.[7] MCE filed advice letter 16-E to comply with the decision that increased the budget[8] and included the budget allocation to each MCE program.[9] MCE's requested budget for 2017 continues that allocation of funding for each program as shown in Table 1 below.

Table 1: Authorized MCE 2017 Energy Efficiency Program Budget

MCE Programs	Budget
Single Family	$233,050
Multi-Family	$667,555
Small Commercial	$658,711
Financing	$27,031.00
Program Subtotal	**$1,586,347**
Evaluation Measurement and Verification ("EM&V")	$96,342[10]
Total	**$1,690,952**

[4] D.15-10-028 at p. 58-63.
[5] Clarifications on Annual Budget Filings for Program Year 2017 (August 19, 2016), Commission Energy Division.
[6] D.14-10-046 at p. 125.
[7] D.16-05-004.
[8] D.16-05-004, OP 5 at p. 13-14.
[9] MCE Advice Letter 16-E at p. 3.
[10] This amount includes only the PA distribution based on 27.5% of the total EM&V budget as indicated in the discussion in the EM&V Funds section below. MCE included 100% of the EM&V budget in the appendices uploaded to the CEDARS FM.

EM&V Funds

As a component of the budget, MCE includes authorized EM&V funding. EM&V funds for program years 2013-2016 are based on a gross up of MCE's 2013-2016 annual program budgets and are summarized in Table 2 below. Pacific Gas and Electric Company's ("PG&E") EM&V budget request was based on a total budget that included MCE's authorized budget.[11] These funds have been collected from customers, but MCE has not received EM&V funds from PG&E. Table 2 below provides the outstanding EM&V funds that PG&E has collected based on MCE's budgets.

Table 2: Retrospective EM&V Funds

Years	Program Budget	EM&V Budget	Total Budget	EM&V Portion of Total
2013-14	$4,015,205[12]	$167,300	$4,182,505	4%
2015	$1,220,267[13]	$50,844	$1,271,111	4%
2016	$1,586,347[14]	$66,097	$1,652,444	4%
Total	**$6,821,819**	**$284,241**	**$7,106,060**	**4%**

The EM&V funds collected based on MCE's budgets from 2013-2016 equals $284,241, as provided in Table 2 above. MCE's distribution of these funds is based on a PA portion of 27.5%.[15] Thus MCE's distribution from 2013-2016 program years is $78,166 in EM&V funds. MCE requests that these funds be transferred according to the procedure defined in D. 16-08-019.[16]

The EM&V funds, based on MCE's approved budget for 2017, equal $18,176 as indicated below in Table 3.

[11] MCE's 2013-14 budget was included when determining the EM&V budget for 2013-2014 portfolios. *See* D.12-11-015 at p. 96 ("[A] portion of the energy efficiency budget is set aside for EM&V activities at the level of 4% of the total energy-efficiency funds, including those allocated for REN and [MCE] activities…."). The Commission also used MCE's annual budget in the calculation of the 4% of EM&V budgets for the 2015-2025 program years. Figure 6 in D.15-01-023 illustrates that the EM&V budget for Pacific Gas and Electric Company's ("PG&E's") service area was based, in part, on MCE's annual budget. D.15-01-023 at p. 1-2.
[12] The Commission authorized a combined 2013-2014 budget for MCE in D.12-11-015 totaling $4,015,205. D.12-11-015 at p. 50-51.
[13] The Commission authorized an annual program budget for MCE spanning the years 2015-2025 totaling $1,220,267. D.14-10-046 at p. 125.
[14] D.16-05-004, OP 2 at p. 13.
[15] The Commission increased the portion of EM&V funds available to the PA from 27.5% to 40% starting once the business plans are approved. D.16-08-019 at p. 80-81.
[16] "Approved budgets for CCA administrators shall be transferred on January 15 of every year by the relevant utility." D.16-08-019, OP 16 at p. 112.

Table 3: Prospective EM&V Funds

2017 Programs Budget	4% EM&V Funding Level	27.5% EM&V PA Distribution	**Total Prospective EM&V Funds**
$1,586,347[17]	$66,097	$18,176	**$18,176**

MCE's 2017 budget request includes $96,342 in EM&V funds for program years 2013-2017, which is included in MCE's budget request in Table 1, and reflected in the Appendices.

Portfolio Cost Effectiveness

MCE's portfolio cost-effectiveness results for 2017 are:

Total Resource Cost Test Ratio ("TRC"): 0.91

Program Administrator Cost Test Ratio ("PAC"): 1.01

In 2013, MCE administered the first EE programs under the authority granted in § 381.1(a)-(d). These programs were initially restricted by the Commission to serve gaps in investor-owned utility ("IOU") programs and hard-to-reach markets.[18] The Commission subsequently concluded that these restrictions may cause MCE's proposals to fail the TRC test and did not initially impose a minimum cost-effectiveness requirement.[19] In 2014, the Commission lifted the restrictions[20] and imposed the same cost-effectiveness standards on CCAs as IOUs.[21] However, MCE has not been invited to file an application since the restrictions were lifted, as the 2014 programs were extended to 2015, 2016, and now 2017 while the Commission is transitioning to the rolling portfolio.[22] Lifting the restrictions improves MCE's ability to meet the minimum 1.25 TRC ratio because very few cost-effective opportunities exist within the gaps in IOU programs and hard-to-reach markets.

MCE has been working to improve the cost-effectiveness of its offerings through comprehensive changes to its portfolio. In October 2015, MCE filed a business plan that proposed expanded offerings to multiple new customer sectors and a more balanced portfolio intended to achieve long-term cost effectiveness.[23] While a prehearing conference was convened for this application on February 1, 2016, no further Commission action occurred. While the Commission has not made any additional progress on the comprehensive update of MCE's portfolio, MCE has continued to make efforts aimed at improving the cost effectiveness of its portfolio. These efforts are discussed below in Portfolio Changes.

[17] D.16-05-004, OP 2 at p. 13.
[18] D.12-11-015 at p. 45-46.
[19] D.12-11-015 at p. 46.
[20] D.14-01-033 at p. 14. *See also* D.14-10-046 at p. 120 (Commission clarifying the restrictions do not apply to gas programs).
[21] D.14-01-033 at p. 36.
[22] D.14-10-046 at p. 30-32.
[23] A.15-10-014.

Portfolio Changes

In 2016, MCE took several steps to improve the cost effectiveness of its portfolio. MCE suspended the Home Utility Reports ("HURs") component of its Single Family program in response to an evaluation that indicated the HURs were not producing savings. MCE shifted those funds into the Multifamily and Small Commercial Programs.[24] In 2017, MCE will continue the suspension of the HURs. MCE has also requested authority to provide a Seasonal Savings pilot that, if approved, will be administered in 2016 and 2017.[25] MCE anticipates the Seasonal Savings pilot will increase the cost effectiveness of MCE's portfolio. However, as the savings associated with this pilot will be purely on an *ex post* basis, these savings figures have not been included in the cost-effectiveness analysis for the 2017 portfolio. MCE anticipates achieving a higher cost effectiveness in its portfolio due to the pilot results. Apart from these changes, MCE is continuing its 2016 portfolio of programs in 2017.

Fund Shifting

D.16-05-004 approved MCE's most recent budget.[26] The budget allocation was provided in MCE advice letter 16-E.[27] MCE has performed no fund shifting since that allocation was approved.

Carryover or Encumbered Funds

MCE's encumbered funds consist entirely of loan loss reserve ("LLR") funds associated with MCE's Financing program. MCEs Financing program was first authorized in D.12-11-015.[28] This program included LLR funds used to leverage private financing for Single Family, Multifamily, and Small Commercial customers. MCE closed its Single Family On-Bill Repayment component and utilized a portion of the LLR funds for program activity in 2015, leaving a small portion to support one outstanding loan.[29] The remaining LLR funds are available to support loans for Multifamily and Small Commercial customers. These LLR funds are shown in Table 4 below.

Table 4: MCE's Encumbered Funds

LLR Accounts	Encumbered
Single Family	$500
Multifamily and Small Commercial	$548,000
Total	**$548,500**

[24] MCE Advice Letter 15-E.
[25] MCE Advice Letter 17-E.
[26] D.16-05-004.
[27] MCE Advice Letter 16-E at p. 3.
[28] D.12-11-015 at p. 49-51.
[29] MCE Advice Letter 10-E.

Notice

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6045
Facsimile: (415) 459-8095
E-mail: mcallahan@mceCleanEnergy.org

and

Beckie Menten
Energy Efficiency Director
MARIN CLEAN ENERGY
1125 Tamalpais Avenue
San Rafael, CA 94901
Phone: (415) 464-6034
Facsimile: (415) 459-8095
E-mail: bmenten@mceCleanEnergy.org

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

MCE is serving copies of this advice filing to the relevant parties shown on the R.13-11-005 service list. For changes to this service list, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Correspondence

For questions, please contact Michael Callahan at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

/s/ Michael Callahan

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY

cc: Service List R.13-11-005

Attachment A:
CEDARS Filing Confirmation

CEDARS FILING SUBMISSION RECEIPT

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

PA: Marin Clean Energy (MCE)

Filing Year: 2017

Submitted: 17:09:58 on 15 Sep 2016

By: Beckie Menten

Advice Letter Number: 11-E

* Portfolio Filing Summary *

- TRC: 0.9138
- PAC: 1.0126
- TRC (no admin): 2.3839
- PAC (no admin): 3.1969
- RIM: 1.0126
- Budget: $1,586,346.78

* Programs Included in the Filing *

- MCE01: Multi-Family
- MCE02: Small Commercial
- MCE03: Single Family
- MCE04: Financing Pilots

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY LSE (Attach additional pages as needed)

Marin Clean Energy

Utility type:	
☑ ELC ☐ GAS	Michael Callahan
☐ PLC ☐ HEAT ☐ WATER	Phone #: 415-464-6045
	E-mail: mcallahan@mceCleanEnergy.org

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL): 18-E

Subject of AL: MCE 2017 Annual Energy Efficiency Program and Portfolio Budget Request

Tier Designation: ☐ 1 ☑ 2 ☐ 3

Keywords (choose from CPUC listing):

AL filing type: ☐ Monthly ☐ Quarterly ☑ Annual ☐ One-Time ☐ Other ______________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.15-10-028

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL ______________________________

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: ____________________

Resolution Required? ☐ Yes ☑ No

Requested effective date: October 15, 2016 No. of tariff sheets:

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

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

Tariff schedules affected:

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets:

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division	**Utility Info (including e-mail)**
Attention: Tariff Unit	**Marin Clean Energy**
505 Van Ness Ave.,	**Michael Callahan-Dudley, Regulatory Counsel**
San Francisco, CA 94102	**(415) 464-6045**
EDTariffUnit@cpuc.ca.gov	**mcallahan-dudley@mceCleanEnergy.org**

[1] Discuss in AL if more space is needed.