

# MEMORANDUM



**Date:** June 2, 2022

**To:** Andres Marquez, Southern California Gas (SGC); Ryan Cho, Southern California Edison (SCE); Jay Bhakta (SCE); Andres Fergadiotti (SCE); Dragon, Danielle, Pacific Gas & Electric; Henry Liu, PG&E; Ed Reynoso, San Diego Gas & Electric (SDG&E); John Zwick, (SDG&E); Nancy Goddard, Pacificorp; Kenny Liljestrom, SDG&E; Anders Danryd, (SCG)

**CC:** Paula Gruending, CPUC; Jennifer Kalafut, CPUC; Peter Lai, CPUC, Simon Baker, CPUC

**From:** Peter Biermayer P.E., Utilities Engineer,  
EE Planning & Forecasting Section,  
Energy Division, CPUC

**Subject:** CPUC Guidance Requiring an Addendum to Measure Package Documenting Incentive Greater than Incremental Measure Cost.

## Introduction

Energy Division (ED) recognizes that there may be limited instances for program design purposes where the cash rebate to the customer exceeds the Incremental Measure Cost (IMC).<sup>1</sup> CPUC Decision 12-05-015 speaks to when incentives are expected to be greater than the incremental measure costs, justification is to be provided to CPUC staff for review and approval.

One reason could be that the measure cost is less than the baseline equipment. Other reasons could be that additional incentives/rebates are needed to overcome market barriers. In such instances, program administrators (PAs) and/or third-parties are required to provide additional information as part of the measure package. This will include:

- Standard language in the body of the measure packages

---

<sup>1</sup> The additional cost of installing a more efficient measure calculated from the price differential between energy efficient equipment and services and standard or baseline equipment or services. Note that any cost premium resulting from features or components that do not improve the efficiency of the equipment is excluded from the incremental measure cost calculation.

- In the instances where the rebate exceeds the IMC, PAs will outline the reasons for such rebate. Since each PA program may have different rebates, they will need to provide a separate addendum. If the program is third-party implemented, an addendum will be required for each instance.

CPUC Decision 12-05-015 speaks to justification that is to be provided to CPUC staff for review and approval when incentives are expected to be less than the incremental measure costs. Below we provide guidance for program administrators to provide this justification to CPUC staff for review.

## **Applicability**

All measure packages.

## **Required Documentation**

1. Add a subsection to the body of a measure package document beneath the **Program Requirements** header titled *Incentive Requirements* and add the following text:  
**Program Requirements**

### *Incentive Requirements*

Deployment of the program may require rebates or financial incentives to participants that exceed the incremental measure cost (IMC). Incentives or rebates that exceed the incremental cost for a measure must be justified by individual PAs and/or third-party implemented programs as applicable and for each instance in addendum to measure package submissions to document program implementation practice prior to program implementation.

2. Addendum providing reasoning for cash rebates that exceed the IMC, attached below.

## **Timing of Addendum Submission**

Any time a new program, measure, or offering is launched, and the program rebates exceed the IMC.

## **Posting of Addendum Submission**

Addendum must be submitted to the applicable eTRM measure log with an entry stating, "Addendum to Measure Package Documenting Incentive Greater than Incremental Measure Cost". For access to the measure log please contact the lead program administrator for the applicable measure.

## **Staff review/approval:**

The addendum is intended to document activities at this stage. Staff reserves the right to request clarification.

**ADDENDUM TO MEASURE PACKAGE DOCUMENTING INCENTIVE GREATER THAN IMC**

This addendum is required for statewide measure packages where individual Program Administrators (PAs) and/or third-parties are seeking to offer an incentive higher than the Incremental Measure Cost (IMC).

Measure package Information:

Measure name and Statewide measure ID	
Measure package submission date	
PA Submitting Addendum	

Measure package Measure Cost Information:

Measure ID	Baseline Technology	Measure Technology	Baseline Cost (\$)	Measure Cost (\$)	Incremental Measure Cost (\$)	Rebate Amount (\$)

Reason for a rebate or incentive that exceeds the IMC of a measure to a participant:

[indicate any of the following if:

1. the measure cost is less than the baseline cost,  $IMC \leq 0$
2. the operating cost of the measure is greater than the baseline measure
3. market barriers require a larger incentive than the IMC and how the amount was determined.]

## Addendum Revision History

Revision Number	Revision Date	Implementation Start Date	Author	Summary of Changes
0	5/18/2020	5/18/2020	Kerri-Ann Richard, Deemed Measure Package Review Team	Original document “Addendum to Fuel Substitution Workpaper Documenting Incentive Greater than Incremental Measure Cost” was submitted to the WPA as part of the Measure package Templates document dated 5/18/2020.
1	3/31/2022	6/2/2022	Kerri-Ann Richard, Deemed Measure Package Review Team	<ul style="list-style-type: none"> <li>• Update to include eligibility of all measures.</li> <li>• Update to change the term workpaper to measure package.</li> <li>• Update title of document “Addendum to Measure Package Documenting Incentive Greater than Incremental Measure Cost”.</li> <li>• Added directions for posting addendum to the measure log for referenced measure package.</li> <li>• Added third party to Incentive Requirements narrative.</li> <li>• Removed PA contact information.</li> </ul>