

CPUC Staff Ex Ante Review

CPUC Staff Project ID Number	PGE_21_T_I_718_PRJ - 03098964_Process
CMPA Directory Link	https://deeresources.info/cmpa/projects/19322
PA	PGE
PA Application ID	PRJ - 03098964
PA Application Executed Date	
PA Program ID	PGE_Ind_002
PA Program Name	CLEAResult - Business Energy Performance (Ind) - Customized Retrofit
PA Program Year	
Date of CPUC Staff Review:	12/21/2021
PA CMPA Upload Dates Included in this review:	
First PA Upload	10/12/2021
Second PA Upload	11/9/2021
Third PA Upload	N/A
Fourth PA Upload	
Fifth PA Upload	
Sixth PA Upload	
Seventh PA Upload	
Eighth PA Upload	
PA Measure Description(s):	
Measure 1	PROCESS RETROFIT/NEW-OIL WELL-WATER SHUTOFF
Measure 2	
Measure 3	
Measure 4	
Measure 5	
Measure 6	
Measure 7	
Measure 8	
Measure 9	
Measure 10	
PA Project Description:	Water Shut Off
Bi-Monthly Upload kW Demand Reduction	85.6
Bi-Monthly Upload Annual kWh Impacts	750,157.3
Bi-Monthly Upload Therm Impacts	0.0
PA Proposed Incentive \$ (to Customer)	\$100,000.00
Project Documentation kW Demand Reduction	85.6
Project Documentation Annual kWh Impacts	750,157.0
Project Documentation Annual Therm Impacts	0.0
CPUC Staff Primary Reviewer Name	
CPUC Staff Primary Reviewer Firm	E350
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 ready to proceed with exception(s), as noted
For rejection, action required:	N/A
M&V Review:	Post M&V Review (M&V Results and Final Calculations) Required

Action Number:	Summary of CPUC Staff Required Action by the PA:	Action Category	PA Response	ED Resolution
1	<p>The PA did not provide a clear description of the project and sequence of events for the project development process. The project package provides some conflicting information (including dates) that we could not resolve even after issuing SDRs. From our review, it appears that the well was first drilled in 2015 with a 100hp rod beam pump and a total fluid capacity of 600 . In 2017, the pump was converted to a 210hp VFD Electric Submersible Pump (ESP) with an increased fluid capacity of 6000 . In 2020, the customer started exploring water shutoff options. A vendor proposed two water shutoff options (a lower cost blank screen, and a higher cost water shutoff method with a down-sized pump). The customer brought these options to the program, but the program was unable to offer their support at the time. At this point, the customer implemented the lower cost option that failed. It appears that the well has been offline since then and the 210hp VFD ESP pump has been moved to a different well. Sometime in 2021, the project developer and the customer discussed the higher cost water shutoff option under a new program, and this project was developed to address that.</p> <ul style="list-style-type: none"> The PA did not properly explain why a pump upgrade happened in 2017 and whether the stayed the same from 2015 to 2017. Also, it is not clear whether the customer received incentives for upgrading the pump in 2017. The PA provided conflicting dates for when the customer tried the lower cost option which makes the project development timeline more confusing. According to the PFS, the customer installed the lower cost water shutoff option in 2020. According to the SDR response, the customer tried the cheaper option in 2019 that failed to achieve expected energy savings. The PA did not indicate how long the well has been idle, and when and why the customer decided to bring the well back online. <p>Please provide additional information to address these issues in future submissions of the project.</p>	Project scope unclear		
2	Please resubmit the project for post-installation review.	Continue Document Upload		
3	<p>This project involves implementing a specific water shutoff method to eliminate excessive water production at well. This is done by cementing high water subzones to reduce unwanted water production and increase the productivity and the profitability of the well. The PA claimed that this is a new construction measure with 15 years of EUL. However, the PA did not provide enough evidence that shows savings associated with this project will last 15 years. According to the PFS, it is common for producers to put wells offline for a period and put them back online when more ideal conditions are met. This is a clear indication of the fact that the customer may not operate this specific well continuously for the next 15 years. For this reason, we do not think it's appropriate for the PA to claim these savings for 15 years unless the PA can provide additional documentation that shows this is the case. The project package and PA responses appear to indicate well shutoff and return into production is a routine industry practice. If this is the case, the PA should update the EUL based on additional analysis (e.g., using historical data for this customer) and provide that in future submissions of the project.</p>	EUL/RUL		

4	<p>The PA did not clearly explain what will happen to this project absent of the program incentives. In one document (PRE Policy Review), the PA stated that the well is currently offline but market conditions are going to bring it back online (no proof provided). The PA continues to say that without the program intervention, this well will be re-instated and return to operation using a new ESP "when" downhole and market conditions improve. In response to our SDRs, the PA stated that if no incentive is available, the customer will not operate the well until it is financially viable for the customer to operate the well at 6000 utilizing an ESP. These indicates that there is a chance that without the program intervention, the customer may never start utilizing this well or may start utilizing the well in several years from now. Additionally, the PA did not provide a full range of options that the customer considers functionally, technically, and economically feasible to implement. For instance, it appears that the vendor also proposed implementing the water shutoff with a downsized ESP (Page 13 of the PFS), but this option was not discussed anywhere as a feasible alternative.</p> <p>Please provide additional analysis (data from neighboring wells, geological testing data, market analysis, etc.) that clearly shows what will happen absent of the program and how this project will result in saving energy. Also, to determine the baseline, the PA should analyze all alternative options that the customer considers functionally, technically, and economically feasible to implement, including any known options that are presently and commonly implemented.</p>	Baseline		
5	<p>The PA incorrectly estimated the payback to be 1.26 years using the full measure cost instead of incremental measure cost (IMC). If the correct cost (IMC) is used to estimate payback, the project pays back in 0.8 years (9.8 months). The customer typically has a 6-9 month payback threshold for capital projects and recent increase in prices have made their payback threshold more flexible. The PA did not provide enough information to show why incentives are needed given the project payback is very close to the customer payback threshold. Please provide additional information to address these issues in future submissions of the project.</p>	Other 1		
6	<p>In response to our SDR, the PA reduced the IMC from the original value of \$100K to \$94,763. This will reduce the total incentive amount form the original \$100K to \$94,763. Please update this value in future submissions of this project.</p>	Other 2		
7	<p>According to the project documentation, the customer using this project as a pilot for implementing the same measure at other wells. Please provide additional details explain how PG&E is planning to treat these similar upgrades for the same customer in future. Would there be additional incentives paid to the customer for these projects?</p>	Other 3		
8	<p>Project participated in the RP2.0 pilot program. The Final Assigned net to gross ratio (NTGR) for this project is 0.13. Please calculate final savings claims, incentives and contractor performance payments using the Final Assigned NTGR according to the RP2.0 Pilot Program Implementation Plan.</p>	Other - RP2.0 Ex-ante NTGR		

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>