

# PG&E's 2020 ABAL Overview

Presentation to the California Energy Efficiency Coordinating Council  
August 7, 2019



Together, Building  
a Better California

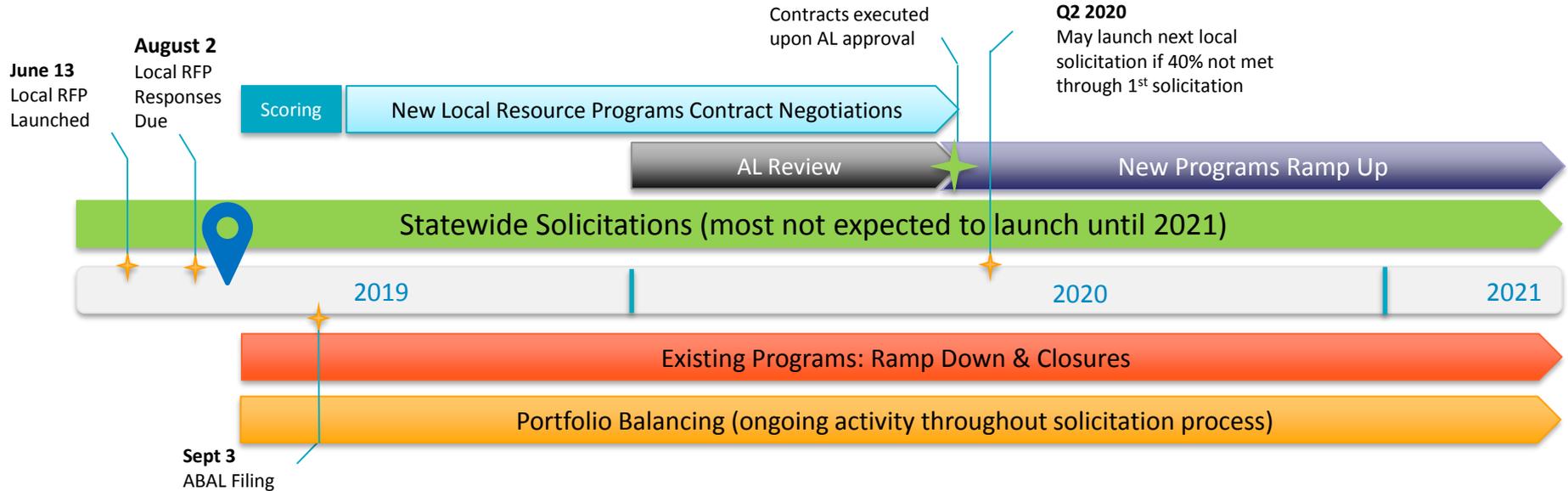


# Presentation Overview

- **PG&E's 2020 ABAL Approach**
- **2020 Budget, Savings, and Cost-Effectiveness**
- **Proposed Portfolio/Program Changes**
- **Cost-Effectiveness Challenges and Tactics**
- **Portfolio Balancing**
- **Portfolio Transition Plan**
- **Statewide Funding and Budgets**



# PG&E's 2020 ABAL Approach



- Given significant uncertainty for the 2020 portfolio stemming from timing of PG&E's Local Resource Program Solicitation & Portfolio Balancing, **PG&E took a top-down approach for the 2020 ABAL forecast**
- **2019 ABAL used as baseline** and made adjustments (e.g. removal of sunset measures, SW WP consolidations, added budget placeholders for new 3P programs, and adjusted existing program budgets and savings)
- **New 3P Programs not expected to deliver significant savings in 2020**, but will incur ramp-up costs



# 2020 Budget, Savings, and Cost-Effectiveness

Sector	Program Year (PY) Budget	Forecast	Forecast	Forecast
		Net kWh	Net kW	Net MMtherms
Residential	\$71,902,431	179,410,780	32,416	6.7
Commercial	\$51,090,672	57,302,159	9,663	4.2
Industrial	\$25,180,261	24,352,098	3,732	1.7
Agriculture	\$15,147,127	17,328,135	4,893	0.7
Emerging Tech	\$3,295,079	-	-	-
Public	\$28,849,675	25,955,834	5,207	0.6
WE&T	\$9,074,526	-	-	-
Finance	\$6,182,432	55,180,000	8,799	0.8
OBF Loan Pool	\$13,500,000	0	0	0
<b>PG&amp;E Total Program Budget and Savings (w/out C&amp;S)</b>	<b>\$224,222,202</b>	<b>359,529,006</b>	<b>64,711</b>	<b>14.7</b>
<b>CPUC Program Savings Goal</b>		<b>310,000,000</b>	<b>64,500</b>	<b>12.1</b>
<b>Forecast savings as % of CPUC Program Savings Goal</b>		<b>116%</b>	<b>100%</b>	<b>121%</b>
Codes and Standards	\$22,235,787	667,770,923	133,269	16.2
<b>PG&amp;E EM&amp;V</b>	<b>\$10,269,083</b>			
<b>PG&amp;E PY Spending Budget Request</b>	<b>\$256,727,072</b>			
<b>(LESS) IOU Uncommitted and Unspent Carryover Balance</b>	<b>\$13,324,000</b>			
<b>PG&amp;E PY Budget Recovery Request</b>	<b>\$243,403,072</b>			
<b>PG&amp;E Authorized PY Budget Cap (D.18-05-041)</b>	<b>\$374,399,466</b>			
<b>Total PA (PG&amp;E+CCAs+RENs ) PY Recovery Budget</b>	<b>TBD</b>			
<b>PG&amp;E Forecast PY TRC*</b>	<b>0.68</b>			
<b>PG&amp;E Forecast PY PAC*</b>	<b>1.00</b>			
<b>PG&amp;E Forecast PY RIM*</b>	<b>0.45</b>			

PG&E total 2020 budget  
(excluding RENs and CCA):

**\$256.7M**

Savings forecast relative to goal,  
excluding market effects:

**116% GWh, 100% MW, 121%  
MMthms**

PG&E portfolio TRC excluding  
C&S and market effects:

**0.68**

TRC with C&S, excluding market effects: 1.06

PAC with C&S, excluding market effects: 3.21



# Proposed Portfolio/Program Changes



## Portfolio-Wide

**Total Portfolio budget reduced by \$63M**

**Significantly reduced lighting potential,** includes budget reductions accordingly

**Uncertainty due to Solicitations** (program-level budgets subject to change after Sept 3<sup>rd</sup> filing)



## Budget

**Reductions across all sectors** to “make room” in budget for new 3P programs and to comply with 25% outsourcing target

**PG&E Portfolio Administrator costs reduced by \$11M**



## Program Closures

**Currently assessing potential existing program closures** for the Sept 3<sup>rd</sup> filing

**Additional program closures** will be determined through Portfolio Balancing



# Cost-Effectiveness Challenges and Tactics

- PG&E is forecasting a portfolio TRC  $< 1.0$  in 2020 while meeting savings goals and outsourcing compliance targets.
- PG&E has several tactics to improve portfolio TRC by 2021.

## Drivers of Declining 2020 TRC:

### Loss of Primary Lighting

- Primary Lighting removal reduces the portfolio TRC by over 10%
- 2019 ABAL Primary Lighting TRC was 3.1

### Transition to new 3P and SW portfolio

- Expected ramp-down of existing programs will reduce savings for these programs
- Expected ramp-up time for new programs will result in program costs with delayed savings

## Tactics for TRC Improvement:

### Portfolio Management and Balancing

- Strengthen contract terms for existing programs to emphasize cost-effectiveness
- Reduce budgets for non-cost-effective programs, increase budgets for cost-effective programs
- Reduce PG&E portfolio administrator costs
- Replacement of existing programs with new, cost-effective programs



# Portfolio Balancing

## Existing Programs by 2018 Net Realized Benefits (TRC Benefits – TRC Costs)

■ Negative net realized benefits
 ■ Positive net realized benefits

Energy Upgrade California	Energy Savings Performance Index	Statewide Marketing Education and Outreach	Strategic Energy Resources	Association of Monterey Bay Area Government...	Multifamily Energy Efficiency	San Francisco	East Bay	Direct Install for Manufact... and Mobil...	Primary Lighting	Commercial Deemed Incentives
				Agricultural Deemed Incentives	Silicon Valley	Residential Energy Fitness...	On-Bill Financi... (exclud...	Resid... Energy Efficie...		
Commercial Calculated Incentives	Commercial HVAC	Evaluation Measurement and Verification	Enhance Time Delay Relay	Residential HVAC	Agricult... Energy Advisor	Fres...	School Energ...	San...	Conn...	Sierr...
						Proc... Was... Trea...	Indus... Refrig...	LED Ac...	Cal... Co...	Ag... Cal...
		Integrated Energy Education and Training	Hospitality Program	Residential New Construction	Savings by Design (SBD)	New Fina...	Dairy and...	Pa...	C...	In... I... W...
						Re... No...	S... M...	L... M... N... S...	V... S... S...	...
									Industrial Deemed Incentives	EnergySmart Grocer
									Residential Energy Advisor	Heavy Industry... Compress... Air and... In... Kern R... H... E...

**Portfolio Balancing:** Process to “make room” for new programs by identifying existing programs for closure, new programs for launch, and negotiating for a smooth transition for PG&E’s EE portfolio and its customers. It will continue throughout the entire solicitation process until PG&E has balanced for cost effectiveness, savings, outsourcing targets, and most existing non-3P-developed programs are closed.



# Portfolio Transition Plan

**Bottom-Up Review Process:** Ensuring a smooth transition between existing program activities and new 3P programs coming onboard, most contracts in the portfolio will be going through a ramp down process



## Meet with all existing vendors

Review current scopes of work and forecasts for 2020



## Agree on ramp-down process

Depending on the scope of work currently offered, the timeframe and activities involved in the ramp down process will be tailored accordingly



## Execute contract change orders

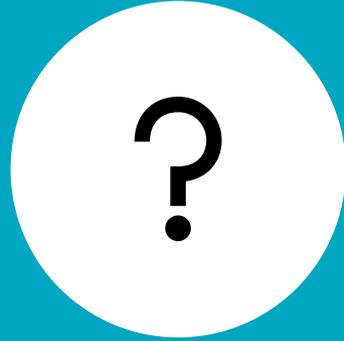
If applicable, capture ramp-down process in contract change orders by end of 2019



# Statewide Funding and Budgets

Statewide (SW) Programs	Annual Total SW Budget (Complete Year)	PG&E Share of Total Statewide Budget	2020 Forecasted Statewide Budget	
			2020 Total SW Budget (Based on 2020 Launch Date)	PG&E Share of 2020 Statewide Budget
<b>Residential New Construction</b> Q4 2020 Launch	\$12,000,000	45.6%	\$1,000,000	\$456,000
<b>Non-Res New Construction</b> Q4 2020 Launch	\$20,000,000	45.6%	\$1,666,667	\$760,000
<b>C&amp;S Advocacy</b> Q1 2020 Launch	\$13,155,000	45.6%	\$13,155,000	\$5,998,680

- The table above shows the SW programs expected to launch in 2020.
- PG&E is the lead IOU for each of these SW programs.
- PG&E anticipates the SW new construction programs will launch at the end of 2020, thus only a portion of the annual SW budget is forecasted for 2020. PG&E is not forecasting energy savings for these new construction programs.
- PG&E anticipates the SW C&S program will launch in January 2020.



**Questions**