

Application No: A.12-08-XXX  
Exhibit No: \_\_\_\_\_  
Witness: Gillian Wright

Application of Southern California Gas  
Company (U-904-G) for Approval of  
Statewide Marketing, Education and  
Outreach Program and Budgets for Years  
2013 through 2014

Application 12-08- xxx

CHAPTERS I and II  
PREPARED DIRECT TESTIMONY OF  
GILLIAN WRIGHT  
SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

August 3, 2012

**TABLE OF CONTENTS**

1 **CHAPTER I** ..... 1

2 **EXECUTIVE SUMMARY** ..... 1

3     **A. The Commission Should Explicitly Authorize Joint Contracting For Statewide ME&O**

4         **Activities To Further The Goals Of The Program** ..... 5

5     **B. Summary of Recommendations** ..... 6

6 **CHAPTER II**..... 8

7     **A. Introduction** ..... 8

8     **B. regulatory background** ..... 9

9     **C. the Statewide Coordination and implementation for the ME&O Program should be**

10         **competitively bid**..... 14

11     **D. SoCalGas’ Proposal Supports State of California and Commission Energy Goals** ..... 20

12     **E. SoCalGas’ Integrated ME&O Guiding Principles** ..... 21

13         1. **Statewide ME&O Should Create Broad Energy Awareness** .....22

14         2. **Statewide ME&O Should Be Used as a Lead Generation Tool** .....22

15         3. **Local ME&O Should Engage Customers to Enroll and Participate in Integrated DSM Offerings**

16             .....22

17         4. **Statewide and Local ME&O Should Be Coordinated** .....22

18     **F. SoCalGas’ Approach for the Statewide ME&O Brand** ..... 23

19     **G. Role Of Brands** ..... 25

20         1. **Role of SoCalGas Brand** .....26

21         2. **Role of Energy Upgrade California Statewide Brand** .....26

22         3. **Role of Flex Alert Brand** .....27

23     **H. Overview of SoCalGas’ Proposed 2013-2014 Marketing, Education & Outreach Activities..** 27

24     **I. Estimated 2013-2014 Marketing, Education & Outreach Expenses**..... 29

25     **J. Witness Qualifications – Gillian Wright** ..... 31

1 **CHAPTER I**

2 **PREPARED DIRECT TESTIMONY OF GILLIAN WRIGHT**

3 **EXECUTIVE SUMMARY**

4 The Southern California Gas Company (“SoCalGas”) presents this application in compliance  
5 with the direction of Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios  
6 and 2012 Marketing, Education, and Outreach (“EE Guidance Decision”), which directs the  
7 utilities to file no later than August 3, 2012 an application for the continuation of statewide  
8 marketing, education and outreach (“ME&O”). In addition, the Proposed Decision on Large  
9 Investor-Owned Utilities’ 2012-2014 Energy Savings Assistance (“ESA”) and California  
10 Alternate Rates for Energy (“CARE”) Applications A.11-05-017 et. al (“ESA Proposed  
11 Decision”) makes reference to the direction in the EE Guidance Decision as regards the low  
12 income component of statewide marketing, education, and outreach. The Commission directs  
13 that the statewide program proposed in the utilities’ applications be designed to allow expansion  
14 to encompass the full range of clean energy activities supported by state and Commission policy.  
15 The Commission envisions the statewide program will eventually support energy efficiency,  
16 demand response, the Energy Savings Assistance Program (“ESAP”), distributed generation  
17 programs (Self-Generation Incentive Program, California Solar Initiative (“CSI”) for  
18 photovoltaic systems), as well as the California Solar Initiative – Thermal Program, dynamic  
19 pricing programs (for electric utility service), climate change and other related activities. The  
20 proceedings determining budgets for the other programs are on different schedules, so not all the  
21 programs and activities are encompassed in this application, however, the marketing plans will  
22 cover the Commission’s intended breadth, including by aligning and coordinating with existing  
23 statewide efforts.

1 As a gas-only utility, SoCalGas is not a party in the demand response or dynamic pricing  
2 proceedings, and has no budget to support those activities. SoCalGas supports the Commission's  
3 goal of an integrated brand and education campaign addressing all energy saving and clean  
4 energy activities. SoCalGas does propose approaches to address the fairly significant areas of  
5 the state where the Commission only oversees gas service, and electric service is provided by  
6 municipal or water district utilities, e.g., Los Angeles, Sacramento, Anaheim, Imperial County,  
7 and smaller cities such as Burbank, Pasadena, Glendale, Riverside, etc. Approximately 36% of  
8 SoCalGas' customer base receives electric service from a municipal utility.<sup>1</sup> In those areas, only  
9 the Commission's natural gas programs are offered, and whatever electric programs are offered  
10 are at the discretion of the governing body for the publicly owned electric utility. To advance the  
11 Commission's goals in these areas it is important that the statewide campaign have distinct  
12 messages promoting energy efficiency and clean energy options for natural gas. While  
13 SoCalGas does not recommend specific budgets for electric-only elements such as demand  
14 response, or dynamic pricing, SoCalGas has a strong interest in the budget allocation and in the  
15 balance of the campaign to promote the different electric and gas elements of clean energy  
16 programs.

17 The EE Guidance Decision establishes Energy Upgrade California ("EUC") as the new  
18 statewide brand for energy information in California, targeting residential and small business  
19 customers.<sup>2</sup> It is envisioned that it will be a brand that, over time, residential and small business  
20 customers will associate with learning about energy and energy use and ultimately to take energy  
21 management actions such as participation in one or more programs, such as energy efficiency,  
22 demand response, ESAP, California Solar Initiative, distributed generation, or the adoption of a

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<sup>1</sup> SCCPPA 2011 Annual Report, pp. 25-27, 2.08 million customers compared to SoCalGas' 5.8 million meters.

<sup>2</sup> EE Guidance Decision, D.12-05-015, p. 300.

1 dynamic rate offer, enabling technologies or other smart grid updates enabled capabilities.  
2 Statewide EUC brand activities and campaigns and local ME&O activities and campaigns will  
3 be coordinated and complementary of each other. As clarified in the EE Guidance Decision, the  
4 Statewide EUC brand is not intended to “prevent utilities from continuing to conduct local and  
5 targeted marketing that is service territory and/or program-specific. However statewide  
6 marketing and local marketing should still be coordinated and the strategies for each should be  
7 designed to complement each other.”<sup>3</sup>

8         The mission of the SW MEO program is to elevate the importance and benefits of energy  
9 use and management concepts and to create a bridge to local, program-specific outreach and  
10 education efforts that are in place across local IDSM programs. The primary purpose of the SW  
11 ME&O program will be to generate awareness of energy efficiency and demand-side  
12 management, with unified and consistent messaging. SoCalGas, along with the other Investor  
13 Owned Utilities (“IOUs”), recommends a tiered approach based on the recognized academic  
14 model of AIDA: awareness, interest, desire, and action. The SW ME&O program will focus on  
15 creating and increasing awareness and interest in energy and energy management. The lower  
16 tiers will be led by utilities in collaboration with local organizations such as Community Based  
17 Organizations (“CBOs”) and business organizations, providing messaging more specific to the  
18 service area and program offerings.

19         SoCalGas emphasizes that a key lesson from the past SW ME&O efforts is that a  
20 successful campaign must be built from strong research that forms the foundation for a  
21 specifically designed marketing and communications strategy. Therefore the brand assessment

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<sup>3</sup> EE Guidance Decision, D.12-05-015, p. 309.

1 and web portal assessment currently underway need to be completed before planning the creative  
2 strategy and web portal integration.

3 The four utilities propose a total SW ME&O budget of approximately \$59 million, which  
4 includes \$38 million for energy efficiency, \$1.2 million for the ESA Program as reflected in the  
5 Low Income Proposed Decision,<sup>4</sup> and \$20 million for Demand Response. SoCalGas' share of  
6 the total EE budget is approximately \$4.00 million, which is generally allocated according to  
7 past practice by the proportion of total energy efficiency budgets. SoCalGas has zero budget  
8 allocation for the electric-only programs, including the Flex Alert program.

9 **Table 1-1. Summary of Statewide Marketing, Education, and Outreach Program Budget**

Category	SoCalGas	PG&E	SCE	SDG&E	Total
Energy Efficiency	\$4.0 million	\$15.8 million	\$12.1 million	\$5.9 million	\$37.9 million
Energy Savings Assistance Program	\$0.3 million	\$0.4 million	\$0.4 million	\$0.1 million	1.2 million
Demand Response	\$0	\$8.8 million	\$9.2 million	\$2 million	\$20 million
Total	\$4.3 million	\$25.0 million	\$21.7 million	\$8.0 million	\$59.0 million

10 The SW ME&O Program investments for the programs shown in Table 1-1 will  
11 emphasize energy and energy management awareness and education that will lead residential and  
12 small commercial consumers to greater desire, interest and ultimately adoption of utility DSM  
13 programs and/or behaviors that reduce energy use.<sup>5</sup>

14 As sponsored in the testimony of witness Andrew Steinberg, SoCalGas requests authority  
15 to fund the proposed EE ME&O program through its existing Public Purpose Programs

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<sup>4</sup> See ALJ Kim Agenda Decision Revision 1 in A.11-05-018, issued July 27, 2012, Appendices B – E.

<sup>5</sup> This does not include the Self Generation Incentive Program or the California Solar Initiative-Thermal Program, which are funded through base rates and have separate memorandum accounts in which program expenses are managed. The proceedings governing marketing budgets for these programs are closed.

1 Surcharge (“G-PPPS” tariff), which is allocated to customers according to the EE / DSM Direct  
2 Benefits method.

3 **A. THE COMMISSION SHOULD EXPLICITLY AUTHORIZE JOINT**  
4 **CONTRACTING FOR STATEWIDE ME&O ACTIVITIES TO FURTHER THE**  
5 **GOALS OF THE PROGRAM**

6 In D.10-12-054, Ordering Paragraph 7, the Commission adopted the following:

7 *“In recognition of the need for affirmative steps to provide effective and efficient*  
8 *joint investor-owned utility management of the California utilities' statewide energy*  
9 *efficiency programs, so they can better meet the state's energy efficiency goals, the*  
10 *Commission authorizes Southern California Edison Company, Pacific Gas and Electric*  
11 *Company, Southern California Gas Company, and San Diego Gas & Electric Company*  
12 *to engage in the following activities:*

13 *(a) Joint and cooperative consultations between and among these*  
14 *utilities and energy efficiency contractors to assist with determination of*  
15 *the contract requirements of their jointly administered and jointly funded*  
16 *energy efficiency programs;*

17 *(b) Joint cooperative process among the four utilities for the*  
18 *sourcing and negotiation (including program requirements, performance,*  
19 *price, quantity and specifications) of joint contracts for energy efficiency*  
20 *to be managed and run by one lead utility, subject to approval and review*  
21 *by the other utilities;*

22 *(c) Joint submission to the Commission for its approval of*  
23 *proposed energy efficiency contracts pertaining to implementation of*  
24 *statewide programs; and*

1                                   (d) *Other joint and collaborative activities pertaining to the*  
2                                   *collaboration and joint contracting for statewide energy efficiency*  
3                                   *programs as the four utilities may determine is necessary for*  
4                                   *implementation of the statewide programs, subject to the Commission’s*  
5                                   *oversight.”*

6                   SoCalGas believes that continued Commission direction in this matter is needed to  
7 address a legal issue regarding joint-utility cooperation posed by the antitrust laws that could  
8 impede the Joint IOUs’ ability to continue to comply with these directions unless the  
9 Commission specifically grants continued state action immunity for such joint utility  
10 cooperation. In particular, SoCalGas requests a finding that explicitly authorizes the Joint IOUs  
11 to engage in certain specific activities which they feel will be necessary to collaboratively  
12 implement the 2013-2014 Statewide ME&O activities as ordered by the Commission.

13 **B. SUMMARY OF RECOMMENDATIONS**

14                   SoCalGas requests that the Commission approve the following:

- 15                   1. SoCalGas’ proposed SW ME&O effort, developed jointly with San Diego Gas &  
16                   Electric Company (“SDG&E”), Southern California Edison Company (“SCE”), and  
17                   Pacific Gas & Electric Company (“PG&E”);
- 18                   2. An open solicitation for proposals for coordination and implementation of the SW  
19                   ME&O Program consistent with past practice, General Order 156, and California  
20                   state contracting practice. The statewide solicitation shall be led by one of the IOUs;
- 21                   3. SoCalGas’ planned coordination of SW ME&O with local marketing efforts;
- 22                   4. SoCalGas’ proposed oversight and performance metrics;
- 23                   5. SoCalGas’ request for funding to support its portion of the Statewide EE ME&O  
24                   program activities;
- 25                   6. SoCalGas’ proposal to recover the costs of the EE Statewide ME&O Program from  
26                   the G-PPPS tariff;
- 27                   7. SoCalGas’ proposal to address Public Purpose Program Surcharge bridge funding  
28                   through the Advice Letter process in the event of a rolling budget trigger. Any  
29                   difference between the EE funding recovered in 2013 rates prior to the final decision  
30                   would be subject to balancing account adjustment and true-up in rates; and  
31                   8. Grant other such relief as the Commission deems necessary and prudent.



1           The statewide elements of SoCalGas' testimony were developed jointly with the other  
2 IOUs, although there may be some non-substantive utility-specific differences as necessary. The  
3 remainder of this testimony is organized as follows. Chapter 2 presents Policy Considerations  
4 and Regulatory Background. Chapter 3 presents SoCalGas' Statewide ME&O Program proposal  
5 including brand strategy and use of prior research. Chapter 4 reflects the SoCalGas proposed  
6 coordination with local marketing efforts including continued use of CBOs and local and ethnic  
7 channels. Chapters 3 and 4 are sponsored by SoCalGas witness Octavio Verduzco. Chapter 5  
8 presents the SoCalGas proposed Statewide ME&O Oversight and Performance Metrics, and  
9 Chapter 6 contains testimony regarding Cost Recovery and Revenue Requirements. Chapters 5  
10 and 6 are sponsored by SoCalGas witness Andrew Steinberg.

1 **CHAPTER II**

2 **PREPARED DIRECT TESTIMONY OF GILLIAN WRIGHT**

3 **POLICY CONSIDERATIONS FOR PROPOSED 2013-2014 STATEWIDE**

4 **MARKETING, EDUCATION & OUTREACH PROPOSALS**

5 **A. INTRODUCTION**

6 SoCalGas supports the Commission’s goal that a statewide marketing, education and  
7 outreach program effectively raises awareness of energy efficiency and related programs, and  
8 helps drive customers to take action through the utilities’ program offerings.<sup>6</sup> This set of  
9 applications from the utilities represents a “reboot” of past statewide marketing efforts. These  
10 applications present a valuable opportunity to apply lessons learned from past efforts and build  
11 on the experience and research of the past 5-10 years to build a robust and effective platform to  
12 support and enhance local marketing education and outreach going forward.

13 This application complies with the specific direction in the Guidance Decision for the  
14 Statewide ME&O Program. In particular, the application addresses the requirements outlined in  
15 the Guidance Decision to:<sup>7</sup>

- 16 1. Propose a Statewide ME&O Program targeted at residential and small business  
17 customers;
- 18 2. Transition the Energy Upgrade California program brand to be the statewide  
19 brand, broadening its scope to one that supports the integration of messages and  
20 activities under a single brand and that is well coordinated across a variety of  
21 energy efficiency, demand side management, and clean energy programs  
22 locally;
- 23 3. Transition the web portal for Energy Upgrade California to support the  
24 comprehensive Statewide ME&O Program, and shut down the Engage 360 web  
25 portal;

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<sup>6</sup> CEESP, p. 79; EE Guidance Decision, p. 297.

<sup>7</sup> EE Guidance Decision, Ordering Paragraphs 117, 121, and 124. Direction on program performance metrics and coordination with CBOs and local media outlets is not referenced in the Findings of Fact, Conclusions of Law or Ordering Paragraphs but can be found in the decision text at p. 305 (performance metrics), and 308 (CBOs, local and ethnic media).

- 1 4. Utilize past research done to support the Engage 360 brand, and the prior Flex  
2 Your Power brand, from the residential and small business markets;
- 3 5. Describe how the umbrella brand of Energy Upgrade California will be  
4 coordinated with local program and utility marketing;
- 5 6. Include a plan to partner with CBOs and utilize local and ethnic media for hard  
6 to reach customer segments;
- 7 7. Propose a governance structure for the Statewide ME&O Program in  
8 coordination with Commission and California Energy Commission staff to  
9 ensure the Commission’s objectives are met;
- 10 8. Propose program performance metrics for activities and identify which entities  
11 are responsible for meeting them; and
- 12 9. Consult with Commission Staff, California Energy Commission Staff,  
13 California Center for Sustainable Energy, local governments and third party  
14 Energy Upgrade California program purveyors on the content of this  
15 application.

16 A detailed table highlighting compliance items to be addressed in this Application pursuant to  
17 the Guidance Decisions can be found in Appendix A.

18 **B. REGULATORY BACKGROUND**

19 The Statewide ME&O Program, previously known as Engage 360 (program years 2010-  
20 2012) and Flex Your Power (2001-2009), originated from an effort to respond to the energy  
21 shortages from the California Energy Crisis in 2001. In 2009, stakeholders aligned the Statewide  
22 ME&O Program with the California Energy Efficiency Strategic Plan (“CEESP”). The guidance  
23 from the CEESP prompted the development of a web portal ([www.engage360.com](http://www.engage360.com)), a thorough  
24 review of the Flex Your Power program, audience segmentation, brand assessment and creation  
25 of a new statewide brand – Engage 360, integrated communication planning, and an Integrated  
26 Marketing and Communications (“IMC”) plan. These tools and efforts were then leveraged  
27 during the 2010-2012 program cycle as the IOUs worked under the direction and guidance of the  
28 Commission staff to implement the Statewide ME&O Program.

1 The IOUs implemented the Engage 360 program in close collaboration with the Energy  
2 Division. In June 2011, after having carefully considered initial market feedback, the IOUs  
3 recommended creating a new identity that clearly communicated what Engage 360 is about,  
4 while still complying with existing Commission directives. At the time, no consensus was  
5 gained and thus no further action was taken. On October 13, 2011 there was an Assigned  
6 Commissioner Ruling (“ACR”), where Commissioner Ferron directed that expenditures related  
7 to Engage 360 be brought immediately to zero, or as near to there as possible. In accordance  
8 with guidance in this ACR, SCE, the lead IOU coordinator, filed an Advice Letter<sup>8</sup> documenting  
9 these efforts and ceased all Engage 360 work.

#### 10 **Energy Efficiency Proceeding (D.12-05-015)**

11 On May 10, 2012, the Commission approved D.12-05-015 providing guidance for 2013-  
12 2014 EE Portfolios and 2012 Marketing, Education and Outreach. This Decision requires that  
13 IOUs file separate, standalone applications for a Statewide ME&O Program for 2013-2014 by  
14 August 3, 2012.

15 The Decision further states that:

16 *“Our intent is to eliminate duplicative and potentially contradictory spending on*  
17 *separate marketing by utility or by program type. To the extent that the utilities still*  
18 *believe that program-specific and/or utility-specific marketing is warranted, they should*  
19 *explain, in any budget proposals, how the narrower marketing budget and approach*  
20 *relates to the general Energy Upgrade California umbrella approach.”*

21 On June 26, 2012 the CPUC hosted a workshop for interested parties to provide input  
22 regarding Statewide ME&O. There was attendance from Commission staff, CEC staff, local  
23 governments and third party program implementers, as well as energy industry consultants.  
24 Their input was considered in the development of the Statewide ME&O program.

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<sup>8</sup> Advice Letter 2659-E, filed November 23, 2011. Southern California Edison Company’s Informational Advice Letter Compliance Filing on Statewide Marketing, Education and Outreach.

1 **Demand Response Proceeding (D.12-04-045)**

2 SoCalGas is not a party to the Demand Response Proceeding, but notes that in parallel to  
3 these efforts by the IOUs and Commission in the Energy Efficiency proceeding D.12-04-045, the  
4 Demand Response Proceeding approved activities and budgets for 2012-2014 on April 19, 2012.

5 Most notably, the Decision:

- 6 • Increased funding for 2012 statewide marketing (Flex Your Power); and,
- 7 • Required the IOUs to file a Statewide ME&O Application containing and/or  
8 considering the following:
  - 9 ○ Two components of demand response awareness: 1) emergency alerts, and 2)  
10 general awareness for residential and small commercial customers.<sup>9</sup>
  - 11 ○ Focus on activities across various demand-side marketing, education and outreach  
12 activities, including DR, Energy Efficiency, and Distributed Generation  
13 programs.<sup>10</sup>
  - 14 ○ A statewide plan that considers marketing and outreach in languages used by  
15 customers and tailored to serve the cultural, socioeconomic, geographic, age,  
16 disability, residential-type, business size and type, and other diversity of  
17 customers, with a well-tailored focus on those customers most affected by  
18 electrical supply transmission, distribution, usage, conservation, resource  
19 constraint or urgent issues.

20 **Low Income Programs Proceeding**

21 The ESA Proposed Decision states that “We recognize that some programs such as low  
22 income programs will need to retain substantial program specific ME&O direction with tailored

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<sup>9</sup> D.12-04-045, p. 80.

<sup>10</sup> D.12-04-045, p. 79.

1 program specific strategies. However, we also realize that some overall alignment [of the low  
2 income programs' ME&O efforts] with the statewide ME&O activities is both necessary and  
3 beneficial.” It directs the utilities to “carefully balance the program specific ME&O needs,” and  
4 “meaningfully incorporate low income programs' statewide ME&O issues” in this application.<sup>11</sup>  
5 The ESA Proposed Decision, if approved as written, would authorize a total of \$1,150,000 for  
6 Statewide ME&O, of which SoCalGas' authorized budget would be \$300,000.<sup>12</sup> The final  
7 guidance on 2012-2014 ESA and CARE Programs and Budget Applications are pending a final  
8 decision, expected prior to the conclusion of this application.

9 **California Solar Initiative and Self Generation Incentive Program Proceeding (R.10-05-**  
10 **004)**

11 The California Solar Initiative – Thermal has its own statewide marketing plan and  
12 budget for 2011 - 2013, overseen by SoCalGas. The \$4.5 million marketing budget and plan was  
13 filed by Joint Advice Letter, and was approved by the Energy Division Director on October 13,  
14 2011.<sup>13</sup> The statewide campaign is being run by Fraser Communications, a woman-owned  
15 certified diverse business enterprise (“DBE”), who was selected following a competitive  
16 solicitation. As the budget is fully allocated and the campaign is ongoing, SoCalGas does not  
17 propose to incorporate CSI-Thermal in the Statewide ME&O Program at this time, except to  
18 ensure the Statewide ME&O messages are coordinated with the CSI-Thermal campaign.

19 Similarly, the photovoltaic portion of the CSI in proceeding R.10-05-004 also has  
20 allocated funds for local program marketing, under the Go Solar California brand. Statewide and

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<sup>11</sup>ALJ Kim Agenda Decision Revision 1 in A.11-05-018, issued July 27, 2012, p. 66.

<sup>12</sup>ALJ Kim Agenda Decision Revision 1 in A.11-05-018, issued July 27, 2012, Appendices B – E.

<sup>13</sup> This was a Joint Advice Letter of SoCalGas (AL 4274), PG&E (Advice No. 3233-G/3895-E), SCE (Advice No. 2620-E), and the California Center for Sustainable Energy (Advice No. 19). It was approved by the Energy Division Director on October 13, 2011.

1 local CSI activities will not be explicitly part of the Statewide ME&O effort and will not  
2 contribute funding at this time.

3 Lastly, the EE Guidance Decision also makes reference to the Self-Generation Incentive  
4 Program (“SGIP”), which is part of the same proceeding. However, SoCalGas notes that the  
5 Commission eliminated the marketing and outreach budget for SGIP and transferred that funding  
6 to the incentive budget in D.11-09-015, stating “we agree with parties that at this point,  
7 significant M&O activities may not be necessary.”<sup>14</sup>

### 8 **Dynamic Pricing and Smart Grid Proceedings**

9 As a gas-only utility, SoCalGas has no dynamic pricing or smart grid programs or  
10 activities, but SoCalGas concurs with the electric IOUs that these activities have not historically  
11 been linked to the Statewide ME&O Program and agrees with the recommendation that local  
12 marketing activities by the electric IOU’s be coordinated with the Statewide ME&O Program as  
13 appropriate.

### 14 **Advanced Meter Infrastructure Proceeding (D.10-04-027)**

15 Lastly, SoCalGas’ Advanced Meter Infrastructure (“AMI”) deployment decision, D.10-  
16 04-027, includes a conservation goal of 1%. Marketing and outreach to support this goal must be  
17 covered by the Advanced Meter budget, to be consistent with the AMI risk-sharing mechanism  
18 adopted in D.10-04-027, but the Statewide ME&O effort should be generally consistent with,  
19 though separate from, this effort.

20 In summary, the Statewide ME&O Program has been historically centered on the Energy  
21 Efficiency, Low Income, and Demand Response programs in prior program cycles. New  
22 direction for the remainder of 2012 and the 2013-2014 transition period require that Statewide

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<sup>14</sup> Decision (D.) 11-09-015, Decision Modifying the Self-Generation Incentive Program and Implementing Senate Bill 412, p. 57.

1 ME&O to also consider programs from other proceedings. While the other programs will not be  
2 explicitly included at this time, based on the status of the governing proceedings described  
3 above, the Statewide ME&O Program will coordinate and leverage local and other statewide  
4 efforts to provide maximum consumer education on clean energy policies, programs and options  
5 for customers.

6 **C. THE STATEWIDE COORDINATION AND IMPLEMENTATION FOR THE**  
7 **ME&O PROGRAM SHOULD BE COMPETITIVELY BID**

8 The EE Guidance Decision awards a sole-sourced contract to the California Center for  
9 Sustainable Energy (“CCSE”) to implement the Statewide ME&O Program. Specifically, the  
10 Guidance Decision directs PG&E to enter into a contract with CCSE by July 1, 2012 for an  
11 amount not less than \$500,000 for 2012, with the 2013/2014 budgets to be determined in this set  
12 of applications.<sup>15</sup> Per the EE Guidance Decision direction, on July 16, 2012 PG&E entered into  
13 a contract with a maximum value of up to \$3.8 million with CCSE for 2012 activities, on behalf  
14 of all the utilities.

15 In comments to the EE Guidance Decision, all of the utilities raised concerns that it was  
16 not appropriate to award this contract on a sole-source basis; a contract of this nature should be  
17 awarded through a competitive solicitation with well-defined requirements. The utilities also  
18 raised questions as to the role and value of an intermediary between the lead utility (PG&E) and  
19 the marketing and advertising agency or agencies likely to carry out the activities of the program.  
20 Ordering Paragraph 171 in the EE Guidance Decision allowed the IOUs to file an alternative  
21 application proposal. All of the IOUs included as part of their alternative proposal that  
22 2013/2014 Statewide ME&O Program implementation should not be awarded on a sole-sourced

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<sup>15</sup> Ordering Paragraph 123 in D.12-05-015. PG&E requested and received an extension of time to July 16th for the 2012 contract.



1 basis to CCSE.<sup>16</sup> As the Statewide ME&O Program details are addressed in this set of  
2 applications, rather than the transition program and budget filings, the detailed justification and  
3 recommended process for a competitive bid solicitation is addressed here.

4 **SoCalGas Does Not Believe the “Intermediary Implementation Role”<sup>17</sup> Is Befitting A Sole-**  
5 **Sourced Contract**

6 In response to the comments opposing the sole-sourced award to CCSE of the Statewide  
7 ME&O Program implementation, the EE Guidance Decision states:

8 “we are confident that CCSE’s experience as both an administrator and an implementer  
9 of programs qualifies the organization uniquely; there is no other similar organization  
10 that we are aware of in the state.”<sup>18</sup>

11 The EE Guidance Decision does not specifically describe experience or skills that contribute to  
12 this conclusion. It is thus not clear what unique characteristics CCSE displays, or the relevance  
13 of this qualification. CCSE is an administrator and implementer of the SGIP and CSI programs  
14 in San Diego. In the rest of the state these programs are administered and implemented by the  
15 utilities, so CCSE is unique as a non-utility administrator and implementer for those programs.  
16 However, CCSE does not administer statewide marketing efforts for either CSI or CSI-Thermal,  
17 and there is no longer any marketing and outreach budget for SGIP, as discussed above. The  
18 design, protocols, procedures and implementation of these programs are run through statewide  
19 working groups in which CCSE participates as an equal.

20 Regarding energy efficiency, demand response, and the ESA program, for residential and  
21 small business customers, which will be the initial focus of the Statewide ME&O Program, there  
22 are a number of other entities, both for-profit and nonprofit, that are administrators and

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<sup>16</sup>See A.12-07-001, Chapter 1A, pp. 10 – 11 for PG&E, A.12-07-002, Chapter I, pp. 39 – 41 for SDG&E, A.12-07-003, Chapter 2B, pp. 46 – 47 for SoCalGas, and A.12-07-004, Testimony Section I-B, pp. 23 – 24 for SCE.

<sup>17</sup> D.12-05-015, p. 302.

<sup>18</sup> EE Guidance Decision D.12-05-015, p. 303.

1 implementers of various programs serving the residential and small business markets, including  
2 some that serve customers of multiple utilities. CCSE is not unique in this program area, and  
3 their experience implementing energy efficiency or demand response programs has been only in  
4 the San Diego area. Most importantly, there is no indication why program administration  
5 experience, unique or not, is a relevant qualification for transitioning a program brand into an  
6 effective statewide brand, particularly following two previous unsuccessful attempts to create a  
7 similar brand. CCSE may nonetheless have the capability to be an effective implementer of the  
8 Statewide ME&O Program, but their experience does not amount to unequivocal or unique  
9 qualification, and their customary practice and policy suggests their capabilities should be  
10 weighed against those of other entities in an open, fair forum.

11 In fact there are certain key qualifications that the Statewide ME&O implementer should  
12 have in order to be successful. A critical qualification is experience in successfully building new  
13 brands and ideally in transitioning brands, along with a deep understanding of how to assess and  
14 adapt a brand to reach identified goals. Even if a separate entity is being contracted to do this  
15 work, the contractor must have the ability to define requirements and evaluate the fit of bidders,  
16 which requires knowledge of the subject. Once the brand assessment is complete and a  
17 campaign is being developed, the campaign will need to include key elements such as Spanish  
18 and other languages, single fuel messages and targeting for the areas where the Commission's  
19 jurisdiction is gas-only in particular, and highly diverse demographic targeting. Knowledge of  
20 the residential and small business markets in general and the diverse demographic makeup of  
21 these markets in California is a minimum requirement. The campaign will require these  
22 elements to be addressed well to meet the Commission's goals of reaching the mass market of  
23 residential and small business customers.

1 Furthermore, the small business market in general is notoriously difficult to reach. On  
2 top of having similarly complex demographics as the residential sector, small business owners  
3 have very limited time and attention, and different businesses have widely varied concerns and  
4 needs. In southern California there is a very large population of small business owners from  
5 non-English speaking populations, with a mix of recent immigrants and more longstanding  
6 residents who nonetheless do most of their business in a language other than English.

7 In early workshops and meetings on the Statewide ME&O Program, CCSE has  
8 repeatedly identified that they do not know the small business market and will have to learn  
9 about it as part of this process.<sup>19</sup> Such a gap is a concern given the challenge the small business  
10 market presents for the Statewide ME&O effort. In an open solicitation CCSE's experience and  
11 knowledge can be fairly weighed against other bidders to determine whether on balance, CCSE  
12 has the best capabilities to meet the requirements of the program.

### 13 **A Competitive Solicitation Allows the Option of Selecting a DBE Provider**

14 Ordering Paragraph 171 in Decision D.12-05-015 made allowance for the IOUs to file an  
15 alternative application proposal in the 2013/2014 Transition Portfolio Filing. SoCalGas, along  
16 with SDG&E, and PG&E recommended in its alternate proposal that the contract for 2013 and  
17 2014 be awarded through a competitive bid process, a process in which CCSE would be eligible  
18 to submit a bid.<sup>20</sup> Commissioner Simon raised concerns that the Statewide ME&O application  
19 was not put out to bid in his concurrence:

20 "I am deeply concerned, however, that the CCSE contract, itself, was awarded without  
21 competitive solicitation and, believe the CCSE contract should have been won via  
22 competitive bid. While I am not opposed to negotiated transactions achieved consistent

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<sup>19</sup> CCSE presentation at Statewide ME&O Workshop June 26, 2012, Energy Upgrade California Statewide Steering Committee May 24, 2012.

<sup>20</sup> Pursuant to its testimony in A.12-07-004, SCE recommended the utilities serve as the direct administrators without reliance on an additional administrative entity (see Chapter I-B, Part C).

1 with State contracting rules, I caution that we must be cognizant of the signals we send to  
2 markets and, in my view, the instant CCSE contract suggests the Commission considers  
3 itself above the rules it imposes on its practitioners. **In this respect, D.12-05-015 is**  
4 **crucially deficient.**” (emphasis added)<sup>21</sup>

5 Raising similar concerns, on June 28, 2012 Assemblyman Steven Bradford and State  
6 Senator Alex Padilla sent a letter to Commission President Peevey, attached as Appendix B,  
7 asking for an explanation from the Commission as to why it awarded a sole sourced contract  
8 rather than solicit bids through a Request for Proposals process. The letter states “My colleagues  
9 and I are concerned that the PUC did not afford the opportunity for other qualified entities,  
10 specifically minority-owned, women-owned and disabled veteran owned small businesses, to  
11 compete for this contract.”<sup>22</sup>

12 SoCalGas is particularly concerned that woman and minority owned businesses were  
13 excluded from the opportunity to be “prime” contractors for the statewide program. SoCalGas  
14 has a CPUC goal minimum of 21.5% DBE spending overall. SoCalGas is aware of several DBE  
15 companies that would qualify to be part of a solicitation for a role in the implementation of the  
16 statewide marketing program. Some examples include the following:

17  Peterson Hill Marketing – woman-owned, specializes in brand building and brand  
18 strategy. Clients include Qualcomm, SDG&E, and LG Electronics;

19  Fraser Communications – woman-owned, currently running the Statewide CSI-  
20 Thermal marketing campaign, as well as local campaigns for SoCalGas, SCE and PG&E;

21  Beehive Media Marketing Design – woman-owned, provides branding and  
22 marketing as well as community outreach. Clients include Ford, PacificLife, and County of Los  
23 Angeles;

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<sup>21</sup> See Concurrence of Commissioner Timothy Alan Simon on Item 30 D.12-05-015 Decision Giving Guidance for Investor-Owned Utilities on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education and Outreach.

<sup>22</sup> Letter dated June 28, 2012 from Assemblyman Steven Bradford, Chair Assembly Utilities and Commerce Committee, and Senator Alex Padilla, Chair Senate Energy, Utilities, and Communications Committee to Commission President Michael Peevey.

1           □       Imprenta Communications Group – minority-owned, does both marketing and  
2 political campaign support. Specializes in hard to reach communities, particularly Asian and  
3 other language minorities. Clients include Deloitte, PG&E and California Community Colleges.

4           SoCalGas has set aggressive goals for DBE spending. To meet these goals requires a  
5 commitment to seeking qualified DBE firms for every outside procurement opportunity. In  
6 many spending areas, such as pipeline construction, there are few DBEs, so it requires more  
7 effort to find and support DBEs in other fields germane to the utility business. SoCalGas is  
8 committed to making that effort. It is thus noteworthy that there is a fairly robust field of DBE  
9 firms in communications, marketing and advertising. At \$4 million for two years, SoCalGas’  
10 share of the Statewide ME&O Program represents a significant outside procurement opportunity,  
11 in an area where there are DBEs potentially with the scale and experience to qualify as the prime  
12 contractor (i.e., not only as subcontractors). SoCalGas is actively committed to seeking,  
13 engaging and cultivating DBEs that are capable of providing services and/or products  
14 competitively alongside non-DBE suppliers. In many cases, our DBE prime suppliers undertake  
15 our philosophy and commitment in supporting and utilizing diverse and women-owned firms for  
16 subcontracting work, thus continuing to build capacity with emerging DBE firms.

17 **A Solicitation Can Be Conducted Promptly**

18           In addition, should the Commission reconsider the award to the CCSE as implementer, it  
19 is important to note that a competitive bid process need not delay Statewide ME&O activities.  
20 The program design and campaign budgets to be filed within this application must be reviewed  
21 and approved before 2013/2014 activities can start. The 2012 activities undertaken by the IOUs  
22 and CCSE will preserve the current Energy Upgrade California program while a competitive  
23 RFP for the brand assessment is undertaken. Solicitation for the implementer could take place  
24 alongside or together with the brand assessment RFP, and could be completed in late 2012, or  
25 early 2013 as appropriate.

1 SoCalGas conducted the solicitation for the CSI-Thermal Statewide ME&O implementer,  
2 with the participation of the other utilities and CCSE. It had a three month schedule for  
3 invitation, bidding, shortlist, selection and negotiation of final contract. As noted above, the  
4 agency selected is a woman-owned DBE firm. The CSI-Thermal statewide marketing plan was  
5 approved in October 2011, and the campaign launched earlier this year. SoCalGas estimates that  
6 a similar schedule is feasible for this Statewide ME&O Program.

7 An additional benefit of a competitive solicitation is price discovery for the costs of  
8 conducting this type of program. The due diligence of evaluating bidders gives both the bidder  
9 and the contract holder a strong understanding of the capabilities of the bidder and the  
10 expectations of the contract holder, which supports a more effective working relationship.

11 Therefore, SoCalGas strongly recommends that the Commission direct PG&E to lead a  
12 competitive bidding process for the Statewide ME&O Program, in compliance with state  
13 contracting rules, and the spirit of best contracting practice and diverse business policies as set in  
14 General Order 156.

15 **D. SOCALGAS' PROPOSAL SUPPORTS STATE OF CALIFORNIA**  
16 **AND COMMISSION ENERGY GOALS**

17 The CEESP describes a vision for the Statewide ME&O Program, where, by 2020,  
18 “Californians will be engaged as partners in the State’s energy efficiency, demand-side  
19 management and clean energy efforts by becoming fully informed of the importance of energy  
20 efficiency and their opportunities to act.” The CEESP identifies the key goal of the program as  
21 creating and launching an integrated, Statewide ME&O effort for energy efficiency, including an  
22 energy efficiency brand. Moreover, the CEESP states that the ME&O effort will.<sup>23</sup>

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<sup>23</sup> CEESP, page 80.

- 1 • Create instant brand recognition for energy efficiency in California, similar to the US  
2 EPA’s Energy Star label, and expanded to reflect GHG benefits.
- 3 • Utilize appropriate channels to create effective “demand pull” for efficiency actions  
4 that are necessary for achieving the goals set forth elsewhere in the Plan.
- 5 • Motivate consumers to reduce energy consumption on a daily basis.

6 Progress toward this vision has been elusive with the past statewide efforts, but SoCalGas  
7 and the other utilities believe the approach laid out in our applications can make real progress  
8 toward these aspirations. However, success will critically depend on ensuring that the current  
9 effort is informed by appropriate updated research and assessment. Past research, evaluation and  
10 assessment will certainly be useful, but must be reevaluated in the context of the goal of the  
11 current effort as well as the successes and failures of the past efforts. The broad targeting of the  
12 current program to residential and small business customers overall compared to past efforts is a  
13 key consideration.

14 For the remainder of 2012 and the 2013-2014 transition period, SoCalGas will continue  
15 to ensure that program implementation within its control is aligned with the Guidance Decisions,  
16 the CEESP, and findings from research conducted in prior program cycles.

17 **E. SOCALGAS’ INTEGRATED ME&O GUIDING PRINCIPLES**

18 SoCalGas believes that guiding principles can serve as a basis for reasoning, decision-  
19 making and action and will be important to the success of the new Statewide ME&O brand and  
20 its campaigns. SoCalGas’ proposal for Statewide ME&O is that it endeavors to create broad  
21 energy awareness and deepen energy knowledge among residential and small commercial  
22 consumers; acting as a bridge to local utility or program-specific ME&O that will provide the  
23 right program information and drive customer action. SoCalGas has developed with the

1 California IOUs the following principles for guidance and direction in developing its statewide  
2 ME&O proposal.

3 **1. Statewide ME&O Should Create Broad Energy Awareness**

4 The Statewide ME&O efforts have a vital role in building and increasing the awareness  
5 and importance of energy concepts among residential and small commercial consumers. As  
6 such, SoCalGas supports the statewide awareness messaging of integrated DSM concepts.

7 **2. Statewide ME&O Should Be Used as a Lead Generation Tool**

8 The Statewide ME&O efforts have a vital role in directing consumers to their local utility  
9 for deeper, more customized education and program offerings. As such, SoCalGas supports  
10 statewide activities that will funnel consumers from awareness to interest in and desire for  
11 learning more from their local utility.

12 **3. Local ME&O Should Engage Customers to Enroll and Participate in**  
13 **Integrated DSM Offerings**

14 Local ME&O will engage customers with more relevant, specific information about DSM  
15 programs and services that drives customer enrollment and ongoing participation. As such,  
16 SoCalGas' local ME&O will continue to play a significant role within the integrated DSM vision  
17 and program offerings.

18 **4. Statewide and Local ME&O Should Be Coordinated**

19 To effectively drive consumers in California from awareness to interest/desire and action,  
20 Statewide ME&O needs to be effectively coordinated with local ME&O in terms of messaging,  
21 timing, and channels.

22 SoCalGas believes to realize ME&O goals, that program implementation should follow  
23 these principals, and should also be proportional to the IOU funding contributions. SoCalGas



1 thus proposes any selected third-party implementer mirror the activities and associated budgets  
2 authorized by the Commission.

3 **F. SOCALGAS' APPROACH FOR THE STATEWIDE ME&O BRAND**

4 The scale of educating Californians about energy concepts, given the size and diverse  
5 demographic makeup of California in general, and more specifically SoCalGas' customer service  
6 territory, is a large undertaking. As such, SoCalGas has identified the critical need for a  
7 strategic, phased approach that educates customers at multiple levels and through multiple  
8 communications channels, both at the Statewide ME&O Program level as a component of the  
9 Statewide EUC brand, and also at a local level through marketing and outreach activities.

10 SoCalGas believes that there must be a holistic approach across all marketing tiers  
11 (statewide, local utility and program specific) with a simple and clear path to take customers  
12 from awareness and understanding of energy and energy management, to interest and desire in  
13 new technologies, utility programs and services, and finally to decision-making and action. The  
14 energy awareness created by EUC plays an integral role and first step in increasing customer  
15 engagement and participation.

16 In identifying strategies for a successful Statewide ME&O Program, it is critical to  
17 recognize and understand that brand building is not easy. One of the greatest challenges for the  
18 EUC brand will be gaining consumer mind share, i.e. becoming popular and recognized by  
19 consumers.

20 There are a number of pressures and barriers that can inhibit a brand. One factor is the  
21 competitive nature of the fight for a consumers' attention. Consumers are receiving increasingly  
22 more and more information from companies that conduct marketing and outreach for their  
23 products and services, many of which are high engagement categories with emotional appeal like

1 entertainment or electronics. Another factor is the fragmentation of markets and media. As  
2 marketers continue to divide the population into smaller and smaller targets they often utilize  
3 specialized channels and media, which are often best implemented at a grass roots local level.  
4 With the increasing number of media options, coordinating messages across media without  
5 weakening the brand can be especially challenging. There is often pressure to change a brand's  
6 identity or course before it achieves its potential, or when it is still effective.

7 Addressing these barriers will need to be considered during the brand assessment and  
8 repositioning, described in more detail in Chapter 3. Brands that demonstrate their transparency,  
9 integrity, and authenticity are better able to build successful long-term relationships with their  
10 customers. The EUC strategies will need to consider these barriers during the assessment and  
11 repositioning. It will be important to have a fully fleshed out brand identity and position, as well  
12 as the brand value proposition that can remain consistent while it works to gain and hold a  
13 position in the consumers mind. The Statewide EUC brand will also require a complex brand  
14 architecture that addresses the relationship between brands both strategically and with respect to  
15 customer perceptions; and a go-to market strategy that associates messages and channels that can  
16 remain consistent while the brand gains traction in the market and the minds of consumers.

17 After the brand assessment is completed, the Statewide ME&O team will be in a position  
18 to thoroughly review and evaluate the existing integrated marketing communications plan and  
19 determine what is still applicable.<sup>24</sup> While much of the foundation that went into the integrated  
20 marketing communications plan may still be relevant, the actual tactics and channels needed to  
21 effectively communicate the new brand must be evaluated based on the recommendations put  
22 forth in the brand assessment. Therefore, it is premature to propose a new integrated marketing

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<sup>24</sup> A comprehensive plan was created for the previous program cycle that focused on a grassroots approach that was determined, after the campaign launched, to be ineffective.

1 and communications plan before the brand assessment is complete. For this reason, the utilities  
2 propose to file an advice letter with the Commission 90 days after the completion of the brand  
3 assessment with the new integrated marketing communications plan for the 2013-2014 program  
4 cycle.

5 By conducting a brand assessment and addressing these barriers, as well as functioning  
6 under the guiding principles, utilizing best practices in marketing and branding, and leveraging  
7 all relevant research and stakeholder input the Statewide ME&O Program will:

- 8 • Increase consumers' attention and interest in energy concepts via the EUC brand;
- 9 • Generate consumer interest in energy management;
- 10 • Inform consumers about statewide initiatives and legislative mandates;
- 11 • Motivate consumers to seek out ways to reduce energy consumption as part of their daily  
12 lives; and
- 13 • Encourage consumers to have a mind-set about energy use that will increase ongoing  
14 engagement in local utility, local government and third party programs.

#### 15 **G. ROLE OF BRANDS**

16 A good brand communicates a clear, memorable message to consumers about what it  
17 stands for and how it differentiates itself from competitors or other brands. A great brand  
18 persuades consumers that their lives will improve by attaching to or associating with the brand.  
19 The work to date for the EUC program brand provides a good starting point. Through the brand  
20 assessment to be conducted in 2012, EUC will be repositioned to a statewide brand that will  
21 incorporate broader brand relevance, new positioning, architecture, identity, messaging, and  
22 channel and media planning and implementation.

1 The many energy-related brands discussed in this Application – EUC, SoCalGas (and  
2 other IOU brands), and Flex Alert – each have a distinct role in a customer’s experience, and all  
3 play a role in the CEESP goals. This section outlines the role of each of the three major brands  
4 related to this application as they are currently understood, but SoCalGas notes that through the  
5 brand assessment the two non-utility brands may evolve and change.

6 **1. Role of SoCalGas Brand**

7 SoCalGas’ brand is the product of more than 140 years of providing safe and reliable  
8 natural gas service to central and southern California. SoCalGas has one of the most trusted  
9 utility brands, in California and among gas utility brands nationally. SoCalGas’ strong  
10 commitment to safety, customer service and affordability has built the high level of trust the  
11 Company has among its customers. As highlighted earlier, for over a third of the customer base  
12 (over 2 million customers), SoCalGas is the only investor-owned energy utility these customers  
13 do business with, and thus the only entity offering the Commission’s EE program offerings. As  
14 customers become more aware and interested in programs and in taking action to participate,  
15 SoCalGas will need to leverage its recognizable and trusted brand to guide customers to its  
16 program offerings, and to help navigate what may also be available from the non-IOU providers.

17 **2. Role of Energy Upgrade California Statewide Brand**

18 SoCalGas envisions EUC as a “concept-brand,” or a brand that is not a company or a  
19 product, but rather a brand that is able to straddle the energy products category with a meaning  
20 that is greater than any individual energy product or service. As a concept-brand, we envision  
21 that EUC will be able carry the high-level educational messages that will promote the importance  
22 of energy awareness. The EUC statewide messages will stretch across the concepts and calls to  
23 action most relevant to drive consumer interest and desire in the programs offered by the utilities.

1 If established correctly, the EUC brand will inspire people to change how they regard  
2 energy use; it will change both how they use and how they perceive energy. The role of the  
3 brand is to inspire and galvanize Californians; and the campaign, through broad awareness,  
4 education and engagement, will funnel ratepayers to utility programs to take action.

### 5 **3. Role of Flex Alert Brand**

6 The Flex Alert brand is an electric-only brand. It has a specific and narrow role, to  
7 inform and instruct Californians to reduce or defer electric use during heat waves and other  
8 challenging grid conditions for the California Independent System Operator. As this brand has  
9 no relationship to natural gas use, and natural gas conservation will have no benefit in relieving  
10 the electric grid conditions, it will be important to make clear that it is *electricity* not *energy*  
11 conservation that is sought.

## 12 **H. OVERVIEW OF SOCALGAS' PROPOSED 2013-2014 MARKETING,** 13 **EDUCATION & OUTREACH ACTIVITIES**

14 SoCalGas' Statewide ME&O Program activities will provide general energy education  
15 and awareness for residential and small business customers,<sup>25</sup> using a phased strategy to move  
16 consumers along a path of awareness, to interest/desire to action leading ultimately to  
17 comprehensive energy management and energy engagement. Initially, the Statewide Program  
18 will strive to increase consumer awareness and understanding of energy by educating consumers  
19 about the importance of conserving energy in our daily lives. It will do this by communicating  
20 simple, digestible and relevant information to consumers in order to increase the Energy IQ of all

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<sup>25</sup> For purposes of this Application, general education includes, but is not necessarily limited to, information about the impacts of energy use and energy costs and rates. Demand-side management program information includes: energy efficiency, climate change impacts, the Energy Savings Assistance Program (low-income energy efficiency program), distributed generation, as well as electric-only options such as demand response, dynamic rate options, enabling technologies, and smart grid upgrades for individuals or the state as a whole.

1 Californians and create a strong demand for energy-efficient products, homes and services.  
2 Later, the Program will generate interest in more comprehensive energy management, and  
3 finally, the Program will inspire consumers to take action via IOU local programs. EUC will  
4 form the umbrella brand for this Statewide ME&O Program, and will integrate closely with local  
5 marketing efforts. There is a desire by Energy Division to utilize the Statewide ME&O Program  
6 to carry messages about energy policy; exactly how to do this and stay on course to building  
7 brand and energy awareness among consumers will be explored during the brand assessment and  
8 development of the 2013-2014 plan. Detailed information on the proposed Statewide ME&O  
9 Program can be found in Chapter 3 of this Application.

10 SoCalGas' local ME&O marketing enables customer participation in programs and on-  
11 going engagement for deeper adoption of energy efficient products and services by providing a  
12 combination of integrated and program-specific marketing. In 2013-2014, the local marketing  
13 will be coordinated with the new Statewide EUC brand to ensure all efforts are complementary.  
14 SoCalGas' local ME&O activities leverage key engagement opportunities that are not practical  
15 on a statewide level, such as when customers start service, or they participate in a program.  
16 Targeted campaigns leveraging segmentation analyses, self-selection transactions, and  
17 knowledge of customer actions on an event-driven basis provide SoCalGas the opportunity to  
18 offer integrated and program-specific solutions relevant to residential or small businesses  
19 customers. Additionally, program-specific marketing and outreach activities, such as point-of-  
20 sale rebate stickers placed on select appliances or events in targeted communities, are necessary  
21 to drive participation and attain program goals.

22 SoCalGas will use a mix of communication channels and languages to reach its diverse  
23 customer base, as described in detail in Chapter 4. SoCalGas proposes to utilize its unique and

1 strong associations with local governments, CBOs, trade associations, and other organizations  
2 where the company has effective influence. SoCalGas believes that the messages regarding  
3 IDSM solutions and specific programs are most appropriate to the localized nature of these kinds  
4 of organizations. The resources currently in place to foster continued relationships are well  
5 equipped to include Statewide ME&O messaging as appropriate in their scope of work, and to  
6 ensure appropriate delivery of the right message to the right customer at the right time.

7 **I. ESTIMATED 2013-2014 MARKETING, EDUCATION & OUTREACH**  
8 **EXPENSES**

9 The proposed budget for the 2013-2014 Statewide ME&O Program is \$4,004,067.  
10 SoCalGas requests authority to fund the proposed ME&O program through its existing Gas  
11 Public Purpose Programs Surcharge. Programmatic activities and proposed amounts by cost  
12 category are described in Chapter 3. The cost recovery is addressed in Chapter 6.

13 As requested earlier, program activities by service territory, including those coordinated  
14 by a third party implementer, should be proportional to IOU funding contributions.

15 In addition, if the Statewide ME&O budgets proposed in the ESA Proposed Decision are  
16 adopted as written, SoCalGas is authorized to spend \$300,000 for 2013/2014.<sup>26</sup> The CSI –  
17 Thermal statewide marketing expenses of \$1,836,000 for the period of June 20, 2011 through  
18 June 21, 2013 for SoCalGas have been previously approved by the Commission.

19 The Statewide ME&O Program for 2010-2012 was suspended per ACR on October 13,  
20 2011. Prior to that date, the IOUs had been put on verbal notice to suspend all spending related  
21 to the 2010-2012 ME&O Program. These unspent funds for SoCalGas from the prior program  
22 cycle through June 2012 (and including certain other estimated expenditures through year-end

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<sup>26</sup> The ESA Proposed Decision also covers program year 2012, in progress, but the Statewide ME&O budget relevant to this application would start in 2013.

1 | 2012 that have been directed by the Commission) are approximately \$3.5 million, as described in  
2 | Chapter 6, Table 6-1.

3 | This concludes my prepared direct testimony.



1 **J. WITNESS QUALIFICATIONS – GILLIAN WRIGHT**

2 My name is Gillian A. Wright. I am the Director of Customer Programs and Assistance  
3 for Southern California Gas Company. My business address is 555 West 5th Street, Los  
4 Angeles, California, 90013. My principal responsibilities include directing all activities involved  
5 with SoCalGas’ general energy efficiency, low income, and other programs that serve special  
6 needs customers.

7 Prior to this assignment I have had director positions supporting SoCalGas and SDG&E  
8 in commercial and industrial services, energy markets and capacity products and regulatory  
9 affairs. I joined Sempra Energy, the parent company of SoCalGas and SDG&E, as a Regulatory  
10 Policy and Analysis Analyst in 1999. I held positions of increasing responsibility in Regulatory  
11 Affairs until my promotion to Director in 2003.

12 Prior to joining the Sempra companies I held positions of increasing responsibility as a  
13 consultant on energy industry economics. I received a Master of Public Policy degree from the  
14 John F. Kennedy School of Government at Harvard University in 1998 and a Bachelor of Arts  
15 degree in Economics from Reed College in 1992.

16 I have previously testified before the California Public Utilities Commission.

# Appendix A

## Appendix A

### SoCalGas Statement of Compliance

#### D.12-02-015

OP/Pg	Description/Requirement	Reference
117	Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file standalone applications, separate from their 2013-2014 energy efficiency portfolio applications, no later than August 3, 2012 for a statewide marketing, education, and outreach (ME&O) program for 2013-2014 with the following characteristics:	Application
117.a	Provides general energy education and demand-side management program information for residential and small commercial customers. General education includes, but is not necessarily limited to, information about the impacts of energy use and energy costs and rates. Demand-side management program information includes, but is not necessarily limited to, demand response, energy efficiency, distributed generation, and low-income programs.	Chapter 3 Section D1 Page 14
117.b	Utilizes the Energy Upgrade California brand name as a larger umbrella platform to encourage demand-side actions.	Chapter 2 Section H Page 27
177.c	Describes how any local and program-specific ME&O activities for energy efficiency, demand response, distributed generation, low-income programs, and any other relevant demand-side programs will be coordinated with the statewide program.	Chapter 4 Section A Page 27
117.d	Includes a budget for continuing the emergency portion of the Flex Your Power campaign, called Flex Alert, and coordinating it with the overall statewide ME&O campaign under the Energy Upgrade California umbrella.	Not Applicable Chapter 6 Footnote 10
117.e	Utilizes the market and demographic research conducted in support of the Engage 360 campaign to craft an approach to statewide ME&O in 2013-2014 under the Energy Upgrade California umbrella brand.	Chapter 3 Section B2 Page 6
117.f	Continues the current emphasis on prompting residential and small business customers to immediately take action related to their energy use.	Chapter 3 Section D2 Page 15
120	Unspent 2010-2012 marketing, education, and outreach funds beyond those identified in Ordering Paragraphs 115 and 116 above shall be returned to ratepayers either by reducing energy efficiency balancing accounts or utilizing funds already collected to fund new statewide marketing, education, and outreach activities in 2013-2014.	Chapter 6 Section B Section E
121	Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall consult with Commission Staff, California Energy Commission Staff, the California Center for Sustainable Energy, local governments and third-party Energy Upgrade California program purveyors on:	Chapter 2 Section B Pages 9 - 10

121.d	The content of their statewide marketing, education, and outreach applications due to be filed at the Commission no later than August 3, 2012.	Application
122	For the 2013-2014 statewide marketing, education, and outreach campaign, as well as for transition activities in 2012, Pacific Gas and Electric Company shall serve as the utility coordinator and contractual agent on behalf of itself, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, effective immediately.	Chapter 5 Section B
123	For the 2013-2014 statewide marketing, education, and outreach campaign, Pacific Gas and Electric Company, on behalf of itself, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, shall contract with the California Center for Sustainable Energy (CCSE) no later than July 1, 2012 to begin activities to allow them to fully implement the program beginning in 2013. A total of at least \$500,000 shall be allocated to CCSE for the remainder of 2012. The budget for 2013-2014 shall be proposed in the utility 2013-2014 applications.	Chapter 3 Section C2 Page 12
124	For the 2013-2014 statewide marketing, education, and outreach campaign, both Pacific Gas and Electric Company and the California Center for Sustainable Energy shall consult with Commission Staff, California Energy Commission Staff, local governments, and other relevant entities as identified by agency Staff, in the design and oversight of the program and shall establish appropriate stakeholder feedback, coordination, and governance structures based on this consultation.	Chapter 5 Section A
125	Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall serve their 2013-2014 applications for statewide marketing, education, and outreach for demand-side resources, including energy efficiency, demand response, distributed generation, and electric energy storage to the relevant service lists, including: Rulemaking (R.) 07-01-041, R.10-05-004, R.10-12-007, R.08-12-009, R.09-11-014, and Application 11-03-001 et al.	Application

**D.12-04-045**

<b>OP/Pg</b>	<b>Description/Requirement</b>	<b>Reference</b>
OP 86	Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file, no later than August 3, 2012 a statewide marketing application to consider demand side resources, including Energy Efficiency, Demand Response, [and] Distributed Generation. The application shall be for all marketing activities in the 2013-2014 timeframe.	Application

## Compliance with Energy Division Suggested Guidance (June 25, 2012)

Item	Description	Reference
(1)	A comprehensive plan for Statewide ME&O of all demand-side programs under Energy Upgrade California (D. 12-05-015, p. 324).	Application
1a	<ul style="list-style-type: none"> <li>• Propose at least two separate program budgets               <ul style="list-style-type: none"> <li>- Statewide marketing &amp; awareness (Energy Upgrade California)</li> <li>- Flex Alert</li> </ul> </li> </ul>	Not Applicable Chapter 6 Footnote 10
1b	<ul style="list-style-type: none"> <li>• Describe how the statewide marketing program can balance the following               <ul style="list-style-type: none"> <li>- driving consumers to programs and complementing local marketing</li> <li>- providing context about state policies</li> <li>- providing education about consumer actions and behavior change</li> </ul> </li> </ul>	Chapter 3  D2, 15  D2, 16  D2, 16
1c	<ul style="list-style-type: none"> <li>• Describe how research and the marketing and communications plan developed for Engage 360 should be utilized to craft an approach to Statewide ME&amp;O in 2013 and 2014.</li> </ul>	Chapter 3 Section B1 Page 3
1d	<ul style="list-style-type: none"> <li>• Describe how the statewide ME&amp;O effort should balance a statewide message with regional sensitivity, and how to appropriately work with local governments and CBOs in the regions in your service territories.</li> </ul>	Chapter 4 Section C Page 28
1e	<ul style="list-style-type: none"> <li>• Describe the role you envision for various marketing, education and outreach channels in the SW MEO campaign, including but not limited to, paid advertising, earned media, social media, events and mobile marketing, partnerships with local nonprofits community based organizations, local governments, contractors, realtors, appraisers or others who are in positions to influence decisions and be ambassadors of the program.</li> </ul>	Chapter 3 Section D6c Page 23
1f	<ul style="list-style-type: none"> <li>• Describe how statewide marketing should reach and engage small business customers.</li> </ul>	Chapter 3 Section D5 Page 20  Chapter 4 Section C Page 30
(2)	A narrative description of how to approach brand and message coordination (p. 323).	Chapter 3 Section D4 Page 17

2a	<ul style="list-style-type: none"> <li>Describe the transition strategy you will use to maintain EUC's value as a whole house energy upgrade brand in 2013 and beyond, even while transitioning it to the broader integrated clean energy mission.</li> </ul>	Chapter 3 Section C1 Page 10
2b	<ul style="list-style-type: none"> <li>Describe how the statewide marketing program will balance 1) messages about policies and programs with 2) increasing awareness that Energy Upgrade California is associated with energy actions of all types.</li> </ul>	Chapter 3 Section D2 Page 15-16
2c	<ul style="list-style-type: none"> <li>Propose goals for Q4 2013 and Q4 2014 for the Energy Upgrade California public engagement campaign. How will awareness and understanding of Energy Upgrade California change from one year to the next as the brand extends from an emphasis on whole house retrofits in 2012 to general energy education and demand-side management action in 2013-2014?</li> </ul>	TBD See Chapter 5 Section C
2d	<ul style="list-style-type: none"> <li>Identify a process for determining coordination of messages and timelines with local utility marketing efforts</li> </ul>	Chapter 4 Section A Page 27-28
2e	<ul style="list-style-type: none"> <li>Discuss whether there should be flexibility in the statewide marketing program to allow variation in messages based on region. (Flex Alert has this flexibility)</li> </ul>	Chapter 3 Section D2 Page 17
2f	<ul style="list-style-type: none"> <li>Describe how and when utility brand names or program names will co-exist with the Energy Upgrade California name and logo, and when they will not.</li> </ul>	Chapter 3 Section 3 Page 12
2g	<ul style="list-style-type: none"> <li>Describe the proper resource balance between mass media advertising, social network marketing, and face-to-face outreach?</li> </ul>	Chapter 3 Section B1 Page 5
(3)	<p>CCSE will be the implementer for Statewide Marketing in 2013 and 2014, (OP 123, p. 420). CCSE's role will be one of design, oversight and coordination, (p. 298). PG&amp;E and CCSE will establish appropriate stakeholder feedback, coordination, and governance structures in coordination with CEC, CPUC, local governments and other relevant entities (OP 124, p. 421).</p>	Chapter 5 Section A Section B
3a	<ul style="list-style-type: none"> <li>Identify the role of the utilities in the statewide ME&amp;O program, how it differs from the third party implementer, and how the utilities will enable the implementer to successfully execute activities to achieve the objectives of the program.</li> </ul>	Chapter 5 Section A
3b	<ul style="list-style-type: none"> <li>Describe how utilities will communicate with the</li> </ul>	Chapter 5

	implementer, and with what frequency.	Section A
3c	<ul style="list-style-type: none"> <li>In the event that a decision needs to be made regarding an aspect of the program, describe what process will be used between the utilities and implementer to communicate and reach a decision.</li> </ul>	TBD See Chapter 5 Section B
3d	<ul style="list-style-type: none"> <li>Describe how key stakeholders will have an opportunity to provide input into EUC's vision, goals, strategies and messaging on an ongoing basis?</li> </ul>	Chapter 5 Section A
3e	<ul style="list-style-type: none"> <li>Describe the frequency and objectives of ongoing governance structures.</li> </ul>	Chapter 5 Section A
(4)	Proposed metrics for Statewide ME&O activities and responsible entities for meeting metrics (p. 328).	Chapter 5 Section C
4a	<ul style="list-style-type: none"> <li>Provide proposed metrics</li> </ul>	Chapter 5 Section C
4b	<ul style="list-style-type: none"> <li>Establish criteria to determine which entity or entities should be held responsible for each metric</li> </ul>	Chapter 5 Section C
4c	<ul style="list-style-type: none"> <li>Identify a timeline for when a baseline study should be done, and when metrics should be reported</li> </ul>	Chapter 5 Section C
(5)	Proposed budget to transition and augment EUC web site, and shut down Engage 360 web portal (p. 331).	Chapter 3 Section D6b Page 22
5a	<ul style="list-style-type: none"> <li>Describe how EUC website and utility websites will compliment each other, and link to each other. Include information about programs, rebates, rates, My Account, and online audit tools.</li> </ul>	Chapter 3 Section C4 Page 14
5b	<ul style="list-style-type: none"> <li>Describe what types of data sharing might be necessary between websites to allow for the optimal and most simple consumer experience.</li> </ul>	Chapter 3 Section C4 Page 14
(6)	Utilize existing CBO partnerships, and local and ethnic media to penetrate hard to reach communities (p. 332).	Chapter 3 Section D5 Page 20
6a	<ul style="list-style-type: none"> <li>Identify how existing CBO partnerships can be used.</li> </ul>	Chapter 4 Section C Page 28-29
6b	<ul style="list-style-type: none"> <li>Identify how local governments can be used.</li> </ul>	Chapter 4 Section C Page 30

6c	<ul style="list-style-type: none"> <li>Identify 2013 and 2014 goals for including hard to reach customers in statewide marketing activities.</li> </ul>	<p>TBD See Chapter 5 Section C</p>
(7)	<p>Explanation of how statewide activities will be coordinated with local and program specific marketing for EE, DR, DG, LI and other relevant programs (p.333, and p. 459 OP 117c).</p>	<p>Chapter 4 Section B Page 28</p>
7a	<ul style="list-style-type: none"> <li>Provide a summary of currently authorized local or statewide marketing budgets, the proceeding they are authorized in and the time period for which they are authorized.</li> </ul>	<p>Chapter 6 Section E</p>
7b	<ul style="list-style-type: none"> <li>Describe how statewide marketing, local marketing, and integrated marketing activities will complement each other.</li> </ul>	<p>Chapter 3 Section D2 Page15</p>
7c	<ul style="list-style-type: none"> <li>If there is a statewide marketing budget already authorized for 2013/2014 (CSI? SGIP?), describe how statewide marketing proposed here will complement and not overlap with marketing activities proposed through a different proceeding.</li> </ul>	<p>Chapter 2 Section B</p>
7d	<ul style="list-style-type: none"> <li>Describe how EUC should interact with other statewide brands such as Go Solar California, Energy Savings Assistance Program and Flex Alert.</li> </ul>	<p>Chapter 3 Section C3 Page 13</p>
7e	<ul style="list-style-type: none"> <li>Identify how EUC implementers should stay informed of and coordinate with the implementers of other statewide brands.</li> </ul>	<p>Chapter 4 Section B Page 28</p>



# Appendix B



STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0115

# California Legislature

June 28, 2012

Commissioner Michael Peevey  
President  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Dear President Peevey:

It has come to our attention that during the May 24, 2012 California Public Utilities Commission (PUC) business meeting, the PUC awarded a sole source contract to the California Center for Sustainable Energy (CCSE) as part of the "Decision Providing Guidance On 2013-2014 Energy Efficiency Portfolios And 2012 Marketing, Education, and Outreach (D. 12-05-015)." "

We understand that the Decision includes a directive to award a sole source contract to CCSE to serve as the statewide Marketing, Education & Outreach (ME&O) program implementer, under contract with PG&E and in coordination with PUC Staff, California Energy Commission Staff, the utilities, and local governments operating demand-side programs. Moreover, CCSE would have a budget of at least \$500,000 in 2012 for startup activities associated with the statewide ME&O campaign.

My colleagues and I are concerned that the PUC did not afford the opportunity for other qualified entities, specifically minority-owned, women-owned and disabled veteran-owned small businesses, to compete for this contract. We are seeking an explanation from the PUC regarding its choice to award a sole source contract rather than to solicit bids through the Request for Proposals process.

We look forward to hearing back from you on this important matter.

Sincerely,


Assemblymember Steven Bradford, Chair  
Assembly Utilities and Commerce Committee

Senator Alex Padilla, Chair  
Senate Energy, Utilities and Communications Committee





Senator Curren D. Price, Chair  
California Legislative Black Caucus



Assemblymember Warren Furutani, Chair  
Asian Pacific Islander Legislative Caucus



Assemblymember Ricardo Lara, Chair  
California Latino Legislative Caucus