

August 22, 2016

Advice 3749-G/4893-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Self-Generation Incentive Program (SGIP) Cost Allocation Proposal Pursuant to Ordering Paragraph 4 of Decision (D.)16-06-055

Purpose

Per Ordering Paragraph 4 of D.16-06-055, Pacific Gas and Electric Company (PG&E) must file a Tier 3 advice letter with its proposal to implement the statutory requirement of equitable distribution of the costs and benefits of the SGIP. This Tier 3 Advice Letter must be filed by August 22, 2016.

Background

The SGIP has existed since 2001. It was extended and modified in 2014 by Senate Bill (SB) 861 (2014) and Assembly Bill (AB) 1478 (2014). Public Utilities Code (PUC) Section 379.6 was revised to authorize collections from ratepayers for SGIP through 2019 (PUC S.379.6(a)(2)). D.14-12-033¹ directed the investor-owned utilities (IOUs) to collect the maximum authorized amount based on a total of \$83 million, from 2015 through and including 2019. PG&E's annual SGIP budget is \$36 million; this is split between its electric and gas customers at 82% and 18% respectively².

On November 23, 2015, the California Public Utilities Commission (Commission or CPUC) issued a ruling asking parties to comment on Energy Division's *Staff Proposal to Modify the Self-Generation Incentive Program pursuant to SB 861 and the Commission's Own Motion* (Staff Proposal). PG&E filed opening comments on January 7, 2016 and reply comments on January 22, 2016.

¹ *Decision Authorizing Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company To Continue to Collect Funds for the Self-Generation Incentive Program Pursuant to Public Utilities Code Section 379.6 as Amended by Senate Bill 861*, approved on December 18, 2014.

² *Ibid* at 7.

On June 23, 2016, the Commission approved D.16-06-055, which modified the SGIP to implement changes pursuant to statute, as required by SB 861 and AB 1478, and to make other program changes necessary to help the program achieve its goals. The Staff Proposal noted that SGIP costs were currently allocated across all customer classes, but residential customers only received 1% of the incentive, despite contributing approximately 50% of the funds. In order to provide equitable distribution of the costs and benefits of the SGIP, the Commission ordered the IOUs to file Tier 3 advice letters with their cost allocation proposals.

On August 15, 2016, PG&E discussed their SGIP cost allocation proposal with Energy Division and the Office of Ratepayer Advocates (ORA). This Tier 3 advice letter is filed in compliance with D.16-06-055 and incorporates suggestions from Energy Division and ORA.

Proposed SGIP Cost Allocation

PG&E is proposing to re-allocate the contribution of customer classes to the SGIP in order to better align costs with benefits. This re-allocation will be on a prospective basis only, starting with the January 2017 electric rate changes. In order to determine the re-allocation, PG&E examined the past five years of SGIP incentive dollars reserved and/or paid out in its territory, by electric rate classes.

a) Electric Rates

Contributions from electric customers account for 82% of the yearly SGIP budget. SGIP is collected as part of the Distribution component of electric rates. PG&E is proposing to re-allocate the electric customer class contribution based on the percentage of total incentive dollars reserved and/or paid out in its service territory, by electric rate classes in the last five years.

To calculate this, PG&E examined the incentive dollars reserved and/or paid out by rate schedule, and then mapped them to the broader rate classes, below, Table 1. PG&E then calculated the participation percentages by dividing the incentive dollars of the rate classes by the total incentive dollars. The proposed electric SGIP allocations are based directly upon the five year historical incentive dollars that the various rate classes reserved and/or received, with no modification.

Table 1. SGIP Electric Rate Current and Proposed Allocations

<i>Rate Class</i>	<i>Current Electric SGIP Customer Class Allocation (8/1/16)</i>	<i>Current Avg \$/kWh</i>	<i>Proposed SGIP Allocation</i>	<i>Proposed Avg \$/kWh</i>	<i>Avg Percent Change in Rate</i>
Residential	50.1%	0.00051	13.7%	0.00014	-73%
Small Commercial	14.4%	0.00053	11.9%	0.00044	-17%
Medium Commercial	7.6%	0.00033	6.7%	0.00029	-12%
Large Commercial	12.5%	0.00024	38.7%	0.00073	209%
Streetlights	0.3%	0.00030	0%	0.00000	-100%
Standby	0.3%	0.00021	0%	0.00000	-100%
Agricultural	8.9%	0.00034	0%	0.00000	-100%
Industrial	5.9%	0.00011	29%	0.00055	390%

b) Gas Rates

Contributions from gas customers currently account for 18% of the yearly SGIP budget. SGIP is one of the many sub-components of the Natural Gas Transportation Rates at PG&E. It is currently allocated on an equal cents per therm basis; that is, each customer, regardless of customer class, pays the same rate per therm, calculated as the total SGIP gas revenue requirement divided by the total adopted 2010 Biennial Cost Allocation Proceeding throughput. PG&E is proposing no change to the current gas allocation, given that SGIP applicants are currently not required to provide their gas rate class information, applicants may not be a PG&E gas customer and because PG&E residential gas customers currently contribute a much smaller share to SGIP cost recovery than do residential electric customers.

Table 2. SGIP Gas Rate Current Allocations

<i>Rate Class</i>	<i>Current Gas SGIP Customer Class Allocation (8/1/16)</i>	<i>Current \$/therm</i>
CORE		
Residential	27.51%	\$0.00091
Small Commercial	10.84%	\$0.00091
Large Commercial	1.02%	\$0.00091
Core Natural Gas Vehicle (NGV)	0.28%	\$0.00091
NONCORE		
Industrial Distribution	3.56%	\$0.00091
Industrial Transmission	19.66%	\$0.00091
Industrial Backbone	0.16%	\$0.00091
Electric Generation	36.91%	\$0.00091
Noncore NGV	0.07%	\$0.00091

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than Monday, September 12, 2016, which is 21³ days after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-1448
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 3 advice filing become effective on January 1, 2017.

³ The 20-day protest period concludes on a weekend, therefore, PG&E is moving this date to the following business day.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties on the attached list and the parties on the service list for R.12-11-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

Attachments

cc: Service List R.12-11-005

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Yvonne Yang

Phone #: (415) 973-2094

E-mail: Qxy1@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3749-G/4893-E**

Tier: 3

Subject of AL: **Self-Generation Incentive Program (SGIP) Cost Allocation Proposal Pursuant to Ordering Paragraph 4 of Decision (D.)16-06-055**

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: _____

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: **January 1, 2017**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 21 days¹ after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

¹ The 20-day protest period concludes on a weekend, therefore, PG&E is moving this date to the following business day.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Division of Ratepayer Advocates	Office of Ratepayer Advocates
Albion Power Company	Don Pickett & Associates, Inc.	OnGrid Solar
Alcantar & Kahl LLP	Douglass & Liddell	Pacific Gas and Electric Company
Anderson & Poole	Downey & Brand	Praxair
Atlas ReFuel	Ellison Schneider & Harris LLP	Regulatory & Cogeneration Service, Inc.
BART	Evaluation + Strategy for Social Innovation	SCD Energy Solutions
Barkovich & Yap, Inc.	G. A. Krause & Assoc.	SCE
Bartle Wells Associates	GenOn Energy Inc.	SDG&E and SoCalGas
Braun Blaising McLaughlin & Smith, P.C.	GenOn Energy, Inc.	SPURR
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Water Power and Sewer
CPUC	Green Charge Networks	Seattle City Light
California Cotton Ginners & Growers Assn	Green Power Institute	Sempra Energy (Socal Gas)
California Energy Commission	Hanna & Morton	Sempra Utilities
California Public Utilities Commission	International Power Technology	SoCalGas
California State Association of Counties	Intestate Gas Services, Inc.	Southern California Edison Company
Calpine	Kelly Group	Spark Energy
Casner, Steve	Ken Bohn Consulting	Sun Light & Power
Cenergy Power	Leviton Manufacturing Co., Inc.	Sunshine Design
Center for Biological Diversity	Linde	Tecogen, Inc.
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	TerraVerde Renewable Partners, LLC
City of San Jose	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
Clean Power	MRW & Associates	TransCanada
Clean Power Research	Manatt Phelps Phillips	Troutman Sanders LLP
Coast Economic Consulting	Marin Energy Authority	Utility Cost Management
Commercial Energy	McKenna Long & Aldridge LLP	Utility Power Solutions
Cool Earth Solar, Inc.	McKenzie & Associates	Utility Specialists
County of Tehama - Department of Public Works	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Water and Energy Consulting
Davis Wright Tremaine LLP	NLine Energy, Inc.	Wellhead Electric Company
Day Carter Murphy	NRG Solar	Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	Nexant, Inc.	YEP Energy
Dept of General Services	ORA	