

CPUC Staff Ex Ante Review

CPUC Staff Project ID Number	PGE_21_C_I_615_PRJ - 01932112_Process
CMPA Directory Link	https://deeresources.info/cmpa/projects/18970
PA	PGE
PA Application ID	PRJ - 01932112
PA Application Executed Date	
PA Program ID	PGE21021
PA Program Name	Industrial Calculated Incentives - Customized Incentive Program
PA Program Year	
Date of CPUC Staff Review:	5/27/2021
PA CMPA Upload Dates Included in this review:	
First PA Upload	2/2/2021
Second PA Upload	3/16/2021
Third PA Upload	4/20/2021
Fourth PA Upload	
Fifth PA Upload	
Sixth PA Upload	
Seventh PA Upload	
Eighth PA Upload	
PA Measure Description(s):	
Measure 1	BOILERS/HW/STEAM SYSTEMS RETROFIT/NEW-DIST. SYSTEM-HEAT RECOVERY
Measure 2	
Measure 3	
Measure 4	
Measure 5	
Measure 6	
Measure 7	
Measure 8	
Measure 9	
Measure 10	
PA Project Description:	
Bi-Monthly Upload kW Demand Reduction	-6.3
Bi-Monthly Upload Annual kWh Impacts	-54,560.6
Bi-Monthly Upload Therm Impacts	473,899.0
PA Proposed Incentive \$ (to Customer)	\$476,600.00
Project Documentation kW Demand Reduction	-6.3
Project Documentation Annual kWh Impacts	-54,561.0
Project Documentation Annual Therm Impacts	473,899.0
CPUC Staff Primary Reviewer Name	
CPUC Staff Primary Reviewer Firm	Energy 350
CPUC Staff Review Supervisor Name	
CPUC Staff Review Supervisor Firm	SBW Consulting
PA Primary Reviewer Name	
PA Primary Reviewer Firm	
CPUC Staff Project Manager	
CPUC Staff Policy Authorization (as needed)	
CPUC Staff Recommendation:	Application rejected.
For rejection, action required:	Complete Resubmittal Required (SB1131 timeline reset)
M&V Review:	Post M&V Review NOT Required

Action Number:	Summary of CPUC Staff Required Action by the PA:	Action Category	PA Response	ED Resolution
1	<p>PG&E did not demonstrate that the program has influenced the customer decision making process as required by the Section 2.41 of the Statewide Custom Project Guidance Document, version 1.3, and Section 5.1.1 of the Industry Standard Practice Guidance Document, version 3.1. According to these documents, PAs need to demonstrate that energy efficiency program caused a net benefit for the ratepayers by enticing the customer to implement a more costly, more efficient project than they were otherwise planning to implement absent the program intervention. Program influence may be in the form of technical support, financial support, or both. PG&E did not demonstrate that the program has influenced the customer decision making process as explained below:</p> <p>1- The first application for this measure for this customer was approved for installation at the [REDACTED] facility by PG&E in April of 2019 but it was not selected for review by the CPR team. Project 615 is the second application for the same heat recovery systems for the same customer at its [REDACTED] facility. Given the customer is already planning to install the same heat recovery system at a different facility, and has already been approved to receive incentives for the same measure, the CPR team concludes that the PA did not suggest alternative designs or products that are not already under consideration by the customer. Additionally, the original communication with the customer for project 615 was not initiated by the project developer or the PA. The customer was made aware of this project by one of their consulting engineers. The PA and the project developer neither suggested alternative designs or products that are not already under consideration by the customer, nor provided analysis of alternatives to demonstrate how the customer requirements can be met or exceeded by selecting an alternative. Therefore, the CPR team concludes that there is no technical influence by the program. This means that the financial influence should be the primary influence driver for this project.</p> <p>2- PGE did not demonstrate the customer needs financial support to install this measure. By implementing this measure, the customer will qualify to receive \$585,247 of annual carbon intensity (CI) reduction credits under the [REDACTED]. A simple return-on-investment (ROI) analysis shows an ROI of 85% for this project without the program incentives. According to global investment bank Goldman Sachs, 10-year stock market returns for the S&P 500 is 13.6%. For this reason, CPUC staff disagrees that it is appropriate to use ratepayer funds to provide additional program incentives for this project. Additionally, the customer has specified an internal investment criterion of less 2 years under normal market condition, and less than 1 year under the current market condition. We estimated the simple payback of the project without the program incentives to be slightly over 1 year (1.18 years). Therefore, the CPUC staff believes that the project payback is very close to the customer internal payback criteria and disagree that it is appropriate to use ratepayer funds to provide additional program incentives for this project.</p>	Program influence		

Note or Instruction Number:	CPUC Staff Notes or Instructions:	Instruction Category	PA Response	ED Resolution

CPUC Staff Recommendation Definitions	
CPUC Staff Recommendation	Definition
Application ready to proceed without exception	The PA will continue to upload application documents to the CMPA directory through the implementation and claims phases of the project. The PA may proceed to approve the project without waiting for CPUC Staff response. A project is waived from further review at the post-installation stage by CPUC staff, but the PA is responsible for post-installation (IR) review. There will not be conditional approval.
Application ready to proceed with exception(s), as noted	<p>The PA must make revisions or changes as noted in CPUC Staff's review comments before signed agreement with customer. The PA will continue to upload application documents to the CMPA directory through the implementation and claims phases of the project. The PA may proceed to approve the project without waiting for CPUC Staff response. If CPUC Staff decides to perform IR review of a project, CPUC Staff will notify the PA. The scope will be limited to determine if the project was carried out consistent with the application and notes provided during pre-installation review and to obtain information pertaining to whether the eligibility criteria or metrics should be revised.</p> <p>Unless the scope of work presented in project application has changed at IR review, the project will not be reviewed again in the areas specified below. Scope change is defined by substantial changes include significant modifications to the proposed equipment type, size, quantity, configuration, the expansion of a project to include additional retrofits, or the splitting of a project into multiple phases.</p> <p>The following areas will not be reviewed again by CPUC Staff:</p> <ul style="list-style-type: none"> • Calculation Tool • Calculation Methodology • M&V Plan • Baseline • Eligibility • EUL/RUL • Measure Type • Program Influence
Application rejected.	<p>The application is rejected as submitted. The PA shall promptly inform the applicant as to the reasons why the project was rejected and the specific recommendations for the conditions under which the project would be approved. CPUC Staff shall provide the reasons for the rejection or request for modification, including each basis as to why the project is rejected, or modification is requested. In addition, CPUC Staff shall provide specific recommendations for the conditions under which the project would be approved.</p> <p>If any party to the project is unsatisfied with the Commission's directions for the project, a dispute resolution process may be initiated by that party. The Commission shall adopt rules for the conduct of the dispute resolution process. – Section 381.2 (g) (3) (F)</p>