



ADVICE LETTER SUMMARY

ENERGY UTILITY

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

Company name/CPUC Utility No.: San Diego Regional Energy Network

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Aisha Cervantes-Cissna

Phone #: 619-732-4629

E-mail: acissna@sdcommunitypower.org

E-mail Disposition Notice to: acissna@sdcommunitypower.org

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 001-E

Tier Designation: 1

Subject of AL: San Diego Regional Energy Network's Updated Cost-Effectiveness Forecast for the Market Access Program

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.24-08-003, OP 5

Does AL replace a withdrawn or rejected AL?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Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

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 proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

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Utility Name: San Diego Community Power
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Name: Sheena Tran
Title: Senior Program Manager
Utility Name: San Diego Community Power
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Clear Form

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

October 16, 2024

Advice Letter 001-E
(San Diego Regional Energy Network)

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

SUBJECT: San Diego Regional Energy Network’s Updated Cost-Effectiveness Forecast for the Market Access Program.

Pursuant to California Public Utilities Commission (“Commission”) Decision (“D.”) 24-08-003, San Diego Regional Energy Network (“SDREN”) hereby submits this Advice Letter (“AL”) providing an updated cost-effectiveness forecast of SDREN’s Market Access Program.

TIER DESIGNATION

Pursuant to General Order (“GO”) 96-B, Energy Industry Rule 5.1, and Ordering Paragraph (“OP”) 5 of D.24-08-003, this AL is submitted with a Tier 1 designation.

EFFECTIVE DATE

This AL is effective pending disposition.

BACKGROUND

On January 5, 2024, San Diego Community Power (“SDCP”), on behalf of SDREN, submitted its *Motion for Approval of Energy Efficiency Portfolio Application* (“SDREN Application”).¹ As detailed in its 2024-2027 Portfolio Plan, the SDREN program portfolio consists of one Resource Acquisition program (the Market Access Program), five Equity programs, three Market Support programs, and one Codes and Standards program.² In support of its program portfolio, SDREN provided analysis of cost-effectiveness and total system benefit (“TSB”) at the portfolio, sector, segment, and program levels based on the Commission’s Cost Effectiveness Tool (“CET”).³

¹ Rulemaking (“R.”) 13-11-005, *Motion of San Diego Community Power on Behalf of the San Diego Regional Energy Network for Approval of Energy Efficiency Portfolio Application* (Jan. 5, 2024); see also R.13-11-005, *Notice of Availability of Application of San Diego Community Power on Behalf of the San Diego Regional Energy Network for Approval of 2024-2031 Strategic Business Plan, 2024-2027 Portfolio Plan, and Budget* (Jan. 5, 2024).

² See SDREN Motion at 10-14; see also D.24-08-003 at 4-6.

³ See SDREN Motion at Exhibit 2: 2024-2027 Portfolio Plan, pp. 20-21; SDREN Motion at Exhibit 4. Attachment A, Tables 7.1, 7.2 and 7.3; SDREN 2024-2031 EE Application Excel Sheets.

On August 7, 2024, the Commission issued D.24-08-003, which approved the proposal for a San Diego Regional Energy Network and authorized SDREN as a new energy efficiency portfolio administrator (“PA”).⁴ Decision 24-08-003 approved SDREN’s Application in its entirety, including its 2024-2027 energy savings goals and funding, as well as its 2024-2031 strategic business plan.⁵

While the Commission approved the SDREN Portfolio Plan without exception, it expressed an interest in seeing potentially improved benefit-cost estimates for the Market Access Program.⁶ As mentioned above, the Market Access Program is SDREN’s Resource Acquisition program, and is designed to fill the needs of commercial customers unmet by other utility and statewide programs.⁷ To do so, the Market Access Program will provide performance-based incentives to project developers (aggregators) who deliver projects that realize peak demand reductions and verified energy savings.⁸

In D.24-08-003, the Commission noted that recent changes to the CET, as well as lessons learned from other PAs, may positively impact the benefit-cost estimates associated with the Market Access Program.⁹ As such, the Commission ordered SDREN to provide an updated cost-effectiveness forecast for the Market Access Program via Tier 1 AL and submission of this same information to the California Energy Data and Reporting System (“CEDARS”).¹⁰

On September 6, 2024, SDCP, on behalf of SDREN, submitted AL 23-E providing an updated cost-effectiveness forecast of SDREN’s Market Access Program. On October 3, 2024, Energy Division notified SDCP that due to the order in which it processed additional SDCP advice letter filings, the numbering of AL 23-E should be updated to AL 25-E. Energy Division requested that this update be made via substitute sheet. On October 7, 2024, SDCP submitted the substitute sheet, updating the numbering of AL 23-E to AL 25-E. On October 8, 2024, Energy Division notified SDCP that AL 25-E should be submitted by SDREN, rather than SDCP. This AL reflects Energy Division’s requested change.

DISCUSSION

In accordance with the Commission’s direction in D.24-08-003,¹¹ SDREN adjusted the inputs for its Market Access Program cost-effectiveness forecast using PA best practices and the most recent version of the CET. These adjusted inputs are processed through the CET and uploaded to CEDARS; as such, the new filing is available on the CEDARS website. Relevant links are provided in Table 1 in Section B below.

⁴ D.24-08-003, OP 1 (Aug. 7, 2024).

⁵ *Id.* at 1, OP 1.

⁶ *Id.* at 14.

⁷ SDREN Motion at 13.

⁸ *Id.* at Exhibit 2, p. 57.

⁹ D.24-08-003 at 14.

¹⁰ *Id.* at OP 5.

¹¹ *Id.* at 14, OP 5.

It is important to note that the entire SDREN portfolio, not just the Market Access Program, has been processed through the filing module and updated CET. By contrast, the cost-effectiveness and TSB analysis in the original SDREN Application was calculated using the previous version of the CET. Accordingly, discrepancies may appear at the portfolio, sector, segment, and program levels as compared to the SDREN Application documents.¹²

The resulting updates to the portfolio, sector, segment, and program cost-effectiveness forecasts are functionally similar to the true-up AL process that existing PAs most recently executed in September of 2023. The true-up AL process is intended to allow PAs to update the technical inputs and revise goals and savings forecasts, but not to adjust portfolio budgets.¹³ In implementing this process, the Commission expressed, “[w]e find it important to update technical inputs and assumptions, as well as allow administrators the opportunity to adjust their portfolios accordingly, even as we will not revise overall portfolio budgets for the four-year portfolio.”¹⁴

Although biennial potential and goals updates do not apply to RENs, the Commission has explained that “we still find it important to have their portfolio technical inputs and forecasts updated to reflect any new inputs available...”¹⁵ Given this Commission guidance, SDREN believes that its updated forecasts align with Commission goals and carry out the purpose of the Commission’s directive in D.24-08-003.

SDREN’s updated Market Access Program forecast, based on PA best practices and the updated CET, are discussed in more depth below.

A. By Incorporating Best Practices and Lessons Learned from Other Portfolio Administrators, SDREN Calculated an Increased Total System Benefit for the Market Access Program.

To incorporate best practices of other PAs into its updated cost-effectiveness forecasts, SDREN conducted a thorough review of both BayREN and Marin Clean Energy’s claims for their respective Market Access Programs. As a result, SDREN chose a load shape (DEER:Indoor_Non-CFL_Ltg) that better represents how Market Access Programs are currently being implemented.

In addition, SDREN made further updates based on this updated load shape and PA best practices. Specifically, SDREN selected the appropriate Target Sector (Non_RES) that corresponds with its updated load shape in the Avoided Cost Combo CET specification. Further, SDREN selected the appropriately aligned TechType, UseCategory, and UseSubCategory to correspond with the updated load shape.

The results of these updated inputs, which are detailed in more depth in the CEDARS filing, include:

¹² See SDREN Motion at Exhibit 2: 2024-2027 Portfolio Plan, pp. 20-21; SDREN Motion at Exhibit 4. Attachment A, Tables 7.1, 7.2 and 7.3; SDREN 2024-2031 EE Application Excel Sheets.

¹³ D.21-05-031, p. 65 (May 26, 2021).

¹⁴ *Id.*

¹⁵ *Id.* at 68.

- A 45-50% increase in the Market Access Program TSB by year; and
- An overall increase of \$3.5 million in Market Access Program TSB for the years 2025-2027.

B. The Updated Cost Effectiveness Tool Had Little Impact on the Market Access Program Forecasts.

In calculating the original benefit-cost estimates for the Market Access Program, SDREN utilized 2024 avoided costs. As a result, the Market Access Program forecasts were not impacted by the updated Avoided Cost version of the CET.

Overall, using the updated version of the CET¹⁶ did not impact the TSB for the Market Access Program but did impact results for other programs in the portfolio as reflected in the CEDARS filing summaries. Note that CEDARS summaries are organized by year and users will need to select the appropriate year (e.g., 2024, 2025, 2026, 2027) to view results across programs. For ease of access, the links to each year’s results are provided in the first column of Table 1 below.

The updated TSB forecast for the Market Access Program, based on both the revised inputs described above and the updated CET, are reflected in Table 1 below.

Table 1: Updated Market Access Program Total System Benefit

MAP TSB	Original	Updated - New CET	\$ Change TSB	% Change TSB
2024	\$ -	\$ -		-
2025	\$ 1,979,434.00	\$ 2,881,020.00	\$ 901,586.00	46%
2026	\$ 2,624,811.43	\$ 3,875,360.00	\$ 1,250,548.57	48%
2027	\$ 2,824,696.62	\$ 4,235,644.00	\$ 1,410,947.38	50%
Total	\$ 7,428,942.05	\$ 10,992,024.00	\$ 3,563,081.95	48%

CONCLUSION

SDREN appreciates the opportunity to provide these updated cost-benefit estimates regarding its Market Access Program and is pleased to present the improved results to the Commission. For questions regarding these updated forecasts, please see the contact information listed below.

PROTESTS AND RESPONSES

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

CPUC, Energy Division
 Attention: Tariff Unit

¹⁶ SDREN utilized the CET updated as of August 21, 2024.

505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this AL should be transmitted electronically to the attention of:

Aisha Cervantes-Cissna
Senior Policy Manager
San Diego Community Power
PO Box 12716
San Diego, CA 92112
Email: ACissna@sdcommunitypower.org

and

Sheena Tran
Senior Program Manager
San Diego Community Power
PO Box 12716
San Diego, CA 92112
Email: STran@sdcommunitypower.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.

NOTICE

A copy of this AL has been distributed to the service list of R.13-11-005.

Respectfully submitted,

/s/ Aisha Cervantes-Cissna
Aisha Cervantes-Cissna
Senior Policy Manager
San Diego Community Power
ACissna@sdcommunitypower.org

Copy (via e-mail): Service List – R.13-11-005
 EDTariffUnit@cpuc.ca.gov