**WPID: SCGWPNRCC120903A Rev. 0**

*SoCal Gas’ On-Bill Financing (OBF) and Statewide Commercial, Agricultural, and Industrial Programs Custom-Calculated Measure Projection Description Utilized for its 2013-2014 Program Implementation Plan E3 Calculator Models*

The E3 calculator inputs (measure cost, incentive, EUL, and unit counts) for the 2013-14 SoCalGas commercial, industrial, and agricultural subprogram custom-calculated measures used the reported results from 2011 as its primary building block. Measure values were first forecast based upon the level of activity expected to be achieved given past performance and the existing pipeline of projects.

Oral interviews and meetings were also performed with key stakeholders that included select department managers, Program Management staff, and SoCalGas implementers (namely the Account Executive management team). These interviews helped identify factors that would affect SoCalGas’ ability to obtain the draft forecasted energy savings goal. Factors identified included the perception of our Customers ability to invest in energy efficient capital improvement projects, the expected state of the economy at large for these market segments, and internal staffing requirements needed to accomplish such goals. The interviews allowed staff to adjust the initial subprogram-specific activity levels and develop the filed custom-calculated subprogram measure-based forecasts. Each measure within the subprogram was scaled uniformly since the qualitative information obtained did not lend itself to a more detailed extrapolation. Additionally, work was needed to refine the early-retirement measure forecast as well as incremental measure costs.

To refine the early-retirement measure forecasts, a prima fascia review of the project records was conducted. Like measures were summed using a SQL sum query for each subprogram. The count of projects was not accounted for during this analysis. The reviewer of the queried data then assigned a measure delivery quality of New Construction, Replace On Burnout, Process Improvement, or Early Retirement. One measure description per subprogram was found to contain Process Improvement or Early Retirement measures. A ratio was identified using the reported gross therm savings for each subprogram. This ratio was then used to parse the identified forecasted measure into two measures. The RUL for early retirement measures adopted the mandated default of 1/3 \* EUL rounded to the nearest quarter [e.g. RUL = 1/3\*(20 years) = 6.75 years].

To refine the Incremental Measure Cost (IMC), a sample of projects were selected and reviewed in conjunction with a professional construction cost estimator. The sample revealed that project invoices are inconsistent in their presentation of costs. In particular basecase costs were not consistently presented. Therefore, an assumption of 25% markup of the standard efficiency technology was used. Since the data we had is the project cost representing the efficient technology, then the basecase cost is 80% of the project cost. Therefore the IMC is 20% of the project cost [IMC = y – x, where 1.25\*x = y (or x = 0.80\*y), or IMC = y\*(1-0.80) = 0.20\*y] is used for NEW, and ROB measures. One-hundred percent of the project cost is used for Process Improvement measures. For Early Retirement (RET) measures, 100% of the project cost is used for the 1st period, and 80% of the project cost (or 20% IMC) is used to represent the 2nd period.

**Table I – Conversion Factor Development for Projected Custom-Calculated Measures Energy Savings and Costs in a per Project Basis for input into SCG’s 2013-2014 Program Implementation Plan E3 Calculator Model**



OBF subprogram measure inputs were determined in a similar fashion. OBF inputs were based upon the level of activity expected to be achieved given past performance and the existing pipeline of projects.

Displaying measure inputs on a per project basis is not meaningful given the wide range of project sizes. If desired the per project average savings for the OBF subprogram (for example) could be obtained by dividing the annual savings level by 10, although the resulting average might bear only limited relationship to the range of expected project savings. Average measure cost levels could also be crudely estimated by dividing the product of annual unit counts and measure cost/unit by the number of units. Similar calculations could be employed to determine average incentive cost levels.