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**EXCERPT FROM PACIFIC GAS AND ELECTRIC COMPANY'S
ENERGY EFFICIENCY BUSINESS PLAN 2018-2025**

January 17, 2017



*Pacific Gas and
Electric Company*[®]

ENERGY EFFICIENCY BUSINESS PLAN

2018-2025





Note for the Reader on the Purpose of the Business Plan

This document is PG&E's Energy Efficiency Business Plan (Business Plan), which outlines PG&E's high-level approach to achieving state energy efficiency policy goals through 2025.¹

As an energy efficiency program administrator, PG&E submits this Business Plan for California Public Utilities Commission (CPUC or Commission) approval as required by the Commission. The Rolling Portfolio process adopted in Decision (D.) 15-10-028 directs program administrators to submit high-level documents (Business Plans) for Commission approval that describe how they will achieve their energy savings goals. The first Business Plans are to be filed on January 17, 2017. Program administrators may submit updated Business Plans at any time. Program administrators must submit revised Business Plans upon the occurrence of any of the following trigger events:

- The program administrator is unable to meet savings goals, stay within the budget parameters of the most recent and prior Business Plan, or meet Commission established cost-effectiveness metrics (excluding Codes and Standards and spillover adjustments);
- The Commission requires a new application as a result of a policy track decision in the proceeding; or
- The approach of the final year of funding.²

D. 15-10-028 described and provided a template for the Business Plans,³ and also delegated responsibility to Commission staff to provide additional guidance on Business Plan contents. In doing so, the Commission emphasized a desire to balance the need to receive useful information from program administrators with the aim to keep Business Plans "compact and focused, and to reduce administrative costs."⁴

The Commission also requested submittal of Implementation Plans (IPs) that provide detailed descriptions of the interventions program administrators would pursue to achieve the high-level efforts described in the Business Plans.⁵ The IPs will describe how PG&E's Business Plan will be carried out in each of the programs in its portfolio.

In this Business Plan, PG&E presents a clear vision for how it expects to meet the state's ambitious energy goals through partnerships with third-party entities and move to the new statewide model under the rolling portfolio structure.

¹ Email communication from Administrative Law Judge Julie Fitch, on November 15, 2016 clarified program administrators' Business Plan timeline. "Because D.14-10-046 only authorizes funding through the end of 2025, it is my expectation that this would be the timeframe for the Business Plans as well, covering calendar years 2018-2025." However, PG&E has built its Business Plan around a ten year vision, and has identified short (1-3 years), medium (4-7 years) and long-term (8-10 years) time periods used to indicate when strategies and tactics will be deployed, and targets will be met. PG&E believes this structure is in line with the intent of the rolling portfolio concept.

² See D. 15-10-028, Ordering Paragraph (OP) 2," pp 56-7.

³ Appendix 3 of D. 15-10-028 provides the draft Business Plan template.

⁴ See D. 15-10-028, pg. 57.

⁵ D.15-10-028.

Codes and Standards Goals

The C&S program strives to reach energy use reduction targets of 2,545 GWh and 46 MMT between 2018 and 2025, and a reduction in demand of 739 MW over the same period, throughout the IOU territories. These goals are based on PG&E's past performance relative to Potential Study goals.

C&S supports California's energy and climate-related policy goals through four overarching strategies, including:

- Advocacy that responds to all opportunities for significant savings through new codes and standards (i.e., local reach codes, state, and federal)
- Technical assistance to local governments that increases the adoption of local reach codes that support the development and adoption of statewide and national code changes
- Compliance improvement activities that strive to maintain high compliance margins for buildings constructed or altered within the Title 24, Part 6 compliance process; and improve compliance margins for selected, high-importance building code measures and appliance standards
- Code readiness activities that aim to introduce promising building systems and appliances to actors within building industry supply chains to determine their readiness for codification

B. C&S Proposal Compared to Prior Program Cycles

Some of the differences between past C&S efforts and proposed future efforts include more targeted compliance activities focusing on high-impact areas, updating antiquated compliance processes, and the inclusion of code readiness activities within PG&E's service territory. C&S will continue to conduct primary research and analyses to support C&S objectives and state policy goals, guided by the California Public Utilities Commission (CPUC), California Energy Commission (Energy Commission), and other state agencies' goals. Investment in research and data collection efforts will enhance advocacy by increasing the quality of code change proposals. C&S will also collaborate with code setting entities to identify high value research areas.

To meet the goals laid out in the vision, the program

administrators identified four major intervention strategies (further detailed in *Section E: Approach to Achieving C&S Goals*) for C&S, with particular emphasis on where they part from past practice.³

Advocacy to Support Building Codes and Appliance Standards

Advocacy activities develop proposals for building codes and appliance standards. In prior years, these efforts were housed within a single program that addressed C&S issues at the state and national levels (e.g., the Energy Commission's Order Instituting Rulemaking (OIR) for Title 20 Appliance Standards and the US Department of Energy's (DOE) ongoing rulemaking for Federal Appliance Standards).

- In the near-term, the statewide Building Code & State Appliance Standards subprograms will be separated from the work that supports national (and possibly international) codes and standards. The national standards program will focus on DOE appliance standards and test procedures, multiple national (and possibly international, as applicable) agencies or organizations that develop mandatory or voluntary standards, test procedures, labels, and/or protocols that could directly impact California customers and goals.⁴

Technical Assistance to Local Governments to Help Adopt Reach Codes

This strategy has traditionally included technical support for local governments interested in adopting ordinances that exceed state building energy codes (Title 24, Part 6). This resulted in cost-effectiveness reports that local governments used to adopt ordinances, which were submitted to the Energy Commission for approval and filed with the Building Standards Commission (BSC). As local governments are increasingly focused on reducing GHG emissions, their interest expands beyond

³ For more information on C&S in prior cycles, see the 2013-2014 program implementation plans (PIPs) at <http://eestats.cpuc.ca.gov/>.

⁴ These includes, but are not limited to, American Society of Heating, Refrigerating, and Air Conditioning Engineers (model building codes, such as ASHRAE 90.1 and 189.1), International Code Council (model building codes, such as the International Energy Conservation Code and the International Green Construction Code), the Environmental Protection Agency (ENERGY STAR labels), the Federal Trade Commission (EnergyGuide labels), Institute of Electrical and Electronics Engineers (e.g., IEEE 802.3 Energy Efficient Ethernet), International Electrotechnical Commission (test procedures), etc.

envisions a workforce capable of meeting California's energy savings goals and implementing its utility programs. This includes the current workforce and the next generation of the workforce. PG&E believes firmly that its role as statewide lead for K-12 Connections and Career Workforce Readiness will help meet this vision.

WE&T Career Workforce Readiness (CWR) Program

As statewide lead administrator for the CWR program, PG&E brings the expertise required to effectively engage the broad array of workforce and community partners, stakeholders and other interested parties for a successful career and workforce readiness initiative. PG&E has experience working with disadvantaged workers and with organizations that serve disadvantaged workers and disadvantaged communities. Our experience in working with disadvantaged communities sets us up for success as the IOUs respond to SB 350, exploring ways to broaden outreach and engagement of these communities in our energy efficiency programs.

As our Business Plan explains, PG&E envisions a workforce capable of meeting California's energy savings goals and implementing its utility demand-side management programs. We believe firmly that our role as statewide administrator for CWR will help us meet this vision.

Indoor Agriculture (IA) Program

PG&E will dedicate its decades of experience serving California's agricultural community to being the statewide lead administrator for the IA program, PG&E has provided agricultural customers a variety of energy efficiency solutions from technical assistance to rebates and low/no interest loans. PG&E understands that energy is a key resource for farmers, and that smart energy management can be a powerful tool in addressing rising energy costs, regulatory standards, and safety issues. Leveraging our years of knowledge of agricultural customers, and what motivates them to make energy efficiency investments positions PG&E well as statewide administrator for this new downstream program.