Ex Ante Review NTG Findings

Table Error! No text of specified style in document.**-1: Project Information**

IOU	PG&E
Application ID	2K13155208
Application Date	1/9/2013
Program ID	PGE21011
Program Name	Commercial Custom Incentives
Program Year	2013
Itron Project ID	X336
IOU Ex Ante Savings Date	5/16/2013
ED Measure Name	T8 Lighting Retrofit
Project Description	The project involves retrofitting existing T12 and first generation T8 lamp and ballast systems with high performance 32W T8 and reduced wattage 28W T8 lamp and ballast systems at 17 retail stores; it also includes LED retrofits in refrigeration cases.
Date of ED Review(s)	10/1/2013
Primary Reviewer / Firm	Renee Gould & Joseph Ball / Itron
Review Supervisor / Firm	Jennifer Fagan / Itron & Nikhil Gandhi / Strategic Energy Technologies, Inc.
ED Project Manager	[redacted] / California Public Utilities Commission, Energy Division
ED Policy Authorization (as needed)	
Type of Review (Desk, On-site, Full M&V, Tool)	Desk
ED Recommendation	Per the NTG interview, the degree of program influence is low with an NTGR of 0.40. The program rebate is key to the viability of this project. In addition, the customer has only done similar projects in other states when rebates are available. The participant is a moderate probability free-rider. ED has not reviewed other aspects pertaining to gross savings estimates. ED recommends that PG&E follow previously provided guidance in using the correct baseline for T12 replacements, operating hours and the CDF and IE factors. ED will

	not review this project further and recommends that PG&E apply a 0.9 GRR to its final savings estimates after installation is completed. PG&E is to report 0.4 NTGR for all completed and in-process similar projects for this customer.

Measure Description

This is a T-8 linear fluorescent and refrigerated LED lighting retrofit in 10 retail stores. This is the customer's 5th multi-site batch application under PG&E custom programs. The project involves retrofitting existing T12 and first generation T8 lamp and ballast systems with high performance 32W T8 and reduced wattage 28W T8 lamp and ballast systems at each retail store. The project also involves integral de-lamping in the main sales area. The savings will result from reduction in power draw of the proposed T8 lamp and ballast systems. This is a replace on burnout (ROB) measure per program rules because it involves T12 replacement.

Summary of Net-To-Gross Review

Only net-to-gross (NTG) interviews and analyses were conducted for this ex ante review.

This ongoing project involves a major retail chain with 7,200 stores nationwide. This particular project involves 10 stores, but similar projects are underway throughout CA, according to the two corporate decision makers. The company purchased two other retailers in 2006 and is in the process of bringing all these stores' lighting equipment up to higher efficiency than they were when acquired. The project involves retrofitting existing lamps with high performance T8 retrofit kits and reduced wattage 28W T8 lamp and ballast kits, some with reflectors, and de-lamping, and some LEDs in dairy cases; they received an incentive of $35,397 for ten stores with a capital cost of $219,397, or approximately 15% of total project costs. The have a five year contract with the vendor and are in year three; vendor handles the rebate application process and receives the rebate so these decision maker did not have much interaction directly with PG&E.

The highest Program Influence score was 8, for the Program Rebate. The highest Non-Program Influence score was 10, for Age of Equipment. The Relative Importance Score was 4 for the Program and 6 for Non-Program. The Decision was made after they learned of the Rebate. Their process seems to be to look for States where there are lighting rebates available, with their vendor's help, and then to target particular stores based on business factors such as the market conditions at that store and whether a lease might expire before the useful life of a project. They spent most of 2012 testing specific stores with specific equipment to determine if the forecasted cost savings occurred. The decisionmakers gave a 7 to the likelihood that they would have installed exactly the same equipment without the Program. The resulting NTG ratio is 0.40.

Vendor Interview

Customer has done more than 2,700 locations nationwide with this vendor, about $8 million in rebates/incentives (rebates). Vendor did a study based on the average cost savings and rebates, and just over 25% of the stores they did were basically free because of the incentives. It allows them to invest right into doing more locations. Customer is subject's sole account; it is that important to vendor. They are doing about $25 million annually, nationwide, in this replacement business with customer alone. They've done more than 2700 locations nationwide, and received about $8 million in rebates.

They started in 2011, in NY, NJ, Mass, then in 2012 went to RI, PA, Maryland & CA. Currently the vendor and customer together are focused primarily on California, where they are trying to get everything done this year to get ahead of the next version of Title 24. In PG&E's service territory, the vendor has 213 on schedule, 180 have been completed.

In many cases, they're putting in Premium T28's, replacing 32 watt T8s. In CA, they're also de-lamping in the bulk of stores, primarily taking T28 4-lamps and de-lamping to 2 lamps with reflectors. Also they are installing LEDs in all of their refrigerator cases; LEDs are not practical or economical in other types of applications yet. But in a few years, subject mentions, as they become more cost-effective, they will probably go back through all the stores and replace with LEDs.

When asked whether individual stores had done projects without rebates, in general, they think not. They mentioned they even use a third party to help them find rebates nationally. They use a vendor, "Real WinWin" whose web site, realwinwin.com, states "Real WinWin captures rebates and incentives for vendors and end users installing energy efficient equipment".

Review Conclusion

Based on the 0.40 NTGR, the degree of program influence is low, however, the customer is not installing the lighting measures in locations where incentives are not available. The participant is a moderate probability free-rider. ED has not reviewed other aspects pertaining to gross savings estimates. ED recommends that PG&E follow previously provided guidance in using the correct baseline for T12 replacements, operating hours and the CDF and IE factors. ED will not review this project further and recommends that PG&E apply a 0.9 GRR to its final savings estimates after installation is completed.